



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

## REPORT AND ACCOUNTS 2019





**1921**

Portugal  
**Water abstraction**



**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**

Algeria  
**Infrastructures**



**2007**

Brazil  
**Road Works**

# REPORT AND ACCOUNTS 2019

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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: - Pedro Maria Calainho Teixeira Duarte  
Secretary - José Pedro Poiares Cobra Ferreira

### Board of Directors

Chairman: - Manuel Maria Calainho de Azevedo Teixeira Duarte  
Directors: - Joel Vaz Viana de Lemos  
- Pedro Miguel Martins Cardoso Costa  
- José Magalhães Gonçalves  
- Sérgio Paulo Reis Pereira  
- Paulo Alfredo de Carvalho Serradas

### Sole Auditor

Effective: - Moore Stephens & Associados, SROC, S.A.  
Official Accounts Auditor Company, represented by António  
Gonçalves Monteiro – ROC  
Substitute: - Ana Patrícia Correia Monteiro Varela - ROC

### Corporation Secretary

Permanent - José Pedro Poiares Cobra Ferreira  
Alternate - Filipe Manuel Cavaco Bismarck





# **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 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, S.A.

Firstly, this Management Report presents the Company Profile, following by the 2019 Activity Report, with the Main Indicators, the 2019 Financial Appraisal of the Activity and the Operational Appraisal. The final section reports the operations of the Company, its branches, subsidiaries and groupings that operate in the Construction sector and in Concessions and Services sector related to the activity of construction.

This is followed by a Report on Non-Financial Information, Corporate Facts, Prospects for Future Developments, and Legal Information, before concluding with the Proposal for the Distribution of Results.

The individual financial statements of Teixeira Duarte - Engenharia e Construções, attached hereto, are prepared in accordance with the Accounting Standardization System (SNC).

## II. PROFILE

### 1. PRESENTATION AND HISTORY

"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 Esquivel 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, Teixeira Duarte extended its scope of activities to Spain, Algeria and Brazil, as well as to Morocco, the United States of America, Cape Verde, Colombia, Peru, Ecuador and, in 2019, to Kuwait.

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.

"Teixeira Duarte - Engenharia e Construções, S.A." both directly and through its branches and holdings in companies and groups has, over almost 100 years of history, always furthered its positioning as an engineering company that acts on the basis of its Mission and Values, and therefore continues "To do, contributing to the construction of a better world."

## 2. MISSION AND VALUES

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 a Code of Ethics and Conduct, 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 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 Code of Ethics and Conduct adopted by the company - entitled “Teixeira Duarte Group Code of Ethics and Conduct” -, as well as in procedures detailed in the Teixeira Duarte - Engenharia e Construções S.A. 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.

### 3. ORGANIZATION

“Teixeira Duarte - Engenharia e Construções, S.A.”, as the Teixeira Duarte Group's main company in the Construction sector, currently carries out its activity in the areas of Geotechnics and Foundations, Refurbishment, Marine Works, Buildings, Infrastructures (including participation in Railway Works), Metalwork and Underground Works, which are split up into production and commercial structures that are an essential part of the training of management staff and monitoring their careers. The organizational structure includes operation centers and departments, and the company also has a specific set of support structures for this construction sector, particularly in the areas of formwork and pre-stressing, equipment management and bid logistics, as well as a materials laboratory.

“Teixeira Duarte – Engenharia e Construções, S.A.” 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 Company's operational area, there is a group of Central Structures and Services with special intra-company support responsibilities. This is the so-called Corporate Area



### III. ACTIVITY IN 2019

#### 1. MAIN INDICATORS

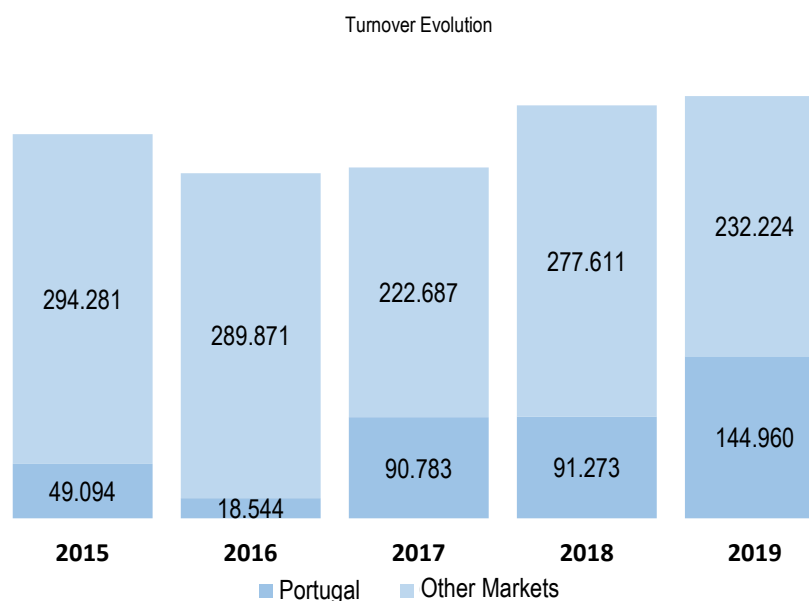
	2015	2016	2017	2018 Restated	2019	Δ 18/19 (%)
Workers	3 503	3 022	3 015	3 546	3 417	(3,6%)
Turnover	343 375	308 415	313 470	368 884	377 184	2,3%
EBITDA (*)	69 142	27 495	49 370	61 379	48 540	(20,9%)
EBITDA Margin / Turnover (*)	20,10%	8,90%	18,00%	16,64%	12,87%	-3,8 p.p.
Net Result	14 083	19 715	16 004	9 975	1 645	(83,5%)
Net asset	1 600 660	1 620 247	1 610 125	1 469 430	1 365 821	(7,1%)
Liability	1 017 256	1 053 326	1 097 780	966 217	938 312	(2,9%)
Equity	583 404	567 101	512 345	503 213	427 509	(15,0%)
Net Debt	612 187	648 800	604 319	531 739	510 601	(4,0%)
Financial Autonomy	36,40%	35,00%	31,80%	34,20%	31,30%	-2,9 p.p.
General Settlement	136,70%	138,70%	128,80%	146,40%	129,93%	-16,5 p.p.

(Values in thousand euros)

(\*) - Amounts from 2018 restated

#### 2. FINANCIAL APPRECIATION OF THE ACTIVITY IN 2019

For a global approach to Teixeira Duarte - Engenharia e Construções's operation throughout 2019, 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.



(Values in thousand euros)

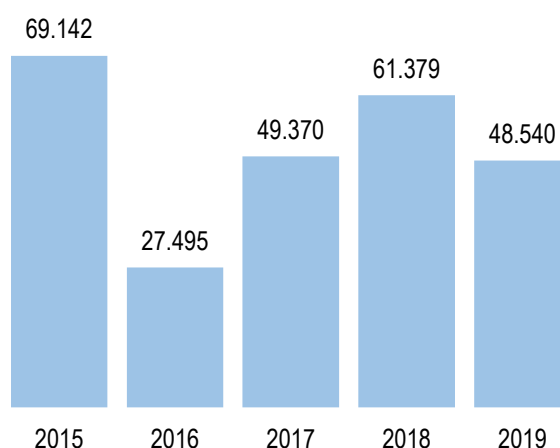
Turnover reached the amount of 377,184 thousand euros, representing a year-on-year increase of 2.3%.

The domestic market saw a significant increase in turnover of 58.8%, which overseas markets in general decreased by 16.3%.

In this context, emphasis should be placed on the 35% increase in Brazil and decreases in Angola and Algeria of 58% and 16% respectively.

In this context, the overseas markets that accounted for 75.3% of the Company's turnover in 2018, accounted for 61,6% of turnover in 2019.

Evolution of EBITDA

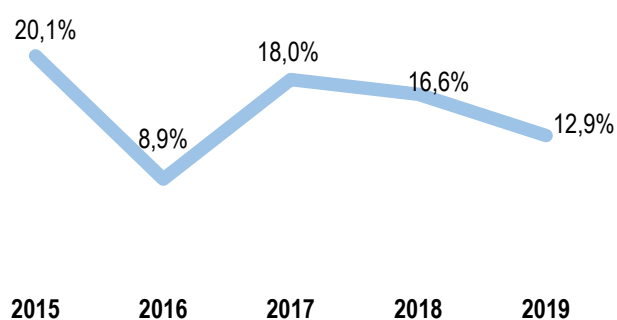


(Values in thousand euros)

Note: Amounts from 2018 restated

**EBITDA** reached 48,540 thousand euros, a 20.9% decrease compared to the previous year. This indicator was significantly influenced by differences in operating exchange rates, with a positive impact of 39,532 thousand euros;

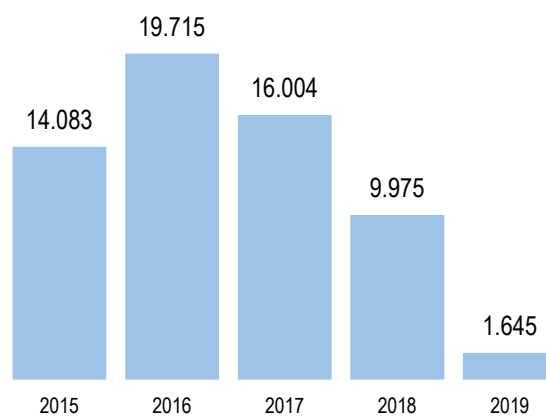
Evolution of the EBITDA / Turnover Margin



Note: Amounts from 2018 restated

And decrease was seen in the **EBITDA / Turnover Margin** when compared to the previous year, which increased from 16.6% to 12.9% in 2019.

Development of the Net Result

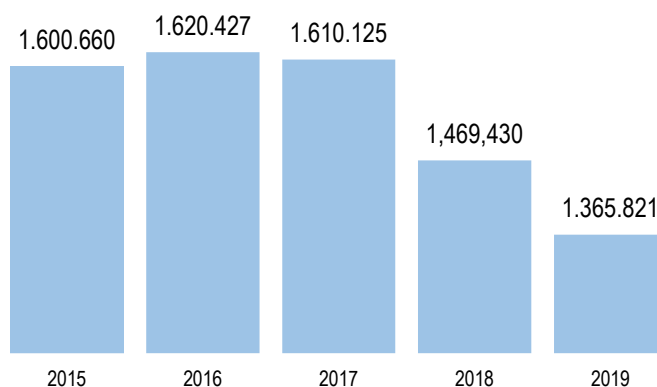


(Values in thousand euros)

**Net Profit/Loss** saw a 83.5% reduction compared to the same period of 2018, reaching 1,645 thousand euros. In addition to the development of the company's activity, this indicator was influenced by some factors that should be highlighted:

- Operational exchange rate differences, with a positive impact of 39,532 thousand euros;
- Financial exchange rate differences, with a negative impact of 20,152 thousand euros;

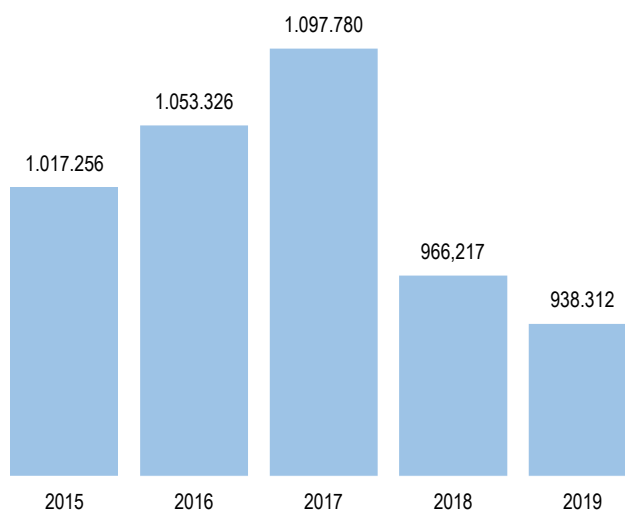
#### Evolution of Net Assets



(Values in thousand euros)

Total **Net Assets** stood at 1,365,821 thousand euros, a drop of 103,609 thousand euros, representing an 7.1% reduction compared to the end of the previous year.

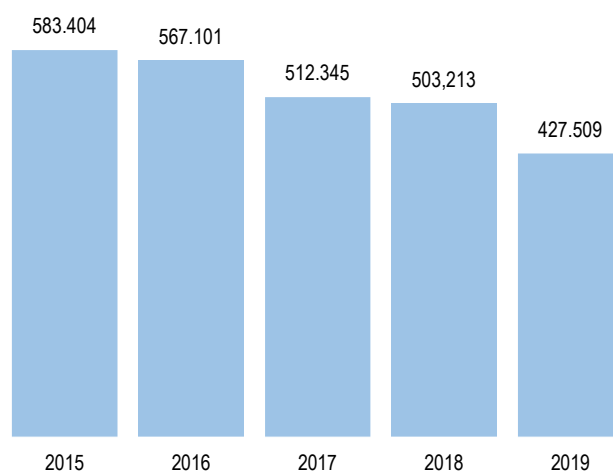
#### Evolution of Liabilities



(Values in thousand euros)

Total **Liabilities** saw a 2.9% decrease compared to the same period of the previous year, reaching an amount of 938,312 thousand euros.

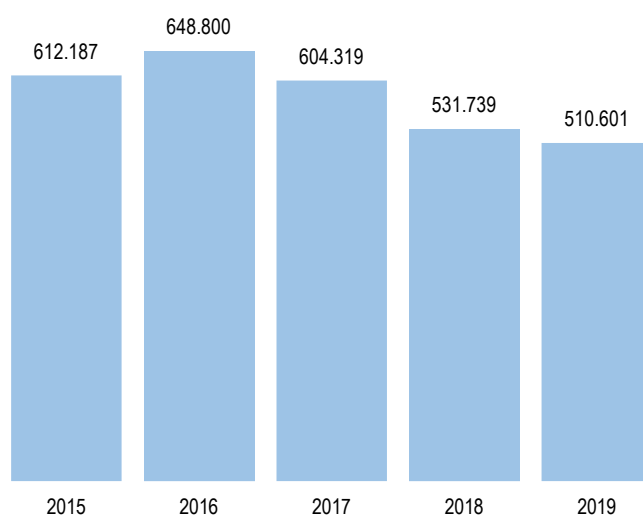
#### Evolution of Equity



(Values in thousand euros)

Total **Equity** saw a decrease of 75,704 thousand euros, corresponding to a 15% reduction compared to the end of 2019.

#### Evolution of Net Debt

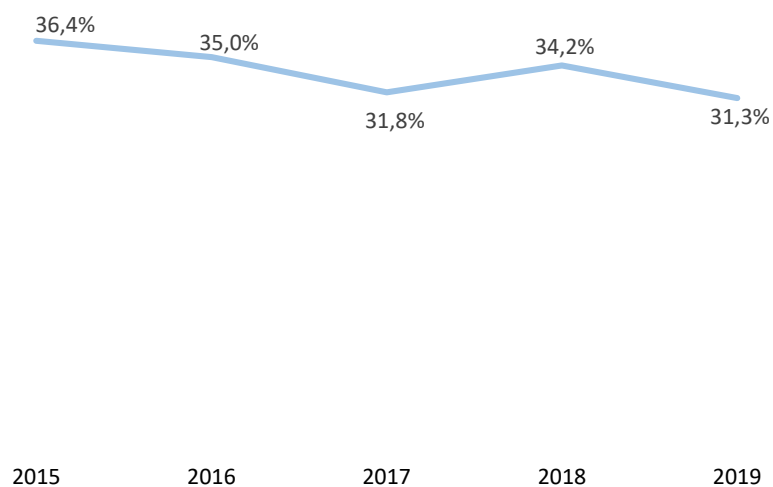


(Values in thousand euros)

**Net Debt** stood at 510,601 thousand euros at 31 December 2019, representing a 4% reduction when compared to the previous year.

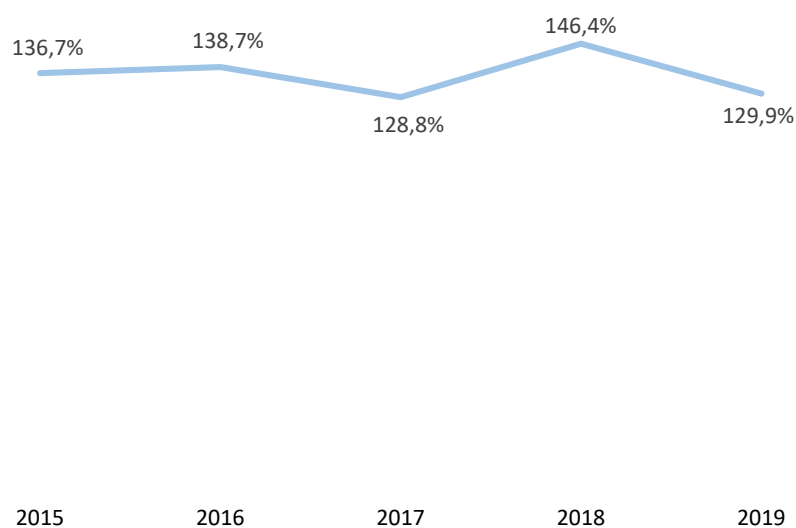


Evolution of Financial Autonomy



**Financial Autonomy** reached 31.3% at Tuesday, December 31, 2019, reflecting a decrease of 2.9 p.p compared to 31 December 2018.

Evolution of General Liquidity



**Overall Liquidity** at Tuesday, December 31, 2019 saw a decrease of 16.5 p.p. when compared to the same period of the previous year, dropping from 146.4% to 129.9% in 2019.

### 3. OPERATIONAL APPRAISAL – INTRODUCTION

The figures stated above reflect the results of the activity of "Teixeira Duarte - Engenharia e Construções, S.A.", along with its branches and groups in different sectors of activity, as well as the operation of its subsidiaries, included therein by applying the equity method, according to note 12 of the annex to the financial statements.

This operational appraisal focuses on the activity of "Teixeira Duarte - Engenharia e Construções, S.A." and of the aforementioned entities in the Construction sector, as well as on operations in the Concessions and Services sector related to the construction activity, identified on the table on the following page, where all of these entities are ordered by the respective countries in which they operate.

Out of this group, in addition to the subsidiaries of "Teixeira Duarte - Engenharia e Construções, S.A.", emphasis should be placed on "EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A." (and its branches), "Teixeira Duarte Algérie, SPA", "EMPA, Serviços de Engenharia, S.A." (in Brazil), "Teixeira Duarte - Engenharia e Construções (Colombia), S.A.S", "Consórcio Puente Daulle-Guayaquil" (in Ecuador) and "Teixeira Duarte - Engenharia e Construções (Mozambique), Lda.".

Therefore, the following is a report on the joint activity of "Teixeira Duarte - Engenharia e Construções, S.A." and all of these entities in the Construction sector (Chapter 4), followed by a chapter reporting activities in the Concessions and Services sector (Chapter 5). For a better understanding of the overall volume of activity, the financial indicators reported below correspond to aggregated values in both chapters.

# "Teixeira Duarte - Engenharia e Construções, S.A."

## - Branches and Interests in the Construction Sector -

### 2019

#### TEIXEIRA DUARTE - ENGENHARIA E CONSTRUÇÕES, S.A.

BRANCHES	COMPANIES	CGS'S		
Portugal	EPOS, S.A. CINTEL, LDA. CONBATE, ACE	DOURO LITORAL, ACE DOURO LITORAL OBRAS ESPEC., ACE CONSTRUSALAMONDE, ACE	NOVA ESTAÇÃO, ACE METROLIGEIRO, ACE TD/SOPOL - METRO SUP., 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 ETRHB/TD, AE TD COMPLEXE AGB-EL BIAR	TD/ETRHB, AE GOTERA, AE	TD/KANAGHAZ, AE
Brazil	TD-EC, S.A. (SUC. BRASIL) EPOS, S.A. (SUC. BRASIL)	EMPA, S.A.		
Cape Verde	TD-EC, S.A. (SUC. CABO VERDE)			
Colombia	EPOS, S.A. (SUC. COLÔMBIA) TD-EC, S.A. (SUC. COLÔMBIA)	TD-EC (COLÔMBIA), S.A.S.		
Spain	TD-EC, S.A. (SUC. ESPANHA) EPOS, S.A. (SUC. ESPANHA)	UTE VIANA		
Ecuador	TD-EC, S.A. (SUC. EQUADOR)	CONS. PUENTE DAULE-GUAYAQUIL		
United States of America	TD CONSTRUCTION SERVICES, LLC			
Kuwait	TD-EC, S.A.			
Macao	TD-EC - MACAU, LDA.			
Mozambique	TD-EC, S.A. (DEL. MOÇAMBIQUE)	TD - MOÇAMBIQUE, LDA.		
Peru	EPOS, S.A. (SUC. PERÚ) TD-EC, S.A. (SUC. PERÚ)	TD PERÚ, S.A.C.		
Venezuela	TD-EC, S.A. (SUC. VENEZUELA)	ADOQUINVAR, CA CONLUVAR, CA TEGAVEN, CA	CONSÓRCIO BOYACÁ-LA GUAIRA CONSÓRCIO OPSUT	

#### **4. OPERATIONAL APPRAISAL – CONSTRUCTION**

“Teixeira Duarte - Engenharia e Construções, S.A.” is a company whose activity dates back to 1921. It currently directly and indirectly operates in the areas of Geotechnics and Foundations, Refurbishment, Marine Works, Building, Infrastructure (including participation in Railway Works), Metalwork and Underground 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 100,000 m<sup>2</sup>, 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, S.A.” continued its operation defined by that hallmark, always considering itself a true Engineering Firm. From major infrastructure like bridges, dams, highways and other public works, as well as hospitals and large buildings considered historic landmarks, the Teixeira Duarte brand is recognized as a synonym of knowledge and experience, being a constant presence in the construction market.

