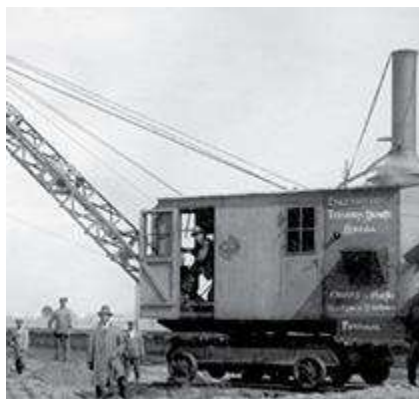




REPORT AND ACCOUNTS 2018



1921
Portugal – Water Collection



1928
Portugal – Equipment



1934
Portugal - Foundations



1953
Angola - Geotechnics



1961
Portugal - Buildings



1979
Portugal – Hospital Building



1981
Portugal – Underground Works



1985
Portugal – Infrastructures



1992
Portugal – Railway Works



1997
Portugal – Port Works



2005
Argélia - Infrastructures



2007
Brasil – Road Works



"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, Engineer 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 infrastructure 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.

At the beginning of the 21st century, the Company extended its scope of activities to Spain, Algeria, Brazil, as well as to France, Morocco, Cape Verde, Colombia, Peru, Ecuador and the 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 4,000 employees that contribute to an annual Turnover of 368.9 million euros.

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COMPANY IDENTIFICATION AND CERTIFICATIONS

1. Identification of the company

TEIXEIRA DUARTE – ENGENHARIA E CONSTRUÇÕES, S.A

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

Owner of Construction Permit No. 24 - PUB

2. Certifications



Teixeira Duarte - Engenharia e Construções, S.A., implemented Management Systems in the areas of Occupational Safety, Hygiene and Health, Quality, Environment, Social Responsibility and Research, Development and Innovation, respectively based on the OHSAS 18001, ISO 9001 and ISO 14001, SA 8000 and NP 4457 standards, certified by *Bureau Veritas Certification*, covering the areas of "Civil Construction, Industrial and Public Works, Including Foundations Technology".

COMPANY BODIES

Teixeira Duarte - Engenharia e Construções, S.A.

Presiding Board of the Shareholder's Meeting

Chairman: - Dr. José Pedro Poiares Cobra Ferreira
Secretary: - Dr. Maria Filipa Rebelo Pereira de Matos Alves Torgo

Board of Directors

Chairman: - Dr. Pedro Maria Calainho Teixeira Duarte
Directors: - Dr. Manuel Maria Calainho de Azevedo Teixeira Duarte
- Engineer Joel Vaz Viana de Lemos
- Engineer Pedro Miguel Pinho Plácido
- Engineer Rogério Esteves da Fonseca
- Engineer Fernando Frias Correia
- Engineer Carlos Gomes Baptista
- Engineer Diogo Bebiano Branco de Sá Viana Rebelo
- Engineer Pedro Miguel Martins Cardoso Costa
- Engineer José Magalhães Gonçalves

Sole Auditor

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

Corporation Secretary

Effective: - Dr. José Pedro Poiares Cobra Ferreira
Deputy: - Dr. Maria António Monteiro Ambrósio

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

I. INTRODUCTION

This Management Report and the respective accounts refer to an individual analysis of Teixeira Duarte - Engenharia e Construções, S.A., with the overall and consolidated information of the Teixeira Duarte Group, of which it forms a part, being presented and described in the accounts documents filed by Teixeira Duarte, S.A., the listed company that controls the group and sole shareholder of Teixeira Duarte - Engenharia e Construções.

Teixeira Duarte - Engenharia e Construções 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 Teixeira Duarte - Engenharia e Construções, 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 Teixeira Duarte - Engenharia e Construções - 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 Teixeira Duarte - Engenharia e Construções 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 Teixeira Duarte - Engenharia e Construções 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 Teixeira Duarte - Engenharia e Construções, in the construction sector.

II. PROFILE

1. MISSION AND VALUES

The rules of operation and guidelines that have defined Teixeira Duarte - Engenharia e Construções's operation have been successively adapted but essentially remain unchanged since their start almost 100 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.

Teixeira Duarte - Engenharia e Construções has had a Code of Ethics and Conduct since 2015, which sets out the mission and values that define Teixeira Duarte's ethics, and puts rules in place to strengthen, develop and supplement them, thereby molding the conduct of all recipients.

The document currently in force, adopted by Teixeira Duarte - Engenharia e Construções in February 2018, is entitled "Teixeira Duarte Group Code of Ethics and Conduct", which consolidates the adaptation to the legislative evolution and internal processes developed by the Teixeira Duarte Group, particularly in the area of Compliance.

The core of Teixeira Duarte's Ethics is based on its mission and values, which are stated below:

Mission – To Do, contributing to the construction of a better world – defines what drives its employees day-by-day, and establishes the objective shared by all regardless of 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.

For the "Construction", of which we are part.

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

The Values are the way we must act to reach that objective and characterise the Company's relationship with all of related parties. They are:

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 “Code of Ethics and Conduct (the most recent version of which, dated February 2018, is entitled “Teixeira Duarte Group Code of Ethics and Conduct”), as well as in procedures detailed in the Teixeira Duarte - Engenharia e Construções Integrated Management System in areas in which is it certified. These areas currently range from Occupational Health and Safety, Quality, the Environment, Social Responsibility, Research, Development and Innovation, to In-Factory Production Control of the Construction of Steel Structures.

2. ORGANIZATION

Teixeira Duarte - Engenharia e Construções, as the Group's main company in the Construction Sector, currently carries out its activity in different Areas of Operation, including production and commercial areas. Essential aspects are the training of management staff and career monitoring at Operation Centres and Departments. There is also a group of support structures specifically for this construction sector, particularly the areas of Formwork and Pre-stressing, Equipment Management, Bid Logistics and a Materials Laboratory.

Teixeira Duarte - Engenharia e Construções also includes another two structures that, although more focused on the construction activity, also support other Group sectors in the area of Management and Technology Systems and Supplies.

In addition to all those structures with more direct links to the Company's operational area, there is a set of Central Offices and Services with special cross-disciplinary support responsibilities. This is the so-called Corporate Area, which is responsible for promoting the standardisation of procedures and providing support, along with structures operating overseas, in these areas that are common to several businesses.

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

Organisation Chart

TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A.

CORPORATE AREA	AREAS OF OPERATION		
Internal Audit	Geotechnics and Rehabilitation	Infraestruturas	Shuttering and Prestressing
Mr. Mário Faria	Maritime Works	I Exploration Centres	Mr. Marques dos Santos
Accounting	I Exploration Centres	Mr. Ricardo Acabado	Supplies
Mr. Alexandre de Jesus	Mr. Hélder Matos	Mr. Rosa Saraiva	Mr. Rosa Almeida
Mr. Sérgio Castro	Mr. João Pedro Lopes	Mr. Correia Leal	Equipment Management
Finance	Mr. António Diniz	Mr. Júlio Filho	Mr. Rodrigo Ouro
Mr. Sérgio Pereira	I Direction of Studies and Projects	Mr. Amílcar Teresinho	Management and Technology Systems
Legal	Mr. Paulo Serradas	Mr. Pedro Ferreira	Mr. Ivo Rosa
Mrs. Maria António Ambrósio	Mr. Baldomiro Xavier	I Direction of Studies	Proposal's Logistics
Human Resources	Mr. Pinto Guedes	Mr. Fernando Frias	Mr. Magalhães Gonçalves
Mrs. Isabel Amador	Buildings	Metalworking	
Corporate Secretariat	I Exploration Centres	Mr. Henrique Nicolau	
Mr. José Pedro Cobra Ferreira	Mr. Fernando Martins	Underground Works	
Information Technology	Mr. Luís Santos	Mr. Dias de Carvalho	
Mr. Rui Pedroso	Mr. Carlos Timóteo	Mr. Carlos Russo	
Mr. Rui Miranda	Mr. Luís Mendonça	Railway Works	
	Mr. Carlos Guedes	Mr. Paulo Serradas	
	Mr. Luís Carreira	Mr. Rui Costa	
	Mr. Gustavo Lebreiro		
	I Direction of Studies		
	Mr. Garcia Fernandes		
	Mr. Pedro Nunes		

3. AREAS OF ACTIVITY

Teixeira Duarte - Engenharia e Construções is a company whose activity dates back to 1921. It currently operating in the areas of Geotechnics and Foundations, Refurbishment, Maritime Works, Building, Infrastructure, Metalwork, Underground Works and Railway Works. These operational areas are supported by an Operational Formwork and Pre-Stressing Centre and a group of Support Structures in the areas of Equipment Management, Management and Technology Systems, Supplies and Bid Logistics, as well as an Operations Centre and a Materials Laboratory, in Montijo, with a surface area of over 130,000 m², representing huge added value for the company and the services that it provides to its customers.

Its founder, Engineer 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.

Teixeira Duarte - Engenharia e Construções 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, Teixeira Duarte - Engenharia e Construções is recognized as a synonym of knowledge and experience, being a constant presence in the construction market.

In addition to Teixeira Duarte - Engenharia e Construções - which is a 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.

III. ACTIVITY IN 2018

1. MAIN INDICATORS

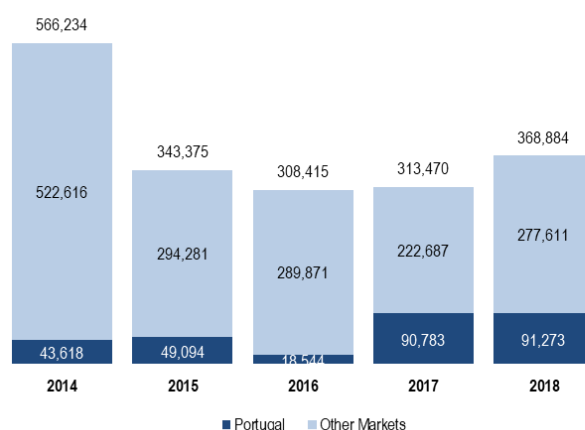
	2014	2015	2016	2017 (*)	2018	Δ 17/18 (%)
Workers	3,730	3,503	3,022	3,015	3,546	17.6%
Turnover	566,234	343,375	308,415	313,470	368,884	17.7%
EBITDA (*)	148,041	69,142	27,495	49,370	60,229	22.0%
EBITDA Margin / Turnover (*)	26.1%	20.1%	8.9%	18.0%	16.3%	-1,7 p.p.
Net Result	67,962	14,083	19,715	16,004	9,975	(37.7%)
Net asset	1,719,356	1,600,660	1,620,247	1,610,125	1,469,430	(8.7%)
Liability	1,140,207	1,017,256	1,053,326	1,097,780	966,217	(12.0%)
Equity	579,149	583,404	567,101	512,345	503,213	(1.8%)
Net Debt	741,327	612,187	648,800	604,319	531,739	(12.0%)
Financial Autonomy	33.7%	36.4%	35.0%	31.8%	34.2%	2,4 p.p.
General Settlement	121.6%	136.7%	138.7%	128.8%	146.4%	17,6 p.p.

(*) - Amounts from 2017 restated

2. FINANCIAL REVIEW

For a global approach to Teixeira Duarte - Engenharia e Construções's operation throughout 2018, 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.

Evolution of Turnover by Markets



(Values in thousand euros)

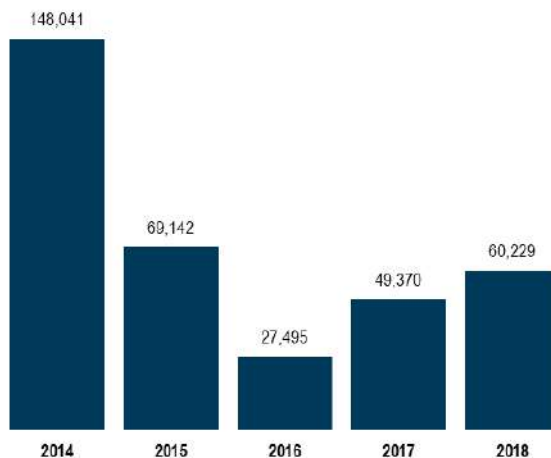
Turnover reached the amount of 368,884 thousand euros, representing a year-on-year increase of 17.7%.

The domestic market saw a slight increase in turnover of 0.5%, which overseas markets increased by 24.7% overall.

Angola, Algeria and Brazil contributed with 24.2%, 36.3% and 19.1%, respectively, to the increase in overseas markets.

In this context, the overseas markets that accounted for 71% of the Company's turnover in 2017, accounted for 75% of turnover in 2018.

Evolution of EBITDA



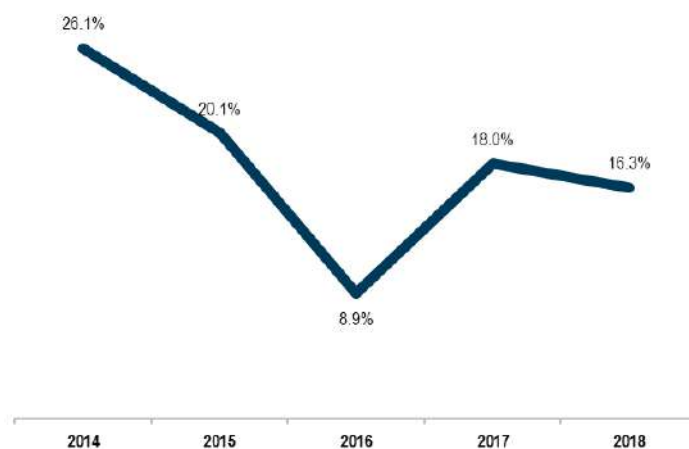
(Values in thousand euros)

Note: Amounts from 2017 restated

EBITDA reached 60,229 thousand euros, a 22% increase when compared to the previous year. This indicator was influenced by several factors, particularly:

- The divestment of financial assets, with gains of 34,007 thousand euros;
- Operational exchange rate differences, with a positive impact of 19,917 thousand euros;
- Net trade impairment of 34,313 thousand euros.

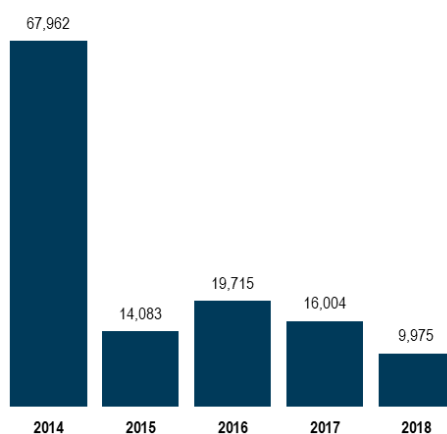
Evolution of the EBITDA / Turnover Margin



Note: Amounts from 2017 restated

And decrease was seen in the **EBITDA / Turnover Margin** when compared to the previous year, which increased from 18% to 16.3% in 2018.

Development of the Net Result

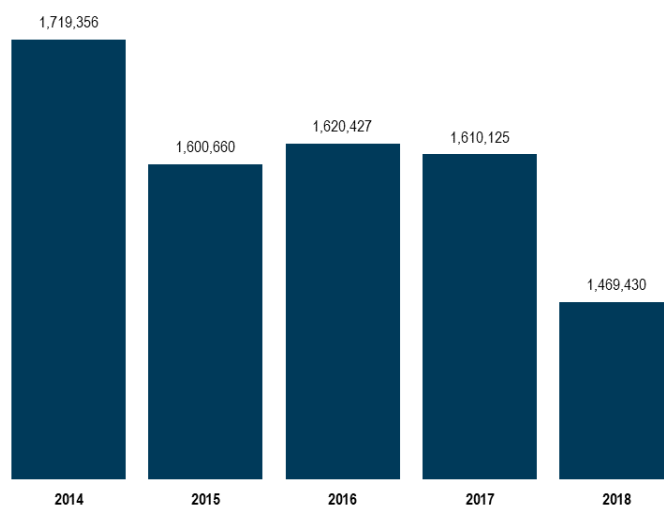


(Values in thousand euros)

Net Profit/Loss saw a 37.7% reduction compared to the same period of 2017, reaching 9,975 thousand euros. In addition to the development of the company's activity, this indicator was influenced by some factors that should be highlighted:

- The divestment of financial assets, with gains of 34,007 thousand euros;
- Operational exchange rate differences, with a positive impact of 19,917 thousand euros;
- Financial exchange rate differences, with a negative impact of 18,040 thousand euros;
- Net trade impairment of 34,313 thousand euros.

