



SHARE CAPITAL > 809.534.880,00 EUR

NEGATIVE EQUITY > 13.367.622,00 EUR

VAT NUMBER > 503 450 189

REGISTRATION NO. > 01 084/950316 da Conservatória do Registo Comercial de Beja

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MESSAGE FROM THE CHAIRMAN

DESIGNING, planning, building, exploring and promoting the Alqueva Multipurpose Project (EFMA) is EDIA's (Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A.) mission and raison d'être. EDIA is 100% owned by the Portuguese State, and under the tutelage of the Ministry of Agriculture, Forestry and Rural Development.

EFMA stands as the greatest hydro-agricultural public investment in the country, already amounting to 2.356 billion euros, covering an area of influence of 10,000 km² in 20 municipalities in the Alentejo. The large scale, breadth and modernity of the implemented hydraulic infrastructure not only presents indisputable hydro-agricultural benefits, but also enables

hydroelectric production in a reversible system. This, in turn, allows for the total complementarity with other renewable energies, such as photovoltaic and wind power; both public and industrial supply; environmental and heritage preservation and valorisation; and territorial planning.

Farmers, investors and businessmen are successfully taking advantage of Alqueva's water availability, and the conversion of dry to irrigated farming has quickly transformed the Alentejo landscape. EDIA contributes decisively to this change with an active promotion strategy, with the irrigation adhesion rate rising significantly and reaching 82% in 2018.

Consumptions this year have been significantly reduced as a result of weather conditions with a very rainy spring and a shorter summer than usual.

The request for confining systems was fully satisfied with 67 million cubic meters delivered. These reinforcements were crucial for securing these systems' irrigation campaigns, as well as securing public water supplies for the cities of Beja and Évora.

Turnover increased by about 3% compared to last year as the reduction in distributed volume was offset by reduced discounts, invoicing of volumes delivered to the confining systems, and increased revenue from hydroelectric power.

EBITDA declined slightly to EUR 9 million due to a significant increase in the value of provisions that completely offset the effect in energy charges reductions. The annual calculation of these provisions derives from the current value of the infrastructures in operation and their remaining useful lives and follows international financial reporting standards.

As a result of the maturity of a major bond loan (EUR 300 million) and the consequent share capital increase by the shareholder, the equity situation of the company has changed significantly and equity has reached a positive value (EUR 13 million), for the first time this decade.

This substantial debt reduction follows the same path of the previous years and its direct consequence is the reduction of interest expenses. As a result of the impairment, due to the gap between financing and investment, the

reduction wasn't enough yet to ensure a positive net statement.

This year, operating activities gained new management tools with the implementation of NAVIA software. This system, which is linked to billing, stocks, geographical register, supervision, telemanagement and telemetry systems, allows us to gather a myriad of information and calculate operational indicators. It also allows to collect all operational information from consumption readings to quality analysis and the entire preventive or corrective maintenance process.

Investment values remained low as constructive activity was not substantial, but this situation will be dramatically different in the coming years. The expansion of the benefited area by about 50,000 hectares, with a planned investment of over EUR 235 million, is a significant part of the National Irrigation Program approved by the Government in October following the signing of financing agreements with EIB and CEB in April 2018. In early 2019, the tender procedures for the first major construction projects of this expansion, the Cuba-Odivelas and Évora blocks, and the connection to Sines, have concluded and are waiting for financing contracts to begin construction.

In 2019, in addition to the start-up of the first expansion works, a large-scale photovoltaic project is planned to start with the goal of reducing energy costs and decarbonising the water distribution business. The overarching goal is for all future energy needs to be met by locally produced renewable energy.



In this regard, in 2018, construction has begun for the first large-scale photovoltaic power plants for self-consumption in the lifting stations where the expansion areas of Vidigueira and Vila N. S. Bento originate. In 2019, a tender will be launched for the installation of self-consumption solar production units near the primary grid lifting stations with a combined power exceeding 50 MW. Since there are no significant areas available near these energy-intensive sites, floating photovoltaic technology will be used to give this project a unique factor.

Lastly, we would like to thank our clients, financing institutions, the shareholder, the suppliers, and every entity that contributed to the accomplishment of our mission. A special thank you is owed to our employees who, with their ingenuity and hard work, contribute every day to transform the Alentejo into a vibrant and sustainable "new land of water"!

José Pedro Salema

Chairman of the Board of Directors of EDIA



INTRODUCTORY NOTE

FOUNDED in 1995, EDIA (Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A.) is a public limited company, with exclusive public funding, that has been active in 20 municipalities in the districts of Beja, Évora, Portalegre and Setúbal. Its mission is to design, execute, build and operate the Alqueva Multipurpose Project (EFMA).

Alqueva stands at a unique moment in its history, conceived and implemented with goal of contributing to the development of the Alentejo region, and EFMA's fundamental axis is the water resource. EFMA ensures sustained growth through agriculture, and is a structuring instrument that mobilizes a diverse set of activities, sustained by an integrated development process, from which conditions have been created for the reversion of the current regional status.

With the conclusion of the EFMA Phase 1 in 2016, EDIA completed the construction of the largest existing water supply system in Portugal, the largest hydro-agricultural investment ever made in the country.

Despite its total operation being recent, the Project has been responsible for one of the major changes in the territory in the last decades, contributing to the development of the region's agricultural potential while, at the same time, improving the country's economic situation.

In addition to the unquestionable hydro-agricultural benefit, Alqueva's infrastructure allows for the fulfillment of different objectives at regional and national level, such as hydroelectric production, public and industrial supply, environmental and heritage preservation, and territorial planning.

The first stage has come to an end, and the course pursued has also been guided by the increment and consolidation of a strategy to promote irrigation, in order to optimize the benefit of competitive advantages and the full use of available water resources.

The gains achieved with efficient water use as well as adapting average water allocations per plot made it possible to plan a second phase of EFMA with the purpose of taking full advantage of public investment.

Periods of extreme drought in recent years have accentuated the strategic water reserve's positive impact, as, without Alqueva, the circumstances experienced in the intervention area would be far more serious. In times of severe drought, Alqueva is able to ensure population supply, maintain agriculture, and supply numerous other dams.

Thus, the enlargement of the benefited area and the realization of photovoltaic energy projects constitute some of the Project's main development vectors today.

Thus, and under the guidance of the Ministry of Agriculture, Forestry and Rural Development (MAFRD), and with the aim of increasing the Alqueva perimeter from 120,000 to 170,000 ha, EDIA was tasked with optimizing the funding of eligible investments for collective irrigation within the scope of the National Irrigation Programme (PNRegadios). This program aims at "the expansion, rehabilitation and modernization of existing irrigated areas and the creation of new irrigated areas to promote irrigation and other collective infrastructures. PNRegadios makes it possible to increase the resilience and robustness of agricultural systems, also contributing to the adaptation to climate change, as well as the settlement of populations, particularly in areas most weakened by the dynamics of depopulation. (...)" 1

At the end of 2017, the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB) approved investments that enable the construction of the 2nd phase of EFMA's infrastructure, included in the National Irrigation Programme (PNRegadios). In April 2018, financing contracts were signed between the State, the EIB and the CEB to support PNRegadios.

On October 12, 2018, the Council of Ministers Resolution No. 133/2018 was issued, approving PNRegadios. The publication of the Ordinance regulating its operationalization and concomitant operationalization of the Project Execution Unit took place as early as 2019 ².

2018 was inexorably marked as the year in which the 2nd Phase of the Alqueva infrastructure began construction works. In this regard, we emphasize works related to the construction of the power reinforcement of the Álamos lifting station and the construction and equipment supply for the Loureiro-Alvito block lifting station, as well as the beginning of construction and equipment supply contract for the installation of three additional groups at the São Pedro lifting station, at the end of the year.

^{1.} Council of Ministers press release of September 20^{th} , 2018.

^{2.} Ordinance No. 38/2019 – Diário da República No. 20/2019, Series I, of 29/01/2019..

Similarly, regulatory procedures relating to tenders for the execution of works to build the connection to the Morgável and Cuba-Odivelas adduction system are noteworthy, following which the respective awards took place. The analysis of tenders for this contract took place at the end of the year, pertaining to the secondary network, with regard to the block of Évora.

Other noteworthy activities at the end of the year include the contracting of Lage's photovoltaic power plants (Vila Nova de São Bento) and Cuba-Este (Vidigueira).

In accordance with the stipulated schedule, execution projects and Environmental Impact Studies (EIA) continued, as well as the implementation of environmental, expropriation and administrative procedures necessary for the EFMA Phase 2 works.

Thus, regarding the reporting period, several works continued pertaining to the advancement of neighbouring areas, such as preparation of the review of the hydraulic circuits project and the respective blocks of Reguengos and Póvoa-Moura; the review of the Évora hydraulic circuit project; the development of the Viana do Alentejo, Vidigueira, São Bento, Cabeça Gorda — Trindade hydraulic circuit projects and connection to the Monte da Rocha reservoir; as well as the preparation of the terms of reference for the Lucefécit — Capelins project. In the Moura block (Póvoa-Moura hydraulic circuit), the execution project was also presented to the EIA monitoring committee. The implementation project for the Alqueva Observation and Command Post and Interpretation Centre (POC Alqueva) also continued.

Some projects/measures to promote land-use planning in rural areas are scheduled for development in 2019. These measures are intended to create balanced agricultural areas, subject to sustainable management along the EFMA reservoirs, such as the continued implementation of the URSA Project (Algueva By-products Recirculation Units).

On the institutional side, on February 17, 2018, EDIA and the three companies of the Adp — Águas de Portugal Group operating in Alentejo signed technical and operational cooperation protocols to increase the resilience of water supply systems for human consumption, as well as agricultural and industrial consumption in the region. This event took place at Estácio's lifting station, in Beja, near the construction works of the new Magra Water Treatment Plant (WTP). The ceremony was chaired by the Ministers of Environment and Agriculture, Forestry and Rural Development, João Pedro Matos Fernandes and Luis Capoulas Santos, respectively.

Also noteworthy is the signing of two financing contracts within the scope of two applications submitted to the Linha de Apoio à Valorização Turística do Interior (Inland Tourism Appreciation Helpline), in which EDIA is involved. The first, made in partnership with the Municipality of Beja, aims for the construction of the Cinco Reis River Park, to be created in the homonymous reservoir, with funding approved through the *Inland Tourism Appreciation Helpline — Value Program* ³. This park will enhance tourism in the Beja district, as it will allow a series of activities near the reservoir.

The second application, submitted by EDIA, aims to structure EDIA's resources and equipment in an integrated manner, valuing the existing supply around the Alqueva reservoir, namely the area surrounding the dam and its lake.

It's also worth mentioning the *Create Value in Change II* cycle, during which four colloquiums were held in 2018, and the launch of the *Mais Alqueva Mais Valor* (More Alqueva More Value) Project, whose presentation session was held at EDIA, on October 25th, and which will reward institutions whose work in sustainability achieved excellence, where *water* is the differentiating factor.

For the purposes of promoting discussion of Alqueva's structuring themes, emphasis should be given to the organization of an International Seminar dedicated to *Water Shortage*, which brought together a set of national and international experts.

The 3rd edition of the *Technical Seminars on Decision Support Systems in Irrigation Agriculture* took place in November in the EDIA auditorium; a joint organization with the Irrigation Technologies Operations Centre (COTR).

In 2018, the project for the internal adaptation of information systems within the scope of the General Data Protection Regulation (RGPD) was also concluded, in accordance with the Council of Ministers Resolution 51/2017.

On the other hand, regarding the management of the Global Alqueva System (SGA) and EFMA's assurance of water supply — the Project's main asset for its various valences, we highlight the development of asset management strategies pertaining to its various infrastructures.

For the purposes of exploiting the Project, and in addition to the management, maintenance and conservation of the primary network, EDIA was granted EFMA's secondary network, which allows the company to manage the infrastructure in an integrated and sustainable manner, as well as maintain an average price across the different irrigation perimeters independent of the different operating costs. To this end, EDIA has set up several multidisciplinary teams that ensure the system's total operation, allowing direct contact with the farmer, based on a proximity policy and search for solutions that guarantee efficient water use, as well as the quality of the service provided.

^{3.} This program aims to "promote the continued qualification of destinations through the regeneration, requalification and rehabilitation of public spaces of tourist interest and the enhancement of the country's cultural and natural heritage".

In order to improve its activity and, consequently, customer response, EDIA is in the process of implementing NAVIA software for maintenance and operation management, liked to the SAP, SIG and SCADA systems. This will make it possible to gather information and indicators pertaining to various infrastructures in a single application, as well as collect and enter water consumptions and analyses, thus generating approval and maintenance order workflows, complying with good asset management practices.

Environmental monitoring is another important management tool used at EDIA. It allows us to characterize the situation of reference, and monitor the evolution of different environmental descriptors, thus helping improve management of the Project as a whole, as well as the quality of the offered resource. EDIA, within the framework of its competencies, is permanently responsible for promoting and coordinating the implementation of environmental monitoring programs pertaining to EFMA's various aspects and phases, namely the status of surface and ground water bodies, fauna and flora, and soil.

In 2018, EDIA also monitored the work associated with the URSA Project, as well as the Riparian Galleries Requalification, ALA, PlaCarvões and FitoFarmgest Projects, which were applied for and approved by the Environmental Fund. With these projects, EDIA pursues its goal of going beyond water supply to Alqueva farmers by reinforcing their effective support of the agricultural sector, promoting efficient use of resources, as well as soil and water protection, EFMA core foundations, thus contributing to the sector's transition to circular economy through modern and innovative agriculture with a reduced carbon and water footprint.

As the new paradigm for modern agriculture in Portugal, EDIA, as a promoter of agricultural and agro-industrial development in the Project's implementation region, has sought to promote different activities in order to provide its stakeholders with the necessary information for their activities. Farmers serviced by the Alqueva infrastructures have been supplied with the *Irrigators Portal*, and the *Cultural Aptitude Determination Support System* (SISAP).

Comparing adherence to the Alqueva irrigation Project between December 31st, 2017 and December 31st, 2018 *, there was an increase in adherence of almost 16% (11,313 ha). At the final quarter of 2018, the registered area was 82,797 ha.

Regarding water consumption, up to December 31, 2018, it stood at around 197.1 hm³, lower than the same period last year. This is due to the fact that 2018 was, hydrologically, a year with plenty of rainfall when compared to 2017, which was characterized by extreme drought in most of the national territory.

	2018			2017		
Alqueva Perimeters	Benefitted Area (ha)	Registered Area (ha)	Consumption (m³)	Benefitted Area (ha)	Registered Area (ha)	Consumption (m³)
Alqueva Subsystem	56.005	41.855	106.113.264	56.005	34.570	129.634.056
Monte Novo	7.714	6.705	20.270.244	7.714	6.899	29.407.592
Alvito-Pisão	8.452	7.275	17.237.776	8.452	6.388	21.131.030
Pisão	2.588	1.617	5.709.479	2.588	1.656	8.259.073
Alfundão	4.216	2.818	7.819.922	4.216	2.121	10.954.525
Ferreira, Figueirinha and Valbom	5.118	3.185	8.821.612	5.118	2.918	10.953.270
Loureiro-Alvito	1.050	757	3.151.000	1.050	668	3.536.937
Ervidel	8.228	5.807	13.776.668	8.228	4.437	15.828.868
Cinco Reis-Trindade	5.600	6.412	14.908.155	5.600	4.389	15.939.671
Vale do Gaio	3.903	1.915	3.778.248	3.903	1.365	3.336.388
Beringel-Beja	5.103	4.106	9.000.337	5.103	2.811	9.348.462
Roxo-Sado	4.033	1.256	1.639.823	4.033	918	938.240
Ardila Subsystem	28.562	20.882	41.101.100	28.562	18.223	53.523.071
Orada-Amoreira	2.522	1.942	3.286.987	2.522	2.231	5.583.974
Brinches	5.463	3.882	7.045.735	5.463	3.519	9.258.340
Brinches-Enxoé	4.698	3.930	9.345.804	4.698	3.770	14.126.506
Serpa	4.400	3.252	8.582.945	4.400	3.101	11.171.931
Pias	4.698	2.886	4.257.829	4.698	2.151	4.976.027
Caliços-Machados	4.664	3.174	5.470.049	4.664	2.446	4.402.007
Caliços-Moura	2.117	1.817	3.111.751	2.117	1.005	4.004.286
Pedrógão Subsystem	23.913	20.059	49.891.891	23.913	18.691	65.294.025
Pedrógão Right Bank	4.016	3.585	6.692.371	4.016	3.340	12.122.447
Baleizão-Quintos	7.999	6.678	16.392.004	7.999	5.493	18.594.163
São Pedro-Baleizão	6.035	5.625	15.999.816	6.035	5.766	20.486.479
S. Matias	5.863	4.172	10.807.700	5.863	4.092	14.090.936
TOTAL	108.480	82.797	197.106.255	108.480	71.484	248.451.152

^{*} CIEFMA data from January 11, 2019.

In light of its goals, on December 31st, 2018, EDIA employed 179 individuals; mainly local and distributed throughout the Company's various technical areas.

By December 31st, 2018, the Company's share capital, fully subscribed and paid up, amounted to EUR 529,301,400 (comprising of 161,906,976 shares), and is fully owned by the Portuguese State, through the Directorate General of Treasury and Finance (DGTF). The variation of EUR 280,233,480 and 56,046,696 new shares that occurred in 2017 results from the issue of shares at a par value of EUR 5 each:

- → May 2018 Issuance of 1,600,763 new shares, with a nominal value of EUR 5 each, held in cash. The amount subscribed and paid was EUR 8,003,815 (May 29th).
- → December 2018 Issue of 54,445,933 new shares, with a nominal value of EUR 5 each, held in cash. The amount subscribed and paid was EUR 272,229,665 (December 26th).

In December 2018, a cash inflow was also made to cover losses totalling EUR 33,473,247.

The investment made this year, not including the capitalization of structural and financial charges, amounted to EUR 4,508.81, bringing the total investment in EFMA from 1995 until the end of 2018 to EUR 2,355,507.39.





EDIA INTRODUCTION

EMPRESA DE DESENVOLVIMENTO E INFRA-ESTRUTURAS DO ALQUEVA (EDIA)

FOUNDED in 1995, EDIA is a publicly owned limited company, part of the State-owned Industries Sector (SIS) and under the sectorial tutelage of the Ministry of Agriculture, Forestry and Rural Development (MAFRD).

EDIA's entire activity has been carried out in national territory, in 20 municipalities within the Beja, Évora, Portalegre and Setúbal districts. Its mission is to design, execute, build and operate EFMA, and is responsible for the country's largest irrigated area.

Based in the city of Beja, centre of the benefitted region, EDIA's strategic orientation is based on the priority axes of the Project's utilization of water, and the profitability of accomplished infrastructural investments, in view of the Alqueva Project's success.

EFMA's area of influence covers 10,000 km², and the large scale, breadth and modernity of the implemented hydraulic infrastructure not only presents indisputable hydro-agricultural benefits, but also enables hydroelectric production in a reversible system. This, in turn, allows for the total complementarity with other renewable energies, such as photovoltaic and wind power; both public and industrial supply; environmental and patrimonial preservation and valorisation; and territorial planning.

As EFMA's Managing Company, and responsible for an important economy-boosting asset, EDIA contributes not only to the development of the Alentejo, but also the Country, thus positioning itself as a strategic and unquestionably relevant reference, as it positively affects agri-food independence and export increase.

Over the past few years, EDIA has significantly contributed to the development of regional and national agricultural strength, making efforts to build the necessary infrastructure to irrigate the 120,000 hectares contemplated for the 1st phase of the Project.

Once this phase of EFMA is completed, and in order to maximize EFMA's natural evolution, EDIA has been developing and consolidating a strategy to promote and increase Alqueva's irrigation in order to optimize the benefits of competitive advantages and take full advantage of the Project's water resources.

However, the gains generated by efficient water use and adapting average water allocations per plot, made it possible to plan a second phase of EFMA, with the goal of taking full advantage of public investment. Therefore, EDIA is now starting a new phase of project expansion with the development of approximately 50 thousand hectares of new irrigated areas.

CHARACTERISATION OF THE MAIN INFRASTRUCTURES

Located in Alentejo, southern Portugal, EFMA is primarily an agricultural project centred on the strategic water preservation of Alqueva, the largest water reserve in Europe.

The Alqueva Irrigation Project presents excellent conditions for the development of sustainable agricultural systems from an agronomic and environmental point of view. It holds, to date, 120,000 hectares of irrigation available to Project beneficiaries, and its expansion to 170,000 hectares is already being implemented.

Through these infrastructures, Alqueva supplies hydro-agricultural uses, guaranteeing water reinforcement for public supply to about 200,000 people, and produces enough hydroelectric power to supply a city with half a million inhabitants.

The Alqueva Project is implemented in a region where the soils are highly suitable for this agricultural practice; the number of hours of sunlight surpasses the European average; and the climate, combined with water availability, has unique characteristics that allow for a huge agricultural potential.

The main identifying characteristics of the EFMA infrastructures are as follows:

ALQUEVA HYDROELECTRIC USE

Dam	Reservoir			
Double-curvature concrete arch type 96 metres maximum height 458 metres of crowning	4.150 hm³ maximum capacity (152m quota) 3,150 hm³ of useful capacity (152m quota) 1,160 km of banks 83 km reservoir length 250 km² surface area			
Hydroelectric Plant				
Type of toe of the dam 520 MW of installed power (Alqueva I and II – 2 x 260MVA)				

PEDRÓGÃO HYDROELECTRIC USE

Dam	Reservoir		
Gravity type, part in conventional concrete and part in BCC 43 metres maximum height 448 metres at the top	106 hm³ maximum capacity 54 hm³ of useful capacity 118 km of banks 23 km in length 11 km² surface area		
Hydroelectric Plant			
Type of toe of the dam 10 MW of installed power			

ALQUEVA GLOBAL WATER SUPPLY SYSTEM

Alqueva Global Water Supply System	First Network	Second Network	TOTAL
Subsystems – Alqueva, Ardila and Pedrógão	3	3	
Mini-Hydro Plants	5	-	5
Regulation Structures	27	-	27
Main and Secondary Pumping Stations	13	33	46
Primary and Secondary Dams/Reservoirs/Weirs	47	23	70
Km of Channels	-	127	127
Km of Pipelines	225	1.591	1.815
Km of Tunnel, Siphons and Cut-and-Cover	35	-	35
Km of Access and Service Paths	327	581	908
Km of Drainage Ditches	-	461	461
Retention Basins	11	-	11
Water Inlet	82	21	103
Flood Gates	139	6	145
Background Discharges	358	3.291	3.649
Hydrants	18	3.711	3.729
Irrigation Valves	-	7.533	7.533
Isolation Valves	222	1.098	1.320
Suction Pads	380	3.445	3.825
Irrigated/Equipped Area (thousand ha)	÷	118	118

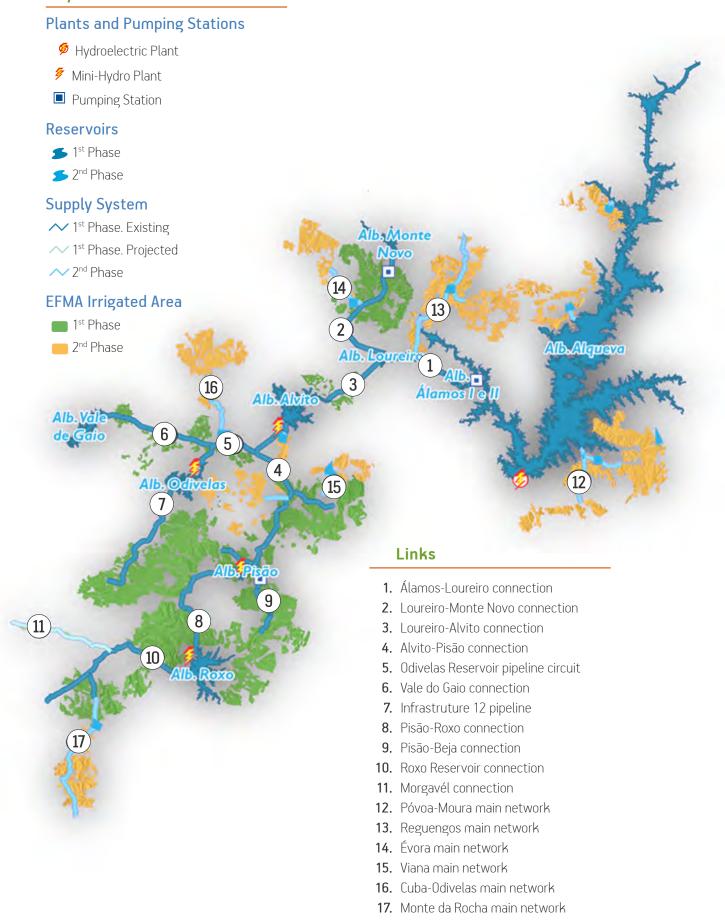


ALQUEVA SUBSYSTEM

Sourcing its water from the Alqueva reservoir, the Alqueva subsystem develops from the Álamos lifting station and is the largest of EFMA's three subsystems. This infrastructure allows for the water to be raised up to a height of 90 m, through an 850 m long penstock with a 3.2 m diameter, to the Alamos reservoirs, thus ensuring water distribution to the entire Alqueva subsystem, benefiting areas west of Beja and in the centre of Alentejo.

This subsystem consists of a set of hydraulic circuits connecting the region's main reservoirs: Monte Novo, Alvito, Odivelas, Vale de Gaio and Roxo. The Alamos canal connects to the Loureiro dam, from where the Loureiro-Monte Novo canal derives, stretching to the Monte Novo dam. The Loureiro-Alvito tunnel develops to the south from the Loureiro dam, ensuring the supply of the Alvito dam.

Key



From the Alvito dam, it follows the Alvito-Pisão canal, which connects to the Pisão dam, and then reaches the Roxo dam through the Pisão-Roxo canal. From the Alvito-Pisão canal derivation, infrastructures were installed to connect to the Odivelas and Vale de Gaio reservoirs.

These canals are surrounded by the development of the perimeters of Monte Novo, Loureiro-Alvito, Alvito-Pisão, Pisão, Ferreira Figueirinha and Valbom, Alfundão, Cinco Reis-Trindade, Ervidel, Pisão--Beja, Vale de Gaio and Roxo-Sado. Their respective water availability ensures the operation of Algueva subsystem's secondary network, covering a total area of around 64 thousand hectares.

The mini hydroelectric power plants of Alvito, Odivelas, Pisão and Roxo were built among the reservoir's primary network and pipelines, with a total installed power of 7 MW, further optimizing the entire system with energy efficiency gains when economically feasible.

> 63.5 thousand ha of irrigated area

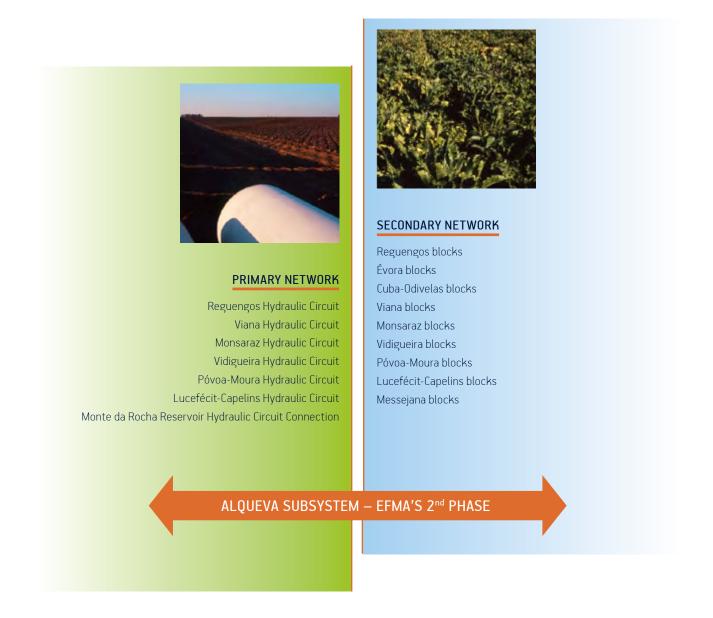
- > 44 dams and reservoirs
- > 219 km of existing primary network and about 24 km projected
- > 916 km of secondary network pipelines

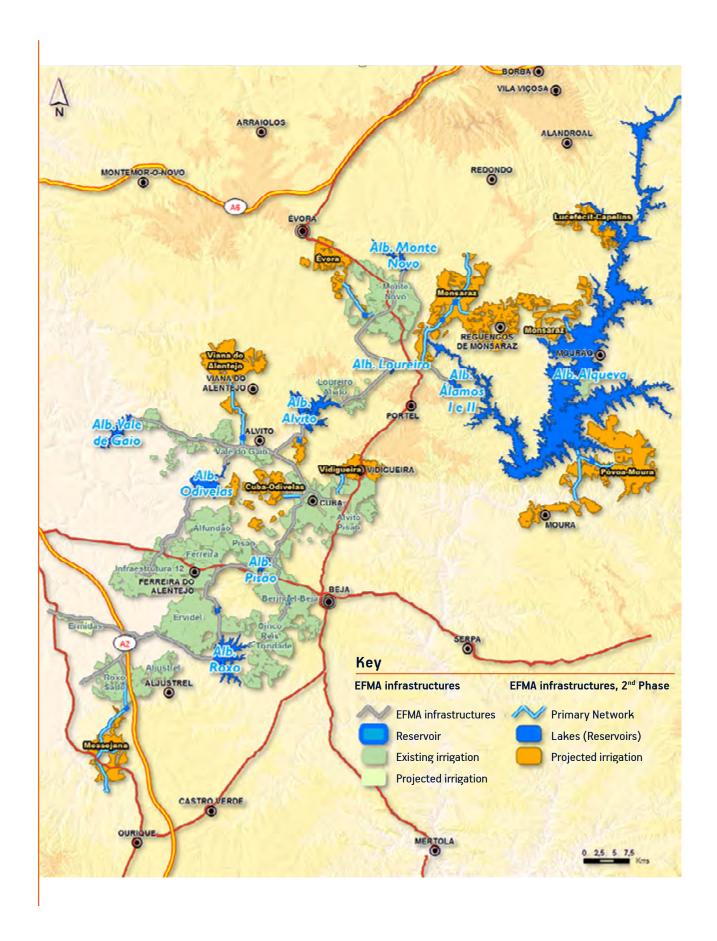
- > 25 lifting stations 4 from the primary network and 21 from the secondary network
- > 1 hydroelectric plant (Alqueva) and 4 mini hydroelectric plants
- > Irrigation blocks Alfundão, Alvito-Pisão, Beringel-Beja, Cinco Reis-Trindade, Ervidel, Ferreira, Loureiro-Alvito, Monte Novo, Pisão, Vale do Gaio
- > Blocks managed by other entities Luz village, Aljustrel and Roxo-Sado and Infrastruture 12



Algueva Subsystem

As part of EFMA's second phase infrastructure works, the following new irrigated areas were identified in the Alqueva subsystem:





ARDILA SUBSYSTEM

Situated on the left bank of the Guadiana River, the Ardila subsystem services a region that cyclically faces severe water shortages. Sourcing its water from the Pedrógão reservoir, this subsystem benefits left bank areas in the Moura and Serpa municipalities. It's comprised of a set of 15 dams or reservoirs, and extends over 62 km of primary network (62.4 km), 391.6 km of secondary network pipelines, 13 lifting stations (6 in the primary network and 7 in the secondary network), 1 hydroelectric plant (Pedrógão), and 1 mini hydroelectric power plant (Serpa).

Starting at the Pedrógão — Left Bank lifting station, it ensures supply to the Enxoé and Furta Galinhas dams reservoirs. The Ardila subsystem encompasses the perimeters of Orada-Amoreira, Brinches-Enxoé, Serpa, Pias, Caliços-Machados, and Caliços-Moura) Moura, Gravítico e Alvarrão) (located in the Moura and Serpa municipalities), and covers a total irrigated area of about 30 thousand hectares.



> 29.5 thousand hectares of irrigated area

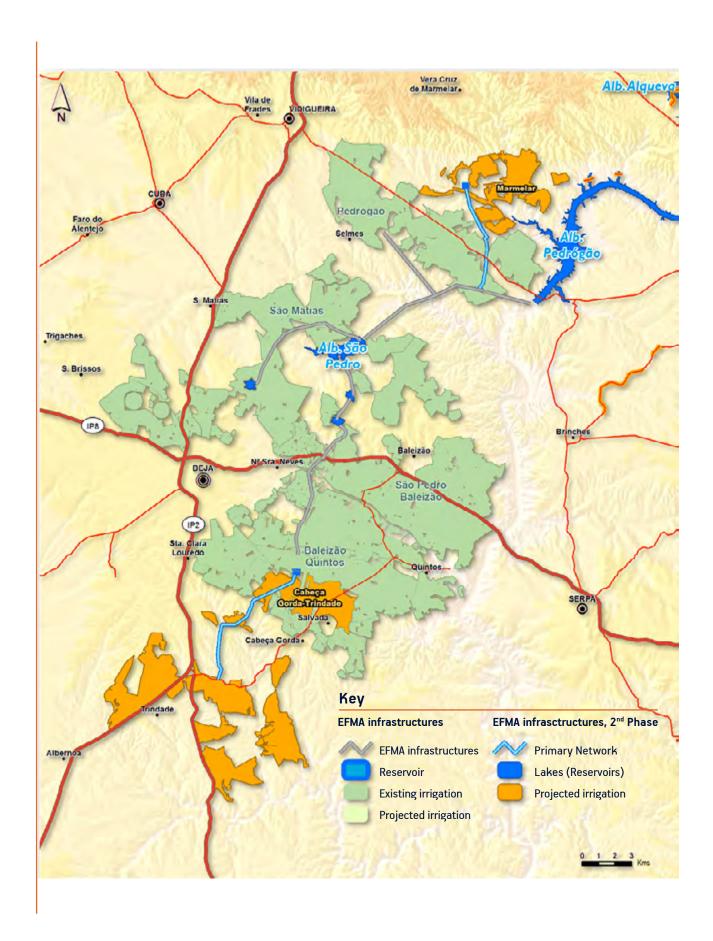
- > 15 dams and reservoirs
- > 62.4 km of the primary network
- > 391.6 km of secondary network pipelines

Ardila Subsystem

- > 13 lifting stations 6 from the primary network and 7 from the secondary network
- > 1 hydroelectric power station (Pedrógão) and 1 mini hydroelectric power station (Serpa)
- > Irrigation Blocks Orada-Amoreira, Brinches, Brinches-Enxoé, Serpa, Pias, Caliços-Machados, and Caliços-Moura (Moura Gravíticos and Alvarrão)

As part of the EFMA's second phase infrastructure works, the following new irrigated areas were identified in the Ardila subsystem:





PEDRÓGÃO SUBSYSTEM

The Pedrógão subsystem benefits an area of about 24,5 thousand hectares. It starts at the Pedrógão – right bank lifting station (Pedrógão reservoir), encompassing a total of 11 dams or reservoirs, 8 lifting stations, over 46 km of primary network and adductions, extending over the region east of Beja, on the Guadiana River's right bank.

With 283 km of secondary network pipelines and 8 lifting stations (3 from the primary network and 5 from the secondary network), this subsystem also includes the Pedrógão, São Matias, São Pedro-Baleizão, Baleizão-Quintos irrigation blocks.

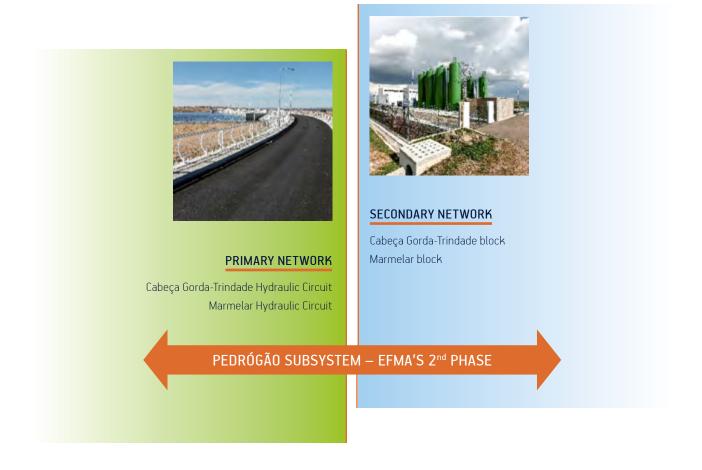


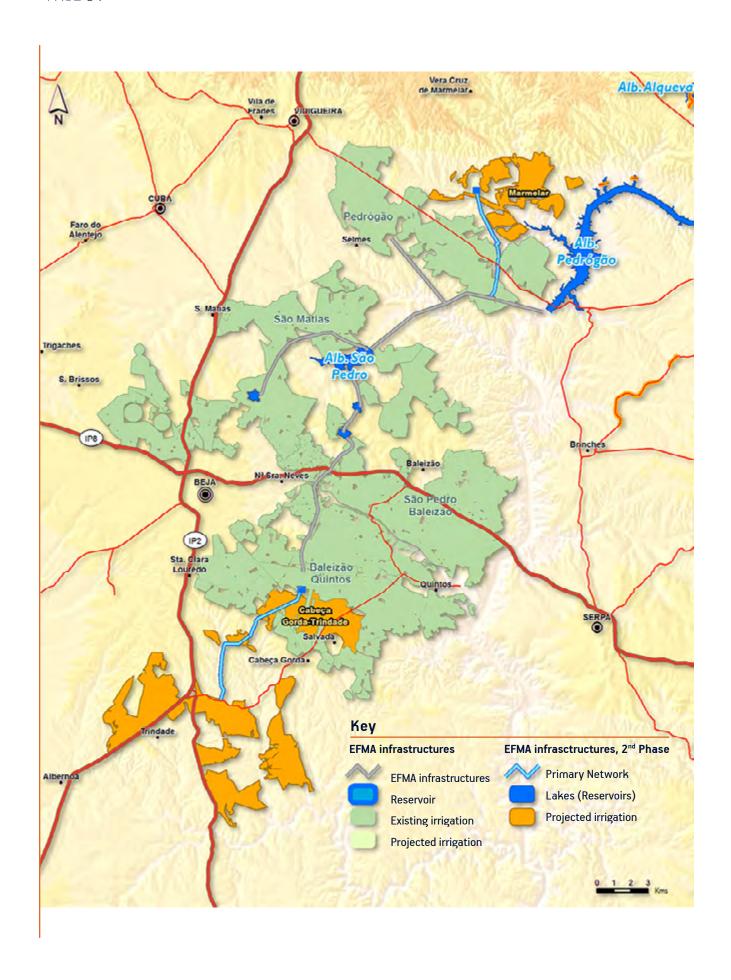
Pedrógão Subsystem

- > 24.5 thousand hectares of irrigated area
- > 11 dams and reservoirs
- > 46 km of primary network
- > 283 km of secondary network pipelines
- > 8 lifting stations 3 from the primary network and 5 from the secondary network
- > Irrigation blocks Pedrógão, São Matias, São Pedro-Baleizão, Baleizão-Quintos

The development of regulating reservoirs and a supply system that ensures transportation of water to that region created the right conditions to reinforce public water supply in a region that is deficient in water resources, as well as to supply the secondary infrastructure (the Pedrógão – Right Bank, S. Pedro-Baleizão, Baleizão-Quintos and São Matias blocks).

As part of EFMA's second phase of infrastructure works, the following new irrigated areas were identified in the Pedrógão subsystem:





EDIA'S MAIN LEGAL INSTRUMENTS

Summarized below are the main legal and management instruments of EDIA's history since its inception on March 24th, 1995:

Decree-Law No. 32/95 (February 11th) Within the scope of its creation by Decree-Law no. 32/95 of February 11th, EDIA was granted ownership of rights and obligations that previously belonged to the respective Installing Committee. Through its corporate objectives, EDIA was entrusted with the responsibility of designing, executing, building and operating the EFMA, and promoting the economic and social development of its area of intervention.

applicable to the management, operation, maintenance and conservation of the infrastructures that incorporate EFMA. By modifying EDIA's statutes, this legislation, which proceeded once operation of some of the Project's infrastructures began, repeals Decree-Laws no. 32/95, of February 11th, no. 33/95, of February 11th, and No. 335/2001, of December 24th, to incorporate the Company's corporate objectives into four fundamental axes:

Decree-Law no. 42/2007, of February 22nd, defines the legal regime

Decree-Law No. 42/2007 (February 22nd)

- a) Use of the public water domain under the Project for the purposes of irrigation and hydroelectric exploitation (concession contract entered into pursuant to Law no. 58/2005, of December 29th);
- b) Design, execution and construction of the infrastructures that integrate the Project's primary system, as well as its management, operation, maintenance and conservation;
- c) Design, execution and construction of the infrastructures that integrate the secondary network pertaining to the Project, in representation of the State, in accordance with the instructions received from the Minister for Agriculture, Rural Development and Fisheries; and
- d) Promotion, development and pursuit of other economic activities that contribute to improving the conditions of use of the resources assigned to the Project.

Decree-Law No. 313/2007 (September 17th)

The bases for the concession contract between EDIA and the Portuguese State regarding the use of the public water domain pertaining to EFMA for the purposes of irrigation and hydroelectric exploitation were approved. EDIA was granted concession of the management and exploitation of the Project and exclusive ownership of rights of private use of the public water domain pertaining to the EFMA for the purposes of irrigation and hydroelectric exploitation, for a period of 75 years.

Administering the public water domain pertaining to EFMA in the scope of its activity; assigning titles related to water abstraction for irrigation and production of electric energy; and supervising its use by third parties, establishing, instructing and sanctioning infraction proceedings; these now constitute EDIA's powers and competences within the scope of this legal framework.

Agreement between Alqueva and Pedrógão Hydroelectric Power Stations (October 25th, 2007) The contract for the exploitation of the Alqueva and Pedrógão hydroelectric power stations, and the sub-concession of the public water domain (for a period of 35 years) was formalised with EDP on October 25th, 2007. This document stipulated the terms of exploitation of the hydroelectric component, and the sub-concession of the rights for private use of the associated public water domain (for the purposes of producing electricity and implementing electricity production infrastructures).

Decree-Law No. 36/2010 (April 16th)

Through Decree-Law no. 36/2010, of April 16th, the Decree-Law no. 42/2007, of February 22nd was amended. The Project's legal framing in view of the new legal framework for the management and use of water resources in the Water Law, in the regime for the use of water resources (Decree-Law no. 226-A/2007, of May 31st) and in the economic and financial regime of water resources (Decree-Law no. 97/2008, of June 11th), was one of the goals when setting a differentiated and more flexible tariff, following the start of operation of EFMA's first perimeters. The published legislation also aimed to clarify the contextualisation of the economic and financial environment in order to optimize resource management and guarantee EDIA's and EFMA's future economic sustainability.

Ordinance No. 9000/2010 (May 26th)

Put into effect on June 1st, 2010, it sets the values of the applicable tariff to the price of irrigation water for agricultural use provided by EDIA in the ambit of the EFMA public water service, and allows EDIA to charge for irrigation water.

Concession Contract
Concerning the
Management, Operation,
Maintenance and
Conservation of EFMA's
Secondary Network
Infrastructures
(April 8th, 2013)

Conclusion of the concession contract for the management, operation, maintenance and conservation of EFMA's secondary network infrastructures on April 08th, 2013, with the Directorate-General for Agriculture and Rural Development (DGADR) and the Ministry of Agriculture, Sea, Environment and Territorial Planning (MASETP).

Ordinance No. 3025/2017 (April 11th) It establishes a new tariff system for Alqueva, in which, among other aspects, it sets specific values for operation and conservation fees, and incorporates a price reduction at the end of the primary network with the repercussions derived from the remaining tariffs, thus changing the discount system defined in 2010 and defining the tariff system pertaining to precarious irrigators and direct abstraction. This ordinance also established the value of water tariffs for uses other than irrigation for agricultural use. Regarding the discount system, once perimeter operations begin, the new version considers that these will be valid for 3 years, as follows (% water tariff payable by consumers): Year 1 (40%); Year 2 (60%); Year 3 (80%); Year 4 (100%). Thus, the discount system will be considered for perimeters that went into operation after 2014.

ALQUELVA MULTIPLE PURPOSE PROJECT CHRONOLOGY

2018

- → Signing of contracts between the Portuguese State and the EIB and CEB to finance PNRegadios
- → Publication of the Council of Ministers Resolution no. 133/2018, dated October 12th, approving PNRegadios — 2nd Phase of EFMA

2017

→ Beginning of the preliminary procedures for the infrastructure of the EFMA's 2nd Phase, including the construction of over 50 thousand hectares of new irrigation areas

2016

- → Conclusion of the 1st phase of the EFMA
- → Expression of interest with the European Investment Bank to finance PNRegadios under the *Junker Plan*

2015

→ Celebration of EDIA's 20th anniversary, with the exhibition "Alqueva: 20 anos de obra, 200 milénios de história" (Alqueva: 20 years of work, 200 millennia of history), in the Hollow Tower of the Jeronimos Monastery

2014

→ Signing of the last construction contracts concerning the 1st Phase of EFMA's Global Water Supply System

2013

- → Presentation of the brand "Alqueva"
- → Signing of the concession contract for the management, operation, maintenance and upkeep of the infrastructures of the EFMA secondary network

2010

- → Alqueva Reservoir reached its maximum level (152,00 m) on 12 January
- → Completion of link between Alqueva and all the public supply reservoirs of the EFMA area

2009

→ Start of process to transfer water to the Alvito reservoir

2008

→ Start of process to transfer water to the Monte Novo reservoir

2007

- → Concession contract for the public waterways domain
- → Contract for operating the Alqueva G Pedrógão Hydroelectric Plants from EDP

2006

- → Inauguration of Pedrógão Hydroelectric Plant
- → International award *Puente de Alcântara*

2004

→ Start of water supply for irrigation, through Infrastructure 12

2003

→ Start of electrical power production at the Alqueva Power Plant, in trial period

2002

→ Closure of Alqueva floodgates

1998

→ Start of concreting at Alqueva Dam

1995

→ Creation of EDIA, S.A.

1993

→ Decision to resume works

1978

→ Works put on hold

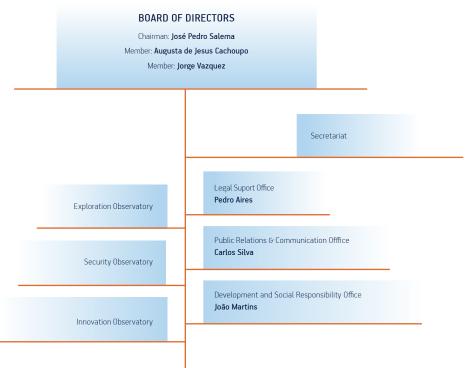
1976

→ Start of preliminary works

1957

→ Alentejo Irrigation Plan

COMPANY ORGANIZATION CHART



Engineering, Environment and Planning Division	Infrastructure & Energy Division	Economy of Water and Customer Support Division	Hertitage Management Division	Management and Finance Division
Jorge Vazquez	Isabel Grazina	José Filipe Santos	Diogo Nascimento	Augusta de Jesus Cachoupo
Planning & Preparation of Projects Department	Primary Infrastructure Construction Department	Water Economy Department	Hertitage Management Department	Administrative & Financial Management Department
Alexandra Carvalho	João Matias	José Costa Gomes	Gonçalo Sebastião	Carlos Freitas
Environmental & Heritage Impact Department	Irrigation Insfrastructure Construction Department	Commercial Department	Expropriations Department	Investment Planning & Control Department
Luísa Pinto	Dora Amador	Ana Palma	Maria da Cola Lourenço	Pedro Machado
Environment and Spatial	Maintenance, Operation		Luz Museum and Noudar	Accounts Department
Planning Department Ana Ilhéu	G Security Department Nuno Felizardo		Nature Park	Hélia Fonseca
7.11.2 1.11.02	Nullo I cazurdo			
Geographic Information G Cartography Department	Irrigation Infrastructure Operation Department			Information Technologies Department
Duarte Carreira	José Carlos Saião			Luís Estevens
Cartography Centre				Human Resources
Jacinto Franco				Department João Cruz
	I			

GOVERNING BODIES

EDIA's new Governing Bodies for the triennium 2018-2020 were appointed at the General Meeting held on May $23^{\rm rd}$, 2018, and are as follows:

	Chairman		
	Henrique António de Oliveira Troncho		
General Meeting			
•	Secretaries		
	Ana Luísa Louro da Graça Peixito Soares		
	José António Sequeira Brito Ramos		
	Chairman		
	José Pedro Mendes Barbosa da Costa Salema		
Board of Directors	Members		
Augusta Manuel Pereira de Jesus Cachoupo			
	Jorge Manuel Vazquez Gonzalez		
	,		
	Chairman		
	Sara Alexandra Pereira Simões Duarte Ambrósio		
	Members		
Supervisory Board	Nelson Manuel Costa dos Santos		
	Gonçalo Mendes de Freitas Leal		
	Alternate Member		
	Cristina Maria Pereira Mascarenhas Vieira Sampaio		
	RCA		
Statutory Auditor	Rosa, Correia e Associados, SROC, S.A., represented by		
•	Paulo Fernando da Silva Pereira		



CONTEXT

LOCATED in Alentejo, the Alqueva Multi-Purpose Project has a direct influence on municipalities within the Alqueva reservoir's reach, as well as those benefitting from the installation of new perimeters or serviced by public supply.

The Alentejo corresponds to about 1/3 of mainland Portuguese territory and is characterised, to date, as a region of low population density, high rates of human desertification and aging, and has a Gross Domestic Product (GDP) per capita lower than the national average.

Portugal is a deficit country regarding the majority of agricultural products, it should be noted that, according to the data the National Institute of Statistics, I.P. (INE) from last November, the income from agricultural activity in 2018 should have increased by about 0.6%, following the 5.4% growth observed in 2017.

It is essential for the agricultural sector to be able to increase its production, therefore, the evolution observed in 2018 resulted essentially from the combination of two orders of factors: on the one hand, the nominal increase of Gross Added Value (GAV) of around 3.5%; and, on the other hand, the Other Production Subsidies component decreased by 2.9%.

By expanding productive areas, as well as increasing the productivity of various agricultural systems, Alqueva has been contributing consistently and unambiguously to leverage agriculture in Portugal, in recent years. By contributing to the development of both the region and the Country, it is an important economy booster, positively affecting agri-food independence and export increase.

Meteorologically: the winter in 2018 was dry and extremely cold; spring showed high rainfall, along with very low temperatures; august was the second warmest month of the last 88 years; and autumn, which was dry, also showed very high temperatures.

On the other hand, at the national level, 2018 was globally positive in terms of the country's macroe-conomic scenario.

Thus, according to data provided by Banco de Portugal (BP), in 2018, projections point to a GDP growth of around 2.1%, with a slightly lower growth regarding this aggregate when compared to 2017 (2.8%).

In 2018, the national economy should have continued its growth path, albeit in deceleration, with a stabilization of economic activity and economic climate indicators for Portugal.

For the purposes of the GDP's deceleration profile, one should note the behaviour of Gross Fixed Capital Formation (GFCF) — with a relative slowdown in terms of growth and, to a large extent, exports, which showed a downward trend in the period under review.

Parallel to the expected slowdown in exports, which in the coming years are expected to show average annual growth in the range of 3.5% to 4%, thus reflecting a decrease compared to the sharp growth rate of the previous year, it is also worth mentioning the downward trend regarding imports (4.1%).

In the macroeconomic scenario underlying the proposed State Budget for 2019, the Ministry of Finance forecasts a slower economic slowdown, anticipating real GDP growth of around 2.2% for 2019, but still in line with the forecasted value for 2018

Similarly, a moderate slowdown in private consumption over the year was identified. This indicator grew by 2.3%, within a framework that extends to its lasting and non-lasting components. Regarding the real growth in public consumption in 2018, the Bank of Portugal estimate it to be around 0.7%, taking into account the assumption of growth in the number of civil servants.

On the other hand, household final consumption expenditure surpassed the disposable income, reducing the saving rate to about 4.0%.

Similarly, the positive financing capacity of the Portuguese economy vis-à-vis the external economy was maintained, with the combined current and capital balance projected to average 1.3% of GDP in the three-year period of 2018- 2020.

Regarding the labour market, employment is expected to continue to grow and employment is expected to rise by 2.2% in 2018, while the unemployment rate is expected to be 7.0% (slightly higher than the 6.7% in the third quarter of 2018).

Thus, the unemployment rate is estimated to continue its downward trend, indicating a broadly positive outlook, albeit more moderate than the trend recorded over the last three years.

	Weights		BE [Ocember 2	018		BE October 2018	BI	E June 2018	3
	2017	2017*	2018*	2019*	2020*	2021 *	2018*	2018*	2019*	2020*
Gross Domestic Product	100	2,8	2,1	1,8	1,7	1,6	2,3	2,3	1,9	1,7
Private Consumption	65	2,3	2,3	2,0	1,8	1,6	2,4	2,2	1,9	1,7
Public Consumption	18	0,2	0,7	0,1	0,0	0,2	0,7	0,8	0,1	0,2
Gross Fixed Capital Formation	17	9,2	3,9	6,6	5,9	4,9	3,9	5,8	5,5	5,4
Domestic Demand	99	3,0	2,4	2,4	2,2	2,0	2,4	2,5	2,2	2,1
Exports	43	7,8	3,6	3,7	4,0	3,6	5,0	5,5	4,6	4,3
Imports	42	8,1	4,1	4,7	4,9	4,2	5,1	5,7	5,0	5,0
Contribution to GDP growth, net of imports (in pp) (a)										
Domestic Demand		1,3	1,2	1,2	1,0	1,0	1,2	1,1	1,0	0,9
Exports		1,5	0,9	0,7	0,7	0,6	1,1	1,2	0,9	0,8
Employment (b)		3,3	2,2	1,2	0,9	0,4	2,3	2,6	1,2	0,9
Unemployment rate		8,9	7,0	6,2	5,5	5,3	7,0	7,2	6,2	5,6
Current and Capital Account (% GDP)		1,4	1,3	1,3	1,3	1,6	1,4	1,8	1,8	1,8
Balance of Goods and Services (% GDP)		1,8	1,5	1,1	0,9	0,7	1,3	0,9	1,0	0,9
Harmonized Consumer Price Index		1,6	1,4	1,4	1,5	1,6	1,4	1,4	1,5	1,4

Source: Banco de Portugal and INE.

Notes:

For each aggregate, the projection corresponding to the most probable value conditional on the set of hypotheses considered is presented.

(a) Demand aggregates in net terms of imports are obtained by deducting an estimate of the imports needed to satisfy each component. The calculation of imported content was made based on information pertaining to 2013.

In the context of Banco de Portugal's macroeconomic projections, it should be noted that inflation measured by the Consumer Price Index (CPI) is expected to set at 1.4% in 2018 and 2019, compared to estimates of 1.5% in 2020 and 1.6% in 2021, at a time that reflects domestic inflationary pressures based on wage costs.

With a relatively favourable external environment, projections also point to an export growth of 3.6% in 2018; 3.7% in 2019; 4% in 2020; and 3.6% in 2021, which indicates its relative growth stability in the 2018-2019 projection horizon, although at a lower level than in 2017. Therefore, the behaviour of expropriations benefited from the economy's openness, which increased significantly, thus reflecting its importance within the national macroeconomic environment.

^{* –} projected, pp – percentage points.

⁽b) Total employment in number of individuals according to the council of National Accounts.

In 2018, world trade slowed more significantly than economic activity, which is expected to sustain a reasonably strong growth rate over this period. Thus, according to *Eurosystem* projections, world GDP is expected to grow by 3.6% in 2018, while in the euro zone a more significant slowdown is expected in 2018 (from 2, 5% to 1.9%), with the values registering an evolution in the zone's four largest economies.

Still according to the Bank of Portugal, uncertainty regarding the future of international trade, with a potential increase in protectionism; the postponement of investment decisions; and the exit of the United Kingdom from the European Union, point to a reduction in demand aimed at the Portuguese economy in 2018 (from 4.6% to 3.4%), which also reflect the slowdown in imports in the euro zone.

		BE December 2018				Revisions vis-à-vis the BE of June 2018				
		2017	2018*	2019*	2020*	2021*	2017	2018	2019	2020
International Framework										
World GDP	tva	3,6	3,6	3,3	3,4	3,3	0,0	-0,2	-0,3	0,0
GDP in the euro area	tva	2,5	1,9	1,7	1,7	1,5	0,0	-0,2	-0,2	0,0
World trade	tva	5,2	4,7	3,7	3,7	3,9	0,1	-0,4	-0,8	-0,3
Foreign demand	tva	4,6	3,4	3,6	3,8	3,4	0,1	-0,9	-0,8	-0,1
Oil prices in dollars	vma	54,4	71,8	67,5	66,8	65,9	0,0	-2,7	-6,0	-1,9
Oil prices in euros	vma	48,2	60,9	59,5	58,8	58,1	0,0	-1,3	-2,6	0,9
Monetary and Financial Conditions										
Short-term interest rate (EURIBOR 3 months)	%	-0,3	-0,3	-0,3	0,0	0,3	0,0	0,0	-0,1	-0,2
Implicit interest rate on public debt	%	3,1	2,9	2,8	2,8	2,7	0,0	-0,1	-0,1	-0,1
Effective exchange rate index	tva	2,3	2,4	-0,7	0,0	0,0	0,0	0,3	-0,2	0,0
Euro-dollar exchange rate	vma	1,13	1,18	1,14	1,14	1,14	0,0	0,0	0,0	0,0

Source: Eurosystem (Banco de Portugal calculations).

Notes:

An increase in the exchange rate corresponds to an appreciation of the euro. The technical hypothesis for bilateral exchange rates presupposes the maintenance over the projection horizon of the average levels observed in the two weeks prior to the closing date of the information.

The technical hypothesis for the price of oil is based on the futures markets. The evolution of the EURIBOR rate over three months is based on the expectations implied in futures contracts.

The implied interest rate on public debt is calculated as the ratio between the year's interest expense and the debt stock's simple average at the end of the year and at the end of the previous year.

The hypothesis for the long-term interest rate of the Portuguese public debt is based on an estimate of the implicit rate, which includes a hypothesis for the interest rate associated with the new issues.

^{* -} projected, vma - annual average value, % - in percentage, tva - annual variation rate.



ACTIVITIES CARRIED OUT IN 2018

INFRASTRUCTURES IN OPERATION (1ST PHASE OF EFMA)

PRIMARY AND SECONDARY NETWORKS

IN ADDITION to the management, maintenance and conservation of the primary network, EDIA was granted EFMA's secondary network, which allows the company to manage the infrastructure in an integrated and sustainable manner, as well as apply a single tariff across the different irrigation perimeters regardless of operating costs.

For this purpose, EDIA develops a series of daily activities in order to optimize its functions and provide the clients with a quality service. In that regard, and in order to fulfil its mission with success and efficiency, EDIA has multidisciplinary teams on the ground working daily to ensure the system's total operation, thus allowing for a direct contact with the farmer, based on a proximity policy and search for solutions that guarantee efficient water use, as well as the quality of the service provided.

Regarding dam observation and behaviour, and complying with the observation plans pertaining to EFMA's primary network infrastructure, several campaigns were carried out over the course to read the installed observation equipment, which confirmed that these structures and their working hydraulic equipment continue performing well. At the end of the 1st semester of 2018, there was also a specialty visit to the Algueva dam.

Regarding the primary network, operation activities associated with the irrigation campaign were also developed throughout the year, as well as several preventive and corrective maintenance interventions.

In 2018, regarding corrective maintenance, it's worth highlighting the dismantling and shipping of the group no. 2 engine of the Alamos Lifting station to the factory in Switzerland in order to repair the alignment bearings, as well as the repair of said group's electric pump anticorrosive protection.

Within the scope of these maintenance actions in 2018, we would also refer the repair carried out on the *Ossberger* grid-cleaning machines installed in the primary network, which consisted of the installation of oil-cooling equipment for oil-hydraulic plants.

In 2018, several corrective maintenance works were also carried out under the works' contractual warranty, with special emphasis on the interventions carried out at the Odivelas hydroelectric power station and the Pedrógão – Left Bank hydraulic circuit.

With regard to preventive maintenance, we should mention the actions carried out in the cooling circuits of the Álamos lifting stations' main engines, in Pedrógão-Left Bank and Pedrógão – Right Bank, and the equipment of the Odivelas and Alvito hydroelectric plants.

Still pertaining to preventive interventions at the end of the year, we highlight the activities carried out in the water intake sieves of the Penedrão-Roxo hydraulic circuit, the Alvito hydroelectric power station and the Alvito-Pisão and Pisão-Penedrão channel.

Floodgate cleaning activities were also carried out, as well as deforestation of the Alqueva dam spill-ways, and fixed parts of the water inlets and grilles of the Álamos-Loureiro channel. In this context, we should also mention interventions on the turbine of the Serpa hydroelectric power station (blade adjustment and bearing replacement), as well as on the multi-jet valve in the Pisão hydroelectric power station turbine bypass.

Maintenance of control units of channel control structures; lifting stations; hydroelectric power stations and grid-cleaning systems, namely the lubrication of the electric pump groups' bearings; the removal and cleaning of the grilles from the water intake of the automatic station of São Pedro; and algae cleaning in canal sections and debris collection pits were also carried out in 2018, in terms of preventive maintenance.

In 2018, normal operation activities were also carried out in the Project's primary infrastructures associated with the start of the irrigation campaign, to ensure flawless water supply to the various irrigation blocks, as well as to reinforce the inflows of the Monte Novo, Odivelas, Roxo, Vale de Gaio and Alto Sado reservoirs

We should also highlight the maintenance work of the control units of canal control structures, lifting stations, hydroelectric power stations and trashracks, namely the lubrication of the pump groups' bearings; the removal and cleaning of the São Pedro lifting station' water intake racks; and algae cleaning in canal sections and in debris collection pits.

In the secondary network, the actions inherent to the irrigation campaign and other inherent processes took place, and all the operation and management component associated with the various infrastructures that make up the Project were ensured.