The Company's operations are characterized by interventions in projects of elevated technical complexity and size, both in public and private enterprises, having highly specialized and technically prepared human resources, supported by their own state-of-the-art technology.

In a year in which overall activity and indicators improved in relation to the previous financial year, below can be found some highlights of the main contracts developed during the course of 2019:

##### **A) HIGHLIGHTS**

###### **MERS-EL-KEBIR NAVAL BASE IN ALGERIA**

In 2019 work began on a major multi-year maritime project at the Mers-EL-Kebir naval base, with a total value of 136 million euros.

The design/construction contract aims to provide the Naval Base with modern infrastructure for the maintenance and repair of vessels up to 9,000 tons.

The work will include areas for the installation of a ship lift and transfer facility (around 135m long), 4 parking lanes and a track for the operation of 2 40 ton cranes. The work to be executed will be carried out by teams from different areas of Teixeira Duarte.

###### **RESTORATION OF THE HERCÍLIO LUZ BRIDGE IN FLORIANÓPOLIS, BRAZIL**

In 2019, work continued on the contract entitled “Structural Recovery and Restoration Services for the Hercílio Luz Bridge” in Florianópolis, in the State of Santa Catarina, for DEINFRA - the Santa Catarina Government's Infrastructure Department, involving joint work by the Geotechnics, Foundations and Metalwork teams.

The works contract was awarded directly on 10 March 2016 for the amount of BRL 262.9 million, following the timely completion of two previous emergency contracts – also awarded directly – involving work on the lower support structures and which demonstrated Teixeira Duarte's technical and operational capacity to the customer and public opinion.

The Hercílio Luz bridge is the largest suspended construction in Brazil and the only example in the world with an eyebolt suspension system. It has a total length of around 820 meters and its central span measures 340 meters, supported on two 75-meter high main pillars and with access viaducts measuring 259 and 221 meters, respectively.

Due to structural problems, this infrastructure – completed in 1926 and listed as a piece of Brazilian Historical, Artistic and Architectural Heritage in 1997 – was closed to road traffic in 1982 and to pedestrian traffic in 1991, due to a risk of ruin.

On 30 December 2019, the Ponte Hercílio Luz was again integrated into the Florianópolis road system and urban mobility program and returned to the people of Santa Catarina, who had long wanted to use this infrastructure.

#### **PORT OF NACALA, MOZAMBIQUE**

Teixeira Duarte continued maritime works for the “Construction of Port Facilities for Nacala Port Development Project Phase I & II”, in Nacala, performed under the scope of the subcontract for the Japanese consortium “Penta Ocean/Toa”.

The work involves the reconstruction of the quay (400 m long) and the construction of container parks, a railway, buildings and multiple infrastructure, within an estimated period of 36 months. The envisaged price amounts to a value corresponding to 105.2 million euros and the subsidiary “Teixeira Duarte - Engenharia e Construções (Moçambique), Lda.” is leading the consortium responsible for the subcontract, accounting for 50% of this value.

#### **CUF TEJO HOSPITAL, PORTUGAL**

In 2019, work continued on the contract for the execution of structures, special installations, finishing and outside arrangements for the CUF Tejo Hospital in Alcântara, Lisbon, which is expected to be concluded this year with an estimated total value of 63.9 million euros.

This project was carried out for “IMOHEALTH - Investimentos Imobiliários Unipessoal, Lda.”, an entity forming part of the José de Mello Group, whose senior management made a decisive contribution to the success of the contract.

The high quality infrastructure was designed from scratch to combat and treat the diseases of the future (oncology, neuroscience, cardiovascular, lung, ENT and ophthalmology), as well as to respond to the most complex clinical situations. It is known as a highly distinctive multipurpose hospital including 11 wards, 200 inpatient beds, 14 PICU beds and over 60 examination and treatment rooms.



### **CUF SINTRA HOSPITAL, PORTUGAL**

In association with another entity, “SIMPLYGREEN – Investimentos Imobiliários, S.A.”, in 2019 the José de Mello Group also continued with a contract for the construction of structures, special facilities, finishings and outside arrangements for the CUF Sintra Hospital, with an estimated overall value of 18.0 million euros.

To overcome a shortage of health infrastructure in the municipality of Sintra, the hospital will provide 40 consultation rooms, 15 examination rooms, 3 wards and 60 inpatient beds.

As a result of a phased opening planned since the beginning of the project, in May 2019 it was possible to complete the 1st phase of the hospital, which immediately made it possible to commission 24-hour care, consultations, medical imaging and special examinations.

### **INDUSTRIAL BUILDING FOR ATEPELI, LDA., IN PENAFIEL, PORTUGAL**

Associated with the expansion into Portugal of the multinational luxury leather goods group of which ATEPELI - Ateliers de Ponte de Lima Unipessoal, Lda, forms a part, in May 2019 Teixeira Duarte - Engenharia e Construções, S.A. began work on the construction of the Penafiel Industrial Building, characterized by a new concept of a *workshop* in a manufacturing area; concerns for energy and environmental efficiency were the absolute priorities.

### **D. CARLOS I BUILDING IN LISBON**

The emblematic D. Carlos I building on the intersection of Av. D. Carlos I with Rua. D. Luís I in Lisbon was completed during 2019 for the real estate developer REFORMOSA. The result was a comprehensive conversion of a 20th century office building into a high quality and comfortable housing development, with a total of 52 apartments.

### **TALATONA HOSPITAL CENTER IN ANGOLA**

A contract was completed in November 2019 for the design-construction of architecture and special installations for Building 1, the structure and masonry for Buildings 2 and 3, outside arrangements and a technical center for the Talatona Hospital Center, for “CSE Talatona, Lda.”, in Talatona, South Luanda. The completion of Building 1, with a gross constructed area of 7500 m2, marks the opening of yet another major piece of infrastructure at this Hospital Center, which now has an imaging unit, laboratory, casualty unit, 14 consultation rooms and 48 inpatient beds.

Therefore, another important level has been reached at what is intended to become a benchmark hospital in Angola, with a wide range of services and capacity to respond to the most complex clinical cases. Teixeira Duarte was responsible for its design.

### **SALVADOR AIRPORT, BRAZIL**

A project was completed in November 2019 for “Concessionária do Aeroporto de Salvador, S.A.” – a Vinci Airports Group company – for the execution of the “Engineering, supply and construction contract for the expansion of Salvador airport” as an integral Turn-key EPC (Engineering, Procurement and Construction) contract with a total value of BRL 193 million.

The project, carried out as part of a consortium led by “Teixeira Duarte – Engenharia e Construções, S.A.” with 32.9%, implemented an ambitious plan for the refurbishment and expansion of the airport, which will boost the development of the region and improve the quality of services provided by this infrastructure.

### **BOLHÃO MARKET ACCESS, PORTO, PORTUGAL**

In 2019 work began on the contract awarded to Teixeira Duarte for the “Urban Tunnel linking Rua do Ateneu Comercial do Porto to Rua Alexandre Braga”, with a value of 4.4 million euros for GOporto (Gestão e Obras do Porto EM).

This construction work, corresponding to the execution of a tunnel giving access to Bolhão Market, has a high level of technical complexity and is located in a historical area of the city of Porto. Its route passes beneath centuries-old buildings, meaning that strict monitoring of the evolution of the works is necessary.

### **HIGHWAY BR-116/BA**

The consortium made up of its 100% indirect subsidiary “EMPA, S.A. Serviços de Engenharia” continued work under the scope of the contract for “Creating the basic and executive engineering designs and executing the dual carriageway works, implementing side roads, adapting capacity and refurbishing with improvements and special civil construction work, on the highway BR-116/BA, Lot 06”, for the National Department of Transportation, executed between km 387.41 and km 427.75, with a total length of 40.34 km.

The work is expected to be completed during the first half of 2023 and its contracted value currently corresponds to around 55 million euros, of which “EMPA, S.A. Serviços de Engenharia” has a 45% stake.

### **DAULE-GUAYAQUIL BRIDGE**

In Ecuador, the consortium led by Teixeira Duarte - Engenharia e Construções, S.A. continued the execution of the “Construction of the Daule-Guayaquil Bridge, including accesses and overpasses at Av. Leon Febres Cordero and at Av. Narcisca de Jesus Martillo Morán”, as part of the implementation of the contract entered into with the “Autonomous Decentralized Municipal Governments of Guayaquil and Daule”. The value of the contract is equivalent to 53 million euros and the work is expected to be completed during the second half of 2020.

### **INCREASED PERFORMANCE OF UNDERGROUND WORKS ABROAD**

The increased activity of EPOS – Empresa Portuguesa de Obras Subterrâneas, S.A. on the overseas market is mainly the result of it starting its activity in Brazil under the scope of a five year contract for a major mining project at the Cuiabá Mine, for “Anglo Gold Ashanti” – the third largest gold producer in the world – but also due to winning the contract for its first Civil Engineering project in Colombia, won following intense commercial activities in that country over recent years, as well as due to growth in Spain (mainly at the Aguas Teñidas mine) and the good performance of the Lima metro project in Peru.

## B) AGGREGATED ACTIVITY REPORT AND FIGURES BY AREA

We will now move on to take a look at the aggregated figures of the joint activity of "Teixeira Duarte - Engenharia e Construções, S.A." and all of the entities shown on the preceding map in chapter "3. Operational Assessment - Introduction", in each of the following business areas:

### GEOTECHNICS AND FOUNDATIONS, REFURBISHMENT AND MARINE WORKS

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 area of **MARINE 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.

Engineering Studies and Technical Projects were carried out in the **DESIGNS** area, which have proven to be of great importance for the technically justified submission of bids and projects. This structure is also responsible for the coordination and implementation of BIM (*Building Information Modeling*), the consolidation of internal and external training, design development using this technology and the creation of internal procedures.

Overall, an increase in Turnover was seen in 2019 from activities carried out in the areas of Geotechnics and Refurbishment, as well as in the Marine Works area.

Activity effectively saw an increase in Portugal, Algeria, Brazil and Mozambique, and a decrease in Angola, Colombia and Morocco. An overall turnover of 97 million euros was achieved, corresponding to an increase of 27.4% compared to the 2018 financial year.

Turnover increased significantly in **Portugal**, given the positive evolution of market conditions and the fact that works of a larger scale have been carried out, reaching 15.1 million euros and contributing 15.6% to the Turnover of these business areas.

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 Turnover of around 41.3% to around 3.6 million euros in 2019.

In **Algeria**, the expectations mentioned in the previous year's report were confirmed, i.e. Turnover increased by 89% compared to the previous year - 35.3 million euros, contributing 36.4% to the turnover achieved in this area of activity.

This growth resulted from the execution of works as part of a major multi-year maritime project awarded to Teixeira Duarte Group companies: *"l'Étude, la réalisation des aires de travail e de transfert, les infrastructures maritimes et génie-civil, les fournitures et l'installation d'un complexe élévateur à bateaux d'une capacité de levage égale ou supérieure à 9000 tonnes et*

*la formation de techniciens*", for E.C.R.N. "l'Établissement de Construction et de Réparation Navales" (part of the Algerian Ministry of National Defense), headquartered at the Mers-EL-Kebir naval base.

In **Brazil**, the year saw a 10.7% drop in Turnover over the previous financial year, to a value of 24.8 million euros.

A highlight of activities in this country was the completion of the contract entitled "Structural Recovery and Restoration Services for the Hercílio Luz Bridge" in Florianópolis, in the State of Santa Catarina, for DEINFRA - the Santa Catarina Government's Infrastructure Department, with a value of BRL 262.9 million.

This was the result of a directly awarded contract signed on 10 March 2016 following the on-time completion of two emergency contracts, also awarded directly, for the execution of the lower support structures, demonstrating Teixeira Duarte's technical and operational capacity to the customer and public opinion.

The contract - which involved the Geotechnics, Foundations and Metalwork teams - included the strengthening of foundations and anchor blocks, the refurbishment and strengthening of the central span structure and access viaducts, the replacement of the suspension system (involving transferring the load of the entire weight of the central span to the temporary structures installed under the previous contracts mentioned above, the replacement of the road surface and refurbishment of the pedestrian walkways). It involved more than 500 workers and 4000 tonnes of new metal structures.

**Colombia** has been a country where Teixeira Duarte has shown a solid commitment and where the environment of economic growth has driven the construction sector.

Although there has been a reduction of around 44.3% compared to the previous year, ongoing activity and a fairly satisfactory equipment occupancy rate has been maintained throughout 2019, achieving a turnover of 3.7 million euros.

A turnover of 14.3 million euros was achieved in **Mozambique** that is a growth of 146% compared to the previous financial year, strongly driven by work carried out to construct the Port of Nacala, Phases I and II, for the Ministry of Transport and Communications of Mozambique.

The execution of a multi-year maritime project began in 2019, the profits of which will be received in 2020 and 2021.

## **BUILDINGS**

The buildings area includes the construction and refurbishment of all types of public and private buildings, particularly those that are complex and of a large scale, intended for a wide range of uses. In 2019, the Group operated in this area in Portugal, Angola, Algeria, Brazil and Mozambique, having also commenced activities in Kuwait.

Overall, the turnover achieved in 2019 was slightly lower than in 2018, a major improvement was seen in the main economic indicators, specifically EBITDA and EBIT, and emphasis should be placed on good performance in Portugal and Brazil, which became the group's two main markets in the construction sector in 2019.

Globally, a growth in turnover was expected for 2019, but did not occur mainly due to the significant reduction in activity seen in **Angola**, where the difficult economic and financial situation the country is going through, as well as the limited emergence of new projects, led to the suspension of three contracts that were being executed by the branch of Teixeira Duarte - Engenharia e Construções, S.A.

Teixeira Duarte continues to believe in the potential of this market – where it has been operating continuously for over 40 years – but predicts that in this area of activity the level of activity may remain at historic lows.

The level of construction activity was also lower than expected in **Mozambique** and the income recorded in 2019 was lower than the amount obtained during the previous year. The year 2019 was marked by Cyclone Idai that devastated the central area of the country and worsened the country's already difficult financial situation, with immediate consequences on construction activity. Although there are some positive expectations from investments in the Natural Gas sector, the current political, macroeconomic and public health situation is affecting the outlook for 2020.

The growing trend in work volume that began in 2017 is being maintained in **Portugal**, supported by the strong dynamics of the private real estate market. This is evidenced by the launch of a large number of new tenders, with a particular focus on the construction of new housing and offices. The activity is still expected to grow in 2020 compared to 2019, although it is likely to stabilize over the coming years.

Profits in **Algeria** fell within the value forecast for 2019, with emphasis on excellent performance in the AGB (Gulf Bank Algeria) project, planned for completion during 2020. New construction sector contracts in this market are not envisaged.

Finally, emphasis should be placed on a contract dating from the end of October 2019 for the construction of the Umm Al Hayman Wastewater Treatment Plant in Kuwait, for WTE Wassertechnik GmbH – **Kuwait** Branch, with a value corresponding to around 175 million euros and an execution and commissioning period of 30 months.

The venture, forming part of the Engineering Procurement & Construction contract concluded between WTE and the consortium made up of IFA - International Financial Advisors and WTE, on behalf of the Kuwaiti Ministry of Public Works, will enable the operation of one of the largest and most complex wastewater treatment plants in the world, with a treatment capacity of 500,000 m<sup>3</sup>/day, plus processing of water for agriculture and industry, energy production and composting.

Teixeira Duarte thereby contributes to the construction of a highly complex project of a structural nature that is aimed at the sustainability of this Middle Eastern country.

## **INFRASTRUCTURES**

In the infrastructure area, the company has a vast and diverse range of executed projects under its belt, including highways and motorways, bridges and viaducts, dams, tunnels, railways, railway stations and junctions, 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 Teixeira Duarte operates.

In 2019, the Company 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.



The Turnover achieved by the Group in this area of business increased by 2.3% compared with the previous year, standing at 126.2 million euros. This figure was sustained by the growth of the activity in Portugal and Brazil, and was partially penalized by the slight reduction of activity in Algeria and Angola, due to financial constraints and exchange rate devaluations.

The activity saw a 15.3% increase in turnover in **Portugal** when compared to the previous year, reaching a value of 14.5 million euros. Emphasis should be placed on work done for Infraestruturas de Portugal, a customer for whom work was completed on the Eastern Line, between Elvas and the border, and a contract was started on the Beira Alta Line, between Guarda and Cerdeira.

During 2019, work also began on the Bolhão market access tunnel for GOPorto (Gestão e Obras do Porto E.M.), several projects were executed for "SOMINCOR - Sociedade Mineira de Neves Corvo, S.A.", at the mine in that location, in the municipality of Castro Verde, and a railway branch was constructed for APSA (Sines and Algarve Ports Association).

There were no new contracts in this area of business in **Angola** and activity was fairly insignificant with turnover standing at 8.5 million euros.

The political and economic situation in Algeria affected the activity, leading to a 23.9% decrease in turnover to a value of 50.4 million euros.

An upturn in turnover of around 47% was seen in **Brazil**, reaching a value of 51.8 million euros, with particular emphasis on projects carried out for "VALE do Rio Doce, S.A." and for its subsidiary "SALOBO METAIS S.A.". The contract with the former was to raise the Itabiruçu Dam in the municipality of Itabira/MG (Minas Gerais), and the contract with the latter was for the execution of infrastructure work for the SALOBO III project, located in the Tapirapé-Aquiri National Forest, in the municipality of Marabá/PA (Pará).

Within the scope of public procurement on the Brazilian market, emphasis should be placed on ongoing contracts for the construction dual carriageways for Highways BR-101 (lots 1 and 2) and BR-116 (lot 6), with respective lengths of 84 and 40 km, both in the State of Bahia, for the DNIT (National Department of Transport Infrastructure).

A civil works contract at the Rio Novo do Sul Substation, Espírito Santo State, was also completed in 2019, and an operation was contracted for the mining company Atlantic Nickel, consisting of the execution of rock drilling and blasting services, including explosives, excavation, loading, transporting and unloading the ore and overburden, maintenance of roads used by the equipment, and dispersal and disposal of the transported material.

The operation in question an open-cast nickel mine operation, which was reopened in 2019 in the State of Bahia. The value of the contract is 143 million euros with an execution period of three years. The contracted volume of mass to be handled is 74 million tonnes, including ore and overburden. A consortium of five companies was set up for this purpose, with the Teixeira Duarte Group holding a share of 23.6%.

The execution of the Daule-Guayaquil bridge contract was continued in **Ecuador** as part of a consortium, with a value corresponding to 53 million euros and an execution period of 16 months. This contract progressed significantly during 2019, leading to public recognition by the local authorities, designers and inspectors of the way in which the entire process was managed. It has become a benchmark engineering project that could open up new opportunities for the Group in this market.

As the contracted works in **Venezuela** have been suspended, since 2017 Teixeira Duarte's activity has been limited to the operation of La Guaira Port, described in this Report under Concessions & Services. These operational services were contracted after the completion, by "Teixeira Duarte - Engenharia e Construções, S.A.", of the venture to modernize and expand La Guaira Port between the years 2012 and 2014.

## **METALWORKING**

Metalwork is the area of activity involving metal construction and the installation of industrial equipment. Emphasis should be placed on the group's significant know-how in the fields of mechanics and oil-hydraulics, which as a whole allows it to develop technical solutions and perform highly complex work, specifically the handling and assembly of large-scale structures.

The Group has made great use of this value, acting both independently on the market in projects within the scope of its specialty, and in conjunction with other areas of activity, specifically construction and refurbishment work on metal and mixed bridges, metal and mixed viaducts, buildings, various metal structures, hydrodynamic equipment and mining equipment.

In 2019 it carried out activities in Portugal, Brazil and Algeria, with an emphasis on increased activity in Portugal.

Turnover reached 11.4 million euros, corresponding to an increase of 57% when compared to 2018.

In **Portugal** emphasis should be placed on the execution of venture CUG11 (Under Ground Material Handling Electro-Mechanical Installation) for "SOMINCOR - Sociedade Mineira de Neves Corvo, S.A.", as part of the Zinc Expansion Project.

A highlight in **Brazil** was the venture for the Restoration and Refurbishment of the Hercilio Luz Bridge in Florianópolis, Santa Catarina State, with the completion of work that will allow the bridge to be used and opened to the public at the end of the year.

For 2020, emphasis should be placed on the Metalwork area's participation in a Ship Elevator venture known as (Installation d'un Complexe Élévateur a Bateaux) in, which will be a good additional contribution to the company's performance in this business area

## **UNDERGROUND WORKS**

The 100% subsidiary "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A." (EPOS, S.A.) is a specialized company that operates in the area of civil engineering and mining.

