

***Progress Report
June 2019***

- Consolidated Accounts -

Corporate Bodies

General Meeting Board

Jorge Manuel Coutinho Franco da Quinta – Chairman
António José da Cruz Espinheira Rio – Vice-Chairman
Alírio Ferreira dos Santos – Secretary
João António Ferreira de Araújo Sequeira – Secretary

Board of Directors

José Reis da Silva Ramos – Chairman & CEO
Maria Angelina Martins Caetano Ramos – Member
Salvador Acácio Martins Caetano – Member
Miguel Pedro Caetano Ramos – Member
Matthew Peter Harrison – Member
Katsutoshi Nishimoto – Member
Rui Manuel Machado de Noronha Mendes – Member
Masaru Shimada – Alternate

Supervisory Board

José Domingos da Silva Fernandes – Chairman
Alberto Luis Lema Mandim – Member
Daniel Broekhuizen – Member
Maria Livia Fernandes Alves – Alternate
Akito Takami – Alternate

Statutory Auditor

PricewaterhouseCoopers & Associados – Sociedade de
Revisores Oficiais de Contas, Lda. represented by José Miguel Dantas
Maio Marques or by António Joaquim Brochado Correia
Joaquim Miguel de Azevedo Barroso – Alternate

REPORT

INTRODUCTION

The following progress report has been prepared in accordance with Article 246(1)(b) of the Portuguese Securities Code. For each of the member Companies within the consolidation scope of Toyota Caetano Portugal, it contains all the main events during the period under analysis, as well as their impact upon the financial statements.

At the same time, the main expectations for the 2nd half of the current year are also presented, albeit in a summarised way.

TOYOTA CAETANO PORTUGAL, S.A.

INDUSTRIAL ACTIVITY

OVAR MANUFACTURING UNIT

In the first half of 2019 the Ovar Plant produced a total of 1,234 vehicles, representing a 7.8% increase over the same period last year. This increase reflects the vehicle's rising sales in its destination market (South Africa).

At the start of the year, because of the change in the plant that supplies the LC70 Spar, a Toyota Motor Corporation team visited the Ovar Plant to lend support in making the necessary adjustments to the welding jigs. As planned, production needed to be stopped for a few days. This period served to modify the LC70 production layout, more specifically the logistic flow and storage, in order to compact the process, thereby doing away with unnecessary moving of material.

The 1st half of the year was also marked by the introduction of a welding robot in regular production, to release employees from performing the most demanding physical tasks.

Also as part of Ergonomics, a pilot experiment was conducted on use of an Exo Suit in the production process. The Ovar Plant was selected from among the various European EMCs, due to its manual processes, which include constant movements above the shoulders. For 10 weeks, several employees from the plant's different areas were involved in this project, and they were able to provide feedback on the benefits of and difficulties in using this equipment.

Lastly, it should be pointed out that the Sustainable Section Project was launched and was included in the Ovar Plant's environmental strategy for attaining the Toyota 2050 environmental goals.

The PPO/PDI activity consisted of the transforming/preparing of 2,313 units, a 12.5% YoY rise, justified by the introduction of the used vehicle pool (buy-backs).

PRODUCTION	2019 (JAN-JUN)	2018	2018 (JAN-JUN)	2017	2016	2015
Toyota Physical Units	1,234	2,114	1,145	1,913	1,823	1,629
Transformed/Prepared Physical Units	2,313	3,776	2,055	3,469	3,773	4,353
Total Employees (LC70+PDI AND POOL)	201	194	180	177	186	192

The first half of the year was further marked by the following events:

- 1st follow-up audit, conducted as part of the ISO 14001 Quality Management System and Quality Standard ISO 9001;
- Stage 1 Concession Audit, aimed at certifying the Workplace Health and Safety Management System (ISO 45001:2018), held from 13 to 15 May;
- Plant hosting TME's Ergonomics Face to Face, on 25 and 26 June.

COMMERCIAL ACTIVITY

VEHICLES

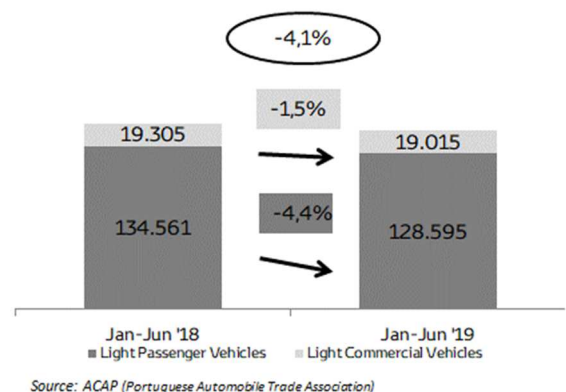
TOTAL AUTOMOTIVE MARKET

The 1st half of 2019 marked the end of the rising trend of the last few years, with the overall market decreasing by almost 4.1%.

Although forecasts indicate that the economy is to maintain its expansion trend, the growth rate is slowing down in 2019.

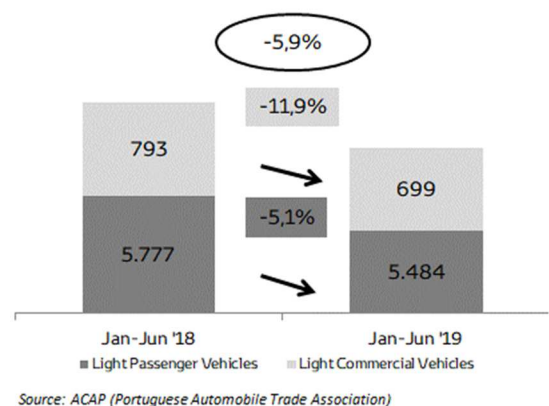
The consumer confidence index decreased in the first quarter of the year. According to INE (Statistics Portugal), confidence was lower than the expected outlook regarding the nation's evolving economic situation, the financial situation of households and the making of major purchases.

The decline in the car market was more significant for passenger vehicles, which dropped by 4.4%, while light commercial vehicles slipped only 1.5%.



TOYOTA

More or less in line with the market trend, in the first half of the year, Toyota recorded a 5.9% drop, with a total of 6,183 vehicles sold.



These sales resulted in a total market share of 4.2% in the first half of the year (-0.1 p.p. compared to 2018).

Toyota Caetano Portugal, S.A.

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

- In **Passenger Cars**, Toyota shows a 5% drop, nearly in line with what the market recorded, resulting in the same market share achieved in 2018.

The culprit of these results is the end of the sale of Diesel vehicles (Toyota was the first carmaker to stop making this type of engine), which, in the 1st quarter of the year, had an impact on the sales of the core model Auris, which was now replaced with the New Corolla.

We should point out the continued good performance of hybrid vehicles, which recorded a 22% growth compared to the 1st half of 2018, reaching a >60% mix in passenger cars, thus strengthening the carmaker's leadership in terms of this type of engines.

- As far as **Light Commercial Vehicles** are concerned, Toyota recorded a decrease of 11.9%, with a market share of 3.7%.

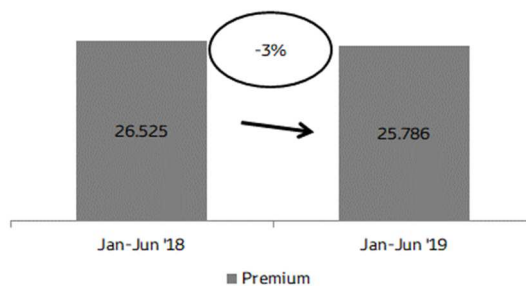
This drop is mostly justified by the discontinuing of passenger-derived Diesel models – Yaris & Auris Bizz.

Irrespective of the new European regulations regarding emissions, and with well-established targets, Portugal's corporate market for Diesel vehicles still carries significant weight.

The second half of the year is expected to bring a recovery in the brand's overall performance: in passenger cars, this entails continued investment in hybrid engines, while in commercial vehicles, this shall be upheld by the launch of specific initiatives devoted to this type of vehicles (commercial incentives, fleet client events, communication initiatives, etc.).

PREMIUM MARKET

The premium market decreased by 3% in the 1st half of 2019.



Source: ACAP (Portuguese Automobile Trade Association)

LEXUS

Lexus, which sells exclusively Hybrid engine versions, recorded a 6.9% decline relative to the previous year. This corresponded to a 1.1% market share in the premium segment. This performance is almost exclusively due to management action that led us to adjust the stock of courtesy and demo cars in the dealer network, while the make grew in the sales channels to private customers and small companies.

Prospects

In view of the launch of the new Lexus UX model in March, which is part of one of the segments with the largest growth (C-SUV), forecasts point to a recovery in sales by year's end.

Industrial Machines

Toyota Industrial Equipment

	Mercado			Vendas Toyota				
	'18	'19	Variation	'18		'19		Variation
				QTY	Share	QTY	Share	
Empilhadores Contrabalançados	852	823	-3,4%	173	17,8%	237	28,8%	37,0%
Equipamento de Armazém	1282	1403	9,4%	254	18,9%	368	26,2%	44,9%
TOTAL MMC	2134	2226	4,3%	427	20,0%	605	27,2%	41,7%

Fonte: FEM

Market

In the first half of 2019, the Cargo Handling Machines market grew by approximately 4.3% compared to the same period of the previous year.

With regard to Toyota, 605 orders were placed in 2019, which, in a total market of 2226 units, corresponds to a market share of 27.2%.

Toyota Sales Performance by Segment

Regarding the segment of Counterbalanced Forklifts, we notice that the no. of ordered units rose significantly (+37%) compared to the same period of the previous year. This growth was basically

justified by a special campaign conducted by Toyota in the first 3 months of the year, which enabled closing more business deals, thereby raising our market share to 28.8%.

In the Warehouse Equipment segment, we also noticed a sales growth of around 44.9%, thus placing our market share at 26.2%.

This growth is further justified by the campaign conducted by our represented party in the first 3 months of the year, thereby making our bid more competitive and leading to improved performance by Toyota.

Prospects for the end of the year

Taking into account that it is a holiday period, as usual, in July and August we expect a slowdown in activity.

However, activity is expected to resume its usual pace come September and may even pick up speed in the last few months of the year.

With regard to the budget, in terms of both units and results, it is expected to be fully complied with, considering the level of execution achieved by June '19.

AFTER-SALES

In the first half of 2019, the overall billing of the After-Sales Division totalled 19.6 million euros. This figure includes the 'Warranty Extension' and 'Total Assistance' services, whose billing in this period amounted to 873,000 Euros.

The spare parts business, excluding accessories, warranties and services, totalled 14.7 million euros. This amount represents a growth of 2.6% compared to the first half of 2018.

Sales of Spare Parts 1 st semester 2018	Sales of Spare Parts 1 st semester 2019	Growth % 2019/2018
14.3 M€	14.7 M€	2.6%

As for accessories, turnover (which includes merchandising) totalled 1.8 million euros. The inclusion of accessories and merchandising per new vehicle sold shows a 7.3% growth (293€ in the first half of 2019 against 273€ in the first half of 2018).

In the first half of 2019, TCAP kept focusing on service par excellence geared to the Customer (360° vision), in order to ensure the development of the after-sales business.

Toyota Caetano Portugal, S.A.

We highlight some of the initiatives undertaken, which contributed toward the results of this first half of the year:

- Introduction of a 7-year warranty for the entire Toyota and Lexus range.
- Implementation of the 2021 Value Chain Management strategy, based on 10 projects covering every major business component, and on Value Chain opportunities, such as Used Vehicles, Insurance, Accessories, Fleets, Financing, Service and Spare Parts. it was designed to act by generating a return on the business, and with direct impact on the absorption ratio. It calls for a 360° vision of the various business areas, while providing for a long-term Relationship with Customers.
- The launch of maintenance contracts for the new RAV4, Corolla and Camry models.
- The launch of new Genuine Toyota parts (new range of lamp kits, new sets of Optifit brake pads for Corolla and Camry ...).
- Expansion of the new Adblue range with the alternative of a new 210-litre pack.
- Renewal of the Tire Campaigns provided to the dealer network, in order to maintain/boost the ratio of inclusion per serviced vehicle.
- Renewal of the Toyota Hybrid Service Programme (the leading brand of hybrid vehicles), with a new communication plan and marketing initiatives reinforcing the innovative choice, confidence in professionals and low maintenance costs.

The After Sales Division intends to maintain the growth levels it has already achieved by the second half of 2019, keeping a strong focus on the aforementioned strategy (360° strategy).

CAETANO AUTO, S.A.

- According to European Commission reports, the recent slowdown in the growth of world trade, along with uncertainty regarding trade policies, is weighing on growth prospects concerning Gross Domestic Product (GDP) in 2019 and 2020, especially if we consider the persistent weakness of the manufacturing industry, particularly in countries facing problems specific to the automotive industry.

- Thus, GDP is expected to reach record lows in 2019, contrasting with the good rate achieved in 2017. Thus, economic growth in Europe should rely entirely on domestic activities.

- This way, only in 2020 are adverse internal factors expected to disappear, with economic activity outside the EU recovering through the mitigation of global financial conditions and political stimuli in a few emerging economies. GDP growth in the upcoming year should increase slightly, to 1.6 % in the EU and 1.5 % in the Euro area.

- At the same time, unemployment is expected to keep getting lower; thus, despite still being too high in some Member States, EU unemployment – 6.4 % in March 2019 – declined to a rate previously recorded only in January 2000. And so, the unemployment rate in the Euro area should also fall to 7.7 % in 2019 and to 7.3 % in 2020, a lower figure than that recorded prior to the crisis in 2007.

Toyota Caetano Portugal, S.A.

