

MOTA-ENGIL, SGPS, S.A.
CONSOLIDATED ANNUAL REPORT & ACCOUNTS - 2004



The Securities Commission, under nº3 of article 250º of the Stock Exchange Code, excused the publication of the individual accounts. These documents are available for consultation, with the remains, in the headquarters of the company, in accordance with the established by the Code of Commercial Societies.

CONSOLIDATED MANAGEMENT REPORT

MOTA-ENGIL, SGPS, S.A.

2004 Consolidated Management Report

Highlights

- Operating revenues up 16.8% at €1.23 billion.
- EBITDA rises 23.4%, with EBITDA and EBIT margins of 10.6% and 5.8%
- Net profit increases 43.5% to €22.1 million
- Net debt down by €34 million
- Backlog continues at about €1.8 billion

Resume

	31.12.2004	% PO	Δ %	31.12.2003	% PO	Δ %	31.12.2002	% PO
	<i>(Thousands of euros)</i>							
Operating revenues	1.226.906		16,8%	1.050.652		14,6%	916.448	
EBITDA	129.617	10,6%	8,4%	119.523	11,4%	21,6%	98.257	10,7%
EBIT	70.650	5,8%	23,4%	57.259	5,4%	19,1%	48.059	5,2%
Financial income /(loss)	(28.903)	(2,4%)	8,3%	(31.533)	(3,0%)	(33,8%)	(23.565)	(2,6%)
Current profit /(loss)	41.747	3,4%	62,3%	25.726	2,4%	5,0%	24.493	2,7%
Net profit before taxes	40.525	3,3%	33,4%	30.377	2,9%	8,3%	28.042	3,1%
Net profit before minority interests	27.690	2,3%	41,4%	19.576	1,9%	(14,0%)	22.760	2,5%
Consolidated Net Profit	22.069	1,8%	43,5%	15.383	1,5%	(20,6%)	19.362	2,1%

Major events

- Launch of the Voluntary Staff Reduction Programme, covering all GROUP companies, leading to a reduction of 81
- Continuation of the policy of generating synergies in the construction area, including the merger by incorporation into MOTA-ENGIL ENGENHARIA of several associates
- Increase of the backlog in Eastern Europe through the award of several large contracts in Poland and Hungary
- Merge of two GROUP companies in Poland and incorporation of MOTA-ENGIL POLSKA, the fourth biggest construction concern operating in Poland, including international companies
- Conclusion of the operation involving reorganisation and concentration of holdings in companies in the Solid Urban Waste segment, all now under the direct control of SUMA
- Strengthening of the GROUP's position in the Water and Sanitation business segment, through increase of the holding in Indáqua from 28% to 42.86%
- Start of activity in the port terminal operation business following the award of two contracts for the Setúbal Multipurpose Terminal to TERSADO and SADOPT in which the GROUP has a 25% stake
- Conclusion of the construction and opening to traffic of several motorway stretches under concession to AENOR and to the LUSOS CUT companies, bringing the total under operation up to 213 km as at December 31, 2004

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Message from the Chairman

To the Members of Mota-Engil, SGPS, SA,

The year under review was the first full year following the conclusion of the merge of the Mota and the Engil groups, concluded in December 2003 with the creation of MOTA-ENGIL, ENGENHARIA E CONSTRUÇÃO.

And the results achieved clearly show the option was the right one.

But, in addition to this, we should also mention other aspects that I consider very important, which took place during 2004 and were the result of a strategy that had been drawn up earlier and was pursued with drive. I refer to:

- The first of the four motorway concessions that were adjudicated to us, the Costa de Prata Concession, was concluded during the fourth quarter of the year (with the exception of Section 4, suspended by the Concessor).
- The focus on Central Europe begins to bear fruit, and it is now the GROUP's biggest international market, having overtaken Angola.
- The predicted award of the Matosinhos and Vila do Conde Water concessions will put our associate INDÁQUA at the forefront of this sector.

We must therefore be satisfied with the performance obtained, though aware that our goal is to continue to work to become increasingly competitive and profitable.

I therefore congratulate all the employees of the MOTA-ENGIL GROUP for the results achieved, addressing a special word of thanks to all those who have left the company through the Voluntary Staff Reduction Programme, for the great deal that they have given over the years to the GROUP.

I am certain that for the MOTA-ENGIL GROUP 2005 will be a good year and I hope that the political stability that is now on the horizon for Portugal may allow the construction industry, once and for all, to be based on a Public Investment Plan that will no longer be altered by political change.

As leaders of the Construction Industry, we shall strive to ensure that this objective is met.

It is also my intention that significant steps be taken during 2005 in the move into the Spanish market.

We're moving ahead!

António Mota

Chairman of the Board of Directors

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To the Members of Mota-Engil, SGPS, S.A.

In keeping with prevailing legislation we are pleased to present the Consolidated Management Report together with the accounts for 2004.

1. Macroeconomic framework

At global level 2004 provided some signs of the long-awaited upswing, with global growth standing at around 5%, though EMU growth was little less than 2% (with EU 25 growing 2.3%). The most recent figures published by the leading international organisations, particularly the European Commission and Eurostat, show, however, that the fourth quarter of the year saw growth below that of the previous quarter, once again lowering expectations with regard to the year's indicators and imposing more or less widespread revisions of the forecasts for 2005.

	Macroeconomic data - Portugal		
	real	preview	
	2003	2004 in June	2004 In December
%			
GDP	-1,30	1,25	1,10
Private Consumption	-0,70	1,00	2,20
Public Consumption	0,50	-0,60	0,60
GFCF	-9,60	1,25	1,80
CPI	3,30	2,60	2,50
Exports	4,10	5,75	6,80
Imports	-0,50	4,25	8,20

source: Portugal Bank - anual variation rates

In Portugal, the political instability worsened an economic situation that was already experiencing difficulties in accompanying the growth of the

European partners. Thus, the most recent figures published by the Bank of Portugal show that GDP will have grown by 1.1%, though the same source mentions a trend of falling activity and of confidence indicators, mainly in the industrial sector, during the last three months of the year.

2. Business review

2.1. Construction

The Construction business area performed very well in 2004.

In counter-cycle with the feeling of pessimism that has reigned in the sector in Portugal, this good performance was largely driven by the works carried out on motorways under concession to GROUP associates which, as a result of the vicissitudes and delays experienced in recent years, came to be carried out in the middle of a period of a downturn of demand in the industry. Also important and decisive was the good performance of most GROUP companies, both domestic and international, including the associates involved in the Metallic Structures and engineering segment.

2.1.1. Sectorial review

At economic level 2004 brought no great surprise for the industry. Construction remained in crisis, production continued to fall as a result of the downturn of public investment and of the housing crisis, though it should be pointed out that the decline of activity was not as pronounced as in the previous year. In a first overall appraisal of the

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performance of the construction industry, based on the GFCF component – Construction – in the National Quarterly Accounts and in the INE Employment Poll, the conclusion is that there was a 6.2% reduction of employment and a 6% decrease of production.

Production in the civil engineering segment fell 7%, housing 6% and the non-residential segment about 1% in 2004.

In an industry that involves more than €15 billion euros, employs more than half a million people and has over 40,000 companies, these economic indicators show that 2004 was a year of serious recession.

Underscored, too, is the fact that activity in this sector was also seriously affected by the abnormal increase of prices of construction rebar steel, pre-stress steel and oil products, though weather conditions were generally good. Despite the downturn of the civil engineering segment, the restrictive budget policy – mainly affecting the infrastructure segment – and the abnormal increase of construction rebar steel and pre-stress steel prices, domestic activity in the Construction area performed extremely well.

As mentioned above, the highway infrastructure construction business made a decisive contribution. It should be noted that during the year MOTA-ENGIL ENGENHARIA and its associates were involved in the construction of more than 100 km of motorways.

2.1.2. Business review

2.1.2.1 MOTA-ENGIL ENGENHARIA

Principal business

The principal business was carried on at 100 buildings yards across the country, generating an annual production of €617 million after excluding the double consolidation of the incorporated joint ventures. In comparison with 2003, the focus is on the 31.2% increase of production, which is expected to be maintained during the year now starting.

We would underscore several quantitative indicators that define the impressive matrix of the business of MOTA-ENGIL ENGENHARIA:

1,350,000 tonnes of crushed bases and sub-bases, 200,000 tonnes of cement, 880,000 tonnes of bituminous mixtures, 11,000,000 m³ of earthmoving, 6,878,000 tonnes of aggregates produced, 533,000 m³ of hydraulic concrete, 47,000 tonnes of rebar steel and 1,600 tonnes of pre-stress steel. We built at one and the same time 100 km of motorways, 355,000 m² of slabs for buildings and 90,000 m² of decks for bridges; we employed 600 items of our own heavy engine-driven items of equipment and 6 launch-beams used in Special Engineering Works.