In 2019, turnover increased by 18.4% to 56.2 million euros compared to the same period of the previous year, of which 54.4% were obtained on the domestic market.

A drop in activity was seen in Portugal, where EPOS, S.A. remained committed to maintaining and attracting private customers, with a particular emphasis on the mining sector.

Turnover on overseas markets increased significantly, largely offsetting the decrease in activity in Portugal, with the overseas market coming to represent 45.6% of total activity.

The increase in activity on overseas markets is largely the result of the commencement of activities in **Brazil**, with a five year contract for a major mining project in the Cuiabá Mine, for "Anglo Gold Ashanti" - the third largest gold producer in the world. It is also due to a contract for the first Civil Engineering project in Colombia, won following intense commercial activity in that country over recent years.

Also on overseas markets, emphasis should be placed on the 52% increase in activity in Spain, mainly at the Aguas Teñidas mine, and good performance in the execution of the Lima metro project, in Peru.

Overall Brazil is taking on the role of the second largest market in terms of turnover of EPOS, S.A., contributing 18.6% of the total.

Finally, in **Angola**, a contract that carried over from previous years remained in force, but with less significance.

## **5. OPERATIONAL APPRAISAL - CONCESSIONS AND SERVICES**

Some brief references are made here to the participation of "Teixeira Duarte - Engenharia e Construções S.A." 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., it has proceeded to commercialize, conserve, operate, administer, construction and use the “specialized container terminal (docks 27 and 28 - West Sector) at La Guaira Port”.

In effect, on 30 March 2017 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, S.A. 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 TEUS/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”.

In 2019, in a difficult environment - but with international recognition of the de facto authorities in Venezuela and support for solutions for continuing on the road towards development and prosperity - operations ran normally in line with efficiency and profitability parameters at the levels of benchmark ports in the region. 156,000 TEUs were moved, equivalent to turnover of around 17 million euros.

**TDHOSP - Gestão de Edifício Hospitalar, S.A.** is a company in which “Teixeira Duarte - Engenharia e Construções, S.A.” currently holds a 10% stake and whose corporate purpose is the management of Cascais Hospital for a 30 year period, including planning, design, construction, financing, upkeep and maintenance activities.

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.

As in previous years, the tenth calendar year of its activity was marked by compliance with several Management Contract appraisal parameters, specifically: Service, Availability and Satisfaction.

Regular monthly reports were issued during the financial year, showing good performance by this company, so it is expected to receive a positive assessment of “Very Good” for 2019. However, this expectation will only become effective at the end of April 2020, after analysis and validation by the establishment’s managing body LUSÍADAS - Parcerias Cascais, S.A. and the Public Contracting Entity - ARSLVT, of the annual activity report.

In the context of activities envisaged in the Management Report, TDHOSP carried out some minor building alteration work, requested and financed by the establishment's managing body and approved by the public contracting entity. The most significant work was the change in location of the Protocol office, in the central zone of Floor 2.

"**AEBT - Auto-Estradas do Baixo Tejo, S.A.**", incorporated on 15 January, 2009, is a company in which Teixeira Duarte - Engenharia e Construções holds 9% of its share capital and which is a sub-concessionaire for the activities of design, planning, construction, lane expansion, financing, operation and upkeep of sections of motorways, regional roads and associated road junctions in the district of Setúbal.

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

For "Teixeira Duarte - Engenharia e Construções, S.A." sustainability is the result of a way of being and acting with a sense of responsibility, which is reflected in relationships between its employees and all stakeholders. This is also the corporate vision of the Teixeira Duarte Group, of which the company forms a part, regarding sustainable development.

The Group's sustainability model states that each subsidiary responds to the sustainability challenges of its own activities, from its economic, social and environmental perspectives, while assuming the general objectives and specific priorities for each country.

**OUR MISSION**  
**EXECUTE, CONTRIBUTING TOWARDS THE CONSTRUCTION OF A BETTER WORLD**

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**HOW WE DO IT**  
**WITH INGENUITY, TRUTH AND COMMITMENT**

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**WE CONTRIBUTE**  
**SUSTAINABLE DEVELOPMENT GOALS**

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**OUR LOCAL PRIORITIES**







Teixeira Duarte Group's Sustainability Model in 2019

## COMPLIANCE WITH INTERNATIONAL AGREEMENTS

The activities of Teixeira Duarte - Engenharia e Construções, S.A. are based on its Mission - "To do. Contributing to the construction of a better world. This is done in accordance with the UN Human Rights Declarations, the Guiding Principles of the Organization for Economic Cooperation and Development (OECD), of the International Labour Organization (ILO), national and international legislation and the 10 Principles of the United Nations Global Compact in the areas of Human Rights, Labour Practices, the Environment and Anticorruption.

In Portugal the company is also voluntarily certified to the International Standard SA 8000, showing the organization's commitment to developing, maintaining and applying responsible practices to issues such as slave and child labor, occupational health and safety, freedom of association and collective bargaining, discrimination, disciplinary practices, working hours, remuneration and management systems.

## ETHICS AND CONDUCT

As ethics and conduct are a strategic cornerstones of its activities, Teixeira Duarte - Engenharia e Construções has a Code of Ethics and Conduct.

This Code of Ethics and Conduct enshrines the intra-group principles of action for all Company employees and, therefore the involvement of Teixeira Duarte with stakeholders. It serves to reinforce and develop the Company's mission and values.

The Code is aimed at all Directors, Workers and Other Company Representatives. Furthermore, not only is it the responsibility of all of these employees to know about and grasp the Code, and to implement it within the institution and defend it externally, but also to encourage the application of the respective rules by third parties in the sector, and during the course of relationships that these parties maintain with Teixeira Duarte.

In summary, according to this Code, all Company employees are committed to complying with, defending and enforcing (as well as among indirect recipients) the legislation and regulation in force in the geographical areas where it operates, including any global or sector agreements and ethical rules specific to each professional, as well as any and all contractual commitments taken on by the Company.

The Code of Ethics and Conduct is communicated to all employees, who are notified of its mandatory nature. It can be found on the website [www.teixeiraduarteconstrucao.com](http://www.teixeiraduarteconstrucao.com).

## SUSTAINABLE DEVELOPMENT GOALS

In 2018, the Company began a process to integrate the United Nations Sustainable Development Goals into its overall framework of activity, to shape, drive and report its Sustainable Development actions and goals, as it has identified significant affinities between its corporate vision on Sustainability and these goals.

It should be remembered that the 17 Sustainable Development Goals (SDGs) were established at a UN Summit in 2015 and unanimously approved by 193 Member States with the aim of creating an ambitious agenda for poverty eradication and global economic, social and environmental development by 2030. Compliance with this plan, known as the 2030 Agenda for

Sustainable Development, involves unprecedented joint efforts on a global scale, by all countries and public and private players.

In 2019, Teixeira Duarte Group conducted an evaluation of the impacts of the activities carried out by its subsidiaries in Portugal, Angola and Brazil on the global priorities and aspirations for 2030 defined in the 17 SDGs.

This evaluation identified 5 SDGs as priorities on a local level: SDG 3, SDG 4, SDG 8, SDG 9 and SDG 12.



## COMMUNICATION WITH THE STAKEHOLDERS

Teixeira Duarte - Engenharia e Construções, S.A. has relationships with a very wide range of stakeholder groups. The Company uses the following instruments to better understand their expectations and communicate more effectively with these different groups:

### Employees

Corporate Website, Company Day, Staff Meetings, Christmas Lunch, Ethics Channel.

### Clients and general public

Websites, Call Centres, Social Networks, Suggestion and Complaint Systems, Ethics Channel.

### Suppliers

Visits and Audits, Reciprocal Training, Performance Assessment, Ethics Channel.

### Professional Organizations

Participation in several organizations.

### Official, Regulatory and Governmental Entities

Financial Reports, Answering to Specific Questionnaires, Communications.

## Sector Actions

Participation in different sector associations.

## Communities

Partnerships with Representative Institutions, Community Support Projects, Ethics Channel.

## Educational Institutions and of Scientific and Technological System Bodies

Participation in Academic Events, Conferences, Job Fairs and Partnerships.

## Media

Answers to specific questions.

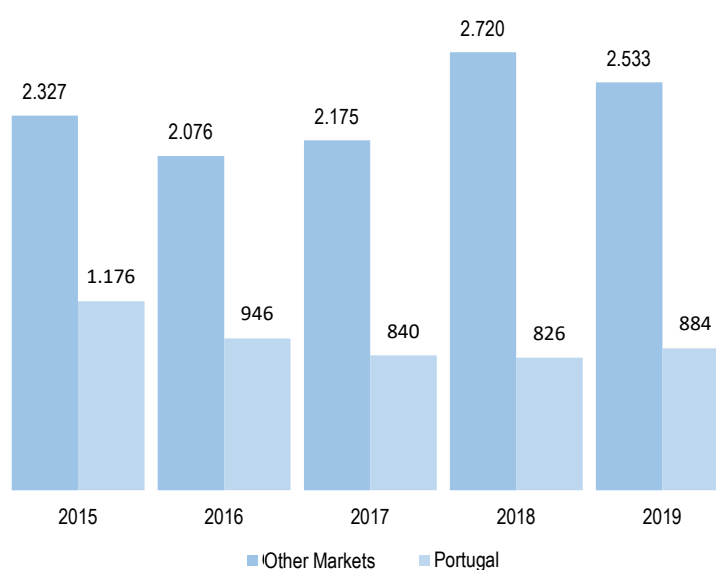
## HUMAN RESOURCES

Employees are the most important asset for "Teixeira Duarte - Engenharia e Construções, S.A." when it comes to carrying out its activities.

Aspects such as employee well-being, which includes the promotion of good hygiene and health and safety conditions, as well as the development of skills and retention of talent, are of great importance in their management and are duly based on a culture of dignified treatment and respect for human and labor rights.

Teixeira Duarte - Engenharia e Construções, S.A. 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 fell by 3.6% when compared to 2018, with an increase of 7.1% in Portugal and an overall reduction of 6.9% on overseas markets.



This decrease was mainly a reflection of decreased activity in Angola and Algeria.

## SOCIO-ECONOMIC PERFORMANCE

In awareness of the fact that its activities have impacts on the socio-economic development of areas where it operates, "Teixeira Duarte - Engenharia e Construções, S.A." acts to enhance its positive impacts and, on the other hand, to mitigate the negative ones. To this end, the Company promotes a culture of ethics, quality, commitment to local hiring and to the development of local subcontractors and suppliers, of strengthening their technological capabilities and social responsibility, thus contributing to the sustainable development of communities.

In Portugal, Teixeira Duarte - Engenharia e Construções is a company certified in social responsibility according to the SA 8000 benchmark.

### Combating corruption and bribery, money laundering and terrorism financing

Corruption and bribery are inherent risks of all economic activities. The tool that guides the management of Teixeira Duarte - Engenharia e Construções in this area is a *compliance* program that establishes and implements a set of measures and procedures based on Teixeira Duarte's Compliance Policy, Code of Ethics and Conduct and Mission and Values in order to ensure greater effectiveness and evidence of compliance with the law and internal regulations. This contributes to a climate of integrity and ethical culture during the course of the Company's activities.

The *compliance* system provides for risk assessment processes and financial and non-financial internal control procedures, which include preliminary investigations of third parties and staff members with high levels of responsibility, an Ethics Channel to which all employees and third parties must report any irregularities that are identified in relation to any external or internal regulations, among other measures. The system also ensures the implementation and evaluation of the Code of Ethics and Conduct, according to which employees must act actively or passively in such a way as to assess and avoid possible situations of conflicts of interest, as well as to prevent any corrupt behavior, including facilitation payments or receipts or the creation, maintenance or promise of irregular situations or favors.

They shall be obliged to report any information that constitutes misconduct, including those that constitute possible illegal or illicit practices in financial and accounting matters, fraud, corruption and money laundering, as well as any actions related, directly or indirectly, to terrorist entities or those that may target or support terrorist practices.

They are also responsible for ensuring that indirect recipients of this code also do so.

Employees must act in a manner that actively combats possible attempts at money laundering, refusing to participate in any act that as such may be considered, under current legal and regulatory standards, as well as in any attempt, complicity, facilitation or advice to carry it out.

Similarly, employees must also take actions to prevent the Group's activity from being able to supply, collect or hold funds or assets in any way that could be used for financing and supporting criminal activities, specifically terrorists.

## **Relations with people and organizations impacted by the Company's activities**

In 2019, and as planned, "Teixeira Duarte - Engenharia e Construções, S.A." began an independent audit process of its Data Protection Management System (DMS) developed in 2018 in order to comply with the provisions of the General Data Protection Regulation (GDPR). This audit aims to assess the effectiveness, robustness, suitability and compliance of the DPMS, based on the requirements of internationally accepted standards on privacy/data protection management systems and legal data protection requirements (GDPR).

### **a) Customers**

A focus on quality, on continuously improving overall performance and the intention to meet customer needs and expectations has led the Company to commit to the implementation and certification of Quality Management Systems according to the ISO 9001 standard, as a business strengthening and sustainability factor. This contributes to economic aspects and in turn provides capabilities and resources for other sustainability initiatives.

At 31 December 2019,, the Company had implemented ISO 9001 Quality Management Systems in Portugal, Algeria, Brazil and Mozambique.

### **b) Partners, suppliers and subcontractors**

In Portugal, Teixeira Duarte - Engenharia e Construções, S.A., in compliance with the SA 8000 Standard, promotes respect for labour rights and safe and healthy working environments for all workers, and among suppliers and contractors, by demanding compliance with social responsibility requirements, with an emphasis on the following:

- Not using or supporting the use of child labour, or forced or compulsory labour;
- Providing a safe and healthy environment for doing work;
- Not hindering freedom of association and the right to collective bargaining;
- Not engaging in or supporting discriminatory acts in any form;
- Not practicing or supporting the harsh or inhuman disciplinary practices;
- Acting in compliance with applicable laws and standards of the respective area of activity, in matters relating to working hours;
- Remuneration considered adequate for the work effectively performed, always with respect for legal stipulations.

Based on the geographical area in which the supplier operates, the type of activity it carries out and the ability of the Company to influence it, an assessment is conducted of the potential social risk of suppliers in relation to the expected risk, and higher risk cases are then monitored. In 2019, 11 monitoring visits were made to the facilities of suppliers in Portugal, out of a group of 360 companies with which Teixeira Duarte - Engenharia e Construções, S.A. maintained supply relationships.

In the particular case of subcontractors, the Company put specific mandatory contractual provisions in place, in addition to legal provisions, in the areas of occupational health, safety and hygiene, including occupational accident insurance, personal

protective equipment, accident rates, training and information, and the prevention and control of alcoholism, among other areas.

#### c) Support to communities

The Mission and Values of "Teixeira Duarte - Engenharia e Construções, S.A.", particularly the "Commitment" value reflect the Company's concern for Social Responsibility. This is also reinforced by compliance with the SA 8000 standard, the principles and rules laid down in the Code of Ethics and Conduct, which particularly apply to human capital, and by the sustainability vision and model that restates the intention of contributing to the development of communities.

Within the scope of support for social projects and social charity organizations, it should be noted that the Teixeira Duarte Group has intended to adopt an institutionalized position through initiatives that are neither exclusive to nor centralized in decisions by Boards of Directors, but rather involve all employees in direct actions.

It was with this aim in mind that in 2015 the TODOS DAMOS Program was promoted for the first time. This project was designed for companies of this Group and aims to support people through the co-funding of social institutions directly supported by its own employees.

48 applications were accepted in 2019 (involving employees from Portugal, Angola, Brazil and Mozambique).

A total of €107,415.00 was collected from employee donations and donations from Teixeira Duarte Group companies, distributed to 40 institutions.

The TODOS DAMOS program was also used to increase support from around 230 employees in different markets who joined forces to make a donation to employee colleagues in Mozambique, whose lives were affected by Cyclone Idai during the 1st half of 2019.

Overall, over €28,000.00 euros were donated to 53 employees in Beira to help them rebuild their houses.

In 2019, "Teixeira Duarte - Engenharia e Construções, S.A." launched a new social responsibility program in the health field. The "Dar Vida" (Give Life) Program aims to encourage regular voluntary blood donation by employees, thereby contributing to increasing blood reserves held by partner health institutions. In December 2019, a lecture was held for employees aimed at raising awareness and providing information on blood donation, run in partnership with the National Blood Institute and the Sagrada Esperança Clinic. The first two blood collection activities were carried out during the same month, with contributions from around 40 employees. In 2020, the Program is expected to be expanded in Angola.

#### **Investigation, Development and Innovation (IDI)**

In 2019, the Company participated in the development, within the Teixeira Duarte Group, of a prospective study for the areas of Engineering and Construction, Facilities Management and Real Estate that allowed the definition of a Strategic Innovation Plan for the 2019-2020 two year period. This study identified speed of construction and modular construction as strategic guidelines.

Emphasis should be placed on the following projects that are being developed as part of this plan:

### SHELTER Project - Structural Hyper-resisting Element for Life Threatening Earthquake Risk

An innovative product that is unique in the world that can be installed in a central location of any apartment and will save the lives of the occupants in the event of a strong earthquake at very low cost.

It is a 1.1 million euro project co-developed by Instituto Superior Técnico (Higher Technical Institute - IST), financed by the Portugal 2020 Program, with a total duration of 3 years. The project involves the Metalwork and Buildings areas of "Teixeira Duarte - Engenharia e Construções, S.A.", which respectively develop the prototypes and build partial models of masonry buildings. External participants are the National Civil Engineering Laboratory (LNEC), for seismic table testing, IADE - European University, for the *design* and architectural integration of the shelter, and SPI, for provision of services.

### NEST Project

Project that aims to enable the construction of social housing with costs of up to USD10.000, involving the design of social housing with a "DIY" (Do It Yourself) model for populations with a low purchasing power (guided construction).

Internal development is being coordinated by the Teixeira Duarte Group's Real Estate area, with the involvement of the "Teixeira Duarte - Engenharia e Construções, S.A." Buildings area and with the external involvement of Designers, Universities and Non-Governmental Organizations. Its total period is 1 year and 4 months. It has been decided to develop the first prototype in Angola, as soon as this is permitted by the country's economic situation.

In Portugal, "Teixeira Duarte - Engenharia e Construções, S.A." uses a **R&D+I management system according to the Portuguese Standard 4457**, allowing it to channel all of its knowledge and creativity to achieve the most efficient form of innovation.

#### a) Intellectual Property

In order to guarantee the protection of all intellectual property rights generated through Research, Development and Innovation activities, "Teixeira Duarte - Engenharia e Construções, S.A." has been granted several patents in Portugal, with an emphasis on the following pioneering systems and methods:

- An incrementally progressing bridge and/or viaduct deck assembly system, resting on the temporary support beams on the abutment and sliding on plastic material;
- A method for protecting the attachment of rubber gutters to the expansion joints of bridges/viaducts and their assembly;
- Scaffolding suspended by funicular cables of a suspended bridge, fitted with equipment to allow it to move between the brackets on the hanging cables of the aforementioned bridge;

No new invention patents were submitted for registration during the 2019 financial year.

#### b) Contribution to regulatory activity in the Construction sector

For the companies, contributing to the standardization of sectors of activity constitutes a way of setting them apart from the competition, as it prioritizes the development of activities in accordance with sector rules and with national and international standards.

In this context, it should be highlighted that, in 2019, "Teixeira Duarte - Engenharia e Construções, S.A." continued participating in work groups of the *European Federation of Foundation Contractors (EFFC)* and *CO2 Foundations – Geotechnical Carbon Calculator* aimed at calculating the carbon footprint of geotechnical work, as well as the *Technical Working Group (TWG)*, which is aimed at cooperation and the development of guidelines and standards for the execution of geotechnical works.

The company also participates in the standardization activities of the Portuguese Standardization 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 WG11 work group of the ISO Technical Committee TC182, responsible for preparing the ISO 22477-2 standard *Geotechnical investigation and testing - Testing of geotechnical structures - Part 2: Testing of piles: Static tension load testing*.

#### c) Partnerships with scientific and technological system entities in the Construction sector

In the sector in which it operates, "Teixeira Duarte - Engenharia e Construções, S.A." also promotes technological innovation and development by carrying out RDI activities in partnership with institutions from the scientific and technological system and with other similar companies.

#### Main partnerships in Portugal:

##### PTPC - Portuguese Technological Platform for Construction

PTPC brings together companies, designers, universities, public entities and other entities of the National Scientific and Technological System (SCTN), with the mission of encouraging reflection on the Construction sector, implementing Research, Development and Innovation initiatives and projects, contributing to boosting their respective competitiveness in the general framework of the economy and promoting cooperation between *stakeholders* in the Construction and Public works sector, and related sectors.

Teixeira Duarte - Engenharia e Construções, S.A. has held the Presidency of PTPC since the date that it was set up (2011).

In 2019, the company was the leading promoter of a 10 million Euro Mobilizing Project application, involving 24 entities from the Architecture and Engineering sector, which aims to develop a digital platform for Construction with a unified and interoperable model, with tools for capturing data and providing services, the development of *digital twins* related to the main construction processes, making use of the most promising technological areas, such as augmented reality, sensors, *Big Data* and *IoT*, among other areas.