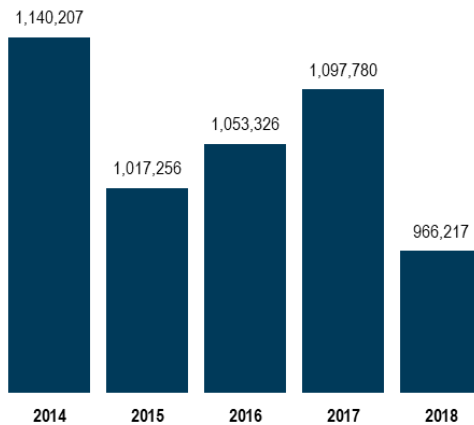
Evolution of Net Assets



(Values in thousand euros)

Total **Net Assets** stood at 1,469,430 thousand euros, a drop of 140,695 thousand euros, representing an 8.7% reduction compared to the end of the previous year.

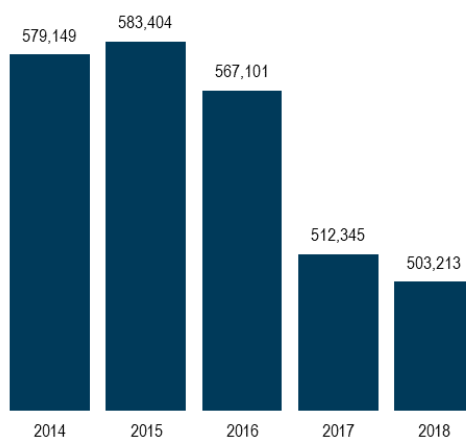
Evolution of Liabilities



(Values in thousand euros)

Total **Liabilities** saw a 12% decrease compared to the same period of the previous year, reaching an amount of 966,217 thousand euros.

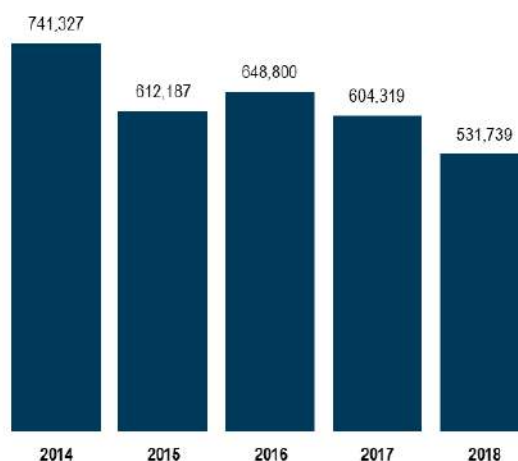
Evolution of Equity



(Values in thousand euros)

Total **Equity** saw a decrease of 9,132 thousand euros, corresponding to a 1.8% reduction compared to the end of 2017.

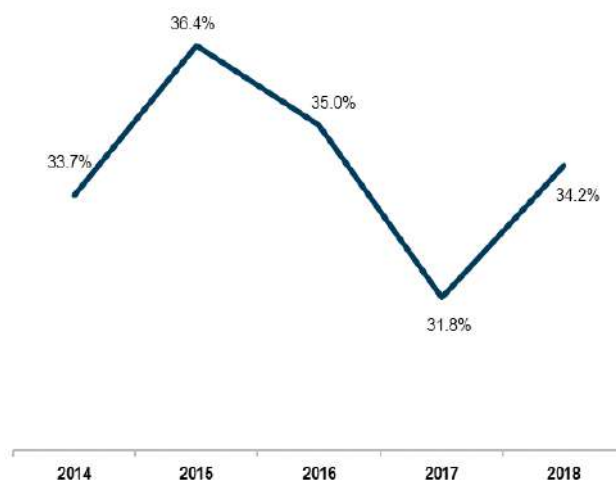
Evolution of Net Debt



(Values in thousand euros)

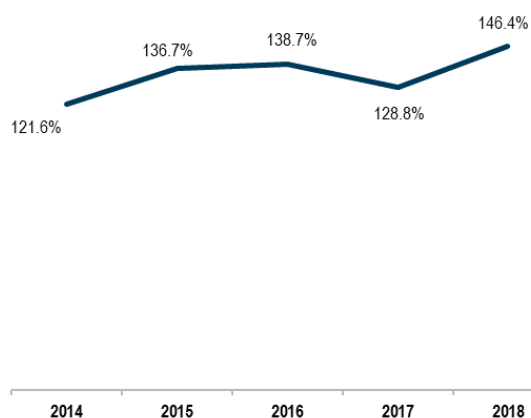
Net Debt stood at 531,739 thousand euros at 31 December 2018, representing a 12% reduction when compared to the previous year.

Evolution of Financial Autonomy



Financial Autonomy reached 34.2% at 31 December 2018, reflecting an increase of 2.4 p.p. compared to 31 December 2017.

Evolution of General Liquidity



Overall Liquidity at 31 December 2018 saw an increase of 17.6 p.p. when compared to the same period of the previous year, increasing from 128.8% to 146.4% in 2018.

3. OPERATIONAL APPRECIATION

The operations of Teixeira Duarte - Engenharia e Construções in the areas identified above feature work on large scale projects with high levels of technical complexity, as part of both public and private ventures. It employs highly specialised and technically trained human resources, supported by cutting edge in-house equipment.

Below can be found some brief notes on the activities that are carried directly in these specialised areas of activity by Teixeira Duarte - Engenharia e Construções (hereinafter referred to as the "Group"), or monitored by it, as well as the support that is provided by the support structures.

AREAS OF ACTIVITY

Designed and carried out in the area of **GEOTECHNICS AND FOUNDATIONS** are Technical Solutions 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 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. This Department is also responsible for coordinating and implementing BIM (Building Information Modeling) throughout the entire Teixeira Duarte Group, by consolidating internal and external training, developing projects with this technology and creation of internal procedures.

In the area of **MARITIME WORKS**, different types of port infrastructure projects are executed, such as commercial and fishing ports and marinas for recreational use; the construction and refurbishment of coastal protections, such as piers, groins, artificial beaches and related defence works, land creation and outfalls, as well as dredging and other work in the maritime and river sectors.

Contrary to the trend seen in previous years, the activity carried out by Teixeira Duarte - Engenharia e Construções in the area of Geotechnics and Refurbishment and in the Maritime Works area, experienced a 30.3% drop in total profits when compared to the same period of 2017, to 48.6 million euros overall.

The activity carried out by the Group decreased in Portugal, Angola, Brazil and the United States, and increased in Algeria, Colombia and Mozambique, and reached around 64.3 million euros overall, representing an 18.5% reduction when compared to the 2017 financial year.

During the financial year under review, the Group operated in this area in Portugal, Angola, Algeria, Brazil, Colombia, the United States of America and Mozambique.

In Portugal, as a result of market conditions on the one hand and of the fact that larger scale projects were completed during 2017, such as the CUF Tejo Hospital in Lisbon, on the other hand, income reduced significantly to 12.3 million euros, contributing 19.1% of the total profits earned in these areas of activity.

In Angola, performance in these areas of construction was once again affected by the financial and economic crisis that has affected the country in recent years, with a decrease in income of around 30% to around 6.6 million euros in 2018.

In Algeria, the energy crisis continues to affect this important market, affecting the launching of public tenders for new infrastructure. Despite the difficulties that were experienced, 2018 was a year of recovery of activity due to a contract being awarded for a significant maritime project, meaning that income more than doubled when compared to the previous year.

In Brazil, the year featured the October presidential elections, and uncertainty and expectations regarding the new government led to 2018 being a year in which both public investment and potential private sector investors have remained at levels far below the country's expectations in terms of infrastructure projects.

This economic situation affected the activity and resulted in a 22.4% decrease in turnover in this area of activity compared to the previous year, reaching a value of 23.7 million euros.

In Colombia, activity in these areas experienced remarkable growth, with several different works in progress being developed throughout the period being analysed, allowing for a significant equipment occupancy rate and turnover that amounted to over 5.7 million euros, i.e. an increase of more than 170% when compared to the previous year.

In the United States, during the year under review the Technical Assistance contract with the North American construction company "EIC Associates, Inc", which commenced in 2016 came to an end. Activities in these areas of this market are not expected to continue.

In Mozambique, 2018 featured signs of recovery in terms of the macroeconomic and political crisis seen in previous years. This was reflected in the construction activity, with this area of operation recording of 5.6 million euros, i.e. growth of 62.1% compared to the previous year.

For 2019, considering projects in the portfolio and short-term perspectives, we expect total income from this area of activity, for both Teixeira Duarte - Engenharia e Construções and the Group, to double when compared to the previous year.

Teixeira Duarte - Engenharia e Construções still continues with significant activity in the **BUILDING** sector, a TD-EC, encompassing the construction and refurbishment of all building types, specifically large scale and highly complex public and private buildings, as well as buildings designed for a wide range of uses.

Teixeira Duarte - Engenharia e Construções achieved income of 210.3 million euros in this area of activity, representing a 53.2% increase when compared to 2017.

In 2018, the Group operated in this area in Portugal, Angola, Algeria, Brazil and Mozambique.

On the Portuguese market, a continuation was seen of the upward trend in the volume of work done in the construction sector, which began in 2017. This work was mainly supported by private investment in the residential building and health units refurbishment and construction sector, which led to an increase in income of approximately 19% for Teixeira Duarte - Engenharia e Construções when compared to 2018.

Even so, almost 74% of the Group's total work was carried out on overseas markets, where increases were seen in Angola and Algeria and reductions in Brazil and Mozambique.

Overall, the Group achieved income in this area of operation of 241.2 million euros, which represents a decrease of 4.6% when compared to 2017.

For 2019, considering the currently contracted volume of work and processes that are at an advanced stage of negotiation, we estimate that we will obtain turnover in this area of activity in excess of the turnover achieved in 2018.

In the **INFRASTRUCTURES** area, the portfolio of Teixeira Duarte - Engenharia e Construções includes the execution of all types of works, specifically roads and motorways, bridges and viaducts, dams, tunnels, railways, railway stations and interfaces, port works and environmental construction, as well as water and natural gas infrastructure.

The activity developed in this area has accompanied the cyclical variations of the main markets in which the Group operates.

During 2018, the total income earned by Teixeira Duarte - Engenharia e Construções in this area of operation decreased by 3.8% when compared to the previous year, standing at 82.4 million euros.

Commercial activity continued to revolve around on sustained growth and, having been significantly intensified, results comparable with the targets set for the year under review were achieved.

In 2018, the Group operated in this area in Portugal, Angola, Algeria, Brazil, Ecuador and Venezuela. It also continued its technical and commercial activities in the Middle East and in some countries in Latin America, Africa and Europe, meaning that the award of some contracts in these geographical areas is envisaged.

Total income earned by the Group in this area of activity decreased by 7.4% when compared to the previous year, standing at 125.2 million euros. This value was lower than expected due to the significant reduction in activity in Algeria and Brazil, due to financial constraints and exchange rate devaluations. It was partially offset by an significant increase in activity in Angola.

For 2019, considering the volume of work in progress and short-term perspectives, we estimate that the total income earned by this area of activity, by Teixeira Duarte - Engenharia e Construções and by the Group, may increase by around 50% when compared to the previous year.

As a highly specialized metal construction area of activity, **METALWORKING** is Teixeira Duarte - Engenharia e Construções' department in this specialist area focuses on the construction and refurbishment of metal and mixed bridges, metal and mixed viaducts, miscellaneous metal buildings and structures, and hydro-mechanical equipment. Either working directly for end customers or in an integrated manner with other sectors, combining its metal construction expertise with high levels of *know-how* in the mechanics and oil-hydraulic sectors, this area develops solutions and does highly complex work, specifically involving the movement and installation of large scale structures with a high degree of rigor.

In 2018, Teixeira Duarte - Engenharia e Construções experienced a greater volume of activity in this area than during the previous year, reaching 29.2 million euros, operating in Portugal, Angola, Algeria and Brazil.

In 2018, the Group operated in Portugal, Angola, Algeria and Brazil, with an emphasis on the significant increase in Portugal that offset the decrease seen in Angola as a result of the macroeconomic situation seen in that country.

The total income achieved by the Group during this financial year was 29.3 million euros, corresponding to a growth of 5%.

SUPPORT STRUCTURES

THE OPERATING CENTER FOR FORMWORK AND PRE-STRESSING is the Operating Center responsible for managing and developing Teixeira Duarte - Engenharia e Construções' formwork, trusses and pre-stressing area, which provided support to other areas of activity in Portugal, and Algeria in 2018.

Overall, Teixeira Duarte - Engenharia e Construções achieved income of 5.2 million euros in this area of activity, which represents a decrease of 8.2% compared to 2017.

EQUIPMENT MANAGEMENT remained focused on the technical, economic and administrative management of equipment in different geographical areas. This Support Structure functions as a major production partner, by ensuring that the equipment operates properly and by actively participating in the main projects by allocating its own teams consisting of engineers, mechanics, electricians and trainer-operators.

In 2018, total investment was 11.5 million euros.

4. OTHER GROUP ENTITIES IN THE CONSTRUCTION SECTOR

As mentioned in the introduction to this Management Report, Teixeira Duarte - Engenharia e Construções is part of an Economic Group that also includes other entities operating in the Construction Sector, so it was considered appropriate to make some notes in this section on some of these other companies, whose accounts are separate from those of Teixeira Duarte - Engenharia e Construções, but which have a strong corporate and operational link with 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.

Chart Teixeira Duarte - Construction 2018

This table shows the Teixeira Duarte group entities operating in the construction sector in the different countries, including branches, companies and groupings.

TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A.						
BRANCHES	SOCIETIES	CGC'S				
Portugal	EPOS, S.A.	AMAS, ACE	DOURO LITORAL, ACE	NOVA ESTAÇÃO, ACE	CONSTRUSALAMONDE, ACE	
	SOMAFEL, S.A.	CAIS DE CRUZEIROS 2ª FASE, ACE	DOURO LITORAL OBRAS ESPEC., ACE	TD/SOPOL - METRO SUP., ACE	METROLIGERO, ACE	
	CINTEL, LDA.	CONBATE, ACE	FERROVIAL/TD, ACE	TRÊS PONTO DOIS, ACE		
Angola	TD-EC, S.A., (SUC. ANGOLA)					
	EPOS, S.A., (SUC. ANGOLA)					
Algeria	TD-EC, S.A., - ESTAB. EST. ARGÉLIA	TD, ALGÉRIE, SPA	ETRIH/TD, AE	TD COMPLEXE AGRI-EL BIAR	GOTERA, AE	
	SOMAFEL, S.A., - ESTAB. EST. ARGÉLIA	GMP - ORAN, AE	TD/ETRIH, AE	TD/KANAGHAZ, AE		
Brazil	SOMAFEL, S.A. (SUC. BRASIL)	SOMAFEL, LTDA.				
	TD-EC, S.A., (SUC. BRASIL)	EMPA, S.A.				
Cape Verde	OPM, S.A., (SUC. CABO VERDE)					
Colombia	EPOS, S.A., (SUC. COLÔMBIA)	TD-EC (COLÔMBIA), S.A.S.				
	TD-EC, S.A., (SUC. COLÔMBIA)					
Spain	TD-EC, S.A., (SUC. ESPANHA)		UTE VIANA			
	EPOS, S.A., (SUC. ESPANHA)					
Ecuador	TD-EC, S.A., (SUC. EQUADOR)		CONS. PUENTE DAULE-GUAYAOUIL			
United States of America	TD CONSTRUCTION SERVICES, LLC					
France	SOMAFEL, S.A., (SUC. FRANÇA)	ALSOMA, GEIE				
Macao	TD-EC - MACAU, LDA.					
Morocco	SOMAFEL, S.A., (SUC. MARROCOS)					
Mozambique	TD-EC, S.A., (DEL. MOÇAMBIQUE)	TD - MOÇAMBIQUE, LDA.				
	SOMAFEL, S.A., (DEL. MOÇAMBIQUE)					
Peru	EPOS, S.A., (SUC. PERU)	TD PERU, S.A.C.				
	TD-EC, S.A., (SUC. PERU)					
United Kingdom	SOMAFEL, S.A., (SUC. REINO UNIDO)					
Tunisia	SOMAFEL, S.A., - ESTAB. EST. TUNISIA					
Venezuela	TD-EC, S.A., (SUC. VENEZUELA)	ADOQUINVAR, CA	CONSORCIO BOYACALIA GUAYRA			
	EPOS, S.A., (SUC. VENEZUELA)	CONLUVAR, CA	CONSORCIO OPSUT			
		TEGAVEN, CA				

Caption: Companies owned directly or indirectly by Teixeira Duarte - Engenharia e Construções, S.A.
 Companies of the Group that aren't owned by Teixeira Duarte - Engenharia e Construções, S.A.

"E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A.", 100% owned by Teixeira Duarte - Engenharia e Construções, has over 30 years of experience in the area and is equipped with the resources that it needs for executing underground work; it operates in the civil engineering and mining sectors.

In 2018, EPOS, S.A. operated in Portugal, Brazil, Spain, Angola, Colombia and Peru, through branches set up in these countries.

