

**CONSOLIDATED  
REPORT  
& ACCOUNTS**

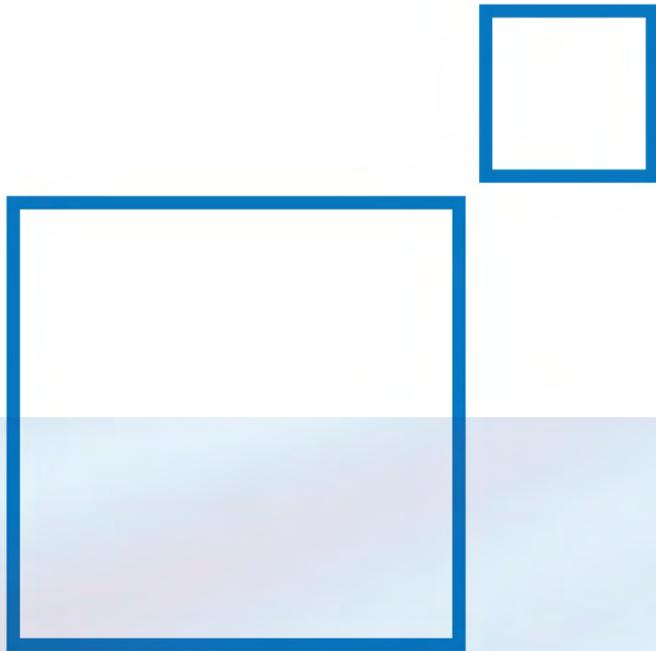
2016



**MOTAENGIL**  
SGPS, S.A.

**70**

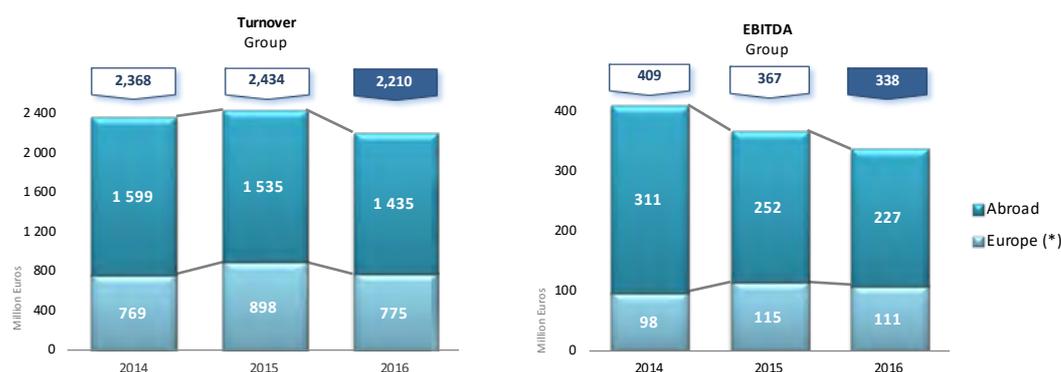
**YEARS**  
**MOTAENGIL**  
FOUNDED IN 1946



# Consolidated Management Report

## Highlights

- > The turnover reached 2.2 billion Euros, negatively impacted by the area of Engineering and Construction in Europe and by Africa, as well as by forex impact mainly in Latin America
- > EBITDA margin of 15%, supported by the performance of Africa and Europe
- > Net income of 51 million Euros, positively impacted by assets disposal capital gains and negatively impacted by the increase under the heading provisions
- > Robust backlog worth about 4.4 billion Euros, of which 82% outside Europe
- > Net debt of 1,2 billion Euros, a 20% reduction compared with 2015
- > The results reflect the achievement of the Group's strategic goals, namely efficient working capital management, controlled capex and assets sale execution
- > Presentation on October 13, 2016 of the Step Up 2020 Strategic Plan for the period between 2016 and 2020



(\*) Includes others, eliminations and intra-group

	12M16	% T	Δ	12M15 restated	% T	2H16	% T	Δ	2H15 restated	% T
						(non audited)			(non audited)	
<b>Turnover</b>	<b>2,210,081</b>		<b>(9.2%)</b>	<b>2,433,640</b>		<b>1,174,440</b>		<b>(13.6%)</b>	<b>1,359,222</b>	
<b>EBITDA</b>	<b>337,946</b>	<b>15.3%</b>	<b>(7.9%)</b>	<b>366,846</b>	<b>15.1%</b>	<b>189,088</b>	<b>16.1%</b>	<b>(14.7%)</b>	<b>221,753</b>	<b>16.3%</b>
Amortisations, provisions and impairment losses	(257,083)	(11.6%)	(27.9%)	(200,979)	(8.3%)	(151,415)	(12.9%)	(14.3%)	(132,495)	(9.7%)
EBIT	80,863	3.7%	(51.2%)	165,867	6.8%	37,673	3.2%	(57.8%)	89,258	6.6%
Net financial income	(102,617)	(4.6%)	(13.4%)	(90,467)	(3.7%)	(72,715)	(6.2%)	(52.5%)	(47,671)	(3.5%)
Net income/losses from equity method	(2,130)	(0.1%)	(103.2%)	67,123	2.8%	(3,464)	(0.3%)	(105.9%)	58,622	4.3%
Gains/(losses) in the disposal of subsidiaries and associates companies	100,771	4.6%	325.3%	(44,729)	(1.8%)	24,129	2.1%	153.9%	(44,729)	(3.3%)
Income before taxes	76,886	3.5%	(21.4%)	97,793	4.0%	(14,376)	(1.2%)	(125.9%)	55,480	4.1%
Net income	67,507	3.1%	29.5%	52,131	2.1%	(11,468)	(1.0%)	(148.5%)	23,621	1.7%
Attributable to:										
Non-controlling interests	17,350	0.8%	(49.0%)	34,003	1.4%	10,934	0.9%	(39.5%)	18,068	1.3%
<b>Group</b>	<b>50,157</b>	<b>2.3%</b>	<b>176.7%</b>	<b>18,128</b>	<b>0.7%</b>	<b>(22,402)</b>	<b>(1.9%)</b>	<b>(503.4%)</b>	<b>5,553</b>	<b>0.4%</b>

EBITDA corresponds to the algebraic sum of the following headings of the consolidated income statement: "Sales and Services rendered"; "Other revenues"; "Cost of goods sold, materials consumed, changes in production and Subcontractors"; "Third party supplies and services"; "Wages and salaries"; "Other operating income / (expenses)"

# Consolidated Management Report

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## Message from the Chairman of the Board of Directors

Dear Sirs.

Given that the year has ended, we hereby submit the accounts regarding the fiscal year of 2016.

After examining the business of the GROUP in 2016, I must mention, first of all, the resilience it has shown as a result of the policy of diversification and internationalisation that we implemented many years ago and that, despite the crisis that persists, enabled us to maintain the operational stability we have been showing.

It is true that to tackle that situation we had to dispose of several assets we had invested in, but it is also true that we kept the goal of diversification, as shown in our current activity as regards solid waste treatment (by means of EGF), in the establishment of a new business in the energy sector (through FÉNIX in Mexico) and continue operating in concessions by means of several projects in Latin America.

We intend and have always been one step ahead and will be ready for the growth that will hopefully be significant in 2018.

In truth, the increase in confidence in the Portuguese market and the recovery of the value of commodities is a positive sign for the following years in my view.

After carrying out the restructuring of the Portuguese financial sector, which enables supporting Portuguese companies for their international expansion, I believe that most negative factors we were faced with will have been overcome.

I should also point out the clear effort made in the adaptation of the structure of the GROUP to the current context (with over 80% business carried out outside Portugal), as well as the commercial endeavour made in Africa (materialising many projects that we had surveyed), in Latin America (keeping stability, despite of the crises that were felt in certain countries) and the fact that European public investment is expected to be resumed.

In the light of the above, I cannot be other than optimistic.

Lastly, I would like to note that, although it is true that MOTA-ENGIL witnessed a decrease in its business in 2016, that fact was mainly due to the devaluation of currency in several countries we operate in. This situation is beyond our control, but as a businessman I should mention that our business in the local currency of each country has indeed grown.

For these reasons, I congratulate the GROUP and Executive Committee for the business performed in 2016, and would like to express my support and encouragement for the prosecution of the path we intend to follow, certain that MOTA-ENGIL will find the strength it requires to meet the goals set by working jointly.

António Mota  
Chairman of the Board of Directors

# Consolidated Management Report

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## Message from the Chief Executive Officer

Dear shareholders,

In fulfilment of reporting duties, I hereby share the year of reflection and equilibrium performed by the management team and which I include in this report.

Nevertheless, before describing the performance of the GROUP in 2016, I intend to highlight the 70th anniversary that MOTA-ENGIL celebrated on June 29, a date that represents the ability of resilience, renewal and constant growth of a GROUP which has depended on its benchmark shareholder since its foundation in 1946. From that time onwards, it has become one of the most internationalised multinationals based in Portugal.

After the due mention that pays homage to the various generations of Collaborators who did their best on behalf of MOTA-ENGIL, I will describe the year of 2016, with particular emphasis on the adverse and volatile conditions that marked and still mark a few of the most representative markets for the GROUP.

However, we were able to maintain suitable and efficient production levels, ensuring and strengthening a relationship of trust with our clients, building loyalty with partners which have been important to the consolidation of MOTA-ENGIL in some markets. Besides the culture of engagement before clients, we are also committed to the markets where we are set. This corporate stand is highly valued at this time of greater economic upheaval.

Under an economic performance whereby exchange rate variation affected the true result of the business carried out over the year, the GROUP managed to increase international expansion significantly. This increased and diversified the backlog to 4.400 million Euros, as well as strengthened the sustainability of the GROUP's business in the future.

In an attempt to be ahead of the competition along the way, and focused on sustainable growth, cash-flow generation and ensurance of controlled risk levels, 2016 was marked by fulfilment of the most relevant strategic, operational and financial goals. This was shown in the ability of rotation of assets with the generation of value, maintenance of operating margins as regards best-in-class, in comparison with European peers, and the reinforcement of the equilibrium with the significant reduction of debt.

In an attempt to raise the level of challenges of the GROUP to suit its position to the requirements of the current infrastructure market, at the end of the year the new Strategic Plan named "StepUp 2020" was released. This plan reflects the commitment of the organisation as a whole to the fulfilment of the Strategic Vision and goals to be reached by 2020.

It is an ambitious and challenging plan, but it shows that, despite of the problems of everyday life, the GROUP still plans its future and shapes its destiny, in a coherent and joint manner, as it has always done.

Indicators from the early months of 2017 show that we are achieving the goal of broadening the value chain of the GROUP, by being awarded major projects in new markets thanks to the guarantee of competitiveness of solutions provided by management teams. These teams have implemented the guidelines set by the Holding on a strategic level with a highly professional attitude.

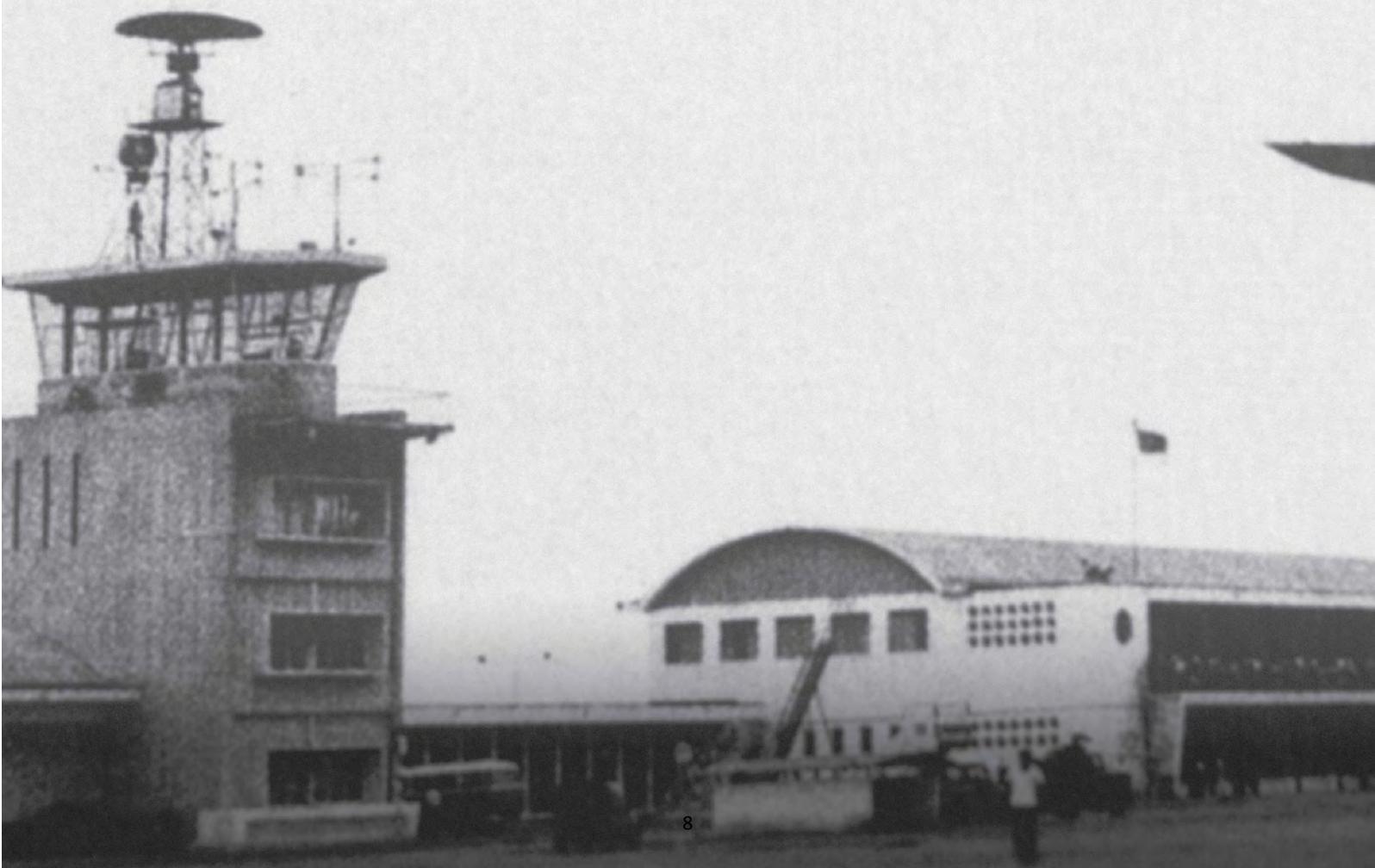
# Consolidated Management Report

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Lastly, I have to mention specially and deeply thank our clients, partners, suppliers, and the financial system. We depend on these entities to keep the intended growth of our business. I express my appreciation and encourage the work of our Collaborators and my Colleagues.

Gonçalo Moura Martins  
Chairman of the Executive Committee

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# Consolidated Management Report

**Luanda's International Airport**

The Project that launched the company into a 70 year journey in Angola.

# Consolidated Management Report

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## 1. Macro-economic framework

According to the “Global Economic Prospects” report, released on January 2017 by the World Bank, 2016 witnessed a slowdown in world economy growth, estimated at 2.3% compared to 3.1% in 2015. This evolution characterised both economies, developed and emerging and developing countries, and was most marked in the first economies, with an estimated growth of 1.6% in 2016 compared to 2.1% in 2015, following mainly the worst performance of United States of America (USA) economies and the countries of the Eurozone, with an estimated growth of 1.6% for 2016, in both regions, compared to 2.6% and 2.0% in 2015, respectively. The evolution of growth of USA economy was influenced by decreased private consumption and exports. The growth of Japan’s economy must have reached 1.0% in 2016, which also shows a slowdown compared to 1.2% in 2015, following decreased investment and exports not compensated by increased private consumption, after two years of downturn. As for emerging and developing economies, with an estimated growth of 3.4% in 2016, compared to 3.5% in 2015, it should be noted that the growth of China’s economy remained sustained by 6.7% in 2016 compared to 6.9% in 2015, based on growth in consumption following measures to stimulate credit. However, slowdown in investment was verified.

As regards 2017, the World Bank foresees increased growth of world economy by 2.7%, expecting a better performance from countries with emerging and developing economies of 4.2%, within the scope of business recovery of countries exporting commodities. The divergence in the evolution of economies among countries that export and those that consume commodities is expected to decrease. The World Bank foresees a slowdown in China’s economic growth in 2017 to 6.5%, following decrease in foreign demand and continued slowdown in private investment. In developed economies, 1.8% is the growth foreseen for 2017. The USA is expected to increase to 2.2% - following policies for tax stimulus and for infrastructure investment -, whereas countries in the Eurozone and Japan should slowdown to 1.5% and 0.9%, respectively.

### Sectorial Context

#### Europe

As regards Europe, it should be noted that the slowdown expected by the World Bank in the Eurozone economic growth of 1.6% in 2016 was mainly due to the modest evolution of domestic demand and of exports, despite improvement in employment data and credit conditions after the pursuance of the accommodative monetary policy by the European Central Bank. In Portugal, economic growth is estimated at 1.3% for 2016 compared to 1.5% in 2015. It was negatively influenced by the low level of investment and, despite the recovery in domestic consumption and exports - although they were affected by the unfavourable economic background of major partners such as Angola and Brazil. The World Bank expects an increase in growth to 1.4% in 2017. Economy in Poland is estimated to have decelerated to 2.5% in 2016 against 3.9% in 2015, mainly due to decreased investment. Growth by 3.1% is expected for 2017, based on the recovery of public investment with the input of the structural funds of the European Union. It should be noted the foreseen slowdown in economic growth in the United Kingdom in 2017. The World Bank foresees a 1.2% growth in this period, below the 2.0% expected for 2016, as a result of the effects and uncertainty related to the referendum decision which approved the exit of the country from the European Union, in June 2016. Ireland’s economy, which grew 4.5% in 2016, should also decelerate to 3.2% in 2017.

# Consolidated Management Report

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## **Africa**

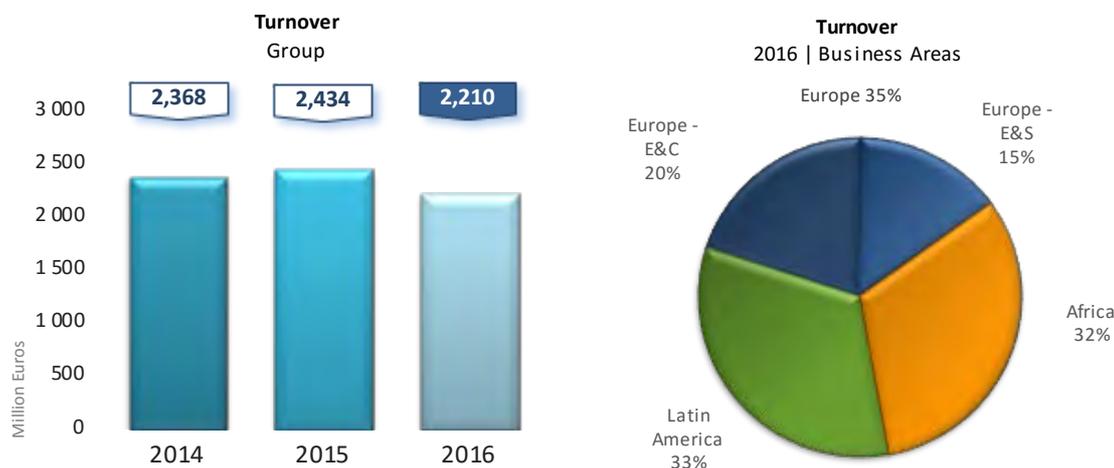
As for the African continent, the World Bank estimates that the economy of sub-Saharan countries grew 1.5% in 2016, following a 3.5% growth in 2015, marked negatively by the unfavourable context of countries exporting commodities, particularly oil, with an impact on domestic consumption and public investment. It should be noted that recovery in the prices of some commodities, particularly iron, coal and oil, during 2016 is expected to have an impact on the evolution of economies in 2017. Therefore, as regards oil, the agreement reached between oil producing and exporting countries (OPEC) for the reduction of production to 32.5 million barrels per day may stand up expectations for 2017 of economic growth in Angola, which is strongly dependent on the oil sector and is expected to increase from 0.4% in 2016 to 1.2% in 2017. The devaluation of the Kwana against the US dollar by 28.9% in 2016 is worthy of note. For Mozambique, a country under financial crisis which was affected by adverse weather conditions, the World Bank estimates a lower growth for 2016 of 3.6% against 6.6% for 2015, and it is expected to recover to 5.2% in 2017, following the recovery in the price of commodities, particularly coal and iron. South Africa should grow modestly in 2016 by 0.4%, a figure below the 1.3% verified in 2015. The World Bank foresees recovery in growth in 2017 by 1.1% with the end of the effects of the drought that hit the country in 2016 and the recovery in commodities price.

## **Latin America**

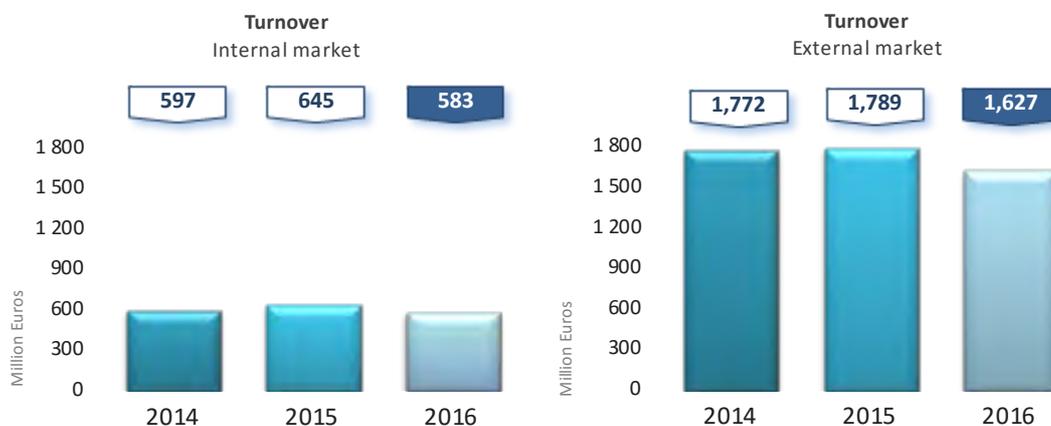
For the region of Latin America and the Caribbean, the World Bank expects 2016 to be the second consecutive year of economic downturn, estimated at 1.4%, higher than the 0.3% recession verified in 2015. This evolution is mainly due to the worst performance of the economies of Argentina and Venezuela which had a downturn of 2.3% and 11.6%, respectively, following the social and economic crisis and the level of oil prices, respectively. The economy in Brazil also contributed to this evolution, and the World Bank foresees a recession of 3.4% in 2016, marked by downturn in consumption and investment, although it represents an improvement considering the decrease by 3.8% in 2015. The country is expected to reverse the trend in 2017 and grow 0.5%. The valuation of the Brazilian real against the US dollar by 17.3% in 2016 is worthy of note. As for Peru, the World Bank estimates an economic growth of 4.0% for 2016, an acceleration compared to 3.3% in 2015, following increase in production and exports, particularly copper. Economic acceleration is expected to continue by 4.2% in 2017, as a result of the expansion in the ore sector and increased public investment. For Mexico, the World Bank estimates a growth of 2.0% for 2016, below the 2.6% in 2015, following slowdown in USA economic growth, with an impact on exports, despite the significant public investment programme under way. It should be noted the devaluation of the Mexican peso against the US dollar by 19.3% in 2016, mainly due to the presidential election in the USA which led to the victory of Donald Trump. The World Bank foresees a slowdown in economic growth in 2017 by 1.8% in anticipation of a context of uncertainty and of possible unfavourable policies which may be adopted by the new President of the USA. Colombia should grow 1.7% in 2016 compared to 3.1% in 2015, due to macroeconomic policies to restrain expenditure. Economic activity should recover by 2.5% in 2017. As for Paraguay, economic growth is expected to accelerate in 2016 by 3.8%, against 3.1% in 2015, and by 3.6% in 2017.

# Consolidated Management Report

## 2. Economic-financial performance analysis

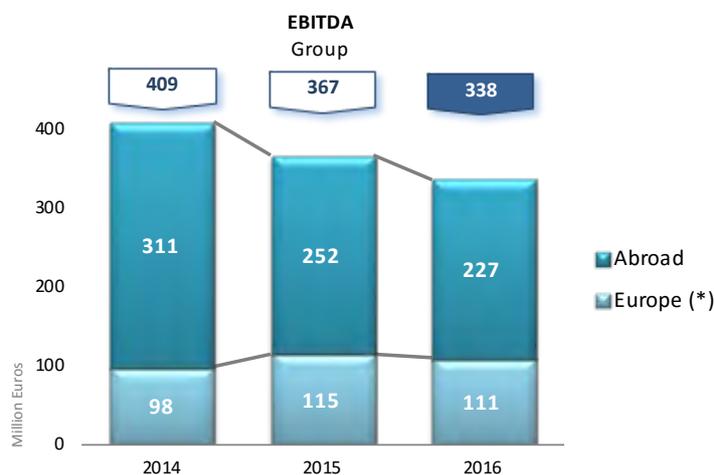


Turnover in 2016 reached 2,210 million Euros, which represented a decrease by 9% compared with 2015. In fact, growth by about 4% in Latin America and 60% in the Europe business – Environment and Services (E&S) – Waste was not enough to offset the decreased in the activity that occurred in Africa and Europe in the Engineering and Construction (E&C) business.



During 2016 the turnover generated in Portugal fell, as a result of the adverse climate that affected the E&C business and of changes within the consolidation perimeter (due to acquisitions and disposals that were made – EGF and Port and Logistics business), as well as of reduced turnover in the foreign market, as growth of the business in Latin America was not enough to offset slowdown in activity in Africa.

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(\*) Includes others, eliminations and intra-group

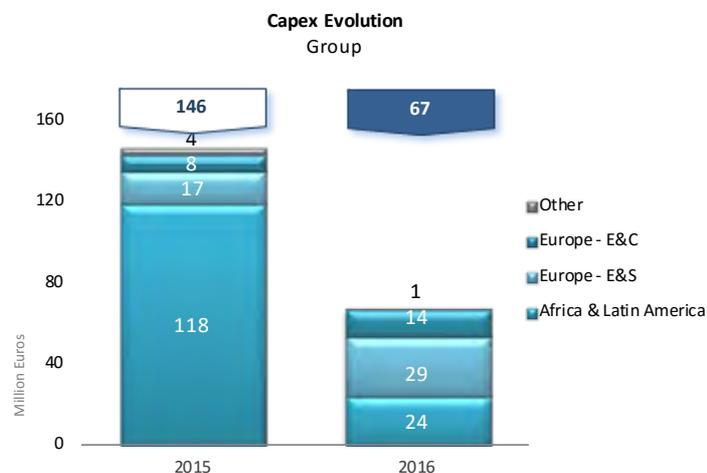
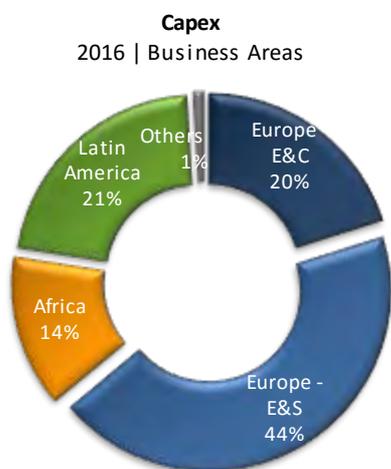
In 2016 the EBITDA decreased 8% compared to 2015, corresponding to 338 million Euros, and the EBITDA margin remained sustained at 15%. In fact, the improvement in the EBITDA margin in Africa to 25.7% (+4.6p.p.) and the resilience of the margin in Europe by 13.2% offset the decrease of the margin in Latin America by 6.1% (-4.7p.p.). This margin was negatively affected by the delay in the execution of some projects.

Therefore, the EBITDA margin in 2016 reached the profitability levels planned in the Strategic Plan of the GROUP (Step Up 2020), and remained above a large number of peers.

In 2016 the EBIT (\*\*) rose to 81 million Euros, marked by a decrease of 85 million Euros over 2015. This decrease was due to an increase in amortisation and provisions/impairment of 257 Million Euros (201 million Euros in 2015). Amortisation increase was mainly due to the change in the regulatory model that applies to waste treatment companies (EGF) and the number of months subject to consolidation (consolidated six months in 2015 and twelve months in 2016). On the other hand, the high level of provisioning was mostly accounted for the financial update of a set of receivables in the medium term mainly from African public entities, due to the dispute with Sociedade Ponto Verde as regards recovery of some recyclable materials and the negative margin estimated for the conclusion of a construction contract in the Czech Republic.

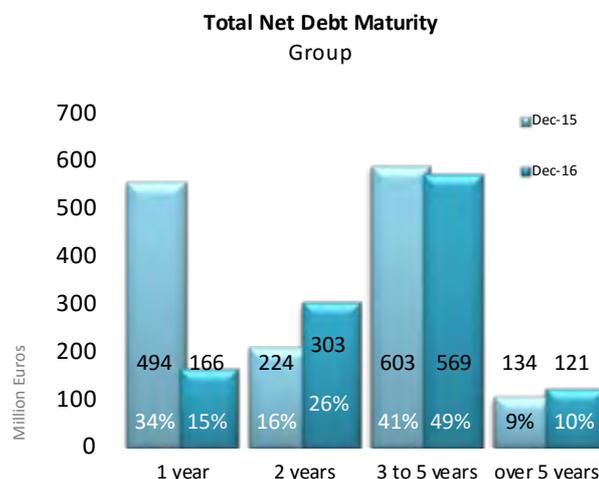
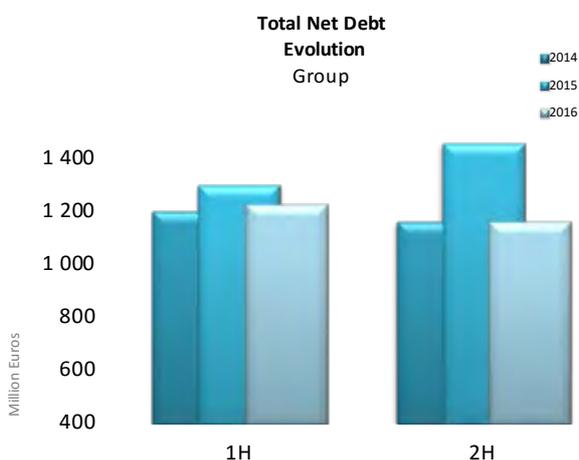
(\*\*) The EBIT corresponds to the EBITDA minus the following headings of consolidated income statement: "Amortisations" and "Provisions and impairment losses"

# Consolidated Management Report



Following heavy investment made in 2014 and 2015, required to ensure the execution of several projects, particularly in Latin America and Africa, and a policy to optimize resources, investment in 2016 was restrained, amounting to 67 million Euros, less 79 million Euros compared to 2015. Out of the sum invested, 43 million Euros were allocated to the region of Europe and specially to the E&S activity. In Latin America investment in 2016 was 15 million Euros compared to 23 million Euros in 2015, showing the delay in the execution of some projects and the high level of outsourcing which marks that region. As for Africa, investment was 9 million Euros, significantly below the 95 million Euros in 2015, following optimization of the asset basis and the slowdown in the activity in 2016.

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As at December 31, 2016, the net debt (\*) amounted to 1,159 million Euros, with a decrease of about 300 million Euros compared to December 31, 2015, justified mainly by the inflow from the disposal of the Port and Logistics business and of INDAQUA. It should be noted that 2016 witnessed a positive contribution of the variation in working capital of 109 million Euros, reflecting the effect of measures for controlling it in ongoing contracts and of measures to receive from clients of contracts with some seniority.

On the other hand, it should be noted that 101 million Euros (9%) out of the net debt corresponds to non-recourse debt (\*\*), related fully to EGF.

The ratio that compares the total net debt to the EBITDA in the last 12 months decreased to 3.4x (4x on December 31, 2015). Nevertheless, the GROUP keeps the medium- and long-term goal of bringing the said ratio to less than 3.0x, for which (i) the expected inflow with the disposal of some assets, particularly of ASCENDI GROUP, part of which, i.e. 145 million Euros, were already received on January 2017; (ii) the strengthening and optimization of working capital management measures, which already had positive results in 2016; and (iii) the maintenance of a strict investment control policy will naturally contribute.

Gross debt (\*\*\*) on December 31, 2016 was 1,641 million Euros, with 66% contracted at a variable rate. The average cost of debt decreased from 5.8% in 2015 to 5.6% in 2016, despite the higher burden of debt contracted outside Europe, particularly Africa and Latin America. Still, in December 31, 2016, 77% of gross debt was denominated in Euros and its average life was 2.52 years (2.48 years on December 31, 2015).

(\*) Net debt corresponds to the algebraic sum of the following headings of the consolidated statement of financial position: "Cash and cash equivalents without recourse - demand deposits", "Cash and cash equivalents with recourse - demand deposits"; "Loans without recourse"; "Loans with recourse" and the Angola's bonds held by Africa region recorded under the heading "Financial investments available for sale and held to maturity". It is worth to highlight that leasing and factoring operations established by the GROUP are not recorded in the abovementioned headings.

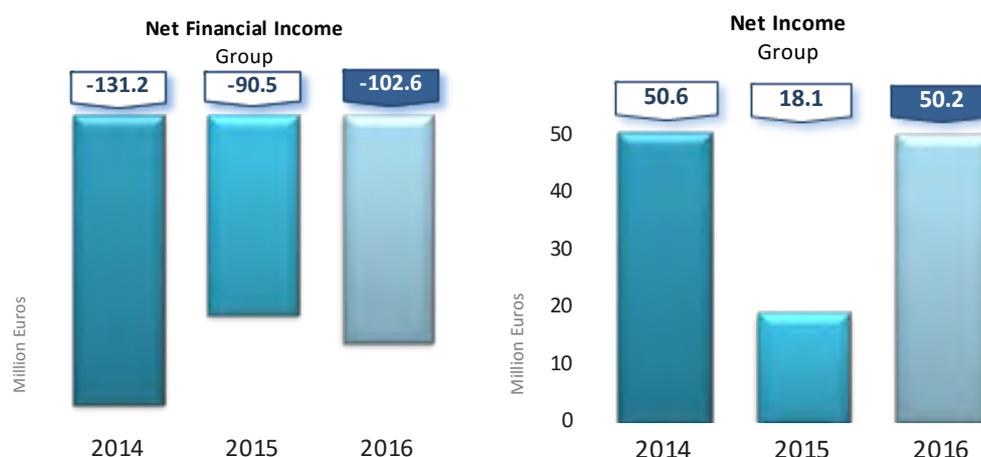
(\*\*) Non-recourse net debt corresponds to loans in which only the assets of the financed companies respond to settle the debt (Project finances)

(\*\*\*) Gross debt corresponds to the net debt plus cash and cash equivalents balances recorded on the consolidated statement of financial position and the Angola's bonds held by Africa region recorded under the heading "Financial investments available for sale and held to maturity".

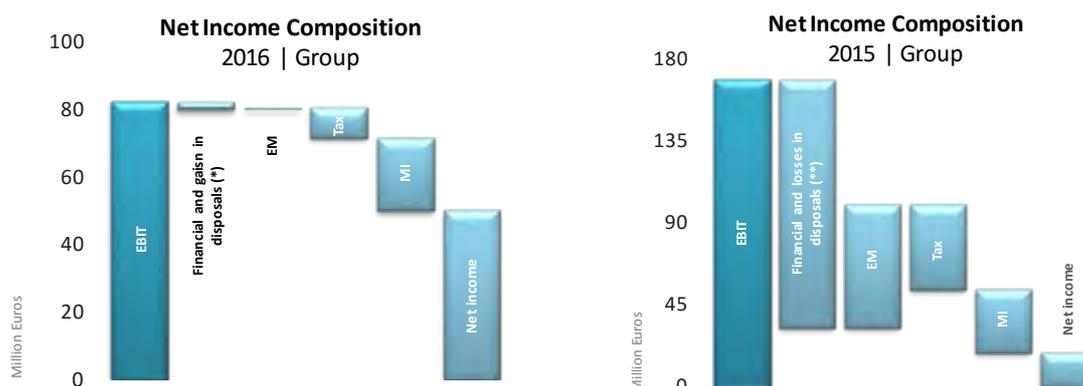
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As regards debt maturity, it should be noted the execution on December 2016 of an international syndicated loan of 90 million Euros at 5-year maturity and of two new medium-term financing with international financial institutions totalling about 80 million Euros.

On 31 December 2016 the GROUP kept contracted but unused credit lines worth 195 million Euros, resulting in a total amount of actual liquidity of 677 million Euros, corresponding to 41% of total gross debt.



In 2016 net financial charges reached 102.6 million Euros (90.5 million Euros in 2015), representing an increase of about 13%. However, although interest borne decreased, it was not enough to offset the net increase in the others financial expenses/revenues, as well as decreased forex gains.



(\*) Includes about 102 million Euros in gains with the disposal of the Port and Logistics business and of Indaqua

(\*\*) Includes losses of about 45 million Euros in the disposal of subsidiaries and associated companies in Central Europe which developed real estate business

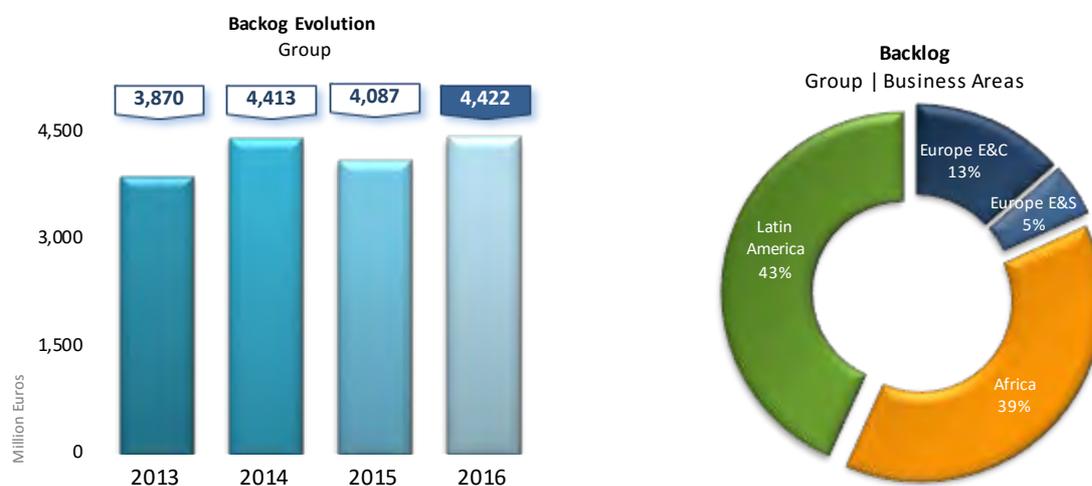
The headings of equity method and gains/losses on disposals contributed positively to the net result in 2016 with 99 million Euros (22 million Euros in 2015), as a result of the gain of 102 million Euros obtained from disposals of Port and Logistics business and of INDAQUA.

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On the other hand, ASCENDI, which contributed in 2015 with about 63 million Euros to the equity method heading, was classified as a “Non-current asset held for sale” as of September 30, 2015, and thus did not contribute with any result for the GROUP in 2016.

During the year of 2016, the tax on profits rose to 9 million Euros (46 million Euros on December 31, 2015), influenced by gains generated with the disposal of some financial holdings that were not relevant for tax purposes in Portugal. For additional information on this matter, we recommend the reading of Note 14 of the notes to financial statements.

The net margin reached 3.2% and the net profit attributable to the GROUP totalled 50 million Euros (18 million Euros on December 31, 2015).



The backlog on December 31, 2016 amounted to 4,422 million Euros (\*) - Africa and Latin America contributed with about 82% of the total amount -, corresponding to a E&C backlog to sales ratio of 2.1 years. However, it should be noted that, despite the challenging economic climate in some countries - particularly on the first half of 2016 -, the additions of backlog observed in the E&C business in 2016 rose to about 1,800 million Euros, showing the intense commercial activity and the ability of the GROUP to secure new projects, specially in Africa and Latin America.

On December 31, 2016, the E&S business in Europe contributed with 643 million Euros to the backlog, considering that this amount does not include the expected revenues from waste treatment contracts of EGF's companies.

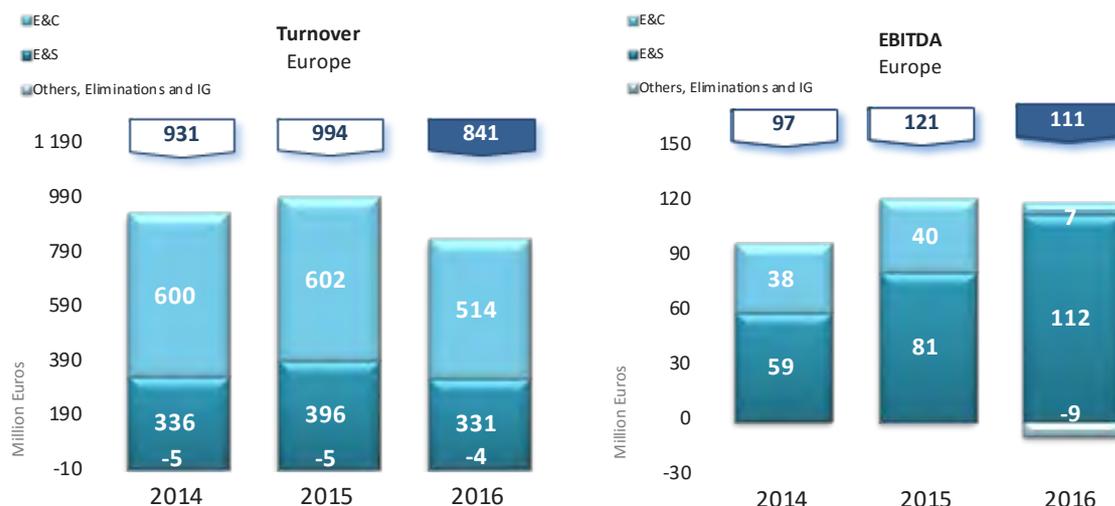
It should also be noted that, after December 31, 2016, the GROUP was awarded a set of projects which totalled about 700 million Euros.

(\*) Contracts awarded for execution at the exchange rate of December 31, 2016.

# Consolidated Management Report

## 3. Analysis by Business Area

### Europe



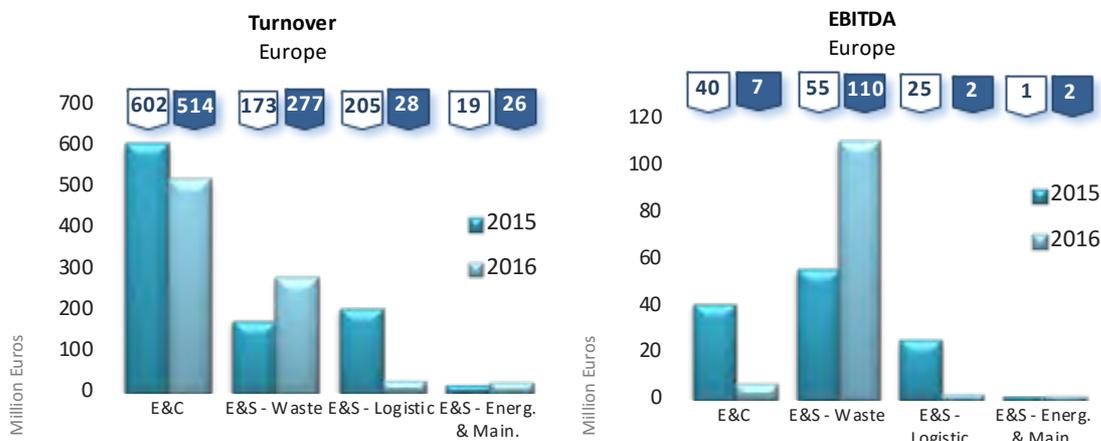
The European region includes the activities and companies owned by the GROUP in Portugal and Central Europe, or that are managed by the management structure of this region. As of March 1, 2016, following the disposal of the Port and Logistics business, in the domain of the E&S segment, were essentially developed waste collection activities (by SUMA) and waste treatment and recovery (by EGF).

Turnover in Europe in 2016 amounted to 841 million Euros, 15% below the figure verified in the same period of 2015, negatively influenced by changes in the consolidation perimeter deriving from the acquisition of EGF and the disposal of the Port and Logistics business, as well as by the E&C business which was not totally offset by the positive performance of the E&S - Waste business.

In fact, the E&C business in that year witnessed a reduction in the turnover by 15% to 514 million Euros, as a result of the negative background that marks the construction sector in Portugal and the slower execution of some projects in Central Europe, namely in Poland.

In terms of operating profitability, the EBITDA achieved 111 million Euros, and the EBITDA margin improved slightly to 13% compared to 12% in 2015. This evolution was positively influenced by the E&S – Waste business, which improved its profitability in 8p.p. to 40%, and affected negatively by the E&C business, whose profitability decreased 6p.p. to 1%. It should be noted that, as regards the E&C business, the decreased activity and the negative impact of 13 million Euros on the EBITDA of one ongoing road project in the Czech Republic were decisive to the operating performance, and the EBITDA amounted to 7 million Euros in 2016.

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As for the E&S business, with an EBITDA of 112 million Euros, it is worth noting the increase in the EBITDA by 55 million in the Waste business, offsetting the decreased EBITDA in the Logistics business of 23 million Euros. These evolutions derived mainly from the abovementioned changes in the consolidation perimeter.

On the other hand, Energy & Maintenance companies, that have the nearly exclusively contribution of MANVIA, recorded a turnover increased in the year by 38% to 26 million Euros compared to the previous year, and the EBITDA reached 2 million Euros.

It should also be noted that on December 28, 2016 EGF's companies were notified as regards the decisions of Entidade Reguladora dos Serviços de Águas e Resíduos (ERSAR) on allowable profit and regulated tariffs for the regulatory period 2016-2018. Within this context, decisions included the definition of the Regulated Asset Basis (Base de Ativos Regulados, BAR), amounting to 272.8 million Euros, which will be subject to a remuneration rate on assets (Taxa de Remuneração dos Ativos, TRA) set by ERSAR at 6.14%. Nevertheless, the group of companies led by EGF questioned the fixing of the rate, already in 2017, using the proper means, as well as various aspects of the said decisions on December 28.

Lastly, it should be noted the execution on February and June 2016 of the disposal of the Port and Logistics business and of INDAQUA for 305 million Euros, generating gains of about 102 million Euros.

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## Engineering and Construction

The GROUP focus the most significant part of its business in Portugal and Poland on the Engineering & Construction business in Europe, although it also operates in the Czech Republic, Ireland, United Kingdom and, to a smaller extent, in Spain and France.

### Portugal

In Portugal, the GROUP remains in a leading position in the Engineering & Construction sector, but still the evolution of its business is being affected in the last few years by the unfavourable economic context that marked the country, particularly by the implementation of austerity measures arising from the need to balance national government accounts. This adverse context for the sector continued in 2016, having a higher impact on the segment of public works than on private works.

However, several analysts already envision the start of recovery in 2017, with some diversification on the rehabilitation segment - where the GROUP is starting to participate increasingly, such as the work of recovery of the iconic building of "A Brasileira", in Porto - and with opportunities created by Portugal 2020, the new national rail plan and the new airport in Lisbon. Meanwhile, the GROUP is still present in major public works. For instance, the gradual reduction of hydroelectric undertakings by EDP was offset by the award of new contracts promoted by Iberdrola in energy use in the hydrographic basin of Tâmega.

Despite this decrease in Portugal, it should be highlighted that the GROUP has been making full use of its dispersion across several countries in the world, enabling it to rotate its main top professionals, who share technical and management know-how that allow offsetting excessive and scarce resources, benefiting all markets.

### Central Europe

2016 was a significant benchmark for the GROUP in Central Europe and marked a period of consolidation of several strategic measures implemented in previous years. As a result of political changes that occurred during the year and produced significant changes with an impact on programmes of investment in public infrastructures, particularly the delay in the launch of public tendering procedures, in this geographic segment the GROUP focused mainly on the execution of its backlog and on the increase of the efficiency of ongoing projects.

The year was thus marked by the start of key projects in Poland, particularly in the road sector. On the other hand, the GROUP pursued successfully its strategy of growth in the civil construction and property development segments, marked by a new wave of investments boosted by low interest rates and programmes of incentive to residential construction.

Following that strategy, set in the previous year, the GROUP focused on the development of residential projects and came to hold a more competitive position in the real estate market, which led to the beginning of development of several real estate projects in the main cities in Poland. The execution of three new projects for the construction of 700 apartments in the three main cities in Poland, i.e. Warsaw, Kraków and Lodz, are worthy of note. In addition, the promotion of the aforesaid real estate projects will positively contribute to the backlog of the construction company in the region.

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As for the future, considering the performance achieved in 2016 and trends perceived for 2017, the GROUP is confident that the strategic plan it outlined for the region will be implemented successfully. Likewise, investment sustained in the development of the human resources the GROUP has in this region, keeping the sustainable growth levels of its backlog, with special emphasis on the infrastructure sector, will enable the consolidation of its position as a benchmark operator as regards efficiency and competitiveness among the main players in the region.

## Ireland and United Kingdom

Ireland witnessed in 2016 the confirmation of the business growth trend foreseen in 2015, and the turnover of subsidiaries MOTA-ENGL IRELAND CONSTRUCTION LTD and GLAN AGUA LTD increased by 36% and 4%, respectively, despite political uncertainty that was verified in the first half of the year. The second half of the year was marked by clear signs of economic recovery, with increased activity of building construction in Dublin and the launch of various public tenders with significant value in road, port and airport sectors.

On the other hand, we must stress the fact that GLAN AGUA has a prime position in the industry of waste water supply and treatment, by ensuring new contracts that amount to over 46 million Euros, and ended the year with a backlog 35% higher than the preceding year.

As for MEIC, in addition to the relevant business and production support it provided to GLAN AGUA, it is worth noting the conclusion of some projects for remaking national roads, the construction of a primary school and reinforcement of its position in the building construction sector.

Moreover, in 2016 the GROUP pursued the strategy set for the United Kingdom at the end of 2015, through its subsidiaries GLAN AGUA UK and MEIC – MOTA-ENGL INTERNATIONAL CONSTRUCTION. It should also be noted that 2016 was a year of political uncertainty in the United Kingdom, although it was marked by intense commercial activity and well defined strategies in the sectors of water and of major infrastructure projects.

## Environment & Services

### Waste

In 2016, business made by the GROUP in this segment, carried out through SUMA and EGF, was specially marked by the consolidation of its path and continuity as regards a set of investments begun in previous years. On the other hand, this year was marked by focus on maximizing process efficiency.

Currently having about fifty companies aimed at ensuring an excellent management of the entire life cycle of waste, the recognition the GROUP keeps receiving alongside commitment to sustainability measures are the factors that boosted growth, strengthening action beyond the border and consolidating leadership held in the waste management sector in Portugal since 1996.

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## National plan

In Portugal, SUMA continues to mainly provide services for clients from local authorities. 147 tenders in the national market were drawn up in 2016, totalling 114.2 million Euros. 12 out of those tenders are waiting for a decision and are to awarded in 2017. Among the new services granted stand out the awards of the municipalities of Torres Novas, Espinho, Vale de Cambra, Marinha Grande, Sintra and Matosinhos, where 64.3% correspond to awards of services during at least one year. The services of collection and transport of municipal waste and urban cleaning - obtained, respectively, by the Municipality of Lisbon and the Parish of Parque das Nações - are also noteworthy.

The success of the GROUP strategic vision for the domestic market was confirmed by the achievement of the top position in the tender for the purchase of the EGF. The GROUP gained strength and range in recovery of waste, added to the sustained national leadership in the fields of collection and urban cleaning, the top position in waste treatment. In 2016, alongside the process of business stabilization and integration of resources thereof, the modernization process of the EGF brand was implemented. EGF adopted a new logo and was identified as "ENVIRONMENTAL GLOBAL FACILITIES". Showing respect for its history, EGF is preparing a new cycle with a view to internationalization.

The 11 concessionaire companies of multi-municipal systems (SMM), all majority-owned by EGF, operate in an area covering 48,089 km<sup>2</sup>, 52% of the national territory. Population served represents 60% inhabitants in the country, i.e. about 6.2 million inhabitants, in 174 municipalities. In 2016 the SMM of EGF handled and recovered 3.2 million tons of waste, representing about 64% of the total national amount.

The start of the construction of the centre for the treatment of hazardous waste of Azambuja - which will be managed by company TRIAZA - is also noteworthy. Its inauguration is expected to take place on the first quarter of 2017.

As regards Environmental Education and Awareness, 2016 was marked by the continuity of focus on awareness initiatives. In addition to the AmbiSUMA Jr. platform, with 23 new activities and four contests with the award of prizes, 2016 witnessed the creation of two new digital tools to mobilize attitudes: "Animais da Cidade" and "Toca do Urso". The second tool includes the environmental education unit with the same name, at Ecoparque Sensorial da Pia do Urso, in Batalha.

## International plan

The GROUP pursues beyond borders the path of evolution and consolidation in the different regions in which its subsidiaries operate, providing each with its tried and tested management model, adapted to the needs and specificities of each market. The international project already covers five countries and three continents, where it serves over 4.5 million inhabitants.

Among these countries, it should be noted the growth in Oman, where SUMA strengthened its business, by an award to the subsidiary ECO VISION, for seven years and the possibility for a two-year extension. The most recent business link to this region of the world encompasses activities for total waste management and serves a wide and diversified intervention area, covering mountains that are difficult to access, desert zones and waste transport by ferry-boats, from the Masirah island, stretching over an area of about 23 thousand km<sup>2</sup>, begun at the end of 2015. This contract is also aimed at education services and environmental awareness.

The subsidiary of SUMA for the Brazilian market, CONSITA, also strengthened its business in 2016, particularly by house-to-house collection of recyclable products and for urban cleaning, covering about 1.4 million inhabitants, in Belo Horizonte, where the company started its business and is a market benchmark.

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In the African continent, SUMA's business remains focused on the exploitation of the high potentialities offered by the market of Portuguese-speaking countries, particularly through operations underway in Angola, Cape Verde and Mozambique, via the subsidiaries VISTA WASTE, AGIR and ECOLIFE, respectively. 2016 witnessed the beginning of operations of VISTA WASTE on the enclave of Cabinda, with the provision of waste global management services for Cabinda Golf Oil Company, subsidiary of the North-american group Chevron. Besides landfill management and collection of different types of waste (urban, industrial, hospital, electrical and electronic), VISTA WASTE still manages and handles chemical waste, sludge and naturally occurring radioactive material from off-shore oil extraction in the province of Cabinda.

## Disposed segments – Logistics and Water

### Logistics

Up to February 2016, the Logistics business segment comprised the operating activities of port, rail-road, integrated logistics and rail freight terminals. Following the sale of the Port and Logistics business to the Yildirim Group for 245 million Euros, which took place on February 2016, the activity of the GROUP in this domain comes down mainly to rail freight transport operations developed by TAKARGO in Portugal and by IBERCARGO in Spain. The continued recovery of operational and financial indicators in this business area in 2016, partly due to the privatization of the only national rail competitor, CP Carga, is worthy of note.

In terms of rail-road terminals, - which were not included in the transaction established with the Yildirim Group - stakes in LOGZ, PLATAFORMA LOGÍSTICA DO POCEIRÃO, and the lands of Alverca and Freixieiro were transferred to MOTA-ENGIL REAL ESTATE and stake in STM, TERMINAL DAS MAHOTAS in Mozambique, was transferred to MOTA-ENGIL AFRICA.

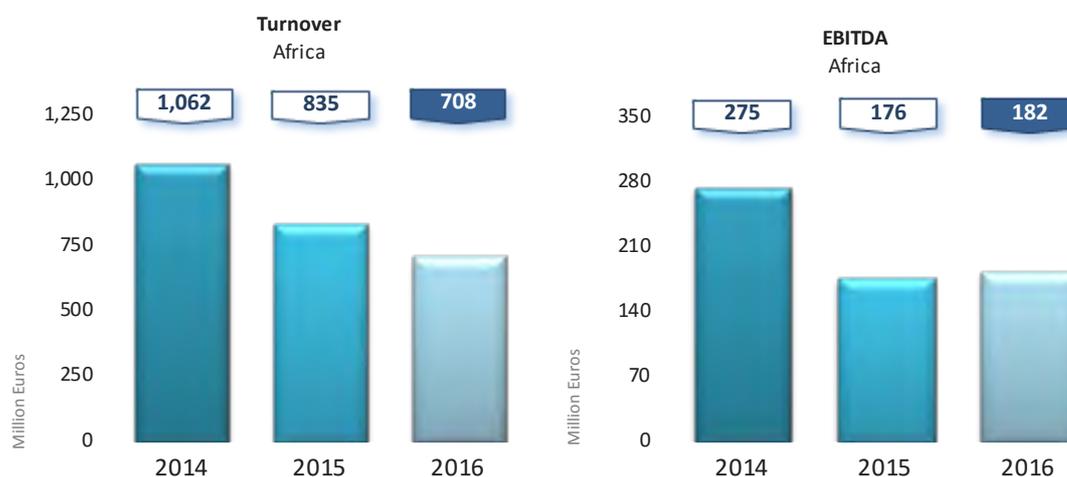
### Water

In February 2016, the GROUP reached an agreement with the Miya Group for the sale of its financial stake at INDAQUA for 60 million Euros. The execution and financial settlement of this transaction took place on June 2016.

As MOTA-ENGIL GROUP classified in 2015 financial investment held at INDAQUA as a "Non-current asset held for sale", no income from that investment was settled in 2016, except for the gain of 11 million Euros deriving from disposal thereof.

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## Africa



2016 witnessed the worsening of the macroeconomic context in Africa, particularly in Angola and Mozambique, leading to the decrease of turnover from about 1,062 million Euros to 708 million Euros. This evolution was also due to a cautious policy on project execution, particularly in Angola, taking into account the priority of the GROUP in receipts from clients and the adverse macroeconomic climate that still marked the country. It should also be noted that the decreased turnover in the region was felt in a similar way in its three main markets, particularly Angola, Mozambique and Malawi, with a decrease in turnover between 17% and 19%.

Despite the decrease in the turnover, the EBITDA raised in 2016 to 182 million Euros, and thus the EBITDA margin improved from 21% to 26%, reflecting a resilient profitability.

In addition, it is important to stress the commercial ability of the regional team who, leveraging experience from resources available in the region and know-how in the value chain of major infrastructures, is being awarded new and relevant projects, such as the construction, operation and maintenance of a new airport in Rwanda and a section of the railway in Tanzania.

Finally, the fact that MOTA-ENGIL won the 'International Corporation of the year' award at the Africa CEO Forum Awards on March 2017 is worthy of note. This award is extremely important to MOTA-ENGIL, which is again formally acknowledged for the business the GROUP is developing in Africa.

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## Angola

2016 marks the year of celebration of 70 years of ongoing business of the GROUP in Angola. Since 1946, the country underwent substantial changes that the GROUP faced and keeps facing actively. 2016 was another year marked by the economic crisis that began in 2014, as a result of the drop in oil price.

In addition, the programme for public investments in Angola was significantly reduced in 2016 and Chinese companies were increasingly contracted, given that China has been the main financier of infrastructure investment in the country.

On the other hand, high inflation and significant devaluation of the Kwanza at the start of the year created instability and additional risk on the market. However, the companies of the GROUP managed to answer to this situation with appropriate mitigating measures.

Although the abovementioned macroeconomic context affected the usual pace of execution of some works, the variety of ongoing projects, restructuring measures implemented then and the dynamics of the various companies within the GROUP which operate in this market enabled another excellent operational performance.

The business dynamics allowed MOTA-ENGIL ANGOLA to achieve a backlog of about 700 million Euros, which is encouraging for the continuation of the excellent performance verified in 2017.

## Mozambique

2016 in Mozambique was marked by full reversal of the growth rate of the last years. In the last decade, up to 2015, Mozambique grew at an annual average rate of 6-8%, one of the best performances in Africa.

The ability of Mozambique to draw major projects for investment in natural resources was expected to sustain high growth rates in the following years. Nevertheless, the international environment of drop in the price of commodities, particularly of coal and gas, put an end to the expectation raised around the revenues expected from these vast resources. Simultaneously, the government of Mozambique lost the trust of international investors, mainly due to the dimension of public debt, and thus faced a budgetary crisis in 2016 which eventually reflected in its currency control policy.

In 2016 the metical devalued against the main international currencies (50% against the Euro and 56% against the USD), leading to economic instability that was aggravated by an increased inflation rate, which reached 25%.

Therefore, the recessionary scenario of the country had an impact on the performance of the GROUP in this market, having decreased turnover about 18%.

Lastly, it should be highlighted that the BRANCH OF MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA in Mozambique remained on the top of the ranking of the best Engineering and Construction companies in Mozambique, classified by KPMG "Top 100 Ranking of Largest Companies" as the best construction company operating in the market.

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## Malawi

2016 was the second consecutive year there were adverse weather conditions in Malawi. These conditions had a material impact on the macroeconomic stability of a country where agriculture represents about 40% of the gross domestic product (GDP). Therefore, the GDP's growth rate reached 5.7% in 2014, 2.8% in 2015 and 2.5% in 2016, while the inflation rate reached 20.8%.

Nevertheless, during 2016, taking into account the deteriorated macroeconomic and financial scenario of economy in Malawi and of public works sector, the GROUP achieved revenues and goals in line with its strategy.

Lastly, it should be noted that the business opportunities that appeared were seized, allowing a backlog of 202 million Euros, which will boost future growth of the GROUP in that country. A significant part of those projects are financed by international financial institutions (BADEA and AfDB) or have private clients as counterparty.

## Other countries

In Rwanda, a country marked by sound institutional stability and economic growth, the first project - extension and improvement of infrastructures at the Kigali airport - was concluded in 2016. In the light of the satisfactory performance shown, the airport authority of that country has already awarded us the second stage of renovation and improvement of the runways of that airport. On the other hand, Mota-Engil was also awarded the construction, operation and maintenance of the new airport in Bugesera.

In South Africa, a country with a more mature economy, there was intense activity in the construction sector. Therefore, 2016 was the year of consolidation of the GROUP in this market, focusing its activity on the construction of high-rise buildings, in a shopping centre of significant dimension, the continuation of construction of a psychiatric hospital, and the execution of works for the railway authority. This made turnover nearly quadruple compared to 2015. On the other hand, business activity in South Africa focused on private clients in the domain of buildings, and the brand of the GROUP achieved significant reputation, as well as in public works, particularly in bridges and infrastructures.

In Zambia, whose economy stagnated to some extent with the drop in the price of commodities - on which the country depends - the GROUP kept its business in line with forecasts; the execution of three contracts for the construction of roads along 250 km was concluded and a work in the area of basic sanitation began. In addition, three new contracts were signed with the Government for the construction of roads. However, the contracts await financing and are expected to begin in 2017.

In Uganda, the operating activity of the GROUP developed with the continuation of the construction of the round highway of Kampala. As regards business activity, it focused on tenders for infrastructure works and on the study and assembly of several project finance, shown in the award by the Government of a new road to be started in 2017.

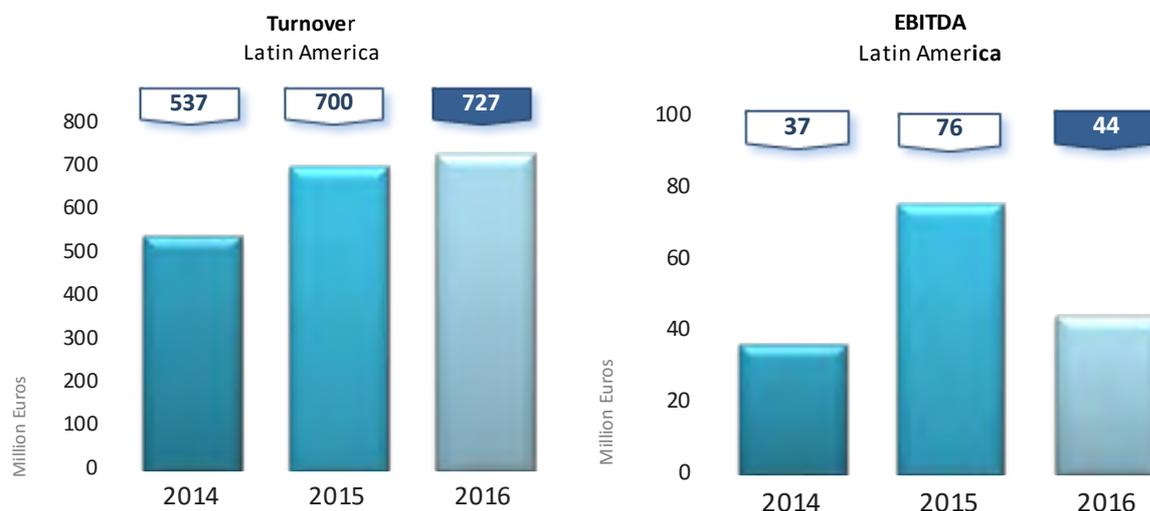
In Zimbabwe, a country with significant economic restraints, operating activity was limited to the mining work that began the previous year.

In S. Tomé and Príncipe, a small market where the GROUP keeps operating for several years, the turnover in 2016 was maintained with private works in the Island of Príncipe (holiday resort and infrastructures) and with public works in that island and that of S. Tomé, particularly in the area of water supply, roads and public buildings.

Lastly, Cape Verde is also a small-scale market where the GROUP is present for several years, executing mainly works for the Government in the domain of infrastructures. Given the economic recession affecting the country, the limited number and amount of open tendering procedures and strong competition, the activity of the GROUP in this market decreased slightly compared to the previous year. Nevertheless, given that major open tendering procedures in the domain of water supply funded by foreign entities were delayed, they are expected to be performed in 2017.

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## Latin America



Latin America is the region which currently has the highest growth rates in the MOTA-ENGIL GROUP, proving that the strategy of investing in this part of the world with a view to contributing to sustainable growth in the future was the right decision.

Therefore, 2016 was marked by continued strengthening of the GROUP's presence in Latin America geographically and in terms of the diversification of its activity. Despite the economic situation of the region, the devaluation of the Mexican peso and of the new Peruvian sol, the presidential elections in some countries where the GROUP operates and the uncertainty that US elections produced, conditioning public and private investment rates, turnover in 2016 reached 727 million Euros, representing an increase by 4% against 2015. This increase was sustained by the Mexican and Brazilian markets, with an 15% and 18% growth, respectively, which offset significantly the downturn of 11% that affected the Peruvian market. Growth was still affected by the early stage of execution of some projects, particularly the road project Gran Canal in Mexico. It should also be noted that devaluation of local currencies, mainly the Mexican peso, had a significant impact on the turnover evolution in the region. It is important to point out that Mexico had an impact of 45% in the total turnover.

In 2016 the EBITDA shrank 41% against 2015, i.e. to 44 million Euros. Nonetheless, the behaviour of the various markets was distinct: Brazil was in line with 2015, whereas Mexico and Peru shrank 27% and 52%, respectively. It should also be noted that the fact that several projects are still at an early stage of execution had a negative impact on operating profitability, leading to a 6% EBITDA margin against 11% in 2015.

In addition, the backlog in the region is also noteworthy, as it reached about 1.9 billion Euros. This will enable a greater contribution of the region to the turnover of the GROUP. In this section, the award of the following works in the last half of 2016 is worthy of note:

- Brazil: BR381/MG – Duplication, Repair and Improvements (about 100 million Euros);
- Colombia: Development of various projects of educational infrastructures (about 280 million Euros);
- Mexico: Rehabilitation, maintenance and operation of the Coatzacoalcos-Villahermosa highway (about 228 million Euros)/Construction, operation and maintenance of the Veracruz bridge (about 90 million Euros).

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## Mexico

Within Latin America, Mexico is the largest market as regards turnover and diversification. The GROUP operates in Mexico in the field of infrastructure construction, road concessions, electric power generation, tourism, and environment.

As for the construction sector, 2016 witnessed a slow economic growth driven by a slump in public investment in new works and by infrastructure spending cuts.

Nevertheless, MOTA-ENGIL managed to consolidate its position in the Mexican market as one of the major construction companies operating therein, a counter-cyclical trend over the competition. Moreover, the backlog of about 800 million Euros foresees growth in turnover and enables high visibility and a high level of implementation for 2017 and 2018.

2016 was also marked by the introduction into the housing sector and the award of the project APP Coatzacoalcos – Villahermosa (consisting of a public transport way with about 130 km in which MOTA-ENGIL will be in charge of the recovery, operation and maintenance for 10 years).

On the other hand, the Mexican energy sector has received significant investments from private parties thanks to the reform of the sector, and MOTA-ENGIL via its subsidiary FÉNIX is currently one of the major players in the Mexican liberalized energy market. Power generation operations, following an early period of start and development, were performed in line with expectations, reflecting the positive and promising evolution of the fresh liberalized energy market in Mexico. 2016 was also marked by the recovery of several existing energy generation units and therefore substantial increase in power produced in 2017 is envisioned. In 2016, despite being a year of relative drought, FÉNIX produced about 860 GWH.

On the other hand, following the second auction carried out by the Mexican State Agency CENACE (Centro Nacional de Control de Energia), the right and duty to sell on the part of FÉNIX of 314.6 thousand Renewable Energy Certificates (RECs) for a period of 20 years, starting in 2019, is also noteworthy. According to the terms of the offer submitted by FÉNIX, RECs will be sold at an average unit price of MXN 140, and the current price will be adjusted to the evolution of inflation and the MXN/USD exchange rate.

As for the tourism sector, the development of the Costa Canuva project that was awarded in 2015 is worthy of note. This project will be developed in the 268 hectares of plot available for construction and include 5 hotels, 3.000 houses, one marina, one golf course and other tourist activities.

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## Peru

In Peru MOTA-ENGIL has been present for over 20 years and is one of the main market players. Therefore, it had a turnover slightly below that recorded in 2015, despite the election year and the crisis in commodities, leading to significant reduction in public and private investment. Private investment decreased about 10% and was not offset by higher public investment (which grew less than 3%).

In 2016 the mining and metal sector was marked by slowdown in the exploitation of new mining units due to the drop in commodities prices. This situation led to the decrease in capital invested in the sector and, therefore, to a slowdown in the demand for construction services.

Therefore, within an international context of low commodity prices and slump of the launch of new public investment projects in a year of presidential election, the construction sector shrank about 8%. As the GROUP anticipated this context, it developed a plan for the adjustment of the structure of MOTA-ENGIL PERU to the actual conditions and potential of the market. This plan has already been concluded.

Nevertheless, the solid backlog achieved by MOTA-ENGIL PERU partly mitigated the effects of the shrinkage in the sector and ensured the continuity of its operations in the future.

## Brazil

Brazil was marked in 2016 by a climate that was adverse to public and private investment, due to the continued economic recession and to corruption enquiries that involved significantly the construction and waste management sectors.

Despite widespread disinvestment, the withdrawal of the usual construction companies from the market did open it; occasional opportunities came up and were seized by MOTA-ENGIL (via ECB and CONSITA), representing even a production growth of about 20%. This growth started in the private sector, with suitable profitability levels, thus avoiding the public sector that was responsible for the high levels of debt that were gradually settled in 2016.

Therefore, the satisfactory performance and the current position in the market enable us to envision a high growth potential in construction on the part of ECB and in waste management on the part of CONSITA, which should occur still in 2017.

## Colombia

Colombia presently faces high budgetary pressure, due particularly to the low oil price that had a direct impact on government receipts, exports and on the levels of direct foreign investment.

As for inflation, it receded in the last months of the year thanks to the sharp drop in food prices, an effect that was expected since the end of the *El Niño* weather phenomenon. On the other hand, the value of the Colombian peso stabilized, which also contributed to a more moderate inflation, although at a smaller scale.

In the construction sector growth was boosted by projects on 4G infrastructures and by the construction of social housing. However, the direct impact of these initiatives was still insignificant.

In 2016 MOTA-ENGIL COLÔMBIA achieved high success in the obtainment of new contracts. In effect, MOTA-ENGIL COLÔMBIA was awarded the renewal of a set of educational infrastructures in the next three years in the regions of Antioquia, Eje Cafetero and Pacifico in the amount of 280 million Euros.

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In addition, MOTA-ENGIL COLÔMBIA will also be in charge of the execution of one hydraulic work to monitor the flow of the Magdalena river due to rain in the Barranquilla region, where the company will also rehabilitate the coastal avenue Avenida del Rio.

In the oil & gas sector the conclusion and provision of the laboratory for the Refinery of Cartagena and the construction of an access road with 5.8Km for the Barrancabermeja Refinery on behalf of Ecopetrol are noteworthy.

## **Other countries**

In Paraguay, as for the operating activity, during the second half of 2016 MOTA-ENGIL PARAGUAY began the construction works related to the modernization of the Underground of Assunção, a work which will be carried out in 22 months. As for the business activity, the second half of 2016 was also marked by the award to a consortium, wherein MOTA-ENGIL PARAGUAY holds a 20% stake, of a contract for the design, financing, construction, maintenance, operation and exploitation of one of the main roads in the country linking the capital Assunção to Cidade del Este, stretched along 143 Km from Ruta 2 to Ruta 7, during 30 years.

In the Dominican Republic 2016 witnessed a new political cycle which influenced the recent growth of civil construction, industry and tourism sectors. As for operating activity, it is worthy of note the construction of lots of lowcost houses in the city of Juan Bosch - 504 houses in lot 1C and 1.200 houses in lot 2A.

In Aruba, the construction of the Watty Vos Boulevard Project begun in 2016. This project consists of the design, construction, operation and maintenance for 22 years of about 20 km of route and 15 Km of cycle lane. Moreover, in the second half of the year, MOTA-ENGIL started coordinating/executing the works of a second project awarded, the *Green Corridor*, - the formal transfer of this project to MOTA-ENGIL ARUBA is expected to occur in the following weeks.

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## LÍNEAS (formerly known as ASCENDI GROUP)

LÍNEAS, SGPS, S.A. (“LÍNEAS”) is a sub-holding which arose from a partnership entered into by MOTA-ENGIL GROUP (60%) and Novo Banco Group (40%) for intervention in transport infrastructure sector, particularly by means of the exploitation of concessions. This sub-holding has developed its business in five markets: Portugal, Spain, Mexico, Brazil and Mozambique.

Following the sale to Ardian Infrastructure of 50% of the capital held in a group of five highway concession companies, the Board of Directors of the MOTA-ENGIL GROUP decided to, as of October 1, 2015, dispose itself of LÍNEAS, and thus recorded its investment in that subholding as a non-current asset available for sale.

Following the decision made on October 2015, LÍNEAS concluded an agreement in February 2016 with Ardian Infrastructure for the disposal of its stake at ASCENDI PT and at ASCENDI PT II, companies that held directly or indirectly financial holdings in most assets of concession companies and operators ASCENDI NORTE, ASCENDI BEIRAS LITORAL E ALTA, ASCENDI COSTA DE PRATA, ASCENDI GRANDE PORTO and ASCENDI GRANDE LISBOA. The abovementioned agreement also included the sale of the assets LÍNEAS held directly or indirectly at concession companies and operators of ASCENDI PINHAL INTERIOR and ASCENDI DOURO INTERIOR, at AUVISA, at VIA VERDE PORTUGAL, at ASCENDI O&M, at ASCENDI IGI and at ASCENDI SERVIÇOS, for an amount of approximately 600 million Euros, to which 53 million Euros can be added by means of a floating price mechanism.

The first stage of the agreement was executed at the end of December 2016 with the disposal of ASCENDI PT and of ASCENDI PT II, being completed in January 2017 with the disposal of VIA VERDE PORTUGAL and the sale of 75% of ASCENDI SERVIÇOS. The full implementation of the agreement will occur with the transfer of assets still held in subconcession companies and operators ASCENDI PINHAL INTERIOR and ASCENDI DOURO INTERIOR, at AUVISA and at ASCENDI SERVIÇOS (25%); this will take place when given conditions foreseen in the agreement are met.

Still during 2016 and up to the date of approval of this report, the GROUP has been striving to dispose of LÍNEAS and its subsidiaries (LUSOPONTE, SCUTVIAS, VIA LITORAL, CRT AND COPEXA), and it has already received several offers for disposal thereof. These offers are being examined/made operational.

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On the date of approval of this report, following the execution of the abovementioned transactions, the table of holdings held directly or indirectly by LÍNEAS in concession companies for transport infrastructures is as follows:

Concessionaire company	Stake	km	Completion	Investment (M€)
Lusoponte – Concessionária para a Travessia do Tejo	38.02%	19.5	2030	897
Scutvias – Auto-Estradas da Beira Interior	22.23%	178	2032	812
Vialitoral – Concessões Rodoviárias da Madeira	4.75%	44.2	2025	390
Ascendi Douro	80.75%	242.3	2038	931
Ascendi Pinhal Interior	79.99%	520.3	2040	1,429
<b>Total Portugal</b>		<b>1,004</b>		<b>4,459</b>
<b>Spain</b>				
Auvisa – Autovía de Los Viñedos	50.00%	75	2033	210
Autopista Madrid – Toledo	15.00%	81	2040	600
<b>Total Spain</b>		<b>156</b>		<b>810</b>
<b>Latin America</b>				
Mexico – Concesionaria Autopista Perote – Xalapa	50.00%	60	2038	389
Brazil – Concessionária Rodovias do Tietê	50.00%	415	2039	470
<b>Total Latin America</b>		<b>475</b>		<b>859</b>
<b>Africa</b>				
Mozambique – Estradas do Zambeze	40.00%	701	2039	151
<b>Total Africa</b>		<b>701</b>		<b>151</b>
<b>TOTAL</b>		<b>2.336</b>		<b>6.279</b>

(\*) Corresponds to the acquisition cost of the infrastructure

## LUSOPONTE

Without significant facts in terms of operation and maintenance activities worthy of note, it is only worth highlighting the increase in the volume of traffic verified in 2016, most specifically about 2.3% on average, asymmetrically divided between bridges Vasco da Gama (+4.4%) and 25 de Abril (+1.5%). The subsequent increase in receipts from toll collection amounted to about 5.7%.

No negotiations in 2016 with the concession owner were observed, whether related to the end of remaining disputes or related to the formalization of established agreements.

## SCUTVIAS

The operating activity developed at Concessão da Beira Interior was performed smoothly. It is noted that there was a significant increase in traffic subject to toll collection, verified over the course of the year. This increase totalled an annual average of about 6.9%, with a more significant contribution from light-duty vehicles (7.5%) than from heavy-duty vehicles (2.6%). However, this increase was not equally reflected in receipts from collection, which decreased about 0.5% as a result of the reduction of the value of toll rates set by the concession owner from August onwards.

This unilateral determination of reduction of toll rates gave rise to the conclusion of an agreement with the concession owner, which regulated the terms of the eventual compensation corresponding to changes observed.

# Consolidated Management Report

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## **VIALITORAL**

Following a long renegotiation process, in March 2016 Vialitoral and the Government of the Autonomous Region of Madeira signed an addendum to the concession contract, which took effect the following month.

The addendum to the concession contract established decreased charges and partial write-off of interest on behalf of the Public Partner, counterbalanced by the removal of the concession of 7 km of road and the review of the model and duties of operation and maintenance.

The operating activity of the Concession company continued smoothly, in accordance with preset standards and goals.

## **CONCESSÃO RODOVIAS DO TIETÊ**

The worsening of Brazilian economy in 2016 continued to influence the performance of Concessionária Rodovias do Tietê as regards receipts. Traffic decreased 5.3% in terms of vehicles and about 7.6% in terms of equivalent shafts. This decrease was sharper in commercial vehicles, the main source of receipts of the concession company. Still, revenue of the Concession Company increased by about 0.5%.

During 2016 the concession company continued working for the optimization of operating costs begun in 2014. Figures for 2016 still show the already clear cost control from the previous year – the result of the optimization of the establishment plan, insourcing outsourced activities, decreased material use, promoted by the effect of renegotiation with suppliers – which enabled the concession company to report a nominal drop in operating costs.

As for the investment plan, the conclusion of the ring road Contorno de Piracicaba on June 27, 2016, one of the most important works of the concession company. Stretching over 9 km, the work provided development and increased traffic flow into the region. Moreover, the pavement of SP-308 underwent recovery works, the devices of SP-300 were improved, recovery services were carried out on Serra de Botucatu (landslide following a geological accident), and setting of areas for public transportation at SP-101.

On the other hand, the concession company also reported decreased financial charges, mainly due to the decrease of the extended national consumer price index that covered the balance of bonds issued.

Therefore, all of these factors led to the report of an improved performance over the previous year, although it is still strongly penalized by the aspect of debt service.

## **CONCESSIONÁRIA AUTOPISTA PEROTE-XALAPA**

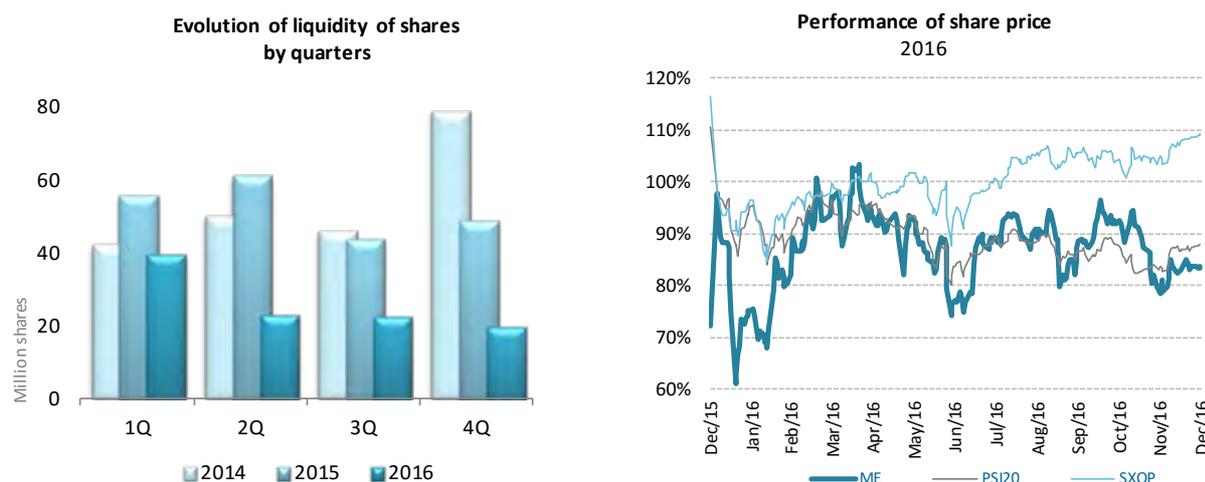
The restructuring of senior debt of concession operators was concluded in January 2016 with the issue of junior debt of about 1,500 million Mexican pesos, enabling the reduction of senior debt by approximately 700 million Mexican pesos and the extension of this debt's maturity to 20 years.

Traffic observed in the concession increased by about 1.2% and revenue by 7.6%.

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## 4. MOTA-ENGIL on the stock market

The evolution of performance of the share price in 2016 is shown in the following charts:



On December 31, 2016, the share capital of MOTA-ENGIL is comprised of 237,505,141 shares, with a nominal value of one euro each, all traded at Euronext Lisbon. On that date, MOTA-ENGIL held 3.639.812 own shares corresponding to 1.53% of share capital.

The share price of MOTA-ENGIL at December 30, 2016 was 1.610 Euros, corresponding to a market capitalisation of 382 million Euros. During 2016, the share price of MOTA-ENGIL depreciated 16%, while the Portuguese shareholder index, PSI 20, depreciated 12% and the European sector index, SXOP, valued 9%.

The Portuguese and European stock market showed a certain degree of volatility, particularly during the first half of 2016, a period which was marked by negative evolution, impacted by the evolution in oil price and by the referendum on June 23 in the United Kingdom which resulted in the decision of exclusion of the country from the European Union. As for the second half of the year, the stock market recovered, although this did not totally offset the loss recorded on the first half of 2016. Recovery in oil price was one of the variables which contributed to that performance, while the victory of Donald Trump in the presidential election in the United States of America did not have the negative impact that was initially expected.

During 2016, the share of MOTA-ENGIL reached a maximum of 1.991 euros and a minimum of 1.174 euros, and the evolution of the share price had a negative trend during the first half of the year, which was not totally offset by the positive evolution on the second half of 2016. During 2016, the average daily volume of transactions of shares of MOTA-ENGIL at Euronext Lisbon amounted to 408 thousand or 105 million shares.