During the 2019 financial year, PTPC promoted an application to the "Built CoLAB" Collaborative Laboratory, a non-profit association with highly qualified human resources that aims to provide services that promote the development of cooperative or internal business skills.

The overall value of the 5-year non-repayable grant is 3.4 million euros.

The following business skills development areas are eligible, under the scope of this Collaborative Laboratory:

- Productivity and Competitiveness;

- Digital Transformation;
- Smart Buildings and Infrastructure;
- Sustainable and Resilient Buildings and Infrastructure.

If the application is approved, "Teixeira Duarte - Engenharia e Construções, S.A." will chair the Board of Directors of "Built CoLAB".

#### AEC Cluster - Architecture, Engineering and Construction

Established in 2016, the AEC Cluster is managed by PTPC. Its objectives are to act in the economic sector of Architecture, Engineering and Construction and within its effective ranks or value chain, promoting the achievement of high levels of innovation, technological development and competitive capacity, cooperation and networking, and the promotion of the internationalization of the cluster, specifically through participation in international networks.

The Portuguese Structures Engineering Association (PSEA), which is the Portuguese group of the International Association for Bridge & Structural Engineering (IABSE)

Teixeira Duarte - Engenharia e Construções, S.A., through PTPC, participates in this association that aims to develop and promote structural engineering at an international level. It is in charge of the organization of major international congresses and conferences.

Teixeira Duarte - Engenharia e Construções, S.A. has also established protocols with the following entities in the national scientific and technological system: Faculty of Engineering of the University of Porto (FEUP), Higher Technical Institute (IST), the National Civil Engineering Laboratory (LNEC) and Minho University (UM).

#### Main international partnerships:

##### ENCORD - European Network of Construction for Research and Development

Teixeira Duarte - Engenharia e Construções, S.A. was accepted into ENCORD in 2014. However, due to a change in its statutes, it is considered as a founding member of ENCORD, an association founded in 1989.

ENCORD is the contact association with the European Commission for innovation in construction, and oversees the activity of the *ECTP - European Construction Technology Platform*. The largest Construction companies in Europe that promote innovation and competitiveness all participate in ENCORD.

##### *ECTP – European Construction Technology Platform*

ECTP is an association similar to PTPC but with more of a European scope. As Chairman of the PTPC, Teixeira Duarte - Engenharia e Construções sits on the *Steering Committee* of the ECTP, in the *Vision Group* and the *Heritage and Regeneration Working Group*.

## ENVIRONMENTAL MANAGEMENT

The management of environmental aspects at "Teixeira Duarte - Engenharia e Construções, S.A." is directly related to the environmental impacts of its activities and the environmental performance of the buildings and infrastructures that it constructs for its Customers.

In this field, emphasis should be placed on the obligation to meet all applicable legal requirements and other requirements associated with identified environmental aspects, as well as on the obligation to minimize the environmental impacts resulting from the activities, to ensure their sustainable development.

As part of its Code of Ethics and Conduct, the Company states that conservation and respect for the environment must constitute essential principles of employee activities, and that employees must also transmit these principles to indirect recipients of the document.

Given that the Company's activity is subject to major fluctuations in terms of the impacts caused by the work in progress (type, quantity and phase) - which limits the extent to which year-on-year data can be compared, the selection of a panel of indicators and of a suitable reporting approach to reflect the performance of its activities depends on many aspects .

### Environmental Management Systems

The cross-company principles of environmental actions taken by employees enshrined in the Code of Ethics and Conduct, can be seen through the adoption of environmental management systems that allow the effective management of environmental risks and contribute to the objectives of the areas of activity.

ISO 14001 is a global benchmark for environmental management systems. "Teixeira Duarte - Engenharia e Construções, S.A." uses it to support its practices with a view to the continuous improvement of its environmental performance, through the incorporation of specific environmental risk identification and management processes.

At 31 December 2019, the Company's management system was certified according to the benchmark ISO 14001 in Portugal and Brazil. It should also be noted that in 2019 the Angolan market was included in the scope of expansion of this management system.

#### Certified production of metal structures

The production of metal structures by "Teixeira Duarte - Engenharia e Construções, S.A." is certified to the EN 1090-1 standard, and the necessary control audits of the process have been maintained during the year under review.

Compliance with this standard thus allows the company to supply structures whose quality is in line with European standards.

### Provisions and financial guarantees for environmental risks

In the normal course of their activities, companies operating in the construction sector and in supplementary areas are exposed to environmental risks. In this regard, it should be noted that in order to comply with legal obligations under the scope of liability for environmental damage, arising from Directive 2004/35/EC, amended by Directive 2006/21/EC, "Teixeira Duarte - Engenharia e Construções, S.A." opted, in Portugal" for constituting financial guarantees totaling €67,395 on 31 December 2019.

It is therefore considered that the risk of the occurrence of any environmental damage caused by the activities of these companies is duly covered.

## **Energy**

With operational efficiency as a focus, particularly within environmentally certified companies, in which efficiency is added to the continuous quest for improved environmental performance, the company has taken action with a view to minimising energy consumption and, consequently, the emission of greenhouse gases.

In this sense, energy rationalisation measures have been implemented to reduce the specific consumption per user inside the permanent facilities of the company, specifically in offices and operational centres, including raising awareness among employees of the regulated use of energy and best practices to take into account.

## **Water resources**

Under the scope of environmental management systems, "Teixeira Duarte - Engenharia e Construções, S.A." assesses the environmental impacts resulting from the use of water resources, and strives to take actions to reduce consumption and minimize the pollution load discharged into the soil or water.

During the course of its activities, water resources can be consumed from various sources - public supply network, groundwater collection, rain collection, tanks supplied from outside and packaged - and this consumption is subject to significant fluctuations depending on the type, quantity and phase of each project.

In construction activities, it is common practice to reuse water for parallel activities such as irrigation/sprinkling dusty surfaces, washing wheels at the construction site exit, and washing cement mixers, among other uses. This subject is widely publicized during training and awareness activities, with the aim of eliminating waste and maximizing the resources available on site. Even so, the majority of the water consumed comes from the supply network.

Activities that normally take place along water courses are subject to monitoring of surface water resources for the purpose of identifying any quantitative or qualitative change. At the same time, water intakes and discharges into the soil or water are monitored, whenever there is a potential for an environmental impact.

The implementation of best practices and the quest to constantly improve the reduction and reuse of water has led to the implementation of new practices, which include measures for the reuse of water, optimisation of consumption times and actions to raise awareness among employees.



## Consumption of Materials

The consumption of materials in the construction is also directly related to the quantity, size and type of projects that are carried out.

Concrete, cement and aggregates stand out among the most-used raw materials.

As regards paper consumption at the different permanent and temporary facilities of the company, it should be noted that in the last quarter of 2019 the group embarked upon a digital transformation project that should allow the faster digitalization of numerous processes, among other improvements.

### Concrete and aggregates laboratory in Portugal

"Teixeira Duarte - Engenharia e Construções, S.A." runs a Materials Laboratory in Portugal with the aim of providing support for the manufacturing and control of concrete to be used for its projects.

Accredited by IPQ - Portuguese Institute of Quality since 1996, and as one of the first laboratories in the country to obtain this accreditation in the field of concrete and aggregates, in 2019 the Materials Laboratory maintained its accreditation under the NP EN ISO/IEC17025 Standard.

## Noise

Noise during construction activity can be an environmental and social risk during some phases and types of work. Therefore, the loudest activities carried out close to sensitive receivers are planned such as to minimize their respective impact - whenever possible, noisy activities are planned to be carried out during daytime periods, and not on Saturdays, Sundays and holidays.

If this is not all possible, a special noise license is requested to carry them out.

## Emissions

Both at its offices and operational facilities, “Teixeira Duarte - Engenharia e Construções, S.A.” works to reduce its ecological footprint by reducing CO2e emissions inherent to its activities.

Under the scope of its environmental management certification, “Teixeira Duarte - Engenharia e Construções, S.A.” collects data on CO2e emissions in Portugal, Brazil and Angola. The results obtained can be extrapolated to its operations in general. Emissions are calculated based on two major sources: business travel in the Company (plane, train and car) and energy consumption (electricity, gaseous and liquid fuels).

The energy source with the greatest weight in emissions produced by Teixeira Duarte - Engenharia e Construções, S.A. is liquid fossil fuel, used to carry out the projects.

## Waste

Waste production is one of the most significant environmental aspects in the Construction sector. The company has run awareness and training campaigns in recent years, with the aim of promoting waste segregation and its consequential recovery. These campaigns are not only targeted at the Company’s employees, but also at all stakeholders and waste management participants, specifically subcontractors and suppliers.

When it is not possible to guarantee recycling and/or recovery, the waste is sent to duly authorized and licensed sites within the framework of the situation of each geographical area.

### Reuse of parts removed during the restoration of the Hercílio Luz Bridge

“Teixeira Duarte - Engenharia e Construções, S.A.” won the tender to reuse the parts removed during the restoration process of the Hercílio Luz Bridge, in Florianópolis, Brazil.

This reuse allows the revitalization of around 530 small bridges in the State of Santa Catarina; the parts have to be adapted to local projects by Teixeira Duarte itself and supplied to the respective local governments so that they can proceed with the necessary refurbishment work.

Collaborating in the reuse of these materials, including their processing and recycling, is important not only because of the economic and social benefits it brings to the local areas, but also because it is a model with major environmental advantages.

It should be noted that during the bridge refurbishment and restoration process, executed with great success by Teixeira Duarte, a total of around 380 tons of steel parts were removed from the bridge and the temporary support structure, in addition to over 1,000 tons from the trusses and towers assembled below the central span, made to support the bridge during the replacement of the eyebolt bars.

## V. COMPANY FACTS

The item to highlight in this ware is the Annual General Meeting, held on 22 April 2019, 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 2018, under the terms of the respective documents duly provided.

Approval the proposal of the Board of Directors to distribute the company's net results of €9,975,380.74, calculated for the 2018 financial year:

Legal reserve: 500,000.00 €

Other Reserves: €9,475,380.74

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.

It should also be noted that, following a resolution by the General Meeting on 6 May 2019, the following entities were elected to exercise functions for the 2019/2022 four year period:

Presiding Board of the Shareholder's Meeting:

Chairman: -Pedro Maria Calainho Teixeira Duarte

Secretary - José Pedro Poiares Cobra Ferreira

Board of Directors:

Chairman: Manuel Maria Calainho de Azevedo Teixeira Duarte

Directors: Joel Vaz Viana de Lemos;  
Pedro Miguel Pinho Plácido;  
Fernando Frias Correia;  
Pedro Miguel Martins Cardoso Costa;  
José Magalhães Gonçalves;  
Sérgio Paulo Reis Pereira.

Sole Auditor

Effective: Moore Stephens & Associados, SROC, S.A, Accounts Auditor Company, represented by António Gonçalves Monteiro – ROC.

Deputy: Ana Patrícia Correia Monteiro Varela – Accounts Auditor.

It is also reported that:

- a. On 28 June 2019, the Board of Directors resolved to accept, with effect from 30 June 2019, the resignation from the position of Director tendered on 27 June by Pedro Miguel Pinho Plácido;
- b. On 1 October 2019, Paulo Alfredo de Carvalho Serradas was elected to the position of Director of TD-EC, to hold office along with the other holders of the position until the end of the current term (2019/2022);

- c. After the end of the financial year, on 28 February 2020, the Company General Meeting accepted, with effect from that date, the resignation from the position of Director tendered on the same day by Fernando Frias Correia, as previously agreed, and it was also resolved not to proceed to elect any other member to the Company's Board of Directors;
- d. Following the aforementioned events, on the date of this Management Report the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A." is made up of the following members:

Chairman: Manuel Maria Calainho de Azevedo Teixeira Duarte

Directors: Joel Vaz Viana de Lemos

Pedro Miguel Martins Cardoso Costa;

José Magalhães Gonçalves;

Sérgio Paulo Reis Pereira; and

Paulo Alfredo de Carvalho Serradas.

## **VI. FUTURE DEVELOPMENT PERSPECTIVES**

### **RELEVANT FACTS OCCURRED AFTER THE CLOSE OF THE FINANCIAL YEAR**

"Teixeira Duarte - Engenharia e Construções, S.A." continued its activity in the different areas and markets in which it operates. It should be noted that, in the current global framework, the development of the Covid-19 pandemic situation is being monitored and this Board of Directors is encouraging actions in accordance with recommendations issued by the World Health Organization the public bodies responsible for health in the respective countries where Group companies operate.

Within this framework, contingency and preventive measures have been taken to follow the guidelines of these entities and to mitigate and contain the public health risk, and to balance these intentions with the steps necessary to safeguard the continuity of the business and the impact of the situation on all of its *stakeholders*.

In this regard it is not possible to quantify the impacts resulting from this situation, particularly in view of the fact that they are of an indirect nature and their scale and duration is unpredictable.

It should also be remembered that, as mentioned above in the corporate facts, the General Meeting on 28 February 2020 accepted, with effect from that date, the resignation from office of Director, tendered on that same day by Mr Fernando Frias Correia, as previously agreed, and it was also resolved not to proceed to elect any other member to the Company's Board of Directors;

### **FUTURE DEVELOPMENT PERSPECTIVES**

"Teixeira Duarte - Engenharia e Construções, S.A." is planning for the continuity of operations in the different sectors and markets on which it has been operating. However, as a result of the current COVID-19 global pandemic situation it forecasts a reduction in the volume of activity in comparison to the previous financial year. The magnitude of such a reduction cannot yet be quantified.

This notwithstanding,, it should be remembered that the Construction Orders Portfolio had an overall value of 1,418,893 thousand euros on Tuesday, December 31, 2019.

## **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 2019.

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, 2019 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 €2,450,000.00 (two million four hundred and fifty thousand euros) has been posted to the accounts as an expense for the year 2019, 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 APPROPRIATION OF NET INCOME**

The net results whose proposal for distribution is presented herein correspond to the amounts calculated at 31 December 2019 plus the expenditure of €2,450,000.00 (two million four hundred and fifty thousand euros) which had been earmarked as subject to distribution to employees and directors - which is deemed appropriate to maintain despite the COVID-19 pandemic situation - were, in compliance with the applicable regulations, recorded as an expense for the 2019 on the financial statements that form part of this Management Report. Its approval, on the one hand confirms the sole shareholder agreement to distribute results to employees and members of the Board of Directors and, on the other hand, confirms that the Net Result that is subject to the proposed distribution of Results is €1,644,426.18 (one million six hundred and forty four thousand four hundred and twenty six euros and eighteen cents).

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

Under these assumptions, the Board of Directors proposes that the net profits of "Teixeira Duarte - Engenharia e Construções, S.A." calculated in the 2019 financial year, amounting to €1,644,426.18 euros (one million six hundred and forty four thousand four hundred and twenty six euros and eighteen cents), be distributed as follows:

Legal reserve: 100,000.00 €

Other reserves: 1,544,426.18 €

Lagoas Park, April 22, 2020

The Board of Directors,

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(Manuel Maria Calainho de Azevedo Teixeira Duarte)

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(Joel Vaz Viana de Lemos)

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(Pedro Miguel Martins Cardoso Costa)

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(José Magalhães Gonçalves)

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(Sérgio Paulo Reis Pereira)

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(Paulo Alfredo de Carvalho Serradas)

# FINANCIAL STATEMENTS

# I. BALANCE SHEET

Items	Notes	2019	2018
<b>Asset</b>			
<b>Non-current asset:</b>			
Fixed tangible assets	7	26 333	31 093
Investment Properties	9	265	263
Goodwill	11 and 12	26 140	30 497
Intangible assets	6	39 107	40 368
Shares - Equity method	12	216 586	248 644
Other financial investments	21,1	30 284	11 077
Credits receivable	21,1	235 664	282 926
Assets for deferred tax	20	12 665	15 674
		<b>587 044</b>	<b>660 542</b>
<b>Current asset:</b>			
Inventories	15	2 719	3 336
Clients	21,1	303 657	291 603
Government and other public entities	21,1	11 082	10 408
Other credits receivable	21,1	404 588	444 857
Deferrals	21,1	7 634	2 317
Non-current assets held for sale	21,1	5	5
Cash and bank deposits	4	49 092	56 362
		<b>778 777</b>	<b>808 888</b>
<b>Total Assets</b>		<b>1 365 821</b>	<b>1 469 430</b>
<b>Equity and Liability</b>			
<b>Equity:</b>			
Subscribed capital	29	280 000	280 000
Legal reserves	29	45 500	45 000
Other reserves	29	112 537	103 062
<b>Retained income:</b>			
Retained income		102 667	102 689
Non-attributed profit - application of the equity method		(182 629)	(167 608)
<b>Adjustments / other changes in equity</b>			
Non-attributed profit - application of the equity method		182 629	167 608
Other adjustments in financial assets	12	(76 061)	(33 281)
Other changes in equity	19	(38 779)	(4 232)
		<b>425 864</b>	<b>493 238</b>
Net result for that period		1 645	9 975
<b>Equity total</b>		<b>427 509</b>	<b>503 213</b>
<b>Liability</b>			
<b>Non-current liabilities:</b>			
Provisions	18.1	20 589	16 413
Obtained financing	21,2	305 153	351 887
Liabilities by deferred taxes	20	2 057	1 706
Other debts payable	21,2	11 110	43 760
		<b>338 909</b>	<b>413 766</b>
<b>Current liability:</b>			
Suppliers	21,2	147 479	165 003
Advance payments from clients	21,2	77 609	51 243
Government and other public entities	21,2	14 271	12 219
Obtained financing	21,2	254 540	236 214
Other debts payable	21,2	81 897	68 415
Deferrals	21,2	23 607	19 357
		<b>599 403</b>	<b>552 451</b>
<b>Total of liability</b>		<b>938 312</b>	<b>966 217</b>
<b>Total of Equity and Liability</b>		<b>1 365 821</b>	<b>1 469 430</b>

(Values in thousand euros)

The annex forms an integral part of the Balance Sheet at 31 December 2019.

The Certified Accountant

The Board of Directors



## II. INCOME STATEMENT BY NATURE

Income and expenses	Notes	2019	2018 "Restated"
Sales and services rendered	17	377 184	368 884
Operating subsidies		-	25
Gains / losses attributable to subsidiaries and joint-ventures	14	1 930	16 375
Changes in production inventories	15	(5)	(42)
Works for the entity	7	600	1 481
Cost of goods sold and materials consumed	15	(58 408)	(105 883)
External supplies and services	25	(221 279)	(186 665)
Expenses with staff	24	(88 079)	(78 272)
Impairment of inventories (losses/reversals)	10	(5)	10
Impairment of debts receivable (losses/reversals)	10	(278)	(34 519)
Provisions (increases / reductions)	18.1	(4 995)	(1 438)
Increases / reductions of fair value	9	2	11
Other income	26	94 299	104 895
Other expenses	27	(52 426)	(23 483)
<b>Result before depreciation, financing expenses and taxes</b>		<b>48 540</b>	<b>61 379</b>
Depreciation and amortisation expenses	6, 7 and 12	(16 203)	(17 688)
<b>Operational result ( before financing expenses and taxes )</b>		<b>32 337</b>	<b>43 691</b>
Interests and similar income obtained	23	24 328	33 028
Interests and similar expenses borne	23	(52 189)	(62 815)
<b>Result before taxes</b>		<b>4 476</b>	<b>13 904</b>
Income tax for that period	20	(2 831)	(3 929)
<b>Net result for that period</b>		<b>1 645</b>	<b>9 975</b>

(Values in thousand euros)

The annex forms an integral part of the Statement of results by nature, at 31 December 2019.

The Certified Accountant

The Board of Directors

### III. STATEMENT OF CHANGES IN EQUITY

#### Equity attributed to the holders of capital

Description	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	Total
Saldo em 1 de janeiro de 2018	1	280 000	44 000	88 058	(55 425)	76 014	63 695	16 004	512 346
Alterations for the period:									
Financial statements' conversion differences	19	-	-	-	-	-	(67 927)	-	(67 927)
Application of equity method		-	-	-	(9 431)	58 313	-	-	48 882
Application of results		-	1 000	15 004	-	-	-	(16 004)	-
Other operations recognised under equity		-	-	-	(63)	-	-	-	(63)
	2	-	1 000	15 004	(9 494)	58 313	(67 927)	(16 004)	(19 108)
Net result for that period	3							9 975	9 975
Integral income of the period	4=2+3								(9 133)
Saldo em 31 de dezembro de 2018	5=1+2+3	280 000	45 000	103 062	(64 919)	134 327	(4 232)	9 975	503 213
Saldo em 1 de janeiro de 2019	6	280 000	45 000	103 062	(64 919)	134 327	(4 232)	9 975	503 213
Alterations for the period:									
Financial statements' conversion differences	19	-	-	-	-	-	(34 547)	-	(34 547)
Application of equity method		-	-	-	(15 021)	(27 759)	-	-	(42 780)
Application of results	29	-	500	9 475	-	-	-	(9 975)	-
Other operations recognised under equity		-	-	-	(22)	-	-	-	(22)
	7	-	500	9 475	(15 043)	(27 759)	(34 547)	(9 975)	(77 349)
Net result for that period	8							1 645	1 645
Integral income of the period	9=7+8								(75 704)
Operations with equity owners for that period:									
Saldo em 31 de dezembro de 2019	10=6+7+8	280 000	45 500	112 537	(79 962)	106 568	(38 779)	1 645	427 509

(Values in thousand euros)

The annex forms an integral part of the Statement of changes in equity at 31 December 2019.