Our portfolio of works both in progress and concluded is as follows:

Highway Infrastructures

We built the Calvos/Fafe and Fafe/Basto stretch of the A7 with a length of 30 km for the North Concession, and the Mira/Vagos/Ílhavo stretch of the A17 with a length of 17 km for the Costa de

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Prata Concession. We made a start to the construction of the Lousada/Castelões stretch of the A11 with a length of 9 km for the North Concession, the Freixieiro/Alfena, Alfena/Ermida stretch of the A41 with a length of 23 km for the Greater Oporto stretch and to the Talhadas/Vouzela, Vouzela/Boa Aldeia and Celorico da Beira/Guarda stretches of the A25 with a length of 25 km for the Beiras Litoral e Alta Concession. We built the EN 220 bypass between the IP2 and Torre de Moncorvo with a length of 5 km and the EN 321-1 and EN 210 bypass between Marco de Canavezes and Soalhães with a length of 6 km, and made a start to the construction of the EN 321 bypass between Soalhães and Baião with a length of 6 km, for the IEP.

Railway Infrastructures

We made a start to the construction of the North Line: Sub-stretches 1.2 and 1.3 of the Azambuja – Vale de Santarém stretch for Refer, the stretch of the Red Line (Tunnel and Saldanha and São Sebastião Stations), for the Lisbon Underground, and continued the construction of the Long-Duration Infrastructure of the South Tagus Light Railway over a length of 19 km. We concluded the Nine Station and the Railway Junction of the Minho Line for Refer and the shell of the Terreiro do Paço Station for the Lisbon Underground.

Airport Infrastructures

We concluded the *New Praia Airport – Cape Verde Islands, for ASA, and continued the enlargement of the *Sá Carneiro Airport Terminal for ANA.

Basic Sanitation Infrastructures

We began the construction of the Santa Cita Wastewater Treatment Plant for Águas do Centro, SA, and of 6 Wastewater Treatment Plants for Águas de Trás os Montes e Alto Douro SA.

Port Infrastructures

We concluded the *Lugar de Baixo Marina – Madeira.

Hydraulic and Hydroelectric Infrastructures

We concluded the Bouçoais Hydroelectric Plant, the Rabaçal Hydroelectric Plant, the *Increase of the Power of the Venda Nova Dam for EDP, the interconnecting pipeline between the Port of Leixões and the Matosinhos Refinery over a length of 3 km for GALP, continued the construction of the Pedrógão Dam for EDIA, and started the construction of the *Canal Álamos/Loureiro Channel, the *General Supply Channel with a length of 15 km, the Monte do Bispo Reservoir for EDIA and the Cova da Beira Hydro-agricultural System for IDRHa.

Engineering Works and Tunnels Infrastructures

We concluded the Machico Faial II Highway, the Faial Santana Expressway – 2nd Stage, *Machico – Faial, Terça – Ribeira Grande stretch in Madeira, for SREST, continued the construction of the Engineering Works on Sections 5.1, 6,7 and 11 on the North Concession, concluded the Engineering Works on Sections 1, 7 and 8 of the Costa de Prata Concession and made a start to the Engineering Works on Sections 1,3,4,6 and 7 of the Beiras Litoral e Alta Concession and on

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Sections 4 and 9 of the Greater Oporto Concession.

Commercial Buildings

We concluded the construction of the Dolce Vita Vila Real Shopping Mall and made a start to the construction of the EuroStadium for Amorim Imobiliária, the construction of the Fórum Viseu Shopping Mall for MDC and the construction of the El Corte Inglés in Vila de Nova de Gaia.

Buildings for Hotels

We concluded the Vila Sol Motel (5*) at Vila Moura, the Royal Garden Hotel (4*) in the Azores and the Marina Atlântico Hotel (4*) in the Azores.

Buildings for Offices and Housing

We continued the construction of the Pertejo Building – Lisbon, the buildings and Houses at Gondomar, and 90 CDH dwellings in Amadora, concluded Blocks 14 & 15 – Vila Sol at Vilamoura, and made a start to the construction of the Cabo Girão Tourist Complex in Madeira.

Hospital Buildings

We started the construction of the BES Hospital in Lisbon and concluded the construction of the João de Almada Hospital – Madeira, and the Santo António Health Centre – Madeira.

Industrial Buildings

We concluded the Terceira Abattoir for IAMA – Azores, and the Sodiprave Abattoir – Madeira.

Rehabilitation

Rehabilitation continued to warrant our attention and the existence of a specific division, despite the fact that public investment has almost

stagnated, since we are convinced that at the present stage of maturity of our market, this area will provided the greatest growth opportunities in the future. We would highlight the Micaelense Theatre – Azores, and the conclusion of the work on the Electricity Museum for EDP.

Madeira and Azores

Activity was carried on at 14 building yards, 10 in Madeira and 4 in the Azores, on the islands of S. Miguel and Terceira. Production in Madeira totalled €50 million, an increase of 260%, and €15 million in the Azores, 20% up over 2003. There continued to be considerable investment in the public sector in Madeira, accounting for 90% of production, contrary to what was seen in the Azores.

Spain

We made a start to two jobs in Santiago de Compostela, the Morteiro Seco Factory and the Boqueixon urban development infrastructures that we are building as members of a consortium with a Spanish partner.

The Autonomous Quarry Centre

The aggregates market was extremely competitive in 2004, heightening the tendency that had been seen in recent years. This increasing competitiveness, chiefly the result of surplus offer of aggregates as a result of the reduction of public works, has led to a deterioration of selling prices and, consequently, of business margins. Annual production of aggregates amounted to 6,878,000 tonnes, providing turnover in the sum of €38.6 million euros, far in excess of the planned target. The increase of production was the result of the

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greater internal consumption of aggregates linked to the cycle of highway works.

A start was made in 2004 to a new industrial plant at Vila Franca de Xira, designed to satisfy the Greater Lisbon market.

In 2004, MOTA-ENGIL ENGENHARIA increased its leadership of the market to become the first domestic producer to market EC branded aggregates.

Special Foundations Division

The year saw a 15% increase of production compared to the previous year. Turnover totalled €16 million, of which 38% were for external customers. Internal demand rose from 43% to 62%, chiefly due to significant internal contracts involving retaining and moulded walls (BES Hospital, Norfin and El Corte Ingles). This activity was carried on at 80 building yards. A total of 75 km of piles, 21 km micro-piles, 49 km of anchorages, 33 km of rock-bolting, 2300 m² of projected concrete and 28,000 m² of moulded walls were carried out.

The focus is on the following works: the Angra do Heroísmo Bay Scarps, Stabilisation of the Slopes of the Liberdade District in Lisbon, Retaining Walls and Piles for the BES Hospital in Lisbon, Retaining Walls for the El Corte Ingles building in Vila Nova de Gaia and the Retaining Walls of the Office Park at Expo.

Geotechnics Centre and Central Laboratory

The turnover of the Geotechnics Centre totalled €1.6 million, far higher than budgeted. The Centre focused in the search for new niche markets,

using new geophysical techniques and non-destructive methods to characterise the soil and also in the environmental geotechnics area, with a focus on evaluation of contaminated zones. Within the scope of scientific partnerships a start was made to the following projects: Evaluation of real cohesion in cemented soils – Control of compacting landfills and CBR evaluation through DMT tests – Enhancement of geotechnical works residues.

The Central Laboratory generated turnover in the sum of €0.7 million, 14.3% of more than budgeted. Laboratory focused on attracting external customers, and its accreditation was extended in March 2004 by the IPQ (Portuguese Quality Institute).

Pre-stressed Concrete Division

Turnover during the year amounted to €3.7 million for the 23 building yards involved, also clearly above the initial targets.

The business was severely affected by the abnormal increase of pre-stress steel, which doubled in ex-works price during 2004. It should be mentioned that 20% of the business was carried out for external customers, and in this connection the focus is on a system involving the incremental launch of steel viaduct decks.

In the field of scientific partnerships, the protocol with FEUP (University of Oporto Faculty of Engineering) was maintained in respect of the Organic Pre-Stress Project

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Hydraulic Concrete Division

This division used a total of 532,664 m³ of concrete (includes QUALIBETÃO), considerably in excess of the initial targets. Activity involved 17 Concrete Production Centres, and attention is drawn to the fact that 40% of the volume of concrete manufactured involved classes with the resistance equal to or greater than C30/37.

The partnership was maintained between FEUP, MAPREL AND SIKA within the scope of the BACPOR (self-impacting concrete) Project.

Equipment Division

Provision of services by the various departments that form the sector amounted to €50 million, with an equipment occupancy rate of 64%, in line with expectations. The Mondego Yard was closed and activity was centred at the Porto Alto Yard. The management and maintenance areas were merged, with major effects on the organisation chart, the works warehouses were shut down and several specific areas were transferred to the Procurement Management Process, leading to a reduction of 144 employees, or about 47% of the division's staff.

