ANNUAL REPORT AND ACCOUNTS

2007

CONSOLIDATED AND INDIVIDUAL

ANNUAL REPORT
AND CONSOLIDATED ACCOUNTS
2007

CONDURIL – CONSTRUTORA DURIENSE, SA
SHARE CAPITAL - EUR 10 000 000
REGISTERED OFFICE: ENGº DUARTE PACHECO, 1835 ERMESINDE – VALONGO
LISTED PUBLIC LIMITED COMPANY – LEGAL PERSON No. 500 070 210
REGISTERED IN PORTO COMPANY REGISTER UNDER NUMBER 18673
LICENCE No. 568

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MANAGEMENT BODIES

GENERAL MEETING

Carlos António Soares de Noronha Dias (CHAIRMAN)
Francisco Leal Azevedo
Álvaro Duarte Neves Vaz

BOARD OF DIRECTORS

António Luís Amorim Martins (CHAIRMAN)
Ademar Américo Soares Paiva
António Baraças Andrade Miragaia
Carmo Coelho Moreira Pereira
Maria Benedita Andrade de Amorim Martins
Maria Luísa Andrade Amorim Martins
Ricardo Manuel de Araújo Catarino

STATUTORY AUDITOR

Horwath & Associados, SROC, Lda.

CONSOLIDATED ANNUAL REPORT

Dear Shareholders,

In accordance with current law and the Company's Articles of Association, we hereby submit the 2007 Consolidated Annual Report and Consolidated Accounts for your appreciation.

1.

In 2007 the economic policy in Portugal featured the same characteristics as seen in previous years that is, mainly focused on reducing the public deficit as required by the EU convergence criteria; this was based on a very severe tax policy on taxpayers and on the fact that adopting an independent monetary policy is prevented by the EU’s rules. Hence it is not surprising that investment has recorded an aggregate loss of 10.9% in the last 5 years, a trend that differs completely from that of the EU and Spain whose investment grew 27.6% and 45%, respectively. As a result of policies adopted, public accounts have improved in fact; however the Portuguese economy grew no more than 1.9% which, despite showing a slight improvement from 1.6% in 2006, it is still not enough to start a rise in the economic cycle, and thus driving the required level of employment and allowing for a recommended and long-awaited tax cut. Given the significant effect from reducing the government investment expenditure while other economies are expanding it, this budget rebalancing exercise gives rise to constraints and distorted effects on growth which have been sufficiently analysed and are well known.

Basic sector reforms - covering Education, Justice and Public Administration - that have been generally pinpointed as a must to enable us to recover from our slowness, compared to the Euro area developed economies, are slow to show any results. Although reforms do not show immediate effects as is common knowledge, these effects are required to make an impact at short notice to promote improvements in our technical expertise, greater readiness, speed and certainty in the business social-legal framework, and reduction to context costs, since these are basic requirements of a global economy in which we are already living.

2.

Against this backdrop, it is only logical that the five-year period ending in 2007 featured the longest and most serious crisis ever experienced by the Construction sector, with production accumulated losses of approximately 20%. The situation was even worse in the Civil Engineering sub-sector which is the most important within our Group's production activity. As expected, competition within the Portuguese public works market remained strong and unregulated - less work and lower prices - and reported a 9% negative variance (between awarding figures and relevant tender basis) which, despite slightly better than in 2006, is still unbearable. The newly promulgated Public Contracts Code will only make this worse, as feared, because it set forth inadequate solutions in different areas: those related to dealing with excessively low prices and the maximum contract price; the system set forth to deal with errors and omissions featured in designs and extra works.

In 2007 public works production dropped 3.8% compared to 2006, topping off, as stated earlier, the darkest period in the civil engineering public works' recent history in Portugal. However, it should be noted that prospects of a sector re-launch in 2008 are good and that it will last for a reasonable number of years, covering several tenders in different areas, collection of Community funds and allocations within NSRF and the start-up of National Interest Projects (PIN's).

3.

Efforts to reinforce the weight of the Group's international activity proceeded in 2007, in countries like Angola, Mozambique and Morocco which resulted in a sales turnover totalling EUR 85 million, against EUR 42 million in Portugal. This fact has already been translated in published rankings: 67th place among the "500 Biggest Exporters" (in *Fórum Empresarial* magazine, February 2008, no. 138); 66th place among the "150 Biggest National Exporters" (in *Semanário Económico* newspaper, December 2007). In addition to this important quantitative feature, it is worth mentioning the quality and diversity - not only in technical terms but in geographic dispersion also - of the work we are carrying out and the projects pending decision.

This international activity was carried out directly by the parent company and its branches in Morocco, Angola and Mozambique, as well as by the Group's companies: Conduril Engenharia Angola, Lda., in Angola; ENOP-Engenharia e Obras Públicas, Lda. and Mabalane-Inertes, Lda., in Mozambique. Except for Morocco, targets set for all the other production units were exceeded, and growth prospects for 2008 are good. It should be noted that we have been submitting offers in countries neighbouring Mozambique, and expectations are good.

The already significant geographic dispersion in which we are working has been seconded by an interesting and well accepted mobility from our senior engineers, thus reinforcing the level of cosmopolitanism within the Group's culture that global economy demands for relentlessly.

In Portugal our business performance was hard. Excessive supply for little demand and unacceptable prices were still guiding awarding criteria. We have submitted offers in 223 national tenders with acceptable results in the light of the market's hiccups, and in 19 bids abroad with prospects of positive outcomes.

4.

Our global orders book amounts to EUR 240 million, of which 82% refer to work carried out abroad.

Based on the prospects of a clear improvement in Portugal starting in 2008 and the success of our international activity, it is with moderate and conscious optimism that we face the CONDURIL Group's future. If on one hand structural conditions available – in human, technical and organizational terms – have been subject to re-qualification and ongoing adjustments in recent years, the result of which being the drafting of the Standing Performance Standards used in the Group, on the other hand, we will proceed with the efforts made within corporate governance, which we expect to complete in 2008, by amending the Articles of Association with a view to include a management system which suits better the Group's sustained and enduring development.

5.

In 2007, EBITDA amounted to EUR 23.4 million, against EUR 16.0 million recorded in 2006, while the consolidated net results for the year totalled EUR 6 983 729 against EUR 1 891 750 of the previous year. The continuing dollar depreciation, resulting in net costs of approximately EUR 3.3 million, against a cost of EUR 2.8 million in 2006, should be highlighted. Also worth mentioning is the tax on income for the year amounting to EUR 5.4 million.

Compared to 2006, the Group's economic and financial situation improved somewhat, as shown in the most commonly used ratios for this Sector: 144.31 for general liquidity, 24.17 for financial autonomy, and 176 for fixed assets, against 122.20, 23.52 and 146, respectively, from the previous year.

6.

The Apcer monitoring audit on our Quality and Safety Management System based on the NP EN ISO 9001:2000 and NP 4397:2001 standards was successful, and the renewal and expansion audit for new tests, carried out by IPAC on our Main Laboratory, was successful as well. As regards Environment, we have applied the Environment Management System pursuant to the NP EN ISO 14001 standard.

Human resources management, namely in the field of training, was still subject to special focus with a systematic monitoring of results. 22 in-house exercises were carried out, covering 333 employees and 40 training hours, with a training volume of 425 hours, and 33 external exercises for 118 employees, 1767 training hours and a volume of 3311 training hours. The ongoing secondment of qualified staff between the countries in which we are operating has become an enriching routine of our work supply.

In 2007, the Conduril Pensions Fund, whose lasting quality we accept as a reference of our staff policy, was allocated a EUR 500 000 grant, and its current amount totals EUR 4 507 207.

7.

The 200 000 company shares that we hold as treasury stock were not transacted in any form in 2007.

The effect of the US Dollar depreciation calls for an even more demanding foreign exchange risk management policy, given the fact that a large portion of our international activity growth is carried out in US Dollar-denominated markets and bearing in mind that banking products available are not interesting in economic terms.

8.

The 2007 Individual Annual Report and Accounts present the following proposal for distribution of the net result for the year amounting to EUR 6 983 729:

a. EUR 720 000 = for dividends, equivalent to EUR 0.4 per share;
b. EUR 350 000 = to the legal reserve;
c. EUR 5 913 729 = to free reserves.

9.

We would like to thank our Clients and assure them that we will proceed with taking actions to continuously improve the services we provide them.

We would like to wish the other construction companies with whom we have worked, banks and suppliers mutually profitable business.

We thank the corporate bodies for their availability to work with us. Finally, we would like to thank our staff, both in Portugal and abroad, without whom the Company’s results would not have been possible.

Ermesinde, February 28, 2008
THE BOARD OF DIRECTORS

NOTES TO THE MANAGEMENT REPORT

1. Shares held by company officers

	Shares held at 31-12-2007
António Luís Amorim Martins	281 408
Carmo Coelho Moreira Pereira	108 218
Ricardo Manuel de Araújo Catarino	70 884
Maria Luísa Andrade Amorim Martins	68 458
Maria Benedita Andrade de Amorim Martins	7 210
António Baraças Andrade Miragaia	6 802
Ademar Américo Soares Paiva	6 284

No change from 31-12-2006.

2. Qualifying holdings

	Number of shares	Voting rights (%)	
António Luís Amorim Martins			
directly	281 408	15.63	
through Geonorte Geotecnia e Fundações Especiais, Lda	179 252	9.96	(a)
imputed total	460 660	25.59	(a)
BPI – SGPS, SA	244 668	13.59	(a)
José Álvaro Fonseca Moura	213 684	11.87	
Maria Estela Pinto de Andrade Amorim Martins	164 842	9.15	
Carlos da Silva Teixeira Mourão	149 700	8.31	
Carmo Coelho Moreira Pereira	108 218	6.01	
Ricardo Manuel de Araújo Catarino	70 884	3.93	
Maria Luísa Andrade Amorim Martins	68 458	3.80	
AF-INVESTIMENTOS	43 418	2.41	(a)

(a) - holding calculated in terms of voting rights and in accordance with article 20 of the Portuguese Securities' Code

