

# 2017

REPORT AND  
ACCOUNTS  
**2017**







Portugal

**\_CONDURIL**

REPORT AND ACCOUNTS **2017**





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**\_CONDURIL**

REPORT AND ACCOUNTS **2017**

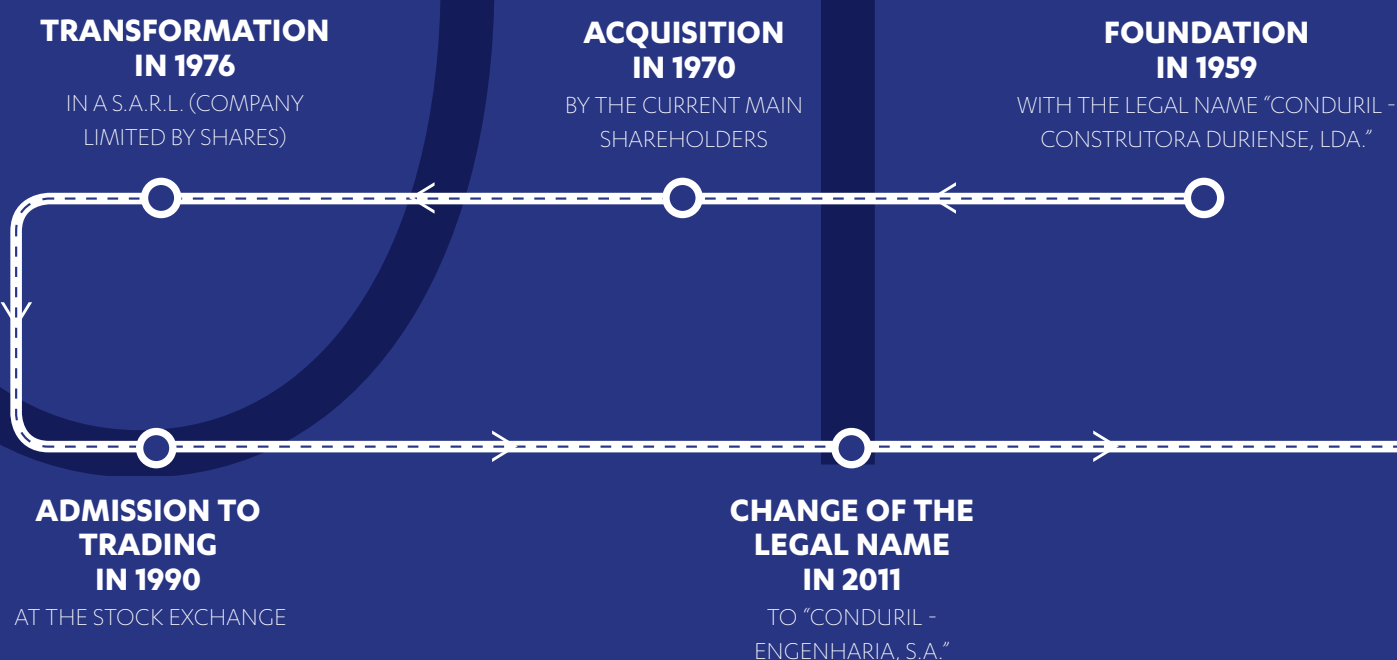




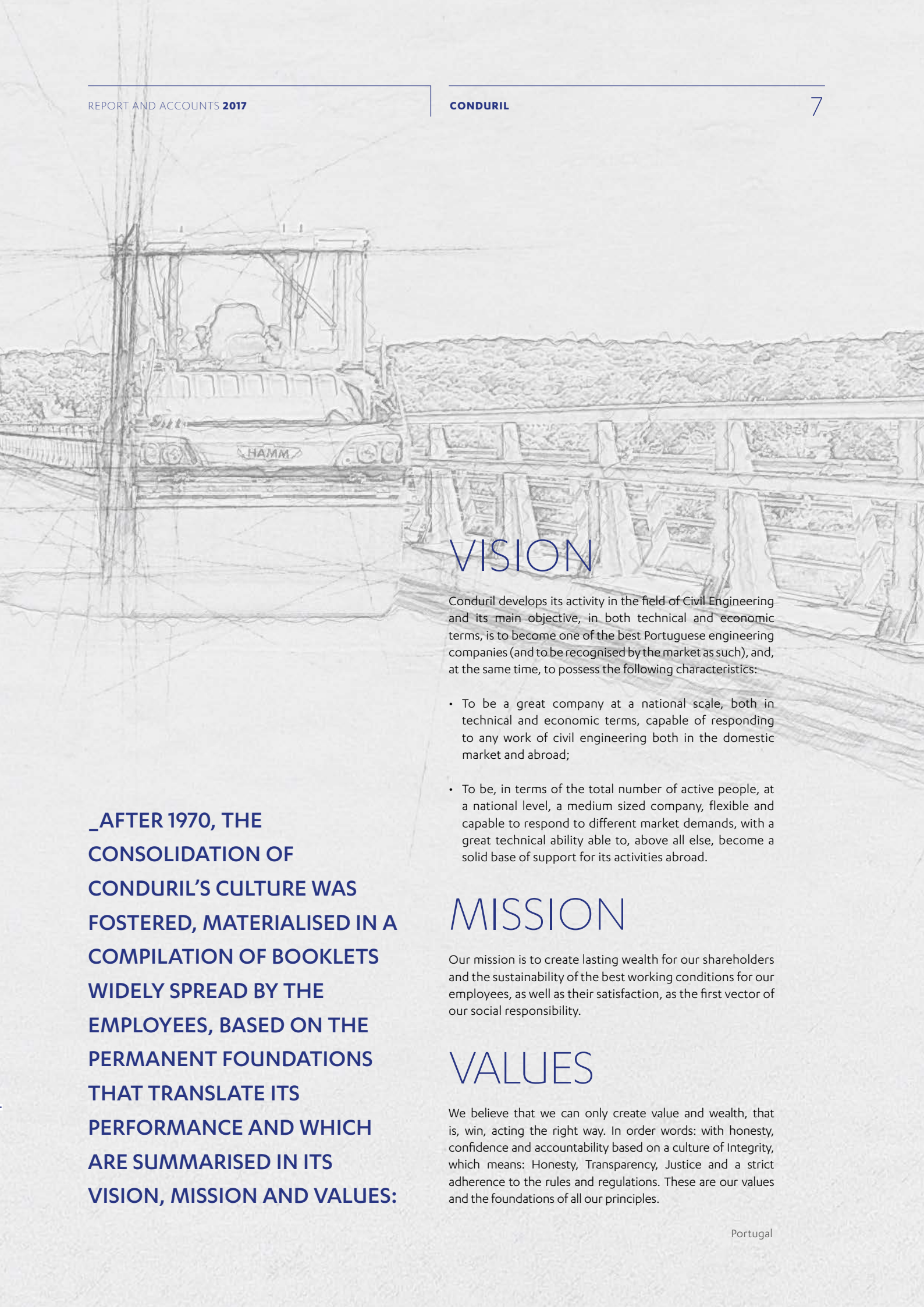
Portugal

IN A CONSTANTLY CHANGING ENVIRONMENT CHARACTERISED BY THE EXISTENCE OF MORE AND MAJOR CHALLENGES, WHICH SYSTEMATICALLY TEST THE CAPACITIES OF COMPANIES AND THEIR OWN SURVIVAL, **DURING 2017, THE PROMOTION OF CONDURIL'S GLOBAL STRATEGY WAS INTENSIFIED AND REINFORCED**, BASED ON THE FOUNDING PRINCIPLES DEFINED IN ITS BEGINNING.

**\_THE COMPANY POINTS OUT THE FOLLOWING EVENTS AS THE MOST IMPORTANT SINCE ITS FOUNDATION:**







**\_AFTER 1970, THE CONSOLIDATION OF CONDURIL'S CULTURE WAS FOSTERED, MATERIALISED IN A COMPILATION OF BOOKLETS WIDELY SPREAD BY THE EMPLOYEES, BASED ON THE PERMANENT FOUNDATIONS THAT TRANSLATE ITS PERFORMANCE AND WHICH ARE SUMMARISED IN ITS VISION, MISSION AND VALUES:**

## VISION

Conduril develops its activity in the field of Civil Engineering and its main objective, in both technical and economic terms, is to become one of the best Portuguese engineering companies (and to be recognised by the market as such), and, at the same time, to possess the following characteristics:

- To be a great company at a national scale, both in technical and economic terms, capable of responding to any work of civil engineering both in the domestic market and abroad;
- To be, in terms of the total number of active people, at a national level, a medium sized company, flexible and capable to respond to different market demands, with a great technical ability able to, above all else, become a solid base of support for its activities abroad.

## MISSION

Our mission is to create lasting wealth for our shareholders and the sustainability of the best working conditions for our employees, as well as their satisfaction, as the first vector of our social responsibility.

## VALUES

We believe that we can only create value and wealth, that is, win, acting the right way. In other words: with honesty, confidence and accountability based on a culture of Integrity, which means: Honesty, Transparency, Justice and a strict adherence to the rules and regulations. These are our values and the foundations of all our principles.

Since then, focusing its operation exclusively in the Civil Engineering sector, Conduril has been cementing relationships with its main Stakeholders, investing in the reinforcement of its financial soundness, without neglecting its social responsibility, essentially based on the well-being of its employees, where it has been ensuring, on its own, all the expenses related to the Conduril Pension Fund (created in 1989) and health insurance, as well as its own training academy – the Conduril Academy –, operating in the Angola and Mozambique markets.

The focus on the continuity of its existence has led Conduril to scrupulously analyse every attractive business opportunity. In the beginning of the 1990s, the expansion of its activity began in several countries and management is mainly centralised in two areas: SOUTHERN AFRICA and PORTUGAL and the rest of the world except Southern Africa:

## PORTUGAL AND THE REST OF THE WORLD

### PORTUGAL

> 1959

1990 <

### MOROCCO

> 2005

2008 <

### SPAIN

> 2010

### CAPE VERDE

> 2011

### SENEGAL

> 2012

2012 <

2013 <

2015 <

## SOUTHERN AFRICA

### ANGOLA

### MOZAMBIQUE

### BOTSWANA

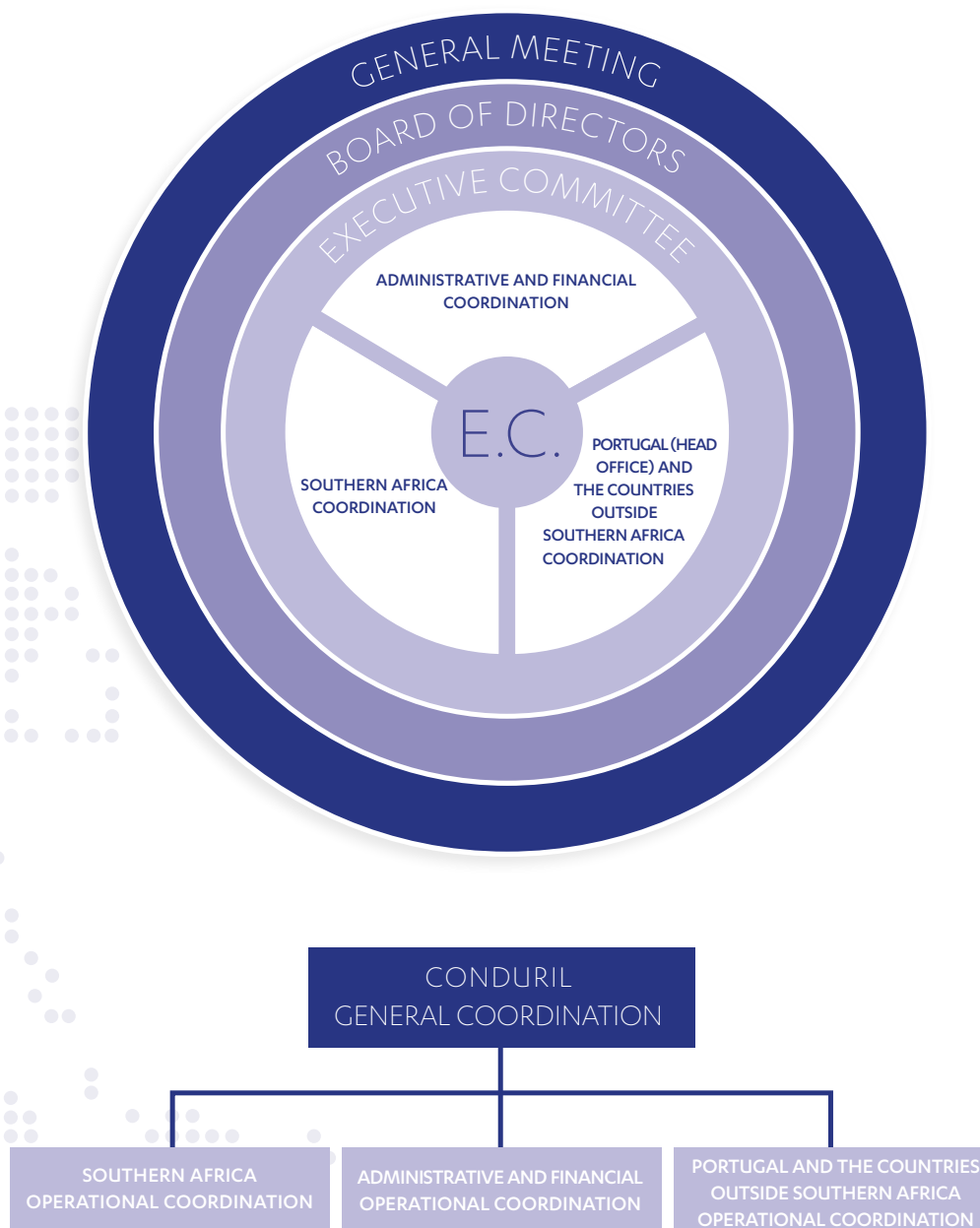
### MALAWI

### ZAMBIA

### GABON

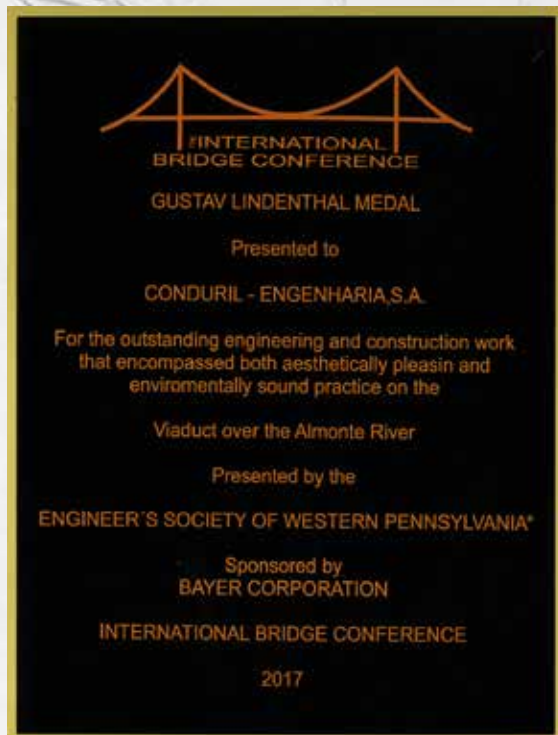


In order to strengthen and support Conduril's GLOBAL STRATEGY, a new organisational structure was established. This new model, in line with the defined strategic vision, is based on three major decision centres which, together and supported by the functional structures that assist them, will be the fundamental support needed to achieve the defined goals.



COMMITTED TO ITS STRATEGY, CONDURIL HAS ACHIEVED ITS PROPOSED GOALS IN TERMS OF RETURN, THE SATISFACTION OF THOSE INVOLVED IN THE PRODUCTION CYCLE AND RECOGNITION BY INDEPENDENT ENTITIES THAT FREQUENTLY LEGITIMATE THE COMPANY'S MERIT WITH THE ATTRIBUTION OF **AWARDS FOR ITS ECONOMIC AND FINANCIAL PERFORMANCE, THE SATISFACTION AND ENGAGEMENT OF ITS EMPLOYEES AND THE QUALITY AND TECHNIQUE OF THE SERVICES PROVIDED.** IN 2017, TWO AWARDS ARE PARTICULARLY HIGHLIGHTED AND SHARED AS FOLLOWS:





Distinction awarded by Neves de Almeida | HR Consulting



# **\_MANAGEMENT REPORT**

REPORT AND ACCOUNTS **2017**



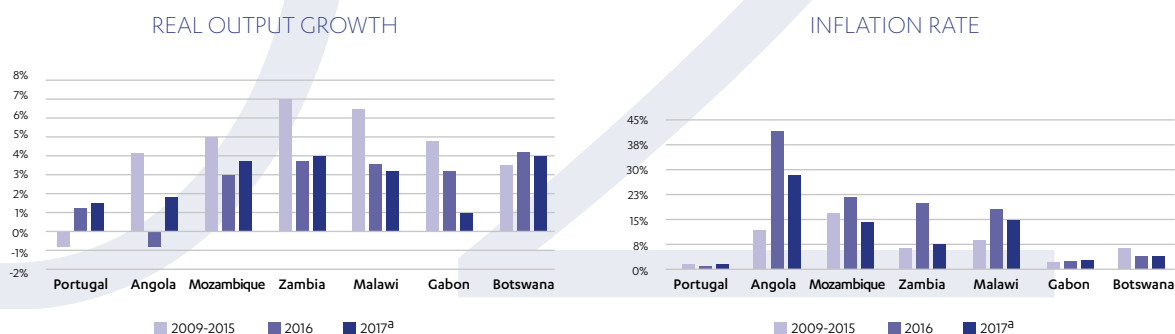


Angola

THE BOARD OF DIRECTORS OF CONDURIL – ENGENHARIA, S.A., IN COMPLIANCE WITH THE ARTICLES OF ASSOCIATION AND APPLICABLE LEGAL PROVISIONS, IN ACCORDANCE WITH ARTICLES 65 AND 66 OF THE PORTUGUESE COMPANIES ACT, PRESENTS AND SUBMITS TO THE GENERAL MEETING OF SHAREHOLDERS, THE MANAGEMENT REPORT, THE ACCOUNTS FOR THE PERIOD AND OTHER FINANCIAL STATEMENTS, FOR THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2017.