Thus, alongside normal activities arising from the operation of the benefitted areas and the management of the various infrastructures, namely lifting stations, reservoirs and the pipeline network, farmer registration and water supply to Project beneficiaries was also ensured, as well as technical support and monitoring provided by EDIA, according to their needs.

Several operations and maintenance actions were carried out in the various Project's subsystems infrastructures.

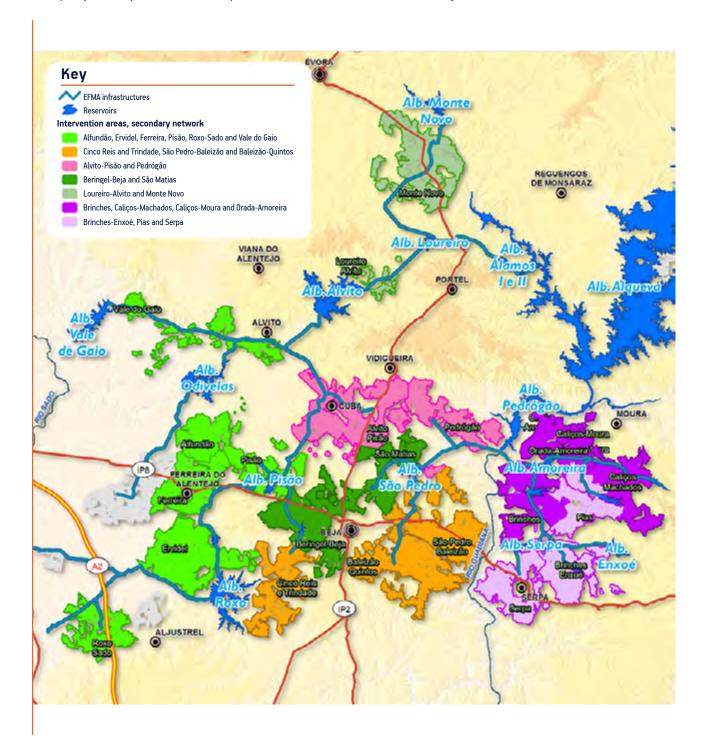
Regarding the secondary network and the Alqueva subsystem, and in addition to the normal course of the campaign, a series of conditional preventive maintenance actions were carried out.

At the end of the year, the repair of the Alfundão agricultural roads, which constituted a pending contract, was awarded. As a result, EDIA replaced the contractor and subsequently took the necessary steps to compensate for the costs incurred. Also at the end of the year, cleaning of the semi-excavated reservoirs started with HDPE mesh coating, a task that will last until the beginning of 2019.

In the Ardila subsystem, normal operation of the various infrastructures continued, and the provision of services related to the preventive, as did the corrective maintenance of mechanical and electrical equipment integrated in the respective perimeters. Simultaneously, at the end of the year, conditioned maintenance actions took place, as this is a more favourable period for the equipment to halt.

Similar to the Alqueva subsystem, the screen reservoirs were also cleaned, namely Brinches Norte and Serpa Norte reservoirs. The Montinhos reservoir was scheduled to be cleaned during 2019.

The Pedrógão subsystem was also subjected to preventive and corrective maintenance of mechanical and electrical equipment, at the same time as the processes related to the normal course of the campaign took place. This subsystem's infrastructure was also subjected to conditioned maintenance.



Throughout the year, precarious water supply requests were received, which required further analysis regarding water availability at the EFMA primary network level. The installation of dataloggers associated with the various irrigation perimeters of the project was also carried out.

In 2018, it is also worth mentioning the implementation of NAVIA software, which is aimed at the operational management of the Company's infrastructures, and which will allow the information and indicators of the various infrastructures of the Udertaking to be gathered in a single application. This operational control software, is linked to the SAP system (invoicing, stocks), GIS infrastructure register, irrigated areas) and SCADA (supervision, telemanagement, and telemetry), and will allow for the collection data pertaining to water consumptions and analyses, thus generating approval and maintenance order workflows, complying with good asset management practices.

In line with best practices in asset management, this system can be used anywhere from a simple mobile device, being accessible anywhere with an internet connection or offline. Once produced, the collection of quarterly readings that support verified consumption billing and maintenance control through this software became a practice at EDIA.

Within the scope of the NAVIA Project, among other activities developed throughout the year, the infrastructure network location tree was determined to ensure its updating and synchronization with the same existing SAP locations, and the Guadiana Monitoring System Project (SMG) was reactivated.

Regarding the analysis of accession and water consumption values in the EFMA perimeters December 31st, 2017, and December 31st, 2018, there was an accession increase of almost 16% (11,313 ha), making the registered area at the end of the year 82,797 ha.

As shown in the table on the next page, water consumption up to December 31st, 2018 * stood at 197,106,255 m³, lower than the same period of the previous year. This is due to the fact that, from a hydrological point of view, 2018 was a year of heavy rainfall – essentially in the first half of the year compared to 2017, which was characterized by extreme drought throughout most of the territory.

The decrease was around 21% (51,344,897 m³). This trend, in terms of consumption values, was widespread for almost all perimeters due to the reason given above.

		2018		2017			
Alqueva Perimeters	Benefitted Area (ha)	Registered Area (ha)	Consumption (m ³)	Benefitted Area (ha)	Registered Area (ha)	Consumption (m ³)	
Alqueva Subsystem	56.005	41.855	106.113.264	56.005	34.570	129.634.056	
Monte Novo	7.714	6.705	20.270.244	7.714	6.899	29.407.592	
Alvito-Pisão	8.452	7.275	17.237.776	8.452	6.388	21.131.030	
Pisão	2.588	1.617	5.709.479	2.588	1.656	8.259.073	
Alfundão	4.216	2.818	7.819.922	4.216	2.121	10.954.525	
Ferreira, Figueirinha and Valbom	5.118	3.185	8.821.612	5.118	2.918	10.953.270	
Loureiro-Alvito	1.050	757	3.151.000	1.050	668	3.536.937	
Ervidel	8.228	5.807	13.776.668	8.228	4.437	15.828.868	
Cinco Reis-Trindade	5.600	6.412	14.908.155	5.600	4.389	15.939.671	
Vale do Gaio	3.903	1.915	3.778.248	3.903	1.365	3.336.388	
Beringel-Beja	5.103	4.106	9.000.337	5.103	2.811	9.348.462	
Roxo-Sado	4.033	1.256	1.639.823	4.033	918	938.240	
Ardila Subsystem	28.562	20.882	41.101.100	28.562	18.223	53.523.071	
Orada-Amoreira	2.522	1.942	3.286.987	2.522	2.231	5.583.974	
Brinches	5.463	3.882	7.045.735	5.463	3.519	9.258.340	
Brinches-Enxoé	4.698	3.930	9.345.804	4.698	3.770	14.126.506	
Serpa	4.400	3.252	8.582.945	4.400	3.101	11.171.931	
Pias	4.698	2.886	4.257.829	4.698	2.151	4.976.027	
Caliços-Machados	4.664	3.174	5.470.049	4.664	2.446	4.402.007	
Caliços-Moura	2.117	1.817	3.111.751	2.117	1.005	4.004.286	
Pedrógão Subsystem	23.913	20.059	49.891.891	23.913	18.691	65.294.025	
Pedrógão Right Bank	4.016	3.585	6.692.371	4.016	3.340	12.122.447	
Baleizão-Quintos	7.999	6.678	16.392.004	7.999	5.493	18.594.163	
São Pedro-Baleizão	6.035	5.625	15.999.816	6.035	5.766	20.486.479	
S. Matias	5.863	4.172	10.807.700	5.863	4.092	14.090.936	
TOTAL	108.480	82.797	197.106.255	108.480	71.484	248.451.152	

^{*} CIEFMA data from January 11th, 2019.

The table on the next page displays the values pertaining to water reinforcements made to reservoirs, sources of water from confining perimeters, and public supply. As of December 31st, 2018, and compared to the same period of 2017, there was a general decrease in water supply to these reservoirs. Since 2018 was a year of high rainfall, water supply disruptions occurred as requested by Irrigators Associations.

		m³
Reinforcement of Reservoirs	2018	2017
Vale de Gaio	2.243.000	-
Campilhas and Alto Sado	1.508.951	13.459.402
Vigia	2.202.154	1.734.537
Enxoé	0	81.632
Monte Novo	1.172.801	2.871.785
Roxo	23.278.996	34.355.354
Odivelas	36.217.000	43.947.000
TOTAL	66.622.902	96.449.710

This table, on the other hand, shows consumptions through direct abstraction.

Direct Abstraction	2018	2017
Area (ha)	8.177	8.544
Consumption (m³)	13.859.933	21.404.080

Regarding consumption associated with confining perimeters and direct abstractions 2018 registered 80.48 hm³, reflecting a decrease compared to the previous year's consumption.

Therefore, one can conclude that total volume of water distributed during 2018 was around 277.59 hm³. In comparison to the 2017 value (366.30 hm³), there is a decrease of 88.71 hm³, or about 24%.

ENERGY

Over the last few years, EDIA has invested in energy solutions that are both environmentally friendly and ecologically compatible with the sustainable development process sought for the region, as evidenced by the implementation of photovoltaic solutions.

During the period under review, the Company continued to carry out maintenance and operation activities in the Alqueva photovoltaic plants, EDIA headquarters and the Cegonha reservoir, as well as the Alvito, Odivelas, Pisão and Serpa mini-hydroelectric plants.

Throughout 2018, the Roxo hydroelectric power station did not function due to a breakdown in the generator set, while the Odivelas hydroelectric power station did not operate in the 3rd quarter as it was not necessary to transfer water to that reservoir during the period. The operation of the Alvito, Odivelas, Serpa and Pisão hydroelectric power plants produced a total of 8,653 MWh.

Overall, it is evident that hydroelectric power production in 2018 was slightly lower than in 2017, which is justified by the reduction in volumes added in the period.

Hudus alastuis Davieu Duadvistian	2018	2017
Hydroelectric Power Production	Production (MWh)	Production (MWh)
Alvito Hydroelectric Plant	2.575	-
Odivelas Hydroelectric Plant	5.275	7.211
Roxo Hydroelectric Plant	-	326
Serpa Hydroelectric Plant	434	1.211
Pisão Hydroelectric Plant	369	309
TOTAL	8.653	9.057

The following table displays photovoltaic production during 2018 and 2017, with a total production of 209 MWh in the Alqueva photovoltaic plant and EDIA headquarters in 2018, compared to 2017, which reached 235 MWh.

Draduation of Photogoltaic Energy	Productio	Production (MWh)			
Production of Photovoltaic Energy	2018	2017			
Alqueva Photovoltaic Plant	56	72			
Headquarters Photovoltaic Plant	153	163			
TOTAL	209	235			

ENVIRONMENT AND HERITAGE

In compliance with the parameters established for the exploration stages of the different Environmental Impact Statement (EIS), meetings were held with supervisory entities in order to reinitiate environmental awareness and dissemination procedures and activities among EFMA beneficiaries. During this period, reports were submitted to the EIA Authorities (APA and CCDR) demonstrating compliance with the EIA measures pertaining the EFMA operation phase.

In the course of this year, and in compliance with the obligations established in the Hydro Farming Regulations and in the Environmental Monitoring and Auditing Plan, environmental inspection and monitoring actions were carried out on over 6,000 ha of agricultural land, belonging to the EFMA perimeters. In addition to these actions, environmental and heritage awareness sections were developed for different agricultural communities.

This year, regarding the monitoring and conservation actions of the Mediterranean Temporary Ponds *habitat*, a response was sent to the requests and considerations expressed in the opinion received from APA, and a response was also received from this entity. Following the request by APA, and after some meetings with the different entities, the Pond Conservation Plan is being restructured and the presentation of the Monitoring Program Report is being prepared.



Regarding cultural heritage issues, the Beringel-Beja block contract was terminated this semester. Regarding the two contracts associated with the Pedrógão subsystem (São Matias and Baleizão-Quintos hydraulic circuits and their respective blocks), some documentation is yet to be delivered. The closing of the remaining contracts: the Amoreira-Caliços and Caliços Pias hydraulic circuits and the Pias block are subject to approval of final interventions reports by Alentejo's Regional Directorate for Culture/Directorate General for Cultural Heritage. Awaiting approval of the reports associated with the contracts in question by those entities.

Following the elaboration of several documents for the purposes of characterizing cultural heritage located in areas projected to have Self-Consumption Production Units (UPAC), through the placement of photovoltaic panels, monitoring of the elaboration of the Study of Environmental Repercussions (SER) was continued, such as the Laje photovoltaic plant. In this context, documentation was produced regarding the UPAC-associated SERs to be connected to the Brinches and Torre do Lóbio (Serpa dam) pumping stations.

EXPROPRIATION PROCEDURE

Regarding projects that are in the final stage of the expropriation procedure pertaining to the 1st phase of EFMA's construction (Cinco Reis-Trindade, Vale de Gaio, Aljustrel, Brinches, Rio de Moinhos and Alvito-Pisão Blocks), friendly expropriation notices and indemnity agreements were made and registration issues were regularized, whether at the property registry or the tax offices.

We should also mention the monitoring of arbitration commissions and expert opinions on situations resulting from the works and crop damage due to existing ruptures.

In 2018, we also highlight the preparation of necessary documentation for the purpose of resolving administrative complaint processes, and the issuing of digital information from expropriated areas, as well as for the purpose of signing amending deeds and the analysis of processes that followed the litigation route, namely pertaining to the proceedings concerning the Alqueva and Pedrógão dams and the Beringel-Beja block.

Lastly, we highlight the services rendered to the Águas Público do Alentejo (AgdA) and Águas de Santo André (AdSA), carried out throughout 2018.

ENVIRONMENTAL MONITORING

Environmental monitoring is an important management tool used at EDIA. It allows us to characterise the situation of reference, and monitor the evolution of different environmental descriptors. The monitoring developed by EDIA facilitates supervising and interpreting the evolution of environmental variables in EFMA's area of influence; collecting and compiling decision-making support data, for the purposes of managing and exploiting the Project; and evaluating the effectiveness of mitigation measures implemented in different environmental domains, and propose new measures, if necessary.

Within the scope of its competencies, EDIA is permanently responsible for promoting and coordinating the implementation of environmental monitoring programs pertaining to EFMA's various aspects and stages, namely the status of ground and surface water bodies, fauna and flora, and soil.

Among the projects carried out in 2018 pertaining to ground and surface water status, the monitoring of EFMA's primary network surface water resources for the 2016/2018 and 2018/2020 hydrological periods is worth a special mention. Reference should also be made to the monitoring of potential impacts on the Guadiana-Sado water transfer on ichthyofauna (2018) and monitoring of bivalve and zebra mussel communities.

With regard to the state of surface water and groundwater (secondary network), at the end of the year, the Global Groundwater Resource Monitoring Program of the EFMA (Operation Phase) -2018/2019 took place, and the Monitoring of Surface Water Resources in the Secondary Irrigation Network (Exploration Phase) -2019/2020 was adjudicated.

In terms of fauna, flora and vegetation, emphasis is owed to the *Monitoring of Flora and Vegetation of the Odivelas Dam Hydraulic Circuit* (2018), as well as studies on bird monitoring [Alvito Pisão block (2018-2020)], secondary irrigation network 2018-2019 (Area B) and Pisão dam), the *Monitoring of Linaria ricardoi in the Secondary Irrigation Network* – 2017-2018; as well as the *Monitoring of Aquila Fasciata* (Bonelli's eagle) in the Cuba-Odivelas hydraulic circuit.

At the end of the year, the characterization of the soil benchmark case in the Vale do Gaio, Roxo-Sado, S. Matias and Pias blocks was still being concluded.

Similarly, we should reference the conclusion of the comprehensive report with the results of monitoring carried out from 2016 to 2018 to evaluate effectiveness and efficiency of the Penedrão-Roxo and Vale do Gaio microfiltration/sieving systems, which were pending approval at the end of the year.

Also pending approval at the end of the year was EDIA's proposal for action on the opinion issued by the National EIA Authority on the *Evaluation of the Effectiveness of the Vale do Gaio and Pisão-Roxo Sieves*, as well as the procedure model to be adopted in order to continue this monitoring work.

In the context of the restructuring process of EDIA's automatic monitoring network, we should highlight the commissioning of an automatic evaporation station in Alqueva, in the summer. The station was installed at the location identified as ALQILHA.

A public tender was also initiated for the purchase of goods and services to supply and install three (3) automatic water quality stations, which was awarded at the end of the year. These were purchased and put into service at the Algueva, Pedrógão and Loureiro reservoirs.

NATURAL RESOURCE MANAGEMENT AND EXPLOITATION

For the purposes of natural resource management and exploitation, EDIA's Inspection and Surveillance Team (EFV) carries out various surveillance and monitoring activities on the ground. A number of activities were carried out throughout the year in the reservoirs' surroundings, such as early detection of pests or pollution phenomena, collection of waste in the public water domain, occasional maintenance and repair work, and assistance in aquatic plant control actions.

In order to characterize the initial situation prior to EDIA's issuance of private use titles, and its monitoring after their attribution, the team made, at the same time, several field visits to some of the installation areas for requested abstractions. Monthly quotas and possible occurrences at EFMA reservoirs were also verified, as well as the detection of illegal catches within the EFMA primary system area.

Maintenance work proceeded on safety signs of the Alqueva, Pedrógão and Álamos water dams, associated with forbidden navigation zones, in accordance with the contractual provisions, including the maintenance of placards and installed buoys.

In terms of improving water status, compliance with the measures concerning the maintenance of the ecological flow of the primary network in operation was also monitored.

Regarding the private use of the public water domain, support to applicants continued throughout the year in regard to the preparation of applications for surface water permits/concessions and the processing and issuance of their titles.

Also in 2018, monitoring continued pertaining to compliance with the operational conclusions defined in the *Study of Environmental Conditions in the Guadiana River Estuary and Adjacent Zones — Operating Conditions* (February 2005).

EXOTIC SPECIES

in 2018, in the ambit of the fight against invasive species, an environmental activity of vital importance for EDIA, actions continued to be carried out to remove the invasive aquatic water hyacinth (Eichhornia crassipes) on the Guadiana river control section, upstream of the Alqueva reservoir, as well as the monitoring of zebra mussel sessile bivalve at 18 sampling points. Throughout the year, EDIA maintained periodic verification of vertical cables placed in EFMA water bodies for early detection of fouling invasive species.

Due to the rainfall conditions recorded in the year's first semester, large amounts of water hyacinths were dispersed from Spain, which is why EDIA (in conjunction with the Spanish entities) increased the effort to collect this invasive exotic species in the Ponte da Ajuda area (with a special focus on summer months).

The installation of a new floating barrier to contain water hyacinth in October is worth mentioning. This barrier, made up of three independent sections, was placed in the middle of the control section in order to increase the retention capacity of aquatic plants carried by the Guadiana River. Within the scope of the ACECA * Project, actions were also taken to ensure the supply of an amphibious vessel, and it is estimated that the equipment will be delivered during the first semester of 2019.

Within the context of this project, EDIA also monitored the implementation of one of the measures planned for the control section downstream of the Spanish border, which aimed to eliminate the existing breach in the left bank of the Monte da Vinha dam. The objective was to create a constant water plan upstream of this reservoir that facilitated the installation of removal equipment for this species, from the Spanish territory.

In 2018, and within the framework of the 30th Luso-Spanish Summit [held on November 21st, 2018, in Valladolid (Spain)], the *Water Hyacinth Control on the Guadiana river Action Protocol* between Spain and Portugal was approved. *Water Hyacinth Control* work in the area upstream of the Alqueva reservoir continued until the end of the year.

TERRITORIAL MANAGEMENT INSTRUMENTS

Throughout 2018, EDIA secured its participation in the Alentejo Hydrographic Region Council and accompanied the proposed amendment to the *National Territorial Planning Program Policy*.



EFMA's integrated management also implies EDIA's positioning as a strategic partner in the region. For this reason, the Company integrates the development work of regional strategies promoted by CCDR Alentejo, which cover three fundamental areas: Regional Strategy for Adaptation to Climate Change, Regional Agenda for Circular Economy/National Strategy for Circular Economy, and Alentejo Integrated Governance Forum.

Thus, as part of EDIA's participation in the *Regional Land Management Fora in Alentejo*, we should reference the three (3) conferences cycle dedicated to *New Agriculture*, promoted by GOVINT, and which was dedicated to issues related to new challenges and opportunities that irrigated agriculture brought to the region. EDIA was part of the work group that held the event, along with CCDR Alentejo, DRAP Alentejo, APA/ARH Alentejo and DRC Alentejo.

SAFEGUARDING OF LINARIA RICARDOI

Within the framework of the Strategic Plan for the Creation of Conditions for the Safeguarding of *Linaria ricardoi* in the EFMA area, which includes repopulation of this species in EDIA's remaining areas, it's worth mentioning the monitoring and seed collection of *Linaria ricardoi* in Beringel-Beja block, in 2018.

Mention should also be made of an awareness-raising action inserted in the *Terras sem Sombra* (Shadeless Lands) Festival (April, Ferreira do Alentejo), which aimed to make this threatened species known and what can be done to promote its conservation, and included training given by EDIA technicians on their collection, preparation and re-routing to seed banks ⁵.

CLIMATE CHANGE

During this period, EDIA also participated in meetings of the *Agriculture Work Group of the National Climate Change Adaptation Strategy*, led by the Ministry of Agriculture. It is also worth mentioning the analysis of the *Action Program for Adaptation to Climate Change* – P3AC.

ENVIRONMENT - PROJECTS | APPLICATIONS

In 2018, EDIA accompanied the work associated with the URSA, Riparian Galleries, ALA, PlaCarvões and FitoFarmgest Projects, included in the Environmental Fund applications.

URSA - ALQUEVA BY-PRODUCTS RECIRCULATION UNITS

Submitted on March 23rd, 2018, in partnership with ISQ ⁶, the application of the *URSA Project – EDIA's Alqueva By-products Recirculation Units*, to Phase II of the Environmental Fund, aimed at creating a demonstration unit for the transformation of agricultural by-products into fertilizer for soil application. With this project, which is located in the Herdade da Abóbada (Baixo Alentejo Experimental Centre), in Vila Nova de S. Bento, the integrated strategy for the promotion of soil organic matter in the EFMA area has been implemented since 2012.

Works for the creation of the URSA Unit began in 2018, and its activity is expected to start in the 1st quarter of 2019. At the end of the year, the URSA Project competed for the *Circular Economy Prize* of the Baixo Alentejo companies and was distinguished as the best project in this area, which allowed for its participation in the Regional Circular Economy Prize (disputed between the Alentejo and Alentejo Litoral, Central Alentejo and Alto Alentejo award winners), where it was again elected as the best Circular Economy project among all regional competitors.

^{6.} In the context of which a collaboration protocol was signed between EDIA, INIAV and FPAS, in the ambit of Circular Economy.

REQUALIFICATION OF RIPARIAN GALLERIES

In partnership with 0 TREVO, EDIA has also formalized an application for the Environmental Fund under the *Environmental + Sustainable Education Program: Rethinking Rivers and Creeks*, whose work is aimed at the creation of a requalification project for the purposes of education and raising awareness regarding the compatibility between intensive agriculture and good environmental practices, namely in terms of preservation and requalification of riparian galleries. Completed in 2018, the *Riparian Gallery Regualification Model Project* featured the following secondary permits:

- → Development of *in situ* examples on a model farm;
- → Development of training actions, workshops and seminars that allow for a steadfast approach to the commitment to follow the growth and development of the project;
- Provision of a specialized and multidisciplinary technical team for the reproduction of these models; and
- → Elucidation and clarification of the benefits resulting from the implementation of these measures pertaining to climate change and its mitigation.

ALA – AGENDAS LOCAIS DE ÁGUA (LOCAL WATER CALENDAR) IN ALENTEJO

EDIA, CONSULAI and the University of Évora formed the ALA consortium, which applied for the *ALA Project – Local Water Calendar in Alentejo* for the Environmental Fund. The project, which was approved and contracted on August 28, aims to create a multilevel network with two main focuses on its most important target audiences: the education community and farmers, both integrated and covered by EFMA. At its conclusion, ALA intends to hold a set of actions that incorporate local and regional synergies, enabling an integrated plan that promotes local circles of environmental value.

Within the scope of this initiative, reference should be made to the launch and completion of internal procedures for the acquisition of ALA's comprehensive website and corporate image creation services, in 2018. Project presentation sessions were also held at various schools in the region, and EDIA provided institutional support from regional entities such as CCDR Alentejo, APA — ARH Alentejo and DGEstE — DSR Alentejo. At the end of the year, the project's financial execution activities were concluded, which is expected to be completed in spring 2019.

PLACARVÕES

The PlaCarvões Project, also approved by the Environmental Fund, and in which EDIA, CIMAC, GESAMB and the University of Évora are partners, aims at achieving a solution that integrates the principles of Circular Economy in the plastics value chain, through the recovery of plastic waste (agricultural plastic, disposable plastics and CDR) via the production of activated carbons.

As part of this project's consortium coordination activities, in 2018, CIMAC's *Plastoceno* | *Era of Plastics* exhibition was sponsored, as well as the *Sustainable Agriculture workshop*, by GESAMB and CIMAC. Regarding EDIA's actions, the procedures for the construction of the project's website and corporate image, promotional film and also for the elaboration of the study on characterization of plastics in EFMA were also carried out. PlaCarvões will be completed by the end of 2019's first quarter.

FITOFARMGEST

EDIA has also been monitoring the work associated with the FITOFARMGEST Project (Sustainable management of plant protection products in olive groves, vineyards and arable crops in the EFMA area of influence), namely through the provision of logistical support. In this regard, reference should be made to the support for the collection of water samples carried out by the Polytechnic Institute of Beja (IPBeja) and EDIA's participation in the project's follow-up meeting held in December.

CINCO REIS RIVER PARK

In the context of EDIA's participation in the implementation of the *Cinco Reis River Park* — with funding approved through the *Inland Tourism Appreciation Helpline* — *Value Program* , it should be noted that, in 2018, a protocol between EDIA and the Municipality of Beja was signed with the objective of framing both entities' participation in the scope of this project, as well as the joint work meetings held for the purposes of project development.

^{7.} This program aims to "promote the continued qualification of destinations through the regeneration, requalification and rehabilitation of public spaces of tourist interest and the enhancement of the country's cultural and natural heritage".

ENVIRONMENTAL MANAGEMENT SYSTEMS

In 2018, the daily bulletin continued being released on the EDIA website with information on the evolution of stored volume and daily quota variation of the Alqueva and Pedrógão reservoirs, as well as information on the upstream and downstream flows of the Alqueva-Pedrógão system. Internal dissemination of the ecological flow regime for the EFMA primary network, currently in operation (monthly), as well as the publication of the *Irrigation Water Quality Bulletin*.

PROMOTION OF IRRIGATION

As a holder of inside information and support systems for the best cultural options for the region, and a promoter Alqueva's agricultural and agro-industrial development, during 2018 EDIA continued to contact, monitor field visits and provide information to potential investors, companies and individuals, domestic and foreign. In this context, we continued elaborating listings of available owners to all interested parties, companies and/or individuals, with the purpose of attracting partners.

Regarding decision support systems, actions to disseminate and provide results to SISAP users were maintained during 2018.

EDIA also ensured availability of the Irrigators Portal support tool to farmers serviced by Alqueva's infrastructure. In 2018, necessary developments and tests were concluded to complete the improvements of the new version that went into production (2.0). These new features have been made available to users. It's also worth mentioning the preparation of this project's 3.0 version at the end of the year.

EDIA continues coordinating the "Land Bank" Project and its articulation with the DGADR, for which EDIA acts as an GEOP (Operational Manager) through activities aimed at promoting, disseminating and stimulating Land Exchange among relevant agent in rural areas. Within the scope of CIEFMA — Commercial, we continued the information collection and systematization process by inquiring beneficiaries of the irrigation perimeters in operation. In the period in question, and by direct interaction of EDIA, an area of approximately 4,202 ha was transacted.

Similarly, aid continued to be provided to beneficiaries of the various irrigation perimeters in the denominated *land subdivision*. Together with owners and companies, this was an attempt to identify small plots adjacent to their own in order to increase their area of exploitation. As an alternative to traditional cultivation methods, we intend to make this agricultural system known to the small property of Alqueva, and foster it.

Under the protocol with the Évora Supply Market (MARE), EDIA continued to collaborate with the Institute of Mediterranean Agricultural and Environmental Sciences (ICAAM) in conducting surveys, through providing information, monitoring and plot location, aiming to create a horticultural row in the region.

Just like last year, the Alqueva Agricultural Yearbook 2018 was prepared. This document seeks to systematize all technical, economic and market information for the main Alqueva crops.

It is also worth highlighting the challenge launched by EDP by AdP at the end of the year to participate in a joint experimental project for the use of treated wastewater in irrigated agriculture, in which preparatory activities were developed with the goal of starting this process in 2019.



1.2. INFRASTRUCTURES UNDER CONSTRUCTION (2ND PHASE OF EFMA)

PROMOTION OF NEW IRRIGATION

During the period under review, work was carried out on the regulatory procedures relating to the tender for the execution of the construction contract for the **Morgável adduction system**. Following the finalization of the tender evaluation, the work was awarded.

As for the secondary network, it is worth highlighting the analysis of the proposals submitted in 2018 in the context of the public tender concerning the construction of the **Cuba-Odivelas block**. Following the preparation of the preliminary report, this work was also awarded.

Reference should also be made to the launching of the public tender for the **Évora block** construction contract, with the opening of tenders at the end of the year.

Finally, at the end of the year, the projects concerning the Viana do Alentejo, Reguengos and Póvoa blocks were still under analysis.

EXISTING IRRIGATION IMPROVEMENTS

Following the approval of the loans enabling the construction of the 2nd EFMA Infrastructure Phase by the EIB and CEB, at the end of 2017, the necessary procedures were initiated in 2018 for the start of this new phase of the Alqueva Project. This moment concludes a significant change for the Project, as EFMA's first major infrastructure phase is completed, with the 120,000 hectares of irrigated area associated with Project's Phase 1 being fully operational at the same time as procedures begun for the construction of the 2nd phase of the Alqueva irrigation infrastructure.

Thus, in the 1st semester of 2018, two works were consigned to this new and important phase of the Project: the contract to build the power reinforcement of the Álamos pumping station, which will allow a reinforcement of supply to the entire water supply subsystem of Alqueva, which is part of the primary network; and the construction and equipment supply contract for the 2nd phase of the Loureiro-Alvito pumping station, which belongs to the secondary network, also in the Alqueva subsystem.

This time, the work associated with the construction of the Álamos pumping station power reinforcement, which is expected to last 22 months, continued throughout the year, as did the management and supervision of this work.

The preparation of the tendering process for the Álamos-Loureiro siphon reinforcement work was another of the tasks that continued over the period, and was also ongoing at the end of the year.

During the period under review, work pertaining to the construction and equipment supply contract at the Loureiro-Alvito irrigation block pumping station on May 23rd also continued.

Regarding the primary network of the Pedrógão subsystem, we should refer the conclusion of the tendering process for the execution of the construction contract and the supply of equipment for the **installation of three additional groups at the São Pedro pumping station**. Its assignment took place at the end of 2018, as well as the signing of the respective contract. At the end of the year, we highlight the beginning of these works, which are estimated to last for 13 months. The management and supervision of this contract was also adjudicated.

Also pertaining to this subsystem's primary network, a bidding process also took place for the construction and supply contract for the **Pedrógão** – **Right Bank** – 2^{nd} **Phase pumping system**.

In 2018, works on the fibre optic network interconnecting the secondary network infrastructures and EDIA headquarters should also be noted.

EXECUTION PROJECTS AND ENVIRONMENTAL IMPACT STUDIES

Throughout the year, we continued analysing several requests from farmers pertaining water use/abstraction solutions in EFMA infrastructures. In order to ensure timely access to water, we also carried out the development and, in some cases, the implementation of abstraction solutions and expeditious hydraulic circuits to be executed by the interested parties.

Within the ambit of PNRegadios, we also developed several studies, bidding processes, bid analysis reports, and the start and development of execution projects, pertaining to nine bordering areas totalling about 50,000 ha. Thus, in order to prepare for the expansion of the new irrigated areas, during the period under review, we continued to monitor the elaboration of some EIAs, in parallel with the development of the respective execution projects.



On the other hand, and as imposed by the new Public Procurement Code, and the fact that the financing of new infrastructures by the European Investment Bank/Council of Europe Development Bank required cost-benefit analysis, throughout the year several reports of *Cost-Benefit Analysis of New Infrastructures were developed within the ambit of the 2*nd *Phase of Alqueva.*

With regard to the POC Alqueva implementation project, in 2018, we should reference the meetings with the licensing entities to define the basic criteria for the sizing of various infrastructures. At the end of 2018, this project was still under development.

In order to prepare for the expansion of the new irrigated areas, we continued monitoring the elaboration of some EIAs, in parallel with the development of the respective execution projects, as shown below.

Subsystems	Project Designation	Launch of the Procedure	Project Execution	Project Revision	Environmental Impact Assessment
Alqueva	Hydraulic circuit of Reguengos and blocks		Project Completion.	Awarding and start of work.	DIA issuance and EDIA's contestation.
	Évora Blocks		Project Completion.	Delivery of the final report to the designer.	Response to the Conditions and Elements to be Presented requested in the DIA.
	Viana hydraulic circuit and blocks		Project Completion.	Awarding and start of work Delivery of the final report to the designer.	The APA's opinion on the Conditions and Elements to Present requested in the DIA is awaited.
	Vidigueira hydraulic circuit and blocks		Project monitoring, Layout corrections and changes in the location and type of reservoirs. Topographic surveys, and surveys in reservoirs and in some points of the irrigation network.		EIA monitoring.
	Hydraulic circuit connecting the Monte da Rocha reservoir and the Messejana block		Awarding and start of work. Topographic surveys in the Messejana reservoir and field visit with the designer to define the zones to be irrigated.		EIA monitoring.
	Hydraulic circuit Póvoa-Moura and blocks		Project Completion.	Awarding and start of work.	DIA issuance and EDIA's contestation.
	Moura Block (integrated in the hydraulic circuit project of Póvoa-Moura and blocks)				Presentation of the execution project to the EIA Monitoring Committee. Request for additional elements to the Moura block SER for EIA procedure. EIA follow-up visit.
	Lucefécit-Capelins hydraulic circuit	Preparation of the reference terms for the tender including the works requested by the Lucefécit Irrigators Association and DGADR.			
	Loureiro-Alvito tunnel end flood gates (integrated in the reinforcement of the Álamos project)	Launch of reference terms for prior consultation. Preparation of the execution project's preliminary report.			
Ardila	São Bento hydraulic circuit and blocks		Project delivery to EDIA.		EIA follow-up. Monitoring the Study of Environmental Repercussions of the Lage Photovoltaic plant.
Pedrógão	Cabeça Gorda-Trindade hydraulic circuit and blocks		Project monitoring, Definition of the irrigation network layout following the public consultation. Definition of the area to be irrigated after meetings with the DGADR. Presentation of Technical Note No. 3 (Secondary Infrastructures of the Cabeça Gorda-Trindade Hydraulic Circuit).		

ENVIRONMENT AND HERITAGE

This year, public tenders were launched to minimize impact on cultural heritage resulting from the construction of some projects set to begin construction.

In view of the new methodologies defined to safeguard the environmental and patrimonial values present, at the end of this year, *condition-related fact sheets* for the Cuba-Odivelas hydraulic circuit project were finalized and sent to all irrigation perimeter beneficiaries.

ENERGY

In order to reduce its infrastructures' energy costs, EDIA has been developing procedures for the construction of 10 photovoltaic power plants to be installed in the water mirrors near the main EFMA primary network pumping stations, as well as installing other photovoltaic power plants near some secondary network pumping stations, such as Lage and Cuba Este.

In 2018, it is worth mentioning the launch and contracting of public tenders for **Lage (Vila Nova de São Bento) and Cuba-Este (Vidigueira) photovoltaic** works.

EXPROPRIATION PROCEDURES

With the goal of expropriating the necessary real estate for the timely construction of the infrastructures integrated in EFMA 2^{nd} Phase, several tasks continued aimed at ensuring the various expropriation processes related with ongoing projects, through interventions in various geographic areas of the Project.

Verification/validation activities of expropriation projects continued, as did the recognition of areas to be intervened and notification of all owners and stakeholders of the project's initiation. Elements were also collected to prepare the evaluation bases for the following projects:

- → Adduction to Morgável and Fonte Serne;
- → Cuba Cuba-Odivelas hydraulic circuit and respective block;
- → Évora hydraulic circuit and respective block; and
- → Viana hydraulic circuit and respective block.

The field surveys of the affected areas in the connection with the Morgável adduction system were concluded, parcel evaluations were prepared and the negotiation process was started, pending publication of the Declaration of Public Utility (DUP) in Diário da República.

The DUP of the Cuba-Odivelas, Évora and Viana hydraulic circuits and their irrigation blocks were published in 2018.

The evaluation sheets pertaining to the Cuba-Odivelas hydraulic circuit and its irrigation block were finalized and, following the publication of the DUP, negotiations began. As for the Évora hydraulic circuit and block, the relevant bases and evaluation sheets were prepared and, following the publication of the DUP, negotiations were prepared.

Regarding the Viana hydraulic circuit and its irrigation block, the respective Evaluation Bases were made and approved.

Also noteworthy is the work carried out during 2018, namely the services provided to AgdA companies (adduction to Cercal-São Luís (2nd Phase); adduction to the West Zone of Monte da Rocha; adduction to the Serpa-Moura Axis; adduction to the Magra Subsystem and adduction to the Roxo-West System) and AdSA (adductor between Morgável WTP and Monte Chãos Reservoir; Collector between the Barbuda Drain box and Ribeira de Moinhos WWTP).



1.3. SPECIAL PROJECTS

The Noudar Natural Park (PNN), the Museum of Luz and the Cartography and Geographic Information Systems constitute *EDIA's Special Projects*.

NOUDAR NATURAL PARK

The PNN emerges following the acquisition of Herdade da Coitadinha by EDIA in 1997 with the objective of developing a compensation project for the loss of *habitats* induced by Alqueva in cork oak ecosystems, riparian galleries and Mediterranean shrublands. The project is based on the principle that use and activity promote the conservation of the territory and re-establish existing agricultural activity, and it's EDIA's mission to ensure that this unique space is maintained and valued, contributing simultaneously to its natural values.

Maintenance activities related to agroforestry management were carried out throughout the year, and the forest, livestock, game and agricultural management of the property continued. In the forest side, the deforestation of some areas took place, as did the construction of livestock fences, and the creation of the Resvaloso park. Parallel to the 2018 fire prevention campaign, there were also 9.5 ha of deforestation with tractor.

Regarding hunting, it is worth mentioning the rounding of wild boar in the Park's Tourist Hunting Zone; and, regarding livestock, the management activities normally associated with raising cattle, such as construction of fences, food acquisition, sale of calfs and garvonesas, and the intensive fattening of animals (montanheira). Also noteworthy is the temporary ceding of the Parque das Juntas pasture (2018-2019).

In the agricultural component, there repair works as well as pre-installation of irrigation for aromatic crops and orchard; planting of aromatics in gardens; and the holding of firebreaks and deforestation of 10 ha. Parallel to monthly activities to prevent the red beetle attack on the Park's palm trees, two cattle passages were also set at the end of the year.

Under the funded projects, a number of actions under were monitored and implemented, namely the following projects: LIFE IBERLINCE, LIFE MONTADO, POSEUR – LINX 2020, INTERREG VA Spain-Portugal (POCTEP) – PRO – IBERLINX and PDR2020 – Operating Groups – OAK REGENERATION. Throughout the year, actions developed by EDIA under these projects continued.

In 2018, it is also worth mentioning the closure of the Life IBERLINCE Project and the preparation of a final report. Regarding the Life MONTADO Project (MONTADO & CLIMATE; A NEED TO ADAPT) and in addition to monitoring the progress of the implementation work, reference should be made to the project's inaugural event for the community (November 19th) and to the awareness raising activity [pruning on holm oaks and cork oaks (December 11th)] with the ICNF.

In the INTERREG VA Spain-Portugal Project (POCTEP) — PRO-IBERLINX, we should reference the procedure for requesting a substantial modification of the project, as well as the provision of services for the creation of its respective logo and, at the end of the year, the procedure adjudication for the acquisition of seeds and fertilizers. In the case of Project PDR2020 — Operational Groups — OAKREGENERATION, in addition to the annual meeting (Companhia das Lezírias) and the natural regeneration signage works, 19.5 ha of soil were improved with phosphate fertilization, and 16 hectares of improved culture were installed. In 2018, we also highlight the awarding of the Intervention Plan at SIC Moura-Barrancos, within the scope of the LINX2020 Project (POSEUR).

In the area of environmental education, we continued providing diversified content and school programs in 2018.

Activities associated with tourism and hotel operations were carried out as planned. In August, the Tur4all technical visit was evaluated to assess the conditions of the estate for tourists with reduced mobility. We highlight the increase in the number of overnight stays, visitors and meals in 2018, compared to 2017.

	2018	2017	2018 vs 2017
Overnight stays	3.756	3.254	502
Visitors	8.156	2.668	5.488
Meals	7.266	6.807	459

With the goal of disseminating the Project, and prioritizing qualified dissemination and promotion as well as communication skills in areas of expertise and strategic partnerships, the divulgation and promotion of Park services in web platforms and networks specializing in communication and advertising continued throughout the year.

In 2018, as in previous years, Summer Camp activities took place (24 participants per edition) with the *Junior* edition taking place from July 9^{th} to the 14^{th} , and the *Master* edition from July 23^{rd} to the 28^{th} .

MUSEUM OF LUZ

Built between Luz village and Alqueva lake, the Luz Museum presents exhibitions and promotes initiatives related to the Alqueva implementation process and the relocation of the Luz village, constituting a space for interpretation of the profound changes that occurred in the Project implementation area. As an important cultural space in the Alqueva region, it offers a set of activities aimed at appreciating the local identity, stories and landscapes. In 2018 the Museum increased the projection of its activities with the community and abroad, expanding its area of operation to the whole county, in order to promote closer proximity with the national population, having registered 5,681 visitors.

	2018	2017	2018 vs 2017
Visitors	5.681	7.748	(-) 2.067

Throughout the year, this period's planned activities planned continued. In terms of exhibition program, we should mention the (permanent) exhibition remembering the Luz village in the *Sala da Água* (Water Room; temporarily used as a permanent exhibition room).

Until June, the Sala da Memória (Memory Room) displayed the temporary exhibitions À Luz de uma nova história — arqueologia nos novos caminhos de água (In the light of a new history — archaeology in the new waterways) and Território de Alqueva: da transformação à modernidade (Alqueva Territory: from transformation to modernity), the latter complemented by the Global Irrigation System exhibition in Sala da Luz. On the other hand, and also in the Sala da Luz, the exhibitions Unidade/Divisão (Unity & Division; in conjunction with CI.CLO Photography Platform) and Geometries of Silence.

Similarly, we should mention the exhibition *Luz: arqueologia nos novos caminhos de água* (Luz: archaeology in the new waterways), inaugurated on February 21st, at the Exhibition Gallery of Casa de Burgos, in Évora (partnership: Museum and DRCAlentejo), as well as the traveling exhibition *Castelo de Lousa* (Lousa Castle), open to the public at EDIA headquarters in Beja.

Regarding the promotion of activities, there were also continued guided tours aimed at the various target-audiences of the Museum (general public and schools), including workshops for schools, visits for the general public, and tours that included visits to the Nossa Senhora da Luz church and Monte dos Pássaros and boat trips in the Alqueva reservoir.

Throughout 2018, the Museum's various, long-term collaborations with various entities continued. Reference should be made in this regard to the initiatives in collaboration with the Nursing Home of Luz, namely the one included in the *Community Forums* project, which featured the project's presentation at the *Flores & Sabores da Raia* fair, in Luz. In this context, we should also mention the *Encontros do Amar* (Love Meetings) in Alqueva, which took place at Mourão Fluvial Beach with the Nursing Home (September). It is also worth mentioning the partnership with the community in the village *knitting gatherings*, an initiative that culminated with the presentation of Luz village square and Museum's Christmas decorations, as well as the presentation of Christmas decorations at the home and also at the Museum.

At the end of the year, the partnership with the *BIALQUEVA – Erasmus Project* [includes the municipality of Mourão (Portugal) and Villanueva del Fresno (Spain)], which aims to promote the importance of water, as a promoter of the development of the peninsular interior populations, was also highlighted. This culture, sports and cooperation project started in the last quarter of 2018, and will end in August 2020.

Also noteworthy, in the context of the collaboration with the elementary school Escola Básica e Integrada de Mourão, is the joint project that aims to build letters in different materials aimed at the construction of words that define the municipality, to be displayed in public spaces. This partnership, which aims to connect the community of the three of the county's parishes (Mourão, Granja and Luz) with the Museum, will be shown in May/2019. There were also several partnerships between the Museum and companies operating in Alqueva Lake to sponsor guided tours with the Museum.

With regard to other initiatives and events, we note the *Ci.clo Artists Residence*, in the scope of the Oporto Photography Biennial Meetings, from September 24th to October 4th.

Regarding communication and platforms, the promotion of museum spaces and experiences continued. Regarding tourism, the museum's activities continued to be disseminated by tourist offices in the surrounding area of Alqueva, as well as the promotion of its activities and exhibitions in lodgings in the surrounding area of Alqueva and Alentejo district capitals.

Lastly, as in previous years, the *International Monuments and Sites Day* (April 18th) and *International Museum Day* (May 18th) were celebrated with free admissions to the Museum.

CARTOGRAPHY AND GEOGRAPHIC INFORMATION SYSTEMS

EDIA's GIS platform continued to work towards increasing productivity and achieving higher service and quality levels for the Company, reducing the risk associated with the implementation and operation of the Alqueva Project infrastructures, integrating added value in activities that require a location component, such as the implementation of EFMA infrastructures, through the operation of an increasing number of infrastructures.

In the area of infrastructure operation, we continued developing direct support activities to several of the Company's functional areas. These activities are mainly aimed at providing support to operating, maintenance and engineering teams.

In parallel to the more routine, daily activities, the most relevant tasks — which required greater resource involvement and which were prioritized, namely in terms of definition of requirements, testing evaluation and development work aimed at their respective implementation — were primarily oriented to the NAVIA, SISMA, Irrigators Portal 2.0 Projects. Also noteworthy are the changes in the billing process in the GIS area, as well as operating budget support.

During 2018, the Cartography Center also continued to respond to the Company's geographic information production needs. Thus, performing topographic surveys for the Company's different areas, as well as maintaining the Quality Management System (QMS) in accordance with ISO 9001: 2015 were some of the activities carried out by the Centre during this period.

As the responsible for the geodetic monitoring of EFMA dams, the Centre also continued to fulfill its obligations under the Dam Safety Regulation, approved by Decree-Law No. 344/2007 of October 15th. The monitoring and instrumentation carried out seeks to mitigate and control the risks associated with the existence of such an infrastructure by detecting potential hazardous situations or abnormal behavior. In this context, in 2018, we should highlight the geodetic monitoring of the Loureiro, Magra, Pias, Laje, Caliços, Furta Galinha, Valde de Carro, and R4 reservoirs of Monte Novo and Ferreira, as well as the conclusion of cartographic production for analysis of environmental incidences in the Brinches and Serpa reservoirs.

During this period, services were also awarded for staking and topographic support network of the Évora, Cuba-Odivelas and Viana do Alentejo blocks.

On the other hand, we should note the end orthophotomap production from the aerophotogrammetric coverage for the EFMA area of influence, which includes images in the RGB and IV bands. Another of the tasks undertaken was the implementation of the ERDAS APOLLO platform, which will allow for production chain optimization and will be involved in the execution of external cartography and orthophotocartography of national cartographic series.

Regarding the SISMA Project, relating to soil monitoring in EFMA, the model for system support data was established and the calculation process was designed in desktop tools. The purpose of this system is to implement a monitoring support system that supports the recording of collected variables, the calculation of the desired risk indices, and the development of scenarios for future developments.

Regarding the Data Protection Project, the security of the application was improved in order to prevent DoS attacks, namely with the introduction of Google's reCAPTCHA.



1.4. SUPPORT STRUCTURE

HUMAN RESOURCES

Throughout 2018, the main challenges of the Company's human resources management policy were promoting performance excellence and achievement of Company goals, in a context of rigor and costs containment, bearing in mind the Government's guidelines applicable to public companies.

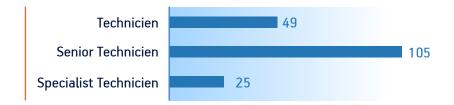
During the period under review, the changes resulting from the performance appraisal process since 2011 were implemented, in accordance with the rules defined in the Budget Execution Decree-Law. The process of organizing the Internal Safety, Hygiene and Health Services at Work was also initiated, and the process is expected to be finalized during 2019.

Throughout the year, the Company continued to collaborate in the implementation of curricular internships for secondary and higher education students in several areas.

On the other hand, and as a way of promoting the recognition and appreciation of its human resources, EDIA continued to invest in the training of its employees, in order to raise the level of their technical, relational and social skills for both their own and the Company's benefit.

In 2018, the Company's employees received training, distributed through various activities related to areas as diverse as the environment, agriculture, information systems, social responsibility, muse-ology, public relations, languages, agricultural machinery handling, human resources, law, accounting, financial management, public relations and data protection legislation.

NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY



In light of its goals, on December 31st, 2017, EDIA employed 179 individuals (including permanent and short-term contractors) mainly local and distributed throughout the Company's various technical areas.

INFORMATION SYSTEMS

Throughout 2018, EDIA continued its activities to ensure the normal operation of the IT service as well as the integration of the Company's different information subsystems. Reference should also be made to the monitoring of the implementation and configuration of the fibre optic network and its logical interconnection.

In order to comply with article 299-B of the Public Procurement Code, regarding the need to implement and make available an electronic invoicing solution, EDIA has contracted these services. However, the publication of Decree-Law No. 123/2018, of December 28th, defined the governance model for the implementation of e-invoicing in public procurement. Pursuant to this law, the Government Shared Services Entity (ESPAP) is the entity responsible for the task of coordinating and implementing electronic invoicing. In this context, it will be the responsibility of ESPAP, among other responsibilities, to define the technical and functional requirements for issuing electronic invoices. In this context, EDIA suspended work to assess the extent to which this new legal framework interferes with the choices made, and a request for clarification was sent to ESPAP.

On the other hand, from the technical point of view, the implementation of the "Earth Resource Data Analysis System Project" (ERDAS) was implemented, an image processing software that allows users, among others, to process geospatial images. The SAP R3 system upgrade to SAP Hana has also started, which will improve system performance.

DEVELOPMENT, PROMOTION AND DISSEMINATION

Regarding dissemination and promotion, several activities and initiatives were carried out at EDIA with the goal of promoting the Company's communication and image before the media, institutions and population in general. Thus, various information materials were produced and distributed to the press, and the contents of digital platforms where the Company is positioned were updated.

Regarding public relations and communication, there was continued monitoring, in reporting, of several media outlets and their daily clipping was performed. There were 763 news reports mentioning EDIA and/or EFMA, as well as the 31 press releases.

In light of valuing the Alqueva Project, the Company continued to be present in different regional, national or international exhibitions, including the participation in the 2018 edition of *AgroExpo*, held in Don Benito (Spain); the International Ganadera Fair, held in Zafra; the *Fruit Attraction* (Madrid); and FEHISPOR — Portuguese Hispano Fair (Badajoz). Within the scope of the Portuguese Water Partnership, EDIA was also present at the H2Orizon event, which took place in Seville.

Reference should also be made to the Company's participation at the International Food Salon in Paris (France) and *Fruit Logistica* in Berlin (Germany), in partnership with *Portugal Fresh*.

At national level, it is also worth highlighting EDIA's presence in the 2018 edition of AgroGlobal, Corn and Major Crops Fair, with its stand *Alqueva*, a *New Land of Water*, which was visited by the Prime Minister and the Minister of Agriculture, Forestry and Rural Development. We should also mentions EDIA's presence at the National Agriculture Fair and TECFRESH (event dedicated to agro-food technologies and the fruit and vegetable market) in Santarém, as well as the Ovibeja/2018 and the Patrimónios do Sul Fair, both held in Beja.

Also in 2018, two roadshows were held in April. The first took place at the Malaga Chamber of Commerce, in partnership with Novo Banco. The second took place in Barcelona, following the *Alentejo Global Invest Project*, a partnership between EDIA, ADRAL and AICEP Global Parques, with the goal of attracting investment for the region. In a EDIA/CONSULAI/TREVO joint initiative, two seminars took place in the scope of the *Criar Valor na Mudança* (Create Value in Change) cycle.

In terms of outstanding achievements, note the public signing ceremony of collaboration protocols between EDIA and the Águas de Portugal group, in the Estácio reservoir, attended by the Ministers of Agriculture and the Environment (February 17th), as well as the reception of the Ambassador of South Korea and, following a visit to EDIA's premises, the guided tour of the Enterprise's infrastructure (September 25th).

Another highlight of the period was the ADRAL Reverse Mission, in which a delegation composed of diplomats and representatives of Chambers of Commerce from several countries was welcomed to Alqueva and assisted within the framework of the Alentejo Global Invest Project, promoted by ADRAL and of which EDIA is a partner (October 25th and 26th).

In 2018, EDIA promoted another edition of the exhibition *Arte numa perspectiva diferente* (Art in a different perspective), prepared by users of the Cerebral Palsy Centre of Beja.

Management and maintenance of the Company's documentary collection, associated with the Documentation Centre (CD) continued throughout the year, as did support to students, researchers and potential investors. The Centre's Facebook page continued its regular presence on social networks, promoting new associated publications, providing links to its database, and promoting EDIA's main events and initiatives. During this period, the production of a weekly film for EDIA's social networks continued.

Lastly, regarding public relations, we should mention the personalized reception to 8,156 visitors of different nationalities (1,484 more than in 2017), at the Alqueva Information Centre (CIAL).

HERITAGE MANAGEMENT

At the end of 2017, EDIA's rustic heritage consisted of 364 buildings, of which 309 buildings (322 ha) were available for leased, and of which 134 (215 ha) were already leased, 118 totally leased, and 16 partially leased). Of the 55 non-leasable buildings (322 ha), 6 are assigned to the work and the remaining (319 ha) are under direct management. There is also 1 transfer corresponding to an area of about 8.3 ha.

Regarding maintenance operations of EDIA's lands, the operations defined by the *Plan of Surplus Areas and Cross-levels* were put into practice, and maintenance and improvement actions on installed settlements were carried out.

Public *Lease Notice* of EDIA's remaining land was held in the ambit of rustic heritage management; special emphasis to its preparation, dissemination and correspondence regarding the results to interested parties.

The Public Lease Notice for the rustic plots in Luz village was also issued, and the respective contracts were signed at the end of the year. We should also reference the update of Luz village plots provided to DGDAR by EDIA, with the respective demarcation on the ground and conclusion of its delivery to owners, as well as the regularization procedure of urban plots (3 plots) of the Luz village. Following the publication of the public notice of sale of these urban lots, and bid evaluation, a letter was sent to the competitor with the results. Proposals were also received for the sale of another urban plot in the Luz village.

Procedures were also under way for the disposal of rustic buildings on the left bank of the Guadiana. In terms of fuel lane management, wood from the cutting of trees was sold at the Herdade dos Bravos, and the preparation of the reversion process of building B-24 in São Brissos.

Land clearing operations in the Barca area, Moura, were also monitored throughout 2018, as were visits by several companies interested in carrying out the cleaning work on fuel management lanes. Regarding the Pardieiros estate, the concession procedure was published. In the Estevais estate, field assessment was made and the annual report on the EDIA protocol with EDP (EHG) was prepared.

Regarding urban heritage, maintenance and improvement actions were carried out on buildings belonging to or under EDIA management. These interventions aimed to improve the functionality of the Company's buildings.

Lastly, as of December 31st, EDIA's fleet consisted of 80 vehicles, of which forty (40) are light passenger vehicles, thirty-seven (37) are all-terrain vehicles, and three (3) light goods vehicles (van). There are also two (2) tractors assisting PNN agricultural activity. Of the eighty (80) vehicles, about sixty-eight (68) are contracted under the Operational Lease (0L) modality.

SUSTAINABILITY IN THE ECONOMIC, SOCIAL AND ENVIRONMENTAL DOMAINS

The EFMA's area of influence is a region characterized by its low population density, high vulnerability to desertification, and very irregular hydrological cycle, with cyclical periods of drought. In this context, EFMA is a priority intervention instrument throughout the Alentejo, with permanent effects on the region's economic activity, promoting its revitalization and stimulation, as well as encouraging its respective populations to remain in the territory.

Sustainable management practices are promoted and intrinsically transversal to EDIA's positioning and the way it operates. Thus, and for the purposes of promotion and development of actions that consolidate a growing involvement with the regional community, the present assumption of responsibility by the Company in this area encompasses three (3) aspects: Sustainability Report, EDIA Clients Reports, and the Mais Alqueva, Mais Valor (More Alqueva, More Value) Awards, included in the Alentejo Local Water Calendar (ALA) application. These awards aim to reward the use of water by entities/companies in the area of influence of EFMA, in the following areas:

- → Production (Agricultural)
- → Transformation (Agroindustrial)
- → Innovation (Innovation/Research Projects)
- → Use (Other Water Management/Consumption Entities)
- → Value (Relevant Entities/Projects)

Within the scope of BCSD's work, EDIA was represented at the association's general assembly and participated in the 1st Delegates' Meeting of 2018. We should also mention EDIA's participation in the Alentejo Circular Economy Forum (FECA) in 2018, coordinated by CCDR, and at the Integrated Governance Forum – GovInt, where EDIA ensures the Group's work – *Socio-Ecological Impacts of Agriculture*.

Over the years and through its activities, EDIA has sought to contribute to the economic and social development of its area of intervention, involving all its employees, the communities covered by its activity, and society in general, in order to adapt its long term strategic objectives to EFMA's great purpose, and to the Project's regional economic and social development, as an instrument of intervention in the region, aiming for the valorisation of natural resources, promoting its economic activity's revitalization and stimulation, as well as encouraging its respective populations to remain in the territory.

Thus, in the context of the protocol signed between ATLA and EDIA, an application was submitted in 2018 for the notice for the management and coordination of the *PROVERE Program*, which covers EFMA's area of influence and two strategic areas of action — tourism and agro-industry; and which is based on the endogenous *Alqueva* resource. A project for the enhancement of the Alqueva dam surrounding was approved, and was considered in the PROVERE Program as a complementary project.

Within the scope of social responsibility, we continued monitoring the *New Garden Project*, a joint partnership between EDIA, Beja's Diocesan Caritas, and the Beja Polytechnic Institute (IPBeja). We also continued monitoring the Supra-Municipal Platform of Baixo Alentejo, the Local Council for Social Action of the Municipality of Beja (CLAS), and the *Eco Schools Project*, continued by IPBeja.

On the other hand, we should mention the 2nd Edition of the *Alqueva Sea Encounters*, held in Mourão, on September 18th. This initiative allowed the development of nautical activities at Mourão beach with students and teachers of the Mourão School Group and Desporto Escolar (School Sports) departments. Given the activity's success, the possibility of carrying out similar initiatives in other EFMA riverside municipalities is under evaluation.

It is worth highlighting the holding of the *Ibero-American Rural Tourism Congress* at the end of 2018, which was attended by several national, Spanish and Latin American public agents. This initiative, of which EDIA was a partner, included a visit to the Alqueva Project.



Still regarding tourism, EDIA continued monitoring the ongoing work and initiatives related to the *Dark Sky Alqueva Reserve*, including initiatives intent on widening the reserve's area of influence, as well as this project's for *Europe's Leading Tourist Attraction* 2018 in the *25*th *Annual Travel Awards*.

The *Alqueva Entrepreneurship Project* goes to School remained under the spotlight during this period, with presentations and visits to EFMA infrastructures, and monitoring of ongoing work. In 2018, the highlight was the exhibition of the works *Alqueva: Água, Terra e Arte* (Alqueva: Water, Earth and Art), by the Beja School Group No. 1 and EDIA. This initiative, which opened on July 12th, was open to the public at EDIA headquarters until the end of November.

From November 14th to 16th, EDIA was also a partner of the D. Manuel I de Beja Secondary School initiative, named *Por Beja no Mapa* (Put Beja on the Map), which aimed to enlighten students about the municipalities' economic activity, and new challenges and opportunities for wealth and employment creation.

The work of the intermunicipal communities (CIMBAL, CIMAL and CIMAC) continued throughout the year, as did the *Tourism Innovation Journeys Project* ⁸ helmed by Lusófona University (Institute of New Professions), in partnership with IPBeja. Over the course of 2018, we also continued monitoring ADRAL's activity.

^{8.} Project carried out by Universidade Lusófona students, focused on referencing innovative tourism projects for the Alentejo region, namely the Alqueva region.



INVESTMENT AND FINANCING

PROJECT INVESTMENT

AS ALREADY evidenced throughout this document, 2018 marked the beginning of construction of the 2nd Phase of the Alqueva Project Infrastructure.

Following the approval of loans by the EIB and the CEB at the end of 2017 enabling the financing of PNRegadios, which is part of the 2nd phase of Alqueva, the respective financing agreements were signed between the Portuguese State, the EIB and the CEB in April 2018.

The publication of the Resolution of the Council of Ministers No. 133/2018 on October 12th is also worth mentioning, which approves PNRegadios; as well as Ordinance No. 38/2019, of January 29th, which regulates its operationalization and concomitant operationalization of the Project Execution Unit, already in 2019.

Thus, following the transition from EFMA Phase 1, with the operationalization of a total area of 120,000 hectares, to EFMA Phase 2, which will entail infrastructure works on about 50,000 hectares in the designated areas, total investment made in 2018, not including the capitalization of structural and financial charges, amounted to EUR 4,508,810, increasing the total investment in EFMA from 1995 to the end of 2018 to EUR 2,355,507,390.