3. Consolidated cash-flow statement

EUR

	2007		2006	
OPERATING ACTIVITIES				
Received from clients	129 596 434		98 741 884	
Payments to suppliers	-71 825 771		-74 933 916	
Payments to the staff	-18 039 258		-17 176 771	
Cash flows from operating activities	39 731 405		6 631 198	
Corporate tax payment/income	-3 967 920		-5 550 881	
Other income/payments for operational activity	-17 927 270		5 433 114	
Cash flows before extraordinary items	17 836 215		6 513 431	
Received from extraordinary items	117 279		116 361	
Payments for extraordinary items	-484 679		-484 709	
Cash flows from operating activities (1)		**17 468 815**		**6 145 083**
INVESTMENT ACTIVITIES				
Received from:				
Financial investments	954 324		9 5 438	
Tangible fixed assets	2 451 968		1 858 285	
Intangible fixed assets				
Interest and similar income	72 910		102 392	
Dividends		3 479 201		2 056 115
Payments to:				
Financial investments	-954 324		-896 306	
Tangible fixed assets	-10 986 374		-9 720 932	
Intangible fixed asset		-11 940 698		-10 617 238
Cash flows from investing activities (2)		**-8 461 497**		**-8 561 123**
FINANCING ACTIVITIES				
Received from:				
Loans	18 133 317		14 351 508	
Loss cover				
Interest and similar expenses		18 133 317		14 351 508
Payments to:				
Loans	-6 940 817		-6 458 980	
Amortisation of leasing contracts	-2 087 870		-1 878 950	
Dividends	-360 000		-360 000	
Interest and similar expenses	-2 973 969	-12 362 657	-1 881 159	-10 579 089
Cash flows from financing activities (3)		**5 770 660**		**3 772 419**
Cash variation and equivalents (1)+(2)+(3)		14 777 978		1 356 379
Cash and equivalents for the early period		7 857 258		6 500 879
Cash and equivalents for the closing period		22 635 236		7 857 258

NOTES TO THE CASH FLOW STATEMENT

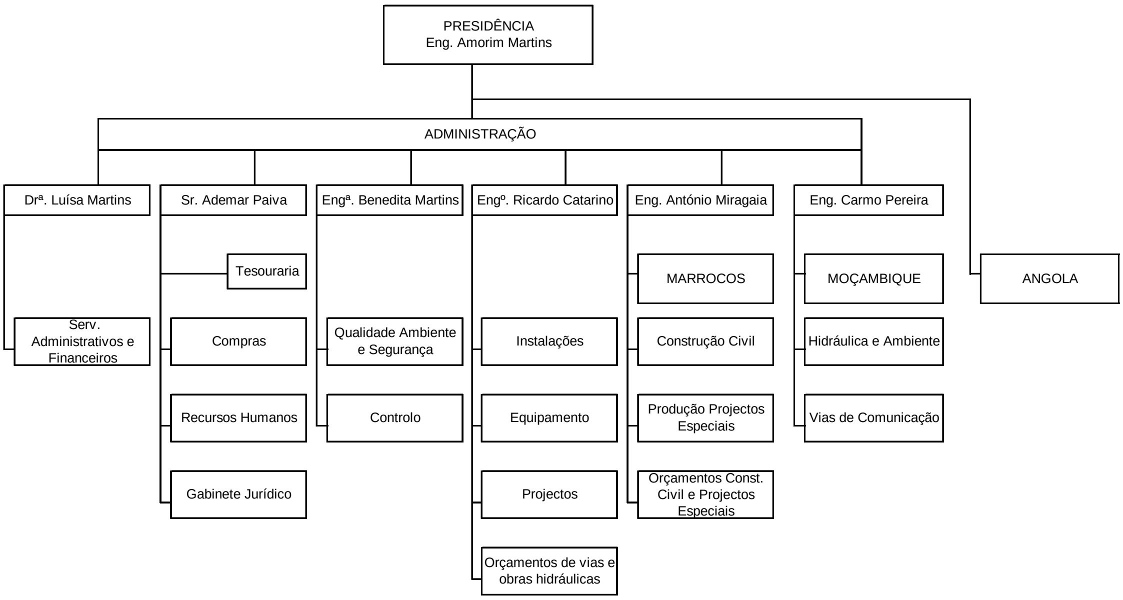
Breakdown of cash components and equivalents

	2007	2006
Cash	73 575	197 257
Bank accounts immediately available	22 561 661	7 660 001
Cash & cash equivalents shown in the balance sheet	22 635 236	7 857 258

REPORT ON THE CORPORATE GOVERNANCE OF **CONDURIL**

Chapter I – Information disclosure

1. The division of competences in terms of the corporate decision-making process is assigned as per the following organisational chart:



2. Our risk control system is based on three sub-systems:
   - business risks, including environmental risks
     - Quality and Safety Management System, pursuant to NP EN ISO 9001:2000 and NP 4397:2001 standards
     - Contract Analysis Committee
       composition: all directors and managers involved in contracts entered into by the company with its customers, coordinated by Ms. Luísa Martins.
       duties: check whether the requirements of contracts are adequately defined, documented and in accordance with the submitted bids, and if the company's capacities necessary to meet said requirements are safeguarded or assured.
   - exchange rate risks: based essentially on regular meetings of the Board of Directors to monitor the development of exchange rates associated to foreign investment;
   - financial risks: accompanied by the Cash and Finances Committee and the Control Committee.
3. The net dividends corresponding to the financial years of 2004, 2005 and 2006 were EUR 0.20, which were paid on 15-06-2005, 02-05-2006 and 18-05-2007 respectively.
4. The primary objective of dividends policy is to improve the shareholders' ROI, so that the revenue is shared in an appropriate manner to ensure the continued success of the company.
5. No share or share option plans exist.

6. No significant business transactions between the company and any member of the managing and supervisory bodies, holders of qualifying holdings or companies forming part of the same group or bound by a relationship of shareholding control or equivalent control were recorded, except for those deals or transactions that were, cumulatively, carried out under normal market conditions for similar such operations and which form part of the company's normal business activities.

7. The Economic and Taxation Office, which is under the responsibility of the Market Relations Representative, Ms. Luísa Martins, who can be contacted on luísa@conduril.pt, functions as a clearing house for all issues raised by shareholders.

   The company site *www.conduril.pt* provides the following investor information: accounting statements, notices of meetings, company events.

8. The Remuneration Committee is composed of three members elected every three-year period by the General Meeting. Its purpose is to define the remuneration of the company's officers.

   Composition:
   António Luís Amorim Martins
   Ademar Américo Soares Paiva
   Carmo Coelho Moreira Pereira

<u>Chapter II – Exercise of voting rights and shareholder representation</u>

Each block of 100 shares corresponds to one vote, and those shareholders that demonstrate that they hold sufficient shares to confer this right, a minimum of 10 days before the date of the meeting, may take part in meetings. They may ensure their representation by means of a letter addressed to the Chair of the General Meeting.

The right to vote may be exercised via letter, as long as such is received two days before the date of the meeting, addressed to the Chair of the General Meeting and sent in a sealed envelope, to ensure the confidentiality of the vote. No electronic voting means are available.

<u>Chapter III – Company rules</u>

1. The CONDURIL Board of Directors' standard regulations define the responsibilities and duties of each director as a member of the Board of Directors and their liaison within this collective body. In order to provide the more efficient handling of significant matters of everyday management, four committees have been established: Cash and Finances, Equipment and Fixed Assets, Market and Marketing, and Control.

2. No defensive measures were adopted to hinder the success of takeover bids. There are no restrictions to voting rights nor restrictions on the transfer of ownership of company shares, just as there are no special rights for any shareholder. No cross-company agreements are known of.

<u>Chapter IV – Managing Body</u>

1. The company is managed by the Board of Directors, which comprises one chairman elected in the general meeting and six executive directors:

   António Luís Amorim Martins - Chairman
   Ademar Américo Soares Paiva
   António Baraças Andrade Miragaia
   Carmo Coelho Moreira Pereira
   Maria Benedita Andrade de Amorim Martins
   Maria Luísa Andrade Amorim Martins
   Ricardo Manuel de Araújo Catarino

   The following are not deemed to be independent members of the Board:

   António Luís Amorim Martins, possessing a direct and indirect shareholding of 25.59%; and
   Maria Benedita Andrade de Amorim Martins, for reasons of family relations
   Maria Luísa Andrade de Amorim Martins, for reasons of family relations

Posts held in the group companies:

Carmo Coelho Moreira Pereira, manager of ENOP-Engenharia e Obras Públicas, Lda. and Mabalane-Inertes, Lda.

2. Committees established in the CONDURIL Board of Directors' standard regulations

   Cash and Finances

   Luísa Martins (coordinator)
   Ademar Paiva
   Benedita Martins.

   Equipment and Fixed Assets

   Ricardo Catarino (coordinator)
   Ademar Paiva
   Benedita Martins

   Market and Marketing

   António Miragaia (coordinator)
   Ricardo Catarino
   Benedita Martins

   Control and Audit

   Benedita Martins (coordinator)
   Carmo Pereira
   Luísa Martins

   The mission of each Committee is to analyse and process in detail specific management matters under their aegis, operating as a kind of "mini" board of directors. Each committee is coordinated by the executive director responsible for the respective operating field of action, and this coordinator has the final decision on the subject under analysis and its execution and implementation.

   The coordinator of each Committee shall notify the Board of Directors of all work performed and, when justified, will submit to the Board deliberations that it deems sufficiently relevant to justify its confirmation.

3. There is no executive committee. The Board of Directors meets twice a month on average, with notice of meeting that includes the points of order coordinated by its chairman.

4. Remuneration policy is based on the central objective of rewarding performance, in a balanced and stimulating manner, bearing in mind the company's interests and the external economic climate.

CONSOLIDATED ACCOUNTS

2007

DETAILED BALANCE SHEET AS AT 31.12.2007

EUR

ASSETS	2007 AB	2007 AA	2007 AL	2006 AL
FIXED ASSETS				
Intangible fixed assets				
Incorporation costs	138 644	137 122	1 522	6 049
	138 644	137 122	1 522	6 049
Tangible fixed assets				
Real estate and natural resources	6 820 215	293 911	6 526 305	6 512 890
Buildings and other constructions	17 526 649	9 944 291	7 582 358	8 754 355
Plant & machinery	40 457 076	29 643 383	10 813 693	8 684 585
Transport equipment	11 025 085	7 003 743	4 021 339	2 261 287
Tools and instruments	210 178	102 774	107 404	97 460
Office equipment	1 167 256	850 627	316 629	308 201
Other tangible fixed assets	21 137	10 810	10 327	8 174
Fixed assets in progress	572 637		572 637	364 162
	77 800 234	47 849 541	29 950 693	26 991 114
Financial investments				
Stocks and other financial investment	419 174		419 174	418 190
	419 174		419 174	418 190
CURRENT ASSETS				
Stock				
Subsidiary raw materials and consumables	4 655 669	41 485	4 614 184	2 291 464
Products and operations in progress	2 651 822		2 651 822	5 733 750
Finished and intermediate products	429 559		429 559	754 764
	7 737 050	41 485	7 695 565	8 779 978
Short term debtors				
Trade accounts receivable	62 872 330	192 119	62 680 210	55 604 496
Customers with retaining of guarantees	4 471 090		4 471 090	3 980 967
Doubtful debtors	1 611 742	1 611 742	0	
Associate companies	2 135 425		2 135 425	841 955
Payments in advance to suppliers	2 214 489		2 214 489	2 456 059
State and other public entities	6 055 554		6 055 554	3 506 930
Other debtors	1 773 298		1 773 298	3 320 550
	81 133 928	1 803 861	79 330 066	69 710 956
Securities				
Other securities	7 815		7 815	26 132
	7 815		7 815	26 132
Bank deposits and cashbook				
Bank deposits	22 561 661		22 561 661	7 660 001
Cashbook	73 575		73 575	197 257
	22 635 237		22 635 237	7 857 258
ACCRUALS AND DEFERRALS				
Income accruals	5 551 410		5 551 410	6 727 528
Deferred costs	470 009		470 009	626 728
Assets for deferred taxation	62 092		62 092	123 555
	6 083 511		6 083 511	7 477 810
TOTAL AMORTIZATION		47 986 663		
TOTAL ADJUSTMENTS		1 845 346		
TOTAL ASSETS	195 955 591	49 832 009	146 123 582	121 267 487

