Toyota Caetano Portugal, S.A.

Report & Accounts

December 2017

Corporate Bodies

General Meeting Board

José Lourenço Abreu Teixeira – Chairman
Manuel Fernando Monteiro da Silva – Vice Chairman
Maria Olívia Almeida Madureira – Secretary
Jorge Manuel Coutinho Franco da Quinta - Secretary

Board of Directors

José Reis da Silva Ramos – Chairman
Maria Angelina Martins Caetano Ramos – Member
Salvador Acácio Martins Caetano – Member
Miguel Pedro Caetano Ramos – Member
Nobuaki Fujii - Member
Matthew Peter Harrison -Member
Rui Manuel Machado de Noronha Mendes – Member

Supervisory Board

José Domingos da Silva Fernandes - Chairman
Alberto Luis Lema Mandim – Member
Daniel Broekhuizen – Member
Maria Lívia Fernandes Alves – Deputy Member

Statutory Auditor

PricewaterhouseCoopers & Associados - Sociedade de
Revisores Oficiais de Contas, Lda. Represented by José Pereira Alves or
by José Miguel Dantas Maio Marques
António Joaquim Brochado Correia - Deputy Member

MANAGEMENT REPORT

Message from the Chairman

In 2017, Toyota Caetano Portugal celebrated the 49^{th} anniversary of the establishment of the Salvador Caetano Group as a representative of the brand in Portugal. Despite all the challenges we faced during this journey, Toyota came to stay and it really did stay. We are almost half a century old, but we know that our journey still holds many challenges, new ways of doing business, new mobility solutions. A clean mobility wanted by people in Portugal, in Europe and all around the World.

During this year, it was clear that the automotive sector must redirect its strategy toward clean mobility solutions. Emission standards in Europe are promoting an increased production of alternative fuel vehicles, including hybrid, plug-in hybrid, electric and fuel cell versions, most of which Toyota and Lexus have pioneered. Faced with this scenario, both brands promise that from 2050 onward, they will only produce zero-emission models.

But this promise is also increasingly accompanied by the creation of close relationships with customers, following new trends and consumption profiles, which requires real-time services as well as creativity to differentiate our offer. To do so, we are already using new digital channels that add value to our operations. I believe that, more and more, we will overcome expectations and dazzle our Customers. With our technology and the engagement of our professionals, we will put more and more smiles on the faces of Toyota and Lexus customers.

For Toyota Caetano Portugal, going digital is not all about technical ability and engineering. Going digital is a matter of attitude, so we need to attract, develop and retain new professionals with technical and transversal skills associated with the technologies of the future and aligned with the expectations of customers.

This year was also marked by a relatively stable political and socio-economic context, which is essential to allow Portugal and its Companies to develop their work in a balanced way, increasing their competitiveness in both domestic and international markets. However, it is more and more important that the Portuguese Government allows the automotive sector to grow, without raising the tax burden and adjusting taxation and incentives for the purchase of clean vehicles.

Regarding Toyota Caetano Portugal's commercial activity, we saw a 5.4% increase in sales in 2017 compared to 2016, with the market share reaching 4%. I would also like to emphasize the fact that we remain a benchmark player in industrial vehicles, whose activity has a market share of around 25%, with 1,024 vehicles sold this year. This result is mainly due to the commitment and dedication of a team that is engaged with the brand's objectives.

Regarding our industrial activity, in 2017 we manufactured 1,913 units of the Toyota Land Cruiser 70, a model manufactured at our Ovar Manufacturing Unit. That year, this manufacturing unit was also chosen to kick off Toyota's unique project "Five Continents Drive", a global test programme for Toyota vehicles. In 2017, the 'European adventure' began at the place chosen by Toyota to install its first manufacturing unit in Europe 46 years ago. I also highlight the fact that this manufacturing unit was honoured by the Toyota Motor Corporation with the 2017 President Awards.

A distinction that recognizes our persistence, resilience, and the work we have been doing throughout our lifetime, overcoming the many challenges and revealing the true "Kodawari" spirit – never give up.
These figures show Toyota Caetano Portugal's ability to assertively address the challenges it is faced with, turning them into opportunities to create added value. These results are only possible thanks to our People, who, with passion and commitment to the development of new solutions, demonstrate their huge capacity to do more and better, always.
For the new year, I reaffirm our commitment to never give up and maintain our focus on quality, the implementation of Kaizen and the development of the key abilities for our activity, safeguarding the relationships of trust we have built with our Partners, Employees and Customers over the years.

José Ramos
(Chairman & CEO Toyota Caetano Portugal)

Introduction

According to the provisions of Article 245(1)(a) of the Securities Code, we have prepared the management report and the profit application proposal presented below, as well as the corresponding Notes, in compliance with the provisions of article 447 of the Commercial Companies Code. For each of the Companies included in Toyota Caetano Portugal's scope of consolidation, a list of the main events that occurred during the period under review and their impact on the financial statements will be presented.

TOYOTA CAETANO PORTUGAL, S.A.

Industrial Activity

Ovar Manufacturing Unit

In 2017, the Ovar Manufacturing Unit manufactured, as part of its main activity, a total of 1,913 units of the Land Cruiser 70. This was higher than the estimated budget and confirms the growth trend of the last 2 years.

During the second half of the year, a Takt-time change and product changes (Minor Changes) were carried out.

In the PPO/PDI activity, 3,469 vehicles were transformed/prepared, a result that is slightly lower than that achieved in the same period of the previous year.

Production	2017	2016	2015	2014	2013
Toyota Physical Units	1,913	1,823	1,629	1,664	1,111
Transformed/Prepared Physical Units	3,469	3,773	4,353	3,271	2,339
Total Employees	177	186	206	170	181

In 2017, the Manufacturing Unit achieved a positive overall result. We maintained our orientation towards Quality, Customer Satisfaction and Continuous Improvement, without failing to implement a rigorous and demanding Cost Reduction Plan, in which it was necessary to adjust the organizational structure to the needs of the moment and to focus on the reduction of operating costs.

It should be noted that the Ovar Manufacturing Unit was distinguished by Mr. Akio Toyoda (President of TMC) for its ability to embody the true "Kodawari" spirit, i.e, to never give up.

We also highlight the following events occurred during the year under review:
– New time bank agreement signed between the Employees and the Company, making labour more flexible in order to meet market needs and fluctuations;

– Audit conducted by APCER in the scope of the ISO 14001 Environmental Management System and ISO 9001 Quality Management System (both follow-ups);
– Toyota Motor Europe's Audit to our Environmental Management System;
– 5th Facilities Assessment and 1st Risk Assessment, carried out by Toyota Motor Europe;

– Five Continents Drive event, promoted by Toyota Motor Europe;
– Open Day in partnership with AIDA (Industrial Association of the District of Aveiro);
– Also worth mentioning is the introduction of a new logistics system for CKD sending/receiving using returnable racks.

Future Prospects

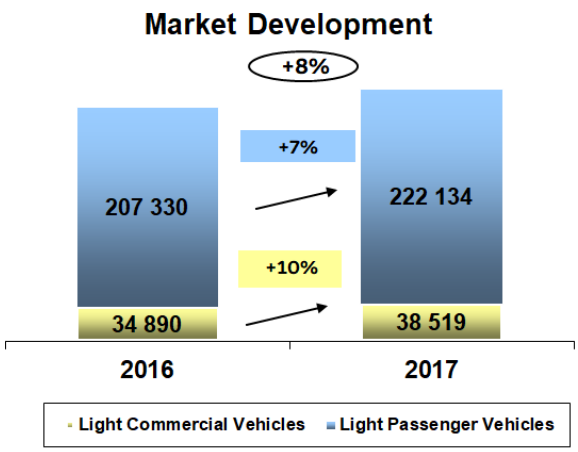
For 2018, an increase in the production volume (2,488 vehicles) is expected. Together with no prospects of any minor changes to any products, this increase will allow us to achieve a greater flow/normalization in production, with the consequent positive impacts on the rationalization of costs and on profit.

Commercial Activity

Light Vehicles Market – Framework

The light vehicle market showed a new growth trend in 2017, with an 8% increase over 2016 and a total of 260,653 vehicles sold.

Passenger vehicles and light commercial vehicles showed a positive trend when compared to the same period of the previous year, with a positive variation of 7% and 10%, respectively.



Source: ACAP (Portuguese Automobile Trade Association)

We should point out, as explanatory factors for the market's performance:

1) In 2017, Portugal witnessed an improvement in its main macroeconomic indicators, which ended up showing positive figures, most notably the growth in consumer confidence indices and GDP.

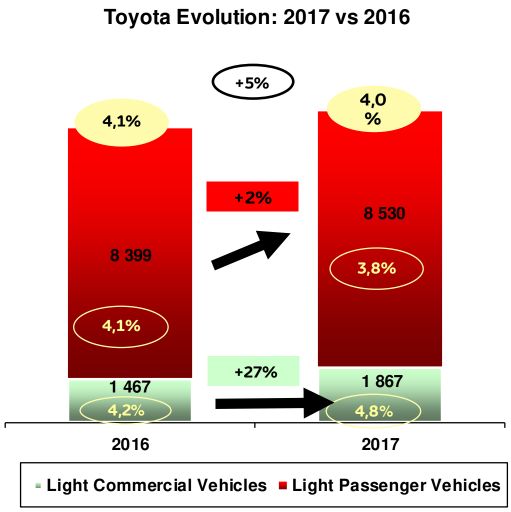
2) This improvement in macroeconomic indicators had a special impact on the corporate market, resulting in a higher growth in the sales of commercial vehicles.

3) We should also emphasise that the increase in the car rental market also contributed to a positive development in passenger vehicles.

Toyota Vehicles

In 2017, Toyota sold a total of 10,397 vehicles, which represents an increase of more than 5% when compared to the previous year.

Toyota's performance was different, depending on whether we are talking about Light Passenger Vehicles or Light Commercial Vehicles:



(1) In Light Passenger Vehicles, Toyota grew by around 2%, reaching a market share of 3.8%. This performance seems somewhat restrained, resulting from a lower brand presence in the segment of car rental sales, which showed a strong growth.
It is worth noting the substantial increase in the sales of hybrid vehicles (+74% compared to 2016), also boosted by the new C-HR model that completed the first year of sales and is part of one of the fastest-growing segments – Crossovers.

(2) In Light Commercial Vehicles, **Toyota shows a quite strong growth of about 27%**, with a market share of 4.8% (+0.6 p.p. compared to 2016).
This recovery is associated with the good performance of the Hilux and Proace models, recently launched in the market.

We should highlight the strong competitive pressure felt in B (utility) and C (small family) segments – aggressive promotional campaigns throughout the entire year – a pressure that we cannot always or should not align with, otherwise we will sacrifice our overall profitability beyond advisable.

For 2018, the overall priorities and goals set include:

– Capitalizing on the most representative models in terms of sales – Yaris, Auris and C-HR – based on the launch of special series;

- Enhancing sales to corporate customers (the most representative segment in the automotive market);

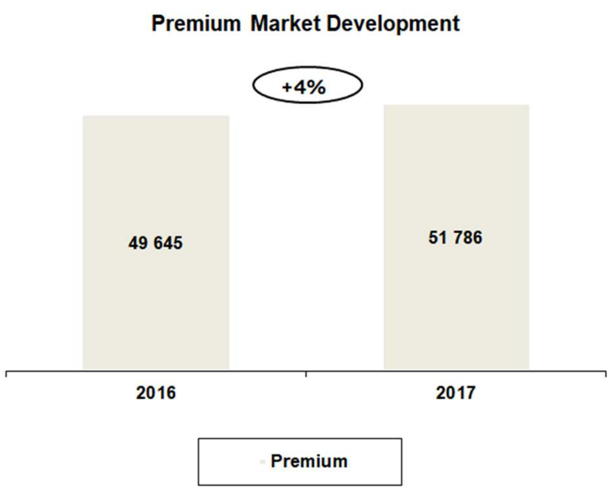
– Continue focusing on the image and value of the Brand, which will celebrate 50 Years from the date of the agreement for Exclusive Distribution in Portugal.

– Enhancing our focus on the sale of hybrid vehicles.

– Enhancing the commercial vehicle range, recently renewed with the New Generations of the Proace and Hilux models.

Premium Market – Framework

The Premium Market also showed a positive development compared to the previous year, with a 4% growth, and a total of 51,786 vehicles sold. The Premium Market represents nearly 23% of the total passenger vehicle market.

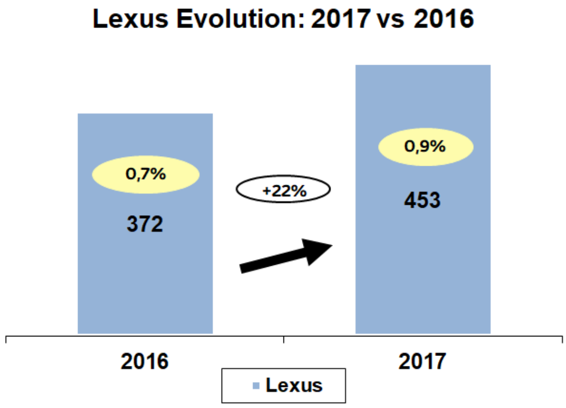


Source: ACAP (Portuguese Automobile Trade Association)

Lexus Vehicles

In a complex competitive environment, with a strong commercial aggressiveness between competitors in the C-Premium and D-Premium segments, the Lexus brand continues its upward trend, showing a remarkable 22% increase. In 2017, Lexus registered 453 new licence plates, all of them with hybrid technology, which corresponds to a 0.9% share of the premium market (+0.2 p.p.).

The performance of the best-selling model, the sports sedan IS, renewed at the beginning of the year, was decisive for the increase in Lexus sales in 2017.



For 2018, the overall goals set include:

– Strengthening the brand's innovative position, leveraged by a broad and exclusive offer of hybrid vehicles with advanced design;

– Launching of new products: the new NX 300h and a new version of the RX 450h SUV;

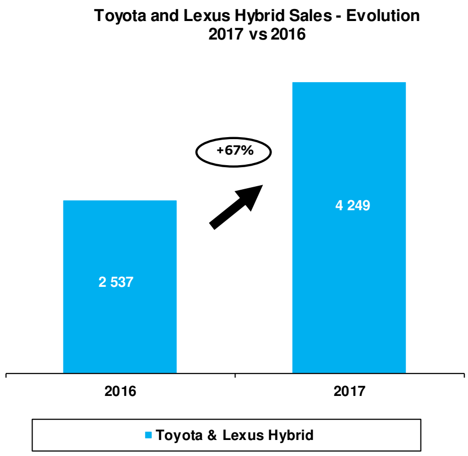
– Capitalizing on the most representative models in terms of sales - CT 200h, IS 300h and NX 300h;

– Expanding the dealership network, which will have new points of sale and assistance.

Toyota and Lexus Hybrid Sales Growth

In 2017, we should, once again highlight the performance of the Toyota and Lexus hybrid models, which showed a 67% growth compared to 2016. Hybrid vehicles accounted for 47.3% (+18.4 p.p. compared to 2016) of Toyota and Lexus light passenger vehicle sales.

This performance was due to a broad and renewed offer of hybrid vehicles, corresponding to a total of 16 models – 8 Toyota and 8 Lexus – and to the focus on the dissemination and promotion of the benefits of hybrid technology.



Source: ACAP (Portuguese Automobile Trade Association)

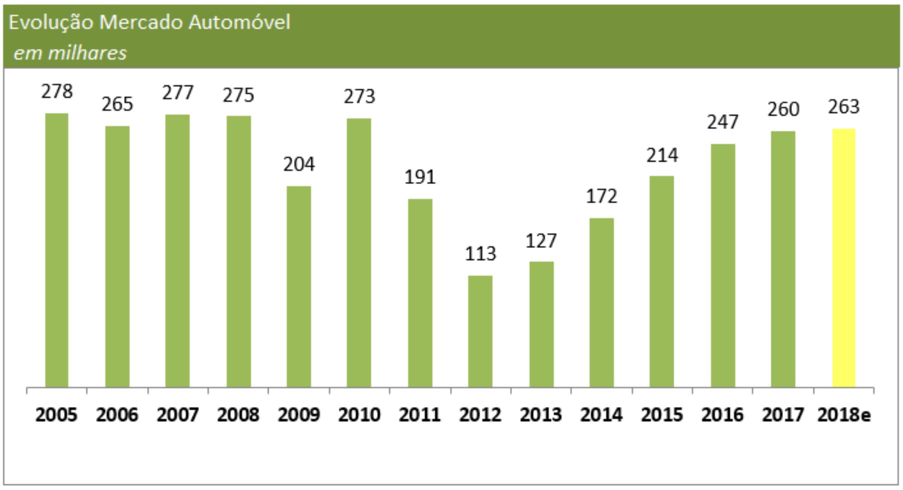
For 2018 we expect the sale of hybrid vehicles to keep growing at a substantially higher rate than that of the market.

Future Prospects

Given the current economic environment and considering the latest forecasts of the Bank of Portugal, 2018 will continue to show a growth profile.

All macroeconomic indicators are expected to show a positive development compared to 2017.

In view of this scenario, the Market forecast for 2018 suggest a 1% growth compared to the previous year, corresponding to approximately 263,000 vehicles sold:



In view of the conditions described, the goal for 2018 is to sell 11,500 Toyota and Lexus vehicles, a figure that would correspond to a 6% increase compared to 2017 and amount to a 4.4% market share.

After-Sales

In 2017, the overall turnover of the After Sales Division **amounted to 37 million euros, which represents a 8.5% increase compared to the previous year.**

In a little more detail, we can say that the commercial activity of auto parts (genuine & national incorporation), which excludes accessories, warranties and services, amounted to **27.6 million euros**. **This figure represents a 6.1% increase compared to 2016.**

In turn, turnover in accessories (which includes merchandising) amounted to 3.3 million euros in 2017. **These sales were 11% higher than the figures achieved in the previous year**, and also translate into growth in the incorporation per new vehicle sold.

Business Strategy:

During 2017, TCAP maintained the focus of its Customer-Oriented Strategy (360º strategy).
This strategy is intended to meet all the customer's needs and provide excellent service. Positive results indicate that we are on the right track.

In this regard, we highlight some of the actions carried out:

- Renewal of the annual VCI (Value Chain Index) challenge for 2017. This initiative encourages every Toyota dealer to achieve good performances in some of the indicators seen as strategic for the After-Sales business. These indicators include: proactive customer warning programmes, active front-of-house customer service, Customer retention services (insurance, maintenance contracts...), promotion of the sale of accessories, implementation of the specialised service for hybrid vehicles, and technical evaluation of services.
- Extension and new approach of communication for the dissemination of the 5+ Service (intended for owners of Toyota vehicles with over 5 years of age). This service includes competitive fixed prices nationwide for replacing oil and filters, clutch parts, shock absorbers and timing belts. In 2017, these packs were extended.
- New edition of "Toyota Day", which stood out in 2017 as the edition with the best results in terms of service scheduling, sale of new vehicles and overall event participation.
- Renewal of the Online Scheduling system for Toyota customers, which evolved from a request for scheduling by the customer to an effective service scheduling. <u>This is a significant improvement to the best customer service.</u>

Obviously, many other actions were carried out during 2017, reaching the good results mentioned above.

Industrial Machinery

Toyota Industrial Equipment

	MARKET			TOYOTA + BT SALES				
	'16	'17	Variation	'16		'17		Variation
			%	QTY	Share	QTY	Share	%
Counterbalanced Forklift Trucks	1389	1634	18%	280	20,2%	329	20,1%	17,5%
Warehouse Equipment	1744	2434	40%	333	19,1%	695	28,6%	108,7%
TOTAL MMC	**3133**	**4068**	**30%**	**613**	**19,6%**	**1024**	**25,2%**	**67,0%**

Source : Wits

First of all, it is important to note that the statistical source has changed. Until 2016 we used data from ACAP (machines delivered to customers). Due to legal requirements, the disclosure of these statistics is currently suspended.
Thus, the data in the table above refer to WITS statistics at European level, which disclose the number of orders placed at manufacturing plants.

Market

The ***Cargo Handling Machine*** market showed a 30% growth in 2017.

Regarding Toyota, 1,024 orders were placed in 2017, which represents a 25.2% market share in a total market of 4,068 vehicles.

Toyota Sales Performance by Segment

Regarding the ***Counterbalanced Forklift Trucks*** segment, there was a 17.5% increase compared to the same period of the previous year, placing our market share at 20.1%.

In the ***Warehouse Equipment*** segment, there was a 108.7% increase, placing our market share at 28.6%. This increase is explained by the fact that, in March 2017, a large fleet deal, of approximately 300 vehicles was closed by Toyota, which influenced both the market and our market share.

Future Prospects

Considering the current political situation, as well as the future prospects for economic growth, market growth is expected to continue in 2018, but at a more moderate pace.

Regarding Toyota's performance, a challenging year is expected, as the aggressiveness of competing brands has been significantly growing.
However, we aim to differentiate ourselves from competitors by maintaining a good assistance service and innovative offers, so that we can attract new customers and thus maintain and consolidate market leadership.

CAETANO AUTO, S.A.

- The European Central Bank is expecting robust economic expansion in the Eurozone over the next few years. Banco de Portugal, in its macroeconomic outlook, also forecasts a recovery in line with the expected pace of growth for the Eurozone. In this scenario, it is expected that the Portuguese Gross Domestic Product (GDP) will continue to grow, within an economic cycle that has not been happening for many years.

- Therefore, 2017 was a year of recovery in the domestic economy and the operations of Caetano Auto follow this trend, allowing for significant improvements compared to the same period of the previous year.

- As a result, this year's turnover exceeded 212 million euros, surpassing the 185 million euros of the previous year, which represents a 14.6% increase.

- It should be noted that all the efforts made by Caetano Auto with regard to continuous improvement within the scope of its various activities has been yielding rather interesting measurable results, such as those mentioned above in relation not only to turnover, but also in terms of cost containment, thus leveraging the Company's profitability.

- With regard to expenses, the careful management of all the Company's costs allowed for expenses to remain at the levels of the previous year, despite the increase in sales.

- As for depreciation and amortisations, they continue to significantly impact the profit obtained by the company, as these represent over 2 million euros, mainly due to the real estate assets held.

- With regard to these real estate assets, it is important to emphasise the changes occurred in 2017, namely the selling of real estate in Viana do Castelo and Parque das Nações, and by the beginning of the activity in the new facilities of Santa Maria da Feira.

- For all of the above, Caetano Auto ended 2017 with positive earnings before taxes (EBT) and more than quadrupled that of 2016.

In light of the above, prospects for 2018 are quite bright, as the estimated growth of the automotive market will certainly, at least in 2018, produce results as positive as those obtained in this financial year.

CAETANO AUTO CV, S.A.

Economic Environment Indicator *

The economy in Cape Verde is expected to grow at around 4% at the end of 2017. Although the unemployment rate has reached 15% and absolute poverty is at 34%, the economy in Cape Verde is in a process of recovery. In terms of inflation, it should remain stable between 1% and 2%.

In 2017, tourism continued to be the driver of the economy in Cape Verde. As a result, large international hotel chains continue to invest in the construction of new units in Ilha do Sal, Ilha da Boa Vista and in Cidade da Praia, Ilha de Santiago, in particular the Hilton chain, which opened a 5-star Hotel in Ilha do Sal in October and started the construction of another one in Cidade da Praia, as well as the Meliã chain, which started the construction of a new unit in Ilha da Boa Vista, in addition to the 3 hotels it already owns in Ilha do Sal.
It is true that Cape Verde still has an extremely vulnerable profile, dependent on public aid, sensitive to external shocks and climate changes and heavily dependent on beach tourism.
The expected GDP growth in the state budget proposal for 2018 is 5% to 5.5%.

*Source (State Budget Proposal 2018)

Commercial Activity

Vehicles

SEGMENT	BRAND	2017	2016	Variation Qty.	Variation %
Light-Duty Passenger Vehicles	Toyota	62	106	-44	-41.5%
Light Commercial Vehicles	Toyota	295	224	+71	+30%
Heavy Commercial Vehicles	Toyota	27	28	-1	-7.1%
		384	358	+26	+7.3%

Compared to the same period in 2016, Caetano Auto, CV, S.A. sold 26 more vehicles (+7.3%), with Hilux and Hiace models clearly contributing the most to this increase.

For 2018 and following the aforementioned macroeconomic outlook, a new increase in vehicle sales is expected, which should reach 400 vehicles.

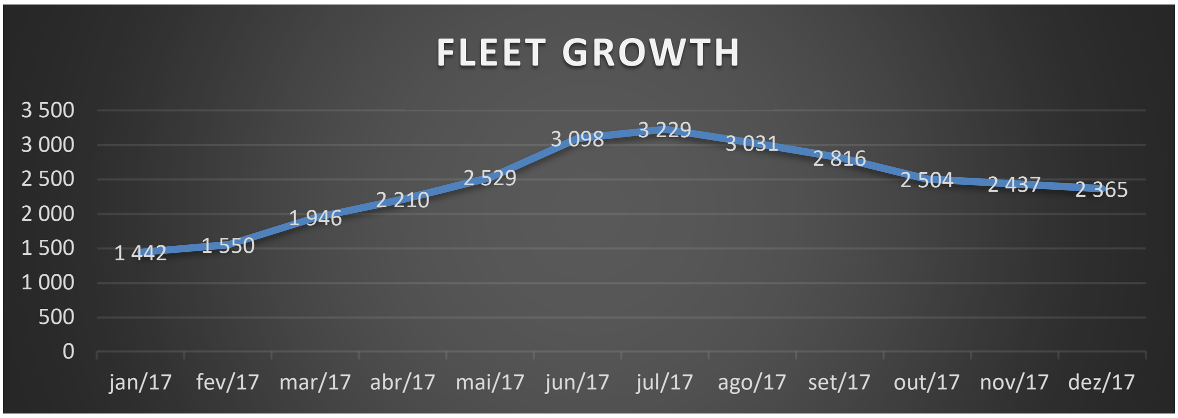
After-Sales

In terms of After Sales, there was a 7.65% increase in turnover, although essentially boosted by the retail sale of parts and accessories. Effort to attract and retain customers at our workshops will certainly be one of the main objectives for 2018.
With regard to the PGO+ assessment, Caetano Auto CV improved its result, compared to the previous year, reaching 88%, which places it at the level of European benchmark facilities.

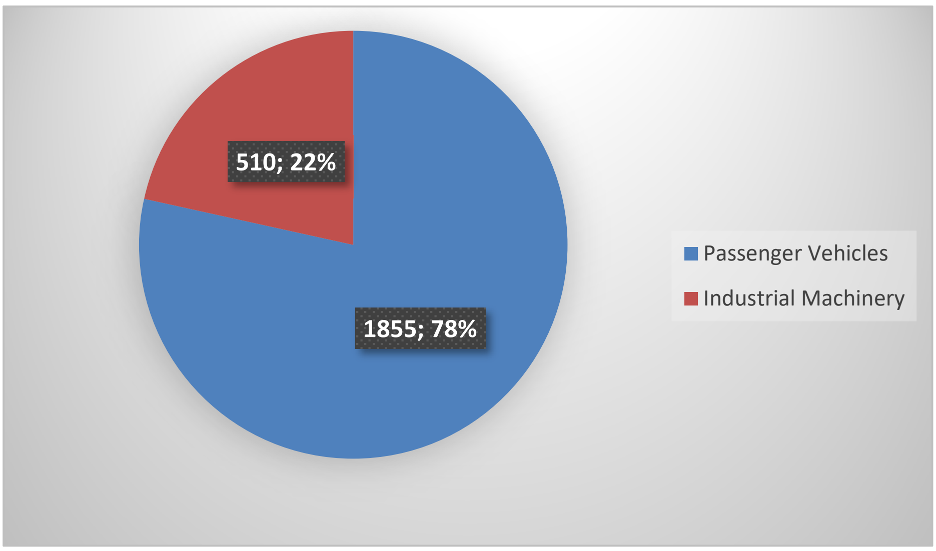
CAETANO RENTING, S.A.

Turnover increased significantly when compared to the same period in 2016, exceeding 7 million euros, which is equivalent to an increase of around 56%.

The Company's average fleet throughout the year stood at 2,430 vehicles and peaked in July, at 3,229 vehicles.



At the end of 2017, the fleet reached 2,365 vehicles, of which 78% were Passenger Vehicles and 22% were Industrial Machinery:



The significant increase in the fleet was mainly due to the purchase of vehicles intended for the car rental segment, reaching 1,913 out of a total of 2,589 purchases made this year, which means that this segment has a weight of about 73.8% in the entire fleet.
The increase in vehicles associated with the above mentioned segment resulted in an increase in operating costs, which will only be fully recovered after the sale, which will most likely occur during the next year.

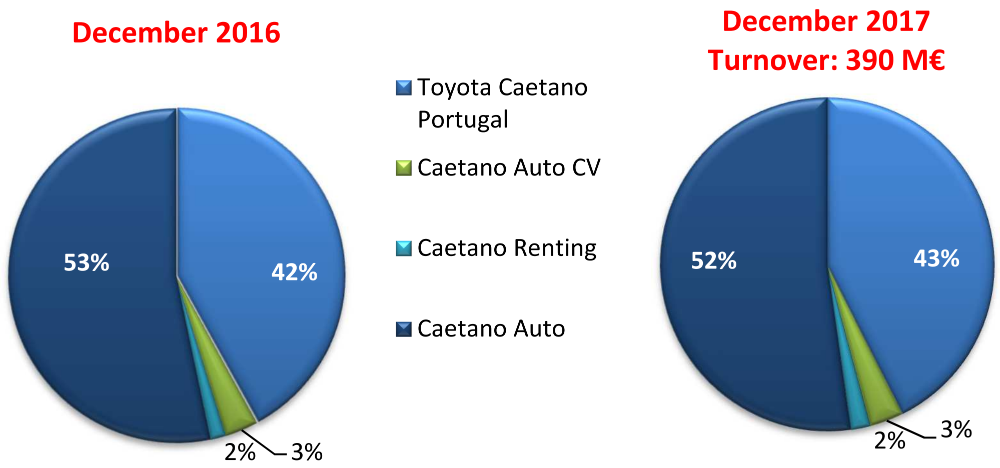
Despite this increase in costs, the Company was able to maintain positive results, and a clear improvement is expected for 2018.

Financial Activity

Consolidated analysis

The consolidation perimeter of the Toyota Caetano Portugal Group remained unchanged during 2017, when compared to 2016.

In 2017, the Group had a turnover of 390 million euros, approximately 53 million euros higher (+15.8%) than the one obtained in the same period of 2016. This growth is justified mainly by the growth in the automotive market in Portugal, which was accompanied by the activity levels witnessed in the Toyota Caetano Group, with special emphasis on the hybrid vehicles Auris, Yaris and Crossover C-HR. The growth and improved profitability of the project related to the assembly of off-road vehicles for export (LC70) at the Ovar manufacturing unit also contributed to these favourable developments. Therefore, the contribution of the motor vehicle industrial department for the turnover is approximately 39 million euros, compared to 35 million euros recorded in the same period of 2016.



While continuing to pursue the main goal of turning the Toyota brand into a reference in the national automotive market, it was possible to implement a series of measures, namely in what regards structure costs and a slight increase in the trade margin, which allowed obtaining an E.B.I.T.D.A. of about 34 million euros, approximately 8.9 million euros higher (+35.6%) than the one recorded in the same period of 2016.

On the other hand, the financial results, about 2.6 million euros in the red, are higher than the ones recorded in the same period of 2016, by approximately 300,000 euros, while reflecting the higher financing costs incurred by the Toyota Caetano Portugal Group in order to meet the growth in activity and, in particular, the impact of this growth on stocks and credit granted.

As a result of the increase in investments related to the use and rental of transport equipment, there was an increase of approximately 3 million euros recorded under the heading Depreciations and Amortizations, which, combined with the aforementioned factors, generated a consolidated net income of approximately 9.4 million euros, i.e., 57.1% more than the amount reached in 2016, which stood at 6 million euros.

The degree of financial autonomy of 44.3% continues to reflect a perfectly adequate management of the capital structure.

Below is the table of comparative indicators, presented in thousands of euros, which summarizes the evolution of the activity and performance of the Toyota Caetano Portugal Group:

	Dec 16	Dec 17	Variation
Turnover	336,956	390,035	*15.8%*
Gross Profit	61,693	72,088	*16.8%*
% (f) sales	*18.3%*	*18.5%*	
External supplies and services	37,106	43,230	*16.5%*
% (f) sales	*11.0%*	*11.1%*	
Staff expenses	39,365	38,635	*-1.9%*
% (f) sales	*11.7%*	*9.9%*	
E.B.I.T.D.A.	25,106	34,040	*35.6%*
% (f) sales	*7.5%*	*8.7%*	
Operating income	9,565	15,429	*61.3%*
% (f) sales	*2.8%*	*4.0%*	
Net financial income	-2,297	-2,575	*-12.1%*
% (f) sales	*-0.7%*	*-0.7%*	
Consolidated net profit for the year	6,003	9,431	*57.1%*
% (f) sales	*1.8%*	*2.4%*	
Net Bank Credit	54,665	62,671	*14.6%*
Level of financial autonomy	46.1%	44.3%	

Finally we should note that, despite the fact that the latest estimates point to a "slight slowdown" in economic growth in Portugal in 2018-19, we find it likely that the upward trend in the automotive sector will remain stable, with a clear emphasis on the Hybrid segment which, in view of the variety of products offered by the Toyota Caetano Group in this segment, will inevitably lead to an improvement of its sustainability in the markets in which it operates.

RISK MANAGEMENT

Loans and advances to customers

Toyota Caetano's credit risk is mainly associated with loans to customers, related to its operating activity.

The main goal of Toyota Caetano's credit risk management is to ensure the effective collection of the operating receivables from its Customers, according to the negotiated payment terms.

In order to mitigate the credit risk that results from the potential customer-related defaults on payments, the Group's companies that are exposed to this risk have:
- A specific Credit Risk analysis and monitoring department;
- Proactive credit management processes and procedures that are implemented and always supported by information systems;
- Hedging mechanisms (credit insurance, letters of credit, etc).

Interest Rate Risk

As a result of the relevant proportion of debt at variable rate in its Consolidated Balance Sheet, and of the subsequent interest payment cash flows, Toyota Caetano is exposed to interest rate risk.
Toyota Caetano has been using financial derivatives to hedge, at least partially, its exposure to interest rate variations.

Exchange Rate Risk

As a geographically diversified Group, with subsidiaries located in Cape Verde, the exchange rate risk is mainly the result of commercial transactions, arising from the purchase and sale of products and services in a currency that is different from the functional currency of each company.

The exchange rate risk management policy seeks to minimize the volatility of the investments and operations denominated in foreign currencies, contributing to reduce the sensitivity of the Group's results to exchange rate fluctuations. The Group's exchange rate management policy is focused on a case-by-case assessment of the opportunity to hedge this risk, taking into account, particularly, the specific circumstances of the currencies and countries in question.

Toyota Caetano has been using financial derivatives to hedge, at least partially, its exposure to exchange rate variations.

Liquidity Risk

The goal of Toyota Caetano's liquidity risk management is to ensure that the company has the ability to obtain, in a timely manner, the necessary funding to be able to undertake its business activities, implement its strategy and meet its payment obligations when due, while avoiding the need to obtain funding under unfavourable terms.
For this purpose, the Group's liquidity management involves the following aspects:

a) A consistent financial planning based on operating cash flow forecasts for different time horizons (weekly, monthly, annual and multi-annual);
b) The diversification of funding sources;
c) The diversification of the maturities of the debt issued in order to avoid excessive concentrations of debt repayments in short periods of time;
d) The arrangement of committed (and uncommitted) credit facilities, commercial paper programmes, and other types of financial operations with relationship Banks, ensuring the right balance between satisfactory liquidity levels and adequate commitment fees.
For detailed information, please refer to the Corporate Governance Report.

OWN SHARES

The company did not purchase or sell own shares during this fiscal year. On December 31st, 2017, the company did not hold any own shares.

Non-financial report

Description of the corporate model

In line with the diagnosis of the needs of its stakeholders, Toyota Caetano Portugal has been prioritizing the implementation of an ethics and transparency policy over the years, achieving its sustainability strategy through socially- and environmentally-aware management.

A - **Environmental report**

Toyota Caetano Portugal and its employees are committed to reducing impacts caused by their activity on the environment and to promoting sustainability, combined with the principles included in the Environment Policy.

The automotive sector has redirected its strategy toward clean mobility solutions. Emission standards in Europe are promoting increased production of alternative fuel vehicles, including hybrid, plug-in hybrid, electric and fuel cell versions, most of which Toyota and Lexus have pioneered. Faced with this scenario, both brands state that, from 2050 onward, they will only produce zero-emission models.

During 2017, the implementation of the defined strategy is clearly evident in the primary actions planned and in the results obtained:

- In the scope of its Integrated Quality and Environment Management System, we highlight the internal and external audits performed (*certifying entity – SGS*), and the effective transition into the new ISO 9001:2015 and ISO 14001:2015 norms with zero non-conformities.

– Toyota Motor Europe's Audit to our Environmental Management System;

- Integrated in the Management System, Toyota Caetano Portugal has been reinforcing its continuous improvement strategy (kaizen), namely the level 1 daily kaizen (team organization), the level 2 daily kaizen (5S) and kaizen suggestions (ideas/projects implemented by employees). Employees receive annual recognition of the continuous improvement results from the Administration.

- For the fourth consecutive year, Toyota Caetano Portugal has participated in the annual report on Sustainable Development "*Carbon Disclosure Project*" (CDP), promoting corporate transparency and calculation of the company's carbon footprint. The result achieved in 2017 was awarded with the "Management level"

The Toyota & Lexus hybrid and plug-in vehicle massification strategy within the national market has greatly contributed to this CDP result, where we have achieved an excellent 47,3% hybrid vehicle sales ratio over the passenger vehicle sales total.

The energy efficiency actions implemented in the buildings and processes were also subject to significant improvements. In developing our activity, we acknowledge the need to contribute toward sustainable development of locations where we operate and toward maintaining cooperation relations with communities by supporting social, cultural and academic institutions. Employees should and must protect and ensure proper preservation of company assets (facilities, equipment and others) and use resources efficiently and responsibly, avoiding waste.

For 2018, Toyota Caetano Portugal commits to the following:

To continue a sustainable growth in hybrid vehicle sales, for which we draw a 50% penetration objective over the passenger vehicle sales total.

To continue with an employee daily focus on the Kaizen principle, where we aim at an objective of 1.5 ideas per employee.

To achieve a renewal of the Quality and Environment Management System Certification. To reinforce the risk-based philosophy, according to the FMEA (Failure Mode and Effects Analysis) methodology.

To continue to meet the stakeholders' demand for transparency in Toyota Caetano Portugal's low carbon economy through the Carbon Disclosure Project (CDP), and to maintain the "Management level".

Toyota Caetano Portugal endeavours to provide a safe, wholesome work environment for every employee and service provider. Everyone needs to collaborate in abiding by the set rules for Workplace Health and Safety, informing superiors about possible deviations observed, so as to ensure that the safety of the company's people, facilities, equipment and assets is never put at risk.

B - Report on social issues regarding workers

In recent years, the growing need to attract and retain current and potential employees that consequently contribute to end-customer satisfaction leads companies to undertake a strategy of Employer Branding that delivers functional, emotional and symbolic benefits to all stakeholders. This path is also being developed at Toyota Caetano Portugal with the creation of the Personnel, Brand and Communication Corporate Division (DPC) in January 2015, the main mission of which is to make Toyota Caetano Portugal an increasingly pleasant place to live and work through the integrated management of Personnel, in alignment with corporate values, culture and business objectives.

The DPC is composed of multidisciplinary teams oriented for project management and currently acts according to the following intervention axes:

1. Business Partners – to monitor the company's needs in its various activities (distribution, industrial equipment and industry), combining the business strategy with the talent management strategy

2. Labour and Legal Consulting – to guide and advise managers on legal labour matters and work relations;

3. Careers and Wages – to develop and implement Lean procedures for processing payroll, recruitment and internships, induction and integration, performance management, and career and talent management;

4. Training and Development – to develop skills (soft and hard skills) of young people (Learning Centres) and resources;

5. Brand and Communication – to ensure internal and institutional communication, and the reinforcement of corporate values and culture;

6. Safety, Health and Well-Being - to manage services that support the well-being of employees within the area of occupational health and safety, as well as by maintaining proper communal and eating areas;

7. Quality, Environment and Kaizen – to apply quality and environment management systems and implement proposals for continuous improvement, by defining policies, practices and efficient tools.

8. Special Projects – to develop projects according to business necessities, in connection with personnel management and internal marketing.

The eight axes include activities that serve the different needs associated with the desired development cycle for an employee, from admission and development through to leaving the company, in relation to the integrated personnel management system that composes the organizational model.

In 2017, action priorities were focused on improving policies, HR processes and procedures and internal marketing, and in developing new processes taking into consideration the current market demands and the values/behaviours of the new generation of enterprising workers, fuelled by challenges, by leaderships that generate new leaders, and by companies with value proposals that are relevant to all stakeholders. Thus, the focus was on a set of areas:

- Reviewing and updating the organizational corporate model based on role description mapping.

- Performance and development management (GDD), which assumes the analysis of employee potential and performance, to enable career and talent management, in line with Toyota Caetano Portugal's objectives and values.

- "To be Caetano" training session for all intermediate managers to reinforce the company founder's Culture and Values within the teams, promoting a higher level leadership, in line with the Toyota Way.

- Reinforcing corporate culture by implementing a strategic plan to promote management by Values, as well as the development of internal initiatives that promote the employees' well-being and commitment, as is the case of the "To Be Club", the Indoor Football Tournament, the Christmas meal, the Activity Evaluation Meeting, among others.

- Digital scanning of processes with the installation of information terminals and the development of interactive platforms in the scope of processes, procedures and internal events.

- Reformulating and launching the Employee Portal to provide content to the employee by using a more approachable and appealing language and a more intuitive navigation.

- Undertaking initiatives in the scope of TCAP's Social Responsibility, namely in the educational area and in connection with the local community, from which we highlight the partnership with Porto de Futuro (a program by the Oporto City Council) and the Oporto Polytechnic Institute, among others, to bring the academic world closer to corporate life. We also highlight our participation in providing meals to social welfare institutions integrated in the local community.

- The Strategic Thinking Workshop has also involved Toyota Caetano Portugal's higher management, resulting in an action plan for the future that answered the following questions: Where are we? Where do we want to go? What attitudes do we want to develop? Which Leadership and Professional profiles allow us to face our challenge?

- Launching the young talent attraction and retention program to provide a differentiating professional experience.

- Restructuring the procedure, the Induction Manual, and other process support tools, to standardize practices within the Toyota universe in Portugal and, from the first hour, to instil the company's philosophy and practices in our employees.

- Reformulating the health and catering social welfare, to increase employee satisfaction and well-being.

- Digital scanning of administrative personnel management processes, to streamline, simplify and dematerialise them through the use of IT tools, such as "Business Project Management" and the Employee Portal.

- Implementing the Kaizen methodology into the daily tasks of the various operation teams, by organizing spaces and managing visual aspects, creating procedures, standardizing tasks, carrying out systematic meetings and developing motivational projects, to promote a continuous improvement and internal entrepreneurship, and the acceleration of incremental and transformational innovation.

For 2018, we foresee the continuity of the work developed since 2015, highlighting some priorities resulting from the alignment of the personnel management and development strategy with the business strategy, namely:

- Continuing the development of TCAP's career and talent management models, by training young people and resources, by reinvigorating and requalifying teams to respond to functional succession in critical areas, as well as by promoting new leaderships.

- Communicating and reinforcing the Employer Branding strategy to attract and retain talent in the organization, and a larger commitment to the satisfaction of external clients.

- Reinforcing and communicating the digital scanning culture directed at process efficiency and quality, thus promoting external and internal client loyalty.

- Developing the organizational climate study based on Corporate Values, to assess employee satisfaction and consequently promote plans that respond to employee expectations.

Thus, we expect to keep achieving valid results, acting with respect to personnel, concern for their well-being and justice for their development,
thereby continually achieving valid results, showing respect for personnel, showing concern for their well-being and justice for their development, which promoted their satisfaction at work.

Toyota Caetano Portugal commits to promoting the existence of a cordial environment within the company, essential for the well-being and proper performance of its employees. Likewise, employees all need to contribute toward building a good work environment, hinged on criteria of loyalty, mutual respect, education and justice. Employees are also expected to adopt principles of cooperation, teamwork and accountability in the quest for excellence and accomplishment.

C – Equality between men and women

Toyota Caetano Portugal promotes equality between men and women in a policy of equal work – equal pay, and 30% of its labour force is female.

D – Non discrimination

Effectively, Toyota Caetano Portugal operates and will continue to operate within the market with integrity, honesty and respect for every relationship it maintains, rejecting discrimination practices and promoting equality of opportunities for everyone, as well as the right to moral integrity and dignity at the workplace.

E - Respect for human rights

In keeping with the Toyota Way principles, one of the Company's central pillars includes Respect for People and protecting Human Rights. In this regard, we do not tolerate discriminatory behaviour on the basis of race, ethnicity, nationality, social background, age, gender, ideology, political opinion, religion or any other physical or social condition of our Employees. On top of being Company practice, we seek to instil this attitude in the daily relations with the various stakeholders while raising our Employees' awareness to applying these principles outside the Company and boosting their personal networks.

F - Fighting corruption and attempted bribery

Toyota Caetano Portugal requires careful, responsible weighting of every topic that could reflect the Values and Professional Ethics assumed by the Group. At every one of our companies, we acknowledge the importance of always bearing in mind the principles whereby it is governed while guiding our strategy and the way these shall be internalised and actually put into practice by every employee.

These rules contribute toward consolidating the image and role of Toyota Caetano Portugal and toward strengthening trusting relations with all stakeholders, including shareholders, employees, service providers, government bodies, regulators, local communities, customers, suppliers, competitors and the media.

