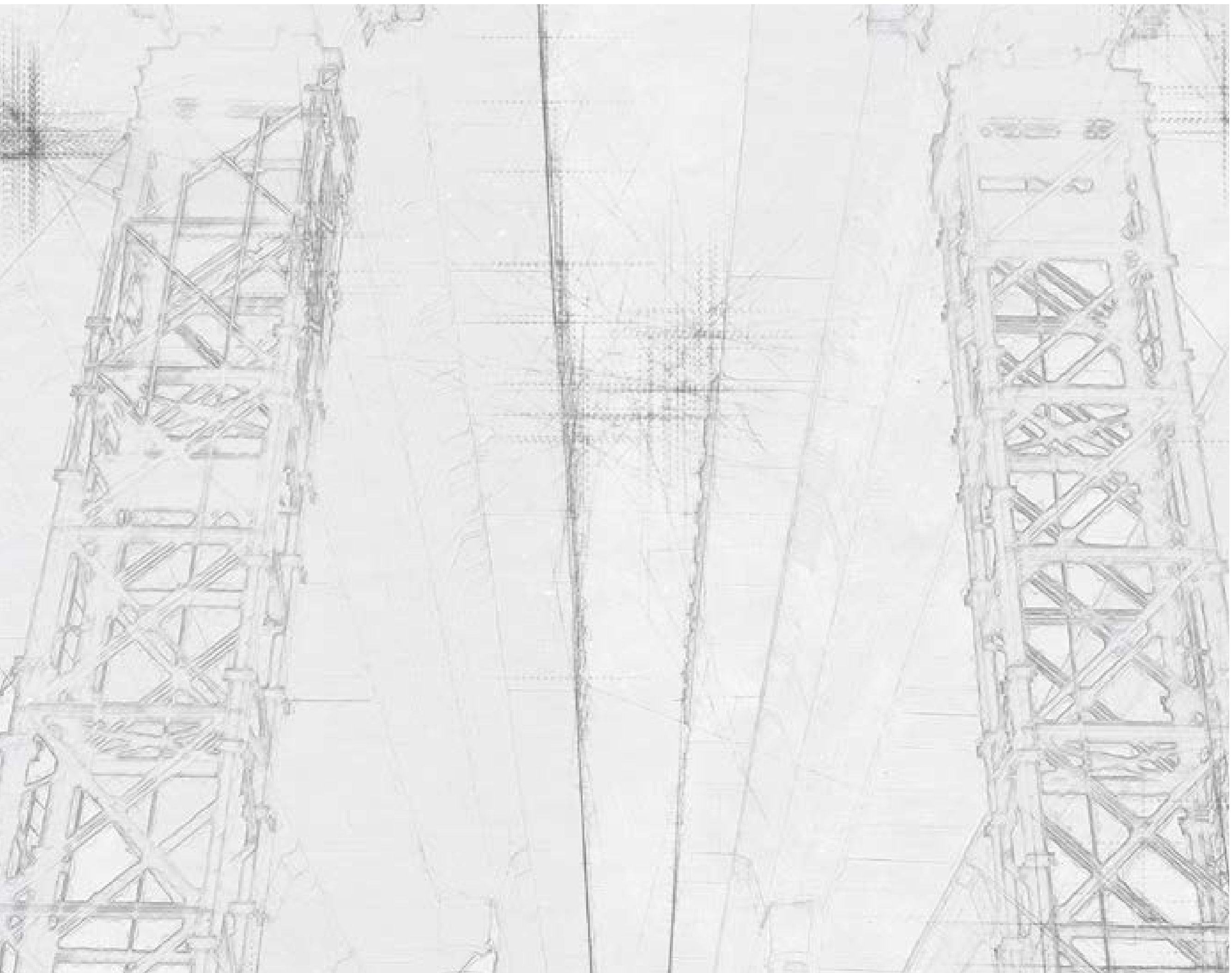
REPORT AND CONSOLIDATED ACCOUNTS 2017

CONDURIL



Portugal

_CONDURIL

REPORT AND CONSOLIDATED ACCOUNTS **2017**

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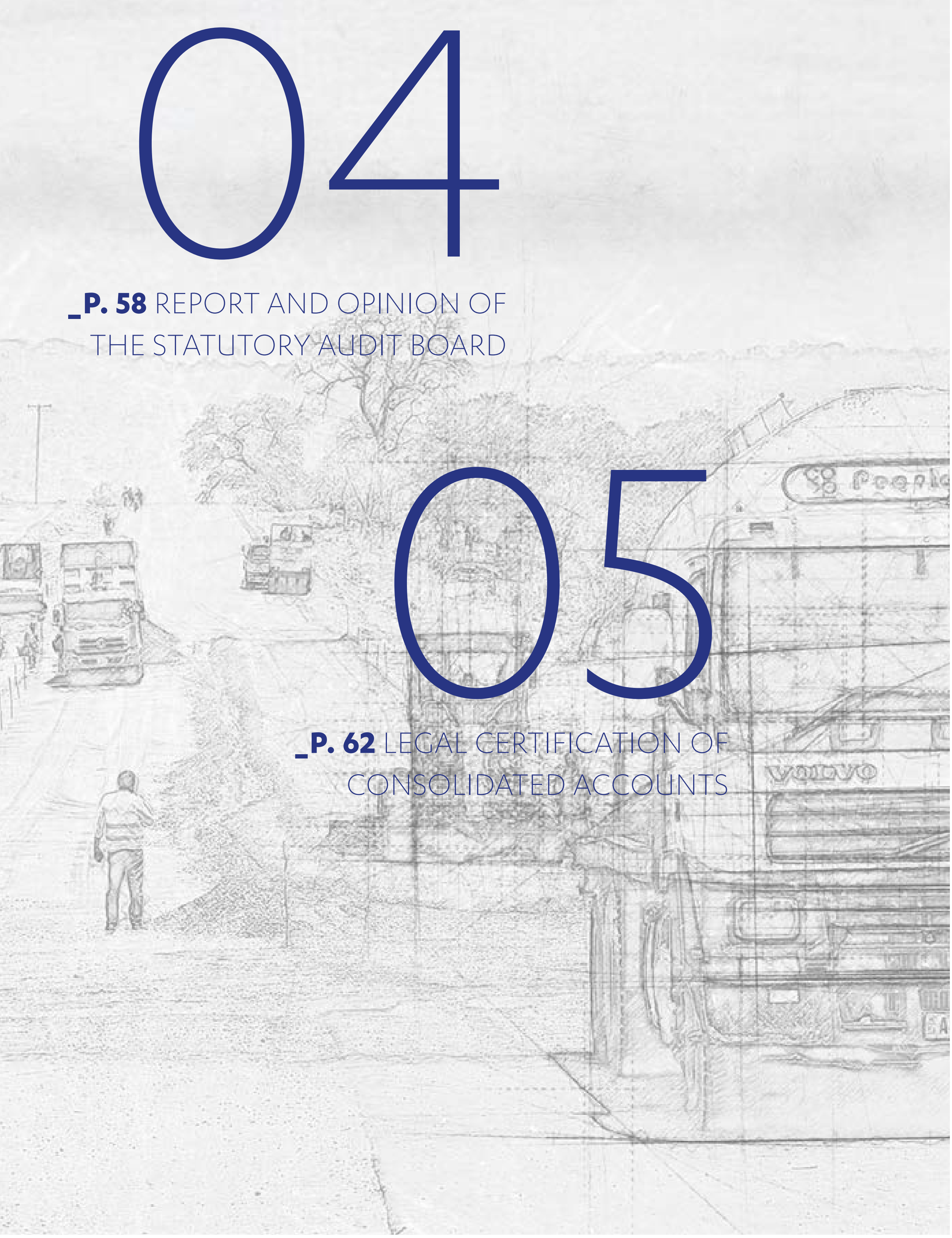
REPORT AND CONSOLIDATED ACCOUNTS **2017**



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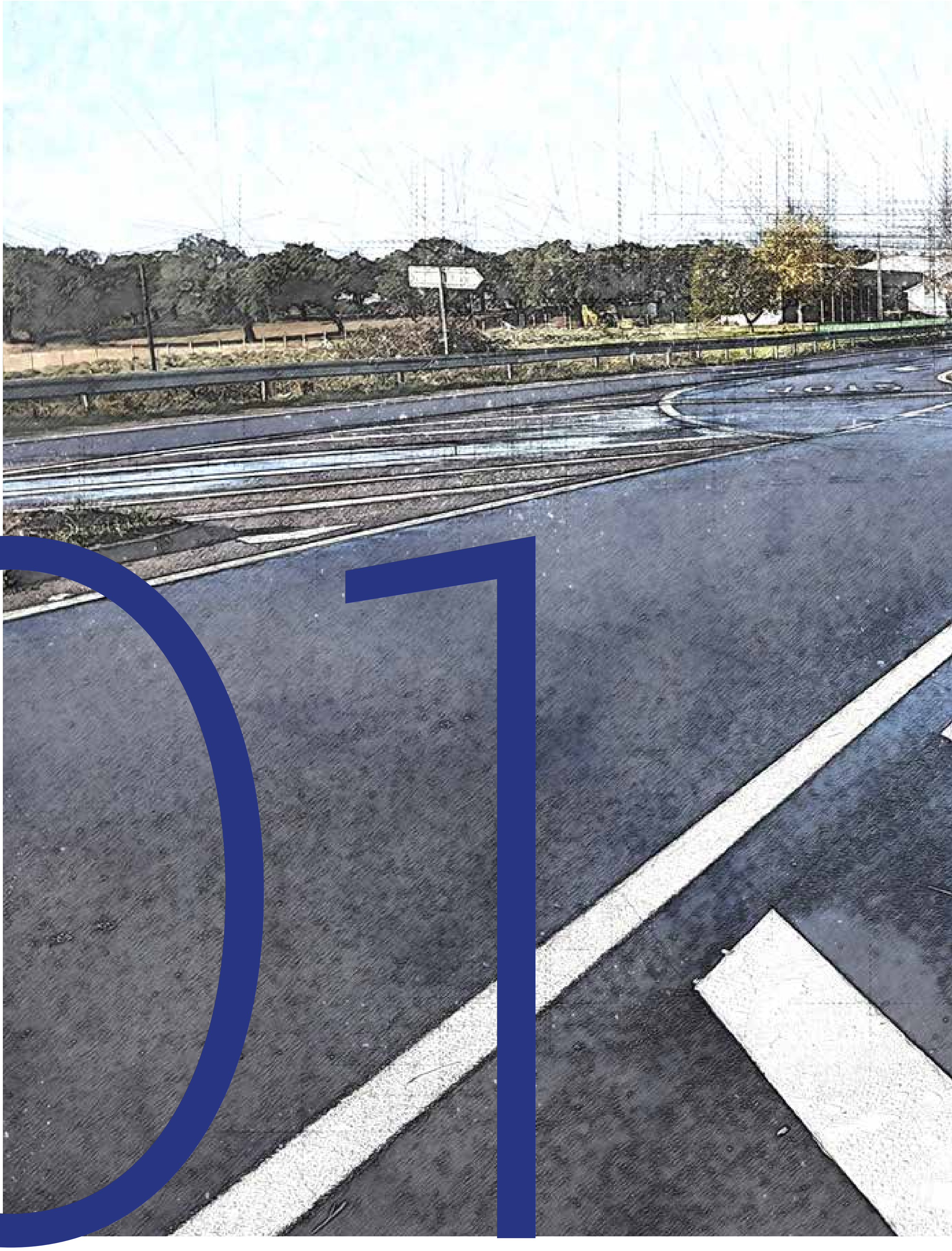
Zambia