The Certified Accountant

The Board of Directors

#### IV. CASH FLOWS STATEMENT

Description	Notes	2019	2018
Operational activities:			
Receipts from customers		316 019	307 414
Payment to suppliers		(289 722)	(311 458)
Payment to staff		(49 277)	(30 918)
Cash generated by operations		(22 980)	(34 962)
Payment/receipt of income tax		(6 942)	(30 355)
Other receipts/payments		15 111	28 726
Cash flows of operational activities (1)		(14 811)	(36 591)
Investment activities:			
Payments related to:			
- Fixed tangible assets		(5 458)	(7 983)
- Intangible assets		(89)	(18)
- Financial investments	4	-	(40)
- Other Assets		-	(155)
- Related parties		(2 661)	(46 409)
Receipts related to:			
- Fixed tangible assets		604	1 567
- Financial investments	4	784	45 740
- Other Assets		-	77
- Interests and similar income		6 570	17 535
- Dividends	4	2 000	329
- Related parties		17 780	100 951
Cash flows of investment activities (2)		19 530	111 594
Financing activities:			
Receipts related to:			
- Obtained financing		176 387	128 804
- Payment of capital and other equity instruments		-	22
- Related parties		361 945	359 695
Payments related to:			
- Obtained financing		(168 586)	(222 328)
- Amortisation of finance leasing contracts		-	(247)
- Interests and similar expenses		(32 054)	(25 292)
- Related parties		(342 215)	(280 780)
- Other financing operations		(473)	-
Cash flows of financing activities (3)		(4 996)	(40 126)
Variation of cash and cash-equivalent items (1+2+3)		(277)	34 877
Effect of exchange rate differences		(6 993)	(6 453)
Cash and cash-equivalent items at the beginning of the period	4	56 362	27 938
Cash and cash-equivalent items at the end of the period	4	49 092	56 362

(Values in thousand euros)

The annex forms an integral part of the Cash flow statement at 31 December 2019.

The Certified Accountant

The Board of Directors

## **V. ANNEX**

### **1. INTRODUCTION**

A Teixeira Duarte - Engenharia e Construções, S.A. (hereinafter referred to as Teixeira Duarte or the Company), company number 500,097,488, with head offices at Lagoas Park, was incorporated on 4 January 1934 and its main activity is civil construction and public works.

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.

On 1 January 2018, Teixeira Duarte considered the companies in Angola and Venezuela as operating in hyperinflationary economies, in compliance with the application of IAS 29, with significant impacts on the companies' equity. However, on 1 January 2019, Teixeira Duarte ceased to consider the Angolan companies as belonging to a hyperinflationary economy, due to the fact that Angola's economy was no longer considered as hyperinflationary.

Also on 31 December 2018, Teixeira Duarte changed the measurement model for a group of "homogeneous class" assets from the cost model to the revaluation model, with a significant impact on the increase in equity of companies holding these assets.

Therefore, the financial statements of the companies for the purpose of applying the equity method, as of 31 December 2018 and 2019, include the set of impacts mentioned above, with a very significant effect on the company's equity.

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 2019 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 2018 are as follows:

Income and expenses	2018	"Restatement"	2018 "Restated"
Sales and services rendered	368 884	-	368 884
Operating subsidies	25	-	25
Gains / losses attributable to subsidiaries and joint-ventures	16 007	368	16 375
Changes in production inventories	(42)	-	(42)
Works for the entity	1 481	-	1 481
Cost of goods sold and materials consumed	(105 883)	-	(105 883)
External supplies and services	(186 665)	-	(186 665)
Expenses with staff	(78 272)	-	(78 272)
Impairment of inventories (losses/reversals)	10	-	10
Impairment of debts receivable (losses/reversals)	(34 519)	-	(34 519)
Provisions (increases / reductions)	(1 070)	(368)	(1 438)
Increases / reductions of fair value	11	-	11
Other income	103 811	1 084	104 895
Other expenses	(23 549)	66	(23 483)
<b>Result before depreciation, financing expenses and taxes</b>	<b>60 229</b>	<b>1 150</b>	<b>61 379</b>
Depreciation and amortisation expenses	(17 688)	-	(17 688)
<b>Operational result ( before financing expenses and taxes )</b>	<b>42 541</b>	<b>1 150</b>	<b>43 691</b>
Interests and similar income obtained	34 112	(1 084)	33 028
Interests and similar expenses borne	(62 749)	(66)	(62 815)
<b>Result before taxes</b>	<b>13 904</b>	<b>-</b>	<b>13 904</b>
Income tax for that period	(3 929)	-	(3 929)
<b>Net result for that period</b>	<b>9 975</b>	<b>-</b>	<b>9 975</b>

In the year ended 31 December 2018, the restatement refers to the reclassification of amounts of guarantees from the item “Interests and similar income obtained” and “Interests and similar expenses incurred” to “Other income” and “Other expenses” respectively.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 BASIS OF MEASUREMENT

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

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

### 3.2 RELEVANT ACCOUNTING POLICIES

#### Assumed continuation

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

#### a) Financial investments

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

The differences between the acquisition cost of the investments in subsidiaries and associates and the investor's share of the net fair value of the identifiable assets and contingent liabilities of the associate, if positive, are recorded as *Goodwill* or kept under the item "investments in subsidiaries and associates". In cases when the cost of acquisition is less than the fair value of the identified net assets, the calculated difference (negative *Goodwill*) is registered as gain from the period when the acquisition occurs, under "Other income and earnings".

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

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

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

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

#### d) Fixed tangible assets

Property, plant and equipment used for production, provision of services or for administrative use, including expenses attributable to their purchase, less accumulated depreciation and impairment losses, where applicable.

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

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

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 - 6
Industrial property	3 - 20

#### 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 net sales price and its value in use. The net sales price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable parties, minus the costs directly attributable to the sale. The value in use is the net present value of the estimated future cash flow which would be expected to arise from the continued use of the asset and its disposal at the end of its useful life. The recoverable value is estimated for each asset, individually or, when this is not possible, for the unit generating the cash flow to which the asset belongs.

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

The reversal of the impairment loss is made up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior years.

**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.

Revenue from interest, *royalties* and dividends is recognized if it is likely that future economic benefits will flow to the Company and the respective amount can be reliably measured and valued. Interest revenue must be recognized using the effective interest method, revenue related to *royalties* must be recognized on an accrual basis and in accordance with the substance of its contract and, finally, dividend revenue must be recognized when the shareholder's right to receive the payment is established.

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

##### Accounts receivable

The accounts receivable are measured, when initially recognised, by the respective fair value and, subsequently, by the respective amortised cost, which usually does not defer from its nominal value. When there is evidence that they are impaired, the corresponding adjustment is recorded in income. The recognised adjustment is measured by the difference between the

value by which the accounts receivable are recognised and the actual value of the cash flows discounted from the effective interest rate determined at the initial recognition.

#### Investments

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

#### 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, being added to the book value of the loan if they are not settled during the financial year.

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

#### 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.

#### Overseas operations unit and subsidiaries with a reporting currency different to the euro

The financial statements of foreign operations units and subsidiaries with reporting currencies different to the euro, with a functional currency different to the filing currency, are converted to the filing currency as follows:

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

- Income and expenses on each statement of results are converted at the average exchange rate, except in Angola and Venezuela in the 2018 financial year, and only in Venezuela in the 2019 financial year, which are converted at the exchange rates in force on the date of the financial statements, as they are hyperinflationary economies;
- 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 reflected in the financial statements include: i) useful lives of property, plant and equipment and intangible assets; ii) impairment analyses, specifically of accounts receivable and financial assets available for sale; iii) construction contracts; iv) provisions; v) accruals and deferrals; vi) valuation of investment properties, and vii) *Goodwill* and impairment of financial investments.

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, 2019 and 2018, the cash and bank deposits details were as follows:

	2019	2018
Cash	627	660
Bank deposits	47 154	48 010
Time deposits	1 311	7 692
	49 092	56 362

### Flows of investment activities

The payments related to the financial investments during the periods ended on 31 December 2019 and 2018, concern the following operations:

	2019	2018
Ancillary provision to TDAP, S.A.	-	40

The payments received from financial investments during the periods ended on 31 December 2019 and 2018, concern the following operations:

	2019	2018
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
Return of supplementary payments from LusoPonte, S.A.	-	150
Return of supplementary payments from TDHOSP, S.A.	768	-
Reimbursement of supplementary instalments AEBT, S.A.	-	282
Reduction of capital of EMPA, S.A.	-	4 963
Repayment of the Work compensation fund - F.C.T.	16	8
	784	45 740

The payments received from dividends in the periods ending on December 31, 2019 and 2018, were as follows:

	2019	2018
EPOS, S.A.	2 000	-
LUSOPONTE, S.A.	-	329
	2 000	329

## 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 2019 and 2018 were as follows:

	2019	2018
Executive Directors:		
Short-term benefits	1 448	1 363

The remunerations attributed to the members of the Company's senior management for the periods ended on 31 December 2019 and 2018 were as follows:

	2019	2018
Senior staff:		
Short-term benefits	3 884	3 838

### 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 31 December 2019 and 2018, with the parent company, subsidiaries, joint-ventures and other stakeholders are detailed below:

	Customers		Advance payments from clients		Suppliers	
	2019	2018	2019	2018	2019	2018
<b>Parent company:</b>						
TEIXEIRA DUARTE, S.A.	67 268	43 258	-	-	2 045	5 464
<b>Subsidiaries:</b>						
CBLG	12 441	12 876	-	-	(195)	(177)
EMPA, S.A.	775	227	-	-	5 755	7 432
EPOS, S.A.	2 390	3 503	-	-	111	1 388
EPOS, S.A. (Angola Branch)	4	66	-	-	5	7
EPOS, S.A. (Colombia Branch)	155	152	-	-	-	4
Teixeira Duarte (Algérie), S.P.A.	2 592	2 178	-	-	11 317	10 553
TEIXEIRA DUARTE - E.C. (Angola), Lda.	32 459	30 853	-	-	1 921	1 021
TEIXEIRA DUARTE - E.C. Colômbia, S.A.S.	1 789	2 118	-	-	-	-
TEIXEIRA DUARTE - E.C., Lda. (Macau)	-	-	-	-	-	-
TEIXEIRA DUARTE - E.C., Lda. (Mozambique)	2 544	2 546	-	-	15 466	15 646
TEGAVEN - Teixeira Duarte Y Asociados, C.A.	2	1	-	-	(106)	(79)
UTE Viana	5 950	5 062	-	-	-	-
	61 101	59 582	-	-	34 274	35 795
<b>Joint-ventures:</b>						
CONBATE, A.C.E.	9	33	-	-	1	1
CONSTRUSALAMONDE, A.C.E.	-	10	-	-	2	-
DOURO LITORAL OBRAS ESPECIAIS, A.C.E.	189	182	-	-	35	28
DOURO LITORAL, A.C.E.	19	8	-	-	(21)	(28)
METROLIGEIRO, A.C.E.	32	32	-	-	-	-
NOVA ESTAÇÃO, A.C.E.	267	267	-	-	88	88
TD / SOPOL - Metro Superfície, A.C.E.	7	7	-	-	55	55
TRÊS PONTO DOIS, A.C.E.	-	-	-	-	35	35
	523	539	-	-	195	179
<b>Other related parties:</b>						
AEBT, S.A.	-	7	-	-	-	-
ALVALADE, Lda.	61	397	-	-	215	390
ANGOPREDIAL (S.U.), Lda.	-	8	-	-	-	-
AUTO COMPETIÇÃO ANGOLA (S.U.), Lda.	1 080	1 162	-	-	1	6
AVENIDA, Lda.	659	750	-	-	113	21
C + PA, S.A.	-	-	-	-	371	-
COMÉRCIO DE AUTOMÓVEIS (S.U.), Lda.	2 870	2 995	-	-	1	8
CND (S.U.), Lda.	26 115	55 027	-	-	4 083	97
ESTA, S.A.	15	-	-	-	15	11
FUNDO DE INVESTIMENTO - TDF	3 114	405	5 342	-	-	-
GO CORP, S.A.	1 391	1 346	-	-	142	25
IMOPEDROUÇOS, S.A.	9	-	-	-	36	-
LAGOAS HOTEL, S.A.	7	1	-	-	20	24
SOMAFEL, S.A.	31	40	-	-	3 321	2 266
TDA (S.U.), Lda.	2 133	12 234	-	-	22 472	26 828
TDGI, S.A.	164	75	-	-	69	86
TDO, S.A.	12	48	-	-	304	408
TEIXEIRA DUARTE - Distribuição, S.A.	81	122	-	-	694	11 163
TEIXEIRA DUARTE - G.P.I.I., S.A.	750	846	-	-	477	591
Other	5 007	9 224	-	-	1 830	1 218
	43 499	84 687	5 342	-	34 164	43 142
	172 391	188 066	5 342	-	70 678	84 580

	Obtained financing		Deferrals		Other receivable and payable accounts	
	2019	2018	2019	2018	2019	2018
<b>Parent company:</b>						
TEIXEIRA DUARTE, S.A.	-	43 605	(5 590)	3 216	402 439	444 084
<b>Subsidiaries:</b>						
CBLG	-	-	-	-	-	-
EMPA, S.A.	516	9 500	-	26	(464)	(2 402)
EPOS, S.A.	5 745	9 495	58	40	381	(271)
EPOS, S.A. (Angola Branch)	-	-	-	-	(1 352)	2
EPOS, S.A. (Colombia Branch)	-	-	-	-	(218)	(1 412)
Teixeira Duarte (Algérie), S.P.A.	-	-	-	-	4 681	1 403
TEIXEIRA DUARTE - E.C. (Angola), Lda.	-	-	-	-	7 689	29 350
TEIXEIRA DUARTE - E.C. Colômbia, S.A.S.	-	-	-	-	1	-
TEIXEIRA DUARTE - E.C., Lda. ( Macau)	-	-	-	-	(186)	(182)
TEIXEIRA DUARTE - E.C., Lda. (Mozambique)	-	-	-	140	(14 952)	(13 392)
TEGAVEN - Teixeira Duarte Y Asociados, C.A.	-	-	-	-	(3)	(1)
UTE Viana	-	-	-	-	27	-
	6 261	18 995	58	206	(4 396)	13 095
<b>Joint-ventures:</b>						
CONBATE, A.C.E.	-	-	-	-	1	1
CONSTRUSALAMONDE, A.C.E.	455	455	-	-	4	(12)
DOURO LITORAL OBRAS ESPECIAIS, A.C.E.	260	260	-	-	(10)	(16)
DOURO LITORAL, A.C.E.	-	-	-	-	35	18
METROLIGEIRO, A.C.E.	-	-	-	-	13	13
NOVA ESTAÇÃO, A.C.E.	(7)	(7)	-	-	6	6
TD / SOPOL - Metro Superfície, A.C.E.	-	-	-	-	-	-
TRÊS PONTO DOIS, A.C.E.	-	-	-	-	-	-
	708	708	-	-	49	10
<b>Other related parties:</b>						
AEBT, S.A.	-	-	-	-	-	-
ALVALADE, Lda.	-	-	-	-	105	22
ANGOPREDIAL (S.U.), Lda.	-	-	-	-	8	2
AUTO COMPETIÇÃO ANGOLA (S.U.), Lda.	-	-	-	-	44	17
AVENIDA, Lda.	-	-	-	-	63	-
C + PA, S.A.	55 496	52 366	-	-	(178)	(896)
COMÉRCIO DE AUTOMÓVEIS (S.U.), Lda.	-	-	-	-	77	38
CND (S.U.), Lda.	-	-	-	-	411	1 259
ESTA, S.A.	876	-	-	-	98	(12)
FUNDO DE INVESTIMENTO - TDF	-	-	-	-	-	-
GO CORP, S.A.	8 829	7 115	-	-	7	(116)
IMOPEDROUÇOS, S.A.	10 924	9 889	-	-	(31)	(175)
LAGOAS HOTEL, S.A.	3 950	4 460	-	-	53	(62)
SOMAFEL, S.A.	3 092	4 090	(11)	(1 904)	569	(625)
TDA (S.U.), Lda.	-	-	-	-	15 617	3 001
TDGI, S.A.	5 400	2 808	-	-	248	(70)
TDO, S.A.	73 351	26 969	-	-	(9 106)	(508)
TEIXEIRA DUARTE - Distribuição, S.A.	4 293	176	-	-	(633)	79
TEIXEIRA DUARTE - G.P.I.I., S.A.	-	-	-	-	49 307	61 812
Other	10 134	18 633	320	230	861	1 803
	176 345	126 506	309	(1 674)	57 520	65 569
	183 314	189 814	(5 223)	1 748	455 612	522 758

The main transactions made in the periods ended on 31 December 2019 and 2018, with the parent company, subsidiaries, joint-ventures and other related parties were detailed as follows:

	Sales and services rendered		Financial income		Other income		Services Obtained	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Parent company:</b>								
TEIXEIRA DUARTE, S.A.	778	875	17 408	17 922	(969)	(1 248)	7 701	6 577
<b>Subsidiaries:</b>								
CBLG	-	-	-	-	523	476	-	-
EMPA, S.A.	76	-	-	-	-	-	(39)	106
EPOS, S.A.	1 388	718	-	-	1 740	4 582	2 144	1 880
EPOS, S.A. (Angola Branch)	9	17	5	-	-	112	-	-
EPOS, S.A. (Colombia Branch)	-	-	-	-	-	-	-	(787)
Teixeira Duarte (Algérie), S.P.A.	613	1 522	-	-	-	(4)	3 024	4 376
TEIXEIRA DUARTE - E.C. (Angola), Lda.	493	3 378	1 635	4 604	99	420	495	752
TEIXEIRA DUARTE - E.C. Colômbia, S.A.S.	(421)	1 202	-	-	7	137	-	-
TEIXEIRA DUARTE - E.C., Lda. ( Macau)	-	-	-	-	7	-	-	-
TEIXEIRA DUARTE - E.C., Lda. (Mozambique)	2 393	6 755	-	-	1 314	1 426	-	3
TEGAVER - Teixeira Duarte Y Asociados, C.A.	-	-	-	-	92	19	3	2
UTE Viana	-	-	-	-	3 421	4 861	-	-
	4 551	13 592	1 640	4 604	7 203	12 029	5 627	6 332
<b>Joint-ventures:</b>								
CONBATE, A.C.E.	89	108	-	-	-	-	-	-
CONSTRUSALAMONDE, A.C.E.	19	13	-	-	-	-	-	3
DOURO LITORAL OBRAS ESPECIAIS, A.C.E.	6	5	-	-	-	-	-	-
DOURO LITORAL, A.C.E.	45	37	-	-	-	-	2	9
	159	163	-	-	-	-	2	12
<b>Other related parties:</b>								
ALVALADE, Lda.	435	634	-	-	88	58	7	22
ANGOPREDIAL (S.U.), Lda.	15	8	-	-	-	-	-	-
AUTO COMPETIÇÃO ANGOLA (S.U.), Lda.	88	56	-	-	1	47	13	7
AVENIDA, Lda.	136	27	-	-	(6)	8	-	-
C + PA, S.A.	12	-	-	-	-	-	-	-
COMÉRCIO DE AUTOMÓVEIS (S.U.), Lda.	142	87	-	53	6	61	3	39
CND (S.U.), Lda.	1 541	7 855	15	109	37	3 312	220	277
GO CORP, S.A.	39	-	-	-	661	737	146	69
HOTEL BAÍA (S.U.), Lda.	266	224	-	559	-	(203)	41	6
HOTEL TRÓPICO, S.A.	416	259	-	-	94	1 343	42	73
LAGOAS HOTEL, S.A.	128	1	-	-	3	-	61	54
SOMAFEL, S.A.	573	(212)	-	-	207	980	8 306	2 767
TDA (S.U.), Lda.	519	460	401	145	131	1 308	758	721
TDGI, S.A.	1 018	235	-	-	37	(5)	149	142
TDO, S.A.	213	2	-	-	(3)	(10)	-	161
TEIXEIRA DUARTE - Distribuição, S.A.	469	10	-	73	(76)	(23)	-	378
TEIXEIRA DUARTE - G.P.I.I., S.A.	456	6	2 257	2 733	486	(53)	1 663	2 112
Other	16 754	1 754	41	(1 348)	985	1 358	850	1 455
	23 220	11 406	2 714	2 324	2 651	8 918	12 259	8 283
	28 708	26 036	21 762	24 850	8 885	19 699	25 589	21 204