Toyota Caetano Portugal has always been, is and will be in the market with integrity, honesty and respect for everyone we relate to. All of the Group's employees, regardless of the duties they perform, not only abide by their duty to observe applicable laws, but also regulate their conduct bearing in mind these basic principles.

Likewise, employees need to refrain from using the Group's assets to benefit themselves or any third parties.

All employees regulate their actions through strict compliance with the responsibilities they have been assigned, by performing their duties by strictly complying with what constitutes the description of such actions, while observing the instructions they have rightfully been given by their superiors and shouldering the consequences of their actions or omissions in carrying on the operations they have been entrusted with.
Employees use the power they have been delegated, in a weighted and non-abusive manner, always considering the company's interests and the pursuit of its objectives, namely safeguarding Toyota's assets.

On the other hand, employees shall encourage team spirit, while showing solidarity with the decisions that are made, acting without discretion, with transparency, precision and truthfulness, avoiding any conflicts of interest and attitudes that could affect the image of both the company of which they are part and Toyota.

Toyota Caetano Portugal's corporate practices are transparent and equitable, and no active or passive bribery, corruption or influence peddling shall be tolerated.

The Group's employees shall refuse any offers that could be considered or construed as an attempt to influence the company or the employee. When in doubt, employees shall notify their immediate superiors, in writing, of the situation.

Likewise, no employee may offer any gift or other benefit that could be perceived as an attempt to influence a current or future decision-making process, or as a reward regarding a decision that has already been made. When in doubt, employees shall notify their immediate superiors, in writing, of the situation.

Employees shall act with independence, impartiality and loyalty toward the Group and within the margin of either their own or third-party interests. As part of this:

a) Employees shall refrain from intervening or influencing in making decisions that could be related to people to whom they are or have been linked by bonds of kinship or affinity or to entities with which they collaborate or have collaborated.

- a) Involvement in activities that could compete or interfere with Group company activities and, in the case of a potential conflict of interest, employees and service providers shall forthwith notify their immediate superior thereof, in writing.

Employees are under obligation to protect the confidentiality of business information to which they have access as part of the positions they hold, namely as concerns the Toyota Caetano Portugal Group and its customers and suppliers, and no type of internal knowledge shall be used for personal gain. Compliance with the duty of confidentiality, as well as professional secrecy itself, shall remain in place even after expiry of the term, termination of the employment relationship or the provision of services.

G – **Diversity**

In this course of action, Toyota Caetano Portugal fosters diversity at several levels by extending it to its management and corporate bodies. The Company is attentive to renewing its management officers, favouring age as being synonymous with acquired knowledge and the necessary qualifications for performing their duties. We consider both dimensions to be vital for developing a sustainable strategy. In this diversity policy, women are also increasingly filling leadership positions within the Organisation, in a direct correlation with the growing number of women in the structure's management. Within the company's hiring practices, and while fostering training, women and young people are encouraged to actively take part, as Toyota Caetano Portugal believes it is in generational sharing and in gender and cultural diversity that the company will be increasingly prepared to take action in a global and inclusive world.

TO WHOM IT MAY CONCERN

We hereby declare, under the terms and for the purposes of Article 245(1c) of the Securities Code that, as far as we are aware, the individual and consolidated statements of Toyota Caetano Portugal regarding 2017 were prepared in accordance with the relevant accounting standards, providing a true and fair view of the assets and liabilities, financial situation and results of this company and other companies included in its consolidation perimeter, and that the management report contains a faithful account of the business evolution, performance and position of this company and of the subsidiaries included in its consolidation perimeter, as well as a description of the main risks and uncertainties which they face.

PROFIT APPLICATION PROPOSAL

In accordance with the provisions laid down in article 376 (1-b) of the Código das Sociedades Comerciais (Commercial Companies Code), we propose the following allocation for 2017's profits obtained in the financial year, amounting to Euros 9.338.304,78 stated in the individual financial statements of Toyota Caetano Portugal:

a) To non-distributable reserves by profits recognised in investments in subsidiaries resulting from the application of the equity method. Eur 2.330.889,90

b) To dividends to be allocated to Share Capital, 0,20 Eur per share, which considering its 35.000.000 shares totals Eur 7.000.000,00

c) The remainder for the retained earnings account Eur 7.414,88

Other Issues / Acknowledgements

From the end of 2017 to present date, there were no relevant events worthy of mention.

This report would not be completed without expressing our appreciation to those people or entities who have contributed in any way to the development of the Company's activities or to the results achieved in 2017, in particular:

- To our Customers and Dealers, for the encouragement they have given us through the trust placed in our products and the distinction of their preference;
- To Banking Entities, for the necessary collaboration to the development of our activity;
- To the other Corporate Bodies for always showing their cooperation;
- To all Employees for their dedication to achieving the Company's goals.

Vila Nova de Gaia, 21 March 2018

The Board of Directors

José Reis da Silva Ramos – Chairman
Maria Angelina Martins Caetano Ramos
Salvador Acácio Martins Caetano
Miguel Pedro Caetano Ramos
Nobuaki Fujii
Matthew Peter Harrison
Rui Manuel Machado de Noronha Mendes

Information on the shares held in the company by Members of the Managing and Supervisory Boards of TOYOTA CAETANO PORTUGAL, S.A.

(as per article 447 of the Companies Code and according to Article 8(b) and Article 14(7), both of CMVM Regulation 5/2008)

In compliance with the provisions of Article 447 of the Companies Code, it is hereby declared that, on 31 December 2017, the members of the Company's management and supervisory bodies did not hold any of its shares or bonds.

It is further stated that during 2017 there was a disposal of the ownership of the number of shares which represent the share capital of TOYOTA CAETANO PORTUGAL, S.A. by the respective members of the Board of Directors:

- **José Reis da Silva Ramos:**
  . does not own any shares or corporate bonds;
  . the spouse, Maria Angelina Martins Caetano Ramos, as of 10 July 2017, owned 699,628 shares, as a result of the execution of the distribution agreement regarding the Joint Heirship of Salvador Fernandes Caetano and Ana Pereira Martins, which she has sold on 25 July 2017, at the price of 3.694€ each and therefore as at 31 December 2017 she does not hold any shares or corporate bonds;

- **Maria Angelina Martins Caetano Ramos**,
  . as a result of the execution of the distribution agreement regarding the Joint Heirship of Salvador Fernandes Caetano and Ana Pereira Martins, as of 10 July 2017, owned 699,628 shares, which she has sold, on 25 July 2017, at the price of 3.694€ each and therefore as at 31 December 2017 she does not hold any shares or corporate bonds.

- **Salvador Acácio Martins Caetano**:
  . as a result of the execution of the distribution agreement regarding the Joint Heirship of Salvador Fernandes Caetano and Ana Pereira Martins, as of 10 July 2017, owned 699.627 shares, which he has sold, on 25 July 2017, at the price of 3.694€ each and therefore as at 31 December 2017 he does not hold any shares or corporate bonds;

- **Miguel Pedro Caetano Ramos:** does not own any shares or corporate bonds;

- **Matthew Peter Harrison**: does not own any shares or corporate bonds;

- **Nobuaki Fujii:** does not own any shares or corporate bonds;

- **Rui Manuel Machado de Noronha Mendes**: does not own any shares or corporate bonds;

It is further stated that the Company's securities held by companies in which the directors and auditors hold corporate positions are as follows:

– the shareholder Salvador Caetano Auto, SGPS, S.A. (of which **Salvador Acácio Martins Caetano** is the Chairman of the Board of Directors, **Maria Angelina Martins Caetano Ramos** is the Vice-Chairwoman of the Board of Directors and **Miguel Pedro Caetano Ramos** is a Member of the Board of Directors), purchased, on 25 July 2017, 699,628 shares at a price of € 3.694 each; on 26 July 2017, 699,627 shares at a price of € 3.694 each; on 26 September 2017, 3,665 shares at a price of € 1.97 each; on 29 September 2017, 2,639 shares at a price of € 1.97 each; on 18 October 2017, 8,769 shares at a price of € 2.10 each; on 19 October 2017, 8,971 shares at a price of € 2.10 each;

on 31 October 2017, 1,010 shares at a price of € 2.07 each; on 10 November 2017, 24,925 shares at a price of € 2.08 each; on 15 November 2017, 7,501 shares at a price of € 2.20 each; on 16 November 2017, 1,050 shares at a price of € 2.19 each; on 20 November 2017, 7,400 shares at the price of € 2.28 each; on 21 November 2017, 4,990 shares at a price of € 2.30 each; on 8 December 2017, 862 shares at a price of € 2.56 each; on 13 December 2017, 7,303 shares at the price of € 2.66 each; on 14 December 2017, 3,970 shares at a price of € 2.70 each; on 18 December 2017, 1,950 shares at a price of € 2.77 each; on 20 December 2017, 1,200 shares at a price of € 2.70 each; on 27 December 2017, 3,500 shares at a price of € 2.75 each, and thus, on 31 December 2017, held 22,777,241 shares with a nominal value of 1 euro each.

- the shareholder FUNDAÇÃO SALVADOR CAETANO (of which **José Reis da Silva Ramos** is the Chairman of the Board of Directors, **Maria Angelina Martins Caetano Ramos,** is the spouse of the Chairman of the Board of Directors, **Salvador Acácio Martins Caetano** and **Rui Manuel Machado de Noronha Mendes,** are Members of the Board of Directors) carried out no transactions and thus, on 31 December 2017, held 138,832 shares with a nominal value of 1 euro each.

- the shareholder COVIM – Sociedade Agrícola, Silvícola e Imobiliária, S.A (of which **Maria Angelina Martins Caetano Ramos** is the Chairwoman of the Board of Directors, **José Reis da Silva Ramos** is the spouse of the Chairwoman of the Board of Directors) carried out no transactions and thus, on 31 December 2017, held 393,252 shares with a face value of 1 euro each.

– the shareholder COCIGA - Construções Civis de Gaia, S.A. (of which **Maria Angelina Martins Caetano Ramos** is the Chairwoman of the Board of Directors, **José Reis da Silva Ramos** is the spouse of the Chairwoman of the Board of Directors, and **Salvador Acácio Martins Caetano** is a Member of the Board of Directors) carried out no transactions and thus, on 31 December 2017, held 290 shares with a nominal value of 1 euro each.

For the purpose provided in the final section of article 447(1) of the Commercial Companies Code (companies in a control or group relationship with the company), it is stated that:

- **José Reis da Silva Ramos**, Chairman of the Board of Directors, holds:
  - 39.49%[1] of the share capital of Grupo Salvador Caetano, SGPS, S.A., a company in a control relationship with the Company;

[1] This percentage includes shares held by his spouse

- **Maria Angelina Martins Caetano Ramos**, Member of the Board of Directors, holds:
  - 39.49%[1] of the share capital of Group Salvador Caetano, SGPS, S.A., a company in a control relationship with the Company;

[1] This percentage includes shares held by her spouse

- **Salvador Acácio Martins Caetano**, Member of the Board of Directors, holds:
  - 39.49%[1] of the share capital of Group Salvador Caetano, SGPS, S.A., a company in a control relationship with the Company;

[1] This percentage includes shares held by his spouse

- **Miguel Pedro Caetano Ramos**, Member of the Board of Directions, holds:
  - 0.00223% of the share capital of Grupo Salvador Caetano, SGPS, S.A., a company in a control relationship with the Company.

Information on the shares held by shareholders in TOYOTA CAETANO PORTUGAL, S.A.

The following is a list of the shareholders that, on 31 December 2017, held, at least, 10%, 33% or 50% of the share capital of this company, as well as of the shareholders that have ceased to hold the aforementioned capital percentages:

Shareholders Holders of at least 10%	Shares			
	Held [1] 31/12/2016	Purchased 2017	Sold 2017	Held [2] 31/12/2017
TOYOTA MOTOR EUROPE NV/SA	9,450,000	--	--	9,450,000

[1] Share capital on 31/12/2016: € 35,000,000.00, represented by 35,000,000 shares with a nominal value of € 1.00 each.
[2] Share capital on 31/12/2017: € 35,000,000.00, represented by 35,000,000 shares with a nominal value of € 1.00 each.

Shareholders Holders of at least 50%	Shares			
	Held [1] 31/12/2016	Acquired 2017	Sold 2017	Sold [2] 31/12/2017
Salvador Caetano – Auto, SGPS, S.A.	21,288,281	1,488,960	--	22,777,241

1 Share capital on 31/12/2016: € 35,000,000.00, represented by 35,000,000 shares with a nominal value of € 1.00 each.

2 Share capital on 31/12/2017: € 35,000,000.00, represented by 35,000,000 shares with a nominal value of € 1.00 each.

Qualified shareholdings

(Under the terms of Regulation 5/2008, issued by the CMVM)

On 31 December 2017, the shareholders with qualified shareholdings in the company's share capital are the following:

SHAREHOLDER	Shares	% of voting rights
Salvador Caetano – Auto – SGPS, S.A.	22,777,241	65.078
Toyota Motor Europe NV/SA	9,450,000	27.000

Individual Accounts

December 2017

FINANCIAL HIGHLIGHTS

(Euros)

	Dec'17	Dec '16
SALES	313 210 999	274 422 481
CASHFLOW	17 941 408	15 547 936
NET INCOME	9 338 305	5 950 756
NET FINANCIAL EXPENSES	2 003 235	2 192 636
PAYROLL EXPENSES	15 614 797	16 347 273
NET INVESTMENT	8 366 063	9 116 941
GROSS WORKING CAPITAL	73 438 926	83 579 339
GVA	43 648 489	40 105 224
UNITS SOLDS	16 895	15 750
NUMBER OF EMPLOYEES	507	525

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

ASSETS	Notes	31/12/2017	31/12/2016
NON-CURRENT ASSETS			
Intangible Assets	8	89 528	629 129
Tangible Fixed Assets	5	30 212 204	29 041 382
Investment Properties	6	14 555 076	15 122 686
Goodwill	7	611 997	611 997
Financial Investments - Equity Method	9	40 836 444	37 196 156
Other Financial Investments	10	59 504	59 504
Deferred Tax Assets	15	1 320 835	1 511 801
Total Non-Current Assets		87 685 588	84 172 655
CURRENT ASSETS			
Inventories	11	61 045 015	52 135 449
Accounts Receivable	12	106 694 935	101 960 592
Other Accounts Receivable	13	2 454 538	1 288 272
Corporate Income	15		52 316
Other Current Assets	14	2 449 484	1 454 032
Other Financial Investments	10	3 432 799	3 432 799
Cash And Cash Equivalents	4	14 225 420	8 654 980
Total Current Assets		190 302 191	168 978 439
		277 987 779	253 151 094

EQUITY AND LIABILITIES	Notes	31/12/2017	31/12/2016
EQUITY			
Share Capital		35 000 000	35 000 000
Legal Reserve		7 498 903	7 498 903
Adjustments to Financial Investments		3 579 095	2 705 421
Revaluation Reserve		6 195 184	6 195 184
Other Reserves		67 319 346	67 319 346
Retained Earnings		1 781 402	1 707 102
Net Income		9 338 305	5 950 756
Total Equity	16	130 712 235	126 376 712
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	17	24 951 241	30 350 204
Defined Benefit Plan Liabilities	21	5 655 000	5 108 420
Deferred Tax Liabilities	15	158 398	214 348
Total Non-Current Liabilities		30 764 639	35 672 972
CURRENT LIABILITIES			
Loans	17	51 559 955	32 986 922
Accounts Payable	18	33 491 227	30 179 049
Other Accounts Payable	19	10 373 165	10 135 303
Corporate Income	15	1 648 715	
Other Current Liabilities	20	19 437 842	17 080 130
Defined Benefit Plan Liabilities	21		691 580
Derivative Financial Instruments - Swap	23		28 425
Total Current Liabilities		116 510 905	91 101 410
Total Liabilities		147 275 544	126 774 382
Total Equity + Liabilities		277 987 779	253 151 094

CHARTERED ACCOUNTANT
ALEXANDRA MARIA PACHECO GAMA JUNQUEIRA

BOARD OF DIRECTORS
JOSE REIS DA SILVA RAMOS –President
MARIA ANGELINA MARTINS CAETANO RAMOS
SALVADOR ACÁCIO MARTINS CAETANO
MIGUEL PEDRO CAETANO RAMOS
NOBUAKI FUJII
MATTHEW PETER HARRISON
RUI MANUEL MACHADO DE NORONHA MENDES

INCOME STATEMENT BY NATURE FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

	Notes	31/12/2017	31/12/2016
Operational Gains			
Sales and Service Rendered	24 & 25	313 210 999	274 422 481
Other Gains	28	37 369 167	36 201 733
Variation in Production	11	3 170 060	-367 778
Total Operational Gains		353 750 226	310 256 437
Operational Expenses			
Cost of Goods Sold and Raw Material Consumed	11	-264 702 751	-231 161 973
External Supplies and Services	26	-44 740 211	-36 105 468
Payroll Expenses	27	-15 614 797	-16 347 273
Depreciations	5, 6 & 8	-8 302 452	-8 351 894
Provision and Impairment	22	-22 903	-15 253
Other Expenses	28	-9 042 893	-9 017 567
Total Operational Expenses		-342 426 007	-300 999 428
Operational Income		11 324 219	9 257 009
Gains in Financial Investments - Equity Method	9	2 330 890	626 455
Interest Expenses	29	-2 313 065	-2 458 924
Interest Income	29	309 830	266 288
Income before Taxes		11 651 874	7 690 828
Income Tax for the Year	15	-2 313 569	-1 740 072
Net Income		9 338 305	5 950 756

CHARTERED ACCOUNTANT
ALEXANDRA MARIA PACHECO GAMA JUNQUEIRA

BOARD OF DIRECTORS
JOSE REIS DA SILVA RAMOS –President
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NOBUAKI FUJII
MATTHEW PETER HARRISON
RUI MANUEL MACHADO DE NORONHA MENDES

Statement of the comprehensive income at 31 december 2017 and 2016

	31/12/2017	31/12/2016
Net profit for the period	9 338 305	5 950 756
Components of other consolidated comprehensive income, that could not be recycled by profit and loss		
Remeasurement (Actuarial losses gross of tax) (Note 21)		-1 574 421
Deferred tax of actuarial losses (Note 15)		354 245
Other changes in equity		-1 110 105
Comprehensive income	9 338 305	3 620 475

CHARTERED ACCOUNTANT
ALEXANDRA MARIA PACHECO GAMA JUNQUEIRA

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RUI MANUEL MACHADO DE NORONHA MENDES

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2017 AND 2016

	Share Capital	Legal Reserve	Revaluation Reserve	Adjustments to Financial Investments	Other Reserve	Total Reserves	Retained Earnings	Net Income	Total Equity
Balance Sheet at 31 December 2015	35 000 000	7 498 903	6 195 184	4 297 753	68 539 522	86 531 362	0	6 474 875	128 006 237
Changes in period									0
MEP				-1 110 105		-1 110 105			-1 110 105
Allocation of Profits				1 142 682		1 142 682	82 193	-1 224 875	0
Remeasurement (Actuarial losses)					-1 220 176	-2 330 281			-2 330 281
Other Changes in Equity				-1 624 908		-1 624 908	1 624 908		0
	0	0	0	-1 592 332	-1 220 176	-2 812 507	1 707 102	-1 224 875	-2 330 281
Net Income								5 950 756	5 950 756
Total Gains and Losses								3 620 475	3 620 475
Transactions with shareholders in the period									0
Dividends								-5 250 000	-5 250 000
Others Transactions									0
	0	0	0	0	0	0	0	-5 250 000	-5 250 000
Balance Sheet at 31 December 2016	35 000 000	7 498 903	6 195 184	2 705 421	67 319 346	83 718 855	1 707 102	5 950 756	126 376 712
Balance Sheet at 31 December 2016	35 000 000	7 498 903	6 195 184	2 705 421	67 319 346	83 718 855	1 707 102	5 950 756	126 376 712
Changes in period									0
MEP						0			0
Allocation of Profits				626 455		626 455	74 301	-700 756	0
Remeasurement (Actuarial losses)						0			0
Other Changes in Equity				247 218		247 218			247 218
	0	0	0	873 674	0	873 674	74 301	-700 756	247 218
Net Income								9 338 305	9 338 305
Total Gains and Losses								9 338 305	9 338 305
Transactions with shareholders in the period									0
Dividends								-5 250 000	-5 250 000
Others Transactions									0
	0	0	0	0	0	0	0	-5 250 000	-5 250 000
Balance Sheet at 31 December 2017	35 000 000	7 498 903	6 195 184	3 579 095	67 319 346	84 592 528	1 781 402	9 338 305	130 712 235

CHARTERED ACCOUNTANT
ALEXANDRA MARIA PACHECO GAMA JUNQUEIRA

BOARD OF DIRECTORS
JOSE REIS DA SILVA RAMOS –President
MARIA ANGELINA MARTINS CAETANO RAMOS
SALVADOR ACÁCIO MARTINS CAETANO
MIGUEL PEDRO CAETANO RAMOS
NOBUAKI FUJII
MATTHEW PETER HARRISON
RUI MANUEL MACHADO DE NORONHA MENDES

(Euros)

	Notes	2017		2016	
STATEMENT OF CASH FLOWS ON OPERATING ACTIVITIES					
Collections from Customers		397 868 482		350 471 366	
Payments to Suppliers		-364 976 999		-316 734 582	
Payments to Personnel		-8 144 486		-8 285 675	
Operating Flow			24 746 997		25 451 110
Payments of Income Tax			-1 646 620		-456 559
Other Collections/Payments Related to Operating Activities			-27 837 307		-24 356 486
Cash Flow from Operating Activities			-4 736 931		638 066
STATEMENT OF CASH FLOWS ON INVESTING ACTIVITIES					
Collections from:					
Investments					
Tangible Fixed Assets	5	4 813 440		3 830 105	
Investment Subsidy					
Interest and Others					
Dividends			4 813 440	1 624 908	5 455 013
Payments to:					
Investments	9			-171	
Tangible Fixed Assets	5	-361 408		-90 014	
Intangible Assets	8		-361 408	-175 871	-266 057
Cash Flow from Investing Activities			4 452 032		5 188 957

FINANCING ACTIVITIES

	Notes	2017		2016	
STATEMENT OF CASH FLOWS ON FINANCING ACTIVITIES					
Collections from:					
Lease	17	7 022 706		6 352 620	
Loans	17	49 500 000	56 522 706	24 298 957	30 651 577
Payments to:					
Loans	17	-39 041 062		-25 110 526	
Lease Down Payments	17	-4 307 574		-3 421 170	
Interest and Others		-2 042 650		-2 053 741	
Dividends	16	-5 276 080	-50 667 367	-5 262 611	-35 848 047
Cash Flow from Financing Activities			5 855 339		-5 196 470

	Notes	2017	2016
Cash and Cash Equivalents at Beginning of Period	4	8 654 980	8 024 428
Cash and Cash Equivalents at End of Period	4	14 225 420	8 654 980
Net Flow in Cash Equivalents		5 570 440	630 552

CHARTERED ACCOUNTANT
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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

1. INTRODUCTION

Toyota Caetano Portugal, S.A. ("Toyota Caetano" or "the Company") was incorporated in 1946, with its headquarters in Vila Nova de Gaia, which mainly carries economic activities included in the automotive sector, namely the import, assembly and commercialization of light and heavy vehicles, import and sale of industrial equipment, as well as the corresponding technical assistance.

Its shares are listed in the Lisbon Stock Exchange Market since October 1987.

Toyota Caetano is the distributor of the brands Toyota and Lexus in Portugal and is the head of a group of companies ("Toyota Caetano Group").

As of 31 December, 2017, the companies of Toyota Caetano Group, their headquarters and abbreviations used, are as follows:

Companies	Headquarters
With headquarters in Portugal:	
Toyota Caetano Portugal, S.A. ("Parent company")	Vila Nova de Gaia
Saltano – Investimentos e Gestão, S.G.P.S., S.A. ("Saltano")	Vila Nova de Gaia
Caetano Renting, S.A. ("Caetano Renting")	Vila Nova de Gaia
Caetano – Auto, S.A. ("Caetano Auto")	Vila Nova de Gaia
With headquarters in foreign countries:	
Caetano Auto CV, S.A. ("Caetano Auto CV")	Praia (Cape Verde)

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the consolidated financial statements are as follows:

2.1 BASIS OF PRESENTATION

These financial statements relate to the financial statements of Toyota Caetano Portugal S.A. and were prepared according to the IFRS – International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards (IAS), as issued by the International Accounting Standards Committee ("IASC"), and its respective interpretations - IFRIC and SIC, as issued, respectively, by the International Financial Reporting Interpretations Committee ("IFRIC") and by the Standing Interpretation Committee ("SIC"), that have been endorsed by the European Union, in force at the date of preparation of the financial statements.

The financial statements have been prepared on a going concern basis, based on the accounting and having as basis the principle of the historical cost and, in the case of some financial instruments, fair value.

First time adoption of the IFRS in the preparation of the financial statements occurred in 2016 so the transition date of the Portuguese Accounting Principles ("Accounting Standardization System" or "SNC") for these regulations was established on January 1, 2015, in accordance with the provisions of IFRS 1 - First-time adoption of international financial reporting standards ("IFRS 1").

2.2 ADOPTION OF NEW OR REVERSED IAS / IFRS

The following standards, interpretations, amendments and revisions endorsed by the European Union and mandatory in the fiscal years beginning on or after 1 January 2017, were adopted by the first time in the fiscal year ended at 31 December 2017:

a) Changes to accounting standards applicable to periods beginning on or after 1 January 2017:

(i) Standards:

IAS 7 (amendment), 'Cashflow statement – Disclosure initiative' (effective for annual periods beginning on or after 1 January 2017). This amendment introduces an additional disclosure about the changes in liabilities arising from financing activities, disaggregated between cash changes and non-cash changes and how it reconciles with the reported cash flows from financing activities, in the Cash Flow Statement. This amendment didn't have impact in the Entity financial statements

IAS 12 (amendment),'Income taxes – Recognition of deferred tax assets for unrealised losses' (effective for annual periods beginning on or after 1 January 2017). This amendment clarifies how to account for deferred tax assets related to assets measured at fair value, how to estimate future taxable profits when temporary deductible differences exist and how to assess recoverability of deferred tax assets when restrictions exist in the tax law. This amendment didn't have in the Entity financial statement.

b) Standards that have been published and are mandatory for the accounting periods beginning on or after 1 January 2018, that were already endorsed by the EU and the Entity decided not to adopt immediately:

(i) Standards:

IFRS 9 (new), 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and recognition. It is not expected significant impact of future adoption of this standard on the Entity financial statements.

IFRS 15 (new), 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognize revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach. It is not expected significant impact of future adoption of this standard on the Entity financial statements.

IFRS 16 (new), 'Leases' (effective for annual periods beginning on or after 1 January 2019). This new standard replaces the IAS 17 with a significant impact on the accounting by lessees that are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". Is expected impact of future adoption of this standard on the Entity financial statements.

IFRS 4 (amendment), 'Insurance contracts (Applying IFRS 4 with IFRS 9)' transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment allows companies that issue insurance contracts the option to recognise in Other Comprehensive Income, rather than Profit or Loss the volatility that could rise when IFRS 9 is applied before the new insurance contract standard is issued. Additionally, it is given an optional temporary exemption from applying IFRS 9 until 2021, to the companies whose activities are predominantly connected with insurance, not being applicable at consolidated level. It is not expected significant impact of future adoption of this amendment on the Entity financial statements.

Amendments to IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). These amendments refer to additional guidance for determining the performance obligations in a contract, the timing of revenue recognition from a license of intellectual property, the review of the indicators for principal versus agent classification, and to new practical expedients to simplify transition. It is not expected significant impact of future adoption of these amendments on the Entity financial statements.

c) Standards (new and amendments) and interpretations that have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, but are not yet endorsed by the EU and the Entity decided not to adopt immediately:

(i) Standards:

Annual Improvements 2014 - 2016, (generally effective for annual periods beginning on or after 1 January 2017). The 2014-2016 annual improvements impacts: IFRS 1, IFRS 12 and IAS 28. This amendment did have insignificant impact in the Entity financial statements.

IAS 40 (amendment), 'Transfers of Investment property' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies when assets are transferred to, or from investment properties, the evidence of the change in use is required. A change of management intention in isolation is not enough to support a transfer. It is not expected significant impact of future adoption of this amendment on the Entity financial statements.

IFRS 2 (amendment), 'Classification and measurement of share-based payment transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications to a share-based payment plan that change the classification an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. It is not expected significant impact of future adoption of this amendment on the Entity financial statements.

IFRS 9 (amendment), ‘Prepayment features with negative compensation’ (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit or loss It is not expected significant impact of future adoption of this amendment on the Entity financial statements.

IAS 28 (amendment), ‘Long-term interests in Associates and Joint Ventures’ (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment clarifies that long-term investments in associates and joint ventures (components of an entity’s investments in associates and joint ventures), that are not being measured through the equity method, are to be measured in accordance with IFRS 9, being subject to impairment expected credit loss model, prior to any impairment test of the investment as a whole. It is not expected significant impact of future adoption of this amendment on the Entity financial statements..

Annual Improvements 2015 - 2017, (generally effective for annual periods beginning on or after 1 January 2019). These improvements are still subject to endorsement by the European Union. The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3 and IFRS 11. It is not expected significant impact of future adoption of this amendment on the Entity financial statements.

IFRS 17 (new), ‘Insurance contracts’ (effective for annual periods beginning on or after 1 January 2021). This standard is still subject to endorsement by European Union. This new standard replaces IFRS 4 and applies to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or "premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective application. This standard is not applicable on the Entity financial statements.

(ii) Interpretations:

IFRIC 22 (new), ‘Foreign currency transactions and advance consideration’ (effective for annual periods beginning on or after 1 January 2018). This interpretation is still subject to endorsement by European Union. An Interpretation to IAS 21 ‘The effects of changes in foreign exchange rates’ it refers to the determination of the “date of transaction” when an entity either pays or receives consideration in advance for foreign currency denominated contracts”. The date of transaction determines the exchange rate used to translate the foreign currency transactions. This interpretation did not have any impact in the Entity financial statements.

IFRIC 23 (new), ‘Uncertainty over income tax treatment’ (effective for annual periods beginning on or after 1 January 2019). This interpretation is still subject to endorsement by European Union. This is an interpretation of IAS 12 - 'Income tax', referring to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of an income tax treatment by the tax authorities. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, and not under IAS 37 - "Provisions, contingent liabilities and contingent assets ", based on the expected value or the most probable value. The application of IFRIC 23 may be retrospective or retrospective modified. This interpretation did not have any impact in the Entity financial statements.

2.3 MAIN ACCOUNTING POLICIES

The principal accounting policies used in the preparation of the accompanying financial statements are as follows:

a) Tangible fixed assets

Tangible fixed assets are recorded at deemed cost, which corresponds to its acquisition cost or its revalue acquisition cost in accordance with generally accepted accounting principles in Portugal until that date, net of accumulated depreciation and accumulated impairment losses.

Impairment losses verified on the realization value of tangible fixed assets are recorded in the year in which they are estimated, against the "Provisions and impairment losses" account in the income statement.

Depreciation is computed on straight line basis on an annual basis, accordingly with the following useful lives:

	Years
- Buildings and Other Constructions	20 - 50
- Machinery and Equipment	7 - 16
- Transport Equipment	4 - 6
- Administrative Equipment	3 - 14
- Other Tangible Assets	4 - 8

Expenses with maintenance and repair costs of tangible fixed assets are recorded as a cost in the year in which they occur. The repairs of significant amount that increase the estimated usage period of the assets are capitalized and depreciated according to the assets remaining useful life.

Tangible fixed assets in progress relate to tangible assets under construction/development, and are recorded at acquisition cost. These assets are transferred to tangible fixed assets and depreciated as from the date in which they are prepared for use and in the necessary conditions to operate according with the management.

Gains or losses resulting from the disposals and write-offs are determined by the difference between the amount received and the carrying amount of the asset and are recognized as income or expense in the income statement.

b) Intangible assets

Intangible assets are recorded at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Intangible assets are only recognized if it is likely that future economic benefits will flow to the Company, are controlled by the Company and if their cost can be reliably measured.

Research costs and expenses with new technical knowledge are recorded as costs in the statement of profit and loss when incurred.

Development costs are capitalized as an intangible asset if the Company has proven technical feasibility and ability to finish the development and to sell/use such assets and it is likely that those assets will generate future economic benefits. Development expenses which do not fulfill these requirements are recorded as an expense in the period in which they are incurred.

Internal expenses related to Software maintenance and development are recorded as costs in the statement of profit and loss, except in situations in which these expenses are directly related to projects from which it is likely that future economic benefits will flow to the Company. In such circumstances, these expenses are capitalized as intangible assets.

Intangible assets are depreciated on a straight-line basis over a period of three to five years.

The depreciation charge for each period of intangible assets shall be recognized in profit or loss in item “Depreciations and amortizations”.

c) Investment properties

Investment properties which relate to real estate assets held to obtain income through its lease or for capital gain purposes, and not for use in production, external supplies and services or for administrative purposes, are recorded at its acquisition cost, being the respective fair value disclosed in the Notes to the financial statements (Note 6).

Whenever these assets fair value is lower than the respective acquisition cost, an impairment loss is recorded against the caption “Investment properties amortization” in the statement of profit and loss. As of the moment in which the recorded accumulated impairment losses no longer exist, they are immediately reversed against the caption “Other operating profits” in the statement of profit and loss until the limit of the amount that would have been determined, net of amortizations or depreciations, if no impairment losses would have ever been recognized in previous years.

Investment properties disclosed fair value is determined on an annual basis by an independent appraiser (Market, Cost, Profit and Use Method models) or internally.
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d) Lease contracts

Lease contracts are classified as (i) financial lease contracts, if all or a substantial part of the risks and benefits related to possession are transferred and as (ii) operational lease contracts if all or a substantial part of the risks and benefits related to possession are not transferred.

Classification as financial lease contracts or as operational lease contracts depends on the substance of the transaction and not on the form of the contract.

Tangible fixed assets acquired under financial lease contracts and the corresponding liabilities are recorded by the financial method. Under this method the cost of the fixed assets is recorded and reflected in the balance sheet in caption of tangible fixed assets and the corresponding liability determined in accordance with the contractual financial plan are recorded like obtained financing and reflected in the balance sheet. Lease down payments are constituted by interest expenses and by the amortization of capital in accordance with the contractual financial plan, with interests recognized as expenses in the statement of profit or loss for the year to which they relate and with the depreciation of the tangible fixed assets according to their estimated useful lives, according to Note 2.3. a), except when the lease term is shorter than the estimated useful lives.

For lease contracts considered as operational, the rents paid are recognized as an expense in the statement of profit or loss over the rental period (Note 26).

e) Inventories

Goods, raw, subsidiary and consumable materials are recognized at the initial moment of their acquisition at cost. Subsequently, these are valued at average acquisition cost, which is lower than market value.

Finished and intermediate goods and work in progress are stated at production cost, which is lower than market value. Production costs include incorporated raw materials, direct labor, production overheads and external services.

Accumulated impairment losses to reduce inventories value reflect the difference between their acquisition cost and net realizable or market value, which corresponds to the price shown on market statistics.

In the case of Inventories, impairment losses are calculated on the basis of market indicators and various indicators of inventory rotation.

f) Government Grants

Government subsidies are recognized at the respective fair value when there is a solid guarantee that they will be received and that the Company will be able to accomplish the conditions required to its concession.

The subsidies related to costs incurred are registered as a gain if there is a reasonable guaranty that they will be received, if the company has already incurred in the subsidiary costs and if they fulfill the conditions for their concession.

g) Impairment of assets

- Non-current assets except Goodwill

Assets are assessed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount (defined as the highest of the net sale price and the use value, or as the net sale price for assets held for sale), an impairment loss is recognized in the statement of profit and loss under the caption “Provisions and impairment losses”. The net selling price is the amount that would be obtained from the sale of an asset in a transaction between independent entities, less the cost of the disposal. The value in use is the present value of estimated future cash flows expected to arise from the continued use of an asset and its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recognized in previous years is recorded when it is concluded that the impairment losses recognized for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment losses previously recognized have been reversed. The reversal is recorded in the statement of profit or loss in the caption “Other operating income”. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment losses been recognized for that asset in prior years.

- Goodwill

The value of Goodwill is not amortized, being tested for impairment purposes on an annual basis. The recoverable amount is determined as being the present value of estimated future cash flows that are expected to be generated by the continuous use of the asset. Impairment losses of Goodwill are recognized in the income statement in the caption “Provisions and Impairment Losses”.

Goodwill impairment losses cannot be reversed.

h) Financial Expenses

Loan’s related financial costs (interests, premiums, ancillary costs and lease interests) are recognized as financial costs in income statement of the period in which they are incurred, in accordance with the accrual principle and the effective interest rate method, except if those costs are directly related to the acquisition, construction or production of fixed assets. In this case, the referred costs are capitalized, being part of the asset cost. The capitalization of these costs begins after the beginning of the preparation of the construction or asset development activities and it is interrupted when the asset is ready to be used or when the project is suspended. Any financial income generated by loans that are directly related with a specific investment, are deducted to financial expenses elected for capitalization purposes.

i) Financial instruments

i)Investments

Investments held by the Company are classified as follows: ‘Investments measured at fair value through profit and loss’, ‘Loans and receivables’, ‘Investments held to maturity’ and ‘Investments available for sale’. The classification depends on the subjacent intention of the investment acquisition.

<u>Assets available for sale</u>

These are all the remaining assets that are not classified as held to maturity or measured at fair value through profit and loss, being classified as non-current assets. This category is included in non-current assets, except if the Board of Directors has the intention of alienate the investment within a period inferior to 12 months starting from the Statement of financial position date.
At December 31, 2017 and 2016, Toyota Caetano did not have financial instruments registered in the items “Investments available for sale”.

Fair Value of Financial Investments

To determine the fair value of a financial asset or liability, if such a market exists, the market price is applied (Level 1). A market is regarded as active if quoted prices are readily and regularly available from an exchange, broker or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Otherwise, which is the case of some financial assets and liabilities, valuation techniques that are generally accepted in the market are used based on market assumptions (e.g.: discounted cash flow models that incorporate interest rate curves and market volatility, which is the case of derivative financial instruments) (Level 2). On the other cases, valuation techniques are used, not based on observable market data (Level 3).

Investments are all initially recognized at fair value, including transaction costs, with the exception of investments recognized at fair value through profit or loss. In this case, investments are initially recognized at fair value, and the respective transaction costs are recognized directly in the income statement.

"Available for sale investments" and "investments at fair value through profit or loss" are kept at fair value at the balance sheet date, without deducting any transaction cost that could occur until the time of disposal.

Available for sale investments representative of share capital from unquoted companies are recognized at the acquisition, taking into account the existence or not of impairment losses. It is conviction of the Board that the fair value of these investments does not differ significantly from their acquisition cost.

Gains and losses arising from a change in the fair value of investments available for sale are recorded under equity caption "Fair value reserves" until the investment is sold or disposed, or until it is determined to be impaired. At that moment, the accumulated gains or losses previously recognized in equity are transferred to profit and loss statement for the period.

The fair value of the financial investments available for sale is based on the current market prices. If the market is not net (non-listed investments), the Company records the acquisition cost, having in consideration the existence or not of impairment losses.

The Company makes evaluations if it considers that at the statement of financial position date exists clear evidence that the financial asset might be in impairment. In case of stock instruments classified as available for sale, have a significant drop or extended of its fair value inferior to its cost, it indicates that an impairment situation is occurring. If there is any evidence of impairment in "investments available for sale", the accumulated losses – calculated by the difference between the acquisition cost and the fair value deducted from any impairment loss previously recognized in the statement of profit and loss – are retrieved from the equity and recognized in the statement of profit and loss.

All purchases and sales of investments are recorded on their trade date, which is on the date the Company assumes all risks and obligations related to the purchase or sale of the asset.

The investments are derecognized if the right to receive financial flows has expired or was transferred, and consequently, all associated risks and benefits have been transferred.

ii) Accounts receivables and Other debtors

Accounts receivable and Other debtors not bearing interests are measured at cost, less impairment losses so that they reflect the respective net realizable value. These amounts are not discounted because its effect in the financial actualization is not considered relevant.

Accounts receivable which bear interests (namely those related to partial payments of vehicles sales) are recorded by their total amount, and the part related to interests is recorded in liabilities as a deferred income and recognized in the income statement in accordance with its maturity.

Evidence from the existence of impairment on accounts receivable exists when:

- the counterparty presents significant financial difficulties;
- there are significant delay on principal payments; and
- it is probable that the debtor will enter in a liquidation or financial restructuring process.

The Company uses historic information as well as information provided by the Credit and Legal Department to estimate impairment amounts.

iii) Loans

Loans are recorded as liabilities at their nominal value net of up-front expenses which are directly related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the statement of profit and loss on an accrual basis.

iv) Accounts payable and Other creditors

Accounts payable and Other creditors not bearing interests are measured at cost, less impairment losses so that they reflect the respective net realizable value. These amounts are not discounted because its effect in the financial actualization is not considered relevant.

v) Derivative financial instruments

The Company uses derivative financial instruments to cover risks of financial investments. Derivative financial instruments used by the Company (mainly interest rate swaps and currency forwards), have the specific aim of interest rate risk coverage and exchange rate risk on future transactions in foreign currency.

Derivatives are initially recognized at their cost at the date on which they are contracted, being subsequently measured at fair value. The method used to recognize fair value changes depends on the designation (or not) of derivatives for hedge accounting purposes and on the nature of the hedged item.

At December 31, 2016, Toyota Caetano only have derivative financial instruments, for which the company as not applied hedge accounting derivatives. At December 31, 2017 the Company no longer use derivative financial instruments

The derivative financial instruments, for which the company as not applied hedge accounting, although contracted for economic hedging purposes, are initially recorded by the cost, which corresponds to its fair value, if any, and subsequently re-evaluated by its fair value, which variations, calculated through the evaluations made by the banks with which the Company makes the respective contracts, directly affect the items of the finance results of the consolidated income statement.

The fair value of derivatives acquired as at December 31, 2016 is presented in the Note 23.

vi) Cash and cash equivalents

Cash and its equivalents include cash on hand, bank deposits, term deposits and other treasury applications which reach their maturity within less than three months and are subject to insignificant risks of change in value.

j) Post-Retirement Obligations

Toyota Caetano Portugal incorporated by public deed dated December 29, 1988 the Salvador Caetano Pension Fund, with subsequent updates in February 2, 1994, April 30, 1996, August 9, 1996, July 4, 2003, February 2, 2007, December 30, 2008, December 23, 2011 and December 31, 2013.

In order to estimate its liabilities for the payment of the mentioned responsibilities, the company obtains annually an actuarial calculation of the liabilities for past services in accordance with the "Current Unit Credit Method".

Recorded liabilities as of the statement of financial position date relate to the present value of future benefits adjusted for actuarial profits or losses and/or for liabilities for past services not recognized, net of the fair value of net assets within the pension fund (Note 21). The Entity recognized remeasurement in "Other reserves". The contribution to Define Contribution Plan are recognized in expenses for the year.

k) Contingent Assets and Liabilities

Contingent liabilities are defined by the company as (i) possible obligations from past events and which existence will only be confirmed by the occurrence or not of one or more uncertain future events not totally under Toyota Caetano's control or (ii) present obligations from past events not recognized because it is not expected that an output of resources that incorporate economic benefits will be necessary to settle the obligation or its amount cannot be reliably measured.

Contingent liabilities are not recorded in the financial statements, being disclosed in the respective Notes, unless the probability of a cash outflow is remote. In these situations no disclosure is made.

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not totally under the company's control.

Contingent assets are not recorded in the financial statements but only disclosed when it is likely the existence of future economic benefits.

l) Income Taxes

In March 2007 the Company took the decision to apply to the Corporate Income Tax for the Group (RETGS) according to the articles 69th and 70th of Income Tax Code (CIRC) and beginning in 1st January 2007. In consequence, the parent company (Toyota Caetano Portugal, S.A.) shall book the income tax calculated in the Group Companies (Toyota Caetano Portugal, Caetano Auto, Saltano and Caetano Renting) in order to determine the group income tax.

The Corporate Income Tax for the year is determined based on the net profit adjusted according to the fiscal regime applicable.

Deferred income taxes are computed using the statement of financial position liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes. The deferred tax assets and liabilities are computed on an annual basis using the tax rates that are expected to be in force at the time these temporary differences are reversed.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will arise in the future to allow their use or when there are temporary taxed differences that overcome temporary deductible differences at the time of its reversal. At the end of each year the Company reviews its recorded and unrecorded deferred tax assets which are reduced whenever their realization ceases to be likely, or recorded if it is likely that taxable profits will be generated in the future to enable them to be recovered.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity, situations in which the corresponding deferred tax is also recorded in equity captions.

m) Accrual basis

Revenues and expenses are recorded according to the accrual basis, by which they are recognized in the period to which they relate independently of when the amounts are received or paid. Differences between the amounts received and paid and corresponding income and expenses are recorded in the captions “accruals and deferrals” included in “Other current assets” and “Other current liabilities”.

Income and expenses for which the actual amount is yet unknown are recorded based on the best estimate of the Board of Directors of the Company.

n) Revenue

Revenue is recognized net of taxes and commercial discounts, by the fair value of the amount received or to be received, knowing that:

-The revenue from sales is recognized in the income statement when the significant part of risks and benefits related with the possession of assets is transferred to the acquirer, it is probable the future economic benefits will flow to the entity and these benefits can be measured reliably.
-The revenue from services rendered is recognized according to the stage of completion of the transaction at the balance sheet date.

o) Statement of financial position classification

All assets and liabilities, including assed and liabilities deferred tax, accomplishable or receivable in more than one year after the statement of financial position date are classified as “Non-current assets or liabilities”.

p) Earnings per share

Basic:
The basic earnings per share is calculated by dividing the taxable income of the shareholders by the weighted average number of common shares issued during the period, excluding the common shares acquired by the company and held as treasury shares.