The industrial activity carried out in Portugal accounted for around 88% of total sales, with the remaining portion being obtained in those markets as a whole. Despite revenue obtained on overseas markets suffering a decrease in percentage terms, a slight increase has been seen in absolute terms, when compared to 2017. This results from the activity carried out in Spain, specifically with the commencement of contracts for the provision of maintenance services for mining equipment and trucks, which positively offset the decrease in sales, particularly the decrease seen in Peru.

"SOMAFEL - Engenharia e Obras Ferroviárias, S.A." (SOMAFEL, S.A.) is a company of the Teixeira Duarte Group purposed for the construction, renovation and conservation of railway infrastructures including its electrification (catenary).

The Group has been consolidating its operation in the railway area, which, currently, is focused on Portugal, Algeria, Brazil, France, Morocco, Mozambique and United Kingdom, having been developing an activity optimisation process in those countries, where it works with four distinct gauges.

In the financial year 2018 the turnover presented by SOMAFEL reached an amount of 21.6 million euros, an increase of two million euros when compared to 2017.

The effective turnover of the entire railway activity managed by SOMAFEL - Engenharia e Obras Ferroviárias, S.A. should also include, in addition to the amount mentioned above, the turnover of its subsidiary Somafel - Obras Ferroviárias e Marítimas, Ltda. which operates in Brazil, amounting to 8.1 million euros.

Out of the 29.7 million euros of turnover from the railway business, the domestic market account for 54.4% and the international market 45.6%. On the international markets, emphasis should be placed on Brazil, with around 27.3%, and Algeria, with 12.6%.

When compared to 2017, mention should be made of the significant upturn in the domestic market with a 42% increase in turnover, when compared with all of the international markets. Out of these, emphasis should only be placed on the confirmation of the trend seen over the past two years of a reduction in Algeria, where turnover dropped by 18.8%, and the 36.1% reduction in Brazil, which was also influenced by the devaluation of the Real.

Teixeira Duarte - Engenharia e Construções (Mozambique), Lda. is a Mozambican company in which Teixeira Duarte - Engenharia e Construções has a direct stake. It is the main vehicle for executing work in this country, where the group has been operating since 1982.

In this country, we operate in Geotechnics and Refurbishment and Marine Works, in Buildings, Infrastructures and Metalwork-

This subsidiary recorded a 51.2% decrease in its activity when compared to the same period last year.

"EMPA S.A. Serviços de Engenharia", is a Brazilian company, headquartered in Belo Horizonte, which was acquired at 100% ownership by Teixeira Duarte - Engenharia e Construções in 2007. Since 2016 it has been sharing with the Branch of Teixeira Duarte - Engenharia e Construções, accounting for the Group's activity in this Construction Sector in several states of this country, in all of its areas of activity, particularly in infrastructure.

The subsidiary "EMPA" underperformed, with its activity in euros seeing a drop of 61% compared to 2017, also penalized by the devaluation of the Real.

"Teixeira Duarte Algérie, SPA", is a company under Algerian law, based in Algiers, which was incorporated by Teixeira Duarte - Engenharia e Construções in 2006, has been one of Teixeira Duarte Group's vehicles of activity in this North African country, with a particular emphasis on the area of Geotechnics and Refurbishment, Buildings and Metalwork.

In 2018, this subsidiary's posted good performance in its activities, with a 34.3% increase in operating income when compared to 2017.

5. OTHER PARTICIPATIONS HELD

Some brief references are made here to Teixeira Duarte - Engenharia e Construções' direct and indirect participation in the Concessions and Services Sector, specifically following its execution of public works contracts.

PORT OPERATIONS IN VENEZUELA: Through the license granted to "Teixeira Duarte - Engenharia e Construções, S.A.", the Group has proceed to commercialize, conserve, operate, administer, construction and use the "specialized container terminal (docks 27 and 28 - West Sector) at La Guaira Port".

In effect, it was on 30 March 2017 that this Group company received this authorization under the "Strategic Partnership for the port operation and management of the Guaira Port specialist container terminal", entered into with the Venezuelan entity "Bolivariana de Puertos (BOLIPUERTOS), S.A.".

The aim of this partnership was to optimize the development and growth of the terminal's activity, turning it into a transshipment port between the Caribbean Sea and Latin America. For a period of 20 years, Teixeira Duarte - Engenharia e Construções has assumed responsibility for the commercialization, maintenance, operation, administration, construction and use of the aforementioned La Guaira Port specialized container terminal, which has sufficient yard space to move 1,200,000 tonnes/year and a surface area of 17ha; it has 693m of dockable berths and bottoms at 15.2m. It is fitted out with state-of-the-art port operation equipment - 6 STS quayside gantry cranes, 15 yard RTG cranes, 2 reach stackers, 6 front loaders, 32 terminal tractors and 40 platforms, along with a total of over 5ha of administrative and technical facilities and equipment maintenance and repair spaces.

Subsequently, on September 13, 2017, the scope of the aforementioned "Strategic Alliance" was extended to "Quays 1 to 9 - North Sector of La Guaira Port".

Despite the fact that the local situation did not allow the start of transshipment operations, in 2018 the volume of income from port operations increased about 40%, reaching a value corresponding to around 16 million euros.

"TDHOSP - Gestão de Edifício Hospitalar, S.A." is a company 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.

On 9 April 2018, "Teixeira Duarte - Engenharia e Construções, S.A." entered into a contract with subsidiaries of an investment fund managed by the management company "3i Investments plc" to sell 90% of the share capital of "TDHOSP - Gestão de Edifício Hospitalar, S.A." (TDHOSP), which was done on 20 December 2018.

The total price set for the transaction, including the transfer of shares and credit claims existing over TDGOSP, was around 19.4 million euros, and had an impact of around 19 million euros on the "Equity" item of the 2018 accounts of "Teixeira Duarte, S.A.", leading to a reduction of around 75 million euros in the Group's liabilities.

"AEBT - Auto-Estradas do Baixo Tejo, S.A.", incorporated on 15 January 2009, is a company in which Teixeira Duarte - Engenharia e Construções holds a 9% share of its respective share capital, entered into a sub-concession contract with IP - Infraestruturas de Portugal, S.A. with a 30 year duration. This contract was concluded on 24 January 2009 and amended by the reform instrumented dated 28 April 2010 and by addenda signed on 22 November 2011 and 7 September 2012, and included planning, design, construction, lane expansion, financing, operation and conservation activities for stretches of highway, regional roads and associated road junctions in the district of Setúbal, as of the date on which the aforementioned contract was signed.

This is a holding already classified as an Asset for Sale, with regard to which the Group has already taken several steps with a view to its sale.

IV. NON-FINANCIAL INFORMATION

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

MANAGEMENT SYSTEM

In 2018, further activities were carried out to support processes to obtain, monitor and renew the Management System certificates of several Group Companies, and Internal Control Process certificates for the Production of Metal Structures at Teixeira Duarte - Engenharia e Construções.

Emphasis should be placed on joint third party audits of the companies that hold the main management systems benchmarks, with head offices in Portugal, including the Social Responsibility recertification according to the SA8000 benchmark for Teixeira Duarte - Engenharia e Construções.

INVESTIGATION, DEVELOPMENT AND INNOVATION (IDI)

Given the evolution of knowledge networks in the running of RDI (Research, Development and Innovation) activities, specifically in the construction industry, ongoing support was given to the productive structures of Teixeira Duarte - Engenharia e Construções, to national and European applications to R&D projects, to the company's integration and participation on committees and in work groups of scientific societies and technological platforms, in close partnership with universities and laboratories. Worth noting in this domain:

The application and approval of the SHELTER- *Structural Hyper-resisting Element for Life Threatening Earthquake Risk* project, as part of Portugal 2020, jointly promoted by the IST and with the participation of LNEC and IADE.

The participation in work groups of the EFFC(*European Federation of Foundation Contractors*), and CO2 Foundations - *Geotechnical Carbon Calculator* and the TWG *Technical Working Group*, the first focusing on carbon footprint calculations of geotechnical works, and the second on cooperation and the development of guidelines and standards for the execution of geotechnical works.

Participation in the standardisation activities of the Portuguese Standardisation Technical Committee CT156 - Geotechnics in Civil Engineering, chairing the SC10 subcommittee, a technical body that aims to issue opinions on legislation and translate CEN European standards in the field of Testing of Geotechnical Structures and the Execution of Special Geotechnical Works. It also forms part of the WG3 work group of the ISO Technical Committee TC182, responsible for preparing the ISO 22477-5 standard *Geotechnical investigation and testing - Testing of geotechnical structures - Part 5: Testing of grouted anchors*, the final text of which was published in August 2018.

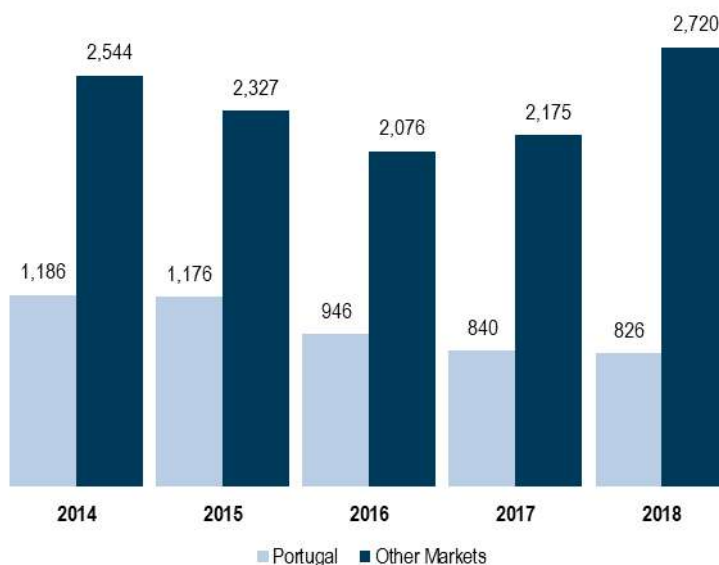
Also of note is the implementation of the Personal Data Protection Management System, involving the development of a set of procedures and practices aimed at defending the privacy and rights and freedoms of personal data subjects and demonstrating compliance with the provisions of the General Data Protection Regulation.

The Materials Laboratory has direct links with the Centre for Innovation and Technological Development. Accredited since 1996 by the Portuguese Accreditation Institute (IPAC) and located at the Teixeira Duarte Operations Centre, in Montijo, in 2017 the Materials Laboratory conducted multiple studies and tests to support the areas of operation and commercial teams in several markets where Teixeira Duarte - Engenharia e Construções has a presence.

HUMAN RESOURCES

Teixeira Duarte - Engenharia e Construções 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.

Evolution of the average number of employees



The average number of workers recorded an increase of 17.6% from 2017, however, at December 31, 2018, the number of workers was higher by 30.8% – 938 workers more – than 2017, shifting from 3,041 workers in 2017 to 3,979 at the end of 2018.

This increase was mainly due to teams being enlarged in Algeria and Brazil, in line with the increase in activity in these countries.

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 “Teixeira Duarte, S.A.” and extendible to all the entities and collaborators of the Group, including Teixeira Duarte - Engenharia e Construções.

True to its Values, Teixeira Duarte 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, the budget made available for this purpose each year is announced. In 2018, the overall amount of this budget was €100,000.00. €37,499 were collected through donations by 40 employees and donations from the Group. The funds were distributed to 35 institutions in Portugal, Angola, Brazil and Mozambique.

V. COMPANY FACTS

The item to highlight in this ware is the Annual General Meeting, held on 26 April 2018, 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 2017, under the terms of the respective documents duly provided.

To approve the Board of Directors' proposal that the Company's net results for 2017, 16,004,137.40 (sixteen million four thousand one hundred and thirty-seven euros and forty cents), be distributed as follows:

Legal Reserve: 1,000,000.00 €

Other Reserves: 15,004,137.40 €

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.

To elect the Directors Eng. Carlos Gomes Baptista, Eng. Diogo Bebiano Branco de Sá Viana Rebelo and Eng. Pedro Miguel Martins Cardoso Costa to perform functions along with the other members of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A.", until the end of the current term (2015/2018).

It should also be noted that, following a decision by the General Meeting on 11 June, 2018, Eng. José Magalhães Gonçalves was elected as member of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A." to perform functions along with the other members of this body until the end of the current term (2015/2018).

VI. FUTURE DEVELOPMENT PERSPECTIVES

RELEVANT FACTS OCCURRED AFTER THE CLOSE OF THE FINANCIAL YEAR

TD-EC pursued its activity in the different sectors and markets in which it operates, with there not having been, from the closing of the financial year to the present date, any fact which should be disclosed in this chapter.

FUTURE DEVELOPMENT PERSPECTIVES

Teixeira Duarte - Engenharia e Construções' activity is forecast to increase in 2019, essentially due to growth expected in Algeria and Brazil. In addition to possible new contracts, Teixeira Duarte - Engenharia e Construções has ensured adequate levels of activities in Construction in the external market. Therefore, Teixeira Duarte - Engenharia e Construções foresees reaching operational income levels in 2019 higher to those recorded in 2018.

VII. LEGAL INFORMATION

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 2018.

There were no transactions between the Company and its Directors.

The Company did not perform transactions with its own shares, and the number of its own shares held on December 31, 2018 is null.

VIII. PROPOSED ALLOCATION OF RESULTS

DISTRIBUTION OF PROFIT

Following contacts made with the Remuneration Committee and in view of the intent in relation to the distribution of part of the results earned during the financial year to members of the Board of Directors and to employees, in compliance with regulations currently in force, the amount of €1,670,000.00 (one million six hundred and seventy thousand euros) has been posted to the accounts as an expense for the year 2018, with the resulting reduction in the “net results obtained” item of the financial statements attached to this Report, and also subject to approval at a General Meeting.

Therefore, along with the approval of this Report and Accounts, the Shareholders also approve the possible distribution of profits, up to that amount, among the employees and the members of the Board of Directors, in the latter case as may be decided by the Remuneration Committee.

PROPOSED ALLOCATION OF RESULTS

The net profit and loss, the distribution proposal of which is presented herein, correspond to the amounts calculated at December 31, 2018 plus the expense of 1,670.000.00 (one million six hundred and seventy thousand euros) which, having been provided for as permitted for distribution to employees and directors, were, accordance with the applicable regulations, posted as an expense for the 2018 financial year on the financial statements included in this Management Report. If approved, they confirm on the one hand the agreement of the Shareholders to distribute income to employees and to members of the Board of Directors and, on the other, that the Net Profit that is subject to the proposed distribution of results is €9,975,380.74 (nine million nine hundred and seventy five thousand three hundred and eighty euros and seventy four cents).

In addition to the above, it is also Teixeira Duarte's policy to prioritise the reinforcement of the company's equity.

With these assumptions, the Board of Directors proposes that the net results of "Teixeira Duarte - Engenharia e Construções, S.A." for 2018, amounting to €9,975,380.74 (nine million nine hundred and seventy five thousand three hundred and eighty euros and seventy four cents), be distributed as follows:

Legal reserve: € 500 000,00

Other reserves: € 9,475,380.74

Lagoas Park, April 15, 2019

The Board of Directors,

(Pedro Maria Calainho Teixeira Duarte)

(Manuel Maria Calainho de Azevedo Teixeira Duarte)

(Joel Vaz Viana de Lemos)

(Pedro Miguel Pinho Plácido)

(Rogério Esteves da Fonseca)

(Fernando Frias Correia)

(Carlos Gomes Baptista)

(Diogo Bebiano Branco de Sá Viana Rebelo)

(Pedro Miguel Martins Cardoso Costa)

(José Magalhães Gonçalves)

FINANCIAL STATEMENTS

I. BALANCE SHEET

Items	Notes	2018	2017
Asset			
Non-current asset:			
Fixed tangible assets	7	31,093	34,012
Investment Properties	9	263	252
Goodwill	11 and 12	30,497	34,854
Intangible assets	6	40,368	42,571
Shares - Equity method	12	248,644	224,057
Other financial investments	21,1	-	456
Other financial assets	21,1	11,077	19,564
Credits receivable	10 and 21.1	259,246	301,746
Assets for deferred tax	20	15,674	13,372
Customers	21,1	23,680	38,105
		660,542	708,989
Current asset:			
Inventories	10 and 15	3,336	5,203
Customers	10 and 21.1	291,603	330,033
Government and other public entities	21,1	10,408	23,526
Other credits receivable	10 and 21.1	444,857	507,763
Deferrals	21,1	2,317	4,794
Non-current assets held for sale	21,1	5	1,879
Cash and bank deposits	4	56,362	27,938
		808,888	901,136
Total Assets		1,469,430	1,610,125
Equity and Liability			
Equity:			
Subscribed capital	29	280,000	280,000
Legal reserves	29	45,000	44,000
Other reserves	29	103,062	88,058
Retained income:			
Retained income		102,689	102,752
Non-attributed profit - application of the equity method		(167,608)	(158,178)
Adjustments / other changes in equity			
Non-attributed profit - application of the equity method		167,608	158,178
Other adjustments in financial assets	12	(33,281)	(82,164)
Other changes in equity		(4,232)	63,695
		493,238	496,341
Net result for that period		9,975	16,004
Equity total		503,213	512,345
Liability			
Non-current liabilities:			
Provisions	18	16,413	16,471
Obtained financing	21,2	351,887	353,472
Liabilities by deferred taxes	20	1,706	1,727
Other debts payable	21,2	173	339
Advance payments from clients	21,2	43,587	25,946
		413,766	397,955
Current liability:			
Suppliers	21,2	165,003	218,757
Advance payments from clients	21,2	51,243	46,986
Government and other public entities	21,2	12,219	14,752
Obtained financing	21,2	236,214	279,028
Other debts payable	21,2	68,415	133,215
Deferrals	21,2	19,357	7,087
		552,451	699,825
Total of liability		966,217	1,097,780
Total of Equity and Liability		1,469,430	1,610,125

(Values in thousand euros)
 The annex forms are an integral part of the Balance Sheet at December 31, 2018 and 2017.