DETAILED BALANCE SHEET AS AT 31.12.2007

EUR

SHAREHOLDERS' EQUITY AND LIABILITIES

	2007	2006
SHAREHOLDERS' EQUITY		
Capital	10 000 000	10 000 000
Business' own shares		
Nominal value	-1 000 000	-1 000 000
Discounts and premiums	50 000	50 000
Consolidation differences	280 928	280 928
Revaluation reserves	5 620 574	6 279 230
Reserves		
Legal reserves	1 183 856	1 088 856
Free reserves	7 824 020	7 341 537
Retained earnings	4 379 739	2 593 385
Net income of financial year	6 983 729	1 891 750
Total of shareholders' equity	35 322 847	28 525 686
MINORITY INTERESTS	327 205	258 854
LIABILITIES		
Provision		
Provision for pensions	225 788	449 290
Other Provisions	166 650	
	392 438	449 290
Medium and long-term creditors		
Bank loan	7 133 317	5 414 374
Fixed asset suppliers - Trade accounts payable	419 269	1 145 352
Other loans	10 500 000	5 000 000
	18 052 586	11 559 726
Short-term creditors		
Bank loan	7 844 438	18 537 410
Suppliers - Trade accounts payable	31 072 268	31 903 851
Suppliers – Invoices undergoing processing	3 378 649	697 044
Suppliers – Payable bills	2 396 306	2 078 431
Associate companies	1 604 571	1 082 471
Fixed asset suppliers - Payable bills	56 531	
Down-payments from clients	12 638 997	6 925 676
Other loans	5 500 000	
Fixed asset suppliers – Trade accounts payable	1 225 292	1 645 661
State and other public entities	10 247 418	5 621 559
Other creditors	32 701	2 193 437
	75 997 171	70 685 542
ACCRUALS AND DEFERRALS		
Cost accruals	4 258 968	4 133 898
Deferred income	9 950 036	3 636 284
Deferred taxation - Liabilities	1 822 333	2 018 207
	16 031 337	9 788 389
Total liabilities	110 473 532	92 482 947
TOTAL SHAREHOLDERS' EQUITY, MINORITY INTERESTS AND LIABILITIES	146 123 582	121 267 487

CONSOLIDATED INCOME STATEMENT

EUR

COSTS AND LOSSES	2007		2006	
Cost of goods sold and material consumed				
Material	26 468 102	26 468 102	28 030 664	28 030 664
Supplies and third party's services		57 434 303		68 820 073
Staff costs				
Wages	14 491 876		12 268 905	
Company contributions				
Pensions	315 131		140 182	
Others	7 612 280	22 419 287	4 980 708	17 389 796
Depreciation of tangible and intangible fixed assets	5 294 037		4 827 627	
Adjustments	336 956	5 630 993	1 005 441	5 833 068
Taxes	1 149 257		1 166 729	
Other operational costs	77 796	1 227 053	94 925	1 261 655
(A)		113 179 739		121 335 255
Losses in associate companies			10	
Interest and similar costs				
Others	9 86 554	9 486 554	9 640 177	9 640 187
(C)		122 666 293		130 975 442
Extraordinary costs and losses		478 216		1 029 031
(E)		123 144 509		132 004 474
Corporate income tax for the financial year		5 436 798		3 123 153
(G)		128 581 307		135 127 627
Minority interests		83 231		42 136
Net profit/loss for the financial year		6 983 729		1 891 750
		135 648 267		137 061 513
Sales				
Products	2 306 116		564 721	
Rendering of services	124 365 572	126 671 688	122 092 643	122 657 364
Production variation		-3 497 909		3 954 373
Own work capitalised	981 142		2 088 685	
Supplementary income	3 553 781		1 498 844	
Other operating income	3 289 362	7 824 285	1 397 212	4 984 741
(B)		130 998 064		131 596 478
Earnings in associate companies			1 268	
Income from shareholdings				
Relative to other companies	200			
Other interest and similar income				
Others	3 618 790	3 618 990	5 194 830	5 196 098
(D)		134 617 054		136 792 576
Extraordinary income and earnings		1 031 213		268 937
(F)		135 648 267		137 061 513

SUMMARY

		2007	2006
Operating profit/loss	(B) - (A)	17 818 325	10 261 223
Accounting profit/loss	(D-B) - (C-A)	-5 867 564	-4 444 089
Current profit/loss	(D) - (C)	11 950 762	5 817 134
Before tax profit/loss	(F) - (E)	12 503 758	5 057 039
Net profit/loss for the financial year	(F) - (G)	7 066 961	1 933 886

CONSOLIDATED INCOME STATEMENT by function

Euro

	Financial Year	
	2007	**2006**
Sales and services rendered	126 671 688	122 657 364
Cost of sales and services rendered	110 063 556	108 453 941
Gross profit/loss	**16 608 132**	**14 203 423**
Other operating income and earnings	8 045 999	5 073 168
Distribution costs		
Office costs	5 387 038	7 665 287
Other operating cost and losses	2 850 818	3 019 658
Operating profit/loss	**16 416 275**	**8 591 646**
Net financing costs	1 604 049	975 169
Profit/loss in subsidiary and associate companies	0	1 258
Profit/loss in other investments	200	0
Unusual or infrequent profit/loss	-2 308 668	-2 560 696
Current profit/loss	**12 503 758**	**5 057 039**
Taxation on current profit/loss	5 436 798	3 123 153
Current profit/loss after taxes	**7 066 960**	**1 933 886**
Minority interests	83 231	42 136
Extraordinary profit/loss		
Taxation on extraordinary profit/loss		
Net profit/loss	**6 983 729**	**1 891 750**
Profit/loss by share	**3,88**	**1,05**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2007
(All figures in euro - EUR)

INTRODUCTION

The following notes comply with the numbering sequence set forth in the Portuguese Official Chart of Accounts (POC) for the presentation of consolidated financial statements. The notes that have been omitted are neither applicable to the Group nor material for an understanding of the attached consolidated financial statements.

I – Information regarding companies included in the consolidation and other data

1. COMPANIES INCLUDED IN THE CONSOLIDATION PROCEDURE

The companies included in the consolidation procedure, their registered offices and the Group shareholding as at 31 December 2007 are as follows:

Company and Registered Office	Percentage of share capital held	Reasons for inclusion
Conduril – Construtora Duriense, SA **Avª Eng Duarte Pacheco, 1835** **4445-416 Ermesinde**	**Parent Company**	
ENOP-Engenharia e Obras Públicas, Lda. **Avª 25 de Setembro, 1123 – 10º Apart. A** **Maputo – Mozambique**	**85.47%**	**Decree Law 238/91 Article 1 (1), subparagraph (a)**
Conduril-Engenharia (ANGOLA), Lda. **Rua Kima Kyenda 2-IL** **Luanda – Angola**	**99%**	**Decree Law 238/91 Article 1 (1), subparagraph (a)**
Mabalane-Inertes, Lda. **Avª 25 de Setembro, 1123 – 10º Porta-F** **Maputo – Mozambique**	**85%**	**Decree Law 238/91 Article 1 (1), subparagraph (a)**
Conduril-Gestão de Concessão de Infraestruturas, Lda **Avª Engº Duarte Pacheco, 1835** **Ermesinde**	**100%**	**Decree Law 238/91 Article 1 (1), subparagraph (a)**

Company and Registered Office	Percentage of share capital held	Reasons for inclusion
Edifer / RRC / Conduril, ACE **R. das Fontaínhas, 62 Venda Nova** **2701-358 - Amadora**	**33.33%**	
Groupement Adriano/Jaime Ribeiro/Conduril Construção ACE **R. Maria da Paz Varzim, 116** **4490-658 Póvoa do Varzim**	**33.33%**	
Groupement Túnel de Nador – Construção ACE **Lugar de Fermil – Cadavão – Vilar do Paraíso** **4405-849 V. N. de Gaia**	**50%**	

7. AVERAGE NUMBER OF STAFF

In the 2007 financial year, the average number of staff of the companies included in the consolidation procedure was:

Registered Office - 335
Angola subsidiary - 736
Conduril Engenharia (Angola), Lda. - 190
Mozambique Delegation - 20
Morocco subsidiary - 257
ENOP-Engenharia e Obras Públicas, Lda. – 277
Mabalane-Inertes, Lda. – 8

II – Information on the Truthful and Appropriate Image

The consolidated financial statements were drawn up in compliance with legislation in force in Portugal and, therefore, in accordance with accounting principles and consolidated standards laid down in the Portuguese Official Chart of Accounts (POC), including the alterations made to said guidelines by Decree-Law no. 238/91, of 2 July, and also by CNC accounting directives.

III – Information on Consolidation Procedures

10. CONSOLIDATION DIFFERENCES

The difference between the value of the financial holding and the proportional value of the shareholder's equity resulting from the increase of the shareholding in ENOP from 60% to 85.47% in 2003, totalling EUR 280 928, was reported in shareholder's equity under the heading "Consolidation differences". This sum remained unchanged as at 31 December 2007.

IV – Information on Commitments

21. FINANCIAL COMMITMENTS UNDERTAKEN AND NOT INCLUDED IN THE CONSOLIDATED BALANCE SHEET

a) Liability for discounted bills of exchange: the sum of discounted bills as at 31 December 2007 was EUR 977 918.

b) Pension fund: The Company opened a pension fund for the purpose of voluntarily topping-up the retirement pensions granted to its employees by Social Security. The liability not covered at 31 December 2007, for past services, valued at EUR 225 788, is reported under Provisions for pensions.

22. GUARANTEES PROVIDED

As at 31 December 2007, the Group was liable for guarantees provided for contract work totalling EUR 50 367 391.

V – Information on Accounting Policies

23. BASIS OF PRESENTATION, CONSOLIDATION PRINCIPLES AND VALUATION CRITERIA

The main accounting policies and criteria adopted in preparing these financial statements are as follows:

<u>Basis of presentation</u>

The attached consolidated financial statements have been prepared based on going concern operations, from the books and accounting records of the companies included in the consolidation (Note 1), in accordance with accounting principles generally accepted in Portugal.