Diluted:
Diluted earnings per share are calculated by dividing the profit attributable to shareholders, adjusted for the dividends of convertible preferred shares, convertible debt interest and gains and expenses resulting from the conversion, by the weighted average number of common shares issued during the period plus the average number of shares common shares issued in converting potential dilutive common shares.

q) Segment information

In each year the Group identifies the most adequate business and geographic segments.

Information related to the identified operating segments is included in Note 25.

In that note we can find information by subsegments. For the subsegment of vehicles is presented by commercial and industry. For the subsegment of industrial equipment is present by commercial, services and rental

r) Balances and transactions expressed in foreign currencies

Assets and liabilities expressed in foreign currencies are converted to Euros at the prevailing exchange rates published by “Banco de Portugal”. Favourable and unfavourable exchange differences, arising from changes between the exchange rates prevailing on the dates of the transactions and those in effect on the dates of payment, collection or as of the period, are recorded in the Income Statement.

s) Subsequent events

Events occurring after the statement of financial position date which provide additional information about conditions prevailing at the time of the statement of financial position (‘adjusting events’) are reflected in the financial statements. Events occurring after the statement of financial position date that provide information on post-statement of financial position conditions (‘non-adjusting events’), when material, are disclosed in the Notes to the financial statements.

2.4 JUDGMENTS AND ESTIMATES

During the preparation of the consolidated financial statements, the Board of Directors of the Company based itself in the best knowledge and in the experience of past and/or present events considering some assumptions relating to future events.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

Most significant accounting estimates included in attached financial statements as of December 31, 2017 and 2016 include:

a) Useful lives of tangible and intangible assets;
b) Registration of adjustments to the assets values (accounts receivable and inventories) and provisions;
c) Impairment tests performed to goodwill and sensibility tests (Note 7);
d) Discharge of the fair value of derivative financial instruments; and
e) Clearance of responsibilities with Pension complements (Note 21).

The underlying estimations and assumptions were determined based in the best knowledge existing at the date of approval of the financial statements of the events and transactions being carry out as well as in the experience of past and/or present events. Nevertheless, some situations may occur in subsequent periods which, not being predicted at the date of approval of the financial statements, were not consider in these estimations. The changes in the estimations that occur after the date of the financial statements shall be corrected in a foresight way. Due to this fact and to the uncertainty degree associated, the real results of the transactions may differ from the corresponding estimations. Changes to these estimates, which occur after publication of these consolidated financial statements, will be corrected in a prospective way, in accordance with IAS 8. The assumptions with the greatest impact on the estimates mentioned above are the discount rate used for the purposes of calculating the pension liabilities and the Goodwill impairment, and the mortality table used for the purposes of calculating the pension liabilities

The main significant judgments and estimations and assumptions relating to future events included in the preparation of the financial statements are described in the related notes to the financial statements.

2.5 FINANCIAL RISK MANAGEMENT POLICIES

The Company's activity is exposed to a variety of financial risks, such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. These risks arise from the unpredictability of financial markets that affect the capacity of projected cash flows and profits subject to a perspective of long term ongoing. Management seeks to minimize potential adverse effects that derive from that uncertainty in its financial performance.

The financial risks management is controlled by Toyota Caetano financial department, according to the policies established by the Group Board of Directors. The Board of Directors has established the main principles of global risk management as well as specific policies for some areas, as interest rate risk and credit risk.

i) Exchange rate risk

As a geographically diversified Group, with subsidiaries located in Cape Verde, the exchange rate risk is mainly the result of commercial transactions, arising from the purchase and sale of products and services in a currency that is different from the functional currency of each company.
The exchange rate risk management policy seeks to minimize the volatility of the investments and operations denominated in foreign currencies, contributing to reduce the sensitivity of the Group's results to exchange rate fluctuations. The Group's exchange rate management policy is focused on a case-by-case assessment of the opportunity to hedge this risk, taking into account, particularly, the specific circumstances of the currencies and countries in question.
Toyota Caetano has been using financial derivatives to hedge, at least partially, its exposure to exchange rate variations.

(Amounts in Euros)

ii)Interest rate risk

As a result of the relevant proportion of debt at variable rate in its Consolidated Balance Sheet, and of the subsequent interest payment cash flows, Toyota Caetano is exposed to interest rate risk.
Toyota Caetano has been using financial derivatives to hedge, at least partially, its exposure to interest rate variations.

iii)Liquidity risk

The goal of Toyota Caetano's liquidity risk management is to ensure that the company has the ability to obtain, in a timely manner, the necessary funding to be able to undertake its business activities, implement its strategy and meet its payment obligations when due, while avoiding the need to obtain funding under unfavorable terms.
For this purpose, the Company's liquidity management involves the following aspects:
a) A consistent financial planning based on operating cash flow forecasts for different time horizons (weekly, monthly, annual and multi-annual);
b) The diversification of funding sources;
c) The diversification of the maturities of the debt issued in order to avoid excessive concentrations of debt repayments in short periods of time;
d) The arrangement of committed (and uncommitted) credit facilities, commercial paper programs, and other types of financial operations with relationship Banks, ensuring the right balance between satisfactory liquidity levels and adequate commitment fees.

iv)Credit risk

Toyota Caetano's credit risk is mainly associated with loans to customers, related to its operating activity.
The main goal of Toyota Caetano's credit risk management is to ensure the effective collection of the operating receivables from its Customers, according to the negotiated payment terms.
In order to mitigate the credit risk that results from the potential customer-related defaults on payments, the Group's companies that are exposed to this risk have:
• A specific Credit Risk analysis and monitoring department;
• Proactive credit management processes and procedures that are implemented and always supported by information systems;
• Hedging mechanisms (credit insurance, letters of credit, etc.).

The credit quality of bank deposits on December 31, 2017 can be summarize as follow:

Bank Deposits Rating	Rating Agencies	Bank Deposits
A1	Moody's	97.528
A3	Moody's	97.726
Aa2	Moody's	3.944
Aa3	Moody's	7.038
B1	Moody's	8.497.688
B3	Moody's	115.293
Baa3	Moody's	4.646.248
Caa1	Moody's	456.043
	Others without rating	218.145
Total		14.139.653

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

The ratings presented correspond to ratings assigned by the rating agency Moody's.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISSTATEMENTS

During the year ended as of December 31, 2017, there were no changes in accounting policies and no material mistakes related with previous periods were identified.

4. CASH AND CASH EQUIVALENTS

As of 31 December 2017 and 31 December 2016 cash and cash equivalents detail was the following:

	DEC/17	DEC/16
Money	85.767	85.032
Bank Deposits at Immediate Disposal	14.139.653	8.569.948
Cash and Cash Equivalents	14.225.420	8.654.980

5. TANGIBLE FIXED ASSETS

During 2017 and 2016, the movement in tangible fixed assets as well as in the accumulated depreciation were as follows:

Dec/2017	Land	Buildings and Other Constructions	Machinery and Equipments	Vehicles	Administrative Equipment	Other Fixed Assets	Construction in Progress	Total
Gross:								
Final Balance 31/12/2016	3.946.027	32.532.697	52.466.703	46.580.487	6.131.880	2.942.475	9.400	144.609.667
Increases		44.036	220.363	10.313.500	76.336	26.819	23.056	10.704.110
Disposals			(4.684)	(7.826.678)				(7.831.363)
Transfers and Write-offs								-
Final Balance 31/12/2017	3.946.027	32.576.733	52.682.382	49.067.308	6.208.216	2.969.294	32.456	147.482.415
Depreciations:								
Final Balance 31/12/2016	-	29.587.661	49.519.987	27.540.038	6.055.999	2.864.599	-	115.568.285
Increases		396.032	774.725	6.041.565	55.277	24.641		7.292.239
Transfers, Disposals and Write-offs			(4.684)	(5.585.629)				(5.590.313)
Final Balance 31/12/2017	-	29.983.693	50.290.028	27.995.974	6.111.276	2.889.240	-	117.270.211
Net Value	3.946.027	2.593.040	2.392.354	21.071.334	96.940	80.054	32.456	30.212.204

Dec/2016	Land	Buildings and Other Constructions	Machinery and Equipments	Vehicles	Administrative Equipment	Other Fixed Assets	Construction in Progress	Total
Gross:								
Final Balance 31/12/2015	3.946.027	32.482.677	52.089.751	42.176.138	6.067.444	2.909.440	397.459	140.068.937
Increases			111.822	10.328.384	64.435	33.035	9.400	10.547.075
Disposals				(5.924.035)				(5.924.035)
Transfers and Write-offs		50.019	265.130				(397.459)	(82.310)
Final Balance 31/12/2016	3.946.027	32.532.697	52.466.703	46.580.487	6.131.880	2.942.475	9.400	144.609.667
Depreciations:								
Final Balance 31/12/2015		29.156.443	48.578.059	25.976.858	6.016.608	2.839.761		112.567.729
Increases		431.218	941.928	5.902.436	39.391	24.839		7.339.812
Transfers, Disposals and Write-offs				(4.339.255)				(4.339.255)
Final Balance 31/12/2016	-	29.587.661	49.519.987	27.540.038	6.055.999	2.864.599	-	115.568.285
Net Value	3.946.027	2.945.035	2.946.716	19.040.449	75.880	77.875	9.400	29.041.382

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

As at 31 December 2017 and 2016 the tangible fixed assets used under finance lease are resented as follows:

	Dec/2017		
	Acquisition value	Depreciations	Current values
Tangible Fixed Assets Industrial equipment	32.794.866	(14.631.521)	18.163.346

	Dec/2016		
	Acquisition value	Depreciations	Current values
Tangible Fixed Assets Industrial equipment	26.322.631	(10.040.184)	16.282.447

6. INVESTMENT PROPERTIES

As at 31 December 2017 and 31 of December of 2016, the caption "Investment properties" correspond to real estate assets detained by Toyota Caetano in order to obtain income through its lease or increase in value. These assets are measured at acquisition cost.

Gains associated to Investment properties are registered in the caption "Other Gains" and they ascended to 3.338.592 Euros in the period ended in 31 December 2017 (3.400.831 Euros in 31 December 2016) (Note 28).

In accordance with external appraisals done in the end of 2012, 2014, 2015 2016 and 2017 by independent experts and in accordance with evaluation criteria usually accepted for real estate markets (Market Method, Cost Method, Return Method and Use Method), the fair value of those investment properties amounts to 56,8 million Euros, approximately (56,9 million Euros in 2016).

The Board of Directors is convinced that there is no significant change in the fair value of those investment properties in 2017 believing that are valid the appraisals done.

The detail of investment properties in 2017 and 2016:

Buildings	Place	Dec/2017			Dec/2016		
		Carrying Amount	Fair value	Appraisal	Carrying Amount	Fair value	Appraisal
Industrial Facilities	V.N. Gaia	3.019.591	8.692.000	Internal	3.236.940	8.692.000	External
Industrial Facilities	V.N. Gaia	249.386	788.000	Internal	261.219	788.000	Internal
Industrial Facilities	Carregado	5.038.392	19.218.000	Internal	5.086.938	19.218.000	External
Industrial Warehouse	V.N. Gaia	841.109	6.077.000	Internal	942.873	6.077.000	External
Commercial Facilities	Lisboa	1.141.201	1.300.000	Internal	1.170.590	1.247.000	Internal
Land	Leiria	355.125	797.000	Internal	355.125	797.000	Internal
Commercial Facilities	Cascais	108.640	834.000	Internal	116.985	834.000	Internal
	Cascais	251.205	950.000	Internal	264.592	950.000	Internal
	Prior Velho	2.943.103	15.717.000	External	2.943.103	15.550.000	Internal
	Loures	193.024	849.000	Internal	197.073	849.000	Internal
	Vila Franca Xira	414.300	1.648.000	Internal	436.378	1.648.000	Internal
	Benavente				110.868	302.000	Internal
		14.555.076	56.870.000		15.122.686	56.952.000	

(Amounts in Euros)

During 2017 and 2016, the movements occurred in the investment properties as well as in the accumulated depreciation were as follows:

Dec/2017	Land	Buildings and Other Constructions	Total
Gross:			
Final Balance 31/12/2016	9.782.682	32.006.383	41.789.065
Increases			-
Disposals	(69.293)	(207.878)	(277.170)
Transfers and Write-offs			-
Final Balance 31/12/2017	9.713.389	31.798.505	41.511.895
Depreciations:			
Final Balance 31/12/2016	-	26.666.379	26.666.379
Increases		456.742	456.742
Transfers, Disposals and Write-offs		(166.302)	(166.302)
Final Balance 31/12/2017	-	26.956.819	26.956.819
Net Value	9.713.389	4.841.687	14.555.076

Dec/2016	Land	Buildings and Other Constructions	Total
Gross:			
Final Balance 31/12/2015	9.782.682	32.006.384	41.789.066
Increases			-
Disposals			-
Transfers and Write-offs			-
Final Balance 31/12/2016	9.782.682	32.006.384	41.789.066
Depreciations:			
Final Balance 31/12/2015		26.204.441	26.204.441
Increases		461.939	461.939
Transfers, Disposals and Write-offs			-
Final Balance 31/12/2016	-	26.666.380	26.666.380
Net Value	9.782.682	5.340.004	15.122.686

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The movements in the period ended at 31 December, 2017 are due to the disposal of the commercial facility located in Porto Alto, Benavente, with matrix Article U-005843-A.

7. GOODWILL

During 2017, didn't occur any changes to the Goodwill value.

The caption "Goodwill" is related with BT Activity (forklifts) resulting from Movicargo´s acquisition in 2008, whose activity was transferred to the parent company Toyota Caetano Portugal.

The Goodwill is not amortized, being tested annually for impairment.

For impairment test's purposes, the recoverable amount was determined in accordance with the Value in Use, through the discounted cash flows model and based on business plans carried out by people in charge, being approved by management. The discount rate used is considered to represent the risks inherent to the business.

In 31 December 2017, the main assumptions of the test are as follows:

	Industrial Equipment Division
Goodwill	611.997
Cash Flows Projection Period	5 years
Growth Rate (g) (1)	2%
Discount Rate (2)	8,68%

(1) Growth rate used to extrapolate cash flows beyond the period considered in the business plan
(2) Discount rate applied to projected cash flows

The Board, supported by the estimated discounted cash flows, concluded that on December 31, 2017, the net book value of assets, including goodwill (612 thousand of Euros), does not exceed its recoverable amount (18 million of Euros).

The projections of cash flows were based on historical performance and on expectations of improved efficiency. The management believe that a possible change (within a normal scenario) in key assumptions used in calculating the recoverable amount will not result in impairment losses.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

8. INTANGIBLE ASSETS

During 2017 and 2016, the movements in intangible assets were as follows:

Dec/2017	Research & Develepment Expenses	Software	Total
Gross:			
Final Balance 31/12/2016	1.477.217	1.164.919	2.642.136
Increases		21.645	21.645
Disposals		(11.662)	(11.662)
Transfers and Write-offs			-
Final Balance 31/12/2017	1.477.217	1.174.902	2.652.119
Depreciations:			
Final Balance 31/12/2016	957.375	1.055.632	2.013.007
Increases	492.406	61.065	553.471
Transfers, Disposals and Write-offs		(3.887)	(3.887)
Final Balance 31/12/2017	1.449.781	1.112.810	2.562.591
Net Value	27.437	62.092	89.528

Dec/2016	Research & Develepment Expenses	Software	Total
Gross:			
Final Balance 31/12/2016	1.394.907	1.010.272	2.405.179
Increases		154.647	154.647
Disposals			-
Transfers and Write-offs	82.310		82.310
Final Balance 31/12/2017	1.477.217	1.164.919	2.642.136
Depreciations:			
Final Balance 31/12/2016	464.969	997.894	1.462.863
Increases	492.406	57.738	550.144
Transfers, Disposals and Write-offs			-
Final Balance 31/12/2017	957.375	1.055.632	2.013.007
Net Value	519.842	109.287	629.129

(Amounts in Euros)

9. FINANCIAL INVESTMENTS – EQUITY METHOD

In 31 December 2017 and 31 December 2016, the financial investments were as follows:

	CAETANO AUTO	CAETANO AUTO CV	SALTANO	EQUITY METHOD AJUSTAMENTS	TOTAL
Balance 31 December 2015	15.496.930	4.726.369	18.735.625	64.418	39.023.342
Acquisitions	171				171
Disposal					
Gains/Losses	384.551	107.472	672.913	(257.280)	907.656
Dividends Received		(1.624.908)			(1.624.908)
Other Capital Movements	1.837	145	2	17.694	19.678
Others (atuarial losses)	(872.868)		(981.938)	725.024	(1.129.782)
Balance 31 December 2016	15.010.621	3.209.077	18.426.602	549.856	37.196.156
Acquisitions					
Disposal					
Gains/Losses	1.545.584	289.093	1.704.816	(146.423)	3.393.070
Dividends Received					
Other Capital Movements				247.218	247.218
Balance 31 December 2017	16.556.205	3.498.170	20.131.418	650.651	40.836.444

The gains and losses from group companies shown in Income Statement (2.330.890 Euros) include:

Gains in financial investments - Equity method	3.393.070
Intercompany margin deferral (Note 20)	-1.062.180
	2.330.890

The share of capital held in Subsidiaries can be summarized as follows:

	Caetano Auto		Caetano Auto CV		Saltano	
	Dec/17	Dec/16	Dec/17	Dec/16	Dec/17	Dec/16
Equity	35.753.909	32.416.147	4.305.942	3.950.120	20.135.482	18.430.288
Net Income	3.337.762	830.457	355.851	132.290	1.705.195	673.048
% Direct	46,31%	46,31%	81,24%	81,24%	99,98%	99,98%
% Indirect	98,40%	98,41%	81,24%	81,24%	99,98%	99,98%

Subsidiaries' financial position and net income can be summarized as follows:

	Dec/2017		
	Caetano Auto	Caetano Auto CV	Saltano
Assets			
Current	79.643.872	6.255.499	2.041.338
Non-Current	46.825.112	1.326.277	21.673.269
Liabilities			
Current	83.620.907	3.176.956	3.579.125
Non-Current	7.094.168	98.878	
Equity	35.753.909	4.305.942	20.135.482
Sales	212.093.511	12.649.730	
Operational Income	4.519.938	548.386	-5.608
Financial Income	-11.567	-43.973	
Net Income	3.337.762	355.851	1.705.195

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

	Dec/2016		
	Caetano Auto	Caetano Auto CV	Saltano
Assets			
Current	66.644.229	8.973.708	2.049.100
Non-Current	47.781.219	1.442.634	19.961.574
Liabilities			
Current	74.398.428	6.383.839	3.580.387
Non-Current	7.610.873	82.383	
Equity	32.416.147	3.950.120	18.430.288
Sales	185.940.532	10.757.901	
Operational Income	976.265	225.194	671.997
Financial Income	-316.697	-21.983	
Net Income	830.457	132.290	673.048

10. OTHER FINANCIAL ASSETS

During the period ended in December 31, 2017 and 2016 the movements in Other Financial Assets were as follows:

	DEC/2017	DEC/2016
Other Financial Assets		
Balance at 01/01/2017	3.492.302	3.492.302
Acquisitions During the Period		
Other Regularizations		
Balance at 31/12/2017	3.492.302	3.492.302

Other Financial Assets can be summarized as follows:

Other Financial Assets	DEC/2017	DEC/2016
Non-current		
Investments in small private companies	59.504	59.504
Current		
Loan to group companies (Note 31)	3.432.799	3.432.799
	3.492.302	3.492.302

The caption Investments in small companies regards to small investments already existing at Caetano Components that were transferred in result of the closing of the Company.

Both financial assets are measured at amortized cost less impairment losses.

The Board believes that the carrying amount of investments in small private companies is roughly near its fair value.

(Amounts in Euros)

11. INVENTORIES

As of 31 December 2017 and 31 December 2016, inventories detail was the following:

	DEC/2017	DEC/2016
Goods	45.144.905	40.511.618
Raw materials	10.413.228	9.307.008
Finished and Intermediate goods	4.432.510	1.466.863
Work in Progress	1.054.373	849.960
	61.045.015	52.135.449
Lost of impairments - Goods		
	61.045.015	52.135.449

The cost of goods sold and consumed as of 31 December 2017 and 31 December 2016 was as follows:

	DEC/2017			DEC/2016		
	Goods	Raw materials	Total	Goods	Raw materials	Total
Opening Balances	40.511.618	9.307.008	49.818.626	45.952.257	10.080.953	56.033.209
Purchases	236.996.229	33.446.028	270.442.257	194.777.814	30.169.577	224.947.390
Closing Balances	45.144.905	10.413.228	55.558.132	40.511.618	9.307.008	49.818.626
Total	232.362.942	32.339.809	264.702.751	200.218.452	30.943.521	231.161.973

The variation of production as of 31 December 2017 and 31 December 2016 was as follows:

	Finished and Intermediate Goods and Work in Progress	
	DEC/2017	DEC/2016
Opening Balances	5.486.883	2.316.823
Closing Balances	2.316.823	2.684.601
Total	3.170.060	(367.778)

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017
(Amounts in Euros)

12. ACCOUNTS RECEIVABLE

As of 31 December 2017 and 31 December 2016 Accounts Receivable detail was the following:

	DEC/2017	DEC/2016
	CURRENT ASSETS	CURRENT ASSETS
Accounts Receivable, Current Accounts	106.649.580	101.938.955
Accounts Receivable, Doubtful Accounts	5.458.117	5.723.947
	112.107.697	107.662.902
Lost of impairments (Note 22)	(5.412.762)	(5.702.310)
	106.694.935	101.960.592

Accounts receivable aging

Dec/2017	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Customers	65.956.762	9.047.351	4.649.109	20.520.712	100.173.934
Personnel	338			36.658	36.995
Independent Dealers	6.318.241	77.652		42.758	6.438.651
Accounts Receivable	72.275.340	9.125.002	4.649.109	20.600.128	106.649.580

Dec/2016	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Customers	60.446.229	9.257.712	5.211.200	20.067.198	94.982.339
Personnel	12	1.117	13.000	42.372	56.502
Independent Dealers	6.636.689	256.228	(571)	7.769	6.900.115
Accounts Receivable	67.082.930	9.515.057	5.223.629	20.117.339	101.938.955

Debt maturity beyond date

Dec/2017	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Accounts Receivable	9.807.482	1.026.141	278.462	4.970.584	16.082.670
Accounts Receivable, Related Parties	27.260.362	8.293.227	4.379.884	15.393.735	55.327.207
Total	37.067.844	9.319.368	4.658.346	20.364.319	71.409.877

Dec/2016	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Accounts Receivable	11.596.685	1.001.415	400.747	12.345.800	25.344.647
Accounts Receivable, Related Parties	24.211.955	8.491.207	5.071.126	13.169.796	50.944.084
Total	35.808.640	9.492.622	5.471.873	25.515.596	76.288.731

(Amounts in Euros)

Debt maturity considering impairment losses

Dec/2017	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Doubtful Accounts	10.760	3.587	3.587	5.440.184	5.458.117

Dec/2016	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Doubtful Accounts	7.173			5.716.773	5.723.946

13. OTHER CREDITS

As of 31 December 2017 and 31 December 2016 Other Credits detail was the following:

Other Currents Assets	CURRENT	
	DEC/2017	DEC/2016
Down Payments	352.181	392.062
Shareholders - RETGS (Note 31)	2.102.357	896.210
	2.454.538	1.288.272

14. OTHER CURRENT ASSETS

Other Current Assets detail at 31 December 2017 and 2016 is as follows:

	DEC/2017	DEC/2016
Other Accounts Payable		
Recover of Sales Campaigns	1.447.500	932.100
Recover Logistics	242.733	40.523
Renting	15.296	14.585
Others	42.924	24.370
	1.748.452	1.011.579
Assets Deferral		
Insurance	370.226	106.937
Expenses from Commercial Paper Programs	100.358	75.058
Others	230.449	260.457
	701.033	442.453
	2.449.484	1.454.032

(Amounts in Euros)

15. INCOME TAXES

Income Tax

The Company is subject to Corporate income (IRC) at the rate of 21% for the taxable income, plus local tax at the rate of 1,5% resulting in a tax rate, aggregated of a maximum of 22,5%.

In accordance with current legislation the Company tax returns are subject to review and correction by the tax authorities during a period of four years, except when there are fiscal losses, fiscal benefits have been given, or is in course inspections or claims, situations here the periods are increased of suspended. Consequently, the tax returns since 2013 are still subject to review. The Board of Directors of Toyota Caetano believes that any corrections resulting from reviews/inspections by the tax authorities to the tax returns open to inspection, will not have a significant effect on the financial statements of this Company.

Under Article 88 of the Corporate Income Tax Code, companies based in Portugal are also subject to autonomous taxation on a set of expenses at the rates provided in the mentioned article. For fiscal years beginning on or after January 1, 2010, taxable income in excess of 1,5 Million Euros and 7,5 Million Euros, have an additional income tax of 3%, exceeding 7,5 Million Euros and up to 35 Million an additional Income tax of 5% and taxable profit calculated in excess of more than 35 Million Euros an additional Income of 7%.

In March 2007 the Company took the decision to apply to the Corporate Income Tax for the Group (RETGS) according to the articles 69th and 70th of Income Tax Code (CIRC) and beginning in 1st January 2007. In consequence, the parent company (Toyota Caetano Portugal, S.A.) shall book the income tax calculated in the Group Companies (Toyota Caetano Portugal, Caetano Auto, Saltano and Caetano Renting) in order to determine the group income tax.

As of 31 December 2017 and 31 December 2016 Income tax detail was the following:

	DEC/2017	DEC/2016
Corporate Income Tax for the Year (estimate)	-2.178.552	-1.311.145
Corporate Income Tax for the Year (payments in advance) for the year	599.661	728.060
Corporate Income Tax for the Year (RETGS)	-69.824	635.401
	-1.648.715	52.316

The current tax can be decomposed as follows:

	DEC/2017	DEC/2016
Income taxes in year	2.178.552	1.311.145
Deferred income taxes	135.017	428.927
	2.313.568	1.740.072

(Amounts in Euros)

The reconciliation of the earnings before taxes of the years ended at 31 December, 2017 and 2016 can be analyzed as follows:

	DEC/2017	DEC/2016
Income Before Taxes	**11.651.874**	**7.690.828**
National tax expense	22,50%	22,50%
Teorical Tax Expenses	**2.621.672**	**1.730.436**
Non-fiscal expenses	149.040	173.447
Penalities	34.431	
Reversion of impairment losses taxed	(16.004)	
Equity Method	(2.330.890)	(626.455)
Non-fiscal gains	(28.425)	(66.107)
Accounting Capital Gains	(1.591.234)	(1.299.761)
50% fiscal Capital Gains	829.692	649.881
Fiscal Capital Gains	16.499	
Fiscal Benefits	(76.113)	(76.668)
Corrent Tax	**1.814.163**	**1.353.485**
Addicional Income tax	109.209	126.681
Local tax	129.583	96.677
State tax	214.166	148.355
Deferred tax	**(88.569)**	14.874
Effective Tax Expenses	**2.178.552**	**1.740.072**

Deferred Income Tax

Amounts and nature of the assets and liabilities for deferred taxes recorded in the financial statements as of 31 December 2017 and 2016 can be analyzed as follows:

	Inicial	Reflected in income statement		Reflected in equity		Final
2017	**Balance**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Balance**
Deferred Tax Assets						
Provisions	287.442		96.002			191.440
Fiscal Losses	88.569		88.569			0
Defined Benefit Plan Liabilities	1.129.395					1.129.395
Valluation of financial instruments	6.396		6.396			-
	1.511.801	-	190.967	-	-	1.320.835
Deferred Tax Liabilities						
40% of depreciation as a result of legal	48.576		(7.093)			41.483
Effect of the reinvestments of the gains infixed assets sales	165.772		(48.857)			116.916
	214.348	-	(55.950)	-	-	158.398

(Amounts in Euros)

2016	Inicial Balance	Reflected in income statement		Reflected in equity		Final Balance
		Decrease	Increase	Decrease	Increase	
Deferred Tax Assets						
Provisions	287.442					287.442
Fiscal Losses	502.621		414.053			88.568
Defined Benefit Plan Liabilities	775.150			354.245		1.129.395
Valuation of financial instruments	21.270		14.874			6.396
	1.586.482	-	428.927	354.245	-	1.511.801
Deferred Tax Liabilities						
40% of depreciation as a result of legal	48.576					48.576
Effect of the reinvestments of the gains infixed assets sales	165.772					165.772
	214.348	-	-	-	-	214.348

Under current legislation in Portugal the carry-forward of tax losses for the years still outstanding, is as follows:
i) Tax losses generated in 2012 and 2013: 5 years
ii) Tax losses generated in 2014 and 2016: 12 years

16. EQUITY

Composition of Share Capital

As of 31 December 2017 and 2016, Toyota Caetano share capital was represented by 35.000.000 bearer shares, totally subscribed and realized, with a nominal value of 1 Euro.

The identification of corporate entities with more than 20% of issued capital was as follows:

- Salvador Caetano Auto (S.G.P.S.), S.A	65,08%
- Toyota Motor Europe NV/SA	27,00%

Dividends

In 2017 were distributed dividends in amount of 5.250.000 Euros as a result of application of net income of 2016.
The Board of Directors will propose that a dividend shall be paid in the amount of 7.000.000 Euros. This proposal must be approved in the next General Shareholders Meeting.

Legal reserve

The legal reserve is already fully incorporated under the commercial legislation (20% of the share capital), so it is no longer required that a minimum of 5% of annual net profit is destined for its endowment. This reserve is not available for distribution, except in case of dissolution of the Company, but may be used in share capital increases or used to absorb accumulated losses once other reserves have been exhausted.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

Adjustments to financial assets

The amount considered in "Adjustments to financial assets" refers to the results not appropriated by the Equity Method not yet distributed and to the transition adjustments of the initial application of the Equity Method.

Revaluation reserves

The revaluation reserves cannot be distributed to the shareholders, except if they are completely depreciated and if the respective assets that were revaluated have been alienated.

The distributable amount in Equity, excluding Net Income is 69.100.748 Euros, includes in Other reserves and in Retained Earnings.

Proposal for the Allocation of the Profits

In accordance with the provisions laid down in article 376 (1-b) of the Código das Sociedades Comerciais (Commercial Companies Code), we propose the following allocation for 2017's profits obtained in the financial year, amounting to Euros 9.338.304,78 stated in the individual financial statements of Toyota Caetano Portugal:

a) To non-distributable reserves by profits recognized in investments in subsidiaries resulting from the application of the equity method.

Eur 2.330.889,90

b) To dividends to be allocated to Share Capital, 0,10 Eur per share, which considering its 35.000.000 shares totals Eur 7.000.000,00

c) The remainder for the retained earnings account Eur 7.414,88

17. LOANS

As of 31 December 2017 and 2016, loans can be detailed as follows:

	DEC/2017			DEC/2016		
	Corrent	Non-Current	TOTAL	Corrent	Non-Current	TOTAL
Bank Loans	5.000.000	-	5.000.000			-
Mutual Loans	7.000.000	10.000.000	17.000.000	6.210.526	17.000.000	23.210.526
Confirming	-	-		9.930.536		9.930.536
Commercial Paper	34.400.000	-	34.400.000	12.800.000		12.800.000
Leasing	5.159.955	14.951.241	20.111.196	4.045.860	13.350.204	17.396.064
	51.559.955	24.951.241	76.511.196	32.986.922	30.350.204	63.337.126

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

During 2017 the following movements occurred in of bank loans, overdrafts, other loans and Commercial Paper Programs:

	OPENING BALANCES	INCREASES	DISPOSALS	FINAL BALANCES
Bank Loans	-	5.000.000		5.000.000
Mutual Loans	23.210.526		6.210.526	17.000.000
Confirming	9.930.536		9.930.536	-
Commercial Paper	12.800.000	44.500.000	22.900.000	34.400.000
Leasing	17.396.064	7.022.706	4.307.574	20.111.196
	63.337.126	56.522.706	43.348.636	76.511.196

As of December 31, 2017 and 2016, the detail of bank loans, overdrafts, other loans and Commercial Paper Programs is as follows:

DEC/17	Used amount	Limit
Current		
Bank Loan	5.000.000	5.000.000
Overdrafts		4.000.000
Mutual Loans	7.000.000	7.000.000
Commercial Paper	34.400.000	39.400.000
Leasing	5.159.955	5.159.955
	51.559.955	60.559.955
Non-current		
Mutual Loans	10.000.000	10.000.000
Leasing	14.951.241	14.951.241
	24.951.241	24.951.241
	76.511.196	85.511.196

DEC/16	Used amount	Limit
Current		
Bank Loan		3.000.000
Overdrafts		4.000.000
Confirming	9.930.536	10.000.000
Mutual Loans	6.210.526	6.210.526
Commercial Paper	12.800.000	27.800.000
Leasing	4.045.860	4.045.860
	32.986.922	55.056.386
Non-current		
Mutual Loans	17.000.000	17.000.000
Leasing	13.350.204	13.350.204
	30.350.204	30.350.204
	63.337.126	85.406.590

Despite the deadline of more than one year, commercial paper contracts are considered in the short-term as is considered that these contracts mature on the dates of the complaint.

The item “Leasing” (current and non-current) include liabilities for leasing contracts, related to the purchase of facilities and equipment.

(Amounts in Euros)

The detail of this caption, as well as the reimbursement plan can be summarized as follows:

			Non-current					
Contract	Leasing	Current	2019	2020	2021	> 2021	TOTAL	TOTAL
Diverse	Industrial Equipment							
	Capital	5.159.955	5.458.210	4.204.281	3.231.596	2.057.154	14.951.241	20.111.196
	Total Capital	5.159.955	5.458.210	4.204.281	3.231.596	2.057.154	14.951.241	20.111.196
	Total Juros	611.976	411.082	225.045	107.447	34.015	777.588	1.389.564

The maturity of the outstanding loans as per December 31, 2017 can be detailed as follows:

DEC/2017	< 1year	1 - 3 years	3 - 5 years	> 5 years	Total
Bank Loans	5.000.000	-	-	-	5.000.000
Mutual Loans	7.000.000	-	10.000.000	-	17.000.000
Commercial Paper	34.400.000	-	-	-	34.400.000
Leasing	5.159.955	12.894.087	2.057.154	-	20.111.196
Total	51.559.955	12.894.087	12.057.154	-	76.511.196

The interest payment plan are as follows:

Interest Aging	2018	2019	2020	2021	> 2021	Total
Mutual Loans	396.188	220.521	221.125	54.375		892.208
Leasing	611.976	411.082	225.045	107.447	34.015	1.389.564

18. ACCOUNTS PAYABLE

As of 31 December 2017 and 2016 this caption was composed of current accounts with suppliers, which end at short-term.

19. OTHER CREDITORS

As of December 31, 2017 and 2016 the detail of other creditors was as follows:

Other creditors	CURRENT	
	DEC/2017	DEC/2016
Down Payments	295.026	92.758
Public Entities	9.886.665	9.936.592
Shareholders	10.618	12.052
Other Accounts Payable	180.856	93.902
	10.373.165	10.135.303

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

The caption for Public Entities at December 31, 2017 and 2016 is as follows:

	DEC/2017	DEC/2016
Income Taxes Withheld	153.509	160.573
Value Added Taxes	7.392.891	8.033.189
Employee's Social Contributions	239.568	250.628
Local Taxes	233.680	230.717
Others	1.867.017	1.261.486
	9.886.665	9.936.592

20. OTHER CURRENT LIABILITIES

As of December 31, 2017 and 2016 the detail of other current liabilities was as follows:

	DEC/2017	DEC/2016
Creditors for accrued expenses		
Vacations pay and Bonus	1.962.660	2.012.709
Sales Campaigns	4.526.941	3.670.380
Interest	126.409	120.885
Anticipaded costs related with sold vehicles	1.209.909	689.185
Insurance	392.790	134.194
Car tax related with disposed vehicles not registered	451.103	743.009
Warranty claims	48.249	53.338
Personnel	599.657	601.136
Publicity	47.701	151.824
Anticipaded costs related with other suplies	423.167	583.455
Royalties	69.579	71.284
Amounts payable already passed to Group Companies		667.807
Others	12.000	
	9.870.166	9.499.205
Deferrals		
Maintenance Vehicles Contracts	6.128.021	4.969.360
Subsidies	501.360	501.360
Debtors interest	3.715	5.827
Signage to be charged to dealers	37.657	35.301
Intercompany margin deferral	2.776.125	1.713.945
Others	120.798	355.132
	9.567.676	7.580.925
	19.437.842	17.080.130

(Amounts in Euros)

21. POST-RETIREMENT OBLIGATIONS

Toyota Caetano (together with other associated and related companies) incorporated, by public deed dated December 29, 1988, the Salvador Caetano Pension Fund, which was subsequently updated in February 2, 1994, December 29, 1995, April 30, 1996, August 9, 1996, July 4, 2003, December23, 2002, July 4, 2003, February 2, 2007, December 30, 2008, December 23, 2011 and December 31, 2013.

The Pension Fund was set up to, while Toyota Caetano maintains the decision to make contributions to the referred fund, provide employees (beneficiaries), at their retirement date, the right to a pension complement, which is not subject to update and is based on a percentage of the salary, among other conditions setting up a defined benefit plan. To cover these liabilities, an Autonomous Fund (which is managed by GNB - Sociedade Gestora de Fundo de Pensões, S.A.) is set up.

In sequence of a request to change the condition of that pension complement made near the "ISP - Instituto de Seguros de Portugal" the defined benefit plan as of January 1,2008, only the current retired workers and ex-employees with acquired rights, as well as for all the current employees with more than 50 years and more than 15 years of service of the company.

The actuarial presumptions used by the fund manager include the Mortality Table and disability TV 73/77 and SuisseRe 2001, respectively, as well as well as salary increase rate, pensions increase rate and average rate of return of 1%, 0% and 1,6% to 2017, respectively (1%, 0% and 1,6% to 2016).

The variation of the Fund responsibilities of the Company with the Defined benefit plan in 2017 and 2016 can be summarized as follows:

Responsibilities at January 1, 2016	20.126.920
Cost of the current services	39.172
Cost of interest	739.415
(Gains) and actuarial losses	1.574.421
Pension payment	-1.541.830
Transfers	596.767
Others	-571.451
Responsibilities at December 31, 2016	20.963.414
Responsibilities at January 1, 2017	20.963.414
Cost of the current services	37.921
Cost of interest	335.415
(Gains) and actuarial losses	217.819
Pension payment	-1.555.367
Transfers	
Others	
Responsibilities at December 31, 2017	19.999.202

(Amounts in Euros)

The allocation during 2017 and 2016 to both plans (Defined benefit plan and Defined contribution plan) can be summarized as follows:

	Defined Benefit Plan	Defined Contribution Plan	Total
Fund's Value at January 1, 2016	16.593.166	4.438.036	21.031.202
Contributions	641.808	213.897	855.705
Real recovery of the plan assets	188.670	73.923	262.593
Pension payment (Benefit payments)	-1.541.830	-27.960	-1.569.790
Transfers between Members	489.176	48.719	537.895
Used amounts from the CD account (Reserve Account)	8.643	-8.643	0
Fund's Value 31 December de 2016	16.379.632	4.737.972	21.117.604
Fund's Value at January 1, 2017	16.379.632	4.737.972	21.117.604
Contributions	188.200	128.751	316.951
Real recovery of the plan assets	1.203.268	370.141	1.573.409
Pension payment (Benefit payments)	-1.555.367	-9.716	-1.565.083
Transfers between Members		-14.894	-14.894
Used amounts from the CD account (Reserve Account)			0
Fund's Value 31 December de 2017	16.215.733	5.212.254	21.427.987

At 31 December 2017 and 2016, the Pension Fund's portfolio that covers the defined benefit plan was as follows:

PORTFOLIO	% DEC/2017	Value DEC/2017	% DEC/2016	Value DEC/2016
Stocks	9,6%	1.556.710	9,6%	1.572.445
Bonds	38,2%	6.196.032	38,2%	6.258.657
Real Estate	38,2%	6.194.410	38,2%	6.257.019
Cash	11,7%	1.890.754	11,7%	1.909.865
Other Assets	2,3%	376.205	2,3%	381.645
Total	100,0%	16.215.733	100,0%	16.379.632

The evolution of the pension fund's value and Toyota Caetano Portugal's responsibilities related with the defined benefit plan are as follows:

Defined benefit plan	2017	2016
Responsibility's Values	19.999.202	20.963.414
Fund Value	16.215.733	16.379.632

The Toyota Caetano Portugal responsibilities shown above was safeguarded through the creation of an accrual of costs for about 5,6 million Euros (5,8 million Euros in 31 December 2016) reflected in the Balance sheet caption of Pension Fund Liabilities.

22. PROVISIONS AND IMPAIRMENTS

During 2017 and 2016, the following movements occurred in impairments:

(Amounts in Euros)

DEC/2017	OPENING BALANCES	INCREASES	DISPOSALS	WRITE-OFFS	FINAL BALANCES
Doubtful Accounts Receivable	5.702.310	38.907	(312.450)	(16.004)	5.412.762

DEC/2016	OPENING BALANCES	INCREASES	DISPOSALS	WRITE-OFFS	FINAL BALANCES
Doubtful Accounts Receivable	5.767.873	21737	(80.816)	(6.484)	5.702.310

23. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate Derivatives

Although these derivatives were contracted for interest rate hedging purposes as well as funding cost optimization, they haven’t been designated for hedge accounting. Thus, they are measured at fair value through profit or loss.

The fair value of these derivative financial instruments at December 31, 2016 was negative at 28.425 Euros and comprises an exposure of 4.210.526 Euros, since 22 December, 2016 for a period of three months.

These derivatives’ valuation were provided at 31 December 2016 by the bank with whom they were contracted, taking into account future cash flows and risk estimates.

Toyota Caetano hold these instruments until their maturities that occured in June 2017.

24. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKETS

Sales and services rendered by geographic markets, in 2017 and 2016, was as follows:

	2017	2016		2017	2016		2017	2016	
	National Market		Var (%)	External Market		Var (%)	Total		Var (%)
Light Vehicles	207.449.592	180.177.699	15%	45.512.562	40.871.133	11%	252.962.154	221.048.831	14%
Heavy Vehicles				593.433	505.885	17%	593.433	505.885	17%
Industrial Vehicles	16.440.743	13.978.593	18%	668.803	95.305	602%	17.109.546	14.073.898	22%
Spare Parts and Accessories	37.829.771	34.413.789	10%	599.767	557.584	8%	38.429.537	34.971.372	10%
Others	4.112.393	3.822.124	8%	3.937	371	962%	4.116.330	3.822.494	8%
	265.832.498	232.392.204	14%	47.378.501	42.030.277	13%	313.210.999	274.422.481	14%

25. SEGMENTS INFORMATION

For the periods ended December 31, 2017 and 2016, the reporting by segments is as follows:

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

DEC/2017	NATIONAL						EXTERNAL					TOTAL
	Vehicles		Industrial Equipament			Others	Vehicles		Industrial Equipament			
	Industry	Commercial	Commercial	Services	Rental		Industry	Commercial	Commercial	Services	Rental	
PROFITS												
External sales	20.231	244.668.661	16.440.742	4.702.864			39.348.115	7.333.207	668.804	28.375		313.210.999
Suplementary income					12.216.763						9.980	12.226.743
INCOME												
Operational income	3.471	5.302.783	1.121.037	2.757.623	996.694		1.036.192	86.229	8.518	7.562	4.109	11.324.219
Financial income	63	1.742.497	38.515	16.965	44.121		133.482	25.275	2.175	104	38	2.003.235
Gains in subsidiaries						2.330.890						2.330.890
Net income	2.561	2.677.394	813.677	2.060.012	716.001	2.330.890	678.521	45.816	4.768	5.606	3.060	9.338.305
OTHER INFORMATION												
Total assets	31.457.616	168.619.552	9.918.159	1.752.076	25.403.933	40.836.444						277.987.779
Total liabilities	7.736.010	110.451.028	2.043.834	313.210	26.731.462							147.275.544
Investments in subsidiaries (1)						40.589.226						40.589.226
Capital Expenditur (2)	194.884	1.054.479		117.514	6.999.186							8.366.063
Depreciation (3)	1.218.162	1.949.324	72.020	69.214	4.993.731							8.302.452

DEC/2016	NATIONAL						EXTERNAL					TOTAL
	Vehicles		Industrial Equipament			Others	Vehicles		Industrial Equipament			
	Industry	Commercial	Commercial	Services	Rental		Industry	Commercial	Commercial	Services	Rental	
PROFITS												
External sales	285.115	214.471.048	13.996.633	3.657.449			35.053.246	6.881.355	77.265	371		274.422.481
Suplementary income					11.876.807						18.040	11.894.847
INCOME												
Operational income	1.054	6.713.750	2.068.493	1.647.438	1.038.448		-2.454.943	227.450	4.279	258	10.781	9.257.009
Financial income	1.769	1.923.340	43.205	7.728	46.941		144.320	25.069	194	1	70	2.192.636
Gains in subsidiaries						626.455						626.455
Net income	-714	3.927.894	1.660.634	1.344.479	812.986	626.455	-2.599.263	165.942	3.350	211	8.783	5.950.756
OTHER INFORMATION												
Total assets	37.044.761	175.695.607	11.737.461	1.740.309	26.932.956							253.151.094
Total liabilities	5.897.441	94.951.102	2.047.764	295.256	23.582.821							126.774.382
Investments in subsidiaries (1)						37.196.156						37.196.156
Capital Expenditur (2)	41.492	1.931.288		24.412	7.119.751							9.116.941
Depreciation (3)	1.304.240	2.120.877	67.544	43.557	4.815.675							8.351.893

26. SUPPLIES

At 31 December 2017 and 2016, supply expenses were as follows:

	DEC/2017	DEC/2016
Subcontracts	**71.077**	**63.177**
Specialized Services	**27.342.318**	**21.955.306**
Professional Services	3.318.486	3.192.095
Advertising	18.901.545	14.035.925
Vigilance and Security	391.617	293.076
Professional Fees	708.036	663.951
Comissions	43.943	81.208
Repairs and Maintenance	970.623	822.717
Others	3.008.067	2.866.334
Materials	**11.251.552**	**8.646.302**
Energy and Fluids	**1.020.033**	**955.890**
Travel and Transportation	**2.556.213**	**2.338.275**
Traveling Expenses	1.259.263	1.137.104
Personnel Transportation	92.895	90.386
Transportation of Materials	1.204.055	1.110.784
Other Supplies	**2.499.018**	**2.146.518**
Rent	420.398	415.019
Communications	469.332	449.960
Insurance	793.711	571.669
Royalties	420.680	334.109
Notaries	10.671	16.296
Cleaning and Comfort	384.225	359.466
	44.740.211	**36.105.468**

(Amounts in Euros)

27. PAYROLL AND AVERAGE NUMBER OF PERSONNEL

At 31 December 2017 and 2016, payroll expenses were as follows:

	DEC/2017	DEC/2016
Payroll - Management	371.368	357.349
Payroll - Other Personnel	9.133.635	9.524.331
Benefit Plans	797.652	885.001
Termination Indemnities	508.886	118.937
Social Security Contributions	3.020.705	3.130.626
Workmen's Insurance	211.685	288.513
Others	1.570.866	2.042.515
	15.614.797	16.347.273

During the years ended as of December 31, 2017 and 2016, the average number of personnel was as follows:

ITEMS	DEC/2017	DEC/2016
Employees	364	382
Production Personnel	154	157
	518	539

28. OTHER OPERATING EXPENSES AND OTHER GAINS

As of 31 December, 2017 and 2016, the captions “Other Expenses” and “Other Gains” were as follows:

Other Gains	DEC/2017	DEC/2016
Lease Equipment	12.226.743	11.894.847
Rents charged	3.338.592	3.400.831
Subsidies	2.006.972	2.503.662
Advertising expenses and sales promotion recovered	2.793.801	2.303.720
Gains on Inventories	107.270	117.893
Gains on Fixed Assets	1.837.961	1.418.693
Obtained Cash Discounts	8.765	15.773
Other	15.049.063	14.546.313
	37.369.167	36.201.733

(Amounts in Euros)

The caption Other refers provided services and warranties' recovery.