Technical Area

Within the scope of this area, which includes Engineering support and logistics for every sector of the company, several improvements were introduced, including the creation of the Technical Library, online, and the digital publication of technical magazines in partnership with Manchete. A start was made to the development of the Safety and Environment Management Systems with a view to obtaining their certification

during 2005, and attention is drawn, in the field of R&D, to the following projects:

- Time Management Project – Development of a software system in conjunction with Sol S designed to collect times on the basis of biometric equipment and to integrate them with the SAP molecule;
- RoadSim Project – Development of an integrated, computerised physical planning software system in partnership with the University of Teesside in the United Kingdom, with a view to generating gains of efficiency and rigour in highway works;
- ECOCASA Project – Development of a partnership with Quercus with a view to encouraging the reduction of energy consumption in homes and the use of renewable energies. The project involves development of a virtual energy house, in which users may test various solutions to improve the energy efficiency of their homes. Participation by MOTA-ENGIL is directed at supporting the selection of construction materials and technologies to be applied in this virtual house.
- OPS 2-3 Project – Within the scope of this project a start was made to the manufacture of the steel structure and of the automation system, with a focus on the project developed in partnership with FEUP which won the AdI (Agency for Innovation) Business Ideas Prize.

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2.1.2.2 Domestic associates

MARTIFER GROUP

Year under review was marked by the excellent performance of MARTIFER and of its associates both in turnover and in net profits. Most of these companies were able to overcome the negative surroundings that have been seen in Portugal and in Europe in recent years. If the will to overcome major obstacles is accompanied by a well-planned strategy, difficulties can be overcome.

The year was also marked, as said, by the implementation of the strategy directed at diversification of the role of the companies in this segment of Metallic Structures and engineering, with consequent incorporation of MARTIFER, SGPS, S.A.

Therefore, in addition to continuation of the process of internationalisation (with a focus on MARTIFER SPAIN and on the extension of activity to Central Europe, with a start up of the MARTIFER POLSKA industrial facility, a factory with an area of approximately 20,800 m² that employed 107 people by the end of the year), 2004 also saw the start-up of the business of MARTIFER ENERGIA, which culminated with the first towers leaving the factory in September 2004 for the Mogadouro Wind Farm. The main business of MARTIFER ENERGIA is the manufacture of equipment for the energy industry, particularly wind-farm towers, the development of technology for wave energy and, in the future, the production of other wind-farm components. Additionally, MARTIFER GESTÃO DE INVESTIMENTOS was also incorporated during 2004, its main business being promotion of real-

estate projects making use of synergies with the other GROUP companies.

As a result of the strategy and of the performance of MARTIFER and its associates, the turnover of the Metallic Structures and engineering segment increased by about 29% to approximately €147 million, making a contribution of about €7.2 million to the GROUP'S EBIT.

FERROVIAS

Targets set out for 2004 were generally met. Turnover stood at €32,481,514 (0.45% below budget), generating an operating profit of €2,005,604 (27.8% more than budgeted) and a pre-tax profit of €1,401,946 (52.9% more than budgeted). This good performance was the result of the improvement of the margin on the jobs, particularly due to the particularly good year in terms of weather conditions and also to the work carried on in Spain that had not been included in the budget and allowed full use to be made of company equipment that would otherwise have been underused.

A net profit was returned in the sum of €1,092,463, 37.4% more than in 2003.

Following the conclusion of the projects connected with the Euro 2004, the railways sector moved clearly into counter-cycle, which it will presumably leave behind only with the arrival of the high-speed projects. Consequently, works put out to tender are certain to be scarce.

Nevertheless, the company's strategy continued to focus on the Spanish market, through its associate HIFER, and also on the maintenance contracts recently put out to tender by Refer.

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TECNOCARRIL

Orders for sleepers placed by Refer during 2004 continued to be substantially lower than the contractual minima.

During 2004, the company continued weeding business, compensating to some extent the downturn of activity in the sleeper area. Turnover thus totalled €3,791,505 (€3,614,779 in 2003), returning an operating loss of €74,968 (loss of €100,717 in 2003).

The contract with Refer involving the preparation and creosoting of timber sleepers is currently being renegotiated, and it is expected that another five years of production, at the present rate, will be required to re-establish its economic and financial balance. Refer has already given its agreement to the principle of this extension.

CPTP

As a result of the enormous downturn in the area of marine works, provision of services declined by 28.5% compared to 2003, down from €26,697,717 to €19,081,537 in 2004.

Despite this, the company's operating profits in 2004 amounted €1,603,964, the result of careful management of the contract work, in which the technical side is of determinant importance in the search for more competitive solutions.

During 2004, CPTP carried on its business essentially on the domestic market in mainland Portugal (ports of Aveiro, Setúbal, Peniche and Figueira da Foz, the Gafanha da Encarnação quay, emergency work on the Barreiro station breakwater-quay and repair of the Costa da

Caparica and Cova do Vapor breakwaters). In Madeira, the contract for the construction of Artificial Reefs was concluded. Also emphasised is the investment in the company's central building yards at Figueira da Foz, involving conclusion of a pontoon-quay and a ramp, allowing significant optimisation of costs in the management of sea-going equipment.

In 2005, as a result of the more than probable continuation of the downturn of the market, the company's business can be expected to diminish, and it would be important that the entities responsible for the sector go ahead, at least, with the contracts that have already been subject to calls for tender and await adjudication, some of which during a long time.

MAPREL and MAPREL NELAS

Despite the fact that in 2004, as predicted, there was an increase of MAPREL's business compared to 2003 (operating income of €21,420,928, compared to €20,886,116 in 2003), results were far from what might have been expected. Thus, the two companies together returned a loss of €933,049 compared to a forecast profit of €408,035. There were several reasons for this poor performance:

- a) very significant increase of steel costs, most of which cannot be passed on to the customer (either because contracts do not allow revision or because, when they do, the revision formulae do not actually cover the increases);
- b) the first award of turnkey contracts which, despite having performed well technically speaking, meant that this area had to be

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reorganised, bringing about significant costs that had not been budgeted;

c) unforeseen restructuring costs and the voluntary employee reduction programme.

The company has a fairly comfortable order book for 2005, and a clearly positive performance can be expected.

TRACEVIA

The year under review was a very good one for TRACEVIA, largely exceeding the figures called for in the budget, despite the fact that the road marking and sign-posting market continues to decline.

A major contribution to this performance was made by the highway telematics area, which accounts for about 40% of the Company's business, the remainder accounted for by the traditional road marking and sign-posting areas on an equal footing.

Overall income in 2004 totalled €10,664,105, compared to a forecast of €7,500,000, pre-tax profits stood at €1,102,859 compared to a forecast of €505,195, while a net profit was returned in the sum of €810,560 compared to the forecast of €325,555.

PROBISA

Contrary to expectations at the beginning of 2004, the year for PROBISA was one in which the expectations were exceeded, despite the downturn of the market and the scarcity of works put out to tender.

The value of sales, change in production and other operating revenues in 2004 amounted to €4,107,421, compared to €2,983,572 in 2003.

A pre-tax profit for the year was return the sum of €356,679, compared to €201,066 the previous year, net profit standing at €244,615 and €134,337 respectively.

PROBIGALP

Despite the budget restrictions imposed by the government during 2004, with very negative effects on the emulsions, and normal and modified bitumen market, the premises of the Company's budget were met. This was chiefly due to the dynamism seen in the construction of the highway concessions, which had a positive effect on the market in which PROBIGALP operates.

The value of sales, change in production and other operating revenues in 2004 amounted to €5,405,007, compared with €4,653,836 in 2003.

A pre-tax profit for the year was returned in the sum of €547,529, compared to €492,608 the previous year, net profit standing at €405,295 and €333,734 respectively.

SOPROCIL

Notwithstanding the scenario of depression surrounding the sector, the performance of SOPROCIL in 2004 can be considered generally positive, particularly when compared to previous year.

In fact, turnover increased to €24.6 million, up 27% over 2003, returning a net profit of €44,345, compared to a loss in 2003 in the sum of €228,721.

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In parallel, the growing payment difficulties experienced by customers had a negative effect on the company's financial situation but, even so, general liquidity and self-financing ratio remained at the very satisfactory levels of 116.3 and 10.1 respectively.

Emphasis is also given for its importance to the future of the company of the acquisition by the GROUP of 41.2% of the share capital, increasing its stake to 65.9%, and to the concentration of all the services at the company's new head office building, allowing internal organisation measures to be enhanced and its development policies and strategies to be clarified.

The outlook for 2005 is one of the general improvements of every indicator, particularly with regard to turnover, which is set to rise to €30 million, an increase of 21%.

GEOGRANITOS

Confirming the expectations at the beginning of the year, 2004 was a year of recovery for GEOGRANITOS, involving continuation of the company's restructuring plan with a corresponding reduction of costs, with a view to supporting its economic and financial balance.

Turnover amounted to €30,620,190, and a pre-tax profit was returned in the sum of €165,806, generating a net profit of €126,792.

The prospects are that 2005 will be a good year, to the extent that the existing order book is relatively comfortable.