The Certified Accountant

The Board of Directors

II. INCOME STATEMENT BY NATURE

Income and expenses	Notes	2018	2017 "Restated"
Sales and services rendered	17	368,884	313,470
Operating subsidies		25	4
Gains / losses attributable to subsidiaries and joint-ventures	14	16,008	41,182
Changes in production inventories	15	(42)	-
Works for the entity	7	1,481	781
Cost of goods sold and materials consumed	15	(105,883)	(69,469)
External supplies and services	25	(186,665)	(167,825)
Expenses with staff	24	(78,272)	(79,455)
Impairment of inventories (losses/reversals)	10	10	(159)
Impairment of debts receivable (losses/reversals)	10	(34,519)	6,156
Provisions (increases / reductions)	18	(1,071)	16,079
Increases / reductions of fair value	9	11	(87)
Other income	26	103,810	26,863
Other expenses	27	(23,548)	(38,170)
Result before depreciation, financing expenses and taxes		60,229	49,370
Depreciation and amortisation expenses	3, 7 and 12	(17,688)	(18,489)
Operational result (before financing expenses and taxes)		42,541	30,881
Interests and similar income obtained	23	34,112	64,423
Interests and similar expenses borne	23	(62,749)	(73,870)
Result before taxes		13,904	21,434
Income tax for that period	20	(3,929)	(5,430)
Net result for that period		9,975	16,004

(Values in thousand euros)

The annex forms are an integral part of the Income Statement by nature at December 31 2018 and 2017.

The Certified Accountant

The Board of Directors

III. STATEMENT OF CHANGES IN EQUITY

Description		Equity attributed to the holders of capital							Total	
		Notes	Subscribed capital	Legal reserves	Other reserves	Retained income	Adjustments in financial assets of subsidiaries and associates	Other equity variations		Net result for that period
Saldo em 1 de janeiro de 2017	1		280,000	43,000	80,093	(7,123)	87,614	63,802	19,715	567,101
Alterations for the period:										
Financial statements' conversion differences		19	-	-	-	-	-	(107)	-	(107)
Application of equity method			-	-	-	(46,916)	(11,601)	-	-	(58,517)
Application of results			-	1,000	7,965	-	-	-	(8,965)	-
Other operations recognised under equity			-	-	-	(1,386)	-	-	-	(1,386)
	2		-	1,000	7,965	(48,302)	(11,601)	(107)	(8,965)	(60,010)
Net result for that period	3								16,004	16,004
Integral income of the period	4=2+3									(44,006)
Operations with equity owners for that period:										
Distributions			-	-	-	-	-	-	(10,750)	(10,750)
	5		-	-	-	-	-	-	(10,750)	(10,750)
Saldo em 31 de dezembro de 2017	6=1+2+3+5		280,000	44,000	88,058	(55,425)	76,013	63,695	16,004	512,345
Saldo em 1 de janeiro de 2018	7		280,000	44,000	88,058	(55,425)	76,013	63,695	16,004	512,345
Alterations for the period:										
Financial statements' conversion differences		19	-	-	-	-	-	(67,927)	-	(67,927)
Application of equity method			-	-	-	(9,431)	58,314	-	-	48,883
Application of results			-	1,000	15,004	-	-	-	(16,004)	-
Other operations recognised under equity			-	-	-	(63)	-	-	-	(63)
	8		-	1,000	15,004	(9,494)	58,314	(67,927)	(16,004)	(19,107)
Net result for that period	9								9,975	9,975
Integral income of the period	10=8+9									(9,132)
Operations with equity owners for that period:										
Distributions			-	-	-	-	-	-	-	-
	11		-	-	-	-	-	-	-	-
Saldo em 31 de dezembro de 2018	12=7+8+9+11		280,000	45,000	103,062	(64,919)	134,327	(4,232)	9,975	503,213

(Values in thousand euros)

The annex forms are an integral part of the Statement of changes in equity at December 31 2018 and 2017.

The Certified Accountant

The Board of Directors

IV. CASH FLOWS STATEMENT

Description	Notes	2018	2017
Operational activities:			
Receipts from customers		307,413	248,643
Payment to suppliers		(311,460)	(193,324)
Payment to staff		(30,918)	(47,844)
Cash generated by operations		(34,965)	7,475
Payment/receipt of income tax		(30,354)	(5,057)
Other receipts/payments		28,727	(6,518)
Cash flows of operational activities (1)		(36,592)	(4,100)
Investment activities:			
Payments related to:			
- Fixed tangible assets		(7,983)	(11,837)
- Intangible assets		(19)	(80)
- Financial investments	4	(40)	(53)
- Other Assets		(155)	-
- Related parties		(46,409)	(114,059)
Receipts related to:			
- Fixed tangible assets		1,567	3,703
- Financial investments	4	45,740	23,695
- Other Assets		77	-
- Interests and similar income		17,535	39,848
- Dividends	4	329	1,032
- Related parties		100,951	133,526
Cash flows of investment activities (2)		111,593	75,775
Financing activities:			
Receipts related to:			
- Obtained financing		128,804	175,612
- Payment of capital and other equity instruments		22	-
- Related parties		359,695	256,580
Payments related to:			
- Obtained financing		(222,328)	(206,675)
- Amortisation of finance leasing contracts		(247)	(329)
- Interests and similar expenses		(25,292)	(41,016)
- Related parties		(280,778)	(234,642)
- Dividends		-	(10,750)
Cash flows of financing activities (3)		(40,124)	(61,220)
Variation of cash and cash-equivalent items (1+2+3)		34,877	10,455
Effect of exchange rate differences		(6,453)	(3,689)
Cash and cash-equivalent items at the beginning of the period	4	27,938	21,172
Cash and cash-equivalent items at the end of the period	4	56,362	27,938

(Values in thousand euros)

The annex forms are an integral part of the Cash Flow Statement at December 31 2018 and 2017.

The Certified Accountant

The Board of Directors

V. ANNEX

1. INTRODUCTION

Teixeira Duarte - Engenharia e Construções, S.A. (hereinafter Company), legal person number 500097488, headquartered in Porto Salvo, was established on January 4, 1934 and Civil Construction and Public Works are its main activities.

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.

With reference to 31 December 2018, in the transposition of the financial statements of its subsidiary in Angola, which is a hyperinflationary economy, the Company applied the *International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies*.

None of the provisions of the Accounting Standardisation System (SNC) were derogated considering the need for these to show a true and appropriate image of the asset, liability and the income of the entity, by which there are no effects on the financial statements resulting from this situation.

2.1 IN THE PERIOD ENDING 31 DECEMBER OF 2018 THE COMPANY MADE THE FOLLOWING "RESTATEMENTS"

Statement of results

For the purposes of comparison with the same period of the previous year, the "restatements" made in relation to the period ending 31 December 2017 are as follows:

Income and expenses	2017	"Restatement"	2017 "Restated"
Sales and services rendered	313,470	-	313,470
Operating grants	4	-	4
Gains / losses attributable to subsidiaries, associates and joint-ventures	41,182	-	41,182
Works for the entity	781	-	781
Cost of goods sold and materials consumed	(69,469)	-	(69,469)
External supplies and services	(167,825)	-	(167,825)
Expenses with staff	(79,455)	-	(79,455)
Impairment of inventories (losses/reversals)	(159)	-	(159)
Impairment of debts receivable (losses/reversals)	6,156	-	6,156
Provisions (increases / reductions)	16,079	-	16,079
Increases / reductions of fair value	(87)	-	(87)
Other income	26,394	469	26,863
Other expenses	(30,704)	(7,466)	(38,170)
Result before depreciation, financing expenses and taxes	56,367	(6,997)	49,370
Depreciation and amortisation expenses/reversals	(18,489)	-	(18,489)
Operational result (before financing expenses and taxes)	37,878	(6,997)	30,881
Interests and similar income obtained	64,423	-	64,423
Interests and similar expenses borne	(73,870)	-	(73,870)
Result before taxes	28,431	(6,997)	21,434
Income tax for that period	(12,427)	6,997	(5,430)
Net result for that period	16,004	-	16,004

The presented restatement resulted from the reclassification of the amount related to the surplus of estimated tax and tax withholdings in other countries to the items "Other income" and "Other expenses", previously recognized under "Income tax".

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.

Differences between the acquisition cost of investments in subsidiaries and associates and the investor's share of the net fair value of the associate's identifiable contingent assets and liabilities, if positive, are recorded as *Goodwill*. In cases where the acquisition cost is lower than the fair value of identified net assets, the ascertained difference (negative goodwill) is recorded as a gain for the period in which the acquisition is made, under the "Other income and earnings" item.

Amortisations are calculated, by the straight line method according to the utility period expected by the company for the *Goodwill* in cause. Amortisation is calculated in accordance with the following estimated useful life:

	Service life in years
<i>Goodwill</i>	10

Pursuant to the equity method, financial investments are adjusted periodically by the value corresponding to the participation in the net income of the subsidiaries and associates 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.

b) Interests in jointly controlled entities

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.

c) 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, are measured by their respective fair 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.

d) 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	3 - 50
Basic equipment	4 - 8
Transportation equipment	4 - 5
Administrative equipment	3 - 10
Other fixed tangible assets	1

Improvements and upgrades are only recognised as assets when they correspond to the replacement of goods, which are written-off, or lead to an increase in future economic benefits.

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”.

e) Intangible assets

The intangible assets essentially correspond to contractual entitlements on computer programs, surface rights and operation concession 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
Software	3
Industrial property	3 - 60

f) 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.

g) 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.

h) 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 fair value 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.

i) Accrual basis

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

Income and expenditure whose actual value is unknown are estimated based on the best information available on the date of preparation of the financial statements.

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.

j) 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.

k) 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.

Provision are made for onerous contracts where it is likely that the total expenses of the contract will exceed its total revenue. 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.

l) 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.

m) 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 gains and losses of the period when they are generated.

n) 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 under Cash and bank deposits correspond to cash, demand deposits, term deposits and other bank deposits, maturing in less than three months, and which can be immediately mobilised with insignificant 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.

Non-current assets held for sale

Non-current assets (or discontinued operations) are classified as held for sale whenever it is determined that their value will be recovered through their sale and not through their continued use. This situation is considered to occur only when: (i) the sale is highly probable; (ii) the asset is available for sale immediately in its current conditions; (iii) the management is committed to a sales plan and, (iv) it is expected that the sale will take place within the period of twelve months.

Non-current assets (or discontinued operations) classified as held for sale are measured at their respective book value, or at fair value less costs of sale, whichever is lower.

Non-current assets held for sale are measured based on the assumptions in the first paragraph of NCRF 8, either at their carrying amount or at fair value less costs of sale, whichever is lower, and are distinguished from their presentation on the balance sheet.

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.

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.

Loans are initially recorded and recognised as assets at the nominal value paid, net of fees for issuing these loans, and are subsequently measured using the amortised cost method. Financial costs, calculated in accordance with the effective interest rate and including premiums payable, are accounted for in accordance with the accrual basis of accounting.

o) 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.

p) 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.

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 income or expenditure for the period, unless they result from values recorded directly in equity; in this situation the deferred tax is also recorded under the same item.

q) 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.

r) 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.

s) Rate effect

Functional and presentation currency

The company's Financial Statements are presented in Euros, this being the company's functional and presentation currency.

The financial statements include elements with origin in different functional currencies, according to the currency of the economic environment in which the company operates.

Transactions and balances

Transactions in currencies other than the Euro are converted to the functional currency using the exchange rates in force at that time.

The gains and losses achieved in the financial year, as well as the ratings, are acknowledged in the profit and loss account.

Foreign operational unit

The financial statements of the foreign operating units which have the different functional currency from the one used in the presentation will be converted as follows:

The assets and liabilities of each balance are converted using the exchange rate in force at the date of the financial statement.

- The income and expenses of each statement of results are converted at the average exchange rate, except in Angola and Venezuela, where, because they are hyperinflationary economies, they are converted at the exchange rates in force on the date of the financial statements;

- The resulting exchange differences are recognised as a separate component in equity.

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 shown on the financial statements include: i) useful lives of tangible and intangible fixed assets; ii) impairment analyses, specifically of accounts receivable, financial assets available for sale; iii) construction contracts; iv) provisions; v) accruals and deferrals; and vi) valuation of investment properties.

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. Any alterations to the estimates, which occur subsequently to the date of the financial statements, will be corrected prospectively in the income statement.

4. CASH FLOW

Cash and bank deposits

On December 31, 2018 and 2017, the cash and bank deposits details were as follows:

	2018	2017
Cash	660	521
Bank deposits	48,010	21,765
Time deposits	7,692	5,652
	56,362	27,938

Flows of investment activities

The payments related to the financial investments during the periods ended on 31 December 2018 and 2017, concern the following operations:

	2018	2017
Constitution of TDAP, S.A.	-	50
Incorporation of TEIXEIRA DUARTE PERU, S.A.C.	-	3
Ancillary provision to TDAP, S.A.	40	-
	40	53

The payments received from financial investments during the periods ended on 31 December 2018 and 2017, concern the following operations:

	2018	2017
Alienation of shareholding in MTS, S.A.	350	-
Alienation of shareholding in TDHOSP, S.A.	17,126	-
Alienation of shareholding in LUSOPONTE, S.A.	22,861	-
Supplementary provisions of LUSOPONTE, S.A.	150	-
Alienation of Public Debt of Angola	-	12,940
Reduction in ancillary provisions in AEBT, S.A.	282	3,858
Reduction of capital of EMPA, S.A.	4,963	6,892
Repayment of the Work compensation fund - F.C.T.	8	5
Other	-	-
	45,740	23,695

The payments received from dividends in the periods ending on December 31, 2018 and 2017, were as follows:

	2018	2017
LUSOPONTE, S.A.	329	1,032

5. RELATED PARTIES

Ultimate parent company

Identification: Teixeira Duarte, S.A.