01

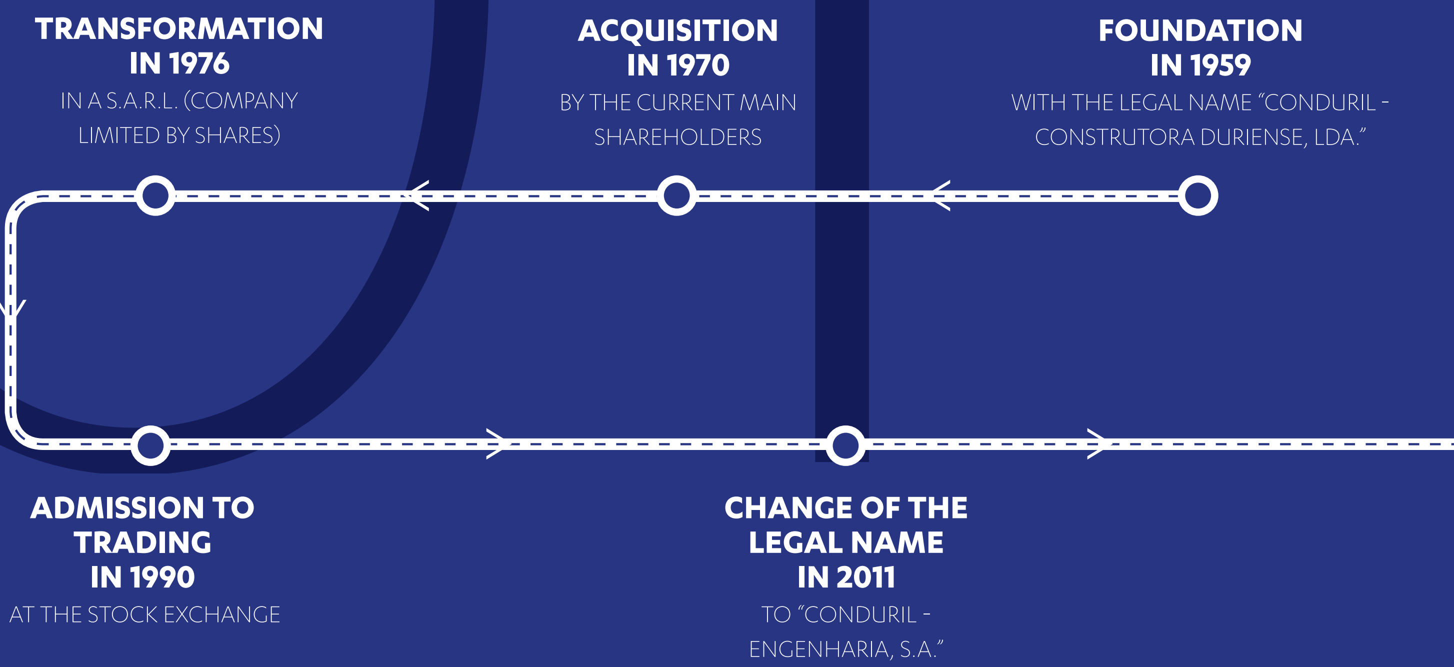
_CONDURIL

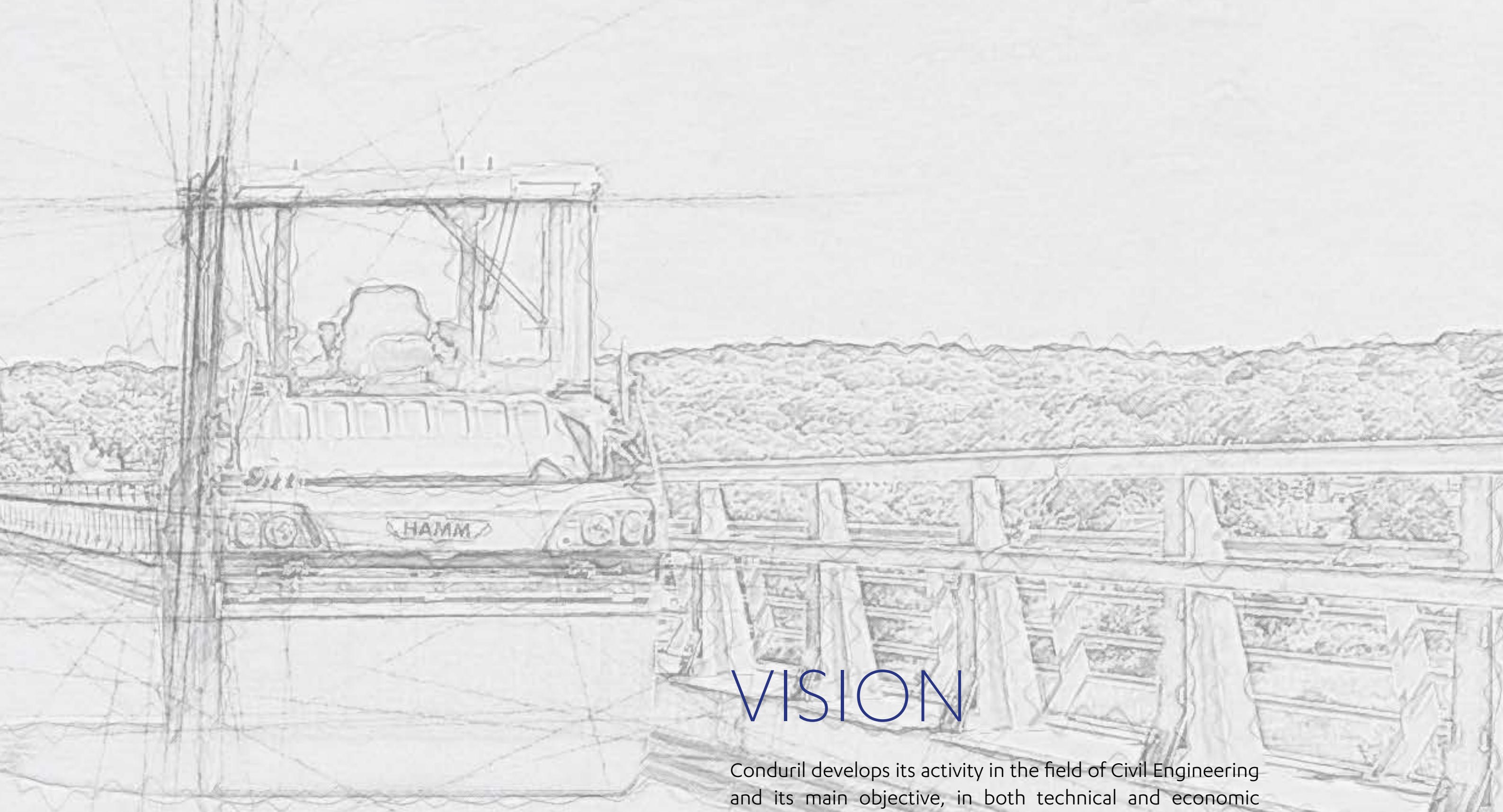
REPORT AND CONSOLIDATED ACCOUNTS **2017**