<u>Consolidation principles</u>

The consolidation of the subsidiary companies referred to in Note 1 was performed using the full integration accounting method. Significant transactions and balances between companies were eliminated in the consolidation process. The value corresponding to the shareholdings of third parties in the subsidiaries is reported in the balance sheet under minority interests.

Holdings in companies that represent less than 20% of their respective share capital were valued at the cost of acquisition.

a) Intangible fixed assets: are reported at cost.

b) Tangible fixed assets

Land and buildings belonging to the Group are registered at market value, based on valuations made by an independent evaluation entity. In 2004, the land and buildings were re-valued again. The increase or decrease to the current value, when materially relevant, is reported in the surplus deriving from the first evaluation and included in the shareholders' equity, in compliance with Accounting Directive no. 16 – Revaluation of tangible fixed assets.

All other tangible fixed assets are reported at their respective purchase value. Some of these goods were later re-valued in accordance with legislation, in line with the provisions of Note 41 (see also Note 42).

The amortisation and reintegration of tangible fixed assets are calculated using the straight-line depreciation method on the cost or revaluation value. The annual rates used satisfactorily reflect the lifespan of the assets and correspond to the maximum rates indicated in Regulatory Decree no. 2/90, of 12 January.

c) Financial leasing

Fixed assets acquired under leasing contracts, and their respective liabilities, are reported using financial methods. Consequently, the cost of the asset is reported under tangible fixed assets, the corresponding liabilities reported under liabilities and the depreciation of these assets and the interest included in the rent instalments are reported as costs in the income statement for the year to which they relate.

d) Financial investments

Financial investments are reported at the cost of acquisition.

e) Stocks

Raw materials

The raw material, subsidiary goods and consumables are valued at purchase cost. A provision for the depreciation of stock was created, for the difference between the cost price and the respective sale value of used stock, in the event that this is less than the cost price.

Ongoing products and finished products

The profit in relation to contracts that exceed one year is calculated in accordance with the finished percentage method as established in Accounting Directive no. 3, measured through partial deliveries, identification of segments, measurement reports or other means that allow reliable estimates of the costs to be borne up to completion of the project or the termination of invoices to be issued for the customer. When it is not possible to estimate the profits or costs to a reasonable degree of accuracy, the costs incurred are registered under Stocks – Ongoing products and works. In such an event, ongoing products and work are valued based on the construction cost, as established in the specifications, which includes the cost of the raw materials used, as well as labour and general manufacturing overheads.

f) Accrual basis

The Group's income and expenses are recorded on an accrual basis during the period to which they relate and are reported when generated, irrespective of when they are received or paid. The differences between the amounts received and paid and the corresponding generated income and expenses are reported under accruals and deferrals.

g) Own work capitalised

Work where the company proper is the customer corresponds to the costs associated to the performance and repair of the company’s own equipment, including material, direct labour and subcontracting costs.

h) Balances and transactions reported in foreign currency

All assets and liabilities in foreign currency are converted into euro at the rate of exchange in force on the balance sheet date.
Favourable or unfavourable exchange rate differences, brought about by differences in the foreign exchange rate in force on the transaction date and the rate in force on the collection or payment date, or on the date on which the sum is input in accounts, were reported as income and costs in the income statements for the relevant financial year.

24. FOREIGN EXCHANGE RATES USED FOR CONVERSION INTO EURO

The following exchange rates were used to convert the assets and liabilities in foreign currency into euro: USD 1.00 = MZM 24.43 (Mozambique); EUR 1 = USD 1.475 and EUR 1 = MAD 11.4295 (Morocco).

VI – Information on Selected Headings

27. FIXED ASSET OPERATIONS

During the 2007 financial year, the movements in the cost value of intangible and tangible fixed assets and in financial assets, as well as in their accumulated depreciation, were as follows:

GROSS ASSETS

	Initial value	Increases	Transferts	Reduction/ Ajus.	Final value
Intangible fixed assets					
Incorporation costs	109.246	0	0	8.923	100.323
	109.246	0	0	8.923	100.323
Tangible fixed assets					
Real estate and natural resources	6.760.681	59.534	0		6.820.215
Buildings and other constructions	17.539.610	176.424	7.531	181.854	17.526.649
Plant and machinery	35.752.696	6.275.069	0	8.136.068	33.891.697
Transport equipment	8.420.060	3.248.232	0	643.207	11.025.085
Tools and instruments	185.532	42.854	0	18.207	210.179
Office equipment	1.085.939	123.613	1.499	40.798	1.167.255
Other tangible fixed assets	56.894	59.895	87.832	7.820	21.137
Fixed assets in progress	364.163	1.506.829	34.282	1.264.071	572.639
	70.165.575	11.492.450	131.144	10.292.025	71.234.856
Financial investment					
Shareholdings in group comp.					
Stocks and other fin. investments	418.190	984			419.174
	418.190	984	0		419.174

AMORTIZATIONS

	Initial value	Increases	Transferts	Reduction/ Ajust.	Final value
Intangible fixed assets					
Incorporation costs	103.197	4.509	-17	8.923	98.767
	103.197	4.509		8.923	98.767
Tangible fixed assets					
Real estate and natural resources	247.791	46.120			293.911
Buildings and other construction	8.785.255	1.172.107		13.071	9.944.291
Plant and machinery	27.068.111	2.540.476		6.530.581	23.078.005
Transport equipment	6.158.773	1.408.486	261	563.252	7.003.746
Ferramentas e utensílios	88.072	23.527		8.825	102.774
Tools and instruments	777.740	90.169	-848	18.130	850.627
Other tangible fixed assets	48.720	8.644	1.065	45.489	10.810
	43.174.462	5.289.529	477	7.179.348	41.284.164

36. SALES AND SERVICES RENDERED BY BUSINESS AND GEOGRAPHICAL MARKET

domestic market - EUR 41 850 044

external market - EUR 84 821 644

Business segments:

In operational terms, the Group is organized into two major segments: public construction works and private construction works.

	Public works		Private works		Consolidated	
	2007	2006	2007	2006	2007	2006
INCOME						
Sales and services rendered	117.996.788	115.482.383	8.674.900	7.174.981	126.671.688	122.657.364
PROFIT/LOSS						
Operating profit/loss	15.255.141	6.203.600	2.563.184	4.057.623	17.818.325	10.261.223
Interest expenditure					-9.486.554	-9.640.187
Interest income					3.618.990	5.196.098
Taxation on profits					-5.436.798	-3.123.153
Profit/loss from ordinary activities					6.513.963	2.693.981
Extraordinary profit/loss					552.997	-760.095
Minority interests					-83.231	-42.136
Net profit/loss					6.983.729	1.891.750
OTHER INFORMATION						
Assets	144.007.252	118.554.029	1.635.064	2.173.713	145.642.316	120.727.742
Company assets not allocated					419.174	418.190
Total consolidated assets					146.061.490	121.145.932
Liabilities	100.348.522	86.554.884	6.265.677	243.172	106.614.199	86.798.056
Company liabilities not allocated					2.036.999	3.240.303
Total consolidated liabilities					108.651.198	90.038.359
Fixed capital expenses	11.236.071	7.134.020	256.279	1.158.652	11.492.350	8.292.672
Depreciation	5.171.571	4.142.832	117.957	672.847	5.289.528	4.815.679

Geographical segments: The Company operates in four geographical areas: Portugal, Angola, Mozambique and Morocco.

Income from sales and services rendered by market	2007	2006
Portugal	41.850.044	53.310.472
Angola	46.055.561	40.665.083
Mozambique	16.844.710	19.629.107
Morocco	21.921.373	9.052.702
	126.671.688	122.657.364

Assets and investments in tangible and intangible fixed assets per geographical area:

	Net assets of segments		Investments	
	2007	2006	2007	2006
Portugal	59.309.811	53.490.157	1.466.758	2.310.652
Angola	49.955.399	42.597.660	9.447.221	5.249.499
Mozambique	20.593.723	11.304.828	563.987	442.715
Morocco	16.264.649	13.874.842	14.384	289.856
Total	146.123.582	121.267.487	11.492.350	8.292.722

38. DIFFERENCES BETWEEN TAXES APPORTIONED TO THE FINANCIAL YEAR OR TO PRIOR YEARS AND PAID OR PAYABLE

Upon adoption of the International Accountancy Standard no. 12 (Reviewed), the Group began to report deferred tax assets and liabilities in its financial statements when deemed relevant. As such, provided that a tax-generating transaction occurs, and when reversible, it is reported in the financial statements of the Company, irrespective of the date on which the tax is paid or settled.
Deferred tax assets concern pension funds.
Deferred taxes liabilities concern the impact on future amortisation not accepted for tax purposes and deriving from legal revaluation and different free revaluations.

39. REMUNERATION OF THE MEMBERS OF THE CORPORATE BODIES

The remuneration of members of the corporate bodies for the 2007 financial year was as follows:

Board of Directors: EUR 912 498
Supervision: EUR 11 080

41. REVALUATION OF TANGIBLE FIXED ASSETS

Tangible fixed asset revaluation operations to date have been carried out by the Group in accordance with legal requirements, namely:

- Decree-Law no. 430/78, of 27 December
- Decree-Law no. 219/82, of 2 June
- Decree-Law no. 399-G/84, of 28 December
- Decree-Law no. 118-B/86, of 27 May
- Decree-Law no. 111/88, of 2 April
- Decree-Law no. 49/91 of 25 January
- Decree-Law no. 264/92 of 24 November
- Decree-Law no. 31/98, of 11 February.

Further to these revaluation operations, others have been carried out on a free basis.

As mentioned in note 23 b), land and buildings were assessed at market price during the 2001 financial year, by a duly credentialed independent entity. A new revaluation was carried out at the start of 2004 by the same entity. The impact of these revaluations on the net value of real estate and other fixed assets of the Group can be seen in the following note.

42. REVALUATION OF TANGIBLE FIXED ASSETS

The historic purchase cost of tangible fixed assets and investments and their corresponding revaluation of 31 December 2004, net accumulated depreciation, were as follows as at 31 December 2007:

	Historic cost (a)	Revaluations (a) and (b)	Revalued book values (a)
Tangible fixed assets			
Real estate and natural resources	2.801.974	3.724.330	6.526.304
Building and other construction	4.050.683	3.531.675	7.582.358
Plant and machinery	10.751.703	61.990	10.813.693
Transport equipment	4.008.248	13.091	4.021.339
Tools and instruments	107.404		107.404
Office equipment	315.744	885	316.629
Other tangible fixed assets	10.328		10.328
	22.046.084	7.331.971	29.378.055

a) Net of depreciation

b) Including successive revaluations net of depreciation

43. COMMENTS ON THE ACCOUNTS OF THE FINANCIAL STATEMENTS CONTAINING NON-COMPARABLE CONTENT

In the 2007 financial statements, the company made no changes to accountancy practices or policies.