**1\_** 2017 provided some surprises in the world economy, with a growth that surpassed the most optimistic perspectives: the combination of some financial conditions – the stock markets reached record levels and the dollar had a behaviour below the expected – with more favourable government policies, allowed for the strengthening of international trade.

This feeling was also present in the economies where Conduril develops its activity, where an improvement of the main economic indicators was felt, after one of the longest recessive periods in the last years; however, regarding the African economies – which are very dependent on the international volatility of their commodities – they are still very far from the period of expansion previously experienced.

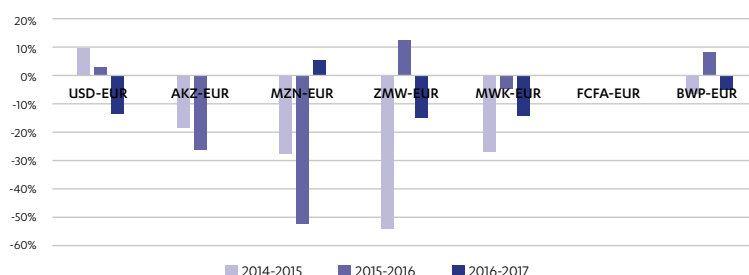


<sup>a</sup> Estimated values

Source: UN, The World Economic Situation and Prospects 2018



## EXCHANGE RATE VARIATION



In Portugal, the civil engineering sector followed the behaviour of the rest of the economy, presenting a 6% growth. Nevertheless, and in terms of public works, the deviation is still very expressive – 1700 million euros – between the works promoted and the works awarded.

2017 was also marked by the electoral process in Angola, which took place without incidents, and where changes in conducting the country's economic policies are starting to be seen. In this context, the new floating exchange rate regime to which the kwanza is subject since the beginning of 2018, brings extra challenges to the country.

Mozambique continues to face one of the worst financial crises of the last decades due to the excess of external debt assumed, which led to the suspension of international financing as of 2016. Also, the growing public debt in Zambia drove the country to start a dialogue process with IMF; however, 2017 was marked by the failure to achieve a possible rescue agreement.

Although the world economy's behaviour in 2017 makes it possible to face 2018 with some enthusiasm, the imposition of increasing restrictions on trade policies and the intensification of the latent geopolitical tensions may cause a sudden degradation of the global macroeconomic scenario.



Malawi

**2\_** Without disregarding the domestic market, but before its exiguity, the investment in other geographic markets is still determining in Conduril's operation, whose contribution to turnover in 2017 amounted approximately 80%.

In 2017, some reference works were completed. Among them, the following should be highlighted: the works of the sub-concession of Baixo Alentejo, the Águas Santas tunnel, the REN substation in Porto Alto and the rehabilitation of the Arade bridge, in Portugal; the work of Cabinda Base, in Angola; the Nyimba/Sinda road in Zambia, and the work of the Almonte viaduct – TGV, in Spain. In recognition for the works performed in this last construction work, in 2017, Conduril was awarded the prestigious Gustav Lindenthal Medal, at the International Bridge Conference, by the Engineers' Society of Western Pennsylvania, previously shown.

With the conclusion of the works related to the sub-concession of Baixo Alentejo, 2018 will be the first year of full operation of this sub-concession.

The macroeconomic revitalisation felt in Portugal allowed for the acquirement of new works, namely the modernisation of the Covilhã-Guarda railway section of the Beira Alta line and the

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BRIDGE  
CONFERENCE...**

rehabilitation of the Guadiana International Bridge. In turn, in Southern Africa, the ongoing works continue at a good pace, with special emphasis on the rehabilitation work of the Malongo dock – Angola for the Cabinda Gulf Oil Company, and the awarding of the construction of the Condé-Ébo road, a work funded by external financing, as well as the awarding of four secondary roads in the intervention area of the Nyimba/Sinda road – Zambia, as a result of the good work previously performed on this road.

Given the opportunities and threats that geographic expansion implies, Conduril keeps a close eye on possible projects in new markets, basing these expectations on thorough and comprehensive analyses of any potential proposal. It is therefore in this context that Conduril undertakes the South Africa market and for which we have good expectations for 2018. Likewise, at the level of the Latin America and Central America markets, the company has been developing work which we hope pays off in due time.

**3\_** We continue to strengthen the investment strategy followed, which has been consistent and transversal to several areas, with focus on the improvement of infrastructures, the production capacity and the qualification of our human resources.

At the level of infrastructures, it is worth mentioning the new head office in Angola, an impressive work located in the heart of Luanda, with a total building area of 5461 m<sup>2</sup>, divided by 15 vertical levels, which is almost finished.

In order to inject operational dynamics and flexibility into the internal production unit in metalworking, throughout 2017, the consolidation of this activity was undertaken, which culminated in its autonomisation as an independent company, Edirio - Construções, S.A., similar to the process which occurred in 2013, in Angola, with Urano, Lda. Conduril now embraces in its sphere of activity two companies specialised in the provision of metalworking services, one in Portugal and one in Angola.

The primacy given to the productivity and profitability conditions has been translated into a relevant investment made in employee training and specialisation, which was put into effect through a volume of 22,350 training hours inside the Conduril universe, in 2017. In this scope, the Conduril Academy continues to play an essential role in the renewal of skills and technical and technological specialisation, in the field of civil engineering and public works, and is responsible for guaranteeing the vocational and educational qualification of all its employees, with accreditation and recognition of professional skills, including literacy and school acceleration, in Angola and Mozambique. Regarding these last skills, and without any governmental subsidies, the Conduril Academy works in strict and permanent collaboration with the Ministries of Education in Angola and Mozambique. In Angola, in a universe of around 1000 Angolan employees, Conduril was able to decrease the illiteracy level from 24%, in 2011, to 2%, in 2017.

**... THE PRIMACY  
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TRAINING AND  
SPECIALISATION...**



Mozambique

**4.** During 2017, Conduril continued to demonstrate that it is possible to overcome the difficulties which persist in the sector, by being faithful to its conduct, namely by developing its activity in the civil engineering area with honesty, consistency and trust. This way, it was able to continue its sustained turnover growth and, at the same time, present positive results and an improvement in its main financial indicators, as follows:

INDICATORS	2015	2016	2017
Net assets (€)	498,308,106	461,090,163	456,017,167
Liabilities (€)	285,792,573	247,810,151	238,188,307
Equity (€)	212,515,533	213,280,013	217,828,860
Net debt (€)	27,814,039	-34,945,198	-32,045,329
Turnover (€)	173,689,057	132,124,399	140,460,967
Variation in turnover		-24%	6%
EBITDA (€)	29,429,072	28,645,047	33,358,782
Net income for the period (€)	6,171,538	4,236,804	7,006,696
Financial autonomy	43%	46%	48%
General liquidity*	192%	205%	170%
Solvency ratio	74%	86%	91%
Debt ratio	134%	116%	109%
Sales profitability	4%	3%	5%
EBITDA/Turnover	17%	22%	24%

\* The decrease of the liquidity indicators results from a simple accounting reclassification, given that, if this decrease did not take place, these indicators would present values closer to the ones presented in previous years.

NET DEBT CALCULATION	2015	2016	2017
Medium and long-term financing	68,753,338	61,450,218	50,848,697
Short-term financing	85,729,431	67,646,304	63,589,188
Financial assets held for trading and other financial investments	-101,782,737	-72,415,085	-57,415,659
Other financial assets	-5,000	-83,041,539	-83,041,539
Cash and bank deposits	-24,880,993	-8,585,096	-6,026,017
<b>Net debt</b>	<b>27,814,039</b>	<b>-34,945,198</b>	<b>-32,045,329</b>

Over the last 3 years, the evolution presented demonstrates a clear concern with the reduction of the levels of indebtedness, as well as an improvement in financial autonomy. Here, it is important to mention that the delays in fulfilling the convention mentioned in the previous report have penalised the company's financial results and, consequently, the net income for the period, a situation that will be resolved with the already confirmed respective payment, which will occur until 21 March 2018.

Therefore, the company's financial capacity presents stable figures, clearly higher than the sector's average, justified by the constant concern in its long term sustainability, which is particularly evident in the permanent reinforcement of its equity.

**5.** The internal procedures implemented by Conduril throughout its entire structure continue to be a safe investment and one of its differentiating factors, which, year after year, have been recognised by such competent external entities as:

- the revalidation by APCER (Portuguese Association of Certification) of the certifications of the quality management system in Portugal, in the Mozambique Delegation and in ENOP, and the successful transition in the Angola branch, in Métis and Urano, according to the standard NP EN ISO 9001:2015;
- the revalidation by APCER of the certifications in the scope of the occupational health and safety management system in Portugal, in the Angola branch, in Métis and Urano, according to the standards OHSAS 18001:2007 and NP 4397:2008;
- the renewal by APCER of the certification of the environmental management system in Portugal, with the transition to the standard NP EN ISO 14001:2015 being successfully performed;
- the renewal of the accreditation by IPAC (Portuguese Institute for Accreditation) for the Portuguese Central Laboratory, according to the standard NP EN ISO/IEC 17025:2005;
- the follow-up and maintenance of the certification obtained in the scope of the EC Marking for the metal structures produced in our Portuguese industrial facilities, according to the standard EN 1090+1:2009+A1:2011; and
- the client satisfaction surveys, where we obtained an average evaluation of 17 valores [in a scale of 0-20] in the domestic market and 18 valores in the Southern Africa market.





Angola

**6\_** In a sector particularly vulnerable to the variation of the main macroeconomic variables, Conduril's culture is based on a set of values that focus on the exclusive achievement of the proposed goals and, overall, supporting its continuity. This way, the future is not seen as an obstacle, but as a challenge, where its activity will continue to be based on:

- strengthening the relationships established with its clients, currently materialised in an order book of over 300 million euros;
- the thorough and pondered analysis of projects that, within the defined strategy, allow for a wider range of clients and provide a geographic expansion to new countries;
- the focus on its solvency, many times over its growth, maintaining the main economic and financial indicators at levels considered solid and stable, investing in strengthening underlying cash flows;
- not forgetting its social responsibility, namely in what concerns its employees and the communities where it develops its activity, as sustained by the 1<sup>st</sup> place (Large Companies) in the Index Excellence awarded by Neves de Almeida | HR Consulting in partnership with INDEG-ISCTE, Human Resources Portugal and Executive Digest.

**7\_** Other information enclosed:

**a\_** Conduril has branches in Angola, Mozambique, Botswana, Cape Verde, Zambia, Malawi, Gabon and Morocco.

**b\_** There are no overdue debts to the State or any other public entities, including the Social Security.

**c\_** The share capital, fully subscribed and paid-in, is composed of 2,000,000 ordinary shares with a nominal value of 5 euros each.

**d\_** The own shares held, which amount to 200,000, were not object of any transaction during the year.

**e\_** The securities issued by CONDURIL - Engenharia, S.A. held by members of the Board of Directors were maintained in relation to the previous financial year, except for the number of shares of the shareholder Maria Luísa Andrade Amorim Martins Mendes, who acquired, in the stock exchange, on 9 March, 200 shares, on 14 March, 200 shares, and on 6 June, 100 shares, for the unit values of 36, 36 and 45 euros, respectively.



Portugal

**8\_** Aware of the importance of Conduril's financial stability, and in compliance with the legal and statutory provisions, in continuation of the policy of fair return of the capital invested and increase of its solvency, the Board of Directors proposes that the net income for the period, in the amount of 7,006,696 euros, has the following distribution:

- Dividends: 2,700,000 euros, corresponding to 1.50 euros per share;
- Free Reserves: 4,306,696 euros.

**9\_** To end its report, the Board of Directors expresses its strong gratitude to all those who cooperated with Conduril throughout its history.

To its clients, employees, suppliers, financial institutions and management bodies, the Board of Directors would like to reaffirm its belief that a joint effort is the best way to overcome all adversities.

Ermesinde, 26 February 2018

The Board of Directors,

---

António Luís Amorim Martins (Chairman)

---

Maria Benedita Andrade de Amorim Martins (CEO)

---

Maria Luísa Andrade Amorim Martins Mendes (CFO and vice-CEO)

---

Álvaro Duarte Neves Vaz

---

António Baraças Andrade Miragaia

---

António Emanuel Lemos Catarino

---

Carlos António Soares de Noronha Dias

---

Ricardo Nuno Araújo Abreu Vaz Guimarães





# **\_FINANCIAL STATEMENTS AND NOTES**

REPORT AND ACCOUNTS **2017**





Angola

# BALANCE SHEET

## \_AS AT 31 DECEMBER 2017 AND 2016

AMOUNTS EXPRESSED IN EURO

	NOTES	2017	2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	2;3;7	54,603,777	54,456,988
Intangible assets	2;3;6	5,280,122	5,319,916
Permanent participations (equity method)	3;9	12,441,923	11,731,047
Other financial investments	3;9;18	84,990,440	29,513,042
Deferred tax assets	3;17	103,713	268,643
Subtotal		157,419,976	101,289,636
<b>CURRENT ASSET</b>			
Inventories	3;10	11,106,258	12,054,581
Clients	3;18	131,622,757	112,258,052
Clients with retention payments	3;18	5,454,928	6,978,962
State and other public bodies	20	12,306,994	12,687,755
Other accounts receivable	3;18;20	46,819,627	51,385,688
Deferrals	3;20	274,357	393,770
Financial assets held for trading	3;18	1,944,715	72,415,085
Other financial assets	3;4;18	83,041,539	83,041,539
Cash and bank deposits	3;4	6,026,017	8,585,096
Subtotal		298,597,191	359,800,527
<b>TOTAL ASSETS</b>		<b>456,017,167</b>	<b>461,090,163</b>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Paid-in capital		10,000,000	10,000,000
Own shares	3	(950,000)	(950,000)
Legal reserves		3,044,492	3,044,492
Other reserves		196,406,885	193,070,081
Retained profit		214,819	214,798
Revaluation surpluses		2,947,434	2,947,434
Adjustments/Other changes in equity		(841,467)	716,403
Subtotal		210,822,164	209,043,208
Net income for the period		7,006,696	4,236,804
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>3</b>	<b>217,828,860</b>	<b>213,280,013</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Provisions	3;13	10,611,916	9,246,528
Financing obtained	3;8;18	50,848,697	61,450,218
Deferred tax liabilities	3;17	1,239,086	1,292,677
Subtotal		62,699,699	71,989,423
<b>CURRENT LIABILITIES</b>			
Trade creditors	3	76,818,223	65,441,510
Advanced payments from clients	3	14,649,126	15,705,435
State and other public bodies	20	6,954,765	5,850,221
Financing obtained	3;8;18	63,589,188	67,646,304
Other accounts payable	3;20	10,963,846	12,326,733
Deferrals	3;11;20	2,513,460	8,850,524
Subtotal		175,488,608	175,820,728
<b>TOTAL LIABILITIES</b>		<b>238,188,307</b>	<b>247,810,151</b>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>		<b>456,017,167</b>	<b>461,090,163</b>