QUALIBETÃO

This company, whose principal business is the manufacture and sale of high-performance concrete, achieved a turnover of €8 million for a production of 97,000 m³ of concrete. Turnover in 2005 is expected to stand at €9.5 million, involving the manufacture of 110,000 m³ of concrete. The company's vision of its future growth is based on quality, on technological innovation and on meeting strict safety and environmental protection rules. Having already consolidated its business in the Oporto area, it now intends to move into the Greater Lisbon area.

TIMOZ

The business of this company, dedicated to transforming ornamental stone for the civil construction industry, was hampered during the year by the sharp downturn of domestic construction of buildings and by the consequent excess of supply, competition and debasement of prices.

Nevertheless, turnover was slightly higher than the previous year, at €1.8 million. This was possible as a result of the increase of exports. The year saw consolidation of the company's reorganisation, with a substantial increase of operating results. During 2005 the business will continue to be highly dependent on the recovery of the construction industry, and no significant growth of turnover is therefore predicted.

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SEDENGIL

The year's turnover amounted to about €9.34 million owing to the conclusion of the sale of the Casal do Silva PER in Amadora and of the ongoing marketing of the Quinta da Pala CDH in Gaia. As a result of the fact that timely approval was not given to the planned Tronco CDH in Gondomar, the respective land was sold. Likewise, the purchase and sale contract in respect of the land for the planned Moncoroc PER was also cancelled. With the cancellation of the two deals referred to above and with no others on the horizon at this time, the forecast turnover of 2005 is about €6 million, resulting from the Quinta da Pala and Alto de Mira sales.

RENTACO

This company maintained its strategy of focusing its activity on the self-propelled crane rental market with a view to increasing its efficiency and customer satisfaction. Turnover was unchanged at €3.5 million as in the previous year, though the profits were the best in the history of the Company. The outlook for 2005 is one of stabilisation of activity and profitability.

2.1.2.3. International associates

Angola

ANGOLAN BRANCH

The situation of the Angolan economy in 2004 was generally positive and in line with expectations established against an initial background of economic recovery and national reconstruction.

The Operating Income of the ANGOLA BRANCH amounted to about €13.9 million in 2004.

The year saw the conclusion and inauguration of several jobs, with a focus on the Prenda Underpass, the reopening of the highway between Namibe and Lubango (with a length of 77.7 km), the rehabilitation of two pontoons on the Moçâmedes Railway Line and the Camama / Viana Highway. Emphasis is given the completion of 24 houses at the MOTA-ENGIL Residential Condominium in Luanda, now be used by Group staff in Angola.

During 2004 two new job fronts were also inaugurated in the provinces, extending the area of the company's intervention. In the province of Huambo, the BRANCH is putting up the head office building of the National Bank of Angola, estimated at €3.9 million, and in the province of South Lunda, various jobs are in progress estimated at €45.1 million.

As far as property investment activities are concerned, production amounted to €3.2 million in 2004. The jobs in progress were the Residential and Office building in Cabinda and the MOTA-ENGIL Residential Condominium in Luanda.

The BRANCH currently has an order book of €131 million, of which €23.2 million involve jobs in which the employer is the State, meaning a considerable reduction of exposure to official Angolan entities (17.8% of the total order book).

PREFAL

PREFAL-PRÉ-FABRICADOS DE LUANDA, LDA., whose business consists of the manufacture and sale of pre-cast concrete materials and structures,

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generated turnover in 2004 in the sum of approximately €3 million. Growth compared to 2003 stood at 15.1%. Net profit was returned in the sum of €562,000

The more important investments during the year included:

- construction of the complement of the roof of the Manufacturing Building (€89,000); and
- acquisition of moulds for kerb production (€4400).

ICER

The year's turnover at ICER amounted to €3.6 million, in line with that of 2003. Net profit increases 5.6% compared to 2003, to €210,000, notwithstanding the several alterations to the situation of the economy which prevented better results, in particular:

- two fuel-price increases during the year, substantially increasing the fuel-cost heading, particularly in respect of diesel and fuel oil, the price of which increased 212.5%, the fact being that this business is highly dependent on the energy factor;
- the sharp ongoing increase of electricity prices throughout the year, which substantially increased the energy-costs heading; and additionally
- the fact that, during several long periods, the manufacturing facilities were not supplied with main electricity, which naturally meant that generators had to be used almost permanently, contributing to

a substantial increase of diesel consumption compared to previous years.

PAVITERRA

In 2004 PAVITERRA generated Operating Revenues in the order of €13.5 million, returning a Profit in the sum of €474,000.

During the year a start was made to the Ruas de Luanda work and to the 1st stage of the Camama Residential Complex.

The total PAVITERRA order book amounts to €33.4 million and of this the sum of about €17.6 million will be executed in 2005. Of the jobs in the order book, the focus is on the Boavista job and on the 1st stage of the Camama Residential Complex.

SONAUTA

Operating Revenues at SONAUTA amounted to €1.2 million in 2004, roughly the same as the previous year.

In view of the predictable reduction in demand for coastal shipping in Angola, given the increasing opening up of highway traffic throughout the interior of the country, a restructuring and redimensioning plan was introduced towards the end of 2003, to adapt the company to the situation of the market. Thanks to these measures, it proved possible to reverse the negative trend of results seen in previous years, leading to an Operating profit of €46,200.

AUTO-SUECO (ANGOLA)

Sales of Volvo products and provision of services by this associate saw a significant increase, in line with previous years, to stand at about €29.4 million, an increase of about 50%, chiefly due to

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the considerable demand for heavy vehicles. A Net Profit was returned in the sum of about €900,000

Central Europe

Poland

During 2004 the Polish GDP grew by 5.4%, outperforming the Euro Area and the average of the 25 countries of the European Union.

This growth was essentially the result of the increase of exports, industrial output and investment. Inflation has been declining.

MOTA-ENGIL, POLSKA

The following aspects in 2004 are highlighted:

- merger by incorporation of PBML Sp.zoo into KPRD S.A., and alteration of the company's name to MOTA-ENGIL POLSKA SA, successfully concluding, in December 2004, the merger process begun in April this year.
- the increase of Operating Revenues from €49.9 million to €53 million, up 6%, consolidating the competitive position that the company has been building up in the marketplace;
- continuation of the process of reorganisation of the company and renovation of the staff, through the creation of functional, interactive teams designed to meet present needs;
- Adjudication of 2 sections of the A2 Motorway, Konin-Kolo and Kolo-Dabie, to the joint venture in which MOTA-ENGIL is involved, in the sum of €51.3 million, and of S7 Myslenice-

Pcim (ZAKOPIANKA) Section in the sum of €59 million;

- implementation of the civil construction division and start to the presentation of tenders in this sector;
- implementation of a single information systems platform, with clear advantages in the control management information leading to an increase of productivity;
- continuation of the policy of training staff and hiring young, highly qualified and specialised personnel; and
- consolidation of the involvement in the traditional market of South Poland, taking over leadership in this region.

The EBITDA and EBIT margins stood at 6.4% and 2.1% respectively, while Net Profit amounted to €230,000.

At the end of the year the order book stood at €115 million.

POLAND BRANCH

The delegation was involved in the construction of 2 sections of motorway (A2 and S2), an expressway (Myslenice-Pcim), work on the pipeline network in the city of Torun, finalisation of work on the A4 Motorway (Nogowczyce - Kleszczow section) and 2 national highways Zgorzelec and Torun.

Emphasis is given to the credibility achieved by the MOTA-ENGIL GROUP in this market, an example of this being the tender process for the A2 Motorway in which just MOTA-ENGIL and STRABAG demonstrated that they had curriculum and

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sufficient capability to bid for the five sections at the same time, two of which were adjudicated to us.

Czech Republic

The estimated GDP growth in the Czech Republic in 2004 was 3.7%, with an expected growth of 4.3% in 2005. The 2004 inflation rate stood at 2.8%, driven by oil prices and by the macroeconomic surroundings abroad.

The government endeavoured to improve the State budget deficit through tax income, though it should seek to introduce more and better reforms, particularly within the social security system, to open on the way to economic growth and meet the EU accession objectives.

The political conflicts seen during 2004 contributed to a postponement of important reforms. Political alterations can be expected in 2005.

Direct Foreign Investment remained high, though the increase of repatriation of profits contributed to a continuation of the current account deficit.

SEFIMOTA

Total turnover at SEFIMOTA in 2004 stood at €23.9 million, returning a pre-tax profit in the sum of €181,000.

The very considerable competition in the marketplace and the consolidation of the high growth of turnover seen in 2003, allowed SEFIMOTA to maintain the same performance in 2004.

The company concluded several significant contracts, particularly a block of 89 apartments in

the city of Podebrady. Other residential buildings were concluded for private investors (Krocínka, Lumirova, Letňany, among others), representing a volume of work delivered in the sum of approximately €7.2 million.

SEFIMOTA consolidated its position in the construction of manufacturing facilities, having handed over a new 10,000 m² facility to a Spanish investor at the Auto Industrial Park at Plsen.