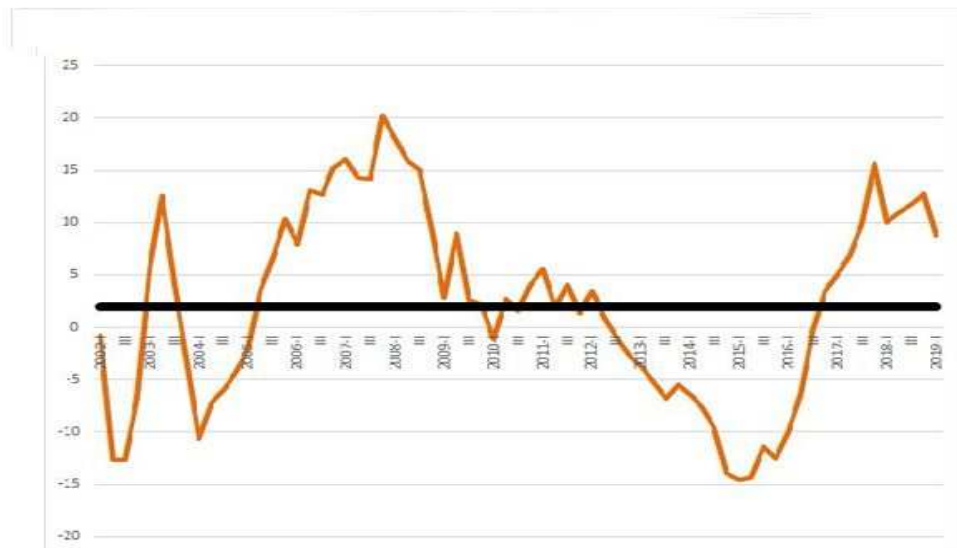
- In this scenario, turnover in the 1st half of the year at Caetano Auto stands at 115 million euros, against 125 million recorded in the same period in 2018.
- By sector, a decrease was recorded in the number of vehicles sold, against the same period in 2018, as this effect affected mostly turnover on the freed-up absolute margin and on profits from related financings. This decline does not, therefore, directly affect the bottom line: in addition, we now need to consider gains from the new vehicle rental business, which was non-existent in 2018. In fact, the business model underwent a change and, in 2019, the 'vehicle rental' operations that, until 2018, were consigned to a renting company shall become part of the company's business.
- In addition, the new vehicle business was also penalised by the termination of all diesel-powered models (which was the brand's choice, as it is committed to investing solely on hybrid models), during a time when there is still some demand for those engine versions in the market, namely among corporate customers.
- With regard to after-sales, the good levels achieved in 2018 were also recorded in 2019, with similar figures to those of the previous year.
- As for depreciations, namely of vehicles, we should note that the increase therein in 2019 is deemed offset by the gains already mentioned in the new 'vehicle rental' business, regarding units which, for this purpose, are now being recorded under the company's fixed assets, generating depreciations.
- In investments, this semester, the company records around one million euros in improvement works on properties and miscellaneous workshop and administrative equipment. In the semester, facilities in Viseu and Faro were disposed of, generating an asset of 30,000 euros. (The same period in 2018 recorded about 1 million euros in extraordinary income, mainly generated by the disposal of assets.)

With a semester result very close to break-even, we are convinced that the strategies outlined in the last few months will enable this associate to recover by the end of the fiscal year, achieving profitability levels in accordance with budget expectations.

CAETANO AUTO CABO VERDE, S.A.

Economic Environment Indicator •

Data disclosed by the Cape Verdean National Statistics Institute (INECV), regarding the first quarter of 2019, show that Cape Verde experienced a slowdown in economic growth, even recording negative growth when compared to the same quarter of the previous year, making for an unfavourable economic environment.



According to INECV, factors contributing toward said slowdown included tourism, construction and the manufacturing industry.

According to the same source, in the tourism sector, the confidence indicator kept up the downward trend of the last quarter, with a negative YoY growth for this quarter.

Regarding the construction sector, while the indicator bucked the downward trend of the last few quarters, the series average remained below the average, with a negative YoY growth for this quarter.

The same situation was recorded in the manufacturing industry. In this sector, INECV notes that the indicator stood below the series average, with a negative YoY growth for this quarter, making for an unfavourable environment in the sector.

Meanwhile, favourable environments were recorded in sectors such as trade in establishments, outdoor market trade as well as transportation and ancillary services to transports and residential tourism.

Toyota Caetano Portugal, S.A.

VEHICLES

SEGMENT	BRAND	2018	2019	Variation	
				Qty.	%
Light-Duty Passenger Vehicles	Toyota	35	79	+44	+125.7%
Light Commercial Vehicles	Toyota	156	136	-20	-14.7%
Heavy Commercial Vehicles	Toyota	16	7	-9	-128.6%
		207	222	+15	+7.2%

COMMERCIAL ACTIVITY

In the first half of 2019, when compared to the same period the previous year, Caetano Auto CV, S.A. sold 15 more units, a result that corresponds to a 7.2% growth in new vehicles.

As can be deduced from the table above, growth is centred on the passenger vehicle segment, at the expense of light- and heavy-duty commercial vehicles.

Models contributing toward the positive change in passenger vehicles basically included the recently launched Rush (+42 units), the Corolla (+10 units) and the Rav 4 (+4 units).

Regarding light-duty commercial vehicles, the decline occurred almost exclusively in pick-ups (Hilux), due to a certain decrease in competitiveness originating in product price.

Amended legislation in the national budget for the current year, which included doing away with the concession of licences allowing passengers to be transported in the cargo box of the Hilux CD model (mainly used on the islands of Sal and Boavista for driving tourists around those islands), had a direct impact on sales.

After-Sales

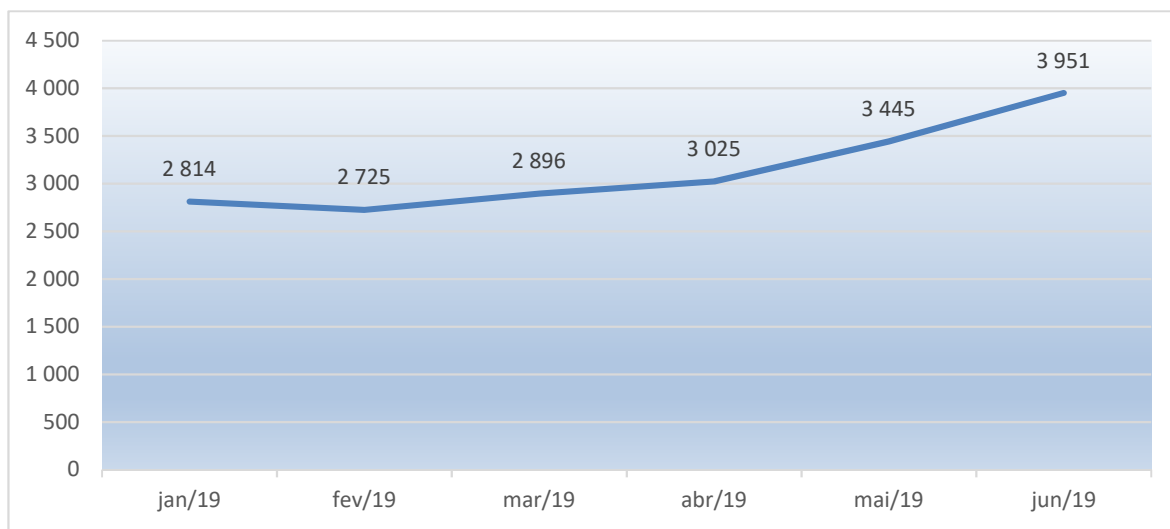
SALES	2018	2019	Variation	
			Value	%
Parts/Accessories	86,472,417	88,614,088	+2,141,671	+2.5%
Workshop (Labour)	20,596,447	21,369,920	+773,473	+3.8%
	107,068,865	109,519,867	+2,915,144	+2.7%

(Amounts in ECV)

As concerns After-Sales, we notice a YoY increase in the turnover of both spare parts and labour. This increase reflects the rising number of stops for mechanical repairs, compared to the previous year.

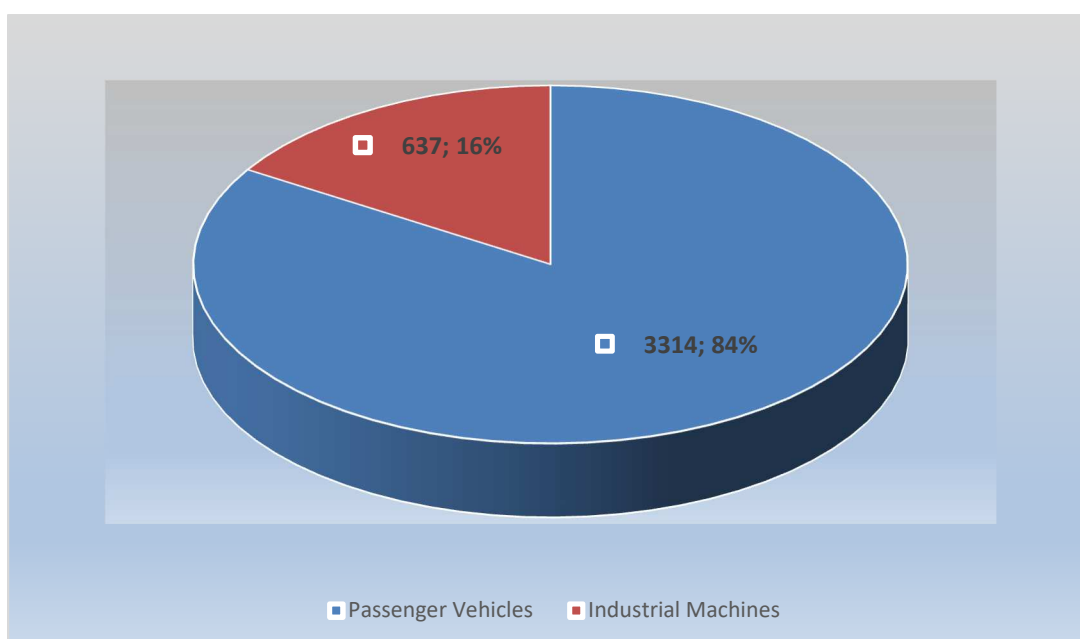
CAETANO RENTING, S.A.

We close the 1st half of this year with a fleet of 3,951 units, representing a decline of around 10.49%, when compared to the same period of the previous year. This decline had to do with a lower number of vehicles in the partnership with Caetano Auto.



However, the supply of vehicles to the rent-a-car business remained on the rise, having increased by 17.58% YoY.

In addition to the rental of Passenger Vehicles, we continued with the rental of Industrial Machines, which already represent 16% of the total fleet.



With a reduced fleet, when compared to the 1st half of the previous fiscal year, there was also an inevitable decline in Turnover.

Considering the normal development of the company's operations, during the 2nd of the year, we expect a positive contribution such that the annual result falls within the parameters achieved in previous fiscal years.

PERSONNEL MANAGEMENT AND DEVELOPMENT

Throughout the first half of 2019, Toyota Caetano Portugal continued to invest in its Integrated Personnel Management strategy, in order to continually improve the quality and efficiency of personal development processes and policies, with a view to attracting and retaining top talent and promoting the 'Ser Caetano' culture, in harmony with the Toyota Way. All this is aimed at adopting behaviours there are consistent with the business' values and objectives.

Activating the brand was one of the pillars of this semester, through communication and corporate alignment initiatives. Noteworthy among these is the launch, in February, of the Salvador Caetano Group Employment Portal, which has taken on an important role as a catalyst for talent acquisition for the Toyota Brand. This project results from a multidisciplinary work that combines different teams and, in the case of Toyota, is in line with the brand's international strategy, under the motto 'BRIT – Best Retail in Town', which fosters greater closeness to the local context. The main objective of the employment portal is to improve the employing brand's positioning and attractiveness while continuing to ensure Human Resource services that are geared to the needs of both internal and external customers, while keeping up with trends in the area of People Management. The portal's communication hinged on the commitment and involvement of our employees, while conveying our Personnel's stories and experiences outside the company.

The review of the process and strategy of the Young Talent Programme has given rise to a strong presence at job fairs and a stable connection to universities, which enables attracting new generations of talent. Also within this sphere, the Salvador Caetano Vocational Training Centre, whose main partner is Toyota Caetano Portugal, now has new facilities. This shows the constant investment being made in training future employees for critical areas of our operations.

The organising of various health and well-being initiatives, through our Sports Committee project, represents yet another investment in improving the work environment and employee satisfaction.

Toyota Caetano Portugal, S.A.

This period also included strong initiatives carried out by the management to raise awareness to Kaizen methodologies and to the need to move from strategy to action, by empowering teams and endowing them decision-making capabilities. A major contributor to this is an organisational alignment, through events that foster this Kaizen philosophy and the nurturing of the 'Ser Caetano' and 'Toyota Way' Values, as well as raising awareness to monitoring team indicator, with a view to standardising performance and development management processes and metrics.

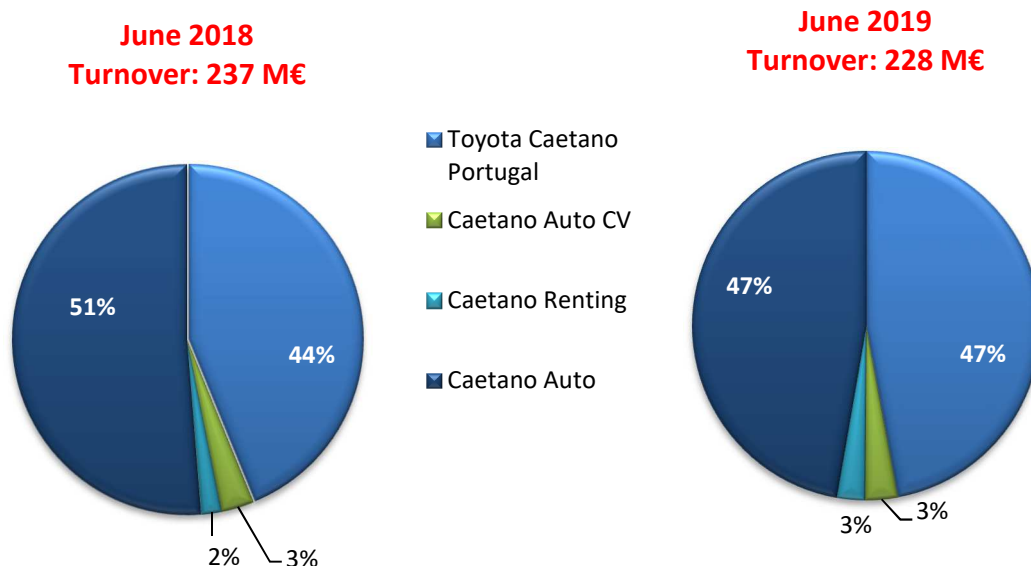
Lastly, the digitalising of processes remains an effective investment in administrative simplification and in caring for the environment.

All our initiatives and projects reflect our commitment toward people, continuously making Toyota Caetano Portugal an excellent place to live, grow and work.

FINANCIAL ACTIVITY

Consolidated analysis

In this first semester of 2019, the Group present a turnover of 228 million euros, around 9 million euros less (-3.7%) than that of the same period in 2018, reflecting the market behaviour, which in this first semester, concerning light vehicles, demonstrated a decline of around 4% over the previous year. This semester was further marked by the launch of the new Corolla Hybrid and the Camry Hybrid, a D-/E-segment sedan which promises to increase sales of electrified models in Portugal, which increased the range of hybrids to 10 models (Yaris, Corolla Hatchback, Corolla Sedan, Corolla Touring Sports, Prius, Prius Plug-in, Prius +, C-HR, RAV4, Camry).



Toyota Caetano Portugal, S.A.

One of the Group's main focuses is to maintain a reference position for the Toyota brand in the automobile market. To this end, it was necessary to put into practice a series of strategies aimed at ensuring a level of operating income that is suitable to the activity carried out. The increment of gross margins in the marketing of products has supported the launch of advertising campaigns aimed at countering the decline in the global automobile market. It was also possible to implement in this period a global salary review as a form of providing better conditions to all employees. As a result of these policies, in this first semester, E.B.I.T.D.A. has amounted to around 21 million euros, a slightly lower amount than that recorded in the same period of 2018.