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

Remuneration of members 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 2018 and 2017 were as follows:

	2018	2017
Executive Directors:		
Short-term benefits	1,363	739
Chartered accountant		
Short-term benefits	58	58
	1,421	797

The remunerations attributed to the members of the Company's senior management for the periods ended on 31 December 2018 and 2017 were as follows:

	2018	2017
Senior staff:		
Short-term benefits	3,838	3,283

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 2018 and 2017, with the parent company, subsidiaries, associates, joint-ventures and other related parties can be detailed as follows:

	Customers		Shareholders receivable		Supplementary payments		Suppliers		Obtained financing		Other debts receivable and payable		Deferrals	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Parent company:														
TEIXEIRA DUARTE, S.A.	43,258	27,727	8,803	64,072	-	-	5,485	4,033	43,605	-	435,284	434,810	3,087	2,015
Subsidiaries:														
CBLG	13,048	13,782	-	-	-	-	(177)	(18)	-	2	-	(36)	-	-
CONLUVAR	-	14	-	-	-	-	-	-	-	-	-	-	-	-
CONSORCIO OPSUT 2010	-	7	-	-	-	-	-	36	-	-	-	37	-	-
EPOS, S.A.	3,503	3,239	-	-	-	-	1,386	4,662	9,495	4,610	(271)	(262)	-	-
EPOS, S.A. - Sucursal de Angola	66	2,836	-	-	-	-	-	179	-	-	2	231	-	-
EPOS, S.A. - Sucursal da Colombia	148	148	-	-	-	-	4	-	-	-	(1,412)	(1,238)	-	-
MARINERTES, S.A.	-	-	-	-	-	-	-	-	-	-	-	3	-	-
TEIXEIRA DUARTE Algérie, SPA	2,178	1,917	-	-	-	-	9,950	3,926	-	-	950	(180)	-	-
TEIXEIRA DUARTE (Angola), Lda.	31,137	4,710	-	-	2,696	2,696	1,282	66	-	1,348	27,718	10,258	-	-
TEIXEIRA DUARTE (Colômbia), S.A.S.	2,110	252	-	-	-	-	-	-	-	-	-	-	-	-
TEIXEIRA DUARTE (Macau), Lda.	-	-	-	-	-	-	-	-	-	-	(154)	(154)	-	-
TEIXEIRA DUARTE (Moçambique), Lda.	2,103	9,735	-	-	-	-	15,623	15,314	-	-	(13,767)	(8,686)	-	-
TEGAVEN, CA	1	(5)	-	-	-	-	(35)	(149)	-	-	176	85	-	-
UTE Viana	5,062	7,130	-	-	-	-	-	-	-	-	-	-	-	-
	59,356	43,765	-	-	2,696	2,696	28,033	24,016	9,495	5,960	13,242	58	-	-
Joint-ventures:														
CONBATE, ACE	33	15	-	-	-	-	1	1	-	-	-	-	-	-
CONSTRUSALAMONTE, ACE	10	1	-	-	-	-	-	16	455	370	(8)	(3)	-	-
DLOE, ACE	182	177	-	-	-	-	28	27	260	260	-	-	-	-
DOURO LITORAL, ACE	8	6	-	-	-	-	(28)	(55)	-	-	-	-	-	-
METROLIGEIRO, ACE	32	32	-	-	-	-	-	-	-	-	11	-	-	-
NOVA ESTAÇÃO, ACE	267	1,017	-	-	-	-	88	88	(7)	(7)	6	6	-	-
TD / SOPOL, ACE	7	7	-	-	-	-	55	58	-	-	-	-	-	-
TRÊS PONTO DOIS, ACE	-	-	-	-	-	-	35	35	-	-	-	-	-	-
	539	1,255	-	-	-	-	179	170	708	623	9	3	-	-
Other related parties:														
AEBT, S.A.	7	9	-	-	1,155	1,515	-	-	-	-	-	-	-	-
ALVALADE, Lda.	426	2,256	-	-	-	-	386	4,840	-	9,834	22	(513)	-	-
ANGOPREDIAL, Lda.	8	316	-	-	-	-	-	-	-	-	2	18	-	-
AUTO COMPETIÇÃO ANGOLA, Lda.	1,156	1,030	-	-	-	-	5	4	-	-	16	176	-	-
AVENIDA, Lda.	750	865	-	-	-	-	21	7	-	-	-	-	-	-
COMÉRCIO DE AUTOMÓVEIS, Lda.	2,995	2,803	-	-	-	-	309	324	-	-	340	564	-	-
C + PA, S.A.	-	-	-	-	-	-	-	-	52,366	50,532	(896)	(852)	-	-
EDUCARE, Lda.	225	89	-	-	-	-	31	1,384	-	1,314	633	268	-	-
EMPA, S.A.	227	1,463	-	-	-	-	2,181	7,309	9,500	5,000	(265)	-	-	-
GO CORP TRAVEL, S.A.	1,346	1,391	-	-	-	-	25	-	7,115	3,910	(116)	(63)	-	-
CND, Lda.	55,027	56,528	-	-	-	-	90	188	-	-	1,259	8,252	-	-
OCC, Lda.	1,657	2,219	-	-	-	-	-	-	-	-	15	319	-	-
HOTEL TRÓPICO, S.A.	1,301	5,886	-	-	-	-	93	98	-	-	22	(7,136)	-	-
SOMAFEL, S.A.	40	37	-	-	-	-	2,268	6,898	4,090	1,360	(625)	(704)	-	-
SOMAFEL, S.A. - Sucursal de Marrocos	404	788	-	-	-	-	70	-	-	-	(41)	110	-	-
TDA, Lda.	12,197	13,706	-	-	-	-	26,812	26,713	-	512	3,001	1,139	-	-
TDGPII, S.A.	846	6,493	-	-	-	-	601	46,627	-	-	61,812	104,814	-	-
TDGI, S.A.	75	1	-	-	-	-	86	2,681	2,808	2,625	(70)	(26)	-	-
TDGI(Angola), Lda.	1,423	2,518	-	-	-	-	7	14	-	-	70	470	-	-
TD DISTRIBUIÇÃO, S.A.	122	29	-	-	-	-	11,667	11,161	176	4,534	79	(218)	-	-
URBANGO, Lda.	1,299	2,200	-	-	-	-	2	909	-	-	1,634	13,438	-	-
Other	4,854	37,790	-	-	40	7,795	2,021	3,056	60,184	41,017	(2,152)	9,138	-	-
	86,385	138,417	-	-	1,195	9,310	46,675	112,213	136,239	120,638	64,740	129,194	-	-
	189,538	211,164	8,803	64,072	3,891	12,006	80,372	140,432	190,047	127,221	513,275	564,065	3,087	2,015

The main transactions made in the periods ended on 31 December 2018 and 2017, with the parent company, subsidiaries, 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	
	2018	2017	2018	2017	2018	2017	2018	2017
Parent company:								
TEIXEIRA DUARTE, S.A.	875	1,124	17,938	22,719	6,787	4,892	829	-
Subsidiaries:								
EPOS, S.A.	718	1,397	37	54	4,733	253	278	120
EPOS, S.A. - Sucursal de Angola	26	27	-	62	-	919	-	-
EPOS, S.A. - Sucursal de Espanha	-	633	-	-	-	-	-	-
MARINERTES, S.A.	-	-	(3)	9	-	-	-	-
TEIXEIRA DUARTE Algérie, SPA	1,522	471	-	-	4,375	2,352	-	-
TEIXEIRA DUARTE (Angola), Lda.	4,961	173	4,971	2,204	1,264	147	-	67
TEIXEIRA DUARTE (Colômbia), S.A.S.	1,202	143	-	-	-	-	-	-
TEIXEIRA DUARTE (Moçambique), Lda.	6,755	10,655	57	-	(193)	1,659	-	-
TEGAVEN - Teixeira Duarte y Asociados, CA	-	-	-	-	-	374	-	-
UTE Viana	-	633	-	-	-	-	-	-
	15,184	14,132	5,062	2,329	10,179	5,704	278	187
Joint-ventures:								
CONBATE, ACE	108	72	-	-	-	-	-	-
CONSTRUSALAMONDE, ACE	13	87	-	-	3	19	16	35
DLOE, ACE	5	68	-	-	11	-	8	8
DOURO LITORAL, ACE	37	1,276	-	-	9	32	-	-
METROLIGEIRO, ACE	-	22	-	-	-	-	-	-
	163	1,525	-	-	23	51	24	43
Other related parties:								
ALVALADE, Lda.	737	574	-	-	36	41	672	1,101
AUTO COMPETIÇÃO ANGOLA, Lda.	89	50	-	-	12	16	-	-
CND, Lda.	10,720	2,440	174	-	3,935	966	-	-
COMÉRCIO DE AUTOMÓVEIS, Lda.	139	121	85	-	64	130	-	-
EDUCARE, Lda.	356	240	-	-	-	9	59	133
EMPA, S.A.	-	14	-	-	(124)	882	265	-
IMOPEDROUÇOS, S.A.	205	5,066	-	-	-	-	337	334
SOMAFEL, S.A.	(212)	(205)	1,897	-	3,321	8,773	40	50
HOTEL TRÓPICO, Lda.	358	362	-	-	123	32	-	-
TDA, Lda.	730	513	231	-	1,152	1,707	8	315
TDGPIL, S.A.	6	5	2,733	4,657	2,204	1,886	-	101
TDGI, S.A.	235	135	-	-	142	49	84	128
TDGI (Angola), Lda.	198	163	-	4	28	254	-	-
URBANGO, Lda.	308	477	888	947	17	53	-	-
VAUCO, Lda.	373	368	-	-	50	385	-	-
Other	1,425	5,169	204	3,361	1,012	2,909	3,029	4,301
	15,667	15,492	6,212	8,969	11,972	18,092	4,494	6,463
	31,889	32,273	29,212	34,017	28,961	28,739	5,625	6,693

6. INTANGIBLE ASSETS

During the period ended on 31 December 2018, the movements that occurred in the intangible assets, as well as in the respective accumulated amortisations, were as follows:

	Opening balance	Additions	Transfers and reductions	Sales	Closing balance
Gross asset					
Software	4,164	37	-	(4)	4,197
Industrial property and other rights	44,855	-	-	-	44,855
	49,019	37	-	(4)	49,052
Amortisations depreciations					
Software	3,851	234	-	(4)	4,081
Industrial property and other rights	2,597	2,006	-	-	4,603
	6,448	2,240	-	(4)	8,684
Net value of intangible assets	42,571				40,368

The item "Industrial property and other rights" refers essentially to the "Port Management of the Specialized Container Terminal at the Port of La Guaira" concession, for a period of 20 years, for the commercialisation, conservation, operation, administration, construction and use of the aforementioned terminal.

With reference to 31 December 2018, based on the forecast business plan, management did not identify any signs of impairment.

During the period ended on 31 December 2017, the movements that occurred in the intangible assets, as well as in the respective accumulated amortisations, were as follows:

	Opening balance	Additions	Transfers and reductions	Sales	Closing balance
Gross asset					
Software	4,202	70	(89)	(19)	4,164
Industrial property and other rights	13	37,757	7,085	-	44,855
	4,215	37,827	6,996	(19)	49,019
Amortisations depreciations					
Software	3,539	353	(22)	(19)	3,851
Industrial property and other rights	-	1,534	1,063	-	2,597
	3,539	1,887	1,041	(19)	6,448
Net value of intangible assets	676				42,571

7. FIXED TANGIBLE ASSETS

During the period ended on 31 December 2018, the movements that occurred in the fixed tangible assets, as well as in the respective accumulated depreciations, were as follows:

	Opening balance	Additions	Works for the entity itself - (a)	Transfers and write-offs	Sales	Closing balance
Gross asset						
Land and Natural Resources	1	-	-	-	-	1
Buildings and other constructions	21,284	236	161	(1,428)	(29)	20,224
Basic equipment	122,378	4,236	402	(5,439)	(5,628)	115,949
Transportation equipment	29,014	1,229	504	(2,217)	(2,831)	25,699
Power and hand tools.	27,621	1,949	408	(1,138)	(198)	28,642
Administrative equipment	10,069	327	6	(605)	(584)	9,213
Other tangible fixed assets	181	-	-	-	-	181
Tangible fixed assets in progress	172	153	-	(325)	-	-
	210,720	8,130	1,481	(11,152)	(9,270)	199,909
Accumulated depreciations:						
Buildings and other constructions	12,882	1,081	-	(1,292)	(29)	12,642
Basic equipment	104,501	6,814	-	(5,344)	(4,930)	101,041
Transportation equipment	25,527	1,275	-	(2,217)	(2,817)	21,768
Power and hand tools.	24,232	1,605	-	(1,114)	(162)	24,561
Administrative equipment	9,390	316	-	(606)	(472)	8,628
Other fixed tangible assets	176	-	-	-	-	176
	176,708	11,091	-	(10,573)	(8,410)	168,816
Net value of tangible assets	34,012					31,093

During the period ended on 31 December 2017, the movements that occurred in the fixed tangible assets, as well as in the respective accumulated depreciations, were as follows:

	Opening balance	Exchange conversion effect	Additions	Works for the entity itself - (a)	Transfers and write-offs	Sales	Closing balance
Gross asset							
Land and Natural Resources	1	-	-	-	-	-	1
Buildings and other constructions	28,409	-	33	-	(7,156)	(2)	21,284
Basic equipment	119,865	-	5,807	12	(2,852)	(454)	122,378
Transportation equipment	29,773	-	357	-	(1,042)	(74)	29,014
Power and hand tools.	25,681	-	1,631	769	(171)	(289)	27,621
Administrative equipment	10,552	-	165	-	(184)	(464)	10,069
Other tangible fixed assets	187	17	-	-	(23)	-	181
Tangible fixed assets in progress	227	-	-	-	(55)	-	172
	214,695	17	7,993	781	(11,483)	(1,283)	210,720
Accumulated depreciations:							
Buildings and other constructions	11,875	-	1,076	-	(67)	(2)	12,882
Basic equipment	100,143	-	7,834	-	(3,022)	(454)	104,501
Transportation equipment	25,131	-	1,549	-	(1,082)	(71)	25,527
Power and hand tools.	23,434	-	1,213	-	(159)	(256)	24,232
Administrative equipment	9,400	-	574	-	(168)	(416)	9,390
Other fixed tangible assets	203	-	-	-	(27)	-	176
	170,186	-	12,246	-	(4,525)	(1,199)	176,708
Net value of tangible assets	44,509						34,012

(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, 2018 and 2017, the net value of the tangible assets and capital outstanding, referring to sales and lease-backs were as follows:

	Net asset		Capital outstanding	
	2018	2017	2018	2017
Basic equipment	-	146	-	243

On December 31, 2018 and 2017, the current value of the minimal lease payments, referring to sales and lease-backs were as follows:

	2018	2017
2018	-	243

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, 2018 and 2017, the value of the minimum payments of the non-cancellable operating lease was required as follows:

	2018	2017
2018	-	11
2019	25	3
2020	8	3
2021	1	1
	34	18

In the periods ending on 31 December 31, 2018 and 2017, the expenses related to operating leasing contracts were recognised as follows:

	2018	2017
Vehicle and management services	5	4
Rental of Vehicles	12	9
Insurance and others	4	3
	21	16

These expenses were recognised in External supplies and services.

9. INVESTMENT PROPERTIES

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

In the periods ended 31 December 2018 and 2017, the "investment properties" item was as follows:

	2018	2017
Buildings and other constructions	263	252

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, 2018 and 2017, were as follows:

	2018	2017
Income:		
Income of Investment Properties	25	26
	25	26
Direct operating expenses:		
Generate income from rent	(3)	(3)
	(3)	(3)
	22	23

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

During the years ended on 31 December 2018 and 2017, the movement in investment properties was as follows:

	2018	2017
Balance on January 1st	252	339
Variation in fair value	11	(87)
Balance on December 31st	263	252

10. IMPAIRMENT OF ASSETS

The amounts referring to impairment losses and reversals recognised in the results in the periods ending on 31 December 31, 2018 and 2017, were as follows:

2018						
	Opening balance	Increases	Reversals	Regularisation/ Transfers	Currency exchange rate effects	Closing balance
Debts receivable	27,079	35,936	(1,623)	-	(5,658)	55,734
Inventories	640	18	(28)	-	(237)	393
Other accounts receivable	81	206	-	(71)	1	217
	27,800	36,160	(1,651)	(71)	(5,894)	56,344

2017						
	Opening balance	Increases	Reversals	Regularisation/ Transfers	Currency exchange rate effects	Closing balance
Debts receivable	33,284	5,957	(12,113)	-	(49)	27,079
Inventories	490	159	-	-	(9)	640
Other accounts receivable	94	-	-	-	(13)	81
	33,868	6,116	(12,113)	-	(71)	27,800

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. GOODWILL

The amounts relating to *Goodwill* in the periods ended 31 December 2018 and 2017 were:

2018				
		Gross quantities	Amortizations depreciations	Net quantities
Investments in subsidiaries	Note 12	43,567	(13,070)	30,497

2017				
		Gross quantities	Amortizations depreciations	Net quantities
Investments in subsidiaries	Note 12	43,567	(8,713)	34,854

In the financial year ended 31 December 2018, based on the subsidiary's forecast business plan, management did not identify any signs of impairment.

12. SHARES - EQUITY METHOD

On December 31, 2018 and 2017, the Company had recorded the following different investment amounts under the item "Financial stakes - Equity method:

	2018	2017
	Net quantities	Net quantities
Investments in subsidiaries	248,644	224,057

Associated companies

In the period ending on 31 December of 2018, the Company held shares in the following associated companies

Corporate name	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 2018 and 2017 periods at the close of the Company's accounts.