Other Expenses	DEC/2017	DEC/2016
Tax	606.532	709.360
Losses on Inventories	37.372	136.202
Cash Discount Granted	1.677	3.338
Losses on Fixed Assets	43.443	87.449
Donations	10.525	2.050
Other	8.343.343	8.079.168
	9.042.893	9.017.567

The caption Other Expenses includes trade incentives and bonuses granted to dealers.

29. FINANCIAL INCOME AND EXPENSES

As of 31 December, 2017 and 2016, the captions "Financial Income" and "Financial Expenses" were as follows:

Interest and similar income	DEC/2017	DEC/2016
Interest	70	889
Losses for fair value	28.425	66.107
Other	281.335	199.292
	309.830	266.288

Interest and similar expenses	DEC/2017	DEC/2016
Interest	1.701.186	1.814.985
Other	611.879	643.939
	2.313.065	2.458.924

30. FINANCIAL ASSETS AND LIABILITIES

We present below a summary table of the Company's financial instruments as of December 31, 2017 and 2016:

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

Financial assets and liabilities	Note	Financial assets DEC/2017	Financial assets DEC/2016	Financial liabilities DEC/2017	Financial liabilities DEC/2016
Derivate Financial Instruments	23				28.425
Other Financial Investments	10	3.492.302	3.492.302		
Accounts Receivable	12	106.694.935	101.960.592		
Other Accounts Receivable	13	2.454.538	1.288.272		
Loans	17			76.511.196	63.337.126
Other Accounts Payable	19			486.500	198.711
Accounts Payable	18			33.491.227	30.179.049
Other Current Liabilities	20			17.475.182	15.067.421
Cash and Cash Equivalents	4	14.225.420	8.654.980		

Financial assets and liabilities at fair value

Financial assets and liabilities at fair value	Nota	ATIVOS FINANCEIROS DEC/2017	ATIVOS FINANCEIROS DEC/2016	PASSIVOS FINANCEIROS DEC/2017	PASSIVOS FINANCEIROS DEC/2016
Derivate Financial Instruments	23				28.425
Other Financial Investments	10	3.492.302	3.492.302		
		3.492.302	3.492.302	-	28.425

31. RELATED PARTIES

TOYOTA CAETANO PORTUGAL GROUP COMPANIES

Due and payable balances with Group and Associated companies, which, as of 31 December 2017 and 2016, were recorded in the captions “Accounts receivable”, “Accounts payable”, “Other financial investments” and “Shareholders”, as follows:

	31/DEC/2017	31/DEC/2016
Accounts Receivable	78.168.268	68.016.608
Accounts Payable	-157.033	-1.074.161

Shareholders

- RETGS’s Companies (Note 13)		
. Saltano, SGPS, S.A.	145.081	147.343
. Caetano Renting, S.A.	-494.919	-568.117
. Caetano Auto, S.A.	2.452.195	1.317.984
	---------------	-------------
	2.102.357	896.210

Other Financial Investments (Note 10)

. Saltano, SGPS, SA.	3.432.799	3.432.799

Accounts Receivable and Accounts Payable (Notes 12 and 18)

(Amounts in Euros)

Balances and transactions details between Toyota Caetano Portugal and Related Parties can be summarized as follows:

2017	Commercial Debt		Products		Fixed Assets		Services		Others	
	Receivable	Payable	Sales	Purchases	Aquisitions	Disposals	Rendered	Obtained	Expenses	Gains
Caetano Auto, S.A.	63.513.662	-156.926	-138.188.796	505.586	0	-3.248.816		6.813.184	13.565.308	-4.565.839
Caetano Renting, S.A.	12.375.241	-107	-16.937.350	11.972.485	0	-89.361		46.524	722.580	-547.503
Caetano Auto CV, SA	2.280.365	0	-7.540.267	2.000	0	0		0	0	-728.870

2016	Commercial Debt		Products		Fixed Assets		Services		Others	
	Receivable	Payable	Sales	Purchases	Aquisitions	Disposals	Rendered	Obtained	Expenses	Gains
Caetano Auto, S.A.	55.817.668	-962.786	-125.233.185	463.821	0	-2.418.481		5.743.719	9.900.794	-4.973.180
Caetano Renting, S.A.	8.639.773	-111.374	-13.449.962	12.222.486	0			45.474	158.041	-464.217
Caetano Auto CV, SA	3.559.167	0	-6.961.360		0	0		0	0	-758.202

RELATED PARTIES

Intercompany balances and transactions related with accounts receivable and payable were as follows:

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

Other Related Companies	Commercial Debt		Products		Fixed Assets		Services		Others	
	Receivable	Payable	Sales	Purchases	Aquisitions	Disposals	Rendered	Obtained	Expenses	Gains
Caetano Auto, S.A.	63.513.662	-156.926	-138.188.796	505.586	0	-3.248.816		6.813.184	13.565.308	-4.565.839
Caetano Renting, S.A.	12.375.241	-107	-16.937.350	11.972.485	0	-89.361		46.524	722.580	-836.813
Caetano Auto Cv, Sa	2.280.365	0	-7.540.267	2.000	0	0		0	0	-439.560
Amorim, Brito & Sardinha, Lda	530	0	0	0	0	0		0	0	-2.103
Atlântica - Companhia Portuguesa de Pesca, S.A.	5.152	0	0	0	0	0		0	0	-17
Caetano Active, S.A.	251	0	-616	0	0	0		0	0	-879
Caetano Aeronautic, S.A.	200.711	0	-796	0	0	0		134.145	84.713	-427.328
Caetano Baviera - Comércio Automóveis, S.A.	547.053	-10.768	-3.392.120	4.085	0	0		129.176	273.727	-512.325
Caetano City E Active (Norte), S.A.	397.421	-185	-3.149.778	1.756	0	-57.284		98.275	199.117	-21.120
Caetano Drive, Sport E Urban, S.A.	4.042	0	-3.379	0	0	0		0	0	-8.750
Caetano Energy, S.A.	276	0	-182	0	0	0		0	0	-7.713
Caetano Equipamentos, S.A.	135	0	0	0	0	0		0	0	-135
Caetano Fórmula, S.A.	1.836	0	-1.694	0	0	0		451	0	-9.658
Caetano Motors, S.A.	2.869	0	-3.993	0	0	0		0	0	-3.299
Caetano Move África, S.A.	10	0	0	0	0	0		0	0	-51
Caetano Parts, Lda.	1.023	-266	-2.910	54	0	0		1.149	0	-4.825
Caetano Power, S.A.	1.336	0	-3.388	0	0	0		0	0	-3.466
Caetano Technik, S.A.	-1.749	0	-1.331	0	0	0		0	0	-4.272
Caetano Formula East África, S.A.	10	0	0	0	0	0		0	0	-9
Caetano Fórmula Moçambique S.A	942	0	0	0	0	0		0	0	-942
Caetanolyrsa, S.A.	26	0	0	0	0	0		0	0	-21
Caetano Retail,S.G.P.S., S.A.	101.965	0	0	0	0	0		0	0	-144.701
Caetano Squadra África, S.A.	0	0	0	0	0	0		0	0	-42
Caetano Star, S.A.	1.342	-117	-1.183	0	0	0		95	0	-12.792
CaetanoBus - Fabricação de Carroçarias, S.A.	5.648.827	-15.420	-31.228	0	0	0		51.229	4.053	-2.506.055
Caetsu Publicidade, S.A.	7.515	-889.160	0	340	0	0		2.985.379	0	-7.165
Carplus - Comércio de Automóveis, S.A.	1.063	0	-1.254	0	0	0		0	0	-17.039
Choice Car, S.A.	234	0	0	0	0	0		340	3.792	-7.552
COCIGA - Construções Civis de Gaia, S.A.	292	-200.218	0	0	33.033	0		98.400	0	-2.945
Covim - Soc. Agrícola, Silvícola E Imobiliária, S.A.	34	0	0	0	0	0		6.424	0	-28
Finlog - Aluguer e Comércio de Automóveis, S.A.	1.980	-40.367	-306.044	3.004	0	0		473.674	475.011	-29.918
Fundação Salvador Caetano	0	0	0	0	0		0	0	0	103
Globalwatt, (S.G.P.S.), S.A.	0	0	0	0	0	0		0	0	-9
Grupo Salvador Caetano, (S.G.P.S.), S.A.	42	0	0	0	0	0		0	0	-217
Guérin - Rent-a-Car (Dois), Lda.	31.756	-64.356	-32.148	64.790	0	0		0	0	-13.595
Hyundai Portugal, S.A.	2.733	0	0	0	0	0		0	0	-23.278
Ibericar - Sociedad Iberica del Automovil, S.A.	54.031	0	0	0	0	0		0	0	-45.093
Ibericar Barcelona Premium, S.L.	0	0	0	0	0	0		0	0	583
Ibericar Formula Campo de Gibraltar, S.L.	0	0	0	0	0	0		0	0	-264
Ibericar Gestoso, S.L.	0	0	0	0	0	0		0	0	583
Ibericar Motors Cádiz, S.L.	0	0	0	0	0	0		0	0	-648
Ibericar Movil, S.L.	0	0	0	0	0	0		0	0	-1.009
Ibericar Reicomsa, S.A.	0	0	0	0	0	0		0	0	-644
Lidera Soluciones, S.L.	2.841	0	0	0	0	0		2.379	0	-2.310
Lusilectra - Veiculos e Equipamentos, S.A.	8.880	-24.986	-94.489	14.373	12.320	0		168.441	5.025	-68.552
MDS Auto - Mediação de Seguros, S.A.	3.216	0	450	0	0	0		0	-6.243	-8.650
Movicargo - Movimentação Industrial, Lda.	1.847	-451.933	0	704.367	0	0		40.501	8.273	-3.227
P.O.A.L. - Pavimentações e Obras Acessórias, S.A.	17.806	0	0	0	0	0		0	0	0
Portianga - Comércio Internacional e Participações, S.A.	0	-205.026	-3.372	0	0	0		207.615	192.560	-76.662
PV Loiral- Produção de Energia, Lda.	0	0	0	0	0	0		0	0	-21
RARCON - Arquitectura e Consultadoria, S.A.	0	-14.722	0	0	0	0		75.890	0	-47
Rigor - Consultoria e Gestão, S.A.	53.361	-567.236	-20.216	0	73.126	0		2.511.496	8.010	-289.114
Robert Hudson, LTD	1.530	0	-1.482	0	0	0		0	0	-404
Salvador Caetano Auto África, (S.G.P.S.), S.A.	26	0	0	0	0	0		0	83	-47
Salvador Caetano Auto, S.G.P.S., S.A.	0	0	0	0	0	0		0	0	-403
Salvador Caetano Capital, S.G.P.S., S.A.	0	0	0	0	0	0		0	0	-9
Salvador Caetano Indústria (S.G.P.S.), S.A.	26	0	0	0	0	0		0	0	-21
SIMOGA - Sociedade Imobiliária de Gaia, S.A.	1.374	0	0	0	0	0		0	0	-337
Sol Green Watt, S.L.	812	0	0	0	0	0		0	0	-660
Sózó Portugal, S.A.	3.491	0	0	0	0	0		0	0	-5.270
Toyota Motor Corporation	0	-6.099.966	0	38.725.038	0	0		77.293	330.865	-100.857
Toyota Motor Europe, NV/SA	3.006.093	-16.590.254	-39.052.013	188.177.973	0	0		447.511	37.989	-7.957.573
Turispaiva - Sociedade Turística Paivense, S.A.	271	0	0	0	0	0		0	0	-1.210
VAS África (S.G.P.S.), S.A.	0	0	0	0	0	0		0	0	-153

32. CONTINGENT ASSETS AND LIABILITIES

As of 31 December, 2017 and 2016, Toyota Caetano had assumed the following financial commitments:

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

RESPONSABILITIES	DEC/2017	DEC/2016
Commitments assumed by guaranties		1.500.000
Security guarantee	4.000.000	4.000.000
Other Guaranties	1.394.118	1.168.684
	5.394.118	6.668.684

The financial commitments classified Security Guarantee include guarantee on imports provided to Customs Agency.

As a result of loans amounting to 17 million Euros Toyota Caetano granted the respective financial institutions mortgages on properties valued at the time of the referred loans, approximately 25,1 million Euros.

Litigation in progress:

The judicial claim presented by a former agent, that was pending a decision of the appeal presented in Supreme Court, was concluded without any, as was expected by the Board of Directors, responsibility to the Company.

End-of-life vehicles

In September 2000 the European Commission voted on a directive regarding end-of-life vehicles and the responsibility of Producers/Distributors for dismantling and recycling them.

Producers/Distributors will have to bear at least a significant part of the cost of the take back of vehicles put on the market as of July 1, 2002 and from January 1, 2007 for vehicles put on the market.

This legislation will impact Toyota vehicles sold in Portugal. Toyota Caetano and Toyota are closely monitoring the development of Portuguese National Legislation in order to access the impact on their financial statements.

Is our conviction in face of the studies already done into the Portuguese market, and taking notice on the possible valorization of the residues from the end-of-life vehicles dismantling, that the effective impact of this legislation in the Company accounts will be reduced or null.

Meanwhile and according to the legislation introduced (Dec./Law 196/2003), the Company contracted with “ValorCar – Sociedade de Gestão de Veículos em Fim de Vida, Lda” - a licensed entity for the management of an integrated system of ELV- the transfer of the responsibilities in this process.

Information related to environmental area

The company adopts the necessary measures relating to the environment, aiming to fulfil current applicable legislation.

The Toyota Caetano Board of Directors does not estimate that there are risks related to the environmental protection and improvement, not having received any infraction related to this matter during 2017.

(Amounts in Euros)

33. EARNINGS PER SHARE

The earnings per share for the year ended as of December 31, 2017 and 2016 were computed based on the following amounts:

	DEC/2017	DEC/2016
Net Income	9.338.305	5.950.756
Number of shares	35.000.000	35.000.000
Earnings per share (basic and diluted)	0,27	0,17
Comprehensive income	9.338.305	3.620.475
Number of shares	35.000.000	35.000.000
Comprehensive income (basic and diluted)	0,27	0,10

34. REMUNERATION OF BOARD MEMBERS

The remuneration of the board members in Toyota Caetano Portugal, S.A. during the years 2017 and 2016, was as follows:

Board Members	DEC/2017	DEC/2016
Board of Directors	352.608	347.183
Board of Auditors	8.400	8.400

35. REMUNERATION OF STATUTORY AUDITOR

The remuneration of the Statutory Auditor, PricewatherhouseCoopers & Associados – S.R.O.C., Lda. for 2017 and 2016, was as follows:

	DEC/2017	DEC/2016
Total fees related statutory audit	28.000	29.500
Total fees for other services of fiability assurance	1.000	3.500
	29.000	33.000

36. SUBSEQUENT EVENTS

Since the end of 2017 to the present date, and in terms of relevant facts, no significant events occurred

37. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors on 21st March 2018.
According to the Portuguese Commercial Companies Code, it is possible the amended for these Financial Statements, after their approval by the Board of Directors

CHARTERED ACCOUNTANT
ALEXANDRA MARIA PACHECO GAMA JUNQUEIRA

BOARD OF DIRECTORS
JOSE REIS DA SILVA RAMOS –President
MARIA ANGELINA MARTINS CAETANO RAMOS
SALVADOR ACÁCIO MARTINS CAETANO
MIGUEL PEDRO CAETANO RAMOS
NOBUAKI FUJII
MATTHEW PETER HARRISON
RUI MANUEL MACHADO DE NORONHA MENDES

Consolidated Accounts

December 2017

CONSOLIDATED FINANCIAL HIGHLIGHTS

	dec-17	dec-16	dec-15
TURNOVER	390 034 712	336 956 422	319 307 542
CASH-FLOW	31 139 333	22 814 263	20 569 096
INTEREST AND OTHERS	2 575 406	2 296 755	2 105 152
PERSONNEL EXPENSES	38 634 544	39 365 006	38 673 292
NET INVESTMENT	28 213 296	19 090 702	22 915 693
NUMBER OF EMPLOYEES	1 530	1 505	1 567
NET INCOME WITH MINORITY INTEREST	9 431 461	6 003 186	6 166 789
NET INCOME WITH OUT MINORITY INTERES	9 338 305	5 950 756	6 134 247
DEGREE OF AUTONOMY	44,26%	46,29%	48,76%

Toyota Caetano Portugal, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in Euros)

ASSETS	Notes	31/12/2017	31/12/2016
NON-CURRENT ASSETS			
Goodwill	8	611.997	611.997
Intangible Assets	5	412.847	1.077.832
Tangible Fixed Assets	6	97.821.610	86.264.400
Investment properties	7	16.363.198	17.903.011
Available for sale Financial Assets	9	3.732.500	3.483.128
Deferred tax Assets	14	2.313.378	2.194.438
Accounts Receivable	11	169.252	26.048
Total non-current assets		121.424.782	111.560.854
CURRENT ASSETS			
Inventories	10	96.002.214	82.791.897
Accounts Receivable	11	52.022.943	57.894.408
Other Debtors	12	6.541.709	4.151.819
Income Tax Payable	21	-	99.372
Other Current Assets	13	5.221.453	4.723.329
Cash and cash equivalents	15	17.267.570	14.556.190
Total current assets		177.055.889	164.217.015
Total assets		298.480.671	275.777.869
SHAREHOLDERS' EQUITY & LIABILITIES			
EQUITY			
Share capital		35.000.000	35.000.000
Legal Reserve		7.498.903	7.498.903
Revaluation reserves		6.195.184	6.195.184
Translation reserves		(1.695.238)	(1.695.238)
Fair value reserves – Available for sale Financial Assets		651.818	402.446
Other Reserves		73.723.263	73.024.661
Net Income		9.338.305	5.950.756
	16	130.712.235	126.376.712
Non-controlling Interests	17	1.387.418	1.294.261
Total equity		132.099.653	127.670.973
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	18	26.914.001	32.894.408
Defined Benefit Plan Liabilities	23	8.981.000	8.434.420
Provisions	24	514.525	407.105
Deferred tax liabilities	14	1.635.144	1.717.275
Total non-current liabilities		38.044.670	43.453.208
CURRENT LIABILITIES			
Loans	18	53.024.793	36.326.297
Accounts Payable	19	40.256.759	35.509.231
Other Creditors	20	13.207.610	11.417.744
Income Tax Receivable	21	1.716.581	-
Other current liabilities	22	20.130.605	20.680.411
Defined Benefit Plan Liabilities	23	-	691.580
Derivative financial instruments	25	-	28.425
Total current liabilities		128.336.348	104.653.688
Total liabilities		166.381.018	148.106.896
Total liabilities and shareholder' equity		298.480.671	275.777.869

The annex integrates the Balance sheet at 31 December 2017.

CHARTERED ACCOUNTANT
ALEXANDRA MARIA PACHECO GAMA JUNQUEIRA

BOARD OF DIRECTORS
JOSÉ REIS DA SILVA RAMOS – President
MARIA ANGELINA MARTINS CAETANO RAMOS
SALVADOR ACÁCIO MARTINS CAETANO
MIGUEL PEDRO CAETANO RAMOS
NOBUAKI FUJII
MATTHEW PETER HARRISON
RUI MANUEL MACHADO DE NORONHA MENDES

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in Euros)

		Notes	31/12/2017	31/12/2016
Operating Income:				
Sales		29	365.763.558	316.199.986
Services Rendered		29	24.271.153	20 756 436
Other Operating Income		32	46.543.561	43 214 520
Variation of Products		10	3.164.485	(340 128)
			439.742.757	379 830 814
Operating expenses:				
Cost of sales		10	(321.111.526)	(274 923 739)
External Supplies and Services		30	(43.229.565)	(37 106 246)
Payroll Expenses		31	(38.634.544)	(39 365 006)
Depreciations and Amortizations		5, 6 and 7	(18.611.512)	(15 540 732)
Provisions		24	(212.991)	(257 706)
Impairment losses		24	27.128	(113 831)
Other Operating expenses		32	(2.541.205)	(2 958 588)
			(424.314.215)	(370 265 848)
	Operating Results		15.428.542	9 564 966
Expense and financial losses		33	(2.608.769)	(2 643 285)
Income and financial gains		33	33.363	346 531
	Profit before tax		12.853.136	7 268 212
Income tax for the year		26	(3.421.674)	(1 265 026)
	Net profit for the period		9.431.462	6 003 186
Net profit for the period attributable to:				
Equity holders of the parent			9.338.305	5 950 756
Non-controlling Interests			93.157	52 430
			9.431.462	6 003 186
Earnings per share:				
	Basic			
	from continuing operations	27	**0,267**	**0,170**
			0,267	**0,170**
	Diluted			
	from continuing operations	27	**0,267**	**0,170**
			0,267	**0,170**

The annex integrates the Income Statement at 31 December 2017.

CHARTERED ACCOUNTANT
ALEXANDRA MARIA PACHECO GAMA JUNQUEIRA

BOARD OF DIRECTORS
JOSÉ REIS DA SILVA RAMOS – President
MARIA ANGELINA MARTINS CAETANO RAMOS
SALVADOR ACÁCIO MARTINS CAETANO
MIGUEL PEDRO CAETANO RAMOS
NOBUAKI FUJII
MATTHEW PETER HARRISON
RUI MANUEL MACHADO DE NORONHA MENDES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in Euros)

	Equity attributable to the parent company										
	Share capital	Legal Reserves	Revaluation Reserves	Translation reserves	Fair value reserves	Other Reserves	Total reserves	Net profit	Subtotal	Non-controlling Interests	Total
Balances at 31 of December 2015	35.000.000	7.498.903	6.195.184	(1.695.238)	382.767	74.490.374	86.871.990	6.134.247	128.006.237	1.647.295	129.653.532
Changes in the period:											
Application of the Consolidated Net Income 2015	-	-	-	-	-	6.134.247	6.134.247	(6.134.247)	-	-	-
Others – Distributed dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(375.248)	(375.248)
Available for sale Financial Investments fair value changes	-	-	-	-	19.679	-	19.679	-	19.679	-	19.679
Remeasurement (Actuarial losses)	-	-	-	-	-	(2.349.960)	(2.349.960)	-	(2.349.960)	(30.216)	(2.380.176)
	-	-	-	-	19.679	3.784.287	3.803.966	(6.134.247)	(2.330.281)	(405.464)	(2.735.745)
Consolidated net profit for the period	-	-	-	-	-	-	-	5.950.756	5.950.756	52.430	6.003.186
Total comprehensive income for the year	-	-	-	-	19.679	(2.349.960)	(2.330.281)	5.950.756	3.620.475	52.430	3.672.905
Transactions with equity holders											
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Distributed dividends	-	-	-	-	-	(5.250.000)	(5.250.000)	-	(5.250.000)	-	(5.250.000)
Balances at 31 of December 2016	35.000.000	7.498.903	6.195.184	(1.695.238)	402.446	73.024.661	85.425.956	5.950.756	126.376.712	1.294.261	127.670.973
Balances at 31 of December 2016	35.000.000	7.498.903	6.195.184	(1.695.238)	402.446	73.024.661	85.425.956	5.950.756	126.376.712	1.294.261	127.670.973
Changes in the period:											
Application of the Consolidated Net Income 2016	-	-	-	-	-	5.950.756	5.950.756	(5.950.756)	-	-	-
Others – Distributed dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Available for sale Financial Investments fair value changes	-	-	-	-	249.372	-	249.372	-	249.372	-	249.372
Remeasurement (Actuarial losses)	-	-	-	-	-	(2.154)	(2.154)	-	(2.154)	-	(2.154)
	-	-	-	-	249.372	5.984.602	6.197.974	(5.950.756)	247.218	-	247.218
Consolidated net profit for the period	-	-	-	-	-	-	-	9.338.305	9.338.305	93.157	9.431.462
Total comprehensive income for the year	-	-	-	-	249.372	-	249.372	9.338.305	9.587.677	93.157	9.680.834
Transactions with equity holders											
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Distributed dividends	-	-	-	-	-	(5.250.000)	(5.250.000)	-	(5.250.000)	-	(5 250 000)
Balances at 31 of December 2017	35.000.000	7.498.903	6.195.184	(1.695.238)	651.818	73.723.263	86.373.930	9.338.305	130.712.235	1.387.418	132.099.653

The annex integrates this Statement at 31 December 2017.

CHARTERED ACCOUNTANT
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CONSOLIDATED STATEMENT OF THE COMPREHENSIVE INCOME AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in Euros)

	31/12/2017	31/12/2016
Consolidated net profit for the period, including non-controlling interests	9.431.462	6.003.186
Components of other consolidated comprehensive income,		
that could be recycled by profit and loss:		
Available for sale Financial Assets fair value changes (Note 9)	249.372	19.679
Components of other consolidated comprehensive income,		
that could not be recycled by profit and loss:		
Remeasurement (Actuarial losses gross of tax) (Note 23)	-	(2.704.205)
Deferred tax of actuarial losses (Note 14)	-	354.245
Consolidated comprehensive income	9.680.834	3.672.905
Attributable to:		
Equity holders of the parent company	9.587.677	3.620.475
Non-controlling interests	93.157	52.430

The annex integrates this Statement at 31 December 2017.

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(Amounts in Euros)

CONSOLIDATED CASH FLOWS STATEMENT

OPERATING ACTIVITIES	2017		2016	
Collections from Customers	396.385.262		335.629.628	
Payments to Suppliers	(373.591.503)		(311.678.339)	
Payments to Employees	(30.393.187)		(30.916.744)	
Operating Flow		**(7.599.428)**		**(6.965.455)**
Payments of Income Tax		(1.732.358)		225.691
Other Collections/Payments Related to Operating Activities		5.327.277		29.538.422
Cash Flow from Operating Activities		**(4.004.509)**		**22.798.658**

INVESTING ACTIVITIES				
Collections from:				
Investments Properties	935.000		-	
Tangible Fixed Assets	1.792.530		5.158.890	
Interest and Other income	-	**2.727.530**	397.242	**5.556.132**
Payments to:				
Investments	(2.154)		(234)	
Investments Properties	(8.095)		-	
Tangible Fixed Assets	(3.095.119)		(14.064.333)	
Intangible Assets	(61.875)	**(3.167.243)**	(284.726)	**(14.349.293)**
Cash Flow from Investment Activities		**(439.713)**		**(8.793.161)**

FINANCING ACTIVITIES				
Collections from:				
Loans	50.029.851		26.298.944	
Financial Lease	7.650.092	**57.679.943**	-	**26.298.944**
Payments to:				
Loans	(42.042.299)		(25.110.526)	
Lease Down Payments	(611.981)		(3.752.429)	
Interest and Other costs	(2.593.981)		(2.612.560)	
Dividends	(5.276.080)	**(50.524.341)**	(5.637.690)	(37.113.205)
Cash Flow from Financing Activities		**7.155.602**		**(10.814.261)**

CASH	2017	2016
Cash and Cash Equivalents at Beginning of Period (Note 15)	14.556.190	11.364.954
Cash and Cash Equivalents at End of Period (Note 15)	17.267.570	14.556.190
Net Flow in Cash Equivalents	**2.711.380**	**3.191.236**

CHARTERED ACCOUNTANT

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

1. INTRODUCTION

Toyota Caetano Portugal, S.A. ("Toyota Caetano" or "Company") was incorporated in 1946, has its headquarters in Vila Nova de Gaia, and is the Parent Company of a Group of companies ("Toyota Caetano Group" or "Group"), which mainly develop economic activities included in the automotive sector, namely the import, assembly and commercialization of vehicles, bus and coach industry, sale and rental of industrial equipment forklifts, sale of vehicles parts, as well as the corresponding technical assistance.

Toyota Caetano Portugal, S.A., belongs to the Salvador Caetano Group (led by Grupo Salvador Caetano S.G.P.S., S.A.), being held directly by Salvador Caetano Auto, S.G.P.S., S.A., since the end of the year of 2016.

Toyota Caetano Group develops its activity mainly in Portugal and Cape Verde.

Toyota Caetano shares are listed in Euronext Lisbon since October 1987.

The attached financial statements are stated in Euros (rounding by unit), as this is the functional currency used in the economic environment where the Group operates. Foreign operations and transactions are included in the consolidated financial statements in accordance with the policy described in Note 2.2 c).

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the consolidated financial statements are as follows:

2.1 BASIS OF PRESENTATION

These financial statements relate to the consolidated financial statements of Toyota Caetano Group and were prepared according to the IFRS – International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards (IAS), as issued by the International Accounting Standards Committee ("IASC"), and its respective interpretations - IFRIC and SIC, as issued, respectively, by the International Financial Reporting Interpretations Committee ("IFRIC") and by the Standing Interpretation Committee ("SIC"), that have been endorsed by the European Union, being effective for the annual periods beginning on or after January 1, 2017.

The accompanying consolidated financial statements have been prepared on a going concern basis and having as basis the principle of the historical cost and, in the case of some financial instruments, fair value, based on the accounting records of the companies included in consolidation (Note 4).

The following standards, interpretations, amendments and revisions endorsed by the European Union and mandatory in the fiscal years beginning on or after January 1, 2017, were adopted by the first time in the fiscal year ended at December 31, 2017:

a) Changes to accounting standards that became effective as of January 1, 2017:

(i) Standards:

- **IAS 7** (amendment), 'Cashflow statement – Disclosure initiative' (effective for annual periods beginning on or after 1 January 2017). This amendment introduces an additional disclosure about the changes in liabilities arising from financing activities, disaggregated between cash changes and non-cash changes and how it reconciles with the reported cash flows from financing activities, in the Cash Flow Statement. This amendment did have insignificant impact in the Group financial statements (note 18).

- **IAS 12** (amendment), 'Income taxes – Recognition of deferred tax assets for unrealised losses' (effective for annual periods beginning on or after 1 January 2017). This amendment clarifies how to account for deferred tax assets related to assets measured at fair value, how to estimate future taxable profits when temporary deductible differences exist and how to assess recoverability of deferred tax assets when restrictions exist in the tax law.This amendment did not have any impact in the Group financial statements.

b) Standards that have been published and are mandatory for the accounting periods beginning on or after January 1, 2018 and were already endorsed by the European Union and the entity decide not to adopt in advance:

(i) Standards:

- **IFRS 9** (new), 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and recognition. It is not expected impact of future adoption of this standard on the Group financial statements.

- **IFRS 15** (new), 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognize revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach. It is not expected significant impact of future adoption of this standard on the Group financial statements.

- **IFRS 16** (new), 'Leases' (effective for annual periods beginning on or after 1 January 2019). This new standard replaces the IAS 17 with a significant impact on the accounting by lessees that are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". It is expected impact of future adoption of this standard on the Group financial statements.

- **IFRS 4** (amendment), 'Insurance contracts (Applying IFRS 4 with IFRS 9)' transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment allows companies that issue insurance contracts the option to recognise in Other Comprehensive Income, rather than Profit or Loss the volatility that could rise when IFRS 9 is applied before the new insurance contract standard is issued. Additionally, it is given an optional temporary exemption from applying IFRS 9 until 2021, to the companies whose activities are predominantly connected with insurance, not being applicable at consolidated level. It is not expected significant impact of future adoption of this amendment on the Group financial statements.

- **Amendments to IFRS 15** 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). These amendments refer to additional guidance for determining the performance obligations in a contract, the timing of revenue recognition from a license of intellectual property, the review of the indicators for principal versus agent classification, and to new practical expedients to simplify transition. It is not expected significant impact of future adoption of this amendment on the Group financial statements.

c) Standards (new and amendments) and interpretations that have been published and are mandatory for the accounting periods beginning on or after January 1, 2017, but are not yet endorsed by the European Union:

(i) Standards:

- **Annual Improvements 2014 - 2016,** (generally effective for annual periods beginning on or after 1 January 2017). The 2014-2016 annual improvements impacts: IFRS 1, IFRS 12 and IAS 28. It is not expected significant impact of future adoption of this improvement on the Group financial statements.

- **IAS 40** (amendment), 'Transfers of Investment property' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies when assets are transferred to, or from investment properties, the evidence of the change in use is required. A change of management intention in isolation is not enough to support a transfer. It is not expected significant impact of future adoption of this amendment on the Group financial statements.

- **IFRS 2** (amendment), 'Classification and measurement of share-based payment transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications to a share-based payment plan that change the classification an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. It is not expected significant impact of future adoption of this amendment on the Group financial statements.

- **IFRS 9** (amendment), 'Prepayment features with negative compensation' (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit or loss. It is not expected impact of future adoption of this amendment on the Group financial statements.

- **IAS 28** (amendment), 'Long-term interests in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investments in associates and joint ventures), that are not being measured through the equity method, are to be measured in accordance with IFRS 9, being subject to impairment expected credit loss model, prior to any impairment test of the investment as a whole". This amendment is not applicable at the financial statements of the Group.

- **Annual Improvement 2015 - 2017** (generally effective for annual periods beginning on or after 1 January 2019). These improvements are still subject to endorsement by the European Union. The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3 and IFRS 11. It is not expected significant impact of future adoption of this amendment on the Group financial statements.

- **IFRS 17** (new), 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2021). This standard is still subject to endorsement by European Union. This new standard replaces IFRS 4 and applies to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or "premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective application. This standard It is not applicable on the Group financial statements.

(ii) Interpretations:

- **IFRIC 22** (new), 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). This interpretation is still subject to endorsement by European Union. An Interpretation of IAS 21 'The effects of changes in foreign exchange rates' it refers to the determination of the "date of transaction" when an entity either pays or receives consideration in advance for foreign currency denominated contracts". The date of transaction determines the exchange rate used to translate the foreign currency transactions. It is not expected significant impact of future adoption of this interpretation on the Group financial statements.

- **IFRIC 23** (new), 'Uncertainty over income tax treatment' (effective for annual periods beginning on or after 1 January 2019). This interpretation is still subject to endorsement by European Union. This is an interpretation of IAS 12 - 'Income tax', referring to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of an income tax treatment by the tax authorities. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, and not under IAS 37 - "Provisions, contingent liabilities and contingent assets ", based on the expected value or the most probable value. The application of IFRIC 23 may be retrospective or retrospective modified. It is not expected significant impact of future adoption of this interpretation on the Group financial statements.

2.2 CONSOLIDATION PRINCIPLES

Consolidation principles used by the Group were as follows:

a) Investments in Group companies

Investments in companies in which the Group is exposed, or has voting rights, to variable returns as a result of their involvement in these companies, and has the ability to affect those returns through the power of these companies (definition of control used by the Group), were included in the consolidated financial statements by the full consolidation method. Equity and net results corresponding to third parties participations in those companies are recorded separately in the consolidated statement of financial position and in the consolidated income statement under the caption "Non-controlling Interests". Fully consolidated companies are listed in Note 4.

When losses attributable to minority shareholders exceed non-controlling interests in shareholder's equity, the Group absorbs the excess, in proportion to the percentage held.

(Amounts in Euros)

For business combinations, earlier than 2010, it was adopted the purchase method to account for subsidiary's acquisitions. The acquisition cost corresponds to the fair value, determined at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed. The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially recognized at fair value on the acquisition date, irrespective of the existence of non-controlling interests. The surplus in the cost of acquisition relating to the fair value of the parcel of the Group of the assets identifiable acquired are registered as Goodwill. If the cost of acquisition is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the Consolidated Income Statement.

For business combinations that have occurred on or after January 1, 2010, the Group has applied IFRS 3 Revised. According to the referred standard, the purchase method continues to be considered on business combinations, with the following significant changes:

(i) the amounts that compose the purchase price are valued at fair value, being given the option to, on a transaction to transaction basis, measure non-controlling interests by the proportion of the acquired company's net assets or at the fair value of the assets and liabilities acquired;

(ii) the costs related to the acquisition are recognized as expenses.

It was also applied since January 1, 2010 the IAS 27 reviewed, which requires that all transactions with non-controlling interests to be recognized on Equity, when there is no change on the control of the entity. Also, it isn't recognized goodwill or any profit or loss. When there is a loss of control on the entity, any remaining interest is remeasured at fair value, with a gain or loss being recognized on the consolidated income statement.

The results of Group companies acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or until the date of their disposal.

Adjustments to the financial statements of Toyota Caetano companies are performed, whenever necessary, in order to adapt accounting policies to those used by the Group. Intercompany balances and transactions, and dividends distributed between Group companies have been eliminated in the consolidation process.

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

b) Conversion of financial statements of foreign entities

Assets and liabilities in the financial statements of foreign entities are translated to Euros using the exchange rates in force at the statement of financial position date, and gains and losses as well as cash flows are translated to Euros using the average exchange rates for the year. Exchange rate differences originated after January 1, 2004 are recorded in equity under the caption "Translation reserves". The accumulated exchange differences generated before January 1, 2004 (IFRS transition date) were written-off against the caption "Other reserves".

Whenever a foreign entity is disposed, the accumulated exchange rate differences are recorded in the financial statements as a profit or loss in the disposal.

Exchange rates used in 2017 and 2016 in the translation into Euros of foreign subsidiaries were as follows:

2017

	Currency	Final Exchange Rate for 2017	Average Exchange Rate for 2017	Exchange Rate at the Date of Incorporation	Final Exchange rate for 2016
Caetano Auto CV, S.A.	CVE	0,009069	0,009069	0,009069	0,009069
Captions		Balance Sheet except Shareholders	Income Statement	Share Capital	Retained Earnings

(Amounts in Euros)

2016

	Currency	Final Exchange Rate for 2016	Average Exchange Rate for 2016	Exchange Rate at the Date of Incorporation	Final Exchange rate for 2015
Caetano Auto CV, S.A.	CVE	0,009069	0,009069	0,009069	0,009069
Captions		Balance Sheet except Shareholders	Income Statement	Share Capital	Retained Earnings

2.3 MAIN ACCOUNTING POLICIES

The main accounting policies used by Toyota Caetano Group in the preparation of the consolidated financial statements were as follows:

a) Tangible Fixed Assets

Tangible fixed assets acquired until January 1, 2004 (IFRS transition date) are recorded at deemed cost, which corresponds to its acquisition cost or its revalue acquisition cost in accordance with generally accepted accounting principles in Portugal (and in the subsidiaries countries) until that date, net of accumulated depreciation and accumulated impairment losses.

Tangible fixed assets acquired after that date is recorded at acquisition cost, net of accumulated depreciation and accumulated impairment losses.

The impairment losses detected in the tangible fixed assets realization value are registered in the year in which they are estimated by counterpart of the item “Impairment losses” of the financial statements.

Depreciation is computed on straight-line basis as from the date the asset is first used according to the following expected useful lives:

	Years
- Buildings and other constructions	20 - 50
- Machinery and equipment	7 - 16
- Vehicles	4 - 5
- Tools and utensils	4 - 14
- Administrative equipment	3 - 14
- Other tangible assets	4 - 8

Expenses with maintenance and repair costs of tangible fixed assets are recorded as a cost in the year in which they occur. The repairs of significant amount that increase the estimated usage period of the assets are capitalized and depreciated according to the assets remaining useful life.

Tangible fixed assets in progress relate to tangible assets under construction/development, and are recorded at acquisition cost deducted of impairment losses. These assets are transferred to tangible fixed assets and depreciated as from the date in which they are prepared for use and in the necessary conditions to operate according with the management.

Gains or losses arising from the disposal or write-off of tangible fixed assets are computed as the difference between the selling price and the net book value at the date of disposal/write-off, and are recorded in the statement of profit and loss as “Other operating income” or “Other operating expenses”.

b) Intangible assets

Intangible assets are recorded at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Intangible assets are only recognized if it is likely that future economic benefits will flow to the Group, are controlled by the Group and if their cost can be reliably measured.

Research costs and expenses with new technical knowledge are recorded as costs in the statement of profit and loss when incurred.

Development costs are capitalized as an intangible asset if the Group has proven technical feasibility and ability to finish the development and to sell/use such assets and it is likely that those assets will generate future economic benefits. Development expenses which do not fulfil these requirements are recorded as an expense in the period in which they are incurred.

Internal expenses related to software maintenance and development are recorded as costs in the statement of profit and loss, except in situations in which these expenses are directly related to projects from which it is likely that future economic benefits will flow to the Group. In such circumstances, these expenses are capitalized as intangible assets.

Intangible assets are amortized on a straight-line basis over a period of three to five years.

The amortization charge for each period of intangible assets shall be recognized in profit or loss in item "Depreciations and amortizations".

c) Investment properties

Investment properties which relate to real estate assets held to obtain income through its lease or for capital gain purposes, and not for use in production, external supplies and services or for administrative purposes, are recorded at its acquisition cost, being the respective fair value disclosed in the Notes to the financial statements (Note 7).

Whenever these assets fair value is lower than the respective acquisition cost, an impairment loss is recorded against the caption "Impairment losses" in the statement of profit and loss. As of the moment in which the recorded accumulated impairment losses no longer exist, they are immediately reversed against the caption "Impairment losses" in the statement of profit and loss until the limit of the amount that would have been determined, net of amortizations or depreciations, if no impairment losses would have ever been recognized in previous years.

Investment properties disclosed fair value is determined on an annual basis by an independent appraiser (Market, Cost and Profit Method models).

d) Lease contracts

Lease contracts are classified as (i) financial lease contracts, if all or a substantial part of the risks and benefits related to possession are transferred and as (ii) operational lease contracts if all or a substantial part of the risks and benefits related to possession are not transferred.

Classification as financial lease contracts or as operational lease contracts depends on the substance of the transaction and not on the form of the contract.

Tangible fixed assets acquired under financial lease contracts, as well as the corresponding liabilities are recorded according to the financial method and, consequently, the cost of the fixed asset is recorded in tangible fixed assets captions and the corresponding responsibility as leasing captions. Lease down payments are constituted by interest expenses and by the amortization of capital in accordance with the contractual financial plan, with interests recognized as expenses in the statement of profit or loss for the year to which they relate and with the depreciation of the tangible fixed assets according to their estimated useful lives, according to Note 2.3.a), except when the lease term is shorter than the estimated useful lives.

For lease contracts considered as operational, the rents paid are recognized as an expense in the statement of profit or loss over the rental period (Note 35).

e) Inventories

Goods, raw, subsidiary and consumable materials are recognized at the initial moment of their acquisition at cost. Subsequently, these are valued at average acquisition cost, which is lower than market value.

Finished and intermediate goods as well as work in progress are stated at production cost, which is lower than market value. Production costs include the cost with raw materials, direct labor, production overheads and external services.

Accumulated impairment losses to reduce inventories value reflect the difference between their acquisition cost and net realizable or market value, which corresponds to the price shown on market statistics.

f) Government or Other public entities subsidies

Government subsidies are recognized at the respective fair value when there is a solid guarantee that they will be received and that the Company will be able to accomplish the conditions required to its concession.

Non-Repayable Subsidies

The subsidies related to costs incurred are registered as a gain if there is a reasonable guaranty that they will be received, if the company has already incurred in the subsidiary costs and if they fulfill the conditions for their concession.

g) Impairment of assets

- Non current assets except Goodwill

Assets are assessed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount (defined as the highest of the net sale price and the use value, or as the net sale price for assets held for sale), an impairment loss is recognized in the statement of profit and loss under the caption “Impairment losses”. The net selling price is the amount that would be obtained from the sale of an asset in a transaction between independent entities, less the cost of the disposal. The value in use is the present value of estimated future cash flows expected to arise from the continued use of an asset and its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recognized in previous years is recorded when it is concluded that the impairment losses recognized for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment losses previously recognized have been reversed. The reversal is recorded in the statement of profit or loss in the caption “Impairment losses”. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment losses been recognized for that asset in previous years.

- Goodwill

The value of Goodwill is not amortized, being tested for impairment purposes on an annual basis. The recoverable amount is determined as being the present value of estimated future cash flows that are expected to be generated by the continuous use of the asset. Impairment losses of Goodwill are recognized in the income statement in the caption “Impairment Losses”.