The present order book stands at €30.6 million, of which €24.6 million will be built during 2005. This figure provides good prospects for 2005 and 2006.

SEFIMOTA made a start to its approach to the Slovakian market by setting up a subsidiary, MOTA-ENGIL SLOVAKIA, A.S., in which SEFIMOTA holds 8% of the share capital and a local partner the remainder.

By the end of the year this new company had not yet signed any contract, although the expectations for 2005 are quite optimistic.

M-INVEST, SRO

The turnover of M-INVEST amounted to €1.7 million, generating a pre-tax profit in the sum of €548,000. A large part of this result was caused by the sale of land that formed part of its portfolio.

The M-INVEST brand has come to constitute a well-consolidated benchmark within the Prague property market and it continues to be synonymous with quality. The portfolio of approved projects now stands at €44.8 million,

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sufficient to meet the strategic objectives set out for the market 2008.

M-INVEST BOHDALEC

M-Invest Bohdalec, wholly owned by M-INVEST, SRO, was incorporated the purpose of developing 244 new apartments in Prague Zone 10.

This company closed 2004 having sold 71 apartments, generating sales in the sum of €4.1 million.

Total turnover expected for this project is €14.8 million, and construction work is scheduled for conclusion by the end June 2005.

MORAVSKE POZEMNÍ STAVBY

The turnover of the subsidiary for the Moravian market in the Czech Republic amounted to €9.5 million in 2004, in line with the Company's budget drawn up the start of the year. The Company returned a pre-tax profit of €115,000.

During 2004 major contracts were concluded, particularly with retail customers (the Albert supermarket chain), petrol stations (Shell) and car showrooms (Nissan and Skoda dealers).

Hungary

Hungary continued converge towards the European Union average and GDP growth in the order of 4% is expected, largely generated by investment. According to forecasts and despite a normal long-term slowdown, we can expect firm growth of around 3.5-4% for next two years.

The present government's concerns regarding the public deficit will probably call for the use of public-private partnerships to support new public

investments. This will open up new and greater opportunities for the GROUP in the Hungarian market.

MOTA HUNGARY

Following the several years of negative performance MOTA-HUNGARY achieved turnover in 2004 in the sum of €27 million, returning Net Profit in the sum of €42,000 (and an EBITDA of €1.5 million). During the year, the company concluded the construction of the Szolnok industrial park. Throughout the year the company made a start several jobs in several areas, mainly linked to the Environment (the Szolnok and Miskolc Sanitary Landfills) and to Civil Construction (the "Tolgyes" Residential Park in Budapest). An important aspect to be underscored is the return of the company to its principal objective, involving the start of the construction of a stretch of the M35 motorway near Debrecen. Next year the company expects to achieve turnover in the sum of €60 million.

METROEPSZOLG

This associate increased its turnover compared the previous year, up at €9.4 million, returning a Net Profit of €110,000. The company was involved in two major environmental projects in the region of Szolnok, which allowed it to strengthen its position as a regional company specialised in the environment. Emphasis is given to the contract of the construction of the Besenyszog sewage network in the sum of €2.9 million, concluded 7 months ahead of schedule and providing a considerable profit.

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The company expects to maintaining its market share in the region in 2005 and to seek growth opportunities in the field of the environment.

United States

Associate MK CONTRACTORS LLC, headquartered in Miami, in which the MOTA-ENGIL GROUP has a 50.5% stake, achieved turnover of about €21.1 million in 2004.

Attention is drawn to the following projects concluded in 2004::

- Douglas View Condominium
- Villa Calabria Condominium
- Brickell Bay Village
- Avanti II Shopping Mall

Emphasis is given to the contracts awarded for the following new projects:

- Grove Garden Residences
- Onyx 1 Condominium
- Puerta de Palmas Condominium
- Douglas Place
- Mediterranea Condominium

The order book for 2005 stood at €74.2 million as at December 31, 2004, of which about €51.4 million are to be executed during 2005

Peru

In Peru, the public works and transport infrastructure market in 2004 was very negative (down by 14.4%) despite the fact that the economy grew by 5.1%.

Even so, TRANSLEI's performance was quite good.

Maintaining its presence in the mining infrastructure market, TRANSLEI continued its strategy of increasing and diversifying its activities into other areas of construction, allowing it to secure turnover in the sum of €16.3 million, returning a Net Profit of €807,000.

During 2004 a number of jobs were concluded, valued at €7.3 million, for the Yanacocha Mine, in addition to the Altomayo Highway, the annual maintenance of the Antamina Mine and the work on the Alto Chicama Mine.

Of the works contracted during 2004, the following are highlighted:

- a set of 11 operations for the Yanacocha Mine, such as earthmoving at Carachugo and La Quinoa , and the Cerro Negro Bypass
- Rajucolta Dam;
- maintenance of the Antamina Highway;
- operations in Alto Chicama;
- Neshuya – Pucallpa Highway; and
- Aguaytia–San Alejandro Highway (Contract under preparation).

At TRANSLEI, the volume of sales predicted for 2005 stands at €21 million.

Mozambique

In macroeconomic terms the climate of recession continued in Mozambique insofar as public investment is concerned, just 6 tenders having been issued during 2004.

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A call for tenders is expected to be issued for the construction of 4 stretches of highway, with World Bank financing, along the South/Centre Highway access.

During 2004 the MOZAMBIQUE BRANCH achieved turnover in the sum of €612,000, essentially involving maintenance work, returning Net Profit in the sum of €55,000, reversing the trend of the previous year.

The maintenance period in respect of the contract work undertaken up to 2003 in the Cabo Delgado Province was concluded in August, involving the Mocimboa da Praia/Oasse and Oasse/Macomianum highways with a total length of 140 km.

Benin

Work on Section 2 of the Dassa-Savé-Parakou-Beroubouay highway advanced at an exceptional rate, allowing a result of about €1 million to be achieved during the year.

Only finishing work and signposting is being carried forward to 2005.

The highway is scheduled for inauguration in mid-February.

Chad

Despite the difficulties, both logistic and weather-wise, production on Section B of the Moundou-Laramanay-Touboro highway amounted to about €12.3 million.

Predictably, this project will come to cruising speed during 2005, with the application of the bituminous mixtures of the base and wear layers.

Malawi

Production in Malawi took place as normal, and turnover in the sum of about €4 million was achieved.

During 2004 construction of the railway bridge over the river Rivirivi was started and concluded. This contract included special foundations and a volume of concrete in the order of 4000 m³, and the job was completed within the four months allowed by the contract.

In the highways sector, the rehabilitation of the Midima Road was also concluded, more specifically the Limbe – Choda stretch.

Contracts were also awarded for the Nguludi Spur and Choda-Chisitu stretches, which will shorten the journey and bring economic advantage both for heavy traffic between the south and centre of Mozambique and the north of the country, through Malawi, and for the local tea plantation and processing industries.

2.1.3. Economic and financial review

Generally speaking, as said, the Construction business area performed very well in 2004.

The domestic Construction segment, excluding Metallic Structures, made a contribution to GROUP turnover and EBIT in the sums of about €813.8 million and €55.6 million respectively. The turnover of the Metallic Structures segment increased by about 29% to €146.7 million, contributing about €7.2 million to the GROUP's EBIT.

The international activity of the Construction area contributed about €225 million and €16.9 million to

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GROUP turnover and EBITDA respectively.

Therefore, in terms of overall contribution to the GROUP, the Construction area returned Operating Revenues in the sum of €1.13 million, an EBITDA of €115.1 million and an Operating Profit of €65.8 million (i.e., EBITDA and EBIT margins of 10.1% and 5.8% respectively). Financial charges and extraordinary losses amounted to €22.9 million and €2.0 million respectively.

2.1.4. The Outlook

Totalling about €988.5 million, the order book for work in Portugal still largely comprises work to be undertaken for the highway concessionaires of the GROUP. In turn, the international construction order book stands at about €575 million, of which about €251 million to be undertaken in Eastern Europe and €144 million in Angola.

With a solid order book the GROUP's Construction area is therefore expecting the business to develop in 2005, once again, with growth and profitability figures standing above the sector average, both at home and abroad.

2.2. Environment & services

The year under review was the first full year in business of MOTA-ENGIL, AMBIENTE E SERVIÇOS, SGPS, SA, the sub-holding company for the Group's holdings in companies engaged in the environment and services area.

2.2.1. Sectorial review

Solid waste

The economic situation in this sector is in keeping with the scenario of the country's economic difficulties, reflected in the successive downward

corrections of the indicators used to gauge the performance and evolution of the Portuguese economy.

On a par with the evolution of the country's economic situation, the solid waste sector has also seen a sharp downturn of investment. There has been an almost total absence of calls for tender as a result of the lack of financial capacity to increase public spending on improvement of the environment, which has naturally hampered the growth possibilities of companies operating in this sector.

Also because of the economic situation referred to above, the companies engaged in this area were faced with serious difficulties in collecting debt from the local authorities, which brought about serious financial difficulties and a natural increase of the concomitant costs.