In 2016, the Annual General Meeting of Shareholders of MOTA-ENGIL took place on May 25, and all items of the agenda were approved, including the annual report for 2015 and the proposal for appropriation of profits. In this context and in accordance with the proposal of the Board of Directors, it was approved the distribution of a dividend per share of five cents (€ 0.05) concerning 2015. Likewise, and in line with the dividend distribution policy in place at MOTA-ENGIL that defines a payout ratio between 50% and 75% of recurrent net income, the respective Board of Directors presents in this report its proposal for the appropriation of profits calling for the distribution of a dividend of 13 cents (0,13 Euros) per share.

# Consolidated Management Report

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## 5. Risk Management

The risk management process is an integral part of the internal control system which consists of the development of management policies and procedures with a view to ensuring the creation of value, protection of its assets, compliance of laws and regulations, and a controlled environment that ensures the fulfilment of the Organization's ethical principles and the reliability of information reported.

Therefore, risk management at MOTA-ENGIL GROUP is based on an evolutionary process marked by constant identification and monitoring of exposure to the different types of risks inherent in its business, in the various regions and business areas in which it operates, with the promotion of study and implementation of strategies for the mitigation of the main risks.

In this chapter we present the structures responsible for the analysis and monitoring of the risk management process, with an cross-sectional identification of the main risks to which the GROUP is exposed to throughout the exercise of its activity.

### Organization

The overall risk management of the MOTA-ENGIL GROUP is the responsibility of the Executive Board and of the Management and Supervisory Boards. At the level of the Executive Board, the Corporate Risk Function area of responsibility is assigned to an Executive Director.

There is also a specialised committee, the Audit, Investment and Risk Committee, which, reporting to the chairman of the Board of Directors, has as main task the assessment of investment policies and business and projects risk in the GROUP, to analyse and issue opinions on investment or disinvestment projects, issue opinions on the admission or abandonment of new business areas and new markets and monitoring relevant financial and corporate operations, ensuring the proper independence of management bodies dependent on the Executive Board.

The Audit and Compliance Office covers all areas, processes and activities of the companies within the GROUP and its main mission is to contribute to the achievement of strategic objectives, assessing compliance and continuous improvement of the efficacy and internal control of the GROUP's management processes and also assist in the prevention and mitigation of control risks and compliance risks, which result in the risk of legal or regulatory sanctions, financial loss or damage to reputation, as a result of failure to comply with the applicable laws, regulations, codes of conduct and good practice, promoting respect of the GROUP and its employees regarding all the applicable rules through an independent intervention, together with all organizational units of the GROUP.

Therefore, the main risks that the Group is subject to, and which are covered below, are accompanied by the internal reports of the heads of business areas and reports, opinions and guidelines by the aforesaid committee, in conjunction with information compiled by those who are in positions of corporate responsibility.

In order to ensure constant strengthening of the internal control system, process integration and its compliance in terms of the three lines of defence, monthly meetings with the corporate areas of Risk and Audit and Compliance are also held. These meetings are aimed at reflecting on the level of exposure to risk of the GROUP and assessment of compliance with existing and applicable standards.

# Consolidated Management Report

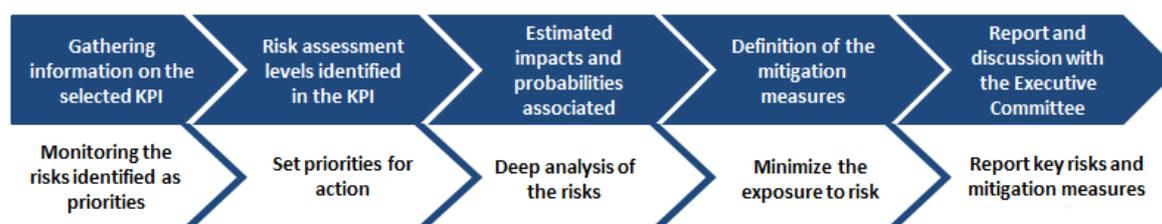
## Cross-sectional Risk Management

In the specific area of the cross-sectional risks to which the GROUP is exposed, it is for the Corporate Risk Function to ensure an independent analysis of the various risks, supported by an annually reviewed risk matrix approved by the Executive Committee, and monitor risks through various risk parameters and models specifically produced on the basis of the GROUP's performance profile.

The cross-sectional risk matrix of the MOTA-ENGIL GROUP is a work tool for the systematic monitoring of the risk level that is implicit in the different dimensions of risks to which the GROUP is exposed. Several key steps defining the development and maintenance of the across-the-board risk matrix of the GROUP were set, most notably:

- A** Identification of key business risks affecting the Group's profitability
- B** Evaluation through the Corporate departments and Regions of the historical performance of each selected KPI
- C** Definition of the Risk Appetite
- D** For each typology of risk, definition of the strategic goal
- E** Assessment, monitoring and definition of mitigation measures and its results

The risk management process developed by the Corporate Risk function has the following main macro-activities:



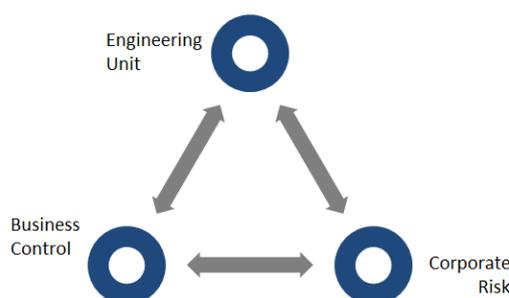
The Corporate Risk function produces quarterly reports on risk, which are analysed at the Executive Committee, thus enabling the analysis of the main guidelines issued and deciding which actions are required to mitigate the main risks identified. Each report is shared with the Audit, Investment and Risk Committee after the document is approved at the Executive Committee.

The procedure of constant follow-up and quarterly reporting allows the introduction and description in that report of the levels of exposure to each of the main risks identified over the year, as well as implemented mitigating measures.

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## Major Project Monitoring

2015 was marked by the creation of a new Corporate process named Major Project Monitoring. 2016 witnessed the consolidation of this process, whose duties were shared by the corporative departments of Engineering Unit, Business Control and Corporate Risk with the established concept of carrying out regular monitoring of projects with high impact on the GROUP's performance, ensuring a 360-degree vision on the project's development concerning the HOLDING and reinforcing visibility regarding potential risks and priority areas for action.



The promotion of the 360-degree vision is one of the essential aspects of the process, combining different monitoring types:

- Technical – regular analysis of technical and operating risks;
- Economic-financial – regular analysis of project's performance over that foreseen;
- Other risks – identification and monitoring of risks associated with the business and operating activity, as well as with the external context.

During the process development, the eligibility criteria were set for the projects to be monitored. This process was implemented in 2016 with project monitoring in the three main regions where the Group operates: Europe, Africa and Latin America.

The different areas involved in this process - Engineering Unit, Business Control and Corporate Risk - serve as a multidisciplinary team enabling the execution of a complementary and rigorous assessment concerning the main risks and opportunities inherent to projects, as well as allowing the gain of a perspective on future risks.

This monitoring is aimed at contributing to the identification of potential risk events and supporting decision making for their mitigation and, if possible, improving the project's profitability.

### Cyclical risks

The country's risk, measured on the different dimensions for each of the markets where the GROUP is present, is associated with changes or specific disturbances of a political, economic or financial nature and may prevent the achievement of strategic objectives undertaken by the GROUP.

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With a diversified geographic exposure and depth of maturity in most markets, the GROUP has still sought, over the past few years, to promote its expansion in countries integrated in the regions where it operates, allocating to the Executive Committee and Board of Directors the ultimate responsibility for providing the necessary validation of any investment project in new markets, being on its own, although complemented with technical and economic and financial analysis, an organizational premise that promotes an effective internal control system, mitigating risks and promoting a strategic alignment at all levels of the organization.

As for the assessment of the country risk, and starting the analysis by Portuguese economy, the slow pace of recovery of Portuguese economy, particularly taking the severity of the contraction verified in the last years into account, showed signs of reversal during 2016, specially political and social stability in a difficult context.

In Europe the European Central Bank (ECB) kept the Quantitative Easing programme which has enabled several countries in the Euro Zone, including Portugal, to continue benefiting from historically low interest rates in their refinancing operations and debt issuance. In the remaining countries where the GROUP operates, and in spite of this context, no events with high risk were observed. In any case, the Board of Directors is vigilant for the impacts of the BREXIT.

Africa was marked by a slowdown in economic growth in 2016 of the major markets of the activity of the GROUP, with decreased public and private investment, mainly due to the low commodity price - which, however, increased significantly over the year, particularly oil. Given this fact, we can be relatively optimistic as regards the trend of growth for the next year.

Latin America is under a certain instability as a result of the possible consequences of election in the USA, but in the countries on the whole where the GROUP operates there is relative political and social normality.

Nevertheless, increase in the average dimension in several markets has allowed for the strengthening of the GROUP's capacity in counteracting the decrease in the activity in some countries in which it operates and mitigating operating and financial risks driven by the international context witnessed over the course of 2016.

## **Financial Risk management**

Mota-Engil Group, due to its geographical diversification, operating in 3 continents and 22 countries, is exposed to a variety of financial risks, with particular emphasis on risks associated with interest rates, exchange rates, liquidity and credit.

The GROUP's financial risk management policy aims at reducing impacts and adverse effects deriving from the uncertainty that characterizes the financial markets. This uncertainty, reflected in various facets, demands special attention and concrete and effective management measures.

The financial risk management activity is coordinated by the Department of Corporate Finance, who coordinates and monitors the treasury and debt portfolio management, with the aid and support of the Department of Corporate Business Control, and is carried out according to the guidelines approved by the Board of Directors, with the consultative interventions of the Audit, Investment and Risk Committee, which acts as representative of the said board, without ever ceasing to be the responsibility of the Board of Directors of each of the business units of the GROUP.

The GROUP's position as to the management of financial risks is cautious and conservative, using, when advisable, hedge instruments, always considering that these are related to the normal and current activity of the company, never taking positions in derivatives or other financial instruments of a speculative nature.

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The different types of financial risk are inter-related and the different management measures adopted are aimed at ensuring the persecution of the same goal, that is, protection of its assets and the reduction of cash-flow volatility and expected profitability.

## **Interest rate risk**

The interest rate risk management policy aims at optimizing the cost of debt and obtaining a reduced level of volatility in financial charges, that is, it intends to control and mitigate the risk of losses deriving from variations in the interest rate that serves as index for the GROUP debt, mainly in Euros. It should be noted that the debt allocation strategy to local markets, close to cash flow generation, has contributed to a diversification of currency in terms of debt assumption.

In light of the stagnation that short and medium-long term interest rates have been resigned to, holding steady at historical lows, new hedge operations for that risk have been made to a lesser extent. In cases where loan maturity is longer, the GROUP is, however, assessing and contracting hedge levels that ensure possible future alterations in the interest rates, with the GROUP keeping an eye out for the inversion of that trend that will certainly accompany the inevitable recovery of economies in the coming years.

## **Exchange rate risk**

The MOTA-ENGIL GROUP operates its business internationally, with different companies and in different jurisdictions, being therefore exposed to exchange rate risk.

It should be noted that regarding the analysis of exchange rate risk, there is a continuous and systematic monitoring of the variations to which the GROUP is subjected. This is made by the Corporate Finance and Business Control Departments of the Holding, consolidating and reporting information from all companies operating in different geographies, both in terms of cash flows, balances and debt.

The exposure of the MOTA-ENGIL GROUP to exchange rate risk arises primarily from the growing presence of several of its subsidiaries in various markets, particularly in Africa, Central Europe and Latin America, which brings new challenges, with exposure to new currencies and new economic and financial realities.

The exchange rate risk management policy aims at reducing the volatility in investments and operations expressed in foreign currency (other than Euro), contributing to a smaller sensitivity to the exchange rate fluctuations.

The risk of exchange rate on the GROUP is summarized in two ways:

- Transaction risk - currency risks relating to cash flows and the values of the instruments recorded in the financial position statement, in which changes in exchange rates have an impact on the results and the cash flows.
- Translation risk - currency risks relating to equity value fluctuations invested in foreign GROUP companies, due to exchange rate changes.

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In terms of exchange rate risk management, we seek, where possible or advisable, natural hedges to manage exposure by means of financial debt denominated in foreign currency in which the values at risk are expressed. Whenever such is not possible or advisable, the contracting or performance of operations based on derivative, structured financial instruments is promoted, aiming at reducing their cost, namely for covering risks in future exchange transactions, with a large level of certainty as to the amount and dates of performance. On the other hand, and mainly in African markets, a significant part of the contracts use Euro or American Dollar, and the exchange rate is indexed to the contract value recorded in national currency whenever possible with a view to eliminating any volatility risk with value loss.

## Liquidity Risk

The liquidity risk management involves the maintenance of an adequate level of cash as well as negotiating credit limits that ensure the funds needed to meet commitments when they become due.

The MOTA-ENGIL GROUP'S policy of managing liquidity risk seeks to guarantee that there are funds available at every moment (balances and financial revenue flows) in the GROUP that are sufficient for it to meet, in a timely manner, all the financial obligations assumed (financial expenditure flows).

Obtaining high levels of financial flexibility, fundamental for managing this risk, has been achieved by using the following management measures:

- Establishment of partnerships with financial entities, ensuring their financial support to the GROUP with a long-term vision, regardless of the context that may condition business;
- Contracting and maintaining short-term exceeding credit lines, created as liquidity reserves, available for use at any moment;
- Performing an accurate financial planning for the company by creating and periodically reviewing treasury budgets, allowing anticipated forecast of future treasury excess and deficit, and optimization and integrated management of financial flows among GROUP affiliates;
- Financing of medium and long term investments, adapting debt maturity and payment plan deriving from financing to the ability to generate cash flows in each project or company;
- Starting the negotiation process for refinancing of medium and long term loans due for that year with at least one year of antecedence regarding relevant maturity;
- Keeping a debt structure in the companies with financing levels at medium and long term placed between 60% and 70%, thus reducing their dependence from more short-term volatile funds, creating some immunity to cyclical factors from the financial markets;
- Scaling financial debt maturity throughout time, seeking to extend average maturity of the debt to make it coincide with the level of permanence of some long-term assets held by the GROUP;

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- Search for new financing sources and new financiers with the purpose of:

- Geographical diversification – capturing resources in the different markets here the GROUP operates;
- Diversification of debt instruments – capture of funds from alternative sources, strengthening the strategic objective of obtaining a greater banking disintermediation.

As for debt instruments, the GROUP broadened in 2016 the level of banking relationship with financial entities in the most varied countries in which it operates, pursuing its strategy of geographical diversification of funding sources and increase in the average maturity of this financing.

The obtainment of an international syndicated bank loan is noteworthy. The loan amounted initially to 90 million Euros from a funding trade union initially composed of BNP Paribas branch in Portugal, Bank of China (Luxembourg) Lisbon Branch – Branch in Portugal, Banco Caixa Geral, SA, and Caixa Geral de Depósitos, SA. This operation was structured and foresaw the increase in the global amount of funding by means of the increase of the ticket of the current financing banks or the entry of new institutions.

Two new medium-term financing, totalling about 80 million Euros, with Standard Bank, SA and VTB Bank are also worthy of note.

These operations are another step towards the implementation of the strategy for current debt refinancing, included in the Step Up 2020 Strategic Plan. This plan is namely aimed at proactively diversifying financing sources and increasing the average debt maturity.

It is also worth noting operations of sale of non-core assets, which captured relevant resources for the business of the GROUP and developed its strategy in 2016, particularly the sale of the Port and Logistics business and of INDAQUA and LÍNEAS, with the last one having an impact on liquidity in 2017.

## **Credit Risk**

The credit risk management policy aims at ensuring that the GROUP's subsidiaries promote the effective collection and reception of its credits over third-parties in the defined and/or negotiated deadlines as applicable.

The reduction of this risk is achieved preventively, before exposure to risk, by resorting to information-providing bodies and credit risk profiles that provide a rationale for taking decisions on credit granting.

Afterwards, after the credit is granted, the maintenance of credit and collection control structures is promoted, being implemented in each market, and, in some special cases, the contracting of credit insurances from credible insurance companies is undertaken. These measures contribute for maintaining customer credits within levels that are not susceptible of affecting the financial health of the GROUP's subsidiaries.

The significant development of the GROUP's activity in Africa and Latin America was in part promoted by the development of a close business strategy, focused on a large and growing number of customers, spread across various business areas and geographic poles, which mitigates risk.

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Additionally, some of the largest projects that the GROUP has in progress are promoted by some of the largest private conglomerates in the world, which gives added security in terms of financial strength and credit coverage, with an increasing support of multilateral entities in Africa and Latin America as financiers of infrastructure projects that promote economic and social development in areas such as Environment, Energy and Logistics, which provides additional comfort to credit risk.

Despite the trend strengthened in recent years towards the development of larger projects, the GROUP has significantly widespread commercial relationships, relying on these projects for the payment of advances that allow a significant reduction in credit risk.

## **Operating risks**

These risks are mainly risks complementing core business and financial risks of the GROUP, in the various regions and markets where it operates, associated with physical assets, litigation, execution and fulfillment of processes, information systems, human resources, among others.

## **Risks concerning physical assets**

Risks of incidents associated with physical assets can derive from external or internal causes and can result in value loss for the GROUP, in the form of loss of profit or compensation payment, threatening collaborators or third parties, equipment or assets unavailability. The MOTA-ENGIL GROUP has several corporate and business areas that monitor these risks, managing and mitigating them through the implementation of best practices policies of operation, inspection and prevention, as well as continuity plans for unexpected events.

## **Legal Risks**

Legal risks are those essentially resulting from the exercise of the own activity of the GROUP, the assumption of legal obligations whose risk has not been adequately evaluated, and/or minimized, which can generate financial impacts or increased litigation, in addition to legal risks arising from the diversity of jurisdictions in which the GROUP operates, as well as exposure to high levels of litigation.

The legal risk management policy aims to ensure that the GROUP's companies, in the exercise of their activity, comply with applicable standards and regulations, and that the negotiations and contracting, and M & A transactions, are advised by lawyers, in-house or external, in order to make a preliminary assessment of the legal risk inherent in the project in question, as well as to find admissible solutions to limit the risk to acceptable levels by the GROUP's management bodies.

The GROUP operates in several countries, with distinct legal systems and specific local characteristics, and thus the risk emerging from this legal diversity is mitigated by the concern with having projects, negotiations and hiring monitored by local lawyers, with know-how and qualified in the legal systems in question, in order to fulfil all applicable standards and regulations.

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The whole GROUP is monitored from a legal point of view and from the respective risk of labour, administrative, civil and tax-related litigation which may result in economic or reputational damage. Particular attention is given to the implementation of larger projects, with a higher technical and financial complexity of the GROUP and to the higher value or higher risk litigation, by having the markets and regions reporting quarterly information to the GROUP's Holding, seeking in this way to have updated information at all times, as well as allowing legal situations that require closer monitoring and intervention to be timely identified in order to minimize their effects.

To minimize the risk of the GROUP achieving high levels of litigation, pre-litigation management of disputes is done in order to, whenever possible, obtain out of court settlement.

## Regulatory risks

Considering the presence in different markets, the GROUP ensures at technical and operational level that each company and each business unit fulfils the legal standards established in each market, ensuring their appropriate technical and legal requirements for the projects that are proposed within the scope of the corresponding negotiations.

MOTA-ENGIL SGPS, the GROUP's holding company, is listed on the Portuguese stock exchange, in the main index, PSI-20, so it is inherently under the supervision of the Committee on Markets and Securities (CMVM).

Through its subsidiaries, the GROUP complies in its various business areas with regulatory requirements and own regulations, being subject to continuous monitoring, not having been subjected to any process or admonition by the Supervisory Entities.

In this aspect, it should be noted the compliance with competition law (AdC), particularly due to the intense activity of the GROUP in business transactions and companies, as well as the compliance with specific rules in the waste segment (ERSAR).

The Audit and Compliance Department has a leading role in the monitoring of compliance with the various regulations and rules which the GROUP has an obligation to fulfil. Conformity assessment of policies and procedures, the effectiveness of internal controls and support in preventing and mitigating both control risk and compliance risks, implemented by the GROUP's management, are subject to verification, which results in an analysis of risk of legal or regulatory sanctions, financial loss or reputation as a result of failure to comply with the applicable laws, regulations, codes of conduct and good practice.

In addition to legal and regulatory compliance activities conducted in each market by the subsidiaries of the GROUP, each employee should understand and practice the standards established in the Code of Ethics and Business Conduct, which last version was approved in 2015 in accordance with the procedure of review every two years set, available on the company's website [www.mota-engil.com](http://www.mota-engil.com).

## Risk of information systems

Global companies such as MOTA-ENGIL GROUP are significantly dependent on the field of information technology (IT) for the execution of their procedures and operations in the different business units and geographies where it operates, as well as to ensure the due reliability in control and reporting processes. For that end, the GROUP continuously works towards the standardisation of platforms in order to increase the level of trust in IT use and across-the-board processes.

Given the increasing complexity of the technology infrastructure in the GROUP, present in different geographies, information security has become an essential function of the IT mission.

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As a mitigating action, the Group developed a model of governance articulated between the different business areas, led by the Corporate IT department that defines, implements and oversees a governance model that ensures that the information systems and processes are developed across the GROUP, ensuring that information is traceable and has appropriate mechanisms for information security control.

Information security governance has different characteristics and its own set of requirements. In this regard, in 2016 the GROUP has strengthened its governance policy in terms of data management, access, identification of profiles, supervision policies and monitoring thereof, as a means of support to the internal control system. The Group also reinforced the quality of safety of its systems, aligning it with the best international practices.

Still in 2016, the Group developed and implemented a detailed process of response to the potential occurrence of a disaster in its facilities (Disaster Recovery Plan) - where IT equipment is centred - as a measure to mitigate that risk.

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## 6. The GROUP's human capital management

The economic context that affects the world on the whole, particularly in the Engineering and Construction sector, is regarded by MOTA-ENGIL GROUP as an opportunity for growth and strengthening of its presence in the three regions, reflected through the development of a set of initiatives for the development of Human Capital. 2016 was a year of particular relevance for the formalization of the strategy of the GROUP, implemented through the launch of the StepUP 2020 Strategic Plan.

Growth achieved, geographical dispersal, business diversity and the business model of the MOTA-ENGIL GROUP are regarded as generators of opportunities for Human Capital Management. Therefore, the development of the organizational culture and of our Human Resources is based on 4 strategic priorities:

- Culture of Merit;
- Strengthening of the Culture and Organizational Model;
- Skills development and transversality;
- Global mobility of top professionals.

Besides the launch of the Strategic Plan of the MOTA-ENGIL GROUP, other events had an impact on the management and development of human resources in 2016:

- Process of harmonization and alignment that marks EGF with the processes and practices of the GROUP, as a result of integration of MOTA-ENGIL, in order to strengthen the GROUP culture;
- Reinforced presence in the market of Ireland and United Kingdom, reflected in the development of information systems to support human resources management;
- The economic climate under which Africa is, particularly in the market of Angola, required the redefinition of the organizational structure, in order to maintain process effectiveness and market competitiveness;
- The entry in new markets in Latin America, such as Aruba, Paraguay and Dominican Republic, which led to the definition of human resources policies applied to these new markets, particularly as regards international mobility.

### **The Group in figures**

2016 ended with a total number of 25.353 collaborators in the MOTA-ENGIL GROUP, distributed among the three Regions and the holding's structure.

Given its strong international presence, MOTA-ENGIL GROUP maintains a significant number of collaborators working under international mobility (1.264 collaborators, representing 5% of the total number of collaborators) to tackle the challenges it has to face.

The presence in three regions in the world shows the significant cultural diversity, reflected in the existence of collaborators from 59 different nationalities, particularly:

- Portuguese: 32.50%
- Angolan: 13.94%
- Brazilian: 10.45%
- Malawian: 7.83%
- Mozambican: 7.02%
- Peruvian: 6.64%
- Mexican: 6.40%

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## **Investment in Human Assets**

### **Top Professionals**

Continuing the work begun the previous year, 2016 was marked by the implementation of the Performance Management Model to apply to Top Professionals across the board, in order to ensure a culture of merit, based on a transparent and fair process.

It was also possible to monitor in 2016 the collaborators belonging to this segment, as regards compensation and benefits, identifying opportunities for improvement for the achievement of an internal fairness culture.

### **Prémio de Mérito**

*Prémio de Mérito* (Merit Award) is an initiative promoted by the Environment and Services area, and is one of the strategic priorities of the GROUP, i.e. the strengthening of the Culture of Merit. This initiative is aimed at encouraging and acknowledging the collaborators who had an outstanding performance, potential and success within the GROUP.

The *Prémio de Mérito* is built on a solid system for performance management and assessment that is in force since 2014. This system is aimed at contributing to the reinforcement of a philosophy for talent management and the development of a culture of excellence.

### **Fal@ME**

Fal@ME project is being developed in the market of Mexico and is aimed at improving communication among the Portuguese collaborators mobilized and strengthen the MOTA-ENGIL Culture and the corporate identity, through learning of the two languages – Portuguese and Spanish.

Teaching is provided to small groups of trainees, in order to take advantage of interaction among them, using contents related to the corporate identity of MOTA-ENGIL, namely knowledge in its business areas, presence across the world, and history.

The development of the Fal@ME project enabled, over the course of 2016, the strengthening of the organizational culture, closeness among mobilized and local collaborators, through knowledge of social and cultural aspects of Mexico and Portugal, as well as promoting improvement of communication and brainstorming among Mexican and Portuguese co-workers.

### **Portal de Formação**

During 2016, the *Portal de Formação* (training portal of MOTA-ENGIL PERU) was created with a view to providing a set of training and learning content to its collaborators.

Taking into account that dispersion is a factor that is inherent in the development of the business, the Training Portal enables collaborators of the GROUP to keep updated and strengthen knowledge required for their performance, without their growth process being affected by dispersion.

The Training Portal is a learning platform which promotes the spread of know-how present in our collaborators, reinforcing the importance of in-house training as a preferred means for their development. In a business as specialized as the construction sector this platform allows for the recognition of internal technical know-how, turning collaborators who are experts in the different subjects into trainers and enhancing them as agents of change for internal process improvement.

# Consolidated Management Report

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## **MOTA-ENGIL Excellence Basics**

Based on the development and strengthening of the organizational culture, the Mexican market conceived the “MOTA-ENGIL Excellence Basics” programme which allows for the spread and consolidation of best practices developed within the GROUP.

The MOTA-ENGIL Excellence Basics is a programme that promotes the adoption of excellence standards in different domains: technical, administrative, behavioural and cross-functional.

This programme is aimed at ensuring the training of key collaborators on critical business processes, guaranteeing the share and implementation of best practices and know-how within the company, as well as promoting a culture of excellence in the performance of all collaborators.

## **Eu Faço Parte**

The *Eu Faço Parte* project, entrusted to the Human Resources team of MOTA-ENGIL ANGOLA, was mainly aimed at raising awareness of and providing information on the rights and duties to the collaborators of the company, through sessions of group dynamics.

This project was more than training and was aimed at the interaction among all participants, in order to promote a healthy debate and the clarification of some topics and values such as orientation towards the client, trust, skills, quality, ambition, team work, and competitiveness. These elements are key factors that facilitate joint thinking of collaborators on essential issues for the incorporation into the same unit, as an integral part of the company’s culture.

The main challenge of this project was the dissemination of the rights and duties of collaborators, as well as informing on the existence of other activities within the scope of human resources management, such as the performance management process.

# Consolidated Management Report

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## 7. Activity developed by the non-executive members of the Board of Directors

During the year, non-executive directors participated regularly in the meetings of the Board of Directors, and discussed matters under analysis and expressed their opinion on strategic guidelines and specific business areas. Whenever necessary, they kept in touch with the teams of the Corporate Centre and of Shared Services Units, as well as with business managers.

## 8. Proposal for the appropriation of profits

The Individual Management Report presents the following proposal: The Board of Directors proposes to the Annual General Meeting of Shareholders, the following appropriation of the net income for the year, of the value of 64,618,828 Euros, which already includes the amounts of 500,000 Euros and 250,000 Euros allocated to the distribution of profits, respectively, to the Board of Directors, under the terms of number 3 of article 28 of the Articles of Association, and to the remaining employees:

- a) For distribution to the shareholders, 13 cents of Euro per share, subject to tax, of the total value of 30,875,668 Euros and 33 cents;
- b) For the legal reserve, 5% of the net income of the period, totalling 3,230,941 Euros and 40 cents;
- c) For free reserves, the remainder, amounting to 30,512,218 Euros and 27 cents.

# Consolidated Management Report

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## 9. Outlook for 2017

Based on the StepUp 2020 Strategic Plan, the outlook for 2017 is as follows:

1. Maintaining the strategic priorities for sustainable growth, balanced by risk control, oriented towards cash-flow generation and sustained on the organizational reinforcement of the GROUP, in the framework of the three sub-holdings:
  - MOTA-ENGIL EUROPA, SA;
  - MOTA-ENGIL AFRICA, NV;
  - MOTA-ENGIL LATIN AMERICA, BV.
2. Resumption of the consolidated turnover growth, based on the solid backlog, particularly in Latin America and in Africa;
3. Improvement of the average margins in Europe as a result of the change in the business mix;
4. Margins in Africa based on standard markets and on large-scale projects in more recent markets;
5. Continuing the trend of the last years, particularly the remarkable increase in turnover in Latin America, with the consolidation of the various markets, and the strengthening of the contribution of diversification for the segments of environment and energy, enhancing margin improvement;
6. Maintenance of the policy of disposal of non-strategic assets, with the reduction of the GROUP's debt;
7. Continuing to focus on the optimized management of the working capital which generates cash-flow;
8. Strict investment policy, with an annual investment of circa 120 million Euros, a significant part of which is related to EGF;
9. Backlog above four thousand and four million Euros, based on international activity.

It should be noted that these prospects do not correspond to an engagement regarding the future performance of the GROUP, but merely the greater capacity of prediction, on this date, regarding the activity of its companies. Therefore, the performance that will be effectively achieved in 2017 could differ significantly from these forecasts. Moreover, MOTA-ENGIL does not undertake to update or correct this information due to the modification of any endogenous or exogenous factor that could change the performance of the GROUP.

# Consolidated Management Report

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## 10. Subsequent events

In 2017, up to the issue of this report, we highlight the following relevant facts, whose details are properly released as privileged information on the websites of MOTA-ENGIL and of CMVM:

February 3, 2017

MOTA-ENGIL REPORTS ON THE AWARD OF A CONTRACT IN TANZANIA AMOUNTING TO 1,030 MILLION DOLLARS

“MOTA-ENGIL S.G.P.S., S.A. (“MOTA-ENGIL”) informs on the award of a contract totalling about 1,030 million US dollars in Tanzania, in collaboration (50/50) with the Turkish group Yapi Merkezi.

According to the contract signed today, the design & build project will consist of the construction of a section of the railway which will connect the capital of Tanzania, Dar Es Salam, to the neighbouring countries Rwanda and Burundi. This first stretch of 202 kilometers will be executed over 30 months and its beginning has been foreseen for March.”

January 25, 2017

MOTA-ENGIL REPORTS ON THE FINANCIAL SETTLEMENT OF THE FIRST STAGE OF THE ASSET DISPOSAL AGREEMENT OF ASCENDI

“MOTA-ENGIL S.G.P.S., S.A informs that, after the execution of the actions of reorganization and obtainment of the authorizations mentioned in the announcement on August 3, 2016 and following the contract concluded in the last December, Ardian Infrastructure carried out the financial settlement related to this first stage of the transaction.

The amount settled now reached about 384 million Euros.

This first stage of the agreement with Ardian did not include the disposal of the stake of ASCENDI GROUP, SGPS, SA at three other concession companies (ASCENDI PINHAL INTERIOR - ESTRADAS DO PINHAL INTERIOR, S.A., ASCENDI DOURO – ESTRADAS DO DOURO INTERIOR, S.A., AUTOVIA DE LOS VIÑEDOS, SOCIEDAD ANONIMA CONCESIONARIA DE LA JUNTA DE COMUNIDADES DE CASTILLA – LA MANCHA) whose fulfilment depends on a set of conditions and various authorizations.”

January 2, 2017

MOTA-ENGIL REPORTS ON THE AGREEMENT FOR THE DISPOSAL OF 85% OF CONCESSIONS IN ARUBA

“MOTA-ENGIL S.G.P.S., S.A. (“MOTA-ENGIL”) reports on the signing of the contract with InfraRed Infrastructure Fund III for the disposal of 85% of its stake in the concession companies of projects (both in Aruba):

1. PPP Watty Vos Boulevard (awarded to MOTA-ENGIL in July 2015);
2. PPP Green Corridor (purchased after the agreement with the Odinsa group for the exchange of the 10% stake that MOTA-ENGIL had in La Pintada Concession in Colombia).

The conclusion of the transaction with InfraRed is still subject to the approval of the concession owner, expected to take place in the current month of January.

Under the terms of the contract now signed, MOTA-ENGIL will remain entitled to build all infrastructures, transferring to InfraRed the duty of ensuring investment, in capital and debt, in both concessions, which shows the trust that the experience, track-record and capacity of MOTA-ENGIL convey to one of the top managers of funds of infrastructures in the world.

# Consolidated Management Report

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## 11. Final remarks

Inclosing, we can only thank the personal and professional commitment of all employees of MOTA-ENGIL GROUP, the members of governing bodies, clients and of whoever came into contact with its various companies.

Porto, March 20, 2017

António Manuel Queirós Vasconcelos da Mota  
Chairman of the Board of Directors

Gonçalo Nuno Gomes de Andrade Moura Martins  
Deputy-chairman of the Board of Directors and  
Chief Executive Officer

Arnaldo José Nunes da Costa Figueiredo  
Deputy-chairman of the Board of Directors

Maria Manuela Queirós Vasconcelos Mota dos Santos  
Member of the Board of Directors

Maria Teresa Queirós Vasconcelos Mota Neves da Costa  
Member of the Board of Directors

Maria Paula Queirós Vasconcelos Mota de Meireles  
Member of the Board of Directors

Carlos António Vasconcelos Mota dos Santos  
Member of the Board of Directors and  
Member of the Executive Committee

Ismael Antunes Hernandez Gaspar  
Member of the Board of Directors and  
Member of the Executive Committee

# Consolidated Management Report

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José Pedro Matos Marques Sampaio de Freitas  
Member of the Board of Directors and  
Member of the Executive Committee (Chief Financial Officer)

António Martinho Ferreira de Oliveira  
Member of the Board of Directors and  
Member of the Executive Committee

João Pedro dos Santos Dinis Parreira  
Member of the Board of Directors and  
Member of the Executive Committee

Manuel António da Fonseca Vasconcelos da Mota  
Member of the Board of Directors and  
Member of the Executive Committee

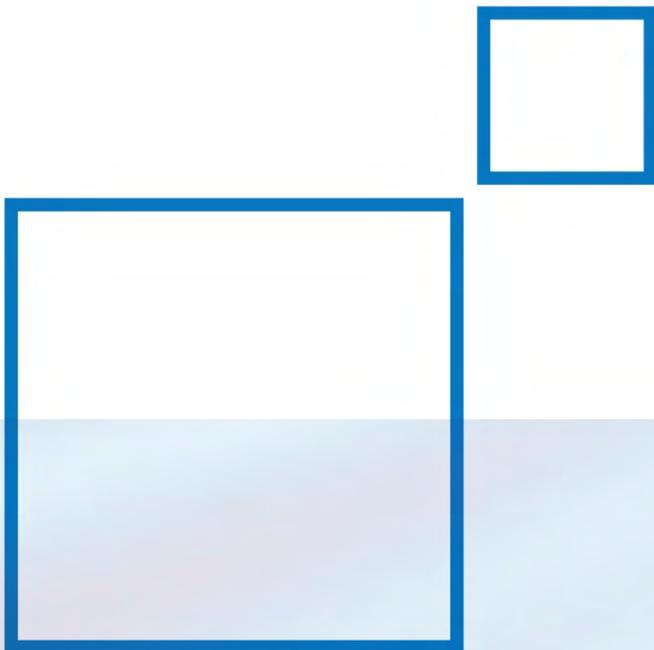
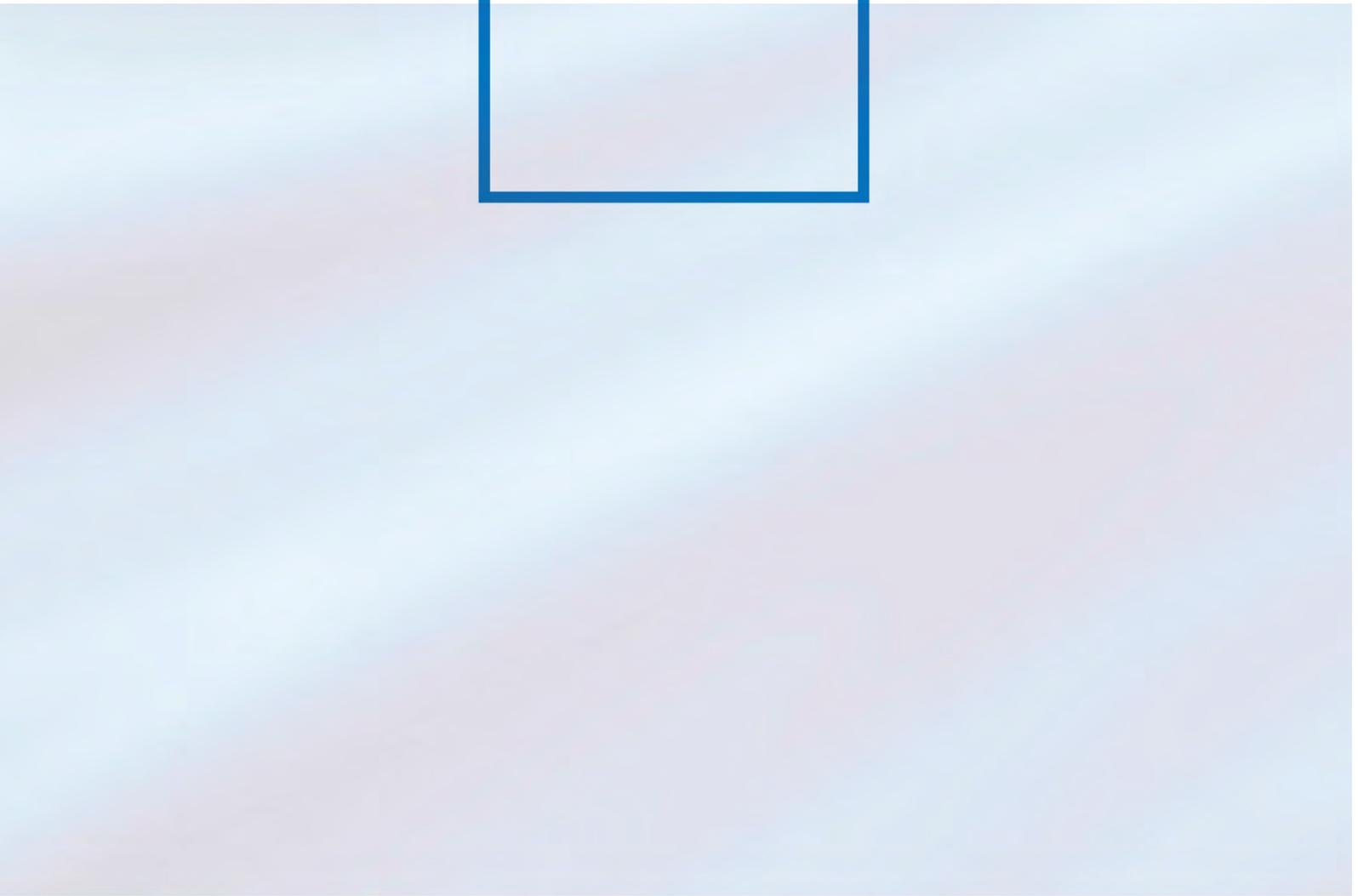
Eduardo João Frade Sobral Pimentel  
Member of the Board of Directors and  
Member of the Executive Committee

Luís Filipe Cardoso da Silva  
Member of the Board of Directors

Luís Valente de Oliveira  
Non-executive and independent member of the  
Board of Directors

António Bernardo Aranha da Gama Lobo Xavier  
Non-executive and independent member of the  
Board of Directors

António Manuel da Silva Vila Cova  
Non-executive and independent member of the  
Board of Directors



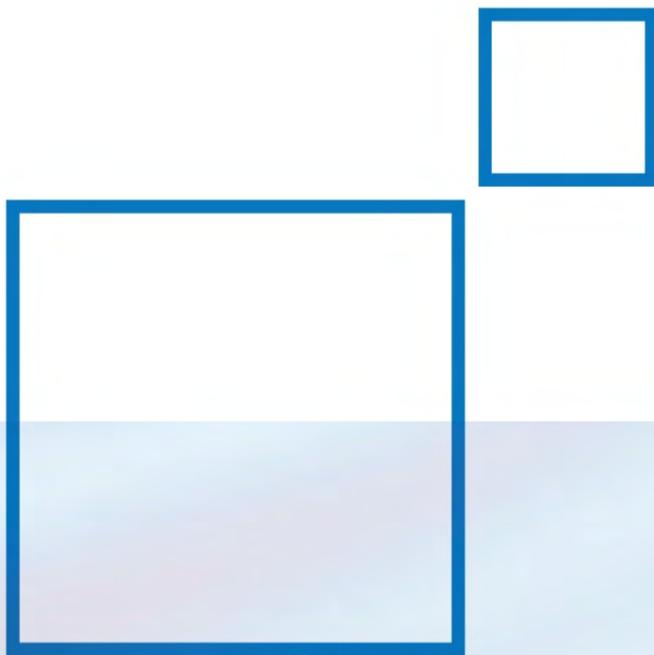


# 02



# Consolidated Financial Information

**Regularization of the Lower Mondego**  
1<sup>st</sup> major Project in Portugal (1977-1983)



# Consolidated Financial Information

## Consolidated Income Statement for the years and half years ended December 31, 2015 and 2016

Notes	Year		Semester		
	2016 € '000	2015 Restated € '000	2016 € '000	2015 Restated € '000	
			(unaudited)	(unaudited)	
Sales and services rendered	4	2,210,081	2,433,640	1,174,440	1,359,222
Other revenues		-	-	-	(8,785)
Cost of goods sold, mat. cons., changes in production and Subcontractors	5	(831,844)	(1,029,455)	(381,243)	(530,945)
Third-party supplies and services	6	(545,918)	(527,941)	(351,203)	(304,230)
Wages and salaries	7	(524,292)	(506,268)	(254,690)	(274,357)
Other operating income / (expenses)	8	29,919	(3,130)	1,784	(19,151)
Amortisations	9,17 and 18	(190,623)	(153,754)	(94,905)	(87,153)
Provisions and impairment losses	10	(66,460)	(47,226)	(56,510)	(45,342)
Financial income and gains	11	26,961	70,294	(1,380)	51,483
Financial costs and losses	11	(129,578)	(160,761)	(71,335)	(99,155)
Gains / (losses) in associates and jointly controlled companies	12	(2,130)	67,123	(3,464)	58,622
Gains / (losses) on the disposal of subsidiaries, associates and jointly controlled companies	13	100,771	(44,729)	24,129	(44,729)
<b>Income before taxes</b>	14	<b>76,886</b>	<b>97,793</b>	<b>(14,376)</b>	<b>55,480</b>
Income Tax	14	(9,379)	(45,662)	2,909	(31,859)
<b>Consolidated net profit of the year</b>		<b>67,507</b>	<b>52,131</b>	<b>(11,468)</b>	<b>23,621</b>
Attributable:					
to non-controlling interests	3 and 33	17,350	34,003	10,934	18,068
<b>to the Group</b>	15	<b>50,157</b>	<b>18,128</b>	<b>(22,402)</b>	<b>5,553</b>
Earnings per share:					
basic	15	0.21 €	0.09 €	-0.10 \$	0.03 €
diluted	15	0.21 €	0.09 €	-0.10 \$	0.03 €

To be read with the Notes to the Consolidated Financial Statements

# Consolidated Financial Information

## Consolidated Income and other Comprehensive Income Statement for the years and half years ended December 31, 2015 and 2016

	Year		2 <sup>nd</sup> Semester	
	2016 € '000	2015 Restated € '000	2016 € '000	2015 Restated € '000
			(unaudited)	(unaudited)
<b>Consolidated net profit for the year</b>	67,507	52,131	(11,468)	23,621
<b>Items of other comprehensive income that may be reclassified to the income statement</b>				
<b>Subsidiaries</b>				
Exchange differences arising from the conversion of financial statements expressed in foreign currencies	(94,360)	18,017	(4,941)	(1,617)
Variation, net of tax, of the fair value of derivative financial instruments	65	100	(10,593)	48
Other comprehensive income	(630)	(9,909)	(2,100)	(4,012)
<b>Companies consolidated by the equity method</b>				
Exchange differences arising from the conversion of financial statements expressed in foreign currencies	(585)	(2,173)	101	(4,819)
Variation, net of tax, in the fair value of derivative financial instruments	10,184	45,398	1,697	20,791
Other comprehensive income in equity investments	(140)	(3,418)	(122)	(715)
<b>Items of other comprehensive income that will not be reclassified to the income statement</b>				
Variation, net of tax, of the fair value of tangible fixed assets	(828)	1,441	(828)	1,441
<b>Total comprehensive income for the year</b>	<b>(18,787)</b>	<b>101,587</b>	<b>(28,254)</b>	<b>34,738</b>
Attributable:				
to non-controlling interests	1,963	36,786	13,384	18,718
<b>to the Group</b>	<b>(20,751)</b>	<b>64,801</b>	<b>(41,638)</b>	<b>16,020</b>

To be read with the Notes to the Consolidated Financial Statements

# Consolidated Financial Information

## Statement of Consolidated Financial Position on December 31, 2016 and 2015

	Notes	2016 € '000	2015 Restated € '000
<b>Assets</b>			
<b>Non-current</b>			
Goodwill	16	39,830	40,891
Intangible assets	17	541,638	593,819
Tangible assets	18	692,858	782,116
Financial investments in associates and jointly controlled companies	19	122,369	34,338
Available for sale and held to maturity financial assets	20	131,568	93,260
Investment properties	21	75,789	82,037
Customers and other debtors	23	64,384	85,466
Other non-current assets		726	1,812
Derivative financial instruments	26	-	166
Deferred tax assets	14	135,735	137,672
		<b>1,804,896</b>	<b>1,851,576</b>
<b>Current</b>			
Inventories	22	304,960	284,439
Customers	23	775,115	939,389
Other debtors	23	206,391	284,975
Corporate income tax	23	19,875	16,033
Other current assets	23	426,961	525,898
Derivative financial instruments	26	-	9,183
Cash and cash equivalents with recourse – Term deposits	23	13,122	62,391
Cash and cash equivalents without recourse – Demand deposits	23	86,754	102,946
Cash and cash equivalents with recourse	23	296,183	278,559
		<b>2,129,362</b>	<b>2,503,814</b>
Non-current assets held for sale	36	<b>286,446</b>	<b>687,237</b>
<b>Total Assets</b>		<b>4,220,704</b>	<b>5,042,627</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Loans without recourse	25	155,875	203,128
Loans with recourse	25	837,398	698,582
Suppliers and sundry creditors	27	168,289	135,734
Derivative financial instruments	26	759	188
Provisions	28	102,085	123,201
Other non-current liabilities	29	177,838	256,460
Deferred tax liabilities	14	128,765	141,029
		<b>1,571,009</b>	<b>1,558,322</b>
<b>Current</b>			
Loans without recourse	25	31,590	40,534
Loans with recourse	25	616,385	984,914
Suppliers	27	419,408	436,839
Sundry Creditors	27	514,909	627,168
Derivative financial instruments	26	6	-
Corporate income tax	28	11,783	12,514
Other current liabilities	29	427,320	546,360
		<b>2,021,402</b>	<b>2,648,329</b>
Non-current liabilities held for sale	36	<b>57,703</b>	<b>107,396</b>
<b>Total Liabilities</b>		<b>3,650,114</b>	<b>4,314,048</b>
<b>Shareholders' equity</b>			
Share capital	24	237,505	237,505
Own shares	24	(5,788)	(3,084)
Reserves, retained earnings and share premiums	24	47,825	116,630
Consolidated net profit for the year		50,157	18,128
<b>Own funds attributable to the Group</b>		<b>329,700</b>	<b>369,179</b>
Non-controlling interests	3 and 33	240,891	270,505
Non-controlling interests associated with non-current assets / liabilities held for sale	3 and 33	-	88,895
<b>Total shareholders' equity</b>		<b>570,590</b>	<b>728,579</b>
<b>Total shareholders' equity &amp; liabilities</b>		<b>4,220,704</b>	<b>5,042,627</b>

To be read with the Notes to the Consolidated Financial Statements

# Consolidated Financial Information

## Statement of for the years ended

	Fair value reserves					
	Equity capital	Own Shares	Share premiums	Available-for-sale investments	Lands assigned to quarrying operations	Derivatives
<b>Balance as at January 1, 2015</b>	204,636	-	44,435	27,702	2,968	(238)
Total comprehensive income for the year	-	-	-	-	1,441	99
Capital increase	32,869	-	48,149	-	-	-
Dividend distribution	-	-	-	-	-	-
Other distributions of results	-	-	-	-	-	-
Acquisition of own shares	-	(3,084)	-	-	-	-
Transfers to other reserves	-	-	-	-	-	-
Acquisition of EGF	-	-	-	-	-	-
- Acquisition of non-controlling interests in Mota-Engil Africa NV	-	-	-	-	-	-
- Difference between the amount paid and the non-controlling interests acquired in Mota-Engil Africa NV	-	-	-	-	-	-
- Changes in the consolidation perimeter and in the ownership interest in subsidiaries	-	-	-	-	-	-
<b>Balance as at December 31, 2015</b>	<b>237,505</b>	<b>(3,084)</b>	<b>92,584</b>	<b>27,702</b>	<b>4,409</b>	<b>(139)</b>
<b>Balance as at January 1, 2016</b>	237,505	(3,084)	92,584	27,702	4,409	(139)
Total comprehensive income for the year	-	-	-	-	(828)	(400)
Dividend distribution	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Acquisition of own shares	-	(2,704)	-	-	-	-
Transfers to other reserves	-	-	-	-	-	-
Changes in the consolidation perimeter and in the ownership interest in subsidiaries:						
- Disposal of Tertir Group	-	-	-	-	-	-
- Acquisition of non-controlling interests in Mota-Engil Africa NV	-	-	-	-	-	-
- Disposal of non-controlling interests in ME Turismo BV, ME Energy BV, ME Investments South Africa and Valorsul	-	-	-	-	-	-
- Other acquisitions / disposals of non-controlling interests	-	-	-	-	-	-
<b>Balance as at December 31, 2016</b>	<b>237,505</b>	<b>(5,788)</b>	<b>92,584</b>	<b>27,702</b>	<b>3,581</b>	<b>(539)</b>

To be read with the Notes to the Consolidated Financial Statements

# Consolidated Financial Information

## changes in equity as at December 31, 2016 and 2015

Currency translation reserve	Legal reserves	Other reserves and Retained earnings	Net Profit	Own funds attributable to shareholders	Own funds attributable to non-controlling interests	Shareholders' equity
(32,131)	40,927	(24,998)	50,550	313,851	264,137	577,988
14,767	-	30,366	18,128	64,801	36,786	101,587
-	-	-	-	81,018	-	81,018
-	-	(24,556)	-	(24,556)	(19,435)	(43,991)
-	-	(7)	-	(7)	(4)	(11)
-	-	-	-	(3,084)	-	(3,084)
-	-	50,550	(50,550)	-	-	-
-	-	-	-	-	112,363	112,363
-	-	42,582	-	42,582	(42,582)	-
-	-	(108,910)	-	(108,910)	-	(108,910)
-	-	3,484	-	3,484	8,136	11,620
<b>(17,364)</b>	<b>40,927</b>	<b>(31,489)</b>	<b>18,128</b>	<b>369,179</b>	<b>359,401</b>	<b>728,579</b>
(17,364)	40,927	(31,489)	18,128	369,179	359,401	728,579
(79,558)	-	9,878	50,157	(20,750)	1,963	(18,787)
-	-	(11,693)	-	(11,693)	(26,393)	(38,086)
-	2,704	(2,704)	-	-	-	-
-	-	-	-	(2,704)	-	(2,704)
-	776	17,352	(18,128)	-	-	-
-	-	-	-	-	(98,602)	(98,602)
-	-	(453)	-	(453)	-	(453)
-	-	(2,631)	-	(2,631)	3,438	807
-	-	(1,249)	-	(1,248)	1,084	(165)
<b>(96,922)</b>	<b>44,407</b>	<b>(22,989)</b>	<b>50,157</b>	<b>329,700</b>	<b>240,891</b>	<b>570,590</b>

# Consolidated Financial Information

## Statement of Consolidated Cash-Flows for the years ended December 31, 2016 and 2015

	Notes	2016 € '000	2015 € '000
<b>OPERATING ACTIVITY</b>			
Cash receipts from customers		2,352,791	2,617,344
Cash paid to suppliers		(1,545,966)	(1,838,199)
Cash paid to employees		(506,058)	(507,364)
<b>Cash generated from operating activities</b>		<b>300,768</b>	<b>271,781</b>
Income tax (paid)/received		(23,676)	(26,628)
Other receipts/(payments) generated by operating activities		4,517	4,277
<b>Net cash from operating activities (1)</b>		<b>281,609</b>	<b>249,431</b>
<b>INVESTING ACTIVITY</b>			
<b>Cash receipts from:</b>			
Financial assets	35	307,283	72,340
Tangible assets		5,547	18,855
Interest and similar income		16,177	6,964
Dividends		406	2,474
		<b>329,412</b>	<b>100,634</b>
<b>Cash paid in respect of:</b>			
Financial assets	35	(84,461)	(219,234)
Other treasury applications		(13,122)	-
Intangible assets		(14,115)	(12,767)
Tangible assets		(58,704)	(152,514)
		<b>(170,402)</b>	<b>(384,515)</b>
<b>Net cash from investing activities (2)</b>		<b>159,010</b>	<b>(283,881)</b>
<b>FINANCING ACTIVITY</b>			
<b>Cash receipts from:</b>			
Loans obtained		138,189	317,322
Grants and donations		3,373	5,127
		<b>141,561</b>	<b>322,449</b>
<b>Cash paid in respect of:</b>			
Loans obtained		(424,098)	(72,284)
Amortization of finance lease contracts		(55,703)	(64,799)
Interest & similar expense		(119,720)	(107,994)
Dividends	35	(23,505)	(38,119)
Acquisition of own shares		(2,704)	(3,084)
		<b>(625,729)</b>	<b>(286,281)</b>
<b>Net cash from financing activities (3)</b>		<b>(484,168)</b>	<b>36,167</b>
Variation of cash & cash equivalents (4)=(1)+(2)+(3)		(43,549)	1,717
Variations due to changes in the consolidation perimeter		(391)	44,766
Exchange rate effect		(17,020)	6,807
Cash & cash equivalents at the beginning of the year	23	443,896	390,606
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>23</b>	<b>382,937</b>	<b>443,896</b>

To be read with the Notes to the Consolidated Financial Statements

# Consolidated Financial Information

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## 0. Introduction

The core business of MOTA-ENGIL, SGPS, SA, with head office at Edifício Mota, Rua do Rêgo Lameiro, 38, 4300-454 Porto (MOTA-ENGIL SGPS or COMPANY), and subsidiaries (GROUP or MOTA-ENGIL GROUP) are public and private construction work and related activities, as well as waste collection and treatment. The GROUP's business is mostly developed in three regions: Europe, Africa and Latin America. These financial statements are consolidated in the financial statements of the entity Mota Gestão e Participações, SGPS, S.A.

All the amounts presented in these notes are presented in thousand Euros, rounded off to the unit, unless explicitly stated otherwise.

## 1. Accounting Policies

### 1.1. Basis of presentation and main accounting policies

The consolidated financial statements of the MOTA-ENGIL GROUP were prepared on a going concern basis from the books and accounting records of the companies comprising the Group adjusted in the consolidation process. The Board of Directors assessed the capacity of the GROUP as regards operating continuously, based on all relevant information, facts and circumstances of financial, commercial or other nature, including events after the date of reference of financial statements, available on the future. As a result of the assessment made, the Board of Directors concluded that the GROUP has appropriate resources to keep its business and has no intention to cease them in the short term. Therefore, it found appropriate the use of the assumption of continuity of operations in the preparation the attached consolidated financial statements.

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and according to the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standards Interpretations Committee (SIC), as adopted by the European Union as of December 31, 2016. Regarding GROUP companies which use different accounting standards, those statements were subject to conversion adjustments to IFRS.

The attached consolidated financial statements were prepared based on the historical cost, except for certain classes of real estate assets, for investment properties and for derivative financial instruments that were measured at the revalued cost or at the fair value by the end of each reporting period, as explained in accounting policies below.

The fair value is the amount by which an asset can be exchanged or a liability settled, among parties with know-how and willing to do so, in a transaction in which there is no connection between them, regardless of the fact that said price can be directly verified or estimated using other valuation techniques. By estimating the fair value of an asset or liability, the GROUP takes into account the characteristics of the asset or liability that players in the market would also take into account when they valued the asset or liability on the measuring date.

The fair value for the purposes of measuring and disclosure in these financial statements is determined on the basis described above, except for what regards leases that are handled under IAS 17, and measurements with similarities to the fair value, but which do not correspond to the fair value, such as the net realisable value outlined in IAS 2 or the value in use outlined in IAS 36.

In addition, for financial reporting purposes, measurement at fair value is divided according to a three-tiered system (level 1, 2 and 3) in accordance with the level in which assumptions used can be observed in an active market and according to their relevance as regards the valuation at fair value used when measuring assets/liabilities or when they are disclosed.

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The aforesaid tiered system is the following:

- Level 1 – the fair value is set based on prices of an active market for identical assets/liabilities;
- Level 2 – the fair value is set based on data other than market prices identified in Level 1, but which can be observed in the market; and
- Level 3 – the fair value is set based on theoretical models whose main assumptions cannot be observed in the market.

Interim consolidated financial statements of MOTA-ENGIL GROUP have been presented in accordance with IAS 34 – Interim Financial Reporting standard.

## 1.1.1. Standards, interpretations, amendments and revisions which came into force during the year

During the year ended on December 31, 2016 the following standards, interpretations, amendments, and revisions endorsed by the European Union became applicable:

Standard / Interpretation	Applicable in the European Union in the years beginning on or after	Content
Amendment to IAS 19 – Employee Benefits – Contributions from employees	01/feb/15	This amendment clarifies the circumstances under which employee contributions for post-employment benefit plans are an actual reduction in the cost of short-term benefits.
Improvements to the international financial reporting standards (cycle 2010-2012)	01/feb/15	These improvements involve the clarification of some aspects related to the following standards: IFRS 2 – Share-based Payments: definition of vesting condition; IFRS 3 – Business Combinations: accounting of contingent payments; IFRS 8 – Operating Segments: disclosures related to the value judgement applied in connection to the aggregation of segments, and clarification on the need for reconciliation of total assets by segment, with the total amount of assets in the financial statements; IAS 16 – Tangible Assets and IAS 38 – Intangible Assets: need for proportional revaluation of accumulated depreciations in the case of revaluation of fixed assets; IAS 24 – Related Party Disclosures: defines that an entity that provides management services to the Company or to its parent company is considered a related party; and IFRS 13 – Fair Value: clarifications concerning the measurement of short-term accounts receivable or payable.
Improvements to the international financial reporting standards (cycle 2010-2014)	1/jan/16	These improvements involve the clarification of some aspects related to the following standards: IFRS 5 – Non-current assets held for sale and discontinued operations: introduces guidelines on how to proceed in case of changes to the expected method of realization (sale or distribution to shareholders); IFRS 7 – Financial Instruments: clarifies the impacts of asset monitoring contracts within the scope of disclosures associated with continuing involvement of derecognised assets, and exempts the interim financial statements from the disclosures required in respect of compensation of financial assets and liabilities; IAS 19 – Employee Benefits: sets that the rate to be used for defined benefit discounting purposes shall be determined by reference to high quality corporate bonds that have been issued in the currency in which the benefits will be paid; and IAS 34 – Interim Financial Reporting: clarification on the procedures to adopt when there is information available in other documents issued in connection with the interim financial statements.
Amendment to IFRS 11 – Joint Arrangements – Accounting of acquisitions of interests in joint arrangements	1/jan/16	This amendment is related to the acquisition of interests in joint operations. It sets the mandatory implementation of IFRS 3 when the acquired joint operation is a business activity in accordance with IFRS 3. When the joint operation in question is not a business activity, the transaction shall be recorded as an asset acquisition. This change has a prospective application for new acquisitions of interests.

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Standard / Interpretation	Applicable in the European Union in the years beginning on or after	Content
Amendment to standard IAS 1 – Presentation of Financial Statements - “Disclosure Initiative”	1/jan/16	<p>This amendment clarifies some aspects related to the “Disclosure Initiative”, namely: (i) the entity shall not hamper the intelligibility of the financial statements by aggregating material items with immaterial items, or by aggregating material items with different natures; (ii) the disclosures specifically required by IFRS need only to be provided if the information in question is material; (iii) the lines of the financial statements specified in IAS 1 can be aggregated or disaggregated, according to what is most relevant for the purposes of financial reporting; (iv) the part of other comprehensive income resulting from the application of the equity method in associates and joint arrangements should be presented separately from the other components of other comprehensive income, also segregating the items that are likely to be reclassified to results from those that will not be reclassified; (v) the structure of the notes should be flexible, and should respect the following order:</p> <ul style="list-style-type: none"> <li>· a statement of compliance with IFRS in the first section of the notes;</li> <li>· a description of the significant accounting policies in the second section;</li> <li>· supporting information for items in the face of the financial statements in the third section; and</li> <li>· other information in the fourth section.</li> </ul>
Amendment to IAS 16 – Tangible Assets and IAS 38 – Intangible Assets – Acceptable Depreciation Methods	1/jan/16	<p>This amendment establishes the presumption (which may be rebutted) that revenue is not an appropriate basis for amortizing an intangible asset, and prohibits the use of revenue as a depreciation base for tangible assets. The presumption established for the amortization of intangible assets can only be rebutted when the intangible asset is expressed in terms of revenue generated or when the use of economic benefits is highly correlated with the revenue generated.</p>
Amendment to IAS 16 – Tangible Assets and IAS 41 – Agriculture – Production Plants	1/jan/16	<p>This amendment excludes plants that produce fruit or other components to be harvested and/or removed from the scope of IAS 41, which shall now be covered by IAS 16.</p>
Amendment to IAS 27 – Application of the equity method to the separate financial statements	1/jan/16	<p>This amendment introduces the possibility of measurement of interests in subsidiaries, joint arrangements and associates in separate financial statements by the equity method, in addition to the currently existing measurement methods. This amendment applies retrospectively.</p>
Amendments to IFRS 10 – Consolidated Financial Statements, to IFRS 12 – Disclosure of Interests in Other Entities, and to IAS 28 – Investments in Associates and Jointly Controlled Entities	1/jan/16	<p>These amendments include the clarification of several aspects related to the application of the consolidation exception by investment entities.</p>

No significant effects were produced in the GROUP's financial statements for the year ended on December 31, 2016 following the adoption of the above mentioned standards, interpretations, amendments, and revisions.

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## 1.1.2. Standards, interpretations, amendments and revisions which come into force in future years

The following standards, interpretations, amendments and revisions, as at the date of approval of these consolidated financial statements, were endorsed by the European Union and are mandatory for future annual periods:

Standard / Interpretation	Applicable in the European Union in the years beginning on or after	Content
IFRS 9 – Financial instruments (2009) and subsequent amendments	1/Jan/18	This standard is part of the revision project of IAS 39, and sets new requirements for the classification and measurement of financial assets and liabilities, for the impairment calculation methodology, and for the application of hedge accounting rules.
Improvements to the international financial reporting standards (cycle 2010-2012)	1/Jan/18	This standard introduces a revenue recognition structure based on a model to be applied to all contracts held with customers, replacing standards IAS 18 – Revenue, IAS 11 – Construction Contracts; IFRIC 13 – Customer Loyalty Programs; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Direct Exchange Transactions Involving Advertising Services.

As at December 31, 2016 the GROUP did not early adopt the above mentioned standards, interpretations, amendments, and revisions.

Given the complexity and significant changes in the accounting of certain transactions envisaged in the above mentioned standards, the expected effects of the adoption thereof have not yet been quantified, as at the date of approval of these consolidated financial statements.

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## 1.1.3. Standards, interpretations, amendments, and revisions not yet endorsed by the European Union

The following standards, interpretations, amendments, and revisions, mandatory for future annual periods, as at the date of approval of these consolidated financial statements were not yet endorsed by the European Union:

Standard / Interpretation	Content
IFRS 14 – Regulated assets	This standard establishes the reporting requirements, by entities that first adopt the IFRS, applicable to regulated assets.
IFRS 16 – Leases	This standard introduces the principles of recognition and measurement of leases, replacing IAS 17 – Leases. This standard defines a single accounting model for lease contracts that results in the recognition by the lessee of assets and liabilities for all lease agreements, except for leases below 12 months or for leases related to low value assets. Lessors will continue to classify leases as either operating or financial, and IFRS 16 will not entail substantial changes to such entities compared to what is defined in IAS 17.
Amendments to IFRS 10 – Consolidated Financial Statements, and to IAS 28 – Investments in Associates and Joint Ventures	These amendments eliminate an existing conflict between the mentioned standards, related to the sale or the contribution of assets between the investor and the associate, or between the investor and the joint venture.
Amendments to IAS 12 – Income tax	These amendments clarify the terms for recognition and measurement of tax assets arising from unrealised losses.
Amendments to IAS 7 – Cash flow statement	These amendments introduce additional disclosures related to cash flow from financing activities.
Amendments to IFRS 15 – Revenue from Contracts with Customers	These amendments introduce several clarifications in the standard with a view to removing the possibility of emerging different interpretations of various topics.
Amendments to IFRS 2 – Share-based Payments	These amendments introduce several clarifications in the standard related to the following standards: (i) record of transactions of share-based payments which are settled by cash; (ii) record of changes to transactions of share-based payments (settled by cash to settled by equity instruments); (iii) classification of transactions with features of offset settlement.
Amendments to IFRS 4 – Insurance contracts	These amendments provide guidelines on the use of IFRS-4 together with IFRS-9.
Amendments to IAS 40 – Investment properties	These amendments clarify that the change of classification from or to investment property should only be performed when there is proof of change in the use of assets.
Improvements to the international financial reporting standards (cycle 2014-2016)	These improvements involve the clarification of some aspects related to the following standards: IFRS 1 – First-time adoption of international financial reporting standards: removes some short-term exemptions; IFRS 12 – Disclosure of interest in other entities: clarifies the scope of the standard as regards its application to interest classified as held for sale or held for distribution under IFRS-5; IAS 28 – Investments in associates and joint ventures: introduces clarifications on the measurement at fair value of investments in associates or joint ventures held by capital risk entities or by investment funds.
IFRIC 22 – Transactions in foreign currency and prepayments	This interpretation sets the date of initial recognition of the prepayment or of the deferred income as the date of the transaction for the purposes of determination of the exchange rate of revenue recognition.

The above mentioned standards were not yet endorsed by the European Union and, therefore, were not applied by the GROUP for the year ended on December 31, 2016.

The consolidated financial statements are presented in Euros (thousands) since this is the main currency of the GROUP's operations. The financial statements of the subsidiaries expressed in foreign currency were converted into euros, in accordance with the accounting policies described in subparagraph xiv) of the main valuation criteria herein.

In preparing the consolidated financial statements, in harmony with the IFRS, the GROUP's Board of Directors adopted certain assumptions and estimates which affect the reported amount of assets and liabilities, as well as the respective income and expenditure incurred, part of which are described in subparagraph xxii) of the main valuation criteria of this Note.

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All estimates and assumptions made by the Board of Directors were based on their knowledge of the events and transactions in course, as at the date of approval of the consolidated financial statements.

The consolidated financial statements attached herewith were prepared for appraisal and approval at the General Meeting of Shareholders. The GROUP's Board of Directors believes that they will be approved without amendment.

## 1.2. Basis of consolidation

### a) Controlled companies

The consolidated financial statements include the financial statements of the Company and of the entities controlled by the Company, as well as those controlled by its subsidiaries. There is control when the Company: (i) has power over the subsidiary; (ii) is exposed and/or is entitled to variable returns as a result of its involvement with the subsidiary; (iii) has the capacity to use the above mentioned power to influence the subsidiary's returns. Therefore, some subsidiaries whose effective percentage holding held by the GROUP is below 50% were considered to be controlled by the latter. Most of these situations occur when the GROUP holds a majority financial holding in a subsidiary that, in turn, holds another majority holding in a subsidiary. On the other hand, some subsidiaries whose effective percentage holding held by the GROUP is over 50% were not considered to be controlled, given the existence of agreements with third parties through which shared control over said holding was set. Whenever any of the three elements, regarding a subsidiary, undergo changes, the GROUP reassesses the existence of control over it.

The Company controls a subsidiary even if it does not hold most of the voting rights when, by virtue of the voting rights held and/or agreements entered into, it has the practical capacity to unilaterally manage the subsidiary's relevant activities.

Financial statements of controlled entities (including structured entities or SPV) are included in consolidated financial statements through the full consolidation method the moment the GROUP gains control. Consequently, the income of the entities whose control was acquired or lost during the period are included in the income statement, respectively, as at the date control was taken or up to the date it was granted.

The net income and further items of other comprehensive income and equity of controlled entities which correspond to third party holdings of said entities (non-controlling interests) are presented in the consolidated financial position and in the consolidated income statement and other comprehensive income under headings specific to non-controlling interests.

The comprehensive income of controlled entities is assigned to GROUP owners and non-controlling interests, even if this results in the latter having a deficit balance.

When necessary, the financial statements of controlled entities are adjusted, in a manner such that their accounting policies are consistent with those of the GROUP. The transactions and balances between GROUP companies are eliminated in the consolidation process.

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On the years ended December 31, 2016 and 2015, the main transactions performed between GROUP companies can be summarised as follows:

- (i) Purchases and sales of inventories;
- (ii) Provision of civil works services;
- (iii) Provision of administrative services;
- (iv) Loan granting and obtainment;
- (v) Dividend distribution.

Controlled entities (included in consolidated financial statements through the full consolidation method) are detailed in Appendix A to this annex.

## b) Associates

Financial investments in associates are recorded using the equity method, and are included in the statement of financial position, under the heading "Financial investments in associates and jointly controlled companies".

Financial investments in associates are investments in which the GROUP exerts a significant influence. The significant influence (assumed when voting rights surpass 20%) is the power to participate in the financial and operating decisions of an entity, without exercising control or joint control over it. In addition, regarding some entities whose effective percentage holding held by the GROUP is below 20%, the GROUP exercises significant influence over them. Most of these situations occur when the GROUP holds a majority financial holding in a subsidiary that, in turn, controls or exercises significant influence in a subsidiary. On the other hand, some subsidiaries (whose weight is immaterial) are consolidated through the equity method, given the lack of timely provision of the financial elements required for the elaboration of this annex to the consolidated financial statements. Financial investments in associates for which the GROUP was unable to timely obtain financial statements (whose weight is immaterial) were recorded at the acquisition cost, net of impairments.

Pursuant to the equity method, financial holdings are initially recorded at their acquisition cost, which is subsequently adjusted.

- By the value corresponding to the GROUP's holding in the comprehensive income (including the net income of the period) of the associates - against other comprehensive income of the GROUP or gains or losses for the period, as applicable;
- By the dividends received – against an account receivable or a cash account;
- By eventual gains or losses in operations with other companies of the GROUP.

On the years ended December 31, 2016 and 2015, the main transactions performed between GROUP companies and associated companies can be summarised as follows:

- (i) Provision of civil works services;
- (ii) Provision of administrative services;
- (iii) Loan granting and obtainment;
- (iv) Dividend distribution.

An impairment analysis is made for financial investments in associates when there is indication that the asset might be impaired, with a loss being recorded in the income statement whenever this is confirmed. The recoverable amount of financial investments in associates is, for this purpose, determined in accordance with the provisions of IAS 36. When impairment losses recognized in prior years no longer exist, they are subject to reversal (with the corresponding gain being recorded in the income statement). Impairment losses are recorded as a deduction to the book value of investments.

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When the GROUP'S proportion in the accumulated losses of the associate exceeds the value at which the investment is recorded, the investment is stated at zero until the equity becomes positive, unless the GROUP has assumed commitments with the associated company, in which case a liability is recorded to meet such obligation.

Unrealised gains on transactions with associates are eliminated in proportion to the GROUP'S interest in the associate against the investment in that same associate. Unrealised losses are likewise eliminated, but only up to the point at which the loss does not show evidence that the transferred asset is in a situation of impairment.

Whenever necessary, the financial statements of the associates are adjusted to ensure their consistency with the accounting policies adopted by the GROUP.

Financial investments in associates are detailed in Appendix A to this annex.

## c) Joint ventures

Joint ventures are arrangements in which the parties who hold joint control of the agreement have rights over said arrangement's net assets. Joint control is the contractually agreed sharing of control, which exists only when decisions on relevant activities require the unanimous consent of the parties who share control. Financial interests in joint ventures are recorded in the consolidated financial statements through the equity method as described in subparagraph b) above. Based on the described above and in the agreements signed between parties, in which it was established the unanimous consent in relevant management decisions, the financial investments held at ASCENDI GROUP and at INDAQUA were considered as joint ventures, up to the date of their classification as "Non-current assets held for sale", although the GROUP holds an effective holding percentage over 50%. Financial investments in joint ventures are detailed in Appendix A.

## d) Joint operations

Joint operations are joint arrangements in which the parties who hold joint control have rights over the assets and obligations before the liabilities of the arrangement. Joint control is the contractually agreed sharing of control, which exists only when decisions on relevant activities require the unanimous consent of the parties who share control.

When a GROUP entity develops its activity within the scope of joint operations, the GROUP, as a joint operator, recognises in relation to its interest in a joint operation:

- Its assets, including its share of any jointly held assets;
- Its liabilities, including its share of any jointly incurred liabilities;
- Its share of revenue resulting from the sale of joint production;
- Its expenditure, including its share of any jointly incurred costs.

## e) Business combinations

Business combinations are recorded in accordance with the purchase method. The acquisition cost is determined at fair value, consisting of the sum, as at the date of taking control, of: (i) fair value of the assets transferred by the GROUP; (ii) fair value of the liabilities undertaken by the GROUP as a result of taking control; and (iii) fair value of the equity instruments issued by the GROUP in exchange for taking control. Costs related to business combinations are recorded as an expense when incurred in.

The identifiable assets and liabilities are measured at their fair value on the acquisition date, said measurement may be concluded within twelve months of the above mentioned date. For fair value measurement purposes, the GROUP resorts to market prices in force for similar assets and liabilities or, in the absence thereof, to universally accepted valuation techniques (comparable prices, discounted cash-flows, among others).

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The surplus cost of the combination plus the fair value of potential interests previously held in the entity acquired, and the value attributed to non-controlling interests in relation to the fair value of identifiable assets and liabilities is recognised as goodwill. If the above mentioned difference is negative, it is recognised as an income of the period under the heading "Other operating income / (expenses)", after reconfirmation of the value attributed to identifiable assets and liabilities acquired. The GROUP chooses, on a transactional basis, the valuation of non-controlling interests (i) in accordance with their proportion in the fair value of assets, liabilities and contingent liabilities acquired, or (ii) in accordance with their fair value. Up to January 1, 2012, non-controlling interests were exclusively valued in accordance with the corresponding proportion in the fair value of acquired assets and liabilities.

The amount of future contingent payments, if applicable, is recognised as a liability at the time of acquisition at its fair value, with any change of the initially stated value being recorded against the book value of goodwill, but only if this occurs within the remeasurement period (12 months after the acquisition date), and if it is related to events prior to the acquisition date. Otherwise it should be recorded against the income statement.

When a business combination is achieved in stages, the interest previously held by the GROUP in the purchased entity is remeasured at the fair value on the acquisition date and the gain or loss arising therefrom, if applicable, is recognised in the income statement. Amounts arising out of interests in the purchased entity before the acquisition date which had been previously recognised in other comprehensive income are reclassified for the income statement, provided that it was the proper accounting treatment if that holding had been disposed of.

Furthermore, the acquisition of financial holdings in associates is recorded through the purchase method.

Therefore, any surplus/shortfall of the acquisition cost in relation to the fair value of the identifiable assets and liabilities of the associates on the acquisition date is recognised, respectively, as goodwill (added to the value of the investment), or as an income in the income statement of the period under the heading "Gains/(losses) in associates and jointly controlled companies" (regarding the latter, after the proper reconfirmation of the fair value of the identifiable assets, liabilities and contingent liabilities).

## f) Other changes to interests in controlled entities

The acquisition of interests in entities that are already controlled is treated as a transaction between equity holders and, consequently, does not produce any recognition of goodwill or income. Any difference between the respective cost and the book value of the corresponding non-controlling interests acquired is recorded under reserves of equity. Furthermore, when the disposal of interests in controlled entities does not result in loss of control, the potential differences between the amount transferred to non-controlling interests and the price of the transaction are recorded under reserves of equity.

When the disposal of interests in an entity controlled until then results in loss of control by the GROUP, a gain or loss in income is recognised corresponding to the difference between: (i) the fair value of assets received by the GROUP plus the fair value of potential interests kept in the entity and (ii) the book value of the entity's assets and liabilities in the GROUP's consolidated financial statements and related potential non-controlling interests.

## g) Goodwill

Goodwill is recorded at cost (calculated pursuant to subparagraph e) of this note) minus accumulated impairment losses. Up to January 1st, 2004, Goodwill was amortised during the estimated recovery period of the investment, with the amortisations recorded in the income statement under the heading "Amortisations". As of January 1, 2004, the GROUP suspended the amortisation of Goodwill, subjecting it to annual impairment tests or whenever there is evidence of impairment.

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Regarding Goodwill generated before the IFRS transition date, the respective cost recognised corresponded to the net book value calculated in accordance with the accounting principles generally accepted in Portugal on that date, having been subject to impairment tests on said date. Moreover, and in accordance with the alternative established in IFRS 1 – First-time Adoption of the International Financial Reporting Standards, MOTA-ENGIL SGPS did not retrospectively apply the provisions of IAS 21 – The effects of changes in foreign exchange rates to the Goodwill generated before the IFRS transition date.

Goodwill related to investments in subsidiaries based abroad whose functional currency is not the Euro is recorded in the functional currency of these subsidiaries, and translated to the GROUP's functional and reporting currency (Euro) at the exchange rate in force on the reference date of the financial position statement. Any currency conversion differences arising from that translation are recorded in equity under the heading "Currency translation reserve".

As mentioned above, the GROUP conducts impairment tests on Goodwill, annually and with reference to the date of the consolidated financial position statement. Whenever the amount at which Goodwill is recorded is higher than its recoverable amount, an impairment loss is recognised, recorded in the income statement under the heading "Provisions and impairment losses". The recoverable amount is the highest value between the fair value minus the costs of sale and the value in use. The fair value is the amount which would be obtained with the disposal of the asset in a transaction within the reach of independent parties. The value in use is the present value of the estimated future cash flows that are expected to arise from the continued use of the asset, and from its disposal at the end of its service life. For Goodwill, the recoverable amount is always estimated for the cash generating unit to which it belongs.

Generally, cash generating units correspond to the individual subsidiaries purchased, except for companies for waste collection and treatment, whose cash generating units correspond to the respective groups of companies purchased.

Impairment losses recorded in Goodwill cannot be reversed.

## h) Translation of financial statements of foreign entities

Assets and liabilities included in these financial statements of foreign entities (entities that do not use Euro as a functional currency) are translated to Euros using the exchange rates in force on the reference date of the financial position statement. Income and expenses, as well as cash flows, are translated to Euros using the average exchange rate in force in the period. The resulting exchange differences, generated after January 1, 2004, are recorded in equity under the heading "Currency translation reserve". Exchange differences up to January 1, 2004 (IFRS transition date) were annulled against the heading "Retained earnings".

Goodwill and fair value adjustments resulting from the acquisition of foreign entities are treated as assets and liabilities of said entities and are translated to into Euros in accordance with the exchange rate in force at the end of the year.

Whenever a foreign entity is disposed of (totally or partially), the share corresponding to the accumulated exchange differences is recognised in the income statement as a gain or a loss of disposal, if there is loss of control, or transferred to non-controlling interests if there is no loss of control.

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On December 31, 2016 and 2015, functional currencies used by the major subsidiaries of the GROUP in the reporting of its financial information were the following:

Subsidiary	2016			2015		
	Business segment	Country / Currency	Functional currency	Business segment	Country / Currency	Functional currency
Mota-Engil SGPS	Holding	Euro (EUR)	Euro (EUR)	Holding	Euro (EUR)	Euro (EUR)
Mota-Engil Europa	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Ambiente e Servicos	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Engenharia	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Real Estate SGPS	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Central Europe Polónia	Europe	Polish Zloty (PLN)	Polish Zloty (PLN)	Europe	Polish Zloty (PLN)	Polish Zloty (PLN)
Suma	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Companies of EGF Group	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
ME África NV	Africa	Euro (EUR)	Euro (EUR)	Africa	Euro (EUR)	Euro (EUR)
MEEC África	Africa	Euro (EUR)	Euro (EUR)	Africa	Euro (EUR)	Euro (EUR)
Mota-Engil Angola	Africa	Angola Kwanzas (AOK)	Angola Kwanzas (AOK)	Africa	Angola Kwanzas (AOK)	US Dollar (USD)
Vista Waste	Africa	Angola Kwanzas (AOK)	Angola Kwanzas (AOK)	Africa	Angola Kwanzas (AOK)	Angola Kwanzas (AOK)
Mota-Engil África Malawi (Branch)	Africa	Malawian Kwacha (MWK)	Malawian Kwacha (MWK)	Africa	Malawian Kwacha (MWK)	Euro (EUR)
Mota-Engil África Angola (Branch)	Africa	Angola Kwanzas (AOK)	Angola Kwanzas (AOK)	Africa	Angola Kwanzas (AOK)	US Dollar (USD)
Mota-Engil África Moçambique (Branch)	Africa	Mozambique Metical (MZN)	Mozambique Metical (MZN)	Africa	Mozambique Metical (MZN)	Euro (EUR)
Mota-Engil Construction South Africa	Africa	South African Rand (ZAR)	South African Rand (ZAR)	Africa	South African Rand (ZAR)	South African Rand (ZAR)
Generadora Fenix	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
ME Latin America	Latin America	Euro (EUR)	Euro (EUR)	Latin America	Euro (EUR)	Euro (EUR)
Mota-Engil Peru	Latin America	Peruvian Sol (PEN)	Peruvian Sol (PEN)	Latin America	Peruvian Sol (PEN)	Peruvian Sol (PEN)
Mota-Engil México	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Mota-Engil Colômbia	Latin America	Colombian Peso (COP)	Colombian Peso (COP)	Latin America	Colombian Peso (COP)	Colombian Peso (COP)
Empresa Construtora Brasil	Latin America	Brazilian Real (BRL)	Brazilian Real (BRL)	Latin America	Brazilian Real (BRL)	Brazilian Real (BRL)

As a result of changing circumstances observed in some African countries, particularly as regards restrictions/shortage of hard currencies (EUR or USD), which had a significant impact on the currency used until then in business transactions (whether operational, investment or financing), the GROUP changed, with effect from January 1, 2016, the functional currency in some entities based in Angola, Mozambique and Malawi.