The Management,

António Luís Amorim Martins

António B. Andrade Miragaia

Maria Benedita A. de Amorim Martins

António E. Lemos Catarino

Maria Luísa A. A. Martins Mendes

Carlos A. S. de Noronha Dias

Álvaro D. Neves Vaz

Ricardo N. A. A. Vaz Guimarães

The Chartered Accountant,

Carla M. P. Ribeiro, CA no. 76.474

# PROFIT AND LOSS ACCOUNT BY NATURE

\_AS AT 31 DECEMBER 2017 AND 2016

AMOUNTS EXPRESSED IN EURO

INCOME AND EXPENSES	NOTES	2017	2016
Sales and services provided	3;12;20;22	140,460,967	132,124,399
Grants received as compensation for expenses		-	-
Gains/losses allocated to subsidiaries, associated companies and joint ventures	2;3;9	(209,108)	(473,237)
Variation of inventories in production	3;10	(310,187)	-
Own work capitalised	3	7,573,200	5,398,056
Cost of goods sold and materials consumed	10	(30,594,851)	(38,503,795)
External supplies and services	20	(65,481,109)	(70,740,223)
Personnel expenses	3;19;20	(36,270,207)	(36,285,876)
Impairment of inventories (losses/reversals)	3;10	(56,899)	(484,306)
Impairment of doubtful debts (losses/reversals)	3;18	(28,266)	(138,589)
Provisions (increases/reductions)	3;13	(305,807)	99,264
Impairment of non-depreciable/amortisable investments (losses/reversals)		-	-
Increases/reductions of fair value	3;18	-	3
Other income	14;20	33,187,736	47,475,513
Other expenses	2;14;20	(14,997,659)	(10,349,366)
Operating income before depreciations, financing costs and taxes		32,967,809	28,121,843
Depreciation and amortisation expenses/reversals	3;6;7	(8,893,478)	(8,787,936)
Impairment of depreciable/amortisable investments (losses/reversals)		-	-
Net operating income (before financing costs and taxes)		24,074,331	19,333,906
Interests and similar income obtained		-	-
Interests and similar expenses supported	3;20	(11,165,964)	(12,750,575)
Income before taxation		12,908,367	6,583,331
Income taxes	3;17	(5,901,671)	(2,346,527)
<b>NET INCOME FOR THE PERIOD</b>		<b>7,006,696</b>	<b>4,236,804</b>
Income of discontinued operations (net of tax) inc. in the net income for the period		-	-
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE:</b>			
Holders of equity of the parent entity		7,006,696	4,236,804
Non-controlling interests			
Subtotal		7,006,696	4,236,804

<b>EARNINGS PER SHARE (BASIC)</b>	<b>3.89</b>	<b>2.35</b>
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The Management,

António Luís Amorim Martins	António B. Andrade Miragaia
Maria Benedita A. de Amorim Martins	António E. Lemos Catarino
Maria Luísa A. A. Martins Mendes	Carlos A. S. de Noronha Dias
Álvaro D. Neves Vaz	Ricardo N. A. A. Vaz Guimarães

The Chartered Accountant,

Carla M. P. Ribeiro, CA no. 76.474



# CASH FLOW STATEMENT

\_AS AT 31 DECEMBER 2017 AND 2016

AMOUNTS EXPRESSED IN EURO

ITEMS	NOTES	2017	2016
<b>OPERATING ACTIVITIES FLOW</b>			
Cash receipts from clients		134,394,789	138,550,182
Payments to suppliers		(79,890,346)	(101,656,604)
Payments to employees		(29,464,256)	(30,315,922)
Cash flow generated by operations		25,040,186	6,577,656
Payment/Receipt of income taxes		(2,337,577)	5,005,084
Other cash receipts/payments		2,177,810	1,959,523
<b>OPERATING ACTIVITIES FLOW (1)</b>		<b>24,880,419</b>	<b>13,542,263</b>
<b>INVESTMENT ACTIVITIES FLOW</b>			
CASH PAYMENTS ARISING FROM:			
Property, plant and equipment		(8,778,798)	(9,803,902)
Intangible assets		-	-
Financial investments		(8,751)	(2,664)
Other assets		-	-
CASH RECEIPTS ARISING FROM:			
Property, plant and equipment		17,673	18,461
Other assets		-	-
Interest and similar income		2,992,947	4,351,669
Dividends		4,178,380	57,991
<b>INVESTMENT ACTIVITIES FLOW (2)</b>		<b>(1,598,548)</b>	<b>(5,378,445)</b>
<b>FINANCING ACTIVITIES FLOW</b>			
CASH RECEIPTS ARISING FROM:			
Financing obtained		127,096,427	204,044,515
Capital increases and other equity instruments		-	-
Other financing operations		-	-
CASH PAYMENTS ARISING FROM:			
Financing obtained		(140,602,502)	(214,022,618)
Leasing financing		(1,141,320)	(1,848,200)
Interests and similar expenses		(9,881,063)	(11,480,111)
Dividends		(900,000)	(900,000)
Other financing operations		-	(78,812)
<b>FINANCING ACTIVITIES FLOW (3)</b>		<b>(25,428,458)</b>	<b>(24,285,225)</b>
Net increase/decrease in cash and cash equivalents (1 + 2 + 3)		(2,146,588)	(16,121,408)
Effects of foreign exchange rate		(412,491)	(174,489)
Cash and cash equivalents at the beginning of the period		8,585,096	24,880,993
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4</b>	<b>6,026,017</b>	<b>8,585,096</b>

The Management,

António Luís Amorim Martins

Maria Benedita A. de Amorim Martins

Maria Luísa A. A. Martins Mendes

Álvaro D. Neves Vaz

António B. Andrade Miragaia

António E. Lemos Catarino

Carlos A. S. de Noronha Dias

Ricardo N. A. A. Vaz Guimarães

The Chartered Accountant,

Carla M. P. Ribeiro, CA no. 76.474

# STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD OF 2017

AMOUNTS EXPRESSED IN EURO

	SHAREHOLDERS' FUNDS ATTRIBUTED TO HOLDERS OF EQUITY OF THE PARENT ENTITY											
	NOTES	PAID-IN CAPITAL	OWN SHARES	LEGAL RESERVES	OTHER RESERVES	RETAINED PROFIT	REVALUATION SURPLUSES	ADJUSTMENTS/ OTHER CHANGES IN EQUITY	NET INCOME FOR THE PERIOD	TOTAL	NON- CONTROLLING INTERESTS	TOTAL SHAREHOLDERS' FUNDS
POSITION AS AT 1 JANUARY 2017		10,000,000	(950,000)	3,044,492	193,070,081	214,798	2,947,434	716,403	4,236,804	213,280,013	-	213,280,013
Application of the income for the period					4,236,804				(4,236,804)			-
Position as at 1 January 2017 after application of income		10,000,000	(950,000)	3,044,492	197,306,885	214,798	2,947,434	716,403	-	213,280,013	-	213,280,013
CHANGES IN THE PERIOD:												
First adoption of the new accounting framework										-		-
Changes in accounting policies										-		-
Differences in the translation of financial statements										-		-
Realisability of the revaluation surpluses										-		-
Revaluation surpluses										-		-
Adjustments by deferred taxes										-		-
Application of the equity method								6,994		6,994		6,994
Other recognised changes in equity						22		(1,564,864)		(1,564,842)		(1,564,842)
		-	-	-	-	22	-	(1,557,870)	-	(1,557,848)	-	(1,557,848)
NET INCOME FOR THE PERIOD												
Overall result									7,006,696	7,006,696		7,006,696
									7,006,696	7,006,696	-	7,006,696
OPERATIONS WITH EQUITY HOLDERS IN THE PERIOD												
Capital subscriptions										-		-
Subscriptions of share issuance premiums										-		-
Distributions					(900,000)					(900,000)		(900,000)
Contributions to cover losses										-		-
Other operations										-		-
		-	-	-	(900,000)	-	-	-	-	(900,000)	-	(900,000)
POSITION AT THE END OF DECEMBER 2017	3	10,000,000	(950,000)	3,044,492	196,406,885	214,819	2,947,434	(841,467)	7,006,696	217,828,860	-	217,828,860

The Management,

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Maria Luísa A. A. Martins Mendes

António E. Lemos Catarino

# NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

## 1\_ INTRODUCTORY NOTE

CONDURIL - Engenharia, S.A. ("CONDURIL" or "Company"), is a company founded in 1959 and transformed in a company limited by shares in 1976, with registered office at Av. Eng.º Duarte Pacheco, 1835 – 4445-416 Ermesinde – Valongo, Portugal, whose main activity is public construction works and all other works related to the exercise of this activity.

We believe that these financial statements are a true and proper representation of the Company's operations, as well as its financial position and performance and cash flows.

The individual and consolidated financial statements are filed in the Company's registered office.

All amounts expressed in these notes are presented in euros, rounded to the nearest unit.

## 2\_ ACCOUNTING FRAMEWORK FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1. These financial statements have been prepared bearing in mind the continuation of the Company's operations, from the accounting records of the Company and in accordance with the rules of the Accounting Standardisation System, governed by the following legislation:

- Decree-law no. 158/2009, of 13 July, as amended by Decree-law no. 98/2015, of 2 June (Accounting Standardisation System);
- Decree Order no. 220/2015, of 24 July (Financial Statements Models);
- Notice no. 8254/2015, of 29 July (Framework);
- Notice no. 8256/2015, of 29 July (Accounting Standards and Financial Reporting);
- Decree Order no. 218/2015, of 23 July (Code of Accounts).

These financial statements reflect only the individual accounts of the Company, prepared in accordance with the law. Although the financial investments have been registered by the equity method, which is in accordance with the generally accepted accounting principles, these financial statements do not include the effect of the full consolidation at the level of assets, liabilities, income and expenses. The Company prepares and presents consolidated financial statements, separately.

2.2. Indication and comment on the balance sheet and the income statement whose contents are not comparable with those of the previous financial year:

The amounts presented for comparison purposes are comparable and presented in accordance with the model resulting from the amendments introduced by the legislation mentioned in the previous paragraph, with the exception of the following facts:

- Due to the declared liquidation, in 2016, of the subsidiaries 4M Properties, S.A. and Mabalane – Inertes, Lda., the financial statements of the period ending on 31 December 2016 reflect the impact of this operation.

2.3 Impact of the changes to the accounting standards:

The Decree-law no. 98/2015, of 2 June, includes a set of changes to the accounting standards with reference to 1 January 2016. The financial statements for the period ending on 31 December 2016 include a change to the record of the responsibilities related to retirement benefits. Therefore, the mentioned financial statements include in equity the effect of remeasurement of liabilities regarding actuarial gains and losses. The impact (increase) in equity at 31 December 2016 of this change is of 65,644 euros (on 1 January 2016, the increase amounted to 541,672 euros).



### 3\_ SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the attached financial statements are the following:

#### 3.1. Measurement bases used in the preparation of the financial statements

The attached financial statements have been prepared bearing in mind the continuation of the Company's operations, from the accounting books and records of the Company, maintained in accordance with the Accounting Standards and Financial Reporting (NCRF).

##### **a\_ Intangible assets**

The intangible assets, which essentially comprise development rights and computer programmes, are registered at acquisition cost, net of eventual impairment losses and accumulated amortisation. These assets are written down from the moment in which the underlying assets are completed or in use, by the straight-line method, for a period of 60 and 3 years, respectively.

The intangible assets are only recognised when it is probable that they derive future economic benefits for the Company, are controllable by the Company and that they can be measured reliably.

The development costs for which the Company demonstrates ability to complete their development and start their marketing and/or use, and for which it is probable that their created asset will generate future economic benefits, are capitalised. The development costs that do not meet these criteria are registered as expense in the period in which they are incurred.

The gains or losses arising from the sale or write-off of these assets are determined as the difference between the sale price and the accounting net value at the date of sale/write-off, and are registered by the net value in the income statement, as "Other income" or "Other expenses".

##### **b\_ Property, plant and equipment**

The property, plant and equipment acquired up to 1 January 2009 are registered at their considered cost, which corresponds to the acquisition cost or the revaluated acquisition cost in accordance with the generally accepted principles in Portugal until that date, net of accumulated depreciation and impairment losses.

The property, plant and equipment acquired after that date, are registered at acquisition cost, net of the corresponding depreciation and accumulated impairment losses.

Depreciations are calculated, after the beginning of use of the assets, by the straight-line method, on an annual basis, according to the following estimated useful lives:

	YEARS
Buildings and other constructions	10 – 25
Machinery and other equipment	3 – 16
Transport equipment	3 – 8
Office equipment	3 – 12
Other property, plant and equipment	3 – 10

Maintenance and repair costs, which do not increase the useful life of these fixed assets are registered as expenses in the period in which they occur. The costs of major repairs and renovations are included in the accounting value of the asset whenever it is expected that this would involve additional future economic benefits.

Property, plant and equipment in progress represent assets still in the construction phase or in transit, and are registered at acquisition cost net of eventual impairment losses. These assets are depreciated from the moment they are in a state of use.

The gains or losses arising from the sale or write-off of these assets are determined as the difference between the sale price and the accounting net value at the date of sale/write-off, and are registered by the net value in the income statement, as "Other income" or "Other expenses".

##### **c\_ Goodwill**

Goodwill represents the excess of the acquisition cost over the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the acquisition date.

The differences between the acquisition cost of investments in subsidiaries and associated companies, and the fair value of the identifiable assets and liabilities of these companies at the date of their acquisition, when negative, are recognised as income at the date of acquisition, after reassessment of the fair value of the identifiable assets and liabilities.

At the balance sheet date, an evaluation of the recoverable amount of the net value of the goodwill is made, and the respective impairment losses recognised whenever the accounting value of goodwill exceeds its recoverable amount. The gain or loss on disposal of an entity includes the accounting value of goodwill related to the entity sold, unless the business to which that goodwill is related is maintained generating benefits to the Company. Impairment losses related to goodwill cannot be reversed.

#### **d\_ Leases**

Classification of leases as financial or operating is made based on the substance and not on the form of the contract. The lease agreements in which the Company acts as lessee are classified as finance leases, if the risks and rewards incident to ownership lie with the lessee, and as operating leases, if the risks and rewards incident to ownership do not lie with the lessee.

In accordance with the financial method, the cost of the asset is registered as an asset, the corresponding responsibility is registered as a liability, in the item "Financing obtained", and the interests included in the value of rentals and the assets reintegration are registered as costs in the income statement for the concerning period.

Operating lease instalments are recognised as expenses in the income statement, on a straight-line basis, over the rental period.

#### **e\_ Financial investments**

Financial investments in subsidiaries, associated companies and jointly controlled entities are registered by the equity method, with the participations initially accounted at the acquisition cost, which is adjusted proportionally to the participation in the corresponding equity, at the acquisition date or at the date of the first adoption of the equity method.

Under the equity method, permanent participations are adjusted annually by the amount corresponding to the participation in the net profit/loss of the subsidiaries and associated companies as opposed to income or expenses in the period. The participations are also adjusted by the value corresponding to the participation in other variations in the equity of these companies, as opposed to the item "Adjustments in financial assets". Furthermore, the dividends received from these companies are registered as a decrease in investments.

The remaining investments are registered at the acquisition cost or, in the case of financing granted, at the nominal value. An assessment of the investments in associated companies is made whenever there are indications that the asset may be impaired, with the impairment losses that are shown to exist being registered as costs. Income obtained from financial investments (dividends or profit distributed) are registered in the income statement for the period in which distribution is decided and announced.

#### **f\_ Integration of branches**

The accounting information of the branches where the Company develops its activity, namely Angola, Mozambique, Morocco, Botswana, Cape Verde, Zambia, Malawi and Gabon, is monthly integrated in accounting. The balances and transactions occurred in the period between the registered office and the branches are eliminated.

When the functional currency of the branch is different from the reporting currency of the Company, the process of integration is performed through the translation of the variations of assets and liabilities, income and expenses at the exchange rate in force on the date of each monthly integration. On the reporting date, the exchange differences resulting from monetary assets and liabilities are calculated, being registered as income or expenses in the income statement.

In the accounting information of the branches are mainly used accounting policies in force in Portugal. To guarantee the uniformity of the accounting policies, whenever the local legislation is different from the laws in force in Portugal, the proper adjustments are made.

#### **g\_ Impairment of non-current assets (except for goodwill)**

Whenever an event or change in circumstances is identified that would indicate that the amount by which the asset is registered cannot be recovered, an assessment of impairment is performed with reference at the end of each period.

Whenever the amount by which the asset is registered is higher than its recoverable amount, an impairment loss is recognised, registered as an expense in the item "Impairment of depreciable/amortisable investments (losses/reversals)". The recoverable amount is the highest between the assets' net selling price and the use value.

The net selling price is the amount that would have been achieved with the disposal of the asset in a transaction between independent and knowledgeable entities, deducted from the costs directly attributable to the disposal. The use value is the

present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

After the recognition of an impairment loss, the expense with the amortisation/depreciation of an asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

The reversal of impairment loss recognised in previous periods is registered when it is concluded that the recognised impairment losses no longer exist or have decreased. This assessment is made whenever it is believed that impairment losses previously recognised have been reversed. The reversal of impairment losses is recognised as income in the income statement. However, the reversal of the impairment loss is performed up to the limit of the amount that would be recognised (net of amortisation or depreciation), if the impairment loss had not been registered in previous periods.

#### **h\_ Costs of financing obtained**

Costs related to financing are recognised as an expense on an accrual basis, even in cases where these costs are directly attributable to the acquisition, construction or production of an asset whose period of time to get ready for its intended use is substantial, in which case it could be capitalised until the moment in which all the activities necessary to prepare the asset eligible for its use or sale are complete.

#### **i\_ Inventories**

Goods and raw, subsidiary and consumable materials are stated at acquisition cost or at market price, whichever is lower (using the average cost as a costing method). Market price means the net realisable value or the replacement cost.

Finished or semi-finished products, by-products and products and works in progress are valued at production cost (which includes the cost of raw materials, labour and production overheads) or at the market price in case this is lower. Market price means the net realisable value.

In cases where the market price is lower than the acquisition cost, impairment losses are recognised.

#### **j\_ Financial instruments**

##### **i\_ Debtors**

Debtors are registered at their nominal value and presented at the balance sheet net of eventual impairment losses, recognised in the item "Impairment of doubtful debts (losses/reversals)", in order to reflect their net realisable value.