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

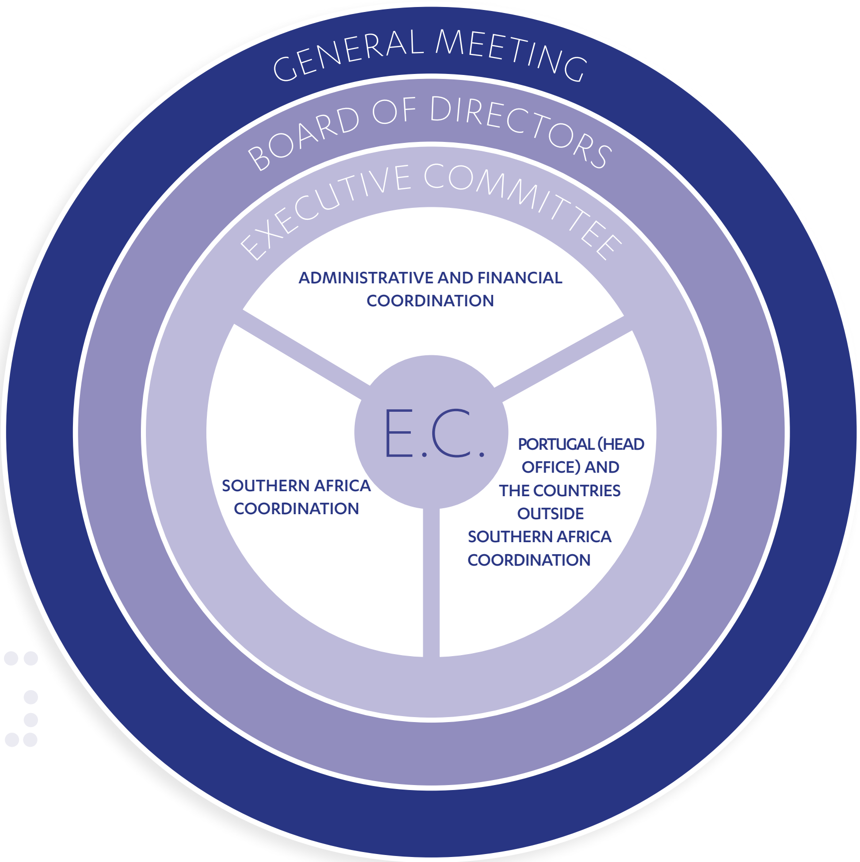
We believe that we can only create value and wealth, that is, win, acting the right way. In order words: with honesty, confidence and accountability based on a culture of Integrity, which means: Honesty, Transparency, Justice and a strict adherence to the rules and regulations. These are our values and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

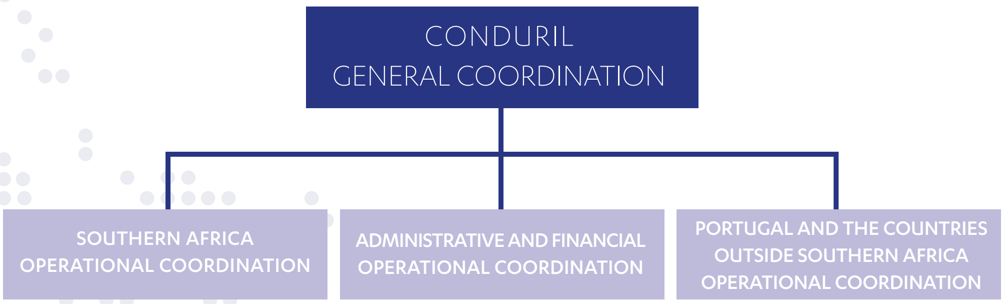
Portugal

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:

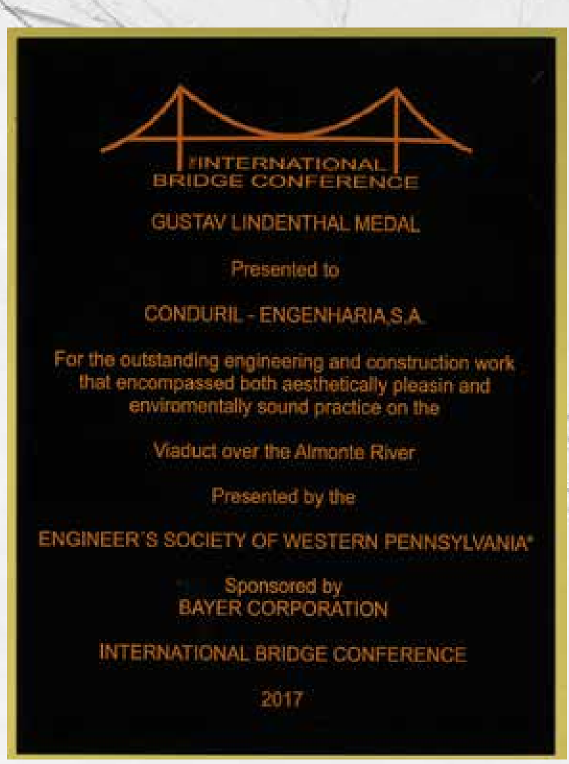
In order to strengthen and support Conduril's GLOBAL STRATEGY, a new organisational structure was established. This new model, in line with the defined strategic vision, is based on three major decision centres which, together and supported by the functional structures that assist them, will be the fundamental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

Spain

02

_CONSOLIDATED MANAGEMENT REPORT

REPORT AND CONSOLIDATED ACCOUNTS **2017**

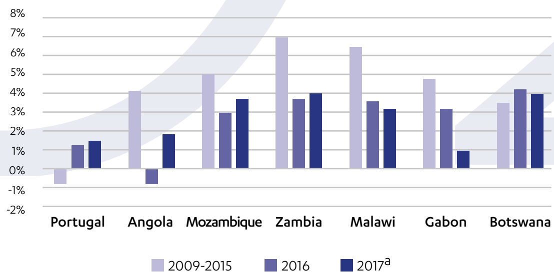
Angola

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 CONSOLIDATED MANAGEMENT REPORT, THE CONSOLIDATED ACCOUNTS FOR THE PERIOD AND OTHER CONSOLIDATED FINANCIAL STATEMENTS, FOR THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2017.

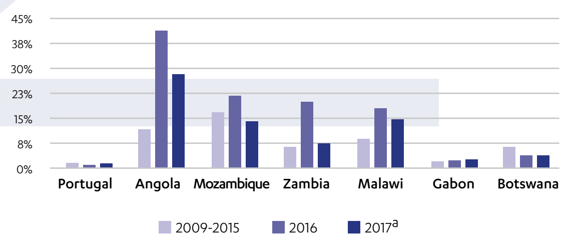
1_ 2017 provided some surprises in the world economy, with a growth that surpassed the most optimistic perspectives: the combination of some financial conditions – the stock markets reached record levels and the dollar had a behaviour below the expected – with more favourable government policies, allowed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

REAL OUTPUT GROWTH

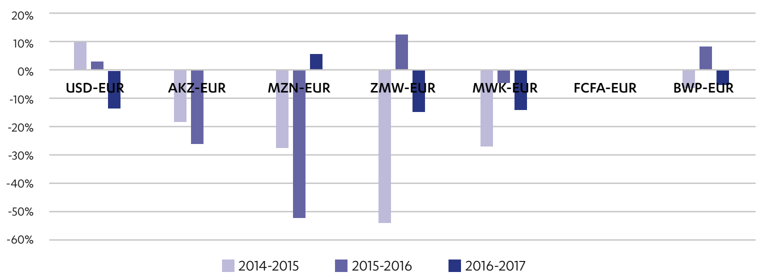


INFLATION RATE



[a] *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.

...IN RECOGNITION FOR THE WORKS PERFORMED IN THIS LAST CONSTRUCTION WORK [ALMONTE VIADUCT - TGV, SPAIN], IN 2017, CONDURIL WAS AWARDED THE PRESTIGIOUS GUSTAV LINDENTHAL MEDAL, AT THE INTERNATIONAL BRIDGE CONFERENCE...

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 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^2, 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...

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.

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 maintain the value of its consolidated turnover and, at the same time, present positive results and an improvement in its main consolidated financial indicators, as follows:

INDICATORS	2015	2016	2017
Net assets (€)	493,492,742	440,791,120	421,594,004
Liabilities (€)	280,966,133	227,397,872	203,648,544
Equity (€)	212,526,608	213,393,248	217,945,460
Net debt (€)	24,565,712	-36,893,843	-31,269,629
Turnover (€)	196,172,660	146,208,655	146,807,517
Variation in turnover		-25%	0%
EBITDA (€)	30,243,947	28,758,412	36,051,392
Net income for the period (€)	6,155,387	4,244,015	7,016,463
Financial autonomy	43%	48%	52%
General liquidity*	192%	214%	183%
Solvency ratio	76%	94%	107%
Debt ratio	132%	107%	93%
Sales profitability	3%	3%	5%
EBITDA/Turnover	15%	20%	25%

* 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	70,953,338	63,650,218	53,048,697
Short-term financing	85,816,177	67,733,012	63,697,234
Financial assets held for trading and other financial investments	-101,782,737	-72,415,085	-57,415,659
Other financial assets	-5,000	-83,043,031	-83,043,031
Cash and bank deposits	-30,416,066	-12,818,957	-7,556,870
Net debt	**24,565,712**	**-36,893,843**	**-31,269,629**

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 group'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 group'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 1st 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 in its report and individual accounts 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: 4,306,396 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