The (closing and average) exchange rates used on December 31, 2016 and 2015 for the translation to Euros of the financial statements of the main subsidiaries, jointly controlled companies and foreign associates (entities that do not use Euro as a functional currency) were as follows:

Currency		Year end		Average	
		2016	2015	2016	2015
Czech Crown (CZK)	EUR / CZK	27.02	27.02	27.04	27.27
Algerian Dinar (DZD)	EUR / DZD	116.37	116.60	120.80	111.75
S. Tomé and Príncipe Dobra (STD)	EUR / STD	24,500.00	24,500.00	24,500.00	24,500.00
US Dollar (USD)	EUR / USD	1.05	1.09	1.10	1.10
Cape Verde Escudo (CVE)	EUR / CVE	110.27	110.27	110.27	110.27
Hungarian Forint (HUF)	EUR / HUF	309.83	315.98	311.91	309.59
Angola Kwanzas (AOK)	EUR / AOK	184.48	147.83	182.32	133.18
Malawian Kwacha (MWK)	EUR / MWK	766.82	719.27	787.33	560.19
Mozambique Metical (MZN)	EUR / MZN	75.20	49.12	69.80	43.05
Romanian New Leu (RON)	EUR / RON	4.54	4.52	4.49	4.44
Peruvian Novo Sol (PEN)	EUR / PEN	3.54	3.71	3.73	3.54
Macao Pataca (MOP)	EUR / MOP	8.42	8.69	8.82	8.82
Chilean Peso (CLP)	EUR / CLP	706.03	771.45	741.90	728.74
Colombian Peso (COP)	EUR / COP	3,164.41	3,456.08	3,348.78	3,060.13
Mexican Peso (MXN)	EUR / MXN	21.77	18.91	20.68	17.67
South Africa Rand (ZAR)	EUR / ZAR	14.46	16.95	16.13	14.28
Brazilian Real (BRL)	EUR / BRL	3.43	4.31	3.82	3.74
Omani Rial (OMR)	EUR / OMR	0.41	0.42	0.42	0.43
Chinese Yuan Renminbi (CNY)	EUR / CNY	7.32	7.06	7.34	6.95
Polish Zloty (PLN)	EUR / PLN	4.41	4.26	4.37	4.18

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## 1.3. Main valuation criteria

The main valuation criteria, judgments and estimates used in the preparation of the GROUP's consolidated financial statements during the periods under review were as follows:

### i) Intangible assets

Intangible assets are recorded at acquisition or production cost, minus amortisations and any accumulated impairment losses, and are recognised only if it is likely that they will generate future economic benefits for the GROUP, if their value can be reasonably measured and if the GROUP has control over them.

Intangible assets are basically comprised by concession operating rights (arising from the adoption of IFRIC 12), assets recognised within the scope of imputation of fair value to assets and liabilities acquired in business combinations, and software.

Assets purchased/built by the GROUP under concession contracts are assets allocated to the concession, corresponding to the respective licensed infrastructure.

The IFRIC - 12 applies to concession contracts of public service under which the concession owner regulates:

- services to be provided by the concessionaire company (by means of use of the infrastructure), to whom and at what price; and
- any residual interest on the infrastructure at the end of the contract.

The IFRIC - 12 applies to infrastructures:

- that were built or purchased by the operator from third parties;
- that already exist and to which the operator is granted access.

Therefore, and given the above, concessions held by the GROUP, mainly allocated to the area of waste treatment, are covered by this IFRIC for the following reasons:

- The GROUP has concession contracts of public service established with the State ("Concession owner") and during a pre-set period;
- The GROUP provides public services by means of infrastructure use;
- The concession owner controls services provided and the conditions in which they are provided (as regards concessions in the area of waste treatment, particularly through the ERSAR regulator);
- The various assets used for the provision of services fall to the concession owner at the end of the concession contract.

Therefore, and given the terms of the concession contracts, particularly as regards the remuneration model, the operations of the GROUP were considered to be included in the intangible asset model (when the GROUP receives from the concession owner the right to charge a fee according to the infrastructure use), mainly in virtue of the GROUP taking on the risk of existing changes to the remuneration model (prices), given that it is imposed by the regulator, ERSAR, taking simultaneously on operating, investment and financing risks of concessions.

Given the above framework, for the purposes of amortisation of assets allocated to concessions, the method that reflected the model by which future economic benefits of assets were used by the GROUP was taken into account. Therefore, given the type of remuneration model in force until December 31, 2015, assets were amortised during the validity period of concessions; from January 1, 2016 onwards, assets are amortised for the period corresponding to the useful life of assets related to purchased/construction rights ("infrastructure"), given that this is the new basis for its annual income.

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Therefore, licensed assets allocated to the area of waste treatment are amortised according to the remuneration model underlying the tariff regulation, which determines that, as of January 1, 2016, assets should be amortised according to the useful life of the corresponding infrastructure, duly approved by the regulator and detailed as follows:

Types of assets	Years
Landfills	Depletion method
Sealing of landfills	Concession period
Buildings and other constructions	10 - 36
Basic equipment	3 - 10
Transport equipment	3 - 12
Administrative equipment	3 - 10
Other tangible assets	2 - 12

In addition, investment grants related to these assets are recognised in the income statement in the periods that correspond to the said useful lives.

It should also be noted that the right granted within the scope of concession contracts is the possibility that the GROUP charges fees according to costs incurred with the infrastructures. Thus, taking into account the method for fee calculation, the remuneration basis is calculated based on each specific item of licensed assets, which implies the need to have a component-based right. As a result, the right can be divided into components by different parts as the various remunerations bases are implemented.

Therefore, the intangible asset increases as the various infrastructures related to the concession are built, and is recorded based on its acquisition/construction cost. This asset decreases as future economic benefits are used.

Intangible assets recognised following business combinations are amortised by the straight line method during the estimated recovery period of said rights. Software is amortised by the straight line method over a period of three to six years.

## ii) Premises

Premises (land and buildings) are initially recorded at the acquisition or production cost. The GROUP adopted the revaluation method (revalued amount minus accumulated amortisations) as accounting policy for the subsequent measurement of said premises. The respective revalued amount corresponds to its fair value as at the revaluation date. The revaluations are carried out regularly (in a timeframe not exceeding three years) by independent real estate valuers, so that the revalued amount does not differ materially from the fair value of the respective property. The fair value is basically calculated through the comparative market method or through the income method. The comparative market method uses as relevant inputs the cost per square meter of acquisition, construction or lease of real estate assets with similar characteristics, whereas the income method uses as relevant inputs lease payments in force, lease payments to continue after the term of the lease contract and the discount rate that better reflects the risks inherent of the real estate assets. When the fair value calculated in the valuation is slightly higher than its book value in the statement of the financial position, the GROUP, due to prudence reasons, does not update the assets subject to the valuation to their fair value.

Adjustments arising from revaluations of real estate assets for own use are recorded against equity. When a land/building which had been revalued positively in former fiscal years is subsequently revalued negatively, the adjustment is recorded against equity up to the amount corresponding to the increased equity arising from previous revaluation, minus the amount realised through depreciation, with its excess being recorded as a cost for the year in the income statement.

Depreciation is imputed on a systematic basis using the straight line method during the estimated useful life of the buildings, which varies between 20 and 50 years. Land is not depreciated.

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Depreciation of real estate assets for own use are recorded on a monthly basis under the heading “Amortisations”, in the income statement. Any changes to the period of estimated useful life of real estate assets for own use are carried out prospectively.

## iii) Land assigned to quarry operations

Land assigned to quarry operations, as well as some related expenses (expenses incurred with the licensing and start-up of the quarries and expenses to be incurred with restoration of landscape), are recorded at the acquisition or production cost. These assets are depreciated in accordance with the quantity of stone extracted each year, taking into account the residual value of the quarry at the end of the extraction.

## iv) Other tangible assets

Other tangible assets acquired up to 31st December 2003 are recorded at their deemed cost, which corresponds to their acquisition cost or to the acquisition cost revalued in accordance with the accounting principles generally accepted in Portugal up to that date, minus accumulated depreciation and impairment losses.

Other tangible assets acquired after that date are recorded at acquisition cost minus accumulated depreciation and impairment losses.

Tangible assets in progress represent assets still under construction/development, and are recorded at acquisition cost, minus any accumulated impairment losses.

Depreciation is calculated after the assets are in condition to be used, that is, when the assets are available for use and in the necessary conditions, in terms of quality and technical reliability, to operate as intended by the GROUP’s Board of Directors, and is imputed systematically using the straight line method during their useful life. The useful life of an asset is determined based on its expected use by the GROUP, expected natural wear, predictable technical obsolescence and the possible residual value attributable to the asset.

The depreciation rates used correspond to the following periods of estimated useful life (in years):

Equipment:	
Basic equipment (excluding that assigned to concessions)	3 to 10
Administrative equipment	4 to 10
Transport equipment	3 to 10
Tools and utensils	3 to 6
Other tangible assets	3 to 10

Subsequent expenses related to replacement of tangible asset components incurred by the GROUP are added to the respective assets, with the net value of the replaced components being written off and recorded as a cost under the heading “Other operating income / (expenses)”.

Maintenance and repair costs that neither increase the useful life nor give rise to significant improvements in the items of the tangible assets are recorded as a cost for the year when they occur.

Depreciation of other tangible assets is recorded on a monthly basis under the heading “Amortisations”, in the income statement. Any changes to the period of estimated useful life of other tangible assets are carried out prospectively.

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Gains or losses resulting from the sale or write-off of tangible assets are calculated as the difference between the sale price and the net book value on the disposal/write-off date, and are recorded in the income statement under the heading "Other operating income / (expenses)".

## v) Impairment of tangible and intangible assets

On each reporting date the book values of the GROUP's tangible and intangible assets are revised to determine if there is evidence that said assets are impaired. In case there is such evidence, the recoverable amount of said assets (or of the cash-generating unit) is estimated, in order to determine the extent of the impairment loss (if any).

The recoverable amount of the asset or of the cash-generating unit is the highest value between (i) the fair value minus costs to sell or (ii) the value in use. When calculating value in use, the estimated future cash flows are discounted using a discount rate which reflects market expectations regarding the time value of money and the specific risks of the asset or cash-generating unit in relation to which the estimated future cash flows were not adjusted.

Whenever the book value of the asset (or cash-generating unit) is higher than its recoverable amount, an impairment loss is recognised. Impairment losses are immediately recorded in the income statement under the heading "Provisions and impairment losses", unless said losses compensates for a revaluation excess recorded in equity. In this case, said losses will be treated as a decrease in said revaluation.

Impairment losses are assigned to the book value of the cash-generating unit's assets as follows: first at the goodwill allocated to the cash-generating unit (if any) and then at the other assets of the cash-generating unit, on a pro rata basis given the respective book values.

The reversal of accumulated impairment losses recognised in previous years only occurs when there is evidence that the accumulated impairment losses no longer exist or decreased. The reversal of impairment losses is recognised in the income statement under the heading "Provisions and impairment losses". The reversal of impairment losses is undertaken up to the limit of the amount that would have been recognised (net of depreciation), if the prior impairment loss had not been recorded.

## vi) Leases

Lease contracts are classified as: (i) finance leases when they substantially transfer all the risks and advantages inherent to the possession of the leased asset; and as (ii) operating leases when they substantially do not transfer all the risks and advantages inherent to the possession of the leased asset.

The classification of the leases between finance or operating is undertaken based on the substance and not the form of the contract.

### a) Leases where the GROUP acts as lessee

Tangible assets acquired under finance lease contracts, as well as the corresponding liabilities, are recorded through the financial method, recognising the tangible assets and their corresponding accumulated depreciation, as mentioned in subparagraphs ii) and iv) above, and the outstanding debts pending settlement in accordance with the contractual financial plan. Furthermore, the interest included in the lease rent and the depreciation of the tangible asset are recognised as costs in the income statement for the year they refer to.

In leases considered as operating, the lease payments owed are recognised as a cost in the income statement on a linear basis during the period of the lease.

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## b) Leases where the GROUP acts as lessor

In leases where the GROUP acts as lessor under operating leasing contracts, the value of assigned assets is kept in the financial position statement and the income is linearly recognised during the period of the lease.

## vii) Investment properties

Investment properties consist of land and buildings held for the purpose of obtaining rents and/or the appreciation of the invested capital, and not for use in the production or supply of products or services, or for administrative purposes (cases in which they are classified as tangible assets), or for sale during current business activity (cases in which they are classified as inventories). Classification of given land and buildings as investment properties to the detriment of inventories and/or tangible assets is basically the result of the use prospects of the GROUP's Board of Directors for said assets, taking into account the maximization of return thereof in particular.

Investment properties, including those under construction, are recorded at their fair value, set on an annual basis by specialised external experts.

Variations in the fair value of investment properties are recognised directly in the income statement for the year, under the heading "Financial results – Fair value of investment properties".

Costs incurred with investment properties in use, namely maintenance, repairs, insurance and property taxes (Municipal Property Tax), are recognised in the consolidated income statement for the year to which they refer.

## viii) Non-current assets held for sale

Non-current assets are classified as held for sale when their book value is expected to be recovered through its sale and not through their continued use. In order for these assets to be classified as such, they must be available for immediate sale under their current conditions, the sale must be highly probable, the Board of Directors must be committed to execute this sale and the disposal must predictably occur within a period of 12 months, as established in IFRS 5 – Non-current assets held for sale and discontinued operations.

Non-current assets classified as held for sale are recorded at the lowest amount between their book value and their fair value minus the expected costs of the sale. Their potential amortisation ceases at the time of classification as non-current assets held for sale.

For the purposes of calculation of fair value for non-current assets held for sale, purchase proposals received for the assets to dispose of and assessments made by external entities were taken into account.

## ix) Financial assets and liabilities

Financial assets and liabilities are recognised in the statement of the financial position when the GROUP becomes a contracting party of the respective financial instrument.

### a) Financial assets

The financial assets are classified into the following categories: "Recorded at fair value through profit or loss" "Loans and accounts receivable" "Financial assets held to maturity" and "Financial assets available for sale". The classification, defined at the time of initial recognition, depends on the intention underlying the acquisition of the asset and on the characteristics of the financial instruments.

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- Recorded at fair value through profit or loss: this category is divided into two subcategories, “Financial assets held for trading” and “Financial assets recorded at fair value through profit or loss”. A financial asset is classified into this category, particularly, when acquired for the purpose of its sale in the short term, or if the adoption of its valuation through this method eliminates or significantly reduces an accounting mismatch. Derivative financial instruments are also classified as “Financial assets held for trading”, unless they are assigned to hedging operations within the scope of the application of the rules of hedge accounting. Assets recorded in this category are classified as current assets if they are held for trading or if they are expected to be realised within 12 months of the date of the statement of financial position.

- Loans and accounts receivable: This category includes non-derivative financial assets, with fixed or variable repayment, which are not listed in active/liquid markets. These financial assets arise when the GROUP provides cash, products or services directly to a debtor with no intention to negotiate the debt.

“Loans and accounts receivable” are classified as current assets, except in the cases where their maturity is longer than 12 months after the date of the statement of financial position, in which case they are classified as non-current assets. In both cases, this type of financial assets is recorded in the statement of the financial position, included under the headings “Customers and Other debtors”.

- Financial assets held to maturity: This category includes non-derivative financial assets, with fixed or variable repayment and defined maturity, which the GROUP intends to hold to maturity (and has the capacity to do so). These assets are classified as current assets, except in cases where their maturity is longer than 12 months after the date of the statement of financial position, in which case they are classified as non-current assets.

- Financial assets available for sale: This category includes non-derivative financial assets, which are designed as available for sale, or those that do not fall under the previous categories. This category is included under non-current assets unless the Board of Directors intends to sell the financial instruments within 12 months as of the date of the statement of financial position.

All purchases and sales of these financial assets are recognised on the date the respective purchase and sale agreements are signed, regardless of the financial settlement date.

These financial assets are initially recorded at their fair value (which is usually the value paid on the acquisition date), plus the transaction costs, (except for those recorded at fair value through profit or loss, when the corresponding transaction costs are recorded as year costs).

After initial recognition, financial assets recorded at fair value through profit or loss and financial assets available for sale are measured at their fair values, with no deduction relative to any transaction costs which might occur up to their sale.

Gains or losses arising from a change in the fair value of financial assets available for sale are recorded in the consolidated statement of income and of other comprehensive income, under the heading “Fair value reserves – Available for sale investments” until the asset is sold, received or the incurred loss is considered an impairment loss, at which time the accumulated gain or loss is recorded separately in the income statement.

In the case of investments in equity instruments (shares) classified as financial assets available for sale, a significant or prolonged decrease in their fair value to levels over their acquisition cost indicates impairment.

Gains or losses arising from a change in the fair value of financial assets held for trading or of financial assets recorded at their fair value through profit or loss are recognized in the income statement for the year.

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The fair value of financial assets is calculated on the basis of current market prices. If the market to which assets belong is not an active/liquid market, the GROUP records them at acquisition cost minus any accumulated impairment losses. The fair value of listed financial assets is calculated based on the closing price released on the respective market as at the date of the statement of financial position.

All investments in non-listed equity instruments (shares) classified as financial assets available for sale are recorded at their acquisition cost (fair value on the date of initial recognition), always considering impairment losses in case there is objective evidence of such. The GROUP's Board of Directors believes that the fair value of these investments does not differ significantly from their acquisition cost, net of impairment.

Dividends received relative to equity instruments classified as financial assets available for sale are recognised in the income statement in the year when the right to receive them was established.

Financial assets classified as Loans and accounts receivable and as financial assets held to maturity are, after their initial recognition, measured at the amortised cost through the effective interest rate method.

Financial assets (except for those measured at fair value through profit or loss) are subject to impairment analysis on the date of each financial position statement. Financial assets corresponding to investments in equity instruments, or assets which are individually significant, are subject to an individual impairment analysis. The remaining financial assets are grouped by similarity of credit risk for the purposes of impairment analysis.

In the case of equity instruments classified as financial assets available for sale, a significant (over 50%) or prolonged decline (over two years) of their fair value against their acquisition cost indicates that the asset is impaired. For the remaining assets, the GROUP considers the following objective evidence of impairment to be relevant:

- significant financial difficulties by the counterparty in settling its debts;
- failure to meet payments in due time by the counterparty relative to credit extended by the GROUP;
- high probability that the counterparty might enter into bankruptcy or debt restructuring proceedings.

For financial assets recognised at amortised cost, the amount of the impairment is calculated as the difference between their book value and the present value of future cash flows discounted at the initial effective interest rate, that is considered null whenever it is expected to be received within less than one year, due to the fact that the discount effect is found immaterial.

The book value of financial assets presented in the consolidated financial position statement is directly reduced by any impairment losses calculated. When an account receivable from customers and other debtors is considered uncollectible, it is (along with potential impairment losses associated) annulled against the income statement. Subsequent receipts related to annulled accounts receivable from customers and other debtors are recorded as income in the income statement of the period. Changes to impairment losses are recorded in the income statement of the period.

With the exception of investments in equity instruments classified as financial assets available for sale, subsequent decreases in accumulated impairment losses, which objectively result from an event subsequent to the impairment recognition date, are recorded in the income statement of the period up to the limit of existing accumulated impairment losses. Impairment losses of investments in equity instruments classified as financial assets available for sale are not reversed.

## b) Loans obtained

Loans are initially recorded as a liability at their fair value. Any costs incurred with the issue of these loans are recorded as a deduction to the debt and recognised, over the lifetime of these loans, in accordance with the effective interest rate method.

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Loans obtained are subsequently measured at amortised cost.

Loans in the form of commercial paper issues are classified as non-current liabilities when its placement has been guarantee for more than a year, and the GROUP's Board of Directors intends to use that financing source for more than a year.

Non-recourse loans correspond to loans in which only assets of the financed companies are used to settle the debt (Project finances). In recourse loans, the debt's settlement is always ensured by the GROUP.

c) Suppliers and sundry creditors

Financial liabilities included under the headings "Suppliers" and "Sundry Creditors" are initially recorded at their fair value. These financial liabilities are, after their initial recognition, measured at the amortised cost, through the effective interest rate method.

d) Other financial liabilities

Other financial liabilities are initially recorded at their fair value. These financial liabilities are, after their initial recognition, measured at the amortised cost, through the effective interest rate method.

e) Distinction between financial liabilities and equity instruments

Financial liabilities and equity instruments are classified in accordance with the contractual substance of the transaction. The GROUP defines equity instruments as those where the underlying contract of the transaction shows that the GROUP holds a residual interest in a set of assets after deduction of a set of liabilities.

f) Derivative financial instruments

The GROUP uses derivative financial instruments in the management of its financial risks solely to ensure the hedging of these risks, and never uses derivative financial instruments for purposes of trading. The use of derivative financial instruments is duly regulated by the GROUP.

Derivative financial instruments used by the GROUP basically refer to interest rate and exchange rate hedge instruments associated with loans obtained. The amount of the loans, the maturity periods of the interest and the repayment plans are similar to the conditions established for the interest rate and the exchange rate hedge instruments, and therefore the hedging is highly effective.

The following criteria is used by the GROUP to classify derivative financial instruments as cash flows hedge instruments:

- The hedge is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be measured reliably;
- There is sufficient documentation on the transaction at the beginning of the hedge operation;
- The transaction covered by the hedge is highly probable.

Interest rate and exchange rate hedge derivative financial instruments are initially recorded at their fair value. Changes on the fair value of those instruments, associated to the part that is effectively hedged, are recognised in the consolidated statement of income and other comprehensive income under the heading "Variation, net of tax, in the fair value of derivative financial instruments", and are transferred to net income for the year in the same period when the hedged instrument affects net income. The potential existing hedge inefficiency is recorded under the headings "Financial income and gains" and "Financial costs and losses" of the consolidated income statement of the period.

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The hedge accounting of derivative financial instruments ceases when the instrument falls due or is sold. In situations where the derivative financial instrument no longer qualifies as a hedge instrument, the accumulated fair value differences recognised in the consolidated statement of income and other comprehensive income under the heading “Variation, net of tax, in the fair value of derivative financial instruments” are transferred to the net income of the year or added to the amount of the asset which resulted from the hedged transaction, and subsequent revaluations are recorded directly in the income statement.

Regarding derivative financial instruments which, although contracted for economic hedging purposes, do not meet all the requirements of IAS 39 (Financial Instruments: Recognition and Measurement) with respect to the possibility of qualifying for hedge accounting, the respective changes in fair value are recorded in the income statement for the year when they occur.

## g) Treasury shares

Treasury shares are stated at their acquisition cost as a deduction from equity. Gains or losses inherent to the disposal of treasury shares are recorded under the heading “Other reserves and retained earnings”.

## h) Discounted bills and accounts receivable assigned under factoring

The GROUP derecognises financial assets from its consolidated financial statements solely when the contractual right to the cash flows inherent to those assets expired or when the GROUP substantially transfers all the risks and benefits inherent to the possession of those assets to a third party.

Consequently, customer balances secured by discounted bills that have not yet fallen due and accounts receivable assigned in factoring as at each date of the statement of financial position are recognised in the GROUP’s consolidated financial statements against the heading “Sundry creditors” until they are received.

## x) Cash and cash equivalents

### a) Cash and cash equivalents – demand deposits

The amounts included under the headings “Cash and cash equivalents with/without recourse – Demand deposits” correspond to cash, bank deposits at sight, term deposits and other cash investments falling due within less than three months that are repayable on demand and have an insignificant risk of change of value.

### b) Cash and cash equivalents – term deposits

The amounts included under the heading “Cash and cash equivalents with recourse - Term deposits” correspond to cash, bank deposits at sight, term deposits and other cash investments that are not immediately available, since they have been given as a pledge or being blocked.

The amounts of Cash and cash equivalents without recourse correspond to the available funds of companies financed under a project finance regime, particularly of EGF (Note 1.3 ix) b)).

## xi) Inventories

Merchandise and raw materials and consumables are valued at the lowest value between the average acquisition cost and their net realizable value (estimate of their sale price minus the costs to be incurred with their disposal). Finished and semi-finished products, by-products, and products and work in progress are valued at their production cost, which is lower than their market value. Production cost includes the cost of the incorporated raw materials, direct labour and general factory costs.

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Adjustments are recorded to reflect the difference between the inventory book value and the corresponding net realizable value, whenever it is lower on the reporting date.

Concerning inventories, adjustments to their net realizable value are calculated based on market values and several rotation indicators.

The cost of merchandise sold and raw materials and consumables obeys to the following rules:

- Property – specific cost
- Materials and remaining inventories – average cost

## xii) Revenue

Revenue is recorded at the fair value of the assets received or receivable, net of discounts and expected returned products.

### a) Construction contracts

The GROUP recognises the revenue of the construction projects, contract by contract, in accordance with the percentage-of-completion method, which is defined as the ratio between the costs incurred in each contract up to a given date and the sum of these costs with the costs estimated to complete it. The differences obtained between the values resulting from the application of the percentage-of-completion to the total estimated income and the invoiced values until then are stated under the subheadings “Production and services rendered not invoiced” or “Advance billing”, included under the headings “Other current assets” and “Other current liabilities”.

Whenever, due to uncertainties in the construction plan, the subsequent income of the work cannot be determined reliably, the construction contract is recognised by the amount of the expenditure incurred (“zero profit margin contracts”).

Variation relative to the amount of revenue agreed in the contract is only recognised in the net income of the year when it is likely that the customer will approve the amount of revenue arising from said variation and it may be measured reliably.

Claims for reimbursement of costs not included in the contract price are included in the revenue of the contract when the negotiations reach an advanced stage, indicating that it is likely that the customer will accept the claim and it can be measured reliably.

In order to face the costs to be incurred during the contracts warranty period, the GROUP recognises a liability on an annual basis to meet this legal obligation, which is calculated taking into account the annual volume of production and the historical records of costs incurred in the past with contracts during the warranty period.

When it is likely that the total costs foreseen to complete a construction contract exceed the income defined therein, the expected loss is recognised immediately in the income statement for the year.

Costs incurred with the preparation of proposals for submission in tenders are recognised in the income statement of the year as the outcome of tenders cannot be controlled.

### b) Real estate

Costs incurred with real estate projects developed by the GROUP are determined taking into account the direct construction costs, as well as all the costs related to the preparation of the projects and licensing of the works. Costs imputable to the funding, supervision and inspection of the projects are also capitalised, provided that they are underway.

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For the purposes of capitalisation of financial costs and costs related to the supervision and inspection of the projects, it is considered that the project is underway if it is awaiting a decision of the competent authorities or if it is under construction. Should the project not be at either of these stages, it is considered stopped and the capitalisation referred to above is suspended.

Pursuant to IFRIC 15, sales generated by the real estate business are recognised when all the risks associated to the asset are substantially transferred to the buyer (that is, at the time of the signing of the property deed).

## c) Waste treatment activity

Revenue from the provision of services of waste treatment is recognised based on the amount of waste treated, provided that all the following conditions are met:

- The amount of the revenue can be measured reliably;
- It is likely that the GROUP will receive future economic benefits associated to the transaction;
- The expenses incurred or to be incurred with the transaction can be measured reliably;
- The completion stage of the service can be measured reliably.

On the other hand, the fee to be charged to the municipalities is supported by the annual approval of the concession owner and of the Regulator or, when this is not possible, is set according to the applicable regulatory legislation. If applicable, the effects of these fees deviations (difference between allowed revenues approved in advance by the regulator and actual revenues) are recognized on the profit and loss for the year they pertain to.

## d) All other business

Revenue arising from sales and provision of services is recognised with its realisation or with reference to the completion stage of the transaction as at the reporting date, provided that all of the following conditions are met: i) the amount of the revenue can be measured reliably; ii) it is likely that the GROUP will receive future economic benefits associated to the transaction; iii) the costs incurred or to be incurred with the transaction can be measured reliably; and iv) the completion stage of the transaction as at the reporting date can be measured reliably.

Interest income is recognised using the effective interest rate method, provided that it is likely that the GROUP will receive economic benefits in the future and their amount can be measured reliably.

Revenue derived from dividends is recognised when the GROUP'S right to receive the corresponding amount is established.

## xiii) Accruals principle

The GROUP adopts the accruals accounting principle regarding the majority of the headings of its financial statements. Therefore, costs and income are recorded as they are incurred, regardless of their time of payment or receipt.

## xiv) Assets, liabilities and transactions in foreign currency

All transactions in foreign currency are recorded in the functional currency at the time of their initial recognition through the application, to the amount in foreign currency, of the spot exchange rate between the functional currency and the foreign currency as at the transaction date.

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At the end of each reporting period: a) monetary items in foreign currency are translated at the closing exchange rate; b) non-monetary items which are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the transaction date; and c) non-monetary items measured at fair value in a foreign currency are translated at the exchange rates at the date when the fair value was determined.

Currency conversion differences arising from the settlement of monetary items or from the translation of monetary items at rates which are different from those used to translate them in the initial recognition during the period or in previous financial statements are recognised in the income statement of the period, unless they arise from a monetary item which is part of a net investment in a foreign operating unit. In this case, those currency conversion differences are initially recognised in other comprehensive income and reclassified from equity to the net income of the year at the time of the disposal of that operating unit.

Financial currency exchange differences related to investment/financing activities are registered by its net amount under a subheading of "Financial results".

Operational currency exchange differences related to operating activities are registered by its net amount under a subheading of "Other operating income / (expenses)".

Differences in intragroup balances arisen in the process of conversion of financial statements from entities/companies with a functional currency other than the Euro, resulting from inefficiencies between the several exchange rates are maintained in the financial position statement until the settlement of the underlying transactions.

In preparing the consolidated financial statements, the results, the cash-flows and the financial position of the entities comprised in the consolidation perimeter, whose functional currencies are not the currency of a hyperinflationary economy, have been translated into Euros at the exchange rates listed in paragraph h) of Note 1.2.

## xv) Income tax

Income tax for the period is calculated based on the taxable profit or loss of the companies included in the consolidation (in accordance with the tax rules in force in the country where they operate) and considering deferred taxes.

Deferred taxes are calculated based on the statement of financial position liability method and refer to temporary differences between the amounts of the assets and liabilities reported for accounting purposes and their respective amounts for tax purposes.

Deferred tax assets and liabilities are calculated and valued annually using the tax rates in force, or announced to be in force, as at the date of the reversal of the temporary differences.

Deferred tax assets are recorded only when there are reasonable expectations of sufficient future tax profits for their use. On each date of statement of financial position a reappraisal is made of provisional differences underlying the deferred tax assets in order to recognise deferred tax assets not recorded previously because they did not meet the requirements for their recording and/or to reduce the amount of said assets according to the current expectation of their future recovery. More specifically, as regards the record of deferred tax assets associated with reportable tax losses, these are only recorded when the business plans of the respective companies support their full recovery within the legal deadlines set.

The amount of tax to be included, both in current tax and deferred tax, arising from transactions or events recognised under headings of other comprehensive income is recorded directly under these same headings, and does not affect the net income for the year.

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## xvi) Financial charges with loans obtained

Financial costs related to loans obtained are generally recognised as expenditure in the period in which they occur through the effective interest rate method.

Financial costs related to loans received that are directly related to the acquisition, construction or production of fixed assets, or associated to real estate projects classified under inventories, are capitalised, thus being incorporated in the cost of the asset. The capitalisation of these costs starts after the beginning of the preparation of the construction or development of the asset and is interrupted after the beginning of its use, the end of production or construction of the asset, or when the project in question is suspended.

Any income generated by loans obtained related to construction/development of eligible assets are deducted from financial costs eligible for capitalisation.

For the purposes of determination of financial costs to be capitalise, financial costs specifically incurred in the construction/development of the asset are taken into account or, if that is not possible, an average interest rate is calculated as follows: Total financial costs incurred in the period/Total bank debt of the Company/GROUP, which is multiplied by the amount of the assets under construction/development.

## xvii) Provisions

Provisions are recognised when, and only when, the GROUP has a present obligation (legal or implicit) arising from a past event, it is likely that in order to settle that obligation there will be an outflow of funds and the amount of the obligation can be estimated reasonably. The provisions are reviewed on each date of statement of financial position and adjusted so as to reflect the best estimate on that date (expected amount of the outflow to incur), taking into account the risks and uncertainties inherent to such estimates. When a provision is calculated taking in consideration the future cash flows required to settle the obligation, it is recorded by its net present value. The discount rate used in the abovementioned calculation corresponds to the average rate of financing of the respective company at the reporting date.

Provisions for onerous contracts - Current obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is found to exist when the GROUP faces a situation in which unavoidable costs to meet the obligations of the contract exceed economic benefits expected to be received under said contract.

Provisions for work warranties - Provisions to handle expected costs with warranties under construction contracts are recorded on the date the construction revenue is recognised, according to the best estimate of the Board of Directors of outflows of funds required to meet said obligation.

Provisions for legal proceedings - Provisions for legal proceedings are recorded at the time it is determined that an outflow of funds to the GROUP is likely to occur, being those reviewed annually based on the opinion of the corresponding lawyers/legal advisers in charge of the proceedings.

Provisions for restructuring are only recognised by the GROUP when there is a formal and detailed restructuring plan and it has been disclosed to the parties involved.

## xviii) Employee benefits

### a) Current and non-current benefits granted to employees

A liability is recognised to cope with benefits granted to employees as regards wages, vacations and holiday pay in the period in which employees provide the services, and it is recognised at the amount of benefits expected to be paid.

# Consolidated Financial Information

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Recognised liabilities regarding current benefits granted to employees are measured at the undiscounted amount of the benefits expected to be paid in exchange for services provided.

Recognised liabilities concerning non-current benefits granted to employees are measured at the net present value of the future expected payments regarding services provided by employees up to the reporting date.

## b) Pensions

Liabilities related to the defined benefit pension plan, attributed to some former employees and to some current directors of the GROUP, are calculated in accordance with the Projected Unit Credit Method, using the actuarial and financial assumptions that are most suited to the established plan, being the respective actuarial valuation performed on each reporting date. The discount rate is determined based on the market rates of bonds issue by companies with a high quality credit risk and with a maturity similar to the one of the settlement of the liabilities.

As of January 1, 2013, following the revision of IAS 19 – “Employee benefits”, the GROUP started to record the following items related to the abovementioned pension plan in the heading “Wages and salaries” of the income statement:

- Cost of current services;
- Net cost of interest with the pension plan;
- Net cost of interest with the pension plan; with early retirements, corresponding to the increased liabilities arising from the transition to retirement; and
- Gains and losses arising from the change of plan conditions.

The net cost of interest with the pension plan is calculated by the GROUP multiplying the net liability with retirement pensions by the discount rate used in the determination of the corresponding liabilities. On December 31, 2016 and 2015, the GROUP’s liabilities with retirement pensions were solely covered through the record of a provision, under the heading “Provisions”, without the existence of an autonomous fund.

Remeasurement gains and losses, particularly actuarial gains and losses arising from differences between actuarial assumptions used and the amounts effectively verified (gains and losses from experience), and changes in actuarial assumptions are recognised in the statement of other comprehensive income.

## xix) Government grants

Grants attributed to fund staff training actions are recognised as income during the period of time during which the GROUP incurs the respective costs, and are presented in the income statement by their net amount.

Grants attributed to fund investments in tangible or intangible assets are deferred and recorded as liabilities. Investment grants are recognised in the income statement during the estimated period of useful life of the assets under the heading “Other operating income/(expenses)”.

## xx) Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements but they are disclosed in the Notes whenever it is likely that there will be a future economic benefit.

# Consolidated Financial Information

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Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the Notes, unless the possibility of an outflow of funds affecting future economic benefits is remote.

## xxi) Subsequent events

Events occurring after the date of this statement of financial position that provide additional information on conditions which existed as at the date of statement of financial position (adjusting events) are reflected in the consolidated financial statements. Events after the date of this statement of financial position that provide information on conditions which occur after the date of this statement of the financial position (non-adjusting events), if material, are disclosed in the Notes to the consolidated financial statements.

## xxii) Judgments and estimates

In preparing the consolidated financial statements, the GROUP's Board of Directors used its best knowledge and experience of past and/or current events, considering certain assumptions relative to future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended on December 31, 2016 and 2015 (and the corresponding sources of uncertainty) include:

### Fair value of tangible assets and of investment properties and net realisable value of properties recorded in inventories

Some of the GROUP's property assets (namely lands and buildings) are measured through the revaluation model (or the fair value model, in case of investment properties), which implies the calculation of the respective fair value. Furthermore, the properties which presented evidences of impairment have been subject to impairment tests which were based on the calculation of the net realisable value of said properties. The fair value and the net realisable value of those property assets are often calculated through valuations, which inevitably have underlying uncertainties associated with several factors, such as market prices, yields, demand, among others. To mitigate the effects of said uncertainties, the Board of Directors used, whenever possible, qualified and independent experts to conduct the valuations. When the valuations are conducted by in-house technicians, said valuations must always use as much observable market data as possible.

### Useful lives of the tangible and intangible assets

The GROUP revises the estimated useful lives of its tangible and intangible assets on each reporting date. The useful lives of the assets depend on several related factors, such as their use, the GROUP's strategic decisions, as well as the economic surroundings of the several companies included in the consolidation perimeter. Therefore, the GROUP implemented a process for the revision of the estimated useful lives, which takes in consideration the above mentioned factors and other factors considered to be relevant for such purpose.

### Impairment analyses of goodwill, investments in associates and jointly controlled companies, tangible and intangible assets

Impairment analyses require the calculation of the fair value and/or value in use of the assets in question (or of the cash generating units to which they were attributed). This process requires a high number of judgments, namely the estimation of future cash flows associated to the assets or the respective cash generating units, and the determination of an appropriate discount rate for the calculation of the present value of said cash flows. Therefore, once again, the GROUP established as requirement the use of as much observable market data as possible. The GROUP also established monitoring mechanisms for calculations based on criticism and challenge to determine the reasonableness, coherence and consistency of the assumptions used (in similar situations).

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## Calculation of impairment losses in accounts receivable

Impairment losses in accounts receivable are calculated in accordance with Note 1.3 ix a). Therefore, the calculation of impairment through individual analysis corresponds to the GROUP's judgment on the economic and financial situation of its customers and to its estimate of the value attributed to potential existing guarantees, with consequent impact on expected future cash flows.

## Recognition of revenue in construction contracts in progress

Revenue arising on construction contracts in progress is recognised based in its completion stage. The completion stage is a very relevant estimate based on the forecast of costs to be incurred until the conclusion of the contract. This process is based on the input received from the technicians involved in the works, by virtue of their detailed knowledge of said works, their experience and their technical skill.

## Valuation of financial instruments not traded in active markets

In the valuation of financial instruments not traded in active markets (particularly of derivative financial instruments contracted by the GROUP: forward exchange rates and interest rate swaps), the GROUP uses valuation techniques based on discounted cash flow methods. The calculation of the fair value of these instruments is generally conducted by the entities before whom said instruments were contracted (counterparties). The GROUP's Board of Directors recognises competence and objectivity to the counterparties. The GROUP also had access to the main assumptions and methodologies used to calculate the fair value of those instruments, and said assumptions and methodologies were considered appropriate.

## Determination of the outcome of legal proceedings underway

The outcome of legal proceedings underway, as well as the respective need for provisions, is estimated based on the opinion of the GROUP's lawyers/legal advisers. The GROUP's legal advisers have the technical skills and the detailed knowledge of the proceedings necessary to deal with the uncertainty inherent to the outcome of such proceedings.

## Measurement of deferred taxes and valuation of the recoverability of deferred tax assets

The recognition of deferred tax assets implies the existence of taxable profits in the future. Furthermore, deferred tax assets and liabilities are calculated based on the interpretation of tax legislation in force in the several jurisdictions in which the GROUP operates. Therefore, changes in tax legislation or in its interpretation by the competent authorities may have an impact on the amount of deferred taxes. Lastly, the recoverability of deferred tax assets also depends on the performance of the operations of the several entities included in the consolidation perimeter, situation over which the GROUP does not have full control. In order to mitigate the degree of uncertainty associated to these estimates, particularly regarding the interpretation of the applicable tax legislation, the GROUP and the several companies included in its consolidation perimeter resort to external specialized tax consultants.

## Post-employment benefits

Liabilities for retirement pensions are estimated based on actuarial valuations conducted by external experts certified by the Supervisory Authority for Insurance and Pension Funds. Those assessments include a set of financial and actuarial assumptions, namely discount rate, life tables, invalidity, growth of pensions and salaries, among others. The assumptions adopted for the calculation of pension liabilities correspond to the best estimate of the GROUP's Board of Directors on the future behaviour of the above mentioned variables.

# Consolidated Financial Information

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The various aforementioned estimates were calculated based on the best available historical information as at the date of preparation of the consolidated financial statements. The underlying judgments to said estimates take into consideration the overall economic surroundings of the sector and of the geography in which the several companies included in the consolidation perimeter operate, as well as their expected future developments. Given its nature, those judgments are subject to a reasonable degree of uncertainty. Therefore, in subsequent periods there may be situations which, due to their unforeseeable nature, were not taken into consideration for the estimates and which may produce an outcome different from the expected. Changes in these estimates after the financial statements date will be corrected in the income statement prospectively, pursuant to IAS-8.

In the preparation date of these consolidated financial statements no relevant changes in the estimates produced are foreseen and, therefore, no material changes in recorded assets and liabilities based on those estimates are expected.

## xxiii) Cash flow statement

The consolidated cash flow statement is prepared in accordance with IAS-7, through the direct method. The GROUP classifies under the heading “Cash and cash equivalents” investments falling due in less than three months and for which the risk of change of value is insignificant, excluding blocked sums of term deposits of concessionaire companies assigned to debt service, as well as deposits given in guarantee under contractual clauses.

The consolidated cash flow statement is classified into operating, investing and financing activities.

Operating activities comprise receipts from customers, payments to suppliers, payments to employees, and others related to operating activities. The cash flow involved in investing activities include, in particular, acquisitions and disposals of investments in subsidiaries and payments and receipts arising from the purchase and sale of fixed assets.

The cash flow related to financing activities include, namely, payments and receipts relative to loans received, finance lease contracts and payment of dividends.

## 2. Comparability of information

At the end of 2014, it was announced the decision which declared SUMA the winner of the public tender for the privatisation of 95% of the share capital of EGF, the entity which manages the concession operators of multi-municipal systems for the treatment of municipal solid waste in Portugal. After obtaining a no-objection statement from the “Autoridade da Concorrência”, the privatisation process was completed by the end of the first half of 2015, and EGF and their subsidiaries were consolidated in the MOTA-ENGIL GROUP as of July 1, 2015.

According to IFRS - 3, MOTA-ENGIL GROUP proceeded during the 12 month period after the acquisition of the EGF SUBGROUP to the allocation of the corresponding acquisition cost to the fair value of the assets and liabilities acquired. Given that, on December 31, 2015 that allocation process had been determined on a provisional basis, the GROUP concluded it during 2016 and thus has restated its consolidated financial statements of December 31, 2015 as foreseen in the abovementioned standard.

The aforesaid allocation process was carried out in three stages which are described below:

**Stage 1** - Audit of the financial statements of the companies that comprise EGF SUBGROUP at the acquisition date (June 30, 2015) with the aim of assessing, essentially, if the financial assets and liabilities were not recorded by an amount different from its fair value. Moreover, at this stage, possible situations of liabilities not recorded in the accounts of the companies and/or the existence of contingent liabilities (particularly related to legal proceedings), which should be reflected in the determination of the acquisition difference were checked.

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Therefore, on December 31, 2015 some adjustments to the financial statements of the companies were identified, arising mainly from the need to reduce some accounts receivable to their fair value and the need to create some provisions for ongoing legal proceedings.

Thus, on December 31, 2015 the acquisition difference obtained provisionally and recorded under the heading of Goodwill broke down as follows:

	2015
Net assets of EGF as of 30 June 2015	124,015
Adjustments to fair value identified until December 31, 2015	(3,190)
Fair value of EGF net assets	120,826
Acquired percentage (95%)	114,784
Considerations transferred	154,406
<b>Acquisition difference</b>	<b>39,621</b>

Stage 2 - Due to the privatisation of the EGF SUBGROUP, the regulatory framework applicable to its activity changed, and therefore MOTA-ENGIL GROUP performed during 2016 a set of adjustments to the financial statements of the concession companies to reflect the regulatory changes foreseen at the time of their privatisation. The new remuneration model of the concessions affected, essentially, the way of measuring assets allocated to the concessions, given that it changed the form of consumption of its future economic benefits, and introduced the mandatory determination of the "Regulatory balance" (regulatory asset or regulatory liability, as applicable), arising from the transposition of the former remuneration model to the current one. Main changes arising from the change of the regulatory framework, part of which impacted the process of allocation of the acquisition cost, were as follows:

#### Assets not assigned to the Regulated Asset Basis (RAB)

Assets of concession companies which were included in their statement of financial position, but that were beyond the scope of the licensed activity or whose useful lives had expiry, were derecognised. In addition, investment grants related to those assets had the same accounting treatment of the corresponding assets. This derecognition was carried out against a reduction of the Regulatory liability.

#### Assets assigned to the RAB

Assets which were included in the Regulated Asset Basis due to their nature started being divided into items according to the type set for the licensed infrastructure, and were amortised for the period corresponding to the respective useful life of the assets associated with the purchased/built rights ("infrastructure"), since this was the basis for its annual income.

#### Advances on account of future tariffs

Liabilities of concession companies associated with this nature that, under the former regulatory framework, were recorded in previous years as accrued costs related to accumulated amortisations of outstanding contractual investment were partially used for settlement of the assets not assigned to the RAB.

Moreover, concession companies calculated the existence of a "Regulatory balance", as set in no. 11 of Decree-law no. 96/2014, determined by reference to the amounts of accrued costs related to accumulated amortisations of outstanding contractual investment less the deferred tax amount associated thereto and the book value net of amortisation and subsidies of the set of goods and assets which were not included in the relevant RAB for the purposes of calculation of the allowed revenue.

As a result, whenever it is estimated that the annual pricing variation will be higher than 2% regarding the allowed revenue of the concession companies, the surplus to that amount can be deducted to the Regulatory liability, if any. By the end of each concession, if there is still Regulatory liability, the corresponding amount will be deducted from the residual amount of the RAB to which the concession companies will be entitled.

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## Income from the licensed activity

Given the entry into force of the new remuneration model, and as a result of the new tariff model, income from licensed activities starts being set by a tariff that is calculated on the basis of the ratio between allowed revenues and expected waste quantities. It should be highlighted that in determining the allowed revenues the cost of capital is considered (a remuneration rate to be applied to the Regulated Asset Basis, plus amortisations for the period), plus costs of operation of the licensed activity, corrected by a set of adjustments and of other effects. At the end of the year, given the deviation of some parameters, there could be a difference between allowed revenues and actual revenues, which may lead to a tariff deviation, accrued in the corresponding year and settled in subsequent years.

**Stage 3** – Following the completion of stages 1 and 2, the GROUP carried out an analysis over the fair value of the intangible assets held by the concession companies, as well as over the fair value of the investment grants received in the past from several entities to finance part of the infrastructures associated with the waste treatment. Therefore, taking into account the componentised right of operation of the concessions into several items of infrastructure with differentiated useful lives and features, it was set that the fair value of those items (the price that a third party would pay to purchase them regardless of their current use - specific price of the item and not the one of the entity who operates it) would not differ significantly from its acquisition cost, net of amortisation. On the other hand, as regards investment grants, it was set that the book value of these grants would be a reliable estimate of the fair value of the contractual obligation of operation, maintenance and provision of services for waste treatment in the future, which in case of non-compliance, it would entail the return of the grants received in the past.

Given the execution and completion of Stages 2 and 3 above, MOTA-ENGIL GROUP determined the final acquisition difference arising from the acquisition of the EGF SUBGROUP (which was allocated to the concessions right of operation) and restated its consolidated financial statements as of December 31, 2015. The impact of that restatement on the statement of financial position and on the income statement for the year ended on December 31, 2015 was as follows:

Consolidated Statement of Financial Position	Goodwill	Intangible assets	Deferred taxes liabilities	Other non current liabilities	Equity attributable to the Group	Non-controlling interest
<b>Balances as at December 31, 2015</b>	<b>80,512</b>	<b>627,398</b>	<b>99,238</b>	<b>406,963</b>	<b>370,202</b>	<b>322,865</b>
Write-off of the acquisition difference allocated provisionally to Goodwill	(39,621)	-	-	-	(39,621)	-
Write-off of the non RAB assets, net of subsidies	-	(115,347)	-	(115,347)	-	-
Fair value of the regulatory liability, net of deferred taxes	-	-	7,383	(35,156)	15,004	12,769
Contingencies associated to the write-off on non RAB assets	-	-	15,986	-	(8,522)	(7,464)
Amount attributed to the concessions right of operation	-	83,981	18,919	-	33,034	32,027
Amortisation of the concessions right of operation net of deferred taxes	-	(2,213)	(498)	-	(918)	(797)
<b>Balances as at December 31, 2015 restated</b>	<b>40,891</b>	<b>593,819</b>	<b>141,029</b>	<b>256,460</b>	<b>369,179</b>	<b>359,400</b>

Consolidated Income Statement	Amortisations	Income taxes	Net profit attributable to the Group	Net profit attributable to non controlling interests
<b>Balances as at December 31, 2015</b>	<b>(151,541)</b>	<b>(46,160)</b>	<b>19,046</b>	<b>34,800</b>
Amortisation of the concessions right of operation net of deferred taxes	(2,213)	498	(918)	(797)
<b>Balances as at 31, 2015 restated</b>	<b>(153,754)</b>	<b>(45,662)</b>	<b>18,128</b>	<b>34,003</b>

# Consolidated Financial Information

On the year ended on December 31, 2015 the contribution of EGF companies (corresponding to six months of activity) for the consolidated income statement was as follows:

	EGF Subgroup
Sales and services rendered	89,271
Cost of goods sold, mat.cons., changes in production and Subcontracts	(4,053)
<b>Gross profit</b>	<b>85,218</b>
Third-party supplies and services	(35,426)
Wages and salaries	(21,220)
Other operating income / (expenses)	6,765
	<b>35,337</b>
Amortisations	(25,841)
Provisions and impairment losses	(1,039)
<b>EBIT</b>	<b>8,458</b>
Financial result	(7,719)
<b>Income before taxes</b>	<b>739</b>
Income tax	(2,198)
<b>Consolidated net profit of the year</b>	<b>(1,459)</b>
Attributable:	
to non controlling interests	1,094
<b>to the Group</b>	<b>(2,553)</b>

### 3. Companies included in the consolidation

As at December 31, 2016, the companies/entities included in the consolidation and respective consolidation methods, head offices, effective percentage holding, business, date of incorporation and date of acquisition of the financial holdings are presented in Appendix A.

The main changes in the consolidation perimeter during 2016 are described to in Note 34. Perimeter changes.

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On December 31, 2016 and 2015, subsidiaries controlled by the GROUP with more significant non-controlling interests are as follows:

2016	Percentage of detention held by non-controlling interests	Net profit attributable to non-controlling interests	Accumulated non-controlling interests	Major shareholders
Mota-Engil Angola	49.15%	9,241	68,878	Sonangol (20%) BPA (5%) Finicapital (15%) Globalpactum (9%)
Valor Sul	70.23%	2,469	26,895	Municipality of Amadora (5,16%) Municipality of Lisboa (22,5%) Municipality of Loures (11,51%) Municipality of Vila Franca de Xira (4,61%) Municipality of Odivelas (0,54%) Other municipalities (5,25%); (a)
Empresa Construtora Brasil	50.00%	2,328	19,798	Bonsucesso (50%)
Mota-Engil Mexico	49.00%	758	12,651	Prodi (49%)
Vista Waste	43.93%	6,445	12,353	Vista SA (41%) Mota-Engil Angola (10%); (a)
Others		(3,891)	100,315	
		17,350	240,891	

2015 Restated	Percentage of detention held by non-controlling interests	Net profit attributable to non-controlling interests	Accumulated non-controlling interests	Major shareholders
Mota-Engil Angola	49.15%	11,960	75,127	Sonangol (20%) BPA (5%) Finicapital (15%) Globalpactum (9%)
Valor Sul	69.02%	1,397	40,519	Municipality of Amadora (5,16%) Municipality of Lisboa (20%) Municipality of Loures (11,51%) Municipality of Vila Franca de Xira (4,61%) Municipality of Odivelas (0,54%) Other municipalities (5,25%); (a)
Empresa Construtora Brasil	50.00%	1,457	14,025	Bonsucesso (50%)
Mota-Engil México	49.00%	-	12,043	Prodi (49%)
Vista Waste	43.93%	1,537	8,183	Vista SA (41%) Mota-Engil Angola (10%); (a)
Outras		17,652	209,503	
		34,003	359,400	

(a) This company is also directly or indirectly held by SUMA (entity held by the MOTA-ENGIL GROUP in 61.5% and by the Urbaser Group in 38.5%).

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Amounts included under the heading “Others - Accumulated non-controlling interests” refer, essentially, to SUMA TRATAMENTO, EGF and its subsidiaries (65,919 thousand Euros and 71,016 thousand Euros on December 31, 2016 and 2015, respectively), companies held with the Urbaser Group and with several Portuguese municipalities, as well as companies related to the Port and Logistics business (88,985 thousand Euros on December 31, 2015), whose assets and liabilities on that date were recorded as non-current assets held for sale.

During the years ended December 31, 2016 and 2015 the major movements occurred in non-controlling interests arose from the disposal in 2016 of the Port and Logistics business, and in 2015, the acquisition of EGF and the acquisition of own shares by ME AFRICA NV following the end of its listing (Note 33).

On December 31, 2016 and 2015, and during the years ended on said dates, the summarized financial information (contributions) of the major subsidiaries controlled by the GROUP with non-controlling interests was as follows:

	Mota-Engil Angola		Valor Sul <sup>(a)</sup>		ECB		ME Mexico (b)		Vista Waste	
	2016	2015	2,016	2015	2,016	2015	2,016	2015	2016	2015
<b>Financial Position</b>										
Current Assets	284,441	449,350	16,727	18,885	55,709	66,631	118,178	186,524	23,845	15,441
Non-current assets	103,586	134,158	113,634	187,599	34,161	28,524	139,015	67,061	37,979	39,191
Current Liabilities	229,504	409,255	36,282	23,930	28,927	43,803	204,883	189,615	8,685	13,270
Non-current liabilities	53,699	55,593	55,785	123,848	21,347	23,303	26,492	42,250	25,021	22,736
Equity attributable to shareholders	35,945	43,532	11,399	18,187	19,798	14,025	13,167	11,077	15,765	10,443
Non-controlling interests	68,878	75,127	26,895	40,519	19,798	14,025	12,651	12,043	12,353	8,183
	<b>104,824</b>	<b>118,659</b>	<b>38,295</b>	<b>58,706</b>	<b>39,596</b>	<b>28,049</b>	<b>25,818</b>	<b>21,720</b>	<b>28,117</b>	<b>18,626</b>
<b>Income Statement</b>										
Income	255,815	255,544	58,896	28,675	158,484	135,504	152,518	190,907	40,670	26,096
Expenses	237,014	231,212	55,380	26,650	153,827	132,590	150,971	186,583	26,000	22,598
Net Income	<b>18,800</b>	<b>24,332</b>	<b>3,516</b>	<b>2,025</b>	<b>4,657</b>	<b>2,913</b>	<b>1,547</b>	<b>4,325</b>	<b>14,670</b>	<b>3,498</b>
attributable to:										
to shareholders	9,559	12,372	1,047	627	2,328	1,457	789	4,325	8,225	1,961
the non-controlling interests	9,241	11,960	2,469	1,397	2,328	1,457	758	-	6,445	1,537

(a) Company included in the EGF SUBGROUP acquired in 2015.

(b) Company partially sold at the end of December 2015.

## 4. Sales and Services Rendered

The breakdown of the sales and services rendered during the years ended on December 31, 2016 and 2015 was as follows:

	2016	2015
Sales	214,584	165,326
Services rendered	1,995,497	2,268,314
	<b>2,210,081</b>	<b>2,433,640</b>

In the years ended on December 31, 2016 and 2015 the heading sales include essentially the sale of recyclable material, the sale of energy, the sale of real estate projects, the sale of inert materials, as well as the sale of aggregates, concrete and other materials.

The increase occurred in 2016 under the heading “Sales” is justified essentially by the increase of sales of energy by GENERADORA FENIX.

In the years ended on December 31, 2016 and 2015, the services rendered included essentially revenues from construction contracts executed by the GROUP, as well as revenues from waste collection and treatment.

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The breakdown of the sales and services rendered by operating segment during the years ended on December 31, 2016 and 2015 was as follows:

	2016	2015
Europe - Engineering and Construction	513,981	601,658
Europe - Environment and Services	330,791	396,489
Africa	707,937	834,909
Latin America	726,774	700,256
Others and eliminations	(69,403)	(99,673)
	<u>2,210,081</u>	<u>2,433,640</u>

Sales and services rendered in the years ended on December 31, 2016 and 2015 in the Europe – Environment and Services segment were influenced by the consolidation as of July 1, 2015 of the companies of the EGF SUBGROUP and by the deconsolidation, as of March 1, 2016, of the companies of the Port and Logistics business, which were disposed of.

In the years ended on December 31, 2016 and 2015 no customer represented more than 10% of the total amount of the heading “Sales and services rendered”.

In the years ended on December 31, 2016 and 2015 the heading “Others and eliminations” includes, essentially, sales and services rendered from subsidiaries of the Europe - Engineering and Construction segment to the Africa segment.

In the years ended on December 31, 2016 and 2015 there was no significant discontinuation in the business activities of the GROUP, except for the abovementioned Port and Logistics business which was disposed of.

# Consolidated Financial Information

## 5. Cost of goods sold, materials consumed, changes in production and subcontracts

The cost of goods sold, materials consumed, changes in production and subcontracts for the years ended on December 31, 2016 and 2015 are broken down as follows:

2016	Goods	Raw & Subsidiary materials & consumables	Total
Opening balance	67,145	85,060	152,205
Exchange differences and other movements	467	(7,826)	(7,359)
Changes in the perimeter	-	867	867
Purchases	20,702	405,361	426,063
Closing balance (Note 22)	(64,503)	(77,440)	(141,944)
	<b>23,810</b>	<b>406,023</b>	<b>429,832</b>
Changes in production			(1,443)
Subcontracts			403,455
<b>Cost of goods sold, materials consumed, changes in production and subcontracts</b>			<b>831,844</b>

2015	Goods	Raw & Subsidiary materials & consumables	Total
Opening balance	42,737	68,256	110,993
Exchange differences and other movements	(332)	3,006	2,674
Changes in the perimeter	32,466	4	32,470
Purchases	77,569	417,705	495,274
Closing balance (Note 22)	(67,145)	(85,060)	(152,205)
	<b>85,296</b>	<b>403,910</b>	<b>489,206</b>
Changes in production			21,040
Subcontracts			519,209
<b>Cost of goods sold, materials consumed, changes in production and subcontracts</b>			<b>1,029,455</b>

Amounts included under the heading "Changes in production" include the cost of the apartments built and sold by the GROUP.

In the year ended December 31, 2015 the heading "Changes in the perimeter - Goods" refers essentially to a land in Mexico for tourism development held by a company consolidated for the first time in the year.

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## 6. Third-party supplies and services

Third-party supplies and services for the years ended on December 31, 2016 and 2015 are broken down as follows:

	2016	2015
Leases and Rents	170,268	196,987
Specialised works and recharging	99,640	83,272
Transport, travel and lodging	55,895	49,055
Conservation and repair	47,889	47,122
Fuel	32,150	37,076
Insurance	18,215	20,284
Utensils, other materials and office equipment	17,083	11,043
Water and electricity	15,167	13,484
Commissions and fees	15,131	11,360
Vigilance and security	13,920	12,087
Communications	7,013	7,699
Cleaning	3,198	2,925
Advertising and publicity	1,843	2,056
Other supplies and services	48,507	33,489
	<b>545,918</b>	<b>527,941</b>

In the years ended on December 31, 2016 and 2015, the heading “Leases and rents” refers essentially to costs incurred with the lease of equipment, machines, vehicles and premises. This heading, as at December 31, 2016, included the amount of 82,770 thousand Euros (73,579 thousand Euros on December 31, 2015) related to operating lease rents, the majority of which with a short maturity.

In the year ended on December 31, 2016 the decrease in the abovementioned heading is partly justified by the companies in the Port and Logistics business, which only contributed with two months for the activity of the GROUP in 2016 (twelve months in 2015).

Leases payable on December 31, 2016 and 2015 associated with operating lease contracts entered into by the GROUP have the following breakdown:

Maturity	2016	2015
1 year	5,727	4,462
Between 2 and 5 years	5,170	2,858
more than 5 years	2	29
	<b>10,899</b>	<b>7,349</b>

The main operating lease contracts entered into by the GROUP included above refer essentially to the lease of vehicles and equipment.

For the years ended on December 31, 2016 and 2015 the heading “Specialised work and recharging” includes technical assistance works, outsourcing and consulting services.

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## 7. Wages and salaries

Wages and salaries for the years ended on December 31, 2016 and 2015 are broken down as follows:

	2016	2015
Payroll	411,076	400,725
Social security charges:		
Pensions and other benefits granted	552	246
Others	112,664	105,297
	<b>524,292</b>	<b>506,268</b>

The liabilities related to the retirement and pension plan are detailed in Note 31.

As at December 31, 2016 and 2015, the heading "Others" includes essentially the expenditures incurred with Social Security and other similar contribution systems abroad, meals and sickness allowances, work insurances and indemnities.

The breakdown of wages and salaries by operating segment during the years ended on December 31, 2016 and 2015 is as follows:

	2016	2015
Europe - Engineering and Construction	103,639	104,795
Europe - Environment and Services	97,678	83,672
Africa	106,689	151,529
Latin America	190,742	143,221
Others and eliminations	25,545	23,052
	<b>524,292</b>	<b>506,268</b>

The increase occurred during the year 2016 in wages and salaries was essentially due to the increase of activity in Latin America (particularly in Brazil and in Mexico) and due to the consolidation of 12 months of activity of the companies of the EGF SUBGROUP in 2016 (6 months in 2015).

### Number of employees

On December 31, 2016 and 2015 the number of employees working for the GROUP (taking into account the region in which said employees are effectively carrying out their activity) present the following breakdown:

	2016	2015
Directors and board members	92	64
Employees	11,827	13,005
Workers	13,434	16,214
	<b>25,353</b>	<b>29,283</b>
Europe	8,473	8,850
Africa	9,747	11,918
Latin America	6,590	8,208
Holding and others	543	307
	<b>25,353</b>	<b>29,283</b>

# Consolidated Financial Information

## 8. Other operating income / (expenses)

Other operating income/(expenses) for the years ended on December 31, 2016 and 2015 present the following breakdown:

	2016	2015
<b>Other operating income</b>		
Favourable exchange differences (net)	42,416	4,859
Investment subsidies (Note 29)	28,034	9,684
Own work capitalised	4,560	25,520
Gains/(Losses) on the sale of tangible assets	4,409	813
Operating subsidies	409	1,412
	<b>79,827</b>	<b>42,287</b>
<b>Other operating expenses</b>		
Taxes	18,201	15,938
Donations	1,939	1,499
Other expenses	29,767	27,981
	<b>49,908</b>	<b>45,417</b>
	<b>29,919</b>	<b>(3,130)</b>

In the years ended on December 31, 2016 and 2015, the balance of “Favourable exchange differences (net)” is justified essentially by the African region.

In the years ended on December 31, 2016 and 2015, the heading “Investment subsidies” refers essentially to the recognition of investment subsidies by companies from the EGF SUBGROUP. Moreover, the increase in the year of 2016 in this heading is justified by the consolidation of 12 months of activity of those companies (6 months in 2015) and by the changes arising from the new regulatory model applicable to their activity.

In the year ended on December 31, 2016, “Gains/Losses on the sale of tangible assets” resulted essentially from the disposal of equipment by some companies in Peru, by VALORSUL and by MOTA-ENGIL ENGENHARIA.

For the years ended on December 31, 2016 and 2015, the heading “Taxes” includes several taxes borne by several companies of the GROUP. The increase verified in this heading during 2016 is mainly justified by the companies located in Angola.

## 9. Amortisations

Amortisations on the years ended on December 31, 2016 and 2015 have the following breakdown:

	2016	2015
<b>Amortisations of intangible assets for the year (Note 17):</b>		
Development costs	463	301
Software and other rights	1,365	2,174
Concession operation licenses	70,225	29,497
Other intangible assets	26	40
	<b>72,079</b>	<b>32,012</b>
<b>Amortisations of tangible assets for the year (Note 18):</b>		
Land and Buildings	13,004	14,644
Equipments		
Europe Engineering & Construction	17,555	19,854
Europe Environment & Services	6,278	10,779
Africa	66,178	61,165
Latin America	12,530	13,359
Others & eliminations	926	(1,165)
Other tangible assets	2,073	3,106
	<b>118,544</b>	<b>121,742</b>
	<b>190,623</b>	<b>153,754</b>

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The increase in the year 2016 in amortisations of intangible assets is mainly justified by the consolidation of 12 months of activity of the companies of the EGF SUBGROUP (6 months in 2015) and by the changes arising from the new regulatory framework applicable to their activity which have offset the negative impact from the deconsolidation of the Port and Logistics business, disposed of in February 2016.

During the year 2016, following a decreased use in the last few years of some equipment of MOTA-ENGIL ENGENHARIA, their useful lives were reviewed. As a result of that review, the amortisations for the year were lower circa 3 million Euros in comparison with those recorded in the year 2015.

Following the decision of the Board of Directors of dispose of the Port and Logistics business and of classifying that sub-segment as a non-current asset held for sale, the GROUP suspended as of 30th September 2015, according with IFRS-5, the amortisation of the intangible assets included in said sub-segment.

## 10. Provisions and impairment losses

Provisions and impairment losses for the years ended on December 31, 2016 and 2015 were as follows:

	2016	2015
<b>Provisions (Note 28. Provisions)</b>		
Europe - Engineering & Construction	12,119	11,226
Europe - Environment & Services	2,283	2,544
Africa	1,783	28,314
Latin America	10,587	874
Others & eliminations	500	6,156
	<b>27,272</b>	<b>49,114</b>
<b>Adjustments and Impairment Losses:</b>		
<b>In inventories (Note 22. Inventories)</b>		
Europe - Engineering & Construction	5,887	3,946
Africa	1,387	518
Latin America	-	1,064
	<b>7,274</b>	<b>5,528</b>
<b>Goodwill (Note 16. Goodwill)</b>		
Europe - Engineering & Construction	3,437	-
	<b>3,437</b>	<b>-</b>
<b>Tangible assets (Note 18. Tangible Assets)</b>		
Europe - Engineering & Construction	-	62
Africa	-	1,105
	<b>-</b>	<b>1,166</b>
<b>Customers and other debtors (Note 23. Other Assets)</b>		
Europe - Engineering & Construction	11,469	6,317
Europe - Environment & Services	5,852	1,031
Africa	34,502	19,251
Latin America	5,245	4,671
Other & eliminations	4	5
	<b>57,072</b>	<b>31,274</b>
<b>Reversal of provisions and impairment losses (Notes 22, 23 and 28)</b>		
Europe - Engineering & Construction	(15,229)	(14,314)
Europe - Environment & Services	(931)	(7,070)
Africa	(11,694)	(17,132)
Latin America	(746)	(1,339)
Others & eliminations	6	(2)
	<b>(28,595)</b>	<b>(39,856)</b>
<b>Total of provisions and impairment losses</b>	<b>66,460</b>	<b>47,226</b>

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The net increase occurred in the year ended on December 31, 2016 under the headings “Provisions” and “Adjustments and impairment losses” was mainly due to the recognition of impairment losses to address the effect of delayed receipts (time value of money) of accounts receivable in the medium and long term from customers in the Africa region, the recognition of impairment losses for accounts receivable for one customer related to the waste treatment business and the recognition of provisions to address onerous contracts, particularly in the Europe – Engineering and Construction segment (Czech Republic market).

The net increase occurred in the year ended on December 31, 2015 under the headings “Provisions” and “Adjustments and impairment losses” was mainly due to the need of provisioning some contingencies, particularly associated with accounts receivable, mainly as a result of the economic/financial instability experienced in the Africa segment (about 32 million Euros).

On the other hand, the increase in the year ended on December 31, 2015 of the balance in the heading “Provisions” for the Europe – Engineering and Construction segment was essentially due to the increase of provisions for work warranties and the establishment of provisions for onerous construction contracts.

Moreover, the increase in the year ended on December 31, 2015 of the heading “Provisions” for the “Others & eliminations” segment was due to the provisioning of some tax contingencies identified at MOTA-ENGIL SGPS.

Lastly, on the year ended on December 31, 2015, the heading “Adjustments and impairment losses – Tangible assets”, with a balance amounting to 1,166 thousand Euros referred mainly to the impairment calculated for an industrial unit in Angola following the annual impairment tests conducted by the GROUP.

## 11. Financial results

The financial results for the years ended on December 31, 2016 and 2015 are broken down as follows:

	2016	2015
<b>Financial income and gains</b>		
<b>Loans and accounts receivable:</b>		
Interest income	14,032	29,113
Payments discounts received	522	714
Favourable exchange differences (net)	6,523	20,214
<b>Other financial assets</b>		
Interest income - Financial assets held to maturity	2,007	363
Income from real estate properties (Note 21)	1,554	1,056
Dividends - Available for sale financial assets	954	919
Fair value gains - Derivative financial instruments	-	5,794
Fair value gains - Investment properties (Note 21)	78	9,859
Other financial income and gains	1,291	2,261
	<b>26,961</b>	<b>70,294</b>
<b>Financial costs and losses</b>		
<b>Loans and accounts payable:</b>		
Interest expenses	102,273	134,339
Payments discount granted	1,743	975
<b>Other financial liabilities:</b>		
Fair value losses - Derivative financial instruments	2,499	-
Other financial costs and losses	23,063	25,447
	<b>129,578</b>	<b>160,761</b>
	<b>(102,617)</b>	<b>(90,467)</b>

# Consolidated Financial Information

The headings “Interest income” and “Interest expenses” for the year ended on December 31, 2015 included circa 11,000 thousand Euros related to the re-invoicing of interest incurred by the GROUP to a customer of the Africa segment, which during that year rescheduled the deadline for the settlement of its commercial debt. During the year 2016, no interest related to the situation described above was recognised as an income.

For the years ended on December 31, 2016 and 2015, “Favourable exchange differences (net)” occurred mainly in the Africa region.

As at December 31, 2016 and 2015, the heading “Income from real estate properties” included essentially rents from real estate properties located in Portugal.

For the years ended on December 31, 2016 and 2015, the heading “Dividends - Available for sale financial assets” included essentially dividends received from BAI – Banco Angolano de Investimentos (756 thousand Euros in 2016 and 785 thousand Euros in 2015).

For the year ended on December 31, 2015, the heading “Fair value gains – Derivative financial instruments” included the positive effect of the valuation of forward exchange rates contracted by MOTA-ENGIL, SGPS, which compensated partly the negative effect of the appreciation of the USD verified on the conversion to Euro of some loans obtained in said currency. During 2016, the abovementioned forwards reached their maturity, which justified the lower balance of that heading.

In the years ended on December 31, 2016 and 2015, the balance of the heading “Fair value gains – Investment properties” is justified essentially by the update of the fair value of an investment property in the Europe - Engineering and Construction segment and of an investment property in the Latin America segment.

For the years ended on December 31, 2016 and 2015, the heading “Other financial costs and losses” include essentially the costs related to the origination of loans, as well as several commissions and costs charged by financial institutions.

For the years ended on December 31, 2016 and 2015, the heading “Interest expenses” have the following breakdown:

	2016	2015
<b>Non-convertible bond loans</b>	19,657	31,545
<b>Amounts owe to credit institutions:</b>		
Bank loans	50,615	42,713
Overdraft facilities	4,923	4,708
Revolving facilities	15,200	20,259
<b>Other loans obtained:</b>		
Commercial paper issues	5,362	9,999
Other	-	5,610
	<b>95,757</b>	<b>114,834</b>
<b>Other interest expense (factoring, leasing and others)</b>	6,514	19,505
	<b>102,273</b>	<b>134,339</b>

For the years ended on December 31, 2016 and 2015, financial costs capitalised to assets under construction have the following breakdown:

	2016	2015
Fixed Assets	114	-
Inventories	1,635	842
	<b>1,749</b>	<b>842</b>

For the years ended on December 31, 2016 and 2015, in order to capitalize financial costs to the assets under construction referred to above, an average interest rate of 4.76% and 5.19% was used, respectively.

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For the years ended on December 31, 2016 and 2015, the GROUP's sensitivity to changes in the interest rates is broken down as follows:

	Estimated Impact	
	2016	2015
Variation in interest expenses due to a 1 b.p. change in the interest rate applied to the entire debt (excluding leasing and factoring)	17,926	17,381
Fixed-rate on	(5,943)	(5,910)
Interest-rate derivative financial instruments hedging	(250)	(250)
<b>Sensitivity of the financial result to interest rate variations:</b>	<b>11,733</b>	<b>11,222</b>

For the years ended on December 31, 2016 and 2015, the assets and liabilities, expressed taking in consideration the functional currency of the country in which each GROUP company operates, are as follows:

Currency	2016		2015 Restated	
	Assets	Liabilities	Assets	Liabilities
Euro (EUR)	2,221,496	2,319,145	3,006,985	2,879,558
Czech Crown (CZK)	4,842	13,054	9,386	14,466
Algerian Dinar (DZD)	1,714	343	1,791	347
S. Tomé and Príncipe Dobra (STD)	5,965	4,512	6,430	3,053
US Dollar (USD)	220,705	34,845	997,185	610,358
Cape Verde Escudo (CVE)	11,572	7,013	12,559	8,601
Hungarian Forint (HUF)	8,121	2,481	10,002	3,114
Angola Kwanza (AOK)	546,219	371,046	55,518	35,980
Mozambique Metical (MZM)	90,797	39,197	2,073	2,140
Romanian New Leu (RON)	-	122	-	146
Mexican Peso (MXN)	393,713	353,292	370,541	332,189
South Africa Rand (ZAR)	29,045	30,850	14,245	16,976
Brazilian Real (BRL)	110,691	77,781	109,322	85,396
Polish Zloty (PLN)	239,113	179,514	215,084	138,748
Colombian Peso (COP)	10,417	10,845	16,776	15,581
Peruvian Novo Sol (PEN)	196,852	148,791	210,511	161,348
Malawian Kwacha (MWK)	109,390	31,608	2,960	5,145
British Pound (GBP)	-	27	355	278
Other	20,054	25,648	904	623
	<b>4,220,704</b>	<b>3,650,114</b>	<b>5,042,627</b>	<b>4,314,048</b>

The main changes occurred between years, particularly in USD, AOK, MZM and MWK, were mainly due to the change of the functional currency in some companies/entities located in Angola, Mozambique and Malawi.

For the years ended on December 31, 2016 and 2015, the GROUP's sensitivity to exchange rate changes for the major currencies it deals is as follows:

2016	Net Result	Equity
Estimated impact of the appreciation in 1%		
of US Dollar (USD) to Euro (EUR)	(86)	1,912
of Polish Zloty (PLN) to Euro (EUR)	(52)	641
of Mozambican Metical (MZM) to Euro (EUR)	130	362
of Mexican Peso (MXN) to Euro (EUR)	(1)	216
of Brazilian Real (BRL) to Euro (EUR)	24	127
of Peruvian Novo Sol (PEN) to Euro (EUR)	56	459
of Angolan Kwanza (AOK) to Euro (EUR)	226	649
of Malawian Kwacha (MWK) to Euro (EUR)	(31)	814

2015	Net Result	Equity
Estimated impact of the appreciation in 1%		
of US Dollar (USD) to Euro (EUR)	159	2,880
of Polish Zloty (PLN) to Euro (EUR)	(23)	743
of Mozambican Metical (MZM) to Euro (EUR)	2	3
of Mexican Peso (MXN) to Euro (EUR)	30	226
of Brazilian Real (BRL) to Euro (EUR)	(0)	109
of Peruvian Novo Sol (PEN) to Euro (EUR)	89	407

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For the purposes of the abovementioned analysis, it was considered the impact of a +1% variation in the exchange rate in the net result and in equity arising from the translation of the financial statements of the subsidiaries with a currency other than Euro into Euro.

## 12. Gains / (losses) in associates and jointly controlled companies

Gains in associates and jointly controlled companies for the years ended on December 31, 2016 and 2015 are broken down as follows:

Gains in associates and jointly controlled companies	2016	2015
Autopista Urbana Siervo de la Nacion (Latin America segment)	1,115	-
HL - Sociedade Gestora do Edificio (Europe - Environment and services segment)	945	962
Entities (ACE's) held by Mota-Engil Engenharia (Europe - Engineering and construction segment)	560	-
Suma group (Europe - Environment and services segment)	143	193
Ascendi group (others and eliminations segment)	-	63,296
Indaqua group (Europe - Environment and services segment)	-	1,382
TPE Paita (Europe - Environment and services segment)	-	1,064
Others	3,035	3,116
	<b>5,797</b>	<b>70,013</b>

For the year ended on December 31, 2015, the amount recorded in the ASCENDI GROUP (currently named LINEAS) was influenced by the change of control which took place in five highway concession companies held by that sub-holding (following the partnership established with the Ardian Group), which led to the recognition of a gain of circa 72 million Euros, of which circa 48 million Euros affected the income statement of the GROUP. The remaining amount affected the statement of income and of other comprehensive income through the transfer to the profit or loss for the year of the negative amount recognised therein, particularly arising from the negative fair value variations of derivative financial instruments.

Losses in associates and jointly controlled companies for the years ended on December 31, 2016 and 2015 are broken down as follows:

Losses in associates and jointly controlled companies	2016	2015
Martifer Group	2,699	-
Other	5,228	2,890
	<b>7,927</b>	<b>2,890</b>
Gains/(Losses) in associates and jointly controlled companies	<b>(2,130)</b>	<b>67,123</b>

Following the decision of the Board of Directors of dispose of the financial investments held in INDAQUA and in LINEAS, and after classifying them as non-current assets held for sale, the GROUP stopped the usage of the equity method in their valuation, as of September 30, 2015, in line with IFRS 5.

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## 13. Gains / (losses) on the disposal of subsidiaries, associates and jointly controlled companies

Gains / (losses) on the disposal of subsidiaries, associates and jointly controlled companies for the years ended on December 31, 2016 and 2015 are broken down as follows:

Gains on the disposal of subsidiaries, associates and jointly controlled companies	2016	2015
Port and Logistics Business	91,468	-
Indaqua	10,659	-
Other	109	-
	<b>102,236</b>	<b>-</b>

Losses on the disposal of subsidiaries, associates and jointly controlled companies	2016	2015
Lokemark	1 096	-
Kopazi (company comprised in Obol Group)	-	25 219
Bergamon	-	13 056
Jeremiasova	-	6 189
Other	369	265
	<b>1 465</b>	<b>44 729</b>
<b>Gains / (losses) on the disposal of subsidiaries, associates and jointly controlled companies</b>	<b>100 771</b>	<b>(44 729)</b>

During the year of 2016, and following the decision took by the Board of Directors in 2015, the GROUP concluded the disposal of the financial investments held at the Port and Logistics business, as well as at INDAQUA, recorded in the year of 2015 as "Non-current assets held for sale". The detail of the calculation of the gains obtained in those disposals is disclosed in Note 36.

During the year of 2015, following a restructuring and a disinvestment plan in the real estate market in Central Europe (except in Poland), the GROUP concluded a set of disposals in that region which had a negative impact on this heading amounting to circa 45 million Euros.

## 14. Income tax

Income tax for the years ended on December 31, 2016 and 2015 is broken down as follows:

	2016	2015 restated
Current tax	32,094	38,963
Deferred tax	(22,715)	6,699
	<b>9,379</b>	<b>45,662</b>

As at December 31, 2016 and 2015 the detail and the movement of deferred tax assets and liabilities, in accordance with the temporary differences that gave rise to them, are as follows:

Deferred Tax Assets 2016	2015 restated	Changes in the Perimeter	Effect in results	Effect in reserves	2016
Provisions and impairment losses not accepted for tax purposes	20,124	-	10,736	1,396	32,256
Accrued costs not accepted for tax purposes	23,317	-	1,092	(3)	24,406
Tax losses	14,147	(6,984)	27,307	194	34,663
Accrued expenses associated with investment to be performed not accepted for tax purposes	64,055	-	(35,156)	-	28,899
Temporary difference in the liquidation of subsidiaries	-	-	5,460	-	5,460
Other	16,029	-	(2,404)	(3,575)	10,050
	<b>137,672</b>	<b>(6,984)</b>	<b>7,035</b>	<b>(1,987)</b>	<b>135,735</b>

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Deferred Tax Assets 2015	2014	Changes in the Perimeter	Effect in results	Effect in reserves	2015 restated
Provisions and impairment losses not accepted for tax purposes	19,896	(31)	1,247	(988)	20,124
Accrued costs not accepted for tax purposes	8,131	(96)	15,282	-	23,317
Tax losses	8,902	(1,032)	6,793	(516)	14,147
Accrued expenses associated with investment to be performed not accepted for tax purposes	-	63,575	481	-	64,055
Other	16,123	(3,292)	351	(499)	16,029
	<b>56,052</b>	<b>59,123</b>	<b>24,531</b>	<b>(2,034)</b>	<b>137,672</b>

Deferred Tax Liabilities 2016	2015 restated	Change in the Perimeter	Effect in results	Effect in reserves	2016
Revaluation of fixed assets	15,016	-	(89)	171	15,099
Depreciations associated with future investments to be performed not accepted for tax purposes	32,521	-	(663)	-	31,858
Deferred tax capital gains	641	-	2,228	(6)	2,863
Depreciation not accepted for tax purposes	2,122	-	(1,556)	6,775	7,341
Fair value allocation in business combinations	41,791	-	(996)	-	40,795
Untaxed accrued income	26,604	-	(5,430)	(3,657)	17,517
Exchange differences not accepted	12,539	-	(3,925)	(4,348)	4,266
Other	9,795	-	(5,250)	4,481	9,026
	<b>141,029</b>	<b>-</b>	<b>(15,680)</b>	<b>3,416</b>	<b>128,765</b>

Deferred Tax Liabilities 2015	2014	Changes in the Perimeter	Effect in results	Effect in reserves	2015 restated
Revaluation of fixed assets	8,935	-	2,729	3,353	15,016
Depreciations associated with future investments to be performed not accepted for tax purposes	-	35,043	(2,521)	-	32,521
Deferred tax capital gains	646	-	(5)	-	641
Depreciation not accepted for tax purposes	2,398	-	(276)	-	2,122
Fair value allocation in business combinations	6,865	(6,865)	-	-	-
Untaxed accrued income	13,949	-	15,633	(2,978)	26,604
Exchange differences not accepted	448	-	12,539	(448)	12,539
Other	7,214	-	3,629	(1,048)	9,795
	<b>40,456</b>	<b>28,177</b>	<b>31,727</b>	<b>(1,122)</b>	<b>99,238</b>

For the years ended on December 31, 2016 and 2015, the heading “Effect in reserves” includes mainly the exchange differences arising from the conversion of financial statements of affiliated companies expressed in a foreign currency.

For the year ended on December 31, 2016, the movements that affected results under the headings “Tax losses” and “Accrued expenses associated with investments to be performed not accepted for tax purposes” were mainly justified by the changes that occurred in the regulatory framework applicable to the companies of EGF SUBGROUP, which originated the transfer of some temporary differences to tax losses, as well as the increase of the tax losses generated in the tax consolidation group led by MOTA-ENGIL, SGPS, SA.

For the year ended on December 31, 2016, the amount of 5,460 thousand Euros mentioned above relates to the tax cost that the GROUP will generate in its tax consolidation with the liquidation of two subsidiaries of ME EUROPA.

As at December 31, 2015, movements in deferred tax assets and liabilities included under the headings “Changes in the perimeter” were mainly due to the effect of the acquisition during the year of the EGF SUBGROUP companies, as well as the effect of the companies in the Port and Logistics business which were reclassified as non-current assets held for sale.

As at December 31, 2016 and 2015, the balances under the headings “Accrued costs not accepted for tax purposes” and “Untaxed accrued income” related essentially to MOTA-ENGIL MÉXICO and are associated with the tax treatment of construction contracts in that country.

As at December 31, 2016 and 2015, the balance under the heading “Exchange differences not accepted” arises from the BRANCH OF MOZAMBIQUE of MEEC AFRICA.

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As at December 31, 2016 and 2015, according to the tax returns of the companies which recorded deferred tax assets for tax losses, the said deferred tax assets were carried forward as shown below:

2016	Tax Losses	Deferred Tax Losses
<b>Year of recording:</b>		
Up to & including 2012	833	155
2013	861	140
2014	1,451	279
2015	29,531	6,384
2016	123,313	27,703
	<b>155,989</b>	<b>34,663</b>

2016	Tax Losses	Deferred Tax Losses
<b>Time limit:</b>		
2017	543	109
2018	2,430	697
2019	607	115
2020	6,745	1,962
after 2020	145,664	31,779
	<b>155,989</b>	<b>34,663</b>

2015	Tax Losses	Deferred Tax Losses
<b>Year of recording:</b>		
Up to & including 2011	11,648	3,290
2012	2,074	521
2013	3,693	929
2014	6,204	1,883
2015	33,226	7,523
	<b>56,845</b>	<b>14,147</b>

2015	Tax Losses	Deferred Tax Losses
<b>Time limit:</b>		
2016	1,868	413
2017	884	226
2018	3,304	813
2019	4,610	1,047
after 2019	46,179	11,648
	<b>56,845</b>	<b>14,147</b>

As at December 31, 2016, an assessment was made to the deferred tax assets recognised arising from tax losses and other deductible temporary differences. As a result, they were only recorded when it was considered probable, according to the information mentioned below, that taxable profits will be generated in the future, and these could be used to recover the tax losses or to offset taxable temporary differences. That assessment was based on the business plans of the several companies of the GROUP, which are periodically reviewed and updated, as well as taking in consideration some operations of internal reorganization already identified and some available tax planning opportunities.