Impairment losses are recognised if there is objective and measurable evidence that, as a result of one or more events which occurred, the outstanding balance will not be fully or partially received. For that, the Company takes into consideration market information showing that the client is insolvent along with historical data of overdue and not paid amounts.

Recognised impairment losses correspond to the difference between the carrying amount and the present value of the estimated cash flows, discounted at the original effective interest rate, which is null whenever payment is expected to occur within less than one year.

##### **ii\_ Financing**

Financing is registered as liabilities at their nominal value net of transaction costs directly related to the issuance of those liabilities. Financial expenses are calculated based on the effective interest rate and are registered in the income statement for the period on an accruals basis.

##### **iii\_ Trade creditors**

Trade creditors and other creditors are registered at their nominal value, as they do not bear interests.

##### **iv\_ Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified based upon their contractual substance, regardless of the legal form they assume.

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be effected through the delivery of cash or another financial asset, regardless of its legal form. Financial liabilities are recognised initially at fair value net of transaction costs incurred, and subsequently at amortised cost, using the effective interest rate method.

An instrument is classified as an equity instrument when there is no contractual obligation for its settlement to be effected through the delivery of cash or another financial asset, regardless of its legal form, which evidence a residual interest in the assets of an entity after deducting all of its liabilities.



The costs directly attributable to the issuance of equity instruments are recognised in equity as a deduction to the amount issued. Amounts paid or received related to purchases or sales of equity instruments are registered in equity, net of transaction costs.

The distributions made of an equity instrument are deducted to equity as dividends, when declared.

#### **v\_ Own shares**

Own shares are accounted at the acquisition cost as an allowance to equity. Gains or losses arising from disposal of own shares are registered in the item "Other reserves", not affecting the profit/loss of the period.

#### **vi\_ Discounted bills and accounts receivable in factoring**

The Company derecognises financial assets in its financial statements, only when the contractual rights to the cash flows inherent to those assets have already expired, or when the Company substantially transfers all the risks and benefits inherent to the ownership of those assets to a third entity. If the Company substantially retains the risks and benefits inherent to the ownership of those assets, it continues to recognise them in its financial statements, by registering in liabilities, in the item "Financing obtained", the monetary consideration for the assets transferred.

Consequently, clients' balances represented by discounted bills that have not yet reached their maturity date and accounts receivable in factoring as at the balance sheet date, with the exception of operations of "Factoring without resource", are recognised in the financial statements of the Company, in liabilities, until they are collected.

#### **vii\_ Cash and cash equivalents**

The amounts included in the item "Cash and cash equivalents" correspond to cash on hand, bank deposits, term deposits and other treasury applications, which mature in less than three months and are subject to insignificant risk of change in value.

#### **k\_ Provisions, contingent liabilities and contingent assets**

Provisions are recognised only when the Company has a present obligation (legal or constructive) as result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the best estimate at that date. Provisions for restructuring costs are recognised whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

Contingent liabilities are defined by the Company as: (i) possible obligations arising from past events and whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events not under full control of the Company, or (ii) present obligations arising from past events, but which are not recognised because it is unlikely that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Company. The Company does not recognise the contingent assets in its financial statements; it only proceeds to its disclosure if it considers that the economic benefits which may result from there to the Company are likely. When the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

#### **l\_ Economic periods**

Income and expenses are registered in the period to which they relate, regardless of the corresponding payment or receipt, on an accruals basis. Differences between the amounts received or paid and the corresponding income and expenses are registered in the items "Other accounts receivable", "Other accounts payable" or "Deferrals".

#### **m\_ Income taxes**

The income taxes registered in profit/loss include the effects of current taxes and deferred taxes. The current income tax is determined based on the taxable profit of the Company, in accordance with the tax rules in force.

Deferred taxes refer to the temporary differences between the amounts of the assets and liabilities for the purposes of accounting records and the respective amounts for the purposes of taxation, as well as those arising from the tax benefits obtained and the temporary differences between the tax and accounting results. The tax is recognised in the income statement, except when related with items, which are moved in equity, a fact that implies their recognition in equity.

Deferred tax assets and liabilities are calculated and periodically evaluated using the taxation rates, which are expected to be in force on the date of reversal of temporary differences.

Deferred taxes refer to temporary differences between the accounting values of the assets and liabilities and their tax base, using the tax rates approved or substantially approved, at the balance sheet date, in each jurisdiction and which are expected to be applied when the temporary differences are reversed.

Deferred tax liabilities are recognised for all taxable temporary differences (except for goodwill not deductible for tax purposes), differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax assets are recognised to the extent when it is probable that future taxable profits will be available to absorb deductible temporary differences for tax purposes.

Deferred tax assets are registered only when there are reasonable expectations of sufficient taxable profits for them to be used. Every year, a revaluation of the temporary differences underlying to the deferred tax assets is made, with the purpose of recognising or adjust them according to the present expectation of their future recovery.

#### **n\_ Non-current assets held for sale**

Non-current assets are classified as held for sale if the balance sheet value is realisable through a sales transaction, rather than through its continuing use. This situation is only verified when: (i) the sale is probable and the assets are available for immediate sale in the present conditions; (ii) the management is committed with a sales plan; and (iii) the sale is expectable to occur within twelve months.

Non-current assets classified as held for sale are measured at the lower value between the carrying amount and fair value net of expectable expenses with its sale.

#### **o\_ Government and other public entities subsidies**

Subsidies for personnel training programmes or exploration subsidies are registered in the item "Grants received as compensation for expenses" of the income statement for the period in which these programmes are carried out, independently of when they are received, unless it becomes receivable in a later period, in which it will be income for the period when it was received.

Non-reimbursable subsidies related to the assets are registered in the balance sheet as "Other changes in equity" and recognised in the income statement proportionally to the reintegrations of the subsidised assets, in each period.

#### **p\_ Retirement complements**

The Company has assumed the commitment of attributing a number of pecuniary benefits to its employees at complementary title of retirement pensions for old age or disability. To cover those responsibilities, the Company created a defined benefit Pension Fund in 1989, exclusive to its employees, whose annual charges, determined according to actuarial calculations, are registered in accordance with the NCRF 28 – "Employee benefits".

The actuarial responsibilities are calculated according to the "Projected Unit Credit Method", by using the actuarial and financial assumptions considered appropriate.

#### **q\_ Revenue**

The Company recognises the income of works, contract by contract, in accordance with the NCRF 19 – "Construction contracts" under the percentage of completion method, which is understood as the relation between costs incurred in each work until a certain date and the sum of those costs with the costs estimated for the work completion. The differences between the values resulting from the application of the level of completion to the estimated income and the invoiced values are included in the items "Other accounts receivable" and "Deferrals".

Variations in works in the amount of revenue agreed in the contract are recognised in the income for the period when it is highly possible that the client will approve the amount of revenue arising from the variation, and that this can be reliably measured.

Claims for reimbursement of costs not included in the contract price are included in contract revenue when negotiations are at an advanced stage and it is probable that the client will accept the claim, and that it will be reliably measurable.

To meet the costs incurred during the warranty period of the works, the Company recognises every year liabilities to fulfil this legal obligation, which is calculated taking into account the annual production volume and the costs incurred in the past with works in warranty period. When it is probable that total costs foreseen in the construction contract will exceed its defined income, the expected loss shall be immediately recognised in the income statement for the period.

Dividends are recognised as income in the income statement for the period in which its attribution is decided.

#### **r\_ Expenses with the preparation of proposals**

The expenses made with the preparation of proposals for several tenders are recognised in the income statement for the period in which they are incurred.

**s\_ Own work capitalised**

Own work capitalised corresponds to construction and improvement works carried out by the Company itself, as well as the major repairs of equipment and include expenses with materials, direct labour and general expenses.

Those expenses are object of capitalisation only when fulfilled the following requirements:

- The assets developed are identifiable;
- There is a strong probability of the assets generating future economic benefits; and
- They can be reliably measured.

**t\_ Subsequent events**

Events that occur after the balance sheet date that provide evidence or additional information on conditions existing at the balance sheet date ("adjusting events"), are reflected in the financial statements of the Company. Events after the balance sheet date that provide information on conditions arising after the balance sheet date ("non-adjusting events"), when material, are disclosed in the notes to the financial statements.

**u\_ Judgements and estimates**

The preparation of the financial statements was based on best knowledge and experience of past and/or present events, considering assumptions relating to future events.

The most significant accounting estimates reflected in the financial statements for the periods ending on 31 December 2017 and 2016 include:

- Useful lives of tangible assets;
- Record of provisions and impairment losses;
- Recognition of revenue in works in progress;
- Recognition of the present value of responsibilities with retirement benefits; and
- Calculation of fair value of the financial instruments.

The estimates were determined based on the best information available at the preparation date of the financial statements. However, situations may occur in subsequent periods that, not being foreseeable at the date, have no impact on the estimates. Changes to the estimates that occur after the date of the financial statements, will be corrected in profit/loss, using a prospective method, in accordance with NCRF 4.

### 3.2. Other relevant accounting policies

**a\_ Earnings per share**

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in circulation during the period, excluding the number of own shares held.

**b\_ Foreign currency**

All assets and liabilities expressed in foreign currency have been converted into the functional presentation currency, using the exchange rates in force at the reporting date. Exchange gains and losses resulting from differences between the exchange rates in force on the date of the transactions and those in force on the dates of collection, payments or the balance sheet date, are recognised as income and expenses in the income statement for the period.

Exchange differences related to accounts receivable/payable whose maturity is not defined, are registered in the income statement for the period when those accounts receivable/payable are depreciated/disposed/liquidated. Financial statements of participated companies and branches expressed in foreign currency are translated to euros.



The exchange rates used to convert to euros were as follows:

CURRENCY	TRANSACTION CURRENCY	2017		2016	
		31 DECEMBER	EXCHANGE RATE	31 DECEMBER	EXCHANGE RATE
American Dollar	Euro	0.83382	n/a	0.94868	n/a
Moroccan Dirham	Euro	0.08939	0.09123	0.09394	0.09231
Botswana Pulas	Euro	0.08480	0.08545	0.08910	0.08329
Mozambican Metical	Euro	0.01420	0.01397	0.01333	0.01430
Cape Verdean Escudo	Euro	0.00907	0.00907	0.00907	0.00907
CFA Franc	Euro	0.00152	0.00152	0.00152	0.00152
Zambian Kwacha	Euro	0.08341	0.09219	0.09585	0.08841
Malawi Kwacha	Euro	0.00115	0.00121	0.00132	0.00127
Angolan Kwanza	Euro	0.00529	0.00526	0.00529	0.00537
South African Rand	Euro	0.06702	0.06634	0.06976	n/a
Namibian Dollar	Euro	0.06734	0.06617	0.06973	n/a

### 3.3. Judgements on the application process of the accounting policies and which had greater impact in the amounts recognised in the financial statements

In the preparation of the financial statements according with NCRF (equivalent to GAAP), the Company uses estimates and assumptions that affect the application of the policies and amounts reported. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances on which the estimate was based, or as a result of new information or more experience.

### 3.4. Main assumptions concerning the future

The attached financial statements have been prepared bearing in mind the continuation of the Company's operations, from the accounting books and records of the Company, maintained in accordance with the accounting principles generally accepted in Portugal.

Events that occur after the balance sheet date that affect the value of the existing assets and liabilities at the balance sheet date are considered when preparing the financial statements for the period. Those events are disclosed in the notes to the financial statements, if material.

### 3.5. Major sources of uncertainty

The present note makes reference to the major assumptions for the future adopted in the preparation of the attached financial statements, which may involve a significant risk of material adjustments to the valuation of assets and liabilities in the following financial period.

#### a\_ Impairment of assets

The determination of the impairment of assets requires an estimate of the present value of the future cash flows associated to those assets. In this calculation, the assumptions are adopted based on the Company's historical experience, as well as on future expectations. The Company considers that there is a controlled risk of these assumptions not taking place.

## 4\_ CASH FLOWS

### 4.1. Management's comment about the amount of significant balances of cash and cash equivalents, which are not available for use

The balance amount of "Cash and cash equivalents" is fully available.

### 4.2. Breakdown of the amounts registered in "Cash and bank deposits"

The cash and bank deposits balance is the following:

	31.12.2017	31.12.2016
Cash	40,731	127,294
Demand deposits	5,042,504	7,513,331
Term deposits	942,782	944,471
<b>TOTAL CASH AND BANK DEPOSITS</b>	<b>6,026,017</b>	<b>8,585,096</b>

As described in note 18.4, the positive impact of the amount of 83,041,539 euros in the item "Demand deposits", after the release of funds that will occur after 21 March 2018, should be highlighted.

#### 4.3. Information regarding the loss of control of subsidiaries in the period

In 2016, as mentioned in paragraph 2.2, the subsidiaries 4M Properties, S.A. and Mabalane – Inertes, Lda. went in liquidation, without receipts or payments related to that operation.

## 5\_ RELATED PARTIES

### 5.1. Remunerations of the key management personnel

**a\_** Total remunerations: 1,286,383 euros (2016: 1,298,567 euros).

### 5.2. Transactions between related parties

**a\_** Nature of the related party relationship:

	COUNTRY	DIRECT %	TOTAL %
<b>BRANCHES:</b>			
Angola	-	-	-
Mozambique	-	-	-
Morocco	-	-	-
Botswana	-	-	-
Cape Verde	-	-	-
Zambia	-	-	-
Malawi	-	-	-
Gabon	-	-	-
<b>SUBSIDIARIES:</b>			
Conduril – Gestão de Concessões de Infraestruturas, S.A.	Portugal	100.00	100.00
Edirio – Construções, S.A.	Portugal	100.00	100.00
Métis Engenharia, Lda.	Angola	99.00	99.00
ENOP – Engenharia e Obras Públicas, Lda.	Mozambique	100.00	100.00
Urano, Lda.	Angola	99.00	99.00
Conduril Engenharia – Açores, S.A.	Portugal	100.00	100.00
<b>JOINTLY CONTROLLED ENTITIES:</b>			
Edifer / RRC / Conduril, ACE	Portugal	33.33	33.33
Groupement Adriano, Jaime Ribeiro, Conduril – Construção, ACE	Morocco	33.33	33.33
Groupement CJA / Lot 3 – Construção ACE	Morocco	33.33	33.33
Groupement Túnel de Nador, Construção ACE	Morocco	50.00	50.00
RAL – Rodovias do Algarve Litoral, ACE	Portugal	16.67	16.67
RBA – Rodovias do Baixo Alentejo, ACE	Portugal	17.86	17.86
UTE Alcántara – Garrovillas	Spain	15.00	15.00
<b>OTHER PARTICIPATIONS:</b>			
Rotas do Algarve Litoral, S.A.	Portugal	21.64	23.64
SPER – Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	Portugal	20.11	21.85
Planestrada – Operação e Manutenção Rodoviária, S.A.	Portugal	33.33	33.33
Marestrada – Operação e Manutenção Rodoviária, S.A.	Portugal	33.33	33.33
<b>KEY MANAGEMENT PERSONNEL:</b>			
<b>BOARD OF DIRECTORS:</b>			
António Luís Amorim Martins (President) – Chairman			
Maria Benedita Andrade de Amorim Martins (President of the Executive Committee) – CEO			
Maria Luísa Andrade Amorim Martins Mendes (Vice-President of the Executive Committee)			
Álvaro Duarte Neves Vaz			
António Barças Andrade Miragaia			
António Emanuel Lemos Catarino			
Carlos António Soares de Noronha Dias			
Ricardo Nuno Araújo Abreu Vaz Guimarães			
<b>OTHER RELATED PARTIES:</b>			
Geonorte – Geotecnia e Fundações Especiais, Lda.	Portugal	-	-
Sociedade Agrícola da Quinta do Javali, Lda.	Portugal	-	-

**b. Transactions and outstanding balances:**

In the course of the present period, the Company presented the following transactions and balances in what concerns the related entities:

As at 31 December 2017:

RELATED PARTIES	OUTSTANDING BALANCES ASSETS	OUTSTANDING BALANCES LIABILITIES	ACCUMULATED IMPAIRMENT LOSSES	PROVISIONS
<b>ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:</b>				
Edifer / RRC / Conduril, ACE	-	197,716	-	-
Groupement Adriano, Jaime Ribeiro, Conduril – Construção, ACE	7,198,480	-	-	6,245,071
Groupement Túnel de Nador, Construção ACE	1,517,235	556,130	-	387,119
Groupement CJA / Lot 3 – Construção ACE	811,892	-	-	-
RAL – Rodovias do Algarve Litoral, ACE	1,265,961	-	-	633,182
RBA – Rodovias do Baixo Alentejo, ACE	2,096,637	337,517	-	614,093
	12,890,205	1,091,363	-	7,879,465
<b>SUBSIDIARIES:</b>				
Conduril – Gestão de Concessões de Infraestruturas, S.A.	3,594,240	-	336,000	394,327
Edirio – Construções, S.A.	2,228,691	-	-	-
Métis Engenharia, Lda.	25,478,419	32,413,030	-	-
ENOP – Engenharia e Obras Públicas, Lda.	14,199,244	10,993,359	15,765	47,403
Urano, Lda.	4,390,323	6,023,212	-	-
Conduril Engenharia – Açores, S.A.	266,858	-	-	-
	50,157,775	49,429,601	351,765	441,730
<b>OTHER PARTICIPATIONS:</b>				
Rotas do Algarve Litoral, S.A.	11,396,123	-	-	-
SPER – Soc. Portuguesa para a Construção e Exploração Rodoviária, S.A.	17,408,514	-	-	-
	28,804,637	-	-	-
<b>OTHER RELATED PARTIES:</b>				
Geonorte – Geotecnia e Fundações Especiais, Lda.	49,707	55,946	-	-
Geonorte – Geotecnia e Fundações Especiais, Lda. – Angola's branch	1,828,025	1,501,969	-	-
	1,877,732	1,557,915	-	-

RELATED PARTIES	INCOME	EXPENSES
<b>ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:</b>		
RAL – Rodovias do Algarve Litoral, ACE	3,558,148	18,432
RBA – Rodovias do Baixo Alentejo, ACE	5,706,506	394,493
	9,264,654	412,925
<b>SUBSIDIARIES:</b>		
Edirio – Construções, S.A.	1,338,702	1,313,305
Métis Engenharia, Lda.	9,808,760	15,470,864
ENOP – Engenharia e Obras Públicas, Lda.	247,285	796,413
Urano, Lda.	3,237,348	5,706,230
Conduril Engenharia – Açores, S.A.	205,562	-
	14,837,657	23,286,812
<b>OTHER RELATED PARTIES:</b>		
Geonorte – Geotecnia e Fundações Especiais, Lda.	329,521	102,852
Geonorte – Geotecnia e Fundações Especiais, Lda. – Angola's branch	216,310	731,394
	545,831	834,246

The financing granted to the related parties, registered in other financial investments, are detailed in Note 9.2.