Investments in subsidiaries

During the period ending 31 December 2018, the Company presented the following financial stakes in subsidiaries, measured by the Equity Method:

Corporate name	Head Office	Percentage of effective participation
ADOQUINVAR - Adoquines Vargas, C.A.	Calle 4, Casa nº 4, Urbanización Los Laureles, Valle de la Pascoa - Venezuela	49.00%
CBLG - Consorcio Boyacá - La Guaira	Av. San Juan Bosco, Edificio Centro Altamira, Piso 5, Oficina 54 - Venezuela	57.20%
CONLUVAR - Consorcio Minero Luso Vargas	Distrito Capital - Caracas - 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 2, Lagoas Park - Oeiras - Portugal	100.00%
GUAYAQUIL II - Consorcio Puente Daule	Avenida Francisco de Orellana, Guayaquil - República do Equador	61.00%
OPSUT - Consorcio Octavo Proyecto de Servicio Universal de Telecomunicaciones	Calle 4, Casa nº 4, Urbanización Los Laureles, Valle de la Pascoa - Venezuela	51.00%
TDAP - Atividades Portuárias, S.A.	Rua das Pretas nº 4 - Fracção 4 D - Funchal - Portugal	100.00%
TEGAVEN - Teixeira Duarte Y Asociados, C.A.	Distrito Capital - Caracas - Venezuela	100.00%
TEIXEIRA DUARTE - Construccions Services (EUA), LLC	New Jersey - United States of America	100.00%
TEIXEIRA DUARTE - Engenharia e Construções (Colômbia), S.A.S.	Bogotá, D.C. - Colômbia	100.00%
TEIXEIRA DUARTE - Engenharia e Construções (Angola), Lda.	Rua Amílcar Cabral, nº 27 C - Luanda - Angola	80.00%
TEIXEIRA DUARTE - Engenharia e Construções (Macau), Lda.	Av. Dr. Mário Soares, nº 25, Apr. 26 e 28 - 3º andar - Macau	80.00%
TEIXEIRA DUARTE - Engenharia e Construções (Moçambique), Lda.	Av. Vinte e Quatro de Julho, nº 141 - Maputo - Moçambique	49.00%
TEIXEIRA DUARTE Algérie, SPA	Parc Miremont, Rue A, nº136 - Argel - Argélia	99.94%
TEIXEIRA DUARTE PERÚ - Ingeniería y Construcciones, S.A.C.	Lima - Perú	80.00%
UTE VIANA	Av. Alberto Alcacer, 24-7º - Madrid - Espanha	30.00%

The main financial information related to subsidiaries at December 31, 2018 and 2017, is the following:

	Assets		Liabilities		Income		Net result	
	2018	2017	2018	2017	2018	2017	2018	2017
ADOQUINVAR, C.A.	78	86	77	68	4	242	1	29
CBLG	16,329	4,701	16,936	3,754	22	1,133	(607)	(418)
CONLUVAR	19	789	16	745	9	986	3	69
EMPA, S.A.	49,163	79,359	9,312	31,916	48,133	118,850	1,990	6,757
EPOS, S.A.	35,320	35,561	25,159	27,440	58,095	41,603	3,450	(5,444)
GUAYAQUIL II	11,940	-	11,711	-	1,643	-	230	-
OPSUT	-	4	-	21	-	1	-	10
TDAP, S.A.	90	35,718	21	15	-	-	(4)	(17)
TEGAVEN, C.A.	5	245	75	389	5	800	70	(177)
TEIXEIRA DUARTE (EUA), LLC	1,230	1,220	1,248	1,068	242	432	(163)	64
TEIXEIRA DUARTE (Colômbia), S.A.S.	2,931	1,069	2,488	910	5,512	2,104	307	71
TEIXEIRA DUARTE (Angola), Lda.	99,161	175,279	91,230	166,574	15,369	76,390	(33,522)	31,882
TEIXEIRA DUARTE (Macau), Lda.	196	189	-	-	-	3	(1)	2
TEIXEIRA DUARTE (Moçambique), Lda.	60,820	69,225	21,944	29,226	30,244	61,201	(1,292)	3,698
TEIXEIRA DUARTE Algérie, SPA	25,435	22,027	18,961	17,339	13,728	10,056	1,690	597
TEIXEIRA DUARTE PERÚ, S.A.C.	39	31	224	140	-	-	(76)	(117)
UTE VIANA	2,780	7,410	2,669	5,825	630	2,721	91	6,156
	305,536	432,913	202,071	285,430	173,636	316,522	(27,833)	43,162

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 2018 and 2017:

	Equity stakes	Goodwill	Total
Balance on January 1st 2017	220,286	39,210	259,496
Increase	35,814	-	35,814
Decrease	(9,881)	-	(9,881)
Amortisation	-	(4,356)	(4,356)
Effects of the application of equity method:			
- Effect on the result of the period	40,750	-	40,750
- Effect on equity	(58,889)	-	(58,889)
Currency exchange rate effects	(4,023)	-	(4,023)
Balance on December 31st 2017	224,057	34,854	258,911
Balance on January 1st 2018	224,057	34,854	258,911
Decrease	(40,633)	-	(40,633)
Amortisation	-	(4,357)	(4,357)
Effects of the application of equity method:			
- Effect on the result of the period	16,375	-	16,375
- Effect on equity (*)	49,471	-	49,471
Currency exchange rate effects	(626)	-	(626)
Balance on December 31st 2018	248,644	30,497	279,141

(*) - The amount presented under the item "Effect on equity" is negatively justified by the effect of the exchange rate conversion of financial statements in a currency other than the Euro, specifically in Angola where there was a significant devaluation of the Kwanza, which was offset by the following facts mentioned below:

- On 1 January 2018, Teixeira Duarte deemed that the companies in Angola and Venezuela were operating in hyperinflationary economies, in line with the application of IAS 29, with an impact on the Company's equity amounting to 22,804 thousand euros.

- Also on 31 December 2018, Teixeira Duarte changed the model for measuring a set of "homogeneous class" assets, from the cost model to the revaluation model, with an impact of 83,175 thousand Euros on the equity of Teixeira Duarte - Engenharia e Construções, S.A.

The decrease occurred in the period ending on 31 December 2018 and 2014 is referenced to:

	2018	2017
TDAP, S.A.	35,670	-
EMPA, S.A.	4,963	9,881
	40,633	9,881

For the period ending 31 December 2018, the company registered *Goodwill* amounting to 30,497 thousand euros, for its stake in the company EPOS - Empresa Portuguesa de Obras Subterrâneas, S.A., the amortization of which began over a 10 year period from 2016.

Effects of the application of the equity method in the periods ending on 31 December 2018 and 2017, is detailed as follows:

	Gains / losses		Equity adjustments	
	2018	2017	2018	2017
ADOQUINVAR, C.A.	-	12	-	-
CONLUVAR	2	113	-	-
EMPA, S.A.	1,990	6,757	(4,490)	(7,506)
EPOS, S.A.	3,450	(5,444)	(1,411)	(33)
GUAYAQUIL II	136	-	-	-
OPSUT	-	33	-	-
TDAP, S.A.	(4)	(17)	-	-
TEGAVEN, C.A.	-	(177)	-	-
TEIXEIRA DUARTE (EUA), LLC	(146)	64	(7)	(6)
TEIXEIRA DUARTE (Colômbia), S.A.S.	307	71	(23)	(16)
TEIXEIRA DUARTE (Angola), Lda.	9,558	36,459	55,684	(51,284)
TEIXEIRA DUARTE (Macau), Lda.	(1)	2	7	(31)
TEIXEIRA DUARTE (Moçambique), Lda.	(633)	1,812	83	864
TEIXEIRA DUARTE Algérie, SPA	1,689	596	96	(809)
UTE VIANA	27	469	(468)	(68)
	16,375	40,750	49,471	(58,889)

As of 31 December 2018, the company had made provisions for equity investments in subsidiary companies, amounting to a total of 572 thousand euros (Note 18).

13. INTERESTS IN JOINT-VENTURES

In the period ending on 31 December of 2018, the proportional consolidation method was applied to the joint-ventures that the Company held shares in. They are:

Corporate name	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	Tower Plaza, Rotunda Edgar Cardoso, nº 23, 12º andar, sala C - Vila Nova de Gaia	40.00%
D.L.O.E.- Douro Litoral Special Works, ACE	Edifício 2, Lagoas Park, Oeiras	40.00%
FERROVIAL/TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, ACE	Edifício Central Park, Rua Alexandre Herculano, Nº 1 - 4º Piso, Linda-a-Velha	50.00%
METROLIGEIRO - Construção de Infraestruturas, ACE	Rua Abranches Ferrão, Nº 10 - 5º F, Lisboa	26.80%
NOVA ESTAÇÃO, ACE	Edifício 6, Piso 1, Lagoas Park, Oeiras	25.00%
TEIXEIRA DUARTE / SOPOL - Metro de Superfície, ACE	Edifício 2, Lagoas Park, Oeiras	57.30%
TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, ACE	Av. Das Forças Armadas, 125 - 2ºC, Lisboa	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	
	2018	2017	2018	2017	2018	2017	2018	2017
CONBATE, ACE	318	352	171	169	14	6	(36)	(33)
CONSTRUSALAMONDE, ACE	296	178	479	353	30	1,108	(9)	32
DOURO LITORAL, ACE	2,750	3,069	1,275	1,503	66	3,016	(91)	1,105
D.L.O.E., ACE	499	508	(174)	185	9	9	2	(68)
FERROVIAL / TEIXEIRA DUARTE, ACE	10	34	8	17	5	151	(14)	145
NOVA ESTAÇÃO, ACE	205	947	206	956	28	-	-	(8)
TEIXEIRA DUARTE / SOPOL, ACE	110	113	110	113	-	3	-	-
TRÊS PONTO DOIS, ACE	181	181	178	178	-	-	-	-
	4,369	5,382	2,253	3,474	152	4,293	(148)	1,173

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 and gains as well as the intra-group expenses and losses were also completely eliminated.

14. GAINS / LOSSES ATTRIBUTED TO SUBSIDIARIES AND JOINT-VENTURES

During the periods ending 31 December 2018 and 2017, the company presented the following changes in investments in financial stakes in subsidiaries and joint-ventures:

	2018	2017
Income:		
Application of equity method	-	46,389
Other	-	528
	-	46,917
Expenses:		
Application of equity method	(784)	(5,637)
Other	(368)	(98)
	(1,152)	(5,735)
	(1,152)	41,182

15. INVENTORIES

Movements that occurred in each item of goods, raw materials, subsidiaries and consumables, and finished and intermediate products, during the periods ended 31 December 2018 and 2017, are as follows:

	2018									
	Gross quantities							Losses due to accrued impairment	Net quantities	
	Opening balance	Regularization	Currency exchange rate effects	Purchases	Cost of the period	Changes in production inventories	Closing balance			
Raw materials and consumables	5,468	2	(2,101)	105,910	(105,883)	-	3,396	(393)	3,003	
Finished and intermediate products	375	-	-	-	-	(42)	333	-	333	
	5,843	2	(2,101)	105,910	(105,883)	(42)	3,729	(393)	3,336	
	2017									
	Gross quantities							Losses due to accrued impairment	Net quantities	
	Opening balance	Regularization	Currency exchange rate effects	Purchases	Cost of the period	Changes in production inventories	Closing balance			
Raw materials and consumables	5,396	(2)	3,137	66,406	(69,469)	-	5,468	(640)	4,828	
Finished and intermediate products	375	-	-	-	-	-	375	-	375	
	5,771	(2)	3,137	66,406	(69,469)	-	5,843	(640)	5,203	

16. CONSTRUCTION CONTRACTS

On December 31, 2018 and 2017, the Company had its accounts influenced by the following values, related to construction contracts (a):

	2018	2017
Estimated costs	1,858,854	1,956,032
Costs incurred in previous periods	895,292	923,529
Costs incurred in the period	333,881	256,677
Accumulated incurred costs	1,229,173	1,180,206
Contract value	2,016,025	2,169,925
Revenue from previous periods	1,023,887	1,122,807
Revenue of the period	235,518	152,029
Accumulated revenue	1,259,405	1,274,836
Amount of down payments received	96,180	72,931
Amount of withholdings	3,684	3,590

(a) – Includes works in guarantee period.

17. REVENUE

In the periods ending on 31 December 2018 and 2017, the revenue recognised by the company had the following decomposition:

	2018	2017
Sales	343,560	288,305
Services rendered	25,324	25,165
Royalties	4,309	8,180
Interest	29,791	61,879
Dividends	439	1,376
	403,423	384,905

In the periods ending on 31 December 2018 and 2017, the Company's turnover was geographically distributed as follows:

	2018			2017		
	Civil construction and public works	Service Provision	Total	Sales	Service Provision	Total
Angola	84,240	1,815	86,055	68,800	479	69,279
Algeria	114,316	1,244	115,560	84,760	35	84,795
Brazil	59,183	701	59,884	50,280	-	50,280
Portugal	84,534	6,739	91,273	78,027	12,756	90,783
Venezuela	14	14,476	14,490	3,083	11,854	14,937
Other	1,273	349	1,622	3,355	41	3,396
	343,560	25,324	368,884	288,305	25,165	313,470

18. CONTINGENT PROVISIONS AND LIABILITIES

18.1 PROVISIONS

The movement occurred in the accrued provisions for the periods ended December 31st, 2018 and 2017 was as follows:

2018							
	Opening balance	Additional / reinforcements	Decrease	Regularisation	Transfer	Currency exchange rate effects	Closing balance
Guarantees to customers	10,202	869	(393)	-	-	(1,489)	9,189
Ongoing court proceedings	-	1,363	-	-	-	1	1,364
Onerous contracts	533	2,887	(385)	-	-	(1)	3,034
Other provisions	5,736	314	(3,584)	-	-	360	2,826
	16,471	5,433	(4,362)	-	-	(1,129)	16,413

2017							
	Opening balance	Additional / reinforcements	Decrease	Regularisation	Transfer	Currency exchange rate effects	Closing balance
Guarantees to customers	12,471	701	(2,887)	-	-	(83)	10,202
Onerous contracts	1,276	322	(1,064)	-	-	(1)	533
Other provisions	23,877	1,303	(18,331)	(38)	-	(1,075)	5,736
	37,624	2,326	(22,282)	(38)	-	(1,159)	16,471

The "Other provisions" item includes provisions related to equity holdings assigned to cover liabilities arising from losses in invested companies, with negative equities. In the year ended 31 December 2018, provisions for equity holdings amounting to 571 thousand euros were posted.

The movements occurred in the provision for holdings in the period ended on 31 December, 2018 and 2017, were as follows:

2018							
	Opening balance	Reinforcements		Reversals		Currency exchange rate effects	Closing balance
		Net result	Equity	Net result	Equity		
TEIXEIRA DUARTE PERÚ, S.A.C.	87	61	1	-	-	-	149
CINTEL, Lda.	38	-	-	-	-	-	38
OPSUT	8	-	-	-	-	(8)	-
CBLG	-	347	-	-	-	-	347
TEIXEIRA DUARTE (EUA), LLC	-	17	-	-	-	-	17
TEGAVEN, C.A.	-	20	-	-	-	-	20
	133	445	1	-	-	(8)	571

2017							
	Opening balance	Reinforcements		Reversals		Currency exchange rate effects	Closing balance
		Net result	Equity	Net result	Equity		
MARINERTES, S.A.	248	-	-	(248)	-	-	-
TEIXEIRA DUARTE PERU, S.A.C.	-	94	-	-	(7)	-	87
CINTEL, Lda.	38	-	-	-	-	-	38
TDHOSP, SA	10,000	-	-	(6,558)	(3,442)	-	-
Consortio OPSUT	30	5	-	-	-	(27)	8
CBLG	1,048	-	-	-	-	(1,048)	-
	11,364	99	-	(6,806)	(3,449)	(1,075)	133

18.2 CONTINGENT LIABILITIES

Tax processes

Following several inspections of the financial years 2007 to 2011, carried out by the Tax and Customs Authority (AT) to the accounting elements of Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., a company in which 100% of its share capital was held directly by the company during those financial years, the following corrections were made to the tax losses initially calculated by this invested company:

	Calculated tax loss	AT correction
2007	42,088	29,331
2008	36,573	45,938
2009	46,203	24,807
2010	5,123	6,467
2011	12,779	3,213

Nature of corrections made:

(a) Financial costs not accepted

With the exception of the situations listed in the following points, the corrections result from the fact that the financial charges incurred due to the investment made in owned companies, under the form of ancillary payments subject to the supplementary provisions regime, have been disregarded as a taxable expense.

Given that Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. pays corporate tax under the Special Taxation Regime for Groups of Companies (article 69 onwards of the IRC (Corporation Tax) Code), the corrections to tax losses for the years 2007 to 2011 were subject to IRC Settlement Statements and compensatory interest issued to the Company, in its capacity as the parent company for those financial years. Under the terms of the law, the company contested the corrections made by AT (tax authorities) to the financial years 2007 through 2011.

The Company, in its capacity as the parent company for the 2007 financial year, was notified of a Ruling handed down by the Supreme Administrative Court (STA), determining the annulment of the additional liquidation issued by the AT, which was subject to an appeal, not upheld by the STA during the second quarter of 2018.

(b) Elimination of economic double taxation - revenue distributed by the TDF Fund

The correction to the 2008 tax loss includes the amount of 611 thousand euros relating to, according to AT, the improper application of item 10 of article 22 of the Tax Benefits Statute (EBF) to the distribution of revenue by the Real Estate Investment Fund TDF. The company, in its capacity as parent company, contested this correction under the terms of the law.