Likewise, in order to access the recovery of the deferred tax assets generated in the tax consolidation of MOTA-ENGIL SGPS, the business plans of the companies included in it were used, particularly the one of MOTA-ENGIL ENGENHARIA, whose main assumptions are described in Note 18, as well as some operations of internal reorganisation with a positive impact on the future taxable profits.

As at December 31, 2016, the deadline for using tax losses is 12 years, for those generated during the year, and its deduction per year is limited to 70%.

Aditionally, as at December 31, 2016 and 2015, tax losses carried forward amounted to 110,563 thousand Euros and 112,728 thousand Euros, respectively, have not originated the recognition of deferred tax assets due to prudence reasons and due to the uncertainty regarding its recovery.

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2016	Tax Losses	Deferred Tax Losses
<b>Year of origination:</b>		
Up to & including 2012	36,751	6,939
2013	25,142	5,141
2014	6,476	1,279
2015	23,267	3,799
2016	18,927	3,765
	<b>110,563</b>	<b>20,923</b>

2016	Tax Losses	Deferred Tax Losses
<b>Time limit:</b>		
2017	24,831	5,201
2018	24,364	5,085
2019	6,698	1,392
2020	18,730	1,909
after 2020	35,941	7,337
	<b>110,563</b>	<b>20,923</b>

2015	Tax Losses	Deferred Tax Losses
<b>Year of origination:</b>		
Up to & including 2011	15,110	2,039
2012	29,065	5,570
2013	25,917	5,369
2014	10,191	2,086
2015	32,445	5,474
	<b>112,728</b>	<b>20,538</b>

2015	Tax Losses	Deferred Tax Losses
<b>Time limit:</b>		
2016	2,125	503
2017	26,812	5,663
2018	25,450	5,313
2019	11,704	2,082
after 2019	46,637	6,977
	<b>112,728</b>	<b>20,538</b>

MOTA-ENGIL SGPS is covered, since January 2010, by the Special Tax Regime for Groups of Companies (RETGS), therefore current tax is calculated based on the taxable profit or loss of the companies included in the consolidation and on the special regime referred to above, pursuant to its rules.

The RETGS covers all the subsidiaries whose share capital is at least 75% held, directly or indirectly by MOTA-ENGIL SGPS, those companies located in Portugal and those subject to Corporate Income Tax (IRC).

For companies not covered by that special tax regime, current tax is calculated based on the respective taxable profit or loss, pursuant to the tax rules in force at the location of the head office of each affiliated company.

As of January 1, 2007, the municipalities began to be entitled to charge an annual municipal surcharge up to the maximum limit of 1.5% of the taxable profit subject to and not exempt from IRC. Therefore, for the year ended on December 31, 2016 MOTA-ENGIL SGPS and its affiliates located in Portugal were subject to a Corporate Income Tax rate of 21%, plus a municipal surcharge at a maximum rate of 1.5% of taxable profit, thus reaching a maximum tax aggregate rate of about 22.5%.

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In addition, for the year ended on December 31, 2016, taxable profits of companies higher than 1,500,000 Euros were subject to a state tax, under article 87<sup>o</sup>A of the Corporate Income Tax Code, at the following rates:

- 3% for taxable profits between 1,500,000 Euros and 7,500,000 Euros;
- 5% for taxable profits between 7,500,000 Euros and 35,000,000 Euros; and
- 7% for taxable profits over 35,000,000 Euros.

On the other hand, for the year ended on December 31, 2016, the deduction of net financing costs in the determination of the taxable profit became conditional upon the higher of the following thresholds:

- 1,000,000 Euros;
- 40% (30% in 2017) of earnings before depreciation, net financing costs and taxes.

Lastly, under article 88<sup>o</sup> of Corporate Income Tax Code, affiliated companies located in Portugal are additionally subject to an autonomous taxation over a series of costs at the rates provided for in the aforesaid article.

In the years ended on December 31, 2016 and 2015, the reconciliation between the nominal and the effective income tax rates can be shown as follows:

2016	Rate	Tax basis	Tax
Nominal rate and tax on income	22.5%	76,886	17,299
	-	-	-
Results of associates using the equity method	0.6%	2,130	479
Exempt companies	-5.3%	(17,945)	(4,038)
Tax losses of the year for which no deferred tax assets were recognised	8.6%	29,331	6,599
Differentiated nominal tax rates	3.0%	-	2,291
Differences between tax and accounting capital gains	-27.1%	(92,441)	(20,799)
Autonomous taxation	2.7%	-	2,093
Corrections related to previous years	1.3%	-	1,001
Net financial costs not deductible	8.5%	29,216	6,574
Temporary differences that have not generated deferred tax assets in previous years	-2.9%	-	(2,227)
Other adjustments	0.1%	476	107
<b>Effective rate and tax on income</b>	<b>11.1%</b>		<b>9,379</b>

2015 restated	Rate	Tax basis	Tax
Nominal rate and tax on income	22.5%	100,006	22,003
Results of associates using the equity method	-15.1%	(67,123)	(15,103)
Exempt companies	-5.5%	(24,332)	(5,475)
Companies included in RETGS (*)	24.2%	107,644	24,220
Tax losses of the year for which no deferred tax assets were recognised	6.3%	28,222	6,350
Differentiated nominal tax rates	4.4%	19,379	4,360
Autonomous taxation	1.9%	-	1,863
Corrections related to previous years	4.0%	-	4,000
Other adjustments	3.4%	15,299	3,442
<b>Effective rate and tax on income</b>	<b>46.2%</b>		<b>45,662</b>

(\*) The line "Companies included in RETGS" includes 40,103 thousand Euros of non-deductible financial costs and 46,175 thousand Euros of accounting losses which were not considered relevant for tax purposes.

During the year ended on December 31, 2016, the low effective tax rate was influenced by the exemption from taxation of the capital gains generated by the disposal of the Port and Logistics business and of INDAQUA in Portugal.

The high effective tax rate in the year ended on December 31, 2015 was justified by the greater weight of taxable income in markets with the highest nominal income tax rates and by the amount of net financial costs that were not accepted as a tax cost.

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The amounts recorded under the headings “Exempt companies” and “Differentiated nominal tax rates” are justified, essentially, by the fact that MOTA-ENGIL ANGOLA benefits from an exemption of corporate tax (exemption for a period of 8 years beginning in the fiscal year 2011 and ending in 2018) and by the fact that companies located outside Portugal have tax rates different from 22.5%.

Furthermore, as a result of changes in 2014 in the legislation, MOTA & COMPANHIA MAURÍCIAS is no longer taxed in Portugal. Likewise, branches in Malawi, Mozambique, Zambia and Cape Verde of MEEC AFRICA are no longer taxed in Portugal and begun being taxed in those countries.

On December 31, 2016 nominal tax rates in force in the main countries where the GROUP operates are as follows:

Country	Rate
Angola	30%
México	30%
Mozambique	32%
Peru	28%
Poland	19%

Pursuant to the national legislation in force, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), unless tax losses have occurred, tax benefits have been granted or inspections, claims or objections are underway, in which cases, depending on the circumstances, these periods are extended or suspended. Therefore, the tax returns for 2013 to 2016 may still be subject to review and amendment. Nevertheless, the GROUP’S Board of Directors is of the opinion that any corrections, arising from different interpretations of the legislation in force by the tax authorities, will not have a significant effect on the attached consolidated financial statements.

On the other hand, the Board of Directors of the GROUP, supported by its lawyers and its tax advisers, believes that there are no material assets or liabilities associated to probable tax contingencies which should be disclosed or subject to the recognition of a provision, respectively, in the consolidated financial statements as at December 31, 2016.

## 15. Earnings per share

MOTA-ENGIL, SGPS has only issued ordinary shares, hence there are no special rights to dividends or voting.

There is no situation in the GROUP which might lead to a reduction of earnings per share as a result of options, warrants, convertible bonds or other rights associated to ordinary shares. Therefore, there is no dissimilarity between the calculation of basic earnings per share and the calculation of diluted earnings per share.

During the year of 2015, in accordance with the decision of the General Meeting of Shareholders held on November 30, 2015, 32,869,446 new ordinary, book-entry and bearer shares were issued, with the nominal value of 1 euro each, with an issue price of 2.4814 Euros per share (corresponding to the sum of the nominal value (1 euro) with a premium of 1.4814 Euros per share). Therefore, as of December 31, 2016 and 2015, the share capital of MOTA-ENGIL, SGPS, fully subscribed and paid, was represented by 237,505,141 ordinary, book-entry and bearer shares with the nominal value of 1 euro each.

On the other hand, during the year ended on December 31, 2016, as approved in the General Meeting of Shareholders held on May 25, 2016, the GROUP acquired several tranches of own shares (2,080,070 shares) at an average price of 1.30 Euros per share.

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During the year ended on December 31, 2015, as approved in the General Meeting of Shareholders held on May 28, 2015, the GROUP acquired several tranches of own shares (1,559,742 shares) at an average price of 1.98 Euros per share.

Therefore, in the years ended on December 31, 2016 and 2015, the calculation of the earnings per share may be demonstrated as follows:

		2016	2015 restated
Consolidated net profit of the year attributable to the Group:	(I)	50,157	18,128
Total number of ordinary shares	(II)	237,505,141	237,505,141
Number of own shares at the year-end	(III)	3,639,812	1,559,742
Weighted average number of ordinary shares	(IV)	237,505,141	204,725,748
Weighted average number of own shares	(V)	3,471,883	408,884
<b>Number of shares outstanding</b>	<b>(IV - V)</b>	<b>234,033,258</b>	<b>204,316,865</b>
Earnings per share:		-	-
basic	(I) / (IV - V)	0.21 €	0.09 €
diluted	(I) / (IV - V)	0.21 €	0.09 €

## 16. Goodwill

Information regarding Goodwill, for the years ended on December 31, 2016 and 2015, is broken down as follows:

	2016			2015 restated		
	Gross Goodwill	Accumulated impairments	Net Goodwill	Gross Goodwill	Accumulated impairments	Net Goodwill
<b>Europe Engineering &amp; Construction</b>						
Mota-Engil Central Europe Poland	8,541	(1,494)	7,047	8,803	(929)	7,874
Mota-Engil Central Europe Czech Rep.	1,147	(1,147)	-	1,147	-	1,147
Other	1,829	(1,767)	62	1,829	(41)	1,787
	<b>11,517</b>	<b>(4,407)</b>	<b>7,110</b>	<b>11,778</b>	<b>(970)</b>	<b>10,808</b>
<b>Europe Environment &amp; Services</b>						
Suma Group	13,784	(4,229)	9,555	13,784	(4,229)	9,555
Other	862	(75)	787	1,383	(75)	1,308
	<b>14,645</b>	<b>(4,304)</b>	<b>10,342</b>	<b>15,166</b>	<b>(4,304)</b>	<b>10,863</b>
<b>Africa</b>						
Cecot	1,440	-	1,440	1,440	-	1,440
Mota-Engil S.Tomé	143	-	143	143	-	143
Vista Water	1,841	-	1,841	1,841	-	1,841
ME Construction South Africa	12,504	-	12,504	10,663	-	10,663
	<b>15,928</b>	<b>-</b>	<b>15,928</b>	<b>14,087</b>	<b>-</b>	<b>14,087</b>
<b>Latin America</b>						
Empresa Construtora Brasil	5,831	-	5,831	4,640	-	4,640
Consita	619	-	619	493	-	493
	<b>6,450</b>	<b>-</b>	<b>6,450</b>	<b>5,132</b>	<b>-</b>	<b>5,132</b>
	<b>48,541</b>	<b>(8,711)</b>	<b>39,830</b>	<b>46,164</b>	<b>(5,274)</b>	<b>40,891</b>

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The movements occurred in Goodwill for the years ended on December 31, 2016 and 2015 are broken down as follows:

	% of acquisition	2016	2015 restated
<b>Goodwill at the beginning of the year</b>		<b>40,891</b>	<b>136,677</b>
<b>Increase of Goodwill</b>		-	-
Acquisition of ME Construction South Africa	100%	-	6,748
		-	<b>6,748</b>
<b>Impairment losses in Goodwill (Note 10.)</b>			
Mota-Engil Central Europe Czech Rep.		(1,147)	-
Mota-Engil Central Europe Poland		(565)	-
Other		(1,726)	-
		<b>(3,437)</b>	-
<b>Transfers from Goodwill to non-current assets held for sale</b>			
Tertir Group		-	(100,856)
Others		-	174
		-	<b>(100,681)</b>
<b>Changes in Goodwill due to changes in the perimeter (disposal)</b>			
Lokemark		(521)	-
		<b>(521)</b>	-
<b>Changes in Goodwill due to exchange differences</b>			
Mota-Engil Central Europe Poland		(262)	(697)
Mota-Engil Central Europe Czech Rep.		-	8
Empresa Construtora Brasil		1,191	(1,571)
ME Construction South Africa		1,841	575
Other		128	(168)
		<b>2,898</b>	<b>(1,853)</b>
<b>Goodwill at the end of the year</b>		<b>39,830</b>	<b>40,891</b>

In the year ended on December 31, 2016, following the decision of the Board of Directors of the GROUP of withdrawing from some markets in Central Europe (Czech Republic and Slovakia), impairments were recorded to written-off the existing goodwill related to the companies that operate in those markets.

In the year ended on December 31, 2015, following the decision of the Board of Directors to dispose of the Port and Logistics business and of classifying it as a non-current asset held for sale, all assets and liabilities allocated thereto, including goodwill, were reclassified to the heading "Non-current assets held for sale" (Note 36).

The MOTA-ENGIL GROUP carries out annual impairment tests to Goodwill as mentioned in Note 1.3. of the Main valuation criteria. As at December 31, 2016 and 2015 the methods and assumptions used to assess the existence, or not, of impairment for the main amounts of Goodwill recorded in the attached consolidated financial statements were as follows:

2016				
Assumptions	ECB*	Mota-Engil Central Europe Poland	Suma Group	ME Construction South Africa (*)
Method used	Value in use	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts	Forecasts
Period used	5 years	5 years	5 years	5 years
<b>Growth rate of cash-flows</b>				
Year n+1	6.0%	2.0%	5.0%	18.0%
Year n+3	4.0%	2.0%	5.0%	19.0%
Growth rate of cash-flows in perpetuity	4.0%	1.4%	2.0%	5.5%
Discount rate used	13.4%**	6.8%	7.5%	11.4%**

\* Valuations expressed in local currency - Brazilian Real and South African Rand, respectively

\*\*In the valuations of ECB and ME Construction South Africa differentiated discount rates were used in each projection period, in order to incorporate the estimated inflation level in Brazil and in South Africa, respectively (between 13.5% and 14.3% for ECB and between 11.1% and 11.4% for ME Construction South Africa).

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2015				
Assumptions	ECB*	Mota-Engil Central Europe Poland	Suma Group	Tertir Group
Method used	Value in use	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts	Forecasts
Period used	6 years	5 years	6 years	5 years
<b>Growth rate of cash-flows</b>				
Year n+1	8.0%	7.0%	7.0%	n.a.
Year n+3	6.0%	15.0%	5.0%	103.0%
Growth rate of cash-flows in perpetuity	7.1%	2.0%	2.0%	6.0%
Discount rate used	13.0%	6.8%	7.0%	8.4%

\* Valuation expressed in Brazilian Real

On December 31, 2016 and 2015 the sensitivity of the results of the impairment tests to Goodwill to the key assumptions, particularly the discount rate, the growth rate in perpetuity and the projected cash-flows (only in 2016) were as follows:

in million Euros

2016							
	Sensitivity to key assumptions						
	Discount rate		Growth rate in perpetuity		Projected cash-flows		
	0.5%	-0.5%	0.5%	-0.5%	5.0%	-5.0%	
ECB	(6)	7	5	(4)	4		(4)
Suma	(19)	27	21	(15)	6		(6)
Mota-Engil Central Europe Poland	(16)	23	18	(12)	4		(4)
ME Construction South Africa	(3)	4	3	(3)	2		(2)

2015					
	Sensitivity to key assumptions				
	Discount rate		Growth rate on perpetuity		
	0.5%	-0.5%	0.5%	-0.5%	
ECB	(7)	8	6	(5)	
Suma	(13)	15	11	(10)	
Mota-Engil Central Europe Poland	(13)	15	12	(10)	
ME Construction South Africa	(7)	9	8	(6)	

On December 31, 2016 and 2015 if a discount rate higher 0.5% or a growth rate in perpetuity lower 0.5% or projected cash-flows lower 5% had been used, the results calculated in the abovementioned tests would not originate any impairment.

The value in use corresponds to the estimated present value of future cash flows, calculated based on budgets and business plans duly approved by the GROUP's Board of Directors, which cover, on average, a period of five years.

Generally, the assumptions used in the calculation of the value in use were: (i) the cash flows were projected based on historical business knowledge, market analyses, both in terms of growth and market share, in the backlog already obtained and in the prospect of obtainment of new contracts in the future, based on historical chances of success; (ii) operating margin projection was based on historical data and management experience and knowledge; (iii) cash flows after the projection period were extrapolated using a perpetual growth rate similar to the inflation rate expected for each market; (iv) cash flows estimated before taxes were discounted to its net present value, using a pre-tax weighted average cost of capital rate.

The GROUP did not acquire any financial holding of material significance between December 31, 2016 and the date of approval of these consolidated financial statements.

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## 17. Intangible assets

The information regarding the net amount of intangible assets by operating segment, as at December 31, 2016 and 2015 is broken down as follows:

	Europe Engineering & Construction	Europe Environment & Services	Africa	Latin America	Other, eliminations and intragroup	Mota-Engil Group
<b>2016</b>						
Development costs	3	870	37	4,555	-	5,465
Software & other rights	422	58	1,577	2,733	157	4,947
Concession operation licenses	4,638	511,822	903	-	(0)	517,362
Assets in progress	353	10,059	98	2,984	11	13,505
Other intangible assets	45	15	278	20	-	359
	<b>5,461</b>	<b>522,823</b>	<b>2,894</b>	<b>10,292</b>	<b>168</b>	<b>541,638</b>
<b>2015</b>						
Development costs	4	2,355	-	-	-	2,359
Software & other rights	140	1,160	1,792	2,580	498	6,170
Concession operation licenses	4,940	566,677	1,073	-	-	572,690
Assets in progress	-	12,094	123	-	(0)	12,217
Other intangible assets	36	39	304	2	(0)	382
	<b>5,120</b>	<b>582,326</b>	<b>3,292</b>	<b>2,582</b>	<b>498</b>	<b>593,819</b>

Information regarding the gross amount of intangible assets for the years ended on December 31, 2016 and 2015 is broken down as follows:

	Development costs	Software and other rights	Concession operation licenses	Assets in progress	Other intangible assets	Total
<b>2016</b>						
Opening balance	7,201	24,032	1,279,038	12,217	1,388	1,323,875
Increases	744	252	4,821	9,048	-	14,866
Disposals	-	(16)	(1,091)	-	-	(1,107)
Write-offs	(3,104)	(368)	-	-	-	(3,472)
Changes in the perimeter	(539)	(94)	(0)	-	-	(633)
Transfers and other movements	3,717	(849)	10,826	(7,761)	(43)	5,891
	<b>8,018</b>	<b>22,957</b>	<b>1,293,594</b>	<b>13,505</b>	<b>1,345</b>	<b>1,339,419</b>
<b>2015</b>						
Opening balance	3,631	21,917	159,659	23,583	1,184	209,976
Increases	21	994	4,121	7,714	10	12,860
Disposals	-	(262)	-	-	-	(262)
Write-offs	(174)	(573)	(50,023)	-	-	(50,769)
Exchange differences	1	(76)	114	(209)	(1)	(171)
Changes in the perimeter	5,664	2,306	1,234,189	68,003	48	1,310,210
Transfers and other movements	(1,943)	(274)	(69,023)	(86,875)	147	(157,968)
	<b>7,201</b>	<b>24,032</b>	<b>1,279,038</b>	<b>12,217</b>	<b>1,388</b>	<b>1,323,875</b>

As at December 31, 2016 and 2015 the heading “Concession operation licenses” refers essentially to concession operation rights assigned to EGF SUBGROUP companies.

In the year ended on December 31, 2015 the heading “Changes in the perimeter” is justified essentially by the effect of the acquisition and consolidation for the first time of EGF SUBGROUP.

In the year ended on December 31, 2015 the heading “Transfers and other movements” is justified essentially by the transfer to the heading “Non-current assets held for sale” of the intangible assets assigned to the Port and Logistics business following its disposal process (Note 36).

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Information regarding the accumulated amortisations and impairment losses of intangible assets, for the years ended on December 31, 2016 and 2015, is broken down as follows:

	Development costs	Software and other rights	Concession operation licenses	Assets in progress	Other intangible assets	Total
<b>2016</b>						
Opening balance	(4,841)	(17,861)	(706,347)	-	(1,006)	(730,056)
Increases (Note 9)	(463)	(1,365)	(70,225)	-	(26)	(72,079)
Disposals	-	16	340	-	-	356
Write-offs	1,859	212	-	-	-	2,071
Exchange differences	-	-	-	-	-	-
Changes in the perimeter	0	76	1	-	8	85
Transfers and other movements	892	913	-	-	37	1,842
	<b>(2,553)</b>	<b>(18,010)</b>	<b>(776,231)</b>	<b>-</b>	<b>(987)</b>	<b>(797,781)</b>
<b>2015</b>						
Opening balance	(3,250)	(15,909)	(62,231)	-	(917)	(82,308)
Increases (Note 9)	(301)	(2,174)	(29,497)	-	(40)	(32,012)
Disposals	-	209	-	-	-	209
Write-offs	3	91	(65,324)	-	-	(65,230)
Exchange differences	(3)	43	(1)	-	(4)	34
Changes in the perimeter	(3,403)	(1,447)	(578,169)	-	-	(583,019)
Transfers and other movements	2,113	1,326	28,875	-	(45)	32,269
	<b>(4,841)</b>	<b>(17,861)</b>	<b>(706,347)</b>	<b>-</b>	<b>(1,006)</b>	<b>(730,056)</b>
<b>Net amount</b>						
2016	5,465	4,947	517,362	13,505	359	541,638
2015 restated	2,359	6,170	572,690	12,217	382	593,819

In the year ended on December 31, 2015 the net amount of write-offs recorded under the heading “Concession operation licenses” is justified by the allocation process of the acquisition cost incurred with the companies of EGF SUBGROUP, particularly with the write-off of the assets that were not included in the RAB (about 115,000 thousand Euros).

Information regarding the net amount of intangible assets included in the heading “Concession operation licenses”, as of December 31, 2016 and 2015, by group of affiliates, is as follows:

	2016	2015 restated
EGF Group	511,822	566,677
Other	5,541	6,013
	<b>517,362</b>	<b>572,690</b>

Valuation criteria adopted and the amortisation rates used for intangible assets are described in subparagraph i) of the Main valuation criteria in Note 1.3..

As at December 31, 2016, the concessions of the GROUP, mainly related to the companies of the EGF SUBGROUP, had the following characteristics:

Concessions granted on an exclusive basis during a 19 years period to the companies ALGAR, AMARSUL, ERSUC, RESIESTRELA, RESINORTE, RESULTIMA, SULDOURO, VALNOR, VALORLIS, VALORMINHO and VALORSUL will end on 2034.

The activity covered by concessions encompasses handling municipal waste produced in the areas of using municipalities, including their recovery and the provision of by-products, as well as selective collection of municipal waste. Municipalities are required to provide companies with all municipal waste whose management is under their responsibility.

The supervision of concessions is the responsibility of ERSAR, which is empowered to set the tariffs to be applied, as well as to approve regulated accounts and the investment plans of the companies.

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Operation and management of concessions also includes the design, construction, acquisition, extension, repair, renewal, maintenance and optimisation of works and pieces of equipment required for the execution of the business of the companies.

The basis of the concession determine that companies will mainly perform the activity related to the operation and management of the multi-municipal system of municipal waste, including treatment of municipal waste arising from the undifferentiated collection and selective collection of municipal waste, such as sorting, and will perform as complementary activities those that, although they are not part of the main activity, use assets related thereto, enabling the optimisation of the corresponding profitability. The execution of complementary activities depends on the authorisation from the concession owner, after the opinion of the Competition Authority and of ERSAR.

Assets allocated to the concession are:

- Infrastructures related to the treatment of undifferentiated and selective municipal waste, as well as assets used in the selective collection of municipal waste: transfer stations, eco-centres, plants for processing, sorting and recovery and the corresponding points of access, related infrastructures, landfills, ecopoints and waste transport equipment;
- Equipment required operating infrastructures and to monitor and control their use;
- All works, machines and equipment and corresponding accessories used to collect and treat waste and to maintain equipment and manage the multi-municipal system that were not mentioned above;
- Equipment, machines, vehicles and corresponding accessories used in the municipal waste selective collection.

In addition, other assets are considered to be related to the concession:

- Property purchased through the private right or by means of expropriation to set infrastructures;
- Exclusive rights of intellectual and industrial property the companies hold;
- Other assets and rights related to the continuity of the operations of the concessions, such as those related to labour, construction, lease and provision of services.

Companies should prepare and keep the inventory of assets and rights related to the concessions and send to ERSAR detailed information thereon on a yearly basis, as well as of the write-offs carried out.

During the period of the concessions, companies have the obligation to keep the assets and others attached thereto in proper conditions of operation, conservation and safety, performing all repairs, renewals and adjustments necessary to keep assets in the required technical conditions.

The companies have the right to use the assets related to the concessions until they expire. Assets related to the concessions can only be used for the purpose foreseen in the concessions. The day the concessions end, assets allocated thereto are reverted to an inter-municipal entity, to the Association of Municipalities, to a group of municipalities which use them, or to the State, through the exercise of the corresponding option right and the payment to the concession company of a compensation that corresponds to the net book value of the assets, net of grants.

The remuneration system of the concessions is based on the recognition of allowed revenues to companies that should be reflected in the tariffs to apply to the system's users.

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Companies are liable for the risks inherent of the concessions under the applicable law, taking on the corresponding operating risks. Companies are liable for the obtainment of financing required for the development of the concession object, in order to meet all obligations taken under concession contracts in due time, taking on the corresponding investment and financing risks.

Revenues allowed to companies each year within the scope of the licensed activity are set by ERSAR for a period of three to five years ("Regulatory period"). The regulatory model is set by ERSAR and is based on the following assumptions, among others:

- Eligibility of operation costs, for the purposes of determination of allowed revenues, by reference to a context of production efficiency operation and management of the multi-municipal system;
- Return on capital based on a weighted average cost, with parameters set by reference to market values and to the performance of comparable representative entities;
- Definition of an asset basis composed by the assets allocated to the concessions as a basis of incidence of the capital;
- Adoption of mechanisms to promote efficiency;
- Suitable impact on allowed revenues of differences recorded between expected amounts and the amounts of municipal waste delivered to companies.

In addition, the definition of the operating cost basis must take into account the effective control by the companies of the technologies and capacity installed, as well as demand swings.

Therefore, tariffs to be applied to users must provide companies with allowed revenues under the terms of the previous basis and correspond to the result of the division of the annual allowed revenues to these companies by the expected quantities for the year.

Concessions can be extinct upon agreement between the parties, by termination, by bailout and by end of exploration. Concession extinction entails the transfer of assets and rights allocated thereto to municipalities or to the State.

Concession contracts can be terminated by the concession owner if one of the following situations occurs, with a significant impact on the concession operations: deviation from the purpose of the concession; long-lasting interruption of operation due to a fact attributable to companies; repeated objection to supervision or repeated non-compliance of the stipulations of the concession owner, or if laws and regulations that apply to operation are not complied; refusal to carry out proper conservation and repair of infrastructures; repeated collection of amounts that exceed those set in concession contracts and in contracts entered into with users; dissolution or insolvency of companies; unauthorised transfer of the concession or sub-concession; unauthorised disposal of shares in the share capital of companies; encumbrance of shares in the share capital of companies that breach provisions in concession contracts; unauthorised increase or reduction, if any, in the share capital of companies; lack of provision of the security or of renewal of the corresponding value under the terms and deadlines foreseen; and companies' refusal or impossibility to resume concessions.

The concession owner can bail out the concession, taking on direct management of the granted public service, whenever the public interest demands, only after two thirds of the contract term have passed and, one year in advance at least in relation to the date the bailout takes effect.

Due to the bailout, companies are entitled to a compensation which must take into account the book value on the date of the bailout of the reversed assets, net of grants, the amount of existing credits, as well as the potential amount of future profits, considering the remaining number of years until the term of the concession.

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As at December 31, 2016 and 2015 the most significant amounts included under the heading “Assets in progress” refer to the following projects:

Description	2016
Nova Fenix Project (Generadora Fenix)	2,984
Digester for organic recover centre (Amarsul)	1,815
Upgrade of Landfill in Vila Real (Resinorte)	1,568
Landfill construction (Resulima)	1,498
Organic recover centre (Amarsul)	988
WWTP for organic recover centre (Amarsul)	707
	<b>9,560</b>

Description	2015
Landfill construction (Resulima)	3,453
Works in Landfill of Leiria (Valorlis)	2,058
Digester for Organic Recovery Centre (Amarsul)	1,746
WWTP for Organic Recovery Centre (Amarsul)	707
Contract Works for Organic Recovery Centre (Amarsul)	681
Energy Recovery Centre of Biogas (Valorsul)	434
Biological Treatment of Organic Recovery Centre (Algar)	341
Water consumption reduction project (Valorsul)	180
	<b>9,599</b>

The GROUP has neither intangible assets whose ownership is restrained, nor intangible assets given as guarantee for loans obtained. Likewise, apart from investment commitments of the EGF SUBGROUP, to be set/approved by ERSAR, there are no contractual commitments for the acquisition of intangible assets.

## 18. Tangible assets

Information regarding the net amount of tangible assets by operating segment, as at December 31, 2016 and 2015 is broken down as follows:

	Europe Engineering & Construction	Europe Environment & Services	Africa	Latin America	Other, eliminations and intra-Group	Mota-Engil Group
<b>2016</b>						
Land and buildings	102,849	15,907	96,354	28,145	15,615	258,870
Equipment	122,200	34,894	159,950	55,470	2,705	375,219
Tangible assets in progress	2,976	4,806	24,219	13,542	2	45,544
Other tangible assets	79	659	2,739	9,747	1	13,225
	<b>228,103</b>	<b>56,267</b>	<b>283,262</b>	<b>106,903</b>	<b>18,323</b>	<b>692,858</b>
<b>2015</b>						
Land and buildings	104,203	14,388	121,988	23,559	17,387	281,526
Equipment	91,994	59,853	228,305	64,382	1,118	445,651
Tangible assets in progress	4,668	4,613	21,751	10,907	1,134	43,073
Other tangible assets	47	437	2,550	8,831	1	11,866
	<b>200,913</b>	<b>79,292</b>	<b>374,594</b>	<b>107,679</b>	<b>19,639</b>	<b>782,116</b>

During the year ended on December 31, 2016, for the purposes of preparation of financial information by business segments and taking into account management information produced internally by the GROUP, TAKARGO was classified in the Europe – Engineering and Construction segment (in 2015 that subsidiary was classified in the Europe – Environment and Services), accounting for the variation verified in the heading “Equipment” between the two segments.

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Information regarding the gross amount of tangible assets for the years ended on December 31, 2016 and 2015 is broken down as follows:

	Land and Buildings	Equipment	Tangible assets in progress	Other tangible assets	Total
<b>2016</b>					
Opening Balance	401,217	1,188,841	43,073	29,029	1,662,160
Increases	6,448	39,589	11,715	952	58,704
Disposals	(2,177)	(19,741)	-	(406)	(22,324)
Write-offs	(714)	(4,728)	(13)	(270)	(5,725)
Revaluation	(1,100)	-	-	-	(1,100)
Exchange differences	(27,749)	(41,932)	(1,399)	764	(70,316)
Changes in the perimeter	(392)	(1,200)	-	(71)	(1,663)
Transfers and other movements	8,721	6,586	(7,833)	2,465	9,940
	<b>384,253</b>	<b>1,167,417</b>	<b>45,544</b>	<b>32,463</b>	<b>1,629,677</b>
<b>2015</b>					
Opening Balance	375,068	1,185,835	45,341	28,115	1,634,358
Increases	6,469	118,775	22,914	4,316	152,474
Disposals	(8,637)	(42,444)	(88)	(1,052)	(52,220)
Write-offs	(621)	(4,936)	(32)	(78)	(5,665)
Revaluation	2,104	-	-	-	2,104
Exchange differences	2,366	(2,601)	(151)	(166)	(552)
Changes in the perimeter	333	1,110	-	409	1,852
Transfers and other movements	24,134	(66,898)	(24,912)	(2,515)	(70,191)
	<b>401,217</b>	<b>1,188,841</b>	<b>43,073</b>	<b>29,029</b>	<b>1,662,160</b>

During the year ended on December 31, 2016, the increase occurred in tangible assets was mainly due to investments channelled into the Environment and Services segment, particularly into the companies of the EGF SUBGROUP and into the new subsidiary of SUMA in Oman, as well as into some companies in Latin America Latina, such as in Mexico and Peru.

In the year ended on December 31, 2016 disposals of equipment were justified essentially by the Africa segment and by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO.

During the year ended on December 31, 2016, the exchange differences that occurred were mainly originated in Angola and Malawi, as a result of the functional currency change occurred in some companies/entities located in those countries and the subsequent devaluation of local currencies.

In the year ended on December 31, 2015 the increase occurred in tangible assets was justified essentially by the needs of acquisition of equipment to handle works that the GROUP was executing in Africa and Latin America.

In the year ended on December 31, 2015 disposals of tangible assets concerned essentially to sales of equipment performed by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO and by MOTA-ENGIL CENTRAL EUROPE POLÓNIA.

In the year ended on December 31, 2015 the amount registered under "Transfers and other movements" was essentially justified by the transfer of tangible assets related to the Port and Logistics business to the heading "Non-current assets held for sale" (Note 36).

As at December 31, 2016 and 2015, the amount recorded in tangible assets in the column "Others, eliminations and intragroup" referred essentially to the assets of the companies in the tourism business.

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The information regarding the accumulated amortisations and impairment losses of tangible assets, for the years ended on December 31, 2016 and 2015, is broken down as follows:

	Land and Buildings	Equipment	Tangible assets in progress	Other tangible assets	Total
<b>2016</b>					
Opening Balance	(119,691)	(743,190)	-	(17,163)	(880,044)
Increases (Note 9)	(13,004)	(103,467)	-	(2,073)	(118,544)
Disposals	1,266	15,089	-	422	16,777
Write-offs	356	4,673	-	183	5,212
Exchange differences	6,926	29,120	-	180	36,226
Changes in the perimeter	166	1,249	-	73	1,487
Transfers and other movements	(1,401)	4,328	-	(860)	2,067
	<b>(125,383)</b>	<b>(792,198)</b>	<b>-</b>	<b>(19,238)</b>	<b>(936,819)</b>
<b>2015</b>					
Opening Balance	(105,171)	(743,022)	-	(14,503)	(862,697)
Increases (Note 9)	(14,644)	(103,991)	-	(3,106)	(121,742)
Impairment losses (Note 10)	(1,166)	-	-	-	(1,166)
Disposals	3,668	29,222	-	475	33,365
Write-offs	43	4,832	-	13	4,889
Exchange differences	(1,179)	60	-	114	(1,005)
Changes in the perimeter	(298)	(968)	-	(251)	(1,517)
Transfers and other movements	(943)	70,677	-	95	69,829
	<b>(119,691)</b>	<b>(743,190)</b>	<b>-</b>	<b>(17,163)</b>	<b>(880,044)</b>
<b>Net amount</b>					
<b>2016</b>	<b>258,870</b>	<b>375,219</b>	<b>45,544</b>	<b>13,225</b>	<b>692,858</b>
<b>2015</b>	<b>281,526</b>	<b>445,651</b>	<b>43,073</b>	<b>11,866</b>	<b>782,116</b>

As at December 31, 2016 and 2015 the most significant amounts included under the heading "Tangible assets in progress" refer to the following projects:

Description	2016
Dry Port Liwond terrain (Malawi)	10,740
Hydropower plant (Tarucani)	5,640
Damen Boat (Malawi Shipping Company)	4,505
Hydroelectric plant (Generadora México)	3,569
Cociga land (Vista Waste)	2,489
Non-hazardous industrial waste landfill (Citrave)	1,749
WVB project (WVB Project Company VBA)	1,746
Acquired land Biske Plaza (ME Real Estate Hungary)	1,329
	<b>31,767</b>

Description	2015
Dry Port Liwond terrain (Malawi)	10,271
Hydropower plant (Tarucani)	6,787
Damen Boat (Malawi Shipping Company)	4,665
Cociga land (Vista Waste)	3,105
Non-hazardous industrial waste landfill (Citrup)	1,729
Acquired land Biske Plaza (ME Real Estate Hungary)	1,303
Wagons platform (ME Engenharia)	1,268
Asphalt production system (ME Peru)	1,206
Enlargement works of the water park (RTA)	1,134
	<b>31,469</b>

Valuation criteria adopted and the amortisation rates used in tangible assets are described in subparagraphs ii), iii), iv) and v) of the Main valuation criteria in Note 1.3.

The determination of the existence of evidences of impairment and the execution of the corresponding tests, if necessary, were performed based on an annual basis as defined in Note 1.3. Main valuation criteria.

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For the purposes of determination of the existence of evidences of impairment, the following topics were considered by the GROUP:

- Physical/technical obsolescence of the asset;
- Asset value/EBITDA below a given parameter (according to the type and location of the asset);
- Changes in the average interest rates on financing and in the risk-free interest rate;
- Generation of negative cash flows.

As at December 31, 2016, the methods and assumptions used in the preparation of the impairment tests for the main tangible assets of the GROUP (and for the corresponding cash generating units to which they belong), which showed signs of impairment were the following:

2016	MEEC (a)	Takargo (b)	Novicer (c)
Assumption			
Method used	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts
Period used	5 years	23 years	5 years
<b>Growth rates of cash flows</b>			
Year n+1	5.00%	16.00%	48.20%
Year n+3	5.00%	15.00%	62.10%
Growth rates of cash flows in perpetuity	2.00%	2.00%	16.00%
Discount rate used in perpetuity	8.14%	4.40%	24.29%
<b>Accounting balance of the CGU</b>	<b>130,349</b>	<b>31,430</b>	<b>11,926</b>

(a) Net assets allocated to the construction business of Mota-Engil Engenharia.

(b) Net assets allocated to the rail transport business.

(c) Net assets allocated to the activity of manufacture of clay materials in Angola.

2016	Malawi Gateway Project (d)
Assumption	
Method used	Value in use
Basis used	Forecasts
Period used	32 years (concession period)
<b>Growth rates of cash flows</b>	
Growth average rate	28.14%
Discount rate used	15.71%
<b>Accounting balance of the CGU</b>	<b>33,850</b>

(d) Net assets allocated to the logistics business to be developed in Malawi.

On December 31, 2016 the sensitivity of the results of the impairment tests performed to the key assumptions, particularly the discount rate, the growth rate in perpetuity and the projected cash-flows was as follows:

2016	(amounts in million Euros)							
	Sensitivity to key assumptions						Projected cash-flows	
	Discount rate		Growth rate on perpetuity		Projected cash-flows			
	0.5%	-0.5%	0.5%	-0.5%	5.0%	-5.0%		
MEEC (a)	(15)	18	14	(12)	9	(9)		
Malawi Gateway Project (start-up) (d)	(5)	5	n.a.	n.a.	5	(4)		
Takargo (b)	(8)	12	7	(5)	3	(3)		
Novicer (c)	(1)	1	0	(0)	1	(1)		

Assumption	2015 Novicer
Method used	Value in use
Basis used	Forecasts
Period used	5 years
<b>Growth rates</b>	
Year n+1	2.6%
Annual compound growth rate next years	23.3%
Growth rates of cash flows in perpetuity	8.2%
Discount rate used	15.6%

Sensitivity analysis	2015
Growth rate in perpetuity	[ -1%]
<b>Growth rate in perpetuity - impact of the sensitivity analysis</b>	<b>1,274</b>
Discount rate used [+1%]	[ +1%]
<b>Discount rate - impact of the sensitivity analysis</b>	<b>1,516</b>

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Therefore, as at December 31, 2015, the GROUP recorded impairment losses in an industrial unit in Angola amounting to 1,105 thousand Euros.

Generally, the assumptions used in the calculation of the value in use were: (i) the cash flows were projected based on historical business knowledge, market analyses, both in terms of growth and market share, in the backlog already obtained and in the prospect of obtainment of new contracts in the future, based on historical chances of success; (ii) operating margin projection was based on historical data and management experience and knowledge; (iii) cash flows after the projection period were extrapolated using a perpetual growth rate similar to the inflation rate expected for each market; (iv) cash flows estimated before taxes were discounted to its net present value, using a pre-tax weighted average cost of capital rate.

Land and buildings of the GROUP are recorded at their revalued amount and part of them were subject to appraisal in 2016.

Appraisals of land and buildings are carried out by independent valuers hired to that effect in accordance with one of the following methods, taking in consideration the specific situation of the asset:

a) Market method

The criterion for market comparison is based on transaction values of similar real estate assets and that can be compared to the property under examination obtained by means of market research in the area where the property is located.

b) Income method

This method is aimed at estimating the value of the property from the capitalisation of its net rent, updated to the present time, using the discounted cash flow method.

c) Cost method

The cost method consists of the determination of the replacement value of the property under analysis taking into account the cost of building another property with similar functions minus the amount related to functional, physical and economic depreciation/obsolescence observed.

Appraisals performed to the above said properties were carried out by external and specialised entities, accredited by the “Comissão dos Mercados dos Valores Mobiliários – CMVM” or, in a few cases, by in-house experts.

The major and most significant inputs used in the valuation of the aforesaid properties were as follows:

- Cost of land per square meter;
- Cost of construction per square meter;
- Sale price value per square meter;
- Value of rent per square meter;
- Capitalisation / discount rate.

As regards the capitalisation/discount rates used by the in-house experts/appraisers in the determination of the fair value, they mainly took into account the location and features of each property and ranged between 7.75% and 9.25%.

If there is an increase in land cost, construction costs, sales price or rent value per square metre or a decrease in the capitalization/discount rate, the fair value of the real estate properties will be increased. On the other hand, if there is a decrease in land cost, construction costs, sales prices or rent value per square metre or an increase in the capitalization/discount rate, the fair value of the real estate properties will be decreased.

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Although above said appraisals were carried out based on market data and transactions (essentially released by real estate agencies), their reduced liquidity and the different characteristics of each property do not allow qualifying the market as active. Therefore, the determination of the fair value of the GROUP's real estate properties falls under level 3 of IFRS-13.

As at December 31, 2016 and 2015, the main assets and liabilities of the GROUP assigned to the quarries exploration are as follows:

	2016	2015
<b>Tangible assets:</b>		
Land under exploration	27,915	29,698
Buildings assigned to operations	960	1,004
Equipment assigned to operations	4,946	5,721
<b>Inventories:</b>		
Mineral stock	5,596	5,348
Accounts receivable	7,942	8,961
Accounts payable	4,153	6,111

For the purposes of execution of impairment tests to quarries, the fair value thereof (calculated taking in consideration the value in use) was determined using the income method by means of a discounted cash-flow model. The income method used as relevant inputs the amounts of aggregates to extract in the following years, taking into account the licensed area and the potential capacity, the respective sale prices, the costs to be incurred with the restoration of the quarry's landscape, the value of the underlying lands, and the following financial assumptions:

Assumption	2016
Method used	Value in use
Basis used	Forecasts
Period used	Period of exploration of the respective quarry
<b>Growth rates of cash flows</b>	
Year n+1	0.00%
Year n+3	0.33%
Average annual growth after n+3	13.69%
Discount rate used	7.16%

The book value which would have been recognised if tangible assets had been recorded pursuant to the cost model is as follows:

	Cost	Revaluation	Total
<b>2016</b>			
Land and Buildings	231,729	27,141	258,870
Equipment	374,634	585	375,219
Tangible assets in progress	45,544	-	45,544
Other tangible assets	13,222	3	13,225
	<b>665,129</b>	<b>27,729</b>	<b>692,858</b>
<b>2015</b>			
Land and Buildings	252,708	28,818	281,526
Equipment	445,362	289	445,651
Tangible assets in progress	43,073	-	43,073
Other tangible assets	11,863	3	11,866
	<b>753,007</b>	<b>29,109</b>	<b>782,116</b>

As at December 31, 2016 and 2015, except for assets acquired under financial lease contracts (Note 27), and for some equipment acquired by MOTA-ENGIL ANGOLA, there are no other tangible assets that are pledged or mortgaged to financial institutions as collateral for borrowings.

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## 19. Financial investments in associates and jointly controlled companies

As at December 31, 2016 and 2015, financial investments in associates and jointly controlled companies broke down as follows:

	2016	2015
<b>Associated companies</b>		
Auopista Urbana Siervo de La Nacion	74,353	3,869
Concessionaria Autopista Tuxpan-Tampico	14,650	11,306
Concessionária Autopista Cardel Poza Rica	12,532	6,804
SPRI	7,576	-
Suma Group subsidiaries	2,867	2,733
Automatriz	2,384	943
Manvia II Condutas	972	851
Martifer Group <sup>(1)</sup>	-	2,251
Other	7,035	5,580
	<b>122,796</b>	<b>34,557</b>

<sup>(1)</sup> As at December 31, 2016 and 2015, it includes 37.5% of Martifer SGPS, SA and 46.95% of Vetor Diálogo SGPS, SA (company incorporated in 2014 by the reference shareholders of Martifer Group for the acquisition of 25% of Martifer Metallic Constructions, SGPS, SA).

During the years ended on December 31, 2016 and 2015, the following movements occurred in the financial investments in associates and jointly controlled companies:

2016	Opening Balance	Effect on profit and Loss	Effect on Reserves <sup>(1)</sup>	Transfers and changes in the perimeter	Acquisitions / Disposals / Liquidations	Closing Balance
<b>Associated companies</b>						
Auopista Urbana Siervo de La Nacion	3,869	1,115	48	-	69,321	74,353
Concessionaria Autopista Tuxpan-Tampico	11,306	(132)	947	-	2,529	14,650
Concessionária Autopista Cardel Poza Rica	6,804	(213)	2,431	-	3,510	12,532
SPRI	-	5	(1,698)	9,268	-	7,576
Suma Group subsidiaries	2,733	143	(9)	-	-	2,867
Automatriz	943	(224)	1,535	130	-	2,384
Manvia II Condutas	851	119	3	-	-	972
Martifer Group <sup>(1)</sup>	2,251	(2,699)	448	-	-	-
Other	5,580	(243)	(990)	1,423	1,265	7,035
	<b>34,338</b>	<b>(2,130)</b>	<b>2,715</b>	<b>10,821</b>	<b>76,626</b>	<b>122,369</b>

<sup>(1)</sup> Essentially includes exchange differences, variations of the fair value of derivative financial instruments and distribution of dividends.

During the year ended on December 31, 2016, the increase in this heading was mainly due to the capital calls performed in the Mexican highways concession and construction companies (AUTOPISTA URBANA SIERVO DE LA NACION, CONCESSIONÁRIA AUTOPISTA CARDEL, CONSTRUCTORA CARDEL-POZA RICA and CONSTRUTORA TUXPAN TAMPICO) and due to the consolidation of SPRI (Angolan company which operates in the consultancy in the Oil & Gas sector), whose financial investment was recorded in 2015 under the heading “Available for sale and held to maturity financial assets” (Note 20).

2015	Opening Balance	Effect on profit and Loss	Effect on reserves <sup>(1)</sup>	Transfers and changes in the perimeter	Acquisitions / Disposals / Liquidations	Closing Balance
<b>Associated companies</b>						
Obol Invest Group	22,651	-	-	(22,651)	-	-
HEPP	1,556	-	-	-	(1,556)	-
Suma Group subsidiaries	2,691	193	(152)	-	-	2,733
SLPP Group	1,804	464	13	(2,281)	-	-
Ibercargo	34	104	(137)	-	-	-
Manvia II Condutas	832	65	(46)	-	-	851
Tersado	1,116	325	(487)	(954)	-	-
Autopista Urbana Siervo de la Nacion	2,071	(27)	1,825	-	-	3,869
Concessionária Autopista Cardel Poza Rica	2,180	38	4,586	-	-	6,804
Concessionária Autopista Tuxpan-Tampico	8,880	33	(465)	-	-	11,306
Martifer Group (1)	2,079	536	(364)	-	-	2,251
Other	5,851	186	487	-	-	6,524
<b>Jointly controlled companies</b>						
Ascendi Group	55,039	63,296	32,079	(150,414)	-	-
Indaqua Group	21,941	1,382	670	(23,992)	-	-
TPE Paita	32,972	1,064	3,810	(37,846)	-	-
	<b>161,697</b>	<b>67,123</b>	<b>41,818</b>	<b>(238,138)</b>	<b>(1,556)</b>	<b>34,338</b>

<sup>(1)</sup> Essentially includes exchange differences, variations of the fair value of derivative financial instruments and distribution of dividends.

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During the year ended on December 31, 2015, the movement occurred in this heading was mainly justified by the consolidation of the companies from the OBOL SUBGROUP, using the full integration method, the liquidation of HEPP and the execution of capital calls on the Mexican highways concession companies (AUTOPISTA URBANA SIERVO DE LA NACION, CONCESSIONÁRIA AUTOPISTA CARDEL and CONCESSIONÁRIA AUTOPISTA TUXPAN-TAMPICO).

A provision was recorded for financial investments held in associates or jointly controlled companies with negative equity, whenever the GROUP assumed responsibilities before those entities (Note 28).

For the year ended on December 31, 2015, the “Effect on profits and loss” in the ASCENDI GROUP (currently named LINEAS) was influenced by the change of control which took place in five highway concession companies (following the partnership established with the Ardian Group), which led to the recognition of a gain of circa 72,000 thousand Euros, of which circa 48,000 thousand Euros impact the income statement of the year and circa 24,000 thousand Euros the other comprehensive income statement.

As at December 31, 2016 and 2015, the main information regarding financial investments in associates and jointly controlled companies broke down as follows:

2016	% of detention	Assets	Equity	Sales and services rendered	Net profit
<b>Associated companies</b>					
Automatriz	25%	12,038	4,578	13,264	487
Icer	25%	2,453	(1,616)	188	969
M&R de Occidente	20%	32,722	4,182	11,366	0
Autopista Urbana Siervo de la Nacion	17%	156,956	13,900	44,237	6,373
Concessionária Autopista Cardel Poza Rica	29%	131,897	21,929	39,602	(741)
Concessionária Autopista Tuxpan-Tampico	26%	150,747	21,348	40,752	(511)
Haçor	40%	86,785	(1,432)	2,311	450
Logz	30%	27,177	(10,115)	-	(996)
Ambilital	30%	17,193	8,825	3,663	363
Construtora Tuxpan Tampico	17%	44,105	631	29,088	547
Construtora Cardel - Poza Rica	20%	56,334	971	28,049	584
Construtora Gran Canal	17%	79,992	2,357	29,734	1,087
Martifer Group					
Martifer SGPS SA	38%	417,500	(37,900)	217,100	(59,900)
Vetor Diálogo	47%	n/a	n/a	n/a	n/a
<b>Jointly controlled companies</b>					
Haçor	50%	91,472	1,977	2,647	1,889
Ibercargo	50%	5,573	714	22,416	821
N/A – Not available					
2015	% of detention	Assets	Equity	Sales and Services rendered	Net profit
<b>Associated companies</b>					
Automatriz	45%	15,367	1,965	16,572	719
Icer	25%	2,984	(2,547)	124	(1,349)
M&R de Occidente	20%	37,196	4,271	11,510	(0)
Autopista Urbana Siervo de la Nacion	17%	79,668	3,750	49,622	(157)
Concessionária Autopista Cardel Poza Rica	29%	99,121	8,463	37,362	133
Concessionária Autopista Tuxpan-Tampico	26%	32,879	8,698	8,672	128
Haçor	40%	89,896	408	2,758	724
Logz	30%	26,991	(9,119)	-	(5,944)
Tersado	16%	6,303	4,547	12,333	2,017
Ambilital	30%	17,467	8,339	3,383	368
Ecolezíria	15%	6,347	1,070	2,526	186
Construtora Tuxpan Tampico	17%	14,452	128	6,978	134
Construtora Cardel - Poza Rica	20%	61,582	479	28,182	510
Construtora Gran Canal	17%	70,900	1,524	47,124	1,629
Martifer Group					
Martifer SGPS SA	38%	606,631	11,673	220,885	1,172
Vetor Diálogo	47%	287,697	11,181	206,427	6,381
<b>Jointly controlled companies</b>					
Haçor	50%	93,005	3,145	2,611	1,924
Ibercargo	50%	5,441	(86)	23,016	207

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During the year ended on December 31, 2016, the GROUP entered into an agreement with a Mexican entity regarding the disposal of its financial holdings in two highway concession companies recorded on that date for circa 27.000 thousand Euros. Following that agreement, the GROUP granted a put option to the counterparty that could be exercised during the two-year period after the inauguration of the above referred highways. On the other hand, the GROUP also has a put option over those shares that can be exercised during two years period after the date the put options granted to the counterparty expire. The exercise of those put options by the GROUP depends on the level of turnover generated by the highways and, if they are exercised, the GROUP will dispose the corresponding financial holdings for their book value on the respective date.

Lastly, the GROUP has recorded in the heading "Customer prepayments on account of sales" circa 25,000 thousand Euros received from the potential buyer related to the abovementioned transactions.

LINEAS, SGPS, S.A., 60% held by MOTA-ENGIL, was considered a joint venture (jointly controlled entity) up to the date of the decision of its disposal, given the shareholders agreement established with the entity that held the remaining 40%, that ruled the joint control and management of said entity. LINEAS aggregated the road concession business of the two economic groups. The information regarding concessions and the concessions operators of this joint ventures, as well as relevant facts occurred in 2016, are detailed in the management report in chapter 3. Analysis by Business Area – LINEAS (formerly named as ASCENDI GROUP)".

During the year ended on December 31, 2015, after the decision of the Board of Directors of the GROUP to dispose of its financial investments held in INDAQUA and in LINEAS, the amounts concerning said investments were transferred to the heading "Non-current assets held for sale" (Note 36).

Moreover, as at December 31, 2016, the main information regarding jointly controlled entities, particularly "Agrupamentos Complementares de Empresas – ACE's", consolidated using the equity method was as follows:

	Country	% of detention	Total Assets	Equity	Sales and services rendered	Net profit/loss for the year
<b>"Agrupamentos Complementares de Empresas" (ACE's)</b>						
Via Rápida Câmara Lobos ECL, ACE	Portugal	36%	6,083	294	17,173	1,162
Barragem de Foz Tua ACE	Portugal	33%	18,074	4,968	43,041	990
Reforço de Potência da Barragem de Venda Nova III, ACE	Portugal	28%	6,912	893	13,278	893
Mota-Engil, Zagope, URBASER, ACE	Portugal	39%	253	146	164	146
Soares da Costa Engil, ACE - Novo Hospital de	Portugal	50%	96	25	-	25
Haçor C - Construção do Edifício do Hospital da	Portugal	43%	1,861	22	351	22
LGC - Linha Gondomar, Construtores, ACE	Portugal	30%	1,685	1,358	106	3
GLEX - Expropriações da Grande Lisboa, ACE	Portugal	42%	2,365	-	58	-
Mota-Engil, Soares da Costa, Monteadriano - Matosinhos, ACE	Portugal	43%	359	-	45	-
GVCV, ACE (Grupo Construtor de Vila do Conde)	Portugal	43%	269	-	43	-
Engil e OPCA em ACE	Portugal	50%	118	(237)	-	-
Grupo Construtor do Edifício Gil Eanes, ACE	Portugal	50%	87	-	-	-
GACE - Gondomar ACE	Portugal	24%	45	-	-	-
Metroligeiro - Construtora de Infra - Estruturas, ACE	Portugal	53%	36	(2)	-	(2)
Somague, BCP, Mota-Engil, SPIE - Linha Vermelha do Metropolitano em ACE	Portugal	24%	423	(40)	-	(40)
EXPI - Expropriações do Pinhal Interior, ACE	Portugal	37%	968	(1,349)	565	(50)
DIEXP - Expropriações do Douro Interior, ACE	Portugal	37%	1,311	(951)	-	(951)

On the other hand, on December 31, 2016 the GROUP was developing several joint operations with partners, particularly through consortiums (Note 1.2.d), which are listed in Appendix A of the attached consolidated financial statements.

# Consolidated Financial Information

As at December 31, 2016, the main information regarding joint operations is as follows:

	Country	% of detention	Total assets	Equity	Sales and services rendered	Net profit/loss for the year
<b>Consortiums</b>						
Vial Vizcachane Consortium	Peru	50%	23,986	519	8,906	492
Conservacion Vial Santa Rosa Consortium	Peru	50%	21,881	923	11,500	875
Vial Jaylli Consortium	Peru	42%	18,490	2,261	56,403	2,393
Mota-Engil TR Consortium	Peru	50%	14,204	2,088	26,007	778
Vial Acobamba Consortium	Peru	50%	5,582	(232)	4,440	1,087
Translei Cusco-Quillabamba Consortium	Peru	50%	3,966	(76)	-	(97)
Mepax Ltd Consortium	Chile	50%	3,507	2,476	6,017	1,283
Vial Valle Sagrado Consortium	Peru	50%	2,867	497	7,255	1,954
ME Colômbia Consortium	Columbia	38%	2,359	1,463	-	(638)
Translei Cosapi Consortium	Peru	50%	1,516	941	2,472	659
Vial Tambillo Consortium	Peru	50%	1,458	(207)	3,149	686
Stracon Translei Joint Venture	Peru	50%	1,186	1,120	-	(5)
Mota-Engil Dominicana SAS/EMCA Consortium	Dominicana Republic	42%	1,039	90	897	87
Vial Sur del Peru Consortium	Peru	50%	675	112	(75)	24
ME Peru HL Paita Consortium	Peru	50%	386	102	-	48

## 20. Available for sale and held to maturity financial assets

As at December 31, 2016 and 2015, the detail of Available for sale and held to maturity financial assets was as follows:

	2016	2015
<b>Available for sale financial assets</b>		
BAI-Banco Angolano de Investimentos	31,872	39,904
Auto - Sueco Angola	2,724	2,724
Estradas do Zambeze	3,384	-
STI	1,439	2,202
Ecodetra	1,153	1,153
Tirtife	74	901
Other	3,236	3,581
	<b>43,881</b>	<b>50,465</b>
<b>Advances for available for sale financial assets</b>		
Estradas do Zambeze	-	4,800
SPRI	-	9,263
Other	1,307	7
	<b>1,307</b>	<b>14,069</b>
<b>Available for sale financial assets</b>	<b>45,188</b>	<b>64,534</b>
<b>Held to maturity financial assets</b>		
Angola sovereign bonds	86,380	28,726
	<b>86,380</b>	<b>28,726</b>
<b>Available for sale and held to maturity financial assets</b>	<b>131,568</b>	<b>93,260</b>

During 2013, the GROUP acquired a financial stake of 3% in BAI – BANCO ANGOLANO DE INVESTIMENTOS, SA for 39,904 thousand Euros. In accordance with GROUP policy, financial assets available for sale that correspond to shares in non-listed companies are recorded at their acquisition cost, always taking into consideration potential impairment losses in case of objective evidence of said losses. As regards December 2016, the GROUP performed an impairment test to this financial investment, using, essentially, transaction multiples (price-to-book value and price to earnings) arising from transactions occurred in Angola and in Africa in the last few years, for a sample of 32 entities, and concluded that the asset was not impaired. This asset has been given as a guarantee in a bank loan.

On the other hand, the reduction occurred in 2016 in that financial investment is justified by the change of functional currency by the ANGOLA BRANCH of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA (from USD to Kwanzas) and the subsequent devaluation of the Kwanza.

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Although the abovementioned analysis has been carried out based on market data and transactions, these do not allow the market to be qualified as active, and thus the calculation of the fair value of the financial investment held in BAI corresponds to the level 3 of IFRS-13.

Moreover, due to the nature of the majority of the financial assets referred to above and the difficulty of ensuring the reliable calculation of their fair value, the GROUP recorded those assets at their acquisition cost, deducting, if necessary, any impairment losses identified.

On December 31, 2016 and 2015 the amount relating to AUTO-SUECO ANGOLA refers to the part not disposed of by the GROUP (5.13%) in the sale process which took place in 2013, valued by the amount resulting from the application of the equity method up to said date. The disposal of the remaining stake awaits authorisation from the Banco Nacional de Angola to be concluded.

During the year ended on December 31, 2016, the GROUP consolidated for the first time, using the equity method, the financial investment of 40% held at SPRI, which in 2015 was classified as an advance.

During the years ended on December 31, 2016 and 2015, the following movements occurred in the available for sale financial assets:

	2016	2015
Opening Balance on January 1st	64,534	51,026
Acquisitions and advances during the year	-	14,995
Exchange differences	(10,212)	-
Transfers and changes in the perimeter	(9,263)	(1,487)
Other variations	129	-
	<b>45,188</b>	<b>64,534</b>

During the years ended on December 31, 2016 and 2015, following agreements established with the Angolan state to settle overdue debts, the GROUP received circa 57,000 thousand Euros and 29,000 thousand Euros, respectively, in Angola sovereign bonds. Those securities are not listed on a regulated market and have the following characteristics:

	Currency	Nominal value	Interest rate	Maturity in years
Treasury bonds with maturity in 02/09/2023	AOK	5,778,476	5%	7
Treasury bonds with maturity in 01/09/2023	AOK	1,122,368	5%	7
Treasury bonds with maturity in 01/09/2023	AOK	2,525,324	5%	7
Treasury bonds with maturity in 12/05/2023	AOK	766,051	5%	7
Treasury bonds with maturity in 18/02/2023	AOK	487,687	5%	7
Treasury bonds with maturity in 18/02/2023	AOK	1,684,257	5%	7
Treasury bonds with maturity in 18/02/2023	AOK	488,901	5%	7
Treasury bonds with maturity in 27/07/2022	AOK	708,839	5%	6
Treasury bonds with maturity in 27/07/2022	AOK	1,442,159	5%	6
Treasury bonds with maturity in 29/06/2020	AOK	866,493	5%	4
Treasury bonds with maturity in 17/12/2019	AOK	58,517	5%	3
Treasury bonds with maturity in 27/11/2019	AOK	35,050	5%	3
Treasury bonds with maturity in 29/06/2019	AOK	866,493	5%	3
Treasury bonds with maturity in 17/12/2018	AOK	58,517	5%	2
Treasury bonds with maturity in 27/11/2018	AOK	52,638	5%	2
Treasury bonds with maturity in 27/11/2017	AOK	87,688	5%	1
	AOK	<b>17,029,456</b>		
Difference to fair value		<b>(1,094,458)</b>		
Book value AOK		<b>15,934,998</b>		
Book value thousands of Euro		<b>86,380</b>		

Moreover, these securities are used as collateral of bank loans obtained in Angola.

Payment of interest and capital refund of the abovementioned securities shall be made in Kwanzas, but linked to USD exchange rate in force on the settlement date.

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Given the agreements established with the Angolan State to settle overdue debts and the differential between the interest rate of the bonds received and the financing interest rate attributable to that State, the GROUP, at the time of its initial recognition, recorded those bonds at fair value (against an impairment for accounts receivable), which was lower than its nominal value in amount of circa 6,000 thousand Euros.

Due to the characteristics of the aforesaid securities and the intention of the GROUP's Board of Directors to keep them in its portfolio, those securities were recorded as Held to maturity financial assets.

## 21. Investment properties

The information regarding the GROUP's investment properties as at December 31, 2016 and 2015 is as follows:

	2016	2015
Europe Engineering & Construction	49,455	56,119
Europe Environment & Services	2,804	2,804
Africa	3,483	3,543
Latin America	20,047	19,570
	<b>75,789</b>	<b>82,037</b>

The movement occurred in investment properties for the years ended on December 31, 2016 and 2015 is broken down as follows:

	2016	2015
Opening Balance	82,037	69,106
Increases	-	2,549
Changes in Fair Value (Note 11)	78	9,859
Disposals	1,059	1,068
Transfers and other movements	(6,565)	(546)
	<b>75,789</b>	<b>82,037</b>

Investment properties consist of land and buildings held for the purpose of obtaining rents and/or the appreciation of the invested capital, and not for use in the production or supply of products or services, or for administrative purposes (cases in which they are classified as tangible assets), or for sale during current business activity (cases in which they are classified as inventories). Classification of given land and buildings as investment properties to the detriment of inventories and/or tangible assets is basically the result of the use prospects of the GROUP's Board of Directors for said assets, taking into account the maximization of return thereof in particular.

Investment properties, including those under construction, are recorded at their fair value, set on an annual basis by specialised external experts. Nevertheless, in the year ended on December 31, 2016 the calculation of the fair value for one of those properties took into account a purchase proposal from a third party.

As for the main investment properties held by the GROUP, their fair value were calculated taking into account the following relevant inputs:

- Occupancy rate;
- Cost of land per square meter;
- Cost of construction per square meter;
- Sale price per square meter;
- Value of rent per square meter;
- Capitalisation / discount rate.

As regards the capitalisation/discount rates used by the appraisers in the determination of the fair value, they mainly took into account the location and features of each property and ranged between 7.5% and 11.3%.

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Appraisals of investment properties were carried out mainly by independent appraisers in accordance with one of the following methods, taking in consideration the specific situation of each property:

## a) Market method

The criterion for market comparison is based on transaction values of similar real estate assets that can be compared to the property under examination obtained by means of market research in the area where the property is located.

## b) Income method

This method is aimed at estimating the value of the property from the capitalisation of its net rent, updated to the present time, using the discounted cash flow method.

Appraisals performed to the aforementioned properties were carried out by independent and specialised entities that, as regards properties located in Portugal, are accredited by the “Comissão dos Mercados dos Valores Mobiliários (CMVM)”.

If there is an increase in land cost, construction costs, sales price, rent value per square metre or occupancy rate or a decrease in the capitalization/discount rate, the fair value of the properties will be increased. On the other hand, if there is a decrease in land cost, construction costs, sales price or rent value per square metre or occupancy rate or an increase in the capitalization/discount rate, the fair value of the properties will be decreased.

Although above said appraisals were carried out based on market data and transactions (essentially released by real estate agencies), their reduced liquidity and the different characteristics of each property do not allow qualifying the market as active. Therefore, the determination of the fair value of the GROUP’s investment properties falls under level 3 of IFRS 13.

The results for the years ended on December 31, 2016 and 2015 generated with investment properties are broken down as follows:

	Assets value	2016		
		Rental income (Note 11)	Gains / losses due to changes in fair value (Note 11)	Impairment losses
<b>In Portugal</b>				
Bom Sucesso Market	28,244	-	-	-
Land in Alverca	12,965	779	720	-
Business Center Maia	2,654	480	-	-
Motadomus	2,624	96	-	-
Others	9,255	199	-	-
	<b>55,742</b>	<b>1,554</b>	<b>720</b>	<b>-</b>
<b>Outside Portugal</b>				
Empresa Construtora Brasil	18,822	-	(642)	-
Promotora Inmobiliaria Santa Clara (Peru)	1,226	-	-	-
	<b>20,047</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>75,789</b>	<b>1,554</b>	<b>720</b>	<b>-</b>

	Assets value	2015		
		Rental income (Note 11)	Gains / losses due to changes in fair value (Note 11)	Impairment losses
<b>In Portugal</b>				
Land in Alverca	35,003	128	-	-
Bom Sucesso Market	12,384	695	4,916	-
Motadomus	3,443	82	-	-
Others	11,637	151	-	-
	<b>62,466</b>	<b>929</b>	<b>4,916</b>	<b>-</b>
<b>Outside Portugal</b>				
Promotora Inmobiliaria Santa Clara (Peru)	18,874	-	4,770	-
Empresa Construtora Brasil	696	-	172	-
	<b>19,570</b>	<b>-</b>	<b>4,943</b>	<b>-</b>
<b>Total</b>	<b>82,037</b>	<b>1,056</b>	<b>9,859</b>	<b>-</b>

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Fair value variation in 2016 is mainly justified by the valuation of the property “Bom Sucesso Market” in Portugal, as a result of the increase in the rents and the decrease of the discount rate and by a property in Peru, resulting from the devaluation of the Peruvian real estate market.

Fair value variation in 2015 is mainly justified by the valuation of the property “Bom Sucesso Market” in Portugal, as a result of the increase of the occupancy rate and the rents and by a property in Peru, resulting from the valuation of the Peruvian real estate market.

## 22. Inventories

The information regarding inventories for the years ended on December 31, 2016 and 2015 is broken down as follows:

	2016	2015
<b>Gross amount:</b>		
Raw and Subsidiary materials and consumables	77,440	85,060
Products and work in progress	161,240	120,790
Finished goods	29,955	38,184
Merchandise	64,503	67,145
Advances on purchases	8,780	2,246
	<b>341,920</b>	<b>313,424</b>
<b>Accumulated adjustments:</b>		
Raw and Subsidiary materials and consumables	(7,630)	(5,736)
Products and work in progress	(19,925)	(13,864)
Finished goods	(2,202)	(2,981)
Merchandise	(7,203)	(6,403)
	<b>(36,959)</b>	<b>(28,985)</b>
	<b>304,960</b>	<b>284,439</b>

As at December 31, 2016 and 2015, the heading “Raw and Subsidiary materials and consumables” included, essentially, construction materials located in Africa (circa 50,000 thousand Euros and 66,000 thousand Euros, respectively), in Portugal (circa 8,000 thousand Euros and 7,000 thousand Euros, respectively) and in Poland (circa 5,000 thousand Euros in each year).

As at December 31, 2016 and 2015, the heading “Products and work in progress” refers, essentially, to ongoing property projects in Poland and projects to be developed in Portugal.

As at December 31, 2016 and 2015, the heading “Finished goods” refers, essentially, to apartments/houses for sale of real estate projects concluded in Portugal and in Angola.

As at December 31, 2016 and 2015, the heading “Merchandise” refers, essentially, to real estate projects located in Portugal and in Mexico aimed for sale and tourism development, respectively.

The movement occurred in adjustments to inventories for the years ended on December 31, 2016 and 2015, is as follows:

	2016	2015
Opening Balance	28,985	24,822
Increase (Note 10)	7,274	5,528
Reduction	(228)	(1,480)
Utilization	-	(481)
Exchange differences	928	596
Transfers and changes in the perimeter	-	(11)
	<b>36,959</b>	<b>28,985</b>

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As at December 31, 2016 and 2015, adjustments to inventories were essentially aimed to reduce the amount of some inventories in Angola, Portugal and Hungary to their net realisable value.

With the exception of some inventories related to real estate projects in Poland, the GROUP has no other inventories given as guarantee for loans received. In addition, on December 31, 2016, the GROUP recorded under the heading "Merchandise" a land amounting to 33,955 thousand Euros whose disposal (full or partial) depends on the authorisation of a *Fideicomissio* 50% represented by the GROUP and 50% represented by a Mexican state body.

As regards the capitalisation/discount rates used in the impairment tests performed to inventories (particularly those regarding ongoing real estate projects), those rates took into account, essentially, the location and specific features of each real estate project and ranged between 8% and 9% in the Portuguese market and between 7% and 10% in the Polish market.

For the purposes of the determination of the net realisable value of inventories, namely property, evaluation methods described in Note 18 were used.

## 23. Other assets

### a) Loans and receivables

The information regarding loans and accounts receivable from customers, as at December 31, 2016 and 2015, is broken down as follows:

Customers	Non-current		Current	
	2016	2015	2016	2015
<b>Trade accounts receivable:</b>				
Gross amount:				
Europe Engineering & Construction	4,189	7,339	184,778	201,070
Europe Environment & Services	927	3,247	99,062	112,426
Africa	13,412	8,977	615,122	741,344
Latin America	-	-	95,709	97,440
Other, eliminations & intra-Group	(3)	(0)	(79,089)	(95,660)
	<b>18,524</b>	<b>19,563</b>	<b>915,582</b>	<b>1,056,620</b>
Accumulated impairment losses	(369)	(1,529)	(147,155)	(121,200)
	<b>18,155</b>	<b>18,034</b>	<b>768,427</b>	<b>935,420</b>
<b>Trade accounts - Bills receivable</b>	-	476	6,688	3,968
	<b>18,155</b>	<b>18,510</b>	<b>775,115</b>	<b>939,389</b>

The decrease occurred in the year ended on December 31, 2016 in the headings of customers in the Africa segment was mainly due to the improvement observed in the receipts from African customers and due to the conversion of some accounts receivable into Angola sovereign bonds (Note 20).

The increase occurred in the year ended on December 31, 2016 in accumulated impairment losses is mainly justified by the strengthening of impairment of some accounts receivable from Angolan, Mozambican and Malawian entities.

# Consolidated Financial Information

The information regarding loans and accounts receivable from other debtors, for the years ended on December 31, 2016 and 2015, is broken down as follows:

	Non-current		Current	
	2016	2015	2016	2015
<b>Other debtors</b>				
<b>Associates and related companies</b>				
Gross amount	29,570	39,009	4,351	8,220
Accumulated impairment losses	(3,338)	(6,391)	-	-
	<b>26,232</b>	<b>32,617</b>	<b>4,351</b>	<b>8,220</b>
<b>Advances to suppliers</b>	-	-	39,726	66,116
<b>State and other public entities (except Corporate income tax)</b>	14,395	18,982	23,619	22,980
<b>Other</b>				
Gross amount				
Europe Engineering & Construction	4,954	7,612	158,540	188,267
Europe Environment & Services	1,518	3,658	69,715	69,282
Africa	77	121	89,019	94,956
Latin America	3,874	3,965	39,740	53,499
Other, eliminations & intra-Group	-	-	(189,957)	(187,097)
	<b>10,423</b>	<b>15,357</b>	<b>167,057</b>	<b>218,907</b>
Accumulated impairment losses	(4,822)	-	(28,362)	(31,248)
	<b>5,601</b>	<b>-</b>	<b>138,695</b>	<b>(31,248)</b>
	<b>46,229</b>	<b>66,956</b>	<b>206,391</b>	<b>284,975</b>
<b>Customers and other debtors</b>	<b>64,384</b>	<b>85,466</b>	<b>981,507</b>	<b>1,224,364</b>

The decrease occurred in the year ended on December 31, 2016 under the heading “Advances to suppliers” is mainly due to the operations of MOTA-ENGIL ANGOLA and of the MOZAMBIQUE BRANCH of MOTA-ENGIL, ENGENHARIA E CONSTRUÇÃO ÁFRICA.

As at December 31, 2016 and 2015, the aging of loans and accounts receivable that were not impaired was as follows:

Agging of the balance sheet 2016	Customers	Other
<b>Overdue Amounts</b>		
] 0 ; 3 ] months	163,233	21,240
] 3 ; 12 ] months	138,041	22,231
] 1 ; 3 ] years	176,120	25,378
Over 3 years	127,031	31,853
	<b>604,425</b>	<b>100,702</b>
<b>Not overdue amounts</b>	188,846	43,594
<b>Total</b>	<b>793,270</b>	<b>144,296</b>

Agging of the balance sheet 2015	Customers	Other
<b>Overdue Amounts</b>		
] 0 ; 3 ] months	39,882	63,885
] 3 ; 12 ] months	252,805	40,484
] 1 ; 3 ] years	244,098	24,929
Over 3 years	217,150	41,553
	<b>753,934</b>	<b>170,851</b>
<b>Not overdue amounts</b>	203,964	32,165
<b>Total</b>	<b>957,898</b>	<b>203,016</b>

As at December 31, 2016, the GROUP’s net exposure of accumulated impairment losses to balances aged over one year arose, essentially from confirmed debts of public entities (State, and public institutions in Angola, Mozambique and Malawi), of some African private customers (mainly held or dependent upon public companies), withheld amounts of guarantees provided to customers and customer balances with debt settlement agreements.

In 2015, the Angolan State, Sonangol (trading partner and minority shareholder of MOTA-ENGIL ANGOLA) and Sociedade Baía de Luanda (entity in charge of the promotion, development and management of a real estate project for the rehabilitation of the bay of Luanda, for which the GROUP performed several construction contracts) were the main customers with outstanding debt in the GROUP.

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Nevertheless, in the year ended on December 31, 2016 significant changes were observed as regards monetisation of those accounts receivable, with particular emphasis on:

(i) Receipt by MOTA-ENGIL ANGOLA, by ANGOLA BRANCH of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA and by VISTA WASTE, of circa 57,000 thousand Euros in Angolan sovereign bonds to settle outstanding debts;

(ii) Offset of debtor and creditor balances kept with Sonangol and additional receipt of circa 19,000 thousand Euros;

(iii) Publication on February 5, 2017 of a presidential decree establishing an agreement between the Angolan State and Luanda Waterfront Corporation (major shareholder of Sociedade Baía de Luanda) regarding the review and the bailout of the project for the rehabilitation of the bay of Luanda. As a compensation for the abovementioned bailout, the Angolan State authorised the issue of public debt amounting to 379 million US dollars to compensate the participants in that project.

Adjustments to accounts receivable due to impairment losses are recorded when there is objective evidence that the GROUP will not receive the full amount to which it was entitled pursuant to the original terms of established contracts. The adjustments are calculated considering the age of the accounts receivable, the risk profile of the debtors and their financial condition. On the other hand, for the accounts receivable that are expected to be settled in a period that exceeds one year, the GROUP carried out the financial discount of those balances (considering a period between one and two additional years to recover the debt) and discount rates between 7.5% and 12.35% in the Africa segment and circa 9% in the Latin America segment.

The movement occurred in impairment losses for loans and accounts receivable, for the years ended on December 31, 2016 and 2015, is as follows:

	2016	2015
<b>Customers:</b>		
Opening balance	122,729	113,397
Increase	55,131	27,229
Reduction	(12,746)	(15,275)
Utilization	(1,215)	(772)
Transfers, exchange differences and changes in the perimeter	(16,375)	(1,850)
	<b>147,524</b>	<b>122,729</b>
<b>Other debtors:</b>		
Opening balance	37,639	29,578
Increase	1,941	4,045
Reduction	(1,877)	(1,118)
Utilization	(462)	-
Transfers, exchange differences and changes in the perimeter	(719)	5,134
	<b>36,522</b>	<b>37,639</b>

In the year ended on December 31, 2016, the net increase in impairment losses for accounts receivable was mainly due to the impact of the financial discount of some accounts receivable in the medium and long term from some African customers and from one Mexican customer, as well as to a dispute in Portugal with a customer from the waste treatment business.

The exposure of the GROUP to credit risk is attributable, above all, to the accounts receivable of its operating activity.

The GROUP's Board of Directors believes that the amount at which these assets are recorded in the statement of financial position is close to its fair value.

The GROUP does not charge any interest provided that the payment deadlines established with their customers are observed. Once these deadlines are reached, interest is charged as defined contractually, pursuant to the law in force and applicable to each situation.

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## b) Corporate income tax

As at December 31, 2016 and 2015, the heading "Corporate income tax" broke down as follows:

	2016	2015
Corporate income tax	19,875	16,033
	<b>19,875</b>	<b>16,033</b>

## c) Other current assets

As at December 31, 2016 and 2015, the heading "Other current assets" is broken down as follows:

	2016	2015
<b>Accrued income</b>		
Production and services rendered not invoiced	352,803	460,528
Interest receivable	2,732	1,361
Other accrued income	20,503	4,630
	<b>376,038</b>	<b>466,519</b>
<b>Deferred costs</b>		
Insurance	9,057	7,279
Other deferred costs	41,866	52,100
	<b>50,923</b>	<b>59,379</b>
	<b>426,961</b>	<b>525,898</b>

As at December 31, 2016, the heading "Production and services rendered not invoiced" is broken down by business segment as follows: 90,329 thousand Euros (153,137 thousand Euros in 2015) in the Africa segment, 192,228 thousand Euros in the Latin America segment (257,275 thousand Euros in 2015) and 69,980 thousand Euros in the Europe Engineering and Construction segment (50,116 thousand Euros in 2015).

As at December 31, 2016, the heading "Other deferred costs" includes, essentially, deferred costs regarding to the production performed in the Africa and Latin America segments amounting to 18,704 thousand Euros and 15,883 thousand Euros, respectively (33,346 thousand Euros in 2015 in the Africa segment and 11,128 thousand Euros in the Latin America segment).

As at December 31, 2016 and 2015, the information regarding construction contracts in progress is broken down as follows:

	2016	2015
Construction costs incurred up to date	7,949,325	6,418,015
Work in progress billed by suppliers	7,740,062	6,100,516
Accrued costs - work in progress not billed by suppliers	228,141	360,030
Deferred costs - costs to be recognize	18,878	42,531
Income recognized up to date	9,543,046	7,377,563
Work in progress billed to customers	9,239,963	7,039,883
Accrued income - excess of production over billing	346,381	369,153
Deferred income - shortfall of production over billing	43,299	31,473
Advances received by customers	247,667	213,494
Retentions held by customers	45,396	69,799
Guarantees given to customers	451,869	620,223

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## d) Cash and cash equivalents

“Cash and cash equivalents” include cash held by the GROUP and short term bank deposits with original maturity equal to or less than three months and other short-term applications for which the risk of alteration of value is insignificant. The amount at which this group of assets is recorded is close to its fair value.

The amounts concerning the heading “Cash and cash equivalents with recourse” as at December 31, 2016 and 2015, broke down as follows:

	Demand deposits		Term deposits		Total	
	2016	2015	2016	2015	2016	2015
Other treasury applications	8,567	6,332	-	-	8,567	6,332
<b>Bank deposits and cash in hand</b>						
Bank deposits	281,780	266,471	13,122	62,391	294,902	328,862
Cash in hand	5,836	5,757	-	-	5,836	5,757
	<b>296,183</b>	<b>278,559</b>	<b>13,122</b>	<b>62,391</b>	<b>309,305</b>	<b>340,950</b>

The amounts concerning the heading “Cash and cash equivalents without recourse - Demand deposits” as at December 31, 2016 and 2015, broke down as follows:

	Demand deposits	
	2016	2015
Other treasury applications	2	993
<b>Bank deposits and cash in hand</b>		
Bank deposits	86,734	101,942
Cash in hand	18	11
	<b>86,754</b>	<b>102,946</b>

The amounts under the heading “Cash and cash equivalents without recourse - Demand deposits” are associated with the Project Finance debt of EGF SUBGROUP companies.

As at December 31, 2016 and 2015, for the purposes of preparation of the cash flows statement the heading “Cash and cash equivalents” is broken down as follows:

	Total	
	2016	2015
Without recourse	309,305	340,950
With recourse	86,754	102,946
Blocked amounts	(13,122)	-
	<b>382,937</b>	<b>443,896</b>

As at December 31, 2016, there were 13,122 thousand Euros recorded under the heading “Cash and cash equivalents” not immediately available, since they are being used as a guarantee or being blocked, pursuant to contracts assumed with financial institutions.

As at December 31, 2016 and 2015, the heading “Cash and cash equivalents” was broken down by country as follows:

	2016	2015
Portugal	137,682	156,669
Angola	78,732	64,711
Poland	41,560	31,641
Malawi	31,190	18,376
Brazil	29,129	15,578
Mozambique	20,575	44,091
Mauritius	13,693	31,597
Mexico	8,638	44,521
Peru	7,898	9,477
Other	26,962	27,236
	<b>396,059</b>	<b>443,896</b>

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It should be noted the existence of loans obtained in the local currency, particularly in Angola, of circa 123,000 thousand Euros.

## 24. Share capital and reserves

### Equity

On October 2015, the subsidiary of MOTA-ENGIL for the African region, MOTA-ENGIL ÁFRICA, announced a self-tender programme at a price offer of €6.1235 per share, as well as its delisting from Euronext Amsterdam. The offer was successful and the shares of MOTA-ENGIL ÁFRICA were delisted on December 10, 2015.