44. CONSOLIDATED INCOME STATEMENT

The financial profits are broken down as follows:

Costs and losses	Financial Year		Income and gains	Financial Year	
	2007	2006		2007	2006
681 - Interest payable	2.110.296	1.529.684	781 - Interest receivable	506.247	554.515
682 - Losses in group companies		10	782 - Gains in group companies		1.268
684 - Financial application adjust.			784 - Income from shareholdings	200	
685 - Unfav.exchange rate diff	6.230.710	7.381.521	785 - Fav. exchange rate diff.	2.903.349	4.551.888
686 - Cash discounts granted	12.448		786 - Cash discounts	121.960	58.747
688 - Other costs and losses	1.133.100	728.972	788 - Reversals and other	87.234	29.680
Profit/loss	-5.867.564	-4.444.088	income and gains		
	3.618.990	5.196.099		3.618.990	5.196.099

45. CONSOLIDATED EXTRAORDINARY INCOME STATEMENT

The extraordinary profits are broken down as follows:

Costs and losses	Financial Year		Income and gains	Financial Year	
	2007	2006		2007	2006
691 - Donations	26.464	26.822	794 - Fixed asset income	13.825	66.430
692 - Bad debt	18.337	70	795 - Income contract penaltie	12.520	
694 - Fixed asset losses	37.156	395	796 - Provision reductions		45.836
695 - Fines and penalties	78.135	58.267	797 - Prior-year corrections	147.717	1.414
697 - Prior-year corrections	123.942	632.512	798 - Other extraordinary		
698 - Other extraord. costs&losse	194.182	310.965	income and gains	857.150	155.256
Extraordinary profit/loss	552.997	-760.095			
	1.031.213	268.936		1.031.213	268.936

46. MOVEMENTS IN PROVISION ACCOUNTS

Movements in provision accounts during the financial year were as follows:

Account	Inital value	Increase	Regularisation	Final value
28 - Adjustment to debts receivable	1.896.101	75.497	167.737	1.803.861
298 - Provision for pensions	449.290	276.498	500.000	225.788
296 - Other provisions	9.959	166.650	0	166.650
39 - Adjustment stock consumable mat.	41.510	826	851	41.485

47. FINANCIAL LEASING

The following assets held by the Group through financial lease as at 31 December 2007:

Head-office	Purchase value	Accumulated financial year amortization	Book value
Plant and machinery	4.619.784	3.371.289	1.248.495
Transport equipment	2.661.925	2.053.927	607.998

VII – Other Information

49. MEDIUM AND LONG-TERM CREDITORS

The medium and long-term debts as at 31 December 2007 are essentially the following:

Fixed assets suppliers: EUR 1 558 975, concerning the sums still payable on leasing contracts.

Commercial paper:

a) from de contract value from BPI of EUR 5 000 000, its already used EUR 5 000 000;
b) it was contracted on 2007 commercial paper in the sum of EUR 11 000 000
c) Santander Totta EUR 3 000 000, BCP EUR 5 000 000 and BES EUR 3 000 000

Bank loans of the Angola subsidiary: EUR 7 133 317.

50. INFORMATION ON ENVIRONMENTAL MATTERS

The costs of an environmental nature borne during the financial year were EUR 52 020.

51. EXPLANATORY NOTES TO THE INCOME STATEMENT BY FUNCTION

The cost of sales and services rendered reported in the income statement by function was calculated as follows:

Movements	Services Rendered
Production input	109 082 41
Production and fixed asset output	981 142
Cost of sales & services rendered	110 063 556

STATUTORY AUDITOR'S REPORT AND OPINION ON THE CONSOLIDATED ACCOUNTS

To the shareholders of
Conduril – Construtora Duriense, S.A.

In accordance with current legislation and the mandate provided us, we hereby submit our Report and Opinion for your appraisal. This Report and Opinion are centred on the work we have performed and the consolidated accounting statements of Conduril – Construtora Duriense, S.A. (the Company) for the financial year ending on 31 December 2007, which are the responsibility of the Company's Board of Directors.

We have monitored the development of the business activity and transactions of the Company and those of the main companies encompassed by the consolidation, the accuracy of the accounting records and compliance with current legislation and the articles of association in force. All information and clarification that we requested from the Board of Directors and the different departments of the Company and the main companies within the consolidation perimeter were provided us.

We examined, as part of our duties, the consolidated Balance Sheet as at 31 December 2007, the consolidated income statements by nature and by function and the consolidated cash-flow statement for the financial year ending on the aforementioned date, as well as the notes thereto. Furthermore, we analysed the consolidated annual report for the 2007 financial year, drawn up by the Company's Board of Directors, with particular reference to the proposals contained therein. We have issued on this date, as a result of the statutory audit performed, the statutory audit certificate relative to the consolidated accounts, which does not include the reserves and the annual report on the work of the supervisor addressed to the Board of Directors in accordance with applicable legislation.

In view of the above-stated, it is our opinion that the abovementioned consolidated financial statements are in accordance with applicable accounting, legal and statutory provisions and, consequently, should be approved in the General Meeting of Shareholders.

We would also like to express our gratitude to the Board of Directors and services of the Company for all the assistance they provided us.

Porto, March 5, 2008

HORWATH & ASSOCIADOS, SROC, LDA.
Represented by Ana Raquel Borges L. Esperança Sismeiro (ROC no. 1126)

Horwath & Associados, SROC, Lda.
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STATUTORY AUDIT CERTIFICATE OF CONSOLIDATED ACCOUNTS

Introduction

1. We have examined the accompanying consolidated financial statements of Conduril – Construtora Duriense, S.A. ("Company"), which comprise the Consolidated Balance sheet as of December 31, 2007, which reflects total assets of 146.123.582 euro and total equity of 35.322.847 euro, including a net profit of 6.983.729 euro, the Consolidated Statements of income by natures and by functions and Consolidated Statement of cash-flows for the year then ended and the accompanying notes.

Responsibilities

2. The preparation of consolidated financial statements that present a true and fair view of the financial position of companies whose accounts are consolidated, the consolidated net income of their operations and the consolidated cash-flow statements of their funds, as well the adoption of adequate accounting principles and the maintenance of an appropriate system of internal control is the responsibility of the Company's Board of Directors.

3. Our responsibility is to express a professional and independent opinion on these financial statements, based on our examination.

4. Our examination was performed in accordance with the auditing standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors *("Ordem dos Revisores Oficiais de Contas")*, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. This examination includes:

   - verifying that the financial statements of the companies whose accounts have been consolidated have been properly audited and, for the significant cases where they have not been, the verification on a test basis, evidence supporting the amounts and disclosures contained therein and assessing the significant estimates, based on assumptions and criteria defined by the Company's Board of Directors, used in their preparation;

   - verification of consolidation practices;

Horwath

- assessing the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances;
- the applicability of the going concern concept; and
- the adequacy of the overall presentation of the consolidated financial statements.

5. Our examination has also comprised that the financial information contained in the consolidated management report is consistent with that of the remaining documents in the consolidated financial statements.

6. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

7. In our opinion, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material aspects, the consolidated financial position of Conduril – Construtora Duriense, S.A. as of December 31, 2007 and the consolidated results of its operations and consolidated cash-flows for the year then ended, in conformity with generally accepted accounting principles in Portugal.

Porto, March 5, 2008

HORWATH & ASSOCIADOS, SROC, LDA.
Represented by Ana Raquel Borges L. Esperança Sismeiro (ROC no. 1126)

ANNUAL REPORT AND INDIVIDUAL ACCOUNTS

2007

Dear Shareholders,

In accordance with current law and the Company's Articles of Association, we hereby submit the 2007 Report and Accounts for your appreciation.

1.

2007 topped off the longest lasting and most serious crisis in Portugal's Construction sector, mainly in the Civil Engineering sub-sector which is the most important in our field of action, as a result of tight government policies aimed at reducing the public deficit.

During this financial year, we have clearly strengthened the international stance of the Group we are leading. In fact, production in foreign markets totalled two thirds of total production and, as we stated in the Consolidated Annual Report, the trend is to grow even further.

2.

Our efforts to adjust CONDURIL to face future challenges better proceeded: we improved the structural conditions available (in terms of human, technical and organizational means), we implemented the Standing Performance Standards within the Group and, in terms of corporate governance, we expect to complete the Articles of Association amendment with a view to make room for a management model that better suits the Group's sustained and enduring development.

3.

The financial year’s sales turnover amounted to EUR 123.8 million of which 68% come from activities abroad. Compared to 2006, national and international markets have increased 5% and 23% respectively.

This financial period featured a significant improvement in EBITDA, totalling EUR 29.48 million in 2007 from EUR 15.29 million in 2006; net results recorded the same trend with EUR 6 983 729 million in 2007 from EUR 1 891 750 in 2006.

CONDURIL’s economic and financial situation as translated by the most commonly used ratios in the sector, showed the following evolution from 2006 to 2007: general liquidity increased to 155.75 from 127.17, financial autonomy fell to 24.59 from 26.81 and fixed assets coverage rose to 186 from 159.

4.

Human resources management, namely in the field of training, was still subject to special focus.

In 2007, the Conduril Pensions Fund, whose lasting quality we accept as a reference of our staff policy, was allocated a EUR 500 000 grant, and its current amount totals EUR 4 507 207.

5.

The 200 000 company shares that we hold as treasury stock were not transacted in any form in 2007.

We are still in the process of finding an economically suited solution to offset the effects of the continuing dollar depreciation.

8.

Since net results for the year improved and despite the fact the cash balance is still cause of concern, we find it suitable to double the dividend per share value for the 2006 financial year; as such we would like to propose the EUR 6 983 729 net results be applied as follows:

a.	EUR 720 000	=	for dividends, equivalent to EUR 0.4 per share;
b.	EUR 350 000	=	to the legal reserve;
c.	EUR 5 913 729	=	to free reserves

9.

We would like to thank our Clients and assure them that we will proceed with taking actions to continuously improve the services we provide them.

We would like to wish the other construction companies with whom we have worked, banks and suppliers mutually profitable business.

We thank the corporate bodies for their availability to work with us. Finally, we would like to thank our staff, both in Portugal and abroad, without whom the Company's results would not have been possible.

Ermesinde, February 28, 2008
THE BOARD OF DIRECTORS

NOTES TO THE MANAGEMENT REPORT

1. Shares held by company officers

	Shares held at 31-12-2007
António Luís Amorim Martins	281 408
Carmo Coelho Moreira Pereira	108 218
Ricardo Manuel de Araújo Catarino	70 884
Maria Luísa Andrade Amorim Martins	68 458
Maria Benedita Andrade de Amorim Martins	7 210
António Baraças Andrade Miragaia	6 802
Ademar Américo Soares Paiva	6 284

No change from 31-12-2006.

