REPORT AND CONSOLIDATED ACCOUNTS 2018

CONDURIL

60 years

CONDURIL

...BUILDING RELATIONSHIPS!

CONDURIL

60 YEARS OF HISTORY

1959

FOUNDATION OF CONDURIL – CONSTRUTORA DURIENSE, LDA.

The company was dedicated to small road works

1970

ACQUISITION BY THE CURRENT MAIN SHAREHOLDERS

1974

CREATION OF THE LCC – CONDURIL'S CENTRAL LABORATORY

Innovative internal system for quality control

1976

TRANSFORMATION IN S.A.R.L. (COMPANY LIMITED BY SHARES)

1990

BEGINNING OF THE EXPANSION TO FOREIGN MARKETS

Angola, Mozambique, Morocco, Botswana, Senegal, Cape Verde, Malawi, Zambia and Gabon

ADMISSION TO TRADING AT THE STOCK EXCHANGE

1993

9TH BEST PORTUGUESE COMPANY

Among companies of all industries
Best Company Award, from
Diário de Notícias (newspaper)

2009

COMPANY OF THE YEAR

(Exame magazine)

2011

CHANGE OF THE LEGAL NAME TO "CONDURIL - ENGENHARIA, S.A."

In order to improve the perception of its current performance and operation

2008 | 2009 | 2010 | 2014

2015

CONSIDERED THE "BEST COMPANY OF THE CONSTRUCTION SECTOR"

(Exame magazine)

CONDURIL

REPORT AND CONSOLIDATED ACCOUNTS **2018**

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Angola

01 CONDURIL

1. INTRODUCTORY NOTE

Conduril - Engenharia, S.A. is a company limited by shares founded in 1959. In its 60 years of life, the company has exclusively developed its activity in the field of civil engineering.

Currently, the Conduril Group (the Group) has more than 2100 employees that perform their duties in 8 countries, with its decision centre located in Portugal (Group's head office) and its operational coordination for Southern Africa centralised in Angola.

The Conduril's management bodies have the following structure:

BOARD OF THE GENERAL MEETING
Crisóstomo Aquino de Barros (President)
Amadeu Augusto Vinhas
Filipa Bastos Pinho Ferreira Lemos

BOARD OF DIRECTORS
António Luís Amorim Martins (President)
Maria Benedita Andrade de Amorim Martins
Maria Luísa Andrade Amorim Martins
António Baraças Andrade Miragaia
António Emanuel Lemos Catarino
Jorge Lúcio Teixeira de Castro
Miguel José Alves Montenegro de Andrade
Ricardo Nuno Araújo Abreu Vaz Guimarães

EXECUTIVE COMMITTEE
Maria Benedita Andrade de Amorim Martins (CEO)
Maria Luísa Andrade Amorim Martins (Vice-CEO and CFO)
António Baraças Andrade Miragaia
António Emanuel Lemos Catarino
Jorge Lúcio Teixeira de Castro
Miguel José Alves Montenegro de Andrade
Ricardo Nuno Araújo Abreu Vaz Guimarães

STATUTORY AUDIT BOARD
Ademar Américo Soares Paiva (President)
Júlio Gales Ferreira Pinto
Maria de Lourdes Lopes Chaves
João Ricardo Araújo Monteiro Rocha (Alternate)

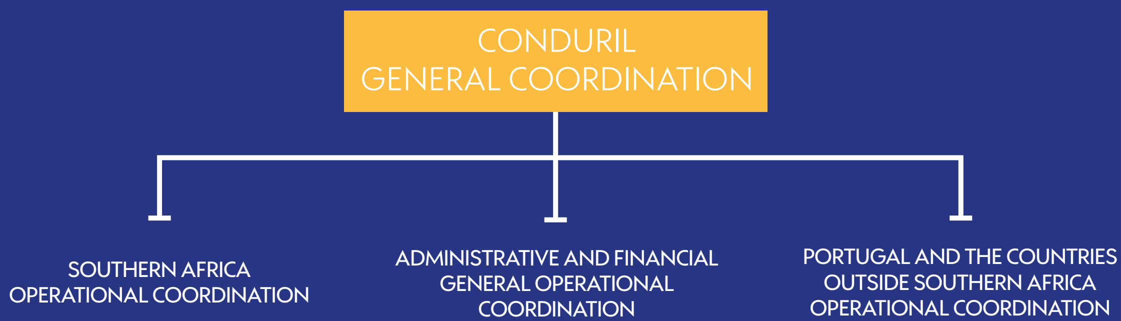
STATUTORY AUDITOR
Horwath & Associados, SROC, Lda.
Representada por Ana Raquel B. L. Esperança Sismeiro
João Miguel Neiva de Oliveira Coelho Pires (Alternate)

01.

CONDURIL

CONDURIL, ORGANISATIONAL STRUCTURE OVERVIEW:

The general coordination and, particularly, the executive coordination are based on cohesion, consistency, meritocracy, loyalty, rigour, ethics and culture. These values are focused on four principles: honesty, transparency, justice and a strict adherence to the rules and regulations.



Portugal

02 CONSOLIDATED MANAGEMENT REPORT

THE BOARD OF DIRECTORS OF CONDURIL - ENGENHARIA, S.A., IN COMPLIANCE WITH THE ARTICLES OF ASSOCIATION AND APPLICABLE LEGAL PROVISIONS, 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 2018.

02. CONSOLIDATED MANAGEMENT REPORT

1. The global real output grew 3 percentage points in 2017 and a similar increase is expected in 2018. Nevertheless, this dynamic is not clearly evidenced in the civil engineering sector, where the levels of activity are very distant from those in the pre-financial crisis period.

In Portugal, according to the Bank of Portugal data, the domestic product gap is close to zero. Driven by the growth of the last 4 years, most sectors of the economy are closer to their maximum use of production capacity. However, this optimistic scenario was not evenly distributed across every sector: civil engineering and public works register a much slower recovery, aggravated, in part, by the low rate of execution of investments foreseen in the government programme "Portugal 2020".

In Angola, the increasing external debt, the high inflation, the widening of the trade deficit and the extremely significant devaluation of Kwanza are factors that contribute to the evidenced instability. Taking into account these constraints,

Portugal

it is expected that the real output had a slight contraction in 2018.

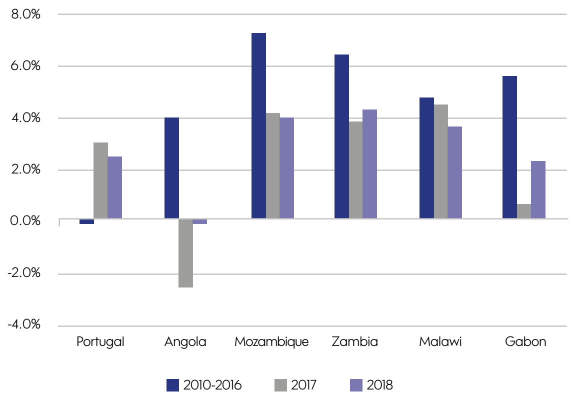
In Mozambique, a greater economic stability compared to the last two years was verified. Although it is conjectured that GDP will maintain a growing trend lower than the one verified during the last decade, two-figure growth rates are expected as of 2023.

In Zambia, the domestic product had a growth rate close to 4% in 2018. The construction sector is one of the main drivers of this increase. However, a growing dependence on financing from China is verified, creating a supremacy of Chinese companies. The high public debt is one of the main constraints to Zambia's development.

In Malawi, although the real output has grown in the last years in a rate higher than 3 percentage points, the income per capita remains low (less than 350 euros). Agriculture is still assumed as one of the main economic activities and the main investments in infrastructures are subject to the obtainment of external funding.