03

_CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Angola

CONSOLIDATED BALANCE SHEET

_AS AT 31 DECEMBER 2017 AND 2016

AMOUNTS EXPRESSED IN EURO

	NOTES	2017	2016
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	2;3;7	57,451,897	57,613,603
Intangible assets	2;3;6	5,280,167	5,320,229
Other financial investments	3;9;18	90,025,701	34,570,757
Deferred tax assets	3;17	402,371	560,678
Subtotal		153,160,136	98,065,266
CURRENT ASSET			
Inventories	3;10	12,540,815	13,363,499
Clients	3;18	111,535,932	100,879,480
Clients with retention payments	3;18	5,619,442	6,993,746
State and other public bodies	20	13,893,816	14,042,949
Shareholders		1,584,542	1,557,333
Other accounts receivable	3;18;20	30,097,786	37,214,640
Deferrals	3;20	616,920	397,134
Financial assets held for trading	3;18	1,944,715	72,415,085
Other financial assets	3;4;18	83,043,031	83,043,031
Cash and bank deposits	3;4	7,556,870	12,818,957
Subtotal		268,433,868	342,725,854
TOTAL ASSETS		**421,594,004**	**440,791,120**
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Paid-in capital		10,000,000	10,000,000
Own shares	3	(950,000)	(950,000)
Legal reserves		3,389,979	3,375,498
Other reserves		196,409,585	193,072,782
Retained profit		5,119,622	5,134,231
Revaluation surpluses		2,947,434	2,947,434
Adjustments/Other changes in equity		(6,094,311)	(4,536,739)
Subtotal		210,822,309	209,043,205
Net income for the period		7,006,709	4,236,818
Subtotal		217,829,017	213,280,023
Non-controlling interests		123,028	113,225
TOTAL SHAREHOLDERS' FUNDS	**3**	**217,952,045**	**213,393,249**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	3;13	2,764,370	2,413,016
Financing obtained	3;8;18	53,048,697	63,650,218
Deferred tax liabilities	3;17	1,239,086	1,292,677
Subtotal		57,052,153	67,355,911
CURRENT LIABILITIES			
Trade creditors	3	40,203,759	47,776,275
Advanced payments from clients	3	16,408,548	17,516,713
State and other public bodies	20	9,837,969	8,184,599
Shareholders		4,724,874	2,840,714
Financing obtained	3;8;18	63,697,234	67,733,012
Other accounts payable	3;20	9,900,202	7,729,594
Deferrals	3;11;20	1,817,220	8,261,053
Subtotal		146,589,805	160,041,961
TOTAL LIABILITIES		**203,641,959**	**227,397,872**
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		**421,594,004**	**440,791,120**

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

CONSOLIDATED 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	146,807,517	146,208,655
Grants received as compensation for expenses		-	-
Gains/losses allocated to subsidiaries, associated companies and joint ventures	3	-	-
Variation of inventories in production	3;10	(162,470)	(12,945)
Own work capitalised	3	7,588,515	8,156,094
Cost of goods sold and materials consumed	10	(32,190,152)	(42,226,063)
External supplies and services	20	(52,318,827)	(65,744,602)
Personnel expenses	3;19;20	(39,884,962)	(39,827,523)
Impairment of inventories (losses/reversals)	3;10	(56,899)	375,245
Impairment of doubtful debts (losses/reversals)	3;18	(1,125,720)	(138,589)
Provisions (increases/reductions)	3;13	(351,354)	132,490
Impairment of non-depreciable/amortisable investments (losses/reversals)		-	-
Increases/reductions of fair value	3;18	-	3
Other income	14;20	22,385,481	37,981,279
Other expenses	2;14;20	(16,173,711)	(15,776,484)
Operating income before depreciations, financing costs and taxes		34,517,419	29,127,561
Depreciation and amortisation expenses/reversals	3;6;7	(9,428,109)	(9,320,763)
Impairment of depreciable/amortisable investments (losses/reversals)		-	-
Net operating income (before financing costs and taxes)		25,089,310	19,806,798
Interests and similar income obtained		-	-
Interests and similar expenses supported	3;20	(11,267,487)	(12,864,738)
Income before taxation		13,821,822	6,942,060
Income taxes	3;17	(6,805,359)	(2,698,044)
NET INCOME FOR THE PERIOD		**7,016,463**	**4,244,015**
Income of discontinued operations (net of tax) inc. in the net income for the period		–	–
NET INCOME FOR THE PERIOD ATTRIBUTABLE:			
Holders of equity of the parent entity		7,006,709	4,236,818
Non-controlling interests		9,754	7,197
Subtotal		7,016,463	4,244,015
EARNINGS PER SHARE (BASIC)		**3.90**	**2.36**

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

CONSOLIDATED CASH FLOW STATEMENT

_AS AT 31 DECEMBER 2017 AND 2016

AMOUNTS EXPRESSED IN EURO

ITEMS	NOTES	2017	2016
OPERATING ACTIVITIES FLOW			
Cash receipts from clients		162,006,521	158,442,599
Payments to suppliers		(104,106,784)	(118,342,385)
Payments to employees		(32,248,414)	(33,015,746)
Cash Flow generated by operations		25,651,323	7,084,467
Payment/Receipt of income taxes		(2,881,061)	4,115,892
Other cash receipts/payments		24,692	1,711,228
OPERATING ACTIVITIES FLOW (1)		**22,794,955**	**12,911,587**
INVESTMENT ACTIVITIES FLOW			
CASH PAYMENTS ARISING FROM:			
Property, plant and equipment		(9,420,711)	(9,924,724)
Intangible assets		-	-
Financial investments		(8,860)	(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	4,351,971
Dividends		4,178,380	57,991
INVESTMENT ACTIVITIES FLOW (2)		**(2,240,571)**	**(5,498,965)**
FINANCING ACTIVITIES FLOW			
CASH RECEIPTS ARISING FROM:			
Financing obtained		127,096,427	212,844,515
Other financing operations		8,913	8,478
CASH PAYMENTS ARISING FROM:			
Financing obtained		(140,614,858)	(222,834,974)
Leasing financing		(1,145,802)	(1,848,200)
Interests and similar expenses		(9,992,560)	(11,585,716)
Dividends		(900,000)	(900,000)
Capital decreases and other equity instruments		-	-
Other financing operations		(11,665)	(90,475)
FINANCING ACTIVITIES FLOW (3)		**(25,559,546)**	**(24,406,371)**
Net increase/decrease in cash and cash equivalents (1 + 2 + 3)		(5,005,162)	(16,993,749)
Effects of foreign exchange rate		(256,924)	(603,360)
Cash and cash equivalents at the beginning of the period		12,818,957	30,416,066
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4**	**7,556,870**	**12,818,957**

The Management,

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António B. Andrade Miragaia

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António E. Lemos Catarino

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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

CONSOLIDATED 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)	3,375,498	193,072,782	5,134,231	2,947,434	(4,536,739)	4,236,818	213,280,023	113,225	213,393,249
Application of the income for the period				14,481	4,222,337				(4,236,818)	-		-
Position as at 1 January 2017 after application of income		10,000,000	(950,000)	3,389,979	197,295,119	5,134,231	2,947,434	(4,536,739)	-	213,280,023	113,225	213,393,249
CHANGES IN THE PERIOD:												
First adoption of the new accounting framework										-		-
Changes in accounting policies										-		-
Differences in the translation of financial statements								6,948		6,948	47	6,996
Realisability of the revaluation surpluses										-	-	-
Revaluation surpluses										-		-
Adjustments by deferred taxes										-	-	-
Application of the equity method										-		-
Other recognised changes in equity					14,466	(14,609)		(1,564,521)		(1,564,663)	2	(1,564,662)
		-	-	-	14,466	(14,609)	-	(1,557,572)	-	(1,557,715)	49	(1,557,666)
NET INCOME FOR THE PERIOD									7,006,709	7,006,709	9,754	7,016,463
Overall result									7,006,709	7,006,709	9,754	7,016,463
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)**	**3,389,979**	**196,409,585**	**5,119,622**	**2,947,434**	**(6,094,311)**	**7,006,709**	**217,829,017**	**123,028**	**217,952,045**

The Management,

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NOTES TO THE CONSOLIDATED 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, and the participated companies ("Group"), whose main activity is public construction works and all other works related to the exercise of this activity.

We believe that these consolidated financial statements are a true and proper representation of the operations of the companies belonging to the Group, as well as their financial position and performance and cash flows.

The 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 Group's operations, from the accounting records of the Group 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).

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 Group's operations, from the accounting books and records of the companies belonging to the Group, maintained in accordance with the accounting principles generally accepted in Portugal (NCRF).

a_ Consolidated principles

The consolidated principles adopted by the Group in the preparation of the consolidated financial statements are the following:

i_ Investments in subsidiaries

Permanent participations in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at a General Meeting of Shareholders or is able to establish financial and operational policies (definition of control used by the Group), are included in the consolidated financial statements using the full consolidation method. Equity and net income of these companies corresponding to the shareholding of third parties in the subsidiary companies is shown separately in the consolidated balance sheet and in the consolidated profit and loss account in the item "Non-controlling interests".

When losses attributable to minority shareholders exceed the minority interest in a subsidiary's equity, then the Group absorbs this excess and any additional losses, except when the minority shareholders have a binding obligation and are able to cover such losses. If the subsidiary subsequently reports profits, then the Group appropriates all profits until the minority's share of losses absorbed has been recovered.

The results of subsidiaries acquired or sold during the period are included in the income statement from the effective date of acquisition or up to the effective date of sale, as appropriate.

Adjustments to the financial statements of subsidiaries are made whenever necessary to adjust them to the accounting policies used by the Group. Transactions, balances and dividends distributed between the Group's subsidiaries are eliminated on consolidation.

Whenever the Group has, in substance, control over other entities created for a specific purpose ("Special Purpose Entities"), even if no share capital interest is directly or indirectly held in those entities, these are consolidated by the full consolidation method.

ii_ Investments in associates

Investments in associated companies (companies where the Group exercises significant influence but does not have control or joint control through the participation in financial and operational policies - usually corresponding to holdings between 20% and 50% in a company's share capital) are registered by the equity method.

According to the equity method, investments in associated companies are initially accounted at the acquisition cost, which is adjusted proportionally to the Group's share in the corresponding equity of those companies, at the acquisition date or at the date of the first adoption of the equity method. Permanent participations are adjusted annually by the amount corresponding to the participation in the net profit/loss of the associated companies as opposed to income or expenses in the period. Furthermore, the dividends of these companies are registered as a decrease in investments, and the Group's share in the changes occurred in the associated company's equity is registered as a change in the Group's equity.

The differences between the acquisition cost and fair value of the assets and liabilities attributable to the associate on the acquisition date, if positive, are recognised as goodwill. If those differences are negative, after reassessment of the estimated fair value, they are registered as gains for the period in the item "Other income".

An assessment of the investments in associates is performed whenever there are indications that the asset may be impaired, with the impairment losses that are shown to exist being registered as expenses. Impairment losses recognised in previous periods that are no longer justifiable are reversed.