As the works to promote new irrigation and the improvement of existing irrigation progressed in 2018, there was a significant increase in investment compared to 2017, which was characterized by the delay of EFMA 2nd Phase works, thus justifying that year's residual investment, mainly pertaining to contract closure expenses for EFMA Phase 1 projects.

The following tables show EFMA investments made until the end of 2018, ordered "by Programme".

INVESTMENT MADE "BY PROGRAMMME" IN 2018

		,	,				THOUSAND EUR
	Years						
		2017		2018			
Programmes	Until 2015	2016	1 st Phase	2 nd Phase	1 st Phase	2 nd Phase	TOTAL
Alqueva Dam	609.587,76	77,75	-106,85		287,39		609.846,05
Alqueva Hydroelectric Plant	130.944,62				0,18		130.944,80
Pedrógão Dam and Plant	87.783,89	6,99	56,18				87.847,07
Alqueva-Álamos Pumping Station	43.654,39			14,79		3.169,84	46.839,03
Primary Network	675.178,59	12.220,59	1.095,94	313,69	7,12	250,98	689.066,91
Secondary Network	765.385,51	12.526,84	-33,64	419,84	244,23	530,06	779.072,85
Regional development	11.726,06	90,38	55,23		19,00		11.890,68
TOTAL	2.324.260,83	24.922,56	1.066,87	748,33	557,93	3.950,88	2.355.507,39

PROJECT FINANCING

				THOUSAND EUR
	Until 2015	2016	2017	2018
Share Capital	407.976	56.365	64.960	280.233
Capital Incoming to Cover Losses				33.473
Community Funds	1.220.266	9.044	11.152	234
PIDDAC	152.779	-805	1.052	
Medium/Long-term loans	721.011	-38.220	-44.959	-313.424
Debenture Loan	450.529		-6.739	-306.739
EIB	81.273	-6.685	-6.685	-6.685
DGTF	189.209	-31.535	-31.535	
Short-term Loans	0			
TOTAL	2.502.032	26.384	32.206	517

By December 31st, 2018, the Company's share capital, fully subscribed and paid up, amounted to EUR 809,534,880 (comprising of 106,906,976 shares) and is 100% owned by the Portuguese State through DGTF. The variation of EUR 64,960,330 and 12,992,066 new shares that occurred in 2018 (EUR 280,233,480 and 56,046,696 new shares) results from the issue of shares at a par value of EUR 5 each:

- → May 2018 Issue of 1,600,763 new shares, with a nominal value of EUR 5 each, held in cash. The amount subscribed and paid was EUR 8,003,815 (May 29th).
- → December 2018 Issue of 54,445,933 new shares, with a nominal value of EUR 5 each, held in cash. The amount subscribed and paid was EUR 272,229,665 (December 26th).

In December 2018, a cash inflow was carried out to cover losses totalling EUR 33,473,247.

Of the loan repayments made in 2018, we highlight the settlement of the EUR 300 million bond loan, signed in 2003, with BNP Paribas and Caixa Banco de Investimentos S.A., as provided for in the contract.





PROSPECTS FOR 2019

As a guideline, the strategy of activities for 2019 will aim to fulfil public policies and national goals set for the sectors in its scope, through the measures defined by trustees, following the comprehensive strategic guidelines issued by the Shareholder.

The State's past and future investment in infrastructure and irrigation equipment aligns with overarching goals to transform and increase competitiveness within the Country's agricultural and agrifood industries that would otherwise not come to fruition. Optimization of EFMA's existing irrigation capacity will be another goal for 2019.

EDIA will still ensure public water supply for agricultural irrigation, in keeping with its responsibility to manage, operate, maintain and conserve the infrastructures that guarantee water supply to areas within its implementation region. Activities related to the exploitation of the benefitted areas.

In line with EDIA's goals, a series of ongoing activities will be continued in 2019 to keep providing customers with quality service. To fulfil this mission successfully and efficiently, EDIA will keep multi-disciplinary teams working daily on the ground.

Testing of all NAVIA software features, which performs operational management of infrastructures, and assures full operationalization and integration with the CIEFMA (customer management and irrigation campaigns) and GESTWATER platforms (telemetry of customer consumption), is also expected to being next year. Also intended for next year: the operationalization of a network of telemetry equipment associated with the perimeters including cable remote management systems, through GPRS cards and communication to the EDIA server, for the purpose of a unified GESTWATER web platform.

On the other hand, in addition to the implementation of new environmentally friendly energy solutions that are both environmentally friendly and ecologically compatible with the sustainable development process sought for the region, EDIA intends to continue maintenance and operation actions of Alqueva photovoltaic power plants, EDIA headquarters, Cegonha reservoir, and Alvito, Odivelas, Pisão, Roxo and Serpa mini-hydro plants.

In order to reduce its infrastructures' energy costs, there's a planned construction project of 10 photo-voltaic power plants to be installed in the water mirrors next to the EFMA primary network's main pumping stations, as well as the installation of other photovoltaic power plants near some secondary network pumping stations, such as Lage and East Cuba.

Following the start of the EFMA 2nd Phase Infrastructure Works in 2018, works were consigned in March and May for the reinforcement of the Álamos pumping station and equipment supply for the 2nd Phase of the Loureiro-Alvito pumping station (part of the EFMA primary and secondary networks, respectively). The first intervention is expected to continue through 2019, while the second is expected to end financially in the first half of the year.

Construction works to start in 2019	Planned start date	
Primary Network		
Connection to the Morgavél adduction system	1 st semester	
Viana hydraulic circuit	2 nd semester	
Secondary Network		
Cuba-Odivelas Blocks	1 st semester	
Évora Blocks	1 st semester	
Cuba-Este Photovoltaic Plant	1 st semester	
Lage photovoltaic plant	1 st semester	
Viana Blocks	2 nd semester	

It is also expected that, over the course of 2019, tenders will be launched for the following construction contracts:

Works contracts to be issued in 2019	Planned date for tender issuance
Primary Network	
^{2nd} Adduction Phase of Álamos-Loureiro-Sifões	1 st semester
2 nd Phase of the Pedrogão pumping station (MD) hydraulic circuit — Reinforcement	1 st semester
Reguengos hydraulic circuit (1st phase)	2 nd semester
Póvoa-Moura hydraulic circuit (1 st phase)	2 nd semester
São Bento hydraulic circuit	2 nd semester
Vidigueira hydraulic circuit	2 nd semester
Secondary Network	
Equipment supply for the 2 nd Phase of the Pedrógão 1 pumping station	2 nd semester
Equipment supply for the 2 nd Phase of the Pedrógão 3 pumping station	2 nd semester
Equipment supply for the 2 nd Phase of the Estácio pumping station	2 nd semester
Equipment supply for the 2^{nd} phase of the Lage pumping station	2 nd semester
Reguengos Blocks (1st phase)	2 nd semester
Póvoa-Moura Blocks (1st phase)	2 nd semester
São Bento Blocks	2 nd semester
Vidigueira Blocks	2 nd semester

In order to prepare for the expansion of the new irrigated areas, Environmental Impact Studies are being developed while the respective Execution Projects are being elaborated, making the whole process faster and more efficient. This practice will be continued next year, as we predict several activities in the following projects:

Subsystems	Project Designation	Issuance of the Procedure	Project Execution	Project Revision	Impact Assessment
Alqueva	Lucefécit-Capelins hydraulic circuit and blocks	Issuance of the tender	Awarding and start of works		EIA monitoring
	Monsaraz hydraulic circuit and blocks	Issuance of the tender	Awarding and start of works		EIA monitoring
	Hydraulic circuit connecting the Monte da Rocha reservoir and the Messejana block		Project completion	Project revision begins	EIA monitoring Initiation of EIA procedure
	Vidigueira hydraulic circuit and blocks		Project completion	Project revision begins	EIA monitoring Initiation of EIA procedure
Ardila	São Bento hydraulic circuit and blocks			Project revision begins	EIA monitoring EIA procedure
Pedrógão	Marmelar hydraulic circuit and blocks	Issuance of the tender	Awarding and start of work		

We also anticipate that, in 2019, the execution projects for the Vidigueira, Gorda-Trindade, S. Bento hydraulic circuits and their blocks will be revised. POC Alqueva is expected is expected to conclude in the coming year.

Next year, another activity is to be developed by the Company related to the articulation of the various Environmental Impact Assessment preventive procedures and the internal process coordination between all parties involved. Thus, it is expected that several actions will continue to comply with the established for the operation phase of the various EISs. To this end, specific measures will be surveyed for the purposes of monitoring, minimizing and compensating necessary environmental impacts. Compliance with guidelines detailed in the EISs of the different EIAs for the EFMA operation phase will also be ensured.

EDIA, within the framework of its competencies, is permanently responsible for promoting and coordinating the implementation of environmental monitoring programs pertaining to AMU's various aspects and phases, namely the status of surface and ground water bodies, fauna and flora, soil agro-systems. The monitoring work associated with different irrigation perimeter blocks already in operation will be continued, as will the monitoring of the primary network's dams' ecological flow regime, already in operation, in order to continue the work developed in 2018, ensuring the improvement of water condition.

EDIA's development strategy will continue to reflect its commitment to stimulating, attracting and securing investment in its area of influence. As a promoter of Alqueva's agricultural and agro-industrial development, EDIA will continue its promotion of irrigation in the Alqueva area of influence to all beneficiaries and potential investors.

The decision support systems provided by EDIA include improving the Irrigators Portal for 2019. Studies to analyse the operating and management conditions of the perimeters managed by EDIA are also expected to continue, as well as updating the cost of water for irrigation, its pricing and impact on crop profitability.

The preparation and publication of the Alqueva Agricultural Yearbook is also expected, as is the characterization of perimeters in operation; Open Working Days with farmers from various perimeters in operation; four events on agricultural/agroindustrial farms; and dissemination actions regarding new cultures.



INFORMATION REQUIRED BY CURRENT LEGISLATION

EDIA'S BOARD of directors normally meets weekly. Thus, in 2017, 47 meetings were held, of which we highlight the following deliberations:

JANUARY 2018

- → The elaboration the revision of the execution project for the Cuba Odivelas hydraulic circuit was awarded:
- → The supply of a hydraulic oil cooling system for rack cleaning machines installed in various infrastructures of the EFMA Primary Network was awarded;
- → The update of the technical specifications of Information Systems for projects in the scope of construction or operation contracts promoted by EDIA was approved;
- → The provision of preventive maintenance services for the static frequency converter of the Álamos pumping station was awarded;
- The supply of dataloggers was awarded;
- → The construction contract for the Roxo-Sado adductor, junction 13, energy dissipation structure was awarded;
- → The new Alqueva 2018 Campaign tariff was approved;
- → Services for the replacement of the pumps' lower roller bearings in Groups n4 and 6 of the Pedrógão Right Bank pumping station were awarded;
- → The awarding of the supply of parts for Alqueva dam lift no. 2 was approved;
- → The integration of the Serpa, Laje and Brinches dams into the Brinches pumping station SCADA, and the Amoreira dam into the Amoreira pumping station SCADA was approved;
- → The EDIA Vehicle Use Manual update was approved;

- → The acquisition of steel pipes, with the tank manhole DN 600, was awarded in order to repair the existing rupture in CP section 1 BAA DN 1200 PN16 of block 4 A of the Monte Novo hydroagricultural use;
- → The awarding of monitoring works for bivalves in the Degebe sub-basin was approved.

FEBRUARY 2018

- > The adjudication of repair works on the Pisão irrigation perimeter road network was approved;
- → The provision of EDIA data protection consulting services was approved;
- → Amendments to EDIA's Performance Appraisal Regulations were approved;
- → The awarding of the construction contract for the treatment of fissures in the backrest of the 1st section of the EFMA Alvito-Pisão canal was approved;
- → The awarding of provision of leasing services was approved;
- → The awarding of the EFMA Global Water Resources Monitoring Program Operation Phase 2018/2019 was approved;
- → The amendment of EDIA Professional Categories Regulations was approved.

MARCH 2018

- The provision of upgrade services for the EDIA Documentation Centre's bibliographic management software was awarded;
- → The proposal to amend the Company Organization Chart and its functional contents, with the creation of the Development and Social Responsibility Office (GDRS), was approved;
- → The acquisition of nursery plants under the LIFE MONTADO Project was awarded;
- → The acquisition of the CITEC license for the Brinches-Enxoé adductor supervision system was awarded:
- → The provision of temporary employment services under an uncertain term contract for personnel in the area of environmental and patrimonial impacts was awarded;
- → The supply of two electromagnetic flowmeters at the Quinta de São Pedro and Monte da Defesa de Cima delivery points was awarded;

- → The provision of services for the supply and replacement of bearings on the Non-Drive End (LOA) of the turbine installed at the Serpa hydroelectric power station was awarded;
- → The acquisition of software module for message history receipt from dataloggers was approved;
- → The proposal for occasional reinforcement of the tourism team of the Noudar Nature Park high season 2018 was approved;
- → The supply of a gate valve to connect to the node 13 bypass of the Roxo-Sado hydraulic circuit was awarded;
- The implementation of an isolated outlet in the Alvito Baixo irrigation block in the Vale de Gaio hydro-agricultural use was awarded;
- The acquisition of the provision of services to repair the compressor oil leak and overhaul of 8,000 hrs, installed at the Álamos pumping station, was approved;
- The contract for the implementation of a concrete structure to connect to the node 13 bypass of the Roxo-Sado hydraulic circuit was awarded;
- → The cleaning, lubrication, supply and installation of a new shutter disc in the monovar valve installed at the Pisão hydroelectric power station was approved;
- → Corrective maintenance services for room ventilation/air conditioning at the Pedrógão 3 pumping station were awarded (installation service duct air extraction);
- → Preventive maintenance services were awarded for the repair of the rupture at junction 12 hydrant H3 in Serpa Norte Alto, in the Serpa hydro-agricultural use;
- Autodesk license subscription renewal was awarded;
- → The hiring of security guards was approved within the framework of the 2018 Noudar Nature Park fire prevention campaign;
- → The elaboration of the reinforcement project for the Pedrógão Right Bank (2nd Phase) pumping station was awarded;
- → The provision of management and supervision services for the construction contract of the reinforcement of the EFMA Álamos pumping station was awarded;
- → The EFMA 1st Phase Multiannual Investment Plan (period 1995-2022) and Phase 2 (period 2015-2022) was approved;
- → The expense for the annual subscription to Team Viewer software, a remote computer management tool update, was approved;

- → The provision of a Vijeo Citect Full 5000 supervision software license for the Brinches-Enxoé adductor was awarded;
- → The Report of Accounts and the Corporate Governance Report for 2017 were approved;
- → The provision of services for the elaboration of the execution project of the Roxo-Sado adductor by-pass connection to the reservoir R2 was awarded;
- → The supply of the alternator speed converter of group 1 of the Alvito hydroelectric power station (replacement) was awarded;
- → The construction and equipment supply contract at the Loureiro-Alvito irrigation block pumping station was awarded:
- → The supply and installation of an air extraction hood in the frequency inverter room of the Brinches pumping station was awarded;
- → The 2018 Irrigation Campaign Notice (to be adapted to each use's specific circumstances) was approved;
- → The "Create Value in Change II" event was approved;
- → The Monitoring Plan for Cultural Heritage located in EFMA reservoirs was approved;
- > The acquisition of an ultrasonic flowmeter for Vidigueira pumping station, line no. 2 was approved;
- → The awarding of video and film production and monitoring services was approved for the 2018/2020 period.

APRIL 2018

- → The annexation of the Pardieiros de Baixo estate to the Pardieiros Associative Hunting Zone (Pardieiros de Baixo Estate) was approved;
- → The provision of temporary employment services (DAOT) was awarded;
- → The provision of bird monitoring services in the Alvito-Pisão Irrigation Block 2018-2020 was awarded;
- → Additional works for the drainage downstream of the Caliços dam were awarded;
- Services for the elaboration of the revision of the execution project for the installation of three additional electric pump groups at the São Pedro pumping station were awarded;
- → The provision of services for the staking and topographic support network of the EFMA Morgável adduction system connection was awarded;

- The provision of contracting services of expert appraisers was approved;
 - → The expenditure on the Álamos Loureiro Monte Novo hydraulic circuit supervision system was approved;
 - The gratuitous availability of the Irrigation Fitness Charter within the scope of the geographic information provision policy (addition) was approved;
 - → Works for the optimization and installation of reactive energy compensation systems were awarded;
 - → The construction contract to carry out additional safety, signage and drainage work on the restoration of EN255 was awarded;
 - → The procedures for billing the confining perimeters and verifying their articulation with the planned start-up of the NAVIA system were approved;
 - → The expenditure under the Linx2020 project "Implementation of preparatory actions for the reintroduction of the Iberian Lynx at SIC Malcata, S. Mamede and Moura-Barrancos", referring to the application POSEUR-03-2215-FC-000043, was approved;
 - → The acquisition and installation of fencing was awarded OakRegeneration Project.

MAY 2018

- → Admission of employees to the 2018 fire prevention campaign (Noudar Nature Park) was approved;
- → The amendment of the EDIA Salary Grid in the Professional Technician Category was approved;
- → The Evaluation Coordination Board's Report on the 2017 Performance Appraisal and the results of the evaluation process were approved;
- → The elaboration of the Project for the Alqueva Dam Observation and Command Post and the Interpretation Centre (POC Alqueva) was awarded;
- → Revision services of the execution project for the Évora hydraulic circuit and its irrigation block were awarded;
- → Elaboration of the execution project and environmental impact study for the São Bento hydraulic circuit and its irrigation block was awarded;
- → Acquisition of material for wild rabbit habitat improvement under the LIFE + IBERLINCE Project (LIFE10NAT/ES/570) was approved;
- Measures were approved to restrict the company's use of disposable plastics;

- The awarding of temporary employment services under the uncertain term modality in the area of Planning, Studies and Projects was approved;
- The awarding of the execution project for EDIA's headquarters expansion was approved;
- → The awarding of temporary employment services was approved (DMES and DEIR);
- → The procurement of goods and services essential for the implementation of the Project LIFE15CCA/PT/000043 (MONTADO & CLIMATE, NEED TO ADAPT) was awarded;
- → The contracting of monitoring and sensing services for floating photovoltaic systems and environmental variables, within the scope of the EFMA Floating Photovoltaic Power Plants Installation Project was awarded, subject to appropriateness in the respective investment budget line;
- The project for the installation of floating photovoltaic plants in EFMA (drafting of technical specifications) was awarded, subject to appropriateness in the respective investment budget line;
- → EDIA's Capitalization Policy was amended as of June 1st, 2018;
- → The provision of services for the staking and topographic support network of the irrigation infrastructures EFMA's Cuba-Odivelas block was approved;
- → The wood sales procedure resulting from the cutting of tree material at the herdade dos Bravos fuel management lanes was approved;
- → The provision of SAPERP, Imp. CRM Bolsa Horas updating services was approved;
- → The strategy for the Chiroptera Awareness Plan within the EFMA area of influence was approved;
- → The provision of monitoring services to the bivalve community in the Sado River catchment 2018 was awarded;
- → The provision of preventive maintenance services for the frequency inverters and soft starters of the Pedrógão Left Bank and Poplar pumping stations was awarded;
- > The supply of repair parts for the variable speed drive at Brinches pumping station was awarded;
- → The execution contract for a bypass conduit in the Roxo-Sado hydraulic circuit disc plug was awarded.

JUNE 2018

- → The hiring of cleaning services on the first and second sections of the Álamos-Loureiro canal was approved;
- → The Global Objectives Maps for the purpose of the 2018 EDIA performance appraisal were approved;
- → The works to minimize cultural heritage impacts related with the Morgável adduction system (construction) were awarded;
- → The proposed action to implement the ISO 14001 (SGA) Standard was approved;
- → The 2018 First Quarter Activity Report was approved;
- → The replacement of pump group no. 3 at the pumping well of the Pedrógão dam spillway gallery was awarded;
- → The installation, rental and uninstallation services of scaffolding towers to access the Penedrão Roxo water mains sieves and CH cranes of Odivelas and Serpa were awarded;
- → Prior consultation for the revision of the execution project of the Viana do Alentejo hydraulic circuit and its irrigation block was approved;
- → The provision of monitoring services for potential impacts of Guadiana Sado 2018 water transfer was approved;
- → EDIA's participation in the Centre of Competence for the Fight Against Desertification was approved;
- → The Corporate Governance Report 2017 and the Report on the implementation of the 2016-2017 Corruption and Related Offenses Risk Prevention (PPRCIC) Plan was approved;
- → The awarding of EDIA support services for the implementation of the infrastructure heritage management system was approved;
- → Supply of a topographic level was awarded and approved.

JULY 2018

- → The option of circulation through Spanish territory as part of the accessibility to the Guadiana river's water hyacinth control section was approved;
- → The awarding of reinforcement works for water hyacinth removal upstream from the Alqueva reservoir was approved;
- → Services for the elaboration of the Annual Report and Accounts, the 2017 Sustainability Report, and dissemination material was approved;
- → The Cost-Benefit Analysis (CBA) of Évora's hydraulic circuit and irrigation block was approved, whose model and assumptions should form the basis for the CBA still needed within the framework of EFMA expansion;
- → The proposed action regarding the lease of remaining EDIA installments 2018/2019 was approved.

AUGUST 2018

- → The Activities and Budget Plan 2019 was approved;
- > The supply of an amphibious multi-purpose work vessel was awarded;
- → The supply of electricity to EFMA infrastructures was awarded;
- > The construction contract for the reinforcement of the São Pedro pumping station was awarded;
- → The results of the PUBLIC NOTICE of the 2018/2019 lease of rustic plots owned by EDIA were approved;
- → The temporary ceding of the Parque das Juntas pasture (2018-2019) Noudar Nature Park was approved;
- > Payment associated with the Loureiro-Alvito pumping station power increase was approved;
- → The development of the execution project and environmental impact study of the connection to the Monte da Rocha reservoir and Messejana irrigation block was awarded;
- → The proposal for the dissemination of farmers' awareness-raising plan to reduce the use of plant protection products through bat collaboration was approved;
- → The provision and installation of an automatic station for the calculation of evaporation in the Alqueva reservoir was approved;

- > The acquisition of a mini shovel wheel loader with rotating brush and trailer was awarded;
- → The acquisition of Cloud MEO hosting services for 3 servers to install NAVIA software was approved;
- → The change in the Primary Network supervision team was approved.

SEPTEMBER 2018

- The acquisition of a floating water hyacinth containment barrier under the ACECA Interreg Project was awarded;
- → The acquisition of the primary element of the electromagnetic flowmeter, as well as equipment electrification and calibration, was approved;
- Services for the preparation of the execution project revision for the Viana do Alentejo hydraulic circuit and its irrigation block was awarded;
- → The conclusion of a construction contract to change the operating profile of the Álamos pumping station substation was approved;
- → The Public Notice 2018 campaign lease in the rustic plots of the Luz village was approved;
- → The awarding of temporary employment services under a fixed-term employment contract for occupational hygiene and safety was approved;
- → The 2018 2nd Quarter Activity Report was approved;
- → The awarding of staking and topographic support network for the EFMA irrigation infrastructures block in Évora was approved;
- → Preventive maintenance services for the SINAMICS and MICROMASTER and SIRIUS drives, installed at the Laje, Pisão, EE4 and EE4.1 pumping stations at Monte Novo, Pedrógão 1, Selmes and Estácio, were awarded;
- → The monitoring of surface water resources of the EFMA 2018/2020 primary network was awarded;
- → The provision of supervision services for the reinforcement of the S. Pedro pumping station was awarded;
- → The elaboration of the Intervention Plan at SIC Moura-Barrancos, as part of the Linx2020 Project "Preparatory Actions for the Reintroduction of the Iberian Lynx at the SIC Malcata, S. Mamede and Moura-Barrancos", was awarded;
- → The Report and Accounts was approved on June 30th, 2018.

OCTOBER 2018

- → The external audit in the ambit of the Quality Management System in accordance with ISO 9001: 2015 was approved;
- > The repair of engine No. 2 of the Álamos pumping station was approved;
- → Supply and installation of automatic water quality stations 2018 was awarded;
- → The acquisition of the Kirloskar GR 0201 A pump belonging to the Monte Novo hydro-agricultural pumping station 4.1 was approved;
- → The renewal of the ESRI software maintenance contract was awarded;
- → The addition to the Execution Project and Environmental Impact Study of the Vidigueira hydraulic circuit and its irrigation block was approved;
- The provision of temporary employment services under a fixed-term employment contract in the area of public relations and communication (Senior Technician) was approved;
- → The conclusion of the lease agreements for EDIA rustic plots in the Luz village result of PUBLIC NOTICE 2018 was approved;
- > The rehabilitation works of the Monte do Bolor dam were approved;
- → The awarding and supply of a weighing scale for the Herdade da Abóboda URSA Unit was approved;
- → The application for authorization to apply opening balances in 2018 was approved;
- → The hosting of the 3rd Edition of the Technical Seminars on Decision Support Systems for Irrigated Agriculture was approved;
- → The proposal for the installation of an improvement crop under the PDR2020 OakRegeneration Project was awarded;
- → The works to minimize impacts on cultural heritage in the Cuba-Odivelas hydraulic circuit and irrigation block were approved;
- > The provision of inspection services for the construction contract of Morgável was awarded;
- → The provision of services to minimize the impact of the construction of Laje's photovoltaic plant cultural heritage was approved;
- The awarding of works for the supply and installation of integral perimeter fence and gates at the Herdade da Abóboda URSA Unit was approved;

- → The awarding of works related to the Herdade da Abóboda URSA Unit (access, drainage and work areas) was approved;
- → The provision of temporary employment work in the areas of administrative and financial management was awarded;
- The awarding of the production of means of dissemination for the Herdade da Abóboda URSA Project was approved;
- > Provision of EFMA primary canal, reservoir and dam cleaning services was approved;
- → The provision of services for the management and supervision of the construction contract for the Cuba-Odivelas irrigation block infrastructure was awarded;
- → The construction contract for irrigation infrastructures of the Cuba Odivelas block was awarded;
- → The development of editing and production work of the Good Agro-Environmental Practices Manual was awarded;
- The construction contract for the connection to the EFMA Morgável adduction system was awarded;
- → The terms of the partnership agreement to be concluded between EDIA and DRAP Alentejo regarding the development of an Alqueva By-Products Recirculation Unit at Herdade da Abóboda were approved;
- → The terms of the consortium agreement between EDIA and ISQ concerning the development of an Alqueva By-Products Recirculation Unit were approved;
- → The EFMA Billing Procedures Manual was approved;
- → The supply and implementation of active equipment on the headquarters network was approved.

NOVEMBER 2018

- Services for the elaboration of the review of the execution project for the execution of the Reguengos de Monsaraz hydraulic circuit and its irrigation block were awarded;
- → Changes to EDIA's functional content and organization chart were approved;
- → The provision of services for staking and topographic support network for the irrigation infrastructures of EFMA Viana do Alentejo block was awarded;
- → The creation of the PLACARVÃO Project's corporate identity was approved;

- → The provision of services for the monitoring of surface water resources in the secondary irrigation network under operation 2019-2020 was approved;
- The PLACARVÃO Project (framework) was globally approved;
- → The construction contract for the Laje photovoltaic plant was awarded;
- The study and treatment of the archaeological estate of Porto Torrão village was awarded;
- The construction contract for the East Cuba floating photovoltaic power plant was awarded;
- → The construction of a metal warehouse at the URSA unit of the Herdade da Abóboda estate was awarded;
- → The development of the study on the life cycle of plastics and regulatory framework under the PLACARVÕES Project was awarded;
- → The supply of sieving systems for the URSA unit of the Herdade da Abóboda unit was awarded;
- Compost production activities at the URSA unit of Herdade da Abóboda were awarded;
- > Repair work on the Alfundão irrigation perimeter road network was awarded;
- The acquisition of vibration conditioning services for the three (3) electric pump groups of the Loureiro-Alvito hydroelectric plant was awarded;
- → The provision of first aid training services was approved;
- The expenditure associated with the exhibition "Arte numa Perspectiva Diferente" (Art from a Different Perspective) was approved;
- → The provision of engine repair services for group 1 of the Pedrógão Left Bank pumping station was awarded;
- Inspection services of pressure equipment were awarded;
- > The revision of the Póvoa-Moura hydraulic circuit project and its irrigation block was awarded;
- The development of the PLACARVÃO Project's film was awarded;
- → The transfer of funds to ISQ under Phase 1 of the URSA Project, in accordance with the protocol established between the two entities, was approved;
- → The provision of services for the creation of the ALA Project's corporate identity was approved.

DECEMBER 2018

- The provision of temporary employment services under an uncertain term work contract for personnel in the area of electrical and mechanical maintenance was awarded;
- → Installation of a flow meter in channel water collection facility of Alvito Pisão, and position change of the flow meter probes of the Loureiro-Alvito tunnel entrance work were approved;
- → The services to replace the rack-cleaning machine of the S2 siphon of the Alvito-Pisão canal were approved;
- → The supply of variator revamping in the Orada-Amoreira pumping station of the Orada-Amoreira hydro-agricultural use was awarded;
- The allocation of the leasing entitlement of the pardieiros estate and its recreational and leisure use area (level 3) near the Alqueva dam was approved;
- → The provision of bird monitoring services in the EFMA secondary irrigation system 2018-2019 was awarded;
- → Electronic invoicing services were awarded;
- → Temporary employment services under a fixed-term employment contract for personnel in the area of heritage management were awarded;
- > Expenditure on payment of APAI quota (2019-2020) was approved;
- → The replacement of EDIA 1 vessel floats and the purchase of a multifunction probe were awarded;
- → The dissemination of the Alqueva 2018 Agricultural Yearbook was approved.

POWERS OF AUTHORITY

By Decree-Law no. 42/2007, of February 22nd, EDIA was granted the following powers of authority:

- → The powers to, in accordance with the law, in particular the code of expropriations, act as an expropriating entity of real estate and inherent rights in expropriations which are necessary to further its social scope;
- → The right to use and administer public domain assets of the State that do or will affect the exercise of its activity;
- → The powers and prerogatives of the State as regards protection, evacuation, demolition and administrative de-fence of the possession of the land and facilities that influence it and works per- formed or contracted, and pursuant to the law, may also, occupy temporarily private lands that it needs for construction sites, deposit of materials, accommodations for personnel and offices, without prejudice to the right to compensation when there is such a right.

Under the provisions of Law Decree No. 313/2007, of 17th September, which approved the foundations of the concession granted by contract between the State and EDIA on 17th October 2007, EDIA holds, whilst concessionaire for the management, operation and private use of the public water domain under EFMA, powers of administration of the referenced water domain within the framework of its activity, the competences for allocation of titles relating to water abstraction for irrigation and electricity production and, furthermore, inspection powers over its use by third parties, and the jurisdiction to start, prepare and sanction administrative offence proceedings in this context.



FINANCIAL ANALYSIS

RESULTS ACCOUNT

THIS ANALYSIS considers only non-capitalized investment of the secondary network, which disappears through the variation of production (investment in works on EFMA's secondary irrigation network that are owned by the State with the exception of Infrastructure 12 and the irrigation perimeter of the Luz village).

		THOUSAND EUROS
	2018	2017
Expenses	42.561	39.092
Cost of Goods Sold/Materials Consumed	59	44
Supplies and external services	15.880	17.868
Personnel Expenses	5.030	4.942
Depreciation and Amortization Expenses	5.714	5.741
Impairments	2.144	99
Provisions	7.325	1.845
Other Expenses and Losses	1.155	2.063
Financing Expenses and Losses	5.166	6.399
Income tax	87	92
Income	38.626	38.750
Sales	872	872
Services Rendered	28.048	27.308
Variations in Production Inventories	0	0
0wn Work	0	0
Operating Subsidies	149	70
Reversals	150	1.102
Other Income and Gains	9.407	9.398
Net Income for the Year	-3.935	-342

In 2018, EDIA posted a negative Net Result of EUR -0.394 million with a variation of EUR 3.59 million compared to the same period of 2017.

Expenditures increased by EUR 3.47 million (8.87%), compared to the same period of the previous year, mainly due to the following items:

- → "External Supplies and Services", showing a negative deviation of EUR 1.99 million (-11.12%) compared to the same period, mainly due to:
 - → electricity (EUR -3.01 million) as it was a hydrologically humid year, with significant rainfall, reducing water adduction and energy consumption; and
 - → conservation and maintenance due to the increase in operating infrastructures by EUR 0.94 million, justified by the need for an increase in older infrastructure interventions and the transition of maintenance responsibilities, previously owned by the contractor, to EDIA once the warranty period was due;
- → "Impairment" pertaining to the water business, with a deviation of EUR 2.05 million (2,075.07%) in comparison with the same period of the previous year;
- → "Provisions" with a deviation of EUR 5.48 million mainly due to the application of IFRIC12 Service Concession Arrangements to infrastructure already in operation (EUR 1,578.40 million). Due to a decrease in the average financing rate from 3.74% in 2017 to 2.51% in 2018, a provision of EUR 7.33 million was reinforced;
- → "Other Expenses and Losses" with a variation of EUR 0.91 million, justified by the registration of specialization of water resources rate as well as corrections related to previous years in 2017;
- → Financing Expenses and Losses due to the reduction of financial charges, amounting to EUR 1.23 million, justified by the decrease in the debt service amount, due to the amortization of loans with the EIB in the amount of EUR 94.35 million, and a bond loan in the amount of EUR 300 million.

Specifically regarding income, there was a decrease of EUR 0.12 million, which corresponds to a decrease of 0.32% over the previous year mainly due to:

- → "Sales and Services Rendered", which posted a positive evolution, in the order of EUR 0.74 million, around +2.71%, which essentially reflects revenues from water and energy distribution;
- → "Reversions" with a negative change of EUR 0.95 million, as in 2018 only EUR 0.15 million in impairment reversions related to legal proceedings was recognized.

FINANCIAL STATEMENT

As of December 31st, 2018, EDIA reported a Net Asset of EUR 799.62 million, a decrease of around EUR 12.91 million compared to the end of 2017.

		THOUSAND EUR
Headings	31/dec/18	31/dec/17
Non-current asset		
Tangible Fixed Assets	12.348	12.483
Investment property	2.111	2.114
Intangible Assets	335.455	340.689
Financial Holdings	277	277
Other Accounts Receivable	193.382	198.803
Captive Deposits	91	91
	543.663	554.457
Current Assets		-
Inventories	4.144	3.015
Clients	7.801	5.090
Advances to Suppliers	54	203
State and Other Public Entities	922	1.109
Shareholders/partners	0	0
Other Accounts Receivable	218.115	217.986
Deferrals	233	216
Cash and Bank Deposits	24.685	30.455
	255.954	258.074
TOTAL	799.617	812.531

NON-CURRENT ASSET

- → Decrease in "Intangible Assets" justified by the depreciation recognized in the year;
- → Decrease in "Other Accounts Receivable" by EUR 5.42 million under the concession agreement for Alqueva and Pedrógão hydroelectric power plants with EDP;

CURRENT ASSET

- → Increase of EUR 1.13 million in "Inventories" due to the investment made in the Secondary Network;
- → Increase of EUR 2.71 million in the "Clients" line, due to billing the water supply from the primary network the entities in charge of the operation and conservation of EFMA hydro-agricultural uses and entities for the purposes of public and industrial supply, at the end of 2018;

Cash and Bank Deposits with a decrease of EUR 5.77 million (-18.95%) due to the Company's exploitation, operation and investment activities.

Equity changed positively by EUR 309.77 million as a result of: 1) capital increases throughout the year in the amount of EUR 313.71 million, which justifies the positive change in "paid-in capital" (EUR 280.23 million) and "retained earnings" (EUR 33.13 million); and 2) a "Net Profit" change in the amount of EUR -3.59 million.

		THOUSAND EUROS
Equity and Liabilities	31/Dec/18	31/Dec/17
SHARE CAPITAL		
Paid-in Capital	809.535	529.301
Other Reserves	9.203	9.203
Transited Results	-801.435	-834.566
Adjustments to Financial Assets	0	0
Net Income for the Year	-3.935	-342
Total Equity	13.368	-296.404
PASSIVE		
Non-current liabilities		
Provisions	22.210	15.530
Financing obtained	222.783	293.906
Other Accounts Payable	0	1.603
Deferrals	410.712	425.153
	655.705	736.192
Current Liabilities		
Financing Obtained	101.433	343.592
Suppliers and Other Accounts Payable	14.320	14.318
Other Current Liabilities	265	259
Deferrals	14.526	14.575
	130.545	372.743
Total Liabilities	786.250	1.108.935
Total Equity and Liabilities	799.617	812.531

Liability recorded the following variations:

Non-current Liabilities reduction of EUR 80,49 million, justified:

→ Under "Provisions", the increase of EUR 6.68 million, justified by the application of IFRIC12 — Service Concession Arrangements to infrastructure already in operation (EUR 1,578.40 million). Due to a decrease in the average financing rate of 3.74% in 2017 to 2.51% in 2018), a provision reinforcement of EUR 7.47 million was made for this provision, totalling a value of EUR 21,58 million.

- → Under "Financing Obtained", essentially due to the transfer, to current liabilities, of short-term repayments to be made by December 31st, 2019, pertaining to EIB financing (EUR 135,00 million) amounting to 31, EUR 62 million; DGTF (EUR 189.00 million) amounting to EUR 63.07 million; and the bond loan (EUR 94.35 million) amounting to EUR 6.74 million. Regarding EIB financing, a write-off of EUR 28.41 million for tranche A and B and EUR 3.22 million of tranches C and D was approved in the 2019 State Budget (OE 2019). Regarding the loan with DGTF amounting to EUR 189.00 million, by Order no. 514/17-SEP, of July 10th of the Secretary of State of the Treasury, the deferment of payment of the loan service debt due on 31 May 31st, 2017, to November 30th, 2017, was authorized at no extra charge. On December 28th, 2018, EDIA received a letter extending the debt service payment of the loan in question, due on November 30th, 2018, to May 31st, 2019, without additional costs.
- → Negative variation under "Deferrals" in the amount of EUR 14,44 million, justified by recognition in income in the same proportion as depreciation of subsidized assets in the amount of EUR 1,79 million, and by income from the Alqueva and Pedrógão hydroelectric plants concession contract amounting to EUR 12,65 million.

In Current Liabilities, there was a decrease of EUR 242.20 million, mainly due to "Financing Obtained", given that the EUR 300 million bond loan, contracted in November 2003 and maturing in November 2018, was fully amortized in accordance with the contractual agreement, and by the recognition of short-term amortization pertaining to the item "Financing Obtained" that was in non-current liabilities.

FINANCIAL INDICATORS

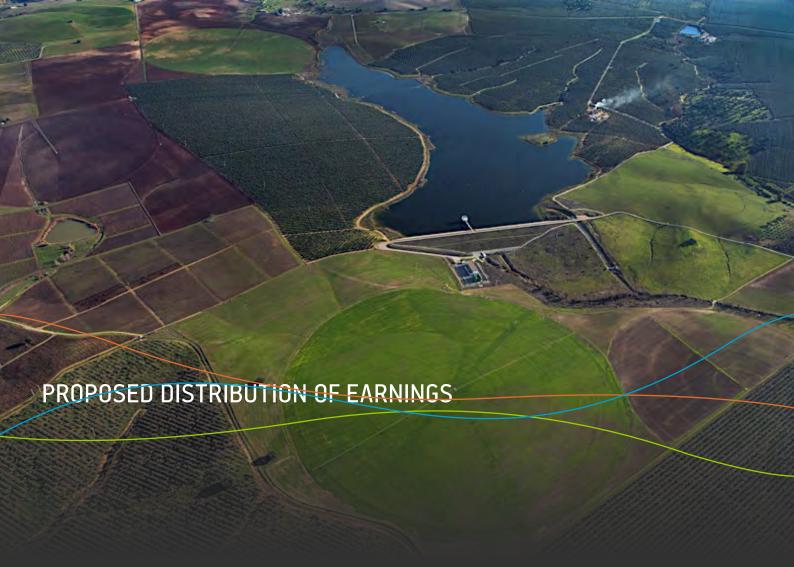
		THOUSAND EUROS
Financial Indicators	31/12/18	31/12/17
Volume of Business	28.920	28.180
EBITDA	8.727	10.821
EBIT	1.321	6.156
Financial Results	-5.169	-6.406
Net Results	-3.935	-342
Net Cash Flow	11.212	6.359
Investment	4.746	2.324

In 2018, EDIA registered a negative net result of about EUR 3.94 million while in the same period of 2017 the negative result was EUR 0.34 million, of which:

- → EBITDA declined by around EUR 2.09 million (-19,36%) compared with the same period of the previous year, mainly due to: (1) the decrease in operating expenses of EUR 1.39 million; 2) an increase in "Turnover" of EUR 0.74 million; 3) the increase in the recognition of "Debt Impairment Receivable" of EUR 0.23 million; 4) the increase of "Provisions" of EUR 5.48 million resulting from the application of IFRIC12, a provision reinforcement of EUR 7.33 million was made; and 5) the decrease in "Other Expenses and Losses" (EUR 0.91 million) justified by the registered specialization of water resources rate as well as corrections related to previous years in 2017;
- → Under "Losses/Reversions of Impairment of Depreciable/Depreciable Investments" there is a negative variation of around EUR 2.77 million compared to 2017, justified by the reversion of impairment losses in 2017 of EUR 1.10 million, and in 2018 an impairment of EUR 1,67 million was recorded. This change contributes to a positive EBIT of EUR 1.32 million, with a negative variation of EUR 4.83 million;
- → Financial Results decreased by EUR 1.24 million as a result of loan repayments, as mentioned above.

In turn, Net Cash Flow over the previous year showed an increase of EUR 4.85 million (+ 76.31%).

EDIA has a total investment of EUR 4.75 million without secondary network and with capitalisation.



PROPOSED DISTRIBUTION OF EARNINGS

UNDER THE TERMS of Article 66(5)(f) of the Code of Commercial Companies, the Board of Directors,

Considering:

That in the year 2018 a negative Net Result of EUR 3,935,067 was calculated.

Proposes:

That the Net Result calculated in 2018 and included in the Statement as of December 31st, 2018 of EUR – 3,935,067 be taken to Retained Earnings.

Beja, March 15th, 2019

The Board of Directors

José Pedro Mendes Barbosa of Costa Salema (Chairman)

Augusta Manuel Pereira de Jesus Cachoupo (Member)

Jorge Manuel Vazquez Gonzalez (Member)



2. CORPORATE GOVERNANCE

INTRODUCTION

THE CURRENT Public Corporate Sector Regime was approved by Decree-Law no. 133/2013, of October 3rd 9. It arose from the need to restructure the regulatory framework applicable to public companies, introducing an extension of the Legal Regime of the Public Corporate Sector (RJSPE), as well as the concept of SPE, which is part of the SEE (which EDIA incorporated) and Local Business Sector (SEL).

Its key objective was to implement and ensure a risk management system, internal control system and internal audit system, effective and in line with the strategic guidelines for the SEE, in order for its members to adapt the size and complexity of the State management and its companies, pursuing the goals of good management, transparency, non-distortion of competition, contracting public service, and monitoring the relevant risks undertaken by these companies.

The governance practices and principles directed at State-owned enterprises are still defined by the Principles of Sound Governance (PBGs) already included in the Council of Ministers' Decision (RCM – Resolução do Conselho de Ministros) No. 49/2007, of March 28, which approved a set of practices inherent to sound corporate governance, aiming to promote the principle of transparency, embodied in the disclosure process of relevant information about these entities, namely, the remuneration level of public managers.

This is the context in which the information in this report's Chapter 2 is framed, and which aims to emphasize EDIA's response to the compliance with the legal guidelines for the ESS, namely pertaining to assessment of compliance with the Company's current remuneration guidelines in 2018. Thus, and in accordance with and under article 54, no. 1, of the RJSPE, EDIA's Board of Directors prepared the Corporate Governance Practices Report for 2018, autonomously formalized, which complements the information contained in this chapter and is in accordance with the structure defined by Technical Unit for Public Business Sector Monitoring (UTAM), issued in December 2018.

MANAGEMENT GOALS

At the last Shareholders' Meeting of May 23rd, 2018, the State Shareholder considered that the conditions for deliberating on the strategic guidelines were not met, as provided in article 38, paragraph 1, of Decree-Law no. 133/2013, of October 3rd (RJSPE).¹⁰

It should be noted, however, that while programming its activity, EFMA investments and financing, EDIA's sole purpose is the fulfilment of the objectives ¹¹ attributed to the Company by the State Shareholder, and the Company's activity was guided in accordance with the Activity and Budget Plan – 2018 proposal, and other guidelines issued by the Directorate-General of the Treasury and Finance (DGTF – Direção-Geral do Tesouro e Finanças) and the Directorate-General of Budget (DGO – Direção-Geral do Orçamento).

The management results achieved during the 2018 financial year will be listed below, namely concerning the irrigated area, tenders issued and awarded, and financial indicators.

IRRIGATION AREA

The management of the Alqueva Global System represents EDIA's essential sustainability element, the guarantee of water supply being the Company's principal asset, through the integrated management of water distribution for the EFMA's entire agricultural element and the use of its greatest wealth and value (a reserve of 4.150 billion cubic metres), water.

Over the last few years, EDIA has demonstrated its value as this resource's managing entity, which is fundamental for the development of the area of direct influence (covering twenty municipalities, with a total extension of around 10,000 Km²), ensuring that the huge public investment in Alqueva is used and put to the service of the region.

^{10.} Within the scope of item seven of the GA agenda of May 23rd, 2018 – To deliberate on the strategic guidelines and objectives for 2018, "(...) the State Shareholder's representative proposed and voted in favour of this item's non-resolution given that the conditions for that purpose hadn't been met." 11.EDIA's hold, as its main "Mission":

⁻ The design, execution, construction, management, operation, maintenance and conservation of the infrastructures that make up the primary EFMA system;

The design, execution and construction of the infrastructures that make up the secondary network of EFMA, representing the State; and

⁻ The promotion, development and pursuit of other economic activities that contribute to the improvement of the conditions by which resources allocated to EFMA are utilized.

On the other hand, recent periods of extreme drought accentuate the Alqueva reservoir's unquestionable positive impact, since it was possible to develop agriculture and supply populations even during a severe drought. Therefore, it's a great satisfaction for all stakeholders that the expected results were achieved on the ground, showed an increasing adherence and consumption increase in irrigation perimeters under EDIA's management.

Hydrologically, 2017 was characterized as a very dry period, mainly due to high temperatures and low rainfall (severe drought in around 81% of the territory as of September 30th), which denotes the extreme climate criticality registered throughout the year and which, combined with the increase in the enrolled area in most of the perimeters, led to a sharp rise in water consumption during this period.

Regarding the analysis of adhesion and water consumption values in EFMA perimeters by December 31st, 2017 and December 31st, 2018, there was an increase in adherence of almost 16% (11,313 ha), totalling the enrolled area at the end of the year at 82,797 ha.

Water consumption up to December 31st, 2018 (*) stood at 197,106,255 m³, lower than in the same period last year. This is due to the fact that 2018 was, from a hydrological point of view, a year of heavy rainfall – essentially in the first half of the year compared to 2017, a period characterized by extreme drought in most of the national territory.

The decrease was of approximately 21% (51,344,897 m³). This trend, in terms of consumption values, was widespread for almost all perimeters due to the reason given above.



Enrolled area in 2017 and 2018:

			2018		2017		
		Regist Area			Registe Area (
Perimeters managed by EDIA	Benefitted · Area (ha)	(ha)	%	Consumptions m ³	(ha)	%	Consumptions m ³
Entry into operation by 2010	18.754	15.597	83,17	43.217.499	14.943	79,68	58.797.695
Monte Novo	7.714	6.705	86,92	20.270.244	6.899	89,43	29.407.592
Alvito-Pisão	8.452	7.275	86,07	17.237.776	6.388	75,58	21.131.030
Pisão	2.588	1.617	62,48	5.709.479	1.656	63,99	8.259.073
Entry into operation in 2011	26.417	19.009	71,96	44.903.005	17.660	66,85	62.048.546
Alfundão	4.216	2.818	66,84	7.819.922	2.121	50,31	10.954.525
Ferreira, Figueirinha and Valbom	5.118	3.185	62,23	8.821.612	2.918	57,01	10.953.270
Orada-Amoreira	2.522	1.942	77,00	3.286.987	2.231	88,46	5.583.974
Brinches	5.463	3.882	71,06	7.045.735	3.519	64,42	9.258.340
Brinches-Enxoé	4.698	3.930	83,65	9.345.804	3.770	80,25	14.126.506
Serpa	4.400	3.252	73,91	8.582.945	3.101	70,48	11.171.931
Entry into operation in 2012	9.278	6.564	70,75	16.927.668	5.105	55,02	19.365.805
Loureiro-Alvito	1.050	757	72,10	3.151.000	668	63,62	3.536.937
Ervidel	8.228	5.807	70,58	13.776.668	4.437	53,93	15.828.868
Entry into operation in 2013	4.016	3.585	89,27	6.692.371	3.340	83,17	12.122.447
Pedrógão-Margem Direita	4.016	3.585	89,27	6.692.371	3.340	83,17	12.122.447
Entry into operation in 2015	19.634	18.715	95,32	47.299.975	15.648	79,70	55.020.313
Cinco Reis-Trindade	5.600	6.412	114,50	14.908.155	4.389	78,38	15.939.671
Baleizão-Quintos	7.999	6.678	83,49	16.392.004	5.493	68,67	18.594.163
São Pedro-Baleizão	6.035	5.625	93,21	15.999.816	5.766	95,54	20.486.479
Entry into operation in 2016	30.381	19.326	63,61	38.065.737	14.788	48,68	41.096.346
Vale de Gaio	3.903	1.915	49,06	3.778.248	1.365	34,97	3.336.388
Beringel-Beja	5.103	4.106	80,46	9.000.337	2.811	55,09	9.348.462
Pias	4.698	2.886	61,43	4.257.829	2.151	45,79	4.976.027
S. Matias	5.863	4.172	71,16	10.807.700	4.092	69,79	14.090.936
Caliços-Machados	4.664	3.174	68,05	5.470.049	2.446	52,44	4.402.007
Caliços-Moura	2.117	1.817	85,83	3.111.751	1.005	47,47	4.004.286
Roxo-Sado	4.033	1.256	31,14	1.639.823	918	22,76	938.240
TOTAL	108.480	82.797	76,32	197.106.255	71.484	65,90	248.451.152
Alqueva Subsystem	56.005	41.853	74,73	106.113.264	34.570	61,73	129.634.056
Ardila Subsystem	28.562	20.883	73,11	41.101.100	18.223	63,80	53.523.071
Pedrógão Subsystem	23.913	20.060	83,89	49.891.891	18.691	78,16	65.294.025
TOTAL	108.480	82.797	76,32	197.106.255	71.484	65,90	248.451.152

^{*} CIEFMA data from January 11, 2019.

In the following tables, we can observe consumption associated with the direct abstractions and the surrounding perimeters.

Reservoir Reinforcement	2018	^{m-} 2017
Reservoir Reinforcement	2010	2017
Vale de Gaio	2.243.000	=
Campilhas and Alto Sado	1.508.951	13.459.402
Vigia	2.202.154	1.734.537
Enxoé	0	81.632
Monte Novo	1.172.801	2.871.785
Roxo	23.278.996	34.355.354
Odivelas	36.217.000	43.947.000
TOTAL	66.622.902 96.449	
Direct abstractions	2018	2017
Area (ha)	8.177	8.544
Consumption (m³)	13.859.933	21.404.080

Thus, one can conclude that the total volume of water distributed during 2017 was about 366.3 hm³. Comparing this value with the value registered in 2018 (277.59 hm³), it shows an increase of 88.71 hm³, i.e., of about 24%.

TENDERS ISSUED IN 2017 AND AWARDED IN 2018

			EUR
Designation	Date of Public tender	Date of Adjudication	Value of Adjudication
Supervision of the Álamos Pumping Station power reinforcement contract	11/2017	13/03/18	250.555,00
Contract for the Loureiro-Alvito Irrigation Block Pumping Station construction and equipment supply	12/2017	06/03/18	768.123,51
Execution Project of the Observation and Command Post of the Alqueva Dam and the Interpretation Center	13/2017	30/05/18	59.800,00
Global program for monitoring EFMA's groundwater resources	14/2017	20/02/18	148.360,29
Construction contract for the Connection to the EFMA Morgavel Adduction System	15/2017	30/10/18	9.597.947,44
Construction contract for the Connection to the EFMA Morgavel Adduction System	16/2017	30/10/18	8.441.900,00
Supply of vehicles under lease	17/2017	20/02/18	130.043,04
Execution project of the Monte da Rocha hydraulic circuit and Messejana irrigation block	18/2017	10/08/18	387.990,00

TENDERS ISSUED AND AWARDED IN 2018

Public Tender Date of Value of Adjudication Adjudication Designation Number SAP ERP migration services for SAP HANA, implementation of SAP Cloud for Client (C4C) software and 01/2018 17/05/18 157.265,00 flexitime for corrective and evolutionary improvements Monitoring of bird species in the Alvito-Pisão irrigation block (2018-2020) 02/2018 17/04/18 34.660.00 Provision of validation services for appraisals within the scope of the acquisition or encumbrance of 03/2018 17/04/18 10€ por processo properties necessary for the implementation of the 2nd Phase of the Alqueva Multi-Purpose Project Provision of services for the management and supervision of the construction contract for the connection 04/2018 23/10/18 328.540,00 to the Morgavél Adduction System of the Alqueva Multi-Purpose Project Monitoring of the bivalve community in the Sado river basin 05/2018 07/05/18 15.800,00 Provision of management and inspection services for the construction of the irrigation block Cuba-Odivelas 06/2018 Temporary work under uncertain term employment contract of personnel in the area of electrical and 07/2018 17/05/18 147.466,20 mechanical maintenance Contract for the construction and supply of equipment for the installation of three additional groups at the 08/2018 23/08/18 1.672.444,04 São Pedro pumping station Monitoring the potential impacts of Guadiana-Sado water transfer on Ichthyofauna – 2018 09/2018 19/06/18 17.256,07 Provision of personal security services at the Álamos pumping station and EDIA headquarters 10/2018 12/07/18 397.440.00 Provision of management and supervision services of the construction and equipment supply contract for 11/2018 25/09/18 194.490,00 the installation of three additional groups at the São Pedro pumping station Execution of works to minimize impacts on cultural heritage resulting from the construction of the 12/2018 26/06/18 104.190.00 connection to the Morgavél adduction system of the Alqueva Multi-Purpose Project 13/2018 31/07/18 169.803.36 Supply of vehicles under OL (Operational Lease) 14/2018 Acquisition of an amphibious multipurpose vessel 23/08/18 209.500,00 Supply of electricity to the infrastructure of the Alqueva Multi-Purpose Project 15/2018 23/08/18 10.657.392,52 * Monitoring of surface water resources of the primary irrigation network 2018/2020 16/2018 25/09/18 279.803,32 Execution of works to minimize impacts on cultural heritage resulting from the construction of the Cuba-17/2018 23/10/18 69.912,00 Odivelas hydraulic circuit and respective irrigation block – preliminary and construction phases Supply of vehicles under OL (Operational Lease) 19/2018 02/10/18 101.396,16 21/2018 1.055.646.00 Construction contract for the floating photovoltaic plant in Lage Cuba Este 20/11/18 Provision of services for the supply and installation of water quality automatic stations – 2018 22/2018 10/10/18 89.383.50 Monitoring of surface water resources in the secondary irrigation network in the operation phase 23/2018 13/11/18 207.341,16 - 2019/2020 Monitoring of bird species in the secondary irrigation network of EFMA – 2018-2019 24/2018 11/12/18 142.898,00 Works to minimize impacts on cultural heritage resulting from the construction of the Laje Photovoltaic 25/2018 23/10/18 48.450.00 Power Plant – preliminary and construction phases Temporary work under uncertain term employment contract of personnel in the area of electrical and 28/2018 04/12/18 75.256.08 mechanical maintenance

^{*} Reference value of the active energy supply.

TENDERS ISSUED IN 2018 AND NOT AWARDED

			EUR
Designation	Public Tender Number	Date of launch	Base Price
Provision of cleaning services for channels, reservoirs and dam galleries in primary EFMA infrastructures	20/2018	29/08/18	350.000,00
Construction contract for the Évora hydraulic circuit and its irrigation block	26/2018	04/10/18	13.350.000,00
Management and supervision of the construction contract for the hydraulic circuit of Évora and its irrigation block	27/2018	16/10/18	772.500,00
Execution of works to minimize impacts on cultural heritage resulting from the construction of the Évora Hydraulic Circuit and respective irrigation block — preliminary and construction phases	29/2018	05/12/18	149.000,00

FINANCIAL INDICATORS

In accordance with RCM 70/2008 provisions, the financial indicators that apply to EDIA's reality are detailed in the following table:

Efficiency	Year 2018
Operating Costs/EBITDA	255,04%
Personnel Costs/EBITDA	68,95%
Variation Rate in Personnel Costs	2,87%
Average Payment Term	Year 2018
Average Payment Term	70
Evolution (days) compared to the previous year (same period)	9
	,
Profitability and Growth	Year 2018
EBITDA/Revenue	30,17%
Revenue Growth Rate	2,63%
Return of Invested Capital	Year 2018
Net Income/Invested Capital	-0,49%

CHI

IMPLEMENTATION OF THE 2017 ACTIVITY AND BUDGET PLAN REGARDING FINANCIAL REFERENCE PRINCIPLES

INVESTMENT

The Investment Plan presented by EDIA for 2018 was developed from the economic standpoint. The estimated investment for 2017 amounted to EUR 37,890,626. EDIA's investment this year amounted to EUR 4,508,812, or about 11.90% of the expected value. Below is a summary of the main justifications for the determined deviations.

	,			EUR
	Investmer	nt – 2018	Deviation	
Programmes	Planned	Made	Total	%
Alqueva Dam	307.500	287.393	-20.107	-6,54
Pedrógão Dam and Plant	100.000	182	-99.818	-99,82
Alqueva-Álamos Pumping Station	5.442.078	3.169.844	-2.272.234	-41,75
Primary Network	20.068.933	258.099	-19.810.834	-98,71
Secondary Irrigation Network	11.727.115	774.290	-10.952.825	-93,40
Regional development	245.000	19.004	-225.996	-
TOTAL	37.890.626	4.508.812	-33.381.814	-88,10

→ Programme 1 – Alqueva Dam (EUR -20,107) and Programme 3 – Pedrógão Dam and Plant (EUR -99,818)

The deviation, which was essentially under the item "Land", is justified by the non-realized funds provided for acquisitions, expropriations and damages, since their processing depends on the development/conclusion of the litigious expropriation proceedings that take place in court.

→ Programme 4 – Alqueva-Álamos Pumping station (EUR -2,272,234)

In programme 4, the deviation occurred due to the Construction Contract for the Power Reinforcement Construction of EFMA's Alamos Pumping station, whose financial execution began on the 2nd half of 2018.

→ Programme 5 - Primary Network (EUR -19,810,834) and Programme 6 - Secondary Irrigation Network (EUR -10,952,825)

The deviation registered in these programmes was due to the delayed beginning of construction and supply works in EFMA 2nd Phase, namely, the connection to the Morgável adduction system and capacity reinforcement of the Álamos-Loureiro canal siphons, in the primary network, and construction on the secondary network, Évora and Cuba-Odivelas blocks, and equipment supply of the Lage pumping station 2nd Phase. The delays were mainly due to slippage in the operationalization and consequent start of PNRegadios 2019.

→ Program 7 - Regional Development (EUR -225,996) In this program, registered deviations pertained mainly to projects related to POC Alqueva and Alqueva dam surroundings.



PERSONNEL EXPENSES

Personnel Expenses show a deviation of +1.73%, which was mainly due to the payment of remuneration increases pertaining to salary progressions and their respective impacts.

Social Bodies, managers and employees were considered for the calculation of Personnel Expenses, which makes a total of 184 employees.

			Deviation 20	018/2018
Designation	Planned 2018	Execution 2018	Value	%
Personnel Expenses (1) = (a) + (b) + (c) + (d) + (e) + (f)	5.914.591,73	6.016.909,00	102.317,27	1,73%
(a) Expenses with Governing Bodies	298.052,00	294.255,59	-3.796,41	-1,27%
(b) Expenses with Management Positions	1.297.542,31	1.288.939,00	-8.603,31	-0,66%
(c) Personnel Compensation (i) + (ii)	3.936.158,36	4.027.276,00	91.117,64	2,31%
(i) Basic salary + Holiday Allowances + Christmas Allowances	2.705.077,36	2.740.306,00	35.228,64	1,30%
(ii) Other Allowances	1.231.081,00	1.286.970,00	55.889,00	4,54%
(iii) Impact of the replacement of rights provided for in collective labor regulation instruments	0,00	0,00	0,00	0,00
(iv) Impact with remunerative valuations not covered by collective labor regulation instruments	130.000,00	139.000,00	9.000,00	6,92%
(d) Post-employment benefits	0,00	0,00	0,00	0,00%
(e) Allowances	20.755,06	21.870,41	1.115,35	5,37%
(f) Other charges	230.084,00	244.872,00	14.788,00	6,04%
(g) Terminations/indemnities	2.000,00	696,00	-1.304,00	-187,36%
			Deviation 20	018/2018
Designation	Planned 2018	Execution 2018	Value	%
Total Number H.R. (G.B. + Managers + Workers)	185	184	-1	-0,54%
No. Governing Bodies (G.B.) (number)	6	5	-1	-16,67%
No. Managers without G.B. (number)	24	24	0	0,00%
No. Workers without G.B. and without Managers (number)	155	155	0	0,00%
Expenses with Managers/Expenses with Personnel [(b)/((1) – (f))]	0,22	0,21	0,00	

Notes

- a) Expenses with Governing Bodies show a decrease compared to the forecast resulting from the departure of a Member of the Fiscal Council, in September 2018, who was not replaced;
- b) Expenses with Management Positions are lower than expected, which reflects the balance between occurred remuneration appreciations and the decrease in the number of members in Management Positions from 25 to 24;
- c) The increase in remuneration of other staff reflects remuneration increases pertaining to salary progressions, as well as the inclusion of an appeal previously accounted for in Management Positions;
- d) Without any values;
- e) Residual increase compared to forecast and due to participation in internationally financed projects;
- f) Rise reflecting the increase in values associated with occupational accident insurance (due to remuneration increases and the increased risk of the activity in relation to previous years) and health insurance (annual update of the policy value); and
- g) Rise reflecting compensation paid to temporary/seasonal personnel.