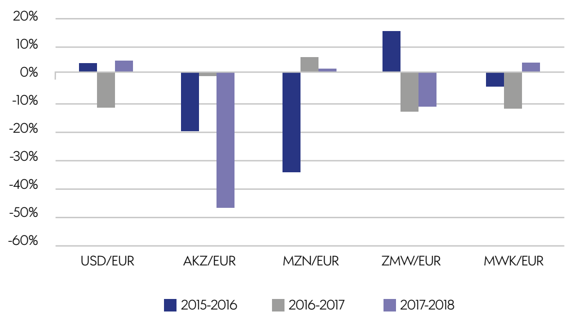
In 2018, in Gabon, the dissolution of the parliament by the Constitutional Court and the appointment of new members of parliament took place. With this change, a decrease in the political instability experienced since 2016 and the duplication of the growth rate of domestic product of 2%, in 2018, close to 4%, in 2019, is expected.

VARIATION OF REAL GDP



Source: IMF - International Monetary Fund

EXCHANGE RATE VARIATION



Sources: Central banks of Portugal, Angola, Mozambique, Zambia and Malawi

For 2019, the maintenance of the growth rate of the world economy close to 3% is expected, however, this optimistic scenario is subject to macroeconomic swings, especially, regarding the operation of the market of international transactions, the reinforcement and maintenance of international agreements and the evolution of geopolitical tensions, with particular emphasis in:

- the increase in the price of commodities, especially oil;
- the currency fluctuation, which will be strongly restricted by the evolution of the American Dollar, due to domestic policy issues;
- the reinforcement of projects funded by international organisations for the development of basic infrastructures in emerging countries;
- the increase of investment in countries where elections will take place, such as Portugal;
- the strengthening of the fight against high inflation rates, etc.

2. Turnover reached a value close to 125 million euros, which represents a reduction of 15%, in comparison to the previous year.

The turnover outside Portugal represents approximately 76% of its sum, since the activity in national territory is well below the expected, due to uncertainties in projects already awarded and delays in the implementation of the investment plan set for the period 2014 to 2020.

The main projects mentioned in the previous report are still in course and a contract for the construction of the IP5 section between Vilar Formoso and the Spanish border was signed. The construction of the largest suspended pedestrian bridge in the world (Arouca, Portugal); the stabilisation of slopes in the train lines of Douro, Norte and Beira Baixa (Portugal); the execution of infrastructures for the new urban centre of Sumbe for the client Kora (Angola); and the rehabilitation of 3 irrigation systems, the construction of infrastructures for the Galp oil terminal in Beira and the construction of 3 bridges in Cabo Delgado for the employer Konoike (Mozambique), have started.

The main indicators continue to show the economic and financial soundness of the Group, despite the serious constraints that have penalised the turnover and the net income, as evidenced by the following table:

Angola

INDICATORS	2017	2018
Net assets (€)	421,594,004	346,526,010
Liabilities (€)	203,641,959	134,027,840
Equity (€)	217,952,045	212,498,170
Gross debt (€)[1]	116,745,931	47,550,966
Net debt (€)[2]	-31,269,629	-19,689,859
Turnover (€)	146,807,517	124,574,488
EBITDA (€)	36,051,392	25,561,997
Net income for the period (€)	7,016,463	3,047,097
Financial autonomy	52%	61%
General liquidity	183%	206%
Solvency ratio	107%	159%
Debt ratio	93%	63%
Sales profitability	5%	2%
Gross debt/EBITDA	3.24	1.85
EBITDA/Turnover	25%	21%

[1] the gross debt presented corresponds to the sum of all bank loans contracted by the Group.
[2] the net debt represents the difference between the gross debt and the resources or equivalent of the Group.

3. The investment policy adopted by the Group presents high flexibility, allowing a quick adjustment to the market conditions.

Therefore, the main investments made in 2018 focused on two core areas: fixed assets and human capital.

In terms of fixed assets, several basic and transport equipment were renovated and reinforced. Also, the construction of the new head office building of the Angola branch "Metamorphosis" was concluded. The project of this building was one of the finalists in the mixed-use category of the "World Architecture Festival 2018" event.

The investment made in Human Capital is a reflection of Conduril's corporate social responsibility, based on the following grounds:

- training promotion: in 2018, more than 21,500 training hours were registered, 81% which were provided at the Conduril Academy. In Angola, the Conduril Academy implemented a selection project to award 10 scholarships funded by the Group, and the possible extension of this project to Mozambique in 2019 is being studied.

- protection of employees: through health, assistance and travel insurance policies, which include all the employees that meet the criteria established by Management.

- additional financial complement to workers in the retirement period: the Conduril Pension Fund, 100% funded by its own resources and which presents a current amount that exceeds 9 million euros, ensured this principle.

4. The focus on the satisfaction of all stakeholders faithfully reflects Conduril's behaviour and all the procedures adopted. The compliance and consistency of its processes have been recognised, year after year, by the competent and autonomous external entities, being translated in 2018 into:

- the follow-up, maintenance and extension by APCER (Portuguese Association of Certification) of the certification of the quality management system in Portugal and in Edirio, the revalidation in the Angola branch, in Métis and Urano, and the new granting in the Mozambique delegation and in ENOP, according to the standard NP EN ISO 9001:2015;

- the renewal and extension by APCER of the certification in the scope of the occupational health and safety management system in Portugal, in Edirio, in the Angola branch, in Métis and Urano, and the new granting in the Mozambique delegation and in ENOP, according to the standards OHSAS 18001:2007 and NP 4397:2008;

- the follow-up, maintenance and extension by APCER of the certification of the environmental management system in Portugal and in Edirio, according to the standard NP EN ISO 14001:2015;

- the follow-up of the accreditation by IPAC (Portuguese Institute for Accreditation) for the Portuguese Central Laboratory, according to the standard NP EN ISO/IEC 17025:2005; and

- the certification obtained in the scope of the EC Marking for the metal structures produced in Edirio, according to the standard EN 1090+1:2009+A1:2011.

Mozambique

Malawi

5. The adverse causes that have contributed to the deterioration of the construction sector and which have taken many companies of this sector to practice a policy of excessively low pricing are faced as a challenge, since Conduril always tries to be competitive, maintaining the quality standards for which it is highly recognised. At the same time, these are seen as an opportunity, since these standards are assumed as a great differentiating element.

For 2019, the Group expects a volume of business and income higher than the one verified in 2018.

The current portfolio of works in execution amounts approximately to 300 million euros, with good perspectives of its reinforcement in the short term.

The expansion to new markets continues to be on Conduril's agenda, although limited to projects with high strategic and financial interest.

6. Other information:

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 is fully subscribed and paid-in, and is composed of 2,000,000 ordinary shares with a nominal value of 5 euros each.

d) The 200,000 shares owned by the company were not object of any transaction during the year.

e) No change was verified regarding the number of shares of CONDURIL - Engenharia, S.A. held by members of the Board of Directors, throughout 2018.

7. Aware of the importance of the Group's stability and economic and financial soundness and the balance of its equity, the Board of Directors proposes, in its report and individual accounts, in compliance with the legal and statutory provisions, that the net income for the period, in the amount of 3,045,198 euros, presents the following distribution:

- Dividends: 900,000 euros, corresponding to 0.50 euros per share;
- Free Reserves: 2,145,198 euros.

Portugal

8. To end its report, the Board of Directors expresses its strong gratitude to all those who cooperated in the activity of Conduril, especially, the Group employees for their commitment and professionalism, and its clients, suppliers, financial institutions and remaining members of the management bodies for their cooperation and understanding.