When the Group's share of losses of the associated company exceeds the investment value, the investment is reported at null value, except to the extent of the Group's commitments to the associate, setting up a provision to cover those obligations.

The Group's share in unrealised gains arising from transactions with associated companies is eliminated proportionately, against the investment in that associated company. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

iii_ Jointly controlled entities

The financial interests in jointly controlled companies/entities were consolidated in the attached financial statements by the proportionate consolidation method from the date in which the control is shared. According to this method, the assets, liabilities, income and expenses of these companies have been included in the consolidated financial statements, on a line-by-line basis, in proportion to the Group's participation in the companies.

The classification of the financial interests held in jointly controlled companies/entities is determined based on:

- shareholder agreements that regulate the joint control;
- effective percentage held;
- voting rights held.

Any change of consolidation generated by the acquisition of a jointly controlled company/entity is registered according to the accounting policies defined for subsidiaries. Transactions, balances and dividends distributed between the jointly controlled companies are eliminated in proportion to the Group's participation.

iv_ Goodwill

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 goodwill value is not amortised. 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 Group. Impairment losses related to goodwill cannot be reversed and are registered in the income statement for the period, in the item "Impairment of non-depreciable/ amortisable investments (losses/reversals)".

The differences between the acquisition cost of investments in subsidiaries and associates, and the fair value of the identifiable assets and liabilities (including contingent liabilities) of these companies at the date of their acquisition, if negative, are recognised as income at the date of acquisition, after reassessment of the fair value of the identifiable assets and liabilities.

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 Group.

v_ Translation of financial statements of foreign subsidiaries expressed in foreign currency

Assets and liabilities of foreign entities financial statements included on consolidation are translated into euros using the exchange rates at the balance sheet date, and income and expenses using the average exchange rates. The amount related to the exchange rate difference is registered in the equity item "Other changes in equity".

The goodwill value and fair value adjustments resulting from the acquisition of foreign entities are treated as assets and liabilities of those entities and translated to euros according to the exchange rate in force at the end of the period. Whenever a foreign company is sold, accumulated exchange rate differences are recognised in the income statement as a gain or loss on the disposal.

b_ 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 Group, are controllable by the Group and that they can be measured reliably.

The development costs for which the Group 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".

c_ 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".

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 Group 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_ Integration of branches

The accounting information of the branches where the Group 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 Group, 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.

f_ 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.

g_ 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.

h_ 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 manufacturing 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.

i_Financial instruments

i_ Investments

The investments on other companies are registered at the acquisition cost or, in the case of loans granted, at the nominal value. An assessment of these 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 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.

ii_ 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 Group 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.

iii_ 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.

iv_ Trade creditors

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

v_ 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.

vi_ 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.

vii_ Discounted bills and accounts receivable in factoring
The Group 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 Group substantially transfers all the risks and benefits inherent to the ownership of those assets to a third entity. If the Group 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 consolidated financial statements, in liabilities, until they are collected.

viii_ 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.

j_ Provisions, contingent liabilities and contingent assets

Provisions are recognised only when the Group 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 Group 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 Group, 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 Group. The Group 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 Group are likely. When the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

k_ 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".

l_ 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 each company included on consolidation, 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.

m_ 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.

n_ 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.

o_ Retirement complements

CONDURIL - Engenharia, S.A. 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, CONDURIL - Engenharia, S.A. 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.

p_ Revenue

The Group 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 Group 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.

q_ 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.

r_ Own work capitalised

Own work capitalised corresponds to construction and improvement works carried out by any company of the Group, 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.

s_ 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 consolidated financial statements. 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 consolidated financial statements.

t_ Judgements and estimates

For the preparation of the financial statements, the Board of Directors of each company included on consolidation has been based on best knowledge of past and/or present events, considering assumptions related to future events.

The most significant accounting estimates reflected in the consolidated 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 date 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 DE DEZEMBRO	EXCHANGE RATE	31 DE DEZEMBRO	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 consolidated financial statements

In preparation of the consolidated financial statements according with NCRF (equivalent to GAAP), the Board of Directors of each company included on consolidation 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 consolidated financial statements have been prepared bearing in mind the continuation of the Group's operations, from the accounting books and records of the Group, 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 consolidated 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 historical experience of each company included on consolidation, as well as on future expectations. The Group 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	169,180	128,989
Demand deposits	6,411,660	11,712,250
Term deposits	976,029	977,718
TOTAL CASH AND BANK DEPOSITS	**7,556,870**	**12,818,957**

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.

5_ RELATED PARTIES

5.1. Remunerations of the key management personnel

a_ Total remunerations: 1,294,388 euros (2016: 1,302,507 euros).

5.2. Transactions between related parties

a_ Nature of the related party relationship:

	COUNTRY	DIRECT %	TOTAL %
BRANCHES:			
Angola	-	-	-
Mozambique	-	-	-
Morocco	-	-	-
Botswana	-	-	-
Cape Verde	-	-	-
Zambia	-	-	-
Malawi	-	-	-
Gabon	-	-	-
SUBSIDIARIES:			
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
JOINTLY CONTROLLED ENTITIES:			
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
OTHER PARTICIPATIONS:			
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
KEY MANAGEMENT PERSONNEL:			
BOARD OF DIRECTORS:			
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 Baraças Andrade Miragaia			
António Emanuel Lemos Catarino			
Carlos António Soares de Noronha Dias			
Ricardo Nuno Araújo Abreu Vaz Guimarães			
OTHER RELATED PARTIES:			
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 Group 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	PROVISIONS
ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:			
Groupement CJA / Lot 3 – Construção ACE	811,892	-	-
	811,892	-	-
OTHER PARTICIPATIONS:			
Rotas do Algarve Litoral, S.A.	13,473,348	-	-
SPER – Soc. Portuguesa para a Construção e Exploração Rodoviária, S.A.	20,332,371	-	-
	33,805,719	-	-
OTHER RELATED PARTIES:			
Geonorte – Geotecnia e Fundações Especiais, Lda.	49,707	55,946	-
Geonorte – Geotecnia e Fundações Especiais, Lda. – Angola's branch	1,847,360	1,515,393	-
	1,897,067	1,571,339	-

RELATED PARTIES	INCOME	EXPENSES
OTHER RELATED PARTIES:		
Geonorte – Geotecnia e Fundações Especiais, Lda.	329,521	102,852
Geonorte – Geotecnia e Fundações Especiais, Lda. – Angola's branch	235,199	747,713
	564,720	850,565

As at 31 December 2016:

RELATED PARTIES	OUTSTANDING BALANCES ASSETS	OUTSTANDING BALANCES LIABILITIES	PROVISIONS
ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:			
Groupement CJA / Lot 3 – Construção ACE	808,096	-	-
	808,096	-	-
OTHER PARTICIPATIONS:			
Rotas do Algarve Litoral, S.A.	13,473,348	-	-
SPER – Soc. Portuguesa para a Construção e Exploração Rodoviária, S.A.	20,332,371	-	-
	33,805,719	-	-
OTHER RELATED PARTIES:			
Geonorte – Geotecnia e Fundações Especiais, Lda.	1,652,962	1,265,319	-
	1,652,962	1,265,319	-

RELATED PARTIES	INCOME	EXPENSES
OTHER RELATED PARTIES:		
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

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%
Other 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	97,873	86,085	97,873	77,401
Industrial property	48,446	1,325	48,446	1,325
Development rights	5,801,425	580,447	5,801,425	549,069
Other intangible assets	2,006	1,727	2,006	1,727
TOTAL	**5,949,750**	**669,583**	**5,949,750**	**629,522**

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	8,683	8,232
Industrial property	-	-
Development rights	31,378	31,465
Other intangible assets	-	-
TOTAL	**40,061**	**39,697**

e_ The movements in the item "Intangible assets" during 2017 and 2016 are the following:

	2017					
	GOODWILL	DEVELOPMENT RIGHTS	SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	TOTAL
GROSS ASSETS:						
Balance as at 31.12.2016	-	5,801,425	97,873	48,446	2,006	5,949,750
Additions	-	-	-	-	-	-
Transfers and write-offs	-	-	-	-	-	-
Balance as at 31.12.2017	-	5,801,425	97,873	48,446	2,006	5,949,750
ACCUMULATED AMORTISATION:						
Balance as at 31.12.2016	-	549,069	77,401	1,325	1,727	629,522
Additions	-	31,378	8,683	-	-	40,061
Transfers and write-offs	-	-	-	-	-	-
Balance as at 31.12.2017	-	580,447	86,085	1,325	1,727	669,583
NET VALUE	**-**	**5,220,979**	**11,788**	**47,121**	**279**	**5,280,167**

	2016					
	GOODWILL	DEVELOPMENT RIGHTS	SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	TOTAL
GROSS ASSETS:						
Balance as at 31.12.2015	-	5,787,214	96,357	48,446	2,006	5,934,023
Change of % held	-	-	-	-	-	-
Additions	-	13,964	1,515	-	-	15,479
Transfers and write-offs	-	247	-	-	-	248
Balance as at 31.12.2016	-	5,801,425	97,873	48,446	2,006	5,949,750
ACCUMULATED AMORTISATION:						
Balance as at 31.12.2015	-	517,604	68,727	1,325	1,727	589,383
Change of % held		-	-	-	-	-
Additions	-	31,465	8,232	-	-	39,697
Transfers and write-offs	-	-	442	-	-	442
Balance as at 31.12.2016	-	549,069	77,401	1,325	1,727	629,522
NET VALUE	**-**	**5,252,356**	**20,472**	**47,121**	**280**	**5,320,228**