Goodwill impairment losses cannot be reversed.

h) Financial expenses

Loan's related financial costs (interests, premiums, ancillary costs and lease interests) are recognized as financial costs in income statement of the period in which they are incurred, in accordance with the accrual principle and the effective interest rate method, except if those costs are directly related to the acquisition, construction or production of fixed assets. In this case, the referred costs are capitalized, being part of the asset cost. The capitalization of these costs begins after the beginning of the preparation of the construction or asset development activities and it is interrupted when the asset is ready to be used or when the project is suspended. Any financial income generated by loans that are directly related with a specific investment, are deducted to financial expenses elected for capitalization purposes.

i) Provisions

Provisions are recognized when and only when the Group has a present obligation (legal or constructive) resulting from a past event, whenever it is probable that, for the resolution of that obligation, there will be an outflow of resources and the amount of the obligation may be reasonably estimated. Provisions are reviewed at the date of each statement of financial position and are adjusted to reflect the best estimate of their fair value at that date (Note 24).

j) Financial instruments

i) Investments

Investments held by the Group are classified as follows: 'Investments measured at fair value through profit and loss', 'Investments held to maturity' and 'Available for sale financial assets'. The classification depends on the subjacent intention of the investment acquisition.

Available for sale financial assets

These are all the remaining investments that are not classified as held to maturity or measured at fair value through profit and loss. This category is included in non-current assets, except if the Board of Directors has the intention of alienate the investment within a period inferior to 12 months starting from the statement of financial position date.

At December 31, 2017 and 2016, Toyota Caetano Group held shares of Cimóvel - Real Estate Investment Fund (Note 9).

Fair Value of Financial Investments

To determine the fair value of a financial asset or liability, if such a market exists, the market price is applied (Level 1). A market is regarded as active if quoted prices are readily and regularly available from an exchange, broker or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Otherwise, which is the case of some financial assets and liabilities, valuation techniques that are generally accepted in the market are used based on market assumptions (e.g.: discounted cash flow models that incorporate interest rate curves and market volatility, which is the case of derivative financial instruments) – Level 2. On the other cases, valuation techniques are used, not based on observable market data – Level 3.

Investments are all initially recognized at fair value, including transaction costs, with the exception of investments recognized at fair value through profit or loss. In this case, investments are initially recognized at fair value, and the respective transaction costs are recognized directly in the income statement.

"Available for sale financial assets" is kept at fair value at the balance sheet date, without deducting any transaction cost that could occur until the time of disposal.

Available for sale financial assets representative of share capital from unquoted companies are recognized at the acquisition cost, taking into account the existence or not of impairment losses. It is conviction of the Board of Directors that the fair value of these investments does not differ significantly from their acquisition cost.

Gains and losses arising from a change in the fair value of available for sale financial assets are recorded under equity caption “Fair value reserves” until the investment is sold or disposed, or until it is determined to be impaired. At that moment, the accumulated gains or losses previously recognized in equity are transferred to profit and loss statement for the period.

All purchases and sales of investments are recorded on their trade date, which is on the date the Group assumes all risks and obligations related to the purchase or sale of the asset.

The fair value of the available for sale financial assets is based on the current market prices. If the market is not net (non-listed investments), the Group records the acquisition cost, having in consideration the existence or not of impairment losses. The Board of Directors believes that the fair value of these investments is not very different from the acquisition cost. The fair value of the listed investments is calculated based on the stock market closed value at statement of financial position date.

The Group makes evaluations if it considers that at the statement of financial position date exists clear evidence that the financial asset might be in impairment. In case of stock instruments classified as available for sale, have a significant drop or extended of its fair value inferior to its cost, it indicates that an impairment situation is occurring. If there is any evidence of impairment in “available for sale financial assets”, the accumulated losses – calculated by the difference between the acquisition cost and the fair value deducted from any impairment loss previously recognized in the statement of profit and loss – are retrieved from the equity and recognized in the statement of profit and loss.

The investments are derecognized if the right to receive financial flows has expired or was transferred, and consequently, all associated risks and benefits have been transferred.

ii) Accounts receivables and Other debtors

Accounts receivable and Other debtors not bearing interests are measured at cost, less impairment losses so that they reflect the respective net realizable value. These amounts are not discounted because its effect in the financial actualization is not considered relevant.

Evidence from the existence of impairment on accounts receivable exists when:

- the counterparty presents significant financial difficulties;
- there is a significant delay on principal payments; and
- it is probable that the debtor will enter in a liquidation or financial restructuring process.

The Group uses historic information as well as information provided by the Credit and Legal Department to estimate impairment amounts.

iii) Loans

Loans are recorded as liabilities at their nominal value net of up-front expenses which are directly related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the statement of profit and loss on an accrual basis.

iv) Accounts payable and Other creditors

Accounts payable and Other creditors not bearing interests are measured at cost, less impairment losses so that they reflect the respective net realizable value. These amounts are not discounted because its effect in the financial actualization is not considered relevant.

v) Cash and cash equivalents

Cash and its equivalents include cash on hand, bank deposits, term deposits and other treasury applications which reach their maturity within less than three months and are subject to insignificant risks of change in value.

k) Pension complements (Defined benefit plans and Defined contributions plan)

In order to estimate its liabilities for the payment of the mentioned responsibilities, the Group obtains annually an actuarial calculation of the liabilities for past services in accordance with the “Current Unit Credit Method”.

Recorded liabilities as of the statement of financial position date relate to the present value of future benefits adjusted for actuarial profits or losses and/or for liabilities for past services non-recognized, net of the fair value of net assets within the pension fund (Note 23).

The Group recognized remeasurement in “Other reserves”, not being recycled for results.

l) Contingent assets and liabilities

Contingent liabilities are defined by the Group as (i) possible obligations from past events and which existence will only be confirmed by the occurrence or not of one or more uncertain future events not totally under Group’s control or (ii) present obligations from past events not recognized because it is not expected that an output of resources that incorporate economic benefits will be necessary to settle the obligation or its amount cannot be reliably measured.

Contingent liabilities are not recorded in the consolidated financial statements, being disclosed in the respective Notes, unless the probability of a cash outflow is remote. In these situations, no disclosure is made.

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not totally under the Group’s control.

Contingent assets are not recorded in the consolidated financial statements but only disclosed when it is likely the existence of future economic benefits.

m) Income taxes

Taxes on income for the year are calculated based on the Special Taxation of Groups of Companies ("RETGS"), which includes companies of Toyota Caetano Group based in Portugal: Toyota Caetano Portugal, Caetano Renting, Saltano and Caetano Auto.

The only subsidiary with headquarters in a foreign country (Caetano Auto Cabo Verde) is taxed on an individual basis and in accordance with the applicable legislation.

Deferred taxes are calculated using the balance sheet liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are not recognized when temporary differences arise from goodwill or from initial recognition of assets and liabilities other than in a business combination. Deferred tax assets and liabilities are calculated and annually reviewed using the tax rates in place or announced and thereby expected to apply at the time the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each balance sheet date, a review is made of the deferred tax assets recognized, which are reduced whenever their future use is no longer likely.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity, situations in which the corresponding deferred tax is also recorded in equity captions.

n) Accrual basis

Revenues and expenses are recorded according to the accrual basis, by which they are recognized in the period to which they relate independently of when the amounts are received or paid. Differences between the amounts received and paid and corresponding income and expenses are recorded in the captions accruals and deferrals included in “Other current assets” and “Other current liabilities”.

Income and expenses for which the actual amount is yet unknown are recorded based on the best estimate of the Board of Directors of the Group companies.

o) Revenue

Revenue is recognized net of taxes and commercial discounts, by the fair value of the amount received or to be received, knowing that:

- The revenue from sales is recognized in the income statement when the significant part of risks and benefits related with the possession of assets is transferred to the acquirer, it is probable the future economic benefits will flow to the entity and these benefits can be measured reliably.

- The revenue from services rendered is recognized according to the stage of completion of the transaction at the balance sheet date.

Revenue of the Toyota Caetano Portugal Group is comprised of the revenue arising from the activities mentioned in Note 1.

p) Statement of financial position classification

All assets and liabilities, including assed and liabilities deferred tax, accomplishable or receivable in more than one year after the statement of financial position date are classified as “Non current assets or liabilities”.

q) Balances and transactions expressed in foreign currency

Assets and liabilities stated in foreign currency were translated into Euros using applicable exchange rates as of statement of financial position date. Exchange differences, favorable and unfavorable, resulting from differences between applicable exchange rates as of the date of the transactions and those applicable as of the date of cash collection, payments or as of statement of financial position date, were recorded as gains and losses in the consolidated income statement.

r) Earnings per share policy

Basic:
The basic earnings per share is calculated by dividing the taxable income of the shareholders by the weighted average number of common shares issued during the period, excluding the common shares acquired by the company and held as treasury shares.

Diluted:
Diluted earnings per share are calculated by dividing the profit attributable to shareholders, adjusted for the dividends of convertible preferred shares, convertible debt interest and gains and expenses resulting from the conversion, by the weighted average number of common shares issued during the period plus the average number of shares common shares issued in converting potential dilutive common shares.

s) Segment information

In each year the Group identifies the most adequate business segments.

In accordance with IFRS 8, an operating segment is a Group component:
i) that engages in business activities from which it may earn revenues and incur expenses;
ii) whose operating results are reviewed regularly by the entity's chief operating decision maker in order to make decisions about resources to be allocated to the segment and assess its performance; and
iii) for which discrete financial information is available.

Information related to the identified operating segments is included in Note 28.

t) Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the financial statements. Events after the balance sheet date that are non-adjusting events, are disclosed in the notes when material.

2.4 JUDGMENTS AND ESTIMATES

During the preparation of the consolidated financial statements, the Board of Directors of the Group based itself in the best knowledge and in the experience of past and/or present events considering some assumptions relating to future events.

Most significant accounting estimates included in attached financial statements as of December 31, 2016 and 2015 include:

a) Useful lives of tangible and intangible assets;
b) Registration of adjustments to the assets values (accounts receivable and inventories) and provisions;
c) Impairment tests performed to *goodwill* and sensibility tests (Note 8);
d) Discharge of the fair value of derivative financial instruments; and
e) Clearance of responsibilities with Pension complements (Note 23).

The underlying estimations and assumptions were determined based in the best knowledge existing at the date of approval of the financial statements of the events and transactions being carry out as well as in the experience of past and/or present events. Nevertheless, some situations may occur in subsequent periods which, not being predicted at the date of approval of the financial statements, were not consider in these estimations. The changes in the estimations that occur after the date of the financial statements shall be corrected in a foresight way. Due to this fact and to the uncertainty degree associated, the real results of the transactions may differ from the corresponding estimations. Changes to these estimates, which occur after publication of these consolidated financial statements, will be corrected in a prospective way, in accordance with IAS 8.

The main significant judgments and estimates relating to future events included in the preparation of the financial statements are described in the related notes to the financial statements.

The company conducts sensitivity tests, in order to measure the risk inherent in these judgments and estimates.

2.5 FINANCIAL RISK MANAGEMENT POLICIES

The Group's activity is exposed to a variety of financial risks, such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. These risks arise from the unpredictability of financial markets that affect the capacity of projected cash flows and profits subject to a perspective of long term ongoing. Management seeks to minimize potential adverse effects that derive from that uncertainty in its financial performance.

The financial risks management is controlled by Toyota Caetano financial department, according to the policies established by the Group Board of Directors. The Board of Directors has established the main principles of global risk management as well as specific policies for some areas, as interest rate risk and credit risk.

i) Foreign currency risk

The Group operates internationally and has a subsidiary operating in Cape Verde. The group selects a functional currency for each subsidiary (Cape Verde Escudo, for the subsidiary Caetano Auto Cabo Verde, S.A.), corresponding to the currency of the economic environment and the ones that better represents its cash flows composition. Foreign currency risk arises mainly from future commercial transactions, as a result of purchases and sales of products and services in a different currency than the functional currency used by each Company.

The Group foreign currency risk management hedge policies are decided casuistically, considering the foreign currency and country specific circumstances (as of December 31 ,2017 and 2016, this situation is not applicable to any of the Group Subsidiaries).

Foreign currency risk related to the foreign subsidiaries financial statements translation, also named translation risk, presents the impact on net equity of the Holding Company, due to the translation of foreign subsidiaries financial statements.

As mentioned in Note 2.2 c), assets and liabilities of foreign subsidiaries are translated into Euros using the exchange rates at statement of financial position date, and gains and losses of these entities are translated into Euros using the average exchange rate of the year. Resulting exchange differences are recorded in equity caption "Translation reserves".

The Group's assets and liabilities amounts (expressed in Euros) recorded in a different currency from Euro can be summarized as follows:

	Assets		Liabilities	
	2017	2016	2017	2016
Cabo Verde Escudo (CVE)	7.581.776	10.416.262	3.275.834	6.383.793
Great Britain Pounds (GBP)	-	-	31	-
Japanese Yen (JPY)	-	-	617.636	408.216
Angolan Kwanza (AOA)	-	-	-	778

The sensitivity of the Group to foreign exchange rate changes can be summarized as follows:

		2017		2016	
	Variation	Profit or Loss	Equity	Profit or Loss	Equity
Cabo Verde Escudo (CVE)	5%	17.793	215.297	6.615	197.505
Japanese Yen (JPY)	5%	(30.882)	-	(20.411)	-
Angolan Kwanza (AOA)	5%	-	-	(39)	-

ii) Price risk

The group is exposed to the changing in raw material's prices used on production processes, namely auto parts. However, considering that the acquisition of those raw materials is not in accordance with a price quoted on an exchange market or formed on a volatile market, the price risk is not considered as being significant.

During 2017 and 2016, the Group has been exposed to the risk of variation of available for sale financial assets' prices. At December 31, 2017 and 2016, the referred caption is composed only by shares of the closed property investment fund Cimóvel – Fundo de Investimento Imobiliário Fechado (Real Estate Investment Fund). Due to the fact that the referred asset is classified as an available for sale financial asset, the effect of change in its fair value is recognized in accordance with the principles described on the note 2.3. j).

The Group's sensitivity to price variations in investments available for sale financial assets can be summarized as follows (increases/(decreases)):

		2017		2016	
	Variation	Profit or Loss	Equity	Profit or Loss	Equity
CIMÓVEL FUND	10%	-	366.576	-	341.639
CIMÓVEL FUND	-10%	-	(366.576)	-	(341.639)

iii) Interest rate risk

Toyota Caetano debt is indexed to variable interest rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group's results and shareholders´ equity mitigated due to the effect of the following factors: (i) possible correlation between the market interest rate levels and economic growth, having a positive effect on the other lines of the Group's consolidated results (particularly operational), thus partially offsetting the increased financial costs ("natural hedge") and (ii) the availability of consolidated liquidity or cash, also remunerated at variable rates.

Toyota Caetano Board of Directors approves the terms and conditions of the funding, analyzing the debt structure, the inherent risks and the different options available in the market, particularly considering the type of interest rates (fixed / variable) and, permanently monitoring conditions and alternatives existing in the market, and decides upon the contracting of occasional interest rate hedging derivative financial instruments.

(Amounts in Euros)

Interest rate risk sensitivity analysis

The sensitivity analyses presented below was based on exposure to changes in interest rates for financial instruments at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the following:

(i) Interest rate is superior in 0,5 p.p. than the supported interest rate.
(ii) Calculation was made using the Group's debt at the end of the year.
(iii) Spreads maintenance throughout the year.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated.

Group's sensitivity to changes in interest rates is summarized as follows (increases/(decreases)):

		2017		2016	
	Variation	Net Income	Equity	Net Income	Equity
Mutual Loans	0,5 p.p.	35.000	-	21.053	-
Guaranteed account	0,5 p.p.	25.000	-	10.000	-
Bank Credits	0,5 p.p.	2.649	-	5.006	-
Commercial Paper	0,5 p.p.	172.000	-	64.000	-
Long-term Bank Loan	0,5 p.p.	50.000	-	95.000	-
Confirming	0,5 p.p.	-	-	49.653	-
Total		284.649	-	244.712	-
Mutual Loans	(0,5 p.p.)	(35.000)	-	(21.053)	-
Guaranteed account	(0,5 p.p.)	(25.000)	-	(10.000)	-
Bank Credits	(0,5 p.p.)	(2.649)	-	(5.006)	-
Commercial Paper	(0,5 p.p.)	(172.000)	-	(64.000)	-
Long-term Bank Loan	(0,5 p.p.)	(50.000)	-	(95.000)	-
Confirming	(0,5 p.p.)	-	-	(49.653)	-
Total		(284.649)	-	(244.712)	-

The 2016 analysis does not include the consideration of the hedging (*swap*) financial instrument agreed by the Group to face the interest rates variation (Note 25).

iv) Liquidity risk

Liquidity risk is defined as the risk that the Group could not be able to settle or meet its obligations on time or at a reasonable price.

The existence of liquidity in the Group requires the definition of some parameters for the efficient and secure management of liquidity, enabling maximization of the return obtained and minimization of the opportunity costs relating to the liquidity.

Toyota Caetano Group liquidity risk management has a threefold objective:

(i) Liquidity, which is to ensure permanent access in the most efficient way to sufficient funds to cover current payments on the respective maturity dates, as well as any unexpected requests for funds;
(ii) Safety, which is the minimization of the probability of default in the repayment of any application in funds; and
(iii) Financial Efficiency, which is ensuring that the Companies maximize the value / minimize the opportunity cost of holding excess liquidity in the short-term.

All excess liquidity is applied in short-term debt amortization, according to economic and financial reasonableness criteria.

(Amounts in Euros)

In the following table, it is presented the maturity of each financial liability, with non-discounted values, taking into consideration the most pessimistic scenario (the shortest period on which the liability becomes exigible):

2017	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	More than 4 Years	Total
Loans	53.024.793	5.773.821	8.111.293	13.028.887	79.938.794
Accounts Payable	40.256.759	-	-	-	40.256.759
Other Creditors	13.207.611	-	-	-	13.207.611
	106.489.163	5.773.821	8.111.293	13.028.887	133.403.164

2016	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years	More than 4 Years	Total
Loans	36.326.297	11.340.707	8.039.008	13.514.693	69.220.705
Accounts Payable	35.509.231	-	-	-	35.509.231
Other Creditors	11.417.744	-	-	-	11.417.744
	83.253.272	11.340.707	8.039.008	13.514.693	116.147.680

At December 31, 2017 and 2016, the Group presents a net debt of 62.671.224 Euros and 54.664.515 Euros, respectively, divided between current and non current loans (Note 18) and cash and cash equivalents (Note 15), agreed with the different financial institutions.

v) Capital Risk

The main objective of the Board is to assure the continuity of the operations, providing an adequate remuneration to shareholders and the correspondent benefits to the rest of the stakeholders of the company. For the prosecution of this objective it is fundamental that a careful management of funds invested in the business is assured, trying to keep an optimal capital structure, in order to achieve the desired reduction of the cost of capital. With the purpose of maintaining an adequate capital structure, the Board can propose to the shareholders the measures considered necessary.

(Amounts in Euros)

The Group tries to maintain a level of equity considered adequate to the business characteristics, in order to assure continuity and expansion of the business. The capital structure balance is monitored through the financial leverage ratio (defined as net debt/ (net debt + equity)).

	2017	2016
Debt	79.938.794	69.220.705
Cash and cash equivalents	(17.267.570)	(14.556.190)
Net Debt	62.671.224	54.664.515
Equity	132.099.652	127.670.973
Leverage ratio	32,18%	29,98%

The gearing remains between acceptable levels, as established by management.

vi) Credit risk

Credit risk refers to the risk that the counterpart will default on its contractual obligations resulting in financial loss to the Group.

The Group's exposure to the credit risk is mainly associated to the receivable accounts of its ordinary activities. Before accepting new clients, the company obtains information from credit rating agencies and makes internal analysis to the collection risk and contingent processes through specific credit and legal departments, attributing credit limits by client, based on the information received.

Risk management seeks to guarantee an effective collection of its credits in the terms negotiated without impact on the financial Group's health. This risk is regularly monitored, being Management's objective (i) to impose credit limits to customers, considering the number of days of sales outstanding, individually or on groups of customers, (ii) control credit levels and (iii) perform regular impairment analysis. The Group obtains credit guarantees whenever the customers' financial situation demands.

Regarding independent dealership customers, the Group requires guarantees "on first demand", whose amounts, as of December 31, 2017 were of, approximately, 8.020.667 Euros (8.020.667 as of December 31, 2016), and whenever these amounts are exceeded, these customers' supplies are suspended.

The adjustments for accounts receivable are calculated considering (a) the client risk profile, (b) the average time of receipt and (c) the client financial situation. The movements of these adjustments for the years ending at December 31, 2017 and 2016 are stated in Note 24.

At December 31, 2017 and 2016, the Group considers that there is no need for additional impairment losses, besides the amounts registered on those dates and stated, briefly, in Note 24.

The amount related to the customers and other debtors in financial statements, which is net of impairment losses, represents the maximum exposure of the Group to credit risk.

(Amounts in Euros)

The following table presents, on December 31, 2017, the credit quality of bank deposits:

Deposits Long Term Rating	Rating Agency	Value
A1	Moody's	86.851
A3	Moody's	105.394
B1	Moody's	10.088.591
B3	Moody's	171.762
Ba1	Moody's	136.859
Ba3	Moody's	545.101
Baa1	Moody's	156.589
Baa3	Moody's	4.215.962
Caa1	Moody's	489.776
Others without rating assigned	Others without rating assigned	1.147.700
Total		17.144.585

The ratings presented correspond to ratings assigned by the Rating Agency Moody's.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISSTATEMENTS

During the year ended as of December 31, 2017, there were no changes in accounting policies and no material mistakes related with previous periods were identified.

4. GROUP COMPANIES INCLUDED IN CONSOLIDATION

The affiliated companies included in consolidation by the full consolidation method and share of capital held as of December 31, 2017 and 2016, are as follows:

Companies	Effective Percentage Held	
	2017	2016
Toyota Caetano Portugal, S.A.	Parent Company	
Saltano - Investimentos e Gestão (S.G.P.S.), S.A.	99,98%	99,98%
Caetano Auto CV, S.A.	81,24%	81,24%
Caetano Renting, S.A.	99,98%	99,98%
Caetano - Auto, S.A.	98,40%	98,40%

These subsidiaries were included in the consolidated financial statements using the full consolidation method, as established in IFRS 10 – "Consolidated Financial Statements" (subsidiary control through the major voting rights and exposure to variable returns in relevant activities).

Changes in the consolidation perimeter

During the year ended December 31, 2017 and 2016 there was not occurred any change in the composition of the consolidation perimeter.

(Amounts in Euros)

5. INTANGIBLE ASSETS

During the year ended as December 31, 2017 and 2016, the movement in intangible assets, as well as in the respective accumulated amortization and accumulated impairment losses, was as follows:

2017

	Research and Development Expenses	Industrial Property	Goodwill	Computer Programs	Intangible Assets in progress	Total
Gross Assets:						
Opening Balances	1.477.217	312.774	81.485	2.139.437	160.840	4.171.753
Additions	-	61.875	-	22.395	-	84.270
Disposals and Write-offs	-	(136.111)	-	(11.662)	-	(147.773)
Transfers	-	160.840	-	-	(160.840)	-
Ending Balances	1.477.217	399.378	81.485	2.150.170	-	4.108.250
Accumulated Amortization and Impairment losses:						
Opening Balances	957.375	184.337	81.485	1.870.724	-	3.093.921
Amortizations	492.406	28.332	-	220.743	-	741.481
Disposals and Write-offs	-	(136.111)	-	(3.888)	-	(139.999)
Ending Balances	1.449.781	76.558	81.485	2.087.579	-	3.695.403
Net Intangible Assets	27.436	322.820	-	62.591	-	412.847

2016

	Research and Development Expenses	Industrial Property	Goodwill	Computer Programs	Intangible Assets in progress	Total
Gross Assets:						
Opening Balances	1.394.907	284.179	81.485	2.003.979	60.760	3.825.310
Additions	-	30.000	-	154.646	100.080	284.726
Disposals and Write-offs	-	(1.405)	-	(19.188)	-	(20.593)
Transfers	82.310	-	-	-	-	82.310
Ending Balances	1.477.217	312.774	81.485	2.139.437	160.840	4.171.753
Accumulated Amortization and Impairment losses:						
Opening Balances	464.969	163.243	81.485	1.655.087	-	2.364.784
Amortizations	492.406	22.499	-	234.825	-	749.730
Disposals and Write-offs	-	(1.405)	-	(19.188)	-	(20.593)
Ending Balances	957.375	184.337	81.485	1.870.724	-	3.093.921
Net Intangible Assets	519.842	128.437	-	268.713	160.840	1.077.832

(Amounts in Euros)

6. TANGIBLE FIXED ASSETS

During the years ended as of December 31, 2017 and 2016, the movement in tangible fixed assets, as well as in the respective accumulated depreciation and accumulated impairment losses, was as follows:

2017

	Land	Buildings and Other Constructions	Machinery and Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Tangible assets in Progress	Total
Gross Assets:								
Opening Balances	16.471.765	91.068.416	60.432.512	64.700.926	8.124.372	4.370.111	9.400	245.177.502
Additions	387.033	1.817.873	711.139	49.425.531	285.336	81.322	328.696	53.036.930
Disposals and Write-offs	(414.993)	(3.218.492)	(5.238)	(33.451.100)	-	-	-	(37.089.823)
Transfers	-	17.959	18.800	-	-	-	(46.354)	(9.595)
Ending Balances	16.443.805	89.685.756	61.157.213	80.675.537	8.409.708	4.451.433	291.742	261.115.014
Accumulated Depreciation and Impairment losses:								
Opening Balances	-	61.185.509	55.591.865	30.504.452	7.512.127	4.119.149	-	158.913.102
Depreciations	-	2.129.483	1.045.563	13.822.988	166.205	64.073	-	17.228.312
Disposals and Write-offs	-	(2.116.654)	(4.685)	(10.725.583)	-	-	-	(12.846.923)
Transfers	-	(1.088)	(578)	-	71	507	-	(1.088)
Ending Balances	-	61.197.250	56.632.165	33.601.857	7.678.403	4.183.729	-	163.293.404
Net Tangible Assets	16.443.805	28.488.506	4.525.048	47.073.500	731.305	267.704	291.742	97.821.610

2016

	Land	Buildings and Other Constructions	Machinery and Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Tangible assets in Progress	Total
Gross Assets:								
Opening Balances	16.842.823	93.538.551	60.117.299	55.526.355	7.880.877	4.318.806	397.459	238.622.170
Additions	-	567.891	372.209	34.798.555	395.634	97.337	121.931	36.353.557
Disposals and Write-offs	-	(240.645)	(322.126)	(25.623.984)	(152.139)	(46.032)	(112.531)	(26.497.457)
Transfers	(371.058)	(2.797.381)	265.130	-	-	-	(397.459)	(3.300.768)
Ending Balances	16.471.765	91.068.416	60.432.512	64.700.926	8.124.372	4.370.111	9.400	245.177.502
Accumulated Depreciation and Impairment losses:								
Opening Balances	-	60.281.003	54.610.829	28.543.554	7.514.630	4.082.927	-	155.032.943
Depreciations	-	2.357.289	1.248.210	10.330.551	125.054	75.971	-	14.137.075
Disposals and Write-offs	-	(56.278)	(267.174)	(8.369.653)	(127.557)	(39.749)	-	(8.860.411)
Transfers	-	(1.396.505)	-	-	-	-	-	(1.396.505)
Ending Balances	-	61.185.509	55.591.865	30.504.452	7.512.127	4.119.149	-	158.913.102
Net Tangible Assets	16.471.765	29.882.907	4.840.647	34.196.474	612.245	250.962	9.400	86.264.400

In 2017, the increase recorded in “Land” and “Buildings and Other Constructions” are related to Santa Maria da Feira and Caldas da Rainha Stands.

In 2016, the transfers recorded in Land” and “Buildings and Other Constructions” are related to the transfer for Investment Properties of Castelo Branco and Viana do Castelo Stands, as well the disposals and write-offs related of several machinery and administrative equipment affect to the same facilities.

(Amounts in Euros)

In 2016, the increases recorded in buildings and basic equipment and tools, are essentially the investment made in Ovar Plant, for the production of the Land Cruiser 70 Series model LC70, for the South African market.

The movements registered in item “Transport Equipment” mainly refer to vehicles and forklifts that are being used by the Group as well as being rented, under operating lease, to clients.

As of December 31, 2017, and 2016, the assets acquired through financial leases are presented as follows:

	2017		
	Gross Assets	Accumulated Depreciation	Net Value
Fixed Tangible Assets	38.347.047	15.416.229	22.930.819

	2016		
	Gross Assets	Accumulated Depreciation	Net Value
Fixed Tangible Assets	32.586.491	10.939.539	21.646.952

7. INVESTMENT PROPERTIES

As of December 31, 2017, and 2016, the caption “Investment properties” refers to real estate’s assets held to obtain gains through its rental or for capital gain purposes. These real estate assets are recorded at acquisition cost.

Rentals related to “Investment properties” amounted to 3.550.376 Euros in the year ended as of December 31, 2017 (4.010.010 Euros 31, December 2016).

Additionally, in accordance with appraisals with reference to 2017, the fair value of those investment properties amounts to, approximately, 49 million Euros.

Management believes that a possible change (within a scenario of normal) in the main assumptions used in calculating the fair value will not result in impairment losses, beyond from losses recognized in previous years.

(Amounts in Euros)

The real estate assets recorded in the caption “Investment properties” as of December 31, 2017 and 2016 are made up as follows:

	2017			2016		
Location	Net accounting value	Fair Value	Appraisal	Net accounting value	Fair Value	Appraisal
Vila Nova de Gaia - Av. da República	84.202	1.192.400	internal	84.202	1.192.400	internal
Braga - Av. da Liberdade	201	1.355.000	internal	406	1.355.000	internal
Porto - Rua do Campo Alegre	818.315	2.984.000	externa	887.680	2.877.000	internal
Viseu - Teivas	813.132	896.000	internal	846.876	896.000	external
Óbidos - Casal do Lameiro	57.867	1.400.000	internal	58.712	1.400.000	internal
Castro Daire - Av. João Rodrigues Cabrilho	25.512	58.000	internal	26.610	58.000	internal
Caldas da Rainha - Rua Dr. Miguel Bombarda	17.531	85.000	internal	17.531	85.000	internal
Viseu - Quinta do Cano	1.726.300	1.625.750	internal/external	1.742.162	2.461.740	internal/external
Amadora - Rua Elias Garcia	181.017	149.000	internal	184.476	149.000	internal
Portalegre - Zona Industrial	183.816	173.000	internal	188.958	173.000	internal
Portimão - Cabeço do Mocho	424.781	550.000	external	424.781	550.000	external
Vila Real de Santo António - Rua de Angola	23.911	83.000	internal	24.628	83.000	internal
Rio Maior	107.000	107.000	internal	107.000	107.000	internal
S. João da Lourosa - Viseu	456.272	487.030	internal	460.072	487.030	internal
Vila Nova de Gaia – Av. Vasco da Gama (edifícios A e B)	3.019.591	8.692.000	internal	3.236.940	8.692.000	external
Vila Nova de Gaia – Av. Vasco da Gama (edifícios G)	841.109	6.077.000	internal	942.873	6.077.000	external
Carregado - Quinta da Boa Água / Quinta do Peixoto	5.038.392	19.218.000	internal	5.086.939	19.218.000	external
Lisboa - Av. Infante Santo	1.141.201	1.300.000	internal	1.170.590	1.247.000	internal
Vila Nova de Gaia - Rua das Pereira	249.386	788.000	internal	261.219	788.000	internal
Leiria - Azóia	355.125	797.000	internal	355.125	797.000	internal
Castelo Branco - Oficinas	798.537	1.450.000	internal	839.678	1.450.000	internal
Viana do Castelo - Stand e Oficinas	-	-	internal	955.553	975.000	internal
	16.363.198	49.467.180		17.903.011	51.118.170	

The investment properties fair value disclosed in December 31, 2017 and December 31, 2016 was determined on an annual basis by an independent appraiser (the fair value was determined by the average of the evaluations by Market Method, Cost Method and Return Method).

In accordance to the classification of the evaluation methods mentioned above, and related with the fair value hierarchy (IFRS 13), they are classified as follows:

- Market Method – Level 2 (fair value determined based on observable market data)
- Cost Method and Return Method – Level 3 (fair value determined based on non-observable market data, developed to reflect assumptions to be used by independent appraisers.

Additionally, as a result of all internal assessments prepared by the Group for the remaining properties and given the nonexistence of major works in 2017, the absence of relevant claims in 2017 and the lack of properties in areas of accelerated degradation, is convinced the administration of that there has been no significant change to the fair value of these properties in 2017, believing they are still valid and current values of the last external evaluation carried out in late 2012, 2013, 2014 and 2016.

The rentals obtained related to the investment properties above mentioned are disclosed in Note 32.

(Amounts in Euros)

The movement in the caption "Investment properties" as of December 31, 2017 and 2016 was as follows:

2017

Gross Assets:	Land	Buildings	Total
Opening Balances	10.268.017	39.133.728	49.401.745
Increases	-	8.095	8.095
Disposals and Write-offs	(132.053)	(2.224.976)	(2.357.029)
Transfers	-	9.595	9.595
Ending Balances	10.135.964	36.926.442	47.062.406

Accumulated Depreciation	Land	Buildings	Total
Opening Balances	-	31.498.734	31.498.734
Increases	-	641.719	641.719
Disposals and Write-offs	-	(1.442.333)	(1.442.333)
Transfers	-	1.088	1.088
Ending Balances	-	30.699.208	30.699.208
Net Value	10.135.964	6.227.234	16.363.198

2016

Gross Assets:	Land	Buildings	Total
Opening Balances	9.916.943	36.133.435	46.050.378
Increases	-	69.182	69.182
Transfers	351.074	2.931.111	3.282.185
Ending Balances	10.268.017	39.133.728	49.401.745

Accumulated Depreciation	Land	Buildings	Total
Opening Balances	-	29.385.179	29.385.179
Increases	-	653.927	653.927
Transfers	-	1.459.628	1.450.970
Ending Balances	-	31.498.734	31.498.734
Net Value	10.268.017	7.634.994	17.903.011

In 2017, the disposals and write-offs mainly refer to Land of Buildings in Viana de Castelo.

The movements in 2016 are due to the reclassification of Tangible Fixed Assets for Investment Properties buildings in Castelo Branco and Viana de Castelo.

The accumulated impairment losses recorded in 2017 and 2016 amounts to 2.628.814 Euros.

8. GOODWILL

At December 31, 2017 and 2016 there were not any movements in item "Goodwill".

The item "Goodwill" is totally related to the amount calculated in the acquisition of the affiliate Movicargo whose business was transferred to the parent Toyota Caetano Portugal, S.A.

The Goodwill is not amortized. Impairment tests are made annually to the Goodwill.

For impairment analysis, the recoverable amount was determined based on the value in use, according to the discounted cash flows model, based on business plans developed by the people in charge and approved by the management and using discount rates that reflect the risks inherent of the business.

(Amounts in Euros)

On December 31, 2017, the method and main assumptions used were as follows:

	BT Industrial Equipment Division - South
Goodwill	611.997
Period	Projected cash flows for 5 years
Growth rate (g) (1)	2%
Discount rate (2)	8,68%

1 Growth rate used to extrapolate cash flows beyond the period considered in the business plan
2 Discount rates applied to projected cash flows

The Management, supported by the estimated discounted cash flows discounted, concluded that on December 31, 2017, the net book value of assets, including goodwill (0,6 millions Euros), does not exceed its recoverable amount (18 millions Euros).

The projections of cash flows were based on historical performance and on expectations of improved efficiency. The management believe that a possible change (within a normal scenario) in key assumptions used in calculating the recoverable amount will not result in impairment losses.

9. AVAILABLE FOR SALE FINANCIAL ASSETS

As of December 31, 2017, and 2016 the movements in item “available for sale financial assets” were as follows:

	2017	2016
Fair value at January 1	3.483.128	3.463.450
Increase/(decrease) in fair value	249.372	19.678
Ending Balances	3.732.500	3.483.128

As of December 31, 2017, “Available for sale financial assets” include the amount of 3.665.764 Euros (3.416.391 Euros December 31, 2016) corresponding to 580.476 shares of Cimóvel - Real Estate Investment Fund (9,098%), which are recorded at its fair value (the acquisition cost of those shares ascended to 3.013.947 Euros and accumulated change in fair value to 651.817 Euros. The remaining “Available for sale financial assets” refer to small investments in non-listed companies. The Board of Directors consider that the net accounting value is similar to its fair value.

Additionally, the impact in equity and impairment losses in 2017 and 2016 from recording “Available for sale financial assets” at fair value can be summarized as follows:

	2017	2016
Variation in fair value	249.372	19.678
Equity effect	249.372	19.678

(Amounts in Euros)

10. INVENTORIES

As of December 31, 2017 and 2016, this caption breakdown is as follows:

	2017	2016
Raw and subsidiary Materials	10.413.228	9.307.008
Production in Process	1.135.391	937.645
Finished and semi-finished Products	4.432.510	1.466.863
Merchandise	81.473.495	72.612.904
	97.454.624	84.324.420
Accumulated impairment losses in inventories (Note 24)	(1.452.410)	(1.532.523)
	96.002.214	82.791.897

During the years ended as of December 31, 2017 and 2016, cost of sales was as follows:

	2017			2016		
	Merchandise	Raw and subsidiary Materials	Total	Merchandise	Raw and subsidiary Materials	Total
Opening Balances	72.612.904	9.307.008	81.919.912	70.642.162	10.080.953	80.723.115
Net Purchases	294.478.045	36.600.292	331.078.337	245.920.555	30.199.981	276.120.536
Ending Balances	(81.473.495)	(10.413.228)	(91.886.723)	(72.612.904)	(9.307.008)	(81.919.912)
Total	285.617.454	35.494.072	321.111.526	243.949.813	30.973.926	274.923.739

During the years ended as of December 31, 2017 and 2016, the variation in production was computed as follows:

	Finished and semi-finished products	
	2017	2016
Ending Balances	5.567.901	2.404.508
Inventories adjustments	1.092	7.229
Opening Balances	(2.404.508)	(2.751.865)
Total	3.164.485	(340.128)

11. ACCOUNTS RECEIVABLE

As of December 31, 2017 and 2016, the detail of this caption was as follows:

	CURRENT ASSETS		NON CURRENT ASSETS	
	2017	2016	2017	2016
Customers, current accounts	51.998.006	57.872.820	169.252	26.048
Doubtful Accounts Receivable	9.209.269	9.465.385	-	-
	61.207.275	67.338.205	169.252	26.048
Accumulated impairment losses in accounts Receivable (Note 24)	(9.184.332)	(9.443.797)	-	-
	52.022.943	57.894.408	169.252	26.048

(Amounts in Euros)

Accounts receivable from customers recorded as non-current assets corresponds to the customers of the affiliated company Caetano Auto, S.A. that are being paid under formal agreements (whose terms of payment may vary between 1 to 7 years, and which bear interests).

Accounts receivable ageing

2017

	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Accounts receivable	32.869.819	2.953.707	934.365	8.414.656	45.172.547
Employees	123.793	7.277	2.449	422.541	556.060
Independent Dealers	6.318.241	77.652	-	42.758	6.438.651
Total	39.311.853	3.038.636	936.814	8.879.955	52.167.258

2016

	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Accounts receivable	32.787.221	1.177.256	1.163.134	16.234.201	51.361.812
Employees	14.873	-	4.012	526.996	545.881
Independent Dealers	5.649.284	333.953	1.074	6.864	5.991.175
Total	38.451.378	1.511.209	1.168.220	16.768.061	57.898.868

Accounts receivable ageing considering impairment losses

2017

	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Doubtful Accounts Receivable	14.610	6.337	3.607	9.184.715	9.209.269
Total	14.610	6.337	3.607	9.184.715	9.209.269

2016

	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Doubtful Accounts Receivable	12.780	7.463	4.986	9.440.156	9.465.385
Total	12.780	7.463	4.986	9.440.156	9.465.385

The amounts presented in the consolidated Statement of financial position are net of accumulated impairment losses to doubtful accounts receivable estimated by the Group, in accordance with its experience based on its evaluation of the economic environment at the statement of financial position date. Credit risk concentration is limited, because the customers' basis is wider and not relational. Thus, the Board of Directors understands that the accounting values of accounts receivable are similar to their respective fair value.

(Amounts in Euros)

Accounts receivable ageing against maturity

2017

	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Doubtful Accounts Receivable	24.921.627	3.164.621	893.172	7.925.693	36.905.113
Total	24.921.627	3.164.621	893.172	7.925.693	36.905.113

2016

	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Doubtful Accounts Receivable	27 319 238	1 365 201	1 218 907	19 134 153	49 037 499
Total	27 319 238	1 365 201	1 218 907	19 134 153	49 037 499

12. OTHER CREDITS

As of December 31, 2017 and 2016, the detail of this caption was as follows:

	Current Assets	
	2017	2016
Down Payments to Suppliers	352.475	441.391
Public entities (VAT)	3.364.036	1.151.938
Other debtors	2.825.198	2.558.490
	6.541.709	4.151.819

The caption “Other credits” includes, as of December 31, 2017, the amount of, approximately, 800.000 Euros to be received from Salvador Caetano Auto Africa, S.G.P.S., S.A. (800.000 Euros as of December 31, 2016).

Finally, this caption also caption includes, as of December 31, 2017, the amount of, approximately, 618.000 Euros to be received from Salvador Caetano Foundation (683.000 Euros at December 31, 2016).

(Amounts in Euros)

13. OTHER CURRENT ASSETS

As of December 31, 2017 and 2016, the detail of this caption was as follows:

	2017	2016
Accrued Income		
Fleet programs	1.697.298	1.475.076
Rappel	1.065.782	1.135.857
Commission	544.385	369.029
Warranty claims	317.245	300.251
Fees	67.828	76.017
Staff	31.828	121.742
Others	413.534	483.113
	4.137.900	3.961.085
Deferred Expenses		
Insurance	410.233	144.176
Rentals	142.534	20.642
Interest	100.358	75.058
Others	430.428	522.368
	1.083.553	762.244
Total	5.221.453	4.723.329

(Amounts in Euros)

14. DEFERRED TAXES

The detail of deferred tax assets and liabilities recorded in the accompanying consolidated financial statements as of December 31, 2017 and 2016 is as follows:

2017

	2016	Other variations	Profit and Loss Impact (deferred tax)	Equity Impact	2017
Deferred tax assets:					
Provisions not accepted for tax purpose	294.573	-	(82.238)	-	212.335
Tax losses	88.569	-	(88.569)	-	-
Defined Benefit Plan Liabilities	1.611.745	-	-	-	1.611.745
Write-off of tangible assets	193.155	-	296.143	-	489.298
Derivative financial instruments valuation	6.396	-	(6.396)	-	-
Corporate Income Tax - RETGS	-	710.552	(710.552)	-	-
	2.194.438	710.552	(591.612)	-	2.313.378
Deferred tax liabilities:					
Depreciation as a result of legal and free revaluation of fixed assets	(652.772)	-	33.274	-	(619.498)
Effect of the reinvestments of the surplus in fixed assets sales	(165.771)	-	48.857	-	(116.914)
Fair value of investments fixed assets	(898.732)	-	-	-	(898.732)
	(1.717.275)	-	82.131	-	(1.635.144)
Net effect (Note 25)			(509.481)		

2016

	2015	Profit and Loss Impact (income tax)	Profit and Loss Impact (deferred tax)	Equity Impact	2016
Deferred tax assets:					
Provisions not accepted for tax purpose	287.440	-	7.133	-	294.573
Tax losses	502.622	-	(414.053)	-	88.569
Defined Benefit Plan Liabilities	1.257.500	-	-	354.245	1.611.745
Write-off of tangible assets	164.460	-	28.695	-	193.155
Derivative financial instruments valuation	36.020	-	(29.624)	-	6.396
	2.248.042	-	(407.849)	354.245	2.194.438
Deferred tax liabilities:					
Depreciation as a result of legal and free revaluation of fixed assets	(659.109)	-	6.338	-	(652.771)
Effect of the reinvestments of the surplus in fixed assets sales	(165.772)	-	-	-	(165.772)
Fair value of investments fixed assets	(898.732)	-	-	-	(898.732)
	(1.723.613)	-	6.338	-	(1.717.275)
Net effect (Note 25)			(401.511)		

(Amounts in Euros)

At December 31, 2017 there was no tax losses, and 2016 the companies of the Group reported the following tax losses, for which tax deferred assets have been recognized:

	2017		2016		
With Latest date of utilization	Tax Losses	Deferred tax Assets	Tax Losses	Deferred tax Assets	Expiry date
At 2012					
- Consolidated tax Toyota Caetano Portugal	-	-	368.233	77.329	2017
At 2013					
- Consolidated tax Toyota Caetano Portugal	-	-	53.524	11.240	2018
	-	-	421.757	88.569	

As of December 31, 2017 and 2016 tax rates used to compute current and deferred tax assets and liabilities were as follows:

	Tax rates	
	2017	2016
Country of origin of affiliate:		
Portugal	22,5% - 21%	22,5% - 21%
Cape Verde	25,5%	25,5%

Toyota Caetano Group companies with head office in Portugal, are taxed according to the Corporate Income Tax (CIT) in accordance with the Special Taxation Regimen for Groups of Companies (“Regime Especial de Tributação de Grupos de Sociedades - RETGS”) as established by articles 69 and 70 of the CIT.

In accordance with the applicable legislation, the income tax returns of Toyota Caetano and other Group companies with headquarters in Portugal are subject to review and correction by the tax authorities for a period of four years. Therefore, the tax declarations since the year of 2014 and 2017 are still subject to review. Statements regarding the Social Security may be revised over a period of five years. The Board of Directors believe that the corrections that may arise from such reviews/inspections will not have a significant impact in the accompanying consolidated financial statements.

Under the terms of article 88 of the Corporate Income Tax Code, the companies with headquarters in Portugal are additionally subject to an income tax over a set of expenses at the rates foreseen in the above mentioned article.