Ermesinde, 11 March 2019

The Board of Directors,

Gabon

Portugal

03 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2018 AND 2017

AMOUNTS EXPRESSED IN EURO

	NOTES	2018	2017
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	2;3;7	54,884,005	57,451,897
Intangible assets	2;3;6	5,335,521	5,280,167
Permanent participations (equity method)	3;9	823,721	-
Other financial investments	3;9	89,280,114	90,025,701
Deferred tax assets	3;17	63,198	402,371
Subtotal		150,386,559	153,160,136
CURRENT ASSET			
Inventories	3;10	13,544,069	12,540,815
Clients	3;18	99,452,174	111,535,932
Clients with retention payments	3;18	3,117,604	5,619,442
State and other public bodies	20	14,865,706	13,893,816
Shareholders		7,175	1,584,542
Other accounts receivable	3;18;20	52,541,556	30,097,786
Deferrals	3;20	362,547	616,920
Financial assets held for trading	18	-	1,944,715
Other financial assets	3;18	1,420	83,043,031
Cash and bank deposits	3;4	12,247,200	7,556,870
Subtotal		196,139,451	268,433,868
TOTAL ASSETS		346,526,010	421,594,004
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Paid-in capital		10,000,000	10,000,000
Own shares	3	(950,000)	(950,000)
Legal reserves		3,444,152	3,389,979
Other reserves		200,716,282	196,409,585
Retained profit		5,004,165	5,119,622
Revaluation surpluses		2,708,790	2,947,434
Adjustments/Other changes in equity		(11,537,690)	(6,094,311)
Subtotal		209,385,699	210,822,309
Net income for the period		3,045,107	7,006,709
Subtotal		212,430,805	217,829,017
Non-controlling interests		67,365	123,028
TOTAL SHAREHOLDERS' FUNDS	3	212,498,170	217,952,045
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	3;13	2,856,386	2,764,370
Financing obtained	3;8;18	34,616,607	53,048,697
Deferred tax liabilities	3;17	1,356,928	1,239,086
Subtotal		38,829,921	57,052,153
CURRENT LIABILITIES			
Trade creditors	3	33,978,207	40,203,759
Advanced payments from clients	3	17,270,399	16,408,548
State and other public bodies	20	17,290,778	9,837,969
Shareholders		2,846,180	4,724,874
Financing obtained	3;8;18	12,934,358	63,697,234
Other accounts payable	3;20	10,271,947	9,900,202
Deferrals	3;11;20	606,048	1,817,220
Subtotal		95,197,919	146,589,805
TOTAL LIABILITIES		134,027,840	203,641,959
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		346,526,010	421,594,004

The Management,

The Chartered Accountant,

CONSOLIDATED PROFIT AND LOSS ACCOUNT BY NATURE

AS AT 31 DECEMBER 2018 AND 2017

AMOUNTS EXPRESSED IN EURO

INCOME AND EXPENSES	NOTES	2018	2017
Sales and services provided	3;12;20;22	124,574,488	146,807,517
Grants received as compensation for expenses		-	-
Gains/losses allocated to subsidiaries, associated companies and joint ventures	3	630,313	-
Variation of inventories in production	3;10	103,879	(162,470)
Own work capitalised	3	1,540,773	7,588,515
Cost of goods sold and materials consumed	10	(27,369,092)	(32,190,152)
External supplies and services	20	(43,427,304)	(52,318,827)
Personnel expenses	3;19;20	(34,124,019)	(39,884,962)
Impairment of inventories (losses/reversals)	3;10	(25,307)	(56,899)
Impairment of doubtful debts (losses/reversals)	3;18	271,143	(1,125,720)
Provisions (increases/reductions)	3;13	(262,455)	(351,354)
Impairment of non-depreciable/amortisable investments (losses/reversals)		-	-
Increases/reductions of fair value	3;18	-	-
Other income	14;20	18,596,124	22,385,481
Other expenses	2;14;20	(14,873,168)	(16,173,711)
Operating income before depreciations, financing costs and taxes		25,635,379	34,517,419
Depreciation and amortisation expenses/reversals	3;6;7	(6,443,673)	(9,428,109)
Impairment of depreciable/amortisable investments (losses/reversals)		-	-
Net operating income (before financing costs and taxes)		19,191,705	25,089,310
Interests and similar income obtained		-	-
Interests and similar expenses supported	3;20	(6,407,899)	(11,267,487)
Income before taxation		12,783,806	13,821,822
Income taxes	3;17	(9,736,709)	(6,805,359)
NET INCOME FOR THE PERIOD		**3,047,097**	**7,016,463**
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		3,045,107	7,006,709
Non-controlling interests		1,990	9,754
Subtotal		3,047,097	7,016,463
EARNINGS PER SHARE (BASIC)		**1.69**	**3.90**

The Management,

The Chartered Accountant,

CONSOLIDATED CASH FLOW STATEMENT

AS AT 31 DECEMBER 2018 AND 2017

AMOUNTS EXPRESSED IN EURO

ITEMS	NOTES	2018	2017
OPERATING ACTIVITIES FLOW			
Cash receipts from clients		176,878,856	162,006,521
Payments to suppliers		(75,678,533)	(104,106,784)
Payments to employees		(27,901,334)	(32,248,414)
Cash flow generated by operations		73,298,990	25,651,323
Payment/Receipt of income taxes		(1,795,046)	(2,881,061)
Other cash receipts/payments		(10,010,019)	24,692
OPERATING ACTIVITIES FLOW (1)		**61,493,925**	**22,794,955**
INVESTMENT ACTIVITIES FLOW			
CASH PAYMENTS ARISING FROM:			
Property, plant and equipment		(609,773)	(9,420,711)
Intangible assets		-	-
Financial investments		(12,241)	(8,860)
Other assets		-	-
CASH RECEIPTS ARISING FROM:			
Property, plant and equipment		-	17,673
Other assets		-	-
Interest and similar income		2,440,141	2,992,947
Dividends		800,907	4,178,380
INVESTMENT ACTIVITIES FLOW (2)		**2,619,034**	**(2,240,571)**
FINANCING ACTIVITIES FLOW			
CASH RECEIPTS ARISING FROM:			
Financing obtained		85,351,145	127,096,427
Other financing operations		-	8,913
CASH PAYMENTS ARISING FROM:			
Financing obtained		(134,053,310)	(140,614,858)
Leasing financing		(756,741)	(1,145,802)
Interests and similar expenses		(5,947,608)	(9,992,560)
Dividends		(2,700,000)	(900,000)
Capital decreases and other equity instruments		-	-
Other financing operations		-	(11,665)
FINANCING ACTIVITIES FLOW (3)		**(58,106,514)**	**(25,559,546)**
Net increase/decrease in cash and cash equivalents (1 + 2 + 3)		6,006,445	(5,005,162)
Effects of foreign exchange rate		(1,316,115)	(256,924)
Cash and cash equivalents at the beginning of the period		7,556,870	12,818,957
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**12,247,200**	**7,556,870**

The Management,

The Chartered Accountant,

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDING ON 31 DECEMBER 2018

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' FUND
POSITION AS AT 1 JANUARY 2018		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
Application of the income for the period				43,727	6,962,969	13			(7,006,709)	-		-
Position as at 1 January 2018 after application of income		10,000,000	(950,000)	3,433,706	203,372,554	5,119,635	2,947,434	(6,094,311)	-	217,829,017	123,028	217,952,045
CHANGES IN THE PERIOD:												
First adoption of the new accounting framework										-		-
Changes in accounting policies										-		-
Differences in the translation of financial statements								(5,722,150)		(5,722,150)	(57,653)	(5,779,803)
Realisability of the revaluation surpluses						398,755	(398,755)			-		-
Revaluation surpluses						(160,112)	160,112			-		-
Adjustments by deferred taxes										-		-
Application of the equity method								(4,569)		(4,569)		(4,569)
Other recognised changes in equity				10,446	43,727	(643,723)		283,340		(306,210)	(1)	(306,211)
		-	-	10,446	43,727	(405,079)	(238,644)	(5,443,379)	-	(6,032,929)	(57,654)	(6,090,582)
NET INCOME FOR THE PERIOD									3,045,107	3,045,107	1,990	3 047,097
Overall result									3,045,107	3,045,107	1,990	3,047,097
OPERATIONS WITH EQUITY HOLDERS IN THE PERIOD												
Capital subscriptions										-		-
Subscriptions of share issuance premiums										-		-
Distributions					(2,700,000)					(2,700,000)		(2,700,000)
Contributions to cover losses										-		-
Other operations						289,610				289,610		289,610
		-	-	-	(2,700,000)	289,610	-	-	-	(2,410,390)	-	(2,410,390)
POSITION AT THE END OF DECEMBER 2018	3	10,000,000	(950,000)	3,444,152	200,716,282	5,004,165	2,708,790	(11,537,690)	3,045,107	212,430,805	67,365	212,498,170

The Management,

The Chartered Accountant,

03. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

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.