In addition to the aforementioned corrections regarding the subsidiary Teixeira Duarte – Gestão de Participações e Investimentos Imobiliários, S.A., below can be found individual reports on correction made by the AT to the company:

- Correction to the taxable profit ascertained in the 2008 period, amounting to 35,467 thousand euros, of which the Company 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;

19. EFFECTS FROM EXCHANGE RATE CHANGES

The quotes used to covert the assets and liabilities expressed in foreign currency to Euros on December 31, 2018 and 2017, 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		
	2018	2017	Variation	2018	2017	Variation
Venezuelan Bolivar (VEF)	-	4,011.6585	-	-	2,353.2600	-
Venezuelan Sovereign Bolivar (VES)	813.5683	-	-	813.5683	-	-
Algerian Dinar (DZD)	135.5660	137.6194	(2.0534)	137.5775	125.5197	12.0578
Moroccan Dirham (MAD)	10.9560	11.2168	(0.2608)	11.0913	10.9528	0.1385
American Dollars (USD)	1.1450	1.1993	(0.0543)	1.1803	1.1307	0.0497
Pound Sterling (GBP)	0.8945	0.8872	0.0073	0.8859	0.8742	0.0117
Angolan Kwanza (AON)	353.0155	185.4000	167.6155	353.0155	184.8361	168.1794
Mozambican Metical (MZN)	70.2400	70.5700	(0.3300)	71.2377	71.7446	(0.5069)
Peruvian Nuevo Sol (PEN)	3.8667	3.8846	(0.0179)	3.8807	3.6876	0.1931
Macanese Pataca (MOP)	9.2365	9.6532	(0.4167)	9.5269	9.0741	0.4528
Brazilian Real (BRA)	4.4440	3.9729	0.4711	4.2980	3.6271	0.6709
Colombian Peso - (COP)	3,718.3900	3,579.3100	139.0800	3,512.5138	3,358.9723	153.5415

The differences of net change recognised in the equity in the periods ending on December 31, 2018 and 2017, were as follows:

	Net exchange rate differences
Balance on January 1st 2017	63,802
Positive exchange rate differences	6,633
Negative exchange rate differences	(6,740)
Balance on December 31st 2017	63,695
Balance on January 1st 2018	63,695
Positive exchange rate differences	5,335
Negative exchange rate differences	(73,260)
Balance on December 31st 2018	(4,230)

20. 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 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 9%, 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.

Pursuant to the terms of the IRC (Corporation Tax) Code, tax losses are reportable for a period of five years for those that occurred during the tax period of 2017 onwards, and may be deducted from the taxable gains *subsequently* earned. This deduction is limited to 70% of the taxable gains earned during the tax period in which it is made.

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 review period of tax returns of entities with a presence in other countries varies between three and five years.

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 2018.

The tax charge recorded in the periods ended on 31 December 2018 and 2017 can be presented in the following manner:

	2018	2017
Current tax:		
Income tax in Portugal	4,947	1,312
Income tax in other jurisdictions	1,563	3,052
	6,510	4,364
Deferred tax:		
Deferred tax in Portugal	83	2,506
Deferred tax in other jurisdictions	(2,664)	(1,440)
	(2,581)	1,066
	3,929	5,430

The relationship, in Portugal, between the book expense and profit in the periods ended on 31 December 2018 and 2017, is as follows:

	2018	2017
Net result for that period	9,975	16,005
Adjustments for taxable profit		
Definite differences:		
- To add	40,964	30,957
- To deduct	(65,844)	(44,657)
Temporary differences:		
- To add	39,799	9,885
- To deduct	(3,739)	(13,456)
Taxable income / (Tax loss)	21,155	(1,266)
Collectable Material	21,155	-
Total collection (including state surtax)	5,192	-
Tax credit by double international taxation	(825)	-
Other income tax components:		
Autonomous taxation	290	859
Municipal surtax	290	-
Other	-	453
Current Tax	4,947	1,312
Deferred tax	83	2,506
Income tax expense	5,030	3,818

The tax rate effective in the periods ended on 31 December 2018 and 2017, was as follows:

	2018	2017
Current Tax	6,510	4,364
Result before taxes	13,904	28,431
Effective tax rate	46.82%	15.35%

The movements occurred in the assets and liabilities by deferred taxes in the periods ending on December 31, 2018 and 2017, were as follows:

2018								
	Opening balance	Constitution		Reversal		Currency exchange rate effects	Adjustment	Closing balance
		Net result	Equity	Net result	Equity			
Assets by deferred taxes:								
Adjustments of clients, bad debt	25	-	-	-	-	-	-	25
Reportable tax losses	1,382	2,739	-	(337)	-	(141)	(81)	3,562
Double international taxation	10,322	-	-	-	-	-	13	10,335
Works with losses	118	565	-	-	-	-	-	683
Other taxed provisions	1,525	223	-	(649)	-	(30)	-	1,069
	13,372	3,527	-	(986)	-	(171)	(68)	15,674
Liabilities by deferred taxes:								
Investment Properties	32	2	-	-	-	-	-	34
Reassessment of fixed tangible assets	1,600	-	-	-	-	-	-	1,600
Other taxed provisions	95	6	-	(48)	-	19	-	72
	1,727	8	-	(48)	-	19	-	1,706

2017								
	Opening balance	Constitution		Reversal		Currency exchange rate effects	Adjustment	Closing balance
		Net result	Equity	Net result	Equity			
Assets by deferred taxes:								
Adjustments of clients, bad debt	25	-	-	-	-	-	-	25
Reportable tax losses	273	1,408	-	-	-	(113)	(186)	1,382
Double international taxation	10,227	2,928	-	-	-	-	(2,833)	10,322
Works with losses	290	-	-	(172)	-	-	-	118
Other taxed provisions	7,052	174	-	(5,676)	-	(25)	-	1,525
	17,867	4,510	-	(5,848)	-	(138)	(3,019)	13,372
Liabilities by deferred taxes:								
Investment Properties	52	-	-	(20)	-	-	-	32
Reassessment of fixed tangible assets	2,091	-	-	(252)	(239)	-	-	1,600
Other taxed provisions	100	-	-	(5)	-	-	-	95
	2,243	-	-	(277)	(239)	-	-	1,727

21. FINANCIAL INSTRUMENTS

The current financial assets and liabilities for the periods ended on 31 December 2018 and 2017 were broken down as follows:

21.1 FINANCIAL ASSETS

Customers

On 31 December 2018 and 2017, the "Customers" items had the following breakdown:

	2018			2017		
	Non-group	Group	Total	Non-group	Group	Total
Clients current account	125,745	189,538	315,283	156,974	211,164	368,138
Clients, bad debt	55,734	-	55,734	27,079	-	27,079
	181,479	189,538	371,017	184,053	211,164	395,217
Accumulated impairment losses	(55,734)	-	(55,734)	(27,079)	-	(27,079)
	125,745	189,538	315,283	156,974	211,164	368,138

In the financial year ending 31 December 2018, under the "trade" item 291,603 thousand euros are classified as current assets and 23,680 thousand euros as non-current assets.

Other credits receivable

On 31 December 2018 and 2017, the “Other accounts receivable” item had the following breakdown:

	2018		2017	
	Chain	Non-current	Chain	Non-current
Debtors by accrued income	129,203	-	106,614	-
Other debtors:				
Advance payments to suppliers	14,664	-	9,030	-
Shareholders	183,808	259,246	189,233	301,746
Staff	86	-	-	-
RETGS	8,803	-	8,045	-
Other	108,510	-	194,923	-
	315,871	259,246	401,231	301,746
Losses due to accrued impairment				
Other debtors	(217)	-	(82)	-
	(217)	-	(82)	-
	444,857	259,246	507,763	301,746

In the financial year ending 31 December 2018, the item entitled “Debtors due to accrued income” essentially relates to the provision of services provided and not invoiced on the reporting date. On the same date, the balance of the “Others” item was essentially made up of related parties.

Other Assets

On December 31, 2018 and 2017 the remaining current assets is broken down as follows:

	2018	2017
Government and other public entities:		
Retention of income tax	6	-
Added value tax	2,132	1,871
Corporate persons income tax - Other jurisdictions	351	(1,519)
Other taxes	7,487	23,174
Other Taxes	432	-
	10,408	23,526
Deferrals:		
Expenses to be recognized	2,317	4,794

Non-current assets held for sale

On 31 December 2018 and 2017, the “Non-current assets held for sale” item had the following breakdown:

	2018	2017
Non-current assets held for sale:		
AEBT, S.A.	5	5
LUSOPONTE, S.A.	-	1,874
TD HOSP, S.A.	-	-
	5	1,879

During the financial year ending 31 December 2018, the Company sold its entire holding of 7.5% in LUSOPONTE - Concessionária para a Travessia do Tejo, S.A. as well as 90% of its holding in TD HOSP, Gestão de Edifício Hospitalar, S.A., with capital gains of 33,982 thousand euros (Note 26).

The Company reclassified the unsold 10% of TD HOSP, Gestão de Edifício Hospitalar, S.A. to the item “Financial stakes - Other methods”.

Shares – other methods

On December 31, 2018 and 2017 the heading “Shares – other methods” is broken down as follows:

	2018	2017
MTS, S.A.	-	456
TD HOSP, S.A.	-	-
	-	456

Other financial assets

On December 31, 2018 and 2017 the heading “Other net financial assets of impairment” is broken down as follows:

	2018	2017
AEBT, S.A.	-	1,515
Employment Compensation Fund	19	3
LUSOPONTE, S.A.	-	150
MTS, S.A.	-	114
TD HOSP, S.A.	768	7,681
TDAP, S.A.	40	-
TEIXEIRA DUARTE Algérie, SPA	7,033	7,033
TEIXEIRA DUARTE (Angola), Lda.	3,214	3,068
TEIXEIRA DUARTE PERU, SAC	3	-
	11,077	19,564

21.2 FINANCIAL LIABILITIES

Suppliers

On 31 December 2018 and 2017, the “Suppliers” items had the following breakdown:

	2018			2017		
	Non-group	Group	Total	Non-group	Group	Total
Suppliers Checking Account	73,234	80,372	153,606	67,105	140,432	207,537
Suppliers invoices received and checking	167	-	167	403	-	403
Suppliers others	11,230	-	11,230	10,817	-	10,817
	84,631	80,372	165,003	78,325	140,432	218,757

Other debts payable

On December 31, 2017 and 2015 the heading “Other debts payable” is broken down as follows:

	2018		2017	
	Chain	Non-current	Chain	Non-current
Creditors for accrued expenses	21,122	-	50,927	-
Other Creditors:				
Staff	10,920	173	8,037	339
Shareholders/partners	1,537	-	-	-
Other	34,836	-	74,251	-
	47,293	173	82,288	339
	68,415	173	133,215	339

On 31 December 2018 the item "Other creditors - Others" includes the amount of 15,139 thousand euros referring to related parties.

Other liabilities

On December 31, 2018 and 2017 the remaining current and non-current liabilities is broken down as follows:

	2018		2017	
	Chain	Non-current	Chain	Non-current
Government and other public entities:				
Income tax	1,017	-	9	-
Retention of income tax	1,723	-	158	-
Added value tax	2,590	-	7,339	-
Corporate persons income tax - Other jurisdictions	2,137	-	592	-
Other taxes	3,633	-	5,765	-
Contributions for Social Security	1,119	-	889	-
	12,219	-	14,752	-
Deferrals:				
Income to be recognised	19,357	-	7,087	-
Advance payments from clients	51,243	43,587	46,986	25,946

During the financial year ending 31 December 2018, the balance of the item entitled "Advances from customers" was essentially made up of advances from customers of the Algeria and Angola branches. On the same date, the balance of the item "Income pending recognition" essentially consisted of works that had been invoiced and not executed.

Obtained financing

On 31 December 2018 and 2017, the item entitled "current and non-current loans obtained" had the following breakdown:

		2018			2017		
		Chain	Non-current	Total	Chain	Non-current	Total
Bank loans	a)	45,010	101,303	146,313	64,326	89,903	154,229
Bank overdrafts	a)	318	294	612	14,480	33,584	48,064
Financial Leases	a)	-	-	-	243	-	243
Other financing	d)	570	340	910	558	910	1,468
Securities market - Bond loans	c)	500	1,000	1,500	-	1,500	1,500
Securities market - Other financing	b)	-	248,950	248,950	72,200	227,575	299,775
Supplies and other mutuals	Note 5	170,310	-	170,310	117,248	-	117,248
Subsidiaries, associates and joint ventures	Note 5	19,506	-	19,506	9,973	-	9,973
		236,214	351,887	588,101	279,028	353,472	632,500

During the period ended on 31 December 2018, the following movements occurred in "financing obtained":

	2018			
	Opening balance	Increase	Decrease	Closing balance
Bank loans	154,229	336,376	(344,292)	146,313
Bank overdrafts	48,064	-	(47,452)	612
Financial Leases	243	-	(243)	-
Other financing	1,468	-	(558)	910
Securities market - Bond loans	1,500	-	-	1,500
Securities market - Other financing	299,775	4,500	(55,325)	248,950
Supplies and other mutuals	117,248	284,126	(231,064)	170,310
Subsidiaries, associates and joint ventures	9,973	66,250	(56,717)	19,506
Other financing	-	-	-	-
	632,500	691,252	(735,651)	588,101

During the period ended on 31 December 2017, the following movements occurred in “financing obtained”:

	2017			
	Opening balance	Increase	Decrease	Closing balance
Bank loans	197,338	152,523	(195,632)	154,229
Bank overdrafts	41,211	6,853	-	48,064
Financial Leases	558	-	(315)	243
Other financing	2,112	-	(644)	1,468
Securities market - Bond loans	1,500	-	-	1,500
Securities market - Other financing	311,675	1,000	(12,900)	299,775
Supplies and other mutuals	19,925	445,139	(347,816)	117,248
Subsidiaries, associates and joint ventures	96,212	180,509	(266,748)	9,973
Other financing	-	-	-	-
	670,531	786,024	(824,055)	632,500

On December 31, 2018 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, 2018, 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	Type of Financing	Start date	Due date	Financing	Currency	Total financing amount - Currency	Total financing amount - (€)	Limit used by Company - (€)	Limit used by rest of the Group - (€)
Banco Angolano de Investimentos, S.A.	Escrow account	27 de março de 2013	31 de dezembro de 2019	Single	AON	2,000,000	5,665	3,541	-
Banco BIC Português, S.A.	Escrow account	7 de novembro de 2014	31 de dezembro de 2019	Group	EUR	5,000	5,000	5,000	-
Banco BIC Português, S.A.	Escrow account	6 de agosto de 2015	5 de agosto de 2019	Group	EUR	1,172	1,172	1,172	20,570
Banco BIC, S.A.	Escrow account	25 de março de 2014	31 de dezembro de 2019	Single	AON	380,000	1,076	368	-
Banco Comercial Português, S.A.	Loan	12 de agosto de 2016	31 de dezembro de 2033	Single	EUR	10,179	10,179	10,179	-
Banco Comercial Português, S.A.	Loan	27 de novembro de 2017	31 de dezembro de 2033	Group	EUR	31,777	31,777	6,975	24,802
Banco Comercial Português, S.A.	Loan	30 de janeiro de 2018	15 de junho de 2021	Group	EUR	13,650	13,650	12,260	1,390
Banco Comercial Português, S.A.	Loan	16 de janeiro de 2018	31 de dezembro de 2033	Single	EUR	9,490	9,490	3,440	-
Banco Comercial Português, S.A.	Escrow account	18 de agosto de 2017	31 de março de 2019	Single	EUR	2,694	2,694	2,694	-
Banco de Fomento Angola, S.A.	Escrow account	1 de janeiro de 2016	31 de dezembro de 2019	Single	AON	2,000,000	5,665	5,241	-
Banco Mercantil	Loan	26 de novembro de 2013	31 de dezembro de 2019	Single	VES	40,000	49	49	-
Banco Millennium Atlântico, S.A.	Escrow account	29 de novembro de 2012	31 de dezembro de 2019	Single	AON	285,000	807	467	-
Banco Occidental de Descuento	Loan	29 de julho de 2013	31 de dezembro de 2019	Single	VES	103,668	127	127	-
Banco Português de Investimento, S.A.	Loan	5 de julho de 2016	5 de novembro de 2021	Single	EUR	10,516	10,516	10,516	-
Caixa Económica Montepio Geral, S.A.	Factoring	17 de janeiro de 2017	31 de dezembro de 2019	Single	EUR	10,000	10,000	4,397	-
Caixa Geral de Depósitos, S.A.	Loan	12 de agosto de 2016	31 de dezembro de 2033	Single	EUR	7,235	7,235	7,235	-
Caixa Geral de Depósitos, S.A.	Loan	22 de setembro de 2014	15 de dezembro de 2033	Group	EUR	83,000	83,000	9,960	73,040
Caixa Geral de Depósitos, S.A.	Loan	27 de janeiro de 2014	15 de dezembro de 2020	Group	EUR	4,321	4,321	1,793	2,528
Caixa Geral de Depósitos, S.A.	Loan	30 de janeiro de 2018	15 de junho de 2021	Group	EUR	2,600	2,600	2,600	-
Caixa Geral de Depósitos, S.A.	Loan	12 de janeiro de 2018	31 de dezembro de 2033	Single	EUR	9,250	9,250	3,690	-
Caixa Geral de Depósitos, S.A.	Escrow account	7 de julho de 2010	31 de dezembro de 2033	Single	EUR	5,311	5,311	4,311	-
Caixa Geral de Depósitos, S.A.	Loan	4 de abril de 2015	15 de dezembro de 2019	Single	USD	369	322	322	-
Novo Banco, S.A.	Loan	12 de agosto de 2016	31 de dezembro de 2033	Single	EUR	9,722	9,722	9,722	-
Novo Banco, S.A.	Bank overdrafts	1 de fevereiro de 2007	31 de dezembro de 2033	Group	EUR	15,396	15,396	294	7,434
Novo Banco, S.A.	Loan	26 de janeiro de 2015	15 de dezembro de 2021	Group	EUR	32,144	32,144	32,144	-
Novo Banco, S.A.	Loan	12 de janeiro de 2018	31 de dezembro de 2033	Single	EUR	16,260	16,260	8,110	-
						5,088,754	293,428	146,607	129,764

(b) Commercial paper

On December 31, 2018, the Company has negotiated the following commercial paper programs:

Bank	Type of Financing	Start date	Due date	Financing	Total financing amount - (€)	Limit used by Company - (€)	Limit used by rest of the Group - (€)
Banco Português de Investimentos,	Commercial paper	30 de janeiro de 2018	30 de janeiro de 2021	Group	4,500	4,500	-
Caixa Geral de Depósitos, S.A.	Commercial paper	7 de julho de 2010	31 de dezembro de 2033	Group	20,900	20,900	-
Banco Finantia, S.A.	Commercial paper	2 de maio de 2014	2 de maio de 2020	Single	10,000	1,850	-
Novo Banco, S.A.	Commercial paper	30 de dezembro de 2013	31 de dezembro de 2033	Group	191,250	191,250	-
Novo Banco, S.A.	Commercial paper	28 de dezembro de 2015	15 de junho de 2027	Group	95,000	8,550	86,450
Novo Banco, S.A.	Commercial paper	14 de janeiro de 2016	31 de dezembro de 2033	Single	16,900	16,900	-
Banco BIC Português, S.A.	Commercial paper	18 de novembro de 2014	2 de janeiro de 2020	Single	5,000	5,000	-
					343,550	248,950	86,450

(c) Debentures loans

The company 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 the Company 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".