2. Qualifying holdings

	Number of shares	Voting rights (%)	
António Luís Amorim Martins			
directly	281 408	15.63	
through Geonorte Geotecnia e Fundações Especiais, Lda	179 252	9.96	(a)
imputed total	460 660	25.59	(a)
BPI – SGPS, SA	244 668	13.59	(a)
José Álvaro Fonseca Moura	213 684	11.87	
Maria Estela Pinto de Andrade Amorim Martins	164 842	9.15	
Carlos da Silva Teixeira Mourão	149 700	8.31	
Carmo Coelho Moreira Pereira	108 218	6.01	
Ricardo Manuel de Araújo Catarino	70 884	3.93	
Maria Luísa Andrade Amorim Martins	68 458	3.80	
AF-INVESTIMENTOS	43 418	2.41	(a)

(a) - holding calculated in terms of voting rights and in accordance with article 20 of the Portuguese Securities' Code

3. Cash-flow statement

Euro

	2007		2006	
OPERATING ACTIVITIES				
Received from clients	125 624 649		91 517 183	
Payments to suppliers	-70 909 437		-73 232 268	
Staff costs	-16 749 472		-16 006 543	
Cash flows from operating activities	37 965 740		2 278 372	
Received from corporate tax	-3 782 719		-5 423 717	
Other receivables/payments for operating activities	-16 871 734		4 241 814	
Cash flows before extraordinary items	17 311 286		1 096 469	
Received from extraordinary items	117 279		116 361	
Payments for extraordinary items	-484 679		-484 709	
Cash flows from operating activities (1)		**16 943 886**		**728 121**
IINVESTMENT ACTIVITIES				
Received from:				
Financial Investments	954 324		95 438	
Tangible fixed assets	2 451 968		658 285	
Intangible fixed assets				
Interest and similar income	72 920		47 032	
Dividends		3 479 201		800 755
Payments to:				
Financial Investments	-954 324		-896 306	
Tangible fixed assets	-10 986 374		-5 312 252	
Intangible fixed assets		-11 940 698		-6 208 558
Flows from investment activities (2)		**-8 461 497**		**-5 407 803**
FINANCIAL ACTIVITIES				
Received from:				
Loans obtained	18 133 317	18 133 317	11 551 508	11 551 508
Payments to:				
Loans obtained	-6 940 817		-5 502 750	
Amortisation of leasing contracts	-2 087 870		-1 878 950	
Dividends	-360 000		-360 000	
Interests and similar expenses	-1 862 858	-11 251 546	-1 814 159	-9 555 859
Flows from financial activities (3)		**6 881 771**		**1 995 649**
Cash variation and equivalents (1)+(2)+(3)		15 364 160		-2 684 033
Cash and equivalents for the early period		3 521 758		6 205 791
Cash and equivalents for the closing period		18 885 918		3 521 758

NOTES TO THE CASH FLOW STATEMENT

2. Breakdown of cash components and equivalents

	2007	2006
Cash	54 939	186 097
Bank accounts immediately available	18 830 979	3 335 661
Cash & cash equivalents shown in the balance sheet	18 885 918	3 521 758

- BALANCE SHEET
- INCOME STATEMENT
- NOTES TO THE BALANCE SHEET AND THE INCOME STATEMENT

DETAILED BALANCE SHEET AS AT 31 DECEMBER 2007

EUR

ASSETS	2007			2006
	AB	AA	AL	AL
FIXED ASSETS				
Intangible fixed assets				
Incorporation costs	11 607	11 318	289	4 783
	11 607	11 318	289	4 783
Tangible fixed assets				
Real estate and natural resource	6 820 215	293 911	6 526 305	6 512 890
Buildings and other constructions	15 818 823	9 598 815	6 220 008	7 082 262
Plant & machinery	26 226 109	19 549 408	6 676 702	4 698 052
Transport equipment	9 744 128	6 088 000	3 656 127	1 905 491
Tools and instruments	101 035	53 933	47 102	57 939
Office equipment	969 137	752 702	216 435	201 837
Other tangible fixed assets	8 590	7 327	1 263	5 216
Fixed assets in progress	274 423		274 423	90 610
	59 962 461	36 344 096	23 618 365	20 554 298
Financial investments				
Shareholdings in group companies	3 915 477		3 915 477	3 480 248
Loans to group companies	33 655		33 655	35 599
Share capital holdings in associate companies	494 541		494 541	687 848
Stocks and other financial investment	418 190		418 190	418 190
	4 861 863		4 861 863	4 621 886
Stock				
Subsidiary raw materials and consumables	3 187 813	41 485	3 146 328	2 099 551
Products and operations in progress	2 373 719		2 373 719	1 766 023
Finished and intermediate products	319 690		319 690	600 199
	5 881 222	41 485	5 839 737	4 465 773
CURRENT ASSETS				
Short term debtors				
Trade accounts receivable	62 072 086		62 072 086	51 041 406
Customers with retaining of guarantees	4 146 236		4 146 236	3 836 116
Doubtful debtors	1 611 742	1 611 742		
Payments in advance to suppliers	171 477		171 477	761 527
State and other public entities	4 573 158		4 573 158	2 629 859
Other debtors	11 241 961		11 241 961	7 650 750
	83 816 660	1 611 742	82 204 918	65 919 658
Bank deposits and cashbook				
Bank deposits	18 830 979		18 830 979	3 335 661
Cashbook	54 939		54 939	186 097
	18 885 918		18 885 918	3 521 758
ACCRUALS AND DEFERRALS				
Income accruals	5 895 352		5 895 352	6 718 418
Deferred costs	437 488		437 488	468 495
Assets for deferred taxation	62 092		62 092	123 555
	6 394 931		6 394 931	7 310 468
TOTAL AMORTIZATION		34 355 415		
TOTAL ADJUSTMENTS		1 653 227		
TOTAL ASSETS	179 814 662	38 008 641	141 806 021	106 398 622

DETAILED BALANCE SHEET AS AT 31 DECEMBER 2007

EUR

SHAREHOLDERS' EQUITY AND LIABILITIES

	2007	2006
SHAREHOLDERS' EQUITY		
Capital	10 000 000	10 000 000
Business' own shares		
Nominal value	-1 000 000	-1 000 000
Discounts and premiums	50 000	50 000
Capital adjustment in affiliates and associated companies	1 260 462	588 999
Revaluation reserves	5 206 668	5 841 926
Reserves		
Legal reserves	1 183 856	1 088 856
Other reserves	7 824 020	7 341 537
Retained earnings	3 358 916	2 723 658
	27 883 921	26 634 976
Net income of financial year	6 983 729	1 891 750
Total of shareholders' equity	34 867 651	28 526 726
LIABILITIES		
Provision		
Provision for pensions	225 788	449 290
Other previsions	5 110 313	
	5 336 101	449 290
MEDIUM AND LONG TERM CREDITORS		
Bank loans	7 133 317	5 414 374
Other loans	10 500 000	5 000 000
Fixed asset suppliers - Trade accounts payable	419 269	1 145 352
	18 052 586	11 559 726
SHORT TERM CREDITORS		
Bank loans	6 397 529	18 114 736
Suppliers - Trade accounts payable	32 975 949	27 088 765
Suppliers – Invoices undergoing processing	512 022	454 302
Fixed asset suppliers - Payable bills	2 130 653	2 078 431
Fixed asset suppliers – Trade accounts payable	56 531	
Down-payments from clients	10 532 234	3 222 150
Other loans	5 500 000	
Suppliers of intangible fixed asset – trade account payable	1 225 292	1 645 661
State and other public entities	8 031 920	4 363 665
Other creditors	1 294 944	1 151 096
	68 657 074	58 118 806
ACCRUALS AND DEFERRALS		
Cost accruals	3 888 455	3 130 016
Deferred income	9 181 821	2 595 850
Liabilities for deferred taxation	1 822 333	2 018 207
	14 892 609	7 744 073
Total liabilities	106 938 370	77 871 895
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	141 806 021	106 398 622

INCOME STATEMEN

COSTS AND LOSSES	2007		2006	EUR
Cost of goods sold and material consumed				
Material	22 586 425	22 586 425	22 461 880	22 461 880
Supplies and third party's services		62 320 918		61 827 560
Staff costs				
Wages	13 441 360		11 747 493	
Company contributions				
Pensions	315 131		140 182	
Others	6 169 075	19 925 566	4 644 546	16 532 221
Depreciation of tangible and intangible fixed assets	4 265 009		3 864 552	
Adjustments	76 323	4 341 332	970 287	4 834 839
Taxes	1 120 419		972 736	
Other operational costs	77 796	1 198 216	19 510	992 245
(A)		110 372 456		106 648 745
Losses in group & associate companies				
Interest and similar costs				
Others	8 181 823	13 296 347	8 311 270	8 311 270
(C)		123 668 803		114 960 014
Extraordinary costs and losses		265 273		563 415
(E)		123 934 075		115 523 429
Corporate income tax for the financial year		5 144 329		2 894 151
(G)		129 078 404		118 417 580
Net profit/loss for the financial year		6 983 729		1 891 750
		136 062 133		120 309 330
INCOMING AND EARNINGS				
Sales:				
Goods			548 381	
Products	461 920			
Rendering of services	123 379 179	123 841 098	104 970 961	105 519 341
Production variation		1 054 623		1 279 135
Own work capitalised		937 172		589 742
Supplementary income	3 839 790		6 826 386	
Other operating income	697 306	4 537 096		6 826 386
(B)		130 369 990		114 214 605
Earnings in group & associate companies	1 671 981		1 642 115	
Income from shareholdings				
Relative to other companies	1 312 152			
Other interest and similar income				
Others	2 158 529	5 142 392	4 260 944	5 903 059
(D)		135 512 382		120 117 663
Extraordinary income and earnings		549 751		191 667
(F)		136 062 133		120 309 330

SUMMARY

		2007	2006
Operating profit/loss	(B) - (A)	19 997 534	7 565 860
Accounting profit/loss	(D-B) - (C-A)	-8 153 954	-2 408 211
Current profit/loss	(D) -(C)	11 843 580	5 157 649
Before tax profit/loss	(F) - (E)	12 128 058	4 785 901
Net profit/loss for the financial year	(F) - (G)	6 983 729	1 891 750

INCOME STATEMENT by function

Euro

	Financial Year	
	2007	**2006**
Sales and services rendered	123 841 098	105 519 341
Cost of sales and services rendered	103 590 182	98 250 084
Gross profit/loss	**20 250 916**	**7 269 258**
Other operating income and earnings	6 033 704	7 982 448
Distribution costs	0	0
Office costs	4 529 436	6 127 281
Other operating cost and losses	3 125 484	2 604 434
Operating profit/loss	**18 629 700**	**6 519 991**
Net financing costs	1 543 363	1 109 382
Profit/loss in subsidiary and associate companies	-3 442 541	1 642 115
Profit/loss in other investments	1 312 152	0
Unusual or infrequent profit/loss	-2 827 890	-2 266 823
Current profit/loss	**12 128 058**	**4 785 901**
Taxation on current profit/loss	5 144 329	2 894 151
Current profit/loss after taxes	**6 983 729**	**1 891 750**
Extraordinary profit/loss	0	0
Taxation on extraordinary profit/loss	0	0
Net profit/loss	**6 983 729**	**1 891 750**
Profit/loss by share	**3,88**	**1,05**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2007
(All figures expressed in euro - EUR)

INTRODUCTION

Conduril – Construtora Duriense, S.A. is a public limited company that has registered offices in Ermesinde, and which was founded on 14th February 1959. The company's main business activity is public or private construction work, and all activities associated to this business sector.
The Company shall draw up and publish consolidated financial statements separately.
These notes follow the numbering scheme defined in the Portuguese Chart of Accounts (POC). The notes that have been omitted are neither applicable to the Company nor material for an understanding of the attached financial statements.