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 Group amortises its property, plant and equipment goods 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
GROSS ASSETS:								
Balance as at 31.12.2016	3,020,930	28,674,759	94,139,612	24,228,290	2,090,692	1,223,325	10,559,099	163,936,707
Change of % held	-	-	-	-	-	-	-	-
Additions	-	-	1,082,123	1,185,355	45,428	35,863	7,591,747	9,940,515
Disposals	-	-	(1,934,806)	(704,954)	(3,118)	-	-	(2,642,878)
Other variations	(12)	16,547	92,194	23,242	7,195	3,701	3,542	146,409
Transfers and write-offs	-	1,264,180	134,723	(51,514)	16,691	(7,584)	(1,746,806)	(390,310)
Balance as at 31.12.2017	3,020,918	29,955,486	93,513,846	24,680,419	2,156,888	1,255,305	16,407,582	170,990,444
ACCUMULATED DEPRECIATION:								
Balance as at 31.12.2016	-	17,793,889	66,853,100	19,422,884	1,699,517	553,714	-	106,323,104
Change of % held	-	-	-	-	-	-	-	-
Additions	-	1,106,221	6,608,985	1,373,289	90,096	209,457	-	9,388,048
Disposals	-	-	(1,545,484)	(694,826)	(2,207)	-	-	(2,242,517)
Other variations	-	9,829	88,304	23,378	6,814	3,511	-	131,836
Transfers and write-offs	-	-	3,273	(65,901)	438	266	-	(61,924)
Balance as at 31.12.2017	-	18,909,939	72,008,178	20,058,824	1,794,658	766,948	-	113,538,547
NET VALUE	**3,020,918**	**11,045,547**	**21,505,668**	**4,621,595**	**362,230**	**488,357**	**16,407,582**	**57,451,897**

	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
GROSS ASSETS:								
Balance as at 31.12.2015	3,047,602	28,912,734	81,905,055	30,204,543	2,235,928	2,011,393	12,390,548	160,707,803
Change of % held	-	-	(2,205)	-	-	(860)	-	(3,065)
Additions	-	5,923	3,579,581	864,671	60,897	42,464	8,432,958	12,986,494
Disposals	-	(141,665)	(1,121,804)	(1,228,767)	(132,206)	(18,565)	-	(2,643,007)
Other variations	(26,672)	(1,296,928)	(1,762,049)	(395,136)	(88,232)	(33,849)	(24,914)	(3,627,780)
Transfers and write-offs	-	1,194,695	11,541,034	(5,217,021)	14,305	(777,258)	(10,239,493)	(3,483,738)
Balance as at 31.12.2016	3,020,930	28,674,759	94,139,612	24,228,290	2,090,692	1,223,325	10,559,099	163,936,707
ACCUMULATED DEPRECIATION:								
Balance as at 31.12.2015	-	17,386,389	62,565,962	21,183,245	1,737,709	684,956	-	103,558,261
Change of % held		-	(2,205)	-	-	(860)	-	(3,065)
Additions	-	1,006,795	6,210,080	1,758,623	95,375	210,193	-	9,281,066
Disposals	-	(33,690)	(685,748)	(1,202,872)	(67,001)	(10,472)	-	(1,999,783)
Other variations	-	(565,605)	(1,556,328)	(353,693)	(66,150)	(29,677)	-	(2,571,453)
Transfers and write-offs	-	-	321,339	(1,962,419)	(416)	(300,426)	-	(1,941,922)
Balance as at 31.12.2016	-	17,793,889	66,853,100	19,422,884	1,699,517	553,714	-	106,323,104
NET VALUE	**3,020,930**	**10,880,870**	**27,286,512**	**4,805,406**	**391,175**	**669,611**	**10,559,099**	**57,613,603**

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	-	2,812,511
Machinery and other equipment	7,591,747	5,405,252
Transport equipment	-	199,702
Other property, plant and equipment	-	15,493
TOTAL	**7,591,747**	**8,432,958**

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	1,106,221	-	1,106,221
Machinery and other equipment	6,608,985	-	6,608,985
Transport equipment	1,373,289	-	1,373,289
Office equipment	90,096	-	90,096
Other property, plant and equipment	209,457	-	209,457
TOTAL	**9,388,048**	**-**	**9,388,048**

7.4. Accumulated depreciation at the end of the period

ACCUMULATED DEPRECIATION	31.12.2017	31.12.2016
Buildings and other constructions	18,909,939	17,793,889
Machinery and other equipment	72,008,177	66,853,100
Transport equipment	20,058,824	19,422,884
Office equipment	1,794,658	1,699,517
Other property, plant and equipment	766,949	553,714
TOTAL	**113,538,547**	**106,323,104**

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	16,407,582	10,192,404
Equipment	-	166,993
Other assets	-	199,702
TOTAL	**16,407,582**	**10,559,099**

7.6. Property, plant and equipment by geographical location

2017	GROSS ASSETS	ACCUMULATED DEPRECIATION	NET AMOUNT
Portugal	45,874,440	32,556,744	13,317,696
Angola	93,818,710	60,114,655	33,704,054
Mozambique	13,660,734	8,978,822	4,681,912
Morocco	2,748,957	2,543,097	205,860
Botswana	89,614	76,064	13,549
Cape Verde	51,348	49,705	1,642
Zambia	11,055,488	7,351,990	3,703,498
Malawi	1,798,614	781,631	1,016,983
Gabon	1,892,539	1,085,839	806,700
TOTAL	**170,990,444**	**113,538,547**	**57,451,897**

2016	GROSS ASSETS	ACCUMULATED DEPRECIATION	NET AMOUNT
Portugal	46,399,663	32,644,517	13,755,147
Angola	86,843,133	56,548,159	30,294,974
Mozambique	13,292,923	8,158,406	5,134,517
Morocco	2,748,957	2,382,435	366,522
Botswana	75,227	73,843	1,384
Cape Verde	79,645	65,121	14,524
Zambia	10,832,366	5,420,754	5,411,612
Malawi	1,798,310	411,696	1,386,614
Gabon	1,866,482	618,173	1,248,309
TOTAL	**163,936,707**	**106,323,104**	**57,613,603**

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	745,358	370,855
TOTAL	**1,566,244**	**1,029,565**

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	504,068	168,111
Minimum payments for more than 1 year and no more than 5 years	971,942	213,878
Minimum payments for more than 5 years	-	-
TOTAL MINIMUM PAYMENTS	**1,476,009**	**381,989**
Future interest payments	28,957	6,047
PRESENT VALUE OF RESPONSIBILITIES	**1,447,052**	**375,942**

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	504,068	168,111	489,475	164,355
More than 1 year and no more than 5 years	971,942	213,878	957,577	211,587
More than 5 years	-	-	-	-
TOTAL	**1,476,009**	**381,989**	**1,447,052**	**375,942**

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	Elevolution and RRC
Groupement Adriano, Jaime Ribeiro, Conduril – Construção, ACE	Jointly controlled entity	Elevolution and Jaime Ribeiro e Filhos
Groupement CJA / Lot 3 – Construção ACE	Jointly controlled entity	Elevolution 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	Edifer and Tecnovia
RBA - Rodovias do Baixo Alentejo, ACE	Jointly controlled entity	Edifer and Tecnovia

b_ Proportion of ownership interest held and data about the entities:

COMPANY	PROPORTION OF THE INTEREST HELD	CONSOLIDATION METHOD
Edifer / RRC / Conduril, ACE	33.33%	Proportionate method
Groupement Adriano, Jaime Ribeiro, Conduril – Construção, ACE	33.33%	Proportionate method
Groupement CJA/Lot 3 – Construção ACE	33.33%	Cost
Groupement Túnel de Nador, Construção ACE	50%	Proportionate method
RAL - Rodovias do Algarve Litoral, ACE	16.67%	Proportionate method
RBA - Rodovias do Baixo Alentejo, ACE	17.86%	Proportionate method

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 consolidated financial statements by the proportionate consolidation method, from the date in which the control is shared until the date it effectively ends. According to this method, the assets, liabilities, income and expenses of these companies have been included in the consolidated financial statements, on a line-by-line basis, in proportion to the Group's participation in the companies.

9.2. Subsidiaries

a_ List and description of the subsidiaries:

DESCRIPTION	CONSOLIDATION METHOD
Conduril – Gestão de Concessões de Infraestruturas, S.A.	Full consolidation
Edirio – Construções, S.A.	Full consolidation
Métis Engenharia, Lda.	Full consolidation
ENOP – Engenharia e Obras Públicas, Lda.	Full consolidation
Urano, Lda.	Full consolidation
Conduril Engenharia – Açores, S.A.	Full consolidation

9.3. Details of the item "Other financial investments"

OTHER PARTICIPATIONS REGISTERED AT THE COST	31.12.2017	31.12.2016
Rotas do Algarve Litoral, S.A.	130,000	130,000
SPER, S.A.	149,500	149,500
Planestrada - Op. Manut. Rod., S.A.	5,001	5,000
Marestrada - Op. Manut. 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
SDMH - Soc. Desenvolvimento Mini-Hídricas	-	1,400
Other	5,342	5,342
TOTAL	**723,036**	**724,432**

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

COMPANY	LOANS GRANTED	
	2017	2016
UTE Alcántara-Garrovillas	-	-
SPER, S.A.	20,332,373	20,332,371
Rotas do Algarve Litoral, S.A.	13,473,348	13,473,348
SDMH - Soc. Desenvolvimento Mini-Hídricas	-	23,800
Other - Public debt securities	55,470,944	-
Outros – FCT	26,003	16,806
TOTAL	**89,302,668**	**33,846,325**

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".