LEVEL OF INDEBTEDNESS

EDIA has complied with Parliamentary Assembly Resolution no. 29/2010, of April 12th, which approved the Stability and Growth Program 2010-2013 (PEC), stating that the growth of indebtedness was limited according to the limits recommended in the SGP, 7% in 2010, 6% in 2011, 5% in 2012, 4% in 2013, 4% in 2014, 3% in 2015.

With regard to the 2016, 2017, and 2018, there was no increase in indebtedness by borrowed capital.

DEGREE OF IMPLEMENTATION OF THE BUDGET LOADED IN SIGO/SOE

Regarding the project budget, the following table displays its breakdown, showing transfers made in the period and expenses paid.

PROJECTS

Project	Designation	OE 2018 Approved Initial	0E 2018 After Budgetary Changes	Paid Expenses	Degree of Execution Against the Amended Budget (%)
09482	4 th section of the Vale Gaio Hydraulic Circuit		14.277	11.320	79%
09551	Complementary Actions	22.082.206	19.390.579	1.583.131	8%
09490	Amoreira-Pias Adductor	5.387	93.735	93.062	99%
09521	Barras, Torrão and Baronia Baixo Blocks	1.000	3.739	3.302	88%
09529	Moura Gravítico Block	130	1.161	653	56%
09527	Pias Block	7.396	14.877	7.000	47%
09554	Caliços-Machados Blocks	21.380	182.473	154.365	85%
09519	Blocks of Baronia and Alvito Altos and Alvito Baixo	1.000	4.986	4.535	91%
09510	Beja Blocks	6.390	8.920	7.870	88%
09514	Beringel-Álamos Blocks	1.250	18.979	18.502	97%
09525	Blocks of São Matias	2.000	134.407	130.831	97%
09532	São Pedro Blocks	2.878	360		0%
09530	Loureiro-Alvito Blocks	700.000	1.244.087	212.892	17%
09508	Roxo-Sado Blocks	2.900	8.129	6.289	77%
09467	Roxo-Sado Hydraulic Circuit	10.200	421.547	416.139	99%
09504	São Pedro-Baleizão-Quintos Hydraulic Circuit		18.457	9.523	52%
09474	São Matias Hydraulic Circuit		9.787	9.787	100%
09468	Installation of Groups 3 and 4 EE Álamos and Álamos-Loureiro	3.534.010	4.803.382	3.257.195	68%
09427	Connection to the Morgável Adduction System	9.768.996	9.773.241	18.154	0%
	TOTAL	36.147.123	36.147.123	5.944.550	16%

Delays in the budget execution of projects focused on investments within the scope of PNRegadios. The contraction of EIB and CEB bank loans and the operationalization of the Project Execution Unit suffered some delays from which recovery was unattainable in 2018.

FINANCIAL AND MATERIAL IMPLEMENTATION FOR 2018

The project budget in 2018, approved in the DGO, amounted to EUR 36,147,123. This budget was mainly aimed at starting several 2nd phase works and conclusion of some contracts pertaining to EFMA 1st Phase infrastructure.

At the end of 2018, the realized value in this budget amounted to EUR 5,944,550, of which EUR 2,669,201 pertains to the EFMA 1st Phase, and EUR 3,275,349 pertains to EFMA 2nd Phase. The objectives of the EFMA 2nd Phase were not fully met, since of the six projects planned, due to the delays in the approval of PNRegadios, only three started, and of which one only started at the end of the year.

IDENTIFICATION OF DEVIATIONS REGARDING GOALS SET FOR PROJECTS

Throughout the year, there was a need to transfer funds between projects, essentially in the 1st Phase projects, as the budget for 2018 was drafted in August 2017.

The negative deviation of the envisaged projects, compared to the realized one, was of EUR -30,202,573, and is mainly (85%) due to the delay in obtaining the funding required to start of the 2nd phase of EFMA infrastructure, scheduled for 2018.

This financing depended on the approval of loans requested from the EIB and the CEB, and the approval of PNRegadios. The loan between the Portuguese State, the EIB and the CEB was signed on September 20th, and PNRegadios was approved by the Resolution of the Council of Ministers No. 133/2018, on October 12th.

These approvals at the end of the year made it impossible to operate the program even in 2018 and, consequently, start implementation of the projects.

EFMA 1st PHASE

EFMA 1st Phase projects sponsored under the previous community support framework had higher than expected achievements and were justified by the termination of complementary action contracts.

Within the scope of the Alqueva Surrounding Project, work continued on the project pertaining to the implementation of POC Alqueva.

EFMA 2nd PHASE

In 2018:

The following 2nd Phase works began:

- → 09468 Construction contract for the power enhancement of the Álamos pumping station;
- → 09530 Construction and supply contract for the 2nd phase of the Loureiro-Alvito pumping station; and
- → 10746 Construction and supply contract for the installation of three additional groups at the São Pedro pumping station.

The construction contracts for the East Cuba Floating Photovoltaic Plant and Lage Photovoltaic Plant were contracted, integrated in the Vidigueira and São Bento project, respectively.

The following construction contracts were awarded:

- → 94 09468 Connection to the Morgável System Adduction System; and
- → 77 10774 Cuba-Odivelas block.

The public tender for the Évora block construction contract was issued and tenders were launched at the end of the year.

Continuation of the elaboration of the following projects in bordering areas, classified in project 09551:

- → Reguengos hydraulic circuit and blocks;
- → Póvoa-Moura hydraulic circuit and blocks;
- → Viana hydraulic circuit and blocks;

- → Vidigueira hydraulic circuit and blocks;
- → São Bento hydraulic circuit and blocks;
- → Cabeça Gorda-Trindade hydraulic circuit and blocks;
- → Connection to the Monte da Rocha reservoir and Messejana block; and
- → Lucefécit-Capelins hydraulic circuit and blocks.

Thus the works that did not start and whose values were carried over to 2019, are as follows:

- → 09427 Connection to the adduction system to the Morgável system;
- → 09468 Adduction of Álamos-Sifões; and
- → 09551 Complementary actions construction works included in the EFMA 2nd Phase (Évora blocks, Cuba-Odivelas blocks, 2nd phase of the Pedrógão hydraulic circuit Right Bank, and 2nd phase Lage pumping station).

			EUR
0E 2018	Made	Deviations	Execution Degree %
4.898.798	4.677.318	221.480	95,5%
1.294.342	2.483.338	-1.188.996	191,9%
173.618	295.025	-121.407	169,9%
32.437.153		32.437.153	0,0%
1.052.250	1.052.250		100,0%
8.770.311	4.092.993	4.677.318	46,7%
48.626.472	12.600.924	36.025.548	25,9%
	4.898.798 1.294.342 173.618 32.437.153 1.052.250 8.770.311	4.898.798 4.677.318 1.294.342 2.483.338 173.618 295.025 32.437.153 1.052.250 8.770.311 4.092.993	4.898.798 4.677.318 221.480 1.294.342 2.483.338 -1.188.996 173.618 295.025 -121.407 32.437.153 32.437.153 1.052.250 1.052.250 8.770.311 4.092.993 4.677.318

EFMA 1st Phase projects were funded by their own revenue, as Community funding was closed in 2017.

Projects' delay in budget execution was due to investments within the scope of PNRegadios. Since this program was only approved on September 20th, 2018, the execution of these projects was ensured with financing from its own revenues.

There were delays in the Alqueva Surrounding Project, namely POC Alqueva; EDIA did not receive any funding at source 411 (ERDF).

The application for the Álamos pumping station power enhancement project (09468), was approved//homologated on December 6th, 2017, in the amount of EUR 14,030,000, and consignment took place in March. The amount of expenditure paid by the end of 2018 was EUR 2,722,379.60, lower than forecasted in the application, for 2018 (EUR 9,550,000). It should be noted that the remaining amount will be executed in 2019.

ACTIVITIES

In the statement of revenue there is an execution of EUR 341,631,693.

Activity Budget	Approved Budget 2018	Execution 2018	Deviation	Execution Degree (%)
Expense				
Staff Expenses	5.799.086	5.915.620	116.534	102%
Purchases of Goods and Services	20.209.207	20.934.205	724.998	104%
Interest and Other Charges	6.158.206	3.009.359	-3.148.847	49%
Other Current Expenses	3.501.103	636.695	-2.864.408	18%
Acquisition of Capital Goods	650.629	362.736	-287.893	56%
Financial liabilities	313.424.069	313.424.068	-1	100%
	349.742.300	344.282.683	-5.459.617	98%
Revenue				
Current Transfers	591.747	113.386	-478.361	19%
Sale of Current Goods and Services	39.674.717	27.680.691	-11.994.026	70%
Other Current Revenue	3.275.074	130.889	-3.144.185	4%
Financial liabilities	313.706.794	313.706.727	-67	100%
TOTAL	357.248.332	341.631.693	-15.616.639	96%

Regarding the Activity Budget, expenses' are at a 98% degree of execution, and its main deviations are: (a) purchases of goods and services with a 104% implementation compared to what was approved in the 0E, justified by power consumption increase due to pumping of water for distribution to perimeters, confining areas and for the general public supply; (b) interest and other charges with a 49% execution as a result of the lower interest rate; (c) other current expenses with 19% implementation for VAT payments and payment of expected water resource rates, which were lower than expected.

Regarding revenue, it shows 96% execution in relation to the budget. Sales of current goods and services account for 70% as a result of irrigation water supply and energy receipts being lower than forecasted in the 0E.

FINANCIAL RISK MANAGEMENT

Financial risk management, under the terms of Ordinance No. 101/09-SEFT, of January 30th.

ADOPTED RISK ASSESSMENT PROCEDURES AND RESPECTIVE COVERAGE MEASURES

DIVERSIFICATION OF FINANCING INSTRUMENTS, AVAILABLE INTEREST RATE ARRANGEMENTS AND CREDIT INSTITUTIONS

EDIA presents an accumulated investment from 1995 to the end of 2018 of approximately EUR 2.356 billion. The funding of this investment consists not only of equity and investment subsidies (Community Funds and PIDDAC), but also foreign capital, through bank loans.

As of December 31st, 2018, the funding structure is composed of:

- → Capital increases amounting to EUR 809.53 million
- → Investment Grants Community funds amounting to EUR 1.240 billion
- → Investment Grants PIDDAC amounting to EUR 153 million
- → Bank Financing amounting to EUR 324.41 million

FINANCIAL RISK MANAGEMENT POLICIES

EDIA acknowledges the various areas of financial risk that can significantly alter its equity value, these risks are the interest rate risk and the liquidity risk.

INTEREST RATE RISK

Interest rate risk is usually associated with changes in spreads and interest rate variation risks. EDIA has never subscribed to any interest rate hedging, all external financing is indexed to the variable rate. In our view, this has been the right policy since the market presents relatively low rates, and is thus advantageous when compared to higher charges resulting from this type of operation. By establishing a comparative analysis of the financial charges over each funding's life, one concludes that the average rate in 2018 is close to the 1.60%, a clearly advantageous rate given the contracting of this type of financial instruments, namely setting interest rates.

6,00% 4,00% 2,00% 0,00% 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

AVERAGE ANNUAL INTEREST RATE

SENSITIVITY ANALYSIS

The sensitivity analysis of the interest rate is based on the following assumptions:

- → Changes in interest rates affect receivable or payable interests on financial instruments indexed at variable rates; and
- → The analysis was based on the financial instruments existing during the current year.

Thus, taking these assumptions into account, as well as a 1% interest rate variation of the financial instruments, their impact on Financial Results as well as the Net Results for the Financial Year would be (+/-) EUR 1.98 million in 2018 and (+/-) EUR 5.11 million in 2017.

LIQUIDITY RISK

Up to 2010, all external financing operations (borrowed capital) were carefully analysed as a result of a Banking consultation, considering the best market conditions, both financially and fiscally, and always choosing the one that presented the most favourable all-in-cost for the Company.

Starting in mid-2011, a new reality emerged for EDIA, with the global economic-financial situation deteriorating, access to new financing became more and more difficult. The Portuguese State downgrade by the main international rating agencies led to an increase in credit risk to all companies in the SEE, and consequently, loan spreads increased significantly.

As from 2012, in order to guarantee the necessary liquidity for the normal functioning of the Company, to ensure the realised investment and to meet the financial costs, all EDIA financing and refinancing needs were provided by five banks (CGD, BES, BCP, BPI and Santander-Totta), as a result of the mediation of the State Treasury and Finance Department and the Directorate-General of Treasury and Finance Department with the respective banking sector.

Under Decree-Law no. 133/2013, which entered into force at the beginning of December 2013, all EDIA financing operations require DGTF approval and IGCP opinion.

In November 2014, following the entry into the public accounts perimeter, EDIA took out a loan granted by the DGTF in order to meet financial needs until the end of the year, and to settle and replace short-term debt in the amount of EUR 189.21 million.

ADOPTION OF ACTIVE POLICY TO ENCHANCE PERMANENT CAPITAL

CONSOLIDATION OF REMUNERATED LIABILITIES THROUGH THE TRANSFORMATION OF LIABILITIES, FROM SHORT TO MEDIUM AND LONG TERM, IN FAVOURABLE MARKET CIRCUMSTANCES

As a result of more favourable market conditions, and whenever EDIA is unable to obtain funding through capital increases, it is forced to resort to borrowed capital funding, and at that time there was a concern to consolidate remunerated short-term liabilities into the medium and long term.

As mentioned above, EDIA restructured the short-term debt contracted since September 2011, following entry into the public accounts perimeter, by signing a medium- and long-term contract in November 2014 for a total of EUR 189.21 million.

In 2018 EDIA's funding was provided through capital increases of EUR 313.71 million (EUR 280.23 million for paid-up capital and EUR 33.47 million for loss coverage).

MINIMISATION OF REAL GUARANTEES AND COVENANTS

Considering that the EFMA project is of great interest to the county as it is designed to put the water resources from the River Guadiana to good use and foster the economic and social development of the Alentejo region, all EDIA funding has the backing of a personal guarantee from the state and is based only on the financial resources strictly necessary for investment in any period in order to facilitate borrowing on the best market conditions.

When entering into foreign borrowing operations EDIA and DGTF (the latter as the state's representative, EDIA's only shareholder) are careful to minimise any covenants in all documents.

As from 2011, due to the economic and financial circumstances and the constraints on bank funding in Portugal, EDIA took short-term loans to the amount of EUR 161.5 million, from Portuguese banks with no state guarantee (following negotiations between the State Treasury and Finance Department and CGD, BES, BCP, BPI and Santander-Totta regarding funding of state-owned companies).

The current financing agreement of EUR 189.21 million with the DGTF, contracted in 2014, does not contain covenants.

MEASURES TO OPTIMISE THE COMPANY'S FINANCIAL STRUCTURE

Since was it was founded, EDIA has focused its business activity on developing EFMA infrastructures, of which the Alqueva and Pedrógão dams and their hydroelectric plants stand out do to their size, as do the primary adduction system and irrigation blocks making up the 120,000 ha projected for the EFMA.

EDIA's investment and funding decisions require state approval, as indicated below:

- → Pursuant to Article 3 (1) (c) of Decree-Law 42/2007 of 22nd February, EDIA's company object is "designing, executing and building of the Project's secondary network infrastructures, in representation of the state and in accordance with the instructions of the Minister of Agriculture, Forests and Rural Development". Funding must be obtained as defined in Point 2, i.e. "Through the Ministry of Agriculture, Forests and Rural Development, the state ensures funding and other conditions associated with EDIA's business, with regard to the pursuit of the object defined in Point c) of the previous paragraph. The works are State property";
- → Regarding the primary network, Point 3 sets out, "The construction of the primary and secondary irrigation networks in the Project requires prior approval of projects by the Minister of Agriculture, Forests and Rural Development, who must monitor the entire process as required by the law on hydro-agricultural works." The execution of the primary network also requires prior approval by the state, as the shareholder"; and
- → Regarding funding and guarantees, Article 8 (1) of the same decree-law sets out, "Medium and long-term funding for EDIA requires authorisation from the Ministry of Finance."

When planning EFMA investments and funding, EDIA's sole purpose is to fulfil the goals set for the company by its Shareholder. Where funding is concerned, community funds available in the different operational programmes for the EFMA are always considered, followed by capital contributions from the Shareholder.

Thus, as of December 31st, 2018, the Company's fully subscribed and paid-up share capital amounted to EUR 809,534,880 (comprising 161,906,976 shares), and is wholly owned by the Portuguese State through the DGTF. The variation in 2018 (EUR 280,233,480 and 56,046,696 new shares) results from the following share issues with a par value of EUR 5 each [(May 2018 – issuance of 1,600,763 new shares, with a par value of EUR 5 each, paid in cash. The amount subscribed and paid was EUR 8,003,815 (May 29th) and (December 2018 – 54,445,933 new shares, with a nominal value of EUR 5 each, paid in cash). The amount subscribed and paid up was EUR 272,229,665 (December 26th)].

In December 2018, a cash inflow was carried out to cover losses totalling EUR 33,473,247.

Following the approval by the EIB and the CEB of the loans enabling the financing of PNRegadios, which is part of the Alqueva 2nd Phase (at the end of 2017), in April 2018, the signing of the financing agreements between the Portuguese State, the EIB and the CEB should be emphasized. Reference should also be made to the publication of Resolution of the Council of Ministers No. 133/2018 on October 12th, which approves PNRegadios and, already in 2019, of Ordinance No. 38/2019, of January 29th, which regularizes its operationalization and the Project Execution Unit's concomitant operationalization.

Lastly, it should be noted that funding from the shareholder is mainly intended to ensure Portugal's contribution to community projects, which are mostly financial costs resulting from EFMA's funding policy.

FINANCING POLICY

Years	2018	2017	2016	2015	2014
Financial charges (€)	5.179,42	6.416,66	7.198,28	8.085,90	15.513,89
Average Financing Rate (%)	1,60%	1,01%	1,04%	1,11%	2,11%

From 2013 to 2014, the need to finance EFMA's investment activities, as well as the debt service payment, entailed the use of borrowed capital by taking out bank loans.

As from 2015, the change in the financial policy defined by the Shareholder, previously based on loans, and currently on sufficient capital allocations to keep up with the pace of investments and bear the debt service charges, resulted in a reduction of the charges (-65.54%).

Bond financing is indexed to variable interest rates, namely Euribor, so the evolution of the average financing rate is directly related to this rate's variation, which in 2017 show historical lows.

Borrowed funding in 2014 with the DGTF in the amount of EUR 189.00 million has a fixed nominal annual rate, equivalent to the Republic's cost of financing at the date of the disbursement.

In 2018, there was a decrease in Remunerated Liabilities, since there was no financing from borrowed capital, and only partial repayments were carried out regarding the loan with the EIB (EUR 6.68 million), the bond loan amounting to EUR 94.35 million (EUR 6.74 million), as well as full repayment of the EUR 300.00 million bond loan as contracted.

CAP ON INCREASES IN BORROWING

	2018	2017	Variation 18	EUI R/17
Remunerated Liabilities		ues	Value	
Remunerated financing (Current and Non-Current)	324.216.416,15	637.497.750,08	-313.281.333,93	-49,14%
of which was granted by DGTF	126.139.523,33	126.139.523,33	0,00	
Capital increases for paid-up capital	280.233.480,00	30.907.994,26	249.325.485,74	806,67%
Capital allocation to cover losses	33.473.247,00	0,00	33.473.247,00	
Capital increase by credit conversion	0,00	34.052.335,45	-34.052.335,45	
	'			
New investments	4.508.810,00			

	EUR
	2018
2018 Paid financing	324.216.416,15
2017 Paid financing	637.497.750,08
Social capital in 2018	809.534.880,00
Social capital in 2017	529.301.400,00
New investments 2018	4.508.810,00
Variation in Indebtedness	-3,22%

As shown in the previous table, a 3.22% debt reduction is expected, due to the repayment of loans, with financing by the State shareholder.

EVOLUTION OF THE AVERAGE PAYMENT TIME

The evolution of the Average Payment Time (APT), in accordance with RCM no. 34/2008, February 22nd, as amended by Ordinance no. 9870/2009, of April 13th, approves the "Pay In Good Time" programme, which aims to reduce the average payment times practiced by public entities to suppliers of goods and services. This resolution establishes the formula to be used for the calculation of the APT registered at the end of each quarter, and it is incumbent upon the General-Directorate of the Treasury and Finance (DGTF) to calculate and advertise it on its website.

EDIA, S.A.'s APT for 2018 and 2017 (according to the DGTF formula) is presented below:

			Variation 18/17		
PMP	2018	2017	Value	%	
Term (days)	70	61	9	14,75%	

Throughout 2018, the APT had a 9-day increase, compared to the deadlines presented in 2017, i.e. about 14.75%. This increase is justified by the fact that the main supplier (power) under the item "Acquisition of Goods and Services" has a payment deadline of 75 days upon issuing the invoice, and also due to the lengthy and bureaucratic process of requests for deactivation of funds.

PAYMENTS IN ARREARS

Article 14 (2) of Decree-Law no. 18/2016 of April 13th, as amended by Decree-Law no. 35-A/2016 of June 30th (DLE02016) forces public companies, with an average payment time of over 60 days, to disclose, on a quarterly basis, the updated list of its confirmed debts due for over 30 days.

Pursuant to article 183 of Law no. 55-A/2010, of December 31, management bodies of public and administrative sectors are required "to disclose, on their respective websites, the situation at the end of each semester (...) and, in particular, to identify the amounts owed for each term, grouped according to the nature of the good or service provided."

The debts to be reported refer to the supplies of goods and services for which payment is overdue, as defined in Decree-Law no. 65-A/2011, of May 17th: "non-payment of invoice corresponding to the supply of goods and services in the following article after the expiration of 90 days or more on the date agreed upon for the payment of invoice or, in its absence, on the date stated therein."

In accordance with the provisions, EDIA, S.A.'s final list and identification of payments in arrears, as of December 31st, 2018, according to the DGTF formula, are show below:

			1	,	EUR
	Value	Value of overdue debts according to art. 1, DL 65-A/2011			
Overdue Debts	0-90 days	90-120 days	120-240 days	240-360 days	> 360 days
Aq. of Goods and Services	2.055.029,19				
Aq. of Capital					
TOTAL	2.055.029,19	0,00	0,00	0,00	0,00

On December 31st, 2018, EDIA does not show arrears as defined by Article 1 of Law 65-A/2011.

ACTIONS TAKEN AND RESULTS OBTAINED WITHIN THE SCOPE OF COMPLIANCE OF THE SHAREHOLDER'S RECOMMENDATIONS

At the Company's Annual General Meeting on October 30th, 2018, the State's sole Shareholder recommended the EDIA's Governing body to take the following actions:

→ the provisions of article 32, paragraph 2, of Decree-Law no. 71/2007, of March 27th, in its current version – (Use of credit cards and mobile phones)

In line with what is stipulated in article 32 of the EGP, and as republished by Decree-Law no. 8/2012, namely, with regard to the application of the provisions in paragraphs 1 and 2 of article 32 of the aforementioned Decree-Law, EDIA's Board of Directors does not use credit cards, or other payment instruments used by public managers, for the purpose of incurring EDIA expenses, nor does it receive reimbursements for any expenses that fall within the scope of personal representation expenses.

→ the provisions of Article 33 (3) of the Public Manager Statute, regarding the amount of monthly fuel and tolls assigned to service vehicles

It has been EDIA's understanding that the limits established in the law concern the personal use of the vehicles. Therefore, these limits have been complied with.

→ regarding the objective of payment time to suppliers in accordance with the criteria defined in Council of Ministers' Decision no. 34/2008, of February 14th



The evolution of the Average Payment Time (APT), in accordance with RCM no. 34/2008, as amended by Order No. 9870/2009, of April 13th, approves the "Paying in Good Time" Programme, which aims to reduce the average payment times practiced by public entities to suppliers of goods and services. This resolution establishes the formula to be used for the calculation of the APT registered at the end of each quarter, and it is incumbent upon the General-Directorate of the Treasury and Finance (DGTF) to calculate and advertise it on its website.

Throughout 2018, the APT had a 9-day increase, compared to the deadlines presented in 2017, justified by the fact that the main supplier (power) under the item "Acquisition of Goods and Services" has a payment deadline of 75 days due to the release of funds process.

REMUNERATION

GOVERNING BODIES

FIXED REMUNERATION STATUTE

	GENERAL ASSEMBLY BOARD				
Chairman	Shareholder Order of 05/23/2018: (a) Attendance voucher of EUR 575.00 (per General Assembly, usually one per year)				
Secretary	Shareholder Order of 05/23/2018: (a) EUR 375.00 Attendance Password (per General Assembly, usually one per year)				
BOARD OF DIRECTORS (Executive Directors)					

CHAIRMAN

Shareholder Order of 05/23/2018: (a)

Remuneration of EUR 4,864.34 (14 times per year) plus 40% as representation expenses in the amount of EUR 1,945.74 (12 times a year)

Remuneration applied: b)

Remuneration of EUR 5,465.43 (14 times this year)

Remuneration with a (5%) reduction – EUR 5,192.15 (reduction of 5% in salaries for public and similar managers, provided for in No. 1, of Article 12 of Law No. 12-A/2010, of June 30th)

Service Vehicle (purchase limit of EUR 40,000.00); Driver; Mobile phone (monthly limit of EUR 80.00);

Health Insurance (EUR 360,00 year)

MEMBERS

Shareholder Order of 05/23/2018: (a)

Remuneration of EUR 3,891.47 (14 times a year) plus 40% as representation expenses in the amount of EUR 1,556.59 (12 times a year)

Remuneration applied: b)

Remuneration of EUR 4,675.41 (14 times this year)

Remuneration with a (5%) reduction – EUR 4,441.64 (reduction of 5% in the salaries of public and similar managers, provided for in No. 1, of Article 12 of Law No. 12-A/2010, of June 30th)

Service Vehicle (purchase limit of EUR 40,000.00); Mobile phone (monthly limit of EUR 80.00);

Health Insurance (EUR 360.00 per year)

	SUPERVISORY BODIES					
Statutory Auditor	Remuneration corresponding to 22.5% of the value of 12 months of the gross global monthly remuneration attributed, under the legal terms, to the Chairman of the Board of Directors of EDIA, S.A. – EUR 5,192.15 * 12 * 22.5% = EUR 14,018.81 Travel expenses (transport and accommodation), according to Art. 59 of the ROC Statutes					
	CHAIRMAN					
	Shareholder Order of 05/23/2018: (a) Monthly salary of EUR 1,362.01 (14 times a year) Remuneration applied: b) Remuneration of EUR 1,038.43 (corresponding to 20% of the fixed remuneration of the Chairman of the Board of Directors)					
Fiscal Council	MEMBERS					
	Shareholder Order of 05/23/2018: (a) Monthly salary of EUR 1,021.51 (14 times a year) Remuneration applied: b) Remuneration of EUR 778.83 (corresponding to 15% of the fixed remuneration of the Chairman of the Board of Directors)					

Notes in next page.

- (a) At General Meeting No. 30 of May 23rd, 2018, the remuneration status of EDIA's Governing Bodies member for the 2018-2020 term of office was established, also incorporating the Annual Statement on Remuneration Policy of members of EDIA's Management and Supervisory Bodies. In accordance with this statement, the DGTF considers that the rules contained in paragraph 21 of RCM 16/2012 and paragraph 3 of RCM 36/2012 continue to apply.
- (b) The total amount of remunerations received was altered in early 2018. Following the approval of a set of additional fiscal consolidation measures aimed at strengthening and accelerating excessive deficit reduction and controlling debt growth within the Stability and Growth Programme (SGP), a 5% reduction public and equivalent managers' remuneration is to be maintained, as detailed in Article 12, no. 1, of Law No. 12-A/2010, of June 30th.

Management awards are still not contemplated, in accordance with article 4 of Decree-Law no. 8/2012, of January 18th, and no. 4 of the Council of Ministers' Resolution no. 36/2012, of March 26th, in article 29 of Law no. 64-B/2012, of December 30th (LOE 2012), in article 37 of Law no. 66-B, of December 31st (LOE 2013), Article 41 of Law no. 83-C, of December 31st (LOE 2014), article 41 of Law 82-B/2014 of December 31st (LOE 2015), and article 18 of the Law 7-A/2016 of March 30th (LOE 2016), article 19 of Law no. 42/2016, of December 28th (LOE 2017), and article 20 of Law no. 114/2017, of December 29th (LOE 2018).

BOARD OF THE GENERAL MEETING

				EUR
Term				
(Start-End)	Office	Name	Set Fee Value	Gross Value
(2018-2020)	Chairman	Henrique António de Oliveira Troncho	575	575
(2018-2020)	Secretary	Ana Luísa Soares	375	-
(2018-2020)	Secretary	José António Brito Ramos	375	375
			1.325	950

BOARD OF DIRECTORS

Term			Designation				2)	_	
(Start-End)	Office	Name	Form (1)	Date	Yes/No	Source Entity	Paying Entity (0/D)	Terms	
2015-2017	Chairman *	José Pedro Mendes Barbosa da Costa Salema	DSUE	22/07/15	Yes	EDIA	D	2	
2015-2017	Member **	Augusta Manuel Pereira de Jesus Cachoupo	DSUE	22/07/15	Yes	EDIA	D	3	
2015-2017	Member ***	Jorge Manuel Vazquez Gonzalez	DSUE	22/07/15	Yes	EDIA	D	2	
2018-2020	Chairman *	José Pedro Mendes Barbosa da Costa Salema	AG	23/05/18	Yes	EDIA	D	3	
2018-2020	Member **	Augusta Manuel Pereira de Jesus Cachoupo	AG	23/05/18	Yes	EDIA	D	4	
2018-2020	Member ***	Jorge Manuel Vazquez Gonzalez	AG	23/05/18	Yes	EDIA	D	3	

⁽¹⁾ Indicate Resolution (R)/AG/DSUE/Order (0)

^{*} Start date of the 1st term – 12/02/2013 ** Start date of the 1st term – 21/04/2004 *** Start date of the 1st term – 08/03/2012

	Accumulation of Tasks						
Member of the BD (Name)	Entity [Identify]	Occupation [Identify]	Regime [Identify]				
José Pedro Mendes Barbosa da Costa Salema	-	-	-				
Augusta Manuel Pereira de Jesus Cachoupo	-		-				
Jorge Manuel Vazquez Gonzalez	-	-	-				

			EGP		
	Set	Classification	Gross Monthly Remuneration		
Member of the BD (Name)	(Y/N)	(A/B/C)	Monthly Salary	Representation Expenses	
José Pedro Mendes Barbosa da Costa Salema	S	В	4.864	1.946	
Augusta Manuel Pereira de Jesus Cachoupo	S	В	3.891	1.557	
Jorge Manuel Vazquez Gonzalez	S	В	3.891	1.557	

⁽²⁾ Option for the Remuneration of the Place of Origin – provided for in paragraph 8 of article 28 of the EGP. Indicate paying entity (0-Origin/D-Destination) Note:

	Annual Remuneration							
Member of the BD (Name)	Set (1)	Variable (2)	Gross Value (3)=(1)+(2)	Remuneration Reductions (4)	Final Gross Value (5)=(3)+(4)			
José Pedro Mendes Barbosa da Costa Salema	72.690	-	72.690	-	72.690			
Augusta Manuel Pereira de Jesus Cachoupo	62.183	-	62.183	-	62.183			
Jorge Manuel Vazquez Gonzalez	62.183	-	62.183	-	62.183			
			197.056		197.056			

(1) The value of the fixed remuneration corresponds to the salary + representation expenses (without reductions) (4) Reduction provided for in article 12 of Law no. 12-A/2010, of June $30^{\rm th}$

EUR

Social Benefits								
	Meal allowance		Social Protection Scheme		Health		0the	r
Member of the BD (Name)	Day/Value	Amount Paid/Year	Identify	Anual Expense	Insurance Annual Expense	Life Insurance Annual Expense	Identify	Value
José Pedro Mendes Barbosa da Costa Salema	4,77	1.083	Social Prot.	17.264	360	-	-	-
Augusta Manuel Pereira de Jesus Cachoupo	6,91	1.610	Social Prot.	15.284	360	-	-	-
Jorge Manuel Vazquez Gonzalez	6,91	1.610	Social Prot.	15.284	360	-	-	-
		4.303		47.833	1.080			

i	Þ	

		Vehicle Expenses							
	Assigned Vehicle	Contract Signed	Vehicle Reference Value	Modality (1)	Year Start	Year End	Value of the Monthly Income	Annual Rent Value	Remaining Contractual Services
Member of the BD (Name)	[Y/N]	[Y/N]		[Identify]					(No.)
José Pedro Mendes Barbosa da Costa Salema	Υ	08/10/2017	34.317	Acquisition	-	-	-	-	-
Augusta Manuel Pereira de Jesus Cachoupo	Υ	22/01/2015	26.000	Acquisition	-	-	-	-	-
Jorge Manuel Vazquez Gonzalez	Υ	20/02/2015	26.000	Acquisition	-	-	-	-	-

(1) Acquisition; ALD; Leasing or other

		Travel-Related Annual Costs							
		Accommodation	Daily —	Othe	rs	· Total Costs			
Member of the BD (Name)	Duty travelling	Costs	Allowance	Identify	Value	with Trips (Σ)			
José Pedro Mendes Barbosa da Costa Salema	171,75	2.428,75	1.250,38	-	-	3.851			
Augusta Manuel Pereira de Jesus Cachoupo	173,80	285,31	2.083,30	-	-	2.542			
lorge Manuel Vazquez Gonzalez	563,35	3.703,91	2.308,39	-	-	6.576			
						12.969			

SUPERVISION

SUPERVISORY BOARD

Term			Desig	gnation	Remuneration Statute	Mandates
(Start-End)	Office	Name	Form (1)	Date	Monthly Fixed (€)	(No.)
(2015-2017)	Chairman	António Bernanrdo de Menezes e Lorena de Séves	UWR	22/07/15	1.362	3
(2015-2017)	Member (*)	Nelson Manuel Costa dos Santos	UWR	22/07/15	1.022	2
(2015-2017)	Member	Carlos António Lopes Pereira	UWR	22/07/15	1.022	1
(2015-2017)	Alternate Member	Cristina Maria Pereira Mascarenhas Vieira Sampaio	UWR	22/07/15	-	3
(2018-2020)	Chairman	Sara Alexandra Pereira Simões Duarte Ambrósio	GA	23/05/18	1.362	1
(2018-2020)	Member (*)	Nelson Manuel Costa dos Santos	GA	23/05/18	1.022	3
(2018-2020)	Member (**)	Gonçalo Mendes de Freitas Leal	GA	23/05/18	1.022	1
(2018-2020)	Alternate Member	Cristina Maria Pereira Mascarenhas Vieira Sampaio	GA	23/05/18	-	4

Minimum and maximum statutory number of members

(1) Resolution (R)/General Assembly (GA)/Unanimous Written Resolution (UWR)/Order (0)

(*) Date of first term: 27-03-2013 (**) Departed on 9/20/2018

			EUR					
		Annual Remuneration						
Name	Gross (1)	Remuneration Reductions (2)	Final Value (3)=(1)-(2)					
António Bernardo de Menezes e Lorena de Sèves (*)	6.361	-	6.361					
Carlos António Lopes Pereira (*)	4.771	-	4.771					
Sara Alexandra Pereira Simões Duarte Ambrósio (**)	8.899	-	8.899					
Nelson Manuel Costa dos Santos	10.904	-	10.904					
Gonçalo Mendes de Freitas Leal (***)	3.822	-	3.822					
Cristina Maria Pereira Mascarenhas Vieira Sampaio	-	-	-					
(#) II vi 05 (22 (2040			34.757					

^(*) Until 05/22/2018

^(**) From 05/23/2018 (***) Between 05/23/2018 and 09/20/2018

STATUTORY AUDITOR AND AUDITOR REGISTERED AT CMVM

RCA – Rosa, Correia & Associados, SROC, S.A. began as of December 19th, 2016, when the EDIA General Assembly first elected the ROC for the triennium of (2015-2017), having begun his duties at EDIA at that time. As the appointment for the 2018-2020 triennium has not yet been made, the ROC remains in office.

		Identification SROC/SA			Designation N			Number	
Mandate (Start-End)	Office	Name	Registration no. at OROC	Registration no. at CMVM	Form (1)	Date	Date of Contract	of years of duties performed in the group	No. of Mandates in Company
(2015-2017)	Statutory Auditor	RCA — Rosa, Correia & Associados, SROC, S.A. Represented by Paulo Fernando da Silva Pereira, as Statutory Auditor and Luís Francisco Pereira Rosa, as alternate Statutory Auditor	143	20161455	AG	19/12/2016	17/02/2017	-	3

Notes: The effective (SROC and ROC) and alternate (SROC and ROC) must be identified (1) Indicate AG/DUE/Order (0)

As the SA has not yet been appointed for the 2018-2020 three-year period, the RCA remains in office..

							EUR
	Annual Value of the Provision of Services — 2018		Annual	Value of Addi	tional Services – 2	2018	
Name ROC/FU	Value (1)	Reductions (2)	Final value (3)=(1)-(2)	Service Identification	Value (1)	Reductions (2)	Final value (3)=(1)-(2)
RCA — Rosa, Correia & Associados, SROC, S.A. Represented by Paulo Fernando da Silva Pereira, as Statutory Auditor	14.019	-	14.019	-	-	-	-

EXTERNAL AUDITOR

External Auditor Identific			Number of Years of	Number of Years of			
Name of External Auditor	Registration no. at OROC	•		Contract Duration	Duties Performed in the Group		
Baker Tilly, PG & Associados, S.A.	235	20161528	12/01/2017	2017-2019		2	
Represented by Paulo Jorge Duarte Gil Galvão André 979 20		20160596	12/01/2017	2017-2019	-	Z	

^{*} EDIA's External Auditor at the CMVM is the SA.

							EUR
	Annual Value o	f the Service Agr	eement – 2018	Annual Va	lue of Add	litional Services	– 2018
Name of External Auditor	Value (1)	Reductions (2)	Final Value (3)=(1)-(2)	Service Identification	Value (1)	Reductions (2)	Final Value (3)=(1)-(2)
Baker Tilly, PG & Associados, S.A. Represented by Paulo Jorge Duarte Gil Galvão André	16.110	-	16.110	-	-	-	-

The External Auditor working for EDIA is working under a three-year contract covering the 2017-2019 financial years.

The Statutory Auditor heading the contractual auditing is Paulo Jorge Duarte Gil Galvão André (Chairman of the Board of Directors of Baker Tilly, PG & Associados — Sociedade de Revisores Oficiais de Contas).

SUSPENSION OF PAYMENT OF COMPLEMENTARY PENSIONS

Not applicable, since EDIA does not have such situations.

EUR

PUBLIC MANAGER STATUTE

As from April 2012, remuneration of public managers has been governed by the new Public Manager Statute (EGP), published in Decree-Law no. 8/2012 of January 18th, object of the Declaration of Rectification no. 2/2012, January 25th, in conjunction with the Council of Ministers' Decision (RCM) no. 16/2012 approving the criteria for determining the salary of public managers, and no. 36/2012, approving the classification of public companies and public entities within the National Health Service in order to determine their managers' remuneration, as well as ratings allocated to the companies included in the Annex in three groups (A, B and C). EDIA was rated in group B, with effect in terms of fixing the remuneration of members of the governing bodies.

The total amount of remuneration earned was changed at the beginning of 2018. Within the scope of a set of adopted additional fiscal consolidation measures aimed at strengthening and accelerating the excessive deficit reduction and control of government debt growth provided for in Stability and Growth Program (PEC), the 5% reduction in the salaries of public and equivalent managers provided for in Article 12 (1) of Law No. 12-A/2010, of June 30th still holds.

Management awards are still not contemplated, in accordance with article 4 of Decree-Law no. 8/2012, of January 18th, and no. 4 of the Council of Ministers' Resolution no. 36/2012, of March 26th, in article 29 of Law no. 64-B/2012, of December 30th (LOE 2012), in article 37 of Law no. 66-B, of December 31st (LOE 2013), Article 41 of Law no. 83-C, of December 31st (LOE 2014), article 41 of Law 82-B/2014 of December 31st (LOE 2015), and article 18 of the Law 7-A/2016 of March 30th (LOE 2016), article 19 of Law no. 42/2016, of December 28th (LOE 2017), and article 20 of Law no. 114/2017, of December 29th (LOE 2018).

On the other hand, and in line with stipulations in article 32 of the EGP, and as republished by Decree-Law no. 8/2012, namely, with regard to the application of the provisions in numbers 1 and 2 of article 32 of the aforementioned Decree-Law, EDIA's Board of Directors does not use credit cards, or other payment instruments used by public managers, for the purpose of incurring EDIA expenses, nor does it receive reimbursements for any expenses that fall within the scope of personal representation expenses.

The following tables systematize, respectively, expense amounts associated with communications, and the monthly fuel and toll amounts assigned to service vehicles.

	Communications Expenses					
Member of BD (Name)	Set Monthly Limit	Annual Value	Comments			
José Pedro Mendes Barbosa da Costa Salema	80,00	279	-			
Augusta Manuel Pereira de Jesus Cachoupo	80,00	265	-			
Jorge Manuel Vazquez Gonzalez	80,00	224	-			
		768				

	Firel And Talla	Anr	nual Expenses R	elated With Vehi	cles
Member of BD (Name)	Fuel And Tolls — Monthly Limit	Fuel	Tolls	Total	Comments
José Pedro Mendes Barbosa da Costa Salema *	486,40	5.462,05	2.756,94	8.218,99	-
Augusta Manuel Pereira de Jesus Cachoupo **	389,15	4.233,51	1.370,85	5.604,36	-
Jorge Manuel Vazquez Gonzalez ***	389,15	4.342,97	2.260,05	6.603,02	-
Notes:			_	20.426	

^{*} The vehicle was not used in a personal capacity

UNDOCUMENTED EXPENDITURES

EDIA does not have expenditures of this nature registered in its accounts.

REPORT ON PAID REMUNERATIONS TO WOMEN AND MEN

The report on remunerations paid to women and men, as determined in paragraph 2 of the Council of Ministers' Decision no. 18/2014, of March 7^{th} , is disclosed and available on the Company's intranet platform.

https://www.edia.pt/pt/quem-somos/edia/principios-do-bom-governo/

^{**} Fuel and toll expenses for personal use were EUR 377

^{***} Fuel and toll expenses for the use of a personal vehicle were EUR 440 $\,$

ANNUAL REPORT ON CORRUPTION PREVENTION

The Annual Report on the Plan for the Prevention of Corruption Risks and Related Offences (PPCRRO), (Report from January 1st, 2016 to December 31st, 2017) is available on the Company's institutional website.

https://www.edia.pt/pt/quem-somos/edia/principios-do-bom-governo/

PUBLIC PROCUREMENT

Regarding the implementation of the Rules for Public Procurement, EDIA is subject to the application of the Public Procurement Code (CCP) approved by Decree-Law no. 18/2008 of January 29th, by virtue of Article 2, paragraph 2, subparagraph a). In applying the rules of public procurement, EDIA is guided by the principles of equality, non-discrimination and transparency detailed in the national and European right to public procurement, without losing sight of other equally important values such as economy and sound financial management of public resources and the selection of the most suitable bid for the public interest. Decisions authorising spending are based on information where the need to contract is justified and the most appropriate procedure is proposed, following the procedure provided for in the CCP and the procedural rules established in internal regulations, bearing in mind the need to disaggregate functions and target parts of each procedure, particularly in terms of defining the relevant criteria for the award, the guidelines issued by the Ministry of Finance and related to the contracting, namely of services, by public companies, were also included in the public procurement procedures implemented in EDIA.

For several years now, EDIA has implemented a set of measures that have allowed a significant reduction in the average cost of purchases per employee, thus anticipating some of the measures now being addressed. Furthermore, following the implementation of these measures and the concomitant effect seen in terms of cost reduction, maintaining them has been a primary concern, and the possibilities that arise in connection with any reduction of these costs have not been ignored, either. At the same time, the full dematerialisation of the award procedures established in the CPP commonly used in the Company has been implemented, that is, open tender and direct award, per the general regime established therein. The development of such procedures on an electronic platform is now in line with the dematerialization already operated within the Company's internal document management.

At the more concrete level of spending on the acquisition of services it was decided by the Board of Directors that if the direct award procedure is used for expenditure worth over EUR 5,000.00 at least five entities must be invited. It will only be permitted to invite a smaller number of interested parties in exceptional, duly justified cases, subject to authorisation by the Board of Directors.

In terms of handbooks on the procurement of goods or services and in order to address the concerns underlying DGTF notice no. 6132 of 06.08.10, it was decided that in provision of services contracts worth EUR 125,000.00 (excluding VAT) or more, the award must be preceded by a justification of the need to hire, both from the economic standpoint and relative to the lack of internal solutions, as well as an explanation of the goals that should be reached in terms of a cost-benefit analysis.

At present, already incorporated in the relevant internal procedure handbook is the need for compliance, even when preparing the information that underpins and proposes a specific acquisition, as provided for in Article 127 of the CCP (the wording of Law no. 64-B/2011 of December 30th, which enters into force on January 1st, 2012), pursuant to which the publication on the portal of the public procurement of all contracts concluded by direct award whose value is EUR 5,000.00 or more must contain the reasons for the need to resort to direct award, with special emphasis on the impossibility of meeting the need by way of the Public Administration's own resources.

In 2017, EDIA awarded contracts that surpassed EUR 5,000,000.00. This is the case of the construction contract for the EFMA Morgável adduction system, the construction of the Cuba Odivelas block irrigation infrastructure, and the power supply to the EFMA infrastructure. Regarding the existence of contracts submitted for prior approval by the Court of Auditors in 2018, it should be noted that the reinforcement of the Álamos pumping station (Public Tender No. 04/2017) was submitted at the end of 2017, but the visa was only in 2018.

On the other hand, and as regards the justification for incurring each expense, the need for competitive procedures was firmly established, with the handbooks on the procurement of goods or services in force in the Company requiring that the choice of the procedure to invite a single entity must always be justified on technical, economic, urgency or some other grounds, so as not to widen the universe of competitors.

Guidance was given to the effect that the price factor is of increasing importance in the award criteria adopted, seeking gains in efficiency, rationalisation and transparency in this way. Software was also implemented to facilitate control of the limits set by Article 113(2) of the Public Procurement Code at the stage of choosing and proposing which entities to invite.

Regarding the recommendation to encourage companies to sound out their internal powers, throughout this report several references are made to the significant efforts made by EDIA to develop its activity with the same or, if possible, with a smaller number of resources, a strategy which continued to be followed in 2017 without compromising the pursuit of the planned activities.

Finally, considering measures for fiscal restraint and public expenditure limitation articulated with all the guidelines issued by the Finance Department regarding control measures and implementation of public expenditure, the skills to carry out expenditure and the acquisition of goods and services are defined in Work Order no. 1/2013 which aims to establish clear and effective rules for the management of funds of the Company. This document defines, in a detailed manner:

- → A tiered hierarchy of powers delegated by levels of responsibility; and
- → The form of approval, conference and validation of expenditure incurred.



NATIONAL SYSTEM OF PUBLIC PROCUREMENT

In the supply of goods and services required for its activity, EDIA scrupulously complies with the legislation in force and the guidelines issued by the Shareholder. The existence of a model of governance clearly known by all employees, with diverse skills and attributes, and centralised purchasing services, allows it to achieve economies of scale that have proven to be efficient and advantageous to the Company's management. The results obtained in the field of provision of computer services, mobile communications, asset management and consumables stand out in this regard.

It should also be noted that EDIA already carried out the dematerialization of the entire procurement procedure cycle. Internally from the authorization of expenditure validated on document management platform and supported in SAP and at the level of relationship with suppliers by the use of an electronic platform for public procurement, connected with the Official Portal for Public Procurement.

On the other hand, with the gradual entry of the company into exploration phase, and taking into account the need to contribute toward rationalising spending and less bureaucratic processes of public supply processes, EDIA joined the National Public Procurement System (SNCP) via the Shared Services Entity of Public Administration, I.P. (eSPap) by assessing the benefits that may accrue from this type of provision of goods and services. In 2018, acquisitions made via eSPap by EDIA were related to obtaining vehicles in purchase or operational leasing scheme.

Lastly, and considering the need to contain expenses, it was also determined that the price factor should hold significant weight in the awarding criteria adopted, and that they be preceded by adequate support and justification regarding the need to contract and analyse the lack of alternative internal solutions, thus seeking to enhance not only efficiency and streamlining, but also transparency.

MEASURES TO REDUCE OPERATING EXPENDITURE

					2018/2	017
PRC	2018 Exec.	2018 Budget	2017 Exec.	2016 Exec.	Absol. Var.	Var. %
(0) EBITDA	8.726.516	11.892.431	10.821.121	11.990.782	-2.094.605	-19,36%
(1) CMVMC	59.254	21.894	43.533	36.093	15.721	36,11%
(2) FSE	16.954.589	21.237.180	18.524.986	25.770.643	-1.570.397	-8,48%
(3) Personnel costs after correction of expenses I), II) and III)	5.876.982	5.782.592	5.772.610	5.863.828	104.372	1,81%
(3.I) Indemnities paid for termination	696	2.000	72.562	203.050	-71.866	-99,04%
(3.II) Remuneration valuations under the terms of the LOE 2018	139.231	130.000	0	0	139.231	
(3.III) Impact of the application of the provisions of article 21 of Law no. 42/2016, of December $29^{\rm th}$	0		3.732	0	-3.732	-100,00%
(4) Operating Expenses = (1) + (2) + (3)	22.890.824	27.041.666	24.341.128	31.670.564	-1.450.304	-5,96%
(5) Turnover (VN) b)	30.280.146	32.227.783	28.958.876	37.815.685	1.321.270	4,56%
(6) Weight of Expenses/VN = (4)/(5)	75,60%	83,91%	84,05%	83,75%	-8,46%	-10,06%
(I) Travel expenses (FSE)	15.530	28.006	15.672	15.975	-142	-0,91%
(II) Expenses with Subsistence Allowances and Accommodation Costs (Staff Expenses)	21.870	20.755	20.755	22.832	1.115	5,37%
(III) Expenses associated with the vehicle fleet (c)	712.837	701.499	713.833	737.740	-996	-0,14%
Total = (I) + (II) + (III)	750.238	750.260	750.260	776.547	-22	-0,00%
(7) Expenses with contracting studies, opinions, projects and consulting	315.846	309.616	316.126	426.722	-280	-0,09%
Total Number of HR (GB + MP + Workers)	184	185	185	185		-0,54%
No. of Governing Bodies (OS)	5	6	6	6		-16,67%
No. of Management Positions (MP)	24	24	25	26		-4,00%
No. Workers (without GB and without MP)	155	155	154	153	1,00	0,65%
No. of workers/No. of MP	6,46	6,46	6,16	5,88	0,30	4,84%
Number of Vehicles	80	77	77	77	3,00	3,90%

a). In order to assess the degree of compliance with operational expense reduction measures (CGSMC + FSE + Personnel Expenses), costs of termination payments; the application of the provisions of Article 21 of Law No. 42/2016, of December 28th; and of the remuneration valuations under the terms of L0E 2018 are not considered. The Investment Secondary Network amount in Subcontracts is included in the FSE.

⁽b) Turnover is adjusted to operating allowances and compensatory allowances, and includes the amount of Variation in Production Inventories.

c) Car expenses should include: rents/depreciation, inspections, insurance, tolls, fuels, maintenance, repair, tires, rates and taxes. The increase in the number of vehicles in 2018 (3 vehicles) is authorized by the Order issued by the Minister of Agriculture, Forestry and Rural Development, on September 6th, 2017, on Official Letter 1899/PCA/DPCI/BJ/2017 of August 21st, 2017.

In 2018, there was a decrease in operating expenses compared to 2017 (-3.99%), mainly in external supplies and services under the electricity line, as it was a hydrologically humid year, with significant precipitation, reducing the need for water supply and the respective energy consumption. EDIA has also stabilized car fleet, travel and accommodation, and subsistence expenses.

Regarding the car fleet, due to the measures developed throughout 2018, expenses were reduced when compared to 2017, mostly due to the reduction in vehicle maintenance, repair and insurance costs. Simultaneously, as a result of the restraint measures implemented, it was decided to sell old vehicles at the end of the year, which had high maintenance and upkeep costs. As of December 31st, 2018, EDIA's car park consisted of 80 vehicles.

Following the ministerial guidelines, the Company, while ensuring that exploitation, operation, and maintenance of irrigation perimeters remains a strong component of its activity, according to the schedule of activities approved by the State Shareholder, has been able to stabilize the total number of employees and favouring the redistribution of tasks among existing employees by adopting policies of internal mobility. In fact, on December 31st, 2011, EDIA's staff consisted of 189 employees, decreasing to 188 in 2012, to 187 employees in 2013, to 185 employees in 2014 and 2015, and to 179 employees in 2016, 2017 and 2018.

Regarding the amounts executed, the increase of 1.8% in Personnel Expenses is justified by the reduction of unpaid absences by 1.5 pp (with an impact of around EUR 90,000) over the previous year. The remaining amount refers to the reinforcement of maintenance teams in the maintenance area (with non-permanent remuneration payments), thus guaranteeing 24/7 assistance in the event of breakdown, which is key to the fulfilment of the EDIA's public service mission.

In accordance with its objectives and memorandum of association, the strong commitment of EDIA's human resources has been demonstrated in a particularly expressive form, by strengthening the appreciation and introduction of flexibility and versatility concepts within the organisation, something that led to the transfer of employees between areas, reinforcing the operational and maintenance areas. The policy pursued by EDIA throughout the year focused on diverting some of its human resources to new areas of the organisation's operations, through the conversion of the tasks for which they became responsible. Note that this increase and diversification of the Company's activities was carried out based on a staffing level that has been stabilised. Lastly, in order to meet these needs, it is also worth mentioning the change in the Company's organizational chart in 2018.

PRINCIPLE OF STATE TREASURY UNIT

EDIA, pursuant to Decree-Law No. 191/99 of June 5th, approving the State Treasury of Article 28 of Decree-Law no. 133/2013, of October 3rd, which establishes the principles and rules applicable to the corporate public sector, is part of the universe of bodies subject to the rules on the State Treasury Unit (UTE) and, therefore, has open accounts with the IGCP, EPE (IGCP) through which it must carry out all the financial transactions, in compliance with the Principle of Treasury Unit (PUT) established under Article 28 of Decree-Law no. 133/2013, of October 3rd.

However, due to the nature and diversity of financial transactions, either by virtue of the rules on the use of Community funds or by limitations of the facilities and services provided by the IGCP while "public treasury bank" (namely medium and long-term bond loans, as well as bank guarantees), EDIA has to contract some commercial banking services/products, so as not to compromise the normal functioning of financial services. It should be noted that, at the end of 2018, the rate to centralize at IGCP was 96.40%.

Considering that compliance with UTE rules may be waived annually by authorization of the share-holder feature in case of Public Companies (PE), due to the context presented and with the weighting of constraints presented, EDIA requested the dismissal of full concentration of the Company's deposits in IGCP for 2018, as provided in paragraph 3 of Article 28 of Decree-law No. 133/2013 of October 3rd, and in article 86 of Law no. 7-A/2016, of March 30th, and in accordance with point (b), 4 of article 135 of Law 114/2017 of December 29th. On July 18th, 2018, EDIA received a letter from the Treasury and Public Debt Management Agency, so as to exempt from UTE compliance, for 2018 and 2019, the values:

- a) Purpose of the contracted collection service, which must be transferred to EDIA accounts at IGCP, every two weeks;
- b) Collected through the use of the direct debts creditor, which must be transferred biweekly to EDIA accounts in IGCP; and
- (c) bank guarantees which cannot be replaced by escrow deposits.

The remaining amounts should therefore be handled by EDIA through IGCP accounts, by using the banking services provided by this Agency.

				EUR
Commercial Banking *	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Caixa Geral Depósitos — Beja	184.066,47	188.437,77	127.331,40	90.344,42
Banco Comercial Português	24.481,63	104.097,31	25.301,46	8.057,83
Novo Banco	69.699,58	69.919,18	70.099,86	80.760,05
Caixa Banco Investimento	2.073,97	2.073,97	2.073,97	2.073,97
Caixa Central de Crédito Agrícola Mútuo	491.727,19	709.227,82	191.856,82	611.954,80
Santander-Totta	64.368,38	91.571,51	85.637,98	85.554,95
Banco Português Investimento	17.603,06	43.930,70	13.036,79	8.501,75
TOTAL	854.020,28	1.209.258,26	515.338,28	887.247,77
Interest Earned **	0,00	0,00	0,00	0,00

^{*} Institutions where the liquid assets are held.

^{**} Interest earned on all financial investments with Commercial Banking.

				EUR
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
IGCP	18.012.650,89	24.032.579,10	11.354.568,77	23.756.859,19

RECOMMENDATIONS RESULTING FROM AUDITS OF THE COURT OF AUDITORS

The Court of Auditors did not audit EDIA throughout the last three years, i.e. 2016, 2017 and 2018.

ANNEXES REQUESTED BY DGTF

	Disclosure	_	
Information to be included In the SEE website	Y/N/N.A.	Update Date	Comments
Statutes	Υ	7 March 2019	-
Company Characterization	Υ	8 March 2019	-
Guardianship Function and Shareholder	Υ	8 March 2019	-
Governance Model/Members of Governing Bodies			
Identification of Governing Bodies	Υ	6 March 2019	-
Fixed Remuneration Statute	Υ	6 March 2019	-
Disclosure of remuneration earned by the Governing Bodies	Υ	7 March 2019	-
Identification of the roles and responsibilities of the members of the Board of Directors	Υ	4 October 2018	-
Presentation of the curricular summaries of the Governing Bodies members	Υ	6 March 2019	-
Public Financial Effort	Υ	19 February 2019	=
Summary Sheet	Υ	8 March 2019	-
Historical and Current Financial Information	Υ	8 March 2019	-
Principles of Good Governance			
Internal and external regulations to which the Company is subject	Υ	6 March 2019	-
Relevant transactions with related entities	Υ	8 March 2019	-
Other transactions	Υ	8 March 2019	-
Analysis of the Company's Sustainability in the following perspectives			
Economic	Υ	8 March 2019	=
Social	Υ	8 March 2019	-
Environmental	Υ	8 March 2019	-
Assessment of Compliance with the Principles of Good Governance	Υ	11 March 2019	=
Code of Ethics	Υ	4 October 2018	-

	Compliance	_	Justification/Reference t
Compliance with Legal Guidelines – 2018	Y/N/N.A.	Quantification/Identification	the point on the Report
Management Objectives			
Management Objectives 1 (a)	N.A.		
Management Objectives2 (a)	N.A.		
Management Objectives 3 (a)	N.A.		
Goals to Achieve Constants in PAO 2018			
Financial Principles of Reference	Υ		
Investment	Υ	11,90%	page 125
Personnel Expenses	Υ	Deviation of +1,73%	page 126
Degree of Execution of the Budget Loaded in SIGO/SOE			
Projects	Υ		
Expenses	Υ	16%	page 128
Revenues	Υ	25,90%	page 131
Activities	Υ		
Expenses	Υ	98%	page 132
Revenues	Υ	96%	page 132
Financial Risk Management	Υ	1,60%	page 134
Debt Growth Limits	Υ	-49,14%	page 139
Evolution of PMP to Suppliers	Υ	70	page 140
Disclosure of Payment Arrears	Υ	2.055.029,19 €	page 141
Shareholder recommendations in the latest approval of Accounts			,
Recommendation 1	Υ		pages 141-142
Recommendation 2	Υ		pages 141-142
Recommendation 3	Υ		pages 141-142
Remunerations	·		pages / / / / Z
Non-attribution of management bonuses	Υ		page 150
CA — remuneration reductions and reversals standing in 2018 (if applicable)	Y		pages 149-150 and 151
Supervision (CF/R0C/FU) – remunerative reductions and reversals standing in 2018 (if applicable)	Y		pages 147-148
External Auditor – remuneration reduction and reversal standing in 2018 (if applicable)	Y		page 149
EGP – Articles 32 and 33 of the EGP	<u>'</u>		page 143
Non-use of credit cards	Υ		pages 149-150 and 151
Non-reimbursement of personal representation expenses	Y		pages 149-150 and 151
Maximum expense amount pertaining to communications	Y		pages 149-150 and 151
Maximum fuel and toll expenses allocated monthly to service vehicles	Y		pages 149-150 and 151
Undocumented or confidential expenses – Article 16 (2) of the RJSPE and Article 11 of the EGP	T T		pages 149-130 and 131
Prohibition of undocumented or confidential expenses	Υ		page 151
	Y .		page 151
Promotion of equal pay for women and men – No. 2 of RCM No. 18/2014			151
Preparation and dissemination of the report on remuneration paid to women and men	Y		page 151
Elaboration and dissemination of the Annual Report on Corruption Prevention	Y		page 152
Public Procurement			150 150 1457
Implementation of public procurement rules by the Company	Y		pages 152-153 and 154
Application of public procurement rules by subsidiaries	N.A.		452.452
Contracts submitted to TC prior visa	Y	Reinforcement of the Álamos Pumping Station (CP 04/2017) was submitted in late 2017, but the visa was only granted in 2018.	pages 152-153 and 154
Audits of the Court of Auditors			
Recommendations	N.A.		page 159
Car Park			
Number of Vehicles	Υ	80	pages 156-157
Availability and applications centralized at IGCP			pages 145-146
Cash and cash equivalents in Commercial Banking			
Interest earned in default of UTE and paid in State Revenue	Υ	96,40% (23.756.859,19€)	pages 158-159
Cash and cash equivalents in Commercial Banking	Y	887.247,77 €	pages 158-159
Interest earned in default of UTE and paid in State Revenue	Y	0,00	pages 158-159
(a) be the search of the Consequence of the arms of the consequence of		5,60	Pages 130 133

⁽a) Indicate each of the Company's management objectives.(b) Recommendations resulting from cross-cutting audits in the sector of activity and/or SEE should also be indicated.