Net financial income, which was negative by around 1 million euros, has increased compared with that recorded for the same period in 2018, by around 300 thousand euros. This net growth in financial costs emerges in a context of a slight increment in banking debt, but also of a restructuring of debt repayment deadlines, which had already been initiated in the 2nd semester of the previous year, thus easing the short term commitments, though of course slightly increasing costs due to that deferral.

It should be noted that the degree of financial autonomy is at 40,1%, once again reflecting the adequate management of our capital structure.

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

	Jun 18	Jun 19	Variation
Turnover	237,032	228,167	-3.7%
Gross Profit	42,205	44,513	5.5%
% (f) sales	17.8%	19.5%	
External supplies and services	21,659	23,426	8.2%
% (f) sales	9.1%	10.3%	
Staff expenses	20,700	21,002	1.5%
% (f) sales	8.7%	9.2%	
E.B.I.T.D.A.	21,654	21,414	-1.1%
% (f) sales	9.1%	9.3%	
Operating income	10,727	9,943	-7.3%
% (f) sales	4.5%	4.4%	
Net financial income	-869	-1,157	-33.1%
% (f) sales	-0.4%	-0.5%	
Consolidated net income	7,163	6,447	-10.0%
% (f) sales	3.0%	2.8%	
Net Bank Credit	73,929	79,572	7.6%
Degree of financial autonomy	43.1%	40.1%	

Faced with the statistics, disclosed so far, of the automobile market in Portugal, it is expected that 2019 will end with a decrease in the number of units sold, a situation that the Toyota Caetano Portugal Group, will be trying to counter. To this end, we count on the widening of product offers in the segment of hybrid vehicles, with a view to ensuring the maintenance of our sustainability strategy in an increasingly competitive market.

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 resulting from the potential customer-related defaults on payments, the Group's companies 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, bank guarantees, 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 products originating from various parts of the Globe, the exchange rate risk results essentially from commercial transactions in currencies other than the functional currency of each business.

The exchange rate risk management policy seeks to minimise the volatility of the investments and operations denominated in foreign currencies, contributing towards reducing 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 Portugal, S.A.

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.

Subsequent Events

On August 8, 2019, Salvador Caetano Auto - S.G.P.S., S.A., as a shareholder of Toyota Caetano Portugal, proposed to be deliberated in a General Shareholders Meeting to occur on the 30th August 2019, under the terms and for the purposes of paragraph b) of number 1 of article 27 of the Portuguese Securities Code, the loss by Toyota Caetano Portugal S.A. of the quality of publicly-held company.

TO WHOM IT MAY CONCERN

We hereby declare, under the terms and for the purposes set forth in Article 246(1)(c) of the Securities Code (CVM), that, to the best of our knowledge, the consolidated financial statements of Toyota Caetano Portugal for the first half of 2019 were prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and results of the company and that the interim management report faithfully sets out the information required under Article 246(2) of the CVM.

Vila Nova de Gaia, 29 August 2019

The Board of Directors

José Reis da Silva Ramos – Chairman & CEO
Maria Angelina Martins Caetano Ramos – Member
Salvador Acácio Martins Caetano – Member
Miguel Pedro Caetano Ramos – Member
Matthew Peter Harrison – Member
Katsutoshi Nishimoto – Member
Rui Manuel Machado de Noronha Mendes – Member

INFORMATION ON THE PARTICIPATION OF THE MANAGEMENT AND SUPERVISORY BOARDS OF TOYOTA CAETANO PORTUGAL, S.A.

(Pursuant to article 447 of the Commercial Companies Code and according to Article 9(c) and Article 14(4), both of Regulation 5/2008 of CMVM)

In compliance with the provisions of article 447 of the Portuguese Commercial Companies Code, it is hereby declared that, in the first half of 2019, the members of the Company's management and supervisory boards did not hold any of its shares or bonds.

Furthermore, it is hereby stated that the members of the Company's management and supervisory boards were not engaged, during the first semester of 2019, in any acquisitions, encumbering or disposals involving the Company's shares or 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 **Eng. Salvador Acácio Martins Caetano** is the Chairman of the Board of Directors, **Mrs. Maria Angelina Martins Caetano Ramos** is the Vice-Chairwoman of the Board of Directors, and **Eng. Miguel Pedro Caetano Ramos** is a Member of the Board of Directors, acquired: on 1 February 2019, 205 shares in the amount of 2.80 € each; on 7 February 2019, 495 shares in the amount of 2.80 € each; on 22 March 2019, 3,000 shares in the amount of 2.80 € each; on 27 March 2019, 6,520 shares in the amount of 2.74 € each; on 17 May 2019, 1,000 shares in the amount of 2.60 € each; on 21 May 2019, 7,506 shares in the amount of 2.70 € each; on 23 May 2019, 1,000 shares in the amount of 2.72 € each; on 24 May 2019, 8,140 shares in the amount of 2.70 € each; on 27 May 2019, 19,500 shares in the amount of 2.78 € each; on 28 May 2019, 104,000 shares in the amount of 2.78 € each; and so, on 30 June 2019, it held 23,249,218 share with a par value of 1 euro each.

- shareholder COVIM – Sociedade Agrícola, Silvícola e Imobiliária, S.A (in which Mrs. **Maria Angelina Martins Caetano Ramos** is the Chairwoman of the Board of Directors, and Eng. **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 2019, held 393,252 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:

- **Eng. 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 this Company;

¹ This percentage includes shares held by the spouse

Toyota Caetano Portugal, S.A.

- **Dr. Maria Angelina Martins Caetano Ramos**, Member 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 this Company;

¹This percentage includes shares held by the spouse

- **Eng. Salvador Acácio Martins Caetano**, Member 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 this Company;

¹ This percentage includes shares held by the spouse

- **Eng. 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 this Company.

Qualified shareholdings

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

On 30 June 2019, 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.	23,249,218	66.426
Toyota Motor Europe NV/SA	9,450,000	27.000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019 AND 31 DECEMBER 2018
(Amounts in Euros)

ASSETS	Notes	30/06/2019	31/12/2018
NON-CURRENT ASSETS:			
Goodwill	7	611.997	611.997
Intangible assets	8	284.940	360.364
Tangible fixed assets	5	120.216.006	112.792.692
Investment properties	6	16.325.030	14.330.714
Instruments at fair value through capital	9	3.716.396	3.633.413
Deferred tax assets	14	2.424.923	2.834.930
Accounts receivable	11	705.764	494.293
Total non-current assets		144.285.056	135.058.403
CURRENT ASSETS:			
Inventories	10	106.945.018	99.059.426
Accounts receivable	11	74.966.652	56.709.522
Other debtors	12	2.761.189	5.818.605
Other current assets	13	3.803.831	6.331.380
Cash and cash equivalents	4	10.187.677	17.075.155
Total current assets		198.664.367	184.994.088
Total assets		342.949.423	320.052.491
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 - Instruments at fair value through capital		675.618	552.731
Other reserves		81.848.327	76.061.568
Net income		6.391.195	12.786.759
	15	135.913.989	136.399.907
Non-controlling interests	16	1.524.707	1.473.222
Total equity		137.438.696	137.873.129
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	17	43.844.191	38.465.142
Defined benefit obligations	22	8.886.983	8.886.983
Provisions	23	730.145	881.547
Deferred tax liabilities	14	1.602.616	1.602.616
Total non-current liabilities		55.063.935	49.836.288
CURRENT LIABILITIES:			
Loans	17	45.915.926	52.538.913
Accounts payable	18	43.864.631	39.907.558
Other creditors	19	30.016.060	14.783.849
Income tax payable	20	1.008.189	1.939.181
Other current liabilities	21	28.736.458	22.734.556
Defined benefit obligations	22	905.528	439.017
Total current liabilities		150.446.792	132.343.074
Total liabilities		205.510.727	182.179.362
Total liabilities and shareholder' equity		342.949.423	320.052.491

The notes to the financial statements integrate this statement for the period ending at 30 June 2019.

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
KATSUTOSHI NISHIMOTO
MATTHEW PETER HARRISON
RUI MANUEL MACHADO DE NORONHA MENDES

CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2019 AND 2018

(Amounts in Euros)

	Notes	30/06/2019	30/06/2018
Operating Income:			
Sales	25	213.851.546	223.284.186
Services rendered	25	14.315.345	13.748.275
Other operating income	28	23.686.689	24.656.444
Variation of products	10	1.181.177	(2.062.477)
		<u>253.034.757</u>	<u>259.626.428</u>
Operating expenses:			
Cost of sales	10	(184.834.903)	(192.764.860)
External supplies and services	26	(23.425.907)	(21.658.619)
Payroll expenses	27	(21.002.023)	(20.699.974)
Depreciations and amortizations	5, 6 and 8	(11.471.536)	(10.927.172)
Provisions	23	99.145	(175.543)
Impairment losses	23	(923.996)	(338.579)
Other operating expenses	28	(1.532.599)	(2.334.394)
		<u>(243.091.819)</u>	<u>(248.899.141)</u>
Operational Income		9.942.938	10.727.287
Expense and financial losses	29	(1.167.689)	(874.000)
Income and financial gains	29	10.535	4.891
Profit before taxation		8.785.784	9.858.178
Income tax for the year	24	(2.338.835)	(2.694.983)
Net profit for the period		<u>6.446.949</u>	<u>7.163.195</u>
Net profit for the period attributable to:			
Equity holders of the parent		6.391.195	7.090.430
Non-controlling interests		55.754	72.765
		<u>6.446.949</u>	<u>7.163.195</u>
Earnings per share:			
from continuing operations	37	<u>0,184</u>	<u>0,205</u>
Basic		<u>0,184</u>	<u>0,205</u>
from continuing operations	37	<u>0,184</u>	<u>0,205</u>
Diluted		<u>0,184</u>	<u>0,205</u>

The notes to the financial statements integrate this statement for the period ending at 30 June 2019.

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
KATSUTOSHI NISHIMOTO
MATTHEW PETER HARRISON
RUI MANUEL MACHADO DE NORONHA MENDES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT 30 JUNE 2019 AND 31 DECEMBER 2018

(Amounts in Euros)

	Equity attributable to the parent company							Net Profit	Subtotal	Non-controlling Interests	Total
	Share Capital	Legal Reserves	Revaluation Reserves	Translation Reserves	Fair value Reserves	Other Reserves	Total Reserves				
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
Changes in the period:											
Application of the consolidated net income 2017	-	-	-	-	-	9.338.305	9.338.305	(9.338.305)	-	-	-
Available for sale financial assets fair value changes	-	-	-	-	(99.087)	-	(99.087)	-	(99.087)	-	(99.087)
	-	-	-	-	(99.087)	9.338.305	9.239.218	(9.338.305)	(99.087)	-	(99.087)
Consolidated net profit for the period	-	-	-	-	-	-	-	12.786.759	12.786.759	85.804	12.872.563
Consolidated comprehensive income	-	-	-	-	(99.087)	-	(99.087)	12.786.759	12.687.672	85.804	12.773.476
Transactions with equity holders											
Distributed dividends	-	-	-	-	-	(7.000.000)	(7.000.000)	-	(7.000.000)	-	(7.000.000)
Balances at 31 of December 2018	35.000.000	7.498.903	6.195.184	(1.695.238)	552.731	76.061.568	88.613.148	12.786.759	136.399.907	1.473.222	137.873.129
Balances at 31 of December 2018	35.000.000	7.498.903	6.195.184	(1.695.238)	552.731	76.061.568	88.613.148	12.786.759	136.399.907	1.473.222	137.873.129
Changes in the period:											
Application of the consolidated net income 2018	-	-	-	-	-	12.786.759	12.786.759	(12.786.759)	-	-	-
Available for sale financial assets fair value changes	-	-	-	-	122.887	-	122.887	-	122.887	-	122.887
	-	-	-	-	122.887	12.786.759	12.909.646	(12.786.759)	122.887	-	122.887
Consolidated net profit for the period	-	-	-	-	-	-	-	6.391.195	6.391.195	55.754	6.446.949
Total comprehensive income for the year	-	-	-	-	122.887	-	122.887	6.391.195	6.514.082	55.754	6.569.836
Transactions with equity holders											
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(4.269)	(4.269)
Distributed dividends	-	-	-	-	-	(7.000.000)	(7.000.000)	-	(7.000.000)	-	(7.000.000)
Balances at 30 of June 2019	35.000.000	7.498.903	6.195.184	(1.695.238)	675.618	81.848.327	94.522.794	6.391.195	135.913.989	1.524.707	137.438.696

The notes to the financial statements integrate this statement for the period ending at 30 June 2019.

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
KATSUTOSHI NISHIMOTO
MATTHEW PETER HARRISON
RUI MANUEL MACHADO DE NORONHA MENDES

CONSOLIDATED STATEMENT OF THE COMPREHENSIVE INCOME

AT 30 JUNE 2019 AND 2018

(Amounts in Euros)

	<u>30/06/2019</u>	<u>30/06/2018</u>
Consolidated net profit for the period, including non-controlling interests	6.446.949	7.163.195
Components of other consolidated comprehensive income, that could not be recycled by profit and loss:		
Instruments at fair value through capital changes (Note 9)	122.887	123.990
Consolidated comprehensive income	<u>6.569.836</u>	<u>7.287.185</u>
Attributable to:		
Equity holders of the parent company	6.514.082	7.214.420
Non-controlling interests	55.754	72.765

The notes to the financial statements integrate this statement for the period ending at 30 June 2019.

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
 KATSUTOSHI NISHIMOTO
 MATTHEW PETER HARRISON
 RUI MANUEL MACHADO DE NORONHA MENDES

Toyota Caetano Portugal, S.A.

CONSOLIDATED CASH FLOWS STATEMENT

AT 30 JUNE 2019 AND 31 DECEMBER 2018

(Amounts in Euros)

OPERATING ACTIVITIES	Jun-19	Dez-18
Collections from Customers	289.477.960	545.543.957
Payments to Suppliers	(248.694.376)	(460.040.730)
Payments to Employees	(14.884.714)	(32.573.672)
Operating Flow	25.898.870	52.929.555
Payments of Income Tax	(3.016.030)	(5.093.294)
Other Collections/Payments Related to Operating Activities	6.784.053	(24.889.329)
Cash Flow from Operating Activities	29.666.893	22.946.932
INVESTING ACTIVITIES		
Collections from:		
Investments Properties	385.814	2.220.000
Tangible Fixed Assets	1.894.962	672.382
Interest and Other income	-	12.554
Dividends	-	339.700
	2.280.776	3.244.636
Payments to:		
Investments Properties	-	(20.775)
Tangible Fixed Assets	(13.675.606)	(4.793.391)
Intangible Assets	(57.255)	(153.701)
	(13.732.861)	(4.967.867)
Cash Flow from Investment Activities	(11.452.085)	(1.723.231)
FINANCING ACTIVITIES		
Collections from:		
Loans (Note 18)	75.000.000	306.483.075
Subsidies and donations	-	-
	75.000.000	306.483.075
Payments to:		
Loans (Note 18)	(86.400.000)	(310.983.075)
Lease Down Payments	(5.339.643)	(7.731.336)
Interest and Other costs	(1.338.356)	(2.189.704)
Dividends	(7.003.313)	(6.995.076)
	(100.081.312)	(327.899.191)
Cash Flow from Financing Activities	(25.081.312)	(21.416.116)
CASH		
Cash and Cash Equivalents at Beginning of Period (Note 15)	17.075.155	17.267.570
Changes in perimeter (Note 4)	(20.974)	-
Cash and Cash Equivalents at End of Period (Note 15)	10.187.677	17.075.155
Net Flow in Cash Equivalents	(6.866.504)	(192.415)

The notes to the financial statements integrate this statement for the period ending at 30 June 2019.