	Expenses with staff		Financial charges		Other expenses	
	2019	2018	2019	2018	2019	2018
<b>Parent company:</b>						
TEIXEIRA DUARTE, S.A.	1	173	1 521	704	1 221	12
<b>Subsidiaries:</b>						
CBLG	-	-	-	-	-	-
EMPA, S.A.	(572)	(453)	119	264	-	-
EPOS, S.A.	-	4	341	276	-	13
EPOS, S.A. (Angola Branch)	-	-	-	-	-	-
EPOS, S.A. (Colombia Branch)	-	-	-	-	-	-
Teixeira Duarte (Algérie), S.P.A.	-	-	-	-	-	-
TEIXEIRA DUARTE - E.C. (Angola), Lda.	17	-	961	-	37	-
TEIXEIRA DUARTE - E.C. Colômbia, S.A.S.	-	-	-	-	-	-
TEIXEIRA DUARTE - E.C., Lda. ( Macau)	-	-	-	-	1	-
TEIXEIRA DUARTE - E.C., Lda. (Mozambique)	-	-	6 196	805	(5 294)	342
TEGAVEN - Teixeira Duarte Y Asociados, C.A.	-	-	-	-	(2)	150
UTE Viana	-	-	-	-	-	-
	(555)	(449)	7 617	1 345	(5 258)	505
<b>Joint-ventures:</b>						
CONBATE, A.C.E.	-	-	-	-	-	-
CONSTRUSALAMONDE, A.C.E.	-	-	18	16	-	-
DOURO LITORAL OBRAS ESPECIAIS, A.C.E.	-	-	-	8	-	-
DOURO LITORAL, A.C.E.	-	-	-	-	-	-
	-	-	18	24	-	-
<b>Other related parties:</b>						
ALVALADE, Lda.	-	-	183	423	-	-
ANGOPREDIAL (S.U.), Lda.	-	-	-	-	-	-
AUTO COMPETIÇÃO ANGOLA (S.U.), Lda.	-	-	-	-	-	-
AVENIDA, Lda.	-	-	91	-	-	-
C + PA, S.A.	-	-	2 171	1 912	-	-
COMÉRCIO DE AUTOMÓVEIS (S.U.), Lda.	-	-	-	-	-	-
CND (S.U.), Lda.	-	-	-	-	-	-
GO CORP, S.A.	-	-	324	219	-	-
HOTEL BAÍA (S.U.), Lda.	-	-	140	-	-	-
HOTEL TRÓPICO, S.A.	-	-	-	-	-	-
LAGOAS HOTEL, S.A.	28	16	163	251	-	-
SOMAFEL, S.A.	-	-	185	(874)	-	-
TDA (S.U.), Lda.	-	-	-	5	6	-
TDGI, S.A.	-	44	147	84	-	-
TDO, S.A.	-	-	2 903	617	72	-
TEIXEIRA DUARTE - Distribuição, S.A.	-	1	206	30	-	-
TEIXEIRA DUARTE - G.P.I.I., S.A.	-	38	290	-	-	-
Other	(214)	(5)	1 117	1 364	24	70
	(186)	94	7 920	4 031	102	70
	(740)	(182)	17 076	6 104	(3 935)	587

## 6. INTANGIBLE ASSETS

During the period ended on 31 December 2019, the movements that occurred in the intangible assets, as well as in the respective accumulated amortisations, were as follows:

	Initial balance	Additions	Transfers and reductions	Sales	Final balance
Gross asset					
Software	4 197	95	(3)	-	4 289
Industrial property and other rights	44 855	-	-	-	44 855
Intangible assets underway	-	743	-	-	743
	49 052	838	(3)	-	49 887
Amortisations depreciations					
Software	4 081	94	(4)	-	4 171
Industrial property and other rights	4 603	2 006	-	-	6 609
	8 684	2 100	(4)	-	10 780
Net value of intangible assets	40 368				39 107

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 2019, based on the forecast business plan, management did not identify any signs of impairment.

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:

	Initial balance	Additions	Transfers and reductions	Sales	Final 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

## 7. FIXED TANGIBLE ASSETS

During the period ended on 31 December 2019, the movements that occurred in the fixed tangible assets, as well as in the respective accumulated depreciations, were as follows:

	Initial balance	Additions	Works for the entity itself - (a)	Transfers and write-offs	Sales	Closing balance
<b>Gross asset</b>						
Land and Natural Resources	1	-	-	-	-	1
Buildings and other constructions	20 224	6	12	(209)	(130)	19 903
Basic equipment	115 949	3 168	489	(1 588)	(3 154)	114 864
Transportation equipment	25 699	892	-	(34)	(3 654)	22 903
Power and hand tools	28 642	1 302	99	(2 835)	(399)	26 809
Administrative equipment	9 213	246	-	(505)	(20)	8 934
Other fixed tangible assets	181	-	-	2	-	183
	<b>199 909</b>	<b>5 614</b>	<b>600</b>	<b>(5 169)</b>	<b>(7 357)</b>	<b>193 597</b>
<b>Accumulated depreciations:</b>						
Buildings and other constructions	12 642	689	-	(173)	(125)	13 033
Basic equipment	101 041	5 794	-	(542)	(3 098)	103 195
Transportation equipment	21 768	1 188	-	(34)	(3 593)	19 329
Power and hand tools	24 561	1 760	-	(2 825)	(396)	23 100
Administrative equipment	8 628	315	-	(502)	(17)	8 424
Other fixed tangible assets	176	-	-	7	-	183
	<b>168 816</b>	<b>9 746</b>	<b>-</b>	<b>(4 069)</b>	<b>(7 229)</b>	<b>167 264</b>
<b>Net value of tangible assets</b>	<b>31 093</b>					<b>26 333</b>

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

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

	Initial balance	Additions	Works for the entity itself - (a)	Transfers and write-offs	Sales	Closing balance
<b>Gross asset</b>						
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)	-	-
	<b>210 720</b>	<b>8 130</b>	<b>1 481</b>	<b>(11 152)</b>	<b>(9 270)</b>	<b>199 909</b>
<b>Accumulated depreciations:</b>						
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
	<b>176 708</b>	<b>11 091</b>	<b>-</b>	<b>(10 573)</b>	<b>(8 410)</b>	<b>168 816</b>
<b>Net value of tangible assets</b>	<b>34 012</b>					<b>31 093</b>

(a) - Works for the entity essentially arise from the capitalization of expenses associated with the manufacturing of basic equipment, transportation equipment and tools and utensils.

## 8. LEASING

### Operating leasing

On December 31, 2019 and 2018, the value of the minimum payments of the non-cancellable operating lease was required as follows:

	2019	2018
2019	-	25
2020	8	8
2021	1	1
	9	34

In the periods ending on 31 December 31, 2019 and 2018, the expenses related to operating leasing contracts were recognised as follows:

	2019	2018
Vehicle and management services	6	5
Rental of Vehicles	36	12
Insurance and others	10	4
	52	21

These expenses were recognised in External supplies and services.

## 9. INVESTMENT PROPERTIES

The fair value criteria was used when measuring the “investment properties” item (Note 3.2.c)).

The periods ending on 31 December 2019 and 2018, the movements occurred under the Investment property heading were as follows:

	2019	2018
Buildings and other constructions	265	263

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 repossession 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, 2019 and 2018, were as follows:

	2019	2018
Income:		
Income of Investment Properties	27	25
	27	25
Direct operating expenses:		
Generate income from rent	(5)	(3)
	(5)	(3)
	22	22

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

During the years ended on 31 December 2019 and 2018, the movement in investment properties was as follows:

	2019	2018
Balance on January 1st	263	252
Variation in fair value	2	11
Balance on December 31st	265	263

## 10. IMPAIRMENT OF ASSETS

The amounts referring to impairment losses and reversals recognised in the results in the periods ending on 31 December 31, 2019 and 2018, were as follows:

	2019					Final balance
	Initial balance	Increases	Reversals	Regularisation/ Transfers	Currency exchange rate effects	
Debts receivable (Note 21.1)	55 734	5 372	(5 108)	-	(5 326)	50 672
Inventories (Note 15)	393	8	(3)	-	(94)	304
Other accounts receivable (Note 21.1)	217	14	-	(10)	-	221
	56 344	5 394	(5 111)	(10)	(5 420)	51 197

	2018					Final balance
	Initial balance	Increases	Reversals	Regularisation/ Transfers	Currency exchange rate effects	
Debts receivable (Note 21.1)	27 079	35 936	(1 623)	-	(5 658)	55 734
Inventories (Note 15)	640	18	(28)	-	(237)	393
Other accounts receivable (Note 21.1)	81	206	-	(71)	1	217
	27 800	36 160	(1 651)	(71)	(5 894)	56 344

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 2019 and 2018 were:



2019			
	Gross quantities	Amortizations depreciations	Net quantities
Investments in subsidiaries	43 567	(17 427)	26 140

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

In the financial year ended 31 December 2019, based on the subsidiary's forecast business plan, management did not identify any signs of impairment.

## 12. SHARES - EQUITY METHOD

On December 31, 2019 and 2018, the Company had recorded the following different investment amounts under the item "Financial stakes - Equity method:

	2019	2018
	Net quantities	Net quantities
Investments in subsidiaries	216 586	248 644
Investments in affiliates	0	0
Investments in jointly controlled entities	-	-
	216 586	248 644

### Associated companies

In the period ending on 31 December of 2019, 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 2019 and 2018 periods at the close of the Company's accounts.

## Investments in subsidiaries

During the period ending 31 December 2019, 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 Ecuador	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 - Fração 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 Alcocer, 24-7º - Madrid - Espanha	30,00%

The main financial information, adjusted for the application of the equity method related to subsidiaries as of December 31, 2019 and 2018, is as follows:

	Assets		Liabilities		Income		Net result	
	2019	2018	2019	2018	2019	2018	2019	2018
ADOQUINVAR, C.A.	117	78	112	77	215	4	5	1
CBLG	18 579	16 329	19 167	16 936	2	22	(589)	(607)
CONLUVAR	74	19	74	16	42	9	-	3
EMPA, S.A.	56 006	49 163	30 394	9 312	66 169	48 133	(4 614)	1 990
EPOS, S.A.	47 675	35 320	35 859	25 159	64 899	58 095	4 358	3 450
GUAYAQUIL II	20 664	11 940	15 477	11 711	37 797	1 643	4 961	230
TDAP, S.A.	90	90	18	21	3	-	-	(4)
TEGAVEN, C.A.	9	5	69	75	5	5	(60)	70
TEIXEIRA DUARTE - C.S. (EUA), LLC	1 066	1 230	1 278	1 248	-	242	(194)	(163)
TEIXEIRA DUARTE - E.C. (COLOMBIA), S.A.S.	2 860	2 931	2 351	2 488	3 093	5 512	61	307
TEIXEIRA DUARTE - E.C. Angola, Lda. (a)	323 990	347 519	102 536	129 753	38 681	48 873	(4 444)	11 948
TEIXEIRA DUARTE - E.C. Macau, Lda.	199	196	201	-	-	-	(2)	(1)
TEIXEIRA DUARTE - E.C. Moçambique, Lda.	57 001	60 820	18 567	21 944	38 157	30 244	(345)	(1 292)
TEIXEIRA DUARTE Algérie, SPA	29 049	25 435	17 934	18 961	15 356	13 728	4 557	1 690
TEIXEIRA DUARTE PERÚ - I.C., S.A.C.	41	39	289	224	15	-	(55)	(76)
UTE VIANA	2 544	2 780	2 517	2 669	137	630	7	91
	559 964	553 894	246 843	240 594	264 571	207 140	3 646	17 637

(a) - During the financial years ending 31 December 2019 and 2018 Teixeira Duarte – Engenharia e Construções (Angola), Lda had equity amounting to 40,582 thousand euros and 2,382 thousand euros, respectively, relating to ancillary provisions subject to the ancillary provisions regime.

On 1 January 2019, the Teixeira Duarte Group no longer considered the companies in Angola as operating in hyperinflationary economies, with an impact amounting to 18,750 thousand euros on the Company's equity, due to currency devaluation.

On 31 December 2018, the model used by the Teixeira Duarte group to measure a group of “homogeneous class” assets was changed from the cost model to the revaluation model. This change had an accumulated impact in 2019 of 98,697 thousand euros on the Company's equity.

The following movements occurred in the holdings in the subsidiaries during the period ended on 31 December 2019 and 2018:

	Equity stakes	Goodwill	Total
Saldo em 1 de janeiro de 2018	224 057	34 854	258 911
Increase	-	-	-
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	49 470	-	49 470
- Received dividends	-	-	-
Transfers and regularisations	-	-	-
Currency exchange rate effects	(625)	-	(625)
<b>Saldo em 31 de dezembro de 2018</b>	<b>248 644</b>	<b>30 497</b>	<b>279 141</b>
Saldo em 1 de janeiro de 2019	248 644	30 497	279 141
Increase	20 246	-	20 246
Decrease	(9 431)	-	(9 431)
Amortisation	-	(4 357)	(4 357)
Effects of the application of equity method:	-	-	-
- Effect on the result of the period	1 930	-	1 930
- Effect on equity	(42 775)	-	(42 775)
- Received dividends	(2 027)	-	(2 027)
Transfers and regularisations	-	-	-
Currency exchange rate effects	(1)	-	(1)
<b>Saldo em 31 de dezembro de 2019</b>	<b>216 586</b>	<b>26 140</b>	<b>242 726</b>

Details of investments in subsidiaries during the financial year ending 31 December 2019 and 2018 were as follows:

	Equity stakes	
	2019	2018
ADOQUINVAR, C.A.	3	-
CONLUVAR	-	2
EMPA, S.A.	25 613	39 851
EPOS, S.A.	14 270	10 161
GUAYAQUIL II	1 024	140
TDAP, S.A.	-	29
TEIXEIRA DUARTE - C.S. (EUA), LLC	32	-
TEIXEIRA DUARTE - E.C. (COLOMBIA), S.A.S.	509	443
TEIXEIRA DUARTE - E.C. Angola, Lda.	144 696	172 308
TEIXEIRA DUARTE - E.C. Macau, Lda.	159	157
TEIXEIRA DUARTE - E.C. Moçambique, Lda.	19 164	19 050
TEIXEIRA DUARTE Algérie, SPA	11 108	6 470
UTE VIANA	8	33
	<b>216 586</b>	<b>248 644</b>

The increase occurred in the period ending on 31 December 2019 and 2018 is referenced to:

	2019	2018
Cobertura de prejuízos da TEIXEIRA DUARTE - E.C. Angola, Lda.	20.246	-

The decrease occurred in the period ending on 31 December 2019 and 2014 is referenced to:

	2019	2018
Reduction of capital of EMPA, S.A.	9 431	4 963
Reduction of capital da TDAP, S.A.	-	35 670
	9 431	40 633

For the period ending 31 December 2019, the company registered *Goodwill* amounting to 26,140 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 2019 and 2018, is detailed as follows:

	Gains / losses		Equity adjustments		Dividends	
	2019	2018	2019	2018	2019	2018
ADOQUINVAR, C.A.	2	-	-	-	-	-
CBLG	-	-	-	-	-	-
CONLUVAR	-	2	-	-	-	-
EMPA, S.A.	(4 614)	1 990	(193)	(4 490)	-	-
EPOS, S.A.	4 952	3 450	1 157	(1 411)	2 000	-
GUAYAQUIL II	883	136	-	-	-	-
TDAP, S.A.	-	(4)	3	-	-	-
TEGAVEN, C.A.	-	-	-	-	-	-
TEIXEIRA DUARTE - C.S. (EUA), LLC	-	(146)	-	(7)	-	-
TEIXEIRA DUARTE - E.C. (COLOMBIA), S.A.S.	61	307	5	(23)	-	-
TEIXEIRA DUARTE - E.C. Angola, Lda.	(3 554)	9 559	(44 301)	55 684	-	-
TEIXEIRA DUARTE - E.C. Macau, Lda.	(2)	(1)	4	7	-	-
TEIXEIRA DUARTE - E.C., Lda.	(354)	(633)	467	83	-	-
TEIXEIRA DUARTE Algérie, SPA	4 554	1 689	83	96	-	-
UTE VIANA	2	27	-	(469)	27	-
	1 930	16 376	(42 775)	49 470	2 027	-

As of 31 December 2019, the company had made provisions for equity investments in subsidiary companies, amounting to a total of 843 thousand euros (Note 18).

### 13. INTERESTS IN JOINT-VENTURES

In the period ending on 31 December of 2019, 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, A.C.E.	Edifício 2, Lagoas Park, Oeiras	20,00%
CONSTRUSALAMONDE, A.C.E.	Edifício 2, Lagoas Park, Oeiras	56,76%
DOURO LITORAL, A.C.E.	Tower Plaza, Rotunda Edgar Cardoso, nº 23, 12º andar, sala C - Vila Nova de Gaia	40,00%
D.L.O.E.- Douro Libral Obras Especiais, A.C.E.	Edifício 2, Lagoas Park, Oeiras	40,00%
FERROVIAL / TEIXEIRA DUARTE - Obras Hidráulicas do Alqueva, A.C.E.	Edifício Central Park, Rua Alexandre Herculano, Nº 1 - 4º Piso, Linda-a-Velha	50,00%
METROLIGEIRO - Construção de Infraestruturas, A.C.E.	Rua Abranches Ferrão, Nº 10 - 5º F, Lisboa	26,80%
NOVA ESTAÇÃO, A.C.E.	Edifício 6, Piso 1, Lagoas Park, Oeiras	25,00%
TEIXEIRA DUARTE / SOPOL - Metro de Superfície, A.C.E.	Edifício 2, Lagoas Park, Oeiras	57,30%
TRÊS PONTO DOIS - Trabalhos Gerais de Construção Civil, Via e Catenária de Modernização da Linha do Norte, A.C.E.	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	
	2019	2018	2019	2018	2019	2018	2019	2018
CONBATE, A.C.E.	389	318	300	171	12	14	(57)	(36)
CONSTRUSALAMONDE, A.C.E.	282	296	429	479	80	30	37	(9)
DOURO LITORAL, A.C.E.	2 566	2 750	1 200	1 275	15	66	(110)	(91)
D.L.O.E., A.C.E.	504	499	190	(174)	-	9	(8)	2
FERROVIAL / TEIXEIRA DUARTE, A.C.E.	-	10	-	8	-	5	-	(14)
METROLIGEIRO, A.C.E.	8	6	29	23	-	-	(3)	(17)
NOVA ESTAÇÃO, A.C.E.	240	205	242	206	36	28	-	-
TEIXEIRA DUARTE / SOPOL, A.C.E.	110	110	110	110	-	-	-	-
TRÊS PONTO DOIS, A.C.E.	-	181	-	178	-	-	-	-
	4 099	4 382	2 500	2 282	143	153	(141)	(165)

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 ended 31 December 2019 and 2018, the Company presented the following amounts to results under “investments in financial stakes in subsidiaries and joint ventures”:

	2019	2018
Income:		
Application of equity method	10 455	17 160
Expenses:		
Application of equity method	(8 525)	(784)
Other	-	(368)
	1 930	16 008

#### 15. INVENTORIES

Movements that occurred in each item of goods, raw materials, subsidiaries and consumables, products and work the production cost and finished and intermediate products, during the periods ended 31 December 2019 and 2018, are as follows:

	2019							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	3 396	-	687	57 020	(58 408)	-	2 695	(304)	2 391
Finished and intermediate products	333	-	-	-	-	(5)	328	-	328
	3 729	-	687	57 020	(58 408)	(5)	3 023	(304)	2 719

	2018							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

## 16. CONSTRUCTION CONTRACTS

On December 31, 2019 and 2018, the Company had its accounts influenced by the following values, related to construction contracts (a):

	2019	2018
Estimated costs	2 108 338	1 858 854
Costs incurred in previous periods	1 155 438	895 292
Costs incurred in the period	310 360	333 881
Accumulated incurred costs	1 465 798	1 229 173
Contract value	2 235 079	2 016 025
Revenue from previous periods	1 180 347	1 023 887
Revenue of the period	289 234	235 518
Accumulated revenue	1 469 581	1 259 405
Amount of down payments received	73 653	96 180
Amount of withholdings	4 291	3 685

(a) – Includes works in guarantee period.

## 17. REVENUE

In the periods ending on 31 December 2019 and 2018, the revenue recognised by the company had the following decomposition:

	2019	2018
Sales and services rendered	377 184	368 884
Royalties [Note 26]	137	4 309
Interests (Notes 23 and 26)	22 734	24 963
Dividends	-	439
	400 055	398 595

In the periods ending on 31 December 2019 and 2018, the Company's turnover was geographically distributed as follows:

	2019	2018
	Sales and services rendered	Sales and services rendered
Angola	36 207	86 055
Algeria	97 132	115 560
Brazil	80 582	59 884
Portugal	144 960	91 273
Venezuela	14 922	14 490
Other	3 381	1 622
	377 184	368 884

## 18. CONTINGENT PROVISIONS AND LIABILITIES

### 18.1 PROVISIONS

The movement occurred in the accrued provisions for the periods ended December 31st, 2019 and 2018 was as follows:

2019						
	Opening balance	Additional / reinforcements	Decrease	Transfer	Currency exchange rate effects	Closing balance
Guarantees to customers	9 189	3 082	(187)	-	(448)	11 636
Ongoing court proceedings	1 364	628	(75)	-	(11)	1 906
Onerous contracts	3 034	3 583	(2 602)	-	(2)	4 013
Other provisions	2 826	630	(64)	4	(362)	3 034
	16 413	7 923	(2 928)	4	(823)	20 589

2018						
	Opening balance	Additional / reinforcements	Decrease	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	2 879	(377)	-	(1)	3 034
Other provisions	5 736	451	(3 721)	-	360	2 826
	16 471	5 562	(4 491)	-	(1 129)	16 413

The "Other provisions" item includes provisions related to equity holdings assigned to cover liabilities arising from losses in subsidiary companies, with negative equities.