In the context of the aforesaid self-tender process, MOTA-GESTÃO E PARTICIPAÇÕES, SGPS, SA (MGP), holding at the time of 12.6% of the share capital of MOTA-ENGIL ÁFRICA, accepted the terms of the offer, and showed its availability to dispose of its shares for 6.1235 Euros per share, with the commitment to apply an equivalent amount to the inflow it obtained in the subscription of share capital increase that MOTA-ENGIL announced with a subscription price of 2.4814 Euros.

Moreover, following subsequent contacts between MGP and MOTA-ENGIL, the latter acquired all shares of MOTA-ENGIL ÁFRICA previously held by MGP, for the same price offered by MOTA-ENGIL ÁFRICA in its self-tender process.

Therefore, within the scope of the aforesaid share capital increase, MGP subscribed 31,103,942 shares in kind through the conversion of credits that it held over MOTA-ENGIL amounting to 77,181 thousand Euros (as a result of the acquisition of MOTA-ENGIL ÁFRICA shares to MGP) and the other shareholders who subscribed 1,765,504 shares in cash amounting to 4,381 thousand Euros.

In the light of the above, the share capital of MOTA-ENGIL, as at December 31, 2016 and 2015, fully subscribed and paid up, reached 237,505,141 Euros and was represented by 237,505,141 bearer shares with a nominal value of 1 euro each.

During the years ended on December 31, 2016 and 2015, the GROUP fulfilled the capital requirements set in the Portuguese law, particularly the provisions established in article 35 of the Commercial Companies Code.

### Own shares

During the years ended on December 31, 2016 and 2015, in compliance with the decisions of the General Meetings of Shareholders held on May 25, 2016 and on May 28, 2015, the GROUP acquired several tranches of own shares, as broken down below:

2016	Quantity	Average cost	Amount
Opening Balance	1,559,742	1.98 \$	3,084
Increases			
January	792,502	1.22 \$	968
February	1,283,376	1.35 \$	1,729
March	4,192	1.67 \$	8
	<b>2,080,070</b>	<b>1.30 \$</b>	<b>2,704</b>
<b>Closing Balance</b>	<b>3,639,812</b>	<b>1.59 \$</b>	<b>5,788</b>

2015	Quantity	Average cost	Amount
Opening Balance	-	-	-
Increases			
September	1,470,000	1.98 £	2,917
October	89,742	1.86 £	167
	<b>1,559,742</b>	<b>1.98 £</b>	<b>3,084</b>
<b>Closing Balance</b>	<b>1,559,742</b>	<b>1.98 £</b>	<b>3,084</b>

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## Share premiums

Share premiums correspond to premiums obtained through the issue or increase of share capital. Pursuant to the Portuguese commercial legislation, the amounts included under this heading follow the procedures established for the “Legal reserve”, that is, the amounts are not distributable except in the event of liquidation, but may be used to absorb losses, after all other reserves have been depleted, and for incorporation in the share capital.

Following the share capital increase in the year of 2015, from 204,635,695 Euros to 237,505,141 Euros, and given that the subscription price of the shares (2.4814 Euros) was higher than its nominal value, a share premium of 48,149 thousand Euros was originated in that year.

## Fair value reserve – Available for sale investments

The “Fair value reserve – Available for sale investments” reflects the changes in the fair value of available for sale financial assets and cannot be distributed or used to absorb losses.

## Revaluation reserves

Revaluation reserves cannot be distributed to shareholders, unless they have been fully written-down or if the respective revalued assets have been sold.

## Fair value reserve – derivatives

The “Fair value reserve – Derivatives” reflects the net changes in the fair value of cash flow hedge derivative financial instruments which are considered effective (Note 26) and cannot be distributed or used to absorb losses.

## Currency translation reserve

Currency translation reserves reflect the changes in the currency conversion of the financial statements of companies expressed in a currency other than the Euro and cannot be distributed or used to absorb losses.

## Legal reserve

The Portuguese commercial legislation establishes that at least 5% of the annual net profit must be assigned to increasing the “Legal reserve” until it represents at least 20% of the share capital. This reserve is not distributable except in the event of liquidation, but may be used to absorb losses, after all other reserves have been depleted, and for incorporation in the share capital.

Under the terms of the Portuguese legislation, the amount of distributable reserves is determined in accordance with the standalone financial statements of MOTA-ENGIL SGPS, prepared in accordance with the “Sistema de Normalização Contabilística” (SNC).

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## Dividends

The Individual Management Report presents the following proposal:

The Board of Directors proposes to the Annual General Meeting of Shareholders the following appropriation of the net profit for the year in an amount of 64,618,828 Euros which already includes the amounts of 500,000 Euros and 250,000 Euros allocated to the distribution of profits, respectively, to the Board of Directors, under the terms of number 3 of article 28 of the Articles of Association, and to the employees:

- For distribution to the shareholders, 13 cents per share, subject to tax, amounting to 30,875,668 Euros and 33 cents;
- For the legal reserve, 5% of the net profit of the year, amounting to 3,230,941 Euros and 40 cents;
- For free reserves, the remaining, amounting to 30,512,218 Euros and 27 cents.

On May 25, 2016, the General Meeting of Shareholders approved the distribution of a dividend of 0.05 Euros per share relating to the year of 2015. This dividend was paid on June 9, 2016.

## 25. Loans

The amounts regarding loans with recourse as at December 31, 2016 and 2015 are as follows:

	Current (1 year)	2 years	3 to 5 years	over 5 years	Non-current	Total
<b>2016</b>						
<b>Non-convertible bond loans</b>	42,009	83,717	237,000	-	320,717	362,726
<b>Amounts owed to credit institutions</b>						
Bank loans	305,900	166,116	221,521	57,147	444,783	750,683
Overdraft facilities	93,758	-	-	-	-	93,758
Revolving facilities	137,624	-	-	-	-	137,624
<b>Other loans obtained</b>						
Commercial paper issues	34,543	29,760	40,089	-	69,849	104,391
Other loans	2,552	1,303	746	-	2,049	4,602
	<b>616,385</b>	<b>280,896</b>	<b>499,355</b>	<b>57,147</b>	<b>837,398</b>	<b>1,453,784</b>
<b>2015</b>						
<b>Non-convertible bond loans</b>	215,104	45,000	292,961	-	337,961	553,065
<b>Amounts owed to credit institutions</b>						
Bank loans	377,551	107,842	134,770	12,682	255,294	632,846
Overdraft facilities	74,295	-	-	-	-	74,295
Revolving facilities	161,427	-	-	-	-	161,427
<b>Other loans obtained</b>						
Commercial paper issues	155,836	24,300	76,677	-	100,977	256,812
Other loans	701	651	3,593	106	4,350	5,052
	<b>984,914</b>	<b>177,793</b>	<b>508,001</b>	<b>12,788</b>	<b>698,582</b>	<b>1,683,497</b>

Although the commercial paper issues fall due at one year, they are covered by medium and long term programmes which ensure their automatic renewal over time. Under these circumstances, and given the fact that the GROUP's Board of Directors intends to pursue the use of said programmes while they are in force, they recorded the above referred commercial paper issues as due in the medium and long term.

As at December 31, 2016, there were financing operations with commitments of maintaining covenants associated with some levels of financial autonomy and debt ratios based on the GROUP's and its sub-holdings consolidated financial statements, whose conditions were negotiated in accordance with normal market conditions.

On December 31, 2016, according to available information, no creditor could demand an early redemption of any bank loan as a result of the non-fulfilment of any of the abovementioned covenants.

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The amounts regarding loans without recourse as at December 31, 2016 and 2015 are as follows:

	Current (1 year)	2 years	3 to 5 years	over 5 years	Non-current	Total
<b>2016</b>						
<b>Amounts owed to credit institutions</b>						
Bank loans	21,932	19,709	62,309	55,210	137,227	159,159
Overdraft facilities	7,158	-	-	-	-	7,158
<b>Other loans obtained</b>						
Commercial paper issues	2,500	2,500	7,500	8,648	18,648	21,148
	<b>31,590</b>	<b>22,209</b>	<b>69,809</b>	<b>63,858</b>	<b>155,875</b>	<b>187,465</b>
<b>2015</b>						
<b>Amounts owed to credit institutions</b>						
Bank loans	32,435	30,579	79,473	93,076	203,128	235,563
Overdraft facilities	8,099	-	-	-	-	8,099
	<b>40,534</b>	<b>30,579</b>	<b>79,473</b>	<b>93,076</b>	<b>203,128</b>	<b>243,662</b>

As at December 31, 2016 and 2015, the amounts of Loans without recourse are associated with EGF SUBGROUP companies and to the company used to finance its acquisition (SUMA TRATAMENTO).

As at December 31, 2016 and 2015, loans obtained are denominated in the following currencies:

	Bonds	Credit institutions	Commercial paper	Other loans	Total
<b>2016</b>					
US Dollars	23,623	120,446	-	-	144,069
Euros	339,103	787,582	125,540	4,602	1,256,826
Omani Rial	-	8,769	-	-	8,769
Angola Kwanzas	-	122,569	-	-	122,569
Peruvian New Sol	-	10,960	-	-	10,960
Colombian Pesos	-	6,722	-	-	6,722
Mexican Pesos	-	23,731	-	-	23,731
South African Rands	-	4,874	-	-	4,874
Brazilian Real	-	18,645	-	-	18,645
Polish Zlotys	-	43,892	-	-	43,892
Others	-	191	-	-	191
	<b>362,726</b>	<b>1,148,381</b>	<b>125,540</b>	<b>4,602</b>	<b>1,641,249</b>
<b>2015</b>					
Czech Crowns	-	208	-	-	208
US Dollars	68,890	221,305	-	-	290,195
Euros	484,175	634,881	256,812	5,052	1,380,920
Angola Kwanzas	-	147,839	-	-	147,839
Peruvian New Sol	-	11,908	-	-	11,908
Mexican Pesos	-	33,921	-	-	33,921
South African Rands	-	4,974	-	-	4,974
Brazilian Real	-	30,534	-	-	30,534
Polish Zlotys	-	24,334	-	-	24,334
Others	-	2,326	-	-	2,326
	<b>553,065</b>	<b>1,112,230</b>	<b>256,812</b>	<b>5,052</b>	<b>1,927,159</b>

The average interest rates borne in the main loans obtained in the years ended on December 31, 2016 and 2015 are as follows:

	2016		2015	
	Average rates (%)	Rates range (%)	Average rates (%)	Rates range (%)
Non-convertible bond loans	5.30	[3.7 ; 6.95]	6.22	[5.27 ; 6.85]
Amounts owed to credit institutions:				
Bank loans	6.26	[0.04 ; 20.98]	5.80	[0.26 ; 38.38]
Revolving facilities	5.49	[1.35 ; 19]	5.16	[3.02 ; 35]
Overdraft facilities	7.75	[1.45 ; 29.75]	9.57	[3 ; 16.23]
Commercial paper issues	3.55	[2.48 ; 6.09]	3.24	[1.44 ; 4.96]

As at December 31, 2016 and 2015, 66% of gross debt was contracted at a variable rate and its average cost amounted to 5.6% and 5.8%, respectively.

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Moreover, on December 31, 2016 and 2015 the average maturity of the loans was 2.5 years.

As at December 31, 2016 and 2015, the main bonds loans and commercial paper programmes obtained by the GROUP in force on those dates, were as follows:

2016						
Type of issue / Issuer	Date of emission	Date of reimbursement	Indexation	Reimbursement conditions	Amount	Maturity
<b>Bond loans:</b>						
Mota-Engil Engenharia and Construção África	Dec-13	Dec-18	Euribor 6M+6.75%	i)	50,000	-
Mota-Engil SGPS	Dec-12	Dec-17	Euribor 6M + 6.75%	ii)	15,000	-
Mota-Engil SGPS	Sep-13	Sep-17	Euribor 6M + 5.5%	ii)	20,000	-
Mota-Engil SGPS	Apr-14	Apr-19	Fixed Rate 5.5%	ii)	110,000	-
Mota-Engil SGPS	Jun-14	Jun-18	Fixed Rate 4.375%	ii)	23,717	-
Mota-Engil SGPS	Jul-15	Feb-20	Fixed Rate 3.90%	ii)	95,000	-
Mota-Engil SGPS	Dec-15	Dec-18	Euribor 6M + 3.25%	iii)	10,000	-
Mota-Engil SGPS	Apr-16	Apr-19	Fixed Rate 4.75%	ii)	32,000	-
Suma	Oct-13	Oct-18	Euribor 6M + 5.25%	ii)	10,000	-
<b>Commercial paper programmes:</b>						
Mota-Engil Europa	Dec-15	Jun-19	Euribor of the period + 4.70%		25,000	Direct placement: from 7 days to 6 months
Mota-Engil SGPS	Dec-12	Dec-17	Euribor 3M + 5%		4,450	Direct placement: quarterly
Mota-Engil SGPS and Mota-Engil Ambiente e Serviços	Jan-07	Jan-19	Euribor of the period + 1.5%		40,810	From 1, 3, 6 to 12 months
Mota-Engil Engenharia	Oct-16	Jan-18	Euribor of the period + 5%		7,500	Direct placement: from 7 to 90 days / Auctioning: from 7 to 90 days
Resinorte	Aug-16	Feb-24	Euribor 6M + 2.5%		21,250	98 months
Mota-Engil Engenharia	Aug-14	Aug-18	Euribor of the period +2%		16,700	Direct placement: from 7 to 90 days / Auctioning: from 7 to 90 days

i) Interest and repayment in 10 half-yearly instalments

ii) Interest paid in half-yearly instalments and single repayment upon the maturity of the contract

iii) Interest and repayment in 6 yearly instalments

# Consolidated Financial Information

2015						
Type of issue / Issuer	Date of emission	Date of reimbursement	Indexation	Reimbursement conditions	Amount	Maturity
<b>Bond loans:</b>						
Mota-Engil SGPS	Dec-11	Dec-16	Euribor 6M + 5.5%	i)	10,000	-
Mota-Engil SGPS	Dec-12	Dec-17	Euribor 6M + 6.75%	ii)	15,000	-
Mota-Engil SGPS	Sep-13	Sep-17	Euribor 6M + 5.5%	ii)	20,000	-
Mota-Engil SGPS	Mar-13	Mar-16	Fixed Rate 6.85%	ii)	154,178	-
Mota-Engil SGPS	Apr-13	Apr-16	Fixed Rate 7.5%	ii)	37,175	-
Mota-Engil SGPS	Apr-14	Apr-19	Fixed Rate 5.5%	ii)	110,000	-
Mota-Engil SGPS	Jun-14	Jun-18	Fixed Rate 4.375%	ii)	22,963	-
Mota-Engil SGPS	Jul-15	Feb-20	Fixed Rate 3.9%	ii)	95,000	-
Mota-Engil SGPS	Dec-15	Dec-18	Euribor 6M + 3.25%	ii)	15,000	-
Mota-Engil Engenharia and Construção Africa	Dec-13	Dec-18	Euribor 6M + 6.75%	i)	65,000	-
Suma	Oct-13	Oct-18	Euribor 6M + 5.25%	iii)	10,000	-
<b>Commercial paper programmes:</b>						
Mota-Engil SGPS	Nov-08	Nov-18	Euribor of the period + 2.475%		56,000	Direct placement: from 7 to 364 days / Auctioning: from 1,2,3,4,5 or 6 months
Mota-Engil SGPS	Nov-06	Nov-16	Euribor of the period + 3.5%		10,000	Direct placement: from 7 to 360 days
Mota-Engil SGPS	Dec-12	Dec-17	Euribor 3M + 5%		9,250	Direct placement: quarterly
Mota-Engil SGPS and Mota-Engil Ambiente e Serviços	Jan-07	Jan-19	Euribor of the period + 1.5%		50,050	From 1,3,6 to 12 months
Mota-Engil Engenharia and ME Eng. Africa	Jun-14	Jun-19	Euribor of the period + 4.7%		40,000	Direct placement: from 7 to 180 days
Mota-Engil Engenharia; ME SGPS and ME Africa (50M€)	Dec-10	Jan-16	Euribor of the period + 5.1%		50,000	Current issue of 3 months, direct placement: from 90 to 181 days / Auctioning: from 3,4,5 or 6 months
Mota-Engil Engenharia	Jan-13	Jan-16	Euribor of the period + 5.75%		13,000	Direct placement: from 7 to 90 days / Auctioning: from 7 to 90 days
Mota-Engil Engenharia	Aug-14	Aug-18	Euribor of the period +2%		25,000	Direct placement: from 7 to 90 days / Auctioning: from 7 to 90 days

i) Repayment and interest paid in 10 half-yearly instalments.

ii) Interest paid in half yearly instalments and single repayment upon the maturity of the contract.

iii) Interest paid in half-yearly instalments and single repayment upon the maturity of the contract

# Consolidated Financial Information

As at December 31, 2016 and 2015, the debt incurred through other loan contracts with an amount higher than 10,000 thousand Euros is broken down as follows:

2016		
Issuer	Type of loan	Amount in debt
<b>Other operations:</b>		
Mota-Engil, SGPS	Medium and long term loan	147,343
Mota-Engil, SGPS	Overdraft facilities	13,500
Mota-Engil Engenharia	Medium and long term loan	9,070
Mota-Engil Engenharia	Overdraft facilities	19,987
Mota-Engil Engenharia	Revolving facilities	5,929
Mota-Engil Europa	Medium and long term loan	40,000
Mota-Engil Real Estate Portugal	Medium and long term loan	20,000
Mota-Engil Angola	Medium and long term loan	22,090
Mota-Engil Angola	Short term loan	30,000
Mota-Engil Engenharia e Construção Africa	Medium and long term loan	118,332
Mota-Engil Engenharia e Construção Africa	Short term loan	48,455
Mota-Engil Engenharia e Construção Africa	Revolving facilities	28,460
Mota-Engil Latin BV	Medium and long term loan	20,000
Mota-Engil Peru	Medium and long term loan	16,128
Suma	Medium and long term loan	55,560
Suma Tratamento	Medium and long term loan	71,348
Sikorki Project Development	Medium and long term loan	6,723
Mota-Engil, SGPS/Mota-Engil Engenharia/Mota-Engil Real Estate Portugal	Revolving facilities	15,249

# Consolidated Financial Information

2015		
Issuer	Type of loan	Amount in debt
<b>Other operations:</b>		
Mota-Engil, SGPS	Medium and long term loan	62,019
Mota-Engil, SGPS	Revolving facilities	14,442
Mota-Engil, SGPS	Overdraft facilities	13,672
Mota-Engil Engenharia	Medium and long term loan	25,487
Mota-Engil Engenharia	Short term loan	7,500
Mota-Engil Engenharia	Revolving facilities	24,035
Mota-Engil Engenharia	Overdraft facilities	8,059
Mota-Engil Europa	Medium and long term loan	40,000
Mota-Engil Real Estate Portugal	Medium and long term loan	25,000
Mota-Engil Angola	Short term loan	19,617
Mota-Engil Angola	Revolving facilities	51,469
Vista Waste	Medium and long term loan	22,198
Mota-Engil Engenharia e Construção Africa	Medium and long term loan	114,220
Mota-Engil Engenharia e Construção Africa	Overdraft facilities	26,003
Mota-Engil Mexico	Medium and long term loan	13,342
Mota-Engil Peru	Medium and long term loan	37,310
Suma	Medium and long term loan	72,505
Suma Tratamento	Medium and long term loan	105,000
Resinorte	Medium and long term loan	23,750

The amounts included under the heading “Other loans” refer essentially to loans received from the Portuguese Agency for Investment (AICEP) and the Institute of Support to Small and Medium-sized Companies and to Investment (IAPMEI) as support to investment and do not earn interest.

# Consolidated Financial Information

## 26. Derivative financial instruments

The GROUP uses derivative financial instruments, particularly of interest rate and exchange rate, to manage its exposure to movements in the interest rates and in exchange rates in its debt contracts.

As at December 31, 2016 and 2015, the following derivative financial instruments were contracted by the GROUP:

Subsidiary	Type	Counterpart	Beginning	Notional	Contracted rates	Maturity	Fair Value	
							2016	2015
Mota-Engil SGPS	Forward	Caixa Geral de Depósitos	Aug-14	38,569	EUR/USD1.3450000	Apr-16	-	8,975
								8,975
Empresa Construtora Brasil	Forward	Santander Totta	Jan-15	459	-	Jan-16	-	69
Empresa Construtora Brasil	Forward	Santander Totta	Mar-15	76	-	Mar-16	-	14
Empresa Construtora Brasil	Forward	Santander Totta	Sep-15	346	-	Aug-16	-	126
Empresa Construtora Brasil	Forward	Santander Totta	Mar-15	1,749	-	Jan-17	(6)	166
							(6)	374
							(6)	9,349
Mota-Engil Engenharia	Swap	Santander Totta	Aug-14	25,000	Variable rate (Eur 3M/360 - Fixed rate 0.41%)	Aug-18	(103)	(188)
ME Peru	Swap	Citibank	Dec-15	16,128	Swap fixed rate 4.35% for Libor 3M + 1.70%	Dec-20	(388)	-
ME Peru	Currency Option	Citibank	Aug-16	16,128	USD/PEN between [3.413 - 3.800 PEN]	Dec-20	(268)	-
							(759)	(188)

The criteria used in the classification and valuation of these derivative financial instruments is described in subparagraph ix) f) of the Main valuation criteria in Note 1.3.

The calculation of the fair value of the derivative financial instruments contracted by the GROUP was carried out by the respective counterparts, which are considered to be suitable/independent financial entities of recognised merit. The valuation models employed were based on the discounted cash flows method using Par Rates of Swaps, listed on the interbank market and available on Reuters and Bloomberg pages, for the relevant periods, being determined the respective forward rates and discount factors which were used to discount fixed cash flows (fixed leg) and variable cash flows (floating leg). The sum of the two legs is equivalent to the Net Present Value (NPV). As for options, it was used the Black-Scholes model, as well as the volatility data available on the pages of Reuters and Bloomberg.

During the year ended on December 31, 2015, the GROUP contracted forward exchange rates, amounting to 50,000 thousand Dollars, to hedge the cash flows related to a bond issued in that currency. Although these derivative financial instruments were not formally designated hedging instruments and, therefore, were not treated in accordance with the hedge accounting rules defined in IAS 39, they allowed in a very significant manner the mitigation of the effect of exchange rate changes in the above mentioned bond. As a result, fair value changes in those derivative financial instruments were recorded directly in the income statement.

The remaining derivative financial instruments were formally designated hedging instruments and, following the requirements defined in IAS-39, were treated under hedge accounting rules.

# Consolidated Financial Information

## 27. Trade liabilities and other liabilities payable

The information regarding trade liabilities and other liabilities payable, as at December 31, 2016 and 2015, is broken down as follows:

	Non-current		Current	
	2016	2015	2016	2015
<b>Suppliers:</b>				
Europe Engineering & Construction	12,495	13,721	163,706	180,753
Europe Environment & Services	-	-	33,392	71,826
Africa	144	933	175,866	238,646
Latin America	-	-	149,869	108,802
Others, eliminations and intra-Group	0	(3)	(103,424)	(163,188)
	<b>12,639</b>	<b>14,651</b>	<b>419,408</b>	<b>436,839</b>
Suppliers of fixed assets	91,353	103,104	53,856	83,321
Associates and other shareholders	3,458	2,055	25,148	24,656
Customer prepayments on account of sales	33,223	5,421	259,184	281,402
State and other public entities (except Corporate income tax)	-	-	51,108	46,354
Other creditors	27,616	10,503	125,614	191,436
	<b>155,650</b>	<b>121,083</b>	<b>514,909</b>	<b>627,168</b>
	<b>168,289</b>	<b>135,734</b>	<b>934,318</b>	<b>1,064,007</b>

As at December 31, 2016 and 2015, the heading "Suppliers" included the amounts of approximately 39,800 thousand Euros and 31,400 thousand Euros, respectively, relative to confirming contracts. These amounts concern essentially to debts from subcontracting for ongoing works awarded to the GROUP.

As at December 31, 2016 and 2015, the amount recorded under the heading "Others, eliminations and intragroup" included essentially balances between companies from the Africa segment and from the Europe Engineering & Construction segment.

As at December 31, 2016 and 2015, the amount recorded under the heading "Associates and other shareholders" included the balances owed by GROUP companies to associates and jointly controlled entities, as well as balances owed to partners of the GROUP, namely the other shareholders of MOTA-ENGIL ANGOLA, SUMA GROUP and of EGF SUBGROUP. As at December 31, 2016 and 2015, the balance payable classified as current referred essentially to unpaid dividends to the respective partners.

As at December 31, 2016, the heading "Customer prepayments on account of sales" included the amount of 22,878 thousand Euros classified as non-current and the amount of 7,518 thousand Euros classified as current associated with the regulatory liability of the EGF SUBGROUP.

As at December 31, 2016 and 2015, the heading "Other creditors - Current" included the balances related with factoring operations with recourse and discounted bills amounting to 54,501 thousand Euros and 66,088 thousand Euros, respectively, which in the case of the factoring operations do not have a defined contractual maturity.

The GROUP's Board of Directors believes that the amount at which the abovementioned financial liabilities are recorded in the statement of financial position is approximately to its fair value.

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As at December 31, 2016 and 2015, the residual contractual maturity of the balances recorded under the heading “Suppliers” was as follows:

	2016	2015
<b>Outstanding contractual maturity:</b>		
] 0 ; 1 ] month	271,440	294,801
] 1 ; 3 ] months	84,562	88,602
] 3 ; 12 ] months	61,599	53,436
] 1 ; 3 ] years	9,833	3,400
Over 3 years	4,614	11,251
	<b>432,047</b>	<b>451,490</b>

As at December 31, 2016 and 2015, the residual contractual maturity of the balances recorded under the heading “Other creditors” was as follows:

	2016	2015
<b>Outstanding contractual maturity:</b>		
] 0 ; 1 ] month	71,882	108,158
] 1 ; 3 ] months	5,915	12,282
] 3 ; 12 ] months	7,123	4,906
] 1 ; 3 ] years	8,095	2,333
Over 3 years	5,713	8,171
Factoring	54,501	66,088
	<b>153,230</b>	<b>201,939</b>

As at December 31, 2016 and 2015, the GROUP had liabilities as lessor, recorded under the heading “Suppliers of fixed assets”, relative to rents of finance lease contracts amounting to 127,447 thousand Euros and 149,205 thousand Euros, respectively, with the following maturity:

Lease contracts	Outstanding rents on lease contracts		Present value of lease contract	
	2016	2015	2016	2015
1 year	43,311	51,633	40,528	46,574
2 years	33,130	36,370	31,711	33,151
3 years	16,781	26,931	16,160	25,239
4 or more years	40,851	47,800	39,049	44,241
	<b>134,074</b>	<b>162,734</b>	<b>127,447</b>	<b>149,205</b>
Interest included in the rents	(6,627)	(13,529)	-	-
<b>Present value of lease contract rents</b>	<b>127,447</b>	<b>149,205</b>	<b>127,447</b>	<b>149,205</b>

As at December 31, 2016 and 2015, the most significant finance lease contracts established by the GROUP were as follows:

2016				
Contracting party	Amount	Asset	Lease period	Purchase option
Correia & Correia	1,278	Building	20 years	26
Empresa Construtora Brasil	1,236	Sundry equipment	5 years	-
Empresa Construtora Brasil	1,653	Sundry equipment	10 years	-
ME- Engenharia (sede)	14,377	Sundry equipment	4 years	307
ME- Engenharia (sede)	13,876	Sundry equipment	5 years	346
ME- Engenharia (sede)	1,438	Sundry equipment	8 years	72
ME- Engenharia (sede)	16,062	Sundry equipment	5 years	321
ME Peru	11,065	Sundry equipment	3 years	4,426
ME-Central Europe Polónia	1,406	Sundry equipment	5 years	14
ME-Central Europe Polónia	1,020	Sundry equipment	6 years	102
ME-Central Europe Polónia	1,432	Sundry equipment	7 years	20
Mota-Engil Angola	1,782	Sundry equipment	2 years	-
Mota-Engil Engenharia e Construção África	3,780	Sundry equipment	2 years	151
Mota-Engil Engenharia e Construção África	44,362	Sundry equipment	4 years	1,078
Mota-Engil México	2,168	Sundry equipment	3 years	-
PTT	3,582	Land & Construction	10 years	72
Takargo	24,140	Railway locomotives	25 years	121
Takargo	11,944	Railway wagons	25 years	60

# Consolidated Financial Information

2015				
Contracting party	Amount	Asset	Lease period	Purchase option
Correia & Correia	1,278	Building	20 years	26
Empresa Construtora Brasil	983	Sundry equipment	5 years	-
Empresa Construtora Brasil	1,315	Sundry equipment	10 years	-
ME-Central Europe Polónia	6,207	Sundry equipment	5 years	252
ME-Central Europe Polónia	1,055	Sundry equipment	6 years	106
ME-Central Europe Polónia	1,481	Sundry equipment	7 years	20
ME- Engenharia (sede)	10,064	Sundry equipment	3 years	201
ME- Engenharia (sede)	14,377	Sundry equipment	4 years	307
ME- Engenharia (sede)	5,200	Sundry equipment	5 years	104
ME- Engenharia (sede)	3,655	Sundry equipment	7 years	73
ME- Engenharia (sede)	1,438	Sundry equipment	8 years	72
Mota-Engil Angola	6,121	Sundry equipment	5 years	-
Mota-Engil Engenharia e Construção África	3,780	Sundry equipment	2 years	151
Mota-Engil Engenharia e Construção África	50,730	Sundry equipment	4 years	1,815
Mota-Engil México	2,496	Sundry equipment	3 years	-
PTT	3,582	Land & Construction	10 years	72
Takargo	24,140	Railway locomotives	25 years	121
Takargo	11,944	Railway wagons	25 years	60

As at December 31, 2016 and 2015, the net book value of the assets acquired under finance lease contracts was as follows:

	2016	2015
Land and Buildings	1,898	4,239
Basic equipment	134,758	164,192
Transport equipment	20,547	30,404
Other assets	1,206	1,677
Intangible assets (Concessions)	-	14,224
	<b>158,758</b>	<b>215,085</b>

As at December 31, 2016 and 2015, the heading "Corporate income tax" broke down as follows:

	2016	2015
Corporate income tax	11,783	12,514
	<b>11,783</b>	<b>12,514</b>

## 28. Provisions

The information regarding provisions, for the years ended on December 31, 2016 and 2015, may be summarised as follows:

	2016	2015
Liabilities arising from defined benefit pension plans (Note 31)	11,262	10,111
Other pensions	506	2,774
Indemnities for termination of fixed-term employment contracts	1,168	1,049
Sealing and monitoring of landfills	6,817	6,302
Provisions for investments accounted under the equity method	4,725	4,242
Legal proceedings	6,240	6,491
Provisions for construction warranties and onerous contracts	58,999	79,024
Other contingencies	12,367	13,207
	<b>102,085</b>	<b>123,201</b>

The provisions for the sealing and monitoring of landfills refer essentially to the companies of SUMA SUBGROUP.

Provisions for construction warranties derive from the construction contracts carried out by the GROUP and refer essentially to MOTA-ENGIL ANGOLA and to MOTA-ENGIL ENGENHARIA.

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The provisions for other contingencies include the estimated costs to be incurred with several contingencies of legal, tax and judicial nature.

The information regarding the movement in provisions, for the years ended on December 31, 2016 and 2015, is as follows:

2016	Opening Balance	Increase	Reduction	Utilization	Transfers, changes in the perimeter and exchange differences	Closing Balance
Liabilities arising from defined benefit pension plans (Note 31)	10,111	469	-	-	681	11,262
Other pensions	2,774	-	(18)	-	(2,249)	506
Indemnities for termination of fixed-term employment contracts	1,049	234	(132)	-	16	1,168
Sealing and monitoring of landfills	6,302	516	-	-	-	6,817
Legal proceedings	6,491	215	(282)	(14)	(170)	6,240
Provisions for construction warranties and onerous contracts	79,024	15,017	(8,927)	(5,741)	(20,373)	58,999
Other contingencies	13,207	10,822	-	(6,500)	(5,162)	12,367
	<b>118,959</b>	<b>27,272</b>	<b>(9,359)</b>	<b>(12,255)</b>	<b>(27,256)</b>	<b>97,360</b>
Provisions for investments accounted under the equity method	4,242	4,135	(353)	-	(3,299)	4,725
	<b>123,201</b>	<b>31,407</b>	<b>(9,712)</b>	<b>(12,255)</b>	<b>(30,556)</b>	<b>102,085</b>

2015	Opening Balance	Increase	Reduction	Utilization	Transfers, changes in the perimeter and exchange differences	Closing Balance
Liabilities arising from defined benefit pension plans (Note 31)	9,540	571	-	-	-	10,111
Other pensions	1,708	1,066	-	-	-	2,774
Indemnities for termination of fixed-term employment contracts	546	504	-	-	-	1,049
Sealing and monitoring of landfills	7,734	232	(1,664)	-	-	6,302
Legal proceedings	4,959	2,886	(9)	-	(1,344)	6,491
Provisions related to the investment obligations under the scope of IFRIC 12	19,389	-	-	-	(19,389)	-
Provisions for construction warranties and onerous contracts	59,072	26,121	(6,170)	-	-	79,024
Other contingencies	19,532	17,734	(14,033)	-	(10,027)	13,207
	<b>122,480</b>	<b>49,114</b>	<b>(21,875)</b>	<b>-</b>	<b>(30,760)</b>	<b>118,959</b>
Provisions for investments accounted under the equity method	2,639	2,582	(108)	-	(871)	4,242
	<b>125,120</b>	<b>51,696</b>	<b>(21,983)</b>	<b>-</b>	<b>(31,631)</b>	<b>123,201</b>

In the year ended on December 31, 2016, the column “Transfers, perimeter changes and exchange differences” includes, essentially, 9,185 thousand Euros of provisions for construction warranties and onerous contracts which were transferred from the heading customer impairment losses and the impact of the devaluation of Kwanza and the Metical.

As at December 31, 2016 and 2015, the provisions for investments accounted under the equity method refer, essentially, to the affiliate LOGZ.

The net increase occurred in the year ended on December 31, 2015 under the heading “Provisions for construction warranties and onerous contracts” was essentially due to the increase of provisions verified in Europe – Engineering and Construction and Africa segments for construction warranties and to cope with onerous construction contracts.

The net increase occurred in the year ended on December 31, 2015 under the heading “Other contingencies” was essentially due to the provisioning of tax contingencies identified in MOTA-ENGL SGPS, which were settled in 2016 and which led to the utilization of the provision created during the year of 2015.

As at December 31, 2016, all provisions except the provisions created for the sealing and monitoring of landfills and for liabilities arising from defined benefit pension plans, the date of its use cannot be estimated and, therefore, these provisions were not discounted.

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Likewise, given the uncertainty of the moment in which the aforesaid provisions will be converted into liabilities, it is not possible to disclose the moments expected for the respective future outflows of resources, and so provisions were classified as non-current.

## 29. Other current and non-current liabilities

As at December 31, 2016 and 2015, the information regarding the other non-current liabilities was as follows:

Other non current liabilities	2016	2015
Investment subsidies	173,401	219,790
Ongoing works not billed by suppliers	3,459	2,711
Other	978	33,958
	<b>177,838</b>	<b>256,460</b>

As at December 31, 2016 and 2015, the heading “Investment subsidies” refers essentially to companies from the EGF SUBGROUP.

As at December 31, 2016 and 2015, the information regarding the other current liabilities was as follows:

Other current liabilities	2016	2015
<b>Accrued costs</b>		
Holiday pay and holiday bonus	37,175	41,716
Interest payable	16,393	18,424
Work in progress not billed by suppliers	236,498	368,089
Other accrued costs	46,591	36,292
	<b>336,657</b>	<b>464,521</b>
<b>Deferred income</b>		
Advance invoicing	44,055	48,054
Investment subsidies	28,691	9,682
Other deferred income	17,918	24,102
	<b>90,663</b>	<b>81,838</b>
	<b>427,320</b>	<b>546,360</b>

As at December 31, 2016 and 2015, the heading “Work in progress not billed by suppliers” was broken down by business segment as follows: 143,818 thousand Euros in the Africa segment (242,717 thousand Euros in 2015), 21,390 thousand Euros in the Latin America segment (52,802 thousand Euros in 2015) and 71,290 thousand Euros in the Europe Engineering and Construction segment (71,570 thousand Euros in 2015).

The amount recorded under the heading “Advance invoicing” refers, essentially, to the application of the accounting policy described in Note 1.3. Main valuation criteria related to the recognition of revenue in construction contracts.

As at December 31, 2016 and 2015, the heading “Other deferred income” included the amounts of circa 14,600 thousand Euros and 13,800 thousand Euros, respectively, from the Europe Environment and Services segment, related to delay interest charged to customers awaiting for its receipt to be recognized as revenue.

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The main information regarding investment subsidies granted to the GROUP is as follows:

Beneficiary company	Asset value	Deferred income	Income recognition	
			Income recognised in 2016	Income recognised in 2015
Correia & Correia	3,158	127	17	24
Enviroil II	4,187	663	37	-
ME - Engenharia (sede)	44,598	844	317	387
RTA	8,752	1,099	123	108
Suma Matosinhos	467	-	-	6
Ersuc	161,449	49,374	6,747	1,988
Algar	76,188	11,162	1,060	1,098
Amarsul	67,069	15,528	1,200	810
Resiestrela	32,156	12,173	1,742	549
Resinorte	130,510	50,581	6,985	1,259
Resulima	9,874	1,592	288	275
Suldouro	46,430	5,238	1,049	722
Valnor	47,444	15,752	2,196	475
Valoris	34,739	7,499	1,097	483
Valorminho	6,007	871	79	207
Valorsul	188,675	29,537	5,080	1,292
Vibeiras	22	3	1	0
Triu	1,139	47	17	-
		<b>202,092</b>	<b>28,034</b>	<b>9,684</b>

## 30. Contingent assets and liabilities

As at December 31, 2016 and 2015, the guarantees provided by the GROUP to third parties in the form of bank guarantees and insurances, namely to customers whose contracts are being performed by some GROUP companies, detailed by currency, are as follows:

	2016	2015
Czech Crowns	5,331	5,932
US Dollars	129,531	207,092
Cape Verde Escudos	1,804	2,118
Euros	393,918	476,628
Hungarian Forints	902	884
Angola Kwanzas	41,055	29,430
Malawian Kwachas	15,314	7,473
Mozambican Meticals	6,055	10,300
Peruvian New Sol	91,565	124,192
Colombian Pesos	173,825	62,597
Mexican Pesos	217,835	155,005
South African Rands	41,949	32,388
Brazilian Real	106,126	54,462
Polish Zlotys	119,972	99,823
Other	32,587	19,412
	<b>1,377,768</b>	<b>1,287,739</b>

# Consolidated Financial Information

As at December 31, 2016 and 2015, the breakdown of guarantees provided by the GROUP by company is as follows:

	2016	2015
Áreagolfe	554	1,015
Emocil	979	1,330
Empresa Construtora Brasil	106,126	54,462
Geradora Fenix	4,180	-
Suma/EGF Group	131,193	153,773
Manvia	3,037	2,621
ME- Central Europe República Checa	5,371	5,972
MEEC África	26,754	18,933
Mota-Engil Angola	45,616	33,366
Mota-Engil Central Europe Polónia	93,237	95,548
Mota-Engil Engenharia	229,939	239,029
Mota-Engil Peru	128,392	194,576
Mota-Engil Serviços Partilhados	164	164
Mota Engil Engenharia Colômbia/Mota Engil Colômbia branch	173,825	128,218
Mota Engil Engenharia Malawi branch	80,183	24,079
Mota Engil Engenharia Moçambique branch	33,368	53,548
Mota Engil Engenharia Zâmbia branch	19,193	29,601
Vibeiras	8,942	8,456
Mota Engil México	67,372	59,932
Other	219,343	183,115
	<b>1,377,768</b>	<b>1,287,739</b>

As at December 31, 2016 and 2015, the amount of guarantees provided by the GROUP to the Portuguese tax administration, following tax proceedings, amounted to 46,401 thousand Euros (42,772 thousand Euros in 2015), broke down as follows: 21,527 thousand Euros through insurances (21,817 thousand Euros in 2015); 18,028 thousand Euros through sureties (17,376 thousand Euros in 2015); 4,912 thousand Euros through bank guarantees (3,533 thousand Euros in 2015); 336 thousand Euros through mortgages (336 thousand Euros in 2015) and 1,598 thousand Euros through pledges over shares (0 in 2015). Nevertheless, the GROUP challenged, in court, the tax assessments, and the Board of Directors believes, based on the opinion of its legal/tax advisors, that these will be favourable to the Group, reason why no provisions were recorded.

On the other hand, on December 31, 2016, the GROUP was involved in several legal proceedings, both as defendant and claimant. Considering only the proceedings over 500 thousand Euros, these involved amounts of approximately 62,000 thousand Euros in the quality of defendant. In this regard, it should be noted that out of the above said amount of proceedings initiated against the GROUP 51,000 thousand Euros are concentrated in two proceedings (one in Portugal and another in Slovakia) which have more than 12 years old. As for these two proceedings, the fact that in one of them the counterpart did not manage to prove in court over the last years the subject over which the legal proceeding pertain (and for which the counterpart demands a compensation for future profits amounting to circa 36,000 thousand Euros) and, in the other proceeding, the GROUP has already received a favourable ruling from the Constitutional Court of Slovakia (although the ruling needs to be confirmed “Trânsito em julgado” and the proceeding has been remitted again for ruling to a lower court), sustain the belief of the Board of Directors that the outcome of those proceedings will be favourable to the GROUP.

## 31. Retirement plan benefits

The GROUP has assumed liabilities related to defined benefit retirement plans regarding some former employees and some directors who are also shareholders of the GROUP. These ones are beneficiaries of a retirement plan with defined benefits, which allow them, in general, to receive a pension equivalent to 80% of the salary on the date of its retirement.

# Consolidated Financial Information

As at December 31, 2016 and 2015, liabilities related to defined retirement plan benefits break down as follows:

	2016	2015
Mota-Engil Engenharia	11,262	10,111
	<b>11,262</b>	<b>10,111</b>

In the years ended on December 31, 2016 and 2015 the amounts recognized in the income statement regarding to pension plans amounted to 552 thousand Euros and 597 thousand Euros, respectively. Moreover, in the year ended on December 31, 2016 the amount of 681 thousand Euros regarding to negative actuarial and financial deviations verified in the year as a result of a decrease in the discount rate and an increase in the amount of pensions was recognised in the income and comprehensive income statement.

As at December 31, 2016 and 2015, information regarding the liabilities to pensioners and to the founding shareholders and directors, as well as the respective coverage, were as follows:

	2016	2015
Liabilities to pensioners	1,153	992
Liabilities to founding shareholders and directors	10,109	9,119
Provisions (Note 28. Provisions)	11,262	10,111
<b>% of coverage</b>	<b>100%</b>	<b>100%</b>

As at December 31, 2016 and 2015, the actuarial reports were performed by an independent actuary expert certified by the Supervisory Authority for Insurance and Pension Funds (Autoridade de Supervisão de Seguros e Fundos de Pensões, ASF) and assumed the following assumptions:

	2016	2015
Mortality table	TV 73/77	TV 73/77
Invalidity table	EKV80	EKV80
Income rate of the fund	2.00%	2.8%
Expected wage increase rate	0.0%	0.0%
Pension discount rate	2.00%	2.8%
Pension growth rate	0% / 0,40%	0%
Number of payments of the benefit	13 / 14	14

The liabilities related to defined benefit retirement plans were calculated in accordance with the “Projected Unit Credit method”, based on the most suitable actuarial and financial assumptions for the established plan.

The discount rate used for the calculation of the liabilities was determined by reference to market rates of bonds of companies with high quality credit risk and with a maturity similar to the one of the settlement of the liabilities.

Based on the actuarial report performed on December 31, 2016, the best estimate for the contribution payable in 2017 amounts to 213 thousand Euros.

The information regarding the movement in the liabilities with retirement plans, for the years ended on December 31, 2016 and 2015, is as follows:

	2016	2015
Liabilities at beginning of the year	10,111	9,540
Benefits paid	(82)	(102)
Current service cost	271	260
Interest cost	281	337
Actuarial Losses / (Gains)	681	76
	<b>11,262</b>	<b>10,111</b>

# Consolidated Financial Information

The amount of liabilities with retirement plans, as well as the respective provisions recorded, for the last four years is as follows:

	2016	2015	2014	2013
Total of Liabilities	11,262	10,111	9,540	10,186
Provisions	11,262	10,111	9,540	10,186
Surplus / deficit	-	-	-	-

Defined benefit retirement plans expose the GROUP to the following risks:

- Interest rate risk – the updated value of liabilities is calculated using a discount rate based on bonds denominated in Euros with high quality in terms of credit risk; if the discount rate decreases, liabilities will increase.
- Longevity risk – the updated value of liabilities is calculated taking in consideration the best estimate of the expected date of death of the beneficiaries before and after the retirement date. An increase in the life expectancy of the beneficiaries of the plan will increase the liabilities with pensions.
- Wage/pension risk - the updated value of liabilities is calculated taking in consideration the estimated future wage/pension of the beneficiaries. Therefore, an increase in beneficiaries' wage/pension will increase the liabilities with pensions.

# Consolidated Financial Information

## 32. Related parties

As at December 31, 2016 and 2015, as well as in the years ended on those dates, balances and transactions maintained with related parties, corresponding to associates and jointly controlled companies (recorded through the equity method), to GROUP shareholders with qualifying holdings, or with other companies held by these shareholders, are as follows:

2016	Accounts receivable	Accounts payable	Loans granted	Loans obtained
<b>Related parties</b>	<b>17,197</b>	<b>126,889</b>	<b>8,590</b>	<b>7</b>
Associate companies	17,197	126,889	8,590	7
Jointly controlled companies	-	-	-	-
<b>Companies with common shareholders to the Group</b>	<b>672</b>	<b>884</b>	<b>-</b>	<b>2,500</b>

2015	Accounts receivable	Accounts payable	Loans granted	Loans obtained
<b>Related parties</b>	<b>33,293</b>	<b>152,184</b>	<b>128,667</b>	<b>95</b>
Associate companies	18,361	81,027	16,363	7
Jointly controlled companies	14,932	71,156	112,304	88
<b>Companies with common shareholders to the Group</b>	<b>735</b>	<b>135</b>	<b>-</b>	<b>-</b>

2016	Sales and services rendered	Cost of goods sold, mat. cons. and Subcontractors	Interest income	Interest expenses
<b>Related parties</b>	<b>101,842</b>	<b>10,832</b>	<b>219</b>	<b>-</b>
Associate companies	101,842	10,832	219	-
Jointly controlled companies	-	-	-	-
<b>Companies with common shareholders to the Group</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>34</b>

2015	Sales and services rendered	Cost of goods sold, mat. cons. and Subcontractors	Interest income	Interest expenses
<b>Related parties</b>	<b>31,696</b>	<b>6,979</b>	<b>2,812</b>	<b>-</b>
Associate companies	22,090	6,979	251	-
Jointly controlled companies	9,606	-	2,561	-
<b>Companies with common shareholders to the Group</b>	<b>321</b>	<b>-</b>	<b>-</b>	<b>-</b>

On October 11, 2015, the subsidiary of MOTA-ENGIL for the African region, MOTA-ENGIL África, announced a self-tender programme at a price offer of €6.1235 per share, as well as its delisting from Euronext Amsterdam. The offer was successful and the shares of MOTA-ENGIL ÁFRICA were delisted on December 10, 2015. Simultaneously, shareholder MGP showed its availability to dispose of its holding in MOTA-ENGIL ÁFRICA (12.6%), with the commitment to apply the respective inflow in the subscription of new shares of MOTA-ENGIL SGPS. In order to simplify the process, as well as the financial flows related thereto, MGP sold its stake in the share capital of MOTA-ENGIL ÁFRICA to MOTA-ENGIL SGPS, with the commitment of converting the corresponding credit arising from such transaction into new shares of MOTA-ENGIL SGPS to be issued within the scope of its share capital increase. The amount of this transaction rose to 77,189 thousand Euros.

# Consolidated Financial Information

As at December 31, 2016 and 2015, as well as in the years ended on those dates, balances and transactions maintained with minority shareholders of MOTA-ENGIL ANGOLA are as follows:

2016	Accounts receivable	Accounts payable	Shareholders	Supplementary capital
Related parties (Mota-Engil Angola)	40,992	1,125	5,769	34,977

2015	Accounts receivable	Accounts payable	Shareholders	Supplementary capital
Related parties (Mota-Engil Angola)	82,414	2,713	23,778	33,046

2016	Sales and services rendered	Other income	Cost of goods sold, mat. cons. and Subcontractors	Third-party supplies and services
Related parties (Mota-Engil Angola)	9,353	34	-	928

2015	Sales and services rendered	Other income	Cost of goods sold, mat. cons. and Subcontractors	Third-party supplies and services
Related parties (Mota-Engil Angola)	14,020	44	-	1,106

As at December 31, 2016 and 2015, the list of the GROUP's shareholders with qualifying holdings and respective directors and key office holders is as follows:

António Manuel Queirós Vasconcelos da Mota  
 Maria Manuela Queirós Vasconcelos Mota dos Santos  
 Maria Teresa Queirós Vasconcelos Mota Neves da Costa  
 Maria Paula Queirós Vasconcelos Mota de Meireles  
 Maria Sílvia Fonseca Vasconcelos Mota  
 Carlos António Vasconcelos Mota dos Santos  
 Manuel António da Fonseca Vasconcelos da Mota (only in 2016)  
 José Manuel Mota Neves da Costa (only in 2016)  
 Mota Gestão e Participações, SGPS, S.A.  
 F.M. - Sociedade de Controlo, SGPS, S.A.

As at December 31, 2016 and 2015, the following companies have common shareholders with the GROUP:

António de Lago Cerqueira, SA  
 Cogera - Sociedade de Produção de Energia por Cogeração, Lda  
 Covelas - Energia, Lda  
 Sunviauto - Indústria de Componentes de Automóveis, SA

As at December 31, 2016 and 2015, the Directors of the holding of the GROUP considered key management personnel are as follows:

António Manuel Queirós Vasconcelos da Mota  
 Gonçalo Nuno Gomes de Andrade Moura Martins  
 Arnaldo José Nunes da Costa Figueiredo  
 Maria Manuela Queirós Vasconcelos Mota dos Santos  
 Maria Teresa Queirós Vasconcelos Mota Neves da Costa  
 Maria Paula Queirós Vasconcelos Mota de Meireles  
 Ismael Antunes Hernandez Gaspar  
 Carlos António Vasconcelos Mota dos Santos  
 José Pedro Matos Marques Sampaio de Freitas  
 António Martinho Ferreira de Oliveira  
 Gilberto Silveira Rodrigues (1)  
 João Pedro dos Santos Dinis Parreira  
 Manuel António da Fonseca Vasconcelos da Mota  
 Eduardo João Frade Sobral Pimentel  
 Luís Filipe Cardoso da Silva  
 Luís Valente de Oliveira  
 António Bernardo A. da Gama Lobo Xavier  
 António Manuel da Silva Vila Cova

(1) On February 2, 2016, Eng. Gilberto Silveira Rodrigues requested his resignation from its position of director.

# Consolidated Financial Information

The remuneration attributed to the members of the Board of Directors during the years ended on December 31, 2016 and 2015 reached the amounts of 5,904 thousand Euros (of which 4,407 thousand Euros represented fixed remuneration, 1,363 thousand Euros represented variable remuneration and 134 thousand Euros represented attendance fees attributed to non-executive directors) and of 5,309 thousand Euros (of which 3,968 thousand Euros represented fixed remuneration, 1,202 thousand Euros represented variable remuneration and 139 thousand Euros represented attendance fees attributed to non-executive directors), respectively.

The abovementioned remunerations were determined by the Remuneration Committee, taking into account individual performance and the evolution of this type of labour market.

The following shareholders and directors are also beneficiaries of a retirement plan with defined benefits, which will allow them, in general, to receive a pension equivalent to 80% of the salary on the date of their retirement:

- António Manuel Queirós Vasconcelos da Mota
- Maria Manuela Queirós Vasconcelos Mota dos Santos
- Maria Teresa Queirós Vasconcelos Mota Neves da Costa
- Maria Paula Queirós Vasconcelos Mota de Meireles

As at December 31, 2016 and 2015, information regarding the abovementioned retirement plan is disclosed in Note 31, and the liability of the GROUP to the abovementioned directors amounted to 10,109 thousand Euros and 9,119 thousand Euros, respectively.

In the years ended on December 31, 2016 and 2015 there were no transactions with directors of MOTA-ENGIL SGPS neither outstanding balances by the end of these years related to them.

## 33. Non-controlling interests

As at December 31, 2016 and 2015 the net profit attributable to non-controlling interests is as shown below:

Consolidated net profit attributable to non-controlling interests	2016	2015 Restated
Mota - Engil Angola	9,241	11,960
Vista Waste	6,445	1,537
Suma/EGF Group	2,836	5,847
Empresa Construtora Brasil	2,328	1,457
Tertir Group	1,279	6,491
Mota - Engil México	758	2,119
Other companies of the Africa segment	(850)	1,154
Others	(4,688)	3,438
	<b>17,350</b>	<b>34,003</b>

As at December 31, 2016 and 2015, the equity attributable to non-controlling interests is as shown below:

Consolidated equity attributable to non-controlling interests	2016	2015 Restated
Suma/EGF Group	123,267	141,890
Mota - Engil Angola	68,878	75,127
Empresa Construtora Brasil	19,798	14,025
Mota - Engil México	12,651	12,043
Vista Waste	12,353	8,183
Other companies of the Africa segment	3,190	6,041
Tertir Group	-	88,895
Others	754	13,196
	<b>240,891</b>	<b>359,400</b>

# Consolidated Financial Information

On October 11, 2015, the subsidiary of MOTA-ENGIL for the African region, MOTA-ENGIL ÁFRICA, announced a self-tender programme at a price offer of €6.1235 per share, as well as its delisting from Euronext Amsterdam. The offer was successful and the shares of MOTA-ENGIL ÁFRICA were delisted on December 10, 2015. Simultaneously, shareholder MGP showed its availability to dispose of its holding in MOTA-ENGIL ÁFRICA (12.6%), with the commitment to apply the respective inflow in the subscription of new shares of MOTA-ENGIL SGPS. In order to simplify the process, as well as the financial flows related thereto, MGP sold its stake in the share capital of MOTA-ENGIL ÁFRICA to MOTA-ENGIL SGPS with the commitment of converting the corresponding credit arising from such transaction into new shares of MOTA-ENGIL SGPS to be issued within the scope of its share capital increase. The amount of this transaction rose to 77,189 thousand Euros.

Following the aforesaid operation, the GROUP acquired circa 18% of non-controlling interests of MOTA-ENGIL ÁFRICA NV, but it did not change the control position it held over that company and its subsidiaries. This operation led to the reduction of the GROUP's equity in circa 66,000 thousand Euros, as detailed below:

Consideration transferred	(108,910)
Non-controlling interests acquired	42,582
<b>Impact of the acquisition</b>	<b>(66,328)</b>

The movements occurred under the heading non-controlling interests, for the years ended on December 31, 2016 and 2015 are as follows:

	2016
Opening balance restated	359,400
Net profit attributable to non-controlling interests	17,350
Items of other comprehensive income that may be reclassified to the income statement	
Exchange differences arising from the translation of financial statements expressed in foreign currency	(15,367)
Other variations in comprehensive income	(20)
Dividend distribution	(26,393)
Changes in the consolidation perimeter and in the non-controlling interests	
Disposal of Tertir group	(98,602)
Others	4,522
Others	1
	<b>240,891</b>

	2015 restated
Opening balance	264,137
Net profit attributable to non-controlling interests	34,003
Items of other comprehensive income that may be reclassified to the income statement	
Exchange differences arising from the translation of financial statements expressed in foreign currency	3,250
Other variations in comprehensive income	(468)
Dividend distribution	(19,435)
Changes in the consolidation perimeter and in the interest of subsidiaries	
ME Africa NV (18.08%)	(42,582)
Acquisition and consolidation of the EGF subgroup	112,363
Others	8,136
Others	(4)
	<b>359,400</b>

# Consolidated Financial Information

## 34. Perimeter changes

Changes in the consolidation perimeter for the years ended on December 31, 2016 and 2015 were as follows:

### Acquisition of companies and increase in holding percentage

2016:

Business Area - Europe - Engineering and Construction
Immo Park (Pol) (Company already controlled)

Business Area - Latin America
Consita (Brazil) (Company already controlled)
Czar Serviços Ambientais (Brazil)

2015:

Business Area - Europe - Engineering and Construction
Glâce ACE MEEC
Pinhal ACE MEEC
Diace ACE MEEC
Vianor ACE MEEC
Lusitânia ACE MEEC
Norace ACE MEEC
Portuscale ACE MEEC

In the year ended on December 31, 2015, after the transfer of rights and duties by the other associates, the GROUP obtained a control position in the aforesaid entities ("ACE's"). In these transactions, the GROUP did not spend any amount, and no Goodwill was recorded.

Business Area - Europe - Environment and Services
Ersuc
EGF
Algar
Amarsul
Resiestrela
Resinorte
Resulima
Suldouro
Valnor
Valorlis
Valorminho
Valorsul

In June 2015, within the scope of the GROUP's strategic focus on waste area, it acquired 95% of EGF share capital from Águas de Portugal following its privatisation process. EGF is the holding company of the abovementioned entities which are, in turn, the companies responsible for the management of the multi-municipal systems for waste treatment spread across Portugal.

# Consolidated Financial Information

Moreover, following the self-tender operation carried out by MOTA-ENGLI ÁFRICA NV in 2015, which is further explained in Notes 24 and 33, the GROUP increased its financial interest in the following companies of the Africa segment (17.79% in 2015 and 0.039% in 2016):

Business Area - Africa
Mota Internacional - Comércio e Consultadoria Económica, Lda.
Mota-Engil África, SGPS, S.A.
Mota-Engil Engenharia e Construção África, S.A.
Mota-Engil África, N.V.
Mota-Engil África Global Technical Services B.V.
Mota-Engil África Finance B.V.
Sonauta - Sociedade de Navegação, Lda.
Automatriz, SA
Rentaco Angola - Equipamentos e Transportes, Lda.
Tracevia Angola - Sinalização, Segurança e Gestão de Tráfego, Lda.
Novicer-Cerâmicas de Angola, Lda.
Icer - Indústria de Cerâmica, Lda.
Préfal - Préfabricados de Luanda, Lda.
Vista Multi Services, Lda
Vista Water, Lda.
Vista Energy Environment & Services, S.A.
Vista Waste Management, Lda
Fatra - Fábrica de Trefilaria de Angola, S.A.
Mota-Engil Angola, S.A.
Akwangola, S.A.
Martinox, SA
Emocil - Empresa Moçambicana de Construção e Promoção Imobiliária, Lda.
Fibreglass Sundlete (Moç), Lda.
Indimo, Lda.
Ecolife, S.A.
Cecot - Centro de Estudos e Consultas Técnicas, Lda.
Mota & Companhia Maurícias, Lda.
Malawi Shipping Company Limited
Malawi Ports Company Limited
Mota-Engil Investments (Malawi) Limited
Mota-Engil (Malawi) Limited
Mota-Engil S.Tomé e Príncipe, Lda.
Penta - Engenharia e Construção, Lda.
Cosamo (Proprietary) Limited
Mota-Engil Investments South Africa, Pty Ltd
Mota-Engil Construction South Africa, Pty Ltd

## Companies consolidated for the first time in the year

2016:

Business Area - Europe Engineering and Construction
Mota-Engil International Construction (UK) Ltd
Glan Agua (UK), Ltd

Business Area - Europe Environment and Services
Eco Vision
GESAR (ACE Manvia)

Business Area - Africa
Liwonde Logistics Platform Ltd
SPRI - Sociedade Portuguesa de Realizações, S.A.
ME Africa PTY

# Consolidated Financial Information

## Business Area - Latin America

WVB Project Company VBA  
Mota-Engil Dominicana S.A.S  
Red Rainbow Company N.V.

2015:

## Business Area - Africa

Mebisa  
Vista Power

## Business Area - Latin America

Mota-Engil Chile  
Construtora Tuxpan Tampico

## Incorporation of companies

2016:

## Business Area - Latin America

APP Coatzacoalcos Villahermosa S.A.P.I. de C.V.  
Consorcio MEC-Av.Malecon-UF1 (Colômbia)  
Consorcio ME-contrato Colegios (Colômbia)  
Consorcio Mepax Limitada (Chile)  
Consorcio Mota-Engil Dominicana SAS/IEMCA  
Global Technical Services Latam BV  
Mota-Engil Aruba Holding Company VBA  
Mota-Engil Ing. C. Sucursal Paraguay  
Puente Boca del Rio S.A. de C.V.

2015:

## Parent Company of the Group and related activities

Sunviauto Internacional

## Business Area - Europe - Engineering and Construction

Bukowinska Project Development  
Kopaszki Gát Kft.  
Listopada Project Development  
Project Development 1  
Project Development 2  
Senatorska Project Development  
Dzieci Warszawy Project Development

## Business Area - Europe - Environment and Services

Transitex China  
Transitex Serviços de Logística  
Transitex Angola  
Transitex Transitos Extremadura Peru  
Triaza

## Business Area - Latin America

Mota-Engil Turismo Holding  
Mota-Engil Latam Portugal  
Flame Investments B.V.  
Mota-Engil Tourism BV  
Fideicomiso el Capomo  
Generadora Fenix  
Mota-Engil Energy BV  
ME Energy Holding  
Mota-Engil Latam Peru  
ME Energia operacional  
Mota-Engil Turismo operacional

# Consolidated Financial Information

## Merger of companies and corporate reorganisations

2016:

Business Area - Latin America
Merger of Mota-Engil Opway Mexico in Mota-Engil América Latin SAPI de CV
Merger of ME Peru Ambiente e Serviços in Rentaco Peru
Merger of Rentaco Peru in Mota-Engil Peru
Merger of CZAR Serviços Ambientais in Consita

2015:

Business Area - Europe - Engineering and Construction
Merger of Száz - Invest in Mota-Engil Real Estate Hungria
Merger of Bicske Plaza in Mota-Engil Real Estate Hungria
Merger of Zold-Project 2 in Mota-Engil Real Estate Hungria

Business Area - Latin America
Merger of MEAS Peru in Rentaco Peru

## Disposal and liquidation of companies

2016:

Business Area - Europe - Engineering and Construction
Mota-Engil Brands Development (liquidated)
Grossiman, S.L. (liquidated)
Lanval (liquidated)
ME Central Europe Roménia (liquidated)
M - Invest Mierova (disposed)
Lokemark (disposed)

# Consolidated Financial Information

## Business Area - Europe - Environment and Services

Aqualevel, Soc. Unipessoal, Lda.
Águas de S. João, E.M., S.A.
Chinalog - Serviços Logísticos e Consultadoria, Lda.
Ferrol Container Terminals S.A.
Indaqua – Indústria e Gestão de Águas, S.A.
Indaqua Fafe – Gestão de Águas de Fafe, S.A.
Indaqua Feira - Indústria de Águas de Santa Maria da Feira, S.A.
Indaqua Matosinhos - Gestão de Águas de Matosinhos, S.A.
Indaqua Oliveira de Azeméis - Gestão de Águas de Oliveira de Azeméis, S.A.
Indaqua Santo Tirso/ Trofa – Gestão de Águas de Santo Tirso e Trofa, S.A.
Indaqua Vila do Conde - Gestão de Águas de Vila do Conde, S.A.
Liscont - Operadores de Contentores, S.A.
Mota-Engil Logística, SGPS, S.A.
Multiterminal - Soc. de Estiva e Tráfego, S.A.
Operestiva - Empresa de Trabalho Portuário de Setúbal, Lda.
Porlís - Empresa de Trabalho Portuário, Lda.
Quanshite International Freight Forwarding (Shanghai) Company, Limited
Sadoport - Terminal Marítimo do Sado, S.A.
Sealine - Navegação e Afretamentos, Lda.
Socarpor - Soc. Cargas Port. (Aveiro), S.A.
Socarpor - Soc. Gestora de Participações Sociais (Douro/ Leixões), S.A.
Sotagus - Terminal de Contentores de Santa Apolónia, S.A.
SLPP - Serviços Logísticos de Portos Portugueses, S.A.
TCL - Terminal de Contentores de Leixões, S.A.
TCR – Tratamento Complementar de Resíduos, S.A.
Tertir - Concessões Portuárias, SGPS, S.A.
Tertir - Terminais de Portugal, S.A.
Tertir - Terminais Portuários, SGPS, S.A.
Transitex do Brasil Serviços de Logística, Ltda.
Transitex Colombia, S.A.S.
Transitex Moçambique, Lda
Transitex México, S.A. de C.V.
Trânsitos de Extremadura, S.A.
Trânsitos de Extremadura, S.L.
Transitex Itália S.R.L.
Transitex - Global Logistics Operations (PTY) Ltd.
Transitex Transitos Extremadura Chile SPA
Trânsitos de Extremadura com Serv de Importação
Transitex Angola (SU), LDA.
Transitex Transitos de Extremadura Peru S.A.C
Terminais Portuários Euroandinos Paíta, S.A.
Tersado - Terminais Portuários do Sado, S.A.

In the year ended on December 31, 2016 the abovementioned companies were disposed of and were, until the date they were sold, allocated to the Port and Logistics business and to the INDAQUA SUBGROUP (See Note 36).

## Business Area - Latin America

Consórcio Los Faisanes (liquidated)

2015:

## Business Area - Europe - Engineering and Construction

M-Invest Bohdalec (liquidated)
ME Project 1 (liquidated)
Jeremiasova (disposed)
Bergamon (disposed)
Kopaszi Gát. Kit. (disposed)

## Business Area - Europe - Environment and Services

HEEP (liquidated)

During the year ended on December 31, 2015, dependent upon the sale of the affiliate KOPASZI, the GROUP acquired an additional holding percentage of 45% in the OBOL SUBGROUP, and obtained control over the latter.

As a result of that transaction, no goodwill or result was recorded, given that the acquisition cost corresponded to the fair value of OBOL SUBGROUP's assets and liabilities after the disposal of KOPASZI.

# Consolidated Financial Information

## Decrease in shareholding percentage

2016:

Business Area - Africa
Automatriz, SA
Mota Engil Investments South Africa
ME Construction South Africa

Business Area - Latin America
ME Turismo operacional (Mexico)
ME Turismo Holding (Mexico)
Fideicomiso el Capomo
ME Energy holding (Mexico)
Generadora Fenix
ME Energia Operacional (Mexico)
Mota-Engil Tourism B.V.
Mota-Engil Energy BV

Business Area - Europe - Environment and Services
Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, S.A. ("Valorsul")

2015:

Business Area - Latin America
Mota-Engil México
Construcciones dos Puertos
GISA
Autopista Siervo de la Nacion
Eco Innovacion
Mota-Engil Prodi
Consórcio GDL Túnel
Concessionária Autopista Cardel
Consórcio GDL Viaduto
Construtora Gran Canal
Construtora Cardel-Poza Rica
Concessionária Autopista Tuxpan-Tampico
Construtora Tuxpan Tampico
Construtora Perote Xalapa
Construtora M&R
Flame Investments
Mota-Engil Tourism BV
Mota-Engil Turismo Holding
Mota-Engil Turismo operacional
Fideicomiso el Capomo
Mota-Engil Energy BV
ME Energy Holding
ME Energia operacional
Generadora Fenix

## Changes in the consolidation method

2016:

Change in the consolidation method from the equity method to the full consolidation method in Engineering and Construction:
Turalgo

Change in the consolidation method from the equity method to the full consolidation method in Africa:
STM - Sociedade de Terminais de Moçambique, Lda

# Consolidated Financial Information

2015:

Change in consolidation method from the equity method to full consolidation of the following companies in Engineering and Construction:
Bay 6.3
Bay Office
Bay Park
Bay Tower
Bay Wellness
Engber
Nádor Obol
Obol Invest
Obol XI
Sampaio

Changes in consolidation method from full consolidation to equity method of the following companies in Latin America:
Construtora Gran Canal (México)
Constructora Cardel-Poza Rica

## 35. Notes to the consolidated Cash-Flow Statement

During the years ended on December 31, 2016 and 2015, the amounts paid for the acquisition of financial investments are detailed as follows:

	2016	2015
Capital calls and share capital increases in the construction and concessionary companies in Latin America (Autopista Siervo de la Nacion, Concessionária Autopista Cardel and Concessionária Autopista Tuxpan-Tampico)	79,835	13,659
SPRI	-	9,263
STI	-	1,754
ME Africa NV	-	31,451
EGF	-	156,615
Others	4,626	6,491
	<b>84,461</b>	<b>219,234</b>

During the years ended on December 31, 2016 and 2015, the amounts received related to the disposal of financial investments are detailed as follows:

	2016	2015
Reimbursement of the capital reconstitution fund held by EGF companies	-	30,220
Sale of the financial investment held in the Tertir Group - Europe Environment and Services segment	245,000	-
Sale of financial investments held in the real estate segment in Central Europe	-	39,350
Sale of the financial investment held in Indaqua Group - Europe Environment and Services segment	59,102	-
Other	3,181	2,770
	<b>307,283</b>	<b>72,340</b>

During the years ended on December 31, 2016 and 2015, the amounts paid related to dividends break down as follows:

	2016	2015
Shareholders of Mota-Engil SGPS	11,693	24,556
Shareholders of EGF's subsidiaries	9,936	-
Shareholders of Empresa Construtora Brasil	1,462	-
Shareholders of Mota-Engil Africa NV	-	5,063
Shareholders of Suma	-	2,916
Others	413	5,585
	<b>23,505</b>	<b>38,119</b>

# Consolidated Financial Information

## 36. Non-current assets and liabilities held for sale

As at December 31, 2016 and 2015, non-current assets and liabilities held for sale break down as follows:

	2016	2015
Assets of Tertir subgroup (segment Europe Environment and Services)	-	332,382
Financial investment and supplementary capital in Lineas subgroup (segment others eliminations and intragroup)	283,720	286,920
Financial investment in Indaqua subgroup (segment Europe Environment and Services)	-	38,403
Other	2,726	29,532
<b>Non-current assets held for sale</b>	<b>286,446</b>	<b>687,237</b>

	2016	2015
Lineas subgroup liabilities (segment other, elimination and intragroups)	57,703	-
Tertir subgroup liabilities (segment Europe Environment and Services)	-	107,396
<b>Non-current liabilities held for sale</b>	<b>57,703</b>	<b>107,396</b>

During the year ended on December 31, 2015, the GROUP's Board of Directors decided to dispose of the Port and Logistics business, as well as dispose of the financial investments held in LINEAS and INDAQUA SUBGROUPS. Therefore, assets and liabilities related to such business/subgroups were reclassified into this heading.

Assets and liabilities assigned to the Port and Logistics business were classified as held for sale on the third quarter of 2015, whereas financial investments held in LINEAS and INDAQUA SUBGROUPS were classified in that category on the last quarter of 2015. According with IFRS-5, the use of the equity method in the financial investments held in INDAQUA and LINEAS SUBGROUPS was suspended as of September 30, 2015.

Following the above, the disposal of the Port and Logistics business for 245 million Euros took place on February 2016. On the other hand, the disposal of the INDAQUA SUBGROUP for 59 million Euros took place on June 2016.

In the years ended on December 31, 2016 and 2015 the contribution of the companies of the Port and Logistics business for the income statement was as follows:

Ports and Logistics Business	2016	2015
Sales and services rendered (a)	27,613	180,813
Cost of goods sold, mat.cons., changes in production and Subcontracts (b)	(14,025)	(102,363)
<b>Gross profit (c) = (a) - (b)</b>	<b>13,588</b>	<b>78,450</b>
Third-party supplies and services (d)	(7,570)	(45,267)
Wages and salaries (e)	(3,275)	(20,283)
Other operating income / (expenses) (f)	(277)	11,599
<b>EBITDA (g) = (c) + (d) + (e) + (f)</b>	<b>2,466</b>	<b>24,500</b>
Amortisations (h)	(0)	(7,974)
Provisions and impairment losses (i)	14	928
<b>Operating profit (j) = (g) + (h) + (i)</b>	<b>2,480</b>	<b>17,454</b>
Financial result	(475)	(5,161)
Gains / (losses) in associated and jointly controlled companies	152	1,859
Income tax	47	(4,543)
Consolidated net profit attributable:		
to non-controlling interests	1,279	6,491
to the Group	<b>925</b>	<b>3,118</b>

# Consolidated Financial Information

The calculation of the capital gains arising from the disposal of the Port and Logistics business and from the financial investment held in INDAQUA can be summarised as follows:

	Indaqua	Tertir
Non current assets held for sale, net of liabilities as at December 31, 2015	(38,403)	(224,986)
Non-controlling interests assigned to non-current assets / liabilities held for sale as at December 31, 2015	-	88,895
Sale price	59,102	245,000
Costs incurred with the sale	-	(1,588)
Intragroup and consolidations adjustments suspended assigned to non-current assets / liabilities held for sale	609	(20,986)
Net profit appropriated in 2016 (2 months)	-	(925)
Total capital gain generated with the sale	<u>21,308</u>	<u>85,410</u>
Recycling of derivative financial instruments and exchange differences	(10,649)	6,058
Total capital gain recorded in the income statement	<u>10,659</u>	<u>91,468</u>

As for the LINEAS SUBGROUP, this one concluded on February 2016 an agreement with Ardian Infrastructure for the disposal of its stake at ASCENDI PT and at ASCENDI PT II, companies that held directly or indirectly financial holdings in the majority of the assets of the concession companies and operators ASCENDI NORTE, ASCENDI BEIRAS LITORAL E ALTA, ASCENDI COSTA DE PRATA, ASCENDI GRANDE PORTO and ASCENDI GRANDE LISBOA. The abovementioned agreement also included the sale of the assets that LINEAS held directly or indirectly at concession companies and operators of ASCENDI PINHAL INTERIOR and ASCENDI DOURO INTERIOR, at AUVISA, at VIA VERDE PORTUGAL, at ASCENDI O&M, at ASCENDI IGI and at ASCENDI SERVIÇOS, for an amount of approximately 600 million Euros, to which 53 million Euros can be added through a floating price mechanism.

The first stage of the agreement occurred at the end of December 2016 with the disposal of ASCENDI PT and of ASCENDI PT II, being completed in January 2017 with the disposal of VIA VERDE PORTUGAL and 75% of ASCENDI SERVIÇOS. The full implementation of the agreement will occur with the transfer of the assets still held in sub-concession companies and operators ASCENDI PINHAL INTERIOR and ASCENDI DOURO INTERIOR, at AUVISA and at ASCENDI SERVIÇOS (25%); this will take place when given conditions foreseen in the agreement are met, particularly authorisations from the Portuguese State and the financial entities. According to the Board of Directors, based on their experience in similar transactions, these requirements will be materialised.

Still during 2016 and up to the date of approval of these financial statements, the GROUP executed some efforts to dispose of LINEAS and its remaining subsidiaries (LUSOPONTE, SCUTVIAS, VIA LITORAL, CRT and COPEXA), and it has already received several offers for disposal them. These offers are being examined/executed and the GROUP intends to conclude the process of disposal of this subgroup in the short term, always dependent upon the authorisations from the Portuguese State and the financing entities.

Taking into account the amount of 653 million Euros mentioned above, the offers received in the meantime for the disposal of the remaining assets of LINEAS, as well as attending to its bank debt, the fair value of the financial investment held at that entity, less the costs with its sale, exceeds its book value.

In the year ended on December 31, 2016 the amount of 57,703 thousand Euros related to the advance payments performed by ASCENDI GROUP to MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO associated with the acquisition of ASCENDI PINHAL INTERIOR was reclassified from the heading "Customer prepayments on account of sales" to the heading "Non-current liabilities held for sale".

# Consolidated Financial Information

## 37. Business segments

The GROUP uses its internal organisation for management purposes as a basis of its reporting by business segments.

The GROUP is organised according to geographical areas: Europe Engineering and Construction, Europe Environment and Services, Africa and Latin America.

The amounts relative to the COMPANY and to the GROUP companies of the Tourism area are included under the heading "Other, eliminations and intra-group", which also includes the amounts relative to transactions and balances maintained between the companies of the different business segments.

The consolidated operating profit by business segment is broken down as follows:

2016	Europe Engineering & Construction	Europe Environment & Services	Africa	Latin America	Others, eliminations and intra-group	Mota-Engil Group
Sales and services rendered	513,981	330,791	707,937	726,774	(69,403)	2,210,081
Cost of goods sold, mat. cons., changes in production and Subcontractors	(295,363)	(40,685)	(265,641)	(272,346)	42,190	(831,844)
<b>Gross profit</b>	<b>218,619</b>	<b>290,106</b>	<b>442,296</b>	<b>454,429</b>	<b>(27,213)</b>	<b>1,378,237</b>
Third-party supplies and services	(110,205)	(100,696)	(182,523)	(210,939)	58,445	(545,918)
Wages and salaries	(103,639)	(97,678)	(106,689)	(190,742)	(25,545)	(524,292)
Other operating income / (expenses)	2,156	20,695	28,885	(8,293)	(13,524)	29,919
<b>EBITDA</b>	<b>6,930</b>	<b>112,428</b>	<b>181,969</b>	<b>44,455</b>	<b>(7,836)</b>	<b>337,946</b>
Amortisations	(19,816)	(78,565)	(72,789)	(18,792)	(662)	(190,623)
Provisions and impairment losses	(12,365)	(7,204)	(25,977)	(15,087)	(5,828)	(66,460)
<b>Operating profit</b>	<b>(25,250)</b>	<b>26,660</b>	<b>83,203</b>	<b>10,576</b>	<b>(14,326)</b>	<b>80,863</b>
Income tax	(319)	(9,424)	(6,033)	(6,075)	12,471	(9,379)

2015 Restated	Europe Engineering & Construction	Europe Environment & Services	Africa	Latin America	Others, eliminations and intra-group	Mota-Engil Group
Sales and services rendered	601,658	396,489	834,909	700,256	(99,673)	2,433,640
Cost of goods sold, mat. cons., changes in production and Subcontractors	(350,695)	(125,699)	(277,078)	(335,987)	60,004	(1,029,455)
<b>Gross profit</b>	<b>250,964</b>	<b>270,790</b>	<b>557,831</b>	<b>364,269</b>	<b>(39,669)</b>	<b>1,404,185</b>
Third-party supplies and services	(132,712)	(112,393)	(202,258)	(143,441)	62,863	(527,941)
Wages and salaries	(104,795)	(83,672)	(151,529)	(143,221)	(23,052)	(506,268)
Other operating income / (expenses)	26,793	6,135	(27,955)	(2,097)	(6,006)	(3,130)
<b>EBITDA</b>	<b>40,250</b>	<b>80,860</b>	<b>176,090</b>	<b>75,510</b>	<b>(5,864)</b>	<b>366,846</b>
Amortisations	(23,687)	(42,299)	(69,969)	(17,485)	(314)	(153,754)
Provisions and impairment losses	(7,236)	3,495	(32,055)	(5,270)	(6,159)	(47,226)
<b>Operating profit</b>	<b>9,327</b>	<b>44,268</b>	<b>74,066</b>	<b>52,755</b>	<b>(12,337)</b>	<b>168,079</b>
Income tax	(9,208)	(11,022)	(16,245)	(14,379)	36,358	(45,662)

As at December 31, 2016 and 2015, the sales and services rendered between business segments are included in the column "Other, eliminations and intra-group".

During the years ended on December 31, 2016 and 2015, the intra-group sales and provision of services were made at prices similar to those practised for sales and provision of services to external customers.

The consolidated financial position per business segments is broken down as follows:

	Assets		Liabilities	
	2016	2015 Restated	2016	2015 Restated
Europe Engineering & Construction	1,013,996	1,114,673	747,746	819,265
Europe Environment & Services	1,089,668	1,477,291	899,548	1,188,122
Africa	1,473,679	1,780,559	1,087,807	1,333,906
Latin America	777,964	805,592	679,422	663,562
Other, eliminations and intra-group	(134,603)	(135,488)	235,592	309,192
<b>Mota-Engil Group</b>	<b>4,220,704</b>	<b>5,042,627</b>	<b>3,650,114</b>	<b>4,314,048</b>

Investment and amortisations per business segment are broken down as follows:

# Consolidated Financial Information

	Investment		Amortisations	
	2016	2015	2016	2015
Europe Engineering & Construction	13,528	7,875	19,816	23,687
Europe Environment & Services	29,432	16,582	78,565	42,299
Africa	9,172	95,220	72,789	69,969
Latin America	14,526	23,131	18,792	17,485
Other, eliminations and intra-group	615	3,618	662	314
<b>Mota-Engil Group</b>	<b>67,272</b>	<b>146,426</b>	<b>190,623</b>	<b>153,754</b>

## 38. Classes of financial instruments

Financial instruments, in accordance with the accounting policies described in Note 1.3 ix), were classified as follows:

	2016	2015
<b>Financial assets</b>		
Cash and bank deposits		
Cash on demand (Note 23)	382,937	381,505
Term cash - current (Note 23)	13,122	62,391
	<b>396,059</b>	<b>443,896</b>
Loans and receivables		
Customers - current (Note 23)	922,270	1,060,589
Other debtors- current (Note 23)	234,754	316,222
Customers and other debtors - non-current (Note 23)	72,913	93,386
	<b>1,229,936</b>	<b>1,470,197</b>
Impairment (Note 22)	(184,046)	(160,368)
	<b>1,045,890</b>	<b>1,309,829</b>
Available for sale and held to maturity		
Financial investments (Note 20)	43,881	50,465
Financial investments held to maturity (Note 20)	86,380	28,726
Others (Note 20)	1,307	14,069
	<b>131,568</b>	<b>93,260</b>
<b>Book value of financial assets</b>	<b>1,177,459</b>	<b>1,403,089</b>

	2016	2015
<b>Financial liabilities</b>		
Fair value through profit and loss		
Derivatives (Note 26)	765	188
	<b>765</b>	<b>188</b>
At amortized cost		
Loans - current (Note 25)	647,975	1,025,449
Loans - non-current (Note 25)	993,273	901,710
Suppliers - current (Note 26)	419,408	436,839
Sundry creditors - current (Note 26)	514,909	627,168
Suppliers and sundry creditors - non-current (Note 26)	168,289	135,734
	<b>2,743,855</b>	<b>3,126,900</b>
<b>Book value of financial liabilities</b>	<b>2,744,614</b>	<b>3,127,088</b>

# Consolidated Financial Information

The impact on income statement and on other comprehensive income of the above mentioned financial instruments can be summarised as follows:

	2016			2015		
	Income statement		Other comprehensive income	Income statement		Other comprehensive income
	Financial expenses (Note 11)	Financial income (Note 11)	Fair value reserve	Financial expenses (Note 11)	Financial income (Note 11)	Fair value reserve
<b>Financial assets</b>						
Fair value through profit and loss (FVTPL)	-	-	-	-	5,794	-
At amortized cost	-	16,039	-	-	29,476	-
At cost	-	954	-	-	919	-
	-	16,993	-	-	36,189	-
<b>Financial liabilities</b>						
Fair value	2,499	-	10,249	-	-	99
At amortized cost	102,273	-	-	134,339	-	-
	104,772	-	10,249	134,339	0	99

As at December 31, 2016, the liquidity position of the GROUP is broken down as follows:

	2016				Total
	< 1 year	between 2 and 3 years	more than 3 years	undetermined	
<b>Assets</b>					
Loans and accounts receivables:					
Customers	694,492	92,090	-	-	786,582
Other debtors	138,695	5,601	-	-	144,296
Cash and bank deposits:					
Cash and cash equivalents	396,059	-	-	-	396,059
Available for sale and held to maturity:					
Financial investments	-	-	-	43,881	43,881
Financial investments held to maturity	445	5,434	80,502	-	86,380
Others	-	-	-	1,307	1,307
	1,229,691	103,125	80,502	45,188	1,458,506
<b>Liabilities</b>					
Suppliers	417,600	9,833	4,614	-	432,047
Leasing	40,528	64,625	22,295	-	127,447
Sundry creditors	84,920	8,095	5,713	-	98,728
Factoring	54,501	-	-	-	54,501
Loans	647,975	646,458	346,816	-	1,641,249
	1,245,525	729,011	379,437	-	2,353,973
	(15,834)	(625,886)	(298,935)	45,188	(895,467)

Moreover, on December 31, 2016 the GROUP had unused credit lines worth circa 195,000 thousand Euros, and received in early 2017 the amount of 145,000 thousand Euros from ASCENDI GROUP as a result of the disposal of some of its subsidiaries.