FINANCIAL POSITION STATEMENT

Financial Position Statement	Notes	31/Dec/18	31/Dec/17
ASSET			
Non-current assets			
Tangible Fixed Assets	6	12.348.339	12.483.311
Investment Properties	7	2.110.655	2.113.934
Intangible assets	8 and 19	335.454.868	340.688.821
Financial Holdings — Other Methods	9	276.571	276.571
Other Financial Assets		1.277	506
Other Accounts Receivable	16	193.380.682	198.802.591
Captive Deposits	11	90.745	90.745
euptive beposits		543.663.136	554.456.480
Current Assets	_		
Inventories	12	4.143.969	3.015.122
Clients	13	7.800.758	5.090.452
Advances to suppliers	14	54.497	202.663
State and other public entities	15	921.994	1.109.020
Other Accounts Receivable	16	218.114.529	217.986.312
Deferrals	17	233.295	216.200
Cash and Bank Deposits	4	24.685.203	30.454.911
		255.954.244	258.074.680
Total Assets		799.617.380	812.531.160
EQUITY AND LIABILITIES			
Equity			
Paid-in Capital	18	809.534.880	529.301.400
Other Reserves	18	9.202.700	9.202.700
Reatined Earnings	18	(801.434.891)	(834.566.239)
Net Profit for the Period		(3.935.067)	(341.899)
Total Equity		13.367.622	(296.404.038)
Non-current liabilities			
Provisions	20	22.210.277	15.530.223
Financing obtained	21	222.782.973	293.905.904
Other Accounts Payable	22	-	1.603.100
Deferrals	17	410.711.616	425.152.513
		655.704.866	736.191.740
Current Liabilities			
Suppliers	22	3.322.702	3.621.022
Advances from Clients		9.136	8.763
State and other public entities	15	256.069	250.344
Financing obtained	21	101.433.443	343.591.846
Other Accounts Payable	22	10.997.732	10.696.865
Deferrals	17	14.525.810	14.574.619
		130.544.892	372.743.459
Total Liabilities		786.249.758	1.108.935.198
Total Equity and Liabilities		799.617.380	812.531.160

The Certified Accountant

COMPREHENSIVE INCOME STATEMENT

EUR Comprehensive Income Statement 2018 **Notes** 2017 Sales and Services Provided 13 28.920.238 28.180.445 Operating Subsidies 148.852 69.819 Variation in production inventories 23 1.359.908 778.431 Own Work Capitalised 845.489 24 745.765 Cost of Goods Sold and Materials Consumed (59.254)(43.533)Supplies and external services 25 (16.954.589) (18.524.986) Personnel Expenses (6.016.909)(5.848.904)26 Provisions (increases/decreases) 20 (7.325.180)(1.844.904)Impairment of Debts Receivable (Losses/Reversals) (328.823)(98.567)19 Other Income and Gains 9.397.523 27 9.407.236 Other Expenses and Losses (1.170.729) (2.089.694)28 Result Before Depreciation, Financing Expenses and Taxes 8.726.516 10.821.121 Expenses/Reversals in Depreciation and Amortization 30 (5.740.152)(5.767.058) Impairment of Depreciable/Amortizable Investments (Losses/Reversals) 19 (1.665.079)1.102.116 Operating Income (Before Financing Expenses and Taxes) 1.321.285 6.156.179 Interest and Similas Expenses Incurred 29 (5.169.014)(6.405.906) **Income Before Taxes** (3.847.728)(249.726)Tax over the period's income 10 (87.338)(92.173) Net Profit for the Period (3.935.067) (341.899) Other Income and Expenses Recognized in Equity Other Comprehensive Income for the Period Comprehensive Income for the Period (3.935.067)(341.899)Net Income per Share Basic -0,024 -0,003 Diluted -0,024 -0,003

The Certified Accountant The Board of Directors

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity	Paid-Up Capital	Adjustments to Assets	Other Reserves	Retained Earnings	Net Profit for the Period	TOTAL
Balance on December 31st, 2016	464.341.070	0	9.202.700	(878.333.129)	(14.076.369)	(418.865.728)
Net Profit for the Period					(341.899)	(341.899)
Other Income and Expenses Recognized in Equity						0
Total Comprehensive Income for the Period					(341.899)	(341.899)
Application of 2016 Net Result				(14.076.369)	14.076.369	0
Increase in Paid-in Capital	64.960.330					64.960.330
Adjustment arising from IFRS 15 implementation				57.843.259		57.843.259
Balance on December 31st, 2017	529.301.400	0	9.202.700	(834.566.239)	(341.899)	(296.404.038)
Net Profit for the Period					(3.935.067)	(3.935.067)
Total Comprehensive Income for the Period					(3.935.067)	(3.935.067)
Application of Net Income for 2017				(341.899)	341.899	0
Loss Coverage Entries				33.473.247		33.473.247
Increase in Paid-in Capital	280.233.480					280.233.480
Balance on December 31st, 2018	809.534.880	0	9.202.700	(801.434.891)	(3.935.067)	13.367.622



CASH FLOW STATEMENT

Cash Flow Statement	2018	2017
Operational Activities:		
Client Receipts	29.792.201	36.819.034
Payments to Suppliers	(21.782.096)	(22.459.567)
Payments to Staff	(5.762.198)	(5.656.083)
Cash generated by operations	2.247.907	8.703.385
Income Tax Payment/Receipt	(91.873)	(93.376)
Other Receipts/Payments Pertaining to Operational Activity	194.608	800.591
Cash Flows from Operating Activities	2.350.642	9.410.600
Investment Activities:		
Receipts from:		
Property, plant and equipment	15.491	3.150
Investment Subsidies		12.150.437
Interest and Similar Income		
	15.491	12.153.587
Payments Regarding:		
Property, plant and equipment	(399.078)	(231.656)
Intangible assets	(5.015.415)	(16.163.224)
	(5.414.493)	(16.394.880)
Cash Flows from Investing Activities	(5.399.002)	(4.241.293)
Financing Activities:		
Receipts from:		
Capital Payments	280.233.480	30.907.990
Loss Coverage	33.473.247	
Financing obtained		
	313.706.727	30.907.990
Payments Regarding:		
Financing obtained	(313.424.068)	(12.220.325)
Financial Leasing Contracts		
Similar Interest and Expenses	(3.004.007)	(4.756.461)
	(316.428.075)	(16.976.786)
Cash Flows From Financing Activities	(2.721.348)	13.931.204
Variations in Cash and Cash Equivalents	(5.769.708)	19.100.511
Cash and Cash Equivalents at the beginning of the period	30.454.911	11.354.400
Cash and Cash Equivalents at the End of the Period	24.685.203	30.454.911

FINANCIAL STATEMENTS EXPLANATORY NOTES

1. BRIEF COMPANY OVERVIEW

EDIA, Empresa de Desenvolvimento e Infra-estruturas do Alqueva (hereinafter called "EDIA", "Company" or "Entity") was established by Decree-Law no. 32/95 of February 11th, according to which it became entitled to all the rigths and obligations belonging to Comissão Instaladora da Empresa do Alqueva (Alqueva Company Installing Committee). Its share capital is wholly owned by the Portuguese State, through Direção-Geral do Tesouro e Finanças (DGTF) (Directorate-General of Treasury and Finance). As of December 31st, 2018, the Share Capital was fully subscribed and paid-up.

According to the provisions of article 2 of that legal statute, as amended by Decree-Laws no. 232/98 of July 22nd, no. 335/01 of 24th December and no. 42/07 of February 22nd, EDIA now has the following corporate purpose:

- → The use of the public water domain assigned to Alqueva Multi-purpose Project (EFMA) for the purposes of irrigation and hydroelectrical generation, according to the contract signed between the Ministry of the Environment, Land Use and Regional Development, representing the State;
- → The design, implementation and construction of EFMA's primary system infrastructures, as well as their management, operation, maintenance and conservation;
- → The design, implementation and construction of EFMA's secondary irrigation system infrastructures, representing the State and according to instructions by the Ministry of Agriculture, the Sea, the Environment and Land Use; and
- → The promotion, development and pursuance of other economic activities which contribute toward improving the conditions of use of the resources assigned to EFMA.

Following the consolidation of the energy generation potential, and not only hydroelectric energy, which is an important potential source of revenue as well as an important complement of the irrigation component, Decree-Law no. 313/2007 approving the basis of the concession contract to be signed between EDIA and the State was published on September 17th. This Decree-Law provided for the granting of rights to operate Alqueva and Pedrógão hydroelectrical plants, in compliance with the rights acquired by third parties under the previous legislation.

According to legislation in force governing the water resources sector, EDIA appears as the concessionaire of the management and operation of the Development and also as the exclusive holder of the rights of private use of the public water domain assigned to EFMA for irrigation and hydroelectrical generation.

On October 17th, 2007, the Company signed the concession contract with the Ministry of the Environment, Land Use and Regional Development, which governs the use of the water resources to collect the water for irrigation and electric power generation in EFMA's primary system. This contract awarded to EDIA the management and operation of EFMA, as well as the use of the public water domain assigned to the Project.

On October 24th, 2007, a contract was signed between EDIA and EDP – Gestão da Produção de Energia, S.A (EDP), which assigns to EDP, for 35 years, the operation of Alqueva hydroelectric plant (260 MW), on a market basis, and the Pedrógão one (10MW), under a special scheme. This contract also establishes the rights of private use of the respective water domain, and has enhanced Alqueva-Pedrógão system electric value.

In April 2013, EDIA signed a 'Concession Agreement on the Management, Operation, Maintenance and Conservation of EFMA Secondary Network Infrastructures" with DGADR, effective until December 31st, 2020. This contract establishes that EDIA (concessionaire) shall supply the State (grantor), represented by DGADR, the infrastructure pertaining to the secondary network, drainage and agricultural roads, goods and equipment necessary for their operation and exploration, and the areas acquired and expropriated for the implementation of EFMA's hydro-agricultural exploitation infrastructure.

The overall values of each of the major investment programs (Alqueva dam; Alqueva plant; Pedrógão dam and plant; Álamos lifting station; primary network; secondary network and regional development) are perfectly stabilized, given that practically all contracts are awarded. Only about 11% of the total investment is in a study phase, and essentially pertains to projects covered by PNRegadios and the Alqueva Photovoltaic Park. This way, the best possible estimates are indicated against currently available information.

The multi-annual reprogramming, which includes the amounts under execution up to 2017 and the investment forecasts for the following years, was approved by the Board of Directors at its meeting on March 13th, 2018, in the total amount of EUR 2,639.32 billion. The difference of EUR 2.556 billion from the previous forecast is mainly due to the investment now foreseen for the construction of the EUR 50 million Alqueva Photovoltaic Park.

By the end of 2018, the total investment made amounted to EUR 2.356 billion, approximately 89% of total. As part of the applications for community funding, by then EDIA obtained EUR 1.240 billion in community funds, about 53% of the investment made. To face the national contribution of the investments supported by FEOGA-0 and FEADER, within the context of QCA III (Community Support Framework) and PRODER, EUR 153 million were obtained from PIDDAC. The necessary financing for both the remaining national contribution of projects supported by community funds, and other expenses (operating and financial duties), originated from capital injections (EUR 809.53 million), bank and bond loans (EUR 198.27million), and DGTF (EUR 126,14 million), totalling at EUR 1.134 billion.

Total investment includes projected and realised investments in the secondary network (EUR 889 million), the property of which belongs to MAFRD (except Infrastructure 12, which has an exceptional concession scheme).

EDIA, for the financing of the investment yet to be realised, under supervision guidelines, expressed interest in the EIB and CEB financing for EFMA projects included in PNRegadios, and the contracts concluded in April 2018. Funding will be granted to the Portuguese State, which will finance, through IFAP, projects contemplated in the Program. The Alqueva photovoltaic park project will be financed by loan granted by the CEB, which is in the final phase of operation.

By December 31st, 2018, the Company, with its registered office in Beja, is comprised of 179 employees.

2. ACCOUNTING REFERENCES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Bases for Presentation

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IAS/ IFRS), as adopted by the European Union. The IAS/ IFRS include standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessors.

New standards, amendments and interpretations that became effective for EDIA on January 1st, 2018 and that the Company adopted in preparation for its financial statements:

Improvements to international financial reporting standards (2014-2016 cycle) — These improvements were issued in December 2016 and were adopted by Commission Regulation (EU) 2018/182 of February 7th. These introduce amendments to the following IFRS that apply, at the latest, from the commencement date of the first financial year beginning on or after January 1st, 2018:

- → IFRS 1 First-time adoption of international financial reporting standards. Some short-term exemptions are eliminated.
- → IAS 28 Investments in associates and joint ventures. Introduction of clarifications on fair value measurement of the results of investments in associates or joint ventures held by venture capital companies or investment funds.

EDIA is not impacted by the adoption of these improvements.

- → IFRS 15 Revenue from customer contracts (new). This standard was issued in May 2014 and adopted by Commission Regulation (EU) 2016/1905 of September 22nd, with effect from the date of commencement of the first financial year beginning on or after January 1st, 2018. This standard introduces a principle-based revenue recognition framework set on a five-step model to be applied to all customer contracts. The steps considered are as follows:
 - I. Identify the contract with the customer
 - II. Identification of performance obligations
 - III. Determine transaction price
 - IV. Allocate the transaction price; and
 - V. Recognition of revenue.

IFRS 15 replaces the following standards: IAS 8 – Revenue; IAS 11 – Construction Contracts; IFRIC 13 – Loyalty Programs; IFRIC 15 – Real estate construction agreements; IFRIC 18 – Transfers of assets from customers and SIC 31 – Revenue – Direct exchange transactions involving advertising services.

EDIA had already applied this standard in advance in 2017.

IFRS 15 – Revenue from customer contacts: clarifications. These amendments were issued in September 2016 and adopted by Commission Regulation (EU) 2017/1987 of October 31st, with effect from the date of the first financial year beginning on or after January 1st, 2018. Several clarifications are introduced in the standard to eliminate possible divergent interpretations.

There were no significant impacts arising from these clarifications.

→ IFRS 9 – Financial Instruments. This standard was issued in 2009 and amended in 2010, 2013 and 2014 as part of the draft revision and replacement of IAS 39. It was adopted by Commission Regulation (EU) 2016/2067 of November 22nd, to be applied application, at the latest, from the commencement date of the first financial year beginning on or after January 1st, 2018.

IFRS 9, issued in 2009, introduced new requirements for the classification and measurement of financial assets. The 2010 amendment introduced additional requirements related to financial liabilities. The 2013 amendment introduced the hedging methodology. In 2014, we considered limited changes to the classification and measurement contained in IFRS 9 and new requirements regarding impairment of financial assets.

The standard contains three categories of financial asset measurement: amortized cost; fair value against other comprehensive income; and fair value through profit or loss, eliminating categories considered in IAS 39, which was revoked.

There were no significant impacts arising from this standard.

→ RS IFRS 4 — Insurance Contracts (amendment): application of IFRS 9 — Financial Instruments together with IFRS 4 — Insurance Contracts. This amendment was issued in September 2016 and adopted by Commission Regulation (EU) 2017/1988 of November 3rd, 2017, with effect from the date of commencement of the first financial year beginning on or after January 1st, 2018. It provides guidance on the application of IFRS 4 in conjunction with IFRS 9. This IFRS 4 will be replaced by IFRS 17, which is still being adopted by the European Union.

The adoption of this amendment had no impact on EDIA's financial statements.

→ IFRS 2 — Share-based payment: Transaction classification and measurement (amendments). The amendment was issued in June 2016 and adopted by Commission Regulation (EU) 2018/289 of February 26th, with effect from the date of commencement of the first financial year beginning on or after January 1st, 2018. It introduces several clarifications to the standard pertaining to (i) the recording of share-based payment transactions settled in cash; and (ii) recording changes in share-based payment transactions (from cash-settled to settled with equity instruments).

This amendment has no impact on EDIA.

→ IAS 40 — Investment Properties: Transfers (Amendments). This amendment was issued in December 2016 and adopted by Commission Regulation (EU) 2018/400 of March 14th for implementation at the latest from the date of commencement of its first financial year beginning on or after January 1st, 2018. It clarifies that the classification change of the asset from or to investment property should only be made when there is evidence of change in the asset's use.

There are no impacts arising from the adoption of this interpretation.

→ IFRIC 22 — Foreign currency transactions including advances for asset purchases. It was issued in December 2016 and adopted by Commission Regulation (EU) 2018/519 of March 28th for implementation at the latest from the date of commencement of its first financial year beginning on or after January 1st, 2018. The interpretation determines that, when there have been advances in foreign currency for the purpose of acquisition of assets, expenses or income, the transaction date for the purpose of determining the exchange rate to be used in the recognition of the asset, expense or income is the date on which the entity initially recognizes the non-monetary asset or liability resulting from the transaction.

There are no impacts arising from the adoption of this interpretation.

New standards, amendments and interpretations issued and adopted by the European Union, but not effective for annual periods beginning on January 1st, 2018, and not applied in advance.

→ IFRS 9 — Financial instruments: Prepayment elements with negative offsetting (amendments). These amendments were issued in October 2017 and adopted by Commission Regulation (EU) 2018/498 of March 22nd, with effect from the beginning of the first financial year beginning on or after January 1st, 2019. The introduced amendments allow financial assets with contractual conditions that provide for considerable early repayments, may, in accordance to the established requirements, be measured at amortized cost or at fair value by reserves, depending on the business.

Future adoption of this amendment is not expected to impact EDIA.

→ RS IFRS 16 — Leases (new). This standard was issued in January 2016 and adopted by Commission Regulation (EU) 2017/1986 of October 31st, to be applied, at the latest, from the start date of the first financial year beginning on or after January 1st, 2019. The standard introduces the principles of lease recognition and measurement, replacing IAS 17 — Leases. It defines a single lease accounting model that results in the lessee recognizing assets and liabilities for all lease agreements unless they contemplate a duration lower than 12 months or low value assets. Depreciation and interest related to such assets are presented in the income statement separately. Lessors will continue to classify leases as operating or financial.

No significant impacts are expected from EDIA's future adoption of this standard.

→ IAS 28 — Investments in associates and jointly controlled entities: Long-term interests in Investments in associates and jointly controlled entities (amendments) — These amendments were issued in October 2017 and adopted by Commission Regulation (EU) 2019/237, February 8th, effective at the latest from the commencement date of the first financial year beginning on or after January 1st, 2019. It should be clarified that IFRS 9 should be applied to investments in associates or joint ventures when the equity method is not applied in their measurement.

Future adoption of this amendment has no impact on EDIA.

→ IFRIC 23 — Uncertainty about income tax treatment (new). It was issued in June 2017 and adopted by Commission Regulation (EU) 2018/1595 of October 23rd, effective from the beginning of the first financial year beginning on or after January 1st, 2019. The interpretation includes guidance on determining taxable profit, tax bases, tax loss to carry forward, tax credits to use, and tax rates in uncertain scenarios.

Future adoption of this interpretation has no impact on EDIA.

New standards, amendments and interpretations issued by IASB and IFRIC but not yet adopted by the European Union.

- → IRFS 14 Regulatory Deferred Accounts (Tariff deviations). In January 2014, the IASB issued a standard defining provisional measures for those adopting IFRS for the first time and with regulated tariff activity. The European Commission has decided not to proceed with the approval process, pending the final regulation.
- → IFRS 17- Insurance Contracts (new). This standard was issued in May 2017 with mandatory application date for periods beginning on or after January 1st, 2021. It establishes, within its scope, principles for the recognition, measurement, presentation and disclosure, and is intended to replace IRS 4 Insurance Contracts.

Future adoption of this standard has no impact on EDIA.

Improvements to international financial reporting standards (2015-2017 Cycle): These improvements involve clarifying aspects pertaining to the following IAS/IFRS:

IFRS 3 – Business combination: requires remeasurement of previously held interests when an entity obtains control over a subsidiary over which it has joint control; IFRS 11 – Joint Arrangements: clarifies that there should be no remeasurement of previously held interests when an entity obtains joint control over a joint transaction; IAS 12 Income Taxes: clarifies that all tax consequences of dividends should be recorded in profit or loss; IAS 23 Borrowing Costs: Clarifies that the portion of the loan that is directly related to the acquisition or construction of an asset owed after the corresponding asset is ready for its intended use is, for the purposes of determining the capitalization rate, considered an integral part of the entity's generic financing. These changes were issued in December 2017 with effective date for periods beginning on or after January 1st, 2019.

No significant impacts are expected from the future adoption of these improvements.

→ IAS 19 (amendment): Amendment of Plan, Restriction or Settlement: If an amendment, cut or settlement of the plan occurs, it becomes mandatory that the current service cost and net interest for the period after the remeasurement be determined on the basis of the assumptions used for remeasurement. Modifications are also included to clarify the effect of an amendment, reduction or settlement of the plan on the asset ceiling requirements. These amendments were issued in February 2018 and are effective for periods beginning on or after January 1st, 2019.

No significant impacts are expected from future adoption of these changes.

Amendments to references to the IFRS Standard Framework: Pertains to amendments to several standards (IFRS 2; IFRS 3; IFRS 6; IFRS 14; IAS 1; IAS 8; IAS 34; IAS 38; IFRIC 12; IFRIC 19; IFRIC 20; IFRIC 22 and SIC 32) related with references to the revised Conceptual Framework as of March 2018. This review includes updated definitions of assets and liabilities and new guidance for their measurement, derecognition, presentation and disclosure.

These amendments were issued in March 2018 and are effective for periods beginning on or after January 1st, 2020.

No significant impacts are expected from future adoption of these changes.

→ IFRS 3 – Business combinations (amendment): This amendment pertains to the business definition and is intended to clarify the identification of business acquisition or asset group acquisition. The revised definition further clarifies the definition of a business' output as providing goods or services to customers.

These amendments were issued in October 2018 and are effective for periods beginning on or after January 1st, 2020.

No significant impacts are expected from future adoption of these changes.

→ IAS 1 and IAS 8 (amendment) — Definition of material: Amendments to IAS 1 — Presentation of financial statements and IAS 8 — Accounting policies, amendments in accounting estimates and errors are intended to clarify the definition of material in the context of IFRS application. Information is material if its omission, misstatement or concealment is reasonably expected to influence the decisions of primary users of the financial statements based on those same financial statements.

These amendments were issued by the IASB in October 2018 and are effective for periods beginning on or after January 1st, 2020.

These amendments are not expected to have a significant impact on EDIA's financial statements.

While preparing the financial statements, the Board of Directors formulated judgments, estimates and assumptions that affect the application of accounting policies and the values of assets, liabilities, as well as the reported amounts of revenues and expenses during the reporting period.

Associated estimates and assumptions are based on historical experience and other factors considered reasonable under the circumstances, and form the basis for judgments on the values of assets and liabilities whose appreciation is not evident from other sources.

All estimates made by the Board of Directors were based on their knowledge, as of December 31st, of ongoing events and transactions.

However, situations may occur in subsequent periods that were not foreseeable at the time of approval of the financial statements and therefore were not considered in these estimates.

Amendments to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason, and given the degree of associated uncertainty, the actual results of the situations in question may differ from corresponding estimates.

The financial statements were approved by the Board of Directors, and their issuing was authorized on March 15th, 2019.

3. MAIN ACCOUNTING POLICIES

The main accounting policies adopted for the preparation of the attached financial statements are the following:

3.1. Measurement bases used for the preparation of financial statements

The financial statements are expressed in euros, the Company's functional currency.

Income and expenses are recorded in accordance with the accrual-based scheme, and so they are recognized as they occur, regardless of when they are received or paid.

Income and expense recognized in the Statement of Comprehensive Income which have not yet been invoiced or whose acquisition bill has not yet been received are recognized in "Debtors by Accrued Income" or "Creditors by Accrued Expenses" under items "Other Accounts Receivable" and "Other Accounts Payable", respectively. Income received and prepaid expenses are registered under "Deferrals" of Liabilities and Assets, respectively.

Material errors relating to estimates made in the preparation of financial statements in prior years were not recognized.

The estimates and underlying assumptions were determined based on the best information available at the date of approval of the financial statements of events and transactions in progress, as well as in the experience of past and/or current events. However, situations may occur in subsequent periods that were not foreseeable at the time of approval of the financial statements and therefore were not considered in these estimates. Changes to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason, and given the degree of associated uncertainty, the actual results of the transactions in question may differ from corresponding estimates.

3.1.a. Tangible Fixed Assets

Tangible fixed assets are valued at acquisition cost plus transport and assembly costs necessary to place them in operation and less the respective accumulated depreciation and accumulated impairment losses. The borrowing costs that are directly attributable to the construction or production of an asset that qualifies for capitalisation are capitalised until the assets are substantially completed.

Direct expenditures related to technical areas involved in the construction of Company assets are capitalised in tangible fixed assets. This capitalisation is made based on utilized internal resources and time spent, as a counterpart of the item "Own Work Capitalised".

Under IFRIC12 — Service Concession Agreements, assets assigned to the "concession" are shown under "Intangible Assets".

Depreciation of tangible fixed assets, i.e. assets not allocated to the concession, is calculated using the straight-line method and by the twelfths, based on the maximum tax rates accepted by management, which management considers to approximately reflect the useful lives of assets held by EDIA.

	YEARS	
Account	Service Life	
Land and Natural Resources	-	
Buildings and other constructions	50	
Basic equipment	2-32	
Transport Equipment	2-8	
Office equipment	1-16	
Other Tangible Fixed Assets	1-24	

EDIA performs impairment tests for its tangible fixed assets whenever events or changes are identified in circumstances that indicate that the amount for which an asset is measured may not be recoverable. Where the amount for which an asset is recognized exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income under "Impairment of Depreciable Investments (losses/reversions)". The amount recoverable corresponds to the higher between the net selling price (amount obtainable from the sale of the asset in a transaction accessible to the parties involved, less the costs directly attributable to the sale) and the value in use (present value of the future estimated cash flows that are expected to arise from the continued use of the asset and its disposal at the end of its useful life).

The reversion of impairment losses recognized in prior years is recorded when the reasons that caused the recording of the latter cease to exist and consequently the asset is impaired.

3.1.b. Investment properties

The item "Investment Property" records the carrying amount of the investment properties held by EDIA, namely land, not for use in production, supply of goods or services, or for administrative purposes, but to obtain income and/or capital appreciation, or both.

In accordance with IAS 40 - Investment Property, an investment property must be recognized when it is probable that future economic benefits associated with it will flow to the entity; and the investment property's cost can be measured reliably.

The item "Investment Property" is shown in the Financial Position Statement, in Non-Current Assets.

Investment properties were initially measured by their cost, which includes their purchase price, transaction costs and other directly attributable expenses.

As an accounting policy, EDIA chose to measure the cost model for all its investment properties after recognition.

Having chosen the cost model, after initial recognition, EDIA will measure its investment property in accordance with the requirements of IAS 16 – Tangible fixed assets for this model. I.e., an asset should be carried at cost minus any accumulated depreciation and any accumulated impairment losses. Accordingly, the depreciation of an investment property will be made in accordance tangible fixed assets prescriptions.

3.1.c. Intangible Assets

Intangible assets are recorded at cost of acquisition or production, net of respective accumulated depreciation and accumulated impairment losses. Financial costs related to borrowings to fund the ongoing investment are capitalised until such time as the infrastructure is substantially completed.

EDIA adopted, in 2010, the interpretation IFRIC 12 – "Service Concession Arrangements", applicable to activities related to energy production and distribution of water developed under the concession contract signed with the State. Thus, in financial year 2010, the Company:

- → Transferred all investment associated with these activities under "Tangible Fixed Assets" to "Intangible Assets";
- → Adjusted the policy of depreciation/amortization of said investments and of recognition in income of the respective grants, which have all to be amortized on a straight-line basis throughout the concession period, i.e.:
 - → The infrastructures that are already available for use at the start date of concession (1st November 2007) are amortized over the 75 years of the concession, i.e., from November 2007 to October 2082; and
 - → The infrastructures that were not yet available for use on 1st November 2007 are amortised from the date on which each became or will become available for use by the end of the concession period (October 2082).
- → Constituted and started to annually update a provision to cover the estimated costs related to the contractual obligation to maintain/preserve the infrastructures throughout the concession period.

The provision to meet the obligation to maintain/preserve the infrastructures comprises only major repairs and replacements that are expected to be made during the concession period, thus excluding the maintenance and conservation of these assets, which are recognized as expenses in the period in which they occur.

EDIA performs impairment tests for its tangible fixed assets whenever events or changes are identified in circumstances that indicate that the amount for which an asset is measured may not be recoverable. Whenever the amount at which an asset is recognized exceeds its recoverable amount, an impairment loss is recognised, recorded in the comprehensive income statement under the item "Impairment of Depreciable Investments (losses/reversions)." Since, under the concession contract, these are non-tangible assets, the recoverable amount corresponds to the respective value of use (current value of estimated future cash flows expected to arise from the continued use of the asset).

The reversion of impairment losses recognized in prior years is recorded when the reasons that caused the recording of the latter cease to exist and consequently the asset is impaired.

3.1.d. Ongoing Investments

"Ongoing Investments" represent the tangible and intangible assets still under construction/development and are recorded at acquisition cost, less accumulated impairment losses. These assets are depreciated from the month in which they can be used for the intended purposes.

As EDIA is still in the investment phase, the following has been capitalised:

- → Financial expenses directly related to the financing of investment that is still under construction/development until each infrastructure is substantially completed;
- > Personnel costs directly associated with the activity of planning and work, and
- → Supplies and services, which are, by their nature, recorded in cost centres directly related to the construction of infrastructures

3.1.e. Capitalisation Policy of Structure and Financial Charges

The structure costs of the Company as well as the financial burden related to loans directly attributable to the acquisition or construction of assets, associated with concessions, have been capitalised, consistently over time, while infrastructure construction activities (or others that are necessary to prepare the infrastructures for its intended use) are in progress.

With the completion of the 1st Phase construction and operation of Alqueva dams and hydroelectric power plants, as well as the beginning of operation of 22 perimeters, expenses related to these infrastructures are now considered as expenses for the year, and the associated financial costs are no longer capitalised.

Simultaneously, and in order to maximize the EFMA's natural evolution, as well as optimize the benefits of the Project's competitive advantages and take full advantage of available water resources, EDIA is developing a strategy to promote and increase irrigation in Alqueva, by developing studies and projects, having already identified potential irrigation areas; approximately 50,000 hectares adjacent to the Project.

Thus, and bearing in mind that the investment volume in these adjacent areas will tend increase, it is clear that the expenses of activities developed by some departments of the Company are capitalized, since they effectively and directly contribute to the construction of EFMA's new infrastructure.

In the first half of 2018, the capitalization policy remained identical to that adopted until December 31st, 2017. As of July 1st, 2018, the expense capitalization policy has been adjusted and is based on the following assumptions:

- → Non-capitalization of expenses related to: a) governing bodies and secretariat; (b) Board of Directors and Finance, with the exception of the Investment Planning and Control, and Information Systems Departments; c) the Directorate for Asset Management, with the exception of the Expropriations Department; d) the Directorate for Water Economy and Irrigation Promotion; and e) Development and Social Responsibility Office.
- → Directorate, Department and Office expenses whose activities most compete with in this phase of investment in the primary (PN) and secondary (SN) networks are capitalized, with the following allocation:
 - → Directorate for Engineering Environment and Planning 50% Investment (25% PN + 25% SN) + 50%
 - → Directorate for Infrastructure and Energy Management 50% Investment (25% PN + 25% SN) + 50%
 - → Planning Studies and Projects Department 100% Investment (50% PN + 50% SN)
 - → Environmental and Property Impacts Department 50% Investment (25% PN + 25% SN) + 50%
 - → Primary Infrastructure Construction Department 100% Investment PN
 - → Irrigation Infrastructure Construction Department 100% Investment SN
 - → Expropriations Department 100% Investment (50% PN + 50% SN)
 - → Investment Planning and Control Department 50% Investment (25% PN + 25% SN) + 50%
 - → Information Systems Departments 50% Investment (25% PN + 25% SN) + 50%
 - → Legal Support Office 50% Investment (25% PN + 25% SN) + 50% Operation
 - → Public Relations and Communication Office 50% Investment (25% PN + 25% SN) + 50% Operation

3.1.f. Own Work Capitalised

Expenditure on resources directly attributable to tangible and intangible fixed assets during their development/construction phase are included under this item, when it is concluded that they will be recovered through the assets concerned.

Expenses are assessed at cost value, without any margin, based on internal information specifically prepared for this purpose (internal costs) or their acquisition cost.

Construction work carried out by the Company itself, as well as equipment repairs, including the cost of materials, direct labour and overheads, are associated with the ongoing work of EFMA.

EDIA shall capitalize the structure charges, against the account of "Own Capitalized Work" as they refer to spending related to staff and work carried out by third parties under direct administration of the Company.

3.1.g. Financial Participations

Other Financial Participations

The shareholdings in the capital of entities that do not provide EDIA a dominant or significant influence (holdings representing less than 20% of the respective capital) are recorded at acquisition cost less any accumulated impairment losses.

As provided in IAS 32 — Financial Instruments- Presentation and IAS 39 — Financial Instruments-Recognition, at the reporting date, EDIA assesses impairment of all financial assets that are not measured at fair value through profit or loss. When there is evidence of impairment, impairment loss is recognised in the Comprehensive Income Statement.

3.1.h. Leases

Leases are classified as financial or operating depending on their substance rather than the legal form of the contract, in compliance with the criteria set out in IAS 17 – Leases.

Leases are classified as financial, whenever in their terms there is a substantially transfer to the lessee of all the risks and advantages associated with the ownership of the asset. All other operations are classified as operating leases.

Assets acquired through financial lease contracts and the corresponding liabilities are accounted for by the financial method, recognising the tangible fixed assets and the corresponding accumulated depreciation and outstanding debts in accordance with the contractual financial plan.

Rents are composed by financial burden and the amortisation of capital.

Interest included in the value of the rent and the depreciation of tangible fixed assets is recognised as an expense in the Comprehensive Income Statement for the year to which they relate.

As mentioned above, operating leases are those in which all the risks and advantages inherent in ownership of the asset leased are not effectively transferred to the lessee.

In leases regarded as operating leases, payments (rent) due are recognised as a cost in the Comprehensive Income Statement on a straight line basis over the period of the lease contract.

The Company maintains medium and long-term liabilities contracts for operating lease of vehicles.

Regarding the disclosures required by the standard IAS 17 – Leases, given the reduced expression of financial and operating lease contracts in force in 2014 and previous years, information regarding the disclosure of the amounts of minimum payments or as may be required (all payments including the value of any purchase option), was not disclosed by virtue of its immateriality and because it does not provide additional relevant information for the understanding of the financial position and financial performance of the Company and for decision-making of the various users of the information.

3.1.i. Financial Instruments – Financial Assets and Liabilities

A financial instrument is a contract that gives rise to a financial asset in an entity and to a financial liability or equity instrument in another entity.

Financial assets and liabilities are recognised in the balance sheet when the Company becomes party to the corresponding contractual provisions.

For financial assets that present impairment indicators the respective recoverable value is determined and impairment losses recorded against results.

A financial asset is any asset that is cash or a contractual right to receive cash.

A financial liability is any liability that substantiates a contractual obligation to deliver cash.

The Company's financial assets are basically the "Clients", "Other Accounts Receivable" and "Cash and Cash Equivalents".

Financial liabilities are essentially the "Funds Received", "Suppliers" and "Other Accounts Payable".

Clients and Other Accounts Receivable

Debts under "Clients" and "Other Accounts Receivable" are recorded at their nominal value, minus any impairment losses. Impairment losses represent the difference between the amount initially recorded and its recoverable amount, being the present value of the cash flow expected (discounted at the appropriate rate when the effect of time value of money is significant), which are recognised in the Comprehensive Income Statement for the period in which they are estimated.

Regarding "Clients", debts result from services provided by the Company in the normal course of its business, made in accordance with the normal short-term credit, and are therefore measured at the undiscounted amount of cash flows receivable, minus impairment losses and it is expected that they will be collected within a year or less, are recorded under "Current Assets".

The criterion to measure the amortised cost of "Clients" balance does not apply, because the deadlines for receipt defined, in most cases, are complied with and no significant delays or deferrals in the receipt at the time of initial recognition is expected. Thus, the application of amortised cost in the measurement of financial assets in question would not be appropriate.

Even though it is not a significant amount, in 2018, EDIA recognised impairment losses in this type of financial assets.

The "Other Accounts Receivable" are recognised at their nominal value, less any impairment losses, because EDIA considers the impact that the criterion of the amortised cost would have in their accounts would be zero.

Impairment losses represent the difference between the amount initially recorded and its recoverable amount, being the present value of the expected cash flow (discounted at the appropriate rate when the effect of time value of money is significant), which are recognised in the Comprehensive Income Statement for the period in which they are estimated.

In determining impairment losses, doubtful debts are those where non recovery risk is substantiated, which occurs in cases where the credits are outstanding for more than twelve months from the date of the respective maturity and there is objective evidence that steps have been taken to receive them.

The balance of the "Other Accounts Receivable" item mainly reflects: (i) the DGADR debt; (ii) revenues from the Concession Agreement with EDP; (iii) accrued income debtors and a residual community fund value (see Note 16).

"Accrued Income Debtors" are settled in the short term and are recognised at the undiscounted amount of the income recognised in the year.

The Community funds are received within a short period after the balance sheet date and are measured at the undiscounted amount of cash flows to be received (no impairment losses in this case because they are not recognised as receivables, grants that meet the recognition criteria set out in IAS 20 — Accounting for government grants and disclosure of government assistance, i.e. when there is assurance that EDIA will comply with the conditions associated to them and that the grants will be received).

Given the above, EDIA considers that the impact that the criterion of amortised cost would have on its accounts would be nil.

Cash and Bank Deposits/Cash and Equivalents

In the Statement of Financial Position, the amounts included under the item "Cash and Bank Deposits" correspond to cash, on demand and fixed-term bank deposits In the Cash Flow Statement, the "Cash and Equivalents" item includes amounts in cash and deposits as well as short-term financial investments (including term deposits) highly net investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

For the purposes of the Cash Flow Statement, the item "Cash and cash equivalents" is deducted from bank overdrafts, which are included in the Financial Position Statement under "Funding Obtained", given that they are repayable on demand and are part of the Company's treasury management.

Funding Obtained

The financing obtained are registered under Liabilities at amortized cost, and the corresponding financial charges calculated according to the effective interest rate and recognized as income in accordance with the accrual accounting principle.

They are expressed in Current or Non-Current Liabilities depending on whether the maturity occurs in less or more than a year, respectively. The derecognition only occurs when the obligations resulting from contracts cease, particularly when liquidation, termination or expiration has taken place.

Financial costs related to borrowings to fund the ongoing investment are capitalised until such time as the infrastructure is substantially completed.

Accounts Payable

The balances of "Suppliers", "Investment Providers" and "Other Creditors" (not including the funding obtained, which has an autonomous section) relate to most purchases of goods and services contracted by the Company in the normal course of its business and in accordance with normal market conditions and which correspond to a short-term credit.

Accounts payable are recorded at their nominal value, less any interest accrued and recognised in accordance with the effective interest method.

Note that normal market conditions correspond to a short-term credit (average payment period: 70 days), so EDIA considers that the impact that the criterion of amortized cost would have on its accounts would be nil.

If payment is due within one year or less, they are classified as "Current Liabilities", otherwise they are classified as "Non-Current Liabilities".

3.1.j. Captive Deposits

The withdrawal period of the processes to which captive deposits refer to can span several years, however the Company, for the process whose amount is materially relevant, estimated the date of occurrence of the associated cash flows and consistent application of amortized cost.

3.1.k. Inventories

The cost of inventories includes all purchase costs, the costs of conversion and other costs incurred in bringing the inventories to their present location and present condition, valued at acquisition cost.

Following Decree-Law no. 335/2001 of December 24th, which (with the exception of Infrastructure 12, which has an exceptional concession regime) provided for the transfer to the State of the integrating infrastructures of the secondary network allocated to EFMA, EDIA, up until December 31st, 2012, showed the cost of construction of the secondary network under "Inventories".

Under the Delivery Agreement and respective "Concession Agreement concerning the Management, Operation, Maintenance and Conservation of the Secondary Network Infrastructures of EFMA" signed on April 8th, 2013, by EDIA and the State, represented by DGADR, EDIA delivered to the State, the infrastructure for the secondary irrigation net- work, already completed. So the investment in these infrastructure of the secondary network that were already substantially completed before evidenced in the subaccount "Finished and Intermediate Products", deduced from the respective investment subsidies were transferred to the account of DGADR under "Other Accounts Receivable".

In November 2013, through a new Delivery Contract between EDIA and DGADR, like with other secondary network infrastructures, EDIA, representing the State, proceeded with the design, implementation and construction of the infrastructures integrating the irrigation and drainage network, as well as all the material and equipment of the Hydroagricultural Installation of Aljustrel, whose investment was registered under "Products and Work in Progress" and was transferred to the account of DGADR under the item "Other Accounts Receivable" (see Note 16).

Thus, the balance of the item "Inventories" reflects the value of subaccount "Products and Work in Progress", referring to investments concerning the irrigation blocks still under construction of the 2^{nd} investment phase of EFMA.

3.1.l. Recognition of Expenditure and Income

Expenditure and income are recorded in the period to which they relate, irrespective of payment or receipt, according to the accrual basis of accounting. The differences bet- ween amounts paid and received and the respective expenses and in- come are recorded as Liabilities and Assets respectively.

→ Revenue (more detailed description in Note 3.1.o)

Revenue is the gross inflow of economic benefits during the period arising in the course of ordinary activities of EDIA when those inflows result in increases in equity, other than increases relating to contributions from equity participants.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue may arise from sales of goods, provision of services or use of assets that generate interest, royalties or dividends.

→ Charges on Funding Obtained

According to the provisions of IAS 23 — Charges on Funding Obtained the financial charges related to loans are recognised as an expense for the period in which they are incurred, in accordance with the accrual-based accounting regime and the effective interest rate method.

Borrowing costs directly related to the construction of fixed assets or related to concessions are capitalised as part of the cost of the asset. The capitalisation of costs begins after the start of the preparation of construction activities or development of the asset and ends when construction is substantially completed, and is interrupted when the project in question is suspended.

3.1.m. Provisions

Provisions are recognised only when the Company has a present obligation (legal or constructive) resulting from a past event and it is probable that, to settle the obligation, there is an outflow of resources and the amount of the obligation can be reasonably estimated.

The amount of the provision recognized is the present value of the best estimate (on the reporting date) of the resources required to settle the obligation. Such estimate is determined considering the risks and uncertainties associated with the obligation.

Provisions are reviewed at the reporting date by the Company's Legal Office and approved by the Board of Directors, and are adjusted to reflect the best estimate of future liabilities at that date, taking into account risks and uncertainties inherent to such estimates.

Provisions are constituted for ongoing legal proceedings and for litigious expropriations and all estimated charges, at the Company's liability, when there is a reliable estimate of costs to be incurred due to actions filed by third parties, based on the evaluation of the effectiveness of the likelihood of paying, based on the advice of lawyers and experts of the Arbitration Courts.

Following the concession contract signed with the State in October 2007 and following the entry into force of IFRICI12 — Service Concession Arrangements, EDIA constituted, strengthened or reverses half-yearly provision to address estimated expenses relating to the contractual obligation to maintain/preserve, over the period of the concession, the infrastructures related to the production of energy and water distribution, which revert to the State at the end of the concession period. This provision covers only those major repairs and replacements that are anticipated to be made during the concession period, not including the maintenance and conservation of these assets, which are recognized as expenses in the period in which they occur.

In this regard, provisions for expenses with maintenance and upkeep of assets constitute the EDIA's responsibility concerning the contractual obligation to maintain/preserve the infrastructures of the secondary network over the concession period.

3.1.n. Subsidies

With the exception of subsidies relating to secondary irrigation network (already transferred or to be transferred to DGADR) and of those associated to distribution of water (whose assets are fully impaired), subsidies attributed by the Portuguese State and the European Union (EU) to finance investments in fixed assets are recognized under "Deferrals" and subsequently recognized as "Other income and gains" in the same proportion as the depreciation of the subsidized assets and respective percentage contribution.

Subsidies for the construction of the secondary irrigation network are recognized under Liabilities until the corresponding infrastructures are transferred to DGADR or another entity indicated by the DGADR, because at that time the respective investments are transferred from "Inventories" to the MAFRD account under "Other Accounts Receivable" and the subsidies associated are also transferred to said account which thus reflects the investment in infrastructures of the secondary network not financed by State or EU subsidies.

Subsidies linked to distribution of water, whose assets are fully impaired, have been derecognised under the registration of impairment losses for the respective assets, i.e., these losses are recognized in the Comprehensive Income Statement by the net value of the respective subsidies.

Operating subsidies, for nature and biodiversity conservation, namely to support agriculture, tourism, environment and training of employees, are recognized in the Comprehensive Income Statement as income over the same period as the expenses they are intended to offset.

Subsidies are recognised when a reasonable certainty exists that they will be effectively received and the Company will comply with their inherent obligations and conditions.

3.1.o. Revenue

Sales and Services Rendered

The recognition of revenue related to sales and provision of services requires that: (i) the amount can be reliably measured, (ii) it is likely that future economic benefits associated with the transaction flow to the Company.

Revenue arising from the ordinary activity of the Company is measured at the fair value of the consideration received or receivable, understood as such that which is freely determined between the parties on the basis of independence, and for the sale of goods and provision of services, the fair value reflects any discounts and does not include value added tax (VAT).

In the energy production activity, the Company recognizes the revenue arising from the "Operation Concession Contract for the Alqueva and Pedrógão Hydroelectric Power Plants", entered into between EDIA and EDP for a period of 35 years, under which EDP is obliged to pay financial compensation in the following terms:

- → An initial sum of EUR 195,000,000 plus VAT at the statutory rate and paid at the entry into force of this contract; and
- → Throughout the contract period, an annual, periodic amount of EUR 12,380,000 (value updated in 2011), plus VAT at the statutory rate and paid annually on the same day and month of the entry into force of the contract, the first instalment being owed in 2008.

By adopting IFRS 15 in advance in in 2017, EDIA opted to adjust the consideration value, since the contract contains a financing component. The goal is to recognize revenue for the amount that reflects what the price of the agreed service would have been if the customer had made the payment when obtaining control of that service. The discount rate used was 3,5% (up to 2016 5,5%) and the periodic annual amount of EUR 12,645,948.

In water distribution activity, the Company only recognises revenue from the application of tariffs approved by the State.

Order no. 9000/2010 was published on May 26th, 2010, with effect from June 1st, approving the tariff that sets the price of water for agricultural irrigation use supplied by EDIA under the public water services of EFMA. This order was revoked in April 2017, with the approval of Order 3025/2017 of April 11th, 2017, which sets the tariff after that date applicable to the public water service for agricultural irrigation, within the scope of EFMA.

The legislator sought to create the right conditions for the price of the service to remain competitive, considering that the conditions are set to increase the Project's competitiveness and attractiveness by reviewing the current tariff.

A set of standards was set to ensure the sustainable management of water resources through the internalisation of costs and benefits associated with water use, having established the rate of water resources and the tariff of the public water service as the determining instruments for this purpose.

It is necessary to take into account the need to strike a balance between the costs associated with the Project's operation and conservation, including the primary system, as well as users' ability to pay, in the light of the economy of the installed crops. The tariff structure is based on a sensitive equilibrium equation, which must simultaneously internalize all costs to comply with sustainability requirements detailed in national and community legislation; be a factor of competitiveness and attractiveness for the region; and match users' payment capacity, for which it should hold a solidarity factor.

This order also sets the applicable tariff to the public water service for public supply and industrial use, taking into account the specificities of other uses, such as high levels of supply guarantee. Thus, the following is determined:

- → The applicable tariff to the supply of irrigation water from the primary network, delivered to entities in charge of the operation and conservation of hydro-agricultural uses bordering the EFMA is EUR 0,030/m³; and
- → The applicable tariff to water leaving the secondary network to supply agricultural holdings is broken down into a fixed component, the conservation rate, and a variable component, the exploitation rate, which are intended to cover infrastructure conservation and operation costs, applied annually to each benefited hectare and to each cubic meter of water supplied, respectively.

Under the terms referred to in the previous paragraphs, the tariff applicable is as follows:

- → On leaving the secondary network, for supplying water under high pressure to farms, the holding and operating rates are EUR 55.00/ha and EUR 0.059/m³ respectively;
- → On leaving the secondary network, for supplying water under low pressure to farms, the holding and operating rates are EUR 20.00/ha and EUR 0.032/m³ respectively;
- → For public supply: EUR 0,045/m³;
- → For industrial use: EUR 0,060/m³.

The amounts established in the previous figures pertain to 2018 and are updated annually in light of the consumer price index's annual average variation, excluding housing, in Mainland Portugal, published by the Instituto Nacional de Estatística, I. P. (National Statistics Institute).

The average annual CPI variation rate excluding housing for the Continent from 2017 to 2018 was 0%, so there was no change in the price of water intended for agricultural irrigation.

The above tariff will be applied in phases, as detailed below:

In the first year following completion of each of the EFMA irrigation perimeters' secondary networks, integrated in the 120,000 ha corresponding to the Project's 1st phase, the tariffs to be applied should be 40%, increasing in subsequent years to 60% and 80%, respectively, reaching the final tariff in the 4th year. In the irrigation perimeters, construction of the 2nd Phase of the Project, the amounts to be charged in the 1st year following the conclusion of the construction of each one amounts to 50% of the tariff, making up the definitive 2^{nd} year tariffs.

Interest

Revenue from interest is recognised using the effective interest method, provided that it is probable that economic benefits will flow to the Company and their amount can be reliably calculated.

This interest is recorded in the relevant period according to the accrual-based accounting regime.

3.1.p. Income tax

Income tax comprises current taxes and deferred taxes.

Current tax corresponds to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period adjusted according to fiscal regulations.

Deferred taxes arise from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using tax rates enacted at the date of the Financial Position Statement and that are expected to be applied when the temporary differences revert.

In financial reporting in accordance with IAS/IFRS, the Company did not recognize, in 2018 or in previous years, any deferred tax assets related to deductible temporary differences (including the losses generated by the impairment losses of the "water" segment) or the tax losses carried forward, for there is no reasonable assurance regarding the existence of future taxable income to allow the use of these deductible temporary differences and tax losses carried forward before they become extinct.

The Company has its head office in Portugal and is subject to Corporate Income Tax (IRC) at the rate of 21%, and the municipal tax is calculated at the minimum rate of 1.5% of taxable profits.

Under the terms of Article 88 of the IRC Code, the Company is subject to additional independent taxation on a range of charges, at the rates specified in said Article. However autonomous taxation rates are increased 10%, since EDIA registered tax loss in the previous tax year.

According to current legislation, tax returns are subject to revision and correction by the Tax Authorities for a period of four years. However, this deadline may be extended or suspended if there are ongoing inspections, claims or appeals, or if there have been tax losses, which is the case of EDIA.

3.1.q. Subsequent Events

Events occurring after the date of the Financial Position Statement but before the date of approval of the financial statements by the management of the Company and provided that additional information is afforded about condition that existed at the date of the Statement of the Financial Position, lead to adjustments which are reflected in the financial statements for the period.

Events occurring after the date of the Financial Position Statement that are indicative of conditions that arose after the date of the Financial Position Statement (events that do not give rise to adjustments), are disclosed in the Notes to the Financial Statements, if considered materially relevant.

3.1.r. Estimates and Judgments

While preparing the financial statements judgments and estimates that affect the reported amounts of assets and liabilities were used as well as the reported amounts of revenues and expenses during the reporting period.

The estimates and assumptions are determined based on the best knowledge at the date of preparation of the financial statements and the experience of past and/or current events considering certain assumptions as to future events. How- ever, situations may occur in subsequent periods that were not foreseeable at the time of approval of the financial statements and therefore were not considered in these estimates.

Changes to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason, and given the degree of associated uncertainty, the actual results of the situations in question may differ from corresponding estimates.

Estimates and judgments that have an impact on the financial statements are continuously evaluated, representing the Board's best estimate at the date of each report, taking into account the performance history, accumulated experience and expectations about future events.

In the financial statements as of 31st December 2018, the most significant estimates shown include the impairment tests performed on intangible assets and current investments, and the record of provisions.

Simply put, impairment is an estimate of the reduction in the carrying value of assets. In this sense, it serves as an instrument that gives the company more opportunity to ensure that its accounting information represents, at all times, the best way the economic reality of the activities developed and the value of its intangible assets. The usefulness of the financial statements for all stakeholders, seeking the best arguments for their decision-making, depends on this.

The Company, based on the impairment tests, checks whether the assets are impaired, in accordance with said policy. The calculation of the recoverable amounts of the cash generating units involves judgment and in the underlying assessment to the calculations made assumptions are used based on available information either of the business or the macroeconomic environment at a given time.

The Company exercises considerable judgment in measuring and recognizing provisions. Judgment is required in order to determine the probability of a lawsuit being successful. Provisions are constituted when the Company expects that proceedings under way will result in cash outflows, the loss is probable and can be reasonably estimated. Given the uncertainties inherent in the assessment process, actual losses may be different from those originally estimated in the provision.

These estimates are subject to change when the information becomes available. Revisions to the estimates of these losses may affect future results.

3.1.s. Contingent Assets and Liabilities

Contingent liabilities are not recognized in the financial statements but disclosed when the possibility of a cash outflow embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when it is probable that there is a future economic inflow of resources.

3.2. FINANCIAL RISK MANAGEMENT POLICIES

The Board of Directors provides the general principles for risk management, as well as the limits of exposure to it.

The Company's activities entail exposure to financial risks, namely:

- → Market Risk primarily that of the interest rates and of the exchange rates, which are associated, respectively, to the risk of the impact of the variation in market interest rates on financial assets and liabilities and profits and to the risk of fluctuation of fair value of financial assets and liabilities due to changes in exchange rates;
- → Credit risk risk of their debtors not meeting their financial obligations; and
- → Liquidity risk risk of encountering difficulties to meet obligations associated with financial liabilities.

EDIA's activities are primarily exposed to interest rate risk, which arises mainly from contracting long-term loans with variable interest rates (the most used indexes are Euribor 3 months and 6 months), no derivative financial instruments are used in the management of these risks.

This situation has to do with the need for the Company to finance the investment activities of EFMA with the use of capital leverage, through taking out bank loans. Obtaining funds this way (bonds, and loan of EIB) results from a financial policy set by the sole Shareholder, based on contracting loans with State guarantees, and the unavailability of sufficient capital allocations to accompany EFMA's pace of investment.

On the other hand, the Company has not generated the necessary means, not only to deal with the volume of investment which has been made, nor does it have sufficient liquidity to cope with its operations or the financial costs arising from the financing policy adopted.

However, at the end of 2014, following EDIA's entry into the public accounts' consolidation scope, the State (DGTF) granted EDIA a medium- and long-term loan to settle the short-term loans in various banks, intended to meet the financing needs related to the Company's debt service.

In 2018, according to the guidelines reflected in the State Budget, the coverage of part of EDIA's financing needs, as a Reclassified Public Company, was assured and materialized through capital endowments.

Note 21 — Financing Obtained, features the detail of the paid bank debt with an indication of the financing entity and respective index.

It is considered that, because there are no financial instruments in foreign currency and debts of customers are reduced and recent, there are, to date, no risks of other nature considered relevant to warrant more detailed disclosure to improve the information and respective understanding of users about the risks to which the Company is exposed.

4. CASH FLOWS

For the purposes of the Cash Flows Statement, "Cash and Cash Equivalents" includes cash and overnight deposits, as well as highly liquid short-term financial investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The Cash Flow Statement is prepared according to the direct method, by which receipts and cash payments for operating, investment and financing activities are disclosed.

All significant balances of cash and cash equivalents are available for use, without any restriction at the date of the Financial Position Statement.

Operating activities include cash received from customers, payments to suppliers, payments to staff and others related to operating activities.

Investment activities include payments and receipts arising from the purchase and sale of assets and receipts of interest.

Financing activities include payments and receipts relating to loans obtained, finance leases and interest paid.

As of December 31st, 2018, and December 31st, 2017, the item "Cash and Bank Deposits" in the Financial Position Statement, and "Cash and Cash Equivalents" in the Cash Flow Statement, breaks down as follows:

		EUR
Cash and Bank Deposits	31/Dec/18	31/Dec/17
Liquid Deposits	24.644.107	30.344.382
Gateway Account *	34.350	104.278
Cash	6.746	6.251
Cash and Bank Deposits (DPF)	24.685.203	30.454.911
Cash and Cash Equivalents (DFC)	24.685.203	30.454.911

^{*} The "Gateway Account" balance translates the amounts to be deposited in the bank, essentially through checks in transit.

All bank deposit accounts have been reconciled, pertaining to December 31st, 2018, and December 31st, 2017, and "Demand deposits" is composed as follows:

		EUR
Bank Deposits	31/Dec/18	31/Dec/17
IGCP — Treasury and Public Credit Management Institute	23.756.859	29.510.761
CCAM — Caixa Central de Crédito Agrícola Mútuo	611.955	402.463
CGD — Caixa Geral de Depósitos	90.344	226.864
Banco Santander Totta	85.555	86.664
Novo Banco	80.760	70.509
Millennium BCP	8.058	23.610
BPI – Banco Português de Investimento	8.502	21.437
Caixa Banco de Investimento	2.074	2.074
TOTAL	24.644.107	30.344.382

5. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The estimates and underlying assumptions were determined based on the best information available at the date of approval of the financial statements of events and transactions in progress, as well as in the experience of past and/or current events.

However, situations may occur in subsequent periods that were not foreseeable at the time of approval of the financial statements and therefore were not considered in these estimates.

Changes to the estimates that occur after the date of the financial statements will be corrected prospectively.

For this reason, and given the degree of associated uncertainty, the actual results of the transactions in question may differ from corresponding estimates.

6. TANGIBLE FIXED ASSETS

Over the course of 2018 and 2017, movements in the heading "Tangible Fixed Assets", as well as in the respective depreciation and accumulated impairment losses were as follows:

					31/Dec/18				
Tangible Fixed Assets	Land and Natural Resources	Buildings and other Constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Tangible Fixed Assets	Tangible Fixed Assets Under Construction	Advances on Investments	TOTAL
Gross Assets									
Opening balance	2.959.531	12.044.826	1.459.270	695.899	2.148.557	693.140	145.615		20.146.840
Additions		26.875	43.450	51.347	47.435	224.167	19.004		412.278
Disposals/Write-Off				(86.508)	(1.672)				(88.180)
Other Transfers						(66.800)			(66.800)
Final balance	2.959.531	12.071.701	1.502.720	660.738	2.194.321	850.507	164.619		20.404.137
Accumulated Depreciation									
Opening balance		3.528.702	1.071.213	548.415	2.062.244	452.954			7.663.529
Additions		271.467	57.388	68.699	40.507	40.718			478.778
Other Movements of Accumulated Depreciation				(86.508)					(86.508)
Final balance		3.800.168	1.128.602	530.606	2.102.751	493.672			8.055.798
Net value	2.959.530	8.271.532	374.118	130.132	91.571	356.835	164.619	0	12.348.339

									EUR
					31/Dec/17				
Tangible Fixed Assets	Land and Natural Resources	Buildings and other Constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Tangible Fixed Assets	Tangible Fixed Assets Under Construction	Advances on Investments	TOTAL
Gross Assets									
Opening balance	2.958.662	12.044.826	1.452.010	656.778	2.131.522	648.762	90.381	1.196	19.984.138
Additions	869		7.260	39.121	17.035	44.378	55.234		163.898
Disposals/Write-Off									
Other Transfers								(1.196)	(1.196)
Final balance	2.959.531	12.044.826	1.459.270	695.899	2.148.557	693.140	145.615		20.146.840
Accumulated Depreciation									
Opening balance		3.252.590	1.006.488	484.286	2.015.690	408.329			7.167.384
Additions		276.112	64.725	64.129	46.554	44.625			496.145
Other Movements of Accumulated Depreciation									
Final balance		3.528.702	1.071.213	548.415	2.062.244	452.954			7.663.529
Net value	2.959.530	8.516.124	388.057	147.484	86.314	240.186	145.615	0	12.483.311



"Tangible Fixed Assets" include the investments not allocated to the Concession, i.e. goods that will not revert to the state at the end of the concession period, in particular, the surplus land expropriations, the Museu da Luz, the Noudar Nature Park, EDIA's headquarters, the Casa do Grande Lago, the Cartography Centre and Alqueva Marina.

Over the years, these investments were transferred from underway to the item "Tangible Fixed Assets", and the depreciation process was started, as well as recognition of subsidies associated with them as income (in the same proportion in which they are depreciated).

Under "Other Tangible Fixed Assets", the additions reflect the acquisition of hydraulic oil refrigeration units, improvement works and acquisition of specific equipment for the Noudar Nature Park, as well as other equipment to allocate to various EFMA infrastructures for the purposes of water quality monitoring, such as containment barriers for some aquatic plant species.

The variation in the "Transportation Equipment" item results from the acquisition of a vehicle for a management body member, and a boat and respective trailer, needed for surveillance, safety and monitoring activities carried out at EFMA reservoirs.

The increase in the "Administrative Equipment" item reflects the acquisition of IT equipment, essentially computers, monitors and tablets, for the purposes of greater and better performance and on-the-ground monitoring of all infrastructures in operation.