1. STIPULATIONS OF THE PORTUGUESE CHART OF ACCOUNTS EXEMPTED IN THE FINANCIAL YEAR
No stipulations of the Portuguese Chart of Accounts were exempted.

2. CHANGE IN THE CONTENT OF THE BALANCE SHEET ACCOUNTS AND IN THE INCOME STATEMENT
In the 2007financial statements, the company made no changes to accountancy practices or policies.

3. PRESENTATION BASIS AND MAIN VALUATION CRITERIA
The financial statements have been prepared, based on going concern operations, from the books and accounting records of the Company, according to accounting principles generally accepted in Portugal.
Owing to the fact that the Company uses the equity equivalence method in its individual financial statements, this method was also used to prepare the financial statements of the group and associate companies. Hence, this influenced the value reported under financial investments in the Assets, Gains and Losses of capital income in group and associate companies indicated in the Income Statement and Shareholding Adjustment headings, reported under Shareholders' Equity.
The main valuation criteria used to draw up the financial statements were as follows:

a) Tangible fixed assets

Land and buildings belonging to the Company are registered at the market value, based on valuations made by an independent assessment entity. In 2004, the land and buildings were re-valued. The increase or decrease to the current value was reported in the surplus deriving from the first evaluation and included in the shareholders' equity, in compliance with Accounting Directive no. 16 – Revaluation of tangible fixed assets.
All other tangible fixed assets are reported at their respective purchase value. Some of these goods were later re-valued in accordance with legislation, in line with the provisions of Note 12 (see Note 13 too).
The amortisation and reintegration of tangible fixed assets are calculated using the straight-line depreciation method on the cost or revaluation value. The annual rates used satisfactorily reflect the lifespan of the assets and correspond to the maximum rates indicated in Regulatory Decree no. 2/90, of 12 January.

b) Financial leasing

Fixed assets acquired under leasing contracts, and their respective liabilities, are reported using financial methods. Consequently, the cost of the asset is reported under tangible fixed assets, the corresponding liabilities reported under liabilities and the depreciation of these assets and the interest included in the rent instalments are reported as costs in the income statement for the year to which they relate.

c) Financial investment

Investments in group companies are reported using the equity equivalence method. Shareholdings are initially reported at acquisition cost, which was added to or subtracted from the amount proportional to the holding in the equity capital of these companies, relative to the acquisition date or the date on which the equity equivalence method was first implemented.
Each year, the shareholdings in the group's companies are reported at the foreign exchange rate in force on the balance calculation date, offset against the shareholdings' adjustment account.

According to the equity equivalence method, shareholdings are annually adjusted by the sum corresponding to the share in the net profit of group companies, and offset against the gains or losses for the financial year.
All other shareholdings are reported at acquisition cost or, in the case of loans granted to Group companies, at nominal value converted at the exchange rate in force on the balance date.

d) Stocks

Raw materials

The raw material, subsidiary goods and consumables are valued at purchase cost. A provision for the depreciation of stock was created, for the difference between the cost price and the respective sale value of used stock, in the event that this is less than the cost price.

Ongoing products and finished products

The profit in relation to contracts that exceed one year is calculated in accordance with the finished percentage method as established in Accounting Directive no. 3, measured through partial deliveries, identification of segments, measurement reports or other means that allow reliable estimates of the costs to be borne up to completion of the project or the termination of invoices to be issued for the customer. When it is not possible to estimate the profits or costs to a reasonable degree of accuracy, the costs incurred are registered under Stocks – Ongoing products and works. In such an event, ongoing products and work are valued based on the construction cost, as established in the specifications, which includes the cost of the raw materials used, as well as labour and general manufacturing overheads.

e) Accrual basis

Income and expenses are recorded on an accrual basis as they are generated during the period to which they refer to, irrespective of when they are received or paid. The differences between the amounts received and paid and the corresponding generated income and expenses are reported under accruals and deferrals.

f) Own work capitalised

Work where the company proper is the customer corresponds to the costs associated to the performance and repair of the company's own equipment, including material, direct labour and subcontracting costs.

g) Balances and transactions reported in foreign currency

All assets and liabilities in foreign currency are translated into euro at the rate of exchange in force on the date of the balance sheet.
Favourable or unfavourable exchange rate differences, brought about by differences in the foreign exchange rate in force on the transaction date and the rate in force on the collection or payment date, or on the date on which the sum is input in accounts, were reported as income and costs in the income statements for the relevant financial year.

4. FOREIGN EXCHANGE RATES USED FOR CONVERSION INTO EURO

The following exchange rates were used to convert the assets and liabilities in foreign currency into Euros:

USD 1.00	**=**	**MZM 24.43**
EUR 1.00	**=**	**MAD 11.4295**
EUR 1.00	**=**	**USD 1.475**

6. TAXATION

The Company acknowledges the adjustments concerning deferred taxation - assets and deferred taxation - liabilities, in compliance with the Accounting Directive nº 28 – Income Tax. As such, provided that a tax-generating transaction occurs, and when reversible, it is reported in the financial statements of the Company, irrespective of the date on which the tax is paid or settled.
Deferred tax assets concern pension funds.
Deferred taxes liabilities concern the impact on future amortisation not accepted for tax purposes and deriving from legal revaluation and different free revaluations.

7. AVERAGE NUMBER OF STAFF

The Company's average headcount in 2007 was:

Registered Office - 335
Angola subsidiary - 736
Mozambique Delegation - 20
Morocco subsidiary - 257

10. FIXED ASSET OPERATIONS

During the 2007 financial year, the movements in the cost value of intangible and tangible fixed assets and in financial assets, as well as in their accumulated depreciation, were as follows:

GROSS ASSETS

	Initial value	**Increases**	**Transferts**	**Reductions**	**Final value**
Intangible fixed assets					
Incorporation costs	11.607		0		11.607
	11.607		0		11.607
Tangible fixed assets					
Real estate and natural resources	6.760.681	59.534			6.820.215
Buildings and other constructions	15.649.930	176.424	7.531		15.818.823
Plant and machinery	24.447.508	4.870.130		3.091.528	26.226.109
Transport equipment	7.136.750	3.078.566		471.188	9.744.128
Tools and instruments	98.963	2.072			101.035
Office equipment	895.487	86.581	1.499	11.432	969.137
Other tangible fixed assets	8.587	59.785	59.783		8.590
Fixed assets in progress	90.610	1.506.829	58.944	1.264.072	274.423
	55.088.516	9.839.922	127.757	4.838.221	59.962.460
Financial investment					
Shareholdings in group comp.	3.480.249	459.783		24.554	3.915.478
Shareholdings in associate comp.	687.848	494.541		687.848	494.541
Loans to group companies	35.599			1.944	33.655
Stocks and other fin. investments	418.190				418.190
	4.621.886	954.324	0	714.346	4.861.864

AMORTIZATIONS

	Initial value	Increases	Transferts	Ajustements	Final value
Intangible fixed assets					
Incorporation costs	6.824	4.494			11.318
	6.824	4.494		0	11.318
Tangible fixed assets					
Real estate & natural resources	247.791	46.120			293.911
Buildings & other constructions	8.567.668	1.031.147			9.598.815
Plant and machinery	19.749.456	1.865.315		2.065.363	19.549.408
Transport equipment	5.231.259	1.230.844	261	373.842	6.088.000
Ferramentas e utensílios	41.024	12.910			53.934
Tools and instruments	693.650	70.223	-261	11.432	752.702
Other tangible fixed assets	3.371	3.956			7.327
	34.534.219	4.260.515	0	2.450.637	36.344.096

The movement registered under financial investments reflects the application of the equity equivalence method.

12. REVALUATION OF TANGIBLE FIXED ASSETS

Tangible fixed asset revaluation operations to date have been carried out by the Company in accordance with applicable legislation, namely:

Decree-Law no. 430/78, of 27 December
Decree-Law no. 219/82, of 2 June
Decree-Law no. 399/G/84, of 28 December
Decree-Law no. 118/B/86, of 27 May
Decree-Law no. 111/88, of 2 April
Decree-Law no. 49/91, of 25 January
Decree-Law no. 264/92, of 24 November
Decree-Law no. 31/98, of 11 February

Further to these revaluation operations, two unrestricted revaluations were carried out in 2001 and 2004.

13. REVALUATION OF TANGIBLE FIXED ASSETS

The data regarding the acquisition cost of tangible fixed assets and the corresponding revaluation of 31 December 2004, net of accumulated depreciation, was as follows as at 31 December 2007:

	Historic cost (a)	Revaluations (a) and (b)	Revalued book values (a)
Tangible fixed assets			
Real state & natural resources	2 801 974	3 724 330	6 526 305
Building & other construction	2 955 797	3 264 211	6 220 008
Plant and machinery	6 612 204	64 497	6 676 702
Transport equipment	3 643 037	13 091	3 656 127
Tools and instruments	47 102		47 102
Office equipment	215 554	882	216 435
Other tangible fixed assets	1 263		1 263
	16 276 930	7 067 011	23 343 941

a) Net of depreciation

b) Including successive revaluations net of depreciation

15. FINANCIAL LEASING

The following assets were held at the Company's head office through financial lease, as at 31 December 2007:

	Purchase values	Accumulated depreciation for financial year	Book value
Plant and machinery	**4 619 784**	**3 371 289**	**1 248 495**
Transport equipment	**2 661 925**	**2 053 927**	**607 998**

As indicated in note 3(b), the Company reports its assets via the financial method.