## 39. Financial Risk Management

The MOTA-ENGIL GROUP is exposed to a variety of financial risks, with special focus given to the risks of interest rate, foreign exchange rate for transactions, liquidity and credit.

Detailed information on the policy regarding financial risk management can be consulted in the Management Report or in the Individual Report and Accounts of MOTA-ENGIL SGPS as at December 31, 2016.

# Consolidated Financial Information

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## 40. Subsequent events

In 2017, up to the date of issue of this report, we highlight the following relevant facts, whose details were properly disclosed as privileged information on the websites of MOTA-ENGIL and of CMVM:

February 3, 2017

MOTA-ENGIL AWARDED A CONTRACT IN TANZANIA WORTH US\$1,030 MILLION

“MOTA-ENGIL S.G.P.S., S.A (“MOTA-ENGIL”) informs that it was awarded a contract amounting to US\$1,030 million in Tanzania in a consortium (50/50) with the Turkish group Yapi Merkezi.

According to the contract signed today, the design & build project includes the construction of the first stretch (202 kilometres) of the railway between Dar Es Salam and the neighbouring countries Rwanda and Burundi. The works are expected to start in March and will last for 30 months.”

January 25, 2017

FINANCIAL SETTLEMENT OF THE FIRST CLOSING OF ASCENDI’S ASSETS DISPOSALS AGREEMENT

“MOTA-ENGIL S.G.P.S., S.A informs that following the required reorganisation procedures and authorisations, as announced on 3 August 2016, and following the signature of the contract in December 2016, Ardian Infrastructure completed the financial settlement of the transaction’s first closing 1.

The amount now settled reached around €384 million.

This first phase of the agreement with Ardian Infrastructure does not include the disposal of the stakes of ASCENDI GROUP, SGPS, SA in three other concessionaires (ASCENDI PINHAL INTERIOR - ESTRADAS DO PINHAL INTERIOR, S.A., ASCENDI DOURO – ESTRADAS DO DOURO INTERIOR, S.A. and AUTOVIA DE LOS VIÑEDOS, SOCIEDAD ANONIMA CONCESIONARIA DE LA JUNTA DE COMUNIDADES DE CASTILLA – LA MANCHA), which completion is dependent of several conditions and authorisations.”

January 2, 2017

MOTA-ENGIL SIGNED AN AGREEMENT TO DISPOSE OF AN 85% STAKE IN ARUBA’S CONCESSIONS

“MOTA-ENGIL SGPS, S.A. (“MOTA-ENGIL”) informs about the agreement with the infrastructure fund InfraRed Infrastructure Fund III for the sale of 85% stakes in the PPP Concessions in Aruba:

1. PPP Watty Vos Boulevard (awarded to MOTA-ENGIL in July 2015);
2. PPP Green Corridor (acquired following the agreement with Odinsa group for the Exchange of the 10% stake that MOTA-ENGIL had in La Pintada Concession in Colombia).

The completion of the transaction is subject to the grantor’s authorisation, which is expected in January.

Under the terms of the agreement, MOTA-ENGIL will maintain the construction right of the infrastructure and will transfer to InfraRed the investment obligation, equity and capital, in both concessions. This agreement demonstrates MOTA-ENGIL’s ability to attract new investors for its projects, namely large international infrastructure players, based on its track-record and technical and human competencies.”

# Consolidated Financial Information

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## 41. Approval of the financial statements

These financial statements were approved by the GROUP's Board of Directors on March 20, 2017. However, they are still pending approval by the General Meeting of Shareholders, although the GROUP's Board of Directors believes that they will be approved without changes.

# Consolidated Financial Information

## Appendix A. Consolidated companies

Investments in subsidiaries included in the consolidated financial statements

Investments in subsidiaries included in the consolidated financial statements using the full consolidation method, their headquarters, the effective holding percentage, their activity, their setup/acquisition date, are as follows:

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
<b>Parent Company of the Group and Related Activities</b>					
<b>Mota-Engil, SGPS, S.A., Sociedade Aberta ("Mota-Engil SGPS")</b>	Portugal (Porto)	-	Management of financial holdings	Aug-90	-
<b>Largo do Paço – Investimentos Turísticos e Imobiliários, Lda. ("Largo do Paço")</b>	Portugal (Amarante)	100.00	Real Estate Development	-	Oct-01
Through Mota-Engil SGPS		100.00			
<b>ME 3I, SGPS, S.A. ("ME 3I SGPS")</b>	Portugal (Linda-a-Velha)	61.20	Management of financial holdings	Oct-11	-
Through Mota-Engil Indústria e Inovação		61.20			
<b>Mota-Engil Indústria e Inovação, SGPS, S.A. ("Mota-Engil Indústria e Inovação")</b>	Portugal (Linda-a-Velha)	100.00	Management of financial holdings	Nov-10	-
Through Mota-Engil SGPS		100.00			
<b>MK Contractors, LLC ("MKC")</b>	USA (Miami)	100.00	Real Estate Development	Mar-02	-
Through Mota-Engil Engenharia e Construção		100.00			
<b>Mota-Engil Finance, B.V. ("ME Finance BV")</b>	Netherlands (Amsterdam)	100.00	Consulting Services	Dec-12	-
Through Mota-Engil SGPS		100.00			
<b>Mota-Engil Mining Management (Proprietary) Limited ("ME Mining Management")</b>	South Africa (Johannesburg)	100.00	Human Resources Management in Mining	Apr-11	-
Through Mota-Engil Minerals Mining Investment B.V.		100.00			
<b>Mota-Engil Minerals &amp; Mining (Malawi) Limited ("ME Minerals &amp; Mining Malawi")</b>	Malawi (Lilongwe)	99.99	Prospecting, exploitation and processing of minerals	Mar-11	-
Through Mota-Engil Minerals Mining Investment B.V.		99.99			
<b>Mota-Engil Minerals &amp; Mining (Zimbabwe) (Private) Limited ("ME Minerals &amp; Mining Zimbabwe")</b>	Zimbabwe (Harare)	100.00	Prospecting, exploitation and processing of minerals	May-11	-
Through Mota-Engil Minerals Mining Investment B.V.		100.00			
<b>Mota-Engil Minerals Mining Investment B.V. ("ME Minerals Mining Investment BV")</b>	Netherlands (Amsterdam)	100.00	Management of other companies	Oct-10	-
Through Mota-Engil SGPS		100.00			
<b>RTA - Rio Tâmega, Turismo e Recreio, S.A. ("RTA")</b>	Portugal (Amarante)	100.00	Real Estate and Tourism	-	May-00
Through Mota-Engil SGPS		100.00			
<b>SGA – Sociedade do Golfe de Amarante, S.A. ("SGA")</b>	Portugal (Amarante)	97.17	Golf Practice and Marketing and related activities	Dec-00	-
Through RTA		96.89			
Through Mota-Engil Engenharia e Construção		0.28			
<b>MESP - Mota Engil , Serviços Partilhados, Administrativos e de Gestão, S.A. ("Mota-Engil Serviços Partilhados")</b>	Portugal (Porto)	100.00	Administrative Services	Dec-02	-
Through Mota-Engil SGPS		100.00			
<b>Europe</b>					
<b>Engineering and Construction</b>					
<b>Aurimove – Sociedade Imobiliária, S.A. ("Aurimove")</b>	Portugal (Porto)	100.00	Real Estate Development	Dec-93	-
Through Mota-Engil Real Estate Portugal		100.00			
<b>Áreagolfe - Gestão, Construção e Manutenção de Campos de Golfe, S.A. ("Áreagolfe")</b>	Portugal (Torres Novas)	66.67	Management, construction and maintenance of golf courses	-	Jul-07
Through Vibeiras		66.67			
<b>Balice Project Development Sp. z o.o. ("Balice")</b>	Poland (Cracow)	100.00	Real Estate Development	Oct-12	-
Through Mota-Engil Real Estate, SGPS		100.00			
<b>Bohdalecká Project Development s.r.o. ("Bohdalecká")</b>	Czech Republic (Prague)	100.00	Real Estate Development	-	Sep-07
Through Mota-Engil Real Estate, SGPS		100.00			
<b>Bukowinska Project Development ("Bukowinska Project Development ")</b>	Poland (Cracow)	100.00	Design and construction of social housing	Mar-15	-
Through Mota-Engil Central Europe Polónia		100.00			
<b>Calçadas do Douro - Sociedade Imobiliária, Lda. ("Calçadas do Douro")</b>	Portugal (Porto)	100.00	Real Estate Development	-	Sep-00
Through Mota-Engil Real Estate Portugal		100.00			
<b>Carlos Augusto Pinto dos Santos &amp; Filhos S.A. ("Capsfil")</b>	Portugal (Vila Flor)	100.00	Extraction of gravel, sand and crushed stone	Mar-77	Oct-09
Through Mota-Engil Engenharia e Construção		100.00			
<b>Mota-Engil International Construction (UK) Ltd</b>	United Kingdom (St Albans)	60.00	Construction works	Jul-15	-
Through Mota-Engil Engenharia e Construção		60.00			
<b>Corgimobil - Empresa Imobiliária das Corgas, Lda. ("Corgimobil")</b>	Portugal (Cascais)	97.25	Construction works, studies and real estate	-	Nov-00
Through Mota-Engil Engenharia e Construção		71.79			
Through Mota-Engil Real Estate Portugal		25.46			
<b>Bay 6.3. Koriátolt Felelősségű Társaság Kft. ("Bay 6.3")</b>	Hungary (Budapest)	76.73	Real Estate Development	-	Dec-08
Through Obol Invest		76.73			
<b>Bay-Office Koriátolt Felelősségű Társaság Kft. ("Bay Office")</b>	Hungary (Budapest)	76.73	Real Estate Development	-	Dec-08
Through Obol Invest		76.73			
<b>Bay-Park Koriátolt Felelősségű Társaság Kft. ("Bay Park")</b>	Hungary (Budapest)	76.73	Real Estate Development	-	Dec-08
Through Obol Invest		76.73			
<b>Bay-Tower Koriátolt Felelősségű Társaság Kft. ("Bay Tower")</b>	Hungary (Budapest)	76.73	Real Estate Development	-	Dec-08
Through Obol Invest		76.73			
<b>Bay-Wellness Koriátolt Felelősségű Társaság Kft. ("Bay Wellness")</b>	Hungary (Budapest)	76.73	Real Estate Development	-	Dec-08
Through Obol Invest		76.73			
<b>Devonská Project Development A.S. ("Devonská")</b>	Czech Republic (Prague)	100.00	Real Estate Development	Dec-06	-
Through Mota-Engil Real Estate, SGPS		100.00			
<b>Diace - Construtoras das Estradas do Douro Interior A.C.E. ("Diace ACE MEEC")</b>	Portugal (Porto)	53.10	Realization of construction works and services and providing design.	Nov-08	-
Through Mota-Engil Engenharia e Construção		53.10			

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<b>Dmowski Project Development, Sp. z.o.o. ("Dmowski")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	100.00 100.00	Real Estate Development	Aug-07	-
<b>Dzieci Warszawy Project Development Sp. z.o.o. ("Dzieci Warszawy Project Development")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	100.00 100.00	Real Estate Development	Nov-15	-
<b>Edifício Mota Viso – Soc. Imobiliária, Lda. ("Mota Viso")</b> Through Mota-Engil Real Estate Portugal	Portugal (Porto)	100.00 100.00	Real Estate Development	Jun-94	-
<b>Edipainel – Sociedade Imobiliária, Lda. ("Edipainel")</b> Through Mota-Engil Real Estate Portugal	Portugal (Porto)	100.00 70.00	Real Estate Development	Mar-02	-
Through Mota-Engil Engenharia e Construção		30.00			
<b>Ekosrodowisko z.o.o. In Liquidation ("Ekosrodowisko")</b> Through MES	Poland (Bytom)	61.50 61.50	Urban solid waste	Feb-05	Dec-05
<b>Engber Ingatlanforgalmazó és Szolgáltató Korlátolt Felelősségű Társaság Kft. ("Engber")</b> Through Obol XI	Hungary (Budapest)	76.73 76.73	Real Estate Development	-	Jun-08
<b>Glan Agua, Ltd ("Glanagua")</b> Through MEIS	Ireland (Ballinasloe)	70.00 70.00	Treatment of waste, exploitation and management of water systems	Jan-08	-
<b>Glan Agua (UK), Ltd</b> Through MEIS	United Kingdom (St Albans)	70.00 70.00	Treatment of waste, exploitation and management of water systems	Jul-15	-
<b>Glace - Construtoras das Auto-estradas da Grande Lisboa A.C.E. ("Glace ACE MEEC")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	52.87 52.87	Realization of construction works and services and providing design.	Dec-06	-
<b>Grossiman, S.L. ("Grossiman")</b> Through Mota-Engil Engenharia e Construção	Spain (Alcobendas)	100.00 100.00	Special foundations	Feb-96	Dec-95
<b>Grota-Roweckiego Project Development Sp. z.o.o. ("Grota-Roweckiego Project Development")</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Real Estate Development	Oct-12	-
<b>Hungária Hotel Ingatlanforgalmazó, Kereskedelmi, és Szolgáltató Kft. ("Hotel Achat Hungary")</b> Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	100.00 100.00	Real Estate Development	Jun-08	-
<b>Immo Park Gdańsk, Sp. z.o.o. ("Immo Park Gdańsk")</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Mar-13	-
<b>Immo Park Warszawa, Sp. z.o.o. ("Immo Park Warszawa")</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Oct-12	-
<b>Immo Park, Sp. z.o.o. ("Immo Park")</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Jan-08	Mar-11
<b>Kilniskiego Project Development Sp. z.o.o. ("Kilniskiego")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	100.00 100.00	Real Estate Development	Aug-07	-
<b>Kilniskiego Property Investment Sp. z.o.o. ("Kilniskiego PI")</b> Through Kilniskiego	Poland (Cracow)	100.00 99.99	Real Estate Development	Sep-11	-
Through Mota-Engil Real Estate, SGPS		0.01			
<b>Kordylewskiego Project Development W Likwidacji Sp. z.o.o. ("Kordylewskiego")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	100.00 100.00	Real Estate Development	Feb-05	-
<b>Listopada Project Development ("Listopada project Development")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	100.00 100.00	Real Estate Development	Nov-15	-
<b>Lusitânia - Construtoras das Auto-estradas das Beiras Litoral e Alta A.C.E. ("Lusitânia ACE MEEC")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	83.95 83.95	Realization of construction works and services and providing design.	Apr-01	-
<b>Mercado Urbano - Gestão Imobiliária, S.A. ("Mercado Urbano")</b> Through Mota-Engil Real Estate Portugal	Portugal (Porto)	100.00 100.00	Real Estate Development	Jul-09	Mar-11
<b>ME Real Estate - Mota-Engil Real Estate Portugal, S.A. ("Mota-Engil Real Estate Portugal")</b> Through Mota-Engil Real Estate, SGPS	Portugal (Porto)	100.00 100.00	Real Estate Development	Sep-01	-
<b>ME Investitii AV s.r.l. ("Mota-Engil Investitii")</b> Through Mota-Engil Real Estate, SGPS	Romania (Bucharest)	100.00 100.00	Real Estate Development	-	Sep-07
<b>MES, Mota-Engil Srodowisko, Sp. z.o.o. ("MES")</b> Through Suma	Poland (Cracow)	100.00 100.00	Urban solid waste	Dec-05	-
<b>Metró Építőipari Gépészeti és szállítási, Zrt ("Metroepszolg")</b> Through Mota-Engil Magyarország	Hungary (Budapest)	100.00 100.00	Public works	Dec-00	-
<b>Motadomus - Sociedade Imobiliária, Lda. ("Motadomus")</b> Through Aurimove	Portugal (Porto)	100.00 95.00	Construction works	Jan-97	Jan-01
Through Mota-Engil Real Estate Portugal		5.00			
<b>Mota-Engil Ireland Construction Limited ("Mota-Engil Ireland")</b> Through Mota-Engil Engenharia e Construção	Ireland (Dublin)	60.00 60.00	Construction works	Oct-07	-
<b>Mota-Engil Engenharia e Construção, S.A. ("Mota-Engil Engenharia")</b> Through Mota-Engil Europa	Portugal (Amarante)	100.00 100.00	Construction works, and purchase and sale of real estate	-	Dec-00
<b>Mota-Engil Real Estate, SGPS, S.A. ("Mota-Engil Central Europe SGPS")</b> Through Mota-Engil Europa	Portugal (Porto)	100.00 100.00	Management of financial holdings	Dec-02	-

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<b>Mota-Engil Central Europe, S.A. ("Mota-Engil Central Europe Polónia")</b> Through Mota-Engil Engenharia e Construção	Poland (Cracow)	<b>100.00</b> 100.00	Construction works	Feb-53	Mar-99
<b>Mota-Engil Central Europe Ceska Republika, AS ("Mota-Engil Central Europe República Checa")</b> Through Mota-Engil Europa	Czech Republic (Prague)	<b>100.00</b> 100.00	Construction and public works	Jan-97	-
<b>Mota-Engil Central Europe Business Support Center Sp. z o.o. ("MECE Business Support Center")</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	<b>100.00</b> 100.00	Administrative Services	Dec-09	-
<b>Mota-Engil Ireland Services Ltd. ("MEIS")</b> Through Mota-Engil Engenharia e Construção	Ireland (Dublin)	<b>70.00</b> 70.00	Treatment of waste, exploitation and management of water sytems	Jan-08	-
<b>Mota-Engil Central Europe Hungary Beruházási és Építőipari Kft. ("ME Central Europe Hungria")</b> Through Mota-Engil Central Europe Polónia	Hungary (Budapest)	<b>100.00</b> 100.00	Construction and public works	Feb-08	-
<b>Mota-Engil Central Europe Slovenská Republika, AS ("Mota-Engil Central Europe Eslováquia")</b> Through Mota-Engil Real Estate, SGPS	Slovakia (Bratislava)	<b>100.00</b> 100.00	Construction works	Aug-04	-
<b>Mota-Engil Brand Management B.V. ("Mota-Engil Brand Management")</b> Through Mota-Engil Real Estate, SGPS	Netherlands (Amsterdam)	<b>100.00</b> 100.00	Management of trademarks and other intellectual property	Dec-09	-
<b>Mota-Engil Magyarország Beruházási és Építőipari Zrt. ("Mota-Engil Magyarország")</b> Through Mota-Engil Europa	Hungary (Budapest)	<b>100.00</b> 100.00	Public works	Jan-96	-
<b>Mota-Engil Vermelo Sp. z.o.o ("ME Vermelo")</b> Through da Mota-Engil Central Europe Polónia	Poland (Cracow)	<b>100.00</b> 100.00	Design, construction, management and exploitation of parking lots	Mar-12	-
<b>Mota-Engil Central Europe PPP Sp. z.o.o ("ME Central Europe PPP")</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	<b>100.00</b> 100.00	Design, construction, management and exploitation of parking lots	Mar-12	-
<b>Mota-Engil Central Europe PPP 2 Sp. z.o.o ("ME Central Europe PPP 2")</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	<b>100.00</b> 100.00	Design, construction, management and exploitation of parking lots	Dec-13	-
<b>Mota-Engil Central Europe PPP Road Sp. z.o.o ("ME Central Europe PPP Road")</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	<b>100.00</b> 100.00	Design, construction, management and exploitation of parking lots	-	Nov-13
<b>Mota-Engil Central Europe PPP 3 Sp. z.o.o (ME Central Europe PPP 3)</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	<b>100.00</b> 100.00	Design, construction, management and exploitation of parking lots	Apr-14	-
<b>Norace - Construtoras das Auto-estradas do Norte A.C.E. ("Norace ACE MEEC")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	<b>82.87</b> 82.87	Realization of construction works and services and providing design.	Jun-99	Dec-15
<b>Grodowska Project Development Sp. z.o.o ("Grodowska Project Development ")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	<b>100.00</b> 100.00	Design and construction of social housing	Mar-14	-
<b>Mota-Engil Real Estate Hungary Ingatlanforgalmazó, Kereskedelmi és Szolgáltató Kft. ("Mota-Engil Real Estate Hungary")</b> Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	<b>100.00</b> 100.00	Real Estate Development	Jul-05	-
<b>Mota-Engil Real Estate Management, sp. z.o.o. ("Mota-Engil Real Estate Management")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	<b>100.00</b> 100.00	Real Estate Development	Jun-05	-
<b>Nortedomus, Sociedade Imobiliária SA. ("Nortedomus")</b> Through Mota-Engil Real Estate Portugal	Portugal (Lisbon)	<b>100.00</b> 100.00	Real Estate Development	-	Oct-01
<b>Nádor-Öböl Ingatlanforgalmazó És Beruházó Korlátolt Felelősségű Társaság Kft. ("Nádor Obol")</b> Through Obol XI	Hungary (Budapest)	<b>76.73</b> 76.73	Real Estate Development	-	Oct-06
<b>Öböl Invest Befektetési És Üzletviteli Tanácsadó Korlátolt Felelősségű Társaság Kft. ("Obol Invest")</b> Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	<b>77.50</b> 77.50	Real Estate Development	-	May-05
<b>Öböl XI. Ingatlanhasznosítási Beruházó És Szolgáltató Korlátolt Felelősségű Társaság Kft. ("Obol XI")</b> Through Obol Invest	Hungary (Budapest)	<b>76.73</b> 76.73	Real Estate Development	-	Dec-03
<b>Project Development 1 Sp. z.o.o. ("Project Development 1")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	<b>100.00</b> 100.00	Real Estate Development	Nov-15	-
<b>Project Development 2 Sp. z.o.o. ("Project Development 2")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	<b>100.00</b> 100.00	Real Estate Development	Nov-15	-
<b>Pinhal - Construtoras das Auto-estradas do Pinhal Interior A.C.E. ("Pinhal ACE MEEC")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	<b>53.52</b> 53.52	Realization of construction works and services and providing design.	Apr-10	Dec-15
<b>Portuscale - Construtoras das Auto-estradas do Grande Porto A.C.E. ("Portuscale ACE MEEC")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	<b>83.95</b> 83.95	Realization of construction works and services and providing design.	Jul-02	Dec-15
<b>Turalgo-Sociedade de Promoção Imobiliária e Turística do Algarve, S.A. ("Turalgo")</b> Through Mota-Engil Real Estate Portugal	Potugal (Oeiras)	<b>51.00</b> 51.00	Real Estate Development	May-92	-
<b>Sampaio Üzletviteli Tanácsadó Korlátolt Felelősségű Társaság Kft. ("Sampaio")</b> Through Obol XI	Hungary (Budapest)	<b>76.73</b> 76.73	Real Estate Development	-	Jan-03
<b>Sedengil – Sociedade Imobiliária, S.A. ("Sedengil")</b> Through Mota-Engil Real Estate Portugal	Portugal (Matosinhos)	<b>100.00</b> 100.00	Real Estate Development	Oct-82	May-95 / May-97
<b>Sikorki Project Development Sp. z o.o. ("Sikorki")</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	<b>100.00</b> 100.00	Real Estate Development	Oct-12	-
<b>Soltysowska Project Development Sp. z o.o. ("Soltysowska")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	<b>100.00</b> 100.00	Real Estate Development	Nov-05	-

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<b>Senatorska Project Development Sp. z.o.o. ("Senatorska Project Development")</b> Through Mota-Engil Central Europe Polónia	Poland (Cracow)	<b>100.00</b> 100.00	Real Estate Development	Nov-15	-
<b>Takargo-Transporte de Mercadorias, S.A. ("Takargo")</b> Through Mota-Engil Ambiente e Serviços	Portugal (Linda-a-Velha)	<b>100.00</b> 100.00	Rail transport of goods	Sep-06	-
<b>Tetenyi Project Development Ingatlanforgalmazó, Kereskedelmi és Szolgáltató Kft ("Tetenyi")</b> Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	<b>100.00</b> 100.00	Real Estate Development	Jan-05	-
<b>Vibeiras – Sociedade Comercial de Plantas, S.A. ("Vibeiras")</b> Through Mota-Engil Engenharia e Construção	Portugal (Torres Novas)	<b>66.67</b> 66.67	Landscape gardening	Jul-88	Oct-98
<b>Vianor - Construtoras das Auto-estradas da Costa de Prata A.C.E. ("Vianor ACE MEEC")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	<b>83.95</b> 83.95	Realization of construction works and services and providing design.	Apr-00	-
<b>VBT - Projectos e Obras de Arquitectura Paisagística, Lda ("VBT")</b> Through Vibeiras	Angola (Luanda)	<b>43.34</b> 33.34	Landscape gardening	Sep-08	-
<b>Wilanow Project Development SP. z.o.o. ("Wilanow")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	<b>100.00</b> 100.00	Real Estate Development	Jun-07	-
<b>Wilenska Project Development Sp. z.o.o. w likwidacji ("Wilenska")</b> Through Mota-Engil Real Estate, SGPS	Poland (Cracow)	<b>100.00</b> 100.00	Real Estate Development	Jan-05	-
<b>Environment and Services</b>					
<b>AGIR - Ambiente e Gestão Integrada de Resíduos, Lda. ("Agir")</b> Through Mota-Engil Ambiente e Serviços	Cape Verde (Praia)	<b>80.75</b> 50.00	Collection of urban solid waste	Dec-07	-
<b>Algar - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Algar")</b> Through Suma	Portugal (Loulé)	<b>31.49</b> 31.49	Treatment and recovery of urban solid waste	-	Jun-15
<b>Amarsul- Valorização e Tratamento de Resíduos Sólidos, S.A. ("Amarsul")</b> Through EGF	Portugal (Setúbal)	<b>28.68</b> 28.68	Treatment and recovery of urban solid waste	-	Jun-15
<b>CH&amp;P – Combined Heat &amp; Power Anadia, Sociedade Unipessoal, Lda ("CH&amp;P Anadia")</b> Through Manvia	Portugal (Linda-a-Velha)	<b>90.00</b> 90.00	Exploitation of a co-generation plant for the production of electric and thermal energy	May-11	-
<b>CH&amp;P – Combined Heat &amp; Power Coja, Unipessoal, Lda ("CH&amp;P Coja")</b> Through Manvia	Portugal (Linda-a-Velha)	<b>90.00</b> 90.00	Exploitation of a co-generation plant for the production of electric and thermal energy	May-11	-
<b>Citrave - Centro Integrado de Tratamento de Resíduos de Aveiro, S.A. ("Citrave")</b> Through Suma	Portugal (Lisbon)	<b>61.50</b> 61.41	Treatment and disposal of non-hazardous waste	Dec-87	Oct-06
<b>Correia &amp; Correia, Lda. ("Correia &amp; Correia")</b> Through Enviroil	Portugal (Sertã)	<b>48.19</b> 48.19	Trade and collection of used oils	Sep-88	Feb-00
<b>Enviroil SGPS, Lda. ("Enviroil")</b> Through Suma	Portugal (Torres Novas)	<b>48.19</b> 48.19	Management of financial holdings	Nov-97	-
<b>Enviroil II – Reciclagem de Óleos Usados, Lda. ("Enviroil II")</b> Through Enviroil	Portugal (Torres Novas)	<b>43.37</b> 43.37	Oil recycling, electricity production and bulk trade of fuels and related products	Apr-11	-
<b>Ersuc - Resíduos Sólidos do Centro, S.A. ("Ersuc")</b> Through EGF	Portugal (Coimbra)	<b>32.62</b> 28.94	Treatment and recovery of urban solid waste	-	Jun-15
<b>Empresa Geral de Fomento, S.A. ("EGF")</b> Through Suma Tratamento	Portugal (Lisbon)	<b>56.24</b> 56.24	Treatment and recovery of urban solid waste	-	Jun-15
<b>Eco Vision LLC ("Eco Vision")</b> Through Suma	Oman (Muscat)	<b>31.37</b> 31.37	Treatment and recovery of urban solid waste	Jul-15	-
<b>InvestAmbiente - Recolha de Resíduos e Gestão de Sistemas de Saneamento Básico, S.A. ("InvestAmbiente")</b> Through Novaflex	Portugal (Lisbon)	<b>31.98</b> 31.98	Collection of non-hazardous waste	Feb-00	Dec-07
<b>Lokemark - Soluções de Marketing, S.A. ("Lokemark")</b> Through Mota-Engil Ambiente e Serviços	Portugal (Setúbal)	<b>70.00</b> 70.00	Services, marketing solutions, construction and sale of data bases, management and exploitation of the postal service's infrastructures	Jun-03	Sep-07
<b>Manvia - Manutenção e Exploração de Instalações e Construção, S.A. ("Manvia")</b> Through Mota-Engil Ambiente e Serviços	Portugal (Linda-a-Velha)	<b>90.00</b> 90.00	Maintenance and exploitation of installations	Jul-94	Jun-98
<b>Mota-Engil Europa, S.A. ("Mota-Engil Europa")</b> Through Mota-Engil SGPS	Portugal (Linda-a-Velha)	<b>100.00</b> 100.00	Management of financial holdings	Jun-10	-
<b>Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, S.A. ("MEAS II")</b> Through Mota-Engil Europa	Portugal (Porto)	<b>100.00</b> 100.00	Projects' management	Dec-03	-
<b>Mota-Engil, Ambiente e Serviços, SGPS, S.A. ("Mota-Engil Ambiente e Serviços")</b> Through Mota-Engil Europa	Portugal (Porto)	<b>100.00</b> 100.00	Management of financial holdings	Jun-97	-

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Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
<b>Nova Beira - Gestão de Resíduos, S.A. ("Nova Beira")</b> Through Novaflex Through Investambiente	Portugal (Lisbon)	<b>30.85</b> 20.30 10.55	Treatment and disposal of non-hazardous waste	-	Dec-07
<b>Novaflex - Técnicas do Ambiente, S.A. ("Novaflex")</b> Through Suma	Portugal (Lisbon)	<b>61.50</b> 61.50	Collection of other non-hazardous waste	-	Dec-07
<b>Proempar - Promoção e Gestão de Parques Empresariais e Tecnológicos, S.A. ("Proempar")</b> Through Mota-Engil Real Estate Portugal	Portugal (Porto)	<b>100.00</b> 100.00	Marketing, management and exploitation of technological and industrial business parks	Oct-06	-
<b>PTT - Parque Tecnológico do Tâmega, S.A. ("PTT")</b> Through Proempar Through Mota-Engil Ambiente e Serviços Through Mota-Engil Engenharia e Construção	Portugal (Felgueiras)	<b>90.00</b> 70.00 10.00 10.00	Marketing and management of technological business hosting	Dec-06	-
<b>Real Verde - Técnicas de Ambiente, S.A. ("Real Verde")</b> Through Novaflex	Portugal (Vila Real)	<b>61.50</b> 61.50	Treatment and disposal of other non-hazardous waste	Dec-07	-
<b>Resiges - Gestão de Resíduos Hospitalares, Lda. ("Resiges")</b> Through Novaflex	Portugal (Setúbal)	<b>61.50</b> 61.50	Collection of hazardous waste	May-98	Dec-07
<b>Resilei - Tratamento de Resíduos Industriais, S.A. ("Resilei")</b> Through Suma	Portugal (Leiria)	<b>30.75</b> 30.75	Treatment and disposal of other non-hazardous waste	-	Jun-03
<b>Resiestrela - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resiestrela")</b> Through EGF	Portugal (Castelo Branco)	<b>35.40</b> 35.40	Treatment and recovery of urban solid waste	-	Jun-15
<b>Resinorte - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resinorte")</b> Through EGF	Portugal (Braga)	<b>42.24</b> 42.24	Treatment and recovery of urban solid waste	-	Jun-15
<b>Resulima - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resulima")</b> Through EGF	Portugal (Viana do Castelo)	<b>28.68</b> 28.68	Treatment and recovery of urban solid waste	-	Jun-15
<b>Rima - Resíduos Industriais e Meio Ambiente, S.A. ("Rima")</b> Through Suma	Portugal (Lousosa)	<b>59.12</b> 59.12	Treatment of industrial waste	Aug-01	-
<b>SIGA - Sistema Integrado de Gestão Ambiental, S.A. ("Siga")</b> Through Suma	Portugal (Ponta Delgada)	<b>43.05</b> 43.05	Treatment and disposal of non-hazardous waste	Oct-08	-
<b>Suldouro - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Suldouro")</b> Through EGF	Portugal (Vila Nova de Gaia)	<b>33.74</b> 33.74	Treatment and recovery of urban solid waste	-	Jun-15
<b>SRI - Gestão de Resíduos, Lda ("SRI")</b> Through Correia & Correia	Portugal (Sertão)	<b>48.19</b> 48.19	Collection of hazardous waste	Jul-08	-
<b>SIGAMB - Sistemas de Gestão Ambiental, Lda. (Angola) ("SIGAMB")</b> Through Novaflex	Angola (Luanda)	<b>61.44</b> 61.44	Technical studies, consulting and environmental training	Feb-14	-
<b>Suma (Douro) - Serviços Urbanos e Meio Ambiente, Lda. ("Suma Douro")</b> Through Suma	Portugal (Murça)	<b>61.50</b> 61.50	Collection of urban solid waste	Jul-00	-
<b>Suma (Esposende) - Serviços Urbanos e Meio Ambiente, Lda. ("Suma Esposende")</b> Through Suma	Portugal (Esposende)	<b>61.50</b> 61.50	Collection of urban solid waste	Dec-99	-
<b>Suma (Macau), Lda. ("Suma Macau")</b> Through Suma	China (Macau)	<b>60.89</b> 60.89	Collection of urban solid waste	-	Dec-13
<b>Suma (Matosinhos) - Serviços Urbanos e Meio Ambiente, S.A. ("Suma Matosinhos")</b> Through Suma	Portugal (Matosinhos)	<b>61.50</b> 61.50	Collection of urban solid waste	Dec-00	-
<b>Suma (Porto) - Serviços Urbanos e Meio Ambiente, S.A. ("Suma Porto")</b> Through Suma	Portugal (Porto)	<b>61.50</b> 61.50	Collection of urban solid waste	Nov-08	-
<b>Suma Tratamento, S.A. ("Suma Tratamento")</b> Through Suma Through Suma Esposende Through Novaflex Through Mota-Engil Ambiente e Serviços	Portugal (Lisbon)	<b>59.20</b> 49.19 0.01 0.01 10.00	Collection of urban solid waste	Oct-14	-
<b>Suma - Serviços Urbanos e Meio Ambiente, S.A. ("Suma")</b> Through Mota-Engil Ambiente e Serviços	Portugal (Lisbon)	<b>61.50</b> 61.50	Collection of urban solid waste	Jun-94	-
<b>Tratofoz - Sociedade de Tratamento de Resíduos, S.A. ("Tratofoz")</b> Through Mota-Engil Ambiente e Serviços Through Suma	Portugal (Porto)	<b>99.62</b> 99.00 0.62	Collection of urban solid waste	Oct-02	-
<b>Triu - Técnicas de Resíduos Industriais e Urbanos, S.A. ("Triu")</b> Through Enviroil	Portugal (Loures)	<b>48.19</b> 48.19	Collection of non-hazardous waste	Apr-91	Sep-08
<b>Triaza - Tratamento de Resíduos Industriais da Azambuja, S.A. ("Triaza")</b> Through Suma	Portugal (Azambuja)	<b>61.50</b> 61.50	Collection of non-hazardous waste	Nov-15	Sep-08
<b>Valnor - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valnor")</b> Through EGF	Portugal (Portalegre)	<b>29.99</b> 29.99	Treatment and recovery of urban solid waste	-	Jun-15
<b>Valorlis - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valorlis")</b> Through EGF	Portugal (Leiria)	<b>28.68</b> 28.68	Treatment and recovery of urban solid waste	-	Jun-15
<b>Valorminho - Valorização e Tratamento de Resíduos Sólidos, S.A.</b> Through EGF	Portugal (Valença)	<b>28.68</b> 28.68	Treatment and recovery of urban solid waste	-	Jun-15
<b>Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisbon e do Oeste, S.A. ("Valorsul")</b> Through EGF	Portugal (Loures)	<b>29.77</b> 29.77	Treatment and recovery of urban solid waste	-	Jun-15

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Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
<b>Africa</b>					
<b>Akwangola, S.A. ("Akwangola")</b> Through Vista Water	Angola (Luanda)	<b>27.94</b> 27.94	Exploitation of water market	Dec-10	Dec-13
<b>Cecot - Centro de Estudos e Consultas Técnicas, Lda. ("Cecot")</b> Through MEEC África	Mozambique (Maputo)	<b>99.70</b> 99.70	Construction works' projects and inspection	Sep-98	Apr-11
<b>Cosamo (Proprietary) Limited ("Cosamo")</b> Through Mota Internacional	South Africa (Johannesburg)	<b>99.70</b> 99.70	Commercial	Dec-76	-
<b>Ecolife, S.A. ("Ecolife")</b> Through Mota-Internacional Through Suma	Mozambique (Maputo)	<b>58.33</b> 39.88 18.45	Collection of urban solid waste	Dec-13	-
<b>Fatra - Fábrica de Trefilaria de Angola, S.A. ("Fatra")</b> Through Mota-Engil Angola	Angola (Luanda)	<b>35.59</b> 35.59	Manufacturing of iron-derived products	-	Nov-10
<b>Fibreglass Sundlete (Mozambique), Lda. ("Fibreglass")</b> Through ME Mauritius	Mozambique (Maputo)	<b>99.70</b> 99.70	Commercial	Aug-62	Mar-99
<b>Indimo, Lda. ("Indimo")</b> Through Cecot Through MEEC África	Mozambique (Maputo)	<b>99.70</b> 49.85 49.85	Real Estate Development	-	Oct-04
<b>Liwonde Logistics Platform Limited ("Liwonde Logistics Platform Ltd")</b> Through ME Investments Malawi Through MEEC África – Malawi Branch	Malawi (Lilongwe)	<b>99.34</b> 50.34 49.00	Management of societies' management	Jun-15	-
<b>Mota-Engil Engenharia e Construção África, S.A. ("MEEC África")</b> Through Mota-Engil África N.V.	Portugal (Porto)	<b>99.70</b> 99.70	Construction works	Aug-12	-
<b>Mota-Engil África, N.V. ("ME África NV")</b> Through Mota-Engil SGPS	Netherlands (Amsterdam)	<b>99.70</b> 99.70	Management of societies' management	Oct-12	-
<b>Mota-Engil África, SGPS, S.A. ("Mota-Engil África")</b> Through MEEC África	Portugal (Porto)	<b>99.70</b> 99.70	Management of financial holdings	May-10	-
<b>Mota-Engil África Finance B.V. ("ME África Finance BV")</b> Through Mota-Engil África N.V.	Netherlands (Amsterdam)	<b>99.70</b> 99.70	Management of societies' management	May-14	-
<b>Mota-Engil África Global Technical Services B.V. ("ME África GTS BV")</b> Through Mota-Engil África N.V.	Netherlands (Amsterdam)	<b>99.70</b> 99.70	Management of societies' management	May-14	-
<b>Mota Internacional – Comércio e Consultadoria Económica, Lda. ("Mota Internacional")</b> Through Mota-Engil África	Portugal (Funchal)	<b>99.70</b> 99.70	Trade and management of international holdings	Sep-97	Dec-98
<b>Mota-Engil África Mozambique, Lda. ("Emocil")</b> Through MEEC África Through Indimo	Mozambique (Maputo)	<b>99.70</b> 49.85 49.85	Real Estate Development	Jul-94	-
<b>Mota-Engil Angola, S.A. ("Mota-Engil Angola")</b> Through Mota Internacional	Angola (Luanda)	<b>50.85</b> 50.85	Construction works and public and private works	May-10	-
<b>Malawi Ports Company Limited ("Malawi Ports Company")</b> Through MEEC África Through ME Malawi	Malawi (Lilongwe)	<b>99.70</b> 87.74 11.96	Sea transport	Nov-10	-
<b>Malawi Shipping Company Limited ("Malawi Shipping Company")</b> Through MEEC África Through ME Malawi	Malawi (Lilongwe)	<b>99.70</b> 87.74 11.96	Sea transport	Nov-10	-
<b>Martinox, SA ("Martinox")</b> Through Mota-Engil Angola	Angola (Benguela)	<b>48.30</b> 48.30	Stainless steel works	Feb-08	Dec-11
<b>Mota &amp; Companhia Maurícias, Lda. ("ME Maurícias")</b> Through MEEC África	Mauritius (Ebene)	<b>99.70</b> 99.70	Construction works	May-10	-
<b>Mota-Engil África (PTY) Limited ("ME África PTY")</b> Through Mota-Engil África N.V. Through MEEC África	South Africa (Johannesburg)	<b>99.70</b> 94.72 4.99	Management of societies' management	Nov-15	-
<b>Mota-Engil Construction South Africa, Pty Ltd ("ME Construction South Africa")</b> Through Mota-Engil Investments South Africa	South Africa (Johannesburg)	<b>99.70</b> 99.70	Construction works	Mar-14	-
<b>Mota-Engil (Malawi) Limited ("ME Malawi")</b> Through MEEC África	Malawi (Lilongwe)	<b>99.69</b> 99.69	Public works and /or construction works contractor	Jul-11	-
<b>Mota-Engil Investments (Malawi) Limited ("ME Investments Malawi")</b> Through Mota-Engil África	Malawi (Lilongwe)	<b>98.70</b> 98.70	Public works and /or construction works contractor	Mar-11	-
<b>Mota-Engil Investments South Africa, Pty Ltd ("Mota-Engil Investments South Africa")</b> Through Mota Internacional	South Africa (Johannesburg)	<b>99.70</b> 99.70	Public works and /or construction works contractor	-	Mar-14
<b>Mota-Engil S.Tomé e Príncipe, Lda. ("Mota-Engil S.Tomé")</b> Through Mota Internacional Through MEEC África	S. Tomé and Príncipe (S. Tomé)	<b>99.70</b> 94.72 4.99	Public works and /or construction works contractor	Dec-04	-
<b>Novicer-Cerâmicas de Angola,(SU) Limitada. ("Novicer")</b> Through Mota-Engil Angola	Angola (Luanda)	<b>50.85</b> 50.85	Manufacturing and trade in clay goods	Sep-07	-
<b>Prefal – Préfabricados de Luanda, Lda. ("Prefal")</b> Through Mota-Engil Angola	Angola (Luanda)	<b>45.76</b> 45.76	Manufacturing of prestressed goods	Dec-93	-
<b>Penta - Engenharia e Construção, Lda. ("Penta")</b> Through MEEC África Through Mota Internacional	Cape Verde	<b>99.70</b> 95.71 3.99	Construction works and public and private works	Apr-07	-
<b>Rentaco Angola - Equipamentos e Transportes, (SU) Limitada. ("Rentaco Angola")</b> Through Mota-Engil Angola	Angola (Luanda)	<b>50.85</b> 50.85	Rental of construction equipment	Jan-08	-

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<b>Sonauta - Sociedade de Navegação, Lda. ("Sonauta")</b> Through Mota Internacional	Angola (Luanda)	<b>99.70</b> 99.70	Sea transport, excluding coastal transport	Nov-94	-
<b>Tracevia Angola - Sinalização, Segurança e Gestão de Tráfego, Lda. ("Tracevia Angola")</b> Through Mota-Engil Angola	Angola (Luanda)	<b>40.68</b> 40.68	Road signs	-	Sep-07
<b>Vista Energy Environment &amp; Services, S.A. ("Vista SA")</b> Through Mota-Engil Angola	Angola (Luanda)	<b>50.85</b> 50.85	Management of financial holdings	Jul-08	Dec-13
<b>Vista Waste Management, Lda. ("Vista Waste")</b> Through Mota-Engil Angola Through Vista SA Through Suma	Angola (Luanda)	<b>56.07</b> 5.08 20.85 30.14	Collection of waste	Dec-09	Dec-13
<b>Vista Multi Services, Lda. ("Vista Multi Services")</b> Through Vista SA Through Mota-Engil Angola	Angola (Luanda)	<b>50.85</b> 40.68 10.17	Urban services	May-09	Dec-13
<b>Vista Water, Lda. ("Vista Water")</b> Through Mota-Engil Angola Through Vista SA	Angola (Luanda)	<b>27.97</b> 6.36 21.61	Exploitation of the water market	May-09	Dec-13
<b>Latin America</b>					
<b>Consórcio Los Castños ("Consórcio Los Castños")</b> Through Mota- Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development	Dec-11	-
<b>Consórcio Mota-Engil Ojeda &amp; Iju Paracas ("Consortio ME Ojeda &amp; Iju")</b> Through Mota- Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development	Dec-11	-
<b>Consórcio Fanning ("Consortio Fanning")</b> Through Mota- Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development	Dec-11	-
<b>Consórcio Porta ("Consortio Porta")</b> Through Mota- Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development	Dec-11	-
<b>Consórcio La Ponciana ("Consortio La Ponciana")</b> Through Mota- Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development	Dec-11	-
<b>Consórcio Mota-Engil Colômbia ("Consórcio ME Colômbia")*</b> Through Mota-Engil Colômbia	Colombia (Buenaventura)	<b>100.00</b> 100.00	Construction and public works	Oct-13	-
<b>Consita Tratamento de Resíduos, S.A. ("Consita")</b> Through ECB Suma Participações	Brazil (Belo Horizonte)	<b>54.93</b> 54.93	Construction and public works	-	Dec-14
<b>Construções dos Puertos S.A. de CV ("Construções dos Puertos")</b> Through Mota-Engil Mexico	Mexico (Xalapa)	<b>35.70</b> 35.70	Construction and public works	Jul-12	-
<b>Empresa Construtora Brasil, S.A. ("Empresa Construtora Brasil")</b> Through Mota-Engil Brasil Participações, Ltda	Brazil (Belo Horizonte)	<b>50.00</b> 50.00	Construction and public works	Nov-12	-
<b>ECB Suma Participações, S.A. ("ECB Suma Participações")</b> Through Empresa Construtora Brasil Through Suma	Brazil (Belo Horizonte)	<b>54.93</b> 28.58 26.35	Management of financial holdings	Dec-14	-
<b>Flame Investments, B.V. ("Flame Investments")</b> Through Mota-Engil Latin America BV	Netherlands (Amsterdam)	<b>51.00</b> 51.00	Management of financial holdings	Mar-15	-
<b>Fideicomiso el Capomo ("Fideicomiso el Capomo")</b> Through Mota-Engil Turismo operacional	Mexico (Mexico City)	<b>42.51</b> 42.51	Real Estate and Tourism	Jul-15	-
<b>Generadora Fenix ("Generadora Fenix")</b> Through ME Energia operacional	Mexico (Mexico City)	<b>25.78</b> 25.78	Energy Production	Sep-15	-
<b>Mota-Engil Energy B.V. ("Mota-Engil Energy BV")</b> Through Flame Investments	Netherlands (Amsterdam)	<b>28.33</b> 28.33	Finance and consulting	Sep-15	-
<b>MEBR Construções, Consultoria e Participações, S.A. ("MEBR")</b> Through Mota-Engil Latin America BV Through Mota-Engil Latam Peru	Brazil (São Paulo)	<b>100.00</b> 57.69 42.31	Construction and public works	Mar-11	-

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<b>ME Energy Holding ("ME Energy Holding")</b> Through Mota-Engil Energy BV	Netherlands (Amsterdam)	<b>28.33</b> 28.33	Management of financial holdings	Nov-15	-
<b>Mota-Engil Latin America BV ("ME Latin America")</b> Through Mota-Engil SGPS	Netherlands (Amsterdam)	<b>100.00</b> 100.00	Management of financial holdings	Nov-15	-
<b>Mota-Engil Latam Peru ("Mota-Engil Latam Peru")</b> Through Mota-Engil Latin America BV Through Mota-Engil Engenharia e Construção	Peru (Lima)	<b>100.00</b> 99.90 0.10	Management of financial holdings	Dec-15	-
<b>Mota-Engil América Latina S.A.P.I. de C.V. ("Mota-Engil América Latina")</b> Through Mota-Engil SGPS Through Mota-Engil Latin America BV	Mexico (Mexico City)	<b>100.00</b> 0.02 99.98	Management of financial holdings	Nov-13	May-14
<b>Mota-Engil Colombia, S.A.S ("Mota-Engil Colombia")</b> Through Mota-Engil Latam Peru	Colombia (Bogotá)	<b>100.00</b> 100.00	Construction and public works	Feb-11	-
<b>Mota-Engil Col, S.A.S ("Mota-Engil Col")</b> Through Mota-Engil Engenharia e Construção Through Mota-Engil Peru	Colombia (Bogotá)	<b>100.00</b> 99.00 1.00	Construction and public works	Feb-14	-
<b>ME Energia operacional ("ME Energia operacional")</b> Through Mota-Engil Energy Holding Through Mota-Engil América Latina SAPI de CV	Mexico (Mexico City)	<b>28.33</b> 28.33 0.00	Development and energy production operation	Sep-15	-
<b>Mota-Engil Latam Portugal, S.A. ("Mota-Engil Latam Portugal")</b> Through Mota-Engil Latin America BV	Portugal (Porto)	<b>100.00</b> 100.00	Management of financial holdings	Jul-15	-
<b>Mota-Engil Energia Peru S.A. ("Mota-Engil Energia Peru")</b> Through Mota-Engil Peru Through Mota-Engil Engenharia e Construção	Peru (Lima)	<b>100.00</b> 99.98 0.02	Other business activities	May-11	-
<b>Mota-Engil Tourism, B.V. ("Mota-Engil Tourism BV")</b> Through Flame Investments	Netherlands (Amsterdam)	<b>42.50</b> 42.50	Management of financial holdings	Sep-15	-
<b>Mota-Engil Mexico, S.A. de C.V. ("Mota-Engil Mexico")</b> Through Mota-Engil Latin America BV Through Mota-Engil América Latina SAPI Through da Mota Internacional	Mexico (Mexico City)	<b>51.00</b> 19.18 31.82 0.00	Construction and public works	Jan-10	-
<b>Mota-Engil Turismo, S.A. de CV ("Mota-Engil Turismo operacional")</b> Through Mota-Engil Turismo Holding	Mexico (Mexico City)	<b>42.51</b> 42.51	Real Estate and Tourism	Feb-15	-
<b>Puente Boca del Rio S.A. De C.V. ("Puente Boca del Rio")</b> Through Mota-Engil México Through Mota-Engil Engenharia e Construção	Mexico (Mexico City)	<b>58.35</b> 43.35 15.00	Construction and public works	May-16	-
<b>APP Coatzacoalcos Villahermosa S.A.P.I. de C.V.</b> Through Mota-Engil México	Mexico (Mexico City)	<b>37.74</b> 37.74	Construction and public works	Oct-16	-
<b>Mota-Engil Turismo Holding, S.A.P.I. de C.V. ("Mota-Engil Turismo Holding")</b> Through Mota-Engil Tourism BV Through Mota-Engil México	Mexico (Mexico City)	<b>42.50</b> 42.49 0.01	Management of financial holdings	Jun-15	-
<b>Mota-Engil Peru, S.A. ("Mota-Engil Peru")</b> Through Mota-Engil Latin America BV Through Mota-Engil Engenharia e Construção	Peru (Lima)	<b>100.00</b> 99.90 0.10	Construction and public works	Sep-86	-
<b>Global Technical Services Latam BV</b> Through Mota-Engil Latin America BV	Netherlands (Amsterdam)	<b>100.00</b> 100.00	Management of financial holdings	Jul-16	-
<b>Mota-Engil Aruba Holding Company VBA</b> Through Mota-Engil Latin America BV	Aruba (Oranjestad)	<b>100.00</b> 100.00	Management of financial holdings	Dec-15	-
<b>Red Rainbow Company N.V.</b> Through Mota-Engil Aruba Holding Company VBA	Aruba (Oranjestad)	<b>100.00</b> 100.00	Construction and public works	Jan-12	Apr-16
<b>WVB Project Company VBA</b> Through Mota-Engil Aruba Holding Company VBA	Aruba (Oranjestad)	<b>100.00</b> 100.00	Construction and public works	Dec-15	-
<b>Mota-Engil Dominicana S.A.S</b> Through Mota-Engil Latin America BV	Dominican Republic (Santo Domingo)	<b>60.00</b> 60.00	Construction and public works	Nov-14	-
<b>Mota-Engil Prodi S.A.P.I. de C.V. ("Mota-Engil Prodi")</b> Through Mota-Engil Mexico	Mexico (Mexico City)	<b>25.55</b> 25.55	Construction and public works	Feb-14	-
<b>Mota-Engil Chile S.A. ("Mota-Engil Chile")</b> Through Mota-Engil Latam Portugal Through Mota-Engil Engenharia e Construção	Chile (Santiago)	<b>100.00</b> 99.00 1.00	Construction and public works	Feb-13	-
<b>Promotora Inmobiliaria Santa Clara, S.A. ("Santa Clara")</b> Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Property promotion services	May-12	-
<b>Tarucani Generating Company, S.A. ("Tarucani")</b> Through Mota-Engil Energia Peru Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 99.98 0.02	Generation and distribution of electric energy	Apr-00	-
<b>Mota-Engil Peru- Ambiente, S.A. ("Mota-Engil Peru Ambiente")</b> Through Mota-Engil Engenharia e Construção Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 99.98 0.02	Exploitation of terminals	-	-
<b>Tracevia do Brazil -Sistemas de Telemática Rodoviária Ltda. ("Tracevia Brazil")</b> Through MEBR Engenharia, Consultoria e Participações, Ltda.	Brazil (São Paulo)	<b>99.99</b> 99.99	Design, installation, development and maintenance of ITS	Mar-11	-

# Consolidated Financial Information

## Investments recorded through the equity method

The companies included in the consolidation using the equity method, their headquarters and effective holding percentage as at December 31, 2016, are as follows:

Designation	Headquarters	Effective holding percentage
<b>Parent Company of the Group and related activities</b>		
Nortenha Angola, SGPS, S.A. ("Nortenha")	Portugal	29.99
Riscos e Diâmetros Angola, SGPS, S.A. ("Riscos e Diâmetros Angola")	Portugal	30.10
SMGT Angola, SGPS, SA ("SMGT")	Portugal	29.99
Sangobiar Perú, S.A. ("Sangobiar")	Peru	29.99
Vitropor Moçambique, SGPS, S.A. ("Vitropor Moçambique")	Portugal	30.10
Sunviauto Internacional, SGPS, S.A. ("Sunviauto Internacional")	Portugal	29.99
<b>Europe - Engineering and Construction</b>		
M-Invest Slovakia Mierova , s.r.o. ("Mierova")	Slovakia	50.00
Ibercargos Rail, S.A. ("Ibercargos")	Spain	50.00
<b>Europe - Environment and Services</b>		
Ambilital – Investimentos Ambientais no Alentejo, EIM. ("Ambilital")	Portugal	30.14
Citrup – Centro Integrado de Resíduos, Lda. ("Citrup")	Portugal	18.45
Ecolezíria - Empresa Intermunicipal para Tratamento de Resíduos Sólidos, E. I. M. ("Ecolezíria")	Portugal	15.07
Haçor, Conc. Edifício do Hospital da Ilha Terceira, S.A. ("Haçor")	Portugal	40.00
HL - Sociedade Gestora do Edifício, S.A. ("HL - Sociedade Gestora do Edifício")	Portugal	50.00
Logz - Atlantic Hub, S.A. ("Logz")	Portugal	30.00
Manvia II Condutas, Lda. ("Manvia II Condutas")	Portugal	45.00
Manvia Condutas Moçambique, Lda. ("Manvia Condutas Moçambique")	Mozambique	47.25
AGS, Manvia e Indaqua, ACE ("GESAR (ACE Manvia)")	Portugal	32.40
<b>Africa</b>		
Automatriz, S.A. ("Automatriz")	Angola	44.87
Icer – Indústria de Cerâmica, Lda. ("Icer")	Angola	25.42
Mebisa - Minerais e Britagens, S.A. ("Mebisa")	Angola	15.25
Condutas MM Angola ("MM Angola")	Angola	30.10
Vista Power, Lda. ("Vista Power")	Angola	25.42
SPRI - Sociedade Portuguesa de Realizações, S.A. ("Spri")	Angola	39.89
STM - Sociedade de Terminais de Moçambique, Lda ("STM")	Mozambique	49.85
<b>Latin America</b>		
Autopista Urbana Siervo de la Nacion, SAPI de CV ("Autopista Siervo de la Nacion")	Mexico	17.49
Concessionária Autopista Cardel-Poza Rica SA de CV ("Concessionária Autopista Cardel")	Mexico	28.73
Concessionária Autopista Tuxpan-Tampico SA de CV ("Concessionária Autopista Tuxpan-Tampico")	Mexico	25.85
Constructora Tuxpan Tampico ("Constructora Tuxpan Tampico")	Mexico	17.03
Constructora Auto-Pista Perote Xalapa, SA de CV ("Constructora Perote Xalapa")	Mexico	25.50
Sunviauto México ("Sunviauto Mexico")	México	29.99
Constructora Concessionária Autopista Cardel-Poza Rica, S.A. de CV ("Constructora Cardel-Poza Rica")	Mexico	20.40
Constructora M&R, S.A. de C.V. ("Constructora M&R")	Mexico	10.20
Constructora Gran Canal SAPI de CV ("Constructora Gran Canal")	Mexico	17.03
Eco Innovacion Ambiental SAPI de CV ("Eco Innovacion")	Mexico	17.85
Gestion e Innovacion en Servicios Ambientales SA de CV ("GISA")	Mexico	25.50
M&R de Occidente SAPI de CV ("Concessionária M&R")	Mexico	20.00
<b>Martifer Group</b>	<b>Portugal</b>	<b>37.50</b>

# Consolidated Financial Information

## Jointly controlled operations

The jointly controlled operations included in the consolidation, their headquarters and effective holding percentage as at December 31, 2016, are as follows:

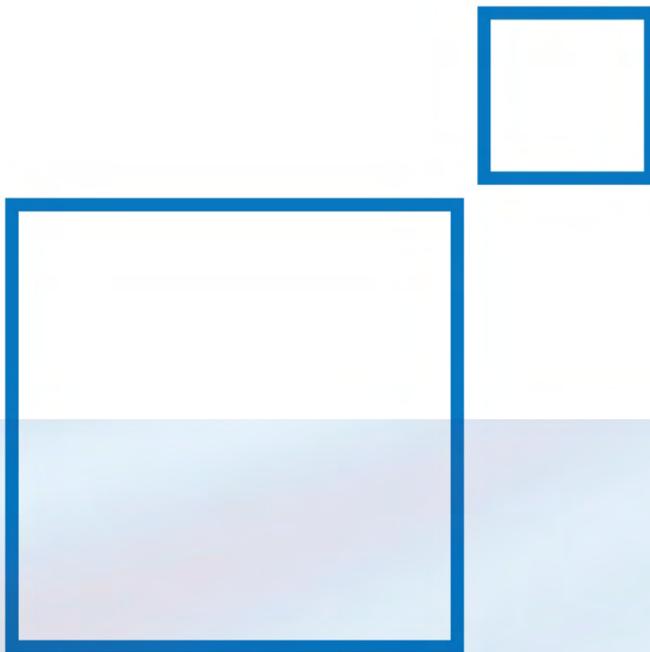
Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
<b>Latin America</b>					
<b>Consorcio Vial Acobamba</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Jun-13	-
<b>Consorcio Vial Tambillo</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Jan-13	-
<b>Consorcio Vial Vizcachane</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Dec-15	-
<b>Consorcio Mota-Engil TR</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Nov-14	-
<b>Consorcio Mota-Engil Peru HL Paita</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Aug-13	-
<b>Consorcio Vial el Descanso-Langui</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Oct-10	-
<b>Consorcio Vial Sur del Peru</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Nov-10	-
<b>Consorcio Vial Valle Sagrado</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Jun-10	-
<b>Stracon Translei Joint Venture</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Apr-10	-
<b>Consorcio Vial Jaylli</b> Through Mota- Engil Peru	Peru (Lima)	<b>42.50</b> 42.50	Construction works	Dec-14	-
<b>Translei Consorcio Cosapi</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Jan-03	-
<b>Translei Consorcio Cusco-Quillabanba</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Mar-10	-
<b>Consorcio Conservacion Vial Santa Rosa</b> Through Mota- Engil Peru	Peru (Lima)	<b>50.00</b> 50.00	Construction works	Dec-15	-
<b>Consorcio GDL Viaduto, S.A.P.I de CV ("Consorcio GDL Viaduto")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>21.88</b> 21.88	Construction and public works	Jun-14	-
<b>Consorcio Túnel Guadalajara, SAPI de CV ("Consorcio GDL Túnel")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>21.88</b> 21.88	Construction and public works	Jul-14	-
<b>Consorcio Mepax Ltd</b> Through Mota-Engil Chile	Chile (Santiago)	<b>49.90</b> 49.90	Construction works	Feb-16	-

# Consolidated Financial Information

## Jointly controlled entities - “Agrupamentos Complementares de Empresas”

The jointly controlled entities (“Agrupamentos Complementares de Empresas”) included in the consolidation, their headquarters and effective holding percentage as at December 31, 2016, are as follows:

Jointly controlled entities - “Agrupamentos Complementares de Empresas”	Headquarters	Effective holding percentage
<b>In activity</b>		
Reforço de Potência da Barragem de Venda Nova III, ACE	Portugal	28.33%
Barragem de Foz Tua ACE	Portugal	33.34%
Via Rápida Câmara Lobos ECL, ACE	Portugal	36.42%
<b>In warranty period</b>		
Mota-Engil, Soares da Costa, Monteadriano - Matosinhos, ACE	Portugal	42.86%
GCVC, ACE (Grupo Construtor de Vila do Conde)	Portugal	42.86%
Mota-Engil, Zagope, URBASER, ACE	Portugal	38.50%
EXPI - Expropriações do Pinhal Interior, ACE	Portugal	37.08%
DIEXP - Expropriações do Douro Interior, ACE	Portugal	37.08%
LGC - Linha Gondomar, Construtores, ACE	Portugal	30.00%
Haçor C - Construção do Edifício do Hospital da Ilha Terceira, ACE	Portugal	43.25%
HL Construção, ACE	Portugal	65.00%
GLEX - Expropriações da Grande Lisboa, ACE	Portugal	42.08%
GACE - Gondomar ACE	Portugal	24.00%
GCF - Grupo Construtor da Feira, ACE	Portugal	42.87%
Somague, BCP, Mota-Engil, SPIE - Linha Vermelha do Metropolitano em ACE	Portugal	23.68%
Metroligeiro - Construtora de Infra - Estruturas, ACE	Portugal	53.20%
<b>Waiting for liquidation</b>		
António Veiga, Engil, Ilídio Monteiro e José Bento Pedroso e Filhos, ACE	Portugal	25.00%
Construções Técnicas Engil, ACE	Portugal	50.00%
Engil e Icosal, ACE	Portugal	86.00%
Soares da Costa Engil, ACE - Novo Hospital de Tomar	Portugal	50.00%
Molinorte - Linha do Norte - Construção Civil, ACE	Portugal	47.00%
Grupo Construtor do Edifício Gil Eanes, ACE	Portugal	50.00%
Engil e OPCA em ACE	Portugal	50.00%
Engil/Contacto - Complexo Comercial em Santa Quitéria, ACE	Portugal	50.00%
Engil/Contacto - Empreendimento Torres Vasco da Gama, ACE	Portugal	50.00%
Engil, Somague, Etar da Madalena, ACE	Portugal	66.67%
Agrupamento para a Construção da Barragem do Sabugal, ACE	Portugal	25.00%
Nova Ponte - Agrupamento para a Const. da Segunda Travessia do Tejo, ACE	Portugal	13.33%
Engil - Ferrovias , ACE	Portugal	100.00%
Vibeiras - Mota-Engil, Empreitadas do Cais do Sodré, ACE	Portugal	20.00%





03



# Report on Corporate Governance Practices

**Nacala Corridor**  
Greatest Portuguese Engineering Project Abroad (2012-2014)

# Report on Corporate Governance Practices

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# Report on Corporate Governance Practices

## PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND GOVERNANCE OF THE COMPANY

### A. SHAREHOLDER STRUCTURE

#### I. Capital structure

1. Capital structure (share capital, number of shares, distribution of capital to shareholders, etc.) including listing of shares not admitted for trading, different categories of shares, rights and duties inherent to them and the percentage of capital that each category represents (article 245-A, no. 1, sec. a).

The share capital of MOTA-ENGIL, SGPS, SA (“MOTA-ENGIL” or “Company”) is 237,505,141 Euros and is represented by 237,505,141 ordinary shares with a nominal value of one euro per share. All shares are listed on NYSE Euronext Lisbon.

Distribution of capital by shareholder on December 31, 2016:

Shareholders	No. of shares	% Capital	% Voting rights
<b>Own shares:</b>	3,639,812	1.53%	-
<b>Qualified holdings:</b>			
FM – Sociedade de Controlo, SGPS, SA	150,450,056	63.35%	64.33%
<b>Freefloat</b>	83,415,273	35.12%	35.67%
	<b>237,505,141</b>	<b>100.00%</b>	<b>100.00%</b>

2. Restrictions to the transferability of shares, such as consent for alienation clauses, or limitations to share ownership (article 245-A, no. 1, sec. b).

There are no restrictions on the transfer of shares.

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights that would correspond to its own shares (article 245-A, no. 1, sec. a).

On December 31, 2016, MOTA-ENGIL, SGPS, SA held 3,639,812 own shares corresponding to 1.53% of share capital, which do not grant voting right.

# Report on Corporate Governance Practices

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**4. Significant agreements in which the Company is a party and that shall come into force, be modified or terminated upon a change in the Company's control, as a result of a public offer of acquisition, as well as their effects, unless if, due to its nature, their disclosure is prejudicial to the Company, except if the Company is obliged to disclose such information under other legal imperatives (article 245-A, no. 1, sec. j).**

There are no significant agreements in which the Company is a party or that shall come into force, be modified or terminated in case of change in the Company's control.

**5. System of renewal or revoking of defensive measures, especially those that stipulates the limitations of the number of votes susceptible of being held, or exercised, by a single shareholder individually or in coordination with other shareholders.**

No defensive measures were adopted and there are no statutory limitations on the number of votes that may be exercised by a single shareholder.

**6. Shareholder agreements that may be known to the company and lead to restrictions in the transmission of securities or voting rights (article 245-A, no. 1, sec. g).**

The Company has no knowledge of any shareholder agreements that may result in restrictions in the transmission of securities or voting rights.

# Report on Corporate Governance Practices

## II. Participations and bonds

7. Identification of legal persons who, directly or indirectly, hold qualified holdings (article 245-A, no. 1, sec. c and d, and article 16), with detailed indication of the percentage of capital, attributable votes, source and causes of attribution.

On December 31, 2016 and according to the notifications received by the Company, the shareholders who, under article 20 of the Companies Code, have representative qualifying holdings of at least 2% of the share capital of MOTA-ENGIL, SGPS, SA, are the following:

Shareholders	No. of shares	% Voting Capital	% Voting rights
Mota Gestão e Participações, SGPS, SA (*)	132,756,739	55.90%	56.77%
António Manuel Queirós Vasconcelos da Mota (**) (a)	5,550,020	2.34%	2.37%
Maria Paula Queirós Vasconcelos Mota de Meireles (**) (a)	4,494,211	1.89%	1.92%
Maria Teresa Queirós Vasconcelos Mota Neves da Costa (**) (a)	3,676,836	1.55%	1.57%
Maria Manuela Queirós Vasconcelos Mota dos Santos (**) (a)	3,675,066	1.55%	1.57%
Maria Sílvia Fonseca Vasconcelos Mota (***)	87,061	0.04%	0.04%
Carlos António Vasconcelos Mota dos Santos (**)	80,000	0.03%	0.03%
José Manuel Mota Neves da Costa (***)	37,000	0.02%	0.02%
José Pedro Matos Marques Sampaio de Freitas (**)	20,138	0.01%	0.01%
Manuel António da Fonseca Vasconcelos da Mota (**)	72,985	0.03%	0.03%
<b>Attributable to FM – Sociedade de Controlo, SGPS, SA</b>	<b>150,450,056</b>	<b>63.35%</b>	<b>64.33%</b>
<b>Own Shares</b>	<b>3,639,812</b>	<b>1.53%</b>	<b>-</b>
<b>Freefloat</b>	<b>83,415,273</b>	<b>35.12%</b>	<b>35.67%</b>
<b>TOTAL</b>	<b>237,505,141</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) Direct Shareholder of the Company

(\*\*) Member of the Board of Directors and Senior Member of the Company

(\*\*\*) Manager of the Company

On December 31, 2016, Mota Gestão e Participações, SGPS, SA is 100% held by FM – Sociedade de Controlo, SGPS, S.A., which is 100% held by the members of the Board of Directors mentioned above with (a).

As at this report date, 150,452,056 shares corresponding to 63.35% of the share capital of MOTA-ENGIL, SGPS, SA, granting 64.33% of voting rights were attributable to FM – Sociedade de Controlo, SGPS, SA.

There are no shareholders, or category of shareholders, who hold special rights.

# Report on Corporate Governance Practices

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**8. Indication of the number of shares and bonds held by management members and supervisory bodies. [NOTE: the information shall be provided in compliance with no. 5 of article 447 of the Companies Code]**

Shares and bonds held by management members and supervisory bodies in the Company are divulged and annexed to the annual management report under the terms of article 447 of Companies Code and no. 7, article 14 of the CMVM (Securities Market Commission) Regulations no. 5/2008.

**9. Special powers of the management body, namely regarding the decision to increase capital (article 245-A, no. 1, sec. i), with date indication on which such powers were granted, term to which they may be exercised, maximum quantitative limit of the increase in social capital, amount already issued under the powers granted and way of achieving the assigned powers.**

As defined in paragraph 7 of Article 6 of the Company Articles of Association, the Board of Directors of MOTA-ENGIL, SGPS, S.A. may deliberate on the increase in share capital of the Company, due to cash inflow, one or more times, in the maximum amount of 80 million Euros, with the sole purpose of providing new shares to holders, which have requested the conversion of convertible bonds into ordinary shares of the Company. On December 31, 2016, the Company had not issued any convertible bonds.

**10. Information on the existence of significant relations of commercial nature between the holders of qualifying holdings and the Company.**

There are no significant relations of commercial nature between the holders of qualifying holdings and the Company.

# Report on Corporate Governance Practices

## B. COMPANY BODIES AND COMMITTEES

### I. General Meeting

#### 11. Identification and duties of members of the Board of the Annual General Meeting and respective terms of office (beginning and end)

On December 31, 2016, the Board of the Annual General Meeting was composed of the following members mandated for the period 2014-2017:

Chairman: Luís Neiva Santos

Secretary: Rodrigo Neiva Santos

#### 12. Potential restrictions to the right to vote, such as limitations to vote dependent on the ownership of a number or percentage of shares, deadlines set for the exercise of voting rights or systems that highlight ownership rights (article 245-A, no. 1, sec. f)

According to MOTA-ENGIL, SGPS, S.A.'s articles of association, each share corresponds to one vote, thus ensuring the necessary proportionality between the holding of capital and the right to vote.

Even though MOTA-ENGIL, SGPS, S.A.'s articles of association provide for the possibility of the Company issuing preferred non-voting shares, this class of shares does not currently exist.

According to article 24 of the Company's articles of association, in order for the general meeting to gather and deliberate at first call, shareholders who hold shares corresponding to more than 50% of the share capital must be present or represented.

The statutory rules on the exercise of voting rights by correspondence are stipulated in article 23 of the Company's articles of association. In accordance with this article, shareholders may vote by correspondence on each and every matter, there being no restriction in this regard.

The Company provides a form for the exercise of voting rights by correspondence. This form can be obtained through from the Capital Market Relations Division (João Vermelho – e-mail: [jvermelho@mota-engil.pt](mailto:jvermelho@mota-engil.pt)).

Postal ballots shall be considered only if received at the Company's registered office at least three days before the date of the general meeting.

The exercise of voting rights by electronic means is not yet possible. To date the Company has received no request for or expression of interest in the provision of these means from shareholders or investors.

The Company shareholders may access, at the website ([www.mota-engil.pt](http://www.mota-engil.pt)), the extracts of the General Meeting minutes, which are published within five days after the meeting is held.

The Company has available, on its website ([www.mota-engil.pt](http://www.mota-engil.pt)), information regarding resolutions made in the Company's general meetings for the last three financial years, as well as the share capital represented and the results of the votes.

# Report on Corporate Governance Practices

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The Company has not adopted any mechanism that causes the mismatch between the right to receive dividends or subscription of new securities and the voting rights of each share.

## **13. Indication of the maximum percentage of voting rights which may be exercised by a sole shareholder or shareholders who find themselves in one of the relationships covered by number 1 of article 20**

The memorandum of association of the Company does not provide for a limitation to the votes able to be held or exercised by a sole shareholder individually or jointly with other shareholders.

## **14. Identification of the shareholder decisions which, by requirement of the articles of association, can only be taken with a qualified majority, in addition to those provided for under the law, and indication of said majorities**

In accordance with the provisions of the articles of association of the Company, the decisions of the Annual General Meeting should be taken by a simple majority except where the law requires differently.

## **II. Administration and Supervision**

### **15. Identification of the governance model adopted**

MOTA-ENGIL, SGPS, SA adopts a Latin/classic model of governance comprising of a Board of Directors, a Statutory Audit Board and a statutory auditor not a member of the Statutory Audit Board. The Board of Directors is the body responsible for undertaking all of the administrative actions relating to the company business, deciding on the strategic direction and the designation and general supervision of the Executive Committee and the expert committees it forms. The other two bodies have the responsibility of supervision and monitoring.

The details of the structure adopted, the bodies of which it is composed and their corresponding functions and responsibilities are set out below.

### **16. Regulations in the articles of association regarding procedural and material requirements applicable to the nomination and substitution of members where applicable for the Board of Directors, the Executive Administration Board and the General and Supervisory Board (art. 245-A, no. 1, sec. h)**

The members of the Board of Directors are elected in accordance with the law and the articles of association under the terms of the proposal approved at the annual general meeting. In addition and as provided for by the law and the articles of association, the Board of Directors elected an Executive Committee. The articles of association do not provide for any specific regime relative to the substitution of members of the Board of Directors and therefore this takes place under the provisions of number 3 of article 39 of the Companies Code.

# Report on Corporate Governance Practices

## 17. Composition as applicable of the Board of Directors, the Executive Administration Board and the General Supervisory Board with indication of the statutory minimum and maximum number of members, the statutory duration of the mandate, number of full members, date of the first nomination and date of end of office of each member

In accordance with the articles of association of the Company, the Board of Directors is composed of a minimum of three members and a maximum of 17 who may or may not be shareholders, elected at an annual general meeting. The mandate of the Board of Directors is four years with their re-election being permitted in legal term. The present mandate of the Board of Directors corresponds to the four year period from 2014-2017. The Annual General meeting designates the Chairman and up to three deputy-chairmen from the Directors elected.

On December 31, 2016, MOTA-ENGIL, SGPS, SA had a Board of Directors made up of 17 members: one chairman, two deputy-chairmen and 14 members. On that same date, eight of its members performed executive functions and formed an Executive Committee, while the remaining nine performed non-executive functions.

Director	First appointment	Current term of office
António Manuel Queirós Vasconcelos da Mota	March 31, 2000	December 31, 2017
Gonçalo Nuno Gomes de A. Moura Martins	March 28, 2008	December 31, 2017
Arnaldo José Nunes da Costa Figueiredo	May 26, 2008	December 31, 2017
Maria Manuela Queirós V. Mota dos Santos	March 31, 2000	December 31, 2017
Maria Teresa Queirós V. Mota Neves da Costa	March 31, 2000	December 31, 2017
Maria Paula Queirós V. Mota de Meireles	March 31, 2000	December 31, 2017
Carlos António Vasconcelos Mota dos Santos	April 17, 2012	December 31, 2017
Ismael Antunes Hernandez Gaspar	March 28, 2008	December 31, 2017
José Pedro Matos Marques Sampaio de Freitas	January 7, 2013 <sup>(1)</sup> April 24, 2013 <sup>(2)</sup>	December 31, 2017
António Martinho Ferreira de Oliveira	April 30, 2014	December 31, 2017
Manuel António da Fonseca Vasconcelos da Mota	May 25, 2016	December 31, 2017
João Pedro dos Santos Dinis Parreira	April 30, 2014	December 31, 2017
Eduardo João Frade Sobral Pimentel	May 25, 2016	December 31, 2017
Luís Filipe Cardoso da Silva	March 31, 2010	December 31, 2017
Luís Valente de Oliveira	March 31, 2006	December 31, 2017
António Bernardo A. Da Gama Lobo Xavier	March 31, 2006	December 31, 2017
António Manuel da Silva Vila Cova	April 15, 2009	December 31, 2017

(1) Co-optation by the Board of Directors

(2) Ratification of the co-optation in the annual general meeting

It should be noted that on February 2, 2016 Gilberto Silveira Rodrigues requested his resignation from his position of director at MOTA-ENGIL, SGPS, SA.

# Report on Corporate Governance Practices

## 18. Distinction between executive and non-executive members of the Board of Directors and, regarding the non-executive members, identification of the members who could be considered independent or, where applicable, identification of the independent members of the General and Supervisory Board

Director	Executive / Non-executive <sup>(1)</sup>	Independent / Non-independent <sup>(2)</sup>
António Manuel Queirós Vasconcelos da Mota	Non-executive	Non-independent
Gonçalo Nuno Gomes de A. Moura Martins	Executive	Non-independent
Arnaldo José Nunes da Costa Figueiredo	Non-executive	Non-independent
Maria Manuela Queirós V. Mota dos Santos	Non-executive	Non-independent
Maria Teresa Queirós V. Mota Neves da Costa	Non-executive	Non-independent
Maria Paula Queirós V. Mota de Meireles	Non-executive	Non-independent
Carlos António Vasconcelos Mota dos Santos	Executive	Non-independent
Ismael Antunes Hernandez Gaspar	Executive	Non-independent
José Pedro Matos Marques Sampaio de Freitas	Executive	Non-independent
António Martinho Ferreira de Oliveira	Executive	Non-independent
Manuel António da Fonseca Vasconcelos da Mota	Executive	Non-independent
João Pedro dos Santos Dinis Parreira	Executive	Non-independent
Eduardo João Frade Sobral Pimentel	Executive	Non-independent
Luís Filipe Cardoso da Silva	Non-executive	Non-independent
Luís Valente de Oliveira	Non-executive	Independent
António Bernardo A. da Gama Lobo Xavier	Non-executive	Independent
António Manuel da Silva Vila Cova	Non-executive	Independent

(1) Executive: Member of the Executive Committee; Non-executive: non-member of the Executive Committee;

(2) Considered independent under the independence criteria set out in paragraph 18.1 of Annex I to CMVM Regulation No. 4/2013 and the recommendation II.1.7 of the Corporate Governance Code of CMVM (2013).

It is understood that the annual remuneration of 35,000 Euros, 60,000 Euros and 39,000 Euros (see paragraph 77) of directors Luís Valente de Oliveira, António Bernardo A. da Gama Lobo Xavier and António Manuel da Silva Vila Cova, respectively, does not deprive them of their independence.

As there are three independent directors according to the above referred criteria, from a total of nine non-executive directors, it is deemed that a proper ratio of independent directors exists among the non-executive directors.

## 19. Professional qualifications and other curricular elements of interest of each member, where applicable, of the Board of Directors, the General and Supervisory Board and the Executive Administration Board.

### António Manuel Queirós Vasconcelos da Mota (Chairman)

#### Professional qualifications

- Degree in Civil Engineering (transport routes) by the Faculdade de Engenharia Civil da Universidade do Porto

#### Professional career in the last five years

- Currently, and at least for five years, besides being Chairman of the Board of Directors and Chairman of Mota-Engil, SGPS, SA Remuneration Committee, works/worked in several corporate bodies of companies within and outside the Group

# Report on Corporate Governance Practices

## Gonçalo Nuno Gomes de Andrade Moura Martins (Deputy-chairman)

### Professional qualifications

- Degree in Law by Faculdade de Direito da Universidade de Lisboa
- Post graduation in Management by Instituto Superior de Gestão

### Professional career in the last five years

- Currently, and at least for five years, besides being Deputy-chairman of the Board of Directors and Chairman of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group
- Member of the Board of Curators of Manuel António da Mota Foundation

## Araldo José Nunes da Costa Figueiredo (Member)

### Professional qualifications

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto

### Professional career in the last five years

Currently, and at least for five years, besides being a member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

## Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)

### Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto.

### Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

## Maria Teresa Queirós Vasconcelos Mota Neves da Costa (Member)

### Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

### Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors and Remuneration Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

## Maria Paula Queirós Vasconcelos Mota de Meireles (Member)

### Professional qualifications

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto

### Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

# Report on Corporate Governance Practices

## Carlos António Vasconcelos Mota dos Santos (Member)

### Professional qualifications

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto
- Master in Business Administration by the Universidade do Porto

### Professional career in the last five years

- Member of the Board of Directors of Mota Gestão e Participações – Sociedade Gestora de Participações Sociais, SA
- Member of the Board of Directors of António do Lago Cerqueira, SA
- Manager at Kepler, SGPS, SA
- Currently, besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

## Ismael Antunes Hernandez Gaspar (Member)

### Professional qualifications

- Degree in Civil Engineering by the Instituto Superior de Engenharia de Lisboa

### Professional career in the last five years

- Member of the Statutory Audit Board of FUNDCIC – Fundo para o Desenvolvimento das Ciências da Construção
- Currently, and at least for five years, besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

## José Pedro Matos Marques Sampaio de Freitas (Member)

### Professional qualifications

- Degree in Economics by the Universidade Católica Portuguesa – Porto

### Professional career in the last five years

- Currently, besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA (CFO), works/worked in several corporate bodies of companies within and outside the Group

## António Martinho Ferreira de Oliveira (Member)

### Professional qualifications

- Bachelor's degree in Civil Engineering by the Instituto Superior de Engenharia de Coimbra
- Post Graduation in Management by the Universidade Nova de Lisboa

### Professional career in the last five years

- Besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

# Report on Corporate Governance Practices

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## **Manuel António da Fonseca Vasconcelos da Mota (Member)**

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### **Professional qualifications**

- Master's Degree in Civil Engineering by the University College of London
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### **Professional career in the last five years**

- Manager at Kepler, SGPS, SA
  - Besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group
- 

## **João Pedro dos Santos Dinis Parreira (Member)**

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### **Professional qualifications**

- Degree in Law by the Faculdade de Direito da Universidade de Coimbra
  - Post Graduation in Management by the Universidade Católica Portuguesa
- 

### **Professional career in the last five years**

- Besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group
- 

## **Eduardo João Frade Sobral Pimentel (Member)**

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### **Professional qualifications**

- Degree in Civil Engineering by the Instituto Superior Técnico de Lisboa
- 

### **Professional career in the last five years**

- Besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group
- 

## **Luís Filipe Cardoso da Silva (Member)**

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### **Professional qualifications**

- Degree in Economics by the Faculdade de Economia da Universidade do Porto
- 

### **Professional career in the last five years**

- Currently, and at least for five years, besides being a member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group
-

# Report on Corporate Governance Practices

## Luís Valente de Oliveira (Independent member)

### Professional qualifications

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto
- PhD in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto
- Retired University Professor at Faculdade de Engenharia da Universidade do Porto

### Professional career in the last five years

- European coordinator for the Motorways of the Sea
- Director at the Luso-American Development Foundation (FLAD)
- Member and Chairman of the Audit and Risk Committee of Millennium BCP
- Chairman of the Statutory Audit Board of EFACEC, SGPS, SA
- Chairman of the Board of Founders of Casa da Música
- Member of the Advisory Board of Foundations (Presidency of the Council of Ministers)
- Member of the Board of Directors of the Foundation of Associação Empresarial de Portugal
- Independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA

## António Bernardo Aranha da Gama Lobo Xavier (Independent member)

### Professional qualifications

- Degree in Law by the Faculdade de Direito da Universidade de Coimbra
- Master in Economics and Tax Law by the Faculdade de Direito da Universidade de Coimbra

### Professional career in the last five years

- Besides being an independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies outside the Group

## António Manuel da Silva Vila Cova (Independent member)

### Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

### Professional career in the last five years

- Member of the Statutory Audit Board of Banco Finantia
- Non-executive chairman of the Board of Directors of Banco Finantia
- Independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA

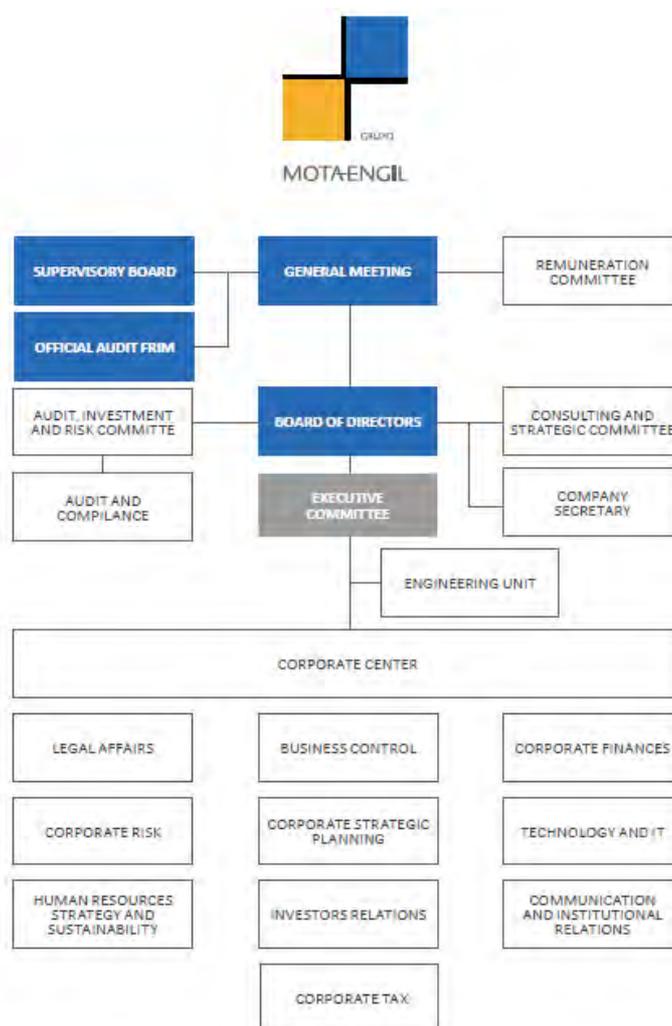
## 20. Family and professional or commercial relationships which are ongoing and significant of the members of the Board of Directors, the General and Supervisory Board and the Executive Administration Board with shareholders to whom qualified participation is attributable greater than 2% of voting.