As at 31 December 2016:

RELATED PARTIES	OUTSTANDING BALANCES ASSETS	OUTSTANDING BALANCES LIABILITIES	ACCUMULATED IMPAIRMENT LOSSES	PROVISIONS
<b>ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:</b>				
Edifer / RRC / Conduril, ACE	76,213	173,568	-	-
Groupement Adriano, Jaime Ribeiro, Conduril – Construção, ACE	7,228,043	-	-	6,245,071
Groupement Túnel de Nador, Construção ACE	1,525,939	579,305	-	387,119
Groupement CJA / Lot 3 – Construção ACE	808,096	-	-	-
RAL – Rodovias do Algarve Litoral, ACE	2,251,233	-	-	-
RBA – Rodovias do Baixo Alentejo, ACE	10,887,960	94,227	-	206,435
	22,777,485	847,100	-	6,838,626
<b>SUBSIDIARIES:</b>				
Conduril – Gestão de Concessões de Infraestruturas, S.A.	3,452,283	-	336,000	230,832
Edirio – Construções, S.A.	1,511,789	73,800	12,500	192,156
Métis Engenharia, Lda.	24,195,246	25,367,668	-	-
ENOP – Engenharia e Obras Públicas, Lda.	14,564,736	10,055,482	-	-
Urano, Lda.	1,801,761	1,902,342	-	-
Conduril Engenharia – Açores, S.A.	306,361	113,160	-	-
	45,832,176	37,512,452	348,500	422,988
<b>OTHER PARTICIPATIONS:</b>				
Rotas do Algarve Litoral, S.A.	11,396,123	-	-	-
SPER – Soc. Portuguesa para a Construção e Exploração Rodoviária, S.A.	17,408,514	-	-	-
	28,804,637	-	-	-
<b>OTHER RELATED PARTIES:</b>				
Geonorte – Geotecnia e Fundações Especiais, Lda.	1,652,962	1,265,319	-	-
	1,652,962	1,265,319	-	-

RELATED PARTIES	INCOME	EXPENSES
<b>ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:</b>		
RAL – Rodovias do Algarve Litoral, ACE	2,019,353	-
RBA – Rodovias do Baixo Alentejo, ACE	8,225,480	162,132
	10,244,833	162,132
<b>SUBSIDIARIES:</b>		
Edirio – Construções, S.A.	501,000	28,800
Métis Engenharia, Lda.	9,432,164	10,523,996
ENOP – Engenharia e Obras Públicas, Lda.	1,876,794	2,341,888
Urano, Lda.	809,158	2,392,145
	12,619,116	15,286,829
<b>OTHER RELATED PARTIES:</b>		
Geonorte – Geotecnia e Fundações Especiais, Lda.	-	692,481
Geonorte – Geotecnia e Fundações Especiais, Lda. – Angola's branch	232,767	262,387
	232,767	954,868

The financing granted to the related parties, registered in other financial investments, are detailed in Note 9.2.

## 6\_ INTANGIBLE ASSETS

6.1. Disclosure for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets

a\_ Depreciations for the period are calculated taking into account the following average useful lives and amortisation rates:

INTANGIBLE ASSETS – OTHERS	USEFUL LIFE	AMORTISATION RATE
Computer programmes	3	33.33%
Development rights	60	1.66%
intangible assets	3	33.33%

b\_ Elements of intangible assets are depreciated by straight-line method, based on the amortisation rates in accordance with the Implementing Decree (Decreto Regulamentar) no. 25/2009, of 14 September.

c\_ The intangible assets are the following:

INTANGIBLE ASSETS – OTHERS	31.12.2017		31.12.2016	
	GROSS ASSETS	AMORTISATIONS AND IMPAIRMENT LOSSES	GROSS ASSETS	AMORTISATIONS AND IMPAIRMENT LOSSES
Computer programmes	94,267	82,524	94,267	74,108
Industrial property	47,121	-	47,121	-
Development rights	5,801,426	580,447	5,801,426	549,069
Other intangible assets	2,006	1,727	2,006	1,727
<b>TOTAL</b>	<b>5,944,820</b>	<b>664,698</b>	<b>5,944,820</b>	<b>624,904</b>

d\_ The value of amortisations related to intangible assets included in the item “Depreciation and amortisation expenses/reversals” of the income statement is the following:

AMORTISATIONS FOR THE PERIOD – OTHERS	31.12.2017	31.12.2016
Computer programmes	8,416	7,964
Development rights	31,378	31,466
<b>TOTAL</b>	<b>39,794</b>	<b>39,430</b>

e\_ The movements in the item “Intangible assets” during 2017 and 2016 are the following:

	2017				
	DEVELOPMENT RIGHTS	SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	TOTAL
<b>GROSS ASSETS:</b>					
Balance as at 31.12.2016	5,801,426	94,267	47,121	2,006	5,944,820
Additions	-	-	-	-	-
Transfers and write-offs	-	-	-	-	-
Balance as at 31.12.2017	5,801,426	94,267	47,121	2,006	5,944,820
<b>ACCUMULATED AMORTISATION:</b>					
Balance as at 31.12.2016	549,069	74,108	-	1,727	624,904
Additions	31,378	8,416	-	-	39,794
Transfers and write-offs	-	-	-	-	-
Balance as at 31.12.2017	580,447	82,524	-	1,727	664,698
<b>NET VALUE</b>	<b>5,220,979</b>	<b>11,743</b>	<b>47,121</b>	<b>280</b>	<b>5,280,122</b>

	2016				
	DEVELOPMENT RIGHTS	SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	TOTAL
<b>GROSS ASSETS:</b>					
Balance as at 31.12.2015	5,787,214	92,752	47,121	2,006	5,929,093
Additions	13,964	1,515	-	-	15,479
Transfers and write-offs	248	-	-	-	248
Balance as at 31.12.2016	5,801,426	94,267	47,121	2,006	5,944,820
<b>ACCUMULATED AMORTISATION:</b>					
Balance as at 31.12.2015	517,603	65,703	-	1,727	585,033
Additions	31,466	7,964	-	-	39,430
Transfers and write-offs	-	441	-	-	441
Balance as at 31.12.2016	549,069	74,108	-	1,727	624,904
<b>NET VALUE</b>	<b>5,252,357</b>	<b>20,159</b>	<b>47,121</b>	<b>279</b>	<b>5,319,916</b>

## 7\_ TANGIBLE ASSETS

### 7.1. Disclosure on property, plant and equipment

#### a\_ Measurement bases:

Tangible assets are valued according to the cost model, to which an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

#### b\_ Depreciation method used:

The Company amortises its property, plant and equipment assets according to the straight-line method. In accordance to this method, depreciation is constant during the useful life of the assets if its residual value does not change.

#### c\_ Useful lives and depreciation rates used:

Depreciations for the period are calculated taking into account the following average useful lives and amortisation rates:

TANGIBLE ASSETS	USEFUL LIFE	AMORTISATION RATE
Land and natural resources	-	-
Buildings and other constructions	10 – 25	4% – 10%
Machinery and other equipment	3 – 16	6.25% – 33.33%
Transport equipment	3 – 8	12.50% – 33.33%
Office equipment	3 – 12	8.33% – 33.33%
Other property, plant and equipment	3 – 10	10% – 33.33%

#### d/e\_ Reconciliation of the carrying amount at the beginning and end of the period:

	2017							
	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	MACHINERY AND OTHER EQUIPMENT	TRANSPORT EQUIPMENT	OFFICE EQUIPMENT	OTHER PROPERTY, PLANT AND EQUIPMENT	INVESTMENTS IN PROGRESS	TOTAL
<b>GROSS ASSETS:</b>								
Balance as at 31.12.2016	2,622,286	23,417,074	80,920,590	23,446,771	1,826,741	1,154,551	10,504,974	143,892,987
Additions	-	-	1,497,633	569,663	45,428	18,993	7,591,747	9,723,463
Disposals	-	-	(1,931,603)	(704,954)	(1,715)	-	-	(2,638,272)
Transfers and write-offs	-	1,270,103	134,723	(51,514)	10,767	(7,584)	(1,746,806)	(390,311)
Balance as at 31.12.2017	2,622,286	24,687,177	80,621,343	23,259,966	1,881,221	1,165,960	16,349,915	150,587,868
<b>ACCUMULATED DEPRECIATION:</b>								
Balance as at 31.12.2016	-	15,222,863	53,235,295	18,990,197	1,493,082	494,565	-	89,436,002
Additions	-	703,667	6,537,594	1,332,844	74,191	205,388	-	8,853,684
Disposals	-	-	(1,542,320)	(694,826)	(942)	-	-	(2,238,088)
Transfers and write-offs	-	-	(2,308)	(65,902)	437	266	-	(67,507)
Balance as at 31.12.2017	-	15,926,530	58,228,261	19,562,313	1,566,768	700,219	-	95,984,091
<b>NET VALUE</b>	<b>2,622,286</b>	<b>8,760,647</b>	<b>22,393,082</b>	<b>3,697,653</b>	<b>314,453</b>	<b>465,741</b>	<b>16,349,915</b>	<b>54,603,777</b>



	2016							
	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	MACHINERY AND OTHER EQUIPMENT	TRANSPORT EQUIPMENT	OFFICE EQUIPMENT	OTHER PROPERTY, PLANT AND EQUIPMENT	INVESTMENTS IN PROGRESS	TOTAL
<b>GROSS ASSETS:</b>								
Balance as at 31.12.2015	2,622,286	22,364,044	66,587,464	28,835,097	1,885,901	1,905,120	12,318,748	136,518,660
Additions	-	-	3,420,969	864,671	58,741	42,464	8,425,719	12,812,565
Disposals	-	(141,665)	(688,343)	(1,061,948)	(132,206)	(15,775)	-	(2,039,937)
Transfers and write-offs	-	1,194,695	11,600,499	(5,191,049)	14,305	(777,258)	(10,239,493)	(3,398,301)
Balance as at 31.12.2016	2,622,286	23,417,074	80,920,590	23,446,771	1,826,741	1,154,551	10,504,974	143,892,987
<b>ACCUMULATED DEPRECIATION:</b>								
Balance as at 31.12.2015	-	14,707,166	47,334,048	20,286,327	1,483,853	594,991	-	84,406,385
Additions	-	549,386	6,234,993	1,679,660	76,645	207,824	-	8,748,508
Disposals	-	(33,689)	(278,300)	(1,039,343)	(67,000)	(7,824)	-	(1,426,156)
Transfers and write-offs	-	-	(55,446)	(1,936,447)	(416)	(300,426)	-	(2,292,735)
Balance as at 31.12.2016	-	15,222,863	53,235,295	18,990,197	1,493,082	494,565	-	89,436,002
<b>NET VALUE</b>	<b>2,622,286</b>	<b>8,194,211</b>	<b>27,685,295</b>	<b>4,456,574</b>	<b>333,659</b>	<b>659,986</b>	<b>10,504,974</b>	<b>54,456,988</b>

## 7.2. Amount of expenditures recognised in the carrying amount of fixed assets during its construction

TANGIBLE ASSETS	EXPENDITURES RECOGNISED DURING CONSTRUCTION	
	31.12.2017	31.12.2016
Buildings and other constructions	7,591,747	2,805,272
Machinery and other equipment		5,405,252
Transport equipment		199,702
Other property, plant and equipment		15,493
<b>TOTAL</b>	<b>7,591,747</b>	<b>8,425,719</b>

## 7.3. Depreciation recognised in profit/loss or as part of other assets costs during the period

TANGIBLE ASSETS	DEPRECIATION RECOGNISED IN PROFIT/LOSS	DEPRECIATION RECOGNISED AS PART OF OTHER ASSETS COSTS	TOTAL
Buildings and other constructions	703,667	-	703,667
Machinery and other equipment	6,537,594	-	6,537,594
Transport equipment	1,332,844	-	1,332,844
Office equipment	74,191	-	74,191
Other property, plant and equipment	205,388	-	205,388
<b>TOTAL</b>	<b>8,853,684</b>	<b>-</b>	<b>8,853,684</b>

## 7.4. Accumulated depreciation at the end of the period

ACCUMULATED DEPRECIATION	31.12.2017	31.12.2016
Buildings and other constructions	15,926,530	15,222,863
Machinery and other equipment	58,228,261	53,235,294
Transport equipment	19,562,313	18,990,197
Office equipment	1,566,768	1,493,080
Other property, plant and equipment	700,219	494,565
<b>TOTAL</b>	<b>95,984,091</b>	<b>89,435,999</b>

### 7.5. Items of fixed assets in progress

The most significant values included in the item “Investments in progress”, as at 31 December 2017 and 2016, refer to the following projects:

	31.12.2017	31.12.2016
Buildings and other constructions	16,349,915	10,138,279
Equipment	-	166,993
Transport equipment	-	199,702
Other assets	-	-
<b>TOTAL</b>	<b>16,349,915</b>	<b>10,504,974</b>

### 7.6. Property, plant and equipment by geographical location

2017	GROSS ASSETS	ACCUMULATED DEPRECIATION	NET AMOUNT
Portugal	44,990,788	32,387,468	12,603,320
Angola	80,344,301	48,889,536	31,454,765
Mozambique	8,234,416	3,740,193	4,494,224
Morocco	2,215,078	2,009,250	205,828
Botswana	89,614	76,064	13,549
Cape Verde	4,476	2,834	1,642
Zambia	11,055,488	7,351,990	3,703,498
Malawi	1,801,868	775,690	1,026,178
Gabon	1,851,839	751,066	1,100,773
<b>TOTAL</b>	<b>150,587,868</b>	<b>95,984,091</b>	<b>54,603,777</b>

2016	GROSS ASSETS	ACCUMULATED DEPRECIATION	NET AMOUNT
Portugal	45,537,020	32,503,940	13,033,080
Angola	73,559,235	45,779,013	27,780,222
Mozambique	8,013,941	3,081,436	4,932,505
Morocco	2,215,078	1,848,588	366,490
Botswana	75,227	73,843	1,384
Cape Verde	32,774	18,250	14,525
Zambia	10,832,366	5,420,754	5,411,612
Malawi	1,801,564	401,144	1,400,420
Gabon	1,825,782	309,032	1,516,750
<b>TOTAL</b>	<b>143,892,987</b>	<b>89,435,999</b>	<b>54,456,988</b>

## 8\_ LEASES

### 8.1. Finance leases – Lessees

**a\_** Net carrying amount for each asset category at 31 December 2017 and 2016:

	31.12.2017	31.12.2016
Machinery and other equipment	820,886	658,710
Transport equipment	724,013	370,855
<b>TOTAL</b>	<b>1,544,899</b>	<b>1,029,565</b>

**b\_** Reconciliation between the total of the future minimum lease payments at 31 December 2017 and 2016 and its present value:

	31.12.2017	31.12.2016
Minimum payments up to 1 year	497,598	168,111
Minimum payments for more than 1 year and no more than 5 years	955,796	213,878
Minimum payments for more than 5 years	-	-
<b>TOTAL MINIMUM PAYMENTS</b>	<b>1,453,394</b>	<b>381,989</b>
Future interest payments	27,680	6,047
<b>PRESENT VALUE OF RESPONSIBILITIES</b>	<b>1,425,714</b>	<b>375,942</b>

c\_ Total of the future minimum lease payments at the balance sheet date and its present value:

	MINIMUM PAYMENTS		PRESENT VALUE	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
No more than 1 year	497,598	168,111	483,294	164,355
More than 1 year and no more than 5 years	955,796	213,878	942,420	211,587
More than 5 years	-	-	-	-
<b>TOTAL</b>	<b>1,453,394</b>	<b>381,989</b>	<b>1,425,714</b>	<b>375,942</b>