The movements occurred in the provision for holdings in the period ended on 31 December, 2019 and 2018, were as follows:

2019					
	Opening balance	Reinforcements		Currency exchange rate effects	Closing balance
		Net result	Equity		
Associated companies	38	-	-	-	38
Subsidiary companies	534	630	4	(363)	805
	572	630	4	(363)	843

2018					
	Opening balance	Reinforcements		Currency exchange rate effects	Closing balance
		Net result	Equity		
Associated companies	38	-	-	-	38
Subsidiary companies	95	446	1	(8)	534
	133	446	1	(8)	572

## 18.2 CONTINGENT LIABILITIES

### Tax processes

Following several inspections of the financial years 2008 to 2011, conducted by the Tax and Customs Authority (AT) of 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 years, the following corrections were made to the tax losses initially calculated by this subsidiary:

	Calculated tax loss	AT correction
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 2008 to 2011 were subject to IRC Settlement Statements and compensatory interest issued to the Company, 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 2008 through 2011.

With reference to this correction, and based on fundamentally identical supporting arguments on the part of AT, it is reported that the Company obtained a favorable outcome in the context of the 2007 corporation tax, following a decision by the Supreme Administrative Court; an identical outcome is expected for the remaining years subject to dispute.

#### (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, as the parent company for the 2008 financial year, contested this correction under the terms of the law.

As a result of an inspection conducted by AT of the Company's accounting data for the 2008 financial year, the respective taxable income calculated at the date of that financial year, amounting to 35,467 thousand euros, was recalculated.

### Other proceedings

As regards this correction the Company, in its capacity as the controlling company of the group of companies in force at the time, contested 32,595 thousand euros, related to tax credit, the capital gains tax reinvestment regime and the application of article 22(10) of the EBF (Tax Benefits Statute).



## 19. EFFECTS FROM EXCHANGE RATE CHANGES

The quotes used to covert the assets and liabilities expressed in foreign currency to Euros on December 31, 2019 and 2018, 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		
	2019	2018	Variation	2019	2018	Variation
Venezuelan Sovereign Bolivar (VES)	58 228,6642	813,5683	7057,19%	58 228,6642	813,5683	7057,19%
Algerian Dinar (DZD)	133,4442	135,5660	-1,57%	133,5831	137,5775	-2,90%
Kuwaiti Dinar (KWD)	0,3402	-	0,00%	0,3402	-	0,00%
Moroccan Dinar (MAD)	10,7442	10,9560	-1,93%	10,7926	11,0913	-2,69%
Tunisian Dinar (TND)	3,1329	3,4485	-9,15%	3,2834	3,1193	5,26%
United Arab Emirates Dirhan (AED)	4,1260	4,2058	-1,90%	4,1188	4,3374	-5,04%
American Dollars (USD)	1,1234	1,1450	-1,89%	1,1214	1,1803	-4,99%
Cape Verdean escudo (CVE)	110,2650	110,2650	0,00%	110,2650	110,2650	0,00%
Angolan Kwanza (AON)	536,2617	353,0155	51,91%	410,1322	353,0155	16,18%
United Kingdom Pound Sterling (GBP)	0,8508	0,8945	-4,89%	0,8773	0,8859	-0,97%
Mozambican Metical (MZN)	68,7000	70,2400	-2,19%	69,4985	71,2377	-2,44%
Peruvian Novo Sol (PEN)	3,7196	3,8667	-3,80%	3,7458	3,8807	-3,48%
Macanese Pataca (MOP)	9,0097	9,2365	-2,46%	9,0480	9,5269	-5,03%
Colombian Peso (COP)	3 690,6300	3 718,3900	-0,75%	3 690,8038	3 512,5138	5,08%
South African Rand (ZAR)	15,7773	16,4594	-4,14%	16,1924	15,5474	4,15%
Brazilian real (BRL)	4,5157	4,4440	1,61%	4,4195	4,2980	2,83%
Qatar Rial (QAR)	4,0892	4,1696	-1,93%	4,0829	4,2996	-5,04%
Russian Ruble (RUB)	69,9563	79,7153	-12,24%	72,7949	73,7887	-1,35%

The differences of net change recognised in the equity in the periods ending on December 31, 2019 and 2018, were as follows:

	Net exchange rate differences
Balance on January 1st 2018	63 695
Positive exchange rate differences	5 336
Negative exchange rate differences	(73 263)
<b>Saldo em 31 de dezembro de 2018</b>	<b>(4 232)</b>
Saldo em 1 de janeiro de 2019	(4 232)
Positive exchange rate differences	4 540
Negative exchange rate differences	(39 087)
<b>Balance on December 31st 2019</b>	<b>(38 779)</b>

## 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 2019.

The tax charge recorded in the periods ended on 31 December 2019 and 2018 can be presented in the following manner:

	2019	2018
Current tax:		
Income tax in Portugal	166	4 947
Income tax in other jurisdictions	5 551	1 563
	5 717	6 510
Deferred tax:		
Deferred tax in Portugal	(4 508)	83
Deferred tax in other jurisdictions	1 622	(2 664)
	(2 886)	(2 581)
	2 831	3 929

The relationship, in Portugal, between the book expense and profit in the periods ended on 31 December 2019 and 2018, is as follows:

	2019	2018
Net result for that period	1 645	9 975
Adjustments for taxable profit		
Definite differences:		
- To add	22 997	40 964
- To deduct	(17 700)	(65 844)
Temporary differences:		
- To add	5 238	39 799
- To deduct	(3 982)	(3 739)
<b>Taxable income</b>	<b>8 198</b>	<b>21 155</b>
Collectable Material	8 198	21 155
Total collection (including state surtax)	1 936	5 192
Tax credit by double international taxation	(2 051)	(825)
Other income tax components:		
Autonomous taxation	166	290
Municipal surtax	115	290
<b>Current Tax</b>	<b>166</b>	<b>4 947</b>
Deferred tax	(4 508)	83
Income tax expense	(4 342)	5 030

The tax rate effective in the periods ended on 31 December 2019 and 2018, was as follows:

	2019	2018
Current Tax	5 717	6 510
Result before taxes	4 476	13 904
Effective tax rate	127,73%	46,82%

The movements occurred in the assets and liabilities by deferred taxes in the periods ending on December 31, 2019 and 2018, were as follows:

	2019				
	Opening balance	Constitution	Reversal	Currency exchange rate effects	Closing balance
		Net result	Net result		
Assets by deferred taxes:					
Adjustments of clients, bad debt	25	-	-	-	25
Reportable tax losses	3 562	128	(1 610)	(290)	1 790
Double international taxation	10 334	4 143	-	-	8 944
Works with losses	683	223	(38)	38	906
Other taxed provisions	1 069	-	(63)	(6)	1 000
	<b>15 673</b>	<b>4 494</b>	<b>(1 711)</b>	<b>(258)</b>	<b>12 665</b>
Liabilities by deferred taxes:					
Investment Properties	34	-	-	-	34
Reassessment of fixed tangible assets	1 672	49	(152)	454	2 023
	<b>1 706</b>	<b>49</b>	<b>(152)</b>	<b>454</b>	<b>2 057</b>

2018						
	Opening balance	Constitution Net result	Reversal Net result	Currency exchange rate effects	Adjustment	Closing balance
Assets by deferred taxes:						
Adjustments of clients, bad debt	25	-	-	-	-	25
Reportable tax losses	1 383	2 739	(337)	(141)	(81)	3 563
Double international taxation	10 322	-	-	-	12	10 334
Works with losses	118	565	-	-	-	683
Other taxed provisions	1 525	223	(649)	(30)	-	1 069
	<b>13 373</b>	<b>3 527</b>	<b>(986)</b>	<b>(171)</b>	<b>(69)</b>	<b>15 674</b>
Liabilities by deferred taxes:						
Investment Properties	32	2	-	-	-	34
Reassessment of fixed tangible assets	1 695	6	(48)	19	-	1 672
	<b>1 727</b>	<b>8</b>	<b>(48)</b>	<b>19</b>	<b>-</b>	<b>1 706</b>

Constitutions and reversals that occurred during past financial years were recognized as income or expenses for the period under the item "Income tax for the period".

Adjustments that occurred in the financial years ended 31 December 2019 and 2018 refer to transfers to the parent company under the scope of the Special Taxation Regime for Company Groups (RETGS).

## 21. FINANCIAL INSTRUMENTS

The current financial assets and liabilities for the periods ended on 31 December 2019 and 2018 were broken down as follows:

### 21.1 FINANCIAL ASSETS

#### Customers

On December 31, 2019 and 2018 the heading "Clients" is broken down as follows:

	2019			2018		
	Non-group	Group	Total	Non-group	Group	Total
Clients current account	131 266	172 391	303 657	103 537	188 066	291 603
Customer securities receivable	-	-	-	-	-	-
Clients, bad debt	50 672	-	50 672	55 734	-	55 734
	<b>181 938</b>	<b>172 391</b>	<b>354 329</b>	<b>159 271</b>	<b>188 066</b>	<b>347 337</b>
Accumulated impairment losses	(50 672)	-	(50 672)	(55 734)	-	(55 734)
	<b>131 266</b>	<b>172 391</b>	<b>303 657</b>	<b>103 537</b>	<b>188 066</b>	<b>291 603</b>

### Credits receivable

At 31 December 2019 and 2018, the items "Other credits receivable" and "Credits receivable" had the following breakdowns:

	2019		2018	
	Chain	Non-current	Chain	Non-current
Debtors by accrued income	105 518	-	129 203	-
Other debtors:				
Advance payments to suppliers	15 265	-	14 664	-
Shareholders	221 935	216 746	183 808	259 246
Staff	64	-	86	-
RETGS	19 771	-	8 803	-
Related parties	1	-	75 661	-
Other	42 255	18 918	32 849	23 680
	299 291	235 664	315 871	282 926
Losses due to accrued impairment:				
Other debtors	(221)	-	(217)	-
	(221)	-	(217)	-
	404 588	235 664	444 857	282 926

In the financial year ending 31 December 2019, the item entitled "Debtors due to accrued income" essentially relates to the provision of services provided and not invoiced on the reporting date.

### Other Assets

On December 31, 2019 and 2018 the remaining current assets is broken down as follows:

	2019	2018
Government and other public entities:		
Income tax	4 074	-
Retention of income tax	-	6
Added value tax	1 610	2 132
Corporate persons income tax - Other jurisdictions	-	351
Other taxes	3 742	7 487
Contributions for Social Security	1	-
Other taxes	1 655	432
	11 082	10 408
Deferrals:		
Expenses to be recognized	7 634	2 317

### Non-current assets held for sale

On December 31, 2019 and 2018 the heading "Non-current assets held for sale" is broken down as follows:

	2019	2018
Non-current assets held for sale:		
Fixed tangible assets	5	5

### Other financial investments

On December 31, 2019 and 2018 the heading "Other net financial assets of impairment" is broken down as follows:

	2019	2018
Loans activities:		
TDAP, S.A.	40	40
Teixeira Duarte (Algérie), S.P.A.	12	7 033
TEIXEIRA DUARTE - E.C. Angola, Lda.	30 194	3 214
TEIXEIRA DUARTE PERU - I.C. S.A.C.	-	3
Shares – other methods:		
TD HOSP, S.A.	-	768
Outras contribuições		
Employment Compensation Fund - FCT	38	19
	30 284	11 077

During the financial year ended 31 December 2019, the Company granted ancillary capital provisions to its subsidiary Teixeira Duarte - Engenharia e Construções Angola, Lda., subject to the ancillary provisions regime, without no interest due, amounting to 26,919 thousand euro, constituted by credit compensation.

## 21.2 FINANCIAL LIABILITIES

### Suppliers

On December 31, 2019 and 2018 the heading "Suppliers" is broken down as follows:

	2019			2018		
	Non-group	Group	Total	Non-group	Group	Total
Suppliers Checking Account	65 566	70 678	136 244	69 026	84 580	153 606
Suppliers invoices received and checking	113	-	113	167	-	167
Suppliers others	11 122	-	11 122	11 230	-	11 230
	76 801	70 678	147 479	80 423	84 580	165 003

### Other debts payable

On December 31, 2019 and 2018 the heading "Other debts payable" is broken down as follows:

	2019		2018	
	Chain	Non-current	Chain	Non-current
Creditors for accrued expenses	39 734	-	21 122	-
Other Creditors:				
Staff	9 723	-	10 920	173
Shareholders	160	-	1 537	-
Other	32 280	11 110	34 836	43 587
	42 163	11 110	47 293	43 760
	81 897	11 110	68 415	43 760

On 31 December 2019 the item "Other creditors - Others" includes the amount of 25,524 thousand euros referring to related parties.

## Other liabilities

On December 31, 2019 and 2018 the remaining current and non-current liabilities is broken down as follows:

	2019	2018
Government and other public entities:		
Income tax	7 599	1 017
Retention of income tax	684	1 723
Added value tax	-	2 590
Corporate persons income tax - Other jurisdictions	-	2 137
Other taxes	3 077	3 633
Contributions for Social Security	963	1 119
Other taxes	1 948	-
	14 271	12 219
Deferrals:		
Income to be recognised	23 607	19 357
Advance payments from clients	77 609	51 243

## Obtained financing

On 31 December 2019 and 2018, the item entitled “current and non-current loans obtained” had the following breakdown:

		2019			2018		
		Chain	Non-current	Total	Chain	Non-current	Total
Bank loans	a)	68 272	62 121	130 393	45 010	101 303	146 313
Bank overdrafts	a)	-	4 782	4 782	318	294	612
Other financing	d)	340	-	340	570	340	910
Securities market - Bond loans	c)	500	500	1 000	500	1 000	1 500
Securities market - Other financing	b)	2 100	237 750	239 850	-	248 950	248 950
Supplies and other mutuals	Note 5	177 024	-	177 024	170 310	-	170 310
Subsidiaries and joint ventures	Note 5	6 304	-	6 304	19 506	-	19 506
		254 540	305 153	559 693	236 214	351 887	588 101

During the period ended on 31 December 2019, the following movements occurred in “financing obtained”:

		2019			
		Initial balance	Increase	Decrease	Final balance
Bank loans		146 313	240 610	(256 531)	130 392
Bank overdrafts		612	4 486	(316)	4 782
Financial Leases		-	-	-	-
Other financing		910	-	(570)	340
Securities market - Bond loans		1 500	-	(500)	1 000
Securities market - Other financing		248 950	1 600	(10 700)	239 850
Supplies and other mutuals		170 310	402 980	(396 266)	177 024
Subsidiaries and joint ventures		19 506	47 354	(60 555)	6 305
Other financing		-	-	-	-
		588 101	697 030	(725 438)	559 693

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

	2018			
	Initial balance	Increase	Decrease	Final balance
Bank loans	154 228	336 376	(344 291)	146 313
Bank overdrafts	48 065	-	(47 453)	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 and joint ventures	9 973	66 250	(56 717)	19 506
Other financing	-	-	-	-
	632 500	691 252	(735 651)	588 101

On December 31, 2019 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, 2019, 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	25 de março de 2014	31 de dezembro de 2020	Single	Angola Kwanza	1 800 000	3 357	3 357	-
Banco BIC Português, S.A.	Escrow account	7 de novembro de 2014	31 de dezembro de 2020	Single	Euros	5 000	5 000	30	-
Banco BIC Português, S.A.	Escrow account	6 de agosto de 2015	31 de dezembro de 2020	Group	Euros	21 345	21 345	775	20 570
Banco BIC, S.A.	Escrow account	1 de janeiro de 2016	31 de dezembro de 2020	Single	Angola Kwanza	380 000	709	709	-
Banco Comercial Português, S.A.	Loan	12 de agosto de 2016	31 de dezembro de 2033	Single	Euros	10 179	10 179	10 103	-
Banco Comercial Português, S.A.	Loan	27 de novembro de 2017	31 de dezembro de 2033	Group	Euros	31 777	31 777	6 959	24 746
Banco Comercial Português, S.A.	Loan	16 de janeiro de 2018	31 de dezembro de 2033	Single	Euros	9 490	9 490	4 552	-
Banco Comercial Português, S.A.	Loan	30 de janeiro de 2018	15 de junho de 2021	Single	Euros	13 650	13 650	11 372	-
Banco de Fomento Angola, S.A.	Escrow account	27 de março de 2013	31 de dezembro de 2020	Single	Angola Kwanza	2 000 000	3 730	3 730	-
Banco Millennium Atlântico, S.A.	Escrow account	29 de novembro de 2012	31 de dezembro de 2020	Single	Angola Kwanza	285 000	531	531	-
Banco Português de Investimento, S.A.	Loan	5 de julho de 2016	5 de novembro de 2021	Single	Euros	10 516	10 516	6 911	-
Caixa Económica Montepio Geral, S.A.	Fadbring	17 de janeiro de 2017	31 de dezembro de 2020	Single	Euros	10 000	10 000	7 494	-
Caixa Geral de Depósitos, S.A.	Loan	27 de janeiro de 2014	15 de dezembro de 2020	Group	Euros	4 321	4 321	1 556	2 528
Caixa Geral de Depósitos, S.A.	Loan	22 de setembro de 2014	15 de dezembro de 2033	Group	Euros	83 000	83 000	9 960	73 040
Caixa Geral de Depósitos, S.A.	Loan	12 de agosto de 2016	31 de dezembro de 2033	Single	Euros	7 235	7 235	7 191	-
Caixa Geral de Depósitos, S.A.	Loan	12 de janeiro de 2018	31 de dezembro de 2033	Single	Euros	9 250	9 250	3 942	-
Caixa Geral de Depósitos, S.A.	Loan	30 de janeiro de 2018	15 de junho de 2021	Single	Euros	2 600	2 600	2 600	-
Caixa Geral de Depósitos, S.A.	Escrow account	7 de julho de 2010	31 de dezembro de 2033	Single	Euros	5 311	5 311	2 185	-
Novo Banco, S.A.	Loan	26 de janeiro de 2015	15 de dezembro de 2021	Single	Euros	32 144	32 144	30 502	-
Novo Banco, S.A.	Loan	12 de agosto de 2016	31 de dezembro de 2033	Single	Euros	9 722	9 722	9 695	-
Novo Banco, S.A.	Loan	12 de janeiro de 2018	31 de dezembro de 2033	Single	Euros	16 260	16 260	6 241	-
Novo Banco, S.A.	Bank overdrafts	1 de fevereiro de 2007	31 de dezembro de 2033	Group	Euros	6 384	6 384	4 780	1 603
							296 511	135 175	122 487

#### (b) Commercial paper

On December 31, 2019, the Company has negotiated the following commercial paper programs:

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 BIC Português, S.A.	Commercial Paper	18 de novembro de 2014	2 de janeiro de 2020	Single	Euros	5 000	5 000	5 000	-
Banco Português de Investimento, S.A.	Commercial Paper	30 de janeiro de 2018	30 de janeiro de 2021	Group	Euros	4 500	4 500	4 500	-
Caixa Geral de Depósitos, S.A.	Commercial Paper	7 de julho de 2010	31 de dezembro de 2033	Group	Euros	20 850	20 850	20 850	-
Banco Finanças, S.A.	Commercial Paper	2 de maio de 2014	2 de maio de 2020	Single	Euros	1 500	1 500	1 500	-
Novo Banco, S.A.	Commercial Paper	30 de dezembro de 2013	31 de dezembro de 2033	Group	Euros	161 800	161 800	119 300	42 500
Novo Banco, S.A.	Commercial Paper	28 de dezembro de 2015	15 de junho de 2027	Group	Euros	61 000	61 000	8 550	52 450
Novo Banco, S.A.	Commercial Paper	14 de janeiro de 2016	31 de dezembro de 2033	Single	Euros	16 700	16 700	16 700	-
Novo Banco, S.A.	Commercial Paper	30 de dezembro de 2013	31 de dezembro de 2033	Group	Euros	97 450	97 450	63 450	34 000
						368 800	368 800	239 850	128 950

#### (c) Debentures loans

The Company and Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A. entered into a “Contract for the Provision of Assistance and Placement of a Private Bond Issue Offer” with Banco Comercial Português, s well as a “Paying Agent Contract relating to the Grouped Private Bond Issue”, 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”. Interest is paid quarterly at the rate of 4.57% and will be repaid at par value in three equal installments, the first on 2 April of this year and the others on 2 April 2020 and 2 April 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	Currency	Total financing amount - Currency	Total financing amount - (€)	Limit used by Company - (€)
Caterpillar Financial Corporación Financiera	Loan	2 de junho de 2016	7 de junho de 2020	Single	Euros	165	165	164
Caterpillar Financial Corporación Financiera	Loan	11 de julho de 2016	7 de julho de 2020	Single	Euros	86	86	86
Caterpillar Financial Corporación Financiera	Loan	19 de julho de 2016	7 de agosto de 2020	Single	Euros	26	26	26
Caterpillar Financial Corporación Financiera	Loan	12 de dezembro de 2016	22 de dezembro de 2020	Single	Euros	64	64	64
						341	341	340

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

	2019	2018
Less than a year	254 540	236 214
1 to 2 years	23 078	42 368
2 to 3 years	7 375	24 493
3 to 4 years	3 355	6 575
4 to 5 years	3 462	2 555
Over 5 years	267 883	275 896
	559 693	588 101

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

## 22. GUARANTEES AND COMMITMENTS

### Guarantees

On December 31, 2019 and 2018, the Company had granted bank guarantees and insurance bonds to third parties, as follows:

	2019	2018
Bank guarantees	189 519	187 286
Guarantee insurance	93 600	86 897
	283 119	274 183

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

For the purpose of suspending two tax enforcement proceedings filed against the Company, relating to corporate income tax debt for the 2008 period, whose settlements were contested, bank guarantees were issued in favor of the Tax Authority (TA), amounting to 16,887 thousand euros as of 31 December 2019.