Under the "Basic Equipment" item, the additions reflect the acquisition of equipment to be allocated to the EFMA infrastructures for the purposes of monitoring water quality, such as weather stations, and a BOBCAT mini excavator with broom for canal digging and cleaning.

7. INVESTMENT PROPERTIES

The item "Investment Property" in the amount of EUR 2,110,655 registers the carrying amount of investment properties held by EDIA, namely land left over from expropriations (initially registered under the item "Tangible Fixed Assets", a policy that has been followed by EDIA), with leasing potential, i.e. not to be used in production, supply of goods or services, or for administrative purposes, but rather to obtain income and/or capital appreciation.

In accordance with IAS 40 – Investment Property stipulations, an investment property must be recognised when it is probable that future economic benefits associated with it will flow to the entity; and the cost of investment property can be reliably measured.

The "Investment Property" item is shown in the Financial Position Statement, in Non-Current Assets.

Investment properties were initially measured by their cost, which includes their purchase price, transaction costs and other directly attributable expenses.

After recognition, EDIA chose the cost model as an accounting policy to measure all its investment properties.

After initial recognition, and having opted for the cost model, EDIA will measure its investment property in accordance with the IAS 16 – Fixed Tangible Assets requirements for this model, i.e. an asset should be carried at cost minus any accumulated depreciation, and any accumulated impairment losses. Accordingly, depreciation of an investment property will be made in accordance with that prescribed for tangible fixed assets.

As part of the lease campaign for the remaining land, the annual Public Notice was issued in July 2018, pertaining to the lease to be recommended for the October 2018 – August 2019 period, respectively.

The variation over 2017, under this heading, in the amount of EUR 3,279, is due to the sale of a rustic building, free of any burdens or charges.

8. INTANGIBLE ASSETS

The movements of the major classes of "Intangible Assets", registered at cost minus their respective amortization and accumulated impairment losses, had the following evolution in 2018 and 2017:

CIID		

					31/Dec/18				
Intangible Assets	Land and Natural Resources	Buildings and other Constructions	Basic Equipment	Development projects	Software	Other Rights	Intangible Assets In Progress	Advances on Investments	TOTAL
Gross Assets									
Opening balance	240.326.688	1.347.479.799	136.985.285	116.949	2.773.703	195.000.100	1.651.701	329.487	1.924.663.713
Additions					7.600		4.445.788	35.435	4.488.823
Other Transfers/Write-Off	32.351	(76.405)					44.642	(588)	-
Final balance	240.359.039	1.347.403.394	136.985.285	116.949	2.781.303	195.000.100	6.142.131	364.334	1.929.152.536
Accumulated Amortization									
Opening balance	10.075.659	35.746.727	16.061.982	116.949	2.772.850	100			64.774.268
Additions	859.497	3.117.904	1.281.430		2.542				5.261.374
Other Transfers/Write-Off	(1.851)								(1.851)
Final balance	10.933.305	38.864.631	17.343.413	116.949	2.775.392	100			70.033.791
Accumulated impairment losses									
Opening balance	174.562.577	1.109.708.815	37.948.043			195.000.000	1.651.701	329.487	1.519.200.624
Impairment losses recognized	15.852						4.490.430	34.848	4.541.130
Impairment losses reversed		(77.877)							(77.877)
Final balance	174.578.429	1.109.630.938	37.948.043			195.000.000	6.142.131	364.334	1.523.663.877
Final balance	54.847.305	198.907.824	81.693.829	0	5.911	0	0	0	335.454.868

					31/Dec/17				
Intangible Assets	Land and Natural Resources	Buildings and other Constructions	Basic Equipment	Development projects	Software	Other Rights	Intangible Assets In Progress	Advances on Investments	TOTAL
Gross Assets									
Opening balance	240.360.621	1.346.339.615	136.985.285	116.949	2.773.703	195.000.100	555.664	370.203	1.922.502.141
Additions							2.152.483	9.089	2.161.572
Other Transfers/Write-Off	(33.933)	1.140.184					(1.056.445)	(49.805)	-
Final balance	240.326.688	1.347.479.799	136.985.285	116.949	2.773.703	195.000.100	1.651.701	329.487	1.924.663.713
Accumulated Amortization									
Opening balance	9.219.317	32.625.949	14.780.552	116.949	2.763.385	100			59.506.252
Additions	859.239	3.120.778	1.281.430		9.465				5.270.913
Other Transfers/Write-Off	(2.897)								(2.897)
Final balance	10.075.659	35.746.727	16.061.982	116.949	2.772.850	100			64.774.268
Accumulated impairment losses									
Opening balance	174.616.703	1.108.570.453	37.948.043			195.000.000	555.664	370.203	1.517.061.066
Impairment losses recognized		1.138.362					1.096.037		2.234.399
Impairment losses reversed	(54.126)							(40.716)	(94.843)
Final balance	174.562.577	1.109.708.815	37.948.043			195.000.000	1.651.701	329.487	1.519.200.624
Final balance	55.688.453	202.024.257	82.975.260	0	853	0	0	0	340.688.821

8.1. Land and Natural Resources, Buildings and Other Construction Works and Basic Equipment

At the end of the concession, the aforementioned goods revert, without any compensation, to the State, free of any burdens or charges and in perfect operation, use and maintenance conditions. Since these infrastructures, with the exception of hydroelectric power plants, are related to the water segment and, as such, they have already been subject to impairment losses and their net book value being null (see Note 8.4), no amortization of these investments is made.

By December 2018, 22 perimeters were substantially completed and began operating. The percentages of the allocation of the primary infrastructures to each of the perimeters in operation, can be summarized as follows:

								Opera	ation Perimeters								
Primary Network Infrastructures	Benefitted Area (hectares)	Monte-Novo Perimeter	Alvito-Pisão Perimeter	Pisão Perimeter	Ferreira, Figueirinha and Valbom Blocks (Pisão-Roxo Perimeter)	Alfundão Perimeter	Infrastructure 12	Loureiro-Alvito Perimeter	Ervidel 1 Block (Pisão-Roxo Perimeter)	Ervidel 2 and 3 Block (Pisão-Roxo Perimeter)	Aljustrel Block (Roxo Sado Perimeter)	Pisão Beja Perimeter (Cinco Reis Trindade Blocks)	Pisão Beja Perimeter (Beringel Álamo Blocks)	Pisão Beja Perimeter (Beja Blocks)	Vale de Gaio Perimeter	Roxo Sado 2 nd Blocks (Roxo Sado Perimeter)	TOTAL
								Alqı	ueva Subsystem								
Benefitted Area (hectares)	-	7.714	10.058	2.588	5.118	4.216	5.980	470	2.914	3.508	1.300	5.600	2.543	2.442	3.290	1.949	59.690
Alqueva and Pedrógão Dams and Complementary Actions (64.9%)	110.203	7,00%	9,13%	2,35%	4,64%	3,83%	5,43%	0,43%	2,64%	3,18%	1,18%	5,08%	2,31%	2,22%	2,99%	1,77%	54,16%
Álamos Pumping Station	59.690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Álamos Dams	59.690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Álamos-Loureiro Connection	59.690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Loureiro Dam	59.690	12,92%	16,85%	4,34%	8,57%	7,06%	10,02%	0,79%	4,88%	5,88%	2,18%	9,38%	4,26%	4,09%	5,51%	3,27%	100,00%
Loureiro-Monte Novo Connection	7.714	100,00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,00%
Loureiro-Alvito Tunnel	51.976	-	19,35%	4,98%	9,85%	8,11%	11,51%	0,90%	5,61%	6,75%	2,50%	10,77%	4,89%	4,70%	6,33%	3,75%	100,00%
Alvito Water Intake	51.976	-	19,35%	4,98%	9,85%	8,11%	11,51%	0,90%	5,61%	6,75%	2,50%	10,77%	4,89%	4,70%	6,33%	3,75%	100,00%
Alvito Water Segregation	51.976	-	19,35%	4,98%	9,85%	8,11%	11,51%	0,90%	5,61%	6,75%	2,50%	10,77%	4,89%	4,70%	6,33%	3,75%	100,00%
Alvito-Pisão Connection	42.236	-	23,81%	6,13%	12,12%	9,98%	-	-	6,90%	8,31%	3,08%	13,26%	6,02%	5,78%	-	4,61%	100,00%
Derivation to Odivelas	9.270	-	-	-	-	-	64,51%	-	-	-	-	-	-	-	35,49%	-	100,00%
Vale de Gaio Hydraulic Circuit	3.290				-	-	-	-	-	-	-	-	-	-	100,00%	-	100,00%
Pisão-Beja Connection	10.585	-	-	-	-	-	-	+	-	-	-	52,91%	24,02%	23,07%	-	-	100,00%
Pisão-Roxo Connection	14.789	-	-	-	34,61%	-	-	-	19,70%	23,72%	8,79%	-	-	-	-	13,18%	100,00%
Roxo Sado Connection	1.949	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,00%	100,00%
Pisão Dam	6.804	-	-	38,04%	-	61,96%	-	-	-	-	-	-	-	-	-	-	100,00%

	_	0	peration Perimeters		
Areas/Primary Network Infrastructure	Benefitted Area (hectares)	Pedrógão MD Perimeter	S. Pedro Baleizão- -Quintos Perimeter	S. Matias Perimeter	TOTAL
			Pedrógão Subsysten	า	
Benefitted Area (hectares)	-	4.800	11.270	4.865	20.935
Alqueva and Pedrógão dams and complementary actions (64.9%)	110.203	4,36%	10,23%	4,41%	19%
Pedrógão Pumping Station and Pedrógão — Right Bank Pipeline	20.935	22,93%	53,83%	23,24%	100%
CH S. Pedro Baleizão Quintos	11.270		100%		100%
CH S. Matias	4.865			100%	100%

				Opera	tion Perimeter	s			Other Perimeters	
Areas/Primary Network Infrastructure	Benefitted Area (hectares)	Orada- -Amoreira Perimeter	Brinches Perimeter	Brinches- -Enxoé Perimeter	Serpa Perimeter	Caliços- -Machados Perimeter	Caliços- -Moura Perimeter	Pias Perimeter	Brenhas Perimeter	TOTAL
					Arc	lila Subsystem				
Benefitted Area (hectares)	-	2.522	5.463	4.698	4.400	5.000	2.136	4.614	745	29.578
Benefited Area (hectares)	110.203	2,29%	4,96%	4,26%	3,99%	4,54%	1,94%	4,19%	0,68%	26,84%
Alqueva and Pedrógão dams and complementary actions (64.9%)	29.578	8,53%	18,47%	15,88%	14,88%	16,90%	7,22%	15,60%	2,52%	100,00%
Pedrógão Pumping Station and Pedrógão Adductor	29.578	8,53%	18,47%	15,88%	14,88%	16,90%	7,22%	15,60%	2,52%	100,00%
Amoreira and Brinches Dam	12.495	-	-	-	-	40,02%	17,09%	36,93%	5,96%	100,00%
Amoreira-Caliços hydroelectric power plant	4.614	-	-	-	-	-		100,00%	-	100,00%
Caliços-Pias hydroelectric power plant	5.000	-	-	-	-	100,00%	-	-	-	100,00%
Caliços Machado hydroelectric power plant	14.561	-	37,52%	32,26%	30,22%	-	-	-	-	100,00%
Brinches Pumping Station	14.561	-	37,52%	32,26%	30,22%	-	-	-	-	100,00%
Brinches Enxoé Adductor	4.400	-	-	-	100,00%	-	-	-	-	100,00%
Serpa Dam	4.400	-	-	-	100,00%	-	-	-	-	100,00%
Torre do Lóbio Pumping Station, Serpa Adductor and Serpa Reserv.										

The infrastructure for the use of the public waterways domain allocated to EFMA in the concession agreement signed between EDIA and the State, and forming part of the primary system (dams, hydroelectric power plants and primary network) of the Development are the property of the concessionaire for the duration of the concession.

At the end of the concession, the property referred to above, reverts without any compensation to the State, free of any obligation or charges, and in perfect operation, use and maintenance conditions. Since these infrastructures are allocated to the "water" segment and as such, have been the subject of adjustment for impairment losses, with a zero net book value (see Note 8.4), no amortisation of said investments will be made.

Thus, the calculation of depreciation that would be reflected in the financial statements if they had not previously been recognised as impairment losses serves only to determine which part of the impairment losses was incorporated as a tax expense of each period, in accordance with Article 31-B of the IRC Code.

8.2. OTHER RIGHTS

The amount in the item "Other Rights" corresponds essentially to initial financial compensation paid by EDIA to the State, in the value of EUR 195,000,000, resulting from the "Concession Contract for the Use of the Public Waterways Domain as- signed to EFMA", of 17th October 2007, entered into between EDIA and the State for a period of 75 years. This Contract enshrines the terms and conditions ruling the grantor-concessionaire relationship, specifying the content of the mission associated with the operation of the Development and defining the rules for the exercise of the said rights of private use of the public waterways domain.

As this amount is directly related to the activity of water distribution (and not with the activity of energy production sub-concessioned to EDP), which is in complete impairment, said EUR 195 million are covered by accumulated impairment losses of equal amount (see Note 8.4).

8.3. ONGOING TANGIBLE ASSETS AND INTANGIBLE ASSETS

The breakdown of "Ongoing Investments" is as follows:

		EUR
	31/Dec/18	31/Dec/17
Tangible Assets in Progress		
Regional development	164.619	145.616
	164.619	145.616
Intangible Assets in Progress		
Álamos	3.184.635	14.791
Primary Network	2.698.978	1.614.770
Alqueva Dam	258.518	22.140
	6.142.131	1.651.701
TOTAL	6.306.751	1.797.317

The variance in this item is mainly due to the additions registered in this period, under "Ongoing Investments", excluding capitalisations, which essentially refer to the following Álamos, Primary Network and Alqueva Damn projects:

	EUR
Projects	31/Dec/18
Álamos	
Reinforcement Pumping Capacity Pumping Station	2.725.989
Primary Network	
Roxo-Sado Channel	122.995
Roxo-Sado Channel (Judicial process ended)	(347.246)
Álamos-Loureiro connection	73.990
Vila Nova de São Bento Hydraulic Circuit	71.348
Automatic Monitoring Station 2 nd phase	69.131
Environmental Monitoring Primary Network	66.600
Pedrógão Hydraulic Circuit	56.747
Amoreira Pias Adductor	51.007
Alqueva Dam	
Environmental management	236.378
Others (<€ 50,000)	1.318.849
TOTAL	4.445.788

In light of a sustainable development for the region, and in order to optimize the benefit of the competitive advantages provided by the Project and the total use of the available water resources, within the scope of optimizing the main hydraulic circuits, EDIA developed a strategy to promote and increase irrigation by building infrastructures in areas bordering the Project.

In view of the Project's development, potential irrigated areas were identified in contiguous areas of approximately 50,000 hectares, considering the expressed interest in these territories, as well as their technical, economic and environmental viability. Therefore, the supervision of studies for the purposes of developing execution projects for the various boundary areas, promoting new irrigation systems, has been one of this year's priorities, specifically in the Roxo-Sado canal, the Álamos-Loureiro connection, São Bento and Pedrógão hydraulic circuits, Amoreira-Pias adductor and respective blocks.

By December 31st, 2018, the amount of EUR 3,184,635 reflects the investment made in the construction contract for the pumping capacity reinforcement of the Álamos pumping station.

The amount of EUR 2,698,978 reflects the investment made in primary network projects, mainly in bordering areas, minus the amount of the provision made in 2014, in the ambit of the lawsuit pertaining to the contractor Soares da Costa, when this company was deprecated and filed a Protective Order to suspend the Roxo-Sado Hydraulic Circuit Contract tender.

The amount of EUR 258,518 EUR reflects the value of services rendered in the ambit of environmental management and exploration of natural resources, in the Alqueva dam surroundings.

The amount of EUR 164,619 registered in Ongoing Tangible Assets – Regional Development, essentially reflects the investment made in an installation system of self-consumption production units, which aims to produce electricity by photovoltaic solar conversion, to power reservoir and filtration station's electrical installations.

8.4. IMPAIRMENT LOSSES

Following the 2010 definition of the water supply tariff for the primary system, EDIA estimated the recoverable amount of the "Water" segment assets by determining their value of use, and it was concluded, in the impairment tests since 2009, that the current value of future cash inflows associated with this segment is negative, so the loss of impairment on those dates corresponds to the total value of assets (net of inseparable liabilities-subsidies) allocated to this segment.

Thus, the net assets of amortization allocated to this with a gross value of EUR 1,523,663,877 as of December 31st, 2018, (EUR 1,519,200,624 as of December 31st, 2017) are fully offset by accumulated impairment losses in the same amount. are fully compensated by accumulated loss impairment of equal amount.

Impairment losses mentioned above have been recognized as "water" segment investment is made. Thus, since these assets already have a zero net book value through the recognition of impairment losses, investments in this segment will not be subject to any depreciation over the useful life of the respective infrastructure.

The amounts allocated to each of these segments (water, energy, others) under the item "Intangible Assets" (gross values) were as follows:

		31/Dec/18			31/Dec/17	EUR
Intangible Assets	"Water" Segment	Energy Segment	Others	"Water" Segment	Energy Segment	Others
Projects Development			116.949			116.949
Software		1.805.861	975.442		1.805.861	967.842
Other Rights	195.000.000		100	195.000.000		100
Land and Natural Resources	174.578.408	65.780.631		174.562.556	65.764.133	
Buildings and other constructions	1.109.631.602	237.772.803		1.109.709.479	237.771.332	
Basic equipment	37.947.401	99.037.884		37.947.401	99.037.884	
Current Intangible Assets	6.142.131			1.651.701		
Advances on account of investments	364.335			329.487		
TOTAL	1.523.663.877	404.397.180	1.092.491	1.519.200.624	404.379.209	1.084.891

Likewise, subsidies linked to the distribution of water, whose assets are (in the impairment tests performed over the years) fully impaired, have been derecognised under the registration of impairment losses for the respective assets, i.e., these losses are recognised in the Comprehensive Income Statement by the net value of the respective subsidies.



9. RELATED PARTIES

9.1. Financial Holdings - Other Methods

							EUR
Corporate Name	Share Capital	% Shareholding	No. Shares/Un. Shareholdings	Nominal Value	Acquisition Cost	Shareholding Value as at 31 st December 2018	Shareholding Value as at 31 st December 2017
Águas do Vale do Tejo, S.A.	83.859.578	0,30	250 000 A	1	250.000	250.000	250.000
Agência de Desenvolvimento Regional do Alentejo, S.A.	499.000	4,11	4 110 A	5	20.501	20.501	20.501
Centro Operativo e de Tecnologia do Regadio	63.500	9,82	11 UP	500	6.070	6.070	6.070
Lusofuel – Produção de Biocombustíveis e Derivados, S.A.	500.000	10,00	10 000 A	5	50.000	0	0
TOTAL					326.571	276.571	276.571

These shareholdings are recorded at acquisition cost (EUR 326,571), for EDIA does not hold a dominant or significant shareholding (which is assumed to happen when the shareholding is equal to or greater than 20%) in none of the companies identified above.

Whenever there are indications that the asset may be impaired, an evaluation of these investments is made and any impairment loss is registered.

9.2. Transactions and Balances with Related Parties

There are no: (a) balances of current accounts receivable (clients) from related parties, and (b) amounts payable or transactions with related parties.

9.3. Remuneration of Key Management Personnel

FIXED REMUNERATION STATUTE

BOARD OF DIRECTORS (Executive Directors)

CHAIRMAN

Shareholder Order of 05/23/2018: (a)

Remuneration of 4,864.34 EUR (14 times per year) plus 40% as representation expenses in the amount of 1,945.74 EUR (12 times per year)

Applied Remuneration: (b)

Remuneration of EUR 5,465.43 (14 times this year)

Remuneration with a (5%) reduction – 5,192.15 EUR (Reduction provided for in paragraph 1 of article 12 of Law No. 12/2010, of June 30th)

Service Vehicle (purchase limit of EUR 40,000.00); Driver; Mobile phone (monthly limit of EUR 80.00); Health Insurance (EUR 360.84 per year)

MEMBERS

Shareholder Order of 05/23/2018: (a)

Remuneration of EUR 3,891.47 (14 times per year) plus 40% for representation expenses in the amount of EUR 1,556.59 (12 times per year)

Applied Remuneration: (b)

Remuneration of EUR 4,675.41 (14 times this year)

Remuneration with a (5%) reduction – 4,441.64 EUR (Reduction provided for in paragraph 1 of article 12 of Law No. 12/2010, of June 30th) Service Vehicle (purchase limit of EUR 40,000.00); Mobile phone (monthly limit of EUR 80.00); Health Insurance (EUR 360.84 per year)

- (a) The Unanimous Social Decision in Writing of December 23rd, 2018, established the remuneration statute of the EDIA's Board members for the 2018-2020 term. However, the amendment was suspended due to the stipulation under the terms of no. 21 of RCM no. 16/2012 and no. 3 of RCM no. 36/2012, of the Order of the Secretary of State of the Treasury and Finance No. 764/SEFT/2012, of May 24th, in conjunction with article 256, paragraph 1, of Law 82-B/2014, of December 31st, which determines that, in 2018, remuneration effective of elected members of the Governing Bodies shall not exceed the amounts allocated as of March 1st, 2012.
- (b) In the ambit of the adoption of a set of additional fiscal consolidation measures aimed at strengthening and accelerating excessive deficit reduction and control public debt growth under the Stability and Growth Program (SGP), the 5% salary reduction of public and equivalent managers was kept, as provided for in no. 1, of Article 12, of Law No. 12-A/2010, of June 30th.

Management awards are still not contemplated, as provided for in article 4 of Decree-Law no. 8/2012, of January 18th, and no. 4 of the Council of Ministers Decision no. 36/2012, of March 26th, in article 29 of Law no. 64-B/2012, of December 30th (LOE 2012), in article 37 of Law no. 66-B, of December 31st (LOE 2013), Article 41 of Law no. 83-C, of December 31st (LOE 2014), Article 41 of Law 82-B/2014 of December 31st (LOE 2015), Article 18 of Law 7-A/2016 of March 30th (LOE 2016), article 19 of Law 42/2016 of December 28th (LOE 2017), and article 1 of Law 114/2017 of December 29th (LOE 2018).

10. INCOME TAX

Expenditure (income) on corporate income tax as of December 31st, 2018, and December 31st, 2017, is broken down as follows:

		EUR
	31/Dec/18	31/Dec/17
Current Taxes		
Autonomous Taxation	87.338	92.173
TOTAL	87.338	92.173

The Company is subject to tax on profits as to Corporate Income Tax (IRC) at the standard rate of 21%, and the municipal tax fixed at a maximum rate of 1.5% of the taxable income.

Under the terms of Article 88 of the IRC Code, the Company is subject to additional independent taxation on a range of charges, at the rates specified in said Article. However autonomous taxation rates are increased 10 %, since EDIA registered tax loss in the previous tax year.

The item's value reflects the estimated value of the autonomous taxation to be borne by EDIA in 2018.

In this financial reporting in accordance with IAS/ IFRS, the Company did not recognize, in 2018 or in previous years, any deferred tax assets related to deductible temporary differences (including the losses generated by the impairment losses of the "water" segment) or the tax losses carried forward, for there is no reasonable assurance regarding the existence of future taxable income to allow the use of these deductible temporary differences and tax losses carried forward before they become extinct.

11. CAPTIVE DEPOSITS

On December 31st, 2018, the account balance (EUR 90,745) corresponds to two collateral deposits made by EDIA at a bank, in a medium and long-term, specifically in favour of the Tax and Customs Authority, in the ambit of an inspection at IRC headquarters, in which EDIA was notified to make corrections and not agreeing. In order to request the suspensory effect of the tax assessment and respective compensatory interest, as well as being able to appeal, EDIA committed to make those deposits. (See Note 32).

12. INVENTORIES

As of December 31st, 2018, and December 31st, 2017, the Company's "Inventories" are as follows:

		EUR
Inventories	31/Dec/18	31/Dec/17
Products and Ongoing Works (PTC)	3.575.268	2.662.937
Subsidiary Matters	531.536	306.254
Goods	37.164	45.931
TOTAL	4.143.969	3.015.122

Following the publication of Decree-Law No. 335/2001 of December 24th, which, with the exception of Infrastructure 12 forecasted the transfer to the State of infrastructures integrating the secondary irrigation network allocated to EFMA, from the year 2002, EDIA has shown, under "Inventories", the cost of infrastructure works of the secondary irrigation network that hadn't yet been transferred to the State or another entity.

Under the Concession Agreement on the Management, Operation, Maintenance and Conservation of the EFMA Secondary Network Infrastructures signed on April 8th, 2013 (in force until the end of 2020), EDIA delivered to the State (represented by DGADR) the already completed infrastructure, by December 31st, 2018, regarding the secondary network, in which the latter assumes all inherent rights and obligations set by the current legislation.

Thus, the investment in these already completed infrastructures of the secondary network is shown under "Other accounts receivable" (sub account DGADR), net of corresponding investment subsidies, translating the value that EDIA expects to receive from the State as part of the compensation of the non-subsidized investment in the secondary network.

The variation in this item results from investments in irrigation blocks, bordering areas and respective capitalizations.

The evolution of "Products and Work in Progress" in 2018 can be summarized as follows:

					EUR
	31/Dec/17	Additions	Capitalization	Transfer to Other Accounts Receivable	31/Dec/18
Products and Ongoing Work	2.662.937	774.290	585.618	447.577	3.575.268

The variation of this "Products and Work in Progress" sub-account reflects investments in projects related to 2nd phase irrigation blocks under construction, in which infrastructure works for approximately 50,000 hectares in the so-called bordering areas are contemplated, namely in the following blocks:

	EUR
Projects	31/Dec/18
Loureiro-Alvito Connection Block	203.997
Projects and Construction	201.986
Vila Nova São Bento Block	103.857
Póvoa-Moura Block	71.347
Others (<€ 50,000)	193.102
TOTAL	774.290

13. CLIENTS, SALES AND SERVICES RENDERED

Revenue is measured at the fair value of the consideration received or receivable.

13.1. Clients

This item breaks down as follows, by nature and segment:

		EUR
Clients	31/Dec/18	31/Dec/17
General Clients	7.506.479	4.630.709
Clients – Water Segment	7.484.892	4.534.642
Clients – Energy Segment	0	0
Clients – Others	21.587	96.067
Clients – Post-dated cheques	141.930	305.794
Clients – Water Segment	141.930	305.794
Clients – Tax Enforcement	152.348	153.950
Clients – Water Segment	152.348	153.950
Clients - Doubtful collection	638.685	309.862
Clients – Water Segment	638.685	309.862
Impairment losses	(638.685)	(309.862)
Clients – Water Segment	(638.685)	(309.862)
TOTAL	7.800.758	5.090.452

The main balances of "General Clients" are as follows:

		EUR
General Clients	31/Dec/18	31/Dec/17
ABORO — Associação de Beneficiários da obra de rega de Odivelas	1.249.122	-
ABROXO — Associação de Beneficiários do Roxo	1.106.851	-
EPAL — Empresa Portuguesa de Águas Livres, S.A.	630.540	-
Associação de Regantes e Beneficiários de Campilhas e Alto Sado	295.193	256.805
Fundação Eugénio de Almeida	190.294	-
De Prado Portugal, S.A.	117.649	3.387
Salto do Cervo — Agricultura e Pecuária, Lda	112.947	97.745
Sociedade Agrícola dos Patos, Lda	94.662	78.131
Maria Clara R.M.Pires	84.989	67.890
Eurocompetência	83.954	143.529
Others (< € 80.000)	3.540.278	3.983.222
TOTAL	7.506.479	4.630.709

The variation in this account results essentially from water supply from the primary network to entities in charge of the operation and conservation of hydro-agricultural uses bordering EFMA, but also to entities for the purposes of public and industrial supply.

Overall, the balances with a unit value of less than EUR 80,000, totalling EUR 3,540,278 as of December 31st, 2018, mostly reflect the amounts receivable for water distribution services provided, arising from compliance with Orders no. 9000/2010 and 3025/2017, which set the water prices intended for agricultural irrigation, within the framework of EFMA's public water service.

As a whole, as of December 31st, outstanding client liabilities are not past due.

The "Clients – Tax Execution" account balance (EUR 152,348) reflects the amount of processes in tax execution, filed by EDIA, aimed at quickly and effectively recovering the credit which the Company holds.

These figures result from water distribution services provided by the Company, in which there was no compliance with the obligation, payment of the instalment, within the legal period, and previously the company has taken all reasonable steps to recover these credits.

The credits that are considered of doubtful collection after evaluation by the Company are subject to accounting recognition of the respective impairment.

13.2. Sales and Services Rendered

		EUR
Sales and Services Rendered	31/Dec/18	31/Dec/17
Sales		
Energy – Mini-Hydro	692.577	782.089
Energy – Photovoltaics	64.596	30.869
Noudar Nature Park	43.312	59.162
	800.485	872.120
Services Provided		
Energy Production	14.276.464	12.148.365
Water Distribution	13.710.673	14.920.536
Noudar Nature Park	77.752	117.792
Cartography and Expropriations	54.864	121.632
	28.119.753	27.308.325
TOTAL	28.920.238	28.180.445

13.2.1. Sales

The amount of EUR 800,485 recorded in sales in 2018 essentially reflects the amount of sales amount of energy transferred to the network: (i) by the Alvito, Odivelas, Pisão, Roxo and Serpa mini-hydroelectric power stations (EUR 692,577), (ii) the Alqueva photovoltaic plant (EUR 64,596) and the sale of live cattle and pastures in Noudar Nature Park (EUR 43,312).

13.2.2. Provision of Services

Energy Production

The "Energy Production" account balance (EUR 14,127,464) is derived from the "Concession Contract for the Operation of the Alqueva and Pedrógão Hydroelectric Plants" (EUR 14,263,579) celebrated, for 35 years, between EDIA and EDP. Under this Contract, EDP is obliged to provide financial compensation to EDIA as follows:

- → An initial sum of EUR 195,000,000 plus VAT at the statutory rate and paid at the entry into force of this Contract; and
- → Throughout the contract period, an annual, periodic amount of EUR 12,380,000 (value updated in 2011) plus VAT at the statutory rate and paid annually on the same day and month of the entry into force of the contract, the first instalment being owed in 2008.

The value pertaining to energy production is broken down as follows:

		EUR
	2018	2017
Amount resulting from the financial plan prepared for the concession contract with EDP	12.645.948	12.645.948
Amount resulting from the concession contract with EDP pertaining to the financial revisibility as a result of the change in the volumes of water withdrawal from the Alqueva and Pedrógão reservoirs	1.615.377	352.226
Effect of the resolution of the litigation process with EDP		(857.176)
Others	15.139	7.367
TOTAL	14.276.464	12.148.365

Water Distribution

The transposition of the Water Framework Directive was made through Law no. 58/2005, of 29th December, and developed by Decree-Law no. 226-A/2007, of May 31st and Decree--Law no. 97/2008, of June 1st, having enshrined the principle of the economic value of water, by force of which the current or potential shortage of this resource is recognised, as is the need to ensure its economically efficient use with the recovery of the costs of water services, even in environmental and resource terms.

In compliance with order no. 9000/2010, of April 27th, which set water prices for agricultural irrigation, under EFMA's public water service, EDIA initiated the invoicing procedure in the 2nd half of 2010.

In April 2017, Order No. 9000/2010 was revoked and Order No. 3025/2017 of April 11th, 2017 was approved, which sets the new applicable tariff to regarding the public water service associated with irrigation for agricultural use, within the scope of EFMA.

The legislator sought to create the right conditions for the price of the service to remain competitive, considering that the conditions are set to increase the Project's competitiveness and attractiveness by reviewing the current tariff.

A set of standards was set to ensure the sustainable management of water resources through the internalisation of costs and benefits associated with water use, having established the rate of water resources and the tariff of the public water service as the determining instruments for this purpose.

It is necessary to take into account the need to strike a balance between the costs associated with the Project's operation and conservation, including the primary system, as well as users' ability to pay, in the light of the economy of the installed crops. The tariff structure is based on a sensitive equilibrium equation, which must simultaneously internalize all costs to comply with sustainability requirements detailed in national and community legislation; be a factor of competitiveness and attractiveness for the region; and match users' payment capacity, for which it should hold a solidarity factor.

This order also sets the applicable tariff to the public water service for public supply and industrial use, taking into account the specificities of other uses, such as high levels of supply guarantee.

Thus, the following is determined:

→ The applicable tariff to the supply of irrigation water from the primary network, delivered to entities in charge of the operation and conservation of hydro-agricultural uses bordering the EFMA is EUR 0,030/m³;

→ The applicable tariff to water leaving the secondary network to supply agricultural holdings is broken down into a fixed component, the conservation rate, and a variable component, the exploitation rate, which are intended to cover infrastructure conservation and operation costs, applied annually to each benefited hectare and to each cubic meter of water supplied, respectively.

Under the terms referred to in the previous paragraphs, the tariff applicable is as follows:

- → On leaving the secondary network, for supplying water under high pressure to farms, the holding and operating rates are EUR 55.00/ha and EUR 0.059/m³ respectively;
- → On leaving the secondary network, for supplying water under low pressure to farms, the holding and operating rates are EUR 20.00/ha and EUR 0.032/m³ respectively;
- → For public supply: EUR 0,045/m³;
- → For industrial use: EUR 0,060/m³.

Pursuant to Article 67 (3) of the Legal Regime of Hydro-Agricultural Works (RJOAH), precarious users, that is, those who, for any purpose, use regulated water or water from the EFMA infrastructures outside the perimeter area, pay a fee corresponding to a holding fee of:

- → At the connection or origin, high pressure: EUR 0,077/m³;
- → At the connection or origin, low pressure: EUR 0,038/m³.

The amounts established in the previous numbers pertain to 2017 and are updated annually in light of the annual average variation of the consumer price index, excluding housing, in Mainland Portugal, published by the National Statistics Institute, I. P.

The above tariff will be applied in phases, as detailed below:

In the first year following completion of each of the EFMA irrigation perimeters' secondary networks, integrated in the 120,000 ha corresponding to the Project's $1^{\rm st}$ phase, the tariffs to be applied should be 40%, increasing in subsequent years to 60% and 80%, respectively, reaching the final tariff in the $4^{\rm th}$ year. In the irrigation perimeters, construction of the $2^{\rm nd}$ Phase of the Project, the amounts to be charged in the $1^{\rm st}$ year following the conclusion of the construction of each one amounts to 50% of the tariff, making up the definitive $2^{\rm nd}$ year tariffs.

The area benefited by the irrigation infrastructures and the volume of water supplied is considered for calculation.

The average annual CPI variation rate excluding housing for the Continent from 2017 to 2018 was 0%; this value is used to set the price of water intended for agricultural irrigation, therefore values applied in 2018 remain the same as in 2017.

The breakdown of income for 2018 and 2017 is as follows:

EUR			
	2018	2017	
Operation Component	7.694.802	9.208.249	
Conservation Component	3.305.834	2.858.214	
Confining Perimeters	1.551.252	1.176.850	
TRH	717.956	1.009.916	
Direct Funding	447.467	675.512	
Others	(6.639)	(8.205)	
TOTAL	13.710.673	14.920.536	

Other Provisions of Services

The remaining value (EUR 132,616) in "Provision of Services" reflects: (i) services provided in the Noudar Nature Park essentially pertaining to activities associated with tourism and hotel operation (EUR 77,752); and (ii) services provided by EDIA regarding expropriations, which aim to ensure various expropriation procedures (valuation, negotiation and acquisition of real estate) and cartography, providing services in the pertaining to the production of geographic information, associated with national projects that involve the production of cartography, topography, geodesy and land register (EUR 54,864).

14. ADVANCES TO SUPPLIERS

In 2017, EDIA continued analysing the composition and nature of advances made, urging the various suppliers to issue the lacking documents, and regularized some of those balances.

This balance reflects mostly the advances made on account of spending on supplies and external services, having internally complied with all validation and expense authorization procedures; although, without a legal document issued by the various entities in order to comply with minimum legal requirements.

Upon receipt of the invoice, these funds will be transferred to the respective suppliers item; thus, the Company regularized, throughout 2018, most of the significant amounts in the "Advances to Suppliers" balance.



15. STATE AND OTHER PUBLIC ENTITIES

On December 31st, 2018, and December 31st, 2017, this item included the following balances:

		EUR
	31/Dec/18	31/Dec/17
Current Assets		
VAT – Value Added Tax	737.009	945.170
IRC – Corporate Income Tax	184.985	163.851
TOTAL	921.994	1.109.020
Current Liabilities		
Social Security Contributions	109.097	74.830
IRC estimate	87.338	92.173
Income Tax Withholdings	59.634	83.341
TOTAL	256.069	250.344

In Current Assets, the balance of the "VAT - Value Added Tax" account translates the amounts included in the periodic declarations, in "excess to report", of the tax recoverable from October, November and December 2018, as a result of the investment made in projects pertaining to the 2^{nd} phase of EFMA.

The balance of "IRC – Corporate Income Tax" presented in Current Assets refers to special payments on account of IRC (PEC) for the years 2015 through 2018.

Considering the tax's time limit for its deduction (up to the following fourth taxable period) and in accordance with the provisions of article 93 of the IRC Code and the tax losses to report, in 2018 the Company made the corresponding recognition of the value of the SGP for the year 2014 as an expense, amounting to EUR 36,027.

The "Social Security Contributions" and "Income Tax Withholdings" values, presented in Current Liabilities, correspond to the Social Security and IRS amounts associated with the processing of EDIA's employees' salaries in December 2018.

The value of the "IRC Estimate" item reflects the amount of autonomous taxation to be borne by EDIA pertaining to 2018.

In financial reporting in accordance with IAS/IFRS, the Company did not recognise, in 2018 or in previous years, any deferred tax assets related to deductible temporary differences (including the losses generated by the impairment losses of the "water" segment) or the tax losses carried forward, for there is no reasonable assurance regarding the existence of future taxable income to allow the use of these deductible temporary differences and tax losses carried forward before they become extinct

16. OTHER ACCOUNTS RECEIVABLE

As of December 31st, 2018, and December 31st, 2017, this item was made up as follows:

		EUR
Other Receivable Accounts	31/Dec/18	31/Dec/17
Concession Contract_ IFRS 15 - Current Assets	5.421.909	5.238.560
Concession Contract_ IFRS 15 - Non-Current Assets	193.380.682	198.802.591
	198.802.591	204.041.151
Concession Contract_DGADR_RS	137.328.522	136.880.945
DGADR_IE12	70.794.862	70.794.862
Debtors for Increased Income	4.539.270	4.997.335
Community Funds	15.845	32.470
Other Debtors	37.062	65.084
Impairment losses	(22.943)	(22.943)
TOTAL	411.495.210	416.788.903

Concession Agreement – EDP_IFRS 15

In 2017, the Company adopted, for the first time, IFRS 15, namely what pertains to the recognition of revenue in light of the concession agreement of October 24th, 2007 between EDIA and EDP, which awarded EDP the exploitation of the Alqueva and Pedrógão hydroelectric power plants for a period of 35 years. EDIA received a total of EUR 195 million and has an annual turnover of EUR 12,380,000 during the contract period. As a result, in that year, it recognized the amount of EUR 204,041,151 in an account receivable pertaining to the unconditional right to such consideration. The decrease in 2018 balance refers to the asset's amortization in accordance with the financial plan developed for this purpose, which considers a discount rate of 3.5%.

DGADR - CC - Secondary Network

Other Receivable Accounts	Investment	Capitalization	Subsidies	TOTAL
DGADR_CC_RS	637.841.475	22.549.504	(523.062.457)	137.328.522
TOTAL	637.841.475	22.549.504	(523.062.457)	137.328.522

As mentioned in Note 12, the Concession Agreement on the Management, Operation, Maintenance and Conservation of the EFMA Secondary Network Infrastructures signed on April 8th, 2013 and effective until December 31st, 2020, establishes that EDIA (concessionaire) shall deliver to the State (grantor), represented by DGADR, the already completed infrastructure of the secondary network; drainage and agricultural paths, goods and equipment necessary for its operation and exploitation; and areas acquired and expropriated for implementation of EFMA hydro-agricultural infrastructure.

According to the Shareholder, "only after completion of all infrastructures", scheduled for 2015, and "subsequent five-year consolidation period, will the set of indicators necessary to assess the best model to proceed with the management, the operation, maintenance and conservation of the Project be available. The seven-year concession, that is until 2020, will guarantee an adequate consolidation period, fundamental for the management of the works' guarantee, the tariff's stabilization tendency, and the perception and optimization of the Project's full operation, in sight of its effective contribution and integration of various values in the sustained development of the region."

In November 2013, a new Delivery Agreement was signed between EDIA and the Portuguese State, represented by DGADR, in which the company delivers the infrastructure integrating the irrigation and drainage network as well as of all goods and equipment necessary for its operation and exploitation, of the Hydroagricultural Installation of Aljustrel.

With the completion of the irrigation perimeter infrastructures, the investments in these perimeters are transferred from the "Finished and Intermediate Products" to the DGADR Entity, who assumes all inherent rights and obligations set forth in the legislation in force, regarding the aforementioned assets.

The amount of EUR 137,328,522 as of December 31st, 2018, reflects the total investment made in the secondary network infrastructures, net of the corresponding investment subsidies, which EDIA expects to receive from the State through the transfer of such infrastructures, now completed. Thus, the amount of EUR 447,577 encompasses the 2018 variation.

Under this Concession Agreement, no provision was made to cover infrastructure charges, subject to the respective Delivery Agreements, related to the contractual obligation to maintain them during the concession period.

The non-constitution of the provision was based on the assumption that, during the concession period (7 years), there will be no major repairs and replacements in the respective infrastructures and equipment, with current maintenance and conservation of these assets being recognised as expenses in the years in which they occur.

DGADR - IE 12

				EUR
Other Receivable Accounts	Investment	Capitalization	Subsidies	TOTAL
DGADR_IE12	114.141.477	12.056.848	(55.403.463)	70.794.862
TOTAL	114.141.477	12.056.848	(55.403.463)	70.794.862

Decree-Law No. 335/01 of December 24th, established that the works on the design, implementation and construction of the EFMA secondary network infrastructure are owned by the state, except Infrastructure 12, which remains the property of EDIA under the concession regime to MAFRD with the Regional and Hydraulic Development Institute (now Directorate General of Agriculture and Rural Development – DGADR) in April 2006, of the assignment agreement for the management, operation, maintenance and upkeep of Infrastructure 12 for a period of 30 years, this investment and the associated subsidies are reflected, since 2006, under "Other Accounts Receivable" because EDIA is awaiting reimbursement from DGADR of the net value of the investment made.

As at December 31st, 2018, no change to this situation had been noted.

Debtors by Accrued Income

"Debtors by Accrued Income" reflect, in general: (i) the specialisation of supply of water distribution services worth EUR 2,923,893; (ii) an estimated revisability arising from the change of the annual volume of water taken from the Alqueva and Pedrógão reservoirs, for the year 2018, as set out in the "Contract for Operating the Hydroelectric Plants of Alqueva and Pedrógão and Sub-concession of Public Waterways Domain" signed with EDP in the amount of EUR 1,615,377.

Community Funds

On December 31st, 2018, the account "Community funds" reflects the subsidies, in the amount of EUR 15,845, that EDIA estimates, with a high degree of certainty, that it will receive in relation to already executed expenses in the ambit of POSEUR and PDR2020.

17. DEFERRALS

17.1. Deferrals (Current Assets)

"Deferrals" presented in Current Assets, to the amount of EUR 233,295 (expenses to be recognised) refer to insurance premiums paid up to December 31st, 2018, pertaining to subsequent periods of validity. The most significant insurance amount pertains to personnel (EUR 170,202).

17.2. Deferrals (Current and Non-Current Liabilities)

This item (income to be recognised) shows the following breakdown between "Current Liabilities" and "Non-Current Liabilities":

EUR						
	31/De	c/18	31/Dec/17			
Deferrals (Liabilities)	Current	Non-Current	Current	Non-Current		
Income Concession Contract_EDP_ IFRS 15	12.645.948	290.856.807	12.645.948	303.502.755		
Investment Subsidies	1.879.862	119.854.810	1.928.671	121.649.758		
TOTAL	14.525.810	410.711.616	14.574.619	425.152.513		

17.2.1. Concession Contract Income

The amount of deferred income from the "Concession Contract for the Operation of the Alqueva and Pedrógão Hydroelectric Plants" with EDP, demonstrated on December 31st, 2018, in "Non-Current Liabilities" (EUR 290,856,807) and under "Current Liabilities" (EUR 12,645,948), stems from the receipt of EUR 195,000,000 on November 1st, 2007, pursuant to subparagraph a) of paragraph 1 of Clause 6 of the "Contract for the Operation of the Alqueva and Pedrógão Plants and Subconcession of the Public Water Domain", concluded with EDP, as well as amounts annually received from EDP (EUR 12,380,000) under this contract for a 35 year period, as from November 1st, 2007.

Thus, these accounts of income to be recognised reflect: (i) part of the EUR 195,000,000 that has not been recognised in income; and (ii) the amount received annually from EDP deducted at the rate of 3.5% and to be recognised as income until the end of the contract.

Amounts received and to be received from the EDP Group, under this contract, will be recognised as income throughout the duration of the contract (35 years). In financial year 2018, EUR 19,787,388 were recognised as income, of which EUR 12,645,948 refer to provision of services (see Note 13) and EUR 7,141,440 to interest (see Note 27).

17.2.2. Investment Subsidies

The value of investment subsidies is recognised in "Non-Current Liabilities" and includes all subsidies received for investments, except those pertaining to the secondary network amounting to EUR 523,062,457, already transferred to the "DGADR_CC_RS" account following the Contracts for the Delivery of Infrastructures already completed (which were deducted from the respective investment until delivery of infrastructure, and was reflected in "Inventories"); of those pertaining to Infrastructure 12 amounting to EUR 55,403,463 (transferred to the "DGADR_IE12" account, following the formalisation of an assignment agreement for the management, operation, maintenance and conservation of this infrastructure, in April 2006, which was deducted from the respective investment that, until then, was reflected in "Inventories"); and those associated with water distribution activity in the amount of EUR 663,062,549 (whose assets have been concluded to be fully impaired, so the corresponding subsidies are derecognised in the ambit of registering asset impairment losses).

Thus, the item "Investment subsidies" reflects subsidies related to the energy segment amounting to EUR 118,970,020, to be recognised in income at the same depreciation rate of the subsidised goods.

In Current Liabilities, the amount of EUR 1,879,862 pertains to subsidies to be recognised in income within one year.

18. EQUITY

During the period between December 31st,2017 and December 31st,2018, EDIA's Equity had the following evolution:

				EUR
Equity	31/Dec/17	Increases	Transfers	31/Dec/18
Paid-in Capital	529.301.400	280.233.480		809.534.880
Other Reserves	9.202.700			9.202.700
Retained Earnings	(834.566.239)	33.473.247	(341.899)	(801.434.891)
Net Profit for the Period	(341.899)	(3.935.067)	341.899	(3.935.067)
TOTAL	(296.404.038)	309.771.660	0	13.367.622

18.1. Paid-Up Capital

EDIA's initial share capital of 500,000,000 Escudos (EUR 2,493,990), totally held by the Portuguese State, was successively increased in the period 1996-2009 until it attained its current value of EUR 387,267,750, on December 31st, 2009. Between 2010 and 2014, the Share Capital has not changed.

As of December 31st, 2015, the Company's Capital Stock, fully subscribed and paid-up in the amount of EUR 407,975,580, comprised 81,595,116 shares. In 2015 there were four capital increases totalling EUR 20,707,830.

On December 31st, 2016, the Company's share capital, fully subscribed and paid-up, amounts to EUR 464,341,070, comprising 92,868,214 shares. The variation of EUR 56,365,490 and 11,273,098 new shares that occurred in 2016 derives from the following share issues with a nominal value of EUR 5 each:

- → In March 2016, 722,265 new shares were issued, with a nominal value of EUR 5 each, made in cash. The subscribed and paid-up amount was EUR 3,611,325;
- → In May 2016, 3,472,400 shares were issued, at EUR 5 each. This amount of EUR 17,361,998 was subscribed and paid-up by debt service conversion, maturing on May 31st, 2016, of the medium and long-term loan granted by DGTF;
- → In July 2016, 2,574,095 new shares were issued, with a nominal value of EUR 5 each, made in cash. The amount subscribed and paid-up was EUR 12,870,475;

→ In December 2016:

- I. 1,058,514 nominative shares were issued, at 5 EUR each, made in cash. The amount subscribed and paid-up was EUR 5,292,570, and
- II. 3,445,824 nominative shares were issued, at EUR 5 each. This amount of EUR 17,229,120 was subscribed and paid-up by debt service conversion, maturing on November 30th, 2016, of the medium and long-term loan granted by DGTF.

By December 31st, 2017, the Company's share capital, fully subscribed and paid-up, amounts to EUR 529,301,400, comprising 105,860,280 shares. This variation of EUR 64,960,330 results from the issuing of 12,992,066 new shares with a nominal value of EUR 5 each, subscribed and paid-up by the Portuguese State:

- → On March 2nd, 2017, 2,783,068 new shares were issued, with a nominal value of EUR 5 each, made in cash. The amount subscribed and paid-up was EUR 13,915,340. This capital increase was used to cover financial needs arising from the payment to Papeles & Cartones de Europa resulting from the Supreme Court of Justice decision pertaining to the litigation with Portucel Recicla;
- → On March 13th, 2017, 1,663,024 shares were issued, in the amount of EUR 5 each, made in cash. This amount of EUR 8,315,120 was subscribed and paid-up.
- → On August 24th, 2017, 1,735,506 shares were issued, in the amount of EUR 5 each, made in cash. This amount of EUR 8,677,530 was subscribed and paid-up.
- → On December 11th, 2017, 6,810,468 shares were issued, at EUR 5 each, in the amount of EUR 34,052,340 subscribed and paid-up, as detailed below:
 - L. EUR 34,052,335.45 by conversion of credits held by the DGTF, which matured on November 30th, 2017;
 - II. EUR 4,55 in cash, using the respective endowment of the State Budget for 2017.

As of December 31st, 2018, the Company's share capital, fully subscribed and paid up, amounts to EUR 809,534,880 composed of 161,906,976 shares. This variation of EUR 280,233,480 is due to 56,046,696 new shares being issued with a par value of EUR 5 each, subscribed and paid-up by the Portuguese State:

- → On May 29th, 2018, 1,600,763 new shares were issued with a par value of EUR 5 each, in the amount of EUR 8,003,815 subscribed and paid-up in cash, to meet the Company's debt service financial needs pertaining to the first quarter of 2018;
- → On December 26th, 2018, 54,445,933 new shares were issued with the par value of EUR 5 each, for the amount of EUR 272,229,665 subscribed and paid in cash to cover the financial needs to service its debt to banks.

The Shareholder, through capital endowments, intended to cover the financing needs inherent in the repayment of a bond loan.

18.2. Other Reserves

"Other Reserves" include: (i) EUR 8,479,554 in subsidies received in 1995, under the transfer to EDIA of the amounts included in the State Budget for the former Alqueva Steering Committee; (ii) EUR 592,267 pertaining to the transfer to the Company of said Committee's assets; (iii) EUR 120,904 of subsidies allocated to the surplus areas (which are not amortisable investments); and (iv) EUR 9,975 pertaining to the gift of a wall painting for EDIA's head office.

These reserves were not imposed by law or by statute, or recognised in accordance with contracts entered into by the Company.

18.3. Retained Earnings

The "Retained Earnings" balance, by December 31st, 2018, amounts to negative EUR 801,434,891 and is related to the recognition of impairment losses in "Intangible Assets" of the "water" segment, with an accumulated value (net of the respective subsidies that have been being derecognised) of EUR 860,601,328.

The variation in this subaccount also results from the cash inflow by the Portuguese State in the aggregate amount of EUR 33,473,247 to cover losses, and also from the application of the previous year's negative net income in the amount of EUR 341,899.

As of December 31st, 2017, EDIA's equity, as a result of its successive losses, was at a negative EUR 296,404,038, a situation that fell within the scope of article 35 of the Portuguese Commercial Companies Code, despite all the guarantees that the Shareholder has always provided for the financing obtained and the successive capital increases.

On December 31st, 2018 this situation changed. Notwithstanding the registered reversion (positive equity of EUR 13,367,622), the Company remains in the situation provided for in Article 35 of the Portuguese Companies Code.

19. INTANGIBLE ASSETS IMPAIRMENT

19.1 Impairment of Depreciable/Amortisable Investments

Following the transfer to EDP, for a 35-year period, of the exploitation of Alqueva and Pedrógão hydroelectric plants and of the rights of private use of the respective public water domain, since October 2007, the majority of revenue of exploration associated with the hydroelectric component of EFMA until the year 2042 had already been set. However, at the date of closure of the accounts for 2009 and earlier, the Tutelage had yet to set the tariff for supply of water from the primary system of the Development which would allow to evaluate to what extent the total operating revenues expected from the use of public water allocated to EFMA (those associated with the supply of water for irrigation and human consumption and those resulting from hydroelectric exploitation) would allow or not to retrieve the global investment provided within the scope of the EFMA.

However, it was already possible at the time of closing the accounts, both for 2009 and prior years, to forecast that the investments made in EFMA would have a reduced profitability and that, consequently, there would be impairment losses to be recorded.

However, it is important to note that EFMA was conceived as an instrument of regional development in a depressed area of the country, with special focus on converting the non-irrigated agricultural sector into irrigated land.

EFMA represents a water resource harnessing development, associated with the River Guadiana and guaranteeing a strategic supply of water, contributing to a reversion of the trend towards population and economic decline in a vast region in Alentejo, and is, as such, of immense national interest, with the resulting benefits from its implementation, in terms of the improvement of the quality of life of the Alentejo people, as well as economic, social and environmental promotion.

In this sense, and also considering the positive externalities generated for national economic, the financial return on assets of EFMA exclusively resulting from revenues generated by EDIA's activity was never doubted. The basic assumption was to ensure that the future economic benefits were able to cover the operating costs of activities (excluding the amortisation of investments), generating positive operating results.

Since its inception, the Portuguese State assumed the nature of this Multipurpose Project, whose implementation would result from the full and efficient use of the huge "strategic water reserve" to be stored in the Alqueva and Pedrógão reservoirs. As the sole holder of EDIA's capital, the Portuguese State has always ensured the necessary funds to achieve its objective, creating the conditions for the Company to meet the commitments it undertook during the implementation of the project.

The revenue from the water distribution service provided by EDIA is calculated according to the price of water set by the State, which in turn, takes into account a set of assumptions that go beyond the economic interest in the investments made.

As there was (from previous years) evidence that the assets of the "water" segment would be impaired, but it is not possible to estimate the recoverable amount of individual assets allocated to this segment, given the strong interconnection of the cash inflows of various assets or groups of assets of the segment, EDIA determined the recoverable amount of the cash generating unit ("smallest identifiable group of assets that are generating cash inflows and is largely independent of the cash inflows from other assets or groups of assets") representing the entire "water" segment.

Since establishing the tariff for water supply from the primary system in 2010, EDIA has estimated the recoverable amount of the "water" segment assets by determining the respective value for use, and concluded that the present value of future cash flows associated with this segment value is negative, so the impairment loss on those dates corresponds to the total value of assets (net of inseparable liabilities-subsidies) allocated to this segment.

Therefore, the intangible assets allocated to this segment are fully offset by accumulated impairment losses of the same amount.

For this purpose, we considered cash flows up to the year 2082, the year that ends the concession contract to EDIA which includes the management, operation and private use of public water domain allocated to EFMA, under the provisions of Decree-Law no. 313/2007.

With the entry into force of Order No. 3025/2017, of April 11th, and consequent alteration of the applied tariff, impairment studies were carried out using new assumptions that remained in 2018.

To update the future cash flows a discount rate of 6.77% was used based on the Weighted Average Cost of Capital (WACC), in order to reflect: (i) the time value of money for the periods up to 2082; (ii) expectations about possible amount variations or timing of cash flows; (iii) the price of bearing the uncertainty inherent in the asset; and (iv) other factors that market participants would reflect when appraising future cash flows that the Company expects to obtain from assets.

Bearing in mind that all future projections were made on the basis of assumptions deemed reasonable and affordable, in the current and future market, and that decisions taken in the latest projections//studies were approved by EDIA's Board of Directors, the main assumptions adopted are as follows:

- → Benefitted area 162,145 ha;
- → Rate of adherence to the water resource growing over 8 years;
- → Average water consumption of 4,000 m³/ha, in 80% of the covered area;
- → Weighted average allowance to be extracted from the dam 4,953.56 m³/ha;
- → Unit reference price for water supply for agricultural and industrial purposes, as well as public supply (in accordance with Order no. 3025/2017, of April 11th).

The assets and liabilities of the "water" segment, as well as recognised impairment losses, pertaining to December 31st, 2018 and December 31st, 2017, can be presented as follows:

		EUR
"Water" Segment	31/Dec/18	31/Dec/17
Intangible assets – gross amount	1.523.663.877	1.519.200.624
Investment subsidies	(663.062.549)	(660.264.373)
Assets net of subsidies = Accumulated impairment losses	860.601.328	858.936.249
Impairment losses (reversals) recognized in the period	1.665.079	(1.102.116)

As of December 31st, 2018, there was an impairment loss amounting to EUR 1,665,079.

The Alqueva Subsystem comprises the small hydro plants of Alvito, Pisão, Roxo, Odivelas and in Ardila Subsystem central the Serpa small hydro plant.

These infrastructures, having been transferred from "Intangible Assets in Progress" to firm and considered cash-generating units under IAS 36 - "Impairment of Assets", were subject to impairment tests for it to be possible to determine the portion of the investment that is impaired, specifically for the "electric" and "irrigation" components.

This study, like all studies of prospective nature, have their results strictly related to the validity of the different hypotheses of evolution considered in it, in particular, and among other assumptions regarding the volumes and unit energy costs, in the project horizon.

The breakdown of these costs into "electric" and "irrigation" components was obtained by separating the corresponding values for investment directly allocated to the production of energy from the rest, taking into account the values of the quantities of work and equipment in these infrastructures and which are directly related to the functions "electricity production" and "irrigation".

Bearing in mind these assumptions and the goal of the study compared to the analyses performed, the conclusion was that these cash generating units originate sufficient future economic benefits to ensure the return on investment, that is, they are not impaired.

It should be noted that, according to EDIA's studies and best projections, there is no impairment in terms of the assets in the "Energy" segment.

19.2. Impairment of Debts Receivable (Losses/Reversions)

Impairment losses that have been recognized relate mainly to loans in arrears for water distribution services provided by EDIA, when customers do not respect the period of contracted payment and the period of delay is significant.

20. PROVISIONS

EDIA periodically analyses potential obligations resulting from past events that must be recognised or disclosed.

Provisions are recognised only when the Company has a present obligation (legal or constructive) resulting from a past event and it is probable that, to settle the obligation, there is an outflow of resources and the amount of the obligation can be reasonably estimated.

The subjectivity inherent in the determination of the likelihood and amount of outflow of necessary resources for the settlement of liabilities may lead to significant adjustments, both by variation of that assumption and by the future recognition of provisions previously disclosed as contingent liabilities.

EDIA considered, based on the decision of the Board of Directors and the comprehensive analysis of each of the processes by the internal Legal Department and external lawyers that the conditions for the recognition of provisions referred in IAS 37 — Provisions, Contingent Liabilities and Contingent Assets were complied with.

In particular, with regard to the condition that "it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation," the criteria set out in said IAS 37 — Provisions, Contingent Liabilities and Contingent Assets was used, considering as likely the outflow "if the event is more likely than not to occur, that is, the probability that the event will occur is greater than the probability of not happening".

This estimate is based on a thorough technical analysis of the Legal Department that issues for this purpose, a document which determines the best estimate of the amounts to be set aside, based on the experience of EDIA regarding the outcome of similar cases and based on information rendered by external lawyers who cooperate with the Company.

In the periods ended December 31st, 2018, and December 31st, 2017, in order to meet the legal proceedings and other present obligations arising from past events, EDIA made provisions but used previously provisioned amounts to cover expenditures for which they were originally recognised.

					EUR	
	31/Dec/18					
	Decreases					
Provisions (DPF)	Opening balance	Increases	Uses	Reversals	Final Balance	
Provisions						
Provision for Ongoing Legal Proceedings and Litigious Expropriations	1.427.301	4.374	797.500		634.175	
IFRIC provision 12	14.102.922	7.473.180			21.576.102	
TOTAL	15.530.223	7.477.554	797.500	0	22.210.277	

					EUR
	31/Dec/17				
		Decreases			
Provisions (DPF)	Opening balance	Increases	Uses	Reversals	Final Balance
Provisions					
Provision for Ongoing Legal Proceedings and Litigious Expropriations	14.937.921	393.377	13.903.997		1.427.301
IFRIC provision 12	12.651.173	1.451.749			14.102.922
TOTAL	27.589.094	1.845.126	13.903.997	0	15.530.223

20.1. Provision for Ongoing Lawsuits and Disputed Expropriation Procedures

As of December 31st, 2018, various legal disputes are known, resulting from either ongoing lawsuits or expropriations associated with the EFMA investment, which may result in additional charges and liabilities for EDIA, and the Company made provision to cover these liabilities, based on its best estimate of future costs to be borne.

The amount of EUR 634,175 in the "Provisions" item, as of December 31st, 2018, results from the following ongoing lawsuits and proceedings taking place within the framework of contentious expropriation, since the decrease in the total provisioned result, as a whole, is due to end of the lawsuit with Sociedade Construções Soares da Costa.