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
 KATSUTOSHI NISHIMOTO
 MATTHEW PETER HARRISON
 RUI MANUEL MACHADO DE NORONHA MENDES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(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, creation and operation of training projects and development of human resources, as well the management and rental of own properties, and rental of short or long-term vehicles, with or without driver.

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.

As of June 30, 2019, the companies included in Toyota Caetano Group are mentioned in Note 3.

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 2.4.

2. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

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

2.1 BASIS OF PRESENTATION

Interim financial statements are presented in accordance with IAS 34 – "Interim Financial Reporting".

These interim financial statements, prepared in accordance with the above mentioned framework, do not include all the required information to be included in the annual consolidated financial statements. Therefore, they should be read along with the consolidated financial statements as of December 31, 2018.

Comparative information regarding December 31, 2018, included in consolidated financial statements was audited.

The accompanying consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, except for some financial instruments which are stated at fair value, from the books and accounting records of the companies included in consolidation (Note 3).

The following standards, interpretations, amendments and revisions endorsed by the European Union and mandatory in the fiscal years beginning on or after January 1, 2019, were adopted by the first time in the fiscal year ended at June 30, 2019:

- a) The impact of the adoption of the new standards, amendments to standards and interpretations that became effective as of 1 January 2019 is as follows:

(i) Standards:

- **IFRS 16** (new), 'Leases'. This new standard replaces IAS 17 – 'Leases' with a significant impact on the accounting by lessees who 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". The application of IFRS 16 may be retrospective or retrospective modified. The adoption of this new standard did have an impact of 1.444.258 in Asset and Liability on the Group's consolidated financial statements, being the Group considered (i) the retrospective approach modified with the Asset equal to the Liability and (ii) considering the period, as a rule, the mandatory date and (iii) discount rates similar to those practiced in the market for other financing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

- **IFRS 9** (amendment), 'Prepayment features with negative compensation'. 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. This amendment did not have any impact in the Group financial statements.
- **IAS 19** (amendment), 'Plan amendment, curtailment or settlement'. This amendment requires an entity to: i) use updated assumptions to determine the current service cost and net interest for the remaining period after amendment, reduction or settlement of the plan; and ii) recognize in the income statement as part of the cost of past services, or as a gain or loss in the settlement, any reduction in the excess of coverage, even if the excess of coverage had not been previously recognized, due to the impact of the asset ceiling. The impact on asset ceiling is recognised in Other Comprehensive Income, not being allowed to recycle it through profit for the year. This amendment did not have any impact in the Group financial statements.
- **IAS 28** (amendment), 'Long-term interests in Associates and Joint Ventures'. 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 – 'Financial instruments'. The long-term investments in associates and joint ventures are subject to the expected credit loss impairment model, prior to being added, for impairment test purposes, to the whole investment in associates and joint ventures, when impairment indicators exist. This amendment did not have any impact in the Group financial statements.
- **Annual Improvements 2015 - 2017**. The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3 and IFRS 11. These improvements did not have any impact in the Group financial statements.

(ii) Interpretations:

- **IFRIC 23** (new), 'Uncertainty over income tax treatment'. This is an interpretation of IAS 12 – 'Income tax', and refers 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 Group financial statements.

b) Standards (new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1 January 2020, but are not yet endorsed by the European Union:

(i) Standards:

- **IFRS 3** (amendment), 'Definition of a business (effective for annual periods beginning on or after 1 January 2020). This amendment is still subject to endorsement by the European Union. The amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition include an input, as well as a substantial process that jointly generate outputs. Outputs are now defined as goods and services rendered to customers, that generate investment income and other income, and exclude returns as lower costs and other economic benefits for shareholders. Optional 'concentration tests' for the assessment if one transaction is the acquisition of an asset or a business combination, are allowed. It is not expected significant impact of future adoption of this amendment on the Group financial statements.
- **IAS 1 and IAS 8** (amendment), 'Definition of material' (effective for annual periods beginning on or after 1 January 2020). This amendment is still subject to endorsement by the European Union. The amendment revises the concept of material. Includes clarifications as to obscured information, its effect being similar to the omission or distortion of information; and also clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need. It is not expected significant impact of future adoption of this amendment on the Group financial statements.
- **Conceptual framework**, 'Amendments to references in other IFRS' (effective for annual periods beginning on or after 1 January 2020). These amendments are still subject to endorsement by the European Union. As a result

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

of the publication of the new Conceptual Framework, the IASB introduced changes to the text of various standards and interpretations, like: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of asset / liability and expense / income, in addition to some of the characteristics of financial information. These amendments are retrospective, except if impractical. 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 the 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.

2.2. CONSOLIDATION PRINCIPLES AND MAIN ACCOUNTING POLICIES

The accompanying financial statements were prepared in accordance with the accounting policies disclosed in the notes to the consolidated financial statements as of December 31, 2018, except the adoption of IFRS 16.

2.3. 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, liquidity risk and capital 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 minimise 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. As mentioned above, these principles and policies are properly described in the notes to the consolidated financial statements as of December 31, 2018.

In this context, we presented below some risk indicators as of June 30, 2019, considered particularly relevant:

(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 CV, 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.

Foreign currency risk management policies seek to minimize the volatility of investments and transactions made in foreign currencies, aiming to reduce Group's results impact to changes in foreign exchange rates. The Group uses derivative instruments (currency forwards), as the management of foreign currency risk.

The Group foreign currency risk management hedge policies are decided casuistically, considering the foreign currency and country specific circumstances (as at June 30, 2019 and December 31, 2018 and June 30, 2018, 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.

Foreign subsidiaries assets and liabilities are translated into Euros using the exchange rates at statement of financial position date, and gains and losses in the income statement are translated into Euros using

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

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 at June 30, 2019 and December 31, 2018 and June 30, 2018 can be summarized as follows:

	Assets			Liabilities		
	Jun-19	Dec-18	Jun-18	Jun-19	Dec-18	Jun-18
Cape Verde Escudo (CVE)	6.746.542	6.950.754	7.071.535	1.952.524	2.421.144	2.475.350
Great Britain Pounds (GBP)	-	-	-	31	38.096	-
Japanese Yen (JPY)	-	-	126.236	1.364.938	666.606	692.231

The sensitivity of the Group to foreign exchange rate changes can be summarized as follows (increases/decreases):

	Variation	Jun-19		Dec-18	
		Net Income	Equity	Net Income	Equity
Great Britain Pounds (GBP)	5%	(2)	-	(1.906)	-
Japanese yen (JPY)	5%	(68.247)	-	(33.330)	-

Concerning the sensitivity of variations in the exchange rate of the Cape Verde Escudo (CVE), the Group does not have associated currency risk, because the exchange rate defined does not change.

(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 2019 and 2018, the Group has been exposed to the risk of variation of "instruments at fair value through capital" prices. At June 30, 2019 and December 31, 2018 and June 30, 2018, the referred caption is composed only by shares of the closed property investment Fund Cimóvel – Fundo de Investimento Imobiliário Fechado (Real Estate Investment Fund).

The Group's sensitivity to price variations in "instruments at fair value through capital" can be summarized as follows (increases/decreases):

	Variation	Jun-19		Dec-18		Jun-18	
		Net Income	Equity	Net Income	Equity	Net Income	Equity
CIMOVEL FUND	10%	-	368.956	-	356.668	-	378.975
CIMOVEL FUND	-10%	-	(368.956)	-	(356.668)	-	(378.975)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

(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, analysing 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.

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)):

	Variation	Jun-19		Dec-18		Jun-18	
		Net Income	Equity	Net Income	Equity	Net Income	Equity
Guaranteed account	0,5 p.p.	-	-	50.000	-	25.000	-
Bank Credits	0,5 p.p.	4.617	-	4.618	-	-	-
Commercial Paper	0,5 p.p.	90.000	-	97.000	-	154.500	-
Long-term Bank Loan	0,5 p.p.	50.000	-	50.000	-	75.000	-
Bond Loan	0,5 p.p.	62.500	-	62.500	-	-	-
Total		207.117	-	264.118	-	254.500	-
Guaranteed account	(0,5 p.p.)	-	-	(50.000)	-	(25.000)	-
Bank Credits	(0,5 p.p.)	(4.617)	-	(4.618)	-	-	-
Commercial Paper	(0,5 p.p.)	(90.000)	-	(97.000)	-	(154.500)	-
Long-term Bank Loan	(0,5 p.p.)	(50.000)	-	(50.000)	-	(75.000)	-
Bond Loan	(0,5 p.p.)	(62.500)	-	(62.500)	-	-	-
Total		(207.117)	-	(264.118)	-	(254.500)	-

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 maximisation of the return obtained and minimisation of the opportunity costs relating to the liquidity, from a safety and efficient way.

Toyota Caetano Group liquidity risk management has a threefold objective:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

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

As of June 30, 2019 and December 31, 2018, the Group presents a net debt of 79.572.440 Euros and 73.928.900 Euros, respectively, divided between current and non-current loans (Note 17) and cash and cash equivalents (Note 4), 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.

The company 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).

	Jun-19	Dec-18	Jun-18
Debt	89.760.117	91.004.055	81.073.415
Cash and cash equivalents	(10.187.677)	(17.075.155)	(5.941.327)
Net Debt	79.572.440	73.928.900	75.132.088
Equity	137.438.696	137.873.129	132.386.838
Leverage Ratio	36,67%	34,90%	36,20%

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

vi) Credit risk

The Group credit risk results mainly from:

- i) the risk of recovery of monetary assets entrusted to third parties, and
- ii) the risk of recovery of loans granted to entities outside the group.

Credit risk is assessed at the initial moment and over time in order to monitor its evolution.

A significant portion of the amounts receivable from customers is dispersed among many entities, a factor that contributes toward reducing the credit concentration risk. As a rule, the Group customers are not assigned a credit rating.

Credit risk is monitored by the Group financial department, under the supervision of the Board of Directors, based on: i) the rating assigned by the credit insurance company, with which the Group has negotiated a credit insurance agreement; (ii) the debtors' corporate nature; iii) the type of transactions originating the accounts receivable; iv) the experience of past transactions; and (v) the credit limits established for each customer.

The Group considers the probability of default upon the initial recognition of the asset and, according to the occurrence of significant increases in credit risk continuously in each reporting period. In order to assess whether there has been a significant increase in credit risk, the Group compares the risk of default occurring by reference to the reporting date, with the risk of default assessed by reference to the date of initial recognition. Adequate and duly supported prospective information is considered. The following indicators are considered:

- Internal credit risk;
- External credit risk (where available);
- Current or expected adverse changes in the debtor's operating results;
- Significant increases in the credit risk of the debtor's other financial instruments;
- Significant changes in the value of collateral for liabilities, or in the quality of third-party guarantees;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

- Significant changes in the debtor's expected performance and behavior, including changes in the debtor's payment conditions at the level of the Group to which it belongs, as well as changes at the level of its operating results.

Macroeconomic information (such as market interest rates or growth rates) is incorporated into the domestic credit model.

Irrespective of the above analysis, a significant increase in credit risk is presumed to exist if a debtor is in default by more than 30 days from the contractual payment date.

Default is deemed to exist when the counterparty fails to make contractual payments within 90 days of the invoice due date. When financial assets are derecognised, the Group continues to take the necessary measures to recover the amounts owed. In cases of successful recovery, the recovered amounts are recognised in the income statement for the year.

Financial assets are derecognised when there is no real expectation of recovery. The Group classifies a loan or account receivable to be derecognised when the debtor fails to make contractual payments within 30 days.

Impairment of financial assets

a) Accounts receivable and Other debtors

The Group uses the simplified approach to calculate and record the expected credit losses required by IFRS 9, which allows using estimated impairment losses for all "Accounts receivable" and "Other debtors" balances. In order to measure expected credit losses, "Accounts receivable" and "Other debtors" were aggregated based on the shared credit risk characteristics, as well as on the days of delay. The expected credit losses include information from prospective estimates. The accounts receivable aging is discriminated in Note 11.

b) Loans granted to related entities

The balances in "Loans granted to related parties" are considered to have a low credit risk and, therefore, impairment in credit losses recognised during the period are limited to expected credit losses estimated for 12 months. These financial assets are considered to have a "low credit risk" when they have a low uncollectible risk and the debtor has a high capacity to meet its contractual cash flow liabilities in the short term.

Regarding independent dealership customers, the Group requires guarantees "on first demand", that, as disclosed in the notes to the consolidated financial statements of December 31, 2018, 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, (c) the client financial situation. The movements of these adjustments for the periods ending at June 30, 2019 and 2018 are stated in Note 23.

At June 30, 2019, the Group considers that there is no need for additional impairment losses, besides the amounts registered on those dates and stated, briefly, in Note 23.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

The following table presents, on June 30, 2019, the credit quality of bank deposits:

Deposits Long Term Rating	Rating Agency	Value
A1	Moody's	50.022
A2	Moody's	327.726
A3	Moody's	283.782
Aa3	Moody's	10.201
B3	Moody's	122.422
Ba1	Moody's	1.338.503
Ba3	Moody's	3.158.650
Baa1	Moody's	202.604
Baa2	Moody's	3.232.426
Caa1	Moody's	637.361
	Others without rating assigned	729.194
Total		<u>10.092.891</u>

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

2.3. CONVERSION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

Exchange rates used in the conversion of foreign affiliated companies, as of June 30, 2019 and December 31, 2018 were as follows:

30-06-2019

	Currency	Final Exchange Rate for Jun-19	Average Exchange Rate for Jun-19	Exchange Rate at the Date of Incorporation	Final Exchange rate for Dec-18
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

31-12-2018

	Currency	Final Exchange Rate for Dec-18	Average Exchange Rate for Dec-18	Exchange Rate at the Date of Incorporation	Final Exchange rate for Dec-17
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

3. GROUP COMPANIES INCLUDED IN CONSOLIDATION

The affiliated companies included in consolidation by the full consolidation method and share of capital held as of June 30, 2019 and December 31, 2018, are as follows:

Companies	Effective Percentage Held	
	Jun-19	Dec-18
Toyota Caetano Portugal, S.A.	Parent Company	
Saltano - Investimentos e Gestão (S.G.P.S.), S.A.	-	99,98%
Caetano Auto CV, S.A.	81,24%	81,24%
Caetano Renting, S.A.	100,00%	99,98%
Caetano - Auto, S.A.	98,41%	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).

During the period ended June 30, 2019, there was a change in the composition of the consolidation perimeter with the liquidation of Saltano in May 2019.