For the purpose of suspending tax enforcement proceedings filed against the Company regarding the 2010 corporate income tax debt, "Teixeira Duarte, S.A." presented a guarantee, amounting to 10,139 thousand euros, which was accepted by AT.

The bank guarantees issued in favor of AT, for the purpose of suspending a tax enforcement proceeding filed against the Company relating to the debt for retentions at source of corporation tax (IRC) for the 2014 period, with an updated amount of 1,001 thousand euros, were canceled due to the payment in full of the installment plan to which they related, on 30 September 2019.

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

Bank	Type of Financing	Start date	Due date	Amount	Collateral
Banco Comercial Português, S.A.	Loan	12 de agosto de 2016	31 de dezembro de 2033	10 103	Mortgage on the Magnólia (TDGPIL), Vale Figueira (Transbrasil), Lezíria Park 2, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Banco Comercial Português, S.A.	Loan	5 de janeiro de 2009	15 de dezembro de 2033	141 020	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Banco Comercial Português, S.A.	Loan	27 de novembro de 2017	31 de dezembro de 2033	31 705	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Banco Comercial Português, S.A.	Loan	30 de janeiro de 2018	15 de junho de 2021	12 661	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Banco BIC Português, S.A.	Escrow account	6 de agosto de 2015	31 de dezembro de 2020	21 345	GB from BIC AO (23M €) to BIC PT; Property Mortgage no. 2254 (TD Suc. Angola) Commercial Complex and Workshops Automotive Pole - Talatona
Caixa Geral de Depósitos, S.A.	Loan	12 de agosto de 2016	31 de dezembro de 2033	7 191	Mortgage on the Magnólia (TDGPIL), Vale Figueira (Transbrasil), Lezíria Park 2, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Caixa Geral de Depósitos, S.A.	Loan	22 de setembro de 2014	15 de dezembro de 2033	83 000	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Caixa Geral de Depósitos, S.A.	Commercial Paper	7 de julho de 2010	31 de dezembro de 2033	20 850	Pledge of 4,675,000 Shares in the TDF Fund (TDGPIL) Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Caixa Geral de Depósitos, S.A.	Loan	27 de janeiro de 2014	15 de dezembro de 2020	4 084	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Caixa Geral de Depósitos, S.A.	Loan	30 de janeiro de 2018	15 de junho de 2021	2 600	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Caixa Geral de Depósitos, S.A.	Loan	12 de janeiro de 2018	31 de dezembro de 2033	3 942	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Caixa Geral de Depósitos, S.A.	Escrow account	7 de julho de 2010	31 de dezembro de 2033	2 185	Pledge of 4,675,000 Shares in the TDF Fund (TDGPIL) Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Novo Banco, S.A.	Loan	12 de agosto de 2016	31 de dezembro de 2033	9 695	Mortgage on the Magnólia (TDGPIL), Vale Figueira (Transbrasil), Lezíria Park 2, Villa Rio, Jardins da Póvoa and Póvoa Logistics Park Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Novo Banco, S.A.	Overdraft	1 de fevereiro de 2007	31 de dezembro de 2033	6 384	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Novo Banco, S.A.	Loan	26 de janeiro de 2015	15 de dezembro de 2021	30 502	Penhor 70,000 Ações BCP (TDGPIL) + Pledge of 70,000 BCP shares (C+PA) Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Novo Banco, S.A.	Loan	30 de dezembro de 2013	31 de dezembro de 2033	182 750	Pledge 12,500,000 EPOS Shares and 200,000,000 C+PA Shares (TEDAL) + Pledge 1,325,000 Participation Units TDF (TDGPIL) + Mortgage on Operations Center TD Montijo (TDGPIL) + Mortgage 9 Lots Mafamude (Quinta Cravel) + Mortgage 10 Lots Santa Marinha Design District venture - Santa Marinha (V8) Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Novo Banco, S.A.	Loan	16 de dezembro de 2005	15 de dezembro de 2023	42 500	Pledge of 4,333,333 BCP shares (TDGPIL) + Penhor 426,667 Ações BCP (TEDAL) Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Novo Banco, S.A.	Loan	12 de janeiro de 2018	31 de dezembro de 2033	6 241	Pledge of 1,045,610 shares of Recolte Espanha (TEDAL) + Pledge of 50% of the shares of TDE
Novo Banco, S.A.	Loan	28 de dezembro de 2015	15 de junho de 2027	95 000	Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Novo Banco, S.A.	Loan	14 de janeiro de 2016	31 de dezembro de 2033	16 700	Pledge of 1,000,000 TDGI shares (TD SA) Pledge on all shares: Shares Automóvel Angola + Soc. Distribution Angola + TDSP Brazil + TD Angola Lda   Angola Hotels Mortgage: Alvalade and Baía   Mortgage on Mozambique Hotels: Avenida and Tivoli Beira
Caterpillar Financial Corporación Financiera	Loan	2 de junho de 2016	7 de junho de 2020	164	Respective Equipment
Caterpillar Financial Corporación Financiera	Loan	11 de julho de 2016	7 de julho de 2020	86	Respective Equipment
Caterpillar Financial Corporación Financiera	Loan	19 de julho de 2016	7 de agosto de 2020	26	Respective Equipment
Caterpillar Financial Corporación Financiera	Loan	12 de dezembro de 2016	22 de dezembro de 2020	64	Respective Equipment

## Sureties

At 31 December 2019 the Company had issued sureties in favor of group companies as follows:

Bank	Entity	Type	Currency	Values in thousand euros
Caixa Geral de Depósitos, S.A.	EPOS, S.A.	Guarantor	EUR	2
Caixa Geral de Depósitos, S.A.	EPOS, S.A.	Guarantor	EUR	2 528
Caixa Geral de Depósitos, S.A.	SOMAFEL, S.A.	Guarantor	EUR	22
Caixa Geral de Depósitos, S.A.	SOMAFEL, S.A.	Guarantor	EUR	6
Caixa Geral de Depósitos, S.A.	SOMAFEL, S.A.	Guarantor	EUR	100
Caixa Geral de Depósitos, S.A.	TEIXEIRA DUARTE, S.A.	Guarantor	EUR	565
Caixa Geral de Depósitos, S.A.	EPOS, S.A.	Guarantor	EUR	1
Caixa Geral de Depósitos, S.A.	TEIXEIRA DUARTE - G.P.I.L., S.A.	Guarantor	EUR	2 235
Caixa Geral de Depósitos, S.A.	EPOS, S.A.	Guarantor	EUR	1
Caixa Geral de Depósitos, S.A.	RECOLTE, S.A.	Guarantor	EUR	63
Caixa Geral de Depósitos, S.A.	EPOS, S.A.	Guarantor	EUR	1
Caixa Geral de Depósitos, S.A.	SOMAFEL, S.A.	Guarantor	EUR	3 000
Caixa Geral de Depósitos, S.A.	SOMAFEL, S.A.	Guarantor	EUR	16
Caixa Geral de Depósitos, S.A.	SOMAFEL, S.A.	Guarantor	EUR	214
Caixa Geral de Depósitos, S.A.	TDVIA, S.A.	Guarantor	EUR	2 902
Caixa Geral de Depósitos, S.A.	EPOS, S.A.	Guarantor	EUR	12
Caixa Geral de Depósitos, S.A.	SOMAFEL, S.A.	Guarantor	EUR	6
Caixa Geral de Depósitos, S.A.	TEIXEIRA DUARTE, S.A.	Guarantor	EUR	67 805
				79 479

## Assumed financial commitments

On December 31, 2019 and 2018, factoring contracts without recourse were in effect, which were recorded as deduction from accounts receivable, as follows:

	2019	2018
<i>Factoring</i> notificado sem recurso	1.342	1.048

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, 2019, the Company issued comfort letters in favour of companies of the group as follows:

	Debt value	Currency	Values in thousand euros
BONAPARTE, S.A.	8 330 850,00	EUR	8 331
ESTA, S.A.	997 595,79	EUR	998
HOTEL TRÓPICO, S.A.	2 000 000 000,00	AON	3 730
RECOLTE, S. M., S.A.	33 550 000,00	EUR	33 550
TDHC, S.A.	397 867,86	EUR	398
TDHOSP, S.A.	8 050 000,00	EUR	8 050
Teixeira Duarte (Algérie), S.P.A.	700 000 000,00	DZD	5 246
TEIXEIRA DUARTE - E.C. (Angola), Lda.	2 000 000,00	USD	1 780
TEIXEIRA DUARTE - E.C., S.A. (Angola Branch Office)	29 000 000,00	USD	25 814
TEIXEIRA DUARTE - E.C., S.A. (Sucursal Venezuela)	300 000 000,00	VEF	1
TEIXEIRA DUARTE - E.C., Lda. (Mozambique)	5 726 311 081,51	MZN	83 352
TEIXEIRA DUARTE - E.C., Lda. (Mozambique)	66 000 000,00	USD	58 750
TEIXEIRA DUARTE - G.P.I.I., S.A.	13 500 000,00	EUR	13 500
			243 500

### 23. FINANCIAL RESULTS

In the periods ended on 31 December 2019 and 2018, the financial results were broken down as follows:

	2019	2018
Financial expenses and losses:		
Supported interests - Interest from obtained financing	(17 605)	(18 187)
Other supported interests	(2 981)	(5 505)
Unfavourable exchange rate differences	(22 537)	(27 259)
Other financing expenses:	(9 066)	(11 864)
	(52 189)	(62 815)
Income and financial earnings:		
Obtained interests	21 943	24 893
Favourable exchange rate differences	2 385	8 135
Other income and financial earnings	-	-
	24 328	33 028
	(27 861)	(29 787)

### 24. EMPLOYEE BENEFITS

During the periods ended on 31 December 2019 and 2018, the average number of employees hired directly by Portugal was 884 and 826 people, respectively. The average number of employees hired directly by branches and stable establishment abroad was 2,533 and 2,720 people, respectively.

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

	2019	2018
Remuneration of corporate bodies	845	599
Remuneration of staff	50 484	36 231
Post-employment benefits - Pension premiums	-	200
Indemnity	6 666	1 817
Charges on earnings	14 603	12 308
Industrial accidents and occupational diseases insurance	1 123	1 422
Social Action expenses	-	-
Other staff costs	14 358	25 695
	88 079	78 272

## 25. EXTERNAL SUPPLIES AND SERVICES

In the periods ended on 31 December 2019 and 2018, the supplies and external services heading was broken down as follows:

	2019						Total
	Subcontracts	Specialised Services	Materials	Energy and fluids	Travel, stays and transport	Different Services	
Angola	3 629	2 686	1 103	255	858	2 574	11 105
Algeria	13 940	9 058	5 999	598	1 762	4 941	36 298
Brazil	15 816	6 418	1 326	1 399	9 769	4 289	39 017
Cape Verde	12	31	-	-	16	3	62
Colombia	49	6	-	-	19	130	204
Ecuador	261	65	-	-	137	33	496
Morocco	42	-	-	-	-	-	42
Mozambique	-	29	17	-	69	65	180
Kuwait	-	3	4	-	53	230	290
Peru	-	-	-	-	-	2	2
Portugal	86 583	14 792	1 109	367	3 015	19 647	125 513
Venezuela	12	370	942	-	21	6 725	8 070
	120 344	33 458	10 500	2 619	15 719	38 639	221 279

	2018						Total
	Subcontracts	Specialised Services	Materials	Energy and fluids	Travel, stays and transport	Different Services	
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	6 999	939	1 743	5 316	7 081	31 025
Colombia	78	19	1	3	48	511	660
Ecuador	3	24	-	-	34	3	64
Spain	-	2	-	-	2	-	4
United States of America	-	-	-	-	4	-	4
Morocco	37	-	-	-	-	-	37
Mozambique	-	52	-	-	4	2	58
Portugal	43 283	15 473	554	522	3 810	5 699	69 341
Venezuela	372	105	637	-	22	6 903	8 039
	84 951	33 343	8 378	3 152	12 830	44 011	186 665

## 26. OTHER INCOME

On December 31, 2019 and 2018, the other income and gains were as follows:

	2019	2018
Equipment hire	112	427
Performance of social body responsibilities	716	492
Other supplementary income	8 608	1 138
Gains in inventories - Surplus	-	-
Other gains in inventories	-	-
Gains from divestment of financial assets	-	34 007
Other gains with financial assets	-	-
Alienation of fixed tangible assets	1 309	1 689
Divestment of non-current assets held for sale	-	-
Royalties	137	4 309
Estimated surplus for tax	6 076	2 735
Indemnity	198	173
Favourable exchange rate differences	76 259	35 288
Interest earned on deposits	395	70
Interest on arrears	86	-
Interest earned from other granted financing	310	-
Other	93	24 567
	94 299	104 895

## 27. OTHER EXPENSES

On December 31, 2019 and 2018, the other expenses and losses were as follows:

	2019	2018
Taxes and rates	6 297	5 404
Bad debts	216	6 082
Breaches in inventory	-	13
Unfavourable exchange rate differences	36 727	2 684
Losses with fixed tangible assets	80	268
Corrections related to prior financial years	153	916
Quotes	158	37
Insufficiency for tax estimate	1 494	80
Other	7 301	7 999
	52 426	23 483

## 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 resulting mainly from the existence of operations and assets located outside the Euro zone, specifically in Angola, Algeria, Brazil, Cape Verde, Colombia, Ecuador, Kuwait, Macao, Mozambique, Peru 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 2019 and 2018, the financial liability is composed only and exclusively of variable interest tax.

In case the market interest rates were less by 1% during the periods ended on December 31, 2019 and 2018, the income of those periods would have diminished by 601 thousand euros and 285 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 601 thousand euros and 285 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, Cape Verde, Colombia, Ecuador, Kuwait, Macao, Mozambique, Peru 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 2019 and 2018, were as follows:

	Asset		Liability		Balances	
	2019	2018	2019	2018	2019	2018
Venezuelan Sovereign Bolivar	134	1 510	136	1 178	(2)	332
Algerian dinar	17 253	16 355	14 524	6 543	2 729	9 812
Kuwaiti Dinar	26	-	-	-	26	-
Moroccan Dinar	-	-	134	70	(134)	(70)
American dollars	75 436	77 565	18 351	24 282	57 085	53 283
Cape Verdean escudo	2	-	-	-	2	-
Angola Kwanza	42 690	42 561	2 896	2 645	39 794	39 916
United Kingdom Pound Sterling	50	49	-	-	50	49
Mozambican metical	978	1 990	35 189	16 844	(34 211)	(14 854)
Peruvian Novo Sol	5	5	-	-	5	5
Macanese pataca	-	-	301	154	(301)	(154)
Colombian Peso	-	-	446	-	(446)	-
Brazilian real	1 197	-	-	211	1 197	(211)
	137 771	140 035	71 977	51 927	65 794	88 108

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	
	2019	2018	2019	2018	2019	2018
Venezuelan Sovereign Bolivar	7	76	7	59	-	17
Algerian dinar	863	818	726	327	137	491
Kuwaiti Dinar	1	-	-	-	1	-
Moroccan Dinar	-	-	7	4	(7)	(4)
American dollars	3 772	3 878	918	1 214	2 854	2 664
Angola Kwanza	2 135	2 128	145	132	1 990	1 996
United Kingdom Pound Sterling	3	2	-	-	3	2
Mozambican metical	49	100	1 759	842	(1 710)	(742)
Macanese pataca	-	-	15	8	(15)	(8)
Colombian Peso	-	-	22	-	(22)	-
Brazilian real	60	-	-	11	60	(11)
	6 890	7 002	3 599	2 597	3 291	4 405

#### (c) Credit risk

On December 31, 2019 and 2018, 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:

	2019	2018
Balances		
Unexpired	28 067	40 982
Up to 180 days	76 557	73 290
From 180 to 360 days	22 085	5 461
Over 360 days	176 948	171 870
	303 657	291 603

#### (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 2019 and 2018 is as follows:

2019					
	Until 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Suppliers	147 479	-	-	-	147 479
Obtained financing	254 540	23 078	7 375	274 700	559 693
Government and other public entities	14 271	-	-	-	14 271
Other debts payable	81 897	2 672	3 975	4 463	93 007
Advance payments from clients	77 609	-	-	-	77 609
	575 796	25 750	11 350	279 163	892 059

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	43 760	-	-	112 175
Advance payments from clients	51 243	-	-	-	51 243
	533 094	86 128	24 493	285 026	928 741

## 29. CAPITAL

### Share capital

As at 31 December 2019, 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, 2019 and 2018 the Company's capital was held at 100% by Teixeira Duarte, S.A..

### Legal reserve

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

### Other reserves

The other reserves are composed only and exclusively by free reserves.

### Application of results

By decision of the General Meeting, held on 22 April 2019, the accounts for the 2018 were approved and it was decided that the Net Result calculated as amounting to €9,975,380,74 (nine million nine hundred and seventy five thousand three hundred and eighty euros and seventy four cents) should be distributed as follows:

	Value
Legal reserve	500 000,00
Other reserves	9 475 380,74
	9 975 380,74

As presented in the Management Report, the proposed distribution of results for the financial year ended 31 December 2019, amounting to €1,644,426.18 (one million six hundred and forty four thousand four hundred and twenty six euros and eighteen cents) is as follows:

	Value
Legal reserve	100 000,00
Other reserves	1 544 426,18
	1 644 426,18

### 30. OTHER INFORMATION

The Board of Directors approved and authorised the issuance of the financial statements for the year 2019 on 22 April 2020.

The Board of Directors discloses that the Company does not have any debts to the State in a situation of late payment.

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

#### Additional disclosures

The total fees billed by the official accounts auditor company for the statutory audit of the financial statements were as follows:

	2019	2018
Chartered accountant		
Short-term benefits	58	58

### 31. SUBSEQUENT EVENTS AT THE DATE OF THE BALANCE SHEET

The Company is monitoring the development of the pandemic situation, decreed on 11 March 2020 by the World Health Organization, and it is acting in accordance with the recommendations of the World Health Organization and the Portuguese General Directorate of Health. As a result, contingency and preventive measures have been taken to follow the guidelines of these entities and to mitigate and contain the public health risk, and to balance these intentions with the steps necessary to safeguard the continuity of the business and the impact of the situation on all of its stakeholders.

Currently, due to the direct and indirect nature of the possible impacts, as well as the unpredictability of their scale or duration, it is not possible to identify or quantify them.

With the exception of that mentioned in the preceding paragraphs, after the close of the period no events occurred subsequent to the balance sheet date that should be recorded or disclosed on the financial statements at 31 December 2019.

Lagoas Park, April 22, 2020

The Certified Accountant

The Board of Directors

# **REPORT AND LEGAL OPINION ON BEHALF OF THE SINGLE AUDITOR AND LEGAL CERTIFICATION OF THE ACCOUNTS 2019**

## **STATUTORY AUDITOR'S REPORT**

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

### **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, 2019 (showing a total of 1,365,821 thousand euros and a total net equity of 427,509 thousand euros, including a net profit for the period of 1,645 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, 2019, 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.



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& Associados, SROC, S.A.**  
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## **REPORT ON THE COMPLIANCE OF THE COMPANY MANAGEMENT REPORT AND DISTRIBUTION OF RESULTS**

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

Dear Shareholders,

In accordance with the law, we hereby submit to you, our report and opinion on the Management Board Report and accounts of Teixeira Duarte – Engenharia e Construções, S.A., for the year ended at December 31, 2019.

In the scope of our duties, we regularly accompanied the company's activity and have obtained, from the Board of Directors and other representants of the Company, all the information and explanations requested.

We have verified the compliance with the business law and the Company's Articles of Association and accompanied the process of preparation of the Entity's financial information.

We verified the contents of Management's Report and its consistency with the financial statements presented by the Board of Directors and with the most relevant events occurred during the year.

As a result of the work described above and based on the opinion of the Statutory Auditor's Report, which conclusions shall be considered as reproduced in this report, we recommend your approval of:

- a) The Management Report and the financial statements for the year ended at December 31, 2019;
- b) The distribution of the yearly results as proposed by the board.

Lisbon, April 23, 2020

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

**Emphasis**

We emphasise the mention in note 31 of Financial Statements, regarding the pandemic recently declared by the World Health Organization, designated COVID-19. The current situation and the perspective for future evolution shall condition the economic activity in general and the Entity's business, not being possible, on this date, to quantify its impacts. However, as mentioned in the Management Report, the Board of Directors considers that the Entity has the necessary support from the shareholder structure to ensure the going concern of the activity.

Our audit opinion is not changed with respect to this matter.

**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.<sup>o</sup>, n.<sup>o</sup> 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 23, 2020

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