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 Group 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	12,548,342	13,130,157
Goods	27,806	50,190
Finished and semi-finished products	682,774	534,172
Products and work in progress	129,696	439,883
	13,388,617	14,154,402
Impairment losses	(847,802)	(790,903)
TOTAL	**12,540,815**	**13,363,499**

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	12,339,254	11,616,466
Impairment losses in stocks	-	-	-	(1,550,463)
Purchases	-	-	31,550,766	44,373,393
Inventories adjustments and reclassification	(22,384)	36,548	672	125,920
Ending inventory	(27,806)	(50,190)	(11,700,540)	(12,339,254)
Expenses in the period	**-**	**-**	**32,190,152**	**42,226,063**

	FINISHED AND SEMI-FINISHED PRODUCTS		PRODUCTS AND WORK IN PROGRESS	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Initial inventory	534,172	596,576	439,883	439,883
Inventories adjustments and reclassification	885	(49,459)	-	-
Accumulated impairment losses	-	-	-	-
Ending inventory	(682,774)	(534,172)	(129,696)	(439,883)
Variation of inventories in production	**(147,717)**	**12,945**	**310,187**	-

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	-	-
TOTAL	**56,899**	**484,306**

REVERSAL OF IMPAIRMENT IN INVENTORIES	31.12.2017	31.12.2016
Goods	-	-
Raw, subsidiary and consumable materials	-	(859,552)
Finished and semi-finished products	-	-
Products and work in progress	-	-
TOTAL	**-**	**(859,552)**
IMPACT IN THE PERIOD	**56,899**	**(375,245)**

10.5. Movement during the period of impairment losses in inventories

ACCUMULATED IMPAIRMENT LOSSES	RAW, SUBSIDIARY AND CONSUMABLE MATERIALS
ACCUMULATED IMPAIRMENT LOSSES ON 31.12.2016	790,903
Increases	56,899
Reversal	-
Utilisations	-
Exchange variations	-
Accumulated impairment losses on 31.12.2017	**847,802**

ACCUMULATED IMPAIRMENT LOSSES	RAW, SUBSIDIARY AND CONSUMABLE MATERIALS
ACCUMULATED IMPAIRMENT LOSSES ON 31.12.2015	1,372,753
Increases	484,306
Reversal	(859,552)
Utilisations	-
Exchange variations	(206,605)
ACCUMULATED IMPAIRMENT LOSSES ON 31.12.2016	**790,903**

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	139,099,713	136,858,568
TOTAL	**139,099,713**	**136,858,568**

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	334,598,453	430,891,347	6,900,473	1,977,656
TOTAL	**334,598,453**	**430,891,347**	**6,900,473**	**1,977,656**

2016	EXPENSES INCURRED	RECOGNISED INCOME	ADVANCES RECEIVED	RETENTION
Ongoing contracts	344,121,893	412,141,845	6,652,309	3,135,537
TOTAL	**344,121,893**	**412,141,845**	**6,652,309**	**3,135,537**

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 Group 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	2,562,597	5,305,003
Provision of services	144,244,920	140,903,653
Interest	3,699,513	4,934,279
Dividends	4,178,380	57,991
TOTAL	**154,685,410**	**151,200,926**

13_ PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

13.1. Provisions

The Group 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	SALDO FINAL
Guarantees to clients	2,210,264	405,164	-	-	(60,488)	2,554,941
Ongoing court proceedings	166,650	-	-	-	-	166,650
Other provisions	36,102	15,372	-	-	(8,695)	42,779
TOTAL	**2,413,015**	**420,537**	**-**	**-**	**(69,183)**	**2,764,370**

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	SALDO FINAL
Guarantees to clients	1,847,085	441,583	-	-	(78,404)	2,210,264
Ongoing court proceedings	166,650	-	-	-	-	166,650
Other provisions	531,771	1,708	-	-	(497,377)	36,102
TOTAL	**2,545,505**	**443,291**	**-**	**-**	**(575,781)**	**2,413,015**

13.2. Proceedings in litigation

Following the several ongoing proceedings in litigation, the Group 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 Group had assumed responsibilities for the guarantees provided in the amount of 59,849,918 euros (as at 31 December 2016, the amount was 80,297,599 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

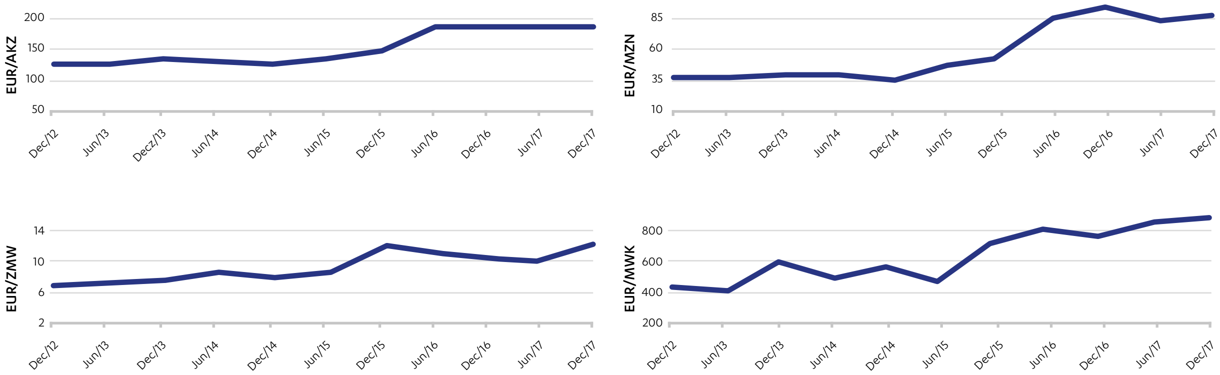
a_ General principles

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 Group 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.

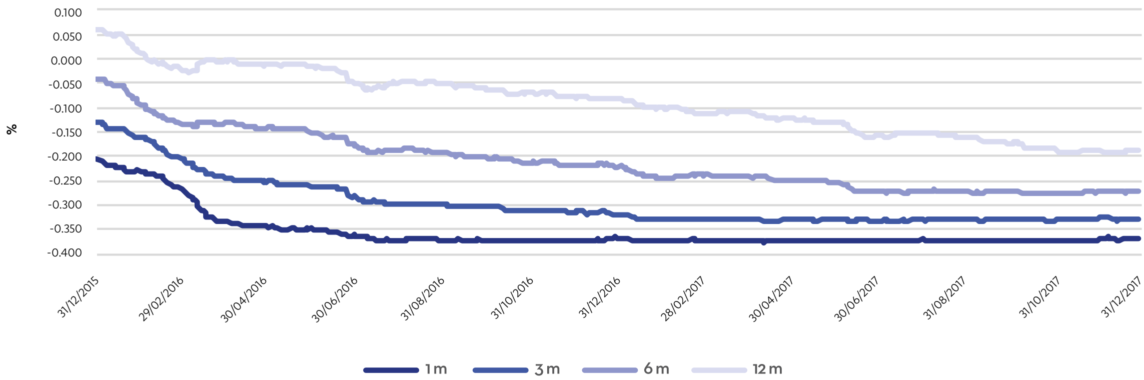
EVOLUTION OF THE EXCHANGE RATE



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 Group. 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	11,419,436	7,250,922
	11,419,436	**7,250,922**
Exchange gains		
- Other income	11,911,511	31,193,681
	11,911,511	**31,193,681**

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

	EXCHANGE DIFFERENCES IN EQUITY
Balance as at 31.12.2016	(7,548,228)
Increases	7,613
Reductions	(62,384)
BALANCE AS AT 31.12.2017	**(7,602,999)**

	EXCHANGE DIFFERENCES IN EQUITY
Balance as at 31.12.2015	(2,406,420)
Increases	432,526
Reductions	(5,574,334)
BALANCE AS AT 31.12.2016	**(7,548,228)**

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 consolidated 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 consolidated 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 operations of the companies belonging to the Group, as well as their 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 Group has a legal or contractual responsibility to prevent, reduce or repair environmental damage. To fulfil this obligation, the Group 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 Group 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
TOTAL	**74,477**

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	6,702,244	2,929,140
	6,702,244	2,929,140
Deferred taxes:		
Deferred taxes related to temporary differences	103,115	(231,096)
	103,115	(231,096)
INCOME TAXES EXPENSE	**6,805,359**	**2,698,044**

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	13,821,822	6,942,060
Income taxes expense	6,805,359	2,698,044
Effective tax rate	49.24%	38.87%
Nominal tax rate (21% in Portugal and 30% in Angola, in 2016 and 2017)	4,472,401	2,226,378
ADJUSTMENTS:		
Differentiated rates of taxation	924,826	419,842
Expenses not accepted as tax cost	114,898	318,792
Provisions not accepted as expense	81,904	160,020
Reversal of untaxed provisions	(268)	(100,359)
Tax refund	(30,633)	(1,107)
Other untaxed income	(1,051,148)	(330,518)
Tax losses for the period	3,117,596	201,493
Tax loss deduction for the period	(411,762)	-
International double taxation	(522,775)	-
Autonomous taxation	200,533	524,678
Derrama (municipal tax)	-	-
Deferred taxes from previous financial years	103,115	(231,096)
Others	(193,328)	(490,080)
	2,332,958	471,666
INCOME TAXES EXPENSE	**6,805,359**	**2,698,044**

With reference to the period ending on 31 December 2017, 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
Warranty of works	44,097	-	18,698		62,795
Application of percentage of completion	2,020	-		(2,020)	-
Provisions not accepted	235,071	191	-		235,262
Tax losses	236,714	(30,708)	-	(206,006)	-
Others	42,776	(1,542)	103,713	(40,633)	104,314
TOTAL	**560,678**	**(32,059)**	**122,411**	**(248,659)**	**402,371**

DEFERRED TAX LIABILITIES	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Revaluation surpluses	1,057,889	-	-	(72,942)	984,947
Expenses not accepted	234,788	(30,458)	49,809	-	254,139
TOTAL	**1,292,677**	**(30,458)**	**49,809**	**(72,942)**	**1,239,086**