15. CASH AND CASH EQUIVALENTS

As of December 31, 2017, and 2016 cash and cash equivalents detail was the following:

	2017	2016
Cash	122.985	121.286
Bank Deposits	17.144.585	14.434.904
	17.267.570	14.556.190

(Amounts in Euros)

16. EQUITY

Share Capital

As of December 31, 2017 and 2016, the Company's share capital, fully subscribed and paid for, consisted of 35.000.000 bearer shares, with a nominal value of 1 Euro each.

The entities with over 20% of subscribed capital are as follows:

- Salvador Caetano – Auto - S.G.P.S., S.A.	65,08%
- Toyota Motor Europe NV/SA	27,00%

On December 23, 2016, the Group Salvador Caetano S.G.P.S., S.A. sold to Salvador Caetano - Auto - S.G.P.S., S.A. 21.288.281 shares with a nominal value of 1 Euro each, fully subscribed and representing 60,82% of the share capital. During 2017 Salvador Caetano - Auto - S.G.P.S., S.A. bought 1.488.960 shares with a nominal value of 1 Euro each, fully subscribed and representing 4,25% of the share capital.

Dividends

The Board of Directors will propose that a dividend shall be paid in the amount of 7.000.000 Euros. This proposal must be approved in the next General Shareholders Meeting.

Legal reserve

Commercial legislation establishes that at least 5% of the net profit of each year must be appropriated to a legal reserve until this reserve equals the statutory minimum requirement of 20% of the share capital. This reserve is not available for distribution, except in case of dissolution of the Company, but may be used in share capital increases or used to absorb accumulated losses once other reserves have been exhausted.

Revaluation reserves

The revaluation reserves cannot be distributed to the shareholders, except if they are completely depreciated and if the respective assets that were revaluated have been alienated.

Translation reserves

The translation reserves reflect the currency variations during the passage of the financial statements of affiliated companies in a currency other than Euro and cannot be distributed or used to absorb losses.

Fair value reserves

The fair value reserves reflect the fair value variations of the investments available for sale and cannot be distributed or used to absorb losses (Note 9).

Other Reserves

Refer to reserves with nature of free reserve that can be distributable according to the commercial legislation.

According to the Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of Toyota Caetano Portugal, presented according to the Normas Contabilísticas e de Relato Financeiro (NCRF, Portuguese GAAP).

(Amounts in Euros)

17. NON CONTROLLING INTERESTS

Movements in this caption during the year ended as of December 31, 2017 and 2016 were as follows:

	2017	2016
Opening Balances as of January, 1	1.294.261	1.647.295
Dividends	-	(375.248)
Others	-	(30.216)
Net profit attributable to Non controlling Interests	93.157	52.430
	1.387.418	1.294.261

As of December 31, 2017 and 2016, the decomposition of the mentioned value by subsidiary company is as follows:

2017	% NCI	Non controlling Interest	Net profit attributable to Non controlling Interest
Saltano S.G.P.S.	0,02%	4.035	-
Caetano Auto CV	18,76%	812.252	67.276
Caetano Renting	0,02%	563	(4)
Caetano Auto	1,60%	570.568	25.885
		1.387.418	93.157

2016	% NCI	Non controlling Interest	Net profit attributable to Non controlling Interest
Saltano S.G.P.S.	0,02%	4.036	(1)
Caetano Auto CV	18,76%	744.975	17.800
Caetano Renting	0,02%	567	34
Caetano Auto	1,60%	544.683	34.597
		1.294.261	52.430

The resume of financial information related to each subsidiary that is consolidated is presented below:

	Caetano Auto		Caetano Auto CV	
Caption	**2017**	**2016**	**2017**	**2016**
Non - Current Assets	46.825.112	47.781.219	1.326.277	1.442.626
Current Assets	79.643.872	66.644.229	6.255.499	8.973.636
Total assets	**126.468.984**	**114.425.448**	**7.581.776**	**10.416.262**
Non - Current Liabilities	7.094.168	7.610.873	98.878	82.378
Current Liabilities	83.620.907	74.398.428	3.176.956	6.383.793
Equity	**35.753.909**	**32.416.147**	**4.305.942**	**3.950.091**
Revenues	212.093.511	185.330.101	12.649.730	10.757.825
Operating Results	4.519.938	976.265	548.386	225.194
Financial Results	(11.567)	40.721	(43.973)	(21.979)
Taxes	(1.170.609)	(186.529)	(148.562)	(70.923)
Net Income	**3.337.762**	**830.457**	**355.851**	**132.293**

(Amounts in Euros)

Caption	Caetano Renting 2017	Caetano Renting 2016	Saltano 2017	Saltano 2016
Non - Current Assets	27.429.048	14.805.645	21.673.269	19.961.574
Current Assets	7.238.681	4.255.748	2.041.338	2.049.100
Total assets	**34.667.729**	**19.061.393**	**23.174.607**	**22.010.674**
Non - Current Liabilities	200.014	200.014	-	-
Current Liabilities	31.425.093	15.789.454	3.579.125	3.580.386
Equity	**3.042.622**	**3.071.925**	**20.135.482**	**18.430.288**
Revenues	7.195.384	4.532.916	-	-
Operating Results	337.232	391.278	1.703.933	671.997
Financial Results	(293.332)	(176.928)	-	-
Taxes	(73.202)	29.962	1.262	1.051
Net Income	**(29.303)**	**244.312**	**1.705.195**	**673.048**

18. BANK LOANS AND LEASINGS

As of December 31, 2017 and 2016 the caption "Loans" was as follows:

	2017			2016		
	Current	Non Current	TOTAL	Current	Non Current	TOTAL
Bank Loan	46.400.000	10.000.000	56.400.000	30.941.048	17.000.000	47.941.048
Overdrafts	529.851	-	529.851	1.001.251	-	1.001.251
Leasing	6.094.942	16.914.001	23.008.943	4.383.998	15.894.408	20.278.406
	53.024.793	26.914.001	79.938.794	36.326.297	32.894.408	69.220.705

The movements in bank loans, overdrafts, other loans and commercial paper programs during the periods ended December 31, 2017 were as follows:

	Opening Balances	Increase	Decrease	Ending Balance
Bank Loan	23.210.526	-	6.210.526	17.000.000
Overdrafts	1.001.251	529.851	1.001.251	529.851
Guaranteed account	1.999.986	5.000.000	1.999.986	5.000.000
Confirming	9.930.536	-	9.930.536	-
Commercial Paper	12.800.000	44.500.000	22.900.000	34.400.000
Leasing	20.278.406	7.650.092	611.981	27.316.517
	69.220.705	57.679.943	42.654.280	84.246.368

(Amounts in Euros)

As of December 31, 2017 and 2016, the detail of bank loans, overdrafts and Commercial Paper Programs, as well as its conditions, were as follows:

2017

Description/Beneficiary Company	Used Amount	Limit	Beginning Date	Date-Limit
Non-current				
Mutual Loans				
Toyota Caetano Portugal	10.000.000	10.000.000	11/03/2016	5 years
	10.000.000	10.000.000		
Current				
Guaranteed account	5.000.000	7.000.000		
Mutual Loans	7.000.000	7.000.000	15/10/2014	4 years
Bank Overdrafts	529.851	5.500.000		
Commercial Paper:				
Toyota Caetano Portugal	16.400.000	16.400.000	27/02/2017(*)	3 years
Toyota Caetano Portugal	10.000.000	10.000.000	18/08/2015	5 years
Toyota Caetano Portugal	4.000.000	4.000.000	17/07/2017	5 years
Toyota Caetano Portugal	4.000.000	4.000.000	24/02/2017	1 year
Toyota Caetano Portugal		5.000.000	10/11/2016	5 years
	46.929.851	58.900.000		
	56.929.851	68.900.000		

(*) with amortization of 2 million euros per year

2016

Description/Beneficiary Company	Used Amount	Limit	Beginning Date	Date-Limit
Non-current				
Mutual Loans				
Toyota Caetano Portugal	10.000.000	10.000.000	11/03/2016	5 years
Toyota Caetano Portugal	7.000.000	7.000.000	15/10/2014	5 years
	17.000.000	17.000.000		
Current				
Guaranteed account	1.999.986	5.000.000		
Mutual Loans	4.210.526	4.210.526	22/06/2012	5 years
Mutual Loans	2.000.000	2.000.000	15/10/2014	5 years
Bank Overdrafts	1.001.251	5.500.000		
Confirming	9.930.536	10.000.000	25/05/2016	
Commercial Paper:				
Toyota Caetano Portugal	9.200.000	9.200.000	27/11/2012	5 years
Toyota Caetano Portugal	3.600.000	3.600.000	26/11/2012	5 years
Toyota Caetano Portugal	-	10.000.000		
Toyota Caetano Portugal	-	5.000.000	10/11/2016	5 years
	31.942.299	54.510.526		
	48.942.299	71.510.526		

(Amounts in Euros)

Then we detail the amount related to loans obtained or contracted credit lines for which real guarantees were granted for mortgages on real estate (Note 37):

- Commercial Paper: 16.400.000

Interests relating to the financial instruments mentioned above are indexed to Euribor (floor zero), plus a spread which varies between 1% and 2%.

The Company and its affiliates have available credit facilities as of December 31, 2017 amounting to approximately 68,9 Million Euros, which can be used in future operational activities and to fulfil financial commitments. There are no restrictions on the use of these facilities.

The item "Leasing" (current and non current) is related to the purchase of facilities and equipment. The detail of this caption, as well as the reimbursement plan can be summarized as follows:

		Current	Non current					
Contract	Leasing	12m	12 - 24m	24 - 36m	36 - 48m	>48m	TOTAL	TOTAL
2028278	Commercial facilities							
	Capital	97.164	97.895	98.632	119.048	-	315.575	412.739
	Interests	2.762	2.031	1.294	551	-	3.876	6.638
5653	Commercial facilities							
	Capital	24.232	24.610	24.610	24.995	369.530	443.745	467.977
	Interests	7.082	6.704	6.704	6.320	36.802	56.530	63.612
626064	Commercial facilities							
	Capital	166.358	172.274	178.402	184.747	534.557	1.069.980	1.236.338
	Interests	40.018	34.101	27.974	21.629	24.684	108.388	148.406
2032103	Commercial facilities							
	Capital	19.847	20.832	21.930	23.052	67.646	133.460	153.307
	Interests	7.215	6.199	5.132	4.010	927	16.268	23.483
Various	Vehicles							
	Capital	627.386	-	-	-	-	-	627.386
	Interests	11.237	-	-	-	-	-	11.237
Various	Industrial Equipment							
	Capital	5.159.955	5.458.210	4.204.281	3.231.596	2.057.154	14.951.241	20.111.196
	Interests	611.976	411.082	225.045	107.447	34.015	777.588	1.389.564
Total Capital		6.094.942	5.773.821	4.527.855	3.583.438	3.028.887	16.914.001	23.008.943
Total Interests		680.289	460.117	266.149	139.957	96.428	962.650	1.642.940

(Amounts in Euros)

Liabilities by Maturity

Loans

	12m	12 – 24m	24 -36m	36 – 48 m	> 48m	Total
Mutual Loans	7.000.000	-			10.000.000	17.000.000
Guaranteed account	5.000.000					5.000.000
Bank Credits	529.851	-	-	-	-	529.851
Commercial Paper	34.400.000	-	-	-	-	34.400.000
Leasing	6.094.942	5.773.821	4.527.855	3.583.438	3.028.887	23.008.943
Total Loans	53.024.793	5.773.821	4.527.855	3.583.438	13.028.887	79.938.794

	12m	12 - 24m	24 - 36m	36 - 48m	>48m	Total
Loan - mutual contract	396.188	220.521	221.125	54.375	-	892.208
Financial Leases	680.289	460.117	266.149	139.957	96.428	1.642.940
Total interests	1.076.477	680.637	487.274	194.332	96.428	2.535.148

19. ACCOUNTS PAYABLE

As of December 31, 2017 and 2016 this caption was composed of current accounts with suppliers, which end at short term.

The Group, relating to financial risk management, has implemented policies to ensure that all liabilities are paid for within the defined payment period.

20. OTHER CREDITORS

As of December 31, 2017 and 2016 the detail of other creditors was as follows:

	Current Liabilities	
	2017	2016
Public Entities:		
Income Taxes withheld	371.448	349.174
Value Added Taxes	8.367.662	7.826.684
Vehicles Tax	1.863.835	1.084.948
Custom Duties	3.182	181.991
Employee's social contributions	675.338	646.318
Others	238.634	232.794
Sub-total	11.520.099	10.321.909
Shareholders	10.618	12.052
Advances from Customers	996.238	735.115
Other Creditors	680.655	348.668
	1.687.511	1.095.835
Sub-total	13.207.610	11.417.744

(Amounts in Euros)

21. PUBLIC ENTITIES (Statement of financial position)

As of December 31, 2017 and 2016 the caption public entities can be summarized as follows:

	2017	2016
Income Taxes		
Estimated Tax	-	99.372
	-	99.372
Income Taxes		
Estimated Tax	1.716.581	-
	1.716.581	-

Of the aforementioned value, approximately 1.6 million euros are related, to Special Taxation Regimen for Groups of Companies(" RETGS").

Then is presented the decomposition of current income tax expense (see additional information in note 26):

Current taxes	2017	2016
Insufficient Tax (Note 26)	8.586	68.834
Tax Refunds (Note 26)	4.552	(756.374)
Current taxes estimation (Note 26)	2.899.055	1.551.055
Deferred income taxes (Note 14)	509.481	401.511
	3.421.674	1.265.026

There are no debts related to public entities (State and Social Security).

(Amounts in Euros)

22. OTHER CURRENT LIABILITIES

As of December 31, 2017 and 2016 the caption “Other Current Liabilities” was as follows:

	2017	2016
Accrued Cost		
Vacation pay and bonus	5.032.601	4.840.885
Advertising Campaigns	4.526.941	3.670.380
Specialization cost assigned to vehicles sold	1.209.909	689.185
Commission	834.344	662.110
Supply costs	639.876	614.402
Advance External Supplies and Services	544.552	728.634
Accrual for Vehicles Tax	451.103	743.009
Rappel charges attributable to fleet managers	402.399	1.360.601
Insurance	367.337	170.418
Municipal Property Tax	128.970	124.990
Interest	126.409	123.885
Royalties	69.579	71.284
Amounts payable to third parties	-	667.807
Others	1.314.075	1.292.539
	15.648.095	15.760.129
Deferred Income		
Vehicle maintenance contracts	3.757.400	3.976.908
Subsidy granted	501.360	501.360
Publicity recuperation	37.657	35.301
Interest Charged to Customers	18.091	5.827
Others	168.002	400.886
	4.482.510	4.920.282
Total	20.130.605	20.680.411

23. LIABILITIES FOR RETIREMENT PENSION COMPLEMENTS

Toyota Caetano (together with other associated and related companies) incorporated by public deed dated December 29, 1988, the Salvador Caetano Pension Fund, which was subsequently updated in February 2, 1994, in April 30,1996, in August 9, 1996, in July 4, 2003, in February 2, 2007, in December 30, 2008, December 23, 2011 and in December 31, 2013.

As of December 31, 2017, the following companies of Toyota Caetano Group were associates of the Salvador Caetano Pension Fund:

- Toyota Caetano Portugal, S.A.
- Caetano Auto – Comércio de Automóveis, S.A.
- Caetano Renting, S.A.

The Pension Fund was set up to, while Toyota Caetano Group maintains the decision to make contributions to the referred fund, provide employees (beneficiaries), at their retirement date, the right to a pension complement, which is not subject to update and is based on a percentage of the salary, among other conditions.

A request was made as of December 19, 2006 to the fund manager of the Salvador Caetano Pension Fund (GNB – Sociedade Gestora de Fundos de Pensões, S.A.), to act near the “ISP - Instituto de Seguros de Portugal” and take the necessary measures to change the defined benefit plan into a defined contribution plan, among other changes.

Following the above mentioned, a dossier was sent on December 18, 2007 to Instituto de Seguros de Portugal containing the proposals to change the “Constitutive Contract” of Salvador Caetano Pension Fund, as well as the minute of approval of these changes by the Pensions Fund Advisory Committee, and requesting, with effects as from January 1, 2008, the approval of these changes.

(Amounts in Euros)

The proposal for changing the pension complement, dully approved by the Pension Funds Advisory Committee (“Comissão de Acompanhamento do Fundo de Pensões”), includes the maintenance of a defined benefit plan for the current retired workers and ex-employees with acquired rights, as well as for all the current employees with more than 50 years and more than 15 years of service completed until January 1, 2008. A new group will be created to which all current employees with less than 50 years and/or less than 15 years of service will be transferred.

At December 29, 2008 Toyota Caetano Portugal, S.A. received a letter from ISP - Instituto de Seguros de Portugal (Portuguese Insurance Institute) with the approval of the pretended alterations and entering into force starting from January 1, 2008. ISP determined in the referred approval that the employees associated to the Salvador Caetano Pension Fund who at January 1, 2008 had achieved 15 years of service and had ages inferior to 50 years (and that shall integrate a Defined Contribution Plan) have the right to an individual “initial capital” according to the new Plan, determined according to the actuarial responsibilities as at December 31, 2007 and based on the presumptions and criteria used on that year.

The actuarial presumptions used by the fund manager include, the Mortality Table and disability TV 73/77 and SuisseRe 2001, respectively, as well as well as salary increase rate, pensions increase rate and discount rate of 1%, 0% and 1,6%, respectively. In 2016, the salary increase rate, pensions increase rate and discount rate were 1%, 0% and 1,6%, respectively.

The movement of the Fund responsibilities of the Company with the Defined benefit plan in 2017 and 2016 can be summarized as follows:

Liability at 1/1/2016	**33.997.681**
Current services cost	91.157
Interest cost	1.232.405
Actuarial (gains)/losses	2.704.205
Pension payments	(2.517.413)
Transfers (Caetano Components)	596.767
Others	(736.838)
Liability at 31/12/2016	**35.367.964**
Liability at 1/1/2017	**35.967.964**
Current services cost	84.381
Interest cost	565.887
Actuarial (gains)/losses	1.505.591
Pension payments	(2.498.993)
Liability at 31/12/2017	**35.024.830**

(Amounts in Euros)

The allocation of this amount during 2017 and 2016 to both plans (Defined benefit plan and Defined contribution plan) can be summarized as follows:

	Defined Benefit Plan	Defined Contribution Plan	Total
Value of the Fund at 31 December 2015	**28.297.093**	**11.496.388**	**39.793.481**
Contributions	875.115	216.205	1.091.320
Real return of plan assets	317.840	155.309	473.149
Pension payments	(2.517.413)	(83.980)	(2.601.393)
Transfers from other associate member account	489.176	72.539	561.715
Transfers to other associate member account	-	(63.678)	(63.678)
Use of reserve account	79.821	(79.821)	-
Value of the Fund at 31 December 2016	**27.541.632**	**11.712.962**	**39.254.594**
Contributions	440.756	191.554	632.310
Real return of plan assets	2.026.692	888.813	2.915.505
Pension payments	(2.498.993)	(52.771)	(2.551.764)
Transfers from other associate member account	-	38.520	38.520
Transfers to other associate member account	-	(33.969)	(33.969)
Use of reserve account	-	-	-
Value of the Fund at 31 December 2017	**25.510.086**	**12.745.110**	**40.255.196**

As of December 31, 2017 and 2016, the breakdown of the asset portfolio of the Fund that covers the defined benefit plan was as follows:

Asset Portfolio	Portfolio Weight	Value 31-12-2017	Portfolio Weight	Value 31-12-2016
Stocks	11,69%	3.215.929	9,60%	2.643.997
Bonds	35,88%	9.870.620	38,21%	10.523.657
Real Estate	39,43%	10.847.228	38,20%	10.520.903
Cash	10,67%	2.935.326	11,66%	3.211.354
Other Assets	2,33%	640.983	2,33%	641.721
Total	100%	27.510.086	100%	27.541.632

At December 31, 2017, the investments with an individual weight greater than 5% of the total portfolio of assets in the Fund that covers the defined benefit plan was as follows:

Asset	Portfolio Weight	Value
Cimóvel - Fundo de Investimento Imobiliário Fechado	39,4%	10.847.228

The evolution of the Group's responsibilities in the defined benefit plan and the assets of the Fund allocated can be summarized as follows:

Defined benefit plan	2017	2016	2015	2014	2013	2012	2011
Responsibility amount	35.024.830	35.367.964	33.997.681	33.574.520	29.059.458	29.650.534	29.686.944
Fund Amount	27.510.086	27.541.632	28.297.093	29.075.997	28.855.219	28.444.454	26.541.223

The net obligations of Toyota Caetano Portugal Group evidenced above is safeguarded through a provision recorded in the amount of 8.981.000 Euros, reflected in the balance sheet, in the item Pension Fund Liabilities.

(Amounts in Euros)

24. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions during the years ended as of December 31, 2017and 2016 were as follows:

2017

	Opening Balances	Increases	Decreases	Other regularizations	Ending Balances
Accumulated impairment losses in investments	2.780.809	-	-	-	2.780.809
Accumulated impairment losses in accounts Receivable (Note 11)	9.443.797	70.466	(17.481)	(312.450)	9.184.332
Accumulated impairment losses in inventories (Note 10)	1.532.523	99.504	(179.617)	-	1.452.410
Provisions	407.105	212.991	-	(105.571)	514.525

2016

	Opening Balances	Increases	Decreases	Other regularizations	Ending Balances
Accumulated impairment losses in investments	2.780.809	-	-	-	2.780.809
Accumulated impairment losses in accounts Receivable (Note 11)	9.710.649	46.306	(153.221)	(159.937)	9.443.797
Accumulated impairment losses in inventories (Note 10)	1.311.777	220.746	-	-	1.532.523
Provisions	303.252	257.706	-	(153.853)	407.105

The variation observed in the caption impairment losses is related essentially with write-off of impairments of clients.

25. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments used by the group as of June 30, 2017 were as follows:

Interest rate Derivatives

It is a derivative financial instrument contracted in order to hedge the risk of interest rate associated with a loan agreement (cash flow hedge), which contributes to the reduction of exposure to changes in interest rates or the optimization the cost of funding and has not been designated for accounting purposes coverage. The fair value of such derivative financial instrument at December 31, 2016 was negative by 28.425 Euros. The derivative financial instrument ended on June 22, 2017.

The main characteristics of this contract can be summarized as follows:

Derivate financial instrument	Fair Value 2017	Fair Value 2016	Type	Rate Swap	Rate receivable
Interest rate Swap BBVA	-	(28.425)	Negotiation	1,10%	Euribor 3M
TOTAL	-	(28.425)			

(Amounts in Euros)

26. INCOME TAXES

The income tax for the year ended as of December 31, 2017 and 2016 was as follows:

	2017	2016
Fiscal Losses (RETGS)	710.552	-
Others	(201.071)	401.511
Deferred income taxes (Note 14)	509.481	401.511
Income Tax (Note 21)	2.912.193	863.515
	3.421.674	1.265.026

The reconciliation of the earnings before taxes of the years ended at December 31, 2017 and 2016 can be summarized as follows:

	2017	2016
Profit before taxation	12.853.136	7.268.212
Tax on profit	22,5%	22,50%
Theoretical tax charge	**2.891.956**	**1.635.348**
Accounting surplus	(723.463)	(471.532)
Fiscally surplus	327.179	234.989
Fair value adjustments	(52.368)	(4.132)
Fiscally adjustments	(6.730)	(3.610)
Others	145.907	267.455
Fiscal losses	-	(414.053)
Effective Tax	2.582.481	1.244.465
Additional income tax	316.574	314.358
Excess/Insufficient Tax	8.586	68.834
Tax Refunds	4.552	(756.374)
Others	-	(7.768)
Income Tax	2.912.193	863.515
Deferred income taxes	509.481	401.511
Effective tax charge	**3.421.674**	**1.265.026**

(Amounts in Euros)

27. EARNINGS PER SHARE

The earnings per share for the year ended as of December 31, 2017 and 2016 were computed based on the following amounts:

	2017	2016
Earnings		
Basic	9.338.305	5.950.756
Diluted	9.338.305	5.950.756
Number of shares	35.000.000	35.000.000
Earnings per share (basic and diluted)	0,267	0,170

During 2017 and 2016 there were no changes in the number of shares outstanding.

(Amounts in Euros)

28. SEGMENT INFORMATION

The main information relating to the business segments existing on December, 2017 and 2016, prepared according to the same accounting policies and criteria adopted in the preparation of the consolidated financial statements, is as follows:

2017

	NATIONAL								FOREIGN					ELIMINATIONS	CONSOLIDATED
	Vehicles				Industrial equipment			Others	Vehicles		Industrial equipment				
	Industry	Commercial	Services	Rental	Machines	Services	Rental		Industry	Commercial	machines	Services	Rental		
PROFIT															
External Sales	20.232	440.334.110	16.047.231	6.037.408	17.697.317	4.702.864	13.710.647	-	39.348.115	20.363.767	668.804	28.375	9.980	(156.707.396)	402.261.454
Income															
Operational income	3.471	9.702.678	359.580	264.376	1.121.037	2.757.623	1.066.709	(4.336)	1.036.192	619.946	8.518	7.562	4.109	(1.518.923)	15.428.542
Financial Income	(63)	(1.983.225)	(19.673)	(229.591)	(38.515)	(16.964)	(105.022)	(70)	(133.482)	(46.482)	(2.175)	(104)	(38)	-	(2.575.406)
Net income with non controlling interests	2.561	5.507.251	251.648	(23.219)	813.677	2.060.012	709.917	(3.456)	678.521	407.660	4.768	5.606	3.059	(986.544)	9.431.462
Total consolidated assets	34.460.907	316.129.620	9.535.050	30.358.679	10.865.055	1.918.348	32.138.323	22.038.800	-	7.808.861	-	-	-	(166.773.971)	298.480.671
Total consolidated liabilities	7.736.010	193.465.866	6.839.406	25.059.198	2.042.834	313.210	33.297.371	3.603.322	-	3.438.720	-	-	-	(109.415.917)	166.381.019
Capital expenses	194.884	2.836.698	136.590	19.456.039	-	117.514	8.084.301	483	-	47.951	-	-	-	(2.060.303)	28.814.157
Depreciations	1.218.162	3.349.993	151.796	7.247.595	72.020	69.214	5.663.887	537	-	164.662	-	-	-	31.927	17.969.793

(Amounts in Euros)

2016

	NATIONAL								FOREIGN					ELIMINATIONS	CONSOLIDATED
	Vehicles				Industrial equipment			Others	Vehicles		Industrial equipment				
	Industry	Commercial	Services	Rental	Machines	Services	Rental		Industry	Commercial	machines	Services	Rental		
PROFIT															
External Sales	285.115	384.283.601	15.147.469	3.405.180	15.826.773	3.657.449	13.022.584	-	35.053.246	18.009.258	77.265	371	-	(139.917.042)	348.851.269
Income															
Operational income	(48)	7.447.164	274.697	292.897	2.068.493	1.647.438	1.135.793	(4.639)	(2.454.943)	455.430	4.279	258	10.781	(1.312.634)	9.564.966
Financial Income	(667)	(1.836.560)	5.804	(131.874)	(43.205)	(7.728)	(90.958)	8	(144.320)	(46.990)	(194)	-	(70)	-	(2.296.754)
Net income with non controlling interests	(714)	4.445.952	229.053	183.530	1.660.634	1.344.479	873.768	(3.648)	(2.599.263)	300.558	3.350	211	8.783	(443.507)	6.003.186
Total consolidated assets	37.074.388	257.824.224	31.293.247	12.130.874	11.746.848	1.741.701	33.885.015	22.357.583	-	10.733.652	-	-	-	(143.009.663)	275.777.869
Total consolidated liabilities	5.884.359	153.172.363	22.352.351	12.011.473	2.043.221	294.601	27.508.506	3.610.228	-	6.692.879	-	-	-	(85.463.085)	148.106.896
Capital expenses	41.492	1.349.225	(222.660)	7.652.462	-	24.412	8.047.901	(297)	-	107.720	-	-	-	179.028	17.179.283
Depreciations	1.304.240	3.276.514	618.782	3.819.785	67.544	43.557	5.326.523	826	-	167.457	-	-	-	261.576	14.886.804

The line "Turnover" includes Sales, Service Rendered and the amount of about 12.226.743 Euros (11.894.847 Euros as of December 31, 2016) related to equipment rentals accounted in Other Operating Income (Note 32).

The column “Eliminations” mainly includes the elimination of transactions between Group companies included in consolidation, mainly belonging to Vehicles segment.

There is no revenue associated with transactions between the motor vehicle segment and the industrial equipment segment.

(Amounts in Euros)

29. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKETS

The detail of sales and services rendered by geographic markets, during the years ended as of December 31, 2017 and 2016, was as follows:

	2017		2016	
Market	Amount	%	Amount	%
National	337.229.617	86,46%	290.818.846	86,31%
Belgium	39.060.407	10,01%	34.807.547	10,33%
African Countries with Official Portuguese Language	12.972.473	3,33%	11.063.775	3,28%
Spain	100.516	0,03%	55.542	0,02%
Germany	5.814	0,00%	10.306	0,00%
United Kingdom	5.283	0,00%	5.705	0,00%
Others	660.602	0,17%	194.701	0,06%
	390.034.711	100,00%	336.956.422	100,00%

30. EXTERNAL SUPPLIES AND SERVICES

As of December 31, 2017 and 2016, the caption "External supplies and services" was as follows:

	2017	2016
Subcontracts	**1.891.529**	**1.795.240**
Specialized Services	**20.293.999**	**16.601.974**
Professional Services	5.732.349	5.405.855
Advertising	11.039.464	8.196.141
Vigilance and Security	503.179	407.709
Professional Fees	815.716	776.689
Commissions	219.528	169.784
Repairs and Maintenance	1.983.763	1.645.796
Materials	**897.476**	**825.519**
Utilities	**3.038.170**	**2.995.753**
Travel and transportation	**3.035.556**	**2.822.848**
Traveling expenses	1.589.693	1.482.225
Personnel transportation	93.692	91.275
Transportation of materials	1.352.171	1.249.348
Other supplies	**14.072.835**	**12.064.912**
Rent	2.615.226	2.620.551
Communication	757.750	754.456
Insurance	1.306.961	1.067.100
Royalties	420.680	334.109
Notaries	28.307	30.404
Cleaning and comfort	757.706	680.326
Other Services	8.186.205	6.577.966
	43.229.565	**37.106.246**

(Amounts in Euros)

31. PAYROLL EXPENSES

Payroll expenses are decomposed as follows:

	2017	2016
Payroll Management	559.153	550.505
Payroll Personnel	25.687.992	25.799.158
Benefits Plan	1.287.735	1.163.199
Termination Indemnities	884.175	843.701
Social Security Contribution	6.896.479	7.021.499
Workmen´s Insurance	321.748	437.571
Others	2.997.262	3.549.373
	38.634.544	39.365.006

During 2017 and 2016, the average number of personnel was as follows:

Personnel	2017	2016
Employees	1.068	1.033
Workers	462	472
	1.530	1.505

32. OTHER OPERATING INCOME AND EXPENSES

As of December 31, 2017 and 2016, the caption “Other operating income” was as follows:

Other operating income	2017	2016
Guarantees recovered and other operating expenses	14.861.331	10.999.079
Lease Equipment	12.220.743	11.888.847
Commissions	3.998.119	3.613.056
Rents charged	3.550.376	4.010.010
Work for the Company	2.702.708	3.254.219
Advertising expenses and sales promotion recovered	2.649.639	2.102.453
Subsidies	2.074.972	2.588.603
Expenses recovered	2.042.402	2.722.771
Services provided	1.768.985	1.499.843
Gains in the disposal Tangible Fixed Assets	582.384	452.495
Compensation claims	47.562	50.914
Corrections on the previous exercises	44.340	32.230
	46.543.561	**43.214.520**

(Amounts in Euros)

From the table presented above, we have:

- Recovery of guarantees and other operational expenses – it includes essentially Toyota Motor Europe guarantees and other charges to concessionaires;
- Services provided – refers mainly to administrative fees charged to companies outside the Toyota Caetano perimeter;
- Expenses recovery – it contains mainly revenues related with social services (canteen and staff training) charged to companies outside the Toyota Caetano perimeter.

As of December 31, 2017 and 2016, the caption "Other operating expenses" was as follows:

Other Operating Income	2017	2016
Taxes	1.037.204	1.027.802
Bad debts	41.276	214.491
Losses in inventories	-	59.651
Prompt payment discounts granted	1.158	3.541
Losses in other investments	-	63
Losses in other non financial investments	36.874	70.212
Corrections to previous years	342.943	98.066
Donations	29.722	257.650
Subscriptions	28.297	23.766
Fines and penalties	40.438	197.735
Others	983.293	1.005.611
	2.541.205	2.958.588

33. FINANCIAL INCOME AND EXPENSES

Consolidated net financial results as of December 31, 2017 and 2016 were as follows:

Expenses and Losses	2017	2016
Interest	1.860.607	1.885.467
Other Financial Expenses	748.162	757.818
	2.608.769	2.643.285

Income and Gains	2017	2016
Interest	4.938	280.424
Other Financial Income	28.425	66.107
	33.363	346.531

As of December 31, 2017, the caption "Other Financial Income" includes derivatives' fair value changes on the amount of 28.425 Euros.

(Amounts in Euros)

34. FINANCIAL ASSETS AND LIABILITIES

We summarize in the table below a resume of financial instruments of Toyota Caetano Group as of December 31, 2016 and 2015:

	Note	Financial Assets		Financial Liabilities	
		2017	2016	2017	2016
Derivate Financial Instruments	25	-	-		28.425
Available for sale Financial Assets	9	3.732.500	3.483.128	-	-
Accounts Receivable	11	52.192.195	57.920.456	-	-
Other Debtors – current	12	3.177.673	2.999.881	-	-
Bank Loans	18	-	-	56.400.000	47.941.048
Leasing	18	-	-	23.008.943	20.278.406
Overdrafts	18	-	-	529.851	1.001.251
Other Creditors	20	-	-	1.687.511	1.095.835
Accounts Payable	19	-	-	40.256.759	35.509.231
Other current liabilities	22	-	-	15.098.004	15.839.526
Cash and Cash Equivalents	15	17.267.570	14.556.190	-	-
		76.369.968	78.959.655	136.981.068	121.693.722

Financial Instruments at Fair Value

	Note	Financial Assets		Financial Liabilities	
		2017	2016	2017	2016
Derivate Financial Instruments	25	-	-	-	(28.425)
Available for sale Assets	9	3.732.500	3.483.128	-	-
		3.732.500	3.483.128	-	(28.425)

Classification and Measurement

	Available for sale Assets		Derivate Financial Instruments		Level
	At fair value	At cost	Cash Flow Hedge Accounting	Negotiation	
Cimóvel Fund	3.665.764	-	-	-	1)
Others	-	66.736	-	-	3)

(Amounts in Euros)

According to the paragraph 93 of IFRS 13, we provide below, the disclosure of classification and measurement of financial instruments' fair value, by hierarchy level:

a) Level 1 – quoted prices – available for sale financial assets: 3.667.764 Euros (3.416.391 Euros in 2016);

b) Level 2 - inputs different from quoted prices included on level 1 that are observable for the asset or liability, both directly (prices), or indirectly – negotiation derivatives (*swap*): -28.425 Euros in 2016;

c) Level 3 - inputs for the asset or liability that are not based on observable market data.

Impact on the Income Statement and Other Comprehensive Income

	Impact on equity		Impact on Income	
	2017	2016	2017	2016
Derivate Financial Instruments	-	-	(28.425)	66.107
Available for sale Financial Assets	249.372	19.678	-	-
	249.372	19.678	(28.425)	66.107

35. OPERATIONAL LEASE

During the period of 2017, the minimum payments for operational leases amounted to approximately 5,2 million Euros (5,7 million Euros in 2016). Of that amount, 2 million relate to payments with maturity of one year, 3 million relate to payments to occur in the period between two to five years and 141 thousand Euros relate to payments of maturity of more than five years.

Minimum payments of operational lease	2017	2016
Not more than one year	1.976.856	2.149.610
More than one year and no more than five	3.045.611	3.409.638
More than five years	141.425	118.370
	5.163.892	5.677.618

(Amounts in Euros)

36. RELATED PARTIES

Balances and transactions between the Parent Company and its affiliates, which are related entities to the Parent Company, were eliminated in the consolidation process, so they will not be disclosed in this Note. Balances and transactions details between the Group and the related parties (through Salvador Caetano Group, S.G.P.S, S.A.) can be summarized as follows:

Company	Commercial Debts		Products		Fixed assets		Services		Others	
	Receivable	Payable	Sales	Purchases	Purchases	Disposals	Rendered	Obtained	Costs	Income
Amorim Brito & Sardinha, Lda.	530	-	-	-	-	-	-	-	-	1.182
Atlântica - Companhia Portuguesa de Pesca, S.A.	5.152	-	-	-	-	-	-	-	-	17
Auto Partner Imobiliária, S.A.	-	13.788	-	-	-	-	-	122.016	-	-
Cabo Verde Rent-a-Car, Lda.	-	23.730	56.029	-	-	-	163	194.065	-	-
Caetano Active, S.A	2.223	1.985	(2.171)	-	-	-	1.661	6.252	-	879
Caetano Aeronautic, S.A.	207.006	-	796	-	-	-	24.603	134.145	84.713	428.108
Caetano Baviera - Comércio de Automóveis, S.A.	595.628	135.295	3.404.146	459.247	-	-	10.922	229.053	273.727	590.277
Caetano City e Active (Norte), S.A.	398.033	(3.783)	3.149.808	2.731	-	57.284	85	95.389	199.117	39.233
Caetano Drive ,Sport e Urban, S.A.	1.950	52.809	12.752	1.933	-	81.463	68.560	304.273	-	215.441
Caetano Energy, S.A.	34.514	10.028	5.523	4.604	-	-	5.560	2.277	-	136.277
Caetano Equipamentos, S.A.	135	-	-	-	-	-	-	-	-	135
Caetano Fórmula , S.A.	33.464	158.009	13.291	787.733	-	38.528	28.017	(23.622)	-	143.003
Caetano Formula East África, S.A.	10	-	-	-	-	-	-	-	-	9
Caetano Fórmula Moçambique S.A	942	-	-	-	-	-	-	-	-	942
Caetano Lyrsa, S.A.	26	-	-	-	-	-	-	-	-	21
Caetano Motors, S.A.	143.704	65.219	(22.252)	35	-	-	(17.776)	37.192	-	196.419
Caetano Move África, S.A.	10	-	-	-	-	-	-	-	-	51
Caetano One CV, Lda.	93.856	-	39.683	4.772	-	-	51.112	496	-	36.196
Caetano Parts, Lda.	3.607	1.462.417	1.797.942	5.937.053	-	-	1.645	19.499	-	203.380
Caetano Power, S.A.	214.493	216.731	(22.074)	20.416	23.152	38.892	8.677	(6.785)	-	206.783
Caetano Retail (S.G.P.S.), S.A.	102.773	3.825	413	-	-	-	244	3.194	-	144.701
Caetano Squadra África, S.A.	-	-	-	-	-	-	-	-	-	42
Caetano Star, S.A.	15.941	703	1.281	1.847	-	-	-	1.406	-	13.244
Caetano Technik, Lda.	19.587	27.118	(20.481)	2.292	22.987	13.944	(8.339)	1	-	(11.538)
CaetanoBus - Fabricação de Carroçarias, S.A.	5.679.318	40.021	35.198	50.918	-	-	3.222	82.610	4.053	2.508.312
Caetsu Publicidade, S.A.	8.201	932.662	62.052	33.790	-	-	7.442	3.108.206	-	7.165
Carplus - Comércio de Automóveis, S.A.	21.027	-	88.909	-	-	-	117.900	267	-	229.237
Choice Car, S.A.	234	-	-	-	-	-	-	340	3.792	7.552
COCIGA - Construções Civis de Gaia, S.A.	4.917	200.218	-	-	448.254	-	1.748	98.400	-	2.945
Finlog - Aluguer e Comércio de Automóveis, S.A.	204.458	110.161	1.143.100	17.851	-	-	324.331	1.225.804	475.183	30.369
Fundação Salvador Caetano	617.686	-	-	-	-	-	-	-	-	(103)
Globalwatt, (S.G.P.S.), S.A.	-	-	-	-	-	-	-	-	-	9
Grupo Salvador Caetano, (S.G.P.S.), S.A.	42	-	-	-	-	-	-	-	-	217
Guérin - Rent-a-Car (Dois), Lda.	572.487	262.855	74.033	206.741	-	-	1.491.790	18.002	-	71.584
Hyundai Portugal, S.A.	16.038	-	1.478	-	20.648	-	9.339	-	-	23.278
Ibericar - Sociedad Iberica del Automovil, S.A.	54.031	-	-	-	-	-	-	-	-	45.093

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(Amounts in Euros)

Company	Commercial Debts		Products		Fixed assets		Services		Others	
	Receivable	Payable	Sales	Purchases	Purchases	Disposals	Rendered	Obtained	Costs	Income
Ibericar Auto Nipon, S.A.	775	-	-	-	-	-	-	-	-	-
Ibericar Barcelona Premium, S.L.	-	-	-	-	-	-	-	-	583	-
Ibericar Formula Campo de Gibraltar, S.L.	-	-	-	-	-	-	-	-	-	264
Ibericar Gestoso, S.L.	-	-	-	-	-	-	-	-	583	-
Ibericar Motors Cádiz, S.L.	-	-	-	-	-	-	-	-	-	648
Ibericar MOVIL, S.L.	-	-	-	-	-	-	-	-	-	1.009
Ibericar Reicomsa, S.A.	-	-	-	-	-	-	-	-	-	644
Lidera Soluciones, S.L.	2.841	-	-	-	-	-	-	107.047	-	2.310
Lusilectra - Veículos e Equipamentos, S.A.	32.437	199.105	105.925	26.947	431.036	-	79.002	446.503	5.025	70.846
MDS Auto - Mediação de Seguros, S.A.	109.355	-	-	-	-	-	308	-	-	2.407
Movicargo - Movimentação Industrial, Lda.	2.514	451.933	330	718.375	-	-	4.945	40.501	8.273	3.227
P.O.A.L. - Pavimentações e Obras Acessórias, S.A.	17.806	-	-	-	-	-		-	-	-
Portianga - Comércio Internacional e Participações, S.A.	26.139	205.026	3.939	60.750	-	-	53.078	291.603	192.560	78.022
PV Loiral- Produção de Energia, Lda.	-	-	-	-	-	-		-	-	21
RARCON - Arquitectura e Consultadoria, S.A.	-	14.722	-	-	-	-		75.890	-	47
Rigor - Consultoria e Gestão, S.A.	89.939	1.004.886	23.117	412	151.455	-	154.169	4.327.420	8.024	229.252
Robert Hudson, LTD	3.530	263	1.482	-	-	-	-	-	-	404
Salvador Caetano - Auto - (S.G.P.S.), S.A.	-	-	-	-	-	-	-	-	-	403
Salvador Caetano Auto África, (S.G.P.S.), S.A.	811.948	-	-	-	-	-	-	-	83	47
Salvador Caetano Capital, (S.G.P.S.),SA	-	-	-	-	-	-	-	-	-	9
Salvador Caetano Indústria (S.G.P.S.), S.A.	26	-	-	-	-	-	-	-	-	21
SIMOGA - Sociedade Imobiliária de Gaia, S.A.	1.374	-	-	-	-	-	-	-	-	337
Sol Green Watt, S.L.	812	-	-	-	-	-	-	-	-	660
Sózó Portugal, S.A.	3.491	-	-	-	-	-	-	-	-	5.270
Turispaiva - Sociedade Turística Paivense, S.A.	271	-	-	-	-	-	-	-	-	1.210
VAS África (S.G.P.S.), S.A.	-	-	-	-	-	-	-	-	-	153
Vas Cabo Verde, Sociedade Unipessoal, S.A.	64.845	-	59.321	6.724	-	-	73.819	3.060	-	124.052
	10.220.129	5.589.726	10.013.570	8.345.171	1.097.532	230.112	2.496.226	10.944.504	1.255.718	5.791.720

Goods and services purchased and sales to related parties were made at market prices.

(Amounts in Euros)

37. CONTINGENT ASSETS AND LIABILITIES

Financial commitments assumed and not included in Consolidated Balance Sheet:

As of December 31, 2017 and 2016, Toyota Caetano Group had assumed the following financial commitments:

Commitments	2017	2016
Credits	96.391	105.190
Guarantees of Imports	4.000.000	5.500.000
	4.096.391	5.605.190

At December 31, 2017 and 2016, the financial commitments classified as “Guarantees for Imports” the amount of 4 million Euros is related with guarantees on imports provided to Customs Agency.

Following the 16 million Euros debt contracting, the Group has granted mortgages to the respective financial institutions, valued at about 23,4 million Euros, at the financing date.

Taxes Liquidation:

Toyota Caetano Portugal,S.A.

Litigations in progress

Claim against agency contract termination

The judicial claim presented by a former agent, who was pendent of appeal at the Supreme Court of Justice, was concluded. As conviction of the Board of Directors, no responsibilities were result by the Group.

Judicial claim against collective dismissal

The judicial claim against collective dismissal was completed in 2016 with the existence of agreements.
The board and its legal advisors believe that the collective dismissal process occurred in 2012, is based on strong market, structural and technological reasons.
It is conviction of the board that no responsibilities will arise for the Group from the end of this process.

End of life vehicles

In September 2000, the European Commission approved a Directive regarding end-of-life vehicles and the responsibility of Producers/Distributors for dismantling and recycling them.

Producers/Distributors will have to support at least a significant part of the cost of the dismantling of vehicles that went to the market after July 1, 2002, as well as in relation to vehicles produced before this date, but presented as of January 1, 2007.