4. CASH AND CASH EQUIVALENTS

As of June 30, 2019, December 31, 2018 and June 30, 2018 cash and cash equivalents detail was the following:

	Jun-19	Dec-18	Jun-18
Cash	94.786	127.757	119.743
Bank Deposits	10.092.891	16.947.398	5.821.584
	10.187.677	17.075.155	5.941.327

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

5. TANGIBLE FIXED ASSETS

As of June 30, 2019 and December 31, 2018, the movement in tangible fixed assets, as well as in the respective accumulated depreciation and impairment losses, was as follows:

30-06-2019									
	Land	Buildings and Other Constructions	Machinery and Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Tangible assets in Progress	Right of use Assets	Total
Gross Assets:									
Opening Balances	18.920.052	90.552.569	61.802.798	99.627.898	8.421.472	4.506.599	1.132.876	-	284.964.264
Additions	81.621	652.131	263.865	30.464.019	168.128	104.879	281.423	1.552.977	33.569.043
Disposals and Write-offs	-	-	(10.443)	(2.210.011)	(832)	-	-	-	(2.221.286)
Transfers to inventories	-	-	-	(15.290.657)	-	-	-	-	(15.290.657)
Transfers and reclassifications	(2.433.579)	1.019.538	-	13.404	-	-	(1.019.538)	-	(2.420.175)
Ending Balances	16.568.094	92.224.238	62.056.220	112.604.653	8.588.768	4.611.478	394.761	1.552.977	298.601.189
Accumulated Depreciation and Impairment losses:									
Opening Balances	-	62.859.307	57.207.267	40.521.279	7.338.174	4.245.545	-	-	172.171.572
Depreciations	-	1.095.781	493.870	9.344.129	90.310	34.476	-	108.719	11.167.285
Disposals and Write-offs	-	-	(10.443)	(1.802.612)	(832)	-	-	-	(1.813.887)
Transfers to inventories	-	-	-	(3.139.787)	-	-	-	-	(3.139.787)
Ending Balances	-	63.955.088	57.690.694	44.923.009	7.427.652	4.280.021	-	108.719	178.385.183
Net Tangible Fixed Assets	16.568.094	28.269.150	4.365.526	67.681.644	1.161.116	331.457	394.761	1.444.258	120.216.006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

31-12-2018

	Land	Buildings and Other Constructions	Machinery and Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Tangible assets in Progress	Total
Gross Assets:								
Opening Balances	16.443.805	89.685.756	61.157.213	80.675.357	8.409.708	4.451.433	291.742	261.115.014
Additions	2.549.082	1.508.970	1.270.847	62.788.359	254.092	60.398	1.028.377	69.460.125
Disposals and Write-offs	(72.835)	(823.060)	(625.262)	(5.905.222)	(242.328)	(5.232)	(6.340)	(7.680.279)
Transfers	-	180.903	-	(37.930.596)	-	-	(180.903)	(37.930.596)
Ending Balances	18.920.052	90.552.569	61.802.798	99.627.898	8.421.472	4.506.599	1.132.876	284.964.264
Accumulated Depreciation and Impairment losses:								
Opening Balances	-	61.197.250	56.632.165	33.601.857	7.678.403	4.183.729	-	163.293.404
Depreciations	-	2.170.390	1.011.765	19.607.743	(111.369)	66.036	-	22.744.565
Disposals and Write-offs	-	(508.333)	(436.663)	(3.521.393)	(228.860)	(4.220)	-	(4.699.469)
Transfer	-	-	-	(9.166.928)	-	-	-	(9.166.928)
Ending Balances	-	62.859.307	57.207.267	40.521.279	7.338.174	4.245.545	-	172.171.572
Net Tangible Fixed Assets	18.920.052	27.693.262	4.595.531	59.106.619	1.083.298	261.054	1.132.876	112.792.692

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 costumers.

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, apart from the loss already registered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

As of June 30, 2019 and December 31, 2018, the assets acquired through financial leases are presented as follows:

	Jun-19		
	Gross Assets	Accumulated Depreciation	Net Tangible Assets
Tangible Fixed Assets	74.456.252	26.353.439	48.102.813

	Dec-18		
	Gross Assets	Accumulated Depreciation	Net Tangible Assets
Tangible Fixed Assets	58.983.523	23.003.655	35.979.868

6. INVESTMENT PROPERTIES

As of June 30, 2019, December 31, 2018 and June 30, 2018, the caption "Investment properties" refers to real estate 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 1.503.095 Euros as the six-month period ended as of June 30, 2019 (1.747.634 Euros as of June 30, 2018) (Note 28).

Additionally, in according with appraisals reported to December 31, 2018, the fair value of those investment properties amounts to, approximately, 46 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

The real estate assets recorded in the caption "Investment properties" as of June 30, 2019 and December 31, 2018 is made up as follows:

Location	Jun-19		Appraisal	Dec-18		Appraisal
	Net accounting value	Fair Value		Net accounting value	Fair Value	
Vila Nova de Gaia - Av. da República	123.966	1.192.400	Internal	84.202	1.192.400	Internal
Braga - Av. da Liberdade	-	1.355.000	Internal	-	1.355.000	Internal
Porto - Rua do Campo Alegre	776.939	3.315.000	External	795.350	3.315.000	External
Viseu - Teivas	737.016	896.000	Internal	762.388	896.000	Internal
Caldas da Rainha - Rua Dr. Miguel Bombarda	17.531	85.000	Internal	17.531	85.000	Internal
Viseu - Quinta do Cano	1.708.912	1.625.750	Internal	1.713.586	1.625.750	Internal
Amadora - Rua Elias Garcia	175.829	149.000	Internal	177.559	149.000	Internal
Portalegre - Zona Industrial	176.104	173.000	Internal	178.674	173.000	Internal
Portimão - Cabeço do Mocho	524.782	550.000	Internal	424.782	550.000	Internal
Vila Real de Santo António - Rua de Angola	-	-	-	23.911	83.000	Internal
Rio Maior	107.000	107.000	Internal	107.000	107.000	Internal
S João de Lourosa - Viseu	118.849	415.980	Internal	452.472	487.030	Internal
Vila Nova de Gaia - Av. Vasco da Gama (buildings A e B)	2.693.567	8.692.000	Internal	2.802.242	8.692.000	Internal
Vila Nova de Gaia - Av. Vasco da Gama (buildings G)	794.311	6.077.000	Internal	804.483	6.077.000	Internal
Carregado - Quinta da Boa Água / Quinta do Peixoto	4.965.573	19.218.000	Internal	4.989.846	19.218.000	Internal
Vila Nova de Gaia - Rua das Pereiras	231.638	788.000	Internal	237.553	788.000	Internal
Castelo Branco - Repair Shop	739.434	1.100.000	External	759.135	1.100.000	External
Vila Nova de Gaia Land	2.433.579	-	-	-	-	-
	16.325.030	45.739.130		14.330.714	45.893.180	

The investment properties fair value disclosed in December 31, 2018 and 2017 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).

As of June 30, 2019 the values of the evaluation will be published at December 31, 2018 on the grounds that, given the generalized inexistence of major works in 2019, the inexistence of relevant claims in 2019 and the inexistence of properties in areas of accelerated degradation there will be no significant change to the fair value of these properties. The Management believes will not have been significant changes to the fair value of these buildings, believing they are still valid and current values of the last external evaluation carried out in 2012, 2013, 2014, 2015, 2016, 2017 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

The movement in the caption "Investment properties" as of June 30, 2019 and December 31, 2018 was as follows:

30-06-2019			
	Land	Buildings	Total
Gross Assets:			
Opening Balances	9.305.659	35.408.776	44.714.435
Additions	-	40.294	40.294
Disposals and Write-offs	(210.443)	(196.854)	(407.297)
Transfers	2.433.579	-	2.433.579
Impairment losses	-	-	-
Ending Balances	11.528.795	35.252.216	46.781.011
Accumulated Depreciation and Impairment losses:			
Opening Balances	-	30.383.721	30.383.721
Depreciations	-	222.951	222.951
Disposals and Write-offs	-	(150.691)	(150.691)
Ending Balances	-	30.455.981	30.455.981
Net Investment Properties	11.528.795	4.796.235	16.325.030

In 2019, the amount in "Transfers" refers to the reclassification of the land located in Vila Nova de Gaia from tangible fixed assets to investment properties.

31-12-2018			
	Land	Buildings	Total
Gross Assets:			
Opening Balances	10.135.964	36.926.442	47.062.406
Additions	-	20.775	20.775
Disposals and Write-offs	(830.305)	(1.538.441)	(2.368.746)
Ending Balances	9.305.659	35.408.776	44.714.435
Accumulated Depreciation and Impairment losses:			
Opening Balances	-	30.699.208	30.699.208
Depreciations	-	473.690	473.690
Disposals and Write-offs	-	(789.177)	(789.177)
Ending Balances	-	30.383.721	30.383.721
Net Investment Properties	9.305.659	5.025.055	14.330.714

7. GOODWILL

At June 30, 2019 and December 31, 2018 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. At June 30, 2019 there are no signs of impairment, so it was not necessary to carry out impairment tests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

8. INTANGIBLE ASSETS

As of June 30, 2019 and December 31, 2018, the movement in intangible assets, as well as in the respective accumulated amortization and accumulated impairment losses, was as follows:

30-06-2019

	Research and Development Expenses	Industrial Property	Goodwill	Computer Programs	Total
Gross Assets:					
Opening Balances	1.477.217	551.031	81.485	2.150.170	4.259.903
Additions	-	5.876	-	-	5.876
Changes in Perimeter	-	-	-	(500)	(500)
Ending Balances	1.477.217	556.907	81.485	2.149.670	4.265.279
Accumulated Amortization and Impairment losses:					
Opening Balances	1.477.217	198.131	81.485	2.142.706	3.899.539
Amortizations	-	77.568	-	3.732	81.300
Changes in Perimeter	-	-	-	(500)	(500)
Ending Balances	1.477.217	275.699	81.485	2.145.938	3.980.339
Net Intangible Assets	-	281.208	-	3.732	284.940

31-12-2018

	Research and Development Expenses	Industrial Property	Goodwill	Computer Programs	Total
Gross Assets:					
Opening Balances	1.477.217	399.378	81.485	2.150.170	4.108.250
Additions	-	153.701	-	-	153.701
Ending Balances	1.477.217	551.031	81.485	2.150.170	4.259.903
Accumulated Amortization and Impairment losses:					
Opening Balances	1.449.781	76.558	81.485	2.087.579	3.695.403
Amortizations	27.436	122.491	-	55.127	205.054
Ending Balances	1.477.217	198.131	81.485	2.142.706	3.899.539
Net Intangible Assets	-	352.900	-	7.464	360.364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

9. INSTRUMENTS AT FAIR VALUE THROUGH CAPITAL

During the period ended as of June 30, 2019, and December 31, 2018 and June 30, 2018 the movements in item "Instruments at fair value through capital" were as follows:

	Non-Current		
	Jun-19	Dec-18	Jun-18
<u>Instruments at fair value through capital</u>			
Opening balances	3.633.413	3.732.500	3.732.500
Decrease during the year	(39.904)	-	-
Increase/(decrease) in fair value	122.887	(99.087)	123.990
Ending balances	3.716.396	3.633.413	3.856.490

As of June 30, 2019, "Instruments at fair value through capital" include the amount of 3.689.564 Euros (June 30, 2018: 3.789.754 Euros) corresponding to 580.476 shares of Cimóvel - Real Estate Investment Fund (9,098%), which are recorded at its fair value at June 30, 2019 (the acquisition cost of those shares ascended to 3.013.947 Euros, with a reserve in equity (Fair Value Reserve - Instruments at fair value through capital) in the amount to 675.618 Euros. The remaining "Instruments at fair value through capital" 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 during the six-month period ended as of June 30, 2019 and 2018 from recording "Instruments at fair value through capital" at fair value can be summarized as follows:

	Jun-19	Jun-18
Fair value variation	122.887	123.990
Effect on equity	122.887	123.990

10. INVENTORIES

As of June 30, 2019, December 31, 2018 and June 30, 2018, this caption breakdown is as follows:

	Jun-19	Dec-18	Jun-18
Raw and subsidiary Materials	7.867.671	8.885.206	6.205.159
Production in Process	985.273	932.748	862.355
Finished and semi-finished Products	2.371.507	1.242.750	2.646.251
Merchandise	98.534.186	90.219.827	79.869.702
	109.758.637	101.280.531	89.583.467
Accumulated impairment losses in inventories (Note 23)	(2.813.619)	(2.221.105)	(1.790.989)
	106.945.018	99.059.426	87.792.478

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

During the six-month period ended as of June 30, 2019 and 2018, cost of sales was as follows:

	Jun-19			Jun-18		
	Merchandise	Raw and subsidiary Materials	Total	Merchandise	Raw and subsidiary Materials	Total
Opening Balances	90.219.827	8.885.206	99.105.033	81.473.495	10.413.228	91.886.723
Net Purchases	156.109.236	20.731.834	176.841.070	170.627.170	16.325.828	186.952.998
Transfers to inventories	15.290.657	-	15.290.657	-	-	-
Ending Balances	(98.534.186)	(7.867.671)	(106.401.857)	(79.869.702)	(6.205.159)	(86.074.861)
Total	163.085.534	21.749.369	184.834.903	172.230.963	20.533.897	192.764.860

During the six-month period ended as of June 30, 2019 and 2018, the variation in production was computed as follows:

	Finished and semi-finished products	
	Jun-19	Jun-18
Ending Balances	3.356.780	3.508.606
Inventories adjustments	(105)	(3.182)
Opening Balances	(2.175.498)	(5.567.901)
Total	1.181.177	(2.062.477)

11. ACCOUNTS RECEIVABLE

As of June 30, 2019, December 31, 2018 and June 30, 2018, the detail of this caption was as follows:

	CURRENT ASSETS			NON-CURRENT ASSETS		
	Jun-19	Dec-18	Jun-18	Jun-19	Dec-18	Jun-18
Customers, current accounts	74.234.031	56.648.436	60.881.427	705.764	494.293	561.939
Doubtful Accounts Receivable	9.696.611	8.838.044	9.248.002	-	-	-
	83.930.642	65.486.480	70.129.429	705.764	494.293	561.939
Accumulated impairment losses in accounts Receivable (Note 23)	(8.963.990)	(8.776.958)	(9.184.332)	-	-	-
	74.966.652	56.709.522	60.945.097	705.764	494.293	561.939

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

Group exposure to credit risk is mainly related to trade receivables resulting from its operational activity. Before accepting new customers, the Group contacts credit rating agencies and performs internal analysis of credit risk, through specific credit control, collection and legal service departments, and assigns credit limits by customer, based on the gathered information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

Accounts receivable aging

Debt maturity without recognition of losses by impairment

30/06/2019

	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Accounts receivable	50.118.316	5.789.560	3.152.972	8.944.876	68.005.724
Employees	45.102	3.450	3.201	51.162	102.915
Independent Dealers	6.703.878	100.256	19.050	7.972	6.831.156
Total	56.867.296	5.893.266	3.175.223	9.004.010	74.939.795

31/12/2018

	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Accounts receivable	31.284.576	5.780.752	2.176.100	9.791.002	49.032.430
Employees	77.032	780	2.732	200.911	281.455
Independent Dealers	7.426.444	363.223	27.689	11.488	7.828.844
Total	38.788.052	6.144.755	2.206.521	10.003.401	57.142.729

Debt maturity with recognition of losses by impairment

30/06/2019

	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Doubtful Accounts Receivable	-	2.138	-	9.694.473	9.696.611
Total	-	2.138	-	9.694.473	9.696.611

31/12/2018

	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Doubtful Accounts Receivable	14.123	2.275	1.378	8.820.268	8.838.044
Total	14.123	2.275	1.378	8.820.268	8.838.044

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

Accounts receivable ageing against maturity

30/06/2019						
	Not Due	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Accounts receivable	29.216.341	26.464.273	5.905.615	3.063.979	10.289.587	74.939.795
Total	29.216.341	26.464.273	5.905.615	3.063.979	10.289.587	74.939.795

31/12/2018						
	Not Due	- 60 days	60-90 days	90-120 days	+ 120 days	Total
Accounts receivable	15.507.326	28.100.550	2.700.057	1.283.518	9.551.278	57.142.729
Total	15.507.326	28.100.550	2.700.057	1.283.518	9.551.278	57.142.729

12. OTHER DEBTORS

As of June 30, 2019, December 31, 2018 and June 30, 2018, the detail of this caption was as follows:

	Current Assets		
	Jun-19	Dec-18	Jun-18
Down Payments to Suppliers	103.621	18.621	47.106
Public Entities (VAT)	39.361	3.051.511	6.949.449
Other debtors	2.618.207	2.748.473	2.653.446
	2.761.189	5.818.605	9.650.001

Additionally, this caption includes, as of June 30, 2019 and 2018 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, 2018).