(d) Other financing and financiers

Other financing and Other financiers contracted by the Company essentially correspond to:

Bank	Type of Financing	Start date	Due date	Financing	Total financing amount - (€)	Limit used by Company - (€)	Limit used by rest of the Group - (€)
Caterpillar Financial Corporación Financiera	Loan	2 de junho de 2016	7 de junho de 2020	Single	490	490	-
Caterpillar Financial Corporación Financiera	Loan	11 de julho de 2016	7 de julho de 2020	Single	230	230	-
Caterpillar Financial Corporación Financiera	Loan	19 de julho de 2016	7 de agosto de 2020	Single	63	63	-
Caterpillar Financial Corporación Financiera	Loan	12 de dezembro de 2016	22 de dezembro de 2020	Single	127	127	-
					910	910	-

The Obtained financing above is refundable according to the following terms of redemption:

	2018	2017
Less than a year	236,214	279,028
1 to 2 years	42,368	6,081
2 to 3 years	24,493	27,758
3 to 4 years	6,575	24,567
4 to 5 years	2,555	16,262
Over 5 years	275,896	278,804
	588,101	632,500

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

22. GUARANTEES AND COMMITMENTS

Guarantees

On December 31, 2018 and 2017, the Company had granted bank guarantees and insurance bonds to third parties, as follows:

	2018	2017
Bank guarantees	274,183	259,465
Guarantee insurance	-	182,158
	274,183	441,623

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 suspension of two tax enforcement proceedings filed with the Company, relating to IRC (Corporation Tax) debt for the period of 2008, whose settlements were contested, were issued on behalf of the Customs and Tax Authority (AT), bank guarantees in the overall amount that exceeds EUR 27,546m.

Following the favourable decision in the court case regarding the 2007 IRC (corporate income tax), the AT decided, during 2018, to reduce the bank guarantees referred to in the preceding paragraph to the amount of 16,887 thousand euros.

For the purposes of suspending a tax enforcement procedure filed against the Company concerning the corporation tax debt for the 2014 period, which is pending settlement under the scope of a loan plan, bank guarantees amounting to a total of 4,038 thousand euros were issued in favor of AT. The amount of these guarantees has been reduced according to the payments made by the Company, amounting to 2,089 thousand euros as at 31 December 2018.

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

Bank	Type of Financing	Start date	Due date	Amount
Caterpillar Financial Corporación Financiera	Loan	2 de junho de 2016	7 de junho de 2020	490
Caterpillar Financial Corporación Financiera	Loan	11 de julho de 2016	7 de julho de 2020	230
Caterpillar Financial Corporación Financiera	Loan	19 de julho de 2016	7 de agosto de 2020	63
Caterpillar Financial Corporación Financiera	Loan	12 de dezembro de 2016	22 de dezembro de 2020	127
				910

Assumed financial commitments

On December 31, 2018 and 2017, factoring contracts without recourse were in effect, which were recorded as deduction from accounts receivable, as follows:

	2018	2017
Factoring notified without use	1,048	1,725

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, 2018, the Company issued comfort letters in favour of companies of the group as follows:

	Debt value	Curren Values in thousand euros
BONAPARTE, S.A.	8,331.00 USD	8,331
ESTA, S.A.	998.00 EUR	998
HOTEL TRÓPICO, S.A.	2,000,000.00 EUR	5,665
RECOLTE, S.A.	33,550.00 AON	33,550
TDF, S.A.	1,251.00 EUR	1,251
TDHC, S.A.	398.00 EUR	398
TDHOSP, S.A.	8,050.00 EUR	8,050
TEIXEIRA DUARTE (Algérie), SPA	700,000.00 EUR	5,164
TEIXEIRA DUARTE (Angola), Lda.	2,000.00 DZD	1,747
TEIXEIRA DUARTE, S.A. - Sucursal Angola	29,000.00 USD	25,328
TEIXEIRA DUARTE, S.A. - Sucursal Venezuela	10.00 VES	-
TEIXEIRA DUARTE (Moçambique), Lda.	5,726,311.00 MZN	81,525
TEIXEIRA DUARTE (Moçambique), Lda.	66,000.00 USD	57,642
TEIXEIRA DUARTE, S.A.	13,500.00 EUR	13,500
		243,149

23. FINANCIAL RESULTS

In the periods ended on 31 December 2018 and 2017, the financial results were broken down as follows:

	2018	2017
Financial expenses and losses:		
Supported interests - Interest from obtained financing	(18,187)	(29,602)
Other supported interests	(5,505)	(9,975)
Unfavourable exchange rate differences	(27,259)	(25,552)
Other financing expenses:	(11,798)	(8,741)
	(62,749)	(73,870)
Income and financial earnings:		
Obtained interests	24,893	42,856
Favourable exchange rate differences	9,219	21,567
	34,112	64,423
	(28,637)	(9,447)

24. EMPLOYEE BENEFITS

During the periods ended on 31 December 2018 and 2017, the average number of employees hired directly by Portugal was 826 and 840 people, respectively. The average number of employees hired directly by branches and stable establishment abroad was 2,720 and 2,175 people, respectively.

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

	2018	2017
Remuneration of corporate bodies	599	650
Remuneration of staff	36,231	38,626
Post-employment benefits - Pension premiums	200	221
Indemnity	1,817	1,898
Charges on earnings	12,308	11,541
Industrial accidents and occupational diseases insurance	1,422	1,576
Social Action expenses	-	-
Other staff costs	25,695	24,943
	78,272	79,455

25. EXTERNAL SUPPLIES AND SERVICES

In the periods ended on 31 December 2018 and 2017, the supplies and external services heading was broken down as follows:

2018							
	Subcontracts	Specialised Services	Materials	Energy and fluids	Travel, stays and transport	Different Services	Total
Angola	17,532	1,418	4,886	391	1,700	4,858	30,785
Algeria	14,699	9,251	1,361	493	1,890	18,954	46,648
Brazil	8,947	7,000	939	1,743	5,316	7,081	31,026
Colombia	78	19	1	3	48	511	660
Ecuador	3	24	-	-	34	3	64
Portugal	43,283	15,473	554	522	3,810	5,699	69,341
Venezuela	372	105	637	-	22	6,903	8,039
Other	-	2	-	-	6	-	8
	84,950	33,344	8,378	3,152	12,830	44,011	186,665

2017							
	Subcontracts	Specialised Services	Materials	Energy and fluids	Travel, stays and transport	Different Services	Total
Angola	12,505	4,237	6,006	714	4,097	(2,836)	24,723
Algeria	20,104	9,548	(513)	392	1,969	13,725	45,225
Brazil	6,246	5,472	1,110	1,497	5,368	6,647	26,340
Colombia	137	55	5	4	174	80	455
Portugal	36,681	12,781	1,081	455	2,757	3,277	57,032
Venezuela	402	3,139	4,602	4	462	3,648	12,257
Other	-	5	-	-	-	4	9
	76,063	36,893	12,320	3,066	14,942	24,541	167,825

26. OTHER INCOME

On December 31, 2018 and 2017, the other income and gains were as follows:

	2018	2017
Equipment hire	427	-
Performance of social body responsibilities	492	428
Other supplementary income	5,447	7
Gains in inventories - Surplus	9	-
Gains from divestment of financial assets	34,007	-
Other gains with financial assets	175	21
Alienation of fixed tangible assets	1,689	1,620
Corrections referring to previous periods	-	1
Estimated surplus for tax	2,735	467
Indemnity	173	1,083
Favourable exchange rate differences	34,481	-
Interest earned on deposits	69	-
Other	24,106	23,236
	103,810	26,863

27. OTHER EXPENSES

On December 31, 2018 and 2017, the other expenses and losses were as follows:

	2018	2017
Taxes and rates	5,404	6,729
Bad debts	6,082	-
Breaches in inventory	13	7
Losses with fixed tangible assets	268	542
Corrections related to prior financial years	916	2,469
Quotes	37	144
Insufficiency for tax estimate	80	-
Other	10,748	28,279
	23,548	38,170

28. 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.

(a) 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 2018 and 2017, 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, 2018 and 2017, the income of those periods would have diminished by 285 thousand euros and 787 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 285 thousand euros and 787 thousand euros, respectively.

(b) 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 2018 and 2017, were as follows:

	Asset		Liability		Balances	
	2018	2017	2018	2017	2018	2017
Venezuelan Bolivar	-	2,570	-	115	-	2,455
Venezuelan Sovereign Bolivar	1,510	-	1,178	-	332	-
Algerian dinar	16,355	16,401	6,543	9,346	9,812	7,055
Moroccan Dirham	-	-	70	-	(70)	-
American dollars	77,565	84,483	24,282	66,663	53,283	17,820
Angola Kwanza	42,561	139,188	2,645	126,703	39,916	12,485
United Kingdom Pound Sterling	49	49	-	-	49	49
Mozambican metical	1,990	2,147	16,844	11,333	(14,854)	(9,186)
Peruvian Novo Sol	5	5	-	-	5	5
Macanese pataca	-	-	154	154	(154)	(154)
Brazilian real	-	-	211	176	(211)	(176)
	140,035	244,843	51,927	214,490	88,108	30,353

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	
	2018	2017	2018	2017	2018	2017
Venezuelan Bolivar	-	129	-	6	-	123
Venezuelan Sovereign Bolivar	76	-	59	-	17	-
Algerian dinar	818	820	327	467	491	353
Moroccan Dirham	-	-	4	-	(4)	-
American dollars	3,878	4,224	1,214	3,333	2,664	891
Angola Kwanza	2,128	6,959	132	6,335	1,996	624
United Kingdom Pound Sterling	2	2	-	-	2	2
Mozambican metical	100	107	842	567	(743)	(459)
Macanese pataca	-	-	8	8	(8)	(8)
Brazilian real	-	-	11	9	(11)	(9)
	7,002	12,242	2,596	10,725	4,405	1,517

(c) Credit risk

On December 31, 2018 and 2017, 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:

	2018	2017
Balances		
Unexpired	40,982	37,123
Up to 180 days	73,290	80,523
From 180 to 360 days	5,461	74,696
Over 360 days	195,550	175,796
	315,283	368,138

(d) 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 2018 and 2017 is as follows:

2018					
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Suppliers	165,003	-	-	-	165,003
Obtained financing	236,214	42,368	24,493	285,026	588,101
Government and other public entities	12,219	-	-	-	12,219
Other debts payable	68,415	173	-	-	68,588
Advance payments from clients	51,243	43,587	-	-	94,830
Deferrals	19,357	-	-	-	19,357
	552,451	86,128	24,493	285,026	948,098

2017					
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Suppliers	218,757	-	-	-	218,757
Obtained financing	279,028	6,081	27,758	319,633	632,500
Government and other public entities	14,752	-	-	-	14,752
Other debts payable	133,215	194	145	-	133,554
Advance payments from clients	46,986	16,354	9,592	-	72,932
Deferrals	7,087	-	-	-	7,087
	699,825	22,629	37,495	319,633	1,079,582

29. CAPITAL

Share capital

As at 31 December 2018, 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, 2018 and 2017 the Company's capital was held at 100.00% 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.

Application of results

By a decision of the General Meeting, held on April 26, 2018, the accounts for the 2017 period were approved and it was decided that the net profit of €16,004,137.40 (sixteen million four thousand one hundred and thirty seven euros and forty cents) would be distributed as follows:

	Value
Legal reserve	1,000,000.00
Other reserves	15,004,137.40
	16,004,137.40

As presented in the Management Report, the proposed distribution of profits for the year ended 31 December 2018, amounting to €9,975,380.74 euros (nine million nine hundred and seventy five thousand three hundred and eighty euros and seventy-four cents) is as follows:

	Value
Legal reserve	500,000.00
Other reserves	9,475,380.74
	9,975,380.74

30. OTHER INFORMATION

The Board of Directors approved and authorised the issuance of the financial statements for the year 2018 on 15 April 2019.

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.

The Board of Directors reports that the Company's Social Security status is regularised, within the legally stipulated periods.

Additional disclosures

Total fees invoiced by the official accounts auditor company for the legal review of the financial statements, as well as for other services to guarantee their accuracy, for tax consultancy services and services other than review and auditing, form part of the notes of the consolidated Annex of Teixeira Duarte, S.A.

31. SUBSEQUENT EVENTS AT THE DATE OF THE BALANCE SHEET

The Company pursued its activity in the different areas and markets in which it operates, with there not having been, from the closing of the financial year to the present date, any fact which should be disclosed in this chapter.

Lagoas Park, April 15, 2019

The Certified Accountant

The Board of Directors

REPORT AND LEGAL OPINION ON BEHALF OF THE SINGLE AUDITOR AND LEGAL CERTIFICATION OF THE ACCOUNTS 2018

STATUTORY AUDITOR'S REPORT

*(Free translation from a report originally issued in Portuguese language.
In case of doubt the Portuguese version will always prevail)*

Moore Stephens & Associados, SROC, S.A.
Av. Miguel Bombarda, nº 36 - 6º A
1050-165 Lisboa - Portugal

T +351 218 471 933

F +351 218 471 932

www.moorestephens.pt

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Teixeira Duarte – Engenharia e Construções, S.A. (the Entity), which comprise the balance sheet as at December 31, 2018 (showing a total of 1,469,430 thousand euros and a total net equity of 503,213 thousand euros, including a net profit for the period of 9,975 thousand euros), the income statement by nature, the changes in equity and the cash flow statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view, in all material aspects, of the financial position of Teixeira Duarte – Engenharia e Construções, S.A. as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

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

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System;
- the preparation of the management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451.º, n.º 3, al. e) of the Portuguese Company Law, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements.

Lisbon, April 18, 2019

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

REPORT OF THE FISCAL BOARD

*(Free translation from a report originally issued in Portuguese language.
In case of doubt the Portuguese version will always prevail)*

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Av. Miguel Bombarda, nº 36 - 6ª A
1050-165 Lisboa - Portugal

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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, S.A., referring to the financial year at December 31, 2018.

In the performance of our duties, we regularly followed up the company's activity and we obtained from the Administration and the Services all the clarifications requested.

Within the scope of the duties as Fiscal Board, we have verified the compliance with the law and the Company's Articles of Association, and we followed the process of preparation and disclosure of the financial information of the Entity.

We checked the Director's Report and its accuracy with the accounts presented by the Board of Directors and the most relevant facts that occurred during the year.

In the view of the above and based on the opinion of the Statutory audit report, which contents and conclusions shall be considered as reproduced in this report, we are of the opinion that the Company's Annual General Meeting may approve:

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

Lisbon, April 18, 2019

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