Water & sanitation concessions

The political facts during 2004 made no contribution to the definition of the role of private entities in the water sector. Many promises of greater openness to private capital in the sector had no practical implementation, and the State, through companies for which it is responsible, continues to exert a powerful reducing influence on private investment opportunities.

The indecision in respect of fundamental policies led the local authorities to postpone decisions to issue new calls for tenders. Just one call for tenders was issued at the end of December, in respect of the Concession for the Operation and Management of the Municipal Public Water

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Supply and Sanitation Services of the Municipality of Espinho.

Maintenance

The year now ended was one of a veritable stagnation in both in the field of outsourcing maintenance and in maintenance management, in which a few contracts were signed only in the private sector in the field of simple maintenance work.

In our view, this was the result of the lack of financial capacity of several public entities that for this reason did not close contracts that had already been put out to tender and did not issue calls for tender that they had already programmed.

There is, however, an unquestionable trend towards outsourcing maintenance services in the most varied sectors.

Gardens & green spaces

The growing interest in green spaces and in their interaction with town planning and day-to-day life is a reality.

Confirming this interest, local authorities have revealed growing sensitivity and initiative in the rehabilitation of their non-built areas, and have carried out work in which parks and gardens are the dominant theme.

In view of the economic crisis experienced in 2004 in the country in general, also associated with the successive postponements of public and private investment plans, VIBEIRAS saw an increase of competition in its market and a significant

reduction of the margins, which had to be overcome through investment.

To this end, VIBEIRAS outlined a growth strategy underpinned by the reinforcement of its technical, administrative and production resources, allowing it to attract new work within the scope of landscaping concept and construction.

The year under review was one of good performance for VIBEIRAS. The strategy implemented, allied to an improvement of the quality of its services, led to a growth of business and consolidated its leadership in its particular market.

Recycling

Decisive steps were taken during 2004 in the creation of the integrated management system for use oils, and the management company – Sogilub – is expected to be granted a license during the first half of the current year.

As in other areas of the waste industry, the start-up of the integrated system will make a significant alteration to the used lubricant oil industry in Portugal.

New businesses

With regard public-private partnership hospitals, 2004 was the year in which a start was made, despite the delay compared to the initial calendar, to the issue of calls for tender in this area, generally known as PPP.

In recent years car parks under concession have seen natural growth, and this is expected to be maintained. Local authorities have installed parking meters in urban centres, meaning that

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carparks have become attractive. It should be pointed out that in some cases the lack of traffic wardens has had a negative effect on this. Though with good prospects of profitability in the medium and long-term, this segment requires major investments, and this has put back the construction of new carparks.

2.2.2. Business review

Solid waste

Activity in the environment sector in general and in the waste market in particular has taken place against a background of stagnation, the logical corollary of the country's macroeconomic scenario, as set out above.

During the year the process of reorganisation of the holdings in this segment of the market was concluded, consisting of concentrating all the companies engaged in solid urban waste, including SERURB, under the control of a single company, leading to the constitution of the SUMA GROUP.

Under existing contracts GROUP companies collected 723,992 tonnes of solid urban waste in 36 municipalities, serving a population of 2 million. In solid urban waste treatment, we would point out that of this total, 479,498 tonnes produced by about 700,000 inhabitants in the 21 municipalities under contract were processed by the SUMA GROUP. RESILEI, the company involved in run-of-the-mill industrial waste processing, dumped a total of 57,710 tonnes of waste and its landfill in Leiria.

New contracts were entered into during 2004, with a focus on the renewal of contracts with the

Ílhavo, Maia and Almada municipalities and of the enlargement of the urban cleaning services for Matosinhos.

Water & sanitation concessions

Despite the adverse conditions, INDÁQUA was successful in securing the award of two new concession contracts in 2004 for the Matosinhos and Vila do Conde municipalities.

These new contracts, allied to the continuation of existing ones, will require reorganisation of the company's present structure, acquiring the acquisition of human and technological capital.

In those concessions in which it is involved, INDÁQUA has consolidated its business, increasing the number of consumers by about 2830.

At the end of 2004 the INDÁQUA shareholder structure was altered and, as at December 31, 2004, MOTA-ENGIL - AMBIENTE E SERVIÇOS SGPS, S.A., came to hold 42.86% of the share capital of INDÁQUA compared to the 28% held previously.

Maintenance

Early in 2004 MANVIA secured ISO 9001-200 quality certification in Building Management & Maintenance.

During the year under review MANVIA operated in the following segments of the market: Building Management & Maintenance; Environmental Infrastructure Operation & maintenance; Rehabilitation of Pipelines; and Conditioned Maintenance (Vibrometry and Thermography).

Despite increased sales, there was a significant reduction of pre-tax profits at MANVIA, partly the result of the increase of overheads. The additional

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staff costs were caused by new staff taken on, numbering 7, required to develop the business in the northern part of the country.

Gardens & green spaces

During the year VIBEIRAS carried out very complex jobs within the scope of the recovery of the banks of the river Liz, in Leiria, within the scope of the Polis Programme, and partial rehabilitation of the Jamor Valley for the Sports Institute, involving its adaptation for leisure purposes. A start was also made to work on urban centres, particularly Alcanena and Minde.

In the maintenance area VIBEIRAS has maintained the contracts with Brisa and Parque das Nações, strengthening its position in Lisbon. Also worth mentioning are the maintenance contracts in respect of the Albufeira sports complex and of the Faro/Loulé stadiums towards the end of 2004, which will allow a more considerable role in the Algarve in 2005.

As planned, last October saw the inauguration of the first Portuguese shop of the JARDILAND brand. Located in Maia, this unit, born of the partnership between MOTA-ENGIL, AMBIENTE E SERVIÇOS, SGPS, S.A., and the French group JARDILAND, provides a different distribution concept for animals, plants and similar products.

Recycling

The cost of used oil for recycling, which has remained unchanged, continued to affect the profitability of ENVIROIL.

Experience has shown the need to introduce technical adjustments to the plant to increase its

availability, and we expect a start to be made to these improvements in 2005.

After the necessary permit was obtained, CORREIA & CORREIA, a company in which ENVIROIL has a majority holding, made a start to the construction of its new central premises. Their conclusion during the second half of 2005 will provide the company with the best technical and environmental facilities.

New businesses

The second half of 2004 was marked by the fact that MOTA-ENGIL AMBIENTE E SERVIÇOS was able to make a start to its port logistics operations through to concessionaire companies, SADOPT and TERSADO, in which the Group has holdings of 25%. These companies were granted a concession to run the solid bulk, container and role-on/roll-off terminals at the port of Setúbal during a period of 25 years.

EMSA – EMPREENDIMENTOS E EXPLORAÇÃO DE ESTACIONAMENTOS, S.A., made a start in August to the Devesa Car Park concession operations in Castelo Branco, which was built by the MOTA-ENGIL GROUP. Despite being lower than projected, billing increased regularly up to the end of the year.

The Mota-Galiza Park under MANVIA management, has seen an increase of its billing, but not yet sufficient to return a profit, though with tendency for a profit to be provided in the near future. A start was made during the last quarter 2004 to the provision of manual car washing facilities.

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The consortium of which we are a part for the public-private partnership hospitals submitted a tender in July for the concessions involving the concept, financing, construction and maintenance during a period of 30 years and for the clinical operation and management during a period of 10 years in respect of the Loures Hospital. The tenders are currently under appraisal.

A similar call for tenders was issued in October for the new Cascais Hospital and, in conjunction with the same Consortium, we also submitted a bid on February 28, 2005.

Towards the end of the year, in December, the announcement was made of the issue of the call for tenders for the new Braga Hospital, which came to be published in January. We shall submit a bid in a similar manner.

In keeping with the guidelines of the European Union in the matter of bio-fuels, we entered into a partnership in 2004 for the construction and operation of a bio-diesel factory.

The government's recent decision to exempt bio-diesel from ISP (fuel tax) has met a condition essential to the continuation of the project.

2.2.3. Economic and financial review

The net assets of MOTA-ENGIL, AMBIENTE E SERVIÇOS amount to €47.6 million, of which €30.3 million in respect of financial holdings.

During the year under review MOTA-ENGIL, AMBIENTE E SERVIÇOS increased its investment in INDÁQUA, its holding rising from 28% to 42.86%, and it also put up a 25% stake in the incorporation of TERSADO and SADOPT. It also set up MOTA-

ENGIL II, in which the technical staff will be concentrated.

To finance these activities, the company did not make use of bank debt but obtained finance within the GROUP, in the sum of €16.5 million carried as own funds. The self-financing ratio therefore stands at 34.7%

Overall, in economic terms, the Environment and Services area made a contribution to the GROUP's consolidated figures in the sum of €91.2 million under Operating Revenues, €21.1 million under EBITDA (a margin of 23.1%) and €13 million under EBIT (a margin of 14.3%) .