It is noted that this amount also includes as of June 30, 2019 an account receivable in the amount of 640.000 Euros from the related party Fundação Salvador Caetano (618.000 Euros as of December 31, 2018).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

13. OTHER CURRENT ASSETS

As of June 30, 2019, December 31, 2018 and June 30, 2018, the detail of this caption was as follows:

	Jun-19	Dec-18	Jun-18
Accrued Income			
Fleet programs and Bonus suppliers	760.998	2.366.089	166.060
Rappel	593.143	1.374.158	223.517
Warranty claims	135.882	159.112	280.408
Commission	102.048	508.148	431.441
Assignment of staff	49.114	27.842	46.168
Fee's	3.002	22.699	-
Others	869.637	583.031	994.747
	2.513.824	5.041.079	2.142.341
Deferred expenses			
Insurance	187.789	178.892	339.641
Interest	139.364	125.116	56.223
Rentals	124.739	128.636	20.173
Others	838.115	857.657	600.894
	1.290.007	1.290.301	1.016.931
Total	3.803.831	6.331.380	3.159.272

14. DEFERRED TAXES ASSETS AND LIABILITIES

The detail and movements of deferred tax assets and liabilities recorded in the accompanying consolidated financial statements as of June 30, 2019 and December 31, 2018 is as follows:

30-06-2019

	Dec-18	Profit and Loss Impact	Jun-19
<u>Deferred tax assets:</u>			
Provisions not accepted for tax purpose	296.439	-	296.439
Defined Benefit Plan Liabilities	1.611.745	-	1.611.745
Write-off of tangible assets/inventories	926.746	(410.007)	516.739
	2.834.930	(410.007)	2.424.923
<u>Deferred tax liabilities:</u>			
Depreciation as a result of legal and free revaluation of fixed assets	(590.517)	-	(590.517)
Effect of the reinvestments of the surplus in fixed assets sales	(113.367)	-	(113.367)
Fair value of fixed assets	(898.732)	-	(898.732)
	(1.602.616)	-	(1.602.616)
Net effect (Note 24)		(410.007)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

31-12-2018

	Dec-17	Profit and Loss Impact	Dec-18
<u>Deferred tax assets:</u>			
Provisions not accepted for tax purpose	212.335	84.104	296.439
Tax losses	1.611.745	-	1.611.745
Defined Benefit Plan Liabilities	489.298	437.448	926.746
	<u>2.313.378</u>	<u>521.552</u>	<u>2.834.930</u>
<u>Deferred tax liabilities:</u>			
Depreciation as a result of legal and free revaluation of fixed assets	(619.498)	28.981	(590.517)
Effect of the reinvestments of the surplus in fixed assets sales	(116.914)	3.547	(113.367)
Fair value of fixed assets	(898.732)	-	(898.732)
	<u>(1.635.144)</u>	<u>32.528</u>	<u>(1.602.616)</u>
Net effect (Note 24)		<u>554.080</u>	

At June 30, 2019 and 2018 the Group there was no tax losses.

As of June 30, 2019 and 2018 tax rates used to compute current and deferred tax assets and liabilities were as follows:

	Tax rates	
	Jun-19	Jun-18
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 4-year period. Therefore, the tax declarations since the year of 2015 and 2018 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

15. EQUITY

Share Capital

As of June 30, 2019, the Company's share capital, fully subscribed and paid for, consisted of 35.000.000 bearer shares, fully subscribed and paid for, 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.	66,43%
- Toyota Motor Europe NV/SA	27,00%

In 2019, Salvador Caetano-Auto – S.G.P.S., S.A. acquired 151.366 shares with a nominal value of 1 Euro each, fully paid up and representing 0,44% of the share capital.

Dividends

According to the General shareholders meeting deliberation, as of April 12, 2019, was paid to shareholders a dividend of 0,20 Euros per share (7.000.000 Euros).

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 "Instruments at fair value through capital" and cannot be distributed or used to absorb losses (Note 9).

Other Reserves

Referring to reserves with free reserves, making them distributable according to the commercial legislation in force.

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 International Financial Reporting Standard (IFRS).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

16. NON-CONTROLLING INTERESTS

Movements in this caption during the period ended as of June 30, 2019, December 31, 2018 and June 30, 2018 were as follows:

	Jun-19	Dec-18	Jun-18
Opening Balances as of January 1	1.473.222	1.387.418	1.387.418
Acquisition of non-controlling interests	(4.269)	-	-
Net profit attributable to non-controlling interests	55.754	85.804	72.765
	<u>1.524.707</u>	<u>1.473.222</u>	<u>1.460.183</u>

The decomposition of the mentioned value by subsidiary company is as follows:

	% NCI	Non-controlling Interests	Net profit attributable to Non-controlling Interests
Caetano Auto CV, S.A.	18,76%	886.265	48.158
Caetano Auto, S.A.	1,59%	638.442	7.596
		<u>1.524.707</u>	<u>55.754</u>

The resume of financial information at June 30, 2019 related to each subsidiary that is consolidated is presented below:

Caption	Caetano Auto		Caetano Auto CV	
	Jun-19	Dec-18	Jun-19	Dec-18
Non - Current Assets	58.221.865	56.490.292	1.326.684	1.257.814
Current Assets	94.174.573	90.240.546	5.419.858	5.692.940
Total assets	152.396.438	146.730.838	6.746.542	6.950.754
Non - Current Liabilities	7.682.186	8.052.611	98.878	98.878
Current Liabilities	105.150.001	99.202.695	1.951.673	2.322.266
Equity	39.564.251	39.475.532	4.695.991	4.529.610
Revenues	114.542.922	234.877.024	6.942.918	14.733.922
Operating Results	118.117	5.127.518	264.408	356.168
Financial Results	4.847	31.019	-	(6.629)
Taxes	(34.245)	(1.436.915)	(98.027)	(125.871)
Net Income	88.719	3.721.623	166.381	223.668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

17. LOANS

As of June 30, 2019, December 31, 2018 and June 30, 2018 the caption "Loans" was as follows:

	Jun-19			Dec-18			Jun-18		
	Current	Non-Current	TOTAL	Current	Non-Current	TOTAL	Current	Non-Current	TOTAL
Bank Loan	18.000.000	10.000.000	28.000.000	29.400.000	10.000.000	39.400.000	40.900.000	10.000.000	50.900.000
Bank Overdrafts	923.301	-	923.301	923.669	-	923.669	1.028.221	-	1.028.221
Car Financing	-	-	-	2.499.961	-	2.499.961	-	-	-
Bond Loan	-	12.500.000	12.500.000	-	12.500.000	12.500.000	-	-	-
Right of Use Leases	1.444.258	-	1.444.258	-	-	-	-	-	-
Finance Leases	25.548.367	21.344.191	46.892.558	19.715.283	15.965.142	35.680.425	9.266.520	19.878.673	29.145.193
	45.915.926	43.844.191	89.760.117	52.538.913	38.465.142	91.004.055	51.194.741	29.878.673	81.073.414

The movement occurred in bank loans, bank overdrafts, other loans, commercial paper programs and bond loan during the period ended June 30, 2019 was as follows:

	Opening Balances	Increase	Decrease	Other Variations (*)	
Bank Loan	10.000.000	-	-	-	10.000.000
Bank Overdrafts	923.669	-	-	(368)	923.301
Car Financing	2.499.961	-	-	(2.499.961)	-
Guaranteed Account	10.000.000	5.000.000	15.000.000	-	-
Commercial Paper	19.400.000	70.000.000	71.400.000	-	18.000.000
Bond Loan	12.500.000	-	-	-	12.500.000
Leases	35.680.425	-	5.339.643	17.996.034	48.336.816
	91.004.055	75.000.000	91.739.643	15.495.705	89.760.117

As of June 30, 2019 and December 31, 2018, the detail of bank loans, overdrafts, other loans and Commercial Paper Programs, as well as its conditions, were as follows:

30/06/2019				
Description/Beneficiary Company	Used Amount	Limit	Beginning Date	Date-Limit
<u>Non-current</u>				
Mutual Loans				
Toyota Caetano Portugal	10.000.000	10.000.000	11/03/2016	5 years
Bond Loan				
Toyota Caetano Portugal	12.500.000	12.500.000	09/08/2018	5 years
	<u>22.500.000</u>	<u>22.500.000</u>		
<u>Current</u>				
Guaranteed account	-	12.000.000		
Mutual Loans	923.301	5.500.000		
Bank Overdrafts	-	4.350.000		
Commercial Paper:				
Toyota Caetano Portugal	13.000.000	16.000.000	27/02/2017(*)	3 years
Toyota Caetano Portugal	5.000.000	10.000.000	18/08/2015	5 years
Toyota Caetano Portugal	-	4.000.000	17/07/2017	5 years
Toyota Caetano Portugal	-	5.000.000	10/11/2016	5 years
Toyota Caetano Portugal	-	4.000.000	24/02/2019	1 year
	<u>18.923.301</u>	<u>60.850.000</u>		
	<u>41.423.301</u>	<u>83.350.000</u>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

31/12/2018				
Description/Beneficiary Company	Used Amount	Limit	Beginning Date	Date-Limit
<u>Non-current</u>				
Mutual Loans				
Toyota Caetano Portugal	10.000.000	10.000.000	11/03/2016	5 years
Bond Loan				
Toyota Caetano Portugal	12.500.000	12.500.000	09/08/2018	5 years
	<u>22.500.000</u>	<u>22.500.000</u>		
-				
<u>Current</u>				
Guaranteed account	10.000.000	12.000.000		
Bank Overdrafts	923.669	5.500.000		
Confirming	-	10.000.000	22/06/2012	5 years
Car Financing	2.499.961	13.500.000	15/10/2014	5 years
Commercial Paper:				
Toyota Caetano Portugal	15.400.000	18.000.000	27/02/2017(*)	3 years
Toyota Caetano Portugal	-	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	-	5.000.000	10/11/2016	5 years
Toyota Caetano Portugal	-	4.000.000	24/02/2018	1 year
	<u>32.823.630</u>	<u>82.000.000</u>		
	<u>55.323.630</u>	<u>104.500.000</u>		

(*) with amortization of 2 million euros per year

Next, we present below the debt amount outstanding, for which there have been granted mortgages (Note 34):
- Commercial Paper: 13.000.000.

Interests relating to the above mentioned bank loans are indexed to Euribor interest rates, increased with a spread that varies from 0,75 to 2,75 bps.

The Company and its affiliates have available credit facilities as of June 30, 2019 amounting to approximately 83 Million Euros (of which have been utilized 41 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. This amount is invested in different financial institutions, with no excessive concentration in any of them.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

The item "Financial Lease" (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's	12m	12 - 24m	24 - 36m	36 - 48m	>48m	TOTAL	TOTAL
2028278	Commercial facilities							
	Capital	98.263	99.002	69.453	-	-	168.455	266.718
	Interests	1.663	924	182	-	-	1.106	2.769
559769	Commercial facilities							
	Capital	24.802	25.189	25.582	25.982	329.933	406.686	431.488
	Interests	6.512	6.125	5.732	5.333	29.427	46.617	53.129
626064	Commercial facilities							
	Capital	175.311	181.547	188.004	194.690	245.044	809.285	984.596
	Interests	31.064	24.829	18.372	11.685	4.634	59.520	90.585
2032103	Commercial facilities							
	Capital	15.198	15.976	64.203	-	-	80.179	95.377
	Interests	4.424	3.646	2.307	-	-	5.953	10.377
30000343	Commercial facilities							
	Capital	42.009	42.857	43.722	44.605	368.713	499.897	541.906
	Interests	10.454	9.607	8.741	7.859	28.401	54.608	65.062
2017554	Commercial facilities							
	Capital	46.079	165.687	-	-	-	165.687	211.766
	Interests	4.769	3.348	-	-	-	3.348	8.117
105149	Commercial facilities							
	Capital	33.621	33.937	-	-	-	33.937	67.558
	Interests	1.633	566	-	-	-	566	2.199
Several	Vehicles							
	Capital	19.074.626	8.135.733	-	-	-	8.135.733	27.210.359
	Interests	239.666	31.644	-	-	-	31.644	271.310
Several	Industrial Equipment							
	Capital	6.038.458	3.961.730	3.528.149	2.439.757	1.114.696	11.044.332	17.082.790
	Interests	433.989	250.861	135.321	60.581	15.855	462.618	896.607
Total Capital		25.548.367	12.661.658	3.919.113	2.705.034	2.058.386	21.344.191	46.892.558
Total Interests		734.174	331.550	170.655	85.458	78.317	665.980	1.400.155

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

Debt Maturity

Loans

	12m	12 - 24m	24 - 36m	36 - 48m	>48m	Total
Loan - mutual contract	-	10.000.000	-	-	-	10.000.000
Bond Loan	-	-	-	-	12.500.000	12.500.000
Bank Overdrafts	923.301	-	-	-	-	923.301
Commercial Paper	18.000.000	-	-	-	-	18.000.000
Right of use Leases	1.444.258	-	-	-	-	1.444.258
Financial Leases	25.548.367	12.661.658	3.919.113	2.705.034	2.058.386	46.892.558
Total Loans	45.915.926	22.661.658	3.919.113	2.705.034	14.558.386	89.760.117

Interests

	12m	12 - 24m	24 - 36m	36 - 48m	>48m	Total
Loan - mutual contract	166.146	275.500	-	-	-	441.646
Financial Leases	734.174	331.550	170.655	85.458	78.317	1.400.155
Bond Loan	155.382	318.576	315.972	316.840	316.840	1.423.611
Total interests	1.055.702	925.626	486.627	402.299	395.157	3.265.412

18. ACCOUNTS PAYABLE

As of June 30, 2019, December 31, 2018 and June 30, 2018 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

19. OTHER CREDITORS

As of June 30, 2019, December 31, 2018 and June 30, 2018 the detail of other creditors was as follows:

	Current Liabilities		
	Jun-19	Dec-18	Jun-18
Income Taxes withheld	476.534	376.634	499.264
Value Added Taxes	14.455.635	9.438.099	12.730.820
Vehicles Tax	2.265.501	2.275.238	2.415.007
Custom Duties	3.315	381	4.954
Employee's social contributions	850.804	682.841	804.550
Taxes of local Authorities	247.207	207.376	277.962
Others	9.388	14.364	11.676
Public Entities: Sub-total	18.308.384	12.994.933	16.744.233
Shareholders	20.291	15.542	15.707
Advances from Customers	986.425	736.091	731.814
Other Creditors	10.700.960	1.037.283	1.390.223
Other Creditors: Sub-total	11.707.676	1.788.916	2.137.744
	30.016.060	14.783.849	18.881.977

There are no debts related to public entities (State and Social Security).