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

DEFERRED TAX ASSETS	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Warranty of works	48,489	(1,231)	-	(3,161)	44,097
Application of percentage of completion	889	1,131	-	-	2,020
Provisions not accepted	-	220	465,321	(230,470)	235,071
Tax losses	-	-	236,714	-	236,714
Others	12,625	276	29,873	-	42,774
TOTAL	**62,003**	**396**	**731,908**	**(233,631)**	**560,677**

DEFERRED TAX LIABILITIES	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Revaluation surpluses	1,108,698	(7,829)	-	(42,980)	1,057,889
Expenses not accepted	374,752	18,700	-	(158,665)	234,788
TOTAL	**1,483,450**	**10,871**	**-**	**(201,645)**	**1,292,677**

18_ FINANCIAL INSTRUMENTS

18.1. Measurement bases

It is the Group'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 Group 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 a 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 Group 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 Group 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	111,641,869	(105,937)	100,879,480	-
Clients with guarantees	5,619,442	-	6,993,746	-
Doubtful debtors	2,811,643	(2,811,643)	2,875,746	(2,875,746)
TOTAL	**120,072,954**	**(2,917,580)**	**110,748,973**	**(2,875,746)**

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	42,405,294
Commercial paper	34,341,669	48,303,869
Finance leases	1,447,052	375,942
Factoring	288,824	-
Contracted bank overdrafts	18,033,615	16,102,636
	116,745,931	**131,383,230**

18.6. 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	3,348,015	4,931,710
Others	351,498	2,569
TOTAL	**3,699,513**	**4,934,279**

b_ Interest expenses for financial liabilities:

FINANCIAL LIABILITIES	31.12.2017	31.12.2016
Financing	10,630,955	11,076,249
Finance leases	30,809	57,794
Others	68,122	84,966
TOTAL	**10,729,886**	**11,219,009**

18.7. 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 Group evaluated the respective impairment. From this evaluation, the Group 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	1,125,720	-
Other accounts receivable	-	-
Other financial assets	-	-
TOTAL	**1,125,720**	**-**

FINANCIAL ASSETS	31.12.2016	
	IMPAIRMENT LOSSES	REVERSALS
Clients	138,589	-
Other accounts receivable	-	-
Other financial assets	-	-
TOTAL	**138,589**	**-**

18.8. 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.

18.9. 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
	284,944	**253,561**

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	5,144	3,950
Value Added Tax	7,921,667	8,588,184
Other taxation	4,195,775	4,044,574
Business Income Tax	1,771,230	1,406,241
TOTAL	**13,893,816**	**14,042,949**

LIABILITIES	31.12.2017	31.12.2016
Personal Income Tax	479,379	468,459
Value Added Tax	5,602,950	5,811,013
Social Security Contributions	606,125	604,861
Business Income Tax	2,697,765	295,785
Other taxation	451,750	1,004,481
TOTAL	**9,837,969**	**8,184,599**

20.2. Turnover

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

	31.12.2017	31.12.2016
Internal market	26,713,409	28,902,986
External market	120,094,108	117,305,669
TOTAL	**146,807,517**	**146,208,655**

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	21,989,482	24,347,372
Specialised services	7,232,822	14,684,569
Materials	2,983,701	3,928,324
Energy and fluids	6,560,005	6,718,693
Travel, accommodation and transport	3,708,575	4,118,134
Rentals and leases	4,822,192	6,208,451
Communication	492,063	517,691
Insurances	836,471	1,043,258
Royalties	19,574	20,241
Legal and notary services	36,915	106,048
Representation expenses	107,097	152,753
Hygiene and comfort services	364,224	323,066
Other services	3,165,706	3,576,002
TOTAL	**52,318,827**	**65,744,602**

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	1,132,581	1,141,230
Personnel remunerations	30,494,825	30,776,311
Compensations	284,944	219,375
Post-employment benefits (Note 19)	88,527	253,561
Social charges	2,978,236	2,852,437
Insurance schemes for accidents at work and occupational diseases	807,751	1,031,123
Social welfare expenses	2,299,793	2,537,981
Others	1,798,305	1,015,505
TOTAL	**39,884,962**	**39,827,523**

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	1,554,623	407,236
Cash discounts obtained	14,295	26,198
Exchange gains	11,911,511	31,193,681
Gains in inventories	7,567	-
Income and gains in the remaining non-financial assets	352,958	760,250
Corrections related to previous periods	1,568	175,541
Interest received	3,699,513	4,934,279
Dividends earned	4,178,380	57,991
Others	665,066	426,103
TOTAL	**22,385,481**	**37,981,279**

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	3,319,817	3,340,005
Cash discounts given	818,807	10,469
Bad debts	51,949	895,432
Exchange losses	11,419,436	7,250,922
Expenses and losses in remaining non-financial investments	-	13,706
Expenses and losses in non-financial investments	31,643	597,781
Corrections related to previous periods	56,013	391,688
Others	476,046	3,276,481
TOTAL	**16,173,711**	**15,776,484**

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	10,661,764	11,134,043
Other financing expenses and losses	605,723	1,730,696
TOTAL	**11,267,487**	**12,864,738**

20.8. Deferrals

Deferred assets and deferred liabilities are the following:

DEFERRED ASSETS	31.12.2017	31.12.2016
Expenses to be recognised – insurances	244,376	354,470
Expenses to be recognised – other	4,018	295
Pension fund – surplus (Note 19)	-	-
Other deferrals	368,526	42,369
TOTAL	**616,920**	**397,134**

DEFERRED LIABILITIES	31.12.2017	31.12.2016
Income to be recognised – NCRF 19	1,351,056	7,341,269
Pension fund (Note 19)	-	-
Billing to be recognised	466,164	919,784
TOTAL	**1,817,220**	**8,261,053**

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	613,587	731,296
Staff	43,606	36,077
Investment providers	-	4,920
Payments on account	49,751	49,994
Debtors by accrued income	14,287,242	22,551,402
Contract retentions	2,156,920	3,190,295
Other debtors	12,946,680	10,650,655
TOTAL	**30,097,786**	**37,214,640**

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	2,162,025	1,388,166
Investment providers	164,024	64,180
Creditors by accrued expenses – remunerations	2,872,313	2,666,505
Creditors by accrued expenses – others	3,390,641	3,272,918
Other creditors	1,268,000	273,066
TOTAL	**9,900,202**	**7,729,594**

20.10. Proposal of application of net income

In the individual management report, the proposal of application of net income is the following:

“Aware of the importance of the financial stability of Conduril, 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.”

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	29,639,579	38,568,695
Angola	83,839,315	67,919,143
Mozambique	3,046,700	14,901,442
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
TOTAL	**146,807,517**	**146,208,655**

22.2. Statutory Auditor fees

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

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

_REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

REPORT AND CONSOLIDATED ACCOUNTS **2017**

Portugal

STATUTORY AUDIT BOARD

_FINANCIAL YEAR OF 2017
_CONSOLIDATED ACCOUNTS

Dear Shareholders:

In compliance with the legal provisions, the Statutory Audit Board submits its report and issues its opinion on the consolidated management report, consolidated balance sheet, consolidated 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 consolidated management report presented by the Board of Directors, the consolidated balance sheet, the consolidated income statement, the consolidated cash flows and the changes in consolidated 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 consolidated 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 consolidated management report, consolidated balance sheet, consolidated income statement, consolidated cash flows and changes in consolidated equity allow, in the whole, for a correct understanding of the consolidated 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 consolidated management report, consolidated balance sheet, consolidated accounts and its notes for the financial year ended 31 December 2017 are approved;

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

Ermesinde, 12 March 2018

The Statutory Audit Board,

Crisóstomo Aquino de Barros, President

Daniela Brás Vigário Silva

José Tiago Sapage Meireles de Amorim

_LEGAL CERTIFICATION OF CONSOLIDATED ACCOUNTS

Portugal

LEGAL CERTIFICATION OF CONSOLIDATED ACCOUNTS

_REPORTING ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Conduril - Engenharia, S.A. (the Group), which comprise the consolidated balance sheet on 31 December 2017 (which reflects a total of 421,594,004 euros and total equity of 217,952,045 euros, including a net income of 7,006,709 euros), the consolidated profit and loss account by nature, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended on that date, and the notes attached to the consolidated financial statements, comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements attached present a true and proper view, in all material aspects, of the consolidated financial position of Conduril - Engenharia, S.A. on 31 December 2017 and its consolidated 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 consolidated financial statements" below. We are independent from the entities belonging to the Group 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 consolidated financial statements

The management body is responsible for:

- the preparation of the consolidated financial statements that present a true and proper view of the financial position, financial performance and cash flows of the Group, 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 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 Group'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 Group.

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

Our responsibility is to obtain a reasonable assurance if the consolidated 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 consolidated 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 that 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 Group;
- 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 Group'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 Group to discontinue its activities;
- evaluate the presentation, structure and global contents of the consolidated financial statements, including the disclosures, and if those financial statements represent the transactions and events underlying in order to achieve an appropriate presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the activities inside the Group to express an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and performance of the Group's audit, and we are ultimately responsible for our audit opinion;
- 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 consolidated 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 Group, we did not identify material misstatements.

Oporto, 12 March 2018

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, ENOP

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

CONDURIL
AÇORES

Rua Padre João Baptista de Valles,
n.º 3 1º, SU/NA
9500-791 Ponta Delgada
geral@conduril-acores.pt

MÉTIS

Parque Industrial de Viana – B.º - Capalanga
Município de Viana – Luanda – ANGOLA
T. +244 939 212 517
expgeral@metis-engenharia.com

URANO

Polo Industrial de Viana, Zona do Km 25
Município de Viana – Comuna do Zango –
Luanda – ANGOLA
T. +244 939 133 245
geral@urano-metalomecanica.com

EDIRIO, CONSTRUÇÕES, S.A.

Lugar da Portel Alta, EN 105
Rua Dr. Francisco Sá Carneiro, 22
4825-087 Água Longa – Santo Tirso
T. +351 229 688 411
geral@edirio.pt