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 associated companies

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 date of acquisition 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 associated company on the date of acquisition, 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 associated companies 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 associated company, 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 associated companies, 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 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 acquisition cost or, in the case of loans granted, at 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 vocational 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 2018 and 2017 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	2018		2017	
		31 DECEMBER	EXCHANGE RATE	31 DECEMBER	EXCHANGE RATE
American Dollar	Euro	0.87336	n/a	0.83382	n/a
Moroccan Dirham	Euro	0.09130	0.09022	0.08939	0.09123
Botswana Pulas	Euro	0.08150	0.08320	0.08480	0.08545
Mozambican Metical	Euro	0.01423	0.01402	0.01420	0.01397
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	0.07323	0.08010	0.08341	0.09219
Malawi Kwacha	Euro	0.00120	0.00117	0.00115	0.00121
Angolan Kwanza	Euro	0.00279	0.00325	0.00529	0.00526
South African Rand	Euro	0.06066	n/a	0.06702	n/a
Namibian Dollar	Euro	0.06031	n/a	0.06734	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 with 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:

	31.12.2018	31.12.2017
Cash	203,012	169,181
Demand deposits	11,093,318	6,411,660
Term deposits	950,870	976,029
TOTAL CASH AND BANK DEPOSITS	12,247,200	7,556,870

5. RELATED PARTIES

5.1. Remunerations of the key management personnel

A. Total remunerations: 1,870,598 euros (2017: 1,294,388 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:			
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
ASSOCIATED COMPANIES:			
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)			
António Baraças Andrade Miragaia			
António Emanuel Lemos Catarino			
Jorge Lúcio Teixeira Castro			
Miguel José Alves Montenegro Andrade			
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:

As at 31 December 2018 and 2017, the Group presented the following transactions and balances in what concerns the related entities:

As at 31 December 2018:

RELATED PARTIES	OUTSTANDING BALANCES ASSETS	OUTSTANDING BALANCES LIABILITIES	ACCUMULATED IMPAIRMENT LOSSES
ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INFLUENCE:			
Groupement CJA / Lot 3 – Construção ACE	828,503	-	-
	828,503	-	-
OTHER PARTICIPATIONS:			
Rotas do Algarve Litoral, S.A.	13,473,348	-	20,000
SPER – Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	20,332,373	-	20,000
	33,805,721	-	40,000
OTHER RELATED PARTIES:			
UTE Alcántara – Garrovillas	1,212,122	-	-
Geonorte – Geotecnia e Fundações Especiais, Lda.	-	590,442	-
Geonorte – Geotecnia e Fundações Especiais, Lda. – Angola branch	1,194,156	1,030,350	-
	2,406,278	1,620,792	-

RELATED PARTIES	INCOME	EXPENSES
UTE Alcántara – Garrovillas	66,775	-
Geonorte – Geotecnia e Fundações Especiais, Lda.	672,515	651,428
Geonorte – Geotecnia e Fundações Especiais, Lda. – Angola branch	303,700	19,110
Sociedade Agrícola da Quinta do Javali, Lda.	-	59,943
	1,042,990	730,481

As at 31 December 2017:

RELATED PARTIES	OUTSTANDING BALANCES ASSETS	OUTSTANDING BALANCES LIABILITIES	ACCUMULATED IMPAIRMENT LOSSES
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 – Sociedade 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 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 branch	235,199	747,713
	564,720	850,565

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 for each item:

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 the straight-line method, based on their expected useful life.

C. The intangible assets are the following:

INTANGIBLE ASSETS – OTHERS	31.12.2018		31.12.2017	
	GROSS ASSETS	AMORTISATIONS AND IMPAIRMENT LOSSES	GROSS ASSETS	AMORTISATIONS AND IMPAIRMENT LOSSES
Computer programmes	97,687	91,138	97,873	86,084
Industrial property	48,446	1,325	48,446	1,325
Development rights	5,881,721	600,149	5,801,425	580,447
Other intangible assets	2,006	1,727	2,006	1,727
TOTAL	6,029,860	694,339	5,949,750	669,583

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:

INTANGIBLE ASSETS – OTHERS	AMORTISATIONS FOR THE PERIOD – OTHERS	
	31.12.2018	31.12.2017
Computer programmes	5,240	8,683
Development rights	19,702	31,378
TOTAL	24,942	40,061

E. The movements in the item "Intangible assets" during 2018 and 2017 are the following:

	2018				
	DEVELOPMENT RIGHTS	SOFTWARE	INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	TOTAL
GROSS ASSETS:					
Balance as at 31.12.2017	5,801,425	97,873	48,446	2,006	5,949,750
Additions	80,296	-	-	-	80,296
Transfers and write-offs	-	(186)	-	-	(186)
Balance as at 31.12.2018	5,881,721	97,687	48,446	2,006	6,029,860
ACCUMULATED AMORTISATION:					
Balance as at 31.12.2017	580,447	86,084	1,325	1,727	669,583
Additions	19,702	5,240	-	-	24,942
Transfers and write-offs	-	(186)	-	-	(186)
Balance as at 31.12.2018	600,149	91,138	1,325	1,727	694,339
NET VALUE	5,281,572	6,549	47,121	279	5,335,521

	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	86,084	1,325	1,727	669,583
NET VALUE	**-**	**5,220,978**	**11,789**	**47,121**	**279**	**5,280,167**

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 for each item:

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:

	2018							
	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 31.12.2017	3,020,918	29,955,486	93,513,846	24,680,419	2,156,888	1,255,305	16,407,582	170,990,444
Change of % held	-	-	-	-	-	-	-	-
Additions	-	699,492	2,109,602	1,147,897	25,024	236,090	2,951,551	7,169,656
Disposals	(54,148)	-	(2,226,785)	(613,972)	-	(435)	-	(2,895,340)
Other variations	(48,444)	(2,103,418)	(1,436,520)	(474,005)	(58,250)	(12,192)	152	(4,132,677)
Transfers and write-offs	-	(10,017)	781,472	(386,638)	-	(24,983)	(1,142,554)	(782,720)
Balance as at 31.12.2018	2,918,326	28,541,543	92,741,615	24,353,701	2,123,661	1,453,786	18,216,731	170,349,363
ACCUMULATED DEPRECIATION:								
Balance as at 31.12.2017	-	18,909,939	72,008,178	20,058,824	1,794,658	766,948	-	113,538,547
Change of % held	-	-	-	-	-	-	-	-
Additions	-	959,986	4,299,055	916,056	67,651	175,983	-	6,418,731
Disposals	-	-	(1,185,185)	(547,607)	-	(435)	-	(1,733,227)
Other variations	-	(1,312,766)	(1,323,904)	(184,828)	(39,327)	(3,271)	-	(2,864,096)
Transfers and write-offs	-	(8,141)	451,119	(311,157)	(1,523)	(24,895)	-	105,403
Balance as at 31.12.2018	-	18,549,018	74,249,263	19,931,288	1,821,459	914,330	-	115,465,358
NET VALUE	2,918,326	9,992,525	18,492,352	4,422,413	302,203	539,455	18,216,731	54,884,005

	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

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

TANGIBLE ASSETS	EXPENDITURES RECOGNISED DURING CONSTRUCTION	
	31.12.2018	31.12.2017
Buildings and other constructions	2,891,541	-
Machinery and other equipment	15,736	7,591,747
Transport equipment	44,274	-
Other property, plant and equipment	-	-
TOTAL	2,951,551	7,591,747

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	959,986	-	959,986
Machinery and other equipment	4,299,055	-	4,299,055
Transport equipment	916,056	-	916,056
Office equipment	67,651	-	67,651
Other property, plant and equipment	175,983	-	175,983
TOTAL	6,418,731	-	6,418,731