## 9\_ INTERESTS IN JOINT VENTURES AND INVESTMENTS IN SUBSIDIARIES

### 9.1. Joint ventures

a\_ List and description of the interests in significant joint ventures:

DESCRIPTION	TYPE OF PROJECT	OTHER PARTICIPANTS
Edifer / RRC / Conduril, ACE	Jointly controlled entity	Elevation and RRC
Groupement Adriano, Jaime Ribeiro, Conduril – Construção, ACE	Jointly controlled entity	Elevation and Jaime Ribeiro e Filhos
Groupement CJA / Lot 3 – Construção ACE	Jointly controlled entity	Elevation and Jaime Ribeiro e Filhos
Groupement Túnel de Nador, Construção ACE	Jointly controlled entity	Jaime Ribeiro e Filhos
RAL - Rodovias do Algarve Litoral, ACE	Jointly controlled entity	Elevation and Tecnovia
RBA - Rodovias do Baixo Alentejo, ACE	Jointly controlled entity	Elevation and Tecnovia

b\_ Proportion of ownership interest held and data about the entities:

2017 COMPANY	PROPORTION OF THE INTEREST HELD	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Edifer / RRC / Conduril, ACE	33.33%	107,864	609,606	607,146	284,150
Groupement Adriano, Jaime Ribeiro, Conduril – Construção, ACE	33.33%	-	n/a	n/a	n/a
Groupement CJA / Lot 3 – Construção ACE	33.33%	-	n/a	n/a	n/a
Groupement Túnel de Nador, Construção ACE	50%	-	n/a	n/a	n/a
RAL - Rodovias do Algarve Litoral, ACE	16.67%	-	6,022,531	(3,545,254)	(4,447,544)
RBA - Rodovias do Baixo Alentejo, ACE	17.86%	-	10,230,179	(3,438,368)	(2,282,516)
<b>TOTAL</b>		<b>107,864</b>			

2016 COMPANY	PROPORTION OF THE INTEREST HELD	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Edifer / RRC / Conduril, ACE	33.33%	107,864	951,904	323,623	(3,450)
Groupement Adriano, Jaime Ribeiro, Conduril – Construção, ACE	33.33%	-	12,500,318	(18,737,088)	(6,961,131)
Groupement CJA / Lot 3 – Construção ACE	33.33%	-	n/a	n/a	n/a
Groupement Túnel de Nador, Construção ACE	50%	-	9,810,799	(774,238)	(82,482)
RAL - Rodovias do Algarve Litoral, ACE	16.67%	161,139	21,943,451	902,291	66,046
RBA - Rodovias do Baixo Alentejo, ACE	17.86%	-	48,724,063	(1,155,853)	67,866
<b>TOTAL</b>		<b>269,003</b>			

At the preparation date of the financial statements, the financial statements of the group Groupement CJA / Lot 3 – Construção ACE, Groupement Túnel de Nador, Construção ACE and Groupement Adriano, Jaime Ribeiro, Conduril – Construção, ACE were not available.

c\_ Method used in the recognition of interests in joint ventures:

The interests in jointly controlled companies were recognised in the financial statements by the equity method, from the date in which the control is shared. According to this method, investment is initially recognised by the cost, being the carrying amount adjusted by the corresponding value to the proportion held in net profit/loss, dividends received and variation in equity.



## 9.2. Subsidiaries

### a\_ List and description of the subsidiaries:

DESCRIPTION	TYPE OF PARTICIPATION	METHOD USED
Conduril – Gestão de Concessões de Infraestruturas, S.A.	100.00%	Equity method
Edirio – Construções, S.A.	100.00%	Equity method
Métis Engenharia, Lda.	99.00%	Equity method
ENOP – Engenharia e Obras Públicas, Lda.	100.00%	Equity method
Urano, Lda.	99.00%	Equity method
Conduril Engenharia – Açores, S.A.	100.00%	Equity method

### b\_ Data about the entities:

2017 COMPANY	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Conduril – Gestão de Concessões de Infraestruturas, S.A.	-	5,069,064	(395,326)	(164,494)
Edirio – Construções, S.A.	146,810	2,461,716	159,310	351,466
Métis Engenharia, Lda.	9,404,523	38,754,410	9,264,378	238,046
ENOP – Engenharia e Obras Públicas, Lda.	-	19,176,465	(63,168)	(132,746)
Urano, Lda.	2,775,097	10,648,789	2,803,165	737,334
Conduril Engenharia – Açores, S.A.	7,630	1,049,151	7,630	(177,815)
<b>TOTAL</b>	<b>12,334,060</b>			

2016 COMPANY	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Conduril – Gestão de Concessões de Infraestruturas, S.A.	-	5,092,426	(230,832)	(141,992)
Edirio – Construções, S.A.	-	1,340,564	(192,156)	55,407
Métis Engenharia, Lda.	9,168,363	37,188,041	8,833,729	542,789
ENOP – Engenharia e Obras Públicas, Lda.	67,303	20,008,745	67,303	590,863
Urano, Lda.	2,040,934	6,554,604	2,061,549	215,698
Conduril Engenharia – Açores, S.A.	185,445	710,277	185,445	22,851
<b>TOTAL</b>	<b>11,462,045</b>			

Related to these participations, in 2017, in the item “Other financial investments” are registered the following amounts concerned to financing granted:

COMPANY	FINANCING GRANTED	ACCUMULATED IMPAIRMENT LOSSES
Conduril – Gestão de Concessões de Infraestruturas, S.A.	336,000	336,000
Edirio – Construções, S.A.	12,500	-
ENOP – Engenharia e Obras Públicas, Lda.	15,765	15,765
<b>TOTAL</b>	<b>364,265</b>	<b>351,765</b>

## 9.3. Gains/Losses in subsidiaries and joint ventures

GAINS/LOSSES IN SUBSIDIARIES AND JOINT VENTURES	31.12.2017	31.12.2016
Expenses and losses in subsidiaries, associated companies and joint ventures	(424,297)	747,155
Income and gains in subsidiaries, associated companies and joint ventures	1,124,913	(57,084)
Elimination of the income related to the sales of property, plant and equipment to branches	179,687	208,515
Elimination of the expenses related to the sales of property, plant and equipment to branches	(29,830)	-
Provisions for losses in Group's companies (Note 13)	(1,059,581)	(1,371,822)
<b>TOTAL</b>	<b>(209,108)</b>	<b>(473,237)</b>

## 10\_ INVENTORIES

### 10.1. Accounting policies adopted in the measurement of inventories and cost formula used

Inventories are valued by cost or net realisable value, if this is lower. Cost includes purchase costs, conversion costs and other costs incurred in bringing the inventories to their present condition. The purchase costs comprise the purchase price, import duties and other taxes, transport expenses, handling, trade discounts, rebates and other similar items. The conversion costs include expenses directly related to units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in finished goods. The allocation of fixed production overheads is based on the normal capacity of the production facilities.

The Company values its inventories by the weighted average cost formula, which assumes that the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period.

### 10.2. Total carrying amount of inventories and carrying amount in appropriate classifications

The carrying amount of inventories is the following:

INVENTORIES	31.12.2017	31.12.2016
Raw, subsidiary and consumable materials	11,796,879	12,355,731
Goods	27,806	50,190
Finished and semi-finished products	129,375	129,375
Products and work in progress	-	310,187
	11,954,060	12,845,484
Impairment losses	(847,802)	(790,903)
<b>TOTAL</b>	<b>11,106,258</b>	<b>12,054,581</b>

### 10.3. Amount of inventories recognised as expense during the period

The amount of inventories recognised as expense during the period was the following:

	GOODS		RAW, SUBSIDIARY AND CONSUMABLE MATERIALS	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Initial inventory	50,190	13,642	11,564,828	5,335,754
Impairment losses in stocks	-	-	-	(484,306)
Purchases	-	-	29,979,100	45,217,176
Inventories adjustments and reclassification	(22,384)	36,548	-	-
Ending inventory	(27,806)	(50,190)	(10,949,077)	(11,564,828)
<b>EXPENSES IN THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>30,594,851</b>	<b>38,503,796</b>

	FINISHED AND SEMI-FINISHED PRODUCTS		PRODUCTS AND WORK IN PROGRESS	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Initial inventory	129,375	129,375	310,187	310,187
Accumulated impairment losses	-	-	-	-
Ending inventory	(129,375)	(129,375)	-	(310,187)
<b>VARIATION OF INVENTORIES IN PRODUCTION</b>	<b>-</b>	<b>-</b>	<b>310,187</b>	<b>-</b>

### 10.4. Amount of impairment losses in inventories recognised in the result of the period

The value of impairment losses recognised in the result of the period was the following:

IMPAIRMENT LOSSES IN INVENTORIES	31.12.2017	31.12.2016
Goods	-	-
Raw, subsidiary and consumable materials	56,899	484,306
Finished and semi-finished products	-	-
Products and work in progress	-	-
<b>TOTAL</b>	<b>56,899</b>	<b>484,306</b>

## 10.5. Movement during the period of impairment losses in inventories

	RAW, SUBSIDIARY AND CONSUMABLE MATERIALS
ACCUMULATED IMPAIRMENT LOSSES ON 31.12.2016	790,903
Increases	56,899
Reversal	-
Utilisations	-
ACCUMULATED IMPAIRMENT LOSSES ON 31.12.2017	847,802

## 11\_ CONSTRUCTION CONTRACTS

## 11.1. Amount of contract revenue recognised as revenue in the period

The revenue of each construction contract includes the initial amount of revenue agreed, as well as variations in works, claims and incentive payments to the extent that it is probable that will result in revenue and are capable of being reliably measured. As at 31 December 2017 and 2016, the amount of revenue recognised as revenue in the period was the following:

WORK/CONTRACT	REVENUE IN THE PERIOD 2017	REVENUE IN THE PERIOD 2016
Construction contracts	136,399,636	120,299,176
<b>TOTAL</b>	<b>136,399,636</b>	<b>120,299,176</b>

## 11.2. Methods used to determine the contract revenue recognised in the period

The recognition of revenue in the period is made according to the percentage of completion method. Under this method, revenue is matched with the contract costs incurred when reaching the stage of completion. Contract revenue is recognised as revenue in the income statement in the accounting periods in which the work is performed. In the cases the outcome of the contracts cannot be estimated reliably, revenue shall be recognised only to the extent of contract costs incurred that it is probable to be recoverable.

## 11.3. Methods used to determine the stage of completion of ongoing contracts

In order to determine the stage of completion of a contract, it is used the method that most reliably measures the work performed. Depending on the nature of the contract, the method used to determine the stage of completion can vary as follows:

- The proportion that contract costs incurred for work performed to date bear to the estimated total contract costs;
- Survey of the work performed;
- Completion of a physical proportion of the work performed.

## 11.4. Information related to the ongoing construction contracts

2017	EXPENSES INCURRED	RECOGNISED INCOME	ADVANCES RECEIVED	RETENTION
Ongoing contracts	257,758,469	354,047,924	6,900,473	1,977,656
<b>TOTAL</b>	<b>257,758,469</b>	<b>354,047,924</b>	<b>6,900,473</b>	<b>1,977,656</b>

2016	EXPENSES INCURRED	RECOGNISED INCOME	ADVANCES RECEIVED	RETENTION
Ongoing contracts	262,306,484	321,320,234	5,380,509	3,134,656
<b>TOTAL</b>	<b>262,306,484</b>	<b>321,320,234</b>	<b>5,380,509</b>	<b>3,134,656</b>

## 12\_ REVENUE

12.1. Accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the provision of services

The Company recognises revenue according to the following criteria:

**a\_ Sales** – are recognised in the income statement when the risks and benefits inherent to the ownership have been transferred to the buyer, when there is not a continued management involvement to a degree usually associated with ownership, when the amount of revenue can be reasonably measured, when it is probable that the economic benefits associated with the transaction will flow to the entity, and when the expenses incurred or to be incurred with the transaction can be reliably measured.

**b\_ Provision of services** – are recognised in the income statement with reference to the stage of completion of the provision of services at the balance sheet date.

**c\_ Interest** – is recognised using the effective interest method.

**d\_ Dividends** – are recognised from the moment in which is established the shareholder's right of receiving the payment.

12.2. Amount of each significant category of revenue recognised during the period, including the revenue from:

	31.12.2017	31.12.2016
Sales of goods	457,907	74,555
Provision of services	140,003,060	132,049,843
Interest	3,349,826	4,934,035
Dividends	4,178,380	57,991
<b>TOTAL</b>	<b>147,989,173</b>	<b>137,116,424</b>

## 13\_ PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### 13.1. Provisions

The Company recognises a provision when, cumulatively, there is a present obligation as a result of a past event; it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

During the period ending on 31 December 2017, the movements relating to provisions occurred were the following:

PROVISIONS	OPENING BALANCE	INCREASES	RECLASSIFICATION	REVERSAL	CLOSING BALANCE
Guarantees to clients	1,983,694	364,222	-	(60,488)	2,287,428
Other provisions	1,220	3,348	-	(1,275)	3,293
	1,984,914	367,570	-	(61,763)	2,290,721
Financial investments (Note 9)	7,261,614	1,251,737	-	(192,156)	8,321,195
<b>TOTAL</b>	<b>9,246,528</b>	<b>1,619,307</b>	<b>-</b>	<b>(253,919)</b>	<b>10,611,916</b>

During the period ending on 31 December 2016, the movements relating to provisions occurred were the following:

PROVISIONS	OPENING BALANCE	INCREASES	RECLASSIFICATION	REVERSAL	CLOSING BALANCE
Guarantees to clients	1,627,286	434,802	-	(78,394)	1,983,694
Other provisions	456,891	1,709	-	(457,380)	1,220
	2,084,177	436,511	-	(535,774)	1,984,914
Financial investments (Note 9)	5,945,774	2,031,100	-	(715,261)	7,261,614
<b>TOTAL</b>	<b>8,029,951</b>	<b>2,467,611</b>	<b>-</b>	<b>(1,251,035)</b>	<b>9,246,528</b>



Provisions for financial investments refer to the subsidiaries in the scope of the application of the equity method, namely of Groupement Adriano, Jaime Ribeiro, Conduril – Construção, ACE, Conduril – Gestão de Concessões de Infraestruturas, S.A., Groupement Túnel de Nador, Construção ACE and RBA – Rodovias do Baixo Alentejo, ACE.

### 13.2. Proceedings in litigation

Following the several ongoing proceedings in litigation, the Company is convinced that the risk of losing these proceedings is unlikely and their outcome will not affect the material form of its financial position, being this belief sustained by our internal legal office, as well as by legal and tax advisers.

### 13.3. Guarantees provided

As at 31 December 2017, the Company had assumed responsibilities for the guarantees provided in the amount of 59,691,331 euros (as at 31 December 2016, the amount was 79,400,949 euros).

The bank guarantees were essentially provided for the purpose of tenders, as a good performance guarantee of works and finance.

### 13.4. Management of financial risks

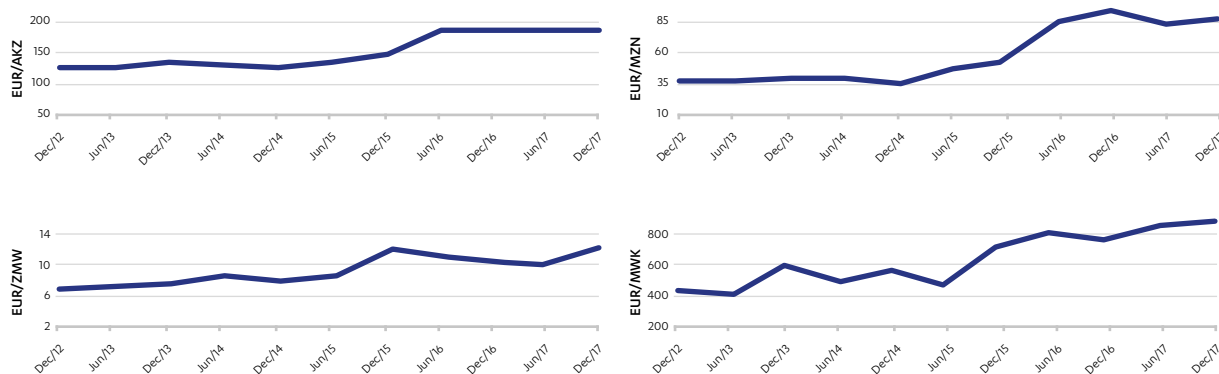
#### a\_ General principles

The activity of Conduril is exposed to several financial risks, such as exchange rate risk, interest rate risk, credit risk and liquidity risk. These risks are the result of the uncertainty inherent to the financial markets, which is reflected in the capacity to estimate future cash flows and returns. The risk management policy of Conduril is a continuous process in constant development, applied to the implementation of its strategy, trying to minimise possible adverse effects arising from these uncertainties, typical of financial markets.

#### b\_ Exchange rate risk

Since the activity of Conduril is mainly located in Africa (Angola, Mozambique, Zambia, Malawi and Gabon), the Company is exposed to the exchange rate risk of the currencies in use in those countries. In order to address this risk, the contracts are celebrated in USD/EUR, whenever possible. The evolution of the kwanza, metical, Zambian kwacha and Malawi kwacha currencies against the euro impact the financial statements, and the financial instruments used to hedge these currencies are limited or non-existent.