Solid waste

The year under review was a good one, and the budgeted economic forecasts were outperformed, with emphasis on the following indicators: the operating revenues of this segment stood at about €64 million, an increase of 10.4% over 2003, the contribution to GROUP EBIT amounting to about €11.2 million; assets slightly below €90 million; and own funds at €28 million, contributing to a self-financing ratio of more than 30%.

Waters and sanitation concession

Compared to 2003, the Net Profit of INDÁQUA improved significantly to €312,000, chiefly due to the increase of income in respect of costs incurred with the presentation of the Vila do Conde and Matosinhos bids to be billed in 2005 to the respective concessionaires that are to be set up. In 2004 the EBITDA stood at €3.8 million, compared to €1.7 million the previous year.

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Financial Charges in the sum of €413,000 were chiefly the result of interest on loan capital. The positive impact (€254,000) of the equity method accounting of the holdings was not sufficient, however, to generate a financial profit for the year.

It should be pointed out that INDÁQUA returned a profit in 2004, for the first time in its life of more than 10 years, the result of careful management and also of the commitment of its shareholders.

For these companies taken together, the following indicators are highlighted: aggregate operating revenues of approximately €13 million, with an operating margin of 9.3%; assets standing at €77.6 million; and own funds of €11.2 million, contributing to a self-financing ratio of approximately 14.4%.

Other segments

The following indicators are underscored: aggregate Operating Revenues of approximately €38 million, with an average operating margin of more than 5.5%; assets slightly below €54 million; and own funds in the sum of €14.2 million, contributing to the self-financial ratio of around 26.3%.

In the port concessions segment, the companies started trading in November 2004 and are not yet consolidated. Mention is made only of the confirmation of the volumes of business as set out in the initial models of both these concessions: SADOPT and TERSADO.

2.2.4. The Outlook

Solid waste

The essential problem will continue to be the financial weakness of the State and of the local authorities, which do not appear to be able to find the means to improve the quality of life of their citizens without investing and passing the costs on to them.

We are convinced that the private sector could make a contribution to improving the quality of the service through the own funds that it could mobilise, provided that reasonable conditions are created to do so on the basis of healthy competition and of an improvement of productivity.

Waters and sanitation concession

The start of the Vila do Conde and Matosinhos concessions will allow INDÁQUA to develop the provision of services to a remarkable extent as a result of the increased use of its capabilities, technological know-how and quality of service in this industry.

Another €6 billion will have to be invested in this sector. In view of the restrictive budgets of the local authorities, private sector will have to undertake this investment. We therefore predict sustainable growth for the company and its progressive establishment in a market that will open up, a market that, at today's tariffs, is calculated at about €1 billion per annum.

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Maintenance

Through perfecting the use of the Rosmiman, through application of conditioned maintenance methods and through quality certification MANVIA now constitutes the benchmark in this market segment. The company intends to increase its turnover in the shopping mall sector in the coming years.

With regard to pipeline cleaning and inspection, MANVIA is investing in video equipment in order to carry out work involving cleaning and inspection. Since this market is essentially dependent on Águas de Portugal and on the local authorities, we are waiting with no little expectation definition by central government of the policies in this area. Turnover in the rehabilitation of sewage pipes is set to increase next year. We shall also divulge our programme of the food industry, involving the management and implementation of the vibrometry and thermography programmes.

Gardens & green spaces

VIBEIRAS views 2005 with optimism and has a positive vision of the future performance of the company, establishing as its objective growth of sales by about 25%, with a profit forecast similar to that of 2004. The order book stands at a comfortable €11.5 million.

VIBEIRAS intends to maintain and to strengthen its position of leadership, seeking to develop its business in new market areas.

With regard to our partnership with JARDILAND, the aim is to determine a place within the Lisbon area to build the next garden centre. During the coming

year we also intend to make a start to the respective planning consent application.

Recycling

With the coming into operation of the Integrated Use Oil Management System referred to earlier, through Sogilub, we are expecting a significant alteration to the business of ENVIROIL and of CORREIA & CORREIA.

For the former, the Integrated System means the introduction of the scenario called for by the European directives several years ago, stipulating used oil as a residue that has to be properly processed, that should not therefore be paid for by the company, for recycling purposes, at the price of fuel.

For CORREIA & CORREIA this situation and, in particular, the coming into service of the new central facilities, will provide a major qualitative step forward in production methods and capacities.

Port concessions

The start of business of SADOPT and TERSADO constitutes, for the MOTA-ENGIL GROUP, a pioneering initiative in a sector in which we expect to become a leading player. These expectations are based on the fact that we believe in the need for profound structural changes in the transport field, with a particular focus on the entire logistic structure associated therewith.

New businesses

Despite the existence of works at ground level and of free parking in the neighbourhood, the Devesa Car Park in Castelo Branco is expected to

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see ongoing increase of its billing during the coming year.

We also predict that income may increase as a result of attracting new customers to the Mota-Galiza Car Park.

2.3. Real estate & tourism

2.3.1. Sectorial review

In an adverse macroeconomic framework, both at home and abroad, 2004 was yet another year of recession both for the property sector and for the tourism industry, and this was reflected in the results of the MEITS-MOTA-ENGIL IMOBILIÁRIO E TURISMO, S.A. associates.

In addition to this situation of the economy, there is also the fact that the property sector has been increasingly penalised by bureaucratic procedures implemented by the authorities, which have clearly hampered the announced upswing of the sector.

2.3.2. Business review

Property

In addition to the poor economic situation referred to earlier, this area has also been hampered by the delay to the licensing of undertakings, especially those located in the city of Oporto, which could have balanced the activity in this business area.

The policy implemented the previous year regarding the allocation of resources was therefore maintained, concentrating them preferably on the development and enhancement of property development projects in the portfolio.

With regard to activity involving Property Development, the following are highlighted:

- the Varandas do Douro, Section 1, undertaking located on the bank of the river Douro at Campanhã, is nearing completion and about 42% of this undertaking have been sold;
- The appraisal by the Oporto City Council of the town planning solution for the Quinta da China subdivision, also located on land along the river Douro, is now at the final stage, and the urban infrastructure plans have now been prepared;
- the sale of the “Ribeira da Granja” undertaking is now more dynamic and about 70% have been sold;
- the process of licensing a residential undertaking at Montijo, known as “Páteo do Lagar”, has been concluded;
- it did not prove possible to sign the conveyance deeds of the Montijo land in 2004 since the respective Detail Plan had not yet been approved in respect of the “Barrão” Property Development; and
- the process of approval of the “Báltico Building”, to be put out on a plot of land at the Parque das Nações, has been concluded and we are now waiting for the right market conditions to launch or market it, since the Lisbon office market has not yet given clear signs of any upturn.

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Tourism

In tourism, notwithstanding the continuation of the negative effect of the situation of the economy, both at home and abroad, both RTA and SGA returned a performance similar to that seen the previous year.

With regard to associate SGA, we would underline the "Company of the Year – 2004" prize awarded by the Portuguese Golf Federation, emphasising the effort and contribution made to the advancement of Portuguese golf and the growing affirmation of the Amarante Golf Course within the panorama of Portuguese golf. We would also emphasise the number of events organised throughout the year, which lent increasing visibility to the Amarante Golf Course.

RTA has recently been restructured in order to specialise its business units, suiting them to their present market. Nevertheless, as a result of the said situation of the economy, it only proved possible to maintain the level of the company's performance during the year under review.

LARGO DO PAÇO continued its policy of improving the quality of service provided at its Estalagem Casa da Calçada. Consequently, this charm hotel belonging to the Relais & Chateaux chain was distinguished in 2004 by that most famous food guide – the 2005 Michelin Red Guide – which awarded a star to the Largo do Paço restaurant. Despite the fame achieved the previous year, which was consolidated further in 2004, the economic performance of Largo do Paço did not come up to expectations.

2.3.3. Economic and financial review

As a result of the said factors conditioning this business area, the year closed with operating revenues of €5.69 million, generating an operating loss of €1.37 million.

2.3.4. The Outlook

In 2005, with the prospects of a certain upturn in the property market, the idea is to continue to develop and enhance those projects in the GROUP portfolio.

In tourism, the associates are also expected to see growth and better performance as a result of the investments made in recent years, particularly in improvements and in advertising campaigns, in addition to the efforts directed at restructuring that have been implemented and the fame achieved by several of the facilities.

2.4. Transport concessions

2.4.1. Sectorial review

The transport concessions market in Portugal in 2004 was marked by two calls for tender for highway concessions (Greater Lisbon and Douro Litoral) and by an absence of definition of public policy in respect of the railways, the High Speed Trains in particular.

At international level, the Central and Eastern European markets, a strategic region that the Company has defined as a priority for the development of the concessions business, did not develop as quickly as might have been expected, mainly as a result of delays to enacting the legislation required to implement the public-private partnerships and of the lack of definition of the

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policies to be adapted in this field. In view of the urgent need for the development of highway infrastructures in these countries, it is to be hoped that 2005 and particularly 2006 will see an acceleration of the processes and that calls for tender may be issued in respect of highway concessions to be granted in the region.