20. INCOME TAX (STATEMENT OF FINANCIAL POSITION)

As of June 30, 2019, December 31, 2018 and June 30, 2018 the caption "Income tax" can be summarized as follows:

	Current Liabilities		
	Jun-19	Dec-18	Jun-18
Public Entities:			
Income Tax Payable (Note 24)	1.008.189	1.939.181	1.787.661
	1.008.189	1.939.181	1.787.661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

21. OTHER CURRENT LIABILITIES

As of June 30, 2019, December 31, 2018 and June 30, 2018 the caption "Other Current Liabilities" was as follows:

	Jun-19	Dec-18	Jun-18
Accrued Cost			
Vacation pay and bonus	8.407.089	5.993.832	7.337.201
Advertising Campaigns	1.847.997	3.594.310	4.707.054
Specialization cost assigned to vehicles sold	1.625.624	779.842	1.435.113
Commission	1.391.345	967.344	742.533
Advance External Supplies and Services	1.210.055	489.929	776.196
Warranty claims	896.736	-	831.110
Accrual for Vehicles Tax	712.490	804.876	576.660
Supply costs	673.249	363.377	17.893
Rappel charges attributable to fleet managers	530.870	486.430	592.514
Insurance	289.391	220.314	268.839
Municipal Property Tax	142.331	126.000	155.804
Royalties	140.164	71.170	77.311
Interest	136.752	236.354	83.423
Rents	-	-	43.737
Specialized work	91.620	-	35.443
Others	2.064.226	2.505.080	513.483
	20.159.939	16.638.858	18.194.314
Deferred Income			
Vehicle maintenance contracts	7.415.869	5.844.505	4.121.001
Bonuses by suppliers	869.925	-	-
Subsidy granted	28.653	28.653	501.360
Publicity recuperation	27.997	29.283	34.205
Interest Charged to Customers	27.061	16.832	26.598
Others	207.014	176.425	277.179
	8.576.519	6.095.698	4.960.343
Total	28.736.458	22.734.556	23.154.657

22. LIABILITIES FOR RETIREMENT PENSION COMPLEMENTS

Toyota Caetano Portugal (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 June 30, 2019, the following companies of Toyota Caetano Group were associates of the Salvador Caetano Pension Fund:

- Toyota Caetano Portugal, S.A.
- Caetano Auto, S.A.
- Caetano Renting, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

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. To cover these responsibilities, it was constituted an Independent Fund (managed by BPI Vida e Pensões, S.A.).

However, following a request to change the functioning of these compensations, requested from the ISP - Instituto de Seguros de Portugal, this Defined Benefit Plan started to cover, as of January 1, 2008, only current retired workers, former employees of the Group with "deferred pensions" and the current employees and staff of the Group over 50 years of age and at least 15 years of service to the Group.

The actuarial assumptions used at 2018 by the fund manager include the "Current Unit Credit" calculation method, the Mortality Table and disability TV 73/77 and SuisseRe 2001, respectively, as well as salary increase rate, pensions increase rate and discount rate of 1%, 0% and 1,57%, respectively. To this date were used the assumptions as December 31, 2018.

At December 31, 2018 the Group's responsibilities to the defined benefit plan and the assets of the Fund allocated can be summarized as follows:

Defined benefit plan	2018	2017	2016	2015	2014	2013	2012
Responsibility amount	32.818.838	35.024.830	35.367.964	33.997.681	33.574.520	29.059.458	29.650.534
Fund Amount	25.925.723	27.510.086	27.541.632	28.297.093	29.075.997	28.855.219	28.444.454

The net liability of Toyota Caetano Portugal Group evidenced above is guaranteed by a provision recorded in the amount of about 9.792.511 euros, reflected in the statement of financial position under "Defined Benefit Obligations".

23. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the six-month period ended as of June 30, 2019, and June 30, 2018 were as follows:

30-06-2019

	Opening Balances	Increases	Disposals	Other regularizations	Ending Balances
Accumulated impairment losses in investments	2.780.809	-	-	(100.000)	2.680.809
Accumulated impairment losses in accounts receivable (Note 11)	8.776.958	187.032	-	-	8.963.990
Accumulated impairment losses in inventories (Note 10)	2.221.105	736.964	-	(144.450)	2.813.619
Provisions	881.547	100.855	(200.000)	(52.257)	730.145

30-06-2018

	Opening Balances	Increases	Other regularizations	Ending Balances
Accumulated impairment losses in investments	2.780.809	-	-	2.780.809
Accumulated impairment losses in accounts receivable (Note 11)	9.184.332	-	-	9.184.332
Accumulated impairment losses in inventories (Note 10)	1.452.410	338.579	-	1.790.989
Provisions	514.525	175.543	(66.209)	623.859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

As of June 30, 2019 and June 30, 2018, the caption "Provisions" has the following breakdown:

	Jun-19	Jun-18
Warranty provisions	631.266	324.967
Litigations in progress	98.879	298.892
	730.145	623.859

24. INCOME TAXES (INCOME STATEMENT)

The income tax for the six-month period ended as of June 30, 2019 and 2018 was as follows:

	Jun-19	Jun-18
Income Tax	1.928.828	2.605.432
Deferred income taxes (Note 14)	410.007	89.551
	2.338.835	2.694.983

25. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKETS AND BY ACTIVITIES

The detail of sales and services rendered by geographic markets, during the six-month periods ended as of June 30, 2019 and 2018, was as follows:

Market	Jun-19		Jun-18	
	Amount	%	Amount	%
National	197.040.209	86,36%	202.693.108	85,51%
Belgium	23.686.205	10,38%	25.875.244	10,92%
African Countries with Official Portuguese Language	7.096.355	3,11%	7.087.068	2,99%
Spain	20.636	0,01%	25.767	0,01%
Germany	3.711	0,00%	1.137	0,00%
United Kingdom	4.399	0,00%	13.535	0,01%
Others	315.376	0,14%	1.336.602	0,56%
	228.166.891	100,00%	237.032.461	100,00%

Additionally, sales and services rendered by activity were as follows:

Activity	Jun-19		Jun-18	
	Amount	%	Amount	%
Vehicles	188.525.392	82,63%	198.636.743	83,80%
Spare Parts	23.757.613	10,41%	24.221.355	10,22%
Repairs and after sales services	14.315.345	6,27%	13.748.275	5,80%
Others	1.568.541	0,69%	426.088	0,18%
	228.166.891	100,00%	237.032.461	100,00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

26. EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" was as follows:

	Jun-19	Jun-18
Subcontracts	825.212	984.795
Specialized Services	10.062.100	8.424.538
Professional Services	2.940.373	3.046.564
Advertising	5.293.398	3.555.585
Vigilance and Security	246.611	230.714
Professional Fees	465.370	452.568
Commissions	180.870	283.069
Repairs and Maintenance	935.478	856.038
Materials	436.321	418.947
Tools and utensils	187.480	171.182
Books and technical documentation	105.401	100.515
Office supplies	20.790	11.371
Utilities	1.699.622	1.609.313
Electricity	669.758	685.341
Fuel	796.095	702.018
Water	127.386	108.068
Others	106.383	113.886
Travel and transportation	1.887.415	1.674.677
Traveling expenses	973.323	859.342
Personnel transportation	52.945	51.818
Transportation of materials	861.147	763.517
Other supplies	8.515.237	8.546.349
Rent	1.986.749	1.697.838
Communication	380.909	435.693
Insurance	779.909	698.302
Royalties	254.137	215.192
Notaries	11.194	11.043
Cleaning and comfort	437.020	407.020
Other Services	4.665.319	5.081.261
	23.425.907	21.658.619

At June 30, 2019, the caption "Other services" includes about 2,5 million euros, relating to guarantees claims (2,8 million: June 30, 2018).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

27. PAYROLL EXPENSES

Payroll expenses are decomposed as follows:

	Jun-19	Jun-18
Payroll Management	250.560	243.252
Payroll Personnel	14.334.914	14.231.869
Benefits Plan	996.711	1.019.720
Termination Indemnities	95.538	62.385
Social Security Contribution	3.486.930	3.362.031
Workmen's Insurance	210.650	183.235
Others	1.626.720	1.597.482
	21.002.023	20.699.974

REMUNERATION OF BOARD MEMBERS

The remuneration of members of the board of Toyota Caetano Portugal, S.A. in the six-months ended as of June 30, 2019 and 2018 were as follows:

Board Members	Jun-19	Jun-18
Board of Directors Fixed remunerations	250.560	243.252

AVERAGE NUMBER OF PERSONNEL

During the six-month period ended as of June 30, 2019 and 2018, the average number of personnel was as follows:

Personnel	Jun-19	Jun-18
Employees	1.124	1.097
Workers	484	461
	1.608	1.558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

28. OTHER OPERATING INCOME AND EXPENSES

As of June 30, 2019 and 2018, the caption "Other operating income" and "Other operating expenses" were as follows:

Other operating income	Jun-19	Jun-18
Lease Equipment	6.647.087	6.336.374
Guarantees recovered (Toyota)	2.829.649	3.549.059
Commissions	2.210.836	2.450.710
Rents charged (Note 6)	2.227.698	1.747.634
Work for the Company	1.913.545	1.739.322
Subsidies	1.711.339	1.538.044
Advertising expenses and sales promotion recovered	1.269.005	1.727.821
Rents expenses recovered	741.612	765.606
Services provided	865.522	883.576
Transport expenses recovered	423.198	393.018
Gains in the disposal Tangible Fixed Assets	142.781	1.238.579
Materials	6.317	12.433
Others	2.698.100	2.274.267
	23.686.689	24.656.444

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.

	Jun-19	Jun-18
Taxes	762.469	729.153
Bad debts	-	353.307
Losses in Inventories	14.667	-
Prompt payment discounts granted	3.902	1.599
Losses in other investments	1.815	-
Losses in other non-financial investments	26.187	311.697
Corrections to previous years	244.630	12.924
Donations	2.200	136.055
Subscriptions	15.298	16.032
Fines and penalties	14.754	12.178
Others	446.677	761.449
	1.532.599	2.334.394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

29. FINANCIAL INCOME AND EXPENSES

Consolidated net financial results as of June 30, 2019 and 2018 were as follows:

Expenses and Losses	Jun-19	Jun-18
Interest	830.478	807.357
Other Financial Expenses	337.211	66.643
	1.167.689	874.000

Income and Gains	Jun-19	Jun-18
Interest	10.535	4.891
	10.535	4.891

30. FINANCIAL ASSETS AND LIABILITIES

We summarize in the table below a resume of financial instruments of Toyota Caetano Group as of June 30, 2019, December 31, 2018 and June 30, 2018:

	Note	Financial Assets			Financial Liabilities		
		Jun-19	Dec-18	Jun-18	Jun-19	Dec-18	Jun-18
Instruments at fair value through capital	9	3.716.396	3.633.413	3.856.490	-	-	-
Accounts Receivable	11	75.672.416	57.203.815	61.507.036	-	-	-
Other Debtors - Current	12	2.721.828	2.767.094	2.700.552	-	-	-
Other current assets	13	2.513.824	5.041.079	2.142.341	-	-	-
Loans	17	-	-	-	88.951.084	91.004.055	81.073.415
Other creditors - Current	19	-	-	-	11.707.676	1.788.918	2.137.744
Accounts payable	18	-	-	-	43.864.631	39.907.558	38.666.258
Other current liabilities	21	-	-	-	20.329.369	16.740.724	15.817.456
Cash and Cash Equivalents	4	10.187.677	17.075.155	5.941.327	-	-	-
		94.812.141	85.720.556	76.147.746	164.852.760	149.441.255	137.694.873

Financial Instruments at Fair Value

	Note	Financial Assets		
		Jun-19	Dec-18	Jun-18
Instruments at fair value through capital	9	3.716.396	3.633.413	3.856.490
		3.716.396	3.633.413	3.856.490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

Classification and Measurement

	Instruments at fair value through capital		Derivate Financial Instruments		Level
	At fair value	At cost	Cash Flow Hedge Accounting	Negotiation	
Cimóvel Fund	3.689.564	-	-	-	1)
Others	-	26.832	-	-	3)

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 – instruments at fair value through capital: 3.689.564 Euros (3.566.677 Euros in December 31, 2018);
- 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 (*swaps*).
- c) level 3 – inputs for the asset or liability that are not based on observable market data.

Impact on the Consolidated Income Statement and Equity

	Impact on equity		
	Jun-19	Dec-18	Jun-18
Instruments at fair value through capital	122.887	(99.087)	123.990
	122.887	(99.087)	123.990

31. SHORT TERM AND REDUCED VALUES LEASES

During the six-month period ended as of June 30, 2019 the minimum payments for leases amounted to approximately 0,5 million Euros. Of that amount, 0,4 million relate to payments with maturity of one year and 0,1 million relate to payments to occur in more than one year.