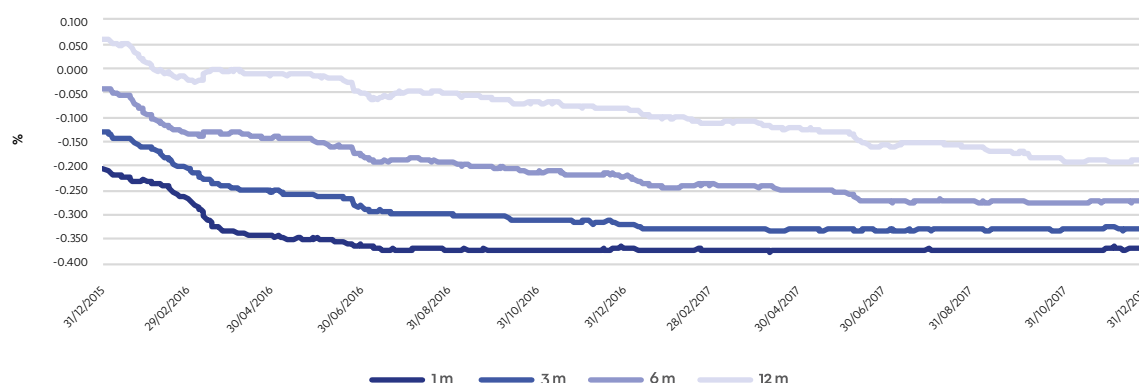
EVOLUTION OF THE EXCHANGE RATE



#### c\_ Interest rate risk

The interest rate risk essentially results from the indebtedness indexed to variable rates. In 2017, no interest rate coverage was made; however, due to the perspectives of interest rate evolution for 2018, we are studying the possibility of making interest rate coverage for part of our own financing.

## EVOLUTION OF EURIBOR RATE

**d\_ Credit risk**

The exposure of Conduril to credit risk is mainly related to the accounts receivable resulting from the operating activities: sales debts and services provided to clients. The management of this risk aims to guarantee the recovery of the credits in the established deadlines, without affecting the financial balance of the Company. This risk is regularly monitored. The management of these risks aims to:

- i\_ evaluate the client in accordance with internal procedures that imply detailed analyses of the entities and the amounts involved;
- ii\_ limit the credit granted to clients, considering the deadline for receipt of each client;
- iii\_ monitor the evolution of the level of credit granted;
- iv\_ perform an impairment analysis of the amounts to receive on a regular basis.

**e\_ Liquidity risk**

Liquidity risk is defined as the risk of lack of ability to settle or fulfil its obligations on the stipulated deadline and at a reasonable price. An essential instrument for liquidity risk management is the annual and global liquidity plan, prepared based on the liquidity plans of each establishment. These plans are updated every month. The existence of liquidity implies the definition of parameters for the management of that liquidity, which allow to maximise the return obtained and minimise the costs of opportunity related to holding that liquidity safely and efficiently.

The risk management in Conduril aims at:

- Liquidity – guarantee the permanent and efficient access to enough funds to deal with current payments in the respective due dates;
- Safety – minimise the probability of default in terms of refund of any application of funds; and
- Financial efficiency – guarantee to minimise the cost of opportunity of the surplus liquidity holding at short term.

Conduril's policy is to reconcile the due dates of assets and liabilities, managing their maturities in a balanced way.

Managing its exposure to liquidity risk, Conduril's policy is to ensure the hiring of credit instruments of different natures and in amounts adjusted to the specificities of its needs, guaranteeing comfortable levels of liquidity. It is also Conduril's policy that those facilities are hired without implying the provision of guarantees.

## 14\_ THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

### 14.1. Exchange differences recognised in profit/loss

	31.12.2017	31.12.2016
Exchange losses		
- Other expenses	10,508,920	4,777,106
<b>TOTAL</b>	<b>10,508,920</b>	<b>4,777,106</b>
Exchange gains		
- Other income	10,961,104	29,405,739
<b>TOTAL</b>	<b>10,961,104</b>	<b>29,405,739</b>

#### 14.2. Net exchange differences classified in a separate component of equity

	EXCHANGE DIFFERENCES IN EQUITY
Balance as at 31.12.2016	(4,259,241)
Increases	6,991
Reductions	-
Balance as at 31.12.2017	(4,252,250)
<b>BALANCE AS AT 31.12.2017</b>	<b>(4,259,241)</b>

	EXCHANGE DIFFERENCES IN EQUITY
Balance as at 31.12.2015	(1,710,770)
Increases	216,263
Reductions	(2,764,734)
Balance as at 31.12.2016	(4,259,241)
<b>BALANCE AS AT 31.12.2016</b>	<b>(4,259,241)</b>

## 15\_ EVENTS AFTER THE BALANCE SHEET DATE

### 15.1. Disclosure updating about the conditions at the balance sheet date

Between the balance sheet date and the issuance of the financial statements, no information on the conditions that existed at the balance sheet date were received, so no adjustments in amounts recognised in the present financial statements were made.

### 15.2. Authorisation for the issue of financial statements

These financial statements were approved by the Board of Directors, in the meeting of 26 February 2018. The Board of Directors believes that these financial statements are a true and proper representation of the Company's operations, as well as its financial position and performance and cash flows.

### 15.3. Non-adjusting events after the balance sheet date

Since Conduril's activity is exposed to the exchange rate risk of kwanza, it is important to refer that, at the date of approval of the financial statements, the official exchange rate defined by the National Bank of Angola (BNA) presented a devaluation of about 40% against the euro.

## 16\_ ENVIRONMENTAL ISSUES

### 16.1. Description of the measurement bases adopted, as well as the methods used in the calculation of value adjustments

From its activity, the Company has a legal or contractual responsibility to prevent, reduce or repair environmental damage. To fulfil this obligation, the Company incurred in expenses that amounted to 74,477 euros (in 2016, they amounted to 52,370 euros) for the period ended on 31 December 2017.

To measure the environmental expenses incurred, the Company recognises the expenses effectively made in the period.

### 16.2. Environmental expenses allocated to profit/loss

All environmental expenses should be considered in profit/loss if they were expenses incurred in that period, i.e., if they do not aim to prevent future damage or provide future benefits.

Therefore, environmental expenses allocated to profit/loss refer to past or present activities, or restoration of environmental conditions in the state in which they were before contamination.

	AMOUNT ALLOCATED TO PROFIT/LOSS
Waste treatment	74,477
Wastewater treatment	-
<b>TOTAL</b>	<b>74,477</b>

## 17\_ INCOME TAXES

### 17.1. Main components of tax expense and income

	31.12.2017	31.12.2016
Current tax and adjustments:		
Current tax for the period	5,792,123	2,767,488
	5,792,123	2,767,488
Deferred taxes:		
Deferred taxes related to temporary differences	109,548	(420,962)
	109,548	(420,962)
<b>INCOME TAXES EXPENSE</b>	<b>5,901,671</b>	<b>2,346,527</b>

Current tax and deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

During the period ended on 31 December 2017 and 2016, no debits/credits were made directly to equity related to the deferred taxes.

### 17.2. Relation between tax expense/income and accounting profit

RECONCILIATION OF THE EFFECTIVE TAX RATE	31.12.2017	31.12.2016
Income before taxation	12,908,367	6,583,331
Income taxes expense	5,901,671	2,346,527
Effective tax rate	45.72%	35.64%
Nominal tax rate (21% in Portugal and 30% in Angola, in 2016 and 2017)	4,355,958	2,151,045
<b>ADJUSTMENTS:</b>		
Differentiated rates of taxation and effect of double taxation	507,335	2,508
Application of the equity method	(66,674)	(160,560)
Value adjustments of non-deductible assets	27,190	-
Expenses not accepted as tax cost	114,898	318,792
Provisions not accepted as expense	81,904	160,020
Reversal of untaxed provisions	(268)	-
Tax refund	(31,250)	(1,236)
Other untaxed income	(1,051,148)	(330,518)
Tax loss deduction for the period	(367,210)	-
Tax losses for the period	2,765,260	201,493
Autonomous taxation	196,383	524,678
Tax benefits	(1,543)	-
Deferred taxes from previous financial years	109,548	(420,962)
International double taxation	(522,775)	-
Others	(215,937)	(98,733)
	1,545,713	195,482
<b>INCOME TAXES EXPENSE</b>	<b>5,901,671</b>	<b>2,346,527</b>

With reference to the period ending on 31 December 2017 and 2016, in accordance with article 54-A of the Portuguese IRC Code, the Company opted for the non-inclusion of the taxable profit allocated to the Angola branch.

### 17.3. Deferred taxes

As at 31 December 2017, deferred tax assets and liabilities are the following:

DEFERRED TAX ASSETS	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Tax losses	236,714	(30,708)	-	(206,006)	-
Others	31,929	(1,541)	103,713	(30,388)	103,713
<b>TOTAL</b>	<b>268,643</b>	<b>(32,249)</b>	<b>103,713</b>	<b>(236,394)</b>	<b>103,713</b>



DEFERRED TAX LIABILITIES	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Revaluation surpluses	1,057,889	-	-	(72,943)	984,946
Depreciation not accepted	234,788	(30,457)	49,809	-	254,140
<b>TOTAL</b>	<b>1,292,677</b>	<b>(30,457)</b>	<b>49,809</b>	<b>(72,943)</b>	<b>1,239,086</b>

As at 31 December 2016, deferred tax assets and liabilities are the following:

DEFERRED TAX ASSETS	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Tax losses	-	-	236,714	-	236,714
Others	1,879	178	29,873	-	31,929
<b>TOTAL</b>	<b>1,879</b>	<b>178</b>	<b>266,586</b>	<b>-</b>	<b>268,644</b>

DEFERRED TAX LIABILITIES	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Revaluation surpluses	1,100,869	-	-	(42,980)	1,057,889
Depreciation not accepted	302,167	44,017	-	(111,395)	234,788
<b>TOTAL</b>	<b>1,403,036</b>	<b>44,017</b>	<b>-</b>	<b>(154,375)</b>	<b>1,292,677</b>

The amount referring to the "Change of corporate income tax rate" is related to the non-inclusion of the taxable profit allocated to the Angola branch.

## 18\_ FINANCIAL INSTRUMENTS

### 18.1. Measurement bases

It is the Company's policy recognise an asset, a financial liability and an equity instrument only when it becomes a part of the contractual provisions of the instrument.

The Company measures, at cost or amortised cost less impairment loss, the financial instruments that have a defined maturity, which the returns have a fixed amount, with a fixed interest rate during the instrument's life or of variable rate which is a typical market indexing for financing operations (for example, Euribor), or that includes a spread on that indexing, which does not contain a contractual clause that can result to its holder in loss of nominal value and accrued interest (excluding the cases of credit risk).

The contracts to grant or take a loan in a net basis and the equity instruments that are not publicly negotiated and whose fair value cannot be obtained reliably, as well as contracts connected to those instruments that, if executed, result in the delivery of those instruments, are also measured at cost or amortised cost less impairment loss.

All financial instruments which are not measure at cost or amortised cost less any impairment loss are measured at fair value.

The Company does not include the transaction costs in the initial measurement of financial asset or liability, which is measured at the fair value as part of profit/loss.

As long as the Company holds a financial instrument, the measurement policy will not be affected.

### 18.2. Financial assets and liabilities

Financial assets with recognition of impairment:

	31.12.2017		31.12.2016	
	CARRYING AMOUNT	ACCUMULATED IMPAIRMENT	CARRYING AMOUNT	ACCUMULATED IMPAIRMENT
Trade accounts receivable	131,728,693	(105,936)	112,258,052	-
Clients with guarantees	5,454,928	-	6,978,962	-
Doubtful debtors	2,811,643	(2,811,643)	2,875,746	(2,875,746)
<b>TOTAL</b>	<b>139,995,264</b>	<b>(2,917,579)</b>	<b>122,112,760</b>	<b>(2,875,746)</b>

### 18.3. Financial assets held for trading

This item includes the public debt securities of the Angolan State at short term (treasury bonds), received as result of the debt settlement agreements overdue from the client: Angola's National Roads Institute.

### 18.4. Other financial assets

On 31 December 2017, this item fits the "Convention to export Portuguese goods, equipment and services to the Republic of Angola", which benefits from the guarantee of the Portuguese State, an amount that will be available up to 21 March 2018, according to the information provided by the financing bank.

### 18.5. Financing obtained

As at 31 December 2017 and 2016, the item "Financing obtained" is the following:

FINANCING OBTAINED	31.12.2017	31.12.2016
Escrow accounts	20,836,065	24,195,489
Bank loans	41,798,706	42,318,587
Commercial paper	32,141,669	46,103,869
Finance leases	1,425,714	375,942
Factoring	288,824	-
Contracted bank overdrafts	17,946,907	16,102,636
<b>TOTAL</b>	<b>114,437,885</b>	<b>129,096,522</b>

### 18.6. Permanent participations registered at the cost and other financial investments

Financial investments in subsidiaries, associated companies and jointly controlled entities are registered by the equity method (note 9). The remaining investments are registered at the acquisition cost or, in the case of financing granted, at the nominal value. An assessment of the investments is made whenever there are indications that the asset may be impaired, with the impairment losses that are shown to exist being registered as expenses. Income obtained from financial investments (dividends or profit distributed) are registered in the income statement for the period in which distribution is decided and announced.

As at 31 December 2017 and 2016, the detail of permanent participations registered by the cost model and of other financial investments are the following:

	31.12.2017			31.12.2016		
	PERMANENT PARTICIPATION	LOANS GRANTED		PERMANENT PARTICIPATION	LOANS GRANTED	
		COST	ACCUMULATED IMPAIRMENT		COST	ACCUMULATED IMPAIRMENT
Rotas do Algarve Litoral, S.A.	110,000	11,396,123	-	110,000	11,396,122	-
SPER, S.A.	129,500	17,408,516	-	129,500	17,408,514	-
Planestrada - Op. Manut. Rod., S.A.	5,000	-	-	5,000	-	-
Marestrada - Op. Man. Rod., S.A.	5,001	-	-	5,000	-	-
Norgarante	10,000	-	-	10,000	-	-
BAI - Banco Africano Investimento	341,375	-	-	341,375	-	-
Lusitânia Seguros	76,815	-	-	76,815	-	-
Edirio, S.A.	-	12,500	-	-	12,500	(12,500)
Conduril - Concessões Infraest., S.A.	-	336,000	(351,765)	-	336,000	(336,000)
ENOP - Eng. Obras Públicas, Lda.	-	15,765	-	-	14,797	-
Other - Public debt securities	55,470,944	-	-	-	-	-
Other - FCT	24,666	-	-	15,919	-	-
<b>TOTAL</b>	<b>56,173,301</b>	<b>29,168,904</b>	<b>(351,765)</b>	<b>693,609</b>	<b>29,167,933</b>	<b>(348,500)</b>
OTHER FINANCIAL INVESTMENTS		84,990,440			29,513,042	

On 31 December 2017, following the planned changes for the payment of public debt securities, these securities were reclassified to the item "Other financial investments".

### 18.7. Total of interest income and expense for financial assets and liabilities

To calculate the amortised cost of a financial asset or a financial liability and allocate the interest income or interest expense during the period, the effective interest method was used. According to this method, the total of interest income for financial assets and the total of interest expenses for financial liabilities are the following:

#### a\_ Interest income for financial assets:

FINANCIAL ASSETS	31.12.2017	31.12.2016
Bank deposits	3,348,016	4,931,466
Others	1,810	2,569
<b>TOTAL</b>	<b>3,349,826</b>	<b>4,934,035</b>

#### b\_ Interest expenses for financial liabilities:

FINANCIAL LIABILITIES	31.12.2017	31.12.2016
Financing	10,547,804	10,997,962
Finance leases	13,893	57,794
Others	66,666	35,383
<b>TOTAL</b>	<b>10,628,363</b>	<b>11,091,140</b>

### 18.8. Impairment losses in financial assets

For financial assets, which are not measured at fair value through the profit/loss and regarding which impairment is verified, the Company evaluated the respective impairment. From this evaluation, the Company was able to acquire objective evidence that the financial assets, shown in the following table, present impairment losses for the period:

FINANCIAL ASSETS	31.12.2017	
	IMPAIRMENT LOSSES	REVERSALS
Clients	418,107	-
Other accounts receivable	-	-
Other financial assets	-	-
<b>TOTAL</b>	<b>418,107</b>	<b>-</b>

FINANCIAL ASSETS	31.12.2016	
	IMPAIRMENT LOSSES	REVERSALS
Clients	138,589	-
Other accounts receivable	-	-
Other financial assets	-	-
<b>TOTAL</b>	<b>138,589</b>	<b>-</b>

### 18.9. Amount of share capital

As at 31 December 2017, the Company had a share capital of 10,000,000 euros, fully subscribed and paid-in.

### 18.10. Shares representing share capital

As at 31 December 2017, the share capital was composed of 2,000,000 shares, with a nominal value of 5 euros each.