7.4. Accumulated depreciation at the end of the period

TANGIBLE ASSETS	ACCUMULATED DEPRECIATION	
	31.12.2018	31.12.2017
Buildings and other constructions	18,549,018	18,909,939
Machinery and other equipment	74,249,263	72,008,178
Transport equipment	19,931,288	20,058,824
Office equipment	1,821,459	1,794,658
Other property, plant and equipment	914,330	766,948
TOTAL	115,465,358	113,538,547

7.5. Items of fixed assets in progress

The most significant values included in the item "Investments in progress", as at 31 December 2018 and 2017, refer to the following projects:

TANGIBLE ASSETS	INVESTMENTS IN PROGRESS	
	31.12.2018	31.12.2017
Buildings and other constructions	17,931,687	16,407,582
Machinery and other equipment	101,732	-
Transport equipment	183,312	-
TOTAL	18,216,731	16,407,582

7.6. Property, plant and equipment by geographical location

31.12.2018	GROSS ASSETS	ACCUMULATED DEPRECIATION	NET AMOUNT
Portugal	45,892,886	32,960,291	12,932,595
Angola	93,177,861	59,592,865	33,584,996
Mozambique	14,049,664	9,599,926	4,449,738
Morocco	2,748,957	2,700,682	48,275
Botswana	60,164	48,446	11,718
Cape Verde	51,347	49,705	1,642
Zambia	11,057,528	8,292,015	2,765,513
Malawi	1,798,614	1,124,365	674,249
Gabon	1,512,342	1,097,063	415,279
TOTAL	170,349,363	115,465,358	54,884,005

31.12.2017	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

8. LEASES

8.1. Finance leases – Lessees

A. Net carrying amount for each asset category at 31 December 2018 and 2017:

	31.12.2018	31.12.2017
Machinery and other equipment	970,669	820,886
Transport equipment	1,482,527	745,358
TOTAL	2,453,196	1,566,244

B. Reconciliation between the total of the future minimum lease payments at 31 December 2018 and 2017 and its present value:

	31.12.2018	31.12.2017
Minimum payments up to 1 year	902,890	504,068
Minimum payments for more than 1 year and no more than 5 years	1,687,275	971,942
Minimum payments for more than 5 years	-	-
TOTAL MINIMUM PAYMENTS	2,590,165	1,476,009
Future interest payments	45,867	28,957
PRESENT VALUE OF RESPONSIBILITIES	2,544,298	1,447,052

C. Total of the future minimum lease payments at the balance sheet date and its present value:

	MINIMUM PAYMENTS		PRESENT VALUE	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
No more than 1 year	902,890	504,068	879,871	489,475
More than 1 year and no more than 5 years	1,687,275	971,942	1,664,427	957,577
More than 5 years	-	-	-	-
TOTAL	2,590,165	1,476,009	2,544,298	1,447,052

9. INTERESTS IN JOINT VENTURES AND INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

9.1. Subsidiaries

COMPANY	TYPE OF PARTICIPATION	CONSOLIDATION METHOD
Conduril – Gestão de Concessões de Infraestruturas, S.A.	100.00%	Full consolidation
Edirio – Construções, S.A.	100.00%	Full consolidation
Métis Engenharia, Lda.	99.00%	Full consolidation
ENOP – Engenharia e Obras Públicas, Lda.	100.00%	Full consolidation
Urano, Lda.	99.00%	Full consolidation
Conduril Engenharia – Açores, S.A.	100.00%	Full consolidation

9.2. Joint ventures

A. List and description of the interests in significant joint ventures:

COMPANY	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	Elevolution and Tecnovia
RBA – Rodovias do Baixo Alentejo, ACE	Jointly controlled entity	Elevolution 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

In 2018, the Edifer / RRC / Conduril Complementary Grouping of Companies was dissolved.

At the preparation date of the financial statements, the financial statements of the groups 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.

9.3. Associated companies

A. List and description of the associated companies:

COMPANY	PARTICIPATION	METHOD USED
Rotas do Algarve Litoral, S.A.	23.64%	Equity method
SPER – Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A	21.85%	Equity method
Planestrada – Operação e Manutenção Rodoviária, S.A.	33.33%	Equity method
Marestrada – Operação e Manutenção Rodoviária, S.A.	33.33%	Equity method

B. Carrying amount and data about the entities:

COMPANY	CARRYING AMOUNT	TOTAL ASSETS	TOTAL SHAREHOLDERS' FUNDS	TOTAL PERIOD INCOME
Rotas do Algarve Litoral, S.A.	-	292,374,039	(8,626,182)	7,423,213
SPER – Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	-	179,633,938	15,852,232	(10,227,909)
Planestrada – Operação e Manutenção Rodoviária, S.A.	414,000	2,621,733	1,242,123	1,182,123
Marestrada – Operação e Manutenção Rodoviária, S.A.	409,720	3,558,915	1,229,287	434,401
TOTAL	823,720			

9.4. Details of the item "Other financial investments"

OTHER PARTICIPATIONS REGISTERED AT COST	31.12.2018	31.12.2017
Rotas do Algarve Litoral, S.A.	-	130,000
SPER – Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	-	149,500
Planestrada – Operação e Manutenção Rodoviária, S.A.	-	5,001
Marestrada – Operação e Manutenção Rodoviária, S.A.	-	5,001
Norgarante	18,877	10,000
Garval	1,682	-
Lisgarante	1,682	-
BAI – Banco Africano Investimento	341,375	341,375
Lusitânia Seguros	76,815	76,815
Other	2,820	5,342
TOTAL	443,251	723,034

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

COMPANY	LOANS GRANTED	
	CARRYING AMOUNT	TOTAL ASSETS
UTE Alcántara – Garrovillas	-	-
SPER – Sociedade Portuguesa para a Construção e Exploração Rodoviária, S.A.	20,332,373	20,332,373
Rotas do Algarve Litoral, S.A.	13,473,348	13,473,348
Other – Public debt securities	54,993,624	55,470,944
Other – FCT	37,519	26,003
TOTAL	88,836,864	89,302,668

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	31.12.2018	31.12.2017
Raw, subsidiary and consumable materials	13,796,562	12,548,342
Goods	9,646	27,806
Finished and semi-finished products	610,970	682,774
Products and work in progress	-	129,696
	14,417,178	13,388,617
Impairment losses	(873,109)	(847,802)
TOTAL	13,544,069	12,540,815

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Initial inventory	27,806	50,190	11,700,540	12,339,254
Impairment losses in stocks	-	-	-	-
Purchases	-	-	29,146,330	31,550,766
Inventories adjustments and reclassification	(18,160)	(22,384)	(554,325)	672
Ending inventory	(9,646)	(27,806)	(12,923,453)	(11,700,540)
Expenses in the period	**-**	**-**	**27,369,092**	**32,190,152**

	FINISHED AND SEMI-FINISHED PRODUCTS		PRODUCTS AND WORK IN PROGRESS	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Initial inventory	682,774	534,172	-	439,883
Inventories adjustments and reclassification	(175,682)	885	-	-
Accumulated impairment losses	-	-	-	-
Ending inventory	(610,970)	(682,774)	-	(129,696)
Variation of inventories in production	**(103,879)**	**(147,717)**	**-**	**310,187**

10.4. Amount of impairment losses in inventories recognised in the income for the period

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

IMPAIRMENT LOSSES IN INVENTORIES	31.12.2018	31.12.2017
Goods	-	-
Raw, subsidiary and consumable materials	25,307	56,899
Finished and semi-finished products	-	-
Products and work in progress	-	-
TOTAL	**25,307**	**56,899**

REVERSAL OF IMPAIRMENT IN INVENTORIES	31.12.2018	31.12.2017
Goods	-	-
Raw, subsidiary and consumable materials	-	-
Finished and semi-finished products	-	-
Products and work in progress	-	-
TOTAL	**-**	**-**
IMPACT IN THE PERIOD	25,307	56,899