16. GROUP COMPANIES

The Group companies as at 31st December 2007 were:

Company and head office	Percentage of	Shareholders' equity	Income for
ENOP-Engenharia e Obras Públicas, Lda. Avª. 25 de Setembro, 1123-10º Maputo - Mozambique	85.47%	4 986 124	513 431
Conduril – Engenharia (Angola), Lda. R. Kima Kyenda 2 - IL Luanda - Angola	99%	2 029 479	244 577
Mabalane-Inertes, Lda. Avª. 25 de Setembro, 1123-10º Maputo - Mozambique	85%	58 843	41 226
Conduril – Gestão de Concessões de Infraestruturas,SA Av. Engº. Duarte Pacheco, 1835 Ermesinde - Valongo - Portugal	100%	102 856	2 031
Edifer / RRC / Conduril, ACE R. das Fontaínhas, 62 – Venda Nova 2701-658 Amadora	33.33%	1 483 772	5 420 021
Groupement Adriano/Jaime Ribeiro/Conduril Construção ACE. Rua Maria da Paz Varzim, 116 4490-658 Amadora	33.33%	-15 332 471	-15 332 471
Groupement Túnel de Nador – Construção ACE Lugar de Fermil – Cadavão – Vilar do Paraíso 4405 -849 Vila Nova de Gaia	50%	-	-

31. Overall value of financial commitments that are not detailed in the balance sheet, and pension commitments:

a) Liability for discounted bills of exchange: the sum of discounted bills as at 31 December 2007 was EUR 977 918.

b) Pension fund: The Company opened a Pension Fund in order to voluntarily top-up the pensions granted to its employees by Social Security. The liability not covered at 31 December 2007, for past services, valued at EUR 225 788, is reported under Provisions for other risks and costs (Note 34).

32. GUARANTEES PROVIDED

As at 31 December 2007, the Company was liable for guarantees provided for contract work totalling EUR 50 367 391.

34. MOVEMENTS IN PROVISION ACCOUNTS

The operations in provision accounts for 2007 were as follows:

Account	Initial value	Increase	Adjustments	Final value
28 - Accounts receivable adjustment	1 712 848	75 497	176 604	1 611 741
298 - Provision for pensions	449 290	276 498	500 000	225 788
296 - Other provisions		5 110 313		5 110 313
39- Stock adjustment(consumables)	41 150	826	8 510	33 466

The increased verified under Other Provisions refers to the creation of provisions in group companies.

36. SHARE CAPITAL DETAILS

As at 31st December 2007 the Company's share capital, fully subscribed and paid up, was composed of 2000 000 shares, each with a face value of 5 euros.

39. INCREASE/DECREASE OF REVALUATION RESERVES DURING THE FINANCIAL YEAR

Account	Initial value	Decrease	Final value
Revaluation reserves Dec.Law no. 31/98, of 11 February	27.338	6.001	21.337
Free revaluation reserves 2001	4.370.797	399.146	3.971.651
Free revaluation reserves 2004	1.443.790	230.111	1.213.679
Total	5.841.925	635.258	5.206.667

40. OTHER CHANGES IN EQUITY

The movement in the shareholder's equity categories in 2007 was as follows:

Account	Initial value	Increase	Decrease	Final value
51 - Capital	10.000.000			10.000.000
52 - Own shares				
521 - Nominal value	-1.000.000			-1.000.000
522 - Discounts and premiums	50.000			50.000
55 - Capital adjust. group companies	588.999	954.268	282.805	62
56 - Revaluation reserves	5.841.926		635.258	5.206.668
57 - Reserves			0	
571 - Legal reserves	1.088.856	95.000	0	1.183.856
574 - Free reserves	7.341.537	482.483	0	7.824.020
59 - Retained profit/loss	2.723.658	635.258	0	3.358.916
88 - Net profit/loss	1.891.750	6.526.804	1.891.750	6.526.804

41. COST OF GOODS SOLD AND SPENT MATERIAL
The cost of goods sold and materials consumed in the 2007 financial year was as follows:

Movements	Raw, subsidiary and consumable material
Opening stocks	2.826.987
Purchases	22.947.251
Closing stocks	3.187.813
Costs for the financial year	22.586.425

42. PRODUCTION VARIATION

The production variation statement for the 2007 financial year was as follows:

Movements	Products and works in progress	Finished products
Opening stocks	1.038.587	600.199
Closing stocks	2.373.719	319.690
Costs for the financial year	1.335.132	-280.509

The cost of sales and services rendered reported in the income statement by function was calculated as follows:

Movements	Products and works in progress
Production input	102.653.010
Production and fixed asset output	937.172
Cost of sales and rendering of services	103.590.182

The income statement by function was drawn up in compliance with Directive no. 20, which has a concept of extraordinary income that is different to that defined in the Official Chart of Accounts for the income statement by nature. Therefore, the total value - EUR 371 745, reported as extraordinary income on the Income Statement by nature was reclassified in the Income Statement by function, in its entirety, as current income.

43. REMUNERATION OF THE MEMBERS OF THE CORPORATE BODIES

The remuneration assigned to members of the corporate bodies in the 2007 financial year was:

Board of Directors - EUR 765 000
Supervisory bodies - EUR 11 080

44. SALES AND SERVICES RENDERED BY MARKET

The sales and services rendered in the 2007 financial year were divided as follows:

Domestic - EUR 39 295 893
External market - EUR 84 545 205

45.FINANCIAL STATEMENT

The financial profits are broken down as follows:

Costs and losses	Financial Year		Income and gains	Financial Year	
	2007	2006		2007	2006
681- Incurred interest	2 187 757	1 513 905	781- Earned interest	425 956	500 451
682 - Losses in group companies	5 114 523		782 - Income from group companies	1 671 981	1 642 115
684 - Adjustments on fin. investment			784 - Return on shareholdings	1 312 152	
685 - Unfavourable exchange rate	4 959 200	6 138 401	785 - Favourable exchange	1 594 079	3 679 912
686 - Cash discounts granted	12 448		786 - Cash discounts	121 331	50 902
688 - Other costs and losses	1 022 418	658 963	788 – Reversals and others		
Financial profit/loss	-8 153 954	-2 408 211	income & gains	16 893	29 680
	5 142 392	5 903 059		5 142 392	5 903 059

The exchange rate differences are essentially owing to the Angola subsidiary and the Mozambique delegation. The losses in Group companies derive from the application of the equity equivalence method to the Groupement Adriano/Jaime Ribeiro/Conduril ACE (EUR 5 110 313), and adjustment of the

amortizations of the sale of equipment to ENOP in 2007 (EUR 4 211). The gains on the group companies derive from the application of the equity equivalence method to the shareholding on Conduril Engenharia (Angola), Lda. (EUR 242 132), ENOP-Engenharia e Obras Públicas, Lda. (EUR 438 829), Mabalane-Inertes, Lda (EUR 35 042), Edifer/RRC/Conduril, ACE (EUR 494 541), Conduril-Gestão de Concessões de Infraestruturas, SA (EUR 2 031), and adjustment of the amortizations of the sale of equipment to ENOP and Angola Sucursal (EUR 459 407).
The Other Costs and Losses category essentially contains fees with guarantees.

46. EXTRAORDINARY INCOME STATEMENT

The extraordinary profits are broken down as follows:

Costs and losses	Financial Year		Income and gains	Financial Year	
	2007	2006		2007	2006
691- Donations	25 742	25 648	794- Income from fix. assets	13 576	64 779
692- Bad debt	17 794	70	795- Income from	12 520	
694- Fixed asset losses	10 259		796- Reductions in		8 691
695- Fines and penalties	34 131	15 962	798- Other extraordinary income and gains	523 654	118 197
697- Prior-year corrections	10 231	211 825			
698- Other extraordinary costs and losses	167 116	309 514			
Extraordinary profit/loss	284 478	-371 749			
	549 751	191 667		549 751	191 667

48. OTHER INFORMATION

a) From the total amount of EUR 5 000 000 in commercial paper under contract, EUR 5 000 000 has already been used.

b) It was contracted in 2007 commercial paper in the sum of EUR 11 000 000: EUR 3 000 000 Santander Totta; EUR 5 000 000 and EUR 3 000 000 BES.

b) Costs of an environmental nature borne during the financial year were EUR 52 020.

STATUTORY AUDITOR'S REPORT AND OPINION

To the shareholders of
Conduril – Construtora Duriense, S.A.

In accordance with current legislation and the mandate provided us, we hereby submit our Report and Opinion for your appraisal. This Report and Opinion are centred on the work we have performed and on the accounting statements of Conduril – Construtora Duriense, S.A. (the Company) for the financial year ending on 31 December 2007, which are the responsibility of the Company's Board of Directors.

We have monitored the development of the business activity and transactions of the Company, the accuracy of the accounting records and compliance with current legislation and the articles of association in force. All information and clarification that we requested from the Board of Directors and the different departments of the Company were provided us.

We examined, as part of our duties, the Balance Sheet as at 31 December 2007, the income statements by nature and by function and the cash-flow statement for the financial year ending on the aforementioned date, as well as the notes thereto. Furthermore, we analysed the annual report for the 2007 financial year, drawn up by the Company's Board of Directors, with particular reference to the proposals contained therein. We have issued on this date, as a result of the statutory audit performed, the statutory audit certificate relative to the accounts, which does not include the reserves and the annual report on the work of the supervisor addressed to the Board of Directors in accordance with applicable legislation.

In view of the above-stated, it is our opinion that the abovementioned financial statements are in accordance with applicable accounting, legal and statutory provisions and, consequently, should be approved in the General Meeting of Shareholders.

We would also like to express our gratitude to the Board of Directors and services of the Company for all the assistance they provided us.

Porto, March 5, 2008

HORWATH & ASSOCIADOS, SROC, LDA.
Represented by Ana Raquel Borges L. Esperança Sismeiro (ROC no. 1126)

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LEGAL CERTIFICATION OF ACCOUNTS

(Translation of a report originally issued in Portuguese)

Introduction

1. We have examined the accompanying financial statements of Conduril – Construtora Duriense, S.A. ("Company"), which comprise the Balance sheet as of December 31, 2007, which reflects total assets of 141.806.021 euro and total equity of 34.867.651 euro, including a net profit of 6.983.729 euro, the Statements of income by natures and by functions and Statement of cash-flows for the year then ended and the accompanying notes.

Responsibilities

2. The preparation of financial statements that present a true and fair view of the financial position of the Company, the results of its operations and the cash-flow statements of their funds, as well the adoption of adequate accounting principles and the maintenance of an appropriate system of internal control is the responsibility of the Company's Board of Directors.

3. Our responsibility is to express a professional and independent opinion on these financial statements, based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. This examination includes:

   - verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on assumptions and criteria defined by the Company's Board of Directors, used in their preparation;

   - assessing the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances;

   - the applicability of the going concern concept; and

   - the adequacy of the overall presentation of the financial statements.

5. Our examination has also comprised that the financial information contained in the management report is consistent with that of the remaining documents in the financial statements.

6. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

7. In our opinion, the financial statements referred to in paragraph 1 above, present fairly, in all material aspects, the financial position of Conduril – Construtora Duriense, S.A. as of December 31, 2007 and the results of its operations and cash-flows for the year then ended, in conformity with generally accepted accounting principles in Portugal.

Porto, March 5, 2008

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HORWATH & ASSOCIADOS, SROC, Lda.
Represented by Ana Raquel Borges L. Esperança Sismeiro (C.A. 1126