This legislation will impact Toyota vehicles sold in Portugal. Toyota Caetano and Toyota are closely monitoring the development of Portuguese National Legislation in order to access the impact of these operations in its financial statements.

It is our conviction, in accordance with studies performed on the Portuguese market, and taking in consideration the possible usage of the vehicles parts resulting from the dismantlement, that the effective impact of this legislation in the Company accounts will be reduced or nil.

Meanwhile, and according to the legislation in force (Dec./Law 196/2003), the Company signed a contract with “ValorCar – Sociedade de Gestão de Veículos em Fim de Vida, Lda” - a licensed entity for the management of an integrated system of ELV- the transfer of the liabilities in this process.

(Amounts in Euros)

Information related to environmental area

The Group adopts the necessary measures relating to the environment, aiming to fulfil current applicable legislation.

The Toyota Caetano Group Board of Directors does not estimate that there are risks related to the environmental protection and improvement, not having received any infraction related to this matter during 2017.

38. REMUNERATION OF BOARD MEMBERS

The remuneration of the board members during the years 2017 and 2016, was as follows:

Board Members	2017	2016
Board of Directors		
Fixed remunerations	559.153	550.505

39. REMUNERATION OF STATUTORY AUDITOR

The remuneration of the Statutory Auditor, PricewatherhouseCoopers & Associados – S.R.O.C., Lda. for December 31, 2017 and 2016, was as follows:

	2017	2016
Total fees related statutory audit	59.575	59.670
Total fees related assurance services	1.000	3.500
	60.575	63.170

40. SUBSEQUENT EVENTS

Since the conclusion of the year 2017 and up to date no significant events occurred.

41. FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved by the Board of Directors on March 21, 2018.

According to the Portuguese Commercial Companies Code, it is possible the amended for these Financial Statements, after approval by the Board of Directors.

42. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese language in accordance with IFRS. In the event of discrepancies, the Portuguese language version prevails.

CHARTERED ACCOUNTANT

ALEXANDRA MARIA PACHECO GAMA JUNQUEIRA

BOARD OF DIRECTORS

JOSÉ REIS DA SILVA RAMOS - Chairman

MARIA ANGELINA MARTINS CAETANO RAMOS

SALVADOR ACÁCIO MARTINS CAETANO

MIGUEL PEDRO CAETANO RAMOS

NOBUAKI FUJII

MATTHEW PETER HARRISON

RUI MANUEL MACHADO DE NORONHA MENDES

OPINIONS

Report and opinion of the Fiscal Council

Dear Shareholders:

1. In accordance with the terms of item g) of article 420.º of the "Código das Sociedades Comerciais" and the Articles of Association, it is our duty submit to your appreciation the report concerning the activity performed and to issue opinion regarding the documents and statements of the individual and consolidated accounts of TOYOTA CAETANO PORTUGAL, SA, referring to the financial year of 2017, which were presented to us by the Board of Directors.

2. In accordance with the assignments conferred to us, during this exercise we proceeded to the follow-up of the social business and to its evolution and, with the frequency and extent considered advisable and appropriate, to the general analysis of the financial procedures, accounting policies and measurement criteria adopted by the company.

3. We had analysed and approved the provision of additional services by PricewaterhouseCoopers & Associados - SROC, Lda. for the year 2017.

4. We have no knowledge of any situation which didn't respect the articles of association and the legal terms applicable.

5. We analysed the Individual Legal Certification of Accounts and the Consolidated Legal Certification of Accounts issued by the Statutory External Auditor, with which we agree.

Thus,

6. All members of the Fiscal Council of TOYOTA CAETANO PORTUGAL, S.A., under the terms of item c) of number 1 of article 245.º of the "Código de Valores Mobiliários", hereby declare that, as far as it is their knowledge, the information provided in item a) of the above referred article, including documents of individual and consolidated accounts, was elaborated according to the accounting rules applicable, evidencing a correct and clear image of the assets and liabilities, of the financial situation and results of TOYOTA CAETANO PORTUGAL, SA and that the management report clearly shows the business evolution, the performance and the position of the Company and companies included in its perimeter of consolidation, evidencing as well a description of the mains risks and incertitude's to be faced.

7. And, under the terms of number 5 of article 420.º of "Código das Sociedades Comerciais", the Fiscal Council of TOYOTA CAETANO PORTUGAL, S.A. states that the report on the structure and practices of corporate governance includes the elements referred in article 245.º-A of "Código dos Valores Mobiliários.".

8. Accordingly, we are of the opinion that the Annual General Meeting:
a) Approve the management report of the Board of Directors and the individual and consolidated Accounts related to the financial year ended on the December 31st, 2017;
b) Approve the proposal for the net result application, contained in the management report of the Board of Directors.

Vila Nova de Gaia, 21th March 2018

José Domingos da Silva Fernandes
Alberto Luis Lema Mandim
Daniel Broekhuizen

Statement of the Fiscal Council

All members of the Fiscal Council of TOYOTA CAETANO PORTUGAL, S.A., under the terms of item c) of number 1 of article 245.º of the "Código de Valores Mobiliários", hereby declare that, as far as it is their knowledge, the information provided in item a) of the above referred article, including documents of individual and consolidated accounts, was elaborated according to the accounting rules applicable, evidencing a correct and clear image of the assets and liabilities, of the financial situation and results of TOYOTA CAETANO PORTUGAL, SA and that the management report clearly shows the business evolution, the performance and the position of the Company and companies included in its perimeter of consolidation, evidencing as well a description of the mains risks and incertitude's to be faced.

Vila Nova de Gaia, 21th March 2018

José Domingos da Silva Fernandes
Alberto Luis Lema Mandim
Daniel Broekhuizen

Statutory Audit

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Toyota Caetano Portugal, S.A. (the Entity), which comprise the statement of financial position as at 31 December 2017 (which shows total assets of Euro 277.987.779 and total shareholders' equity of Euro 130.712.235 including a net profit of Euro 9.338.305), the statement of income by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Toyota Caetano Portugal, S.A. as at 31 December 2017, and its financial performance and its 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 other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Key audit matter	*Summary of the audit approched*
Revenue cut-off	
Disclosures related with revenue presented in the notes to the consolidated financial statements 2.3.n), 24 and 25. The Company's revenue amounts to Euro 313 million This amount includes Euro 33,3 million referent to sales occurred in December. According to IAS 18, revenue is recognized in the income statement when the significant risks and rewards of ownership are transferred from the seller to the buyer, it is probable that the economic benefits associated with the transaction will flow to Toyota Caetano Portugal and the amount of revenue can be measured reliably. The automatic recognition of revenue is made at the moment of billing issuance. In a moment after that, a manual adjustment is made to the sales related with cars that, at the reporting date, were not delivered to the clients. This issue is a key audit matter because there is a gap between the billing moment and the moment of the transfer of significant risks and rewards to the client, and also because the mentioned manual adjustment results from a manual procedure.	In order to mitigate the risk of a cut-off error concerning revenue recognition arising from sales of goods, we have performed the following audit procedures: - Identification and test of key controls related with revenues and receivables processes; - Inventory counting assistance and analysis of adjustments made to inventory; - Tests of detail to the cut-off assertion through the verification of delivery notes; - Tests of detail to revenue manual adjustments; - Analytical procedures to the caption sales (variance analysis against last year and budget)

Key audit matter	*Summary of the audit approched*
Used cars valuation	
Disclosures related with inventory presented in the notes to the consolidated financial statements 2.3.e) and 11. The Company presents in the consolidated statement of financial position, inventory amounting to Euro 61 million, representing about 22% of total assets. The mentioned amount includes Euro 45 million related with merchandise, which are measured at the lower of average acquisition cost and net realizable value. The amount of merchandise contains Euro 7,4 million referent to used cars, without any cumulative impairment loss being recognized. According to IAS 2, merchandise and raw and subsidiary materials are measured at average cost, which is lower that their respective market value. The inventory cumulative impairment losses reflect the difference between the acquisition cost and the net realizable value. This issue is a key audit matter because of the magnitude of the amount of used cars inventory as well as the judgement inherent to assessment of impairment losses. There is the risk of the amount of recognized cumulative impairment losses not totally reflects the effective loss and that the difference between both amounts is material.	In order to mitigate the risk of the carrying amount of used cars inventory being greater that their net realizable value, we have performed the following audit procedures: - Test of detail to the valuation of used cars inventory as of December 31, 2017 - Validation of valuation assumptions, including, among other procedures, analysis of historical commercial information and comparison between the Company's expectations concerning the net realizable value of used cars and market analysts' expectations. - Assessment of the controls implemented by the Company in order to minimize days in inventory related with used cars. - Analytical review to margins of used cars as well as to inventory turnover related with used cars. - Analysis of used cars' sales occurred after December 31, 2017 in order to identify situations in that the net realizable amount is lower than the carrying amount as of December 31, 2017.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) 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;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the 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:

a) identify and assess the risks of material misstatement of the 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;

b) 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 Entity's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) 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 Entity'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 Entity to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) 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;

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

h) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements [and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

Non-financial statement set forth in article No. 66-B of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity included in its Director's report the non-financial statement set forth in article No. 66-B of the Portuguese Company Law.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of the Entity in the Shareholders' General Meeting of 23 April 2010 having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 30 April 2015 for the period from 2015 to 2018.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Entity's supervisory board as of 21 March 2018.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Entity in conducting our audit.

21 March 2018

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

José Miguel Dantas Maio Marques, R.O.C.

Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Toyota Caetano Portugal, S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2017 (which shows total assets of Euro 298.480.671 and total shareholders' equity of Euro 132.099.653 including a net profit of Euro 9.338.305), the consolidated statement of income by nature, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Toyota Caetano Portugal, S.A. as at 31 December 2017, and their consolidated financial performance and their 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 other technical and ethical standards and recommendations issued by the 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. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the 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 year. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	*Summary of the audir approched*
Revenue cut-off	
Disclosures related with revenue presented in the notes to the consolidated financial statements 2.3.o), 28 and 29. The Group's revenue amounts to Euro 390 million. This amount includes Euro 37,9 million referent to sales occurred in December. According to IAS 18, revenue is recognized in the income statement when the significant risks and rewards of ownership are transferred from the seller to the buyer, it is probable that the economic benefits associated with the transaction will flow to the Group Toyota Caetano Portugal and the amount of revenue can be measured reliably. The automatic recognition of revenue is made at the moment of billing issuance. In a moment after that, a manual adjustment is made to the sales related with cars that, at the reporting date, were not delivered to the clients. This issue is a key audit matter because there is a gap between the billing moment and the moment of the transfer of significant risks and rewards to the client, and also because the mentioned manual adjustment results from a manual procedure.	In order to mitigate the risk of a cut-off error concerning revenue recognition arising from sales of goods, we have performed the following audit procedures: - Identification and test of key controls related with revenues and receivables processes; - Inventory counting assistance and analysis of adjustments made to inventory; - Tests of detail to the cut-off assertion through the verification of delivery notes; - Tests of detail to revenue manual adjustments; - Analytical procedures to the caption sales (variance analysis against last year and budget)
Used cars valuation	
Disclosures related with inventory presented in the notes to the consolidated financial statements 2.3.e) and 10. The Group presents in the consolidated statement of financial position, inventory amounting to Euro 96 million representing about 32% of total assets. The mentioned amount includes Euro 81 million related with merchandise, which are measured at the lower of average acquisition cost and net realizable value.	In order to mitigate the risk of the carrying amount of used cars inventory being greater that their net realizable value, we have performed the following audit procedures: - Test of detail to the valuation of used cars inventory as of December 31, 2017 - Validation of valuation assumptions, including, among other procedures, analysis of historical

Key audit matters	*Summary of the audir approched*
The amount of merchandise contains Euro 35,8 million referent to used cars, being the respective cumulative impairment losses of Euro 1,1 million. According to IAS 2, merchandise and raw and subsidiary materials are measured at average cost, which is lower that their respective market value. The inventory cumulative impairment losses reflect the difference between the acquisition cost and the net realizable value. This issue is a key audit matter because of the magnitude of the amount of used cars inventory as well as the judgement inherent to assessment of impairment losses. There is the risk of the amount of recognized cumulative impairment losses not totally reflects the effective loss and that the difference between both amounts is material.	commercial information and comparison between the Group's expectations concerning the net realizable value of used cars and market analysts' expectations. - Assessment of the controls implemented by the Group in order to minimize days in inventory related with used cars. - Analytical review to margins of used cars as well as to inventory turnover related with used cars. - Analysis of used cars' sales occurred after December 31, 2017 in order to identify situations in that the net realizable amount is lower than the carrying amount as of December 31, 2017.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present 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;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) 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;

d) the adoption of appropriate accounting policies and criteria;

e) 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 overseeing the process of preparation and disclosure of the Group's financial information.

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

Our responsibility is to obtain reasonable assurance about 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:

a) 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;

b) 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;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) 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;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) 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;

g) 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;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements [and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Non-financial statement set forth in article No. 66-B of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity included in its Director's report the non-financial statement set forth in article No. 66-B of the Portuguese Company Law.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Toyota Caetano Portugal, S.A. in the Shareholders' General Meeting of 23 April 2010 having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 30 April 2015 for the period from 2015 to 2018.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 21 March 2018.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

21 March 2018

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

José Miguel Dantas Maio Marques, R.O.C.

REMUNERATION COMMITTEE DECLARATION

The Remuneration Committee of Toyota Caetano Portugal, S.A states the following:

a) Compliance with the policy set defined for Financial Year of 2017:
Analyzed all accounting data and other records of Toyota Caetano Portugal, this Committee verified that the changes occurred in the remuneration of the Governing Bodies during the year 2017 complied with the proposals of this Committee approved in the General Meeting of Shareholders of April 21, 2017.

b) Policy of Remuneration applicable during the Financial Year 2018:
In view of the current economic climate and given the forecasts of activity and results for the financial year 2018, provided by the Management of the Company, it is the understanding of this Committee that the amounts of remuneration of the fixed nature for all members of the governing bodies, who maintain executive functions, must respect in its essence the deliberations of the Management concerning the salary policy to be applied to the remaining Employees, in other words, they must in 2018 be updated in a range between 1,5% to 3%.
For the non-Executive, this Committee has the opinion that they shall not receive any remuneration, as it is the practice hitherto followed.
Regarding the Variable Remuneration of the executive members of the Board of Directors, it has been allocated according to the results obtained by the Company, combining with the distribution policy of dividends to the shareholders and the bonus payable to employees.
In 2017, when this remuneration component was attributed, was met the Commission's proposal of not exceeding 2% of the distributable results.
Therefore and referring to paragraph b) of number 3 of article 2 of Law 28/2009 of 19 June, this Remuneration Committee proposes the maintenance of this criteria for 2018, namely that the variable remuneration of the Executive Members of the Board of Directors as a whole does not exceeds 3% of the distributable profits determined in the financial year of 2017.
The decision to award Variable Remuneration depending on the results obtained has implicit the verification of the alignment of interests of the members of the Board of Directors with the interests of the Company and, therefore, is one of the mechanisms to be integrated in paragraph a) of number 3 of article 2 of Law No. 28/2009 of 19 June and simultaneously responding to paragraph e) of the same number of article 2 of Law No.28/2009, ensuring the limitation of the variable remuneration in the case that the results obtained are of a negative nature.
Concerning the information related to paragraph c) of number 3 of article 2 of Law No. 28/2009 of June 19, we certify the absence of any plan of allocation of shares or options to acquire shares by the members of the administration and supervision. This committee proposes to maintain this criterion.
The company's practice in the timing of annual payments must, in our opinion, remain, and therefore shall be excluded the possibility stated in paragraph d) of number 3 of article 2 of Law No. 28/2009.

The Remuneration Committee
Alberto Luis Lema Mandim
Maria Conceição Monteiro da Silva
Francelim Costa da Silva Graça

Corporate Governance

GOVERNANCE REPORT

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I – CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

As at 31 December 2016, the Company share capital consists of 35,000,000 fully subscribed and paid bearer shares, each with a nominal value of 1 Euro, all shares being listed on Euronext Lisbon.

There are no shareholders holding special rights.

2. RESTRICTIONS ON TRANSMISSION OF SHARES SUCH AS CLAUSES OF CONSENT FOR SALE, OR LIMITATIONS TO SHARE OWNERSHIP

There are no restrictions on the transferability of shares or limitations to share ownership.

3. NUMBER OF OWN SHARES, SHARE OF SOCIAL CAPITAL AND CORRESPONDING PERCENTAGE OF VOTING RIGHTS THAT CORRESPOND TO THE OWN SHARES

Not applicable

4. SIGNIFICANT AGREEMENTS WITH TERMS OF CHANGE OF CONTROL

See number 6 of Part I.

5. RENEWAL OR REVOCATION OF DEFENSIVE MEASURES, IN PARTICULAR THOSE PROVIDING FOR LIMITING THE NUMBER OF VOTES OF DETENTION OR SENSITIVE EXERCISE BY A SINGLE SHAREHOLDER

Not applicable

6. AGREEMENTS WHICH THE COMPANY IS AWARE AND MAY LEAD TO RESTRICTIONS ON THE TRANSFER OF SECURITIES OR VOTING RIGHTS

This company isn’t aware of any parasocial agreement between shareholders.

II – HOLDINGS AND LIABILITIES HELD

7. QUALIFYING SHARES, SHARE CAPITAL AND VOTES OF LIABILITY, AND CAUSES OF POWER ALLOCATION

Qualified holdings in the share capital of Toyota Caetano Portugal, S.A:

Shareholder	Number of shares	%
Salvador Caetano Auto (S.G.P.S), S.A.	22.777.241	65,078%
Toyota Motor Europe NV/SA directly	9.450.000	27,000%

8. NUMBER OF SHARES AND BONDS HELD BY MEMBERS OF THE MANAGEMENT AND SUPERVISION.

The members of the Board of Directors and the members of Audit Board don't have any shares or bonds from the company.

Member	Shares	Bonds
José Reis da Silva Ramos	0	0
Maria Angelina Martins Caetano Ramos	0	0
Salvador Acácio Martins Caetano	0	0
Miguel Pedro Caetano Ramos	0	0
Rui Manuel Machado Noronha Mendes	0	0
Matthew Peter Harrison	0	0
Nobuaki Fujii	0	0
Yoicho Sato	0	0
Member	Shares	Bonds
José Domingos da Silva Fernandes	0	0
Alberto Luis Lema Mandim	0	0
Daniel Broekhuizen	0	0
Maria Lívia Fernandes Alves	0	0
Kenichiro Makino	0	0

9. SPECIAL POWERS OF THE BOARD OF DIRECTORS, INCLUDING WITH RESPECT TO RESOLUTIONS OF CAPITAL INCREASE

Within the powers of the Board described in paragraph 21 of Part I is not foreseen explicitly granting of any specific power in relation to decisions to increase capital.

10. SIGNIFICANT TRADE RELATIONS BETWEEN THE QUALIFYING SHARES AND SOCIETY

During financial year 2017 no business or transactions were performed between the company and holders of qualified holdings or entities with whom they have any relationship, pursuant to Article 20. of Código dos Valores Mobiliários (Portuguese Securities Code), outside of normal market conditions.

B. CORPORATE BOARDS AND COMMISSIONS

I. GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting consists of all shareholders with voting rights, whose remit is to deliberate on statutory changes, evaluate the overall management and auditing of the Company, deliberate on the management report and the financial statements for the year, elect the governing bodies falling under its remit and generally deliberate on all terms submitted thereunto by the Board of Directors.

The company makes the necessary and adequate human resources and logistic support available for the members of the board of the General Shareholders' Meeting, through the company's legal department. The latter collaborates actively in the preparation of the General Shareholders' Meetings, ensuring publication of the respective convening notices, receipt and control of all communications from shareholders and financial intermediaries, working closely and also guaranteeing all the logistics of the general shareholders' meetings.

11. IDENTIFICATION MEMBERS OF THE GENERAL MEETING

The Board of the General Shareholders' Meeting consists of 4 members, as follows:

José Lourenço Abreu Teixeira – President
Manuel Fernando Monteiro da Silva – Vice-President
Maria Olívia Almeida Madureira – Secretary
Jorge Manuel Coutinho Franco da Quinta – Secretary

The current board of the General Shareholders' Meeting was elected in 30 April 2015 for a period of 4 years, and ends its mandate in 31 December 2018.

The information below covers the points 12 to 14 of Part I of the form attached to CMVM Regulation no. 4/2013

EXERCISE OF VOTING

Under Article 4 (6) of the Articles of Association, to each group of one hundred shares corresponds one vote.

Shareholders intending to attend must have their shares registered under their name in the Company Share Register or otherwise provide proof of their deposit at a financial intermediary, by fax or e-mail, up to five working days prior to the date set for the General Shareholders' Meeting.

The Company's Articles of Association do not include statutory provisions providing for the existence of shares that do not confer voting rights or which provide that no voting rights are counted over a certain number, when issued by a single shareholder or shareholders related to him/her.

Only those shareholders who are legitimate owners of shares entitling them to at least one vote have the right to attend the General Shareholders' Meeting and to participate in discussions and voting. However, shareholders who do not have the minimum number of one hundred shares may group themselves in such a way as to complete that amount. In this situation, one member must be elected to represent the group, and this representative's identity must be sent by letter addressed to the Chairman of the Board of the General Shareholders' Meeting.

The company's Articles of Association do not include the duty, at least every five years, to subject the resolution of the General Shareholders' Meeting, to maintenance or removal of the statutory rule which provides for limiting the number of votes likely to be held or exercised by a single shareholder individually or by arrangement with other shareholders.

There are no defensive measures intended to cause automatic and serious erosion of company assets in case of transfer of control or change of composition of the management body.

No defined statutory rules exist on the exercise of voting rights except where pertaining to the minimum quorum of 75% required for the approval of the following resolutions:

a) Changes to the Articles of Association;

b) Incorporation of reserve funds in the share capital, namely and specifically revaluation reserves;

c) Transfer, leasing or cession of the operation of all or an important part of the company's activities, and the succession or acceptance of a third-party entity activity;

d) Reduction or increase in capital;

e) Sharing of profits and setting of the dividend percentage, as well as the possible

distribution of Free Reserve funds;

f) Issuance of bonds;

g) Election or dismissal of all or some members of the governing bodies;

h) Election or dismissal of the members of the Remuneration Committee;

i) Merger, demerger or dissolution of the Company, as well as the appointment of liquidators;

j) Acquisition, disposal, transfer, leasing and cession of fixed assets with a transaction value greater than two million, five hundred thousand Euros.

In order to deliberate on the matters referred in the previous point, if the required majority is not present during the first convening notice, the General Shareholders' Meeting will meet fifteen days later in order to deliberate on the same matters, with the requirement that the respective decision be voted by a seventy-five percent majority of the votes from present or represented shareholders.

Shareholders may exercise their postal voting rights, in accordance with the following terms and conditions:

a) Postal votes are to be sent to, and received by, the Company's headquarters, by means of registered letter with acknowledgement of receipt, addressed to the Chairman of the Board of the General Shareholders' Meeting, at least five working days prior to the date of the Meeting. The letter should include a statement issued by a financial intermediary providing proof of share ownership and also a sealed envelope containing the vote;

b) The voting paper must be signed by the legitimate shareholder or by his/her legal representative, and if the shareholder is a natural person, the vote shall be accompanied by a certified copy of his/her identification card; if the shareholder is a legal person, the signature should be certified as and empowered to exercise the voting rights.

c) Postal votes shall be considered at the moment of voting at the General Shareholders' Meeting, when they will be added to the votes cast at the meeting.

d) Only votes containing the following clear and unequivocal information shall be deemed valid:

- indication of the General Shareholders' Meeting and of the item/s of the respective agenda to which the vote refers;

- the specific proposal for which it is to be cast, including the indication of the respective proponent or proponents; however, the shareholder casting a postal vote in relation to a given proposal may declare that he/she votes against all other proposals pertaining to the same point of the agenda, with no further specification.

- the precise and unconditional indication of the voting decision for each proposal, as well as whether the vote is maintained in case the proposal is altered by its proponent, the shareholder being permitted to make his/her vote conditional on a given proposal to the approval or rejection of another proposal, within the scope of the same agenda item.

e) It is understood that shareholders who send postal votes vote negatively on all deliberative proposals submitted after issuing the vote.

Toyota Caetano Portugal provides a template for exercising the postal voting right on the Company's website (www.toyotacaetano.pt).

As described in sub-paragraph a) of number I9, the vote ballots must be received by the company up to five days prior to the General Shareholders' Meeting.

We are required to inform that, in accordance with the Company's current Articles of Association, there is no provision for voting by electronic means.

II. MANAGEMENT AND SUPERVISION

COMPOSITION

15. IDENTIFICATION OF GOVERNANCE MODEL ADOPTED.

The Company adopts the governance model commonly known as 'enhanced Latin', which recommends the separation of the board of directors and the audit body, as well as dual auditing, consisting of an audit board and a statutory auditor. The Board of Directors' evaluation concluded that the adoption of this model allows for an audit body with effective and enhanced auditing, composed entirely of members subject to a regime of incompatibilities and independence requirements.

16. STATUTORY RULES ON PROCEDURAL REQUIREMENTS AND MATERIALS FOR THE APPOINTMENT AND REPLACEMENT OF THE BOARD OF DIRECTORS

The members of the Board of Directors are elected by the General Meeting for a period of four years, renewable, which is responsible for performing all acts of management to implement the operations inherent to its objects, acting in the best interests of the Company, shareholders and employees. The General Meeting may also elect two alternate directors.

In accordance with Article 17 of Toyota Caetano Portugal's Articles of Association, the appointment and replacement of the members of the management body abide by the following rules:

a) By means of the calling in of alternate members by the Chairman of the Board of Directors, respecting the order in which they appear on the list submitted to the General Shareholders' Meeting;

b) In case there are not alternate members, through co-option, to be carried out within sixty days following a definitive absence, unless the number of acting board members is insufficient for the Board of Directors to be able to operate;

c) Should no co-option have been effected, the alternate member shall be designated by the Audit Board;

d) By election of a new board member.

The appointment of non-executive board members is in accordance with Article 17 of Toyota Caetano Portugal, S.A.'s Articles of Association, and abiding by the following rules:

Replacing an outgoing member

a) By means of the calling in of alternate members by the Chairman of the Board of Directors, respecting the order in which they appear on the list submitted to the General Shareholders' Meeting;

b) In case there are not alternate members, through co-option, to be carried out within sixty days following a definitive absence, unless the number of acting board members is insufficient for the Board of Directors to be able to operate;

c) Should no co-option have been effected, the alternate member shall be designated by the Audit Board;

New member

d) By election of a new board member.

New non-executive directors are appointed by election in the General Shareholders' Meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors elected in 2015 for a period of 4 years, its mandate ending in 2018, consists, in accordance with the Articles of Association of Toyota Caetano Portugal, S.A., of 7 members, shareholders or not, elected by the General Shareholders' Meeting

The Board of Directors, its functions, independence and date of first appointment was as follows:

Member	Function		Independence	Date of designiation
José Reis da Silva Ramos	Chairman	Executive	No	29-01-2010
Maria Angelina Martins Caetano Ramos	Member	Executive	No	30-03-1989
Salvador Acácio Martins Caetano	Member	Executive	No	30-03-1989
Miguel Pedro Caetano Ramos	Member	Executive	No	23-04-2010
Rui Manuel Machado Noronha Mendes	Member	Executive	No	23-04-2010
Matthew Peter Harrison	Member	Non executive	No	27-08-2015
Nobuaki Fujii	Member	Non executive	No	01-04-2016
Yoicho Sato	Member	Não Executivo	No	23-01-2014

18. DISTINCTION OF EXECUTIVE MEMBERS AND NON-EXECUTIVE DIRECTORS AND CONCERNING THE NON-EXECUTIVE MEMBERS, IDENTIFICATION OF WHICH MAY BE DEEMED TO BE INDEPENDENT

In item 17 of Part I, are discriminated executive and non-executive directors, as well as those who are considered independent.

The executive members of the Board of Directors of Toyota Caetano Portugal, S.A. cannot be considered independent insofar as the appointment of all of them corresponds to the proposal by the main shareholder and their interests are aligned with it.

The non-executive members do not perform any other role in resident companies and there is no incompatibility in the exercise of their duties. However, they may not be considered independent as they represent Toyota Motor Europe, a company holding approximately 27% of the share capital of Toyota Caetano Portugal, S.A.

The assessment of the independence of the Board of Directors' members carried out by the management body is based on Article 414 (5) of Código das Sociedades Comerciais (Portuguese Commercial Companies Code).

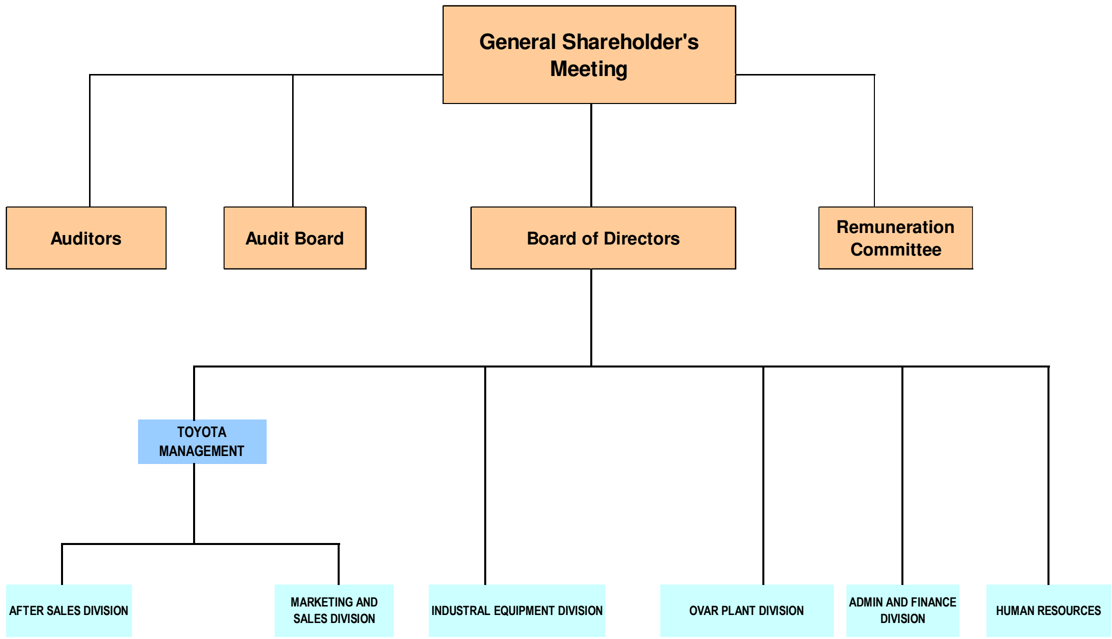
19. PROFESSIONAL QUALIFICATIONS AND OTHER ELEMENTS RELEVANT CURRICULUM FOR EACH OF THE MEMBERS OF THE BOARD OF DIRECTORS

In annex (Annex I) is disclosed the professional qualifications of the members of the Board of Directors

20. FAMILY RELATIONSHIPS, PROFESSIONAL OR TRADE, AND MEANINGFUL USUAL, THE MEMBERS OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS TO WHOM BE ATTRIBUTED QUALIFIED THAN 2% OF VOTING RIGHTS.

No member of the Board of Directors currently holds Company shares. However, it should be noted that the process of sharing of the assets of Mr. Salvador Fernandes Caetano is still in progress.

21. CHART ON THE DIVISION OF POWERS BETWEEN THE VARIOUS OFFICERS, COMMITTEES AND / OR DEPARTMENTS, INCLUDING INFORMATION ON DELEGATION OF POWERS IN PARTICULAR WITH REGARD TO THE DELEGATION OF DAILY ADMINISTRATION OF THE COMPANY



OPERATION

Board of Directors

The Board of Directors delegates powers to a director responsible for each of the divisions identified in the above organization chart, including current management and with whom the Board meets regularly to review and follow-up the activity carried out. It should be noted that an annual budget is prepared and which, during the financial year, is subject to periodic control carried out by the Company's Board of Directors and by the company's operational management.

The Board of Directors is responsible for exercising the widest range of powers, representing the Company in and out of court, actively and passively, as well as to carry out all acts that seek to achieve the corporate purpose, in particular the following:

a) Without the need for resolution by the shareholders, the Board of Directors may create branches, agencies, delegations or other local forms of representation, in Portugal and abroad;

b) Install or acquire, keep, transfer or shut down establishments, factories, laboratories, workshops, deposits or warehouses;

c) Acquire, dispose of and commit their own shares and bonds in any manner, as per resolutions of the General Shareholders' Meeting; acquire and dispose of other fixed assets and commit them by any means; and acquire fixed assets and, with the prior opinion of the Audit Board, dispose of them by means of any acts or contracts, including to provide security interest.

d) Negotiate with any credit institution, particularly banks, each and every operation deemed necessary, namely by raising loans according to the terms, conditions and manner deemed most convenient;

e) Make bank account transactions, deposit and withdraw moneys; issue, draw, accept and endorse letters, promissory notes, checks, statements of invoices and any other credit instruments;

f) Admit to, desist from or compound with any actions;

g) Appoint Company representatives;

h) Carry out all other duties provided for in the Articles of Association or by law.

i) Ensuring the creation and operation of internal control and risk management systems.

The executive members of the Board of Directors make available any information requested by the company's Governing Bodies, namely to the Audit Board and the Board of the General Shareholders' Meeting, in a timely manner and as appropriate to the request.

AUDIT BOARD

The Audit Board, consisting of three permanent members and two alternate member, is responsible for supervising the management, verifying the compliance of the Company's accounts, accounting records and supporting documents, and ensuring compliance with the law and with the Company's Articles of Association.

As part of its function the Audit Board verify the internal audit process having access to all reports prepared which include, among others, matters related to accountability.

It is incumbent on the Audit Board to indicate, represent the company before, and supervise the activity and independency of, the External Auditor, directly interacting with him/her in accordance with his/her duties and the operating standards.

22. OPERATING REGULATIONS OF THE BOARD OF DIRECTORS

The Company is making efforts towards the creation and dissemination on the Company's website of the operating regulations of the board of directors and audit body.

23. NUMBER OF MEETINGS HELD AND DEGREE OF ATTENDANCE OF EACH MEMBER

The Board of Directors holds regular meetings, its resolutions being valid only when the majority of its members are present.

During the course of 2017, the Board of Directors convened seven times, and the corresponding minutes are registered in the Board of Directors' book of minutes having been present all its members

24. STATEMENT OF CORPORATE BODIES COMPETENT TO PERFORM A PERFORMANCE EVALUATION OF EXECUTIVE.

The General Shareholders' Meeting has delegated to the Remuneration Committee the specification of the remunerative policies to be applied, as well as the performance assessment of the members of the management body and the communication of information to the General Shareholders' Meeting on proposed policies and their compliance.

The remunerations policy for the Board of Directors and for the Audit Body is defined by an independent Remuneration Committee, based on criteria that meet the ability to create shareholder value. Definition of the above-mentioned criterion takes into account several factors including market comparative data and macroeconomic data.

25. PRE-DETERMINED CRITERIA FOR PERFORMANCE EVALUATION OF EXECUTIVE

As per approval by the Remuneration Committee, the fixed remuneration of the members of the Board of Directors is not directly dependent on the evolution of the Company share price or on income obtained.

However, all members of the Management Body are dependent on company income as regards the variable component of their annual remuneration, in what is usually designated as a “Balance Reward” or annual bonus, corresponding to an annual performance bonus calculated taking into account the assessment carried out by the Remuneration Committee within the scope of its duties

Regarding the policies to be followed in respect of the variable remuneration of the Management Body, this has been exclusively dependent on the annual net profits obtained by the company, following in a certain way the dividend payment and employee bonus policy approved by the General Shareholders’ Meeting which, in historical terms and in light of the aggregate total of the Board of Directors, has represented about 3% of annual net income, but with some flexibility in the range of allocation, which may fall to a lower limit of 1.5% and never exceed the upper limit of 4%.

26. AVAILABILITY OF EACH OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH INDICATION OF POSITIONS HELD SIMULTANEOUSLY IN OTHER BUSINESS IN AND OUT OF THE GROUP, AND OTHER RELEVANT ACTIVITIES HELD BY MEMBERS OF THOSE BODIES DURING THE YEAR

The executive members of the Board of Directors also carry out management duties in the following companies:

NAME	COMPANY	FUNCTION
Eng.º José Reis da Silva Ramos Chairman Board Directors TOYOTA CAETANO PORTUGAL, S.A	Rigor - Consultoria e Gestão, S.A. Saltano – Invest. e Gestão, SGPS, S.A. Caetano Auto, S.A. Caetano Renting, S.A Caetanobus – Fabricação. de Carroçarias, S.A. Caetano Aeronautic, S.A. Lusilectra – Veículos. e Equipamentos, S.A. Caetano Auto CV, S.A. Portianga - Comercio Internacional e Participações, S.A. Salvador Caetano - Indústria (SGPS), S..A. Salvador Caetano Auto África, SGPS, S.A. Grupo Salvador Caetano, SGPS, S.A. Salvador Caetano Auto, SGPS, S.A: Atlântica – Comp. Portuguesa de Pesca, S.A. Soc. Imobiliária Quinta da Fundega, Lda. Movicargo - Serviços Aduaneiros, Lda. Crustacil – Comércio de Marisco, Lda.	Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Member Board Directors Member Board Directors Member Board Directors Manager Manager Manager

NAME	COMPANY	FUNCTION
Drª Maria Angelina Martins Caetano Ramos Member Board Directors TOYOTA CAETANO PORTUGAL, S.A.	Grupo salvador caetano, SGPS, S.A. Atlântica – comp. Portuguesa de pesca, S.A. Poal - Pavimentações e Obras Acessórias, S.A. Auto Partner - Imobiliária, S.A. Cociga – Construções Civis de Gaia, S.A. Covim - soc. Agrícola, Silvícola e Imobiliária, S.A. Simoga - Sociedade Imobiliária de Gaia, S.A. Salvador Caetano Capital,SGPS, S.A. Salvador Caetano Auto, SGPS, S.A. Saltano – Invest. e Gestão, SGPS, S.A. Caetano Auto, S.A. Portianga – Com. Int. e Participações, S.A. Caetano - Baviera - Comércio de Automóveis, S.A. Salvador Caetano Auto África, SGPS, S.A. Caetano Auto CV, S.A. Crustacil – Comércio de Marisco, Lda. Maqtin - Comércio e Indústria de Máq. Ferramentas e Tintas, Lda.	Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Chairman Board Directors Vice-President Board Directors Member Board Directors Member Board Directors Member Board Directors Member Board Directors Member Board Directors Member Board Directors Manager Manager

NAME	COMPANY	FUNCTION
Eng.º Salvador Acácio Martins Caetano Member Board Directors TOYOTA CAETANO PORTUGAL, S.A.	Caetano-Baviera – Comércio de Automóveis, S.A.	Chairman Board Directors
	Salvador Caetano-Auto, SGPS, S.A.	Chairman Board Directors
	Caetano Retail, SGPS, S.A.	Chairman Board Directors
	Turispaiva – Soc. Turística Paivense, s.a	Chairman Board Directors
	Lavorauto - Administração Imb. E Cons. de Empresas, S.A.	Chairman Board Directors
	Grupo Salvador Caetano, SGPS, S.A.	Vice-President Boar Directors
	Rigor - Consultoria e Gestão, S.A.	Member Board Directors
	Saltano – Invest. E Gestão, SGPS, S.A.	Member Board Directors
	Caetano Renting, s.a	Member Board Directors
	Portianga – Com. Int. E participações, S.A.	Member Board Directors
	Cociga – Construções Civis de Gaia, S.A.	Member Board Directors
	Salvador Caetano Auto África, SGPS, S.A.	Member Board Directors
	Simoga - Sociedade Imobiliária de Gaia, S.A.	Member Board Directors
	Amorim Brito & Sardinha, Lda.	Manager
	Maqtin - Comércio e Indústria de Máq. Ferramentas e Tintas, Lda.	Manager

NAME	COMPANY	FUNCTION
Engº Miguel Pedro Caetano Ramos Member Board Directors TOYOTA CAETANO PORTUGAL, S.A.	Globalwatt, SGPS, S.A.	Chairman Board Directors
	Caetano Fórmula East África, S.A.	Chairman Board Directors
	Salvador Caetano Equipamentos, S.A.	Chairman Board Directors
	Caetanolyrsa, S.A.	Chairman Board Directors
	Drive Angola, S.A.	Chairman Board Directors
	Ibericar, Sociedad Iberica del Automóvil, S.A.	Chairman Board Directors
	Lidera Soluciones, S.L.	Vice-President Boar Directors
	Grupo Salvador Caetano, SGPS, S.A.	Member Board Directors
	Caetano - Baviera - Comércio de Automóveis, S.A.	Member Board Directors
	MDS Auto - Mediação de Seguros, S.A.	Member Board Directors
	Salvador Caetano Capital (SGPS), S.A.	Member Board Directors
	Portianga - Comércio Internacional e Participações, S.A.	Member Board Directors
	Caetano Retail, SGPS, S.A.	Member Board Directors
	Rigor - Consultoria e Gestão, S.A.	Member Board Directors
	Salvador Caetano - Auto, SGPS, S.A.	Member Board Directors
	Salvador Caetano Auto África, SGPS, S.A.	Member Board Directors
	Caetano Aeronautic, S.A.	Member Board Directors
	Auto Partner - Imobiliária, S.A.	Member Board Directors
	Salvador Caetano Indústra, SGPS, S.A.	Member Board Directors
	Ibericar Barcelona Premium, S.L.	Member Board Directors
	MAPFRE Seguros Gerais, S.A.	Member Board Directors
	Guerin - Rent - a - Car (Dois) LDA.	Manager
	Robert Hudson, Limitada	Manager
	Simba Caetano Fórmula, Limited	Manager
	Caetsu Publicidade - Comércio e Serviços (SU), Lda	Manager
	Caetano Renting Angola, LDA	Manager

NAME	COMPANY	FUNCTION
Dr. Rui Manuel Machado de Noronha Mendes Member Board Directors TOYOTA CAETANO PORTUGAL, S.A	Caetanobus - Fabricação de Carroçarias, S.A.	Member Board Directors
	Caetano Renting, S.A.	Member Board Directors
	Salvador Caetano Indústria (SGPS), S.A.	Member Board Directors

The executive member just perform on the boards of subsidiaries and affiliated companies and their availability is total.

Non-executive members do not perform any management duties in other companies, carrying out their professional activity in Toyota Motor Europe.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

The information provided in items 27 to 29 of the model attached to CMVM Regulation no. 4/2013 is not applicable to the Company.

Considering the composition of the Board of Directors, the governance model and the shareholder structure of the company, the Board of Directors does not understand appropriate the creation of special committees.

III. SUPERVISORY BOARD

COMPOSITION

30. IDENTIFICATION OF THE SUPERVISORY BOARD

The supervisory board adopted according to the Latin model of corporate governance is the Audit Board

31. COMPOSITION OF THE AUDIT BOARD

Audit Board, consisting of three permanent members and two alternate member.

The Audit Board, elected in 2015 for a period of four years, its mandate ending in 2018 and its duties are detailed as follows:

Member	Function	Independence	Share	Date designation
José Domingos da Silva Fernande	Chairman	Yes	0	2011-04-28
Alberto Luis Lema Mandim	Member	Yes	0	2012-04-27
Daniel Broekhuizen	Member	Yes	0	2016-04-28
Maria Lívia Fernandes Alves	Alternate Member	Yes	0	2012-04-27
Kenichiro Makino	Alternate Member	Yes	0	2016-04-28

32. IDENTITY OF THE AUDIT BOARD CONSIDER THAT INDEPENDENT PURSUANT TO ART. 414., PARAGRAPH 5 CSC

The Chairman of the Audit Board is independent, according to the criteria laid down in Article 414 (5) of Código das Sociedades Comerciais (Portuguese Commercial Companies Code), and in addition the Audit Board carries out the correspondent self-evaluation.

33. QUALIFICATIONS FOR EACH MEMBER OF THE AUDIT BOARD

The members of the Audit Board have appropriate skills to carry out their roles and the Chairman is properly supported by the other members of the Audit Board (Annex I).

OPERATION

34. REGULATION OF OPERATION OF THE AUDIT BOARD

The regulations for the operation of the audit board are not disclosed on the website of the company.

External Auditor / Statutory Auditor

Under Article 420., Paragraph 1, paragraphs c), d), e) and f) and 446., Paragraph 3 of the Commercial Companies Code, the Statutory Auditors to control the regularity of the accounting records and documents supporting materials, as well as, when appropriate, and by the way thought adequate, the extent of cash and stocks of any kind of goods or assets belonging to the Company or received as collateral, deposit or other security, and also the accuracy of the individual and consolidated financial statements and the accounting policies and valuation criteria adopted by the Company to conduct a proper assessment of the assets and profits.

Following the entry into force of Decree-Law n. º 185/2009, of 12 August also the Statutory Auditors has duty attest the Corporate governance report published annually contains the elements required under the law, namely, in respect of qualifying holdings in the share capital of the Company, the identification of holders of special rights and description of such rights, any restrictions on voting rights, the rules governing the appointment and replacement of directors and the amendment of Bylaws Society, the powers and proceedings of the board, and key elements of the internal control systems and risk management implemented in the Company in relation to the financial reporting process

35. NUMBER OF MEETINGS HELD AND DEGREE OF ATTENDANCE AT MEETINGS HELD EACH MEMBER OF THE AUDIT BOARD

The Audit Board met five times during the year 2017 and the corresponding recorded in the minutes book of the minutes of the Audit Committee, having been present all its members.