		EUR
Legal Proceedings	31/Dec/18	31/Dec/17
Protective Order brought by Soares da Costa, S.A.	-	797.500
Monte Adriano, S.A.	420.309	420.309
Municipalities of Reguengos de Monsaraz, Mourão, Portel, Moura and Alandroal	190.000	190.000
Others	17.396	15.396
	627.705	1.423.205
Litigious Expropriation Processes		
H. São Sebastião	2.645	2.645
H. Sesmarias	1.238	-
Texugueiras	222	222
Others	2.365	1.229
	6.470	4.096
TOTAL	634.175	1.427.301

In 2014, **Sociedade Construções Soares da Costa, S.A.**, submitted an application for the tender for the Contract for the Construction of the Roxo-Sado Hydraulic Circuit. It was rejected and so it filed an injunction to suspend the tender and brought the respective main action asking that the contract subject to tender be awarded. What is at stake is the stoppage of the tender and the award of the contract to Soares da Costa. The likelihood that the measure will be enacted is, according to EDIA, very low. This meant that the company Soares da Costa, in principle, will not do the work and the price will be that of the competitor. If Soares da Costa were to win the case, it would be entitled to compensation for loss of earnings, but it would be a compensation of a value not exceeding 3.5% of the tender value (EUR 18,500,000). It is a very complex action where it would be foolhardy to move, at this time, with an idea about the outcome. Given the above, EDIA recorded a provision amounting to EUR 647,500, which, in the first half of 2017, was prudently increased by EUR 150,000, an estimated amount for potential future liabilities (costs, fees and other expenses) should the situation decay. The total provisioned amount for this process, as of December 31st, 2017, is EUR 797,500. EDIA appealed

from an order issued by the Beja Court to the South Administrative Central Court (TCAS), which did not hold a hearing for a clarification request, nor did it allow the second expert, which made it more difficult to reverse the jurisprudential stance unfavourable to EDIA and goes along the lines of the stance defended by Soares da Costa. In light of this appeal, Soares da Costa made contact to inquire about the possibility of agreement. The initial values differed from one to ten. The Public Prosecution Service gave its opinion that the appeal filed by EDIA should be dismissed. Negotiations were without development for months. In November, EDIA resumed negotiations, reaffirming the value it had offered and setting the end of 2018 as the acceptance deadline. Soares da Costa welcomed the value proposed by EDIA and an agreement was concluded, in which EDIA assumed the obligation to pay Soares da Costa EUR 300,000. The agreement was ratified by judgment and EDIA settled that amount in November. Accordingly, as of December 31st, 2018, the lawsuit is concluded.

In 2012, a lawsuit was filed by the construction company **Monte Adriano S.A.**, under the Contract for the Contract for the Contract for the construction of 3rd stretch of the Pisão-Roxo pipeline (Penedrão-Roxo) and of the Penedrão dam. The contractor claims payment for work valued at EUR 370,310, claiming that this amount was paid due to misinterpretation of EDIA pertaining to the scope of work of a given item in the bill of quantities. EDIA contested and provisioned 50% (EUR 185,155) from the amount requested by the contractor, which is considered as the best estimate of the expenditure to be incurred. A provision of EUR 235,154 was reinforced in June 2017 as the maximum liability could rise to the amount of the claim (EUR 370,309) plus interest (EUR 50,000). A preliminary hearing was scheduled for October 22nd, 2018, which was expected since March 13th, 2015, and EDIA cannot make any predictions about its outcome at this stage. If, at the preliminary hearing, the arguments put forward by EDIA in its defence, either in the case of exceptions or substantive, were well founded, the proceedings would in principle be appealed. If not, the case goes to trial, then to decision, which the losing party will surely appeal. This lawsuit may have no final conclusion (including appeals) within the next 8 to 9 years, but it may be much earlier or much later. There was no change in the provisioned amount of this lawsuit throughout 2018.

In 2012, five municipalities within the Alqueva backwater area (**Reguengos de Monsaraz, Mourão, Portel, Moura and Alandroal**) brought an action with respect to the payment of rent allegedly owed by EDIA to those municipalities under the provisions of Decree-Law No. 424/83, dated December 6th, requiring EDP, as holder of power plants, to pay certain annual amounts to the allocated municipalities. No exact request is made due to the alleged lack of elements to apply the formula for calculating the value of the rents provided by law. EDIA contested, but its operational management of primary infrastructures and energy estimated a value of rents of around EUR 190,00. EDIA was acquitted because the Beja Judicial Court considered itself incompetent. The case was referred to the competent court, i.e. the Beja Administrative and Fiscal Court. There has been no development at this time.

Given that the process is only in the pleadings phase, it is not possible to safely make a judgment on the outcome of the action, although EDIA's defence arguments appear to be consistent. In the event of a decay, EDIA's financial liabilities will be approximately EUR 190,000, for which the provision for this procedure was set up. Considering the time elapsed without any procedural development, the lawsuit is now expected to be concluded by December 31st, 2019.

It should be noted that the fact that several of the provisions for ongoing legal proceedings have been quantified in 50% of the amounts claimed by plaintiffs, results from the measuring process of the provision, i.e., it was considered that 50% of the amount claimed would be the best estimate of the expenditure required to settle the obligation at the end of the reporting period in accordance with IAS 37 — Provisions, Contingent Liabilities and Contingent Assets.

The constitution of provisions within the context of contentious expropriation proceedings conducted by EDIA obeys a set of assumptions that, depending on the development stage of the process and values provisionally established in each one (proposal of EDIA, arbitration, expertise, judgment and possible appeals), will determine the variation of the value of each provision made. Regarding pending expropriation proceedings, in addition to involving low value amounts, they are mostly in court for reasons unrelated to the existence of litigation (lack of ownership, litigation among heirs, and others).

As of December 31st, 2018, regarding these litigation expropriations proceedings, in relation to the homologous period, yet no provisioned amounts were used/reversed.

20.2. Provision IFRIC 12

The infrastructure for the use of the public waterways domain allocated to EFMA in the concession agreement signed between EDIA and the State, and forming part of the primary system (dams, hydroelectric power plants and primary network) of the Development are the property of the concessionaire for the duration of the concession.

The provision under IFRIC 12, arises from the requirement, established in the concession contract with the State in October 2007, to maintain/preserve, over the concession period, the infrastructure allocated to energy production activities and distribution of water, which revert to the State at the end of the concession period. This provision covers only those major repairs and replacements that are anticipated to be made during the concession period, not including the maintenance and conservation of these assets, which are recognised as expenses in the period in which they occur.

This provision is recognised and measured based on the assumptions of the economic and financial feasibility study used:

- → Total value of investment in operations, specifically equipment and civil construction, without considering the value of submersed or surplus land;
- → Application of an estimated 0.2% of the investment for the activity of water distribution, to determine the average cost of major annual repairs;
- → The costs of major repairs for energy production activity pertaining to the Alqueva and Pedrógão Hydroelectric Plants are not considered, because under the sub-concession contract with EDP, these costs are its responsibility;
- → The estimated timescale for dealing with major repairs to equipment and civil construction is 20 and 30 years, respectively;
- → The average rate of financing for the period 2013-2082; and
- → The forecast of Euribor is made on the basis of *Bloomberg* spot rates.

Since September 2011, the bank financing for the State Corporate Sector is managed by the Secretary of State for Treasury and Finance, and since then, EDIA arranged several short-term loans in various banks with a high funding average rate.

In November 2014, following the entry of EDIA in the consolidation perimeter of public accounts, EDIA signed a loan agreement with DGTF (to repay short-term debt that had hitherto), amounting to EUR 189,209,285, consisting of two tranches, the first one amounting to EUR 10,100,000 with a financing rate of 1,62%, and the second tranche of EUR 179,109,285, with a financing rate of 1,66%.

Within the scope of implementing IFRIC12 – Service Concession Agreements in relation to infrastructure already in operation (EUR 1,578,598,410), there was an decrease in the average financing rate (3.74% in 2017 and 2.51% in 2017) and this provision was increased in the amount of EUR 7,473,180, totalling EUR 21,576,102.

In 2018, in order to update the initial estimate of the provision, EDIA awarded a study to the National Civil Engineering Laboratory (LNEC), to corroborate its internal analysis on the valuation of that responsibility, that is, to evaluate the patrimonial value of the built infrastructures subject to rehabilitation and analyse the rehabilitation rate that ensures service sustainability for the various EFMA subsystems.

Considering LNEC as a credible entity, with special competences conferred by the Dam Safety Regulation, in which it has a diversity of valences providing it with a unique knowledge of the type of infrastructure under analysis, such as concrete dams and landfill dams, canals, pumping stations, drainage networks, it was EDIA's understanding that it would be the company with the best technical capacity to present this study with a detailed intervention plan in the various infrastructures, object of the concession contract, based on a set of assumptions and estimates of a financial, operational and technical nature.

As of December 31st, 2018, the conclusions of this study are not consolidated for the entire EDIA universe, i.e., for the three EFMA subsystems (Alqueva, Ardila and Pedrógão), whereby its results are not yet applicable in this financial year.

21. FUNDING OBTAINED

The financing of investments for EFMA infrastructures, to date, involved the hiring of several bond loans, a loan from the European Investment Bank (EIB) and a State loan. As of December 31st, 2018 and December 31st, 2017, the funding obtained breaks down as follows:

	31/Dec	c/18		31/Dec/17			
Financing obtained	Current	Non-Current	TOTAL	Current	Non-Current	TOTAL	
Bond Loans	6.739.286	130.117.800	136.857.086	305.372.183	138.081.455	443.453.637	
DGTF loan	63.069.762	63.069.762	126.139.523	31.534.881	94.604.642	126.139.523	
European Investment Bank (EIB)	31.624.396	29.595.411	61.219.807	6.684.783	61.219.807	67.904.589	
TOTAL	101.433.443	222.782.973	324.216.416	343.591.846	293.905.904	637.497.750	

EIB - EUR 135,000,000.00

→ Contract start date: 1999

→ Term: 20 years

→ Period of grace: 7 years

- → The amount of EUR 135,000,000 reflected in the loan account, results from the full use of tranches A, B, C and D
- → Repayment of this loan will be made as follows:
 - → EUR 35,000,000 Tranche A 13 consecutive annual repayments starting in September 2007 and ending in September 2019;
 - → EUR 35,000,000 Tranche B 13 consecutive annual repayments starting in September 2007 and ending in September 2019;
 - → EUR 32,500,000 Tranche C 13 consecutive annual repayments starting in March 2009 and ending in March 15th, 2021;
 - → EUR 32,500,000 Tranche D 13 consecutive annual repayments starting in March 2009 and ending in March 15th, 2021;
- → Interest Rate: rate determined by EIB according to procedures established by its Board of Directors, which cannot exceed the 3-month Euribor rate, plus 0.15%.
- → Repayment until 31-12-2018: EUR 73,780,193

→ Amount Due: EUR 61,219,807

Bond Loan - EUR 56,180,000

→ Contract start date: 2007

→ Term: 20 years

→ Repayment: total, at end of contract (2027)

- → This bond loan was contracted with Millenium BCP and BPI.
- → The coupons are guarterly and they are bullet-maturity bonds;
- → Interest Rate: 3 months Euribor + 0.005% Spread.

Bond Loan - EUR 94,350,000

- → Contract start date: 2010
- → Term: 20 years
- → Repayment: from February 2017, inclusive, 28 half-yearly, equal and successive payments;
- → This bond loan was taken up with the Banking Syndicate comprising Banco Infrastrutture Innovazione e Sviluppo, SpA (BIIS); Banco BPI, S.A. (BPI); Banco Santander Totta, S.A. (Santander); Caixa Banco de Investimento, S.A. (CaixaBI); Dexia Sabadell, S.A. Portugal Branch (Dexia);
- → Interest Rate: 6 months Euribor + 2.65% Spread.
- → Reimbursement until 31-12-2018: EUR 13,478,571
- → Amount due: EUR 80,871,429

The EUR 300,000,000 bond loan, contracted in November 2003 and maturing in November 2018, was fully amortized in accordance with the contract.

All bond loans were paid-up with the unconditional and irrevocable endorsement of the Portuguese Republic.

DGTF Loan - EUR 189,209,285

1st tranche

- → Amount: EUR 10,100,000
- → Interest rate: 1.62%
- → Beginning: 11/28/2014
- → Reimbursement: twelve consecutive half-yearly instalments of equal capital, starting on May 31st, 2016 and ending on November 30th, 2021
- → Reimbursement until 12/31/2018: 3,366,667 EUR
- → Amount due: EUR 6,733,333

2nd tranche

→ Amount: 179,109,285 EUR

→ Interest rate: 1.66%→ Beginning: 11/27/2014

→ Repayment: twelve consecutive half-yearly instalments of equal capital, starting on

→ May 31st, 2016 and ending on November 30th, 2021

→ Reimbursement until 12/31/2018: 59,703,095 EUR

→ Amount due: EUR 119,406,190

In November 2014 and following EDIA's entry in the consolidation perimeter of public accounts, the State (DGTF) grants EDIA a medium and long term loan in the amount of EUR 189,209,285, to settle the short term loans within the various banks (EUR 184,209,285) plus EUR 5,000,000 which are intended to meet the financing needs related to the Company's debt service.

By using the loan, interest is due at the nominal annual fixed rate, equivalent to the Republic's financing cost, to be set on the date of each disbursement, according to the quotation to be obtained from the Treasury and Public Debt Management Agency (IGCP) and to be transmitted to the Borrower by the Lender.

Interest is due every six months and in arrears. The loan will be repaid in twelve equal and successive semi-annual equity instalments, beginning May 31st, 2016, and ending November 30th, 2021.

On December 28th, 2018, EDIA received a letter extending the debt service payment of the loan in question, due on November 30th, 2018, to May 31st, 2019, at no additional charge.

The debt staggering included in the Financial Position Statement as of December 31st, 2018, and December 31st, 2017, with maturities up to 5 years, amounts to EUR 103,355,000 and EUR 144,574,961, respectively.

		EUR
	31/Dec/18	31/Dec/17
Non-Convertible Bond Loans		
2007 Bond Loan (EUR 56.18 million)	56.180.000	56.180.000
2010 Bond Loan (EUR 94.35 million)	47.175.000	53.914.285
Debts to Credit Institutions		
European Investment Bank (EUR 135 million)	-	34.480.676
TOTAL	103.355.000	144.574.961

In 2018, expenses were capitalized at an average rate of 0.201%, amounting to EUR 10,404 (in 2017, the average rate was 0,168% and amounted to EUR 10,754).

22. SUPPLIERS AND OTHER ACCOUNTS PAYABLE

				EUF	
	31/0	lec/18	31/Dec/17		
Suppliers and Other Accounts Payable	Current	Non-Current	Current	Non-Current	
Suppliers					
Suppliers C/C	3.322.702		3.621.022		
TOTAL	3.322.702	-	3.621.022	-	
Other Accounts Payable					
Creditors by accrued expenses	6.424.633		4.678.876		
Community Funds-Advances	4.352.609	-	5.420.112	1.603.100	
Investment Suppliers	208.103		551.825		
Other Creditors	12.387		46.052		
TOTAL	10.997.732	-	10.696.865	1.603.100	

22.1. Suppliers c/a

The balances of suppliers associated with investments in the secondary network, shown under "Inventories", are recorded under "Suppliers c/a" instead of "Investment Supplier" because they do not derive from investments in tangible and intangible fixed assets but from construction work under "External Supplies and Services".

The balance mainly reflects the outstanding amount with the following entities: Endesa Energia, SA; Segurassiste-Soc.Ass.Med.Seguros; Extraco, Construccións e Proxectos, S.A.; EFACEC — Engenharia e Sistemas, S.A. e DST — Domingos da Silva Teixeira, S.A..

22.2. Creditors by Accrued Expenses

The "Creditors by Accrued Expenses" account essentially reflects the specialised value of expenses: (i) the interest on funding obtained from the medium and long-term loan granted by DGTF, amounting to EUR 2,525,442; (ii) with the THR component, related to the use of water by irrigation perimeters clients (application of Decree Law 97/2008), in the amount of EUR 2,072,318; (iii) with interest and commission on bond loans totalling EUR 914,579; (iv) EDIA employees' holiday and holiday allowance, EUR 379,895 and EUR 371,894, respectively; and (v) electricity and communications services (EUR 160,505) billed in January 2019, the consumption of which refers to the previous month.

22.3. Community Funds

As part of the Rural Development Program 2014-2020 (PDR2020), EDIA submitted a payment request as an advance for the 2nd phase of the Álamos Adduction Facility project, in the amount of 7,015,000 EUR.

In such cases, and in accordance with Article 63 of Commissions' Regulation (EC) no. 1305/2013 of December 27th, the Board of Directors (by means of a written guarantee issued to the competent paying agency – Fisheries and Agriculture Financing Institute, IP) guaranteed the compensation to 100% of the advance amount if the entitlement to the advance cannot be proven.

With regard to the request for an advance, EDIA submitted expenditure of EUR 2,722,380 until the end of 2018.

22.4. Investment Suppliers

This account's balance also includes the amount of withholdings made by EDIA, as owner of the work, under Decree-Law no. 59/99, in order to guarantee the works' execution/maintenance, in situations in which the contractor hasn't submitted a bank guarantee for this purpose, still within the scope of the work's guarantee term.

23. VARIATION IN PRODUCTION INVENTORIES

Variation in production inventories, as of December 31st, 2018, and December 31st, 2017, is broken down as follows:

	EUR
2018	2017
3.575.268	2.662.937
447.577	42.845
(2.662.937)	(1.841.662)
1.359.908	778.431
1.359.908	778.431
	3.575.268 447.577 (2.662.937) 1.359.908

Following the publication of Decree-Law No. 335/2001 of December 24th, which, with the exception of Infrastructure 12 and the Luz Perimeter, forecasted the transfer to the State (MAFDRXXX) of infrastructures integrating the secondary irrigation network allocated to EFMA, EDIA, from 2002 onward, has shown the cost of the secondary irrigation network's infrastructure works under "Inventories".

With the entry into operation of all completed blocks, on December 31st, 2016, and according to treatment given in previous years to other infrastructures of the same nature, the value associated with these infrastructures was transferred from the account "Products and Works in Progress" to the account "Finished and Intermediate Products".

With the delivery contracts celebrated with the State (DGADR) in April and November 2013, the balance of the "Finished and Intermediate Products" account, pertaining to the secondary network, as well as investments in the substantially completed and already in operation perimeters, was transferred to the account "Other Accounts Receivable" (DGADR account), bearing in mind that the State owns all the secondary network infrastructures that EDIA built on its behalf.

The variation in 2018 (447,577 EUR) reflects investments made in secondary network infrastructure – Phase 2, which pertain to projects related to the already completed blocks.

24. OWN WORK CAPITALISED

This item records the allocation of ongoing investment (under "Tangible Fixed Assets") of expenditure assigned to the Company's operational areas directly associated with the construction of EFMA infrastructures. These expenses are directly allocated to the primary network and the mapping centre, made under direct administration of the Company, as explained in Note 3.1.f.

25. EXTERNAL SUPPLIES AND SERVICES

		EUR
External Supplies and Services	2018	2017
Electricity	11.068.993	14.076.863
Conservation and Repair	2.274.702	1.294.895
Specialized jobs	1.023.174	859.240
Subcontracts	547.319	247.988
Insurance	424.199	428.135
Leases and Rentals	373.516	386.096
Advertising and marketing	365.180	193.231
Fuel	214.971	204.031
Cleaning and Hygiene	159.152	135.200
Surveillance and Security	138.682	207.488
Communications	80.799	97.398
Tolls and Parking	79.466	105.282
Tools and utensils	55.151	30.425
Fees	42.088	160.709
Litigation	21.325	10.427
Office material	18.837	19.275
Other fluids	18.184	16.474
Travel and Accommodation	15.530	21.479
Representation expenses	14.978	9.866
Water	14.347	14.595
Books and Technical Documentation	3.780	4.605
Others	216	1.285
TOTAL	16.954.589	18.524.986

In "External Supplies and Services", the variation occurred mainly due to: (i) a reduction in the electricity subaccount, due to the fact that 2018 was a hydrologically humid year, with significant rainfall, and such a high consumption of energy was not required for the infrastructures already in operation; and (ii) increased spending on upkeep, repair and specialized work on various infrastructures as a result of their entry into operation.

Overall, for the remaining items, there were no significant variations.

26. PERSONNEL EXPENSES

The number of EDIA employees in 2018 and 2017 was 179.

The Company's "Personnel Expenses" were composed as follows:

		EUR
Personnel Expenses	2018	2017
Remuneration	4.677.513	4.505.337
Social charges	1.032.524	995.996
Other Personnel Expenses	306.872	347.570
TOTAL	6.016.909	5.848.904

In 2018 and in the same period in 2017, members of EDIA's management bodies were paid the following remunerations for the performance of their duties:

		EUR
	2018	2017
Board of Directors	197.056	204.955
Statutory Auditor	14.019	15.102
Fiscal Council	34.757	36.345
General Meeting Board	950	1.325

The amounts presented as total remuneration of the Governing Bodies include the following: Holiday and Christmas salaries and allowances.

Compared to the same period of the previous year, there is a decrease in the governing bodies' monthly expenses, since, in addition to the 5% remuneration reduction previously in force and provided for in Article 12 (1) of Law No. 12-A/2010, one of the members of the Fiscal Council was removed in September 2018, and has not yet been replaced.

In 2018, pursuant to article 18 of Law 114/2017 (0E2018), of December 29th, remuneration valuations resulting from the progression to office holders and other personnel identified in article 9, paragraph 9, article 2 of Law 75/2014, of September 12th, were again allowed.

27. OTHER INCOME AND GAINS

		EUR
Other Income and Gains	2018	2017
Concession Contract Interest_EDP_ IFRS 15	7.141.440	7.318.590
Imputation of investment subsidies	1.880.540	1.957.824
Other income	535.256	121.110
TOTAL	9.557.236	9.397.523

27.1. Interest

Under the "Operation Concession Contract for the Alqueva (CHA) and Pedrógão (CHP) Hydroelectric Plants" celebrated between EDP and EDIA, the latter received an initial amount of EUR 195,000,000 and will receive EUR 12,380,000 (value updated in 2012) annually for 35 years.

The amount of EUR 7,141,440 shown under the "CHA and CHP operation concession interest" account pertains to the remuneration portion (established in the contract with EDP) which reflects the capital update (fair value of the subconcession calculated on the contract date), on the basis of an implicit rate of 3,5%.

27.2. Allocation of Investment Subsidies

The heading "Allocation of Investment Subsidies" reflects recognition under subsidy income associated with investments, insofar as the latter are depreciated. Does not include:

- → Subsidies for the construction of the secondary irrigation network, which are disclosed under "Deferrals" in Non-Current Liabilities, since the related assets are owned by the State. These subsidies were, mostly, deducted from investment, evidenced under "Inventories" and later transferred to the DGADR account when the contracts for the delivery of the completed infrastructures was celebrated because EDIA made said investments with equity, representing the State, resulting from the Concession Agreement signed in April 2013 with the DGADR; and
- → Subsidies linked to distribution of water, whose assets are fully impaired, have been derecognised under the registration of impairment losses for the respective assets, i.e. these losses are recognised in the Comprehensive Income Statement by the net value of the respective subsidies.

28. OTHER EXPENSES AND LOSSES

On the amount shown under "Other Expenses and Losses" (EUR 1,170,729), it is worth noting: (i) EUR 754,439 pertaining to the payment of fees for the use of water resources in several of EDIA infrastructures, such as Alqueva and Pedrógão; (ii) EUR 270,040 pertaining to contributions; (iii) EUR 77,363 pertaining to previous years' corrections; and (iv) EUR 36,027 pertaining to SGP's value derecognition for 2014.

29. INTEREST AND SIMILAR EXPENSES INCURRED

		EUR
Financial Expenses	2018	2017
Interest paid	4.169.553	5.188.992
Warranty fees	834.725	1.047.144
Bank services	164.735	169.770
TOTAL	5.169.014	6.405.906

The "Interest and similar expenses incurred" account includes the interest associated with loans contracted by the Company, with emphasis on the medium and long-term DGTF loan and bond loans.

The other balances essentially refer to banking services and guarantee commissions of the bond loans granted by the Portuguese State (see Note 21).

30. DEPRECIATION AND AMORTISATION EXPENSES/REVERSIONS

Expenses/reversions of depreciation and amortisation, in 2018 and 2017, break down as follows:

		EUR
Depreciation and Amortisation Expenses/Reversals	2018	2017
Tangible Fixed Assets		
Land and Natural Resources	-	-
Buildings and other constructions	271.467	276.112
Basic equipment	57.387	64.725
Transport Equipment	68.699	64.129
Office equipment	40.506	46.554
Other Tangible Assets	40.718	44.625
	478.778	496.145
Intangible Fixed Assets		
Land and Natural Resources	859.497	859.239
Building and Other Construction Works	3.117.904	3.120.778
Basic Equipment	1.281.430	1.281.430
Other Intangible Assets		
Software	2.542	9.465
	5.261.374	5.270.913
TOTAL	5.740.152	5.767.058

31. OPERATIONAL SEGMENTS

EDIA's activity is grouped in three operational segments: Water; Energy; and Special Projects.

The Water segment concerns the management of the use of the public waterways domain allocated to EFMA, to ensure its distribution using criteria of rigour and sustainability, which comprises two strands:

- → Water Storage, with highlight to the major reservoirs (Alqueva and Pedrógão dams), and that of Water Supply, through the various Irrigation Subsystems (Alqueva, Pedrógão and Ardila), which aims at supplying water for agricultural, industrial or population consumption purposes, and for electrical generation, thus presenting revenues, essentially, internal; and
- → Water supply, encompassing the three EFMA water supply subsystems (Alqueva, Pedrógão and Ardila). In this sub-segment, EDIA only really started operation once construction of the irrigation perimeters was completed and the tariff to be applied to the provision of water distribution services was established (Order No. 9000/2010, of May 26, updated 3025/2017, of April 11), with gradual increases in gains over the years due to the entry into operation of new perimeters, increased adherence to irrigation and the use of water for other purposes.

The Energy segment consists of generating electricity through the Alqueva and Pedrógão hydroelectric power plants, of the Alvito, Odivelas, Pisão, Roxo and Serpa hydro plants and of the Alqueva Photovoltaic Plant. The turnover results essentially from the receipts in the form of rent pertaining to the concession contract for the Alqueva and Pedrógão hydroelectric plants to EDP for a 35-year period. However, note also goes to the operation during this period of all small hydro plants, and this activity is remunerated by the provision of electricity delivered to the national grid.

The Special Projects segment covers several areas, such as tourism, the environment, culture and cartographic production, of which the following stand out:

- → Cartography Centre, a project originally created as a support to the investment made by EDIA, involving both cartography and topography, now arising as a new business opportunity;
- → The Noudar Nature Park, which emerged as an environmental mitigation project as a result of the construction of the Alqueva dam, but that is complemented with the agricultural and tourist areas; and
- → The Museum of Luz represents a space of memory and interpretation of all the previously unknown processes of relocating Aldeia da Luz and is a developing cultural project in the new village.

Assets

Liabilities

The results per segment for 2018 and 2017 are as follows:

	2018	<u> </u>			
ITEMS	Water	Energy	Special Projects	Not Allocated	TOTAL
External Revenue	13.710.673	15.031.383	175.533	2.650	28.920.238
Operating Expenses	(19.256.075)	(168.962)	(1.046.287)	(498.159)	(20.969.483)
Intersegment Revenue/Expenses	363.633	(1.211.584)	847.951	-	0
Gross Margin	(5.181.769)	13.650.837	(22.803)	(495.510)	7.950.756
Other Income and Gains	461.755	8.975.727	189.032	79.573	9.706.088
Other Expenses and Losses	(8.635.577)	(27.458)	(241.536)	(54.917)	(8.959.488)
Result Before Depreciation and Financial Expenses	(13.355.591)	22.599.106	(75.306)	(470.854)	8.697.355
Depreciation and Amortization	(69.068)	(5.274.438)	(205.803)	(164.418)	(5.713.729)
Impairment losses	(1.665.079)	-	-	-	(1.665.079)
Operating result	(15.089.738)	17.324.667	(281.109)	(635.272)	1.318.548
Interest and Financial Income Obtained	-	-	-	0	0
Incurred Interest and Financial Expenses	(5.157.186)	-	-	(9.090)	(5.166.276)
Results by Business Segment	(20.246.924)	17.324.667	(281.109)	(644.362)	(3.847.728)
				Income tax	(87.338)
			Net In	come for the Year	(3.935.067)
					EL
ITEM C	2018		Constal Dustants	Not Allocated	TOTAL
ITEMS	Water	Energy	Special Projects	Not Allocated	TOTAL
Assets Liabilities	226.000.814 326.933.418	536.151.638 455.393.986	11.194.071 2.572.634	26.270.857 1.349.721	799.617.380 786.249.758
	2017	,			EU
ITEMS	Water	Energy	Special Projects	Not Allocated	TOTAL
External Revenue	14.920.536	12.960.364	298.152	1.394	28.180.445
Operating Expenses	(21.363.036)	(123.686)	(927.615)	(438.982)	(22.853.319)
Intersegment Revenue/Expenses	1.188.720	(1.492.767)	304.047	-	(22.000.010)
Gross Margin	(5.253.780)	11.343.911	(325,416)	(437.588)	5.327.126
Other Income and Gains	138.477	9.200.373	114.613	13.879	9.467.342
Other Expenses and Losses	(3.905.245)	(13.709)	(60.294)	(26.733)	(4.005.982)
Result Before Depreciation and Financial Expenses	(9.020.549)	20.530.575	(271.098)	(450.442)	10.788.487
Depreciation and Amortization	(68.316)	(5.274.158)	(220.107)	(178.866)	(5.741.445)
Impairment losses	1.102.116	-	-	-	1.102.116
Operating result	(7.986.748)	15.256.417	(491.204)	(629.307)	6.149.158
Interest and Financial Income Obtained	-	-	-	-	-
Incurred Interest and Financial Expenses	(6.391.419)	-	-	(7.465)	(6.398.884)
Results by Business Segment	(14.378.167)	15.256.417	(491.204)	(636,773)	(249.726)
, ,	, : =::=:/		,	Income tax	(92.173)
			Net In	come for the Year	(341.899)
				COILLE LOL THE LEGI	
			NCCIII		(341.033)
			Neem	come for the real	
	2017		Netill	come for the real	(341.033) EL

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32. OTHER RELEVANT INFORMATION

This note was used for the disclosure of other information not foreseen in previous notes, which turns out to be necessary and indispensable for a better understanding of the EDIA's financial position and results.

Tax Inspection

According to current legislation, tax returns are subject to revision and correction by the Tax Authorities for a period of four years.

Based on this assumption, the tax returns of the Company for the years 2008 to 2011 were subject to review by the Tax Authority (AT).

In October 2012, within the scope of tax inspection for IRC, AT proposes a correction to the years 2008 through 2011, with regard to the amount of amortisations of submerged land, as it believes that not all investments made by EDIA are subject to depreciation under the tax law, which excludes the possibility of tax depreciation of the value of submerged land, because it understands that these are not in a state of degradation.

The majority of assets currently recorded under "Intangible Assets" were at the date of entry into force of the Accounting Standardisation System on January 1st, 2010, shown under "Tangible Fixed Assets", and then reclassified to "Intangible Assets ", as provided for in IFRIC 12 — Service Concession Arrangements applicable to the concession contract signed with the Ministry of Environment, Spatial Planning and Regional Development, as expressly recognised by the Accounting Standards Board on January 20th, 2011.

The submerged lands in question, and that were amortised by EDIA, are included in EFMA and are the object of the concession contract concluded on 17th October 2007 between the Portuguese State and EDIA, called "Concession contract concerning use of water resources for the abstraction of water intended for irrigation and power production in the primary system of EFMA", for a duration of 75 years.

Pursuant to Clauses 8 and 9 of this contract, all goods included in EFMA, including submerged lands subject to depreciation revert to the Portuguese State at the end of the respective concession contract.

As outlined under: (i) article 13 of Decree No. 2/90 of January 12th, effective for the period that the tax inspection refers to "The elements of fixed assets acquired or produced by concession entities and that under the terms of the concession contract are revertible at the end of the latter can be reintegrated or amortised or depending on the number of years remaining of the concession when it is less than the minimum period of useful life" and (ii) Clauses 8 and 9 of the concession contract, where the amortised land, as well as all assets integrated in EFMA revert to the State at the end of the Contract, all legal requirements for acceptance of the amortisation as a tax cost are met and no correction to IRC should be made, which is the position taken by the Company.

In May 2013, EDIA presents a Judicial Appeal of the decision to reject the Administrative Claim of the IRC settlement statements concerning financial years 2008, 2009, 2010 and 2011, and thus requests that Hon. Judge of the Tax Court of Beja cancel all of the IRC settlement statements and interest, as well as the replacement of tax losses due to this correction made due to a tax inspection, for the four years.

In January 2014, similarly to the Administrative Claims and Judicial Appeals submitted for previous years (2008-2011), EDIA presented an Administrative Claim for the year 2012. In February, AT announced its refusal by invoking, on the same grounds, that the amortisation considered was improper, so technical correction was necessary, since the cause of action is exactly the same as those of IRC processes of previous years.

Given the above, EDIA presented Judicial Appeals to the correction made by inspection, referring to the year 2012.

In 2015 and in the first half of 2016, still in the scope of this IRC tax inspection, EDIA was notified by the Tax Administration, which made a correction to the taxable income 2013 and 2014, respectively, with which EDIA does not agree. At the end of 2016 and according to the procedure adopted in previous situations, EDIA presented a Judicial Impugnation for the year 2014.

EDIA informs that, despite the respect that the interpretation carried out by the Tax Administration deserves, and having been notified, through the Settlement of Accounts Statement for 2008, 2009 and 2010, to pay the amounts of EUR 15,022, EUR 17,121 EUR and EUR 55 125 respectively, requested the suspensory effect of the tax assessment and its corresponding compensatory interest, and pledged to provide guarantee and deposit, to the Tax Authority, in the amounts of EUR 20,138 and EUR 90,745 respectively, under the terms and for the purposes of article 69, subparagraph f), and article 199 of the Code of Tax Procedure and Proceedings.

In 2018, EDIA filed, with the Tax Court of Beja, Judicial Impugnation of the corrections to the tax base made by the Tax and Customs Authority (TA), in the context of tax inspection for 2015 and 2016, as the AT understood that the depreciation Submerged land is not accepted as a tax cost, which is awaiting a decision.

Regarding the 2013 Proceedings, the Central Administrative Court ruling (Case No. 268/15.8BEBJA) was issued, which disputes the correction to the tax base, and the Court ruled in favour of EDIA and considered that submerged land cannot be regarded as mere unaffected land but rather as land intended for exploitation, and therefore considered that the depreciation of submerged land is acceptable to the tax authorities. However, AT has appealed to the Supreme Administrative Court, and EDIA has filed its counterclaims and is awaiting Case conclusion.

The amount of tax losses declared by EDIA from 2014 to 2017, which can still be deducted, amounts to EUR 33,723,422, however, in light of the aforementioned facts and findings acknowledged by AT, the technical corrections in IRC calculated so far by direct appraisal amount to EUR 4,875,660, which, if the result of the Judicial Impugnation presented by EDIA is not favourable to it, the Company can only deduct the corrected losses, up to the amount of EUR 28,847,762.

As of the date of this financial report, EDIA is not aware of any further information about these proceedings, and Management believes that no additional settlements of significant value will occur in the context of the financial statements.

Environmental Issues

The Concession Contract signed between EDIA and the State on October 17th, 2007, for the Use of the Public Waterways Domain, sets out the terms and conditions that apply to the grantor-concessionaire relationship, specifying the contents of the task associated with the operation of the Development and setting out the rules for the exercise of the rights to private use of the public waterways domain.

EFMA's environmental management is based on its Environmental Management Program and the results of the environmental impact assessment processes pertaining to irrigation blocks and hydraulic infrastructures, aiming to promote efficient water use and good agricultural practices during the operation phase, and minimize and offset environmental impacts in the construction phase.

However, in addition to ensuring the implementation of environmental impact minimisation and offset measures defined in EFMA's Environmental Management Program, the concessionaire undertakes to implement, during the construction and operation phase, a set of measures which, after completion of work in the areas concerned, will eliminate any sign of intervention, restoring the original situation.

In terms of environmental policy, the Company intends to have all aspects of legal compliance covered and dominated and thus has made commitments for continual improvement in environmental performance with highlight to the compliance with the legislation, the analysis of environmental impacts arising from the Company's activity and training and raising awareness of employees.

The environment-related expenditures are incurred and identified to prevent, reduce or repair damage to the environment which arise from the Company's normal environmental activity.

In this sense, taking into account (i) the nature and extent of the Company's activity and the types of problems associated with its activity, and (ii) information about its environmental performance, such as, reducing atmospheric emissions, waste removal; there is no responsibility of an environmental nature that may give rise to provisioning, since it is not viewed as materially relevant.

Debts to the Tax Authorities and Institute of Solidarity and Social Security

From the information legally required in other laws, notably in Articles 66, 324, 397, 447 and 448 of the Commercial Companies Code (CSC), the legal provisions under Decree Law no. 534/80 of November 7th by the Ministry of Finance and Social Security and the provisions of Decree Law no. 110/2009 of 16th September from the Ministry of Employment and Social Security, it should be noted that EDIA, through the reporting document, declares that is not in breach of its obligations either to the State or to Social Security.

Guarantees Provided

- → In the ambit of primary and secondary networks, EDIA performs horizontal drilling on roads. To this end, it must apply for licensing at Estradas de Portugal, SA. For each crossing, EDIA is required to provide a bank guarantee in its favour (Estradas de Portugal, SA.), without any expiry date and/or for five-year term. As of December 31st, 2018, the total amount was EUR 85,961.
- → In October 2012, within the scope of tax inspection for IRC, AT proposes a correction to the years 2008-2011, with regard to the amount of amortisation of submerged land, as it believes that not all investments made by EDIA are subject to depreciation under the tax law, which excludes the possibility of tax depreciation of the value of submerged land, because it understands that the latter is not in a state of degradation.

EDIA contested and had to provide the AT with two bank guarantees with no expiry date in the total amount of EUR 20,138, intended to guarantee the suspension of the tax enforcement proceedings carried out by the Finance Services. Until December 31st, 2018, there was no reinforcement of these guarantees.

- → Under the contract celebrated with Galp Energia, Petróleos de Portugal-Petrogal, SA, EDIA provided a bank guarantee intended to "secure the timely payment of fuel expenses using the GALP Frota card". On December 31st, 2018, the amount was EUR 1,746.
- → In May 2015 and April 2016, two guarantees were provided to EDP Distribuição-Energia, SA, amounting to EUR 95,640 and EUR 60,930, respectively. These constitute the security deposit required for the provisional reception of the interconnection line between EDIA's infrastructures, in which it assumes the obligation to pay the due compensation for the repair of any defect in equipment and/or construction/assembly processes that arise during the warranty period. As of December 31st, 2018, these guarantees are still in force.
- → As of December 31st, 2018, there are still three guarantees in effect in favour of AgdA, amounting to EUR 9,883, within the scope of the Expropriation and Servitude Service Agreements.

The total value of the guarantees provided (EUR 274,298) is as follows: (i) CCAM of Beja and Mértola – EUR 211,622 and (ii) BCP – EUR 62,676.

Contingent Assets and Liabilities

Commission Regulation (EC) No. 1305/2013 of December 27th

Commitments made by EDIA, not included in the Financial Position Statement as December 31st, 2017, consist of guarantees provided pursuant to the provisions of Article 63 of Regulation (EC) No 1305/2013 of the European Parliament and Council, December 27th.

Within the scope of the Rural Development Program 2014-2020 (PDR2020), and in accordance with the terms and pursuant to paragraph 4 of Article 25 of Ordinance No. 229/2016, of August 26th, EDIA made a payment request as an advance, within the amount allowed by said regulations, for project no. PDR2020-341-035424 "2nd phase of the Alamos Adduction Installation", amounting to EUR 7,015,000.

In such cases, and in accordance with Article 63 of Commissions' Regulation (EC) no. 1305/2013 of December 27th, the Board of Directors (by means of a written guarantee issued to the competent paying agency — Fisheries and Agriculture Financing Institute, IP) guaranteed the compensation to 100% of the advance amount if the entitlement to the advance cannot be proven.

The competence for the provision of guarantees by the Company falls within the powers of the Board of Directors, either under article 15 of EDIA's statutes, in particular, or under paragraph 1 (c) and, especially, pursuant to article 406 (f) of the Commercial Companies Code, applicable under the provisions of article 7 of Decree-Law No. 558/99 of December 17th.

Regarding the request for an advance, by the end of 2018, EDIA incurred expenses amounting to EUR 2,722,380.

Power reinforcement investments carried out by EDP in the Alqueva Plant

Under the provisions of Law Decree No. 313/2007, of September 17th, which approved the foundations of the concession granted by contract between the State and EDIA on October 17th, 2007, EDIA holds, whilst concessionaire for the management, operation and private use of the public water domain under EFMA, powers of administration of the referenced water domain within the framework of its activity, the competences for allocation of titles relating to water abstraction for irrigation and electricity production and, furthermore, inspection powers over its use by third parties, and the jurisdiction to start, prepare and sanction administrative offence proceedings in this context.

In fact, based on the regulations contained in the recent legislative package of water resources, EDIA is simultaneously a concessionaire for the Project's management and operation and the exclusive owner of the rights of private use of the public water domain allocated to the EFMA for irrigation and hydroelectric exploitation.

The Concession Agreement thus fulfilled the conditions to be met by the grantor-concessionaire relationship, specifying the mission content associated with the operation of Project and setting the rules for the exercise of said rights of private use of the public water domain.

In this context, Decree-Law No. 313/2007, of September 17th, framed the concession of the operation rights of the Alqueva and Pedrógão Hydroelectric Power Plants, respecting the rights acquired by third parties under previous legislation.

In view of the foregoing, on October 24th, 2007, a contract was signed between EDIA and EDP – Gestão da Produção de Energia, S.A (EDP), which assigns to EDP, for 35 years, the operation of Alqueva hydroelectric plant (260 MW), on a market basis, and the Pedrógão one (10MW), under a special scheme, as well as the rights of private use of the respective water domain. This contract has enhanced the electric value of the Alqueva-Pedrógão system.

Following the signing of the Concession Agreement with the Ministry of Environment, Territorial Planning, and Regional Development, on October 17th, 2007, regarding the use of water resources for abstraction of water for irrigation purposes in the EFMA primary system, EDIA was granted the management and operation of EFMA, as well as the use of the public water domain allocated to the Project.

In fact, based on the regulations contained in the recent legislative package of water resources, EDIA is simultaneously a concessionaire for the Project's management and operation and the exclusive owner of the rights of private use of the public water domain allocated to the EFMA for irrigation and hydroelectric exploitation.

Under this contract for the operation of the power plants, for a period of 35 years, EDP built the power reinforcement of the Alqueva plant. Regarding the transfer of these assets carried out by EDP at the end of the concession period (year 2042) to EDIA, and the Company's responsibility to keep an updated inventory of concession assets with the State, EDIA consulted the documentation submitted by EDP, in the recent litigation concerning the revocation of the concession contract, for the investment made in power reinforcement, the total value of which was EUR 175,598,748 (EUR 73,317,730 – Construction Contract; EUR 100,281,170 – Equipment; and EUR 1,999.848 EUR-Line Panel).

As of December 31st, 2018, the situation remains identical to December 31st, 2017.

Investment Incentive

EDP – Gestão da Produção de Energia, SA presented an investment incentive for the Alqueva Hydroelectric Power Plant to the Directorate-General for Energy, which was approved by the Director General's order on April 1st, 2011, in spite of EDIA's contest of the decision. EDIA did not settle and filed a Special Administrative Action, filed in Court on June 28th, 2011.

EDIA requests that: (i) the orders of April 1st, 2011 and May 5th, 2011 be annulled, rejecting the author's request for recognition of the right to the investment incentive in production capacity provided for in Ordinance No. 765/2010; and (ii) the right to an incentive to invest in long-term electricity generation capacity be recognised to EDIA, referencing the investment made in the construction of the Alqueva Hydroelectric Plant, granting it such right under the terms in which it was granted to EDP, with amounts accrued by default interest due and becoming due.

The action was awarded the value of EUR 4,800,000 and a first instance decision is awaited. It has been concluded for sentencing, since June 6th, 2016. It's estimated that the decision will be issued in 2019. It's difficult to assess the likelihood of success, but EDIA believes that the arguments put forward are well founded.

It should be borne in mind that, even in the most unfavourable scenario, the decision will not subject EDIA to liabilities, other than those pertaining to the proceeding expenses and legal representation fees. The amount of liability may amount to EUR 60,000, considering the action's value and potential appeals.

The losing party will, most likely, appeal. Taking into account the current delays of the Administrative Courts, the judgement on the appeal is not expected within 4 years from it being filed.

In any event, if the decision is favourable to EDIA, in the sense that EDP was not entitled to the incentive it was granted, this does not mean that the very same incentive will be automatically granted to EDIA.

There was no change in this situation compared to the previous year.

Alqueva Left Bank Abstractions

The use of water resources in hydrographic basins of shared rivers between Portugal and Spain has been the subject of various agreements between the two countries, dating back to the Treaty of Boundaries of 1864, where it was established that international river sections would act as frontiers, as well as the importance of using existing water resources on these frontier sections for mutual benefit and without prejudice to the other party.

In this context, the signing of the 1968 Arrangement, which regulates the use and hydraulic exploitation of the international sections of the Minho, Lima, Tejo, Guadiana, Chança rivers and their tributaries, and which, in Article 3 (e) and (f), allots the hydraulic use between Portugal and Spain, granting Portugal with the use of the entire section of the Guadiana River, between the latter's points of confluence with the Caia and Cuncos rivers.

Thus, according to the 1968 Arrangement, the use of the section between the confluence of the Caia with the Guadiana, and this river's confluence with Cuncos belongs to Portugal. In 1999, abstractions from the left bank of the Guadiana, on this stretch, were regulated. This matter was initially followed up by the International Rivers Commission (CRI) and subsequently by the Convention Application and Development Commission (CADC), a cooperating body between the Albufeira Convention Parties. This matter will be followed-up by the Commission, with the aim of applying the EFMA tariff to water abstractions in this area.

The total volume allocated to these abstractions is over 47 hm³/year: 42.9 hm³/year for irrigation; 4 hm³/year for industrial use; and 0.175 hm³/year for public supply. Other requests under are still analysis within the CADC, as well as abstractions intended for use only in emergency situations. Overall, the volume in question will exceed 50 hm³/year, 55% of which pertains to abstractions under the 152 quota (9% pertain to abstractions between quotas 147 and 152, and 46% to pertains to abstractions under the 147 quota).

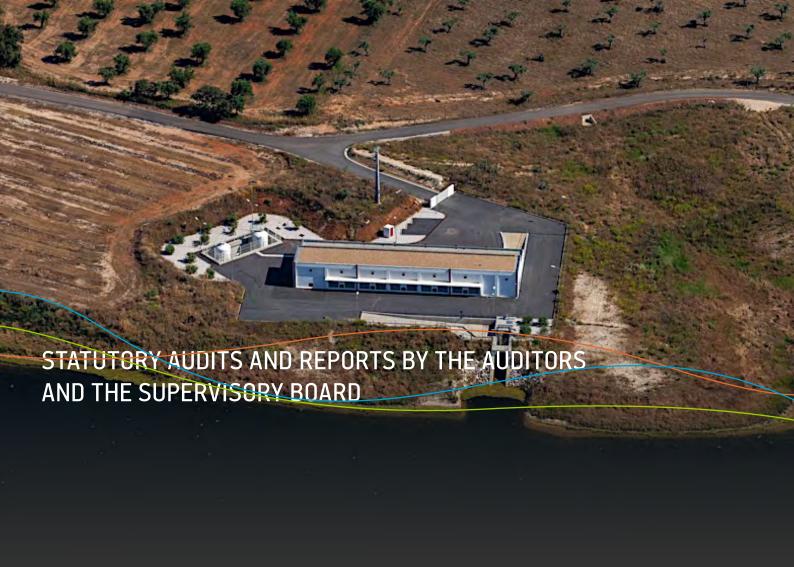
According to CADC resolution II/6 (Annex VI of the II Meeting minutes), abstractions made in the reservoir will be subject to a tariff whenever benefit from its exploitation can be proven.

Such abstraction is only possible due to regulation of water flow infrastructures built by Portugal, namely the Alqueva-Pedrógão system, as evidenced by the lack of regulation reservoirs in the estates in question, whereby abstraction of water for irrigation will always take place outside the wet period, when the Guadiana river's flow would not allow it.

In summary, these direct abstractions in the Alqueva reservoir, located on the left bank, under Spanish administration, should be subjected to the tariff set for EFMA, bearing in mind the aforementioned CADC decision, under penalty of market distortions. This matter should be followed-up within the framework of said Commission, with the aim of applying the EFMA tariff to water abstractions in this area.

Applying the established amount of 0.038 EUR/m³ for irrigation water for agricultural use abstracted directly from the primary system, by the Order establishing the price of irrigation water for agricultural use provided by EDIA, in the scope of the EFMA public water service; and taking into account that, according to the available self-monitoring data, collected volumes varied between 16.6 hm³/year and 28.5 hm³/year, produces a revenue between EUR 630,800/year and EUR 1,083,000/year.

On December 31st, 2018, EDIA considers that this situation reflects the existence of a contingent asset, not recognized in the Company's accounts, but disclosed in this note describing its nature, potential value and the expectation on the its eventual implementation. Gains will not be recorded until the final decision is effectively secured.



LEGAL CERTIFICATION OF THE ACCOUNTS AND AUDIT REPORT PREPARED BY THE AUDITOR REGISTERED AT THE CMVM



EDIA - Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A.

CERTIFICAÇÃO LEGAL DAS CONTAS

EXERCÍCIO DE 2018





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CERTIFICAÇÃO LEGAL DAS CONTAS

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião com reservas

Auditámos as demonstrações financeiras anexas de EDIA - Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A. que compreendem a demonstração da posição financeira em 31 de dezembro de 2018 (que evidencia um total de 799.617.380 euros e um total de capital próprio de 13.367.622 euros, incluindo um resultado líquido negativo de 3.935.067 euros), a demonstração do rendimento integral, a demonstração das alterações no capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, exceto quanto aos possíveis efeitos das matérias referidas nos 1º e 2º parágrafos na secção "Bases para a opinião com reservas", as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira da EDIA -Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A. em 31 de dezembro de 2018 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia.

Bases para a opinião com reservas

A rubrica Outras contas a receber engloba créditos, contabilizados na conta da Direção Geral de Agricultura e Desenvolvimento Rural (DGADR), de cerca de 208,1 milhões de euros (207,7 milhões de euros em 31 de dezembro de 2017), correspondentes aos investimentos. Iíquidos dos subsídios aos mesmos associados, na Infraestrutura 12 (70,8 milhões de euros) e Rede Secundária do Empreendimento de Fins Múltiplos do Alqueva (137,3 milhões de euros em 31 de dezembro de 2018 e 136,9 milhões de euros em 31 de dezembro de 2017). Embora a EDIA venha transferindo o valor dos investimentos em causa para a conta da DGADR, esta não efetuou qualquer pagamento, pelo que parte relevante do saldo apresenta antiguidade significativa. Em resposta ao pedido de confirmação de saldos, a DGADR diz não reconhecer o saldo mencionado. Para além do valor registado em Outras contas a receber, também o saldo da conta Inventários inclui o valor de cerca de 3,6 milhões de euros (2,7 milhões de euros em 2017) referente a custos com infraestruturas da rede secundária que, à data da demonstração da posição financeira, se encontravam em fase inicial de construção, incluindo o saldo da conta Diferimentos passivos 0,4 milhões de euros (igual quantia em 2017) referentes a subsídios afetos aos investimentos em causa. Não obstante as trocas de impressões que efetuámos com os Serviços da EDIA e com o seu Conselho de Administração, não foi possível esclarecer quando e de que modo poderá a Empresa ser ressarcida dos valores dos investimentos realizados nas infraestruturas, ao abrigo do Decreto-Lei nº 42/2007, de 22 de fevereiro, pelo que existe uma incerteza material relativamente à realização dos ativos atrás identificados, que ascendem a cerca de 211,3 milhões de euros (210,0 milhões de euros em 2017).



Certificação Legal das Contas do ano de 2018

Em 31 de dezembro de 2018 o passivo evidencia uma provisão de 21,6 milhões de euros (14,1 milhões de euros em 31 de dezembro de 2017), para fazer face aos investimentos a efetuar pela EDIA na sua infraestrutura durante o período da concessão, determinada e registada nos termos da IFRIC 12 essencialmente em exercícios anteriores, num período pré-exploração da infraestrutura. Com o início da exploração de tais infraestruturas em 2017, a atualização daquela provisão é um objetivo da EDIA, tendo sido contratada uma entidade externa credível para o efeito. Na data deste relatório o estudo não se encontra concluído, pelo que não nos é possível avaliar quanto à razoabilidade do valor da provisão acima referida.

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião com reservas.

Ênfase

Não obstante os aumentos de capital realizados pelo Acionista em 2018 no valor de 280,2 milhões de euros e de uma cobertura de prejuízos no valor de 33,5 milhões de euros, o capital próprio da EDIA acende, por via dos sucessivos prejuízos apurados, a 13,4 milhões de euros, sendo o seu capital social de 809,5 milhões de euros, situação que cai no âmbito do artigo 35º do Código das Sociedades Comerciais. A EDIA tem como objetivo estratégico intervir numa área importante do Alentejo, permitindo criar expectativas empresariais naquela região suscetíveis de atrair e fixar novas atividades económicas, promovendo a sua diversificação e do tecido empresarial, pelo que não é expectável que o seu Acionista deixe de manter o apoio que tem vindo a prestar através dos sucessivos aumentos de capital, cobertura de prejuízos e garantias prestadas aos seus financiamentos.

A nossa opinião não é modificada em relação a esta matéria.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

Considerando o enquadramento referido, elegemos, para além das matérias referidas nas "Bases para a opinião com reservas", os seguintes riscos de distorção material:



Riscos de distorção material mais Resposta do auditor a esses riscos significativos

1) Teste de imparidade dos ativos intangíveis

Conforme divulgado nas notas 3.1.c; 8 e 19 do Anexo, a EDIA realiza testes de imparidade ao segmento "Água" tendo, para o efeito, identificado que ao segmento referido corresponde apenas uma unidade geradora de Caixa. No âmbito do estudo da imparidade foram admitidos, em exercícios anteriores, um conjunto de pressupostos que não têm sido objeto de revisão, incluindo a estimativa dos fluxos de caixa futuros. Em consequência do referido estudo, tem a Empresa concluído que o valor presente dos fluxos de caixa futuros associados ao segmento "Água" é insuficiente para recuperar o investimento global já realizado relativamente aquele segmento. Com base nesta conclusão a EDIA tem registado nas suas contas uma perda de imparidade de valor igual ao dos ativos líquidos do segmento.

A relevância da área identificada advém, entre outros aspetos, da apreciação dos pressupostos e dos fluxos de caixa estimados, decorrentes da complexidade e nível de julgamento envolvidos.

Os procedimentos que realizámos para mitigação do risco identificado foram os seguintes:

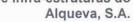
- Compreender o modelo utilizado para o teste de imparidade;
- Validar a razoabilidade dos pressupostos utilizados no que se refere aos fluxos de caixa previstos face ao histórico dos fluxos obtidos às perspetivas de evolução quantidades de água a fornecer e da tarifa, bem como validar a aderência do principal exploração gasto de (consumo eletricidade) considerado no estudo e o gasto efetivo ocorrido nos últimos anos, tendo-se concluído que as estimativas consideradas pela EDIA no estudo são mais otimistas que a informação histórica. Por outro lado, não existe informação disponível que leve a concluir que os pressupostos admitidos para a receita e para os principais gastos possam ser mais favoráveis que os assumidos;
- Verificar as evidências quanto à revisão de outros pressupostos, nomeadamente taxa de desconto utilizada;
- Validar cálculos:
- Verificar a adequação das divulgações que forem apresentadas no Anexo.

Praxity:
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- Validar a adequação das divulgações que

forem apresentadas no Anexo.

Certificação Legal das Contas do ano de 2018





Riscos de distorção material mais	Resposta do auditor a esses riscos
significativos	
2) Subsídios ao investimento	
Conforme divulgado na nota 17.2.2, os subsídios ao investimento relacionados com bens afetos ao segmento "Água" são deduzidos ao custo do investimento para efeito de determinação da respetiva imparidade, enquanto que os subsídios relacionados com bens afetos ao segmento "Energia" são reconhecidos como rendimentos a reconhecer e objeto de imputação a resultados durante o período da respetiva amortização. Por tais motivos, existe risco significativo de inadequada associação ao ativo a que respeitam e, consequentemente, do reconhecimento dos rendimentos do ano.	Para fazer face ao risco referido, foi estabelecida a seguinte estratégia de auditoria: - Obter uma reconciliação entre as quantias evidenciadas na contabilidade refentes aos segmentos Água e Energia com a informação preparada pelos Serviços competentes; - Obter a decomposição do saldo da conta Subsídios ao investimento à data de 31/12/2018 e verificar que apenas inclui subsídios relacionados com investimentos do segmento "Energia"; - Selecionar os principais investimentos obtendo as respetivas fichas, validando que nestas consta informação sobre o montante do respetivo subsídio e que o período de reconhecimento não diverge da vida útil definida para o investimento;





processos judiciais e expropriações litigiosas,

cuja quantificação envolve risco de incerteza.

Riscos de distorção material mais significativos	Resposta do auditor a esses riscos
3) Reconhecimento do rédito	
A EDIA divulga nas notas 3.1.0) e 13.2 do Anexo as bases utilizadas no reconhecimento do rédito. Face aos procedimentos instituídos, poderá existir risco de distorção e, consequentemente, uma inadequada quantificação dos rendimentos, nomeadamente em razão das estimativas quanto ao valor dos fornecimentos de água do 4º trimestre do ano e ainda relativamente à plenitude da faturação.	Os procedimentos desenvolvidos para fazer face ao referido risco foram os seguintes: - Validar o valor do rendimento contabilizado associado ao contrato de concessão com a EDP face às disposições contratuais e os procedimentos contabilísticos adotados; - Obter os consumos de água referentes ao 4º trimestre de 2018 e concluir sobre se os rendimentos contabilizados estão adequadamente periodificados; - Verificar que as tarifas consideradas para efeito da contabilização do rédito são as que estão aprovadas; - Obter explicações para consumos de água que não se tenham traduzido em faturação; - Efetuar procedimentos de confirmação externa dos saldos referentes às entidades com créditos mais significativos e concluir sobre a adequação dos mesmos a 31/12/2018; - Validar a adequação das divulgações que forem apresentadas no Anexo.
4) Provisões para processos judiciais em curso	
Tal como divulgado na nota 20.1 do Anexo, a EDIA tem reconhecidas provisões para	De modo a avaliarmos o efeito desse risco, foram desenvolvidos os seguintes

procedimentos:

EDIA;

 Análise da informação obtida e comparação com o valor contabilizado;

 Solicitação de informações aos advogados externos que têm a seu cargo os respetivos processos e ao departamento jurídico da

 Validar a adequação das divulgações que forem apresentadas no Anexo.



Certificação Legal das Contas do ano de 2018

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela:

- preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia;
- elaboração do relatório de gestão nos termos legais e regulamentares aplicáveis;
- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro;
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da

Praxity





Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades:

- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria:
- das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública;
- declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percecionadas como ameaças à nossa independência e, quando aplicável, as respetivas salvaguardas.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras e as verificações previstas nos números 4 e 5 do artigo 451.º do Código das Sociedades Comerciais.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Dando cumprimento ao artigo 451º, nº 3, al. e) do Código das Sociedades Comerciais, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre a Entidade, não identificámos incorreções materiais.

Sobre o relatório de governo societário

Dando cumprimento ao artigo 451°, nº 4, do Código das Sociedades Comerciais, somos de parecer que o relatório de governo societário inclui os elementos exigíveis à Entidade nos termos do artigo 245°-A do Código dos Valores Mobiliários, não tendo sido identificadas incorreções materiais na informação divulgada no mesmo, cumprindo o disposto nas alíneas c), d), f), h), i) e m) do referido artigo.

Sobre os elementos adicionais previstos no artigo 10º do regulamento (EU) nº 537/2014

Dando cumprimento ao artigo 10º do Regulamento (EU) nº 537/2014 do Parlamento Europeu e do Conselho, de 16 de abril de 2014, e para além das matérias relevantes de auditoria acima indicadas, relatamos ainda o seguinte:





Certificação Legal das Contas do ano de 2018

- Fomos nomeados revisores oficiais de contas da Entidade pela primeira vez na assembleia geral de acionistas realizada em 19 de dezembro de 2016 para o período final do mandato compreendido entre 2015 e 2017. Não tendo ocorrido nomeação em 2018, mantivemo-nos em funções até nova nomeação.
- O órgão de gestão confirmou-nos que não tem conhecimento da ocorrência de qualquer fraude ou suspeita de fraude com efeito material nas demonstrações financeiras. No planeamento e execução da nossa auditoria de acordo com as ISA mantivemos o ceticismo profissional e concebemos procedimentos de auditoria para responder à possibilidade de distorção material das demonstrações financeiras devido a fraude. Em resultado do nosso trabalho não identificámos qualquer distorção material nas demonstrações financeiras devido a fraude.
- Confirmamos que a opinião de auditoria que emitimos é consistente com o relatório adicional que preparámos e entregámos ao órgão de fiscalização da Entidade em 27 de março de 2019.
- Declaramos que não prestámos quaisquer serviços proibidos nos termos do artigo 77º, número 8, do Estatuto da Ordem dos Revisores Oficiais de Contas e que mantivemos a nossa independência face à Entidade durante a realização da auditoria.
- Informamos que, para além da auditoria, não prestámos à Entidade quaisquer outros serviços.