10.5. Movement during the period of impairment losses in inventories

ACCUMULATED IMPAIRMENT LOSSES	RAW, SUBSIDIARY AND CONSUMABLE MATERIALS
ACCUMULATED IMPAIRMENT LOSSES ON 31.12.2017	847,802
Increases	25,307
Reversal	-
Utilisations	-
Exchange variations	-
ACCUMULATED IMPAIRMENT LOSSES ON 31.12.2018	873,109

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

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 2018 and 2017, the amount of revenue recognised as revenue in the period was the following:

WORK/CONTRACT	REVENUE IN THE PERIOD 2018	REVENUE IN THE PERIOD 2017
Construction contracts	117,542,868	139,099,713
TOTAL	117,542,868	139,099,713

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

2018	EXPENSES INCURRED	RECOGNISED INCOME	ADVANCES RECEIVED	RETENTION
Ongoing contracts	313,185,360	391,948,557	3,848,926	911,108
TOTAL	313,185,360	391,948,557	3,848,926	911,108

2017	EXPENSES INCURRED	RECOGNISED INCOME	ADVANCES RECEIVED	RETENTION
Ongoing contracts	334,598,453	430,891,347	6,900,473	1,977,656
TOTAL	334,598,456	430,891,347	6,900,473	1,977,656

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:

	31.12.2018	31.12.2017
Sales of goods	1,573,288	2,562,597
Provision of services	123,001,200	144,244,920
Interest	2,656,666	3,699,513
Dividends	800,907	4,178,380
TOTAL	128,032,061	154,685,410

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 2018, the movements relating to provisions occurred were the following:

PROVISIONS	OPENING BALANCE	INCREASES	OTHER MOVEMENTS	REVERSAL	EXCHANGE VARIATION	CLOSING BALANCE
Guarantees to clients	2,554,941	453,088	(3,714)	(328,677)	-	2,675,638
Provisions of construction contracts	2,672	-	(147)	(2,525)	-	-
Ongoing court proceedings	166,650	-	(166,650)	-	-	-
Other provisions	40,107	172,466	-	(31,897)	72	180,748
TOTAL	2,764,370	625,554	(170,511)	(363,099)	72	2,856,386

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

PROVISIONS	OPENING BALANCE	INCREASES	OTHER MOVEMENTS	REVERSAL	EXCHANGE VARIATION	CLOSING BALANCE
Guarantees to clients	2,210,264	405,164	-	(60,488)	-	2,554,941
Provisions of construction contracts	-	2,672	-	-	-	2,672
Ongoing court proceedings	166,650	-	-	-	-	166,650
Other provisions	36,101	12,700	-	(8,695)	-	40,107
TOTAL	2,413,015	420,537	-	(69,183)	-	2,764,370

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 2018, the Group had assumed responsibilities for the guarantees provided in the amount of 56,374,504 euros (as at 31 December 2017, the amount was 59,849,918 euros).

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

13.4. Management of financial risks

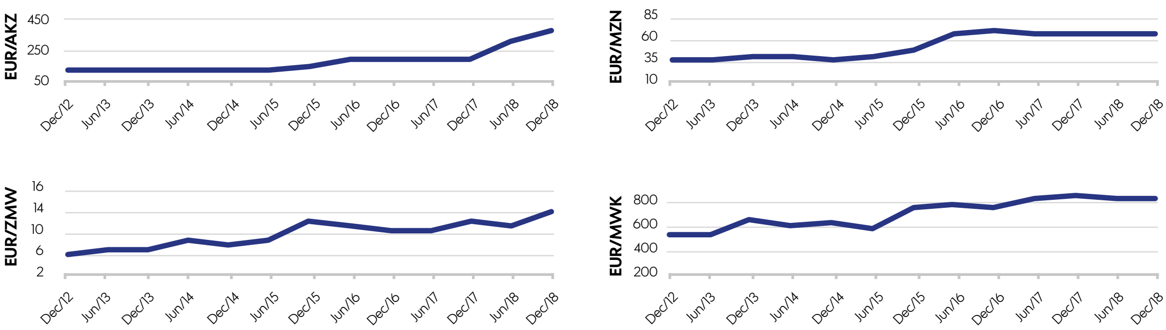
A. General principles

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

B. Exchange rate risk

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

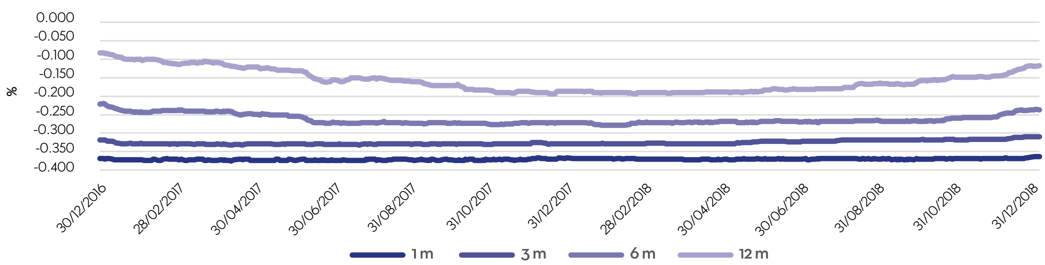
Evolution of the exchange rate



C. Interest rate risk

The interest rate risk essentially results from the indebtedness indexed to variable rates. In 2018, no interest rate coverage was made, a decision that proved to the be the right one. This type of risk was also reduced with the transformation of part of financing into financing indexed at a fixed rate. We are monitoring this issue, remaining open to the possibility of executing an interest rate coverage for part of our own financing.

Evolution of the 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

	31.12.2018	31.12.2017
Exchange losses		
- Other expenses	9,674,480	11,419,436
TOTAL	9,674,480	11,419,436
Exchange gains		
- Other income	4,326,804	11,911,511
TOTAL	4,326,804	11,911,511

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

	EXCHANGE DIFFERENCES IN EQUITY
Balance as at 31.12.2017	(7,602,999)
Reductions	(11,386,246)
Increases	-
Balance as at 31.12.2018	**(18,989,245)**

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

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.

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 71,850 euros (in 2017, they amounted to 74,477 euros) during the period ending on 31 December 2018.

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	71,850
TOTAL	**71,850**

17. INCOME TAXES

17.1. Main components of tax expense and income

	31.12.2018	31.12.2017
Current tax and adjustments:		
Current tax for the period	9,496,794	6,702,244
	9,496,794	6,702,244
Deferred taxes:		
Deferred taxes related to temporary differences	239,915	103,115
	239,915	103,115
INCOME TAXES EXPENSE	**9,736,709**	**6,805,359**

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 ending on 31 December 2018 and 2017, 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	31.12.2018	31.12.2017
Income before taxation	12,787,339	13,821,822
Income taxes expense	9,736,709	6,805,359
Effective tax rate	76.14%	49.24%
Nominal tax rate (21% in Portugal and 30% in Angola, in 2017 and 2018)	4,733,451	4,472,401
ADJUSTMENTS:		
Income deriving from the application of the equity method	(109,367)	-
Differentiated rates of taxation	1,750,830	924,826
Expenses not accepted as tax cost	2,997,314	114,898
Provisions not accepted as expense	33,675	81,904
Reversal of untaxed provisions	-	(268)
Tax refund	-	(30,633)
Other untaxed income	(3,628,504)	(1,051,148)
Tax losses for the period	4,773,223	3,117,596
Tax loss deduction for the period	(609,341)	(411,762)
Untaxed exchange differences	(722,796)	-
International double taxation	-	(522,775)
Autonomous taxation	244,663	200,533
Deferred taxes from previous financial years	239,916	103,115
Others	33,645	(193,328)
	5,003,258	2,332,958
INCOME TAXES EXPENSE	**9,736,709**	**6,805,359**

With reference to the period ending on 31 December 2018 and 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 2018, deferred tax assets and liabilities are the following:

DEFERRED TAX ASSETS	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Warranty of works	62,795	(198)	-	-	62,597
Application of percentage of completion	-	-	-	-	-
Provisions not accepted	235,262	(82,971)	-	(152,291)	-
Tax losses	-	-	-	-	-
Others	104,314	(12,659)	-	(91,054)	601
TOTAL	402,371	(95,828)	-	(243,345)	63,198

DEFERRED TAX LIABILITIES	OPENING BALANCE	OTHER VARIATIONS	INCREASES	REVERSAL	CLOSING BALANCE
Revaluation surpluses	984,947	-	-	(44,189)	940,758
Expenses not accepted	254,139	(31,020)	193,051	-	416,170
TOTAL	1,239,086	(31,020)	193,051	(44,189)	1,356,928

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
Unrealised exchange differences	234,788	(30,458)	49,809	-	254,139
TOTAL	1,292,677	(30,458)	49,809	(72,942)	1,239,086

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:

	31.12.2018		31.12.2017	
	CARRYING AMOUNT	ACCUMULATED IMPAIRMENT	CARRYING AMOUNT	ACCUMULATED IMPAIRMENT
Trade accounts receivable	99,452,174	-	111,641,869	(105,937)
Clients with guarantees	3,117,604	-	5,619,442	-
Doubtful debtors	3,547,092	(3,547,092)	2,811,643	(2,811,643)
TOTAL	**106,116,870**	**(3,547,092)**	**120,072,954**	**(2,917,580)**

18.3. Financial assets held for trading

As at 31 December 2017, 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. Financing obtained

As at 31 December 2018 and 2017, the item "Financing obtained" is the following:

FINANCING OBTAINED	31.12.2018	31.12.2017
Escrow accounts	4,618,249	20,836,065
Bank loans	24,497,516	41,798,706
Commercial paper	13,000,000	34,341,669
Finance leases	2,605,987	1,447,052
Factoring	2,742,525	288,824
Contracted bank overdrafts	86,688	18,033,615
TOTAL	47,550,965	116,745,931

18.5. 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	31.12.2018	31.12.2017
Bank deposits	2,656,321	3,348,015
Others	345	351,498
TOTAL	2,656,666	3,699,513

B. Interest expenses for financial liabilities:

FINANCIAL LIABILITIES	31.12.2018	31.12.2017
Financing	5,798,691	10,630,955
Finance leases	18,313	30,809
Others	3,251	68,122
TOTAL	5,820,255	10,729,886

18.6. 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	31.12.2018	
	IMPAIRMENT LOSSES	REVERSALS
Clients	-	(271,143)
Other accounts receivable	-	-
Other financial assets	-	-
TOTAL	-	(271,143)

FINANCIAL ASSETS	31.12.2017	
	IMPAIRMENT LOSSES	REVERSALS
Clients	1,125,720	-
Other accounts receivable	-	-
Other financial assets	-	-
TOTAL	1,125,720	-

18.7. Amount of share capital

As at 31 December 2018, the Company had a share capital of 10,000,000 euros, fully subscribed and paid-in.

18.8. Shares representing share capital

As at 31 December 2018, 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 2018, there were 113 employees enjoying post-employment benefits regarding benefit plans defined. On 31 December 2018, the operations related to the period are the following:

PENSION COSTS	31.12.2018	31.12.2017
Cost of current services	315,991	267,113
Interest cost	307,037	345,055
Actuarial gains and losses	-	-
Return on assets	(239,715)	(327,224)
Other variations	-	-
TOTAL	383,313	284,944

On 31 December 2018, there is a deficit of the amount of past responsibilities regarding the value of the existing fund in the amount of 627,762 euros (2017: 2,438,455 euros). The deficit reduction verified in 2018 is due to the contribution to the fund in the amount of 2,000,000 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 1,065,500 euros (2017: 1,499,220 euros).

Assumptions used in the actuarial study of 2018 and 2017:

	31.12.2018	31.12.2017
Mortality table	TV 88/90	TV 88/90
Normal retirement age	65 years old	65 years old
Number of pensions in the year	13	13
Rate of return of assets	4.5%	4.5%
Growth rate of wages	1.75%	1.75%

19.2. Social benefits

As at 31 December 2018, in the scope of the activity of the Conduril Academy (centre accredited by the bodies that are responsible for vocational training in the countries it operates in), there were 697 employees in Angola and Mozambique benefiting from the plans of expert knowledge, both in the technical and vocational area and in the literacy and schooling area, provided in the workplaces. The expenses related to this activity are fully financed by CONDURIL - Engenharia, S.A.. As at 31 December 2018, the operations/ actions/programmes related to the period are as follows:

EXPENSES WITH CONDURIL ACADEMY PROGRAMMES	31.12.2018
PAAE (Literacy and School Acceleration Programme)	258,543
Technical and Vocational Training	180,980
Human and Cultural Training	25,854
RVCCP (Process for Recognition, Validation and Certification of Professional Skills)	51,709
TOTAL	517,086

20. OTHER INFORMATION

20.1. State and other public bodies

The item "State and other public bodies" as at 31 December 2018 and 2017 is the following:

ASSETS	31.12.2018	31.12.2017
Personal Income Tax	4,177	5,144
Value Added Tax	8,634,165	7,921,667
Other taxation	2,784,753	4,195,775
Business Income Tax	3,442,611	1,771,230
TOTAL	14,865,706	13,893,816

LIABILITIES	31.12.2018	31.12.2017
Personal Income Tax	464,789	479,379
Value Added Tax	7,685,584	5,602,950
Social Security Contributions	544,078	606,125
Business Income Tax	7,813,881	2,697,765
Other taxation	782,446	451,750
TOTAL	17,290,778	9,837,969

20.2. Turnover

The turnover as at 31 December 2018 and 2017 is distributed as follows:

	31.12.2018	31.12.2017
Internal market	29,283,666	26,713,409
External market	95,290,822	120,094,108
TOTAL	124,574,488	146,807,517

20.3. External supplies and services

The item "External supplies and services" is the following, for the period ending on 31 December 2018 and 2017:

	31.12.2018	31.12.2017
Subcontracts	24,033,251	21,989,482
Specialised services	847,168	7,232,822
Materials	1,264,955	2,983,701
Energy and fluids	3,718,127	6,560,005
Travel, accommodation and transport	3,808,153	3,708,575
Rentals and leases	4,648,906	4,822,192
Communication	372,262	492,063
Insurances	1,062,847	836,471
Royalties	18,195	19,574
Legal and notary services	38,181	36,915
Representation expenses	101,001	107,097
Hygiene and comfort services	277,167	364,224
Other services	3,237,091	3,165,706
TOTAL	43,427,304	52,318,827

20.4. Personnel expenses

The item "Personnel expenses" is the following, for the period ending on 31 December 2018 and 2017:

	31.12.2018	31.12.2017
Remunerations of the management bodies	1,718,990	1,132,581
Personnel remunerations	25,634,651	30,494,825
Compensations	163,773	88,527
Post-employment benefits (Note 19)	383,313	284,944
Social charges	2,890,782	2,978,236
Insurance schemes for accidents at work and occupational diseases	760,886	807,751
Social welfare expenses	1,789,758	2,299,793
Others	781,866	1,798,305
TOTAL	34,124,019	39,884,962

20.5. Other income

The item "Other income" is the following, for the period ending on 31 December 2018 and 2017:

	31.12.2018	31.12.2017
Additional income	1,432,546	1,554,623
Cash discounts obtained	200,855	14,295
Exchange gains	4,326,804	11,911,511
Gains in inventories	11,310	7,567
Income and gains in the remaining non-financial assets	382,561	352,958
Corrections related to the previous periods	622,517	1,568
Interest received	2,656,666	3,699,513
Dividends earned	800,907	4,178,380
Benefits from contractual penalties	7,964,594	-
Others	197,364	665,066
TOTAL	18,596,124	22,385,481

20.6. Other expenses

The item "Other expenses" is the following, for the period ending on 31 December 2018 and 2017:

	31.12.2018	31.12.2017
Taxes	1,682,627	3,319,817
Cash discounts given	1,041,837	818,807
Bad debts	29,364	51,949
Exchange losses	9,674,480	11,419,436
Losses in inventories	801,086	-
Expenses and losses in remaining non-financial investments	63,595	-
Expenses and losses in non-financial investments	1,963	31,643
Corrections related to the previous periods	534,070	56,013
Others	1,044,146	476,046
TOTAL	14,873,168	16,173,711

20.7. Financial profit and loss account

The financial profit and loss are the following:

FINANCING EXPENSES AND LOSSES	31.12.2018	31.12.2017
Interest paid	5,817,004	10,661,764
Other financing expenses and losses	590,895	605,723
TOTAL	6,407,899	11,267,487

20.8. Deferrals

Deferred assets and deferred liabilities are the following:

DEFERRED ASSETS	31.12.2018	31.12.2017
Expenses to be recognised – insurances	226,904	244,376
Expenses to be recognised – other	63	4,018
Pension fund – surplus (Note 19)	-	-
Other deferrals	135,580	368,526
TOTAL	362,547	616,920

DEFERRED LIABILITIES	31.12.2018	31.12.2017
Income to be recognised – NCRF 19	288,522	1,351,056
Pension fund (Note 19)	-	-
Billing to be recognised	317,526	466,164
TOTAL	606,048	1,817,220

20.9. Other accounts payable and receivable

The item "Other accounts receivable" is the following, for the period ending on 31 December 2018 and 2017:

	31.12.2018	31.12.2017
Trade creditors – debit balances	877,518	613,587
Personnel	42,685	43,606
Investment providers	-	-
Payments on account	631,274	49,751
Debtors by accrued income	30,525,446	14,287,242
Contract retentions	508,947	2,156,920
Other debtors	19,955,686	12,946,680
TOTAL	52,541,556	30,097,786

The item "Other accounts payable" is the following, for the period ending on 31 December 2018 and 2017:

	31.12.2018	31.12.2017
Clients – credit balances	37,349	43,199
Personnel	1,558,217	2,162,025
Investment providers	264,253	164,024
Creditors by accrued expenses – remunerations	1,520,260	2,872,313
Creditors by accrued expenses – others	5,443,926	3,390,641
Other creditors	1,447,942	1,268,000
TOTAL	10,271,947	9,900,202

20.10. Proposal of application of net income

In compliance with the legal and statutory provisions, in continuation of the policy of fair return of the capital invested and increase of its solvency, the Board of Directors proposes that the net income for the period, in the amount of 3,045,198 euros, has the following distribution:

- Dividends: 900,000 euros, corresponding to 0.50 euros per share;
- Free Reserves: 2,145,198 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 17 October, the Company paid its social security contributions within the time limits stipulated.

22. ADDITIONAL DISCLOSURES FOR THE ENTITIES REFERRED TO IN ARTICLE 2(1)(H) AND ARTICLE 9(4), 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

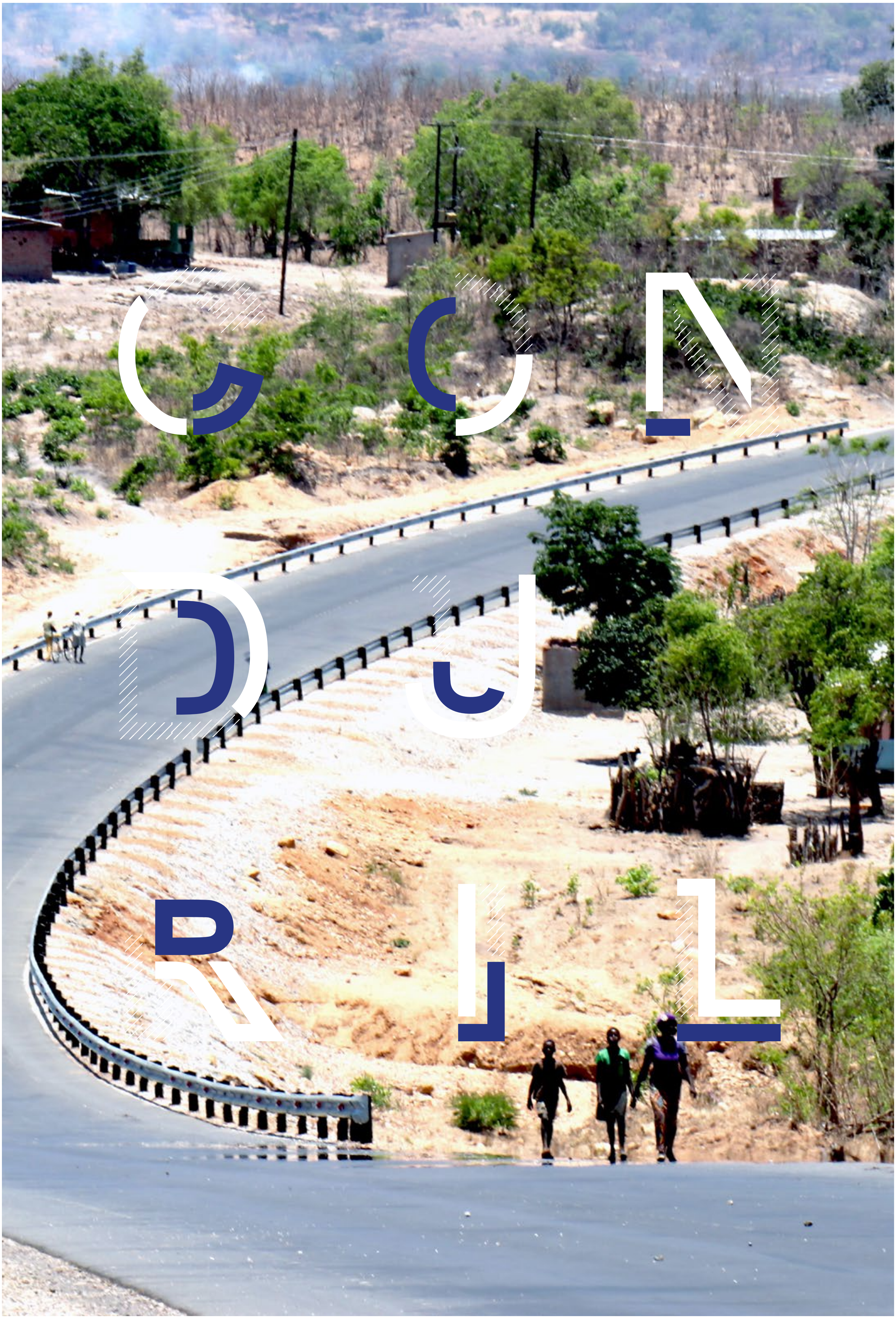
	31.12.2018	31.12.2017
Portugal	32,103,138	29,639,579
Angola	51,543,022	83,839,315
Mozambique	11,009,040	3,046,700
Morocco	-	419,526
Zambia	21,406,554	18,199,823
Malawi	5,159,291	4,697,626
Gabon	3,353,443	6,964,948
TOTAL	124,574,488	146,807,517

22.2. Statutory Auditor fees

In 2018, the fees of the Statutory Auditor amounted to 28,750 euros.

The Management,

The Chartered Accountant,



Zambia

04 REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

04.

STATUTORY AUDIT BOARD

FINANCIAL YEAR OF 2018

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 2018.

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 2018, 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 2018, 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 on 31 December 2018 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, 13 March 2019

THE STATUTORY AUDIT BOARD

Ademar Américo Soares Paiva, President

Maria de Lourdes Lopes Chaves

Júlio Gales Ferreira Pinto

Angola

05 LEGAL CERTIFICATION OF CONSOLIDATED ACCOUNTS

05.

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 2018 (which reflects a total of 346,526,010 euros and total equity of 212,498,170 euros, including a net income of 3,045,107 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 2018 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(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.

Porto, 12 March 2019

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
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
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.

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