## 19\_ EMPLOYEE BENEFITS

### 19.1. Post-employment benefits

As at 31 December 2017, there were 108 employees (2016: 101 employees) enjoying post-employment benefits regarding benefit plans defined. On 31 December 2017, the operations related to the period are the following:

PENSION COSTS	31.12.2017	31.12.2016
Cost of current services	267,113	256,028
Interest cost	345,055	323,221
Actuarial gains and losses	-	-
Return on assets	(327,224)	(328,737)
Other variations	-	3,049
<b>TOTAL</b>	<b>284,944</b>	<b>253,561</b>

On 31 December 2017, there is a deficit of the amount of past responsibilities regarding the value of the existing fund in the amount of 2,438,455 euros (2016: 588,646 euros). This amount is registered in the item "Creditors by accrued expenses". The responsibilities with assets in the solvency scenario are fully financed.

In what concerns the accrued amounts of actuarial gains and losses, these are registered in the equity item "Adjustments/Other changes in equity", in the amount of 1,499,220 euros.

Assumptions used in the actuarial study:

	31.12.2017
Mortality table	TV 88/90
Normal retirement age	65 years old
Number of pensions in the year	13
Rate of return of assets	swap curve as at 29/12/2017 plus 2.25 p.p.
Rate of growth of wages	1.75%

## 20\_ OTHER INFORMATION

### 20.1. State and other public bodies

The item "State and other public bodies" as at 31 December 2017 and 2016 is the following:

ASSETS	31.12.2017	31.12.2016
Personal Income Tax	4,183	3,950
Value Added Tax	7,823,838	8,533,615
Business Income Tax	1,173,443	995,862
Other taxation	3,305,530	3,154,328
<b>TOTAL</b>	<b>12,306,994</b>	<b>12,687,755</b>

LIABILITIES	31.12.2017	31.12.2016
Personal Income Tax	460,499	451,815
Value Added Tax	3,373,005	3,718,705
Social Security Contributions	457,300	451,167
Business Income Tax	2,269,890	271,157
Other taxation	394,071	957,376
<b>TOTAL</b>	<b>6,954,765</b>	<b>5,850,221</b>



## 20.2\_ Turnover

The turnover as at 31 December 2017 and 2016 is distributed as follows:

	31.12.2017	31.12.2016
Internal market	24,348,535	22,959,139
External market	116,112,432	109,165,260
<b>TOTAL</b>	<b>140,460,967</b>	<b>132,124,399</b>

## 20.3. External supplies and services

The item "External supplies and services" is the following, for the period ending on 31 December 2017 and 2016:

	31.12.2017	31.12.2016
Subcontracts	28,851,599	28,067,647
Specialised services	19,437,492	22,454,522
Materials	2,893,934	3,813,622
Energy and fluids	5,455,292	5,369,396
Travel, accommodation and transport	3,420,832	3,682,215
Rentals and leases	1,694,906	2,612,094
Communication	418,670	448,787
Insurances	781,765	1,030,901
Legal and notary services	33,500	103,320
Representation expenses	106,966	152,683
Hygiene and comfort services	274,673	264,127
Other services	2,111,480	2,740,908
<b>TOTAL</b>	<b>65,481,109</b>	<b>70,740,223</b>

## 20.4. Personnel expenses

The item "Personnel expenses" is the following, for the period ending on 31 December 2017 and 2016:

	31.12.2017	31.12.2016
Remunerations of the management bodies	1,124,576	1,137,000
Personnel remunerations	27,892,300	27,853,368
Post-employment benefits (Note 19)	284,944	253,561
Compensations	88,527	219,375
Social charges	2,854,711	2,717,449
Insurance schemes for accidents at work and occupational diseases	754,633	904,272
Social welfare expenses	2,299,392	2,537,561
Others	971,124	663,291
<b>TOTAL</b>	<b>36,270,207</b>	<b>36,285,876</b>

## 20.5. Other income

The item "Other income" is the following, for the period ending on 31 December 2017 and 2016:

	31.12.2017	31.12.2016
Additional income	13,880,717	12,573,422
Cash discounts obtained	6,892	10,422
Exchange gains	10,961,104	29,405,739
Gains in inventories	7,567	-
Income and gains in the remaining non-financial assets	352,608	287,084
Interest received	3,349,825	4,934,035
Dividends earned	4,178,380	57,991
Others	450,643	206,820
<b>TOTAL</b>	<b>33,187,736</b>	<b>47,475,513</b>

## 20.6. Other expenses

The item “Other expenses” is the following, for the period ending on 31 December 2017 and 2016:

	31.12.2017	31.12.2016
Taxes	3,170,375	3,166,960
Cash discounts given	818,783	6,060
Bad debts	51,949	839,516
Exchange losses	10,508,920	4,777,106
Expenses and losses in non-financial investments	31,575	597,781
Others	416,057	961,942
<b>TOTAL</b>	<b>14,997,659</b>	<b>10,349,366</b>

## 20.7. Financial profit and loss account

The financial profit and loss are the following:

FINANCING EXPENSES AND LOSSES	31.12.2017	31.12.2016
Interest paid	10,561,697	11,055,756
Other financing expenses and losses	604,267	1,694,819
<b>TOTAL</b>	<b>11,165,964</b>	<b>12,750,575</b>

## 20.8. Deferrals

Deferred assets and deferred liabilities are the following:

DEFERRED ASSETS	31.12.2017	31.12.2016
Expenses to be recognised – insurances	243,993	351,401
Pension fund – surplus (Note 19)	-	-
Other deferrals	30,364	42,368
<b>TOTAL</b>	<b>274,357</b>	<b>393,770</b>

DEFERRED LIABILITIES	31.12.2017	31.12.2016
Income to be recognised – NCRF 19	1,262,666	7,275,227
Income to be recognised – internal operations profit	942,157	655,513
Pension fund (Note 19)	-	-
Billing to be recognised	308,637	919,784
<b>TOTAL</b>	<b>2,513,460</b>	<b>8,850,524</b>

## 20.9. Other accounts payable and receivable

The item “Other accounts receivable” is the following, for the period ending on 31 December 2017 and 2016:

	31.12.2017	31.12.2016
Trade creditors – debit balances	466,402	136,642
Staff	33,620	35,760
Investment providers	-	4,920
Payments on account	49,751	49,994
Debtors by accrued income	13,085,367	20,131,621
Other debtors	33,184,487	31,026,751
<b>TOTAL</b>	<b>46,819,627</b>	<b>51,385,688</b>

The item "Other accounts payable" is the following, for the period ending on 31 December 2017 and 2016:

	31.12.2017	31.12.2016
Clients – credit balances	43,199	64,758
Staff	2,021,519	1,289,280
Investment providers	164,024	38,624
Creditors by accrued expenses – remunerations	2,754,148	2,514,084
Creditors by accrued expenses – others	3,242,367	1,694,284
Other creditors	2,738,589	6,725,703
<b>TOTAL</b>	<b>10,963,846</b>	<b>12,326,733</b>

## 20.10. Proposal of application of net income

In compliance with the legal and statutory provisions, in continuation of the policy of fair return of the capital invested and increase of its solvency, the Board of Directors proposes that the net income for the period, in the amount of 7,006,696 euros, has the following distribution:

- Dividends: 2,700,000 euros, corresponding to 1.50 euros per share;
- Free Reserves: 4,306,696 euros.

## 21\_ DISCLOSURES REQUIRED BY LEGISLATION

The Company has no overdue debts to the Portuguese State, in accordance with the Decree-law no. 534/80, of 7 November.

Compliant with the Decree-law no. 411/91, of 1 October, the Company paid its social security contributions within the time limits stipulated.

## 22\_ ADDITIONAL DISCLOSURES FOR THE ENTITIES REFERRED TO IN PARAGRAPH 1(H) OF ARTICLE 2 AND PARAGRAPH 4 OF ARTICLE 9, OF THE DECREE-LAW NO. 158/2009, OF 13 JULY, AS AMENDED BY DECREE-LAW NO. 98/2015, OF 2 JUNE

### 22.1. Net turnover broken down by geographical markets

	31.12.2017	31.12.2016
Portugal	27,102,505	33,982,467
Angola	80,098,084	62,089,237
Mozambique	2,978,455	11,233,320
Morocco	419,526	-
Senegal	-	1,483,473
Zambia	18,199,823	12,435,815
Malawi	4,697,626	5,194,827
Gabon	6,964,948	5,705,260
<b>TOTAL</b>	<b>140,460,967</b>	<b>132,124,399</b>

### 22.2. Statutory Auditor fees

In 2017, the fees of the Statutory Auditor amounted to 28,750 euros.

The Management,

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António Luís Amorim Martins

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António B. Andrade Miragaia

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Maria Benedita A. de Amorim Martins

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António E. Lemos Catarino

---

Maria Luísa A. A. Martins Mendes

---

Carlos A. S. de Noronha Dias

---

Álvaro D. Neves Vaz

---

Ricardo N. A. A. Vaz Guimarães

The Chartered Accountant,

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Carla M. P. Ribeiro, CA no. 76.474





# **REPORT AND OPINION OF THE STATUTORY AUDIT BOARD**

REPORT AND ACCOUNTS **2017**





Portugal

# STATUTORY AUDIT BOARD

## \_FINANCIAL YEAR OF 2017

Dear Shareholders:

In compliance with the legal provisions, the Statutory Audit Board submits its report and issues its opinion on the management report, balance sheet, accounts and proposal of application of net income, which were presented by the Board of Directors of CONDURIL - Engenharia, S.A., regarding the financial year ended on 31 December 2017.

## \_REPORT

In the performance of its duties, the Statutory Audit Board had regular meetings accompanying the social activity and the evolution of CONDURIL - Engenharia, S.A. business, watched and ensured the fulfilment of the law and the articles of association, and it was informed of the acts carried out by the Board of Directors, which has always clarified any situation when requested.

Also in the performance of its duties, the Board carried out a careful analysis of the management report presented by the Board of Directors, the balance sheet, the income statement, the cash flows and the changes in equity for the financial year ended on 31 December 2017, and its annexe with the explanatory notes. These documents are considered to be correct and offer a clear picture of the activity developed and the financial position.

Within the framework of its competence, the Board was informed of the works developed during the year by the Audit Firm, obtained from it the necessary information and clarifications, provided by its representative, required for the control of the official audit to the other financial statements, was informed of the conclusions and recommendations of the audit report sent to the Board of Directors, and proceeded to the analysis of the legal certification of accounts, whose contents deserve the agreement of the Board.

The Board, still in the framework of its competence, expresses its agreement regarding the accounting policies and the valuation criteria adopted.

As a result of the above, the Board considers that the management report, balance sheet, income statement, cash flows and changes in equity allow, in the whole, for a correct understanding of the financial situation of CONDURIL - Engenharia, S.A., on 31 December 2017, and the income statement for the financial year ended on that date, and, finally, it also considers that the legal and statutory provisions were respected.

As a conclusion, the Board also thanks, along with the Board of Directors, the Employees for their commitment and dedication.

Therefore, the Statutory Audit Board issues the

## \_OPINION

**1\_** that the management report, balance sheet, accounts and its notes for the financial year ended on 31 December 2017 are approved;

**2\_** that the proposal of application of net income included in the management report, in the terms presented by the Board of Directors is approved.



Ermesinde, 12 March 2018

The Statutory Audit Board,

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Crisóstomo Aquino de Barros, President

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Daniela Brás Vigário Silva

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José Tiago Sapage Meireles de Amorim



# **\_LEGAL CERTIFICATION OF ACCOUNTS**

REPORT AND ACCOUNTS **2017**





Portugal

# LEGAL CERTIFICATION OF ACCOUNTS

## REPORTING ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Conduril - Engenharia, S.A. (the Entity), which comprise the balance sheet on 31 December 2017 (which reflects a total of 456,017,167 euros and total equity of 217,828,860 euros, including a net income of 7,006,696 euros), the profit and loss account by nature, the statement of changes in equity and the cash flow statement for the year ended on that date, and the notes attached to the financial statements, comprising a summary of significant accounting policies.

In our opinion, the financial statements attached present a true and proper view, in all material aspects, of the financial position of Conduril - Engenharia, S.A. on 31 December 2017 and its financial performance and cash flows for the year ended on that date, in accordance with the Accounting Standards and Financial Reporting adopted in Portugal through the Accounting Standardisation System.

### Grounds for the opinion

Our audit was performed in accordance with the International Standards on Auditing (ISAs) and further standards and technical and ethical guidelines of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). Our responsibilities under those standards are described in the section "Auditor's responsibilities on the audit of the financial statements" below. We are independent from the Entity under the law and we meet all other ethical requirements in accordance with the code of ethics of the Portuguese Institute of Statutory Auditors.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis to our opinion.

### Responsibilities of the management body and the supervisory body on the financial statements

The management body is responsible for:

- the preparation of the financial statements that present a true and proper view of the financial position, financial performance and cash flows of the Entity, in accordance with the Accounting Standards and Financial Reporting adopted in Portugal through the Accounting Standardisation System;
- the preparation of the management report under the terms of the applicable rules and regulations;
- the creation and maintenance of an internal control system, appropriate to enable the preparation of financial statements free of material misstatements due to fraud or errors;
- the adoption of accounting policies and criteria adequate to the circumstances; and
- the assessment of the Entity's ability to maintain its continuity, disclosing, when applicable, the topics that could give rise to justifiable doubt about the continuity of the activities.

The supervisory body is responsible for supervising the process of preparation and disclosure of the financial information of the Entity.

### Auditor's responsibilities on the audit of the financial statements

Our responsibility is to obtain a reasonable assurance if the financial statements, as a whole, are free of material misstatements due to fraud or errors and issue a report where our opinion is expressed. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with the ISAs will always detect a material misstatement when it exists. The misstatements may derive from fraud or errors, and they are considered material if, alone or together, they might reasonably be expected to influence the economic decisions of the users taken based on those financial statements.

As part of an audit under the ISAs, we make professional judgements and we maintain professional scepticism during the audit, and we also:

- identify and assess the risks of material misstatements of the financial statements, due to fraud or errors; prepare and perform audit procedures that address those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to errors, since fraud can involve collusion, falsification, intentional omissions, false statements or overlap of the internal control;
- obtain an understanding of the internal control relevant to the audit, with the aim of preparing audit procedures that are appropriate in the circumstances, but not to express an opinion about the efficiency of the internal control of the Entity;
- evaluate the appropriateness of the accounting policies used and reasonableness of accounting estimates and respective disclosures made by the management body;
- concluded on the appropriation of use, by the management body, of the going concern assumption and, based on the audit evidence obtained, if there is any material uncertainty related to events or conditions that could give rise to justifiable doubt about the Entity's ability to continue its activities. If we conclude that there is a material uncertainty, we should point out in our report the disclosures included in the financial statements or, if those disclosures are not appropriate, change our opinion. Our conclusions are based on the audit evidence obtained until the date of our report. However, events or future conditions may take the Entity to discontinue its activities;
- evaluate the presentation, structure and global contents of the financial statements, including the disclosures, and if those financial statements represent the transactions and events underlying in order to achieve an appropriate presentation;
- communicate to the governance officers, among other subjects, the scope and planned schedule of the audit, and the relevant conclusions of the audit, including any significant gap of the internal control identified during the audit.

Our responsibility also includes the verification of compliance of the information in the management report with the financial statements.

## **\_REPORTING ON OTHER LEGAL RULES AND REGULATIONS**

### **About the management report**

Compliant with article 451, paragraph 3(e) of the Portuguese Companies Act, we believe that the management report was prepared in accordance with the applicable rules and regulations in force, its information is in line with the financial statements audited and, based on the knowledge and evaluation on the Entity, we did not identify material misstatements.

Oporto, 12 March 2018

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HORWATH & ASSOCIADOS, SROC, LDA.  
Represented by Ana Raquel Borges L. Esperança Sismeiro (ROC 1126)







## CONDURIL - ENGENHARIA, S.A.

Avenida Eng.º Duarte Pacheco, n.º 1835  
4445-416 Ermesinde – Portugal  
T. +351 229 773 920  
F. +351 229 748 668  
geral@conduril.pt

### CONDURIL ANGOLA

Rua 2 IL (ao Largo do Ambiente)  
Município de Ingombota – Luanda – Angola  
T. +244 949 422 665  
expgeralluanda@conduril.pt

### CONDURIL MOÇAMBIQUE

Estrada Nacional n.º 4, Tchumene 2,  
Parcela 3380/12 – Matola – Moçambique  
T. +258 219 025 88  
delegacao@conduril.co.mz

### CONDURIL BOTSWANA

Tribal Lot 86 Portion 955 Isis Village  
Tlokweng – Gaborone – Botswana  
T. +267 319 02 53  
F. +267 393 03 25  
info@conduril.co.bw

### CONDURIL ZÂMBIA

Plot 3817 Martin Mwamba Road  
Lusaka – Zambia  
PO Box 473 P/Bag E891 Manda Hill  
Lusaka – Zambia  
T. +260 211 291 441  
zambia@conduril.pt

### CONDURIL MALAWI

Campe Site P.O. Box. 40  
Liwonde – Malawi  
T. +265 994 956 884  
malawi@conduril.pt

### CONDURIL GABÃO

Nzeng-Ayong (Après le carrefour GP)  
Libreville – Gabon  
gabon@conduril.pt