Minimum payments of lease	Jun-19
Not more than one year	430.333
More than one year and no more than five	111.148
More than five years	-
	541.480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

32. 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 Toyota Caetano Group and the related parties 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 & Sardenha, Lda.	2.214	-	-	-	-	-	-	-	-	3.600
Atlântica - Companhia Portuguesa de Pesca, S.A.	5.173	-	-	-	-	-	-	-	-	-
Auto Partner Imobiliária, S.A.	1.595	17.749	-	-	-	-	-	-	-	-
Cabo Verde Rent-a-Car, Lda.	367.990	33.111	290.540	-	-	-	-	104.858	-	-
Caetano Active, S.A.	4.040	430	1.249	-	-	-	6.901	-	-	237
Caetano Aeronautic, S.A.	477.962	8.659	1.730	-	-	-	14.016	-	-	333.385
Caetano Baviera - Comércio de Automóveis, S.A.	157.944	124.125	78.483	307.484	-	-	29.886	(11.444)	4.756	103.022
Caetano City e Active (Norte), S.A.	556.759	153.554	1.334.013	367	-	105.588	345	60.299	124.008	(7.926)
Caetano Drive, Sport e Urban, S.A.	40.634	62.302	8.717	54.783	-	-	16.717	19.269	-	3.945
Caetano Energy, S.A.	41.535	6.398	5.729	616	-	-	9.097	223	-	1.229
Caetano Fórmula, S.A.	14.800	109.789	5.355	327.292	-	-	2.653	(11.280)	-	2.876
Caetano Formula East África, S.A.	3.106	-	35	-	-	-	-	-	-	2.490
Caetano Formula Galicia, SLU	130	-	-	-	-	-	-	-	-	130
Caetano Fórmula West África, S.A.	115	-	-	-	-	-	-	-	-	94
Caetano Motors, S.A.	47.650	194	6.848	49	-	-	8.076	1.759	-	1.517
Caetano Move África, S.A.	188	-	-	-	-	-	-	-	-	153
Caetano One CV, Lda.	(20.116)	1.645	22.307	20.398	-	-	18.887	1.237	-	-
Caetano Parts, Lda.	39.858	1.661.552	865.167	2.666.843	-	-	878	5.565	-	816
Caetano Power, S.A.	54.621	28.187	9.908	62.180	-	-	13.100	(6.046)	-	1.162
Caetano Retail (S.G.P.S.), S.A.	132.545	(810.330)	63	-	-	-	19	808	-	110.909
Caetano Retail España, S.A.U.	1.970	-	-	-	-	-	-	-	-	1.602
Caetano Squadra África, S.A.	52	-	-	-	-	-	-	-	-	43
Caetano Star, S.A.	16.643	-	406	1	-	-	-	41	(795)	9.142
Caetano Technik, Lda.	(14.831)	5.483	949	16.301	-	-	1.642	885	-	1.002
CaetanoBus - Fabricação de Carroçarias, S.A.	3.472.381	244.397	70.012	37.732	-	150	70.157	61.383	48.608	1.235.166
Caetsu Publicidade, S.A.	33.522	1.103.923	44.730	32.500	-	-	2.458	1.697.492	1.641.031	3.318
Carplus - Comércio de Automóveis, S.A.	86.587	-	24.081	-	-	-	34.624	65	-	8.005
Choice Car, S.A.	1.460	-	-	-	-	-	-	8.140	8.140	19.028
COCIGA - Construções Cíveis de Gaia, S.A.	5.098	114.612	-	-	184.053	-	5.831	41.618	61.058	5.417

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

Company	Commercial Debts		Products		Fixed assets		Services		Others	
	Receivable	payable	Sales	Purchases	Purchases	Disposals	Rendered	Obtained	Costs	Income
COVIM - Soc. Agrícola, Silvícola e Imobiliária, S.A.	-	2.460	-	-	-	-	-	2.000	2.000	-
Finlog - Aluguer e Comércio de Automóveis, S.A.	484.542	362.712	949.888	975.966	-	-	214.220	776.626	404.721	57.454
Fundação Salvador Caetano	639.119	-	-	-	-	-	-	-	-	181
Grupo Salvador Caetano, (S.G.P.S.), S.A.	10	-	-	-	-	-	-	-	-	34
Guérin - Rent-a-Car (Dois), Lda.	643.654	7.744	75.844	-	-	-	514.762	6.565	1.911	118.395
Hyundai Portugal, S.A.	2.375	-	3.634	-	-	-	8.806	-	-	24.479
Ibericar Motors Cádiz, S.L.	-	-	-	-	-	-	-	-	-	(385)
Ibericar Reicomsa, S.A.	-	-	-	-	-	-	-	-	-	(752)
Lidera Soluciones, S.L.	155	7.636	-	-	-	-	-	55.478	-	126
Lusilectra - Veículos e Equipamentos, S.A.	34.821	127.876	34.611	11.527	-	-	34.269	206.810	72.681	19.582
MDS Auto - Mediação de Seguros, S.A.	110.986	-	750	-	-	-	107	-	-	544
Movicargo - Movimentação Industrial, Lda.	7.608	533.640	-	484.479	-	-	5.090	422.023	330.759	7.770
P.O.A.L. - Pavimentações e Obras Acessórias, S.A.	17.806	-	-	-	-	-	-	-	-	-
Portianga - Comércio Internacional e Participações, S.A.	220.540	42.103	186.044	-	-	-	23.571	45.586	15.821	32.045
RARCON - Arquitectura e Consultadoria, S.A.	25.148	110.978	17.943	-	51.052	-	-	53.886	53.886	256
Rigor - Consultoria e Gestão, S.A.	77.507	1.026.656	35	-	6.928	-	82.288	1.841.378	1.070.078	109.279
Robert Hudson, LTD	834	-	834	-	-	-	-	-	-	-
Salvador Caetano Auto África, (S.G.P.S.), S.A.	73	-	-	-	-	-	-	-	-	60
Salvador Caetano Auto, (S.G.P.S.), S.A.	52	-	-	-	-	-	-	-	-	43
SIMOGA - Sociedade Imobiliária de Gaia, S.A.	1.374	-	-	-	-	-	-	-	-	-
Sózó Portugal, S.A.	7.573	-	-	-	-	-	-	-	-	10.825
Turispava - Sociedade Turística Paivense, S.A.	3.506	-	-	-	-	-	-	-	-	2.850
VAS África (S.G.P.S.), S.A.	10	-	-	-	-	-	-	-	-	9
Vas Cabo Verde, Sociedade Unipessoal, S.A.	245.991	(1.339)	51.629	47.485	-	-	50.313	3.737	-	117.540
	8.055.309	5.086.246	4.091.534	5.046.003	242.033	105.738	1.168.713	5.388.961	3.838.663	2.340.697

Goods and services purchased and sales to related parties were made at market prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

33. SEGMENT INFORMATION

The main information relating to the business segments existing on June 30, 2019 and 2018, is as follows:

30/06/2019															
	NATIONAL								FOREIGN					Removals	Consolidated
	Vehicles				Industrial Equipment			Others	Vehicles		Industrial Equipment				
	Industry	Commercial	Services	Rental	Machines	Services	Rental		Industry	Commercial	Machines	Services	Rental		
PROFIT															
External sales	33.558	256.449.991	8.757.766	17.422.028	7.499.652	1.975.362	6.659.987	-	23.689.052	10.346.986	273.433	10.058	3.195	(98.290.995)	234.830.073
Income															
Operational income	6.835	5.030.418	19.214	(163.896)	1.175.411	1.321.022	(204.207)	48	445.371	309.498	44.778	6.993	785	1.950.668	9.942.938
Financial income	(52)	(912.301)	(9.411)	10.198	(15.974)	(7.649)	(143.117)	(24)	(67.823)	(10.174)	(787)	(31)	(9)	-	(1.157.154)
Net Income with non-controlling interests	6.783	3.958.123	7.073	(153.698)	1.159.437	1.313.373	(347.325)	18	377.549	299.237	43.990	6.961	776	(225.348)	6.446.949
Other Information															
Total consolidated assets	26.195.729	362.822.840	12.149.549	3.760.328	7.653.597	1.793.365	64.012.973	30.584	-	7.133.160	-	-	-	(142.602.703)	342.949.423
Total consolidated liabilities	241.136	219.962.101	8.995.356	1.111.859	1.787.649	312.739	67.656.919	22.644	-	2.238.771	-	-	-	(96.818.447)	205.510.727
Capital Expenses	79.551	7.166.697	618.849	652.860	-	51.350	12.401.123	1.558	-	170.583	-	-	-	(2.546.097)	18.596.473
Depreciation	335.001	2.696.800	189.599	409.536	33.696	33.079	7.655.685	477	-	88.054	-	-	-	(193.344)	11.248.583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(Amounts in Euros)

30/06/2018

NATIONAL							
Vehicles				Industrial Equipment			Others
Industry	Commercial	Services	Rental	Machines	Services	Rental	
42.099	266.066.594	8.615.506	18.037.262	7.657.113	2.647.322	874.384	-
(1.047)	7.237.950	211.590	(1.060.038)	671.497	1.448.769	733.640	(13.988)
4.656	(581.647)	(6.201)	(148.466)	(18.138)	(6.991)	(17.694)	(23)
2.688	5.237.303	182.795	(1.020.188)	486.677	1.073.958	628.085	(10.772)
18.647.563	316.778.719	9.698.521	58.613.060	10.014.308	1.580.965	27.395.705	64.574.511
2.925.557	211.194.592	7.070.573	60.249.627	4.337.604	340.552	27.913.570	3.604.402
84.009	1.129.550	62.781	27.021.134	-	18.833	2.093.924	230
328.205	823.088	813.871	5.301.306	35.573	25.728	3.081.168	243

FOREIGN				
Vehicles		Removals		
Industry	Commercial	Machines	Services	Rental
25.983.861	12.327.004	107.693	14.111	4.557
892.232	605.392	6.645	6.520	2.018
(74.697)	(19.554)	(302)	(40)	(11)
608.969	439.217	4.725	4.827	1.494
-	7.979.634	-	-	-
-	3.137.388	-	-	-
-	81.553	-	-	-
-	88.316	-	-	-

Removals
(98.988.691)
(13.893)
-
(476.582)
(207.340.506)
(145.218.221)
212.691
179.889

Consolidated
243.388.815
10.727.287
(869.109)
7.163.195
307.942.481
175.555.643
30.704.706
10.677.385

The line "Turnover" includes Sales, Services Rendered and the amount of about 6.663.182 Euros (6.356.354 Euros as of June 30, 2018) related to equipment rentals accounted in Other Operating Income (Note 28).

The column "Eliminations" mainly includes the elimination of transactions between Group companies included in consolidation, mainly belonging to Vehicles segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

(Amounts in Euros)

34. CONTINGENT ASSETS AND LIABILITIES

Financial commitments not included in the consolidated statement of financial position

As of June 30, 2019, December 31, 2018 and June 30, 2018, Toyota Caetano Group had assumed the following financial commitments:

Commitments	Jun-19	Dec-18	Jun-18
Credits	246.391	253.063	96.391
Guarantees of Imports	5.664.423	4.000.000	5.597.416
	5.910.814	4.253.063	5.693.807

The amounts presented classified as "Guarantees for Imports", includes the amount of 4 million Euros related with guarantees on imports provided to Customs Agency.

Following the 13 million Euros debt contracting, the Toyota Caetano has granted mortgages to the respective financial institutions, valued at about 23,4 million Euros, at the financing date.

35. 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 the first half of 2019.

36. 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 VLF- the transfer of the liabilities in this process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

(Amounts in Euros)

37. EARNINGS PER SHARE

The earnings per share for the six-month period ended as of June 30, 2019 and 2018 were computed based on the following amounts:

	Jun-19	Jun-18
Net Income		
Basic	6.446.949	7.163.195
Diluted	6.446.949	7.163.195
Number of shares	35.000.000	35.000.000
Earnings per share (basic and diluted)	0,184	0,205

During the six-month period ended as of June 30, 2019 and June 30, 2018 there were no changes in the number of shares outstanding.

38. SUBSEQUENT EVENTS

From the end of the semester to the present date, Salvador Caetano -Auto- S.G.P.S., S.A. has acquired 639.491 shares of nominal value of 1 Euro each, fully realized and paid up.

On August 8, 2019, Salvador Caetano -Auto- S.G.P.S., S.A., as a shareholder of Toyota Caetano Portugal, proposed to deliberate, under the terms and for the purposes of paragraph b) of number 1 of article 27 of the Portuguese Security Code, the loss by Toyota Caetano Portugal S.A. of the quality of publicly-held company.

39. FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved by the Board of Directors on August 29th, 2019.

40. 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

JOSE REIS DA SILVA RAMOS –President
 MARIA ANGELINA MARTINS CAETANO RAMOS
 SALVADOR ACÁCIO MARTINS CAETANO
 MIGUEL PEDRO CAETANO RAMOS
 KATSUTOSHI NISHIMOTO
 MATTHEW PETER HARRISON
 RUI MANUEL MACHADO DE NORONHA MENDES

Report and opinion of the Fiscal Council

In accordance with the terms of item g) of Article 420.º of the Companies Code and of the Articles of Association, it competes us to appreciate the report of the management performed and proceed to the general appraisal of the documents and statement of consolidated accounts of TOYOTA CAETANO PORTUGAL, SA, referring to the first semester of 2019 and which were presented to us by the Board of Directors.

In accordance with the assignments conferred to us, during this exercise we proceeded to the follow-up of the evolution of the social business with the frequency and to the extend considered advisable, to the general analysis of the financial procedures and the confirmation by sampling of the respective files.

We have no knowledge of any situation which didn't respect the articles of association and the legal terms applicable.

We analysed the limited revision Report elaborated by the registered auditor in CMVM (Comissão Mercado Valores Mobiliários) under number 9077, with which we agree.

Thus,

All members of the Board of Auditors of the TOYOTA CAETANO PORTUGAL, SA under the terms of item c) of number 1 of Article 246.^o of the Exchange Stock Code, hereby confirm, as far as it is our knowledge, that the information provided in item a) of the above referred article was elaborated according to accounting rules applicable, evidencing a correct and clear image of the assets and liabilities, of the financial highlights and results of Group TOYOTA CAETANO PORTUGAL, SA and that the report of the management clearly shows the business evolution, the performance and the position of the Group, evidencing as well a description of the mains risks and incertitude's to be faced.

In these terms, we believe that the Financial Statements referring to the period ending at 30th June 2019 accurately reflect the result of all operations developed in that same period by the Group Toyota Caetano Portugal, S.A.

Vila Nova de Gaia, 30th August 2019

José Domingos da Silva Fernandes – Chairman

Alberto Luis Lema Mandim – Member

Daniel Broekhuizen – Member



Review Report on the Consolidated Financial Statements

(Free translation from the original in Portuguese)

Introduction

We have reviewed the accompanying consolidated financial statements of Toyota Caetano Portugal, S.A. (the Entity), which comprise the consolidated statement of financial position as at 30 June 2019 (which shows total assets of Euro 342,949,423 and total shareholder's equity of Euro 137,438,696, including a net profit of 6,391,195), the consolidated statements of income by nature, comprehensive income, changes in equity and cash flows for the six-month period then ended, and the accompanying explanatory notes to these consolidated financial statements.

Management's responsibility

The Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these consolidated financial statements.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
o'Porto Bessa Leite Complex, Rua António Bessa Leite, 1430 - 5º, 4150-074 Porto, Portugal
Tel +351 225 433 000 Fax +351 225 433 499, www.pwc.pt
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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying consolidated financial statements of Toyota Caetano Portugal, S.A. as at 30 June 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

29 August 2019

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
Registered in the Comissão do Mercado de Valores Mobiliários with nr. 20161485
represented by:

José Miguel Dantas Maio Marques, R.O.C.

(This is a translation, not to be signed)