The members of the Board of Directors António Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota dos Santos, Maria Teresa Queirós Vasconcelos Mota Neves da Costa and Maria Paula Queirós Vasconcelos Mota de Meireles are siblings and holders of 100% of the share capital of FM – Sociedade de Controlo, SGPS, SA, to which dominance of MOTA-ENGIL, SGPS, SA's share capital and the respective voting rights are attributed.

# Report on Corporate Governance Practices

Board of Directors member Carlos António Vasconcelos Mota dos Santos is the son of Maria Manuela Queirós Vasconcelos Mota dos Santos while the member Manuel António da Fonseca Vasconcelos da Mota is the son of António Manuel Queirós Vasconcelos da Mota, and José Pedro Matos Marques Sampaio de Freitas is the son-in-law of Maria Paula Queirós Vasconcelos Mota de Meireles.

21. Organizational charts or tables of duties related to the division of responsibilities between the various corporate bodies, committees and/or departments of the Company, including information regarding the scope of the delegation of responsibilities, in particular as it relates to the delegation of the day-to-day management of the Company.



## Management bodies

On December 31, 2016, MOTA-ENGIL, SGPS, SA had a Board of Directors made up of 17 members: one chairman, two deputy-chairmen and 14 members. On that same date, eight of its members performed executive functions and formed an Executive Committee, while the remaining nine performed non-executive functions.

# Report on Corporate Governance Practices

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The Executive Committee was elected by the Board of Directors, having been delegated all the powers related to the management of activities at the Company and all its subsidiaries, in its strictest interpretation of making tactical options and controlling concrete lines of development in the various activities, assuming the responsibilities of executive management of the GROUP's business in line with the guidelines and policies defined by the Board of Directors. The Executive Committee can discuss all the matters that are the responsibility of the Board of Directors, without prejudice to only being able to deliberate on the matters delegated to them. All matters dealt with by the Executive Committee, even if included in its delegated responsibilities, are made known to the non-executive directors, who have access to the corresponding minutes and support documents.

The Executive Committee meetings are usually held every three weeks, and at the beginning of the fiscal year all meetings to be held during the year are scheduled. The Chairman of the Executive Committee, through the Communication, Strategy and Institutional Relations Division, submits the notices and the minutes of the respective meetings in a timely fashion to the Chairman of the Board of Directors. The executive directors provide to non-executive directors as well as the other Board members all necessary explanations for the exercise of these powers, either on their own initiative or at the request of said Board members.

In addition to the functions that are attributed to it by law, the Board of Directors is essentially committed to defining and controlling the strategic development of the GROUP and each of its business and decision-making on matters of greater importance. In this context, no responsibilities were delegated concerning strategy and general policies of the Company, corporate structure of the GROUP and decisions that must be considered strategic due to the amounts, risk and particular characteristics.

The Chairman of the Board of Directors has the responsibilities entrusted to him by law and by the articles of association.

With regard to the assignment of posts to the members of the Board of Directors, particularly within the scope of the Executive Committee, the following are underscored:

- Gonçalo Nuno Gomes de Andrade Moura Martins
  - Coordination of the Executive Committee
  - Legal matters
  - Communications and institutional relations
  - Investors relations
  - Chairman and CEO of LÍNEAS
  - Chairman of MOTA-ENGIL África
  
- Carlos António Vasconcelos Mota dos Santos
  - Chairman of MOTA-ENGIL EUROPA
  - Chairman of MOTA-ENGIL AMÉRICA LATINA
  - Chairman of MOTA-ENGIL AMBIENTE e SERVIÇOS
  
- Ismael Antunes Hernandez Gaspar
  - CEO of MOTA-ENGIL AMBIENTE e SERVIÇOS

# Report on Corporate Governance Practices

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- José Pedro Matos Marques Sampaio de Freitas
  - Chief Financial Officer (CFO)
  - Business control
  - Corporate finance
  - Corporate risk
  - Investors relations
  - Corporate tax
- António Martinho Ferreira de Oliveira
  - CEO of MOTA-ENGIL EUROPA (Engineering & Construction)
- Manuel António da Fonseca Vasconcelos da Mota
  - CEO of MOTA-ENGIL ÁFRICA
- João Pedro dos Santos Dinis Parreira
  - CEO of MOTA-ENGIL AMÉRICA LATINA
- Eduardo João Frade Sobral Pimentel
  - Human resources and sustainability strategy
  - Corporate strategic planning
  - Corporate IT
  - Engineering unit

As at December 31, 2016, Gonçalo Nuno Gomes de Andrade Moura Martins, in the capacity of Chairman of the Executive Committee, was considered the Chief executive Officer (CEO) of the Company and José Pedro Matos Marques Sampaio de Freitas, in the capacity of officer responsible for the financial areas of the Company, was considered the Chief Financial Officer (CFO).

Non-executive directors monitor the Company's business, thus guaranteeing their effectiveness to supervise, inspect and assess the business, specifically through periodic meetings of the Board of Directors, without prejudice to access to any information or documentation as may be requested at any time. In exercising their non-executive duties, the directors were not faced with any constraints in 2016. The annual management report includes a description of the activity of the non-executive directors.

## Supervisory bodies

Supervision of the Company is performed by a Statutory Audit Board and by a Statutory Auditor (auditing firm), performing the duties called for by law and by the articles of association.

The General meeting shall elect the Statutory Audit Board and designate, at the proposal of the Statutory Audit Board, the Statutory Auditor or auditing firm.

The Company's Statutory Audit Board is made up of four members, a chairman, two full members and an alternate member.

# Report on Corporate Governance Practices

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## Specialised committees

### Remuneration Committee

In accordance with the articles of association the duties of the Remuneration Committee, elected by the shareholders at a general meeting, are to define the policy for the remuneration of the corporate officers, setting the applicable remuneration taking into account the duties performed, their performance and the Company's economic situation. In this connection, the Remuneration Committee constantly monitors and assesses the performance of the directors, verifying the extent to which the proposed objectives have been accomplished and meets as and when necessary. The directors' remuneration includes a performance-based component.

The committee elected for the four-year period 2014-2017 is composed of the following members: António Manuel Queirós Vasconcelos da Mota, Maria Teresa Queirós Vasconcelos Mota Neves da Costa, both of whom are members of the Board of Directors, and Manuel Teixeira Mendes. Minutes are drawn up of all meetings held.

### Investment, Audit and Risk Committee

The Investment, Audit and Risk Committee is normally composed of three permanent members (three non-executive directors, one of whom is an independent non-executive director), and it may invite other senior GROUP staff connected with the projects under evaluation. The main functions and responsibilities of the Committee are: (i) approving the Annual Audit Plan, monitoring them and commenting on reports thereof, (ii) appraising and suggesting investment and business risk policies and projects to the Board of Directors, (iii) examining and issuing opinions on investment or divestment projects, (iv) issuing opinions on getting into and out of new business areas, (v) monitoring relevant financial and corporate operations, (vi) issuing opinions on the Risk Matrix of the GROUP whenever it is updated or whenever there are significant changes to external circumstances and/or to operating risks, (vii) assessing risk management strategies set at corporate level and implementing cross-sectional risk management policies in the regions/business areas, and (viii) following up the monitoring of risks related to selected projects. Minutes are drawn up of all meetings held. As at December 31, 2016, the members of the committee were: Maria Teresa Queirós Vasconcelos Mota Neves da Costa, Luís Filipe Cardoso da Silva and António Manuel da Silva Vila Cova, the last one being an independent non-executive director.

No other committees were created within the Board of Directors, including the committees for assessment of performance of executive directors and for reflection on system, structure and governance practices adopted, since it does not become necessary.

### Consulting and Strategic Committee

The Consulting and Strategic Committee is a consulting body designated by the MOTA-Engil, SGPS, SA's Board of Directors and by proposal of its Chairman, having as function the deliberation, without a binding nature, on the issues set under its regulation and other issues mandated by the Board of Directors for their analysis and possible provision of opinions and recommendations, although without a binding nature for the Company.

The Consulting and Strategic Committee is entrusted with monitoring and, on their own initiative, provide recommendations addressed at the Board of Directors, on the following issues: strategic plan design and implementation; GROUP's strategy to each geographical area and implementation thereof; political and social context in Portugal and international geopolitical situation, national and global macroeconomic evolution and interaction with the GROUP's strategy; and benchmarking of the GROUP's activities, as well as of global trends.

# Report on Corporate Governance Practices

## 22. Existence and site where the regulations can be consulted, where applicable, to the Board of Directors, the General and Supervisory Board and the Executive Administration Board.

The management and supervisory bodies for the Company have internal regulations for their function which are not published on the Company website and which are not available for consultation. MOTA-ENGIL, SGPS, SA understands that the regulations go beyond the mere functioning of the bodies with a reserved content which is the reason that they are not publicly available. However, the main functions and duties of those bodies are detailed throughout this report, such as in sections 21 and 38.

## 23. Number of meetings held and level of attendance of each member, where applicable, of the Management Board, the General and Supervisory Board and the Executive Administration Board.

In the course of 2016, 39 meetings of the Board of Directors and 16 meetings of the Executive Committee were held with the following level of attendance:

Director	Board of Directors	Executive Committee
António Manuel Queirós Vasconcelos da Mota	95%	n.a.
Gonçalo Nuno Gomes de A. Moura Martins	97%	100%
Arnaldo José Nunes da Costa Figueiredo	100%	n.a.
Maria Manuela Queirós V. Mota dos Santos	100%	n.a.
Maria Teresa Queirós V. Mota Neves da Costa	90%	n.a.
Maria Paula Queirós V. Mota de Meireles	95%	n.a.
Carlos António Vasconcelos Mota dos Santos	97%	100%
Ismael Antunes Hernandez Gaspar	97%	94%
José Pedro Matos Marques Sampaio de Freitas	95%	100%
António Martinho Ferreira de Oliveira	92%	94%
Gilberto Silveira Rodrigues (*)	75%	0%
Manuel António da Fonseca Vasconcelos da Mota (**)	84%	100%
João Pedro dos Santos Dinis Parreira	95%	94%
Eduardo João Frade Sobral Pimentel (**)	96%	90%
Luís Filipe Cardoso da Silva	100%	n.a.
Luís Valente de Oliveira	97%	n.a.
António Bernardo A. da Gama Lobo Xavier	95%	n.a.
António Manuel da Silva Vila Cova	95%	n.a.

(\*) On 2 February 2016, Gilberto Silveira Rodrigues requested his resignation from his position of director.

(\*\*) On the general meeting of May 25, 2016, Manuel António da Fonseca Vasconcelos da Mota and Eduardo João Frade Sobral Pimentel were appointed directors of the Company.

The attendance of the members of the Board of Directors and of the Executive Committee in the aforementioned meetings was performed by effective participation and not by representatives.

# Report on Corporate Governance Practices

## 24. Indication of the Company bodies responsible for assessing the performance of executive directors.

The Remuneration Committee is the body responsible for assessing the performance and approving the remuneration of the members of the Board of Directors as representative of shareholders in accordance with the remuneration policy approved by the annual general meeting.

## 25. Predetermined criteria for the assessment of performance of executive directors.

The quantitative element of the assessment of performance consists of a series of Key-Performance Indicators (KPI) indexed in the GROUP'S Strategic Plan, which orientates the performance in four dimensions: cash-flow generation, internal control/controlled risk, sustainable growth and or organizational reinforcement.

Below is an example of the KPI chart in effect at the GROUP.

Cash-flow generation	<ul style="list-style-type: none"> <li>· Net margin</li> <li>· Free Cash-Flow</li> <li>· Turnover</li> </ul>	Sustainable growth
internal control/ controlled risk	<ul style="list-style-type: none"> <li>· Turnover % generated by key clients</li> <li>· Weight of investment in subsequent turnover generation</li> <li>· Participation of staff in ME Active School</li> </ul>	Organizational reinforcement

The quantitative assessment is subsequently weighted by a discretionary, individual, qualitative assessment which may result in a pay-out value between a pre-established minimum and maximum percentage.

## 26. Availability, where applicable, of each member of the Board of Directors, the General and Supervisory Board and the Executive Administration Board with an indication of the responsibilities exercised simultaneously at other companies within and outside of the GROUP and other relevant activities exercised by members of said bodies in the course of the year.

The responsibilities exercised by the directors in other companies (in their majority in GROUP companies or representing the GROUP) and other relevant activities are broken down at Appendix "List of offices held by directors", being the availability of each member for the exercise of their functions demonstrated not only by the posts they occupy but also by the degree of attendance and active participation of the directors in meetings whether of the Executive Committee, in the case of executive directors, or in meetings of the Board of Directors, for all members (according to 23 above).

## 27. Identification of the committees created, where applicable, in the Board of Directors, the General and Supervisory Board and the Executive Administration Board and the site where the regulations for their functioning may be consulted.

In addition to the Executive Committee, the Board of Directors created the Investment, Audit and Risk Committee (according to 21 above). The respective internal regulations are not available for consultation, although the main functions and duties of that Committee are described in the section mentioned above.

# Report on Corporate Governance Practices

## 28. Composition, where applicable, of the executive Committee and/or the identification of director(s).

Director	Function
Gonçalo Nuno Gomes de A. Moura Martins	Deputy-chairman of the Board of Directors and Chief Executive Officer
Carlos António Vasconcelos Mota dos Santos	Member
Ismael Antunes Hernandez Gaspar	Member
José Pedro Matos Marques Sampaio de Freitas	Chief Financial Officer (CFO)
António Martinho Ferreira de Oliveira	Member
Manuel António da Fonseca Vasconcelos da Mota	Member
João Pedro dos Santos Dinis Parreira	Member
Eduardo João Frade Sobral Pimentel	Member

## 29. Indication of the responsibilities of each of the committees created and synthesis of the activities carried on in their exercise.

On this matter reference is made to 21 and 27 above.

# Report on Corporate Governance Practices

## III. Supervision

### 30. Identification of the supervisory body (Statutory Audit Board, Audit Committee or General and Supervisory Board) corresponding to the model adopted.

The Statutory Audit Board and the statutory auditor are the Company's supervisory bodies under the governance model adopted.

### 31. Composition, where applicable, of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Matters with an indication of the statutory minimum and maximum number of members, statutory duration of their mandate, the number of effective members, the date of nomination and the termination date for each member with reference to the point in the report where this information appears under the provisions of no. 18.

In accordance with the Company's articles of association, the Statutory Audit Board should be composed of a minimum of three effective members, this number being set by the annual general meeting. The Statutory Audit Board also will have one or two alternate members if constituted with three or more effective members respectively. The Statutory Audit Board nominates its chairperson when the annual general meeting fails to do so. The mandate for members of the Statutory Audit Board has a duration of four years.

The members nominated for the current mandate (four-year period 2015-2018) and currently in post are:

Member	Function	First appointment	Current term of office
Alberto João Coraceiro de Castro	Chairman	March 30, 2007	December 31, 2018
José Rodrigues de Jesus	Full member	March 30, 2007	December 31, 2018
Horácio Fernando Reis e Sá	Full member	April 14, 2011	December 31, 2018
Pedro Manuel Seara Cardoso Perez	Alternate member	March 30, 2007	December 31, 2018

### 32. Identification, where applicable, of the members of the Statutory Audit Board, the General Board and the Committee for Financial Matters who are considered to be independent under the terms of art. 414, no. 5 of the Companies Code, referring to the point in the report where this information appears under the provisions of no. 19.

All the members of the Statutory Audit Board, both full and alternate, comply with the independence criteria provided for under no. 5 of article 414, along with the incompatibility regulations provided for under no. 1 of article 414-A and those of the Companies Code.

# Report on Corporate Governance Practices

33. Professional qualifications, where applicable, of each member of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Matters and other relevant curricular matters referring to the point in the report where this information appears under the provisions of no. 21.

## Alberto João Coraceiro de Castro (Chairman)

### Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto
- PhD in Economics by the University of South Carolina

### Professional career in the last five years

- Deputy-chairman of the General and Supervisory Board of EDP, Energias de Portugal, SA
- Member of the shareholders' meeting of the CGC Centro de Genética Clínica e Patologia, SA
- Chairman of the Supervisory Audit Board of Cruz Vermelha Portuguesa
- Member of the Investment Committee of the Portuguese Venture Capital Initiative
- Chairman of the Board of Directors of Instituição Financeira de Desenvolvimento, SA
- Member of the Board of Directors of Mystic Invest, SA
- Chairman of the Supervisory Audit Board of Unicer – Bebidas, SA
- Deputy-chairman of the shareholders' meeting of Metro do Porto, SA
- Chairman of the Supervisory Audit Board of Mota-Engil, SGPS, SA

## José Rodrigues de Jesus (Effective member)

### Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto
- Statutory auditor

### Professional career in the last five years

- University Professor
- Member of the Supervisory Audit Board of several companies outside the Group
- Sole supervisor of several companies outside the Group
- Member of the Supervisory Audit Board of Mota-Engil, SGPS, SA

## Horácio Fernando Reis e Sá (Effective member)

### Professional qualifications

- Degree in Law by the Faculdade de Direito da Universidade de Coimbra

### Professional career in the last five years

- Lawyer
- Member of the Supervisory Audit Board of Mota-Engil, SGPS, SA

# Report on Corporate Governance Practices

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**34. Existence and site where the functional regulations, where applicable, for the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters may be consulted, referring to the point in the report where this information appears under the provisions of no. 24.**

The Statutory Audit Board of MOTA-ENGIL, SGPS, SA has internal regulations for their functioning. However, this is not published on the Company website and is not available for consultation. The Company understands that the regulations go beyond the merely functional aspects of the body with a reserved content which is why it is not made public.

**35. Number of meetings held and the level of attendance, where applicable, of each member of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters referring to the point in the report where this information appears under the provisions of no. 25.**

During 2016 five meetings of the Statutory Audit Board were held, with the presence of all of its members in office.

**36. Availability of each of the members, where applicable, of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters with indication of the posts held simultaneously in other companies within and outside of the GROUP and other relevant activities carried on by the members of said bodies in the course of the period referring to the point in the report where this information appears under the provisions of no. 26.**

## **Alberto João Coraceiro de Castro (Chairman)**

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### **Duties in other companies of Mota-Engil Group on December 31, 2016**

- Does not perform duties in other companies of Mota-Engil Group
- 

### **Duties in other companies outside Mota-Engil Group on December 31, 2016**

- Chairman of the Board of Directors of Instituição Financeira de Desenvolvimento, SA
  - Member of the Board of Directors of Mystic Invest, SA
  - Chairman of the Statutory Audit Board of Unicer – Bebidas, SA
  - Deputy-chairman at the shareholders' meeting of Metro do Porto, SA
-

# Report on Corporate Governance Practices

## José Rodrigues de Jesus (Effective member)

### Duties in other companies of Mota-Engil Group on December 31, 2016

- Does not perform duties in other companies of Mota-Engil Group

### Duties in other companies outside Mota-Engil Group on December 31, 2016

- Member of the Statutory Audit Board of the following companies:
  - Germen – Moagem de Cereais, SA
  - Labesfal - Laboratório Almiro,SA
  - Ageas Portugal - Companhia Portuguesa de Seguros, SA
  - Ageas Portugal - Companhia Portuguesa de Seguros de Vida, SA
- Sole supervisor at the following companies:
  - Calfor – Indústrias Metálicas, SA
  - Edemi Gardens – Promoção Imobiliária, SA
  - Arsopi – Holding, Sociedade Gestora de Participações Sociais, SA
  - Arsopi – Indústrias Metalúrgicas Arlindo S. Pinho, SA
  - Arlindo Soares de Pinho, Lda
  - Imoágueda, SA
  - Camilo dos Santos Mota, SA
  - Oliveira Dias, SA
  - DIMO – Desenvolvimento Imobiliário e Construção, SA
- Deputy-chairman at the Governing Board of the Association of Statutory Auditors
- Deputy-chairman at the representative meeting of the Economists Association
- Non-executive director, as well as member of the Statutory Audit Board of Banco Comercial Português, SA
- Member of the Studies Office of the Chartered Accountants Association
- Member of the General Board of the Commission of Accounting Standards

## Horácio Fernando Reis e Sá (Effective member)

### Duties in other companies of Mota-Engil Group on December 31, 2016

- Does not perform duties in other companies of Mota-Engil Group

### Duties in other companies outside Mota-Engil Group on December 31, 2016

- Does not perform duties in other companies outside the Mota-Engil Group

## 37. Description of the procedures and criteria applicable to the activities of the supervisory body for the purposes of contracting services additional to the external auditor.

In accordance with section 11 of article 77 of the Regulations of the Association of Statutory Auditors, approved by law no. 140/2015 of September 7 (hereinafter referred to as NEOROC), the Statutory Audit Board of MOTA-ENGIL, SGPS, SA is responsible for assessing properly threats to statutory auditor and auditor independence arising from the provision of services other than those of audit. These services, which are not forbidden under section 8, must still be subject to preliminary opinion, duly justified.

# Report on Corporate Governance Practices

This being the case, the possibility of provision of any service other than that of audit by the statutory auditor or auditor of MOTA-ENGIL, SGPS, SA is subject to the assessment of the Statutory Audit Board. Therefore, a duly justified opinion on its execution was issued for each service provision request.

Moreover, the Statutory Audit Board also receives the declaration of the independence of the auditor under the terms of article 62-B of Decree Law 487/99 of November 16 (amended by Decree Law 224/2008 of November 20), which describes the services provided by the auditor and other entities in the same network, the respective fees paid, any threats to their independence and the measures for its safeguarding. All threats to the independence of the auditor are assessed and discussed with the auditor together with the respective safeguarding measures.

## **38. Other functions of the supervisory bodies and, where applicable, the Committee for Financial Matters.**

The Statutory Audit Board is responsible for the following, under the terms of the law and the respective functional regulation:

- Verify the observance of the law and regulations, the statutes and the regulations issued by the supervisory authorities together with the general policies, regulations and practices instituted within the GROUP.
- Verify the prosecution of the fundamental objectives regarding internal control and management of risks set by the Stock Exchange Commission in the GROUP companies subject to supervision on the basis of consolidation.
- Assess the reliability of the reports concerning the GROUP and GROUP companies subject to this obligation.
- Verify the suitability and supervise the fulfilment of the policies, criteria and accounting practices adopted and the documents on which they are based.
- Verify the books, accounting records and documents on which they are based.
- Verify the extent of cash and stocks of any type of goods or securities belonging to the company or received as guarantee, deposit or other basis whenever judged to be necessary and in the manner felt to be appropriate.
- Call the annual general meeting where the chair fails to do so.
- Verify the accuracy of the accounting documents.
- Provide an opinion on the report, the accounts and the proposals submitted by the Board of Directors attesting to whether or not the report on the structure and practices of corporate governance published includes the elements referred to in article 245-A of the Securities Code.
- Elaborate an annual report on its supervisory activity.
- Supervise the process of preparation and publication of financial information by the Company.
- Learn of the communication of any irregularities detected by employees, shareholders or others.
- Contract the provision of specialist services which support one or more of its members in the exercise of their functions, the contracting and the remuneration of the specialists taking into account the importance of the matters in question and the financial situation of the Company.

# Report on Corporate Governance Practices

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- As regards the Statutory Auditor: propose the nomination of the statutory auditor to the Annual General meeting; supervise the audit of the accounts and documents for the provision of accounts to the Company; supervise the independence of the auditor and study and decide on the provision of additional services (other than audit) by the auditor to the Company or subsidiaries, together with the respective conditions.
- As regards the External Auditor: Submit to the Executive Committee a proposal relating to the external auditor to be contracted by the Company including not only the proposal of who should provide these services but also their proposed remuneration; represent the Company to all intents and purposes together with the external auditor serving as the primary spokesman for the Company and recipient of the respective reports; ensure that adequate conditions are provided for the provision of their services by the Company; supervise the independence of the external auditor and study and issue an opinion on the provision of additional services (other than audit) and the respective conditions by the external auditor to the Company or subsidiaries; provide an opinion on maintaining the external auditor beyond a period of eight years studying the conditions of independence and the advantages and costs of the replacement.
- Oversee the official activities of the CMVM, the General Taxation Board and the General Financial Inspectorate at GROUP companies.
- Ensure the effectiveness of the systems of internal control, internal auditing and management of risks.
- Provide a report on the transactions realised with qualified shareholders or entities related with them under the terms of article 20 of the Securities Code or the respective renovations where the added value per entity is greater than 500,000 Euros per year.

In addition, and with respect to the relevant supervisory function, the Statutory Audit Board monitors the work plans and resources allocated to the Internal Audit and Compliance Office of the Company, being the receiver of periodical reports issued by these departments, as well as of information on matters related to accounting, identification or settlement of conflicts of interest and detection of possible illegalities.

# Report on Corporate Governance Practices

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## IV. Statutory auditor

### **39. Identification of the Statutory Auditor and the engagement partner.**

The post of statutory auditor of the Company is performed by António Magalhães & Carlos Santos, SROC, represented by António Monteiro de Magalhães, ROC (chartered accountant).

### **40. Indication of the number of consecutive years in which the Statutory Auditor has exercised the function for the company and/or GROUP.**

The post of Statutory Auditor is performed by António Magalhães e Carlos Santos, SROC since 2007, or for ten years, and on 2013 the rotation of the engagement partner has been carried on.

### **41. Description of other services provided by the Statutory Auditor to the company.**

During 2016 António Magalhães e Carlos Santos, SROC did not provide any other services to the Company and/or subsidiaries other than those of auditing.

# Report on Corporate Governance Practices

## V. External Auditor

### **42. Identification of the external auditor nominated for the purposes of article 8 and the respective chartered accountant for the fulfilment of these functions together with the respective CMVM registration number.**

The external auditor for the company is Deloitte & Associados, SROC, SA, represented by António Manuel Martins Amaral, and registered at the CMVM under number 20161389.

### **43. Indication of the number of consecutive years in which the external auditor and the respective chartered accountant representing the company exercise their functions for the Company and/or the GROUP.**

Deloitte & Associados, SROC, SA provides the services of external auditing to the Company since 2002, therefore for fifteen years. In 2015 a new auditor representing the company became responsible for the orientation and execution of said services.

### **44. Policy and frequency of rotation of the external auditor and the respective chartered accountant representing the former in the fulfilment of said functions.**

The Company's policy in terms of rotation of the external auditor was to carry out a consultation process regularly to select the external auditor each four years. In 2013, as part of its duties, the Audit Committee promoted the launch of a consultation process for the period 2013-2016 and invited four audit firms of international repute to submit a proposal for the provision of audit services to Mota-ENGIL Group. In 2016, as part of the legal requirement on the need of rotation of auditors, the Audit Committee promoted the launch of a new consultation process for the period between 2017 and 2022 and invited three out of the four audit firms of international repute mentioned above to submit a proposal for the provision of audit services to MOTA-ENGIL Group. As a result of said consultation process, the Statutory Audit Board issued a favourable opinion on the appointment of PricewaterhouseCoopers & Associados, SROC, SA. In addition, the policy of the Company and of the external auditor regarding the frequency of rotation of the statutory auditor representing the company in the exercise of their functions is in accordance with applicable legal requirements, i.e. two or three terms of office, depending on whether these last four or three years, respectively.

### **45. Indication of the body responsible for the assessment of the external auditor and frequency of said assessment.**

The Statutory Audit Board annually assesses the external auditor, taking responsibility for supervising their qualifications and independence, as well as ensuring that the appropriate conditions for the provision of their services are provided within the Company, being the Company's point of contact and the first recipient of the reports of the external auditor.

Although not a specific or exclusive competence of the General Meeting, nothing prevents it to be called upon to decide, in case of questioning by the Statutory Audit Board for the removal of the external auditor, where there is just cause for the effect. In any case, and to date, the Statutory Audit Board of MOTA-ENGIL, SGPS, SA found no reason to consider taking steps towards removing for just cause an entity that has played the role of external auditor of the Company.

# Report on Corporate Governance Practices

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**46. Identification of the tasks other than auditing carried out by the external auditor for the company and/or for companies which it controls as well as indicating the internal procedures for the purposes of approval of the contracting of said services and the reasons for doing so.**

Works other than audit provided by the external auditor during the year of 2016 not previously contracted in 2015 are detailed below:

- Performance of audit procedures agreed with a view to validating financial ratios, drawn up by MOTA-ENGIL, SGPS, SA, based on information from its consolidated financial statements on December 31, 2015, to be submitted to financial institutions under financing agreement (covenants);
- Performance of audit procedures agreed to validate the conversion of MOTA-ENGIL, LATIN AMERICA BV's consolidated financial statements on December 31, 2015 in Euros into US dollars;
- Performance of agreed procedures on the validation of the consistency of financial information and accounting policies on intangible assets included in a statement issued by the Board of Directors of MOTA-ENGIL, SGPS, SA with the consolidated financial statements of MOTA-ENGIL, SGPS, SA on December 31, 2015;
- Performance of audit procedures agreed with a view to validating financial ratios, drawn up by MOTA-ENGIL, SGPS, SA, based on information from its consolidated financial statements on December 31, 2016, to be submitted to financial institutions under financing agreement (covenants).

As referred in 38 above, the Statutory Audit Board is responsible for inspecting the independence of the external auditor and, as such, assess and issue an opinion on the performance of additional services (other than audit) by the External Auditor to the Company or subsidiaries. Therefore, a duly justified opinion on its execution was issued for each service provision request.

All threats to the independence of the auditor were assessed and discussed with the auditor together with the respective safeguarding measures. Therefore, given that the aforementioned services are not forbidden (services to ensure the reliability of the financial information produced by the GROUP) and are not very significant on the whole, the Statutory Audit Board considered that the independence of the external auditor was not affected by the provision of said services.

Moreover, the external auditor verifies the implementation of remuneration policies and systems as well as the effectiveness and operation of internal control mechanisms. In case of finding any defect or irregularity, this will be reported to the Audit Committee.

# Report on Corporate Governance Practices

**47. Indication of the annual amount paid by the company and/or companies, controlled or part of the group, to the auditor and to other individuals or companies belonging to the same network, as well as the percentage for the following services (for the purposes of this information, the concept of “network” is that deriving from the recommendation of the European Commission no. C (2002) 1873, of May 16)**

During 2016, the annual remuneration borne by the Company and by other companies which it controlled or part of the GROUP with the Company external auditors (Deloitte & Associados, SROC, SA), including other entities forming part of the same network, was 2,326,787 Euros, which was shared by the following services:

Service nature	By the Company		By other Group Entities		TOTAL	
	Amount (€)	%	Amount (€)	%	Amount (€)	%
Audit and statutory audit	103,000	26%	1,829,402	96%	1,932,402	83%
Other reliability guarantee services	2,000	1%	1,000	0%	3,000	0%
Tax consultancy	-	0%	43,396	2%	43,396	2%
Other consulting services	287,398	73%	60,591	3%	347,989	15%
<b>TOTAL</b>	<b>392,398</b>	<b>100%</b>	<b>1,934,389</b>	<b>101%</b>	<b>2,326,787</b>	<b>100%</b>

## C. INTERNAL ORGANISATION

### I. Articles of association

**48. Regulations applicable to the amendment of the articles of association of the Company (art. 245-A, no. 1, sec. h).**

Amendments to the articles of association obey the terms of the Companies Code and require a two-third majority of votes issued for approval of this decision.

### II. Reporting of irregularities

**49. Means and policies for the reporting of irregularities which occur in the Company.**

The Company has in place a procedure which defines the mechanisms to adopt for reporting irregularities. The procedure considers that ‘irregularities’ are all acts or omissions, wilful or negligent, practiced by collaborators of the Company during the exercise of their duties, which breach: i) the law, standards or regulations in force; ii) the “Code of Ethics and Business Conduct”; iii) best management practices; in all cases, this regards accounting, internal accounting controls, audit, fight against corruption and financial crimes. Reports received which fall beyond this scope will not be handled.

This procedure covers the following aspects:

- (i) handling purpose;
- (ii) voluntary reporting;
- (iii) rights of the reported individual, particularly of access to information;
- (iv) rights of the whistleblower of non retaliation, bullying or discrimination;
- (v) non misuse or in use in bad faith, under penalty of the opening of disciplinary or legal proceedings;
- (vi) confidentiality of reporting, as well as of the whistleblower, ensuring the appropriate safety measures.

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Irregularity reporting must be performed in writing, via email or letter, to at least one of the following addresses:

- [etica@mota-engil.com](mailto:etica@mota-engil.com)
- Auditoria e Compliance – Rua do Legó Lameiro, n.º 38, 4300 – 454 Porto

By delegation of the Statutory Audit Board, in charge of the reception of whistleblowing under the Companies Code, reception and forwarding of reports of concerns or infringements is the responsibility of the Audit & Compliance Office. Some cases, due to their nature, may be forwarded to the corresponding functional areas of the company.

The stages in the whistleblowing process include: receipt and registration; preliminary examination and confirmation of the alleged information; notice; investigation; and final report, with corrective measures and conclusion/opinion on the reported situation, transmitted to the Statutory Audit Board and the Board of Directors.

A yearly report is made summarising the most frequent situations and the relevant indicators of the findings over the year. This report may help detect potential weaknesses or opportunities for improving process control and contributes to a proposal of review thereof and/or review of the whistleblowing mechanism.

## III. Internal control and risk management

### 50. People, bodies or committees responsible for internal audit and/or implementation of internal control systems.

As top and independent body to safeguard the compliance of processes and procedures, and reporting to the Board of Directors, the Audit, Investment and Risk Committee, aims to support the management of the MOTA-ENGIL GROUP, strengthening the means and methods of operation to the internal control and business risk monitoring level. It is also this Committee's responsibility to monitor the evolution of overall risk levels and evaluate together with the Executive Committee the monitoring, and control of risks measures.

The Audit, Investment and Risk Committee has under its hierarchical dependence the Audit and Compliance Office, whose mission is to support the achievement of strategic objectives, evaluation, compliance and continuous improvement of effectiveness and internal control management processes of the GROUP.

The Audit and Compliance Office has a structure of resources specifically allocated to perform the following functions:

- Perform management, financial operational and technological audits in the different regions and companies of the GROUP;
- Audit proper operation of processes, good practises and policies defined;
- Verify compliance with internal procedures, laws, regulations and contracts;
- Verify compliance with internal control procedures related to recommendations from market regulating bodies as well as applicable legislation in the different regions where the GROUP operates;
- Ensure proper follow-up of recommendations issued by the Audit, Investment and Risk Committee;
- Provide previous opinion to the Audit, Investment and Risk Committee on purchase or sale initiatives defined by the MOTA-Engil GROUP;
- Facilitate, promote and guide the definition of compliance policies that are cross-sectional to the GROUP and monitor their implementation and compliance;
- Assess the reporting process and compliance with the GROUP's code of conduct;
- Support the Board of Directors, the Statutory Audit Board and the Audit, Investment and Risk Committee in the areas related to the relevant management processes and procedures.

# Report on Corporate Governance Practices

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In the duties of the Audit and Compliance Office, and framed by a policy of continuous improvement for the development of best practices in risk assessment and management, the corporate function strengthened its process in the approach and analysis of the Compliance component, integrated into issues related to its mission, to ensure consistency of standards and processes at different levels of the organization, as well as to ensure that it is in line with the standards and regulations by which the GROUP must abide.

The Statutory Audit Board is responsible, among others, for assessing the functioning of the internal control system and to propose the respective adjustment to the GROUP's needs. On this point, it should also be noted that, as stipulated in line i) of paragraph 1 of Article 420 of the Companies Code, is the responsibility of the Statutory Audit Board to verify the effectiveness of the risk management system, the internal control system and the practice of internal audit.

The Statutory Audit Board accesses the reports and opinions issued by the Investment, Audit and Risk Committee, supervises the adoption of the principles and policies applied to the identification and management of the main financial and operating risks, and oversees the measures aimed at risk monitoring, controlling and dissemination.

The Board of Directors and the Statutory Audit Board recognise the importance that the risk management and internal control systems have in the organisation, encouraging the human and technological conditions susceptible of providing an environment of control that is proportionate and suited to the risks of the activity.

The Executive Committee is responsible for ensuring the creation and operation of internal control and risk management systems.

With the significant growth of the international activity of the GROUP and its consequent geographic and business diversification, the GROUP's organizational structure now has a higher and more complex dimension.

Ensuring the proper operational autonomy to business, the Holding Company, with its strategic and financial aspect, has a governance model which includes a structure named Corporate Centre, where all corporate functions supporting the Executive Committee are present, with control instruments for business performance and a more robust and structured risk management, according to the GROUP's policies, procedures and strategic vision.

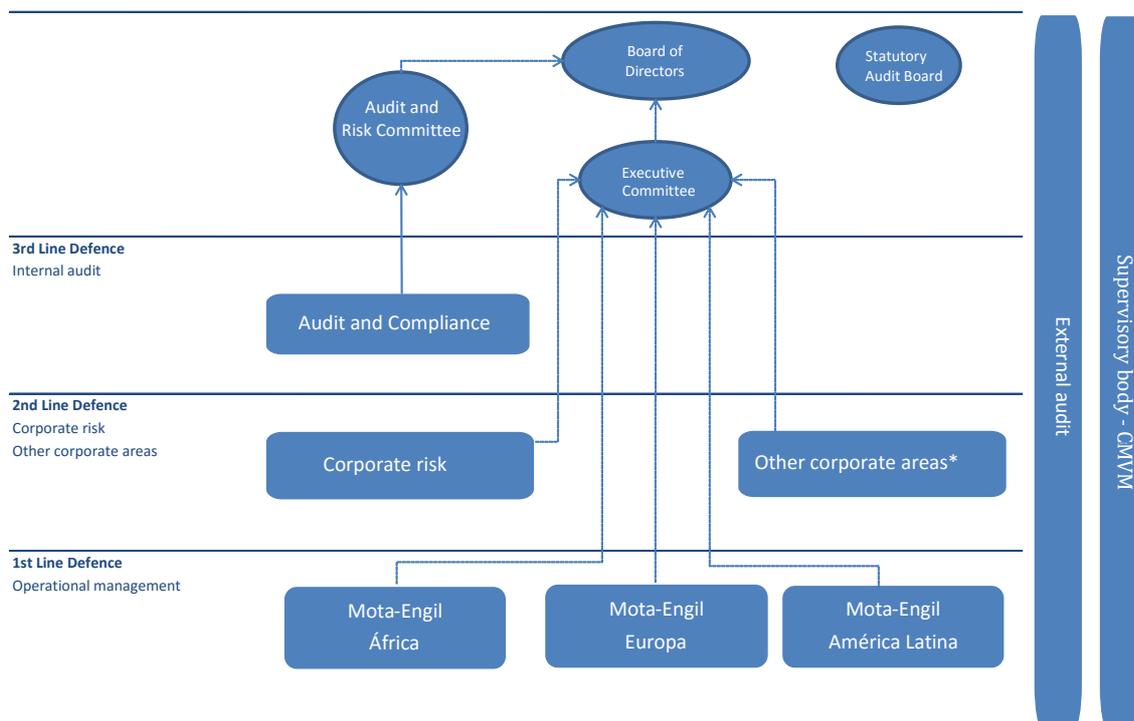
The risk management activity and its focus on a specific area, the Corporate Risk Function, is under the responsibility of an executive director, in an attempt to reinforce risk assessment in a more systematic and efficient manner with the due communication interface with the various business areas in different regions/markets.

The risk management process is an integral part of the internal control system which consists of the development of management policies and procedures with a view to ensuring the creation of value, protection of its assets, compliance of laws and regulations, and a controlled environment that ensures the fulfilment of the Organization's ethical principles and the reliability of information reported.

# Report on Corporate Governance Practices

## 51. Explanation, even if through the inclusion of an organisational chart, of the hierarchical and/or functional dependence relations regarding other bodies or committees of the Company.

The organization and governance model of MOTA-ENGIL is based on the implementation of international best practices in terms of corporate governance, ensuring the transparency of processes and procedures and autonomy and independence of operation enshrined in the so called "three lines of defence" model, as summarised in the organisational chart below, pursuing the guidelines of the positioning statement by the "Institute of Internal Auditors" for the effective risk and control management of an organization.



**\* Other functions of the corporate centre:**

Engineering Unit; Human Resources and Sustainability; Legal Matters; Institutional Relations and Communication; Investor Relations; Strategic Planning; Business Control; Corporate Finance; and Corporate IT

- The first line of defence consists of the business management units, which are responsible for performing their operational activities integrated in the strategic guidelines defined by the Board of Directors, ensuring compliance with the rules and procedures of the GROUP, which aim to ensure a mainstreaming of action in accordance with its own cultural identity, based on ethical principles and conduct embodied in the following cross-sectional policies.

The business management units are responsible for the identification, assessment, reporting and mitigation of risks, in order to facilitate, standardize and make more effective the risk management process. In operational management are defined risk managers, called Risk Owners, who are responsible for identifying risks in their business area and act as focal points in the relationship with the Corporate Risk Corporate Function.

- The second line of defence is represented by the functions of the Corporate Centre, which report to the Executive Committee and among which we highlight the Engineering Unit; Business Control; Strategic Planning; Corporate Finance; Corporate Tax; Corporate Risk; Human Resources and Sustainability; Investor Relations; Legal Matters; Investor Relations and Corporate IT. All these areas contribute, in their functional areas and in a complementary way, to the spread of the cross-sectional risk policies, provided that with the due consent/approval from the Executive Committee.

# Report on Corporate Governance Practices

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- The third line of defence is represented by Audit and Compliance Function, whose main function is to independently and systematically verify the activities carried out by the first and second lines in accordance with the rules and regulations established.

The Audit and Compliance Office reports hierarchically to the Audit, Investment and Risk Committee, which in turn reports directly to the Board of Directors and is composed of three permanent members. The three members are non-executive directors, and one director is independent. With the presence of a non-executive independent director in this collegiate body, we deemed as guaranteed the independence of the Commission from the executive administration body (see sections 21 and 50).

The external auditors, CMVM, and the Statutory Audit Board are outside the Company's structure, but play an important role in the overall structure of governance and control, as follows:

- The external auditors, the regulating body and the Statutory Audit Board can be considered as additional lines of defence, which provide assessments to the Company's stakeholders, including to the governance bodies and the Board of Directors;
- The regulating bodies established requirements with the intention of strengthening controls and have an independent and objective function, to evaluate the whole or part of the first, second or third line of defence with respect to these requirements, seeking to operate in a cooperative spirit and in permanent dialogue with the company.

## 52. Existence of other functional areas with risk control competences.

Risk management of the Company and subsidiaries is an integrating element of all organisational and decision processes within the Company rather than an isolated activity apart from the GROUP's main activities.

Management and risk control are monitored by the Board of Directors, the heads of the business areas and the Company's Corporate functions, highlighting the following: Engineering Unit; Business Control; Strategic Planning; Corporate Finance; Corporate Tax; Corporate Risk; Human Resources and Sustainability; Investor Relations; Legal Matters and Corporate IT.

The Corporate Risk Function aims to promote the establishment and implementation of a risk management policy, identify and analyze, by previously established parameters, the risks that may affect the sustainability of the business/market and value creation.

This Function reports directly to the Executive Committee and has autonomy in the identification, assessment, monitoring and mitigation of risks.

Corporate Risk has defined within its scope of action the following main activities:

- Mapping transversal risks based on a risk matrix (reviewed on an annual basis);
- Checking risk levels by collecting and assessing critical information for monitoring transversal risks;
- Defining models and lines of actions for mitigating transversal risks;
- Developing and implementing risk action plans and relevant integration in the business management;
- Monitoring and reporting risk evolution and relevant compliance with actions carried out for their mitigation;
- Promoting the dynamization and implementation of cross-sectional risk policies in the regions/business areas, properly customised for the relevant markets;

# Report on Corporate Governance Practices

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- Systemizing the risk management policies and systems to be integrated in the GROUP'S Reports and Accounts;
- Collaborating, as an integral part, with the team for Major Project Monitoring.

There is also a specialist committee, the Investment, Audit and Risk Committee, which reports to the Board of Directors. The main functions and duties of this committee are described in section 21 above.

## **53. Identification and description of the main economic, financial and legal risks that the Company is exposed to in the course of its activities.**

Risk management in THE Mota-ENGIL Group is based on the permanent identification and analysis of the different types of risks inherent to its activity, in the various countries where it operates, and that cut across the entire Company – cyclical risks, financial risks, interest rate risks, exchange rate risks, liquidity risks, credit risks, operational risks, legal risks, regulatory risks, among others – and the adoption of profitability maximization strategies.

In a separate chapter of the Management Report, which is considered an integral part of this report by reference, are described in detail the main risks to which the GROUP is exposed to in its business (chapter 5 of the Management Report).

## **54. Description of the process of risk identification, assessment, monitoring, control and management.**

Risk management is embedded throughout the organization and the main objective is to identify, assess and manage the opportunities and threats that the different businesses in different locations face in the pursuit of value creation objectives.

MOTA-ENGIL Group applies the best practices defined for Internal Control and Risk Management and, as such, its management incorporates an internal control system based on COSO's international guidelines (The Committee of Sponsoring Organizations of the Treadway Commission), more specifically in what concerns the assessment and attribution of degrees of criticalness and priority to risks according to their impact on business objectives and the probability of occurrence.

Risk management is an across-the-board responsibility, particularly of business management units, the different corporate functions, with a special emphasis on the Corporate Risk Function - which coordinates the different risk information and monitors based on an overall perspective -, and of the Audit and Compliance Office.

Hereunder the cyclical and consecutive cluster of risk identification stages by the various participants of the GROUP is described:

- Risk identification - determination of the risks to which the organisation is exposed to and the level of tolerance of exposure to those risks;
- Risk measurement - quantification of risk exposure and production of decision support reports;
- Risk control and management - definition of actions to be taken to cope with risk;
- Implementation of the risk management measures defined - systematic aggregation of risk information and relevant reporting to the Executive Committee;
- Monitoring - evaluation of the risk management process and, if necessary, realignment and redefinition of strategies.

# Report on Corporate Governance Practices

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Each year, according to a plan defined and approved by the Audit, Investment and Risk Committee, operational compliance and financial audits are carried out aimed at testing the effectiveness of the internal controls implemented by the GROUP.

All investments and new businesses are analyzed for risks by the various corporate areas and subject to a prior opinion of the Audit, Investment and Risk Committee before being submitted for approval by the Board of Directors.

The Corporate Risk Function ensures the effective implementation of risk management through continuous monitoring of the respective adequacy and effectiveness, monitoring of any mitigation measures regarding deficiencies in internal control and permanent monitoring of risk levels and implementation of control measures.

The evaluation of the internal control and risk management system allows the assessment of its efficacy, notwithstanding the reference of improvement measures to be implemented in the short and medium term, within a process that intends to achieve an evolution and continuous improvement, as adequate to the development of the company organization and its strategic challenges.

## **55. Main elements of the internal control and risk management systems implemented in the Company regarding the process of financial information dissemination (article 245-A, no. 1, sec. m).**

The existence of an effective internal control environment, particularly in the financial reporting process, is a commitment of the Management and Supervisory Bodies, as well as different business units and the corporate centre responsible for producing financial information.

The Board of Directors is continually committed to ensuring that appropriate policies are implemented, ensuring that the financial statements are reported in accordance with the accounting principles adopted.

The financial information documents to be presented to the market are prepared by the heads of the Business Control and Investor Relations Function, based on information provided by the business units, and presented to the capital market by the representative for Market Relations.

All financial information documents to be submitted to the market are sent to the management and supervisory bodies and are only released after being analyzed and approved by them.

We also inform that the financial reporting process involves a limited number of MOTA-ENGIL'S employees, just those that are directly involved in the preparation, development and dissemination of financial information.

To this end and in accordance with provisions in Regulation (EU) no. 596/2014 of the European Parliament and Council, MOTA-ENGIL drafted a list - constantly updated - of the collaborators, employed or not by the Company, who have access, either regularly or occasionally, to privileged information. Each collaborator was informed of their inclusion in the corresponding list and provided with an explanation on: (i) the reasons that led to his/her inclusion in such list; (ii) the rights and obligations set forth in the law; (iii) the consequences resulting from the dissemination or abusive disclosure or use of privileged information.

# Report on Corporate Governance Practices

Moreover, the External Auditor / Statutory Auditor issued an independent opinion on the compliance of the required points under Article 245-A by CMVM, for the Report on Corporate Governance Practices. In this sense, and in view of line m) of that article, there is compliance with the key elements regarding the internal control and risk management systems within the Company in relation to the financial reporting process.

## IV. Investor support

### **56. Service responsible for investor support, its composition, functions, information provided by such service and contacts.**

The Company maintains ongoing contact with investors and analysts through the Investors Relations Division which makes up-to-date, relevant and reliable information available, as well as providing clarifications regarding the business of the GROUP with a view to improving their awareness and understanding of the GROUP.

The Investors Relations Division, jointly with the Strategic Planning Board and Business Control Board, regularly prepares presentations for the financial community, reports with quarterly, six-monthly and annual results, as well as market-relevant communications whenever this proves necessary for divulging or clarifying any event which might influence the share price of MOTA-ENGIL, SGPS, SA. In addition and when requested, clarifications are provided about the GROUP'S activities in response to questions raised by e-mail or telephone.

All information divulged is made available on the CMVM webpage ([www.cmvm.pt](http://www.cmvm.pt)) and that of MOTA-ENGIL ([www.mota-engil.pt](http://www.mota-engil.pt)).

João Miguel V. G. Apolinário Vermelho is responsible for the Investors Relations Division:

João Vermelho  
Rua Mário Dionísio, 2  
2796-957 Linda-a-Velha  
Tel.: 351 214 158 200  
Fax: +351 214 158 688  
E-mail: [jvermelho@mota-engil.pt](mailto:jvermelho@mota-engil.pt)

### **57. Representative for market relations.**

The representative for market relations is Luís Filipe Cardoso da Silva:

Luís Silva  
Edifício Mota  
Rua do Rego Lameiro, 38  
4300-454 Porto  
Tel.: +351 225 190 300  
Fax: +351 225 190 303  
E-mail: [investor.relations@mota-engil.pt](mailto:investor.relations@mota-engil.pt)

# Report on Corporate Governance Practices

**58. Information on the proportion and the period for responses to requests for information received in the current year or outstanding from previous years.**

As already mentioned, the Company maintains permanent contact, through the Investors Relations Division, with its shareholders and analysts by providing constantly updated information. When requested, it provides clarification on the relevant facts of the activities of the Company, which are made available under the law. All requested information is analysed and answered in a period not exceeding five working days. Therefore, there are no pending requests from the previous year. The Company believes that its Investors Relations Division ensures permanent contact with investors, keeping a register of applications and the respective treatment that was given.

## V. Website

**59. Address(es).**

The Company website is available in Portuguese, Spanish and English and can be accessed at the address [www.mota-engil.pt](http://www.mota-engil.pt). In the area for investors information is provided that enables knowledge about the evolution of the Company and its current reality in economic, financial and governance terms.

**60. Web address providing information on the company, its status as an open capital company, registered offices and other elements referred to in article 171 of the Companies' Code.**

<http://en.mota-engil.pt/Investidores/Perfil-Corporativo>

**61. Web address for the articles of association and the regulations for the function of its bodies and/or committees.**

<http://en.mota-engil.pt/Investidores/Perfil-Corporativo>

**62. Web address where information on the identity of the holders of offices on company bodies, the representative for market relations, the Investor Support Office or equivalent structure and their respective functions and means of access may be found.**

<http://en.mota-engil.pt/Institucional/Orgaos-Sociais>

<http://en.mota-engil.pt/Investidores/Apoio-ao-Investidor>

**63. Web address where documents providing accounts can be found and which should be available for at least five years together with a six-monthly calendar of corporate events published at the beginning of each period including annual general meetings, the publication of annual, six-monthly and, where applicable, quarterly accounts.**

<http://en.mota-engil.pt/Investidores/Informacoes-Financeiras>

<http://en.mota-engil.pt/Investidores/Calendario-do-Investidor>

<http://en.mota-engil.pt/Investidores/Assembleias-Gerais>

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64. Web address where the notice of the annual general meeting is published together with all of the related preparatory and subsequent information.

<http://en.mota-engil.pt/Investidores/Assembleias-Gerais>

65. Web address where the company archives are made available including decisions taken at annual general meetings for the Company, the share capital represented and the results of votes for the previous 3 years.

<http://en.mota-engil.pt/Investidores/Assembleias-Gerais>

## D. REMUNERATION

### I. Responsibility for determination

66. Indication of the responsibility for determining the remuneration of corporate bodies, the members of the executive committee or the managing director and company directors.

In accordance with the articles of association the duties of the Remuneration Committee, elected by the shareholders at a general meeting, are to define the policy for the remuneration of the corporate officers, setting the applicable remuneration taking into account the duties performed, their performance and the Company's economic situation.

The remuneration of officers of the Company is determined by the respective administration body observing the principles of the remuneration policy submitted by the Remuneration Committee for study by the Annual General Meeting as established under Law 28/2009 of June 19.

### II. Remuneration Committee

67. Composition of the remuneration committee including the identification of the persons or companies hired to provide support and declare on the independence of each of its members and advisers.

The committee elected for the four-year period 2014-2017 is composed of the following members: António Manuel Queirós Vasconcelos da Mota, Maria Teresa Queirós Vasconcelos Mota Neves da Costa, both of whom are members of the management body, and Manuel Teixeira Mendes (independent member).

António Manuel Queirós Vasconcelos da Mota (Chairman, non-executive member of the Board of Directors and relative of one executive member) and Maria Teresa Queirós Vasconcelos Mota Neves da Costa (non-executive member of the Board of Directors and relative of one executive member) form the Remuneration Committee, having been elected for these duties by the General Meeting, under a proposal from the majority shareholder Mota Gestão e Participações, SGPS, SA. Their participation on the Remuneration Committee is limited exclusively to the representation of the shareholder interest, intervening there in that capacity and not as members of the management body. To ensure their independence in the performance of these duties, these members do not take part in any discussion or deliberation in which there is or there may be a conflict of interest, specifically when it comes to the setting of their relatives' remunerations as members of the management body. Additionally, it is generally believed, namely by the Annual General Meeting that elected them to their respective positions, that the members of the Remuneration Committee accumulate an experience, a weight and an ethic that allows them to fully protect the interests conferred upon them.

# Report on Corporate Governance Practices

The Company did not hire any natural person or firm to support the Remuneration Committee in its functions.

## **68. Knowledge and experience of the members of the remuneration committee on remuneration policy.**

It is considered that, by virtue of their respective curricula and/or career paths (see chapter “List of offices held by directors”), the three members of the Remuneration Committee have knowledge and experience in matters of remuneration policy. Additionally and when necessary, the Remuneration Committee is assisted by specialized internal or external resources to support their decisions regarding the remuneration policy.

## **III. Structure of the remuneration**

### **69. Description of the remuneration policy for the management and supervisory bodies referred to in article 2 of Law 28/2009, of June 19.**

As stipulated by Law 28/2009, of June 19, a declaration on the remuneration policy of the management and supervisory bodies is submitted annually for study to the Annual General Meeting.

The general principles to be observed in the setting of remuneration are the following:

#### **A) Functions performed**

The functions performed by each member should be taken into account in the broadest sense of the activity effectively exercised and the associated responsibilities and not solely in a formal sense. All of the directors, executive directors or the members of the Statutory Audit Board will not be in the same position. Consideration of the functions should be made in the broadest sense with the requirement that criteria such as responsibility, the time spent or the value added for the GROUP, which results from a specific type of activity or institutional representation, should be taken into account not discounting any functions performed at other companies controlled, which implies an increase in responsibility as well as a cumulative source of income.

In line with the principle enunciated the GROUP has established a remuneration policy, the coverage of which is extended by segments to members of management and employees based on the international Hay model for the marking of functions.

In accordance with the current methodology, functions are assessed on the basis of knowledge, complexity and responsibility/autonomy required and fitting subsequently into predefined functional groups, which constitutes the benchmark vector for the determining of conditions in matters of remuneration.

#### **B) Financial situation of the Company**

The financial situation of the Company should be taken into consideration together with its interests from a longer term perspective and its growth and the creation of shareholder value.

Within this scope, the GROUP has built its development by means of a short- and medium-term plan (GROUP'S STRATEGIC PLAN), setting goals and preparing initiatives, the execution of which is subject to periodic assessment through a series of KPIs which guide performance along four dimensions: cash-flow generation, internal control/controlled risk, sustainable growth and organizational reinforcement.

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As the GROUP'S Strategic Plan is the instrument which strategically guides the Group, the KPIs comprise one of the key components for the assessment of members of GROUP'S management and for the determination of their respective remuneration, driving the incentive mechanisms toward the effective creation of value with a long-term horizon.

## C) General market conditions for equivalent situations

The establishment of any remuneration cannot avoid the laws of supply and demand and the members of Company bodies are no exception. Respect for market practises allows professionals to be maintained with a level of performance which is adequate to the complexity of their functions and their responsibilities. It is important that the remuneration should be in line with the market and stimulating as a means for achieving a high level of individual and collective performance assuring not only their own interests but essentially those of the Company and the creation of shareholder value.

Taking into account the abovementioned principle, the periodic auditing of compensation practice as well as their comparison with the market falls within the remuneration policy for the GROUP. To this end the international Hay methodology for the marking of functions is adopted along with Hay salary studies aimed at the comparative functional group thus ensuring competitive rationales of adjustments to the strategy for the development of human capital and the evolution of the salary market.

The specific remuneration policy options submitted and approved were the following:

1. The remuneration of executive members of the Board of Directors along with non-executive directors which are not independent will be composed of fixed and variable components.

The remuneration policy embodies two fundamental aspects in the compensation of all members of GROUP management and employees: first, the equity/competitiveness of salaries, which is safeguarded by internal analysis and external comparison of the proportion of fixed payments in relation to the function exercised by the post holders (using the Hay methodology as support); secondly, meritocracy, complementing the fixed salary with a variable component dependent on assessment of performance.

2. The remuneration of non-executive, independent members of the Board of Directors, the members of the Statutory Audit Board and the members of the Annual General Meeting Board is composed solely of a fixed component.
3. The fixed component of the remuneration of members of the Board of Directors with executive functions along with the non-executive members who are not independent will consist of a monthly sum payable 14 times per year.
4. The setting of the monthly amount of the fixed component of the remuneration of Board members will be made for all of those who are members of the Executive Committee and for those which, although not part of this committee, are not considered to be independent.
5. The setting of a predetermined sum for each participation in meetings of the members of the Board of Directors will be made for those considered to be independent and have essentially non-executive functions.
6. The fixed remuneration of the members of the Statutory Audit Board and the Board of the Annual General meeting will consist of a fixed amount payable 12 times per year.

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7. The process of attribution of variable remuneration to executive members, as well as to non-executive non-independent members, of the Board of Directors should obey the criteria proposed by the Remuneration Committee on the basis of the assessment of the performance carried out, of their rank in the hierarchy, long-term Company performance criteria and its real growth and the performance variable selected.

Under the remuneration policy defined for the GROUP, the variable remuneration is dependent on the assessment of performance, the general principles of which and the respective mode of application are to be found in the Corporate Performance Management Model.

The assessment of performance in the GROUP covers two components: quantitative evaluation, measured through the fulfilment of the KPIs indexed to the GROUP'S strategic plan and expressed in annual goals, which are set at the beginning of each evaluation cycle; and qualitative evaluation which results from an individual assessment covering key skills for the GROUP (corporate, management and personal skills).

The determination of variable remuneration within the GROUP presupposes the observance of two cumulative conditions: achievement of barrier-goals, defined at the beginning of each annual evaluation cycle, and drawn from the GROUP'S Strategic Plan; and the satisfactory average achievement of, at least, 95% of the quantitative goals, weighed with individual qualitative evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages.

In addition, preventive mechanisms are established which inhibit the payment of variable remuneration so as to minimise the incentive for unaligned results with a perspective of the creation of sustainable value with a long-term horizon.

Therefore, no variable remuneration will be allocated were any of the following conditions is found:

- One of the target barriers (which corresponds to the minimum to be attained in each KPI to be eligible for the payment of variable remuneration) not being attained in accordance with the parameters set at the start of the annual assessment cycle;
  - The attainment on average of the targets defined by KPI weighted with the individual qualitative assessment being unsatisfactory.
8. In the setting of all remuneration and the specific distribution of the total sum for variable remuneration of the Board members, the general principles quoted above will be observed: functions performed, financial situation of the Company and market criteria.

The GROUP'S remuneration policy is extended to cover management and employees and is segmented into predefined functional groups (members of the Board of Directors being included in Top Executives) using the international Hay model for the marking of functions. Under the GROUP'S remuneration policy it is ensured that the fixed remuneration for each functional group (for both the fixed and the variable components) has as its rationale internal equity and salary benchmarking for the market produced periodically.

The policy and remuneration practices of the groups of companies taken as comparative elements for the setting of remuneration, all Portuguese companies of an equivalent size are taken into account by the Remuneration Committee within the limits of accessible information and specifically the PSI-20 as well as companies on other international markets with characteristics equivalent to those of the GROUP.

No agreements for payments by the Group are set by the Remuneration Committee for the relief or termination of the functions of directors by agreement.

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As already mentioned, the remuneration of non-executive and non-independent members of the management body includes one variable component. The Company believes that, besides having the duty to reward the long-term strategy carried out by the entire Board of Directors, including the non-executive and non-independent directors, this does not pervert their non-executive function.

Besides the articles of association determining that, in overall terms, the variable salary of the Board of Directors cannot exceed 5% of the profits for the financial year, there are mechanisms in the compensation policy in force that aim, on the one hand, to reward the effective creation of value in a long-range perspective, whilst on the other hand, they see to discourage the assumption of excessive risks and behaviours that are out of line with the strategy outlined for the GROUP.

In this way, the fixed and variable compensation is delimited by compensation place holders that have as their rationale the function, the corresponding functional group and the benchmarking in the market of reference. The fixed compensation has an underlying predefined minimum and maximum value by functional group and the variable compensation is dependent on the performance evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages. In aggregate terms, the mix of fixed and variable compensations is balanced, due to the setting of minimum and maximum limits, provided in the scope of the compensation policy.

The Remuneration Committee considers that the way directors compensation is structured is appropriate and this committee deems unnecessary to fix possible maximum, aggregate and/or individual limits regarding the remuneration payable to the members of the board of directors, especially considering that the remuneration policy adopted is in line with the remuneration practices of most of the similar companies included in the PSI-20, when considering the characteristics of the Company.

The members of the Board of Directors did not conclude any contracts with the Company or third parties that will have the effect of mitigating the risk inherent in the variability of their remuneration as fixed by the Company.

## **70. Information on the mode by which remuneration is structured so as to permit the alignment of the interests of members of the management board with the long term interests of the company together with the mode by which assessment of performance is based while acting as a disincentive to the excessive assumption of risk.**

The GROUP's current remuneration policy as approved by the annual general meeting seeks to promote the alignment of the interests of the directors and other Company bodies and managers with the interests of the Company in the medium and long term and is based on a fixed basic with a variable component (where applicable) on the basis of the results of the activities carried on and the financial situation of the Company.

As described at paragraph 69, the GROUP's remuneration policy has underlying variable remuneration instruments structured so as to promote the alignment of the interests of the Board of Directors with the longer term interests of the Company which acts as a disincentive to the assumption of excessive risk, particularly by monitoring KPIs associated with the "internal control/controlled risk" dimension.

To this end, indexation mechanisms are defined for variable remuneration based on the assessment of performance which, in turn, is based on KPI set by the GROUP's Strategic Plan, which was defined for a long-term horizon.

Under the quantitative component of the assessment of performance, at the start of the assessment cycle, targets are defined for each KPI.

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The determination of the variable remuneration in the GROUP requires an average satisfactory attainment of the targets set, weighted by the individual qualitative assessment (which may result in a pay-out sum which varies between a preset minimum and maximum percentage).

In addition, preventive mechanisms for the inhibition of the payment of the variable remuneration are established should any of the following conditions be found:

- One of the target barriers (which corresponds to the minimum to be attained in each KPI to be eligible for the payment of variable remuneration) not being attained in accordance with the parameters set at the start of the annual assessment cycle;
- The attainment on average of the targets defined by KPI weighted with the individual qualitative assessment being unsatisfactory.

## **71. Reference, if applicable, to the existence of a variable component of remuneration and information regarding the way this component depends on the performance evaluation.**

The remuneration and compensation policy for executive members of the Company's Board of Directors, as well as for non-executive and non-independent members, abides by a plan comprised of: (i) a fixed component defined in accordance with the function, the corresponding position within the functional groups predefined for the GROUP and market benchmarking (supported by the Hay international methodology for the marking of functions), which includes the base gross remuneration paid in reference to the period of one year; and (ii) a variable component paid as performance bonus, taking into consideration performance, based upon criteria defined and revised annually by the Remuneration Committee.

The criteria for allocating variable compensation to members of the GROUP's management bodies are indexed to the performance evaluation, which falls under the responsibility of the Remuneration Committee.

Performance evaluation comprises two components: quantitative evaluation, measured through the fulfilment of the KPIs indexed to the GROUP'S Strategic Plan and expressed in annual goals, which are set at the beginning of each evaluation cycle; and qualitative evaluation that results from a discretionary individual evaluation.

The payment of the variable remuneration applicable to key office-holders within the GROUP presupposes the observance of two cumulative conditions: achievement of barrier-goals, defined at the beginning of each annual evaluation cycle, and drawn from the GROUP'S Strategic Plan; and the satisfactory average achievement of, at least, 95% of the quantitative goals, weighed with individual qualitative evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages.

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## **72. Deferral in the payment of the variable component of the remuneration, with mention to the deferment period.**

There is no deferral in the payment of the aforesaid variable remunerations mentioned. Nevertheless, the remuneration Committee structures the remuneration of the members of the management body in a way that allows for long-term continuous positive performance of the Company. Ex ante monitoring of positive performance is carried out through the periodic assessment of KPI drawn from the GROUP'S Strategic Plan, enabling monitoring the Company's performance evolution. Ex-post, there are mechanisms defined in the remuneration policy that aim to inhibit the payment of the variable remuneration when one of the following conditions is not met:

- One of the target barriers (which corresponds to the minimum to be attained in each KPI to be eligible for the payment of variable remuneration) not being attained in accordance with the parameters set at the start of the annual assessment cycle;
- The attainment on average of the targets defined by KPI weighted with the individual qualitative assessment being unsatisfactory.

The Remuneration Committee considers that the way the directors' compensation is structured, particularly the lack of any deferment mechanism for the variable component, is appropriate and allows the alignment of their interests with the interests of the Company in the long run. For the same reason, the Remuneration Committee deems unnecessary to set any possible maximum, aggregate and/or individual limits for the remuneration payable to the members of the governing bodies, especially considering that the adopted remuneration policy is in line with the remuneration practices of most of the similar companies included in the PSI-20, considering the characteristics of the Company.

## **73. Criteria on which the allocation of variable remuneration in shares is based, as well as regarding the maintenance, by executive directors, of such shares; criteria for the potential conclusion of contracts related to those shares, specifically hedging or risk transfer contracts, their respective limits and relation with the value of total annual remuneration.**

The Company does not have, nor plans to have, any remuneration measure in effect that includes the allocation of shares and/or any other incentive system with shares.

## **74. Criteria for the attribution of variable remuneration in options and indication of the period of deferral and the price of exercise.**

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

## **75. Main parameters and grounds of any annual bonus system or any other non-monetary benefits.**

The Company does not have an annual bonus system or other non-monetary benefits.

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## 76. Main characteristics of the complementary pension regimes or early retirement for directors and date on which they were approved individually in a General Meeting.

With the exception of founding directors who are shareholders, the Company does not currently have complementary pension regimes or early retirement for directors. The founding shareholder directors are beneficiaries of a pension plan with defined benefits, which allow them to receive a pension equivalent to 80% of the salary on the date of retirement. This plan was already in effect prior to MOTA-ENGIL's admission to stock exchange.

On December 31 2016 and 2015, the accumulated amounts of liabilities related to defined retirement plans set for the said directors are broken down as follows:

Members	Value in Euros		
	2016	variation	2015
António Manuel Queirós V. da Mota	3,966,780	579,599	3,387,181
Maria Manuela Q. V. Mota dos Santos	2,646,106	329,798	2,316,308
Maria Teresa Q. V. Mota Neves da Costa	1,800,152	(364,499)	2,164,651
Maria Paula Queirós V. Mota de Meireles	1,696,197	445,168	1,251,029
	<b>10,109,234</b>	<b>990,065</b>	<b>9,119,169</b>

Variation which was verified in 2016 as regards accumulated liabilities was namely due to the change in the discount rate.

## IV. Publication of remuneration

## 77. Indication of the annual sum of the remuneration received from the company, in aggregate and individually by the members of the company's management bodies, including fixed and variable remuneration and, regarding the latter, reference to the various components which gave rise to it.

Members	Company	Value in Euros			
		Fixed Component	Variable Component (Profit Sharing)	Attendance Fees	Total
<b>Board of Directors</b>					
António Manuel Queirós Vasconcelos da Mota	Mota-Engil SGPS	496 000	80 000	-	576 000
Gonçalo Nuno Gomes de Andrade Moura Martins	Mota-Engil SGPS	472 141	110 000	-	582 141
Arnaldo José Nunes da Costa Figueiredo	Mota-Engil SGPS	316 000	90 000	-	406 000
Maria Manuela Queirós Vasconcelos Mota dos Santos	Mota-Engil SGPS	271 000	30 000	-	301 000
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	Mota-Engil SGPS	271 000	30 000	-	301 000
Maria Paula Queirós Vasconcelos Mota de Meireles	Mota-Engil SGPS	273 557	30 000	-	303 557
Carlos António Vasconcelos Mota dos Santos	Mota-Engil SGPS	281 109	75 000	-	356 109
Ismael Antunes Hernandez Gaspar	Mota-Engil SGPS   Mota-Engil Europa	329 859	90 000	-	419 859
José Pedro Matos Marques Sampaio de Freitas	Mota-Engil SGPS	199 375	54 000	-	253 375
António Martinho Ferreira Oliveira	Mota-Engil SGPS   Mota-Engil Europa	312 445	80 000	-	392 445
João Pedro Santos Dinis Parreira	ME Latin America BV   GTS Latam, BV	311 807	375 000	-	686 807
Manuel António Fonseca Vasconcelos da Mota	MEEC África   Mota-Engil África GTS, BV   ME Angola	260 000	75 000	-	335 000
Eduardo João Frade Sobral Pimentel	MEAS   Mota-Engil SGPS	415 710	86 000	-	501 710
Luís Filipe Cardoso da Silva	MESP	296 826	58 000	-	354 826
Luís Valente de Oliveira	Mota-Engil SGPS	-	-	35 000	35 000
António Bernardo Aranha da Gama Lobo Xavier	Mota-Engil SGPS	-	-	60 000	60 000
António Manuel da Silva Vila Cova	Mota-Engil SGPS	-	-	39 000	39 000
					<b>5 903 829</b>

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There are no plans for allocation of shares or rights to acquire options on shares or any other incentive system with shares, since the criteria related to the variable components of the management bodies' remuneration are those listed in the remuneration policy described in paragraph 69.

Information regarding the connection between remuneration and the performance of management bodies is that which is stated in the remuneration policy described in paragraph 69.

Information regarding the main parameters and the grounds for any system of annual premiums is that which is stated in the remuneration policy described in paragraph 69. There are no other non-monetary benefits.

During 2016, no amounts were paid or owed to any ex-executive directors as indemnification for termination of duties.

There are no other amounts to be paid for any reason to other companies in a control or GROUP relationship.

## **78. Amounts of any kind paid by other companies under Group control, members of the GROUP or which are subject to joint control.**

The sums paid by other GROUP companies are set out in the table of the point above.

## **79. Remuneration paid as a form of share of profits and/or payment of bonuses and the reasons for said bonuses and/or the profit share granted.**

The variable component of the Board of Directors members' remuneration corresponds to a performance bonus and depends on performance assessment, which general principles and application method are provided for in the Performance Management Corporate Model, as previously explained in item 69.

The bonuses paid to executive directors are set out in the table at 77.

## **80. Compensation paid or owed to former executive directors relating to the termination of their functions during the period.**

No compensation was paid to former executive directors relating to the termination of their functions during the period.

## **81. Indication of the annual remuneration received, in aggregate and individually, by members of the Company's supervisory bodies for the purposes of Law 28/2009, of June 19.**

Members	Company	Value in Euros
		Total
Alberto João Coraceiro de Castro	Mota-Engil SGPS	30,000
José Rodrigues de Jesus	Mota-Engil SGPS	30,000
Horácio Fernando Reis Sá	Mota-Engil SGPS	6,000
		<b>66,000</b>

During 2016, the audit firm António Magalhães e Carlos Santos, SROC received, from the Company and by other companies controlled or part of the Group, 38,000 Euros.

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## 82. Indication of the remuneration of the chairperson of the annual general meeting for the period.

During 2016, the chair of the Annual General Meeting received 6,000 Euros.

## V. Agreements with remunerative implications

### 83. Contractual limitations for the compensation to be paid for undue termination of a director and its relationship with the variable component of the remuneration.

No limits are contractually set for the compensation to be paid for undue termination of a director other than that provided for in law. The Company resorts to the legal instruments available in law adequate for this situation in particular where the performance of the director is inadequate. On the other hand, there is no legal instrument entered into with directors requiring the Company in cases provided for in recommendation III.8, the payment of any damages or compensation beyond what is legally required.

### 84. Reference to the existence and description with indication of the amounts involved in agreements between the company and officers on the board and managers in the context of no. 3 of article 248-B of the Stock Market Code which provides for compensation in case of dismissal, termination without due cause or termination of the employment relationship following a change in control of the company (art. 245-A, no. 1, sec. L).

No agreements were entered into between the Company and directors and managers which provide for compensation in case of dismissal, termination without due cause or termination of the employment relationship following a change in control of the Company.

## VI. Plans for the awarding of shares or stock options

### 85. Identification of the plan and the respective awardees.

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

### 86. Characterisation of the plan (conditions for the awarding, clauses prohibiting the disposal of shares, criteria relating to the price of the shares and the price for the exercise of options, the period during which the options may be exercised, characteristics of the shares or options to be awarded, the existence of incentives for the acquisition of shares and/or the exercise of options).

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

### 87. Option rights awarded for the acquisition of shares (stock options) of which employees and collaborators of the company are beneficiaries.

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

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**88. Mechanisms of control provided for in any system of employee participation in the company capital where the rights to vote are not exercised directly by the latter (art. 245 - A, no. 1, sec. e).**

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

## E. TRANSACTIONS WITH RELATED PARTIES

### I. Mechanisms and control procedures

**89. Mechanisms implemented by the company for the purposes of the control of transactions with related parties.**

All business carried out between the Company and related parties respects the interests of the Company and its subsidiaries and is undertaken in the normal conditions of the market. The mechanisms implemented for the control of transactions go through specific administrative procedures which derive from regulatory requirements including those relating to transfer pricing regulations and the obligation of prior appraisal by the Statutory Audit Board of the transactions realised with the holders of qualified shares or entities related with them, under the terms of article 20 of the Stock Market Code, or its respective renewals, the aggregate value of which per entity is not greater than 500,000 Euros per year.

**90. Indication of the transactions which were subject to control in the period in question.**

During 2016 there were no transactions that required submission to control on the part of the Statutory Audit Board.

**91. Description of the procedures and criteria applicable to the actions of the supervisory body for the purposes of the prior assessment of the transactions to be carried out between the company and the holders of qualified shares or entities with which there is any relationship under the terms of article 20 of the Stock Market Code.**

As provided for by the regulations for the functioning of the Statutory Audit Board, the body is responsible for the prior study of transactions entered into with the holders of qualified shares or related entities, under the terms of article 20 of the Stock Market Code, or the respective renewals, the added value of which per entity is greater than 500,000 Euros per year.

### II. Elements relative to the business

**92. Indication of the site of accounting documents where information is available on business with related parties in accordance with IAS 24 or, alternately, the reproduction of this information.**

The information on business between related parties is described at Note 32 to the consolidated financial accounts in the Report of Consolidated Accounts 2016.

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## PART II – ASSESSMENT OF CORPORATE GOVERNANCE

### 1. Identification of the corporate governance code adopted

The present report follows the model featured in CMVM Regulation 4/2013, of August 1 and is based upon the CMVM Corporate Governance Code of 2013 published by the CMVM at the website [www.cmvm.pt](http://www.cmvm.pt).

### 2. Analysis of compliance with the corporate governance code adopted

Breakdown of the recommendations included in the CMVM Corporate Governance Code adopted and not adopted by MOTA-ENGIL, SGPS, SA:

Recommendation/chapter	Fulfilment	Report
<b>I. VOTING AND CORPORATE CONTROL</b>		
<b>I.1.</b> Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	In compliance	12
<b>I.2.</b> Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	In compliance	14
<b>I.3.</b> Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	In compliance	12
<b>I.4.</b> The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General meeting (five year intervals), on whether that statutory provision is to be amended or prevails – without higher quorum requirement than that legally in force – and that in said resolution all votes issued be counted, without applying said restriction.	N/A	
<b>I.5.</b> Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	In compliance	4
<b>II. SUPERVISION, MANAGEMENT AND OVERSIGHT</b>		
<b>II.1. SUPERVISION AND MANAGEMENT</b>		
<b>II.1.1.</b> Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	In compliance	21
<b>II.1.2.</b> The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company; ii) define business structure of the Group; iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	In compliance	21

# Report on Corporate Governance Practices

<p><b>II.1.3.</b> The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the Group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.</p>	N/A	
<p><b>II.1.4.</b> Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to:</p> <p>a) ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees;</p> <p>b) reflect on the system, structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.</p>	Not in compliance	21
<p><b>II.1.5.</b> The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.</p>	In compliance	50, 51, 52, 53, 54 and 55
<p><b>II.1.6.</b> The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.</p>	In compliance	17 and 18
<p><b>II.1.7</b> Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float.</p> <p>Independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:</p> <p>a. having been an employee at the company or at a company holding a controlling or group relationship within the last three years;</p> <p>b. having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person;</p> <p>c. being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member;</p> <p>d. living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings;</p> <p>e. being a qualifying shareholder or representative of a qualifying shareholder.</p>	In compliance	18
<p><b>II.1.8.</b> When directors that carry out executive duties are requested by other directors, said shall provide the information requested, in a timely and appropriate manner to the request.</p>	In compliance	21
<p><b>II.1.9.</b> The chair of the executive board or of the executive committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Statutory Audit Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Committee for Financial Matters, the convening notices and minutes of the relevant meetings.</p>	In compliance	21
<p><b>II.1.10.</b> If the chairman of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so these can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.</p>	N/A	

# Report on Corporate Governance Practices

## II.2. OVERSIGHT

<b>II.2.1.</b> Depending on the applicable model, the Chair of the Statutory Audit Board, the Audit Committee or the Committee for Financial Matters shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	In compliance	32 and 33
<b>II.2.2.</b> The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	In compliance	38 and 45
<b>II.2.3.</b> The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	In compliance	45
<b>II.2.4.</b> The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	In compliance	50 and 51
<b>II.2.5.</b> The Audit Committee, the General and Supervisory Board and the Statutory Audit Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential illegalities.	In compliance	38 and 50

## II.3. REMUNERATION SETTING

<b>II.3.1.</b> All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Not in compliance	67
<b>II.3.2.</b> Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or a consultant of the company, shall not be hired to assist the remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	In compliance	67
<b>II.3.3.</b> A statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law 28/2009 of June 19, shall also contain the following:  a) identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;  b) information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;  c) information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	In compliance	69
<b>II.3.4.</b> Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	N/A	
<b>II.3.5.</b> Approval of any retirement benefit scheme established for members of governing bodies shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	N/A	

## III. REMUNERATION

<b>III.1.</b> The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk-taking.	In compliance	69 and 70
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# Report on Corporate Governance Practices

<b>III.2.</b> The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.	Not in compliance	69
<b>III.3.</b> The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	Not in compliance	69
<b>III.4.</b> A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	Not in compliance	72
<b>III.5.</b> Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	In compliance	69
<b>III.6.</b> Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.	N/A	
<b>III.7.</b> When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	N/A	
<b>III.8.</b> When the removal of a board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	In compliance	83

## IV. AUDITING

<b>IV.1.</b> The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	In compliance	46
<b>IV.2.</b> The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services – which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance – said should not exceed more than 30% of the total value of services rendered to the company.	In compliance	46 and 47
<b>IV.3.</b> Companies shall support auditor rotation after two or three terms, whether of four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	In compliance	44

## V. CONFLICTS OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES

<b>V.1.</b> The company's business with holders of qualifying holdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese securities Code shall be conducted during normal market conditions.	In compliance	89
<b>V.2.</b> The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings – or entities with which they are in any of the relationships described in no. 1 of article 20 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.	In compliance	89 and 91

## VI. INFORMATION

<b>VI.1.</b> Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.	Not in compliance	22
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# Report on Corporate Governance Practices

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<b>VI.2.</b> Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion, and a record of the submitted requests and their processing, shall be kept.	In compliance	56 and 58
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### 3. Other information

There are no recommendations of which the failure to observe or to apply require subsequent justification.

# Report on Corporate Governance Practices

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## Appendices

### Declaration under the terms of article 245, no. 1, sec. c), of CVM (Securities Code)

Under the terms of article 245, no. 1, sec. c) of the Securities Code, the members of the Board of Directors declare that, to the best of their knowledge, the information contained in this report and accounts has been drawn up according to the International Financial Reporting Standards (IFRS) as adopted by the European Union, providing a true and appropriate image of assets and liabilities, the financial situation and the results of MOTA-ENGIL, SGPS, SA and companies included in the consolidation perimeter, and that this management report faithfully expresses the progression of the business, the performance and the position of MOTA-ENGIL, SGPS, SA and the companies included in the consolidation perimeter, and contains a description of the main risks and uncertainties with which they are confronted.