36. AVAILABILITY OF EACH OF THE AUDIT BOARD MEMBERS WITH INDICATION OF POSITIONS HELD SIMULTANEOUSLY IN OTHER BUSINESS IN AND OUT OF THE GROUP, AND OTHER RELEVANT ACTIVITIES HELD BY THE MEMBERS OF THAT BODY

During the past five years, the members of the Audit Board have carried out other duties in the following companies:

José Domingos da Silva Fernandes
Chairman of the Audit Board for the companies
- Caetano – Baviera – Comércio de automóveis, SA (Grupo Salvador Caetano)

Statutory Auditor for the companies
- Multiponto, SA
- Summertime – Sociedade Imobiliária, SA
- Convemaia – Sociedade Imobiliária, Sa
- BDS, SGPS, SA
- ONIRAM – Sociedade Construtora de Máquinas Industriais, Lda

Alberto Luis Lema Mandim
Member of the Audit Board for the company
- Caetano Auto SA

Presidentr of the Audit Board for the company
- Fundação Salvador Caetano

Maria Lívia Fernandes Alves:
Member of the Audit Board for the company
- Caetano Auto SA

Kenichiro Makino : does not perform any other duties in other Companies

POWERS AND FUNCTIONS

37. PROCEDURES AND CRITERIA FOR INTERVENTION OF THE AUDIT BOARD FOR THE PURPOSE OF EMPLOYMENT OF ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

The Audit Board has the duty of supervising the activity and independence of the External Auditor, interacting with him under the terms of his/her competences and operating standards and is the first recipient of the External Auditor's Report.

Furthermore, the Audit Board is responsible for proposing the provider of external audit services and the relevant remuneration and for ensuring that suitable conditions for the provision of the services are provided within the Company. Finally, the Audit Board evaluates the External Audit on an annual basis and submits to the General Shareholders' Meeting the proposal for his/her dismissal whenever there is fair grounds to that end.

38. OTHER FUNCTIONS OF THE AUDIT BOARD

Regarding this matter, reference is made in item 21 of Part I

IV. STATUTORY ACCOUNTANT

39. IDENTIFICATION OF STATUTORY ACCOUNTANT AND SOCIAL AUDITOR THAT REPRESENTS

Statutory Accountant, in the person of José Miguel Dantas Maio Marques, representing the company PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. nº 9077 in CMVM.

40. NUMBER OF YEARS IN THE STATUTORY ACCOUNTS HELD TOGETHER CONSECUTIVELY FUNCTIONS OF THE COMPANY AND / OR GROUP

The current Statutory Auditors office held consecutively with the Company since 2010

41. OTHER SERVICES

The item "Other services" includes verification of the values reported in the billing reports in the scope of the fulfillment of the contractual obligations arising from the contract concluded under the Framework Agreement - Motor Vehicles and Motorcycles within the competence of the Public Purchase Agency and certification of the annual declaration on tires introduced in the Portuguese territory for the year 2016.

The Board of Directors, when requesting projects, before awarding them ensures that, under the terms of European Commission Recommendation No. C (2002) 1873 of 16 May 2002, no services are contracted of the auditors and their network liable to compromise their independence.

V. EXTERNAL AUDITOR

42. IDENTIFICATION OF THE EXTERNAL AUDITOR DESIGNATED FOR PURPOSES OF ART. 8. º AND SOCIAL AUDITOR THAT STANDS IN COMPLIANCE WITH THESE FUNCTIONS AS WELL AS THE RESPECTIVE REGISTRATION NUMBER IN CMVM

External auditoris the company PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. nº 9077 in CMVM

43. NUMBER OF YEARS IN THE EXTERNAL AUDITOR AUDITOR AND THE RESPECTIVE MEMBER ACCOUNTS OFFICER THAT THE STANDS TO MEET THESE FUNCTIONS FUNCTIONS CONSECUTIVELY EXERCISED TO THE COMPANY AND / OR GROUP

The external auditor performs functions sequentially with the Company since 2010.

44. POLICY AND FREQUENCY OF THE EXTERNAL AUDITOR ROTATION AND RESPECTIVE SOCIAL AUDITOR THAT STANDS IN COMPLIANCE WITH THESE FUNCTIONS

Is not internally defined any policy of mandatory rotation of external auditor, in addition to the legally applicable to public interest entities, being the period of mandatory rotation of statutory social accounts representing the External Auditor on the performance of these functions due to the combination the paragraph. 2 of article 54. Statute of the Order of Chartered Accountants (7 years).

45. BODY RESPONSIBLE FOR ASSESSMENT OF EXTERNAL AUDITOR AND FREQUENCY WITH WHICH THIS ASSESSMENT IS MADE

The Audit Board undertakes an annual assessment of the work of the External Auditor, ensuring that the fulfilment of the provisions laid down in Article 54 of Decree-Law No. 487/99 of 16 November (amended by Decree-Law No. 224/2008, 20 November) in relation to the rotation of the partner responsible for implementing the work.

46. IDENTIFICATION OF SERVICES, OTHER THAN AUDIT, PERFORMED BY THE EXTERNAL AUDITOR FOR THE COMPANY AND / OR COMPANIES WITH IT APPLIED IN A CONTROL, AND STATEMENT OF INTERNAL PROCEDURES FOR THE PURPOSE OF APPROVAL OF EMPLOYMENT OF SUCH SERVICES AND STATEMENT OF REASONS FOR HIRING.

The item “Other services” were essentially service of compliance granted.

The Board of Directors, when requesting projects, before awarding them ensures that, under the terms of European Commission Recommendation No. C (2002) 1873 of 16 May 2002, no services are contracted of the auditors and their network liable to compromise their independence.

47. ANNUAL REMUNERATION PAID BY THE COMPANY AND / OR BY A COLLECTIVE OF OR IN RELATION TO THE FIELD GROUP AUDITOR AND OTHER INDIVIDUALS OR COLLECTIVE IN THE SAME NETWORK AND DISCRIMINATION OF PERCENTAGE OF EVERY TYPE OF SERVICE

The remunerations paid to our auditors and to other legal persons belonging to the same network, by the companies bearing a control or group relationship, amount to 60.575 Euro, distributed as follows:

Company	€	%
Value of audit services	28.000	45%
Value of other services	1.000	2%
Group companies		
Value of audit services	31.575	52%

C. ORGANIZATION

I. STATUTES

48. RULES FOR THE AMENDMENT OF ARTICLES COMPANY STATUTES

Amendment of articles of the company statutes is possible only upon approval by the General Assembly by a majority of 75% of capital.

In order to deliberate on the matters referred to in the previous point, if the required majority is not present during the first convening notice, the General Shareholders' Meeting will meet fifteen days later in order to deliberate on the same matters, with the requirement that the respective decision be voted by a seventy-five percent majority of the votes from present or represented shareholders.

II. REPORTING OF IRREGULARITIES

49. MEDIA AND POLITICS WHISTLEBLOWING OCCURRED IN SOCIETY

The reporting of irregularities shall be effected through the delivery of a written document or by internal e-mail addressed to the market liaison officer (point 57 of part I). This officer will in turn use all available means for the analysis and verification of the reported facts, keeping, if required, the confidentiality of the initial information and firstly reporting the findings to the Board of Directors, who will then consider if they shall be disclosed to the market, within legally established parameters, if such disclosure is deemed necessary.

These reports are filed for a minimum period of five years, and are made available to the Auditors on demand.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. PEOPLE, BODIES OR COMMITTEES RESPONSIBLE FOR INTERNAL AUDIT AND/OR FOR THE IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS

At Toyota Caetano Portugal, S.A., the control of risks inherent to the activity is carried out directly by the Board of Directors and is assessed on an annual basis by the Audit Board.

51. EXPLANATION, ALSO INCLUDING ORGANISATIONAL CHART, OF THE HIERARCHICAL AND/OR FUNCTIONAL RELATIONSHIPS OF OTHER COMPANY BODIES OR COMMITTEES

The Company produces financial information on a regular basis, and all the management information produced for both internal use and to be used by other entities, it is prepared using computer systems.

The Company Board of Directors delegates powers in the directors responsible for each of the divisions company which meets periodically for analysis and monitoring of developed financial information subject to regular monitoring carried out by the Board of Directors and the operational direction of the company.

Chart in point 21 of part I.

52. EXISTENCE OF OTHER FUNCTIONAL AREAS WITH COMPETENCES FOR RISK CONTROL

There is no other functional areas with competences for risk control beyond those referred to in point 50 of part III.

53. IDENTIFICATION OF THE MAIN TYPES OF RISK (ECONOMIC, FINANCIAL AND LEGAL) TO WHICH THE COMPANY IS EXPOSED WHEN CONDUCTING BUSINESS

In its activities, Toyota Caetano is subject, in each of its business areas or of its subsidiaries, to a multitude of risks that have been identified in order to mitigate and control.

Credit to customers

Toyota Caetano's credit risk is mainly associated with loans to customers, related to its operating activity, the risk that a customer pays late or does not pay for property acquired primarily due to lack of liquidity.

The main goal of Toyota Caetano's credit risk management is to ensure the effective collection of the operating receivables from its Customers, according to the negotiated payment terms.

Interest rate risk

As a result of the relevant proportion of debt at variable rate in its Consolidated

Balance Sheet, and of the subsequent interest payment cash flows, Toyota Caetano is exposed to interest rate risk.

Exchange Rate Risk

As a geographically diversified Group, with subsidiaries located in Cape Verde, the exchange rate risk is mainly the result of commercial transactions, arising from the purchase and sale of products and services in a currency that is different from the functional currency of each company.

Liquidity Risk

Liquidity risk management at Toyota Caetano Group aims that the company has the ability to obtain, in a timely manner, the necessary funding to be able to undertake its business activities, implement its strategy and meet its payment obligations when due, while avoiding the need to obtain funding under unfavourable terms.

54. DESCRIPTION OF THE RISK IDENTIFICATION, ASSESSMENT, MONITORING, CONTROL AND MANAGEMENT PROCESS

Credit to customers

In order to mitigate the credit risk that results from the potential customer-related defaults on payments, the group's companies that are exposed to this risk have:

- a specific credit risk analysis and monitoring department;

- proactive credit management processes and procedures that are implemented and always supported by information systems;

- hedging mechanisms (credit insurance, letters of credit, etc).

Interest rate risk

Toyota Caetano has been using financial derivatives to hedge, at least partially, its exposure to interest rate variations.

Exchange Rate Risk

The exchange rate risk management policy seeks to minimize the volatility of the investments and operations denominated in foreign currencies, contributing to reduce the sensitivity of the group's results to exchange rate fluctuations. the group's exchange rate management policy is focused on a case-by-case assessment of the opportunity to hedge this risk, taking into account, particularly, the specific circumstances of the currencies and countries in question.

Toyota Caetano has been using financial derivatives to hedge, at least partially, its exposure to exchange rate variations.

Liquidity Risk

Liquidity risk management at Toyota Caetano Group aims at:

(i) Liquidity, i.e. guaranteeing continued access in the most efficient way to sufficient funds to meet current payments on their due dates, as well as any requests for funds, within the times set for such, even where these are not planned;

(ii) Safety, i.e. minimizing the probability of default in repayment of any application of funds; and

(iii) Financial efficiency, i.e. ensuring that Companies maximize the value/minimize the opportunity cost of holding excess liquidity in the short term.

Any surplus liquidity in the Group is applied to the amortization of short-term debt, as per the criteria of economic and financial reasonableness.

For detailed for this purpose, the Group's liquidity management involves the following aspects:

a) A consistent financial planning based on operating cash flow forecasts for different time horizons (weekly, monthly, annual and multi-annual);

b) The diversification of funding sources;

c) The diversification of the maturities of the debt issued in order to avoid excessive concentrations of debt repayments in short periods of time;

d) The arrangement of committed (and uncommitted) credit facilities, commercial paper programmes, and other types of financial operations with relationship Banks, ensuring the right balance between satisfactory liquidity levels and adequate commitment fees.

55. MAIN ELEMENTS IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED AT THE COMPANY WITH REGARD TO THE FINANCIAL INFORMATION DISCLOSURE PROCESS (ART. 245(A)(1) (M))

It should be noted further that the risk management set out above includes the following:

- Sensitivity analysis (measurement of potential impacts according to the likelihood of occurrence of each risk);

- strategic alignment of the company according to the risks actually incurred;

- mechanisms for controlling the execution of the risk management measures adopted and their effectiveness;

- information and communication internal mechanisms on the various components of the risk alert system.

IV. INVESTOR SUPPORT

56. OFFICE RESPONSIBLE INVESTOR SUPPORT, COMPOSITION, FUNCTIONS, SERVICES PROVIDED BY SUCH INFORMATION AND ELEMENTS FOR CONTACT

Although no Investor Assistance Office has yet been formally established, this task is carried out by the market liaison officer. Whenever necessary, the market liaison officer ensures the provision to the market of all relevant information regarding noteworthy events, facts susceptible of inclusion within the framework of relevant facts, quarterly disclosure of income and answers to any clarification requests made by investors or by the general public as regards financial information of a public nature.

57. MARKET LIAISON OFFICER

Market liaison officer:

Rui Manuel Machado de Noronha Mendes

Telefone: 227867203

E-mail: rmendes@toyotacaetano.pt

58. MARKET LIAISON OFFICER, COMPOSITION, FUNCTIONS, SERVICES PROVIDED BY SUCH INFORMATION AND ELEMENTS FOR CONTACT

The representative for market relations receives calls daily with various issues, including clarification on dividends and other general meetings, usually answered immediately when the information is public.

V. WEB SITE

59. ADRESS

The website of the Company, www.toyotacaetano.pt, is available in Portuguese and in English according to CMVM VI.1 recommendation.

60. SITE OF INFORMATION ABOUT THE FIRM, THE PUBLIC COMPANY STATUS, HEADQUARTERS AND REMAINING DATA PROVIDED FOR IN ARTICLE 171 OF THE COMPANIES CODE

On the page of the Company's Internet within the tab identified as "investors" we find a tab for the "Company", where is published information on the company, the public company status , headquarters and remaining data provided for in Article 171 of the Commercial Companies Code .

61. SITE OF INFORMATION ABOUT THE STATUTES AND THE OPERATING REGULATIONS OF THE ORGANS AND / OR COMMITTEES

On the page of the Company's Internet within the tab identified as "investors" we find a tab for the "Company", where is published information of The Statutes ;

62. SITE OF INFORMATION OF THE IDENTITY OF THE CORPORATE OFFICERS, THE REPRESENTATIVE FOR MARKET RELATIONS, THE INVESTOR SUPPORT OFFICE OR EQUIVALENT STRUCTURE, THEIR FUNCTIONS AND LOCAL ACCESS MEANS WHERE THE STATUTES AND OPERATING REGULATIONS OF ORGANS AND / OR COMMITTEES

On the page of the Company's Internet within the tab identified as "investors" we find a tab for the "Company", where is published information of corporate officers;

Also find on the page of the Company's Internet within the tab identified as "investors" we find a tab for the "Investor support" where is published the representative for market relations, the investor support office or equivalent structure, their functions and local access.

63. SITE OF INFORMATION PROVIDE THE FINANCIAL STATEMENT WHICH MUST BE ACCESSIBLE FOR AT LEAST FIVE YEARS AS WELL AS THE SEMI-ANNUAL CALENDAR OF CORPORATE EVENTS, AT THE BEGINNING OF EACH SEMESTER, INCLUDING, AMONG OTHERS, THE GENERAL MEETINGS, DISCLOSURE OF ACCOUNTS ANNUAL AND, IF APPLICABLE, QUARTERLY

On the page of the Company's Internet within the tab identified as "investors" we find a tab for the "Reports and accounts" where is disclosed for five years, the documents presenting the accounts for each financial year.

On the page of the Company's Internet within the tab identified as "investors" we find a tab for the "Calendar of events" is published the calendar of corporate events.

64. SITE OF INFORMATION WHERE IS PUBLISHED THE NOTICE FOR THE GENERAL MEETING AND ALL THE PREPARATORY AND SUBSEQUENT INFORMATION RELATED TO IT

On the page of the Company's Internet within the tab identified as "investors" we find a tab for the "General Meeting" where we find the disclosure of the notice, resolutions and minutes of the General Assembly.

65. SITE OF INFORMATION WHERE IT PROVIDES THE HISTORICAL RESOLUTIONS PASSED AT THE GENERAL MEETINGS OF THE COMPANY, THE REPRESENTED CAPITAL AND THE VOTING RESULTS, WITH REFERENCE TO THE SEVEN YEARS PERIOD

On the page of the Company's Internet within the tab identified as "investors" we find a relative to "General Meetings" tab where we find a historical record with the resolutions passed at general meetings of the company, the represented share capital and the voting results, with reference to the 7 year period.

D. REMUNERATION

I. JURISDICTION TO DETERMINE

66. INDICATION AS TO THE JURISDICTION TO DETERMINE THE REMUNERATION OF GOVERNING BODIES, OF MEMBERS OF THE MANAGING DIRECTOR AND EXECUTIVE OFFICERS OF THE COMPANY

The remuneration policy of the Board of Directors and Audit Board is set by an independent Remuneration Committee, based on criteria that meet the ability to create shareholder value. In defining the criteria stated above are taken into account several factors including comparative market data and macroeconomic data.

II. REMUNERATION COMMITTEE

67. COMPOSITION OF THE CHARGES, INCLUDING IDENTIFICATION OF INDIVIDUALS OR COLLECTIVE CONTRACTED FOR YOU SUPPORT AND DECLARATION OF INDEPENDENCE OF EACH OF THE MEMBERS AND ADVISORS

The Remuneration Committee consists of the following members:

- Alberto Luis Lema Mandim
- Maria Conceição Monteiro Silva
- Francelim Costa da Silva Graça

68. KNOWLEDGE AND EXPERIENCE OF MEMBERS OF THE REMUNERATION POLICY OF REMUNERATION

The professional experience of the members of the Remuneration Committee allows them to exercise their responsibilities effectively, while safeguarding the interests of the Company.

The seniority of the members of the Committee in carrying out their duties should be noted in this respect.

The Remuneration Committee to support the performance of its functions didn't contract any singular or collective entity that provides or has provided, over the past three years, services to any structure subject of the corporate boards, to the corporate boards itself or has current relationship with the company or consultant of the company.

III. STRUCTURE OF REMUNERATION

69. DESCRIPTION OF THE REMUNERATION OF MANAGEMENT AND SUPERVISORY REFERRED TO IN ARTICLE 2. º LAW NO. 28/2009 OF 19 JUNE

The remunerations policy for the Board of Directors and for the Audit Body is defined by an independent Remuneration Committee, based on criteria that meet the ability to create shareholder value. Definition of the above-mentioned criterion takes into account several factors including market comparative data and macroeconomic data.

The policy for remuneration of the directors responsible for each of the divisions identified in the functional organization chart of the Company presented of this report is structured based on a balance between the level of responsibility, in the fixed part, and performance against targets set both at the level of budgetary follow-up and for the result of previously agreed projects, in the variable part.

70. INFORMATION ON HOW THE REMUNERATION IS STRUCTURED WAY TO ALIGN THE INTERESTS OF MEMBERS OF THE BOARD OF DIRECTORS TO THE LONG TERM INTERESTS OF THE COMPANY AS WELL AS ON THE WAY IT IS BASED ON PERFORMANCE EVALUATION AND EXCESSIVE DISCOURAGES RISKS.

As per the Remuneration Committee's attached statement (Annex II), there are mechanisms within the Company that permit alignment of the interests of the members of the Management Body with the interests of the company.

71. REFERENCE, IF APPLICABLE, THE EXISTENCE OF A VARIABLE COMPONENT OF REMUNERATION AND INFORMATION ABOUT POSSIBLE IMPACT OF PERFORMANCE APPRAISAL IN THIS COMPONENT

As approved by the Remuneration Committee sets the remuneration of the members of the Board of Directors is not directly dependent on the evolution of the share price of the Company or of the results obtained.

72. DEFERRED PAYMENT OF VARIABLE COMPONENT OF REMUNERATION TO MENTION THE PERIOD OF DEFERRED

There were no deferred payment of the variable component.

73. CRITERIA WHICH IS BASED ON THE ALLOCATION VARIABLE REMUNERATION SHARES

There is no allocation of variable remuneration in shares and taking into account the model of remuneration the members of the Board of Directors doesn't celebrate any contracts with the company or with third parties to mitigate the risk inherent in the variability of remuneration.

There is no agreement by the Board of Directors for the award of variable remuneration in shares

There is no agreement by the Board of Directors that have the effect to mitigate the risk inherent in the variability of remuneration fixed by the company.

74. CRITERIA WHICH IS BASED ON THE ALLOCATION VARIABLE REMUNERATION IN OPTIONS

No variable remuneration in options

75. MAIN PARAMETERS AND GROUNDS OF ANY SYSTEM ANNUAL AWARDS AND ANY OTHER NON-CASH BENEFITS

Members of the Board of Directors are dependent on the performance of the company in the variable portion of their annual compensation, as is usually designated as "Bonus Balance" or annual bonus, corresponding to an annual performance bonus determined taking into account the assessment made by the Remuneration Committee as part of their duties.

76. MAIN FEATURES OF ADDITIONAL PENSION SCHEME OR EARLY RETIREMENT FOR DIRECTORS

Toyota Caetano Portugal, S.A. (together with other affiliates) has constituted a pension fund by public deed on 29 December1988. This Pension Fund initially provided, initially and as long as Toyota Caetano continued with its decision to make contributions to the fund, for the workers to receive, from the date of their retirement, a non-updateable supplement to be determined based on a percentage of salary, among other conditions.

Given the economic circumstances as of 1 January 2008 Toyota modified the conditions of Salvador Caetano Pension Fund, which can be summarized as follows:

- retention of a Defined Benefits system (20% of social security pensionable salary as at the date of retirement (65 years)) for current pensioners and beneficiaries of deferred pensions, and also for all current employees of member companies of Salvador Caetano Group who on 1 January 2008 were over 50 years of age with more than 15 years' service in the company;

- a Defined Contribution Scheme for the rest of the employees of the group.

The members of the Board of Directors benefit from the Salvador Caetano Pension Fund provided that they fulfil all the requirements demanded for any other employee of one of the companies of the universe included in the Pension Fund.

Currently, the pension fund covers the members of the Board of Directors who meet the above conditions.

IV. DISCLOSURE OF REMUNERATION

The information below covers the points 77 to 81 of Part I of the form attached to CMVM Regulation no. 4/2013

The remunerations obtained by the members of the Board of Directors and Audit Board of Toyota Caetano Portugal, S.A. during the financial year of 2015 for the performance of their duties in the Company and in other Companies of the Group are as follows:

Remunerations	Fixed Component		Variable Component		Total
	Company	Toyota Group Companies	Company	Toyota Group Companies	
BOARD OF DIRECTORS					
José Reis da Silva Ramos	155.013	0	0	0	155.013
Maria Angelina Martins Caetano Ramos	113.941	290.200	0	0	404.141
Salvador Acácio Martins Caetano	0	0	0	0	0
Rui Manuel Machado Noronha Mendes	83.655	0	0	0	83.655
Miguel Pedro Caetano Ramos	0	0	0	0	0
Matthew Peter Harrison	0	0	0	0	0
Nobuaki Fujii	0	0	0	0	0
Yoicho Sato	0	0	0	0	0
AUDIT BOARD					
José Domingos da Silva Fernandes	4.900	0	0	0	4.900
Alberto Luis Lema Mandim	3.500	0	0	0	3.500
Daniel Broekhuizen	0	0	0	0	0
Maria Lívia Fernandes Alves	0	0	0	0	0
Kenichiro Makino	0	0	0	0	0
Total	**361.009**	**290.200**	**0**	**0**	**651.209**

During the year ended December 31, 2017 didn't occur any cession of functions of any executive member and there wasn't no payment or due any payment as compensation.

82. REMUNERATION OF THE YEAR OF REFERENCE OF THE CHAIRMAN OF THE GENERAL ASSEMBLY

The remuneration of the Chairman and Vice-Chairman of do Board of the General Shareholders' Meeting consists of a fixed amount corresponding to the actual attendance to the meetings held during 2017.

In 2017 both Chairman and Vice-Chairman did not earn any remuneration.

V. AGREEMENTS WITH IMPLICATIONS REMUNERATION

The information provided in sections 83 and 84 of the model attached to CMVM Regulation no. 4/2013 is not applicable to the Company.

VI. PLANS FOR ALLOTMENT OF SHARES OR OPTIONS ON SHARES

The information provided in paragraphs 85 to 87 of the model attached to CMVM Regulation no. 4/2013 is not applicable to the Company as the Company has not adopted any plans to allot shares or any plans allocation of purchase of shares to members of governing bodies or employees options.

E. TRANSACTIONS WITH RELATED COMPANIES

I. MECHANISMS AND CONTROL PROCEDURES

89. MECHANISMS IMPLEMENTED BY THE COMPANY FOR PURPOSES OF CONTROLLING TRADES WITH RELATED PARTIES (PLEASE SEE THE CONCEPT RESULTING FROM IAS 24)

During financial year 2017 no business or transactions were performed between the company and holders of qualified holdings or entities with whom they have any relationship, pursuant to Article 20. of Código dos Valores Mobiliários (Portuguese Securities Code), outside of normal market conditions.

90. INDICATION OF THE TRADES WHICH WERE SUBJECT TO CONTROL IN THE REFERENCE YEAR

The Audit Board, within the scope of its remit, in accordance with the previous points, did not conduct a preliminary assessment of the business carried out between the company and holders of qualified holdings or entities with whom they have any relationship, pursuant to Article 20 of Código dos Valores Mobiliários (Portuguese Securities Code).

91. DESCRIPTION OF THE PROCEDURES AND CRITERIA APPLICABLE TO THE INTERVENTION OF THE SUPERVISORY BODIES FOR THE PURPOSES OF ASSESSING BUSINESS BETWEEN THE COMPANY AND THE HOLDERS OF QUALIFIED SHAREHOLDINGS OR ENTITIES WITH WHICH THEY ARE IN ANY RELATIONSHIP, PURSUANT TO ARTICLE 20 OF THE PORTUGUESE SECURITIES CODE

The Audit Board within its competence, in accordance with the above points, did not make prior assessment to the transactions between the company and the qualifying shareholders or entities with which they are in any relationship, in accordance with Article 20 of Securities code

II. ELEMENTS FOR TRANSACTIONS

92. PLACE OF DOCUMENTS OF ACCOUNTABILITY WHERE IS AVAILABLE INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Business with related parties are disclosed in Note 36 to the consolidated financial statements of the Annual Report 2016.

The Report is available on the Company's website at www.toyotacaetano.pt as well as in the field of Securities Market Commission www.cmvm.pt.

PART II - EVALUATION OF CORPORATE GOVERNANCE

1. Identification of the Code of Corporate Governance adopted

The Report was prepared in compliance with the guidelines laid down in CMVM (Comissão do Mercado de Valores Mobiliários – Portuguese Securities Market Commission) Regulation No. 4/2013of 18 July.

2. Compliance with the recommendations contained in CMVM's Corporate Governance Code

CMVM RECOMMENDATIONS	COMPLIANCE	REPPORT
I. ELIGIBILITY AND CORPORATE CONTROL		
I.1. Companies should encourage shareholders to attend and vote at general meetings, in particular by not setting an excessively high number of shares required to be entitled to one vote and implementing the necessary to exercise the right to vote by postal voting and electronic postal voting.	Yes	Item 12
I.2. Companies should not adopt mechanisms that hinder the passing of resolutions by shareholders, including shall not set a constitutive or deliberating quorum which outnumbers that which is provided for by Law.	No	Item 12
I.3Companies should not establish mechanisms that have the effect of causing the gap between the right to receive dividends or subscription of new securities and the voting rights of each share, unless duly justified by reference to the long-term interests of shareholders.	Yes	Item 12

I.4. . The articles of association of companies that, in fulfilling this principle, provide for the limitation of the number of votes that may be held or exercised by a single shareholder, individually or jointly with other shareholders, should also provide that the change or maintenance of this statutory provision be subject to decision by the General Shareholders' Meeting at least every five years - with no aggravated quorum requirement compared to the legal quorum - and that this decision shall count all the votes cast without operation of that restriction.	No	Item 12
I.5. Defensive measures should not be adopted where these are automatically intended to cause serious erosion of company equity in the event of transfer of control or change in the composition of the board of directors and thus obstruct the free transferability of shares and free assessment by shareholders of the performance of the members of board of directors.	Yes	Item12
II.1. SUPERVISION, GOVERNING AND AUDITING BODIES II.1. SUPERVISION AND GOVERNING		
II.1.1. Within the limits established by law for each governing and auditing structure, and unless the company is of a reduced size, the board of directors shall delegate the day-to-day running of the company and the delegated duties should be identified in the annual report on Corporate Governance.	Yes	Item 21
II.1.2. The board of directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions that should be considered to be strategic due to the amounts, risk or particular characteristics.	Yes	Item 21
II.1.3 1 In addition to fulfilling its auditing duties, the general and supervisory board must assume full responsibility to the corporate governance level, so by the statutory provision or by equivalent means, shall be paid to the requirement of this organ decide on the strategy and major policies of society, the definition of the corporate structure of the group and the decisions that must be considered strategic due to the amounts or risk. This body should also assess compliance with the strategic plan and the implementation of major policies of the company.	Not Applicable	
II.1.4. Unless the company is of a reduced size and depending on the model adopted, the board of directors and the general and supervisory board, shall set up the necessary committees in order to: a) ensure that a competent and independent assessment of the executive board members' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; b) study the adopted governance system and verify its efficiency and propose to the competent bodies measures to be carried out with a view to its improvement	Not Applicable	
II.1.5. Unless the company is of a reduced size and depending on the model adopted, the board of directors and the general and supervisory board should set goals in terms of risk-taking and create systems for their control to ensure that the risks actually incurred are consistent with those goals.	Yes	Item 50
II.1.6. The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of executive members' activity.	No	Item 17

II.1.7The non-executive board members must include an adequate number of independent directors, taking into account the governance model adopted, the size of the company and its shareholder structure and the respective free float. The independence of the members of the General and Supervisory Board and Member of the Audit Committee is assessed in accordance with applicable law , and as to the other members of the Board are considered independent person who is not associated with any group of interests specific society , nor under any circumstance likely to affect their impartiality of analysis or decision , particularly in relation to : a) Have been employees of the company or a company with which it is found in a control or group in the past three years; b) Have , in the past three years , provided services or established significant business relationship with the company or company with which it is in a control or group , either directly or as a partner, director, manager or officer of a legal person ; c) Being in favor of compensation paid by the company or by a company with which it is found in a control or group than the remuneration resulting from the exercise of the duties of a director; d) Living in consensual union, or a spouse , relative or order in and straight up to the 3rd degree , even in the collateral line , administrators or individuals directly or indirectly qualifying shareholders e) Be qualified shareholder or representative of a shareholder holding qualifying holdings .	No	Item 18
II.1.8. When the board members that carry out executive duties are requested by other members of governing bodies to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.	Yes	Item 21
II.1.9. The chairman of the executive committee shall send the convening notices and minutes of the meetings to the chairman of the board of directors and, when applicable, to the chairman of the audit board or of the audit committee.	Yes	Item 21
II.1.10. If the chairman of the board of directors carry out executive duties, this 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 that they can make independent and informed or find an equivalent mechanism to ensure such coordination.	No	Item 18
II.2. AUDITING BODIES		
II.2.1. Depending on the applicable model, the chairman of the audit board, of the audit committee or of the committee on financial matters, should be independent and should have the appropriate skills to carry out his/her duties.	Yes	Item 32
II.2.2. The auditing body should be the main interlocutor of the external auditor and the first recipient of their respective reports, responsible for the propose the respective remuneration and to ensure that they are provided within the company, the appropriate conditions for the provision of services.	Yes	Item21
II.2.3. The auditing body, shall assess the external auditor on an annual basis and advise the General Shareholders' Meeting that he/she be discharged whenever justifiable grounds are present.	Yes	Item 45
II.2.4. The auditing board shall evaluate the functioning of the internal control systems and risk management and propose adjustments that may be required.	Yes	Item 21
II.2.5. The Audit Committee, the General and Supervisory or the Audit Board shall decide on the work plans and affections to internal audit services and services that ensure compliance with	Yes	Item 21

the rules applicable to the company (compliance services) resources, and should be addressed to the reports from these services at least when they are concerned matters related to accountability identification or resolution of conflicts of interest and the detection of potential illegalities.		
II.3. REMUNERATION		
II.3.1. Members of the remuneration committee or alike, shall be independent from the members of the board of directors and shall include at least one member with knowledge and experience in remuneration policy matters.	No	Item 68
II.3.2. No natural or legal person who provides or has provided, over the past three years, services to any structure under dependence of the Board of Directors, the company's Board of Directors itself or who is currently in a relationship with a company consultancy agency, shall be hired to support the Remuneration Committee in the performance of its duties. This recommendation also applies to any natural or legal person who has an employment or service provision contract with those bodies.	Yes	Item 68
II.3.3. The statement on the remuneration policy for the board of directors and the audit body, referred to in Article 2 of Law 28/2009 of 19 June, shall, in addition to the contents specified therein, contain sufficient information on: a) Identification and explanation of the criteria for determining the remuneration to be paid to members of governing bodies; b) Information on the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate, to be paid to members of governing bodies, and identification of the circumstances under which these maximum amounts may be payable; d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of administrators.	No	Item 69
II.3.4. A proposal shall be submitted at the General Shareholders' Meeting on the approval of schemes for the allotment of shares and/or stock options or further yet based on the fluctuations in share prices, to members of the governing and auditing bodies and other directors information for a correct assessment of the scheme.	Not Applicable	
II.3.5. Must be submitted to the General Meeting a proposal on the approval of any system of retirement benefits established for members of governing bodies. The proposal should contain all the elements necessary for a correct evaluation of the system.	Yes	Item 76
III. REMUNERATION		
III.1. The remuneration of the members of the board of directors should be structured to allow the alignment of their interests with the company's long-term interests and should be based on performance evaluation, and should discourage excessive risk taking.	Yes	Item 70
III.2. The remuneration of non-executive members of the board of directors and of the members of the audit board should not include any component whose amount depends on company performance or value.	Yes	Item 77

III.3. The variable component of the remuneration should be reasonable overall in relation to the fixed component of the remuneration, and ceilings should be set for all components.	No	Item 69
III.4. A significant portion of the variable remuneration shall be deferred for a period not less than three years, and its payment should be dependent on the continued positive performance of the company throughout this period.	No	Item 72
III.5. The members of the board of directors shall not enter into contracts, both with the company or with third parties, that may mitigate the risk inherent in the variability of remuneration fixed for them by the company.	Not Applicable	Item 73
III.6. Until the end of their mandate, executive directors should hold company shares that they have acquired through variable remuneration schemes, to a limit of twice the amount of their total annual remuneration, except those that need to be disposed of for the payment of taxes resulting from income on said shares.	Not Applicable	
III.7. when the variable remuneration includes allocation of options, the start of the period should be deferred for not less than three years.	Not Applicable	
III.8. When the removal of administrator is not due to serious breach of its duties or their unfitness for the normal exercise of their functions but still be reducible to poor performance, the company will find yourself provided with the appropriate and necessary legal instruments to any damages or compensation, beyond the legally due, is not required.	No	
IV. AUDITING		
IV.1. The external auditor shall, within the scope of his/her remit, verify the application of the remuneration policies and systems, the efficiency and effectiveness of internal control mechanisms and report any deficiencies to the company's audit board.	Yes	Item 34
IV.2 The company shall not hire from the external auditor, or any entity with which it has a shareholding relationship or which are part of the same network, miscellaneous services other than audit services. Where there are reasons for hiring such services - which must be approved by the audit board and explained in its annual report on Corporate Governance - they shall not be more than 30% of the total value of the services provided to the company.	Yes	Item 47
IV.3. Companies shall promote the rotation of the auditor after two or three mandates depending on whether these are, respectively, four or three years. Retention of the auditor beyond this period shall be substantiated on a specific opinion of the audit board that explicitly considers the level of auditor independence and the costs and benefits of replacement.	yes	Item 44
V. CONFLICT OF INTEREST AND AND RELATED PARTY TRANSACTIONS		
V.1. The company's businesses with shareholders with qualifying holdings or entities with whom it has any type of relationship, pursuant to Art. 20 of Código dos Valores Mobiliários (Portuguese Securities Code), shall be carried out under normal market conditions.	Yes	Item 89
V.2. Businesses of significant relevance with shareholders with qualifying holdings or entities with whom it has any type of	No	Item 89

relationship, pursuant to Art. 20 of Código dos Valores Mobiliários (Portuguese Securities Code), shall be subject to the prior opinion of the audit board. This body shall establish the procedures and criteria required to define the relevant level of significance of such businesses and the other terms of its intervention.		
VI. REPORTING		
VI.1Companies shall provide, through its website, in Portuguese and English, access to information enabling knowledge about its evolution and its current reality in economic, financial and governance terms	Yes	Item59 a65
VI.2Companies should ensure the existence of an investor assistance office and permanent contact with the market, responding to requests from investors in a timely processing of applications submitted and the treatment that was given should be maintained	Yes	Item 56

In relation to the recommendations that are not met, we wish to provide the following information:

I.2. Although a constitutive quorum that outnumbers that provided for by law has not been set, the Articles of Association of the Company provide for a set of resolutions, as defined in number I8 of the Report, which require a minimum quorum of 75% of the Company's share capital, a percentage higher than that provided for by law.

I.4. As mentioned in items 12 to 14 for each group of one hundred shares corresponds to one vote and are not contemplated in the statutes of the Company duty to submit to five years the amendment of the statutory provision in the General Assembly.

II.1.4. The Board of Director saw no need to create specific commissions for assessment of the executive members' performance and their overall performance and reflect on system structure and the adopted governance practices, verify its efficiency and propose measures to be implemented to its improvement.

II.1.6 The Board of Directors consists of a total of seven members, two of whom are non-executive members (refer to item 17 of the Report for further details concerning the composition of the Board), the number of non-executives accounting for 29% of the total number of board members.

II.1.7. The non-executive members of the board of directors (2 out of a total of 7 members), appointed by Toyota Motor Europe, may not be regarded as independent.

II.1.10. The chairman of the board of directors has executive functions and as mentioned in point no 18 the members non-executive aren't independent.

II.3.1. The members of the Remuneration Committee can not be considered independent due to seniority in the performance of their duties.

II.3.3. The statement on the remuneration policy for the board of directors and audit body, made by the remuneration committee as described in item 69, does not include decisions on payments for dismissal or termination by agreement of directors' roles.

III.3. There are not limits for fixed and variable components of the remuneration of the members of the management and supervisory

III.4. As described in item 72 the variable remuneration does not depend on a policy of medium and long-term maximization of profit of the Company.

III.8.The company does not have the legal instruments adequate and necessary to avoid any compensation don´t be required beyond the legally due.

V.2. The Audit Board, within the scope of its remit, did not conduct a prior evaluation of businesses carried out between the company and shareholders with qualifying holding and entities with whom it has any type of relationship, in accordance with Article 20 of Código dos Valores Mobiliários (Portuguese Securities Code), as it considers that these were carried out under normal market conditions.

Note: This Report on Corporate Governance is a translation of the Report on Corporate Governance originally issued in Portuguese language. In the event of discrepancies, the Portuguese language version prevails.

ANNEX I

CURRICULUM VITAE

Name: José Reis da Silva Ramos

Date and Place of Birth: 15 August 1946, in Vila Nova de Gaia.

Marital Status: Married

Address: Alameda Senhor da Pedra, 262, Miramar Arcozelo, Vila Nova de Gaia

Academic Qualifications: Degree in Metallurgic Engineering

Professional Activity: Companies' Director

Name: Maria Angelina Martins Caetano Ramos

Date and Place of Birth: 18 August 1949, in Vila Nova de Gaia.

Marital Status: Married

Address: Alameda Senhor da Pedra, 262, Miramar Arcozelo, Vila Nova de Gaia

Academic Qualifications: Degree in Economics

Professional Activity: Companies' Director

Name: Salvador Acácio Martins Caetano

Date and Place of Birth: 30 January 1955, in Vila Nova de Gaia.

Marital Status: Married

Address: Rua Moreira Lobo, 80, Miramar Arcozelo, Vila Nova de Gaia

Academic Qualifications: Degree in Engineering

Professional Activity: Companies' Director

Name: Miguel Pedro Caetano Ramos

Date and Place of Birth: 26 September 1971, in Vila Nova de Gaia.

Marital Status: Married

Address: C Carnicero Edif. Puerto Chico, 5 P04 B, Torremolinos – Malaga - Spain

Academic Qualifications: Degree in Mechanical Engineering

Professional Activity: Companies' Director

Name: Rui Manuel Machado Noronha Mendes

Date and Place of Birth: 8 August 1954, in Leça da Palmeira - Matosinhos.

Marital Status: Married

Address: Rua Dr. Manuel Rodrigues de Sousa, 64 – 6º Esq. - Matosinhos

Academic Qualifications: Degree in Economics

Professional Activity: Companies' Director

Name: José Domingos Silva Fernandes

Date and Place of Birth: 28 March 1951, in Cedofeita - Porto.

Marital Status: Married

Professional Address: Rua Cunha Júnior, 41 – B, 1º sala 4 4250-186 Porto

Academic Qualifications:

- 1970 Accountant studies, at the former Instituto Comercial do Porto
- 1975 Decree in Economics – Porto University

Work experience:

- 1975 – 1993 Technician at Inspeção- Geral de Finanças
- 1987 – 2011 Professor at Porto's Instituto Superior de Contabilidade e Administração

Since 1982 Registered at the Statutory Auditors' Association, and has performed such duties in several entities.

- 2001 – 2005 Chairman of the Disciplinary Board of the Statutory Auditors' Association

Currently 1) Performs the duties of Chairman of the Audit Board at other entities

Caetano – Baviera – Comércio de automóveis, SA (Grupo Salvador Caetano)

2) Performs the duties of Statutory Auditor at the following entities

Multiponto, SA

Summertime – Sociedade Imobiliária, SA

Convemaia – Sociedade Imobiliária, Sa

BDS, SGPS, SA

Poliedro, SGPS, SA

ONIRAM – SOCIEDADE CONSTRUTORA DE MÁQUINAS INDUSTRIAIS, LDA

Name: Maria Livia Fernandes Alves

Date and Place of Birth: 31 January 1945, in Nine - Vila Nova de Famalicão.

Marital Status: Divorced

Address: Rua Amorim Girão, 161, 1º Dtº, 4460-209 Senhora da Hora

Academic Qualifications: General Studies in Commerce

Name: Alberto Luis Lema Mandim

Date and Place of Birth: 5 de julho de 1939 in Ermesinde-Valongo

Marital Status: Married

Address: Rua da Boavista nº 53, 4445-349 Ermesinde

Academic Qualifications:

-1964 Accountant studies, at the former Instituto Comercial do Porto

-1966 Chartered accountant; member nº 3927 da otoc

-1968 programation in em fortran (edp)

-1981 programation in rpg (ibm)

-1990 information systems analysis (ibm)

-2008 compnies valuation (ctoc)

Work experience:

- 1961 – 1964 Bank employee banco espírito santo

- 1964 – 1966 Accountant moto meca rl

- 1966 – 1979 Manager soc. Construções soares da costa, s.a.

- 1979 – 1999 Manager toyota caetano portugal, s.a..

- 2000 – 2005 Member of Board of Directors Rigor - consultoria e gestão, s.a.

- 2005 – 2007 Member of Board of Directors inforauto - consultoria e informática de gestão,s.a.

- 2003 – 2012 Vice –president of the Board of directors salvador caetano capital s,g.p.s.,s.a.

- 2005 – 2011 Member of Board of Directors caetsu publicidade sa

- 2006 Member of Audit Board caetano auto, s.a.

- 2010 Member of Audit Board fundação salvador caetano.

ANNEX II

REMUNERATION COMMITTEE DECLARATION:

The Remuneration Committee of Toyota Caetano Portugal, S.A states the following:

a) Compliance with the policy set defined for Financial Year of 2016:

Analyzed all accounting data and other records of Toyota Caetano Portugal, this Committee verified that there was no change on the remuneration of the Governing Bodies during the year 2016, thus having been complied the proposals of this Committee approved in the General Meeting of Shareholders of April 28, 2016.

b) Policy of Remuneration applicable during the Financial Year 2017:

In view of the current economic climate and given the forecasts of activity and results for the financial year 2017, provided by the Management of the Company, is the understanding of this Committee that the amounts of remuneration of the fixed nature for all members of the governing bodies, who maintain executive functions, must respect in its essence the deliberations of the Management concerning the salary policy to be applied to the remaining Employees, in other words, they must in 2017 be updated in a range of 1% to 2%.

For the non-Executive, this Committee has the opinion that they shall not receive any remuneration, as it is the practice hitherto followed.

Regarding the Variable Remuneration of the executive members of the Board of Directors, it has been allocated according to the results obtained by the Company, combining with the distribution policy of dividends to the shareholders and the bonus payable to employees.

In 2016, this component of remuneration did not exist, and therefore it was accomplished the proposal of this Committee of do not exceed 2% of distributable results.

Therefore and referring to paragraph b) of number 3 of article 2 of Law 28/2009 of 19 June, this Remuneration Committee propose the maintenance of the criteria established for 2017, namely that the variable remuneration of the Executive Members of the Board of Directors as a whole does not exceeds 2% of the profits distributable determined in the financial year of 2016.

The decision to award Variable Remuneration depending on the results obtained has implicit the verification of the alignment of interests of the members of the Board of Directors with the interests of the Company and, therefore, is one of the mechanisms to be integrated in paragraph a) of number 3 of article 2 of Law No. 28/2009 of 19 June and simultaneously responding to paragraph e) of the same number of article 2 of Law No.28/2009, ensuring the limitation of the variable remuneration in the case that the results obtained are of a negative nature.

Concerning the information related to paragraph c) of number 3 of article 2 of Law No. 28/2009 of June 19, we certify the absence of any plan of allocation of shares or options to acquire shares by the members of the administration and supervision. This committee proposes to maintain this criterion.

The company's practice in the timing of annual payments must, in our opinion, remain, and therefore shall be excluded the possibility stated in paragraph d) of number 3 of article 2 of Law No. 28/2009.

The Remuneration Committee
Alberto Luis Lema Mandim
Maria Conceição Monteiro da Silva
Francelim Costa da Silva Graça