Lisboa, 27 de marco de 2019

RCA - Rosa, Correia & Associados, SROC, S.A.

representada por Paulo Fernando da Silva Pereira, ROC



CONTRACTUAL AUDIT REPORT



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RELATÓRIO DE AUDITORIA

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião com reservas

Auditámos as demonstrações financeiras anexas da Edia — Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A. ("Entidade"), que compreendem o balanço em 31 de dezembro de 2018 (que evidencia um total de 799 617 380 Euros e um total de capital próprio de 13 367 622 Euros, incluindo um resultado líquido negativo de 3 935 067 Euros), a demonstração do rendimento integral, a demonstração das alterações no capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data e as notas anexas às demonstrações financeiras, que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, exceto quanto aos possíveis efeitos das matérias descritas nos parágrafos 1 e 2 da secção "Bases para a opinião com reservas", as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira da Edia — Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A. em 31 de dezembro de 2018 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data, de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia.

Bases para a opinião com reservas

- 1. Em 31 de dezembro de 2018, o ativo corrente inclui contas a receber da Direção-Geral de Agricultura e Desenvolvimento Rural (de ora em diante "DGADR"), de 208,1 milhões de euros (207,7 milhões de euros em 31 de dezembro de 2017), relacionadas com os investimentos líquidos dos subsídios atribuídos aos bens, efetuados pela Entidade na Infraestrutura 12 (70,8 milhões de euros) e na rede secundária do Empreendimento de Fins Múltiplos de Alqueva (EFMA) (137,3 milhões de euros), por conta da DGADR. Adicionalmente, o ativo corrente inclui Inventários de 3,6 milhões de euros e o passivo inclui subsídios de 0,4 milhões de euros atribuídos aos bens, relacionados com investimentos em curso na rede secundária e que após a sua conclusão, serão transferidos para aquela conta a receber. Tendo em consideração que o procedimento adotado está em conformidade com os termos definidos no Decreto-Lei n.º 42/2007, de 22 de fevereiro, ainda que até à data deste relatório, não esteja esclarecida a forma de realização daquela conta a receber, a Entidade entende que a mesma é realizável. Tendo em consideração a antiguidade daquela conta a receber e a informação limitada disponível relacionada com esta situação, não nos é possível concluir quanto ao seu momento e valor de realização.
- 2. Em 31 de dezembro de 2018, relacionado com o contrato de concessão celebrado em outubro de 2007 entre a Entidade e o Estado Português, registado nos termos da IFRIC 12, o passivo evidencia uma provisão de 21,6 milhões de euros (14,1 milhões de euros em 31 de dezembro de 2017) para fazer face aos investimentos a efetuar pela Entidade nas respetivas infraestruturas durante o período da concessão. Com o início da exploração daquelas infraestruturas em 2017, a atualização da estimativa inicial desta provisão é um objetivo da Entidade. Na data deste relatório está a decorrer uma análise, efetuada por uma entidade externa, para a atualização daquela responsabilidade. Tendo em consideração que até à data deste relatório ainda não são conhecidos os resultados da análise em curso, não nos é possível concluir quanto à razoabilidade e suficiência do saldo da provisão acima mencionada.

BAKER TILLY, PG & ASSOCIADOS, SROC, Lda. | Inscrição na CMVM n.º 20161528 e na OROC n.º 235 | Capital Social 50.000 Euros | NIPC 509 224 547



A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria ("ISA"), demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas. Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião com reservas.

Ênfase

As demonstrações financeiras em 31 de dezembro de 2018 foram preparadas no pressuposto da continuidade das operações, embora naquela data estas evidenciem perdas acumuladas de 805 369 958 Euros, estando perdido metade do capital social, situação que determina a aplicação das disposições previstas nos artigos 35.º e 171.º do Código das Sociedades Comerciais. Por outro lado, naquela data o ativo inclui outras contas a receber de 218 114 529 Euros (essencialmente relacionadas com a DGADR, Nota 16 do anexo às demonstrações financeiras), e o passivo inclui empréstimos obtidos de empréstimos obrigacionistas e instituições financeiras, nos montantes de 136 857 086 Euros e 61 219 807 Euros (Nota 21 do anexo às demonstrações financeiras), respetivamente, cuja regularização depende da realização dos ativos acima referidos, bem como da continuação do apoio do acionista. Nestas circunstâncias, a continuidade das operações da Entidade, a realização dos seus ativos, em particular dos ativos intangíveis e outros créditos a receber, bem como a classificação e liquidação dos seus passivos, no curso normal das suas operações, depende do sucesso futuro das mesmas e da manutenção do apoio financeiro do seu acionista e parceiros financeiros. A nossa opinião não é modificada com respeito a esta matéria.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

Teste de imparidade dos ativos intangíveis

Descrição da matéria relevante

Conforme divulgado nas notas 3.1.c; 8 e 19 do Anexo, a Entidade realiza testes de imparidade ao segmento "Água", tendo, para o efeito, identificado que ao segmento em questão corresponde uma única unidade geradora de caixa. No âmbito do estudo da imparidade foram admitidos, em exercícios anteriores, um conjunto de pressupostos que não têm sido objeto de revisão, incluindo a estimativa dos fluxos de caixa futuros. Em consequência do referido estudo, tem a Entidade concluído que o valor presente dos fluxos de caixa futuros associados ao segmento "Água" é insuficiente para recuperar o investimento já realizado naquele segmento. Com base nesta conclusão a Entidade tem registado nas suas contas uma perda de imparidade de valor igual ao dos ativos líquidos do segmento.

A relevância deste tema advém, entre outros aspetos, da complexidade e elevado grau de julgamento necessário à apreciação dos pressupostos adotados.

A nossa resposta

Os nossos principais procedimentos de auditoria incluíram:

- Análise do modelo adotado para a realização do teste de imparidade;
- Análise da adequação dos pressupostos adotados na determinação dos fluxos de caixa estimados atendendo ao histórico dos fluxos obtidos e às perspetivas de evolução futura do negócio;
- Validação dos cálculos realizados; e



 Verificação da adequação das divulgações realizadas no Anexo às demonstrações financeiras.

2. Reconhecimento do rédito

Descrição da matéria relevante

A Entidade divulga nas notas 3.1.o) e 13.2 do Anexo às demonstrações financeiras as bases adotadas no reconhecimento do rédito. Face aos procedimentos seguidos, poderá existir o risco de distorção e, consequentemente, uma inadequada quantificação dos rendimentos, nomeadamente em resultado das estimativas relativas ao fornecimento de água do último trimestre do ano e ainda relativamente à plenitude da faturação.

A nossa resposta

Os nossos principais procedimentos de auditoria incluíram:

- Relativamente ao valor do rédito contabilizado no que diz respeito ao contrato com a EDP, testamos o mesmo tendo em consideração as disposições contratuais em vigor e os procedimentos contabilísticos adotados;
- Foram testados os dados relativos aos consumos de água do último trimestre do exercício e os valores dos rendimentos reconhecidos;
- Foi verificada a adequação dos preços adotados tendo em consideração as tarifas em vigor.

3. Subsídios ao investimento

Descrição da matéria relevante

Conforme divulgado na nota 17.2.2, os subsídios relacionados com bens afetos ao segmento "Água" são deduzidos ao custo do investimento para efeito de determinação da respetiva imparidade, enquanto que os subsídios relacionados com bens afetos ao segmento "Energia" são reconhecidos como rendimentos a reconhecer e objeto de imputação a resultados durante o período de vida útil dos bens. É nosso entendimento que existe o risco inerente de inadequada associação ao ativo a que respeitam e, consequentemente, do seu inadequado reconhecimento como rendimento.

A nossa resposta

Os nossos principais procedimentos de auditoria incluíram:

- Revisão da reconciliação entre as quantias contabilizadas relacionadas com os segmentos "Água" e "Energia" e a informação preparada pelos serviços competentes;
- Revisão do detalhe do saldo da rubrica Subsídios ao investimento, reportada a 31 de dezembro de 2018;
- Revisão dos subsídios afetos aos principais investimentos e período de reconhecimento consistente com a vida útil estimada dos bens;
- Revisão da adequação das divulgações realizadas no Anexo às Demonstrações Financeiras.

4. Provisões para processos judiciais em curso

Descrição da matéria relevante

Tal como divulgado na nota 20.1 do Anexo, a Entidade tem reconhecidas provisões para processos judiciais e expropriações litigiosas, cuja quantificação envolve risco de incerteza.

A nossa resposta

Os nossos principais procedimentos de auditoria incluíram:

 Revisão das respostas de advogados externos, responsáveis pelo acompanhamento dos processos judiciais em curso;





- Revisão da adequação dos valores reconhecidos (provisionados) nas demonstrações financeiras:
- Revisão da adequação das divulgações realizadas no Anexo às demonstrações financeiras.

Responsabilidades do Órgão de Gestão e do Órgão de Fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela: preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade, de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia; elaboração do relatório de gestão nos termos legais e regulamentares aplicáveis; criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro; adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e, avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades. O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também (i) identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno; (ii) obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade; (iii) avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão; (iv) concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades, (v) avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada; (vi) comunicamos com os encarregados da governação, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria; (vii) das matérias que comunicamos aos encarregados da governação da entidade, incluindo o Órgão de Fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública; (viii) declaramos ao Órgão de Fiscalização da Entidade que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os





relacionamentos e outras matérias que possam ser percecionadas como ameaças à nossa independência e, quando aplicável, as respetivas salvaguardas. A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras e as verificações previstas nos números 4 e 5 do artigo 451.º do Código das Sociedades Comerciais.

Lisboa, 27 de março de 2019

BAKER TILL Y, PG & ASSOCIADOS, SROC, Lda.

Representada por Paulo Jorge Duarte Gil Galvão André

a Jones Dunte GI Calor Ashi

Relatório Anual

e

Parecer do Conselho Fiscal Sobre Relatório e Contas do Exercício de 2018 da EDIA, S.A.

1. INTRODUÇÃO

Nos termos das disposições legais e estatutárias, designadamente do previsto na alínea b) do artigo 19.º dos atuais Estatutos da EDIA – Empresa de Desenvolvimento e Infraestruturas do Alqueva, S.A., doravante designada abreviadamente como EDIA, e nos artigos 420.º e 452.º do Código das Sociedades Comerciais (CSC), cumpre ao Conselho Fiscal (CF) apresentar o relatório da ação fiscalizadora e emitir parecer sobre o Relatório de Gestão e Contas e a proposta de aplicação de resultados, relativos ao exercício findo em 31 de dezembro de 2018, atenta a Certificação Legal emitida pelo Revisor Oficial de Contas (ROC) e às informações constantes no Relatório Adicional de Auditoria. Acresce ainda as conclusões contidas no Relatório de Auditoria do Auditor Externo sobre as demonstrações financeiras desse exercício, as quais são consistentes com as conclusões da revisão legal efetuada às contas da EDIA.

Em conformidade com as orientações do acionista Estado, nomeadamente as constantes no ofício-circular da Direção-Geral do Tesouro e Finanças (DGTF) n.º 1116, de 12 de março de 2019, compete, igualmente, ao CF o seguinte:

- a. Aferir o cumprimento das orientações legais vigentes para o Setor Empresarial do Estado (SEE), designadamente o cumprimento das orientações relativas às remunerações vigentes em 2018;
- b. Aferir o cumprimento da apresentação do Relatório anual de Boas Práticas do Governo Societário (RGS), conforme previsto no n.º 2 do artigo 54.º do Regime Jurídico do Sector Público Empresarial (RJSPE), aprovado pelo Decreto-Lei n.º 133/2013, de 3 de outubro, na sua atual redação, do qual deve constar informação atual e completa sobre aquelas matérias nos termos previstos do n.º 1 da citada disposição legal.

2. ENQUADRAMENTO

A EDIA é uma empresa pública, que se rege pelo direito privado, com as especificidades dos seus estatutos e do RJSPE. O seu capital social em 31 de dezembro de 2018 é de € 809.534.880,00, integralmente detido pelo Estado Português, através da Direção-Geral do Tesouro e Finanças, encontrando-se totalmente subscrito e realizado.

A empresa encontra-se ainda sujeita ao Código de Governo das Sociedades definido pela Comissão do Mercado de Valores Mobiliários (CMVM), pelo facto de ser emitente de obrigações cotadas em bolsa (Obrigações "EDIA/2010-FLOATING RATE GUARANTEED BONDS DUE 2030").

A empresa tem por finalidade a utilização do domínio público hídrico afeto ao Empreendimento de Fins Múltiplos de Alqueva (EFMA), para fins de rega e exploração hidroelétrica; a conceção, execução e construção das infraestruturas que integram o sistema primário do EFMA, bem como a sua gestão, exploração, manutenção e conservação, a conceção, execução, e a construção das infraestruturas que integram a rede secundária afeta ao empreendimento, em representação do Estado, mediante contrato de concessão celebrado em 8 de abril de 2013. Pode ainda desenvolver outras atividades económicas cujo aproveitamento contribua para a melhoria das condições de utilização dos recursos afetos ao empreendimento.

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O relatório de gestão e as demonstrações financeiras da EDIA do exercício de 2018 submetidos à apreciação deste CF foram aprovados pelo Conselho de Administração (CA) e elaborados em conformidade com os artigos 65.º, 66.º e 66.º-A do CSC. O relatório de gestão em apreço inclui a declaração prevista no artigo 245.º do Código dos Valores Mobiliários.

Em 31 de dezembro de 2018 a EDIA detinha participações financeiras noutras empresas, nomeadamente no Centro Operativo e de Tecnologia do Regadio (9,82 %), na Agência de Desenvolvimento Regional do Alentejo, S.A. (4,11%), na Águas do Vale do Tejo, S.A. (0,30%) e ainda na Lusofuel - Produção de Biocombustíveis e Derivados, S.A. (10%). Nenhuma das participações é dominante ou significativa, pelo que se encontram reconhecidas nas demonstrações financeiras pelo custo de aquisição, deduzido de eventuais perdas por imparidade.

A EDIA integra o perímetro das Administrações Públicas para efeitos de Contas Nacionais, nos termos dos Regulamentos da União Europeia e do Sistema Europeu de Contas e Regionais (SEC 2010).

3. SÍNTESE DA AÇÃO DESENVOLVIDA PELO CF

No âmbito das suas funções, o CF acompanhou, durante o exercício, os aspetos mais relevantes da atividade da EDIA, sua evolução, e, com a frequência e extensão consideradas aconselháveis e adequadas, efetuou várias reuniões, não tendo tomado conhecimento de qualquer situação que não respeitasse os estatutos e os preceitos legais aplicáveis.

Neste contexto, destacam-se, em particular, as seguintes atividades:

- Acompanhou a evolução da atividade e gestão da empresa através dos relatórios trimestrais e semestral do seu CA, de contactos e reuniões efetuadas com o mesmo e com o ROC, e da leitura das atas relevantes, tendo solicitado e obtido os esclarecimentos que foram considerados necessários;
- Analisou o Relatório de atividade e a informação financeira referente ao exercício de 2017 e emitiu os respetivos pareceres, em cumprimento das obrigações legais, bem como apreciou a Proposta de Plano de Atividades e Orçamento apresentado pelo CA para os exercícios de 2018 e 2019;
- Analisou e emitiu os respetivos pareceres sobre os relatórios trimestrais e semestral do exercício de 2018, tendo em conta as conclusões e recomendações de auditoria elaborados pelo ROC;
- Tomou conhecimento e analisou o relatório semestral de auditoria às contas elaborado pelo auditor externo da Baker Tilly, PG & Associados, SROC, SA.;
- Contou com os esclarecimentos prestados pelos serviços da EDIA, sendo mais frequentes com as direções financeira, de planeamento e controlo, indispensáveis para atividade do CF, nomeadamente para a emissão dos seus pareceres ao longo de 2018.

Assim sendo, na prossecução dos trabalhos que veio realizando ao longo do ano de 2018 e nos termos das suas competências, o CF analisou o Relatório de Gestão e Contas referente ao exercício de 2018, tendo sido aferido, igualmente, a apresentação de um Relatório autónomo de Boas Práticas de Governo Societário, como previsto no n.º 1 do artigo 54.º do RJSPE.

Adicionalmente, o CF apreciou os termos da Certificação Legal de Contas e do Relatório Anual e Adicional de Auditoria emitidos pelo ROC, bem como o Relatório de Auditoria do Auditor Externo, ambos sobre as referidas demonstrações financeiras de 2018, com cujas conclusões concorda, e que inclui, designadamente, uma opinião com duas reservas. A primeira decorre da incerteza quanto à data e ao modo como a EDIA irá recuperar os créditos contabilizados na rubrica Outras contas a receber referente à divida da Direção-Geral de Agricultura e Desenvolvimento Rural, correspondentes aos investimentos realizados por conta do Estado na rede secundária,



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no montante de € 137,3 milhões, e os associados à Infraestrutura 12, no montante de € 70,8 milhões. Esta reserva recai ainda sobre o saldo da conta de inventários relativos aos custos com infraestruturas em curso, à data das demonstrações financeiras, relativos, também, à rede secundária de rega, num total de € 3,6 milhões. A segunda reserva refere-se ao facto do passivo registar, nos termos da IFRIC 12, uma provisão de € 21,6 milhões para fazer face aos investimentos a efetuar nas infraestruturas durante o período da concessão, cuja razoabilidade não é possível aferir enquanto não forem conhecidos os resultados da análise interna e estudo externo promovidos pela empresa e que estavam em curso à data da emissão da certificação legal.

4. ATIVIDADES DESENVOLVIDAS EM 2018 PELA EDIA

Resultante do enquadramento atrás referido, a operação da empresa envolveu a realização de um conjunto de atividades ao abrigo de garantia contratual das obras, conforme mencionado no Relatório de Gestão em apreciação, destacando-se as intervenções realizadas na central hidroelétrica de Odivelas e no circuito hidráulico de Pedrogão – Margem Esquerda, bem como os trabalhos no âmbito da 2.ª fase do empreendimento.

Na programação dos investimentos e financiamentos do EFMA, a EDIA prossegue os objetivos atribuídos à empresa pelo acionista Estado, tendo em conta os recursos financeiros disponíveis, designadamente o apoio do acionista, através de dotações para aumento do capital social e empréstimos e o recurso aos fundos comunitários acessíveis nos diversos programas operacionais destinados ao EFMA. É de destacar, neste âmbito, os aumentos de capital social pelo acionista Estado em maio de 2018, no montante de € 8.003.815, e em dezembro de 2018, no montante de € 272.229.665, sendo que em dezembro de 2018 realizou-se ainda uma entrada de capital em numerário para cobertura de prejuízos no valor global de € 33.473.247. Sublinha-se que o EFMA, localizado em pleno Alentejo, representa o maior investimento nacional hidroagrícola realizado em Portugal, cujo investimento, realizado em 2018 (excluindo as capitalizações de encargos de estrutura e financeiros) ascendeu a € 4.508,81 milhares, elevando o total do investimento no EFMA desde 1995 até ao final de 2018 para € 2.355.507, 39 milhares não incluindo as capitalizações de encargos de estrutura e financeiros, beneficiando uma área de influência de 10.000km², distribuídos por 20 concelhos daquela região, incluindo 69 barragens, açudes e reservatórios, cerca de 2.000 Km de canais e condutas e, ainda, 46 estações elevatórias, 5 mini hídricas e uma central fotovoltaica.

Como se referiu, concluída a 1.ª fase dos investimentos do EFMA, coloca-se à EDIA o desafio de atingir, em 2018, a exploração dos cerca de 120.000 ha de área beneficiada, correspondente à totalidade dos perímetros de rega afetos à 1.ª fase do Empreendimento, e o início da infraestruturação da 2ª fase, que visa aumentar o perímetro do Alqueva dos atuais 120.000 ha para 170.000 ha. A EDIA estima que o investimento adicional necessário será superior a 235 milhões de euros, num horizonte temporal de 5 anos. Relembre-se que, no final de 2017 foi aprovado, pelo Banco Europeu de Investimento e pelo Banco de Desenvolvimento do Conselho Europeu, empréstimos que permitirão viabilizar o financiamento da construção da 2.ª fase de infraestruturação do EFMA.

Note-se, em termos de exploração, que o número de adesões tem vindo a evoluir positivamente, tendo passado de 71.484 ha de área inscrita em 2017 para 82.797 ha em 2018, porém, longe ainda de esgotar a capacidade instalada. Em termos de consumo de água verificou-se em 2018, em termos gerais, um decréscimo no abastecimento e consumo (até 31 de dezembro de 2018 o consumo de água foi de 197.106.255 m²) face ao período homólogo, devido ao facto de 2018 ter sido um ano em que ocorreu bastante pluviosidade, em especial no 1.º semestre, quando comparado com o ano de 2017 em que houve uma situação de seca extrema.

Assim, estando concluída a 1.ª fase do EMFA, encontrando-se plenamente operacionais os 120 mil hectares de área de regadio associados àquela fase, tiveram início em 2018 os procedimentos necessários para o arranque da 2.ª fase dos investimentos no EFMA. Pelo que, no 1.º semestre de 2018 foram consignadas duas obras desta



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nova fase, uma a relativa ao reforço da potência da Estação Elevatória dos Álamos do EFMA, e outra à construção e fornecimento de equipamento da 2.ª fase da estação elevatória Loureiro – Alvito.

No período em causa foi dada continuidade aos trabalhos da empreitada de construção e fornecimento de equipamento na estação elevatória do bloco de rega Loureiro- Alvito (consignada a 23 de maio), sendo de referenciar, na rede primária do subsistema Pedrogão, a conclusão do processo de concurso para execução da empreitada de construção e de fornecimento de equipamento para a instalação de três grupos adicionais na estação elevatória de São Pedro (consignada no final de 2018). Na rede primária, foi ainda executado o processo de concurso da estação elevatória do circuito hidráulico de Pedrogão – Margem Direita.

Tal como verificado no ano anterior, a empresa prosseguiu a aposta em fontes de energia renovável, com a exploração da Central Fotovoltaica de Alqueva e das centrais hidroelétricas de Odivelas, Roxo, Serpa e Pisão, tendo sido produzidos, durante o exercício em análise, o total de 8.653 MWh de fontes hidroelétricas, ligeiramente inferior à de 2017 (9.057 MWh), o que se justifica pela redução dos volumes aduzidos no período. Sendo de destacar em 2018 o lançamento e contratualização dos concursos públicos relativos às empreitadas das centrais fotovoltaicas da Lage (Vila Nova de São Bento) e de Cuba-Este (Vidigueira).

Merecem, ainda referência, as seguintes atividades mencionadas no Relatório de Gestão da empresa:

- A candidatura apresentada em 23 de março de 2018 do projeto URSA Unidades de Recirculação de Subprodutos de Alqueva à Fase II do Fundo Ambiental;
- A disponibilização gratuita do "Portal do Regante", como ferramenta de apoio aos utilizadores de regadio do EFMA, permitindo a consulta das componentes financeira, exploração e agrícola, associadas à área beneficiada, que foi objeto de melhoramentos da nova versão em 2018;
- A elaboração do Anuário Agrícola de Alqueva 2018, à semelhança do que se verificou em 2017, que visa a sistematização de toda a informação técnico-económica sobre as culturas com potencial na área do EFMA, bem como a sua divulgação;
- A continuidade de dinamização da Bolsa de Terras, como entidade gestora operacional (GeOP), em articulação com a DGADR;
- A manutenção e beneficiação dos povoamentos instalados, assim como a realização e acompanhamento de projetos de compensação florestal, visando cumprir os compromissos ambientais assumidos decorrentes dos impactos da construção do Empreendimento¹;
- A continuidade da divulgação das atividades do Museu da Luz, do Parque de Natureza de Noudar e do Sistema de Informação Geográfica e Cartografia, como projetos especiais da EDIA.

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¹ Assinala-se a este propósito que, no final de 2018 o património rústico da EDIA era composto por 367 prédios (646,8 ha), dos quais 310 prédios (345 ha) estavam disponíveis para arrendamento. Destes, 109 (193 ha) encontravam-se arrendados total ou parcialmente. Existiam, ainda, 57 prédios não arrendáveis (302 ha), dos quais 6 (3 ha) estão afetos à obra e os restantes 51 encontravam-se em gestão direta e ainda 3 cedidos (24 ha).



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5. ANÁLISE FINANCEIRA E PATRIMONIAL

Conta de Resultados

No exercício findo em 31 de dezembro de 2018, a EDIA apresentou um prejuízo de € 3,9 milhões, e, portanto, superior em cerca de € 3,6 milhões relativamente ao exercício anterior (€ 0,3 milhões) devido, essencialmente, aos seguintes aspetos:

Variação da rubrica das Provisões em cerca de € 5,5 milhões, decorrente, na sua quase totalidade, do reforço da provisão constituída no âmbito da IFRIC 12², para efeito de grandes reparações a serem efetuadas previsivelmente ao longo do período da concessão nas infraestruturas³ relativas às utilizações do domínio público hídrico afeto ao EFMA. Conforme é referido no Relatório, o reforço efetuado no âmbito da IFRIC 12, no montante de € 7,5 milhões⁴, resulta, sobretudo, da redução da taxa de desconto de 3,74% em 2017 para 2,51% em 2018.

Note-se que, conforme mencionado em pareceres anteriores deste CF, alinhado com as recomendações do ROC sobre a aferição da razoabilidade dos critérios utilizados pela EDIA para atualização anual da provisão em causa, a empresa adjudicou ao Laboratório Nacional de Engenharia Civil (LNEC) a preparação de um estudo detalhado sobre as intervenções a realizar nas várias infraestruturas objeto do contrato de concessão, baseando-se num conjunto de pressupostos e estimativas de natureza financeira, operacional e técnica, pelo que a empresa espera que, já em 2019, as conclusões daquele estudo estejam consolidadas para todos os subsistemas do EFMA (Alqueva, Ardila e Pedrógão) refletindo-se os resultados do mesmo naquele exercício;

- Diminuição dos Fornecimentos e Serviços Externos em cerca de € 1,6 milhões resultante, nomeadamente, da redução dos gastos com eletricidade por ter sido um ano hidrologicamente húmido, implicando menores necessidades de adução de água, e do aumento dos gastos de conservação e reparação devido ao incremento das infraestruturas de exploração;
- Diminuição de Outros Gastos e Perdas em cerca de € 0,9 milhões, justificado, essencialmente, pela especialização da taxa de recursos hídricos relativa a 2019, bem como de correções relativas a exercícios anteriores no ano de 2017;
- Aumento dos Gastos com Pessoal em mais de € 168 milhares, devido, sobretudo, à reposição das progressões salariais (€ 139 milhares) nos termos da LOE 2018⁵;
- Aumento das Vendas e Prestações de Serviços em cerca de € 0,7 milhões. Apesar da evolução positiva dos réditos, que totalizam no período em análise o montante global de € 28,9 milhões, sendo € 0,8 milhões relativos a vendas do segmento de água e € 28,1 milhões referentes a prestações de serviços (maioritariamente do segmento de energia), verifica-se, no detalhe de cada um destes rendimentos, um desvio de 8,2% e +3% face a 2017, respetivamente. No que respeita ao desvio negativo dos réditos do segmento de água o mesmo resulta, conforme referido anteriormente, do facto do ano de 2018 ter sido um ano mais chuvoso, o que foi compensado pela redução dos gastos com eletricidade relativa à adução de água;

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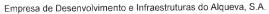
² Orientação técnica específica para concessionários sobre como reconhecer e a valorizar adequadamente contratos de concessão no âmbito do normativo internacional (IFRS).

³ Conforme previsto no respetivo contrato de concessão, celebrado entre a EDIA e o Estado em outubro de 2007, e que faz parte o sistema primário do EFMA (barragens; centrais hidroelétricas e rede primária), competindo à concessionária (EDIA) a obrigação de manter e conservar enquanto durar o período de concessão.

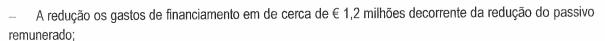
⁴ Em 2017, este reforço foi de € 1,5 milhões. A 31 de dezembro de 2018, a provisão constituída no âmbito da IFRIC12 ascendia ao montante global de € 21.6 milhões.

⁵ Uma vez que a EDIA não subscreveu qualquer instrumento de regulamentação coletiva do trabalho, aplica-se-lhe – quanto às matérias relativas às valorizações remuneratórias – o previsto nos seus Regulamentos Internos (vg. artigo 136.º do DLEO de 2018) e no artigo 18º da LOE 2018.





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Aumento das Imparidades em investimentos amortizáveis do segmento "água" em cerca de € 2,77 milhões.

Conforme assinalado em relatórios anteriores, a conta de exploração tem sido fortemente penalizada pelas imparidades decorrentes do investimento realizado no segmento de água, as quais resultam do método adotado para mensuração dos ativos do segmento água, em que prevalece uma lógica de mercado, o que pressupõe a prática de preços de acordo com os mecanismos de mercado. Porém, resulta claro do relatório de gestão e das notas explicativas das demonstrações financeiras, que o empreendimento gerido pela empresa foi concebido como instrumento de desenvolvimento regional de uma zona deprimida do interior do país e gera externalidades positivas na economia nacional que não estão refletidas no preço. Deste modo, refere-se, uma vez mais, que a utilização, por um lado, de critérios de mercado para mensuração de ativos segundo o valor de uso e o valor de venda envolve necessariamente um elevado grau de subjetividade, e por outro lado, dificilmente se poderá perspetivar o retorno financeiro dos investimentos com base apenas nas tarifas de água, tendo presente que os preços são definidos pelo Governo no âmbito de objetivos de políticas públicas, tendo em consideração os princípios estabelecidos na Lei n.º 58/2005, de 29 de dezembro, mas que efetivamente não estão a permitir a recuperação dos custos totais da provisão do serviço. Assim, e tal como evidenciado pelo ROC sobre esta mesma matéria, entende-se que a EDIA deve proceder à revisão do método adotado e dos respetivos critérios utilizados para o efeito.

EBITDA

O EBITDA apresenta uma diminuição em cerca de € 2,1 milhões (-19,36%) face ao registado no ano anterior, contribuindo para esta situação os desvios referidos anteriormente relativos aos gastos e rendimentos da atividade operacional.

Balanço

A 31 de dezembro de 2018, a EDIA apresenta um ativo líquido de € 799,6 milhões, observando-se uma diminuição de € 12,9 milhões face ao registado em 2017, justificado, em larga medida, pelas seguintes variações:

- Diminuição dos Ativos Intangíveis em cerca de € 5,2 milhões, justificado pelas depreciações reconhecidas no exercício;
- Aumento da rubrica de Inventários, em mais de € 1,1 milhões decorrente do investimento realizado na Rede Secundária;
- Aumento da rubrica de Clientes em cerca de € 2,7 milhões, devido, essencialmente, à faturação emitida
 no final de 2018, relativa ao fornecimento de água a partir da rede primária às entidades que têm a seu
 cargo a exploração e conservação de aproveitamentos hidroagrícolas confinantes com o EFMA e a
 entidades com fins de abastecimento público e industrial;
- Aumento na rubrica Outras Contas a Receber (ativo não corrente), em € 5,4 milhões, decorrente, essencialmente, do contrato de subconcessão celebrado com a EDP para a exploração as centrais hidroelétricas de Alqueva e de Pedrógão;

Ainda neste âmbito, importa assinalar, uma vez mais, a existência de um crédito registado na rubrica Outras contas a receber que respeita à dívida da DGADR, a qual ascende a 31 de dezembro de 2018, ao montante de € 208,1 milhões, correspondente aos investimentos, líquidos dos subsídios recebidos no âmbito dos mesmos associados à Infraestrutura 12 (€ 70,8 milhões) e à rede secundária (€ 137,3 milhões), não se verificando até à data qualquer plano ou acordo estabelecido entre as partes envolvidas para a sua regularização. Para além do

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valor contabilizado na referida rubrica, existe ainda um saldo na conta de Inventários, em cerca de € 3,6 milhões, que se referem a custos com infraestruturas da rede secundária em fase de construção e que acrescerá àquele saldo à medida que forem concluídas.

Apesar de constar como reserva na Certificação Legal das Contas, decorrente da incerteza material relativamente ao reconhecimento dos ativos atrás identificados, entende-se que a Administração deverá encetar em 2019 os contatos julgados necessários, nomeadamente junto da tutela setorial como da financeira para identificar um mecanismo de regularização daquele crédito.

No que se refere ao Capital próprio, o mesmo apresenta-se, face ao ano de 2017, significativamente melhor, verificando-se uma variação positiva de € 309,8 milhões, decorrente, essencialmente, dos dois aumentos de capital, no valor total de € 280,2 milhões, bem como da cobertura de parte dos prejuízos transitados, no valor de € 33, 5 milhões. Refira-se ainda que ambas as operações foram efetuadas pelo acionista através de entradas de numerário o que permitiu à empresa assegurar o pagamento do serviço da dívida conforme se abordará mais adiante.

Destaca-se ainda que, apesar da melhoria significativa da situação do capital próprio, que se apresenta positivo a 31 de dezembro de 2018 (€ 13,4 milhões), verifica-se, ainda assim, a perda de metade do capital social nos termos previstos do artigo 35º do CSC, pelo que a Administração da empresa deverá propor as medidas julgadas convenientes para regularizar esta situação.

Por último, importa destacar que ao nível do passivo, verificou-se uma redução significativa quando comparado a 31 de dezembro de 2017, no montante de € 322,7 milhões, devido, essencialmente, à diminuição da rubrica dos Financiamentos Obtidos (- € 313,3 milhões), resultante do vencimento e liquidação integral do empréstimo obrigacionista, no montante de € 300 milhões, ocorrido em novembro de 2018, e, ainda, resultante do pagamento das prestações vencidas relativas aos empréstimos do BEI e obrigacionista (€ 94,35 milhões), nos montantes de € 6,68 milhões e € 6,74 milhões, respetivamente, os quais foram efetuados com o recurso aos meios financeiros obtidos através das entradas de numerário atrás referidas. Destaca-se ainda, neste âmbito, que o serviço da dívida do empréstimo da DGTF foi, uma vez mais, prorrogado, tendo o seu vencimento sido adiado para o dia 31 de maio de 2019, sem custos acrescidos.

6. CUMPRIMENTO DAS ORIENTAÇÕES LEGAIS E TUTELARES VIGENTES

Nos termos das já referidas competências, cabe ao CF proceder à análise, conforme se apresenta seguidamente, do cumprimento pela empresa das orientações vigentes para o SEE, das orientações constantes do referido ofício circular da DGTF n.º 1116, de 12 de março de 2019, designadamente as relativas às reduções remunerações e à exigência da apresentação do mencionado RGS, o qual deverá conter informação atual e completa sobre todas as matérias reguladas pelo capítulo II do referido RJSPE.

Relatório de Gestão

Da conformidade com o previsto nos artigos 65.º, 66.º e 66.º-A do CSC, o Relatório de Gestão traduz, na opinião do CF, a observância daquelas disposições e de outras matérias legalmente em vigor, cumprindo, na generalidade, com as orientações aplicáveis ao SEE, nomeadamente decorrente do RJSPE.

Adicionalmente, nos termos previstos na alínea c) do n.º 1 do artigo 245.º do Código dos Valores Mobiliários, a informação constante no referido Relatório expõe, tanto quanto é do conhecimento do CF, a informação prevista na alínea a) do artigo supracitado, incluindo os documentos de prestação de Contas, tendo a mesma sido elaborada em conformidade com as normas contabilísticas aplicáveis, dando uma imagem verdadeira e apropriada do ativo e do passivo, da situação financeira e dos resultados da EDIA, e que o relatório de gestão

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expõe, ainda, fielmente a evolução dos negócios, do desempenho e da posição da empresa, contendo ainda uma descrição dos principais riscos e incertezas com que a mesma se defronta.





Relatório de Boas Práticas de Governo Societário

Em cumprimento do determinado pelo n.º 1 do artigo 54º do RJSPE, confirma-se que o Conselho de Administração apresentou um Relatório Autónomo de Boas Práticas de Governo Societário referente ao exercício de 2018, obedecendo à estrutura definida para o efeito pela Unidade Técnica de Acompanhamento e Monitorização do Setor Público Empresarial (UTAM), sobre o qual, e ao abrigo do estabelecido no n.º 5 do artigo 420.º do CSC, somos de parecer que o mesmo inclui os elementos exigíveis à entidade nos termos previstos do artigo 245.º-A do CVM, e das demais disposições legais em vigor, incluindo as orientações aplicáveis, não tendo sido identificadas incorreções materialmente relevantes na informação divulgada no mesmo.

Todavia, e sem pôr em causa a opinião acima, salientam-se os seguintes factos:

- Na última Assembleia Geral, de 23 de maio de 2018, o acionista Estado considerou que não se encontravam reunidas as condições para deliberar sobre i) o RGS de 2017, o qual seria posteriormente objeto de deliberação unânime por escrito, nos termos do artigo 54.º n.º 1 do CSC; e ii) as orientações estratégicas e objetivos para 2018
- Nesta circunstância, a atividade da empresa foi norteada, por mais um ano, pela proposta de Plano de Atividades e Orçamento para 2018, ainda que não aprovada pela tutela financeira, pelas orientações emanadas pela DGTF para elaboração daquela proposta, pelo orçamento carregado no SIGO de acordo com as instruções da Direção-Geral do Orçamento (DGO) para a elaboração da proposta de orçamento de Estado para 2018, e que veio a ser aprovado pela Lei do Orçamento do Estado para 2018 (Lei n.º 114/2017, de 29 de dezembro) para além das matérias aplicáveis ao SEE nele previsto;
- A estrutura de governo da EDIA, atualmente em vigor, composta por um Conselho de Administração com três elementos (um Presidente e dois Vogais), um Conselho Fiscal, e um Revisor Oficial de Contas, mostra-se adequada à respetiva dimensão e complexidade, pelo que cumpre o disposto na lei, nomeadamente o artigo 30.º e seguintes do RJSPE;
- Em termos estatutários, o mandato dos órgãos sociais tem a duração de 3 anos renováveis, sendo o atual mandato de 2018-2020, conforme eleição ocorrida na referida Assembleia Geral de 23 de maio de 2018;
- A EDIA tem vindo a adotar, desde há vários anos, um modelo que é também seguido por muitas outras entidades públicas, que contempla para além dos órgãos de fiscalização (ROC e Conselho Fiscal) a existência de um auditor externo, assegurado, a partir de 12 de janeiro de 2017, pela Baker Tilly, PG & Associados, S.A., para cumprimento do previsto no artigo 45.º do RJSPE e aplicável à EDIA enquanto empresa pública do Grupo B;
- Por fim, existe a referência a um relatório anual através do qual são identificados os factos suscetíveis de constituir infração penal ou disciplinar, encontrando-se disponível no sítio da internet a versão referente ao ano de 2017, bem como um outro relatório sobre remunerações pagas a homens e mulheres, o último dos quais reportado ao ano de 2015, em conformidade com determinado pelo n.º 2 da RCM n.º 18/2014, de 7 de março.

Orientações legais e tutelares

Dando cumprimento às orientações do titular da função acionista, vertidas no referido ofício da DGTF de março de 2019, em observância com o artigo 420.º do CSC, e para além das matérias acima indicadas sobre o



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Relatório de Gestão, foi apreciado a informação específica constante no seu Capítulo 2, denominado "Governo da Sociedade", e que visa aferir o cumprimento das orientações legais aplicáveis à empresa, pelo que importa destacar o seguinte:

- À semelhança do verificado no anterior, não existem orientações ou objetivos de gestão para 2018, conforme dispõe o n.º 1 do artigo 38.º do RJSPE, sendo a atividade da empresa norteada fundamentalmente, conforme se disse anteriormente, pela proposta de Plano de Atividades e Orçamento para 2018 (PAO 2018), cuja respetiva aprovação não se verificou até à data, e pelo orçamento de despesa e receita carregado no SIGO/SOE aprovado em sede do Orçamento de Estado para 2018 e, ainda, pelas orientações do acionista e demais legislação aplicável ao SEE;
- Não obstante, a empresa apresenta a informação relativa à execução do PAO 2018, designadamente, quanto aos objetivos operacionais, ao EBITDA, aos gastos com pessoal, à evolução do indicador relativo ao peso dos gastos operacionais no volume de negócio, aos respetivos resultados de performance, ao investimento e ainda ao endividamento;
- No que se refere à gestão de risco financeiro, e em conformidade com o disposto no Despacho n.º 101/2009 SETF, de 30 de janeiro, salienta-se que a atividade da EDIA encontra-se exposta ao risco de taxa de juro e ao risco de liquidez. Quanto ao primeiro, importa salientar que a EDIA não detém à data de 31 de dezembro de 2018, nenhum instrumento financeiro de cobertura de taxa de juro, apesar dos seus empréstimos estarem indexados a taxas de juro variáveis, com exceção do empréstimo obtido junto da DGTF em 2014. Nesta conformidade, a taxa média dos financiamentos em vigor em 2018 situou-se em 1,60% o que representa um ligeiro aumento face a 2017 (1,01%). No que se refere às conclusões resultantes da análise de sensibilidade efetuada pela empresa para uma variação de 1% na taxa de juro, o impacto estimado nos resultados de 2018 seria de cerca de (+/-) € 1,98 milhões;
- Quanto ao risco de liquidez, sublinha-se que, como referido anteriormente, desde de setembro de 2014, a
 EDIA foi reclassificada para o perímetro das administrações públicas, passando as suas necessidades de
 financiamento a serem asseguradas pelo Orçamento de Estado, através de empréstimos a conceder pela
 DGTF ou através de dotações de capital. Neste contexto, em 2018, o financiamento da EDIA foi
 assegurado através de entradas em numerário, no montante global de € 313,7 milhões, dos quais
 € 280,2 milhões através de dotações de capital e € 33,5 milhões através da cobertura de prejuízos de
 anos anteriores;
- Esta política ativa de reforço de capitais permanentes por parte do acionista Estado, permitiu à empresa reduzir o seu passivo remunerado em € 313,3 milhões (-49,14%) quando comparado com o exercício findo em 31 de dezembro de 2017;
- Já no que se refere ao limite de crescimento do endividamento, apurado nos termos da fórmula prevista no n.º 4 do artigo 146.º do Decreto-Lei n.º 33/2018, de 15 de maio (DLEO 2018), isto é, tendo em consideração os aumentos de capital realizados pelo Estado e os novos investimentos com expressão material⁶, verificou-se uma redução de 3,22% face a igual período de 2017, situando-se, assim, abaixo do limite de 2% previsto no termos do artigo 56.º da Lei do Orçamento de Estado para 2018 (LOE 2018);
- Relativamente aos gastos com pessoal, deduzidos dos encargos decorrentes das indemnizações por rescisão, e excluindo os efeitos da aplicação do disposto no artigo 21.º da Lei n.º 42/2016, de 28 de dezembro, e das valorizações remuneratórias nos termos do disposto na LOE 2018, verifica-se um aumento de 1,81% face a 2017 (+ € 104,4 milhares). Conforme consta do relatório, o aumento

⁶ No montante de € 4,5 milhões.



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apresentado nos gastos com pessoal é devido essencialmente a dois fatores: à redução do absentismo em cerca de 1,5 p.p. (com um impacto de cerca de € 90.000) face ao ano anterior e ao reforço das equipas de prevenção na área da manutenção, o que implicou um aumento do trabalho extraordinário, de modo a garantir a assistência 24/24 horas em caso de avaria, essencial, segundo a empresa, no cumprimento da missão de serviço público da EDIA;

- Conforme consta do Relatório, a EDIA demonstra o cumprimento das disposições sobre reduções remuneratórias previstas na Lei n.º 12-A/2010, de 30 de junho, aplicadas aos gestores públicos, ou seja, manteve a redução prevista de 5%. Refira-se a este propósito que na Assembleia Geral de 23 de maio de 2018, foi fixado o novo estatuto remuneratório para os membros dos órgãos sociais relativo ao mandato 2018-2020, incorporando também a Declaração Anual sobre Política de Remuneração dos membros dos Órgãos de Administração e Fiscalização da EDIA. Porém, nos termos desta declaração, a DGTF considera que continuam a ser aplicáveis as normas contidas no n.º 21 da RCM n.º 16/2012 e do n.º 3 da RCM n.º 36/2012, pelo que não se verificou qualquer alteração às remunerações pagas aos membros daquele órgão;
- Em cumprimento com o determinado no artigo 32.º do Estatuto do Gestor Público, a empresa confirma que nenhum dos membros da Administração utilizou cartões de crédito7 nem foram reembolsadas despesas incorridas a título de representação pessoal;
- Sublinha-se ainda que em 2018, a empresa manteve o procedimento de não atribuir prémios de gestão, cumprindo desta forma com o previsto legalmente sobre esta matéria;
- No âmbito dos procedimentos da contratação pública, a EDIA rege-se pelo Código dos Contratos Públicos. Nessa medida, para a realização de despesas cujo valor estimado seja superior a € 5.000, utiliza o recurso ao procedimento de ajuste direto o que implica, em regra, o convite a pelo menos cinco entidades, contendo a fundamentação da necessidade de recurso àquele procedimento, em especial sobre a impossibilidade de satisfação da necessidade por via dos recursos próprios da Administração Pública;
- Refira-se igualmente que no ano de 2018, foram adjudicados pela empresa três contratos com valor superior a € 5.000.000,00, como foi caso da empreitada de construção da ligação ao sistema de adução de Morgavel, da empreitada de construção das infraestruturas de rega do bloco Cuba Odivelas, e o fornecimento de energia elétrica às infraestruturas do EFMA. Verificou-se, ainda, conforme consta do Relatório, a obtenção do visto prévio do Tribunal de Contas relativo ao contrato para o reforço da estação elevatória dos Álamos (Concurso Público n.º 04/2017) submetido em finais de 2017;
- No que se refere ao Sistema Nacional de Compras Públicas (SNCP), recorda-se que a EDIA aderiu àquele sistema8, através da Entidade de Serviços Partilhados da Administração Pública, I.P. (ESPAP). Em 2018, e tal como já verificado em 2017, as aquisições efetuadas pela EDIA, via aquela plataforma, foram referentes a viaturas em regime de compra ou de aluguer operacional;
- Decorrente do legalmente previsto, cabe às empresas com EBITDA positivo assegurar a redução do peso do conjunto dos gastos com consumos, fornecimentos e serviços externos e pessoal no volume de negócios. Nessa medida, a EDIA apresentou uma melhoria (redução) daquele indicador em cerca de 8,5%, justificado, essencialmente, pela atrás referida diminuição dos gastos com energia (FSE) devido ao facto do ano de 2018 ter sido mais húmido que 2017;

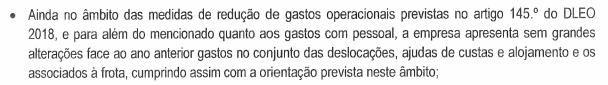
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⁷ Incluindo outros meios de pagamentos similares.

⁸ No entanto, sublinha-se que a EDIA decidiu não aderir ao Sistema de Gestão do Parque de Veículos do Estado (SGPVE), atendendo às especificidades de aquisições desta plataforma não se coadunarem com as necessidades e prazos de contratação da empresa.



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- De igual modo, e no que se refere aos gastos com estudos, projetos, pareceres e consultoria, verificou-se uma ligeira redução (€ 280) relativamente a 2017;
- No que se refere à frota automóvel, constata-se que o número de viaturas é superior ao registado em 2017 (+3 viaturas), passando de 77 para 80 viaturas. Note-se que, em conformidade com previsto no PAO 2018, este aumento foi autorizado pela tutela setorial através do despacho do Senhor Ministro da Agricultura, Florestas e Desenvolvimento Rural, de 6 de setembro de 2017⁹;
- O Prazo Médio de Pagamento (PMP) apurado pela empresa, agravou-se em 2018 em mais 9 dias face a 2017, passando dos 61 para os 70 dias, o que revela um incumprimento implícito justificado pelo processo moroso das descativações orçamentais de parte das dotações das rúbricas de Aquisição de Bens e Serviços, bem como decorrente do prazo de pagamento de 75 dias estabelecido com o principal fornecedor da empresa (Endesa Energia, SA);
- Ainda sobre esta matéria, importa assinalar que ao abrigo do previsto nos termos do n.º 2 do artigo 24º
 DLEO 2018, as empresas do SEE que apresentarem um PMP superior a 60 dias, devem divulgar no seu site da internet a lista das suas dívidas certas, liquidas e exigíveis há mais de 30 dias. Não obstante a empresa divulgar no seu site a lista de dívidas a fornecedores por natureza e por dias de atraso de pagamento, recomenda-se a atualização da referida lista ao abrigo daquele enquadramento legalmente aplicável;
- .A 31 de dezembro de 2018, a empresa não identificou pagamentos em atraso ("arrears"), nos termos previstos do Decreto-Lei n.º 65-A/2011, de 17 de maio;
- No que diz respeito ao cumprimento da Unidade de Tesouraria do Estado (UTE)¹º a EDIA manteve em 2018 a quase totalidade das suas disponibilidades em contas abertas junto da Agência de Gestão da Tesouraria e da Dívida Pública IGCP, E.P.E (IGCP), registando no final do exercício uma taxa de centralização de 96,40% (97,25% em 2017). Para o efeito, a EDIA solicitou formalmente a dispensa cumprimento integral da UTE, nos termos previstos no n.º 3 do artigo 28.º do RJSPE e no artigo 86.º da Lei n.º 7-A/2016, de 30 de março, abrangendo a parte das disponibilidades que mantém obrigatoriamente fora do IGCP.

Nestes termos, o IGCP confirmou, por ofício de 18 de julho de 2018, o excecionamento do cumprimento da UTE, válido para os anos de 2018 e 2019, no que se refere somente aos valores objeto do serviço de recolha contratualizado, aos montantes arrecadados através da utilização da vertente credora dos débitos diretos e aos decorrente da prestação de garantias bancárias que não possam ser substituídas por depósitos caucionados.

Outras Recomendações do Acionista

Relativamente ao cumprimento das demais orientações, salienta-se as recomendações pelo acionista emanadas na Assembleia Geral Anual da empresa realizada em 23 de maio de 2018, para as quais a empresa identifica no



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⁹ Exarado sobre o ofício da EDIA com ref.º 1899/PCA/DPCI/BJ/2017, de 21 de agosto de 2017.

¹⁰ Nos termos do Decreto-Lei n.º 191/99, de 5 de junho, que aprovou o Regime da Tesouraria do Estado, conjugado com o artigo 135.º da LOE 2018 e do artigo 104.º⁰ do DLEO 2018, e do artigo 28.º do (RJSPE).



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Relatório o cumprimento de todas, apresentando, para o efeito, os fundamentos ou as condicionantes não imputáveis à empresa que explicam o não cumprimento integral da recomendação em causa.

Não obstante o referido anteriormente e considerando aquelas recomendações, sugere-se à empresa que pondere submeter especificamente à apreciação da DGTF o entendimento da Administração relativo ao disposto no n.º 3 do artigo 33.º do Estatuto do Gestor Público, no sentido de confirmar que os limites estabelecidos na lei relativos aos gastos com combustível e portagens afeto mensalmente às viaturas de serviço dizem respeito apenas à utilização pessoal das mesmas.

PARECER

De acordo com o que precede e tendo em consideração os elementos disponibilizados, bem como as conclusões constantes da Certificação Legal de Contas, do Relatório Adicional de Auditoria e do Relatório de Auditoria Externa sobre as Demonstrações Financeiras, o Conselho Fiscal é de parecer que:

- Seja aprovado o Relatório e Contas de 2018, atento às reservas e à ênfase expressas na Certificação Legal das Contas;
- 2 Seja aprovada a proposta de aplicação de resultados apresentada pelo Conselho de Administração em conformidade com as disposições legais em vigor, no sentido do Resultado Líquido negativo, no montante de € 3.935.067, seja levado a resultados transitados;

Por último, o Conselho Fiscal regista com apreço e agradece toda a colaboração que lhe foi prestada ao longo do ano de 2018 pelo Conselho de Administração e pelos colaboradores da EDIA.

Lisboa, 8 de maio de 2019.

O Conselho Fiscal,

Sara Simões Duarte Ambrósio

Soo Simo Deorte Aubrosi

(Presidente)

Nelson Costa Santos

Nelm Costa Lenha

(Vogal)



STATEMENT OF COMPLIANCE

Statement Of Compliance From The Board Of Directors

Dear Shareholders

Under the terms of article 245 (1) (c) of the Securities Code we inform you that, to the best of our knowledge:

- I. The information contained in the management report faithfully sets out the important events of the year 2018 and the impact on the respective financial statements, and contains a description of the main risks and uncertainties faced; and
- II. The information contained in the individual financial statements, and their annexes, has been prepared in accordance with the applicable accounting standards, and give a true and fair view of the assets and liabilities, the financial position and the profits and losses of EDIA Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A. and the companies included in the consolidation.

Beja, March 15th, 2019

The Board of Directors

José Pedro Mendes Barbosa da Costa Salema (Chairman) Augusta Manuel Pereira de Jesus Cachoupo (Member) Jorge Manuel Vazquez Gonzalez (Member)



At the General Meeting held on May 23rd, 2018, the non-election of the Remuneration Committee was ruled.



ACRONYMS AND ABBREVIATIONS

A

ARH Alentejo

AT

ATLA

ABB	Alexandre Barbosa Borges S.A.
ACA	Águas do Centro Alentejo
ACECA	Water Hyacinth Control and Elimination on the Guadiana River Cross-Border Section
ADRAL	Alentejo Regional Development Agency
AdSA	Águas de Santo André
AFN	Portuguese Forest Authority
AG	Assembleia Geral (General Assembly)
AgdA	Águas Públicas do Alentejo
AICEP	Portuguese Trade and Investment Agency
ALVT	Águas de Lisboa e Vale do Tejo
ALA	Local Water Calendar in Alentejo
AOV	Operational Car Hire
APA	Portuguese Environment Agency
APAI	Portuguese Impact Assessment Association
APCER	Portuguese Certification Association
APT	Average Payment Term

Administration of the Alentejo Hydrographic Region

Cross-Border Association of Alqueva Lake Municipalities

Tax and Customs Authority

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BCP

BCSD

BE BES

BP

Portuguese Commercial Bank

Economic Bulletin

Bank of Portugal

Novo Banco

Business Council for Sustainable Development

BPI	Portuguese Investment Bank
BTL	Lisbon Travel Market
С	
CARALQUEVA	Alqueva Irrigation Monitoring Committee
CBA	Cost-Benefit Analysis
CD	Documentation Centre
CCAM	Mutual Agricultural Credit Bank
CCDR	Regional Coordination and Development Commission
CCDRA	Alentejo Regional Coordination and Development Commission
ССР	Public Procurement Code
CCDR	Regional Coordination and Development Commission
CD	Documentation Centre
CEB	Council of Europe Development Bank
C4C	Cloud for Costumer
CGD	Caixa Geral de Depósitos
СНА	Alqueva Hydroelectric Power Station
CHP	Pedrógão Hydroelectric Power Station
CIAL	Alqueva Information Centre
CIEFMA	Web Application for EFMA Infrastructure Register and Irrigator Management Consultation

Central Alentejo Intermunicipal Community CIMAC CIMBAL Lower Alentejo Intermunicipal Community CIMAL Coastal Alentejo Intermunicipal Community CLocal Council for Social Action of Beja CLAS Beja City Council CMB CMVM **CSecurities Market Commission** COTR Irrigation Technologies Operations Centre CP Public Tender CPI Consumer Price Index CSC Portuguese Commercial Companies Code

D

DAOT	Department of Environment and Territorial Planning
DGADR	Directorate General of Agriculture and Rural Development
DGO	Directorate General for Budget
DGT	Directorate General of the Territory
DGTF	Directorate-General for Treasury and Finance
DL	Decree-Law
DLEO	Budget Execution Decree-Law
DR	Diário da República
DRCA	Alentejo Regional Directorate of Culture
DRACALEN	Alentejo Regional Directorate of Culture
DRAP	Alentejo Regional Directorate of Agriculture
DGEstE	Directorate General of Educational Establishments
DSUE	Unanimous Written Company Resolution
DSRA	Services Directorate for the Alentejo Region
DUP	Declaration of Public Utility

E

EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EBIT	Earning Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EC	European Community
EDIA	Empresa de Desenvolvimento e Infra-estruturas do Alqueva, S.A.
EDP	Energias de Portugal
EFMA	Alqueva Multi-Purpose Project
EFV	Inspection and Surveillance Team
EGP	Public Manager Statute
EIA	Environmental Impact Study
EIB	European Investment Bank
EincA	Environmental Incidence Studies
EIS	Environmental Impact Statement
EMS	Environmental Management System
EN	National Road
EP	Public Companies
EPR	Reclassified Public Companies
ERDAS	Earth Resource Data Analysis System Project
ERDF	European Regional Development Fund
ESF	External Services and Supplies
EsPAP	Public Administration Shared Services Entity
EU	European Union
EUR	Euros

F

FPAS Portuguese Federation of Pig Farmers Associations

FitoFarmgest Sustainable Phytopharmaceutical Management in Olive Groves, Vineyards

and Arable Crops, in EmFMA's Area of Influence

G

GDP Gross Domestic Product

GDRS Office of Development and Social Responsibility

GeOp (Entity) Operational Manager

GEE Office of Strategy and Studies

GESAMB Environmental and Waste Management

GIS Geographic Information System

GFCF Gross Fixed Capital Formation

GOVINT Integrated Governance Forum

GVA Gross Value Added

H

ha Hectare

HDPE High Density Polyethylene

HICP Harmonized Index of Consumer Prices

hm³ Cubic hectometre

IAS	International Accounting Standard
IASB	International Accounting Standard Board
IBERLINX	Cross-Border Territorial Action for the Conservation of the Iberian Lynx
ICAAM	Institute of Mediterranean Agrarian and Environmental Sciences
ICNF	Institute for Nature and Forest Conservation
IMF	International Monetary Fund
IFRS	IFRS — International Financial Reporting Standards
IGCP	IGCP — Treasury and Public Debt Management Agency
IGCP	Institute of Treasury and Public Credit Management, I.P.
INALENTEJO	Alentejo Regional Operational Program 2007/2013
INVASEP	Fight against invasive species in the Tagus and Guadiana river basins in the Iberian Peninsula
INE	Portuguese National Institute of Statistics
INIAV	National Institute of Agricultural and Veterinary Research
loT	Internet of Things
IPBeja	Polytechnic Institute of Beja
HICP	Harmonized Index of Consumer Prices
IRC	Corporate Income Tax
IRS	Personal Income Tax
IS0	International Organization for Standardization
ISQ	Institute of Welding and Quality

K

Km Kilometre

Km² Square kilometres

kWh Kilowatt Hour

LCPA Commitments and Late Payments Act

LGT General Tax Law

Life + IBERLINCE Recovery of the Historical Distribution of the Iberian Lynx (Lynx pardinus)

in Spain and Portugal

Life Montado Adapt Montado & Climate; a need to adapt

LNEC National Laboratory of Civil Engineering

LOA Non-drive End

LO (SAP) Control of Construction Contracts, Equipment Supply and Provision of

Services

LOE State Budget Law

M

MD Right Bank

MAFDR Ministry of Agriculture, Forestry and Rural Development

MAMAOT Ministry of Agriculture, Sea, Environment and Territorial Planning

MARE Évora Supply MarketMF Ministry of Finance

MW/h Megawatt-hour

N

NAVIA Operational Infrastructure Management Software

NCRF Accounting and Financial Reporting Standards

NERBE Beja Region Business Hub

0

PUT

State Treasury Unity Principle

OakReGeneration	Project OakRegeneration — Project PDR2020 — Measure 1 Operational Groups (Project that studies the natural regeneration of the montado in livestock and wildlife protected environments)
OCDE	Organization for Economic Cooperation and Development
OCS	Media Outlet
0E	State Budget
Р	
PEC	Stability and Growth Program
PGA	Environmental Management Program
PGF	Forest Management Plans
PIDDAC	Central Government Investment and Expenditure Development Program
PlaCarvões	Project that consists in the implementation of a solution that integrates the principles of Circular Economy in the plastics value chain, with the valorisation of plastic waste (agricultural plastic, disposable plastics and CDR) through the production of activated carbons.
PN	Primary Network
PNN	Noudar Nature Park
PNRegadios	National Irrigation Program
POAAP	Alqueva and Pedrógão Reservoirs Development Plan
POC	National Plan of Accounts
POC Alqueva	Alqueva Dam Observation and Command Post, and Interpretation Centre
POCTEP	Portugal — Spain Cross-Border Cooperation Program
POSEUR	Operational Program for Resource Use Sustainability and Efficiency
POVT	Thematic Operational Program for Territorial Valorisation
PRC	Cost Cutting Plan
PPRCIC	Corruption and Related Offenses Risk Prevention Plan
PRODER	Rural Development Program
PRO-IBERLINX	Iberian Lynx Protection and Conservation

Q

QCA Community Support

QMS Quality Management System

QREN National Strategic Reference Framework

R

RCA Rosa, Corria & Associados, SROC, S.A.

RCM Resolution of the Council of Ministers

RJOAH Legal Regime of Hydro-Agricultural Works

RGPD General Data Protection Regulation

RJSPE Legal Regime of the Corporate Public Sector

ROC Statutory Auditor

S

S.A. Public Limited Company SAP Data Processing Systems, Applications, and Products Supervisory Control and Data Acquisition Software SCADA SEE State Business Sector SEL Local Business Sector SGA Global Alqueva System SIGO Budget Management Information System SHT Occupational Safety and Hygiene **SIRHAL** Algueva Water Resources Information System **SISAP** Support System for Cultural Aptitude Determination SISMA Support Information System for EFMA Environmental Monitoring SISMS Support Information System for EFMA Soil Monitoring

SMG Guadiana Monitoring System Secondary Network SN SNC-AP Accounting Standardization System for Public Administrations **SNCP** Portuguese Public Procurement System SPE Corporate Public Sector SOE Information System for State Budgeting SROC Society of Statutory Auditors T TCAS Central Administrative Court of the South TRH Water Resources Rate U **UPAC** Self-Consumption Production Units URSA Alqueva By-products Recirculation Units **UTAM** Technical Unit for Public Business Sector Monitoring UTE State Treasury Unit V VAT Value Added Tax VSA Solidarity Tour of Alqueva W Water-tightness Detection Implementation WADI WTP Water Treatment Plant Wastewater Treatment Plant **WWTP**