Porto, March 20, 2017

António Manuel Queirós Vasconcelos da Mota  
Chairman of the Board of Directors

Gonçalo Nuno Gomes de Andrade Moura Martins  
Deputy-chairman of the Board of Directors and  
Chief Executive Officer

Arnaldo José Nunes da Costa Figueiredo  
Deputy-chairman of the Board of Directors

Maria Manuela Queirós Vasconcelos Mota dos Santos  
Member of the Board of Directors

Maria Teresa Queirós Vasconcelos Mota Neves da Costa  
Member of the Board of Directors

# Report on Corporate Governance Practices

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Maria Paula Queirós Vasconcelos Mota de Meireles  
Member of the Board of Directors

Carlos António Vasconcelos Mota dos Santos  
Member of the Board of Directors and  
Member of the Executive Committee

Ismael Antunes Hernandez Gaspar  
Member of the Board of Directors and  
Member of the Executive Committee

José Pedro Matos Marques Sampaio de Freitas  
Member of the Board of Directors and  
Member of the Executive Committee (Chief Financial Officer)

António Martinho Ferreira de Oliveira  
Member of the Board of Directors and  
Member of the Executive Committee

Manuel António da Fonseca Vasconcelos da Mota  
Member of the Board of Directors and  
Member of the Executive Committee

João Pedro dos Santos Dinis Parreira  
Member of the Board of Directors and  
Member of the Executive Committee

# Report on Corporate Governance Practices

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Eduardo João Frade Sobral Pimentel  
Member of the Board of Directors and  
Member of the Executive Committee

Luís Filipe Cardoso da Silva  
Member of the Board of Directors

Luís Valente de Oliveira  
Non-executive and independent member of the  
Board of Directors

António Bernardo Aranha da Gama Lobo Xavier  
Non-executive and independent member of the  
Board of Directors

António Manuel da Silva Vila Cova  
Non-executive and independent member of the  
Board of Directors

# Report on Corporate Governance Practices

Article 324 no. 2, and article 66, no. 5, sec. d), of the Companies Code

During 2016, MOTA-ENGIL, SGPS, SA, considering that the stock market price did not reflect its fair value, purchased 2,080,070 own shares (representing 0.88% of its share capital), broken down as follows:

Date	Buy / Sell	Inside /Outside market	Price	No. of shares	Total cost incurred
1/18/2016	Buy	Inside	1.174 €	100,000	117,400
1/18/2016	Buy	Inside	1.230 €	100,000	123,000
1/19/2016	Buy	Inside	1.190 €	48,365	57,554
1/19/2016	Buy	Inside	1.200 €	22,011	26,413
1/19/2016	Buy	Inside	1.210 €	64,349	77,862
1/19/2016	Buy	Inside	1.220 €	51,635	62,995
1/19/2016	Buy	Inside	1.225 €	50,000	61,250
1/20/2016	Buy	Inside	1.200 €	252,412	302,894
1/20/2016	Buy	Inside	1.210 €	35,651	43,138
1/22/2016	Buy	Inside	1.396 €	2,422	3,381
1/22/2016	Buy	Inside	1.399 €	3,252	4,550
1/22/2016	Buy	Inside	1.400 €	62,405	87,367
2/2/2016	Buy	Inside	1.381 €	1,371	1,893
2/2/2016	Buy	Inside	1.382 €	573	792
2/2/2016	Buy	Inside	1.384 €	2,120	2,934
2/2/2016	Buy	Inside	1.385 €	5,609	7,768
2/2/2016	Buy	Inside	1.387 €	400	555
2/2/2016	Buy	Inside	1.390 €	2,500	3,475
2/2/2016	Buy	Inside	1.394 €	2,492	3,474
2/2/2016	Buy	Inside	1.395 €	11,133	15,531
2/2/2016	Buy	Inside	1.400 €	15,634	21,888
2/3/2016	Buy	Inside	1.340 €	411,022	550,769
2/3/2016	Buy	Inside	1.350 €	4,281	5,779
2/3/2016	Buy	Inside	1.354 €	11,000	14,894
2/3/2016	Buy	Inside	1.359 €	756	1,027
2/3/2016	Buy	Inside	1.360 €	5,000	6,800
2/3/2016	Buy	Inside	1.362 €	5,369	7,313
2/3/2016	Buy	Inside	1.364 €	406	554
2/3/2016	Buy	Inside	1.365 €	14,791	20,190
2/3/2016	Buy	Inside	1.368 €	676	925
2/3/2016	Buy	Inside	1.369 €	5,961	8,161
2/3/2016	Buy	Inside	1.370 €	2,499	3,424
2/3/2016	Buy	Inside	1.371 €	12,366	16,954
2/3/2016	Buy	Inside	1.372 €	1,506	2,066
2/3/2016	Buy	Inside	1.373 €	2,139	2,937
2/3/2016	Buy	Inside	1.377 €	2,334	3,214
2/3/2016	Buy	Inside	1.378 €	921	1,269
2/3/2016	Buy	Inside	1.379 €	1,200	1,655
2/4/2016	Buy	Inside	1.335 €	58,393	77,955
2/4/2016	Buy	Inside	1.338 €	2,500	3,345
2/4/2016	Buy	Inside	1.339 €	408	546
2/4/2016	Buy	Inside	1.340 €	127,544	170,909

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Date	Buy / Sell	Inside /Outside market	Price	No. of shares	Total cost incurred
2/4/2016	Buy	Inside	1.345 €	1,912	2,572
2/4/2016	Buy	Inside	1.346 €	938	1,263
2/4/2016	Buy	Inside	1.349 €	2,266	3,057
2/4/2016	Buy	Inside	1.350 €	2,500	3,375
2/4/2016	Buy	Inside	1.353 €	3,904	5,282
2/4/2016	Buy	Inside	1.354 €	5,642	7,639
2/4/2016	Buy	Inside	1.355 €	10,537	14,278
2/4/2016	Buy	Inside	1.357 €	3,732	5,064
2/4/2016	Buy	Inside	1.359 €	1,224	1,663
2/4/2016	Buy	Inside	1.360 €	2,855	3,883
2/4/2016	Buy	Inside	1.362 €	5,640	7,682
2/4/2016	Buy	Inside	1.363 €	112	153
2/4/2016	Buy	Inside	1.364 €	4,220	5,756
2/4/2016	Buy	Inside	1.368 €	5,560	7,606
2/4/2016	Buy	Inside	1.369 €	5,128	7,020
2/4/2016	Buy	Inside	1.370 €	7,515	10,296
2/4/2016	Buy	Inside	1.373 €	1,929	2,649
2/4/2016	Buy	Inside	1.374 €	2,085	2,865
2/4/2016	Buy	Inside	1.375 €	2,185	3,004
2/5/2016	Buy	Inside	1.330 €	9,452	12,571
2/9/2016	Buy	Inside	1.310 €	100,000	131,000
2/9/2016	Buy	Inside	1.320 €	100,000	132,000
2/9/2016	Buy	Inside	1.330 €	100,000	133,000
2/11/2016	Buy	Inside	1.300 €	83,632	108,722
2/11/2016	Buy	Inside	1.312 €	3,441	4,515
2/11/2016	Buy	Inside	1.313 €	1,139	1,496
2/11/2016	Buy	Inside	1.315 €	428	563
2/11/2016	Buy	Inside	1.317 €	9,262	12,198
2/11/2016	Buy	Inside	1.318 €	2,073	2,732
2/11/2016	Buy	Inside	1.319 €	4,824	6,363
2/11/2016	Buy	Inside	1.320 €	3,887	5,131
2/11/2016	Buy	Inside	1.321 €	940	1,242
2/11/2016	Buy	Inside	1.322 €	5,633	7,447
2/11/2016	Buy	Inside	1.323 €	4,422	5,850
2/11/2016	Buy	Inside	1.324 €	1,455	1,926
2/25/2016	Buy	Inside	1.520 €	7,278	11,063
2/25/2016	Buy	Inside	1.525 €	1,500	2,288
2/25/2016	Buy	Inside	1.528 €	1,265	1,933
2/25/2016	Buy	Inside	1.529 €	1,500	2,294
2/25/2016	Buy	Inside	1.530 €	3,036	4,645
2/25/2016	Buy	Inside	1.532 €	3,199	4,901
2/25/2016	Buy	Inside	1.535 €	4,301	6,602
2/25/2016	Buy	Inside	1.540 €	3,360	5,174
2/25/2016	Buy	Inside	1.542 €	3,959	6,105
2/25/2016	Buy	Inside	1.545 €	20,602	31,830
2/26/2016	Buy	Inside	1.545 €	20,000	30,900
3/4/2016	Buy	Inside	1.670 €	4,192	7,001
<b>TOTAL</b>				<b>2,080,070</b>	<b>2,703,394</b>

# Report on Corporate Governance Practices

## Article 447 of the Companies Code and article 14, no. 7, of CMVM regulation no. 5/2008

Disclosure of shares and other securities held by members of the Board of Directors and by key office-holders, as well as people closely related to them, under the terms of article 248-B of the Securities Code, and of transactions thereon made over the course of the financial year.

Annex referred to in article 447 of the Companies Code and article 14, no. 7 of CMVM regulation no. 5/2008:

Directors	Date	Holding shares of								
		MOTA-ENGL, SGPS, SA					MGP, SGPS, SA		FM, SGPS, SA	
		Qt.	Price	Buy / Sell	Inside /Outside market	%	Qt.	%	Qt.	%
António Manuel Queirós Vasconcelos da Mota	Opening balance	5,433,040				2.29%	0	0.0%	28,701	34.48%
	06-Jan-16	10,000	1.772	Buy	Inside					
	18-Jan-16	3,000	1.130	Buy	Inside					
	19-Jan-16	10,000	1.210	Buy	Inside					
	22-Jan-16	15,000	1.415	Buy	Inside					
	10-May-16	10,000	1.744	Buy	Inside					
	24-May-16	25,000	1.690	Buy	Inside					
	01-Jul-16	10,000	1.480	Buy	Inside					
	17-Nov-16	3,000	1.702	Buy	Inside					
	24-Nov-16	6,500	1.558	Buy	Inside					
	13-Dec-16	24,480	1.583	Buy	Inside					
	Closing balance	5,550,020				2.34%	0	0.0%	28,701	34.48%
	María Manuela Queirós Vasconcelos Mota dos Santos	Closing balance	3,675,066				1.55%	0	0.0%	17,902
María Teresa Queirós Vasconcelos Mota Neves da Costa	Closing balance	3,676,836				1.55%	0	0.0%	17,902	21.51%
María Paula Queirós Vasconcelos Mota de Meireles	Opening balance	4,484,211				1.89%	0	0.0%	17,902	21.51%
	22-Jan-16	10,000	1.403	Buy	Inside					
	Closing balance	4,494,211				1.89%	0	0.0%	17,902	21.51%
Carlos António Vasconcelos Mota dos Santos	Opening balance	50,000				0.02%				
	14-Jan-16	20,000	1.568	Buy	Inside					
	18-Jan-16	10,000	1.250	Buy	Inside					
	Closing balance	80,000				0.03%				
María Sílvia Fonseca Vasconcelos Mota	Closing balance	87,061				0.04%				
José Manuel Mota Neves da Costa	Opening balance	0								
	01-Mar-16	37,000		(*)						
	Closing balance	37,000				0.02%				
Manuel António da Fonseca Vasconcelos da Mota	Opening balance	0								
	25-May-16	72,985		(**)						
	Closing balance	72,985				0.03%				
Luis Filipe Cardoso da Silva	Closing balance	12,500				0.01%				
Gonçalo Nuno Gomes de Andrade Moura Martins	Closing balance	12,435				0.01%				
Ismael Antunes Hernandez Gaspar	Closing balance	1,000				0.00%				
José Pedro Matos Marques Sampaio de Freitas	Closing balance	20,138				0.01%				
Alberto João Coraceiro de Castro	Closing balance	2,200				0.00%				
F.M. - Sociedade de Controlo, SGPS, SA	Closing balance	-				-	6,337,640	100.0%		
Mota Gestão e Participações, SGPS, SA	Opening balance	131,568,411				55.40%				
	06-Jan-16	32,415	1.784	Buy	Inside					
	07-Jan-16	50,408	1.704	Buy	Inside					
	18-Jan-16	391,646	1.174	Buy	Inside					
	19-Jan-16	113,755	1.212	Buy	Inside					
	21-Jan-16	30,000	1.306	Buy	Inside					
	22-Jan-16	99,716	1.405	Buy	Inside					
	25-Jan-16	10,000	1.398	Buy	Inside					
	02-Feb-16	120,000	1.420	Buy	Inside					
	10-Mar-16	10,000	1.699	Buy	Inside					
	05-Jul-16	110,000	1.485	Buy	Inside					
	16-Sep-16	13,911	1.534	Buy	Inside					
	28-Oct-16	10,000	1.770	Buy	Inside					
	03-Nov-16	14,000	1.734	Buy	Inside					
	21-Nov-16	7,299	1.666	Buy	Inside					
	22-Nov-16	40,000	1.664	Buy	Inside					
	16-Dec-16	108,178	1.597	Buy	Inside					
	23-Dec-16	27,000	1.598	Buy	Inside					
	Closing balance	132,756,739				55.90%	-	-		

(\*) Number of shares held at the time of being considered as Company Manager

(\*\*) Number of shares held at the time of appointment as Company Director

# Report on Corporate Governance Practices

Management members and supervisory bodies holding bonds on December 31, 2016 are as follows:

Name	No. of bonds	Bonds ME 2014/2019	Bonds ME 2015/2020
António Manuel Queirós Vasconcelos da Mota	102	2	100
Maria Manuela Queirós Vasconcelos Mota dos Santos	7	7	-
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	28	16	12
Maria Paula Queirós Vasconcelos Mota de Meireles	2	2	-
Carlos António Vasconcelos Mota dos Santos	194	-	194
Manuel António da Fonseca Vasconcelos da Mota	16	-	16
Eduardo João Frade Sobral Pimentel	56	-	56
Luís Filipe Cardoso da Silva	36	-	36
António Manuel da Silva Vila Cova	300	-	300
José Pedro Matos Marques Sampaio de Freitas	350	-	350
Alberto João Coraceiro de Castro	16	-	16

## Article 448 of the Companies Code

In compliance with the stipulations of article 2016, no. 4 of the Companies Code, hereunder is presented a list of the shareholders who, as at December 31, 2016, held at least 10%, 33% or 50% of the share capital of MOTA-ENGIL, SGPS, SA:

Shareholder	2016		2015	
	No. of shares	% capital	No. of shares	% capital
Mota Gestão e Participações, SGPS, SA	132,756,739	55.90%	131,568,411	55.40%

## Decree-Law no. 411/91, of October 17

Under the terms and for the purposes of article 21 of Decree-Law no. 411/91, of October 17, we hereby declare that MOTA-ENGIL Group has no past-due debt to Social Security.

# Report on Corporate Governance Practices

## Article 66, no. 5, sec. g) of the Companies Code

On December 31, 2016, companies belonging to the MOTA-ENGIL Group held branches in the following countries:

Company	Country
Mota-Engil, Engenharia e Construção, SA	Algeria
	Brazil
	Cape Verde
	Colombia
	Spain
	USA
	France
	Hungary
	Ireland
	Morocco
	Panamá
	Peru
	Paraguay
	Poland
	United Kingdom
Mota-Engil, Engenharia e Construção África, SA	Czech Rep.
	Romania
	Angola
	Cape Verde
	Ghana
	Malawi
	Mozambique
	Kenya
	Rwanda
	Swaziland
Manvia – Manutenção e Exploração de Instalações e Construção, SA	Uganda
Manvia II Condutas, Lda.	Zambia
Mota-Engil Peru, SA	Zimbabwe
Vibeiras – Sociedade Comercial de Plantas, SA	Spain
Mota-Engil Africa, NV	Angola
	Colombia
	Morocco
Mota-Engil Central Europe, S.A.	Kenya
	Uganda
	Zambia
	Czech Republic

# Report on Corporate Governance Practices

## Qualified holdings

In compliance with the provision of article 2, no. 4, of CMVM regulation no. 5/2008, hereunder is the list of the holders of qualifying holdings, giving the number of shares held and the corresponding percentage of rights to vote, computed as at December 31, 2016, under the terms of article 20 of the securities Code:

Shareholders	No. of shares	% Voting Capital	% Voting rights
Mota Gestão e Participações, SGPS, SA (*)	132,756,739	55.90%	56.77%
António Manuel Queirós Vasconcelos da Mota (**) (a)	5,550,020	2.34%	2.37%
Maria Paula Queirós Vasconcelos Mota de Meireles (**) (a)	4,494,211	1.89%	1.92%
Maria Teresa Queirós Vasconcelos Mota Neves da Costa (**) (a)	3,676,836	1.55%	1.57%
Maria Manuela Queirós Vasconcelos Mota dos Santos (**) (a)	3,675,066	1.55%	1.57%
Maria Sílvia Fonseca Vasconcelos Mota (***)	87,061	0.04%	0.04%
Carlos António Vasconcelos Mota dos Santos (**)	80,000	0.03%	0.03%
José Manuel Mota Neves da Costa (***)	37,000	0.02%	0.02%
José Pedro Matos Marques Sampaio de Freitas (**)	20,138	0.01%	0.01%
Manuel António da Fonseca Vasconcelos da Mota (**)	72,985	0.03%	0.03%
<b>Attributable to FM – Sociedade de Controlo, SGPS, SA</b>	<b>150,450,056</b>	<b>63.35%</b>	<b>64.33%</b>
<b>Own Shares</b>	<b>3,639,812</b>	<b>1.53%</b>	<b>-</b>
<b>Freefloat</b>	<b>83,415,273</b>	<b>35.12%</b>	<b>35.67%</b>
<b>TOTAL</b>	<b>237,505,141</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) Direct Shareholder of the Company

(\*\*) Member of the Board of Directors and Senior Member of the Company

(\*\*\*) Manager of the Company

On December 31, 2016, Mota Gestão e Participações, SGPS, SA is 100% held by FM – Sociedade de Controlo, SGPS, S.A., which is 100% held by the members of the Board of Directors mentioned above under (a).

As at this report date, 150,452,056 shares corresponding to 63.35% of the share capital of MOTA-ENGIL, SGPS, SA, granting 64.33% of voting rights were attributable to FM – Sociedade de Controlo, SGPS, SA.

# Report on Corporate Governance Practices

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Statement of the Board of Directors on the remuneration policies applicable to key office-holders of MOTA-ENGIL Group, as described in article 248-B, no. 3, of the Securities Code

## 1. INTRODUCTION

In line with the recommendations made by CMVM regarding the importance of the remuneration policy covering key office-holders, as described in article 248-B, no. 3, of the Securities Code, hereunder we present the principles and general options in force, that are extended to collaborators of MOTA-ENGIL, including other staff whose professional activity may have relevant impact on the company's risk profile and whose remuneration contains an important variable component. Regarding the remuneration options applicable to members of the management and supervisory body, which are mandated in Law no. 28/2009, of June 19, please see the declaration made by the Remuneration Committee for the concrete options in this matter.

## 2. GENERAL PRINCIPLES

The MOTA-ENGIL Group remuneration policy comprises a set of operative principles that aim to guarantee their contribution to the pursuit of the strategic vision and culture outlined for the Group, as well as the alignment of the interests of the key office-holders with the Group's long-term interests.

- Ability to capture and retain:

MOTA-ENGIL GROUP, through its remuneration policy, seeks to guarantee the attraction and retaining of talent, adopting a competitive positioning in the market, taking into account the level of responsibility and contribution of the collaborators for the creation of value.

- Alignment of remuneration practices with short and long-term performance:

Mota-ENGIL Group's remuneration policy and corresponding rules of application are indexed to the performance evaluation model in effect, which, in turn, encompasses the evaluation of indicators and performance goals taken from the GROUP's strategic plan defined for the long-term.

- Equity/competitiveness:

The remuneration policy is segmented into functional groups formed as a result from an evaluation of function, allowing, on one hand, an internal levelling of the compensation practices according to criteria of responsibility, complexity and autonomy whilst, on the other hand, guarantees its competitiveness with the practices in the reference market.

- Meritocracy:

The criteria that establish the increase of the remuneration components are underlain by the success achieved by the GROUP and its business, as well as the individual evaluation of collaborators, in order to recognise and reward merit and excellence.

# Report on Corporate Governance Practices

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- Transversality/verticality:

MOTA-ENGIL GROUP aims to associate its management model to a common policy for executive and management positions, promoting transversal alignment and convergence toward the strategy, culture and objectives of the GROUP. In order to safeguard the specificity of the different business areas, the remuneration policy also embodies rules of vertical application, company by company, in order to adjust its practices to the respective sector of activity and reference market.

The GROUP'S remuneration policy is divided in functional groups which aggregate positions according to parameters, such as level of knowledge, complexity or responsibility/autonomy required, periodically assessed through the Hay international methodology, and are structured as follows:

- Top Executives
- Executives
- Top Management
- Management
- Technicians
- Administrative and Operational

The functional groups listed comprise the essential basis for the definition of human resources policies, namely the remuneration policy, which establishes, for each functional group, the remuneration components and conditions, whether they be of a fixed, variable and/or in benefits nature, taking into account the positioning strategy envisioned and the salary practices of specific reference markets.

Key office-holders at MOTA-ENGIL Group fall into the functional groups of Top Executives, Executives and Top Management.

## 3. CONCRETE OPTIONS

### 3.1 Overall architecture of the GROUP'S remuneration policy

The MOTA-ENGIL GROUP remuneration policy comprises three remuneration components, which are defined considering the position held, the alignment with salary practices of the market and the performance of the collaborators:

- Fixed remuneration, which consists of the gross base remuneration with reference to a one-year period. Each functional group has an associated salary band that establishes the minimum, medium and maximum values, considering the position held, level of experience, and performance of the employee, and salary practices of the reference market and MOTA-ENGIL.
- Variable remuneration, which includes a short-term bonus, paid according to the achievement of defined performance goals and, in functional groups with greater responsibility, includes a higher weighting of KPI indexed to the GROUP'S Strategic Plan. Each functional group establishes a set of target pays based upon salary practices in the reference market for positions with equivalent levels of responsibility, according to the level of performance achieved by the GROUP and the employee.
- Benefits, for which there is an established portfolio of applicable benefits, in accordance with the position and corresponding functional group.

# Report on Corporate Governance Practices

## 3.2 Indexation of the remuneration policy to MOTA-ENGIL GROUP's performance

Aiming to promote the alignment of short- and long-term interests of MOTA-ENGIL and preventing excessive risk-taking, the payment of the variable component is indexed to the performance evaluation, whose general principles and corresponding application method are provided for in the Corporate Performance Management Model.

The Group's performance evaluation consists of two components:

- **Quantitative assessment**, including a series of Key Performance Indicators (KPI) indexed in the GROUP's Strategic Plan, which orientates the performance in four dimensions: cash-flow generation, internal control/controlled risk, sustainable growth and organizational reinforcement.

Below is an example of the KPI chart the GROUP in effect at the Group.

Cash-flow generation	<ul style="list-style-type: none"> <li>· Net margin</li> <li>· Free Cash-Flow</li> <li>· Turnover</li> </ul>	Sustainable growth
Internal control/controlled	<ul style="list-style-type: none"> <li>· Turnover % generated by key clients</li> <li>· Weight of investment in subsequent turnover generation</li> <li>· Participation of staff in ME Active School</li> </ul>	Organizational reinforcement

- **Qualitative evaluation**, which results from the individual evaluation focusing on key skills for the GROUP (corporate, management and personal skills).

There have also been established preventive mechanisms aiming to promote restraint in risk-taking that may be prejudicial to the Company's interests and prevent the payment of the variable remuneration, in order to minimise the incentive of results not in line with a perspective of creating sustainable value in the long-term. Therefore, in performance evaluation criteria such as risks taken by the employee in decision-making, as well as compliance with the standards applicable to the Company's activity, are taken into consideration.

## 3.3 Plans for the attribution of shares or options on the acquisition of shares

There are no plans for the attribution of shares or options on the acquisition of shares regarding key office-holders within the meaning of no. 3 of article 248-B of the Securities Code.

# Report on Corporate Governance Practices

## List of offices held by directors

### António Manuel Queirós Vasconcelos da Mota (Chairman)

#### Duties in other companies of Mota-Engil Group on December 31, 2016

- Chairman at the shareholder's meeting of Mota-Engil, Engenharia e Construção, SA
- Chairman at the shareholder's meeting of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Chairman at the shareholder's meeting of Mota-Engil Angola, SA
- Chairman at the shareholder's meeting of Tratofoz – Sociedade de Tratamento de Resíduos, SA
- Member of the Remuneration Committee of ÁreaGolfe – Gestão, Construção e Manutenção de Campos de Golfe, SA
- Member of the Remuneration Committee of Aurimove, Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Manvia – Manutenção e Exploração de Instalações e Construções, SA
- Member of the Remuneration Committee of Martifer, SGPS, SA
- Member of the Remuneration Committee of ME Real Estate – Mota-Engil Real Estate Portugal, SA
- Member of the Remuneration Committee of MESP – Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil, Europa, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção, SA
- Member of the Remuneration Committee of Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, SA
- Member of the Remuneration Committee of Nortedomus – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Sedengil – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Suma Tratamento, SA
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Remuneration Committee of Tratofoz – Sociedade de Tratamento de Resíduos, SA
- Member of the Remuneration Committee of Vibeiras – Sociedade Comercial de Plantas, SA
- Member of the Remuneration Committee of Mota-Engil, Angola, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção África, SA
- Member of the Remuneration Committee of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA
- Member of the Remuneration Committee of Empresa Geral do Fomento, SA
- Chairman of the Board of Directors of Valorsul – Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, SA

#### Duties in other companies outside the Mota-Engil Group on December 31, 2016

- Chairman of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Chairman of the Board of Directors of Mota Gestão e Participações, Sociedade Gestora de Participações Sociais, SA
- Manager of Sociedade Agrícola Moura Basto, Lda
- Chairman at the shareholders' meeting of Sunviauto – Indústria de Componentes de Automóveis, SA
- Member of the Remuneration Committee of António do Lago Cerqueira, SA
- Member of the Board of Curators of Manuel António da Mota Foundation
- Member of the Board of Directors of AEP, as representative of Mota-Engil, SGPS, SA
- Member of the Board of Curators of AEP Foundation, as representative of Mota-Engil, SGPS, SA
- Member of the EIC (European International Contractors) Board
- Member of the Administrative Commission of Centro Regional do Porto of Universidade Católica Portuguesa
- Member of the Conselho Municipal de Economia do Porto – “Casa dos 24”
- Member of the Board of Directors of Swipe News, SA

# Report on Corporate Governance Practices

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## Gonçalo Nuno Gomes de Andrade Moura Martins (Deputy-chairman)

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### Duties in other companies of Mota-Engil Group on December 31, 2016

- Chairman of the Board of Directors of Ascendi Group, SGPS, SA
- Chairman of the Board of Directors of Ascendi Douro - Estradas do Douro Interior, SA
- Chairman of the Board of Directors of Ascendi Pinhal Interior, Estradas do Pinhal Interior, SA
- Chairman of the Board of Directors of Ascendi Operadora DI, Operação e Manutenção Rodoviária, SA
- Chairman of the Board of Directors of Ascendi Operadora PI, Operação e Manutenção Rodoviária, SA
- Chairman of the Board of Directors of Ascendi, Serviços de Assessoria, Gestão e Operação, SA
- Chairman of the Board of Directors of Ascendi O&M, SA
- Chairman of the Board of Directors of Ascendi Mexico SA de CV
- Chairman of the Board of Directors of Mota-Engil África, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil Engenharia e Construção África, SA
- Member of the Board of Directors of COPEXA - Concessionaria Autopista Perote-Xalapa, SA de CV
- Member of the Board of Directors of Lusoponte – Concessionária para a Travessia do Tejo SA
- Sole Director of Mota-Engil África, NV
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Remuneration Committee of Ascendi Douro – Estradas do Douro Interior, SA
- Member of the Remuneration Committee of Ascendi Pinhal Interior, Estradas do Pinhal Interior, SA
- Member of the Remuneration Committee of Ascendi Operadora DI, Operação e Manutenção Rodoviária, SA
- Member of the Remuneration Committee of Ascendi Operadora PI, Operação e Manutenção Rodoviária, SA
- Representative of Ascendi Group SGPSS.A at the Remuneration Committee of Lusoponte – Concessionária para a Travessia do Tejo, SA
- Member of the Remuneration Committee of Mota-Engil Real Estate Portugal, SA
- Member of the Remuneration Committee of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA

### Duties in other companies outside the Mota-Engil Group on December 31, 2016

- Member of the Board of Curators of Manuel António da Mota Foundation
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# Report on Corporate Governance Practices

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## **Arnaldo José Nunes da Costa Figueiredo (Deputy-chairman)**

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### **Duties in other companies of Mota-Engil Group on December 31, 2016**

- Chairman of the Board of Directors of Martifer Metallic Constructions, SGPS, SA
  - Chairman of the Board of Directors of Mota-Engil, Indústria e Inovação, SGPS, SA
  - Member of the Board of Directors of Vetor Diálogo, SGPS, SA
  - Member of the Board of Directors of Martifer, SGPS, SA
  - Member of the Board of Directors of Martifer Solar Inc
  - Member of the Board of Directors of Martifer Silverado Fund I, LLC
  - Member of the Board of Directors of Duelobrigatório, SA
  - Chairman at the shareholders' meeting of Mercado Urbano – Gestão Imobiliária, SA
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### **Duties in other companies outside the Mota-Engil Group on December 31, 2016**

- Member of the Board of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado
  - Member of the Board of Directors of PROFORUM - Associação para o Desenvolvimento da Engenharia
  - Member of the Board of ELO - Associação Portuguesa para o Desenvolvimento Económico e a Cooperação
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# Report on Corporate Governance Practices

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## Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)

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### Duties in other companies of Mota-Engil Group on December 31, 2016

- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda
- Member of the Remuneration Committee of Manvia - Manutenção e Exploração de Instalações e Construções, SA
- Member of the Remuneration Committee of Martifer, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, SA
- Member of the Remuneration Committee of Nortedomus – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Remuneration Committee of Tratofoz – Sociedade de Tratamento de Resíduos, SA
- Member of the Remuneration Committee of Áreagolfe – Gestão, Construção e Manutenção de Campos de Golfe, SA
- Member of the Remuneration Committee of Aurimove – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Mota-Engil, Europa, SA
- Member of the Remuneration Committee of Mota-Engil Indústria e Inovação, SGPS, SA
- Member of the Remuneration Committee of RTA – Rio Tâmega, Turismo e Recreio, SA
- Member of the Remuneration Committee of SGA – Sociedade do Golfe de Amarante, SA
- Member of the Remuneration Committee of Sedengil – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Vibeiras – Sociedade Comercial de Plantas, SA
- Member of the Board of Directors of Empresa Agrícola Florestal Portuguesa, SA

### Duties in other companies outside the Mota-Engil Group on December 31, 2016

- Manager of Casal Agrícola de Parada, Lda
  - Manager of Sociedade Agrícola Moura Basto, Lda
  - Manager of Mineira do Jarmelo, Lda
  - Manager of Mineira de Pensalvos, Lda
  - Manager of Serra Lisa, Sociedade de Empreendimentos Imobiliários, Lda
  - Member of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
  - Member of the Board of Directors of Mota Gestão e Participações – Sociedade Gestora de Participações Sociais, SA
  - Member of the Remuneration Committee of António do Lago Cerqueira, SA
  - Member of the Board of Curators and Chairman of the Board of Directors of Manuel António da Mota Foundation
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# Report on Corporate Governance Practices

## Maria Teresa Queirós Vasconcelos Mota Neves da Costa (Member)

### Duties in other companies of Mota-Engil Group on December 31, 2016

- Member of the Remuneration Committee of Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção África, SA
- Member of the Remuneration Committee of Tratofoz – Sociedade de Tratamento de Resíduos, SA
- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda

### Duties in other companies outside the Mota-Engil Group on December 31, 2016

- Deputy-chairman of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Member of the Board of Directors of Mota Gestão e Participações, Sociedade Gestora de Participações Sociais, SA
- Manager of Navarras Supermercados, Lda
- Manager of Imobiliária Toca do Lobo, Lda
- Manager of Sociedade Agrícola Moura Basto, Lda
- Manager of Casal Agrícola de Parada, Lda
- Manager of Mineira de Pensalvos, Lda
- Manager of Mineira do Jarmelo, Lda
- Member of the Board of Curators of Manuel António da Mota Foundation

## Maria Paula Queirós Vasconcelos Mota de Meireles (Member)

### Duties in other companies of Mota-Engil Group on December 31, 2016

- Chairman of the Board of Directors of RTA – Rio Tâmega, Turismo e Recreio, SA
- Chairman of the Board of Directors of SGA – Sociedade do Golfe de Amarante, SA
- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda
- Manager of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
- Member of the Remuneration Committee of Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, SA
- Member of the Remuneration Committee of RTA – Rio Tâmega, Turismo e Recreio, SA
- Member of the Remuneration Committee of SGA – Sociedade do Golfe de Amarante, SA
- Member of the Senior and Supervisory Board of Mota-Engil Angola, SA

### Duties in other companies outside the Mota-Engil Group on December 31, 2016

- Member of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Member of the Board of Directors of Mota Gestão e Participações, Sociedade Gestora de Participações Sociais, SA
- Manager of Casal Agrícola de Parada, Lda
- Manager of Mineira de Pensalvos, Lda
- Manager of Mineira do Jarmelo, Lda
- Manager of Sociedade Agrícola Moura Basto, Lda
- Manager of Verotâmega – Sociedade Imobiliária, Lda
- Member of the Board of Curators of Manuel António da Mota Foundation
- Member of the Remuneration Committee of António do Lago Cerqueira, SA

# Report on Corporate Governance Practices

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## Carlos António Vasconcelos Mota dos Santos (Member)

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### Duties in other companies of Mota-Engil Group on December 31, 2016

- Chairman of the Board of Directors of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil, Real Estate Portugal, SA
- Chairman of the Board of Directors of Mota-Engil Real Estate, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil America Latina, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil, Europa, SA
- Chairman of the Board of Directors of Empresa Construtora do Brasil, SA
- Chairman of the Board of Directors of Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, SA
- Chairman of the Board of Directors of Mota-Engil, Latam Portugal, SA
- Member of the Board of Directors of Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, SA
- Member of the Remuneration Committee of Mota-Engil, Real Estate Portugal, SA
- Member of the Remuneration Committee of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Director of Mota-Engil, Latin America, BV
- Director of Mota-Engil Energy, BV
- Director of Mota-Engil Tourism, BV
- Director of Flame Investments, BV
- Director of Global Technical Services Latam, BV
- Member of the Supervisory Board of Mota-Engil Central Europe, SA

### Duties in other companies outside the Mota-Engil Group on December 31, 2016

- Member of the Board of Directors of Mota Gestão e Participações – Sociedade Gestora de Participações Sociais, SA
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# Report on Corporate Governance Practices

## Ismael Antunes Hernandez Gaspar (Member)

### Duties in other companies of Mota-Engil Group on December 31, 2016

- Chairman of the Board of Directors of Empresa Geral do Fomento, SA
- Member of the Board of Directors of Mota-Engil, Europa SA
- Member of the Board of Directors of Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, SA
- Deputy-chairman of the Board of Directors of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Remuneration Committee of Aurimove – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Nortedomus – Sociedade Imobiliária, SA
- Member of the Remuneration Committee of Algar - Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Ersuc - Resíduos Sólidos do Centro, SA
- Member of the Remuneration Committee of Amarsul - Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Resisestrela - Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Resinorte - Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Suldouro - Valorização e Tratamento de Resíduos Sólidos Urbanos, SA
- Member of the Remuneration Committee of Valnor - Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Valorlis - Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Valorminho - Valorização e Tratamento de Resíduos Sólidos, SA
- Chairman at the shareholders' meeting of Sedengil – Sociedade Imobiliária, SA
- Director of Mota-Engil Mining Management (Proprietary) Limited
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA

### Duties in other companies outside the Mota-Engil Group on December 31, 2016

- Member of the Statutory Audit Board of FUNCIC – Fundo para o Desenvolvimento das Ciências da Construção

## José Pedro Matos Marques Sampaio de Freitas (Member)

### Duties in other companies of Mota-Engil Group on December 31, 2016

- Chairman of the Board of Directors of Sunviauto México, S.A. de C.V.
- Director of Mota-Engil, Finance, B.V.
- Member of the Board of Directors of RTA – Rio Tâmega, Turismo e Recreio, SA
- Member of the Board of Directors of SGA – Sociedade do Golfe de Amarante, SA
- Member of the Board of Directors of Mota-Engil África, SGPS, SA
- Manager of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
- Chairman of the Board of Directors of Mota-Engil Serviços Partilhados Administrativos e de Gestão SA

### Duties in other companies outside the Mota-Engil Group on December 31, 2016

- Member of the Board of Directors of Sunviauto – Indústria de Componentes de Automóveis, SA
- Member of the Board of Directors of Mota Gestão e Participações – Sociedade Gestora de Participações Sociais, SA
- Member of the Board of Directors of António do Lago Cerqueira, SA
- Manager of Kepler, SGPS, SA
- Chairman at the shareholders' meeting of IET - Instituto Empresarial do Tâmega
- Chairman of the Statutory Audit Board of ANJE - Associação Nacional de Jovens Empresários

# Report on Corporate Governance Practices

## António Martinho Ferreira de Oliveira (Member)

### Duties in other companies of Mota-Engil Group on December 31, 2016

- Chairman of the Board of Directors of Nortedomus - Sociedade Imobiliária, SA
- Chairman of the Board of Directors of Aurimove - Sociedade Imobiliária, SA
- Chairman of the Board of Directors of Turalgo - Sociedade de Promoção Imobiliária e Turística do Algarve, SA
- Chairman of the Board of Directors of Mercado Urbano - Gestão Imobiliária, SA
- Chairman of the Board of Directors of Mota-Engil, Engenharia e Construção, SA
- Member of the Board of Directors of Mota-Engil Real Estate Portugal, SA
- Member of the Board of Directors of Sedengil - Sociedade Imobiliária, SA
- Member of the Board of Directors of Mota-Engil, Europa, SA
- Member of the Board of Directors of Mota-Engil, Real Estate, SGPS, SA
- Member of the Board of Directors of Glan Agua, Limited
- Member of the Board of Directors of Mota-Engil, Ireland Construction, Limited
- Member of the Board of Directors of Mota-Engil, Central Europe, SA
- Member of the Board of Directors of 29 Listopada Project Development SP Zoo
- Member of the Board of Directors of Balice Project Development SP Zoo
- Member of the Board of Directors of Bukowinska Project Development SP Zoo
- Member of the Board of Directors of Dmowskiego Project Development SP Zoo
- Member of the Board of Directors of Dzieci Warszawi Project Development SP Zoo
- Member of the Board of Directors of Grodkowska Project Development SP Zoo
- Member of the Board of Directors of Grota-Roweckiego Project Development SP Zoo
- Member of the Board of Directors of Kilinskiego Property Investment SP Zoo
- Member of the Board of Directors of Kilinskiego Project Development SP Zoo
- Member of the Board of Directors of Kordylewskiego Project Development W Likwidacji SP Zoo
- Member of the Board of Directors of Mota-Engil Central Europe Business Support Center SP Zoo
- Member of the Board of Directors of Mota-Engil Vermelo SP Zoo
- Member of the Board of Directors of Mota-Engil Real Estate Management SP Zoo
- Member of the Board of Directors of Project Development 1 SP Zoo
- Member of the Board of Directors of Project Development 2 SP Zoo
- Member of the Board of Directors of Senatorska Project Development SP Zoo
- Member of the Board of Directors of Sikorki Project Development SP Zoo
- Member of the Board of Directors of Soltysowska Project Development SP Zoo
- Member of the Board of Directors of Wilanow Project Development SP Zoo
- Member of the Board of Directors of Wilenska Project Development SP Zoo
- Member of the Board of Directors of Mota-Engil Central Europe Česká republika, AS
- Member of the Board of Directors of Mota-Engil Magyarország Beruházási És Építőipari Zrt
- Manager of Calçadas do Douro - Sociedade Imobiliária, Lda
- Manager of Corgimobil - Empresa Imobiliária das Corgas, Lda
- Manager of Edifícios Mota-Viso - Sociedade Imobiliária, Lda
- Manager of Edipainel - Sociedade Imobiliária, Lda
- Manager of Motadomus - Sociedade Imobiliária, Lda
- Member of the Supervisory Board of Mota-Engil Central Europe Slovenská Republika, AS
- Member of the Supervisory Board of Mota-Engil Central Europe Hungary Beruházási És Építőipari KFT
- Member of the Supervisory Board of Magyarország beruházási És Építőipari KFT
- Member of the Supervisory Board of Obol Invest Befektetési És Üzletviteli Tanácsadó KFT
- Member of the Supervisory Board of Obol XI Ingatlanhasznosítási Beruházó És Szolgáltató KFT
- Member of the Supervisory Board of Metró Építőipari Gépészeti és szállítási ZRT
- Member of the Supervisory Board of Devonská Project Development, AS

### Duties in other companies outside the Mota-Engil Group on December 31, 2016

- Does not perform duties in other companies outside the Mota-Engil Group

# Report on Corporate Governance Practices

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## **Manuel António da Fonseca Vasconcelos da Mota(Member)**

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### **Duties in other companies of Mota-Engil Group on December 31, 2016**

- Chairman of the Board of Directors of Empresa Agrícola Florestal Portuguesa, SA
- Member of the Board of Directors of Mota-Engil África, SGPS, SA
- Member of the Board of Directors of Mota-Engil Engenharia e Construção África, SA
- Director of Mota-Engil África (PTY), Limited
- Director of Mota-Engil Cameroon, SARL
- Director of Mota-Engil, Minerals & Mining (Zimbabwe) (Private), Limited
- Director of Cosamo (PTY), Ltd
- Director of Mota-Engil Construction South Africa (PTY), Ltd
- Director of Mota-Engil Investments South Africa (PTY), Ltd
- Director of Mota-Engil Mining Management (Proprietary), Ltd
- Manager of Mota Internacional, Comércio e Consultadoria Económica, Lda
- Member of the Supervisory Board of Mota-Engil Central Europe Slovenska Republika, AS
- Member of the Supervisory Board of Mota-Engil, Central Europe, SA
- Member of the Supervisory Board of Devonska Project Development, AS
- Member of the Supervisory Board of Mota-Engil Central Europe Ceska Republika, AS

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### **Duties in other companies outside the Mota-Engil Group on December 31, 2016**

- Manager of Kepler, SGPS, SA
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# Report on Corporate Governance Practices

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## João Pedro dos Santos Dinis Parreira (Member)

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### Duties in other companies of Mota-Engil Group on December 31, 2016

- Chairman of the Board of Directors of Autopista Urbana Siervo de La Nación, SAPI de CV
- Chairman of the Board of Directors of Construcciones dos Puertos, SA de CV
- Chairman of the Board of Directors of Constructora Gran Canal, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Mexico, SA de CV
- Chairman of the Board of Directors of Mota-Engil Turismo, SA de CV
- Chairman of the Board of Directors of Mota-Engil Energy Holdings Mexico, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Turismo Holding, SAPI de CV
- Chairman of the Board of Directors of Generadora Fénix SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Energia SA de CV
- Chairman of the Board of Directors of Mota-Engil Peru SA
- Chairman of the Board of Directors of Mota-Engil Latam Peru SA
- Chairman of the Board of Directors of Mota-Engil Dominicana, SAS
- Chairman of the Board of Directors of Puente Boca del Río SA de CV
- Deputy-chairman of the Board of Directors of Mota-Engil América Latina SAPI de CV
- Member of the Board of Directors of Ascendi Mexico, S.A. de CV
- Member of the Board of Directors of Mota-Engil Latam Portugal, SA
- Member of the Board of Directors of Concessionária Autopista Perote-Xalapa, SA de CV
- Member of the Board of Directors of Gestión e Innovación en Servicios Ambientales, SA de CV
- Member of the Board of Directors of Operadora Autopista Perote-Xalapa, S.A. de CV
- Alternate member of the Board of Directors of Concessionária Autopista Cardel-Poza Rica, SA de CV
- Alternate member of the Board of Directors of Concessionária Autopista Tuxpan-Tampico, SA de CV
- Alternate member of the Board of Directors of Constructora Concessionária Autopista Cardel-Poza Rica, SA de CV
- Alternate member of the Board of Directors of Tuxpan - Tampico Construcciones, SA de CV
- Member of the Board of Directors of Empresa Construtora do Brasil, SA
- Secretary of the Board of Directors of Constructora Autopista Perote-Xalapa, SA de CV
- Secretary of the Board of Directors of M&R Occidente, SAPI de CV
- Secretary of the Board of Directors of Constructora M&R, SA de CV
- Chief Officer of Mota-Engil Prodi SAPI de CV

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### Duties in other companies outside the Mota-Engil Group on December 31, 2016

- Does not perform duties in other companies outside the Mota-Engil Group
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# Report on Corporate Governance Practices

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## **Eduardo João Frade Sobral Pimentel (Member)**

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### **Duties in other companies of Mota-Engil Group on December 31, 2016**

- Member of the Board of Directors of RTA – Rio Tâmega, Turismo e Recreio, SA
  - Member of the Board of Directors of SGA – Sociedade do Golfe de Amarante, SA
  - Manager of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
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### **Duties in other companies outside the Mota-Engil Group on December 31, 2016**

Does not perform duties in other companies outside the Mota-Engil Group

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## **Luís Filipe Cardoso da Silva (Member)**

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### **Duties in other companies of Mota-Engil Group on December 31, 2016**

- Member of the Board of Directors of Empresa Geral do Fomento, SA
  - Member of the Remuneration Committee of Resinorte - Valorização de Tratamento de Resíduos Sólidos, SA
  - Member of the Board of Directors of Mota-Engil, Serviços Partilhados Administrativos e de Gestão, SA
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### **Duties in other companies outside the Mota-Engil Group on December 31, 2016**

Does not perform duties in other companies outside the Mota-Engil Group

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## **Luís Valente de Oliveira (Independent member)**

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### **Duties in other companies of Mota-Engil Group on December 31, 2016**

- Does not perform duties in other companies of Mota-Engil Group
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### **Duties in other companies outside the Mota-Engil Group on December 31, 2016**

- Chairman of the Board of Founders of Casa da Música
  - Member of the Consultancy Board of Foundations (Presidency of the Council of Ministers)
  - Member of the Board of Directors of the Foundation of Associação Empresarial de Portugal
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# Report on Corporate Governance Practices

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## **António Bernardo Aranha da Gama Lobo Xavier (Independent member)**

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### **Duties in other companies of Mota-Engil Group on December 31, 2016**

Does not perform duties in other companies of Mota-Engil Group

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### **Duties in other companies outside the Mota-Engil Group on December 31, 2016**

- Partner and member of the Board of Directors of Morais Leitão, Galvão Teles, Soares da Silva & Associados
  - Non-executive member of the Board of Directors of NOS, SGPS, SA
  - Non-executive member of the Board of Directors of Riopelle, SA
  - Non-executive member of the Board of Directors of Público Comunicação Social, SA
  - Non-executive member of the Board of Directors of PCJ - Público, Comunicação e Jornalismo, SA
  - Non-executive member of the Board of Directors of Vallis Capital Partners
  - Non-executive member of the Board of Directors of Casa da Música Foundation
  - Non-executive member of Francisco Manuel dos Santos Foundation
  - Chairman at the shareholders' meeting of Ascendum SA
  - Chairman at the shareholders' meeting of Têxtil Manuel Gonçalves, SA
  - Member of the Statutory Audit Board of Tabaqueira - Empresa Industrial de Tabacos, SA
  - Chairman of the Statutory Audit Board of Tabaqueira II SA
  - Member of the Statutory Audit Board of Belmiro de Azevedo Foundation
  - Non-executive member of the Board of Directors of Banco BPI, SGPS,SA
  - Executive member of the Board of Directors of Sonaecom, SGPS, SA
  - Non-executive member of the Board of Directors of Sonaecom IM, SGPS, SA
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## **António Manuel da Silva Vila Cova (Independent member)**

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### **Duties in other companies of Mota-Engil Group on December 31, 2016**

Does not perform duties in other companies of Mota-Engil Group

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### **Duties in other companies outside the Mota-Engil Group on December 31, 2016**

- Chairman of the non-executive Board of Directors of Banco Finantia
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04



# Supervision Reports

Perote-Xalapa  
1<sup>st</sup> Project in México, completed in 2012

**LEGAL CERTIFICATION OF ACCOUNTS  
(Translation of a report originally issued in Portuguese)**

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**Opinion**

We have audited the accompanying consolidated financial statements of “**MOTA-ENGIL, SGPS, S.A.**” (the Group), which comprise the consolidated statement of financial position as at 31 December 2016 (which evidences a total of thousand Euro 4.220.704 and a total equity of thousand Euro 570.590, including a net consolidated profit of thousand Euro 50.157), the consolidated Statements of Profit and Loss by natures, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements present true and fairly, in all material respects, the consolidated financial position of “**MOTA-ENGIL, SGPS, S.A.**” as at 31 December 2016, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines of the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section below. We are independent from the entities that constitute the Group, in accordance with the law and we have fulfilled our other ethical responsibilities in accordance with the ethical code of the Portuguese Institute of Statutory Auditors.

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

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**Recognition of net income associated to construction contracts**

(Notes 1.3 xii), 1.3 xvii), 1.3 xxii), 4, 10, 23 c), 28 and 29)

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**Description of the most significant risks of material misstatement identified**

The Group carries out activities in the construction sector, where it celebrates multi-year contracts, involving risk and relevant judgment in evaluating the financial performance inherent in the execution of contracts.

**Summary of the auditor’s responses to the assessed risks of material misstatement**

Our audit procedures on this matter included amongst others:

- Evaluation of the Group's key controls on the recognition of revenue and contractual margins by conducting tests to verify operational efficiency;

The Group recognizes revenues and margins for construction contracts based on the percentage of completion method, calculated on the basis of the proportion of expenditure incurred on total estimated expenditures of the contract in each reporting period

The aforementioned degree of completion is regularly updated, based on significant estimates and judgments made by the management, namely in terms of expenses to be incurred and quantification of income until the end of the execution of each contract, including the evaluation of future claims.

We consider this a key audit matter because it involves a degree of uncertainty and complexity in the estimates made by the management and any change in said judgments and estimates during the execution of the contracts may cause material changes to the revenue and margin recognized.

- Analysis of minutes of meetings between those responsible for the execution of the construction contracts and the management, after which the participants were asked about the main aspects of their analysis;
- Selection of contracts, taking into account quantitative and qualitative factors, aiming to analyze the reasonableness of current and estimated financial performance of the same, taking into account the analysis of the variations of the margin and the variations of costs and total estimated income;
- For the selected contracts, we evaluate the judgments and estimates related to the expenses and expected income up to the conclusion of the work, taking into account their effectiveness in the historical analysis of already concluded contracts and identified deviations including, among others, the following procedures:
  - Analysis of the variations between actual execution figures and budgeted values;
  - Verification of recognized revenue based on the measurement records issued by the supervisory bodies and / or validation by the clients;
  - Review of contractual terms and conditions;
  - Test the existence and valuation of claims, and additional work and non-realized work through the analysis of formal contracts or correspondence with clients;
  - Review of legal and Group expert reports related to litigation matters;
  - Analysis of approved budgets of total expenses to be incurred; and
  - Subsequent review of contract performance.
- Test of the amount and timing of the recognition of revenue from construction contracts.

We also analyzed the reasonableness of disclosures related to construction contracts and the judgments and estimates involved, taking into account the applicable accounting standards

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### Valuation of accounts receivable and impairment recognition

(Notes 1.3 ix a), 1.3 xxii) and 23)

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#### Description of the most significant risks of material misstatement identified

In accordance with the Group's policies, the normal operating cycle in which accounts receivable are expected to be carried out corresponds to 12 months, although for some accounts receivable there is a significant period of time between the services are provided and amounts are received.

The Group makes a customer-level assessment to determine the impact of the current value of the accounts receivable in situations where there is evidence that the receivables may not be collected after the normal operating cycle. This evaluation made by the management requires judgments and estimates, in particular as regards the expected time of receipt, and the discount rate to be applied.

On the other hand, the Group is exposed to credit risk, particularly with regard to accounts receivable arising from construction contracts. Trade accounts receivable and other debtors represent more than 50% of the

#### Summary of the auditor's responses to the assessed risks of material misstatement

Our audit procedures on this matter included amongst others:

- Evaluation of the integrality of the accounts receivable considered by the management in order to determine and recognize the current value of accounts receivable, based on the work performed in the most significant companies of the Group;
- Evaluation of the reasonableness of the discount rate applied in the discount of the estimated future receipts and evaluation of the assumptions of the management regarding the expected moment of receipt of accounts receivable at the reporting date.

In terms of auditing procedures related to the recognition and measurement of impairment of accounts receivable it included, among others:

- Evaluation of the design and implementation of relevant controls related to the identification and measurement of impairments for accounts receivable from customers;

Group's consolidated current assets and approximately 25% of its total consolidated assets.

We consider this a key audit matter in view of the amounts of accounts receivable involved that are receivable for a period longer than the normal credit conditions attributed to the judgments made by the management regarding the ability of third parties to settle accounts receivable with seniority or with other signs of impairment, and at the time when such regularization will occur, since they are significant and of a subjective nature. In addition, the risk of impairment of accounts receivable from third parties not reflected in the consolidated financial statements at the end of the year is significant, as the most recent developments in the economic situation in some African countries increase the risk of related to accounts receivable.

- For a sample of accounts receivable selected on the basis of quantitative and qualitative criteria:

- Evaluation of the reasonableness of the methods and basic information used by the management and of the assumptions applied in determining the impairment of recognized accounts receivable;
- Analysis of the basic information and assumptions used by the management to substantiate their position, namely correspondence, agreements, and analyzes carried out on the ability of third parties to meet their commitments, as well as the expectation of the moment in which the receipt to occur.
- In the case of institutional clients (State, public entities, among others), obtaining external confirmation of the sample of longest outstanding receivables and verifying if the evidence obtained (third party answers, approved measurement records) is in accordance with the Impairment losses recognized;
- Verification of receipts subsequent to the reporting date.

We also analyzed the reasonableness of the disclosures related to valuation and impairment of accounts receivable, taking into account the applicable accounting standards.

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### Impairment of goodwill and other non-current assets

(Notes 1.3 i), 1.3 ii), 1.3 iii), 1.3 iv), 1.3 v), 1.3 xxii), 10 and 16 to 21)

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#### Description of the most significant risks of material misstatement identified

The Management annually tests impairment of goodwill recorded in the consolidated financial statements as of December 31, 2016, as well as impairment tests of its non-current assets whenever there is evidence of impairment.

The Group recognizes impairment losses when the recoverable amount of a given asset or group of assets is shown to be lower than its book value.

These impairment tests incorporate significant and complex judgments, based on prospective business assumptions, short and long-term growth rates, investment plans and discount rates.

We consider this a key audit matter, for the amounts involved, given the risk that there may be unrecognized impairment losses and the complex nature and judgments involved in the estimates developed by the management.

#### Summary of the auditor's responses to the assessed risks of material misstatement

Our audit procedures on this matter included amongst others:

The evaluation of the relevant controls related to the identification of signs of impairment in the Group's non-current assets, evaluation of the recoverability of amounts of goodwill and cash generating units with associated goodwill, as well as the analysis of the impairment losses evaluation in situations where the Group identifies signs of impairment in non-current assets.

With respect to the valuation of the recovery value used by the Group in the impairment assessment process, our analysis included:

- Evaluation of the criteria defined by the Group to determine the cash generating units, obtaining the valuation models used by the management to determine the recoverable amount of each cash generating unit and testing its arithmetic correction;
- Evaluation of the methodology used by the Group in the process of determining the value in use;
- Assessment of the assumptions underlying the models, namely the discount rates and short-term and long-term growth, in addition to their own estimated cash flows;
- Analysis of the reasonableness of future cash flows through comparison with historical financial information and future prospects;
- Inquiries to the management regarding assets that are not yet in use or that are underutilized, in which we evaluate the assumptions underlying the current state of these assets and projects involved;
- Obtaining and analyzing the results of the sensitivity analyzes prepared by the management bodies to the robustness of the assumptions and forecasts used.

We also analyzed the reasonableness of disclosures related to impairment of goodwill and other non-current assets in accordance with applicable accounting standards.

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### Valuation of real estate inventories and investment properties

(Notes 1.3 vii), 1.3. xi), 1.3 xxii), 10, 21 and 22)

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#### Description of the most significant risks of material misstatement identified

According to the Group's accounting policies, properties for real estate development and subsequent sale are recognized in "Inventories" at acquisition cost or net realizable value, whichever is lower, while investment properties are recognized in the financial statements according to their fair value.

The determination of the net realizable value and the fair value of these inventories and investment properties, respectively, is estimated by the management on the basis of assumptions such as comparable market sales, projections of future cash flows, including estimates of prices of sale and costs to be incurred until the completion of the projects, determined on an individual basis for each asset.

We consider this a key audit matter because these estimates may require complex and significant judgments and entail a relevant degree of uncertainty as to the timing of cash flow generation and amount of cash flows. In addition, the headings mentioned above include some projects which have shown that there is currently no intention of immediate development, and in these cases the increased risk is that these developing projects continue to be recorded at cost when the need to recognize an impairment is recognized or its fair value may be overvalued in light of the fact that the future cash flows arising from real estate developments may be overestimated.

#### Summary of the auditor's responses to the assessed risks of material misstatement

Our audit procedures on this matter included amongst others:

- Evaluation of the Group's relevant controls related to the process of valuation of the net realizable value of real estate assets for sale and related to the determination of the fair value of investment properties;
- Evaluation of the reasonableness of classification of investment properties;
- For a sample of assets selected on the basis of qualitative and quantitative criteria, obtaining the evaluation reports prepared by expert external evaluators or the projections made internally for the purposes of determining the fair value or measurement of the net realizable value of the assets, as applicable;
- Evaluation of the independence of the external evaluators contracted by the management, and competence of the external or internal experts used to carry out the evaluations;
- Appeal, in the audit procedures to be performed on the selected asset sample, to:
  - Inquiries to the Group's real estate managers and internal experts, in order to evaluate the evidence presented and conclusions withdrawn; and
  - Assessment of the reasonableness of the baseline data used in the verifying assessments with comparable market transactions.

We also analyzed the reasonableness of the disclosures related to the net realization value of inventories and the valuation of the investment properties in accordance with the applicable accounting principles.

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### Provisions and contingent liabilities

(Notes 1.3 xvii), 1.3 xxii), 10, 14, 28 and 30)

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#### Description of the most significant risks of material misstatement identified

At December 31, 2016, the Group maintains provisions recorded to cover claims by third parties and liabilities related to the construction activity that may have arisen or whose past experience indicates that they may arise after the construction is completed, as well as provisions related to other matters, including legal proceedings and other contingencies.

In addition, the Group has a set of situations identified by the tax authorities, which are being discussed in court and other ongoing legal proceedings, for which no provisions have been registered but represent contingent liabilities subject to monitoring and disclosure in the accompanying notes to the financial statements.

#### Summary of the auditor's responses to the assessed risks of material misstatement

Our audit procedures on this matter included amongst others:

For provisions for liabilities arising from construction contracts the:

- Evaluation of relevant controls in the Group relating to the determination of provisions for future liabilities with construction contracts;
- Inquiries with Group's corporate legal services and senior Group managers on existing or potential claims that have arisen during the year, and assess whether provisions are required to address these claims;
- For all known situations related to claims provided by the corporate legal services or management of the Group's main companies, analysis of the calculation and support for the respective provision;
- Evaluation of the information bases and assumptions used to determine the provisions to be constituted and

In the applicable accounting framework, the determination of the need to recognize a provision, or the necessary disclosures to be made in the notes to the financial statements, as well as the valuation of the provisions to be recognized is a matter that involves judgment, by its nature and involves a high degree of uncertainty, so there is a risk that the assumed classification and / or recorded estimates will prove to be inadequate and the provisions would contain material misstatements.

We consider this a key audit matter, taking into account the amounts of provisions recorded in processes currently under way, the geographical dispersion of the Group and its exposure to diversified tax and legal frameworks that increase the risk that certain procedures may entail responsibilities that may not be reflected in the financial statements and the high degree of judgment involved in this evaluation and in the determination of the provisions to be recognized.

evaluation of the reliability of historical estimates by comparison of the actual expenses incurred with the provisions that were recorded, as evidence for the calculation of provisions.

For the assessment of tax and legal contingencies and litigation, as well as related provisions:

- Obtaining from the Group's corporate legal services and significant Group companies from its internal legal advisors and through replies to requests for confirmation from external consultants, a list of current legal and tax proceedings and other Tax disputes still in the process of being evaluated by the Tax Authorities, but which have not yet been challenged by the Group;
- For a sample of existing situations, selected based on qualitative and quantitative criteria, obtaining the evaluation made and the respective documentation prepared by the management bodies regarding the classification of those situations as required by applicable accounting regulations;
- Analysis of the correspondence exchanged with the tax authorities, evaluating the claims made by the Group and the contestations presented in court;
- Debate with the Group companies and with the Group's internal experts or external parties designated for this purpose, when applicable, of the assumptions and arguments that support the positioning of the managements;
- Verification of the assumptions assumed by the Group in the classification and, if applicable, in determining the value of provisions, for evidence and correspondence existing related to these matters;
- We make use, where available, of opinions requested by the Group to the experts who are following up on these processes;
- Evaluation of each of the provisions constituted by reference to the relevant accounting principles and policies of the Group.

We also analyzed the reasonableness of the disclosures related to provisions and contingent liabilities, in accordance with applicable accounting principles.

### **Responsibilities of Management and Supervisory Board for the consolidated financial statements**

Management is responsible for:

- the preparation of the consolidated financial statements, that present true and fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- the preparation of the Management report, including a corporate governance report, in accordance with the applicable law and regulations;
- the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of appropriate accounting policies and criteria; and
- the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The Supervisory Board is responsible for the supervision of the Group's financial report process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our responsibility consists in obtaining a reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

-identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

-obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

-evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

-conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

-evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

-obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

-we communicate with those charged with governance, including the Supervisory Board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

- from the matters communicated with those charged with governance, including the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;

- we provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

Our responsibility also includes verifying that the information included in the Management report is consistent with the consolidated financial statements and the verifications required in numbers 4 and 5 of article 451º, of Portuguese Companies Law (Código das Sociedades Comerciais).

### **Report on other legal and regulatory requirements**

#### About the Management report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Management report has been prepared in accordance with applicable requirements of the law and regulation, that the information included therein is in agreement with the audited consolidated financial statements and, considering our knowledge and assessment of the Group, we did not identify material misstatements.

#### About the Corporate governance report

In compliance with the number 4 of article No. 451 of the Portuguese Company Law, it is our opinion that the Corporate governance report includes the elements required to the Group under the terms of No. 245-A of the Portuguese Securities Code (Código dos Valores Mobiliários), and we have not identified any material mistakes in the information disclosed in such report, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of the mentioned article.

### **About the additional elements included in article 10 of Regulation (EU) 537/2014**

In compliance with article No.10 of Regulation (EU) 537/2014 of the European Parliament and of the Council of April 16, 2014, and besides the key audit matters mentioned above, we report the following:

- We were elected by Mota-Engil, SGPS, S.A. for the first time at the Shareholders General Meeting held on March 31, 2007 for a mandate between 2007 and 2010, being re-elected for a second mandate between 2011 and 2014 and were again re-elected at the shareholders general meeting held on May 28, 2015 for a third mandate between 2015 and 2018.
- The management confirmed to us that it is not aware of the occurrence of any fraud or suspected fraud with a material effect in the financial statements. In the planning and execution of our audit under the ISA we kept professional scepticism and designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Group Supervisory Board as at April, 26, 2017.
- We declare that we have not rendered any prohibited services under the terms of article No. 77, number 8, of the Legal Regime of the Portuguese Statutory Auditors (Estatuto da Ordem dos Revisores Oficiais de Contas) and that we kept our independence from the Group during the execution of the audit.

Porto, 26 April 2017

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Carlos Afonso Dias Leite Freitas dos Santos  
R.O.C. n.º.1314 – R.O.C. Executor  
Registered in CMVM with n.º.20160924

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António Magalhães & Carlos Santos - SROC  
represented by the Partner-Director  
António Monteiro de Magalhães – R.O.C. n.º. 179  
Registered in CMVM with n.º.20160038

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD  
(translation of a report originally issued in Portuguese)

To the Shareholders of MOTA-ENGIL, SGPS, S.A.

In compliance with legal and statutory requirements, the Statutory Audit Board of MOTA-ENGIL, SGPS, S.A., presents the report of its activities during 2016, as well as its opinion on the documents comprising the consolidated financial report, which include the Management Report and the Consolidated Financial Statements prepared by the Company's Board of Directors for that year.

The Statutory Audit Board met regularly and accompanied the progress of the Company, particularly through contacts with the Board of Directors and its members and with the main persons responsible for the Group's services, who provided all the information that was needed.

The Statutory Audit Board also accompanied the activity of the Statutory Auditor and the External Auditor, and therefore obtained elements that were useful in the performance of its supervisory responsibilities. It also supervised the activity of the Statutory Auditor and the External Auditor, including their independence and exemption.

The Statutory Audit Board analysed the aforesaid documents of the consolidated financial report, the Consolidated Legal Certification of Accounts, issued by the Statutory Audit Firm, and the Audit Report of the External Auditor, who is registered in the CMVM (Portuguese Market Securities Commission), as well as the additional reports addressed to the Statutory Audit Board.

Pursuant to the terms of Art. 245(1)(c) of the Securities Market Code, the members of the Statutory Audit Board hereby declare that, to the best of our knowledge, the information contained in the Consolidated Report and Accounts for 2016 was drawn up in accordance with the applicable accounting principles and gives a true and fair view of the assets and liabilities, the financial situation and the results of MOTA-ENGIL, SGPS, S.A. and the companies within the perimeter of its consolidation, and that the Management Report faithfully describes the progress of the business, the performance and position of MOTA-ENGIL, SGPS, S.A., and the companies within the perimeter of its consolidation, including a description of the main risks and uncertainties they face.

In light of the foregoing, the Statutory Audit Board is of the opinion that the aforementioned documents of the consolidated financial report presented by the Board of Directors should be approved.

Porto, April 26, 2017

**AUDIT REPORT ISSUED IN THE TERMS REQUIRED BY ARTICLE 245, No. 1, B) OF THE PORTUGUESE SECURITIES CODE**

(Translation of a report originally issued in Portuguese  
In the event of discrepancies, the Portuguese language version prevails)

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**Opinion**

We have audited the accompanying consolidated financial statements of Mota-Engil, S.G.P.S., S.A. (“the Entity”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2016 (that presents a total of 4,220,704 thousand euro and total equity of 570,590 thousand euro including a net profit attributable to the Group of 50,157 thousand euro), the consolidated statement of profit and loss, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements present true and fairly, in all material respects, the consolidated financial position of Mota-Engil, S.G.P.S., S.A. as at 31 December 2016 and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union (IFRSs).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further standards, technical and ethical directives of the Portuguese Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section below. We are independent from the entities that constitute the Group in the terms of the law and we have fulfilled our other ethical responsibilities arising from the requirements of the ethical code of the Portuguese Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”).

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

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Description of the most significant risks of material misstatement identified**

**Summary of the auditor’s responses to the assessed risks of material misstatement**

**Revenue recognition related with construction contracts**

(Notes 1.3 xii), 1.3 xvii), 1.3 xxii), 4, 10, 23 a) and c), 28 and 29)

The Group’s activity is included in the construction industry and is characterized by long term contracts, involving significant risk and judgment in the assessment of both current and future financial performance.

Our work on the revenue recognition from long term construction contracts included:

- **Assessment of the Group’s key controls over the recognition of contract revenue and margins and tested whether these controls were operating effectively:**

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<b>Description of the most significant risks of material misstatement identified</b>	<b>Summary of the auditor's responses to the assessed risks of material misstatement</b>
<p>Construction contracts revenue and margins are recognized based on the stage of completion of each contract, calculated as the proportion of costs incurred compared to the estimated total costs of the contract at each reporting date.</p> <p>The contracts stage of completion, determined as mentioned above, is updated on a regular basis. In doing so, management is required to exercise significant judgement in the assessment of costs to be incurred, of revenue computation until the end of each contract, including the valuation of positive and negative variations in the contracts' scope of works performed, in the evaluation of future claims and assessment of the <b>Group's ability to deliver contracts within forecast timescales.</b></p> <p>Changes in these judgments and the related estimates, as contracts progress, can result in material changes to revenue and margin recognized.</p> <p>Given the degree of uncertainty and the complexity of the judgments associated with the estimates made by management, we consider this matter to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Participation in meetings held, within the scope of the Group's risk monitoring process, between the operational executives for the construction contracts and management representatives responsible for the operational and production area, and / or analysis of those meetings minutes;</li> <li>• Selection of a sample of contracts in order to analyze the reasonability of the estimates associated to them. Samples were selected based on quantitative and qualitative factors;</li> <li>• Regarding the contracts included in the above mentioned <b>sample, we evaluated management's judgments</b> regarding expenses and income foreseen up to the completion of the work, which have an impact on the revenue accounting in accordance with the percentage of completion method, taking in consideration the reliability of historical estimates with reference to already completed contracts and identified deviations, including the following procedures: <ul style="list-style-type: none"> <li>- Analysis of margin variations, of changes in total estimated expenses and income, analysis of deviation of actual expenses when compared to budgeted amounts;</li> <li>- Review of contract terms and conditions;</li> <li>- Obtaining and analysis of the ongoing contracts latest work measurement records issued closer to the reporting date, selected based on quantitative and qualitative factors, verifying, among other factors, the amount of revenue confirmed by the supervisory entity and / or by the client, corresponding to the works degree of completion on the measurement record date;</li> <li>- Test of the existence and valuation of claims and work variations (positive or negative), via inspection of formalized contracts or correspondence with clients;</li> <li>- <b>Review of legal and Group experts' reports related with contentious matters;</b></li> <li>- Analysis of total expenditure budgets to be incurred through obtaining budgets duly approved by the production area and discussing them with the operational area; and</li> <li>- Review of subsequent contract performance in order to complement year end judgments;</li> </ul> </li> </ul>

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
	<ul style="list-style-type: none"> <li>• For the above mentioned sample, test the amount and timing of revenue recognition from construction contracts, taking into account the percentage of completion, existing contractual obligations and approved measurement records / reports of external supervisory entities.</li> </ul> <p>Our work also considered the reasonableness of the disclosures related to construction contracts, considering the applicable accounting standards.</p>

### Valuation of accounts receivable and impairment recognition

(Notes 1.3 ix.a), 1.3 xxii) and 23)

<p>The normal operating cycle in which receivables are expected to be realized, in accordance with Group policies, corresponds to 12 months. However, for some accounts receivable, there is a significant time lag between the period during which the construction services are provided and the consideration is received.</p> <p>Mota-Engil Group performs an assessment at client level to determine the impact of the accounts receivable present value in the situations where there are indicators that they may not be collected after the normal operating cycle. This assessment made by management requires judgements and estimates, namely regarding the expected timing of recovery and the discount rate to be applied, and is significant to our audit due to the amounts that are outstanding beyond the normal credit terms.</p> <p>On the other hand, Mota-Engil Group is exposed to credit risk, namely with regard to accounts receivable arising from construction contracts. Trade accounts receivable and other debtors represent more than 50% of Mota-Engil Group consolidated current assets and approximately 25% of its total consolidated assets.</p>	<p>Our work on the valuation of accounts receivable that exceed the normal 12 month operating cycle included:</p> <ul style="list-style-type: none"> <li>• Assessment of the completeness of accounts receivable considered by management for the purpose of determining and recognizing the present value discounting of accounts receivable, based on the work <b>performed in the Group 's most significant companies;</b></li> <li>• Assessment of the reasonableness of the discount rate applied in discounting the future estimated receipts and assessment of management assumptions regarding the expected time of receipt of the accounts receivable outstanding at the statement of financial position date.</li> </ul> <p>Our work on the recognition and measurement of accounts receivable impairment included:</p> <ul style="list-style-type: none"> <li>• Assessment of design and implementation of key controls related to the recognition and measurement of impairments for trade accounts receivable;</li> <li>• For a sample of accounts receivable selected based on quantitative and qualitative factors: <ul style="list-style-type: none"> <li>- Assessment of the reasonableness of the methods and supporting information used by management and the assumptions applied in determining the accounts receivable impairment, namely through discussions held with management;</li> </ul> </li> </ul>
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<b>Description of the most significant risks of material misstatement identified</b>	<b>Summary of the auditor's responses to the assessed risks of material misstatement</b>
<p>Judgments made by management regarding the third parties ability to settle aged accounts receivable or with other impairment indicators and the moment when such settlement shall occur, are significant and subjective in nature. The risk of third parties accounts receivable impairment existent and not reflected in the consolidated financial statements at year end is a significant risk to our audit, since the most recent developments in the economic situation in some African countries, or in obtaining foreign currencies amounts in those countries, increase the risk of existence of impairment or currency devaluation related to those accounts receivable.</p>	<ul style="list-style-type: none"> <li>- Analysis of available supporting information used by management to document its assessment, namely correspondence, agreements and analyzes performed on the ability of the third parties to meet their commitments, as well as the expectation of the moment in which this collection will occur;</li> <li>- Verification of collections subsequent to the reporting date.</li> <li>• In the case of institutional clients (State, public entities, among others), obtaining external confirmation of a sample of aged outstanding receivables and verifying whether the evidence obtained (third party replies, approved work measurement records) is consistent with the impairment losses recognized.</li> </ul> <p>Our work also included assessing the adequacy of the disclosures related to valuation and impairment of accounts receivable, considering the applicable accounting standards.</p>

### **Impairment of goodwill and other non-current assets**

(Notes 1.3 i), 1.3 ii), 1.3 iii), 1.3 iv), 1.3 v), 1.3 xxii), 10, 16, 17, 18 and 20)

<p>As at 31 December 2016, the carrying amount of goodwill amounted to 40 million euro, of tangible assets to 693 million euro, of intangible assets to 542 million euro, of available-for-sale financial assets and held to maturity, including holdings in companies not listed on a regulated market, to 132 million euro.</p> <p>Management performs an annual impairment test of the goodwill recorded in the consolidated financial statements, as well as impairment tests of its non-current assets whenever there are impairment indicators.</p> <p>As mentioned in notes 1.3. v) the Group recognizes impairment losses when the recoverable amount of a given asset or group of assets is proved to be lower than its carrying amount.</p>	<p>Our audit procedures in this area included the assessment of key controls related to the identification of impairment indicators of the Group's non-current assets, assessment of the recoverability of the amounts of goodwill and cash generating units with associated goodwill, as well as the analysis of the impairment losses assessment exercise in situations in which the Group identifies impairment indicators on non-current assets.</p> <p>Regarding the assessment of the recoverable amount used by the Group in the impairment assessment process, our analysis included:</p> <ul style="list-style-type: none"> <li>• Assessment of the criteria defined by the Group to determine the cash generating units;</li> <li>• Obtaining the valuation models used by management to determine the recoverable amount of each cash generating unit and testing the arithmetic correction of these models;</li> </ul>
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<b>Description of the most significant risks of material misstatement identified</b>	<b>Summary of the auditor's responses to the assessed risks of material misstatement</b>
<p>The mentioned impairment tests involve significant and complex judgments based on assumptions associated with future business profitability, short and long-term growth rates, investment plans and discount rates.</p> <p>Given the risk that there may be unrecognized material impairment losses, taking into account the value of the captions mentioned above and the complex nature and judgments involved in the estimates developed by management, we consider this matter to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Evaluation of the methodology used by the Group in the process of determining the value in use, namely considering the applicable accounting standards requirements;</li> <li>• Assessment of the assumptions underlying the models, involving, when deemed necessary, internal Deloitte specialists to critically assess the assumptions used, namely the discount rates and short and long-term growth rates used, in addition to the forecasted cash flows themselves;</li> <li>• Analysis of the reasonableness of forecasted cash flows through comparison with historical financial information and future prospects;</li> <li>• Holding discussions with management, namely with regard to assets that are not yet in use/operation or are in underutilization, in which we assess the assumptions underlying the status of these assets and projects involved;</li> <li>• Obtaining and analyzing the results of the sensitivity analyzes prepared by management to the robustness of the assumptions and forecasts used.</li> </ul> <p>Our work also included assessing the adequacy of the disclosures related to impairment of goodwill and other non-current assets, in accordance with the applicable accounting standards.</p>
<p><b>Valuation of real estate inventories and investment properties</b> (Notes 1.3 vii), 1.3. xi), 1.3 xxii), 10, 11, 21 and 22)</p>	
<p>Properties intended for real estate development and subsequent sale, or for disposal in its current state, are recognized as "Inventories" at the lowest of their acquisition cost or net realizable value.</p> <p>Also in accordance with Mota-Engil Group accounting policies, investment properties are recognized in the consolidated financial statements at their fair value.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> <li>• Assessment of the Group's key controls related to the process of determining the net realizable value of real estate assets for disposal and determining the fair value of investment properties;</li> <li>• Assessment of the reasonableness of the investment properties classification, considering its expected use, based on meetings held with management;</li> </ul>

<b>Description of the most significant risks of material misstatement identified</b>	<b>Summary of the auditor's responses to the assessed risks of material misstatement</b>
<p>The determination of the net realizable value and the fair value of these inventories and investment properties, respectively, is estimated by management based on assumptions such as comparable market sales, future cash flows projections, including estimates of sale prices and costs to be incurred until the completion of the projects, determined individually for each asset. These estimates may require complex and significant judgments and entail a relevant degree of uncertainty regarding the timing and quantification of cash flow generation.</p> <p>The "Inventories" and "Investment Properties" captions include some projects for which there is currently no intention of immediate development, and in these cases there is an increased risk that these projects continue to be carried at the acquisition cost when there is a need to recognize an impairment or that its fair value may be overestimated given that future cash flows arising from real estate developments may be overestimated.</p>	<ul style="list-style-type: none"> <li>• For a sample of assets selected based on qualitative and quantitative criteria, obtaining the valuation reports prepared by external expert appraisers or projections performed internally for determining the fair value or measurement of the net realizable value of the assets, as applicable;</li> <li>• Assessment of the independence of external appraisers hired by management and the competence of the external or internal experts used to carry out the valuations;</li> <li>• Involvement, whenever necessary, of our internal Deloitte specialists to assist in the audit procedures to be performed on the selected assets sample, namely: <ul style="list-style-type: none"> <li>- Holding discussions with those in the Group responsible for the real estate area and, where necessary, with the Group's internal experts, in order to assess the evidence presented and conclusions withdrawn;</li> <li>- Assessment of the reasonableness of the baseline data used in the valuations compared to our industry knowledge and experience, including the analysis of the valuations, compared to comparable market transactions and variations regarding industry benchmarks.</li> </ul> </li> </ul> <p>Our work also included assessing the adequacy of the disclosures related to inventories net realizable value and investment properties fair value valuation, in accordance with the applicable accounting standards.</p>
<p><b>Provisions and contingent liabilities</b> (Notes 1.3 xvii), 1,3 xxii), 10, 14, 28 and 30)</p>	
<p>As at 31 December 2016, Mota-Engil Group has provisions recorded to address third-party claims and liabilities related to the construction activity that may have arisen or which past experience indicates that may arise after the completion of the construction works (59 million euro), as well as provisions to address other matters, including legal proceedings and other contingencies.</p>	<p>Our audit procedures regarding provisions for responsibilities arising from construction contracts included, among other procedures:</p> <ul style="list-style-type: none"> <li>• <b>Assessment of Group's key controls related to the process</b> of determining provisions for future liabilities arising from construction contracts;</li> <li>• Evaluation of the information baseline and assumptions used in the determination of provisions and assessment of the reliability of historical estimates by comparison of actual expenses incurred with the provisions that were recorded, as evidence for the calculation of provisions;</li> </ul>

<b>Description of the most significant risks of material misstatement identified</b>	<b>Summary of the auditor's responses to the assessed risks of material misstatement</b>
<p>In addition, Mota-Engil Group has a number of situations identified by the tax authorities, which are being discussed in court and has other ongoing legal proceedings, for which no provisions have been recorded, but represent contingent liabilities subject to monitoring and disclosure in the notes to the financial statements.</p> <p>The determination of the need to recognize a provision, or the nature of the disclosures to be included in the notes to the consolidated financial statements, under the applicable accounting standards, is a matter that by its nature involves judgment and involves a high degree of uncertainty, and therefore there is a risk that the classification assumed and / or the estimates recorded may prove to be inadequate and the provisions may contain material misstatements.</p> <p>Given the amount of provisions recorded and the amounts involved in currently ongoing processes, as well as the geographical dispersion of Mota-Engil Group and its exposure to diverse tax and legal frameworks that increase the risk that certain procedures may entail responsibilities that may not be reflected in the financial statements, and the high degree of judgment involved in this assessment and in determining the provisions to be recognized, we consider this matter to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Questioning Mota-Engil Group corporate legal department and local management of the most significant companies about existing or potential claims that have arisen during the year, and assessing whether provisions are required to address these claims;</li> <li>• For all situations related to claims provided by the corporate legal department or by the management of the most significant companies, analysis of the respective provision calculation and analysis of the supporting information.</li> </ul> <p>Our most significant audit procedures regarding the assessment of tax and legal contingencies and litigation, as well as related provisions, were as follows:</p> <ul style="list-style-type: none"> <li>• Obtaining from Mota-Engil Group corporate legal department, for the most significant companies, from their internal legal advisors and through replies to confirmation requests by external advisors, a list of ongoing situations of legal and tax proceedings as well as other tax litigation still in evaluation process by the Tax Authorities, but which have not yet been contested by the Group;</li> <li>• For a sample of existing situations, selected based on qualitative and quantitative criteria, obtaining the assessment made and the respective documentation prepared by management regarding the classification of those situations as required by applicable accounting standards;</li> <li>• For the aforementioned sample, we performed an analysis of the correspondence exchanged with the Tax Authorities, assessed the claims made by the Group and the contestations, in the case of processes that are already in court;</li> <li>• Debate with the companies and <b>Group's internal experts</b> or external designated for that purpose, when applicable, of the assumptions and arguments that support the management position;</li> <li>• For the aforementioned sample, corroboration of the assumptions assumed by the Group in the classification and, if applicable, in the determination of the provisions amount, to evidence and existing correspondence related to these matters;</li> </ul>

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
	<ul style="list-style-type: none"> <li>• We involved in the analysis our Deloitte internal experts in matters of a tax nature, and obtained, whenever available, legal opinions requested by the Group to the experts who are following up on these processes;</li> <li>• Assessment of each provision recorded by reference to the relevant accounting principles and Group policies.</li> </ul> <p>Our work also included assessing the adequacy of the disclosures related to provisions and contingent liabilities, in accordance with applicable accounting standards.</p>

### Responsibilities of Management and Supervisory Body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that present true and fairly, in all material respects, the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the preparation of a management report, including a corporate governance report, under the applicable laws and regulations;
- the implementation and maintenance of an appropriate internal control system that allows the preparation of financial statements that are free from material misstatements due to fraud or error;
- the adoption of accounting principles and criteria appropriate in the circumstances; and
- **the evaluation of the Group's ability to continue as a going concern, disclosing, whenever applicable, the matters that may cast significant doubt on the continuity of its operations.**

The Supervisory Body is responsible for overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility consists in obtaining reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an **auditor's report that includes our opinion**. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, either due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an **opinion on the effectiveness of the Group's internal control**;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude **on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.** Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- we communicate with those charged with governance, including the Supervisory Body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the Supervisory Body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters **in our auditor's report unless law or regulation precludes public disclosure about the matter**;
- we provide the Supervisory Body with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification of the agreement between the information included in the Management report with the consolidated financial statements and the verifications required in article 451, numbers 4 and 5, of the Portuguese Commercial Code ("Código das Sociedades Comerciais").

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **About the management report**

In compliance with article 451, number 3.e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that the Management report was prepared in accordance with the applicable law and regulations and the information included therein is in agreement with the audited consolidated financial statements, and considering our knowledge and appreciation of the Group, we did not identify material misstatements.

### **About the corporate governance report**

In compliance with article 451, number 4, of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material misstatements in the information disclosed in such report, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of that article.

**About the additional elements included in article 10 of Regulation (UE) 537/2014**

In compliance with article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of April 16th, 2014, and beyond the key audit matters mentioned above, we further report on the following:

- We have been appointed auditors of Mota-Engil, S.G.P.S., S.A. for the first time for the year ended 31 December 2002, having remained in those functions, uninterruptedly, until the audit of the accompanying financial statements.
- The Board of Directors confirmed to us that is unaware of the occurrence of any fraud or suspected fraud with a material effect in the financial statements. As part of the planning and execution of our audit in accordance with ISAs, we kept professional skepticism and designed audit procedures to respond to the risk of material misstatements in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and **delivered to the Group's Supervisory Body** as at 26 April 2017.
- We declare that we have not rendered any prohibited services under the terms of article 77, number 8, of the Legal Regime of the Portuguese Statutory Auditors and that we kept our independence from the Group during the execution of the audit.

Porto, 26 April 2017

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Deloitte & Associados, SROC S.A.  
Represented by António Manuel Martins Amaral, ROC