2.4.2. Business review

Highway concessions

The highway concessions that have already been awarded to the consortium headed by the MOTA-ENGIL GROUP total more than 500 km of motorways, involving investments in the order of €3.7 billion.

As the biggest shareholder in these concessions MOTA-ENGIL, CONCESSÕES DE TRANSPORTES, SGPS, SA, is the concessionaire of the biggest motorway network in northern Portugal, a network that links the major cities and economic centres to the north of the river Mondego and constitutes the main connection between Spain and Portugal.

The GROUP thus makes its mark in the field of highway concessions which, taken together, clearly make up the second biggest private highway infrastructure operator in Portugal and one of Europe's largest.

Portugal

During 2004 construction work on the four highway concessions in which the GROUP is involved went ahead at a good pace. A total of around 345 km of motorway was under construction during 2004, and 108 km were opened to traffic.

A special word is due to the Costa de Prata concession, in which the great efforts made allowed about 55 km of motorway to come into use during the year. The infrastructures forming the object of the concession were thus concluded, with the exception of the connection between Angeja and Estarreja, work on which has been suspended for reasons that have nothing to do with the concessionaire.

About 33 km of the Guarda-Vilar Formoso stretch of the A25 (Lusoscut Beiras Litoral e Alta) and the 20 km Fafe-Basto sub-stretch of the A7 (Aenor) were thus opened to traffic.

With the highways that were opened to traffic during 2004, the network now in operation under the management of the four concessionaires held by the Group totals 207 km.

At the same time, negotiations went ahead with the State in connection with the financial rebalance of the North and Costa de Prata concessions. These procedures, requested by the Concessionaires, are designed to re-establish the situation in which they would have been had there not been successive delays for which the Concessor was responsible that had conditioned the normal progress of the work in previous periods.

The year under review was marked by the government's intention, announced via Council of Ministers resolution 157/2004, of altering the guidelines governing the financial of highway infrastructures in Portugal, particularly through the introduction of real tolls on the virtual-toll (SCUT) concessions. In this connection the LUSOS CUT COSTA DE PRATA, LUSOS CUT BEIRAS LITORAL E ALTA

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AND LUSOS CUT GREATER OPORTO concessionaires took part in several preliminary meetings with the committee appointed by the government for the purpose, the aim of which was to focus on the discussion of the various aspects involved in the potential transformation and on the analysis of the feasibility of the various solutions put forward. This process was suspended in the meantime, as a result of the dismissal of the government and scheduling of general elections.

New Concessions

The LusoLisboa and LusoPorto consortia headed by MOTA-ENGIL submitted bids in response to the two calls for tender for the award of the highway concessions issued by the Portuguese government during the first half of 2004 – the Greater Lisbon and Douro Litoral concessions.

International

Greece

In Greece the Odopoesis consortium headed by the MOTA-ENGIL GROUP, in conjunction with Spain's Acciona Group and also comprising Banco Espírito Santo and local construction concerns Michaniki and Themeliodomi, went head with the preparatory work involving the bids for the concession of the Maliakos-Kleidi project, the closing date for which has been successively postponed by the Greek government. Other international calls for tenders have also been postponed, connected with the Corinth-Tripoli-Kalamata/Lefktron-Sparti and the Athens (Elefsina)-Corinth-Patra concessions, for which the Odopoesis Consortium is also pre-qualified.

Ireland

In the wake of the stage of negotiations with the Concessor and of the submission of the final bid ("BAFO" or "Best And Final Offer") in the international call for tenders for the concession of the N8 Rathcormac to Fermoy Bypass project, the Togher Toll consortium headed by the MOTA-ENGIL GROUP, in conjunction with the Acciona Group (Spain) and Mowlem (England), of which Banco Espírito Danto also forms part together with local construction concerns Coffey and Priority, was rejected by the Irish authorities. The Anglo-German consortium with which it competed directly in the final stage of the international call for tenders was declared the successful bidder.

In keeping with the plans of the Irish government, new calls for tender for motorway concessions are to be issued during 2005. The GROUP is getting ready to submit bids in response to the announced calls for tenders, and in these the knowledge of the market and the experience acquired in the meantime will be of great advantage.

Railway concessions

In the railway area we continue to form part of METRO, TRANSPORTES DO SUL, as shareholder of the concessionaire of the South Tagus Light Railway

2.4.3. Economic and financial review

The growth of business under concessions is a strategic, long-term activity that requires immediate, significant investments.

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Therefore, the MOTA-ENGIL GROUP has invested in those concessions in which MOTA-ENGIL CONCESSÕES DE TRANSPORTES, SGPS, SA, is a shareholder. During 2004, a total of about €30.7 million was invested, bring total investment in the subsidiary concessionaire companies up to €64.7 million.

It should be mentioned that up to 2004, the resources directed at investment were the result of loan capital put up by the shareholder. In December 2004, taking into account the goal of separating the financing structure of MOTA-ENGIL CONCESSÕES DE TRANSPORTES, SGPS, SA, and of suiting the company's liabilities to the predictable maturation of the businesses in which it is involved, a loan was taken out with Millennium bcp in the sum of €80 million with a life of 12 years and a period of grace up to June 2011 in respect of repayments. Part of the funds were used to reimburse MOTA-ENGIL, SGPS, S.A., in respect of the loan capital paid up during 2004, while the remainder will cover in full the financing of future share capital requirements within the scope of the highway concession companies of which MOTA-ENGIL CONCESSÕES DE TRANSPORTES, SGPS, SA, is a shareholder.

2.4.4. The Outlook

During 2005 the finalisation of the undertakings and their opening to traffic will be of special importance. 100 km of highways included in the AENOR concession will open to traffic during 2005, concluding the motorway network that comprises the object of this contract. Several stretches of the LUSOS CUT BEIRAS LITORAL E ALTA AND LUSOS CUT GREATER OPORTO concessions totalling 64 km are

also planned to come into operation. Of the 4 concessions, 381 km of motorway will be in operation by December 2005, compared to 207 km at the end of 2004.

Additionally, we shall naturally be involved in such calls for tender as may be issued in respect of new highway concessions in Portugal. In the first place those that have been announced, although the decree-law instituting them has not yet been published – IP3/IC12, IP4 Transmontana Motorway, IP2 Upper Alentejo and IP8 Lower Alentejo.

Mention is also made of the fact that, in step with the growing involvement of the MOTA-ENGIL GROUP in Central Europe in the construction field, we shall continue to keep a watchful eye on developments in these markets in the field of transport concessions, an interest that has been strengthened by their accession to the European Union as full members.

Let it be said once again that special attention will be given in 2005 to the developments that come to be seen in bringing about the high-speed railway project in Spain and Portugal.

On the other hand, with the change of government in Portugal, we shall await the definition of new public policies for the sector, which will have a powerful impact on our business.

2.5 Shared services

The transfer of the employees of MOTA-ENGIL SERVIÇOS PARTILHADOS (Shared Services) to its head office in Oporto was concluded in 2004.

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This geographic concentration, the subscription of several MESP employees to the Voluntary Staff Reduction Programme implemented by the MOTA-ENGIL Group during the second half of 2004, and the assignment of an employees to a GROUP associate abroad meant a more profound restructuring that originally planned, one that was nevertheless required to generate the synergies and the operational capabilities required of the Company.

3. Economic and financial review: consolidated accounts

The MOTA-ENGIL GROUP closed 2004 with a 16.8% increase of Operating Revenues compared to the previous year, up from €1.1 billion in 2003 to €1.23 billion at the end of this year, standing out as the biggest Portuguese group operating in the construction industry.

Of the GROUP's Operating Income the Construction segment accounts for over 90%, though this figure is tending towards ongoing reduction to the benefit of the growing Environment and Services segment.

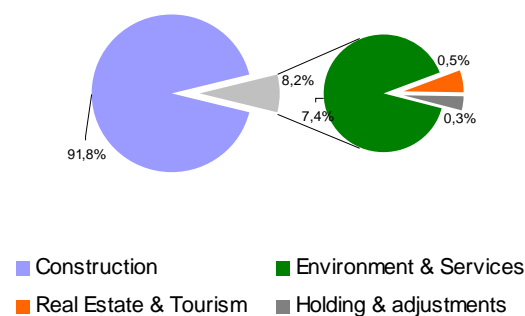
The growth of operating activity was mainly the result of two factors. On the one hand, there was an increase of the volume of work carried out on the domestic market, particularly in construction work for the highway concessions held by the GROUP. On the other, the turnover achieved in the markets of Central Europe increased sharply.

The GROUP's timely strategic focus on the internationalisation of the business in these markets led, in 2004, to the award of important

contracts, particularly in the highway area, in countries such as Poland and Hungary.

Despite the high rate of production during the year, the order book remained stable at a high level, nearly €1.8 billion euros, reflecting the capacity to attract new orders and providing excellent prospects for the future. In this connection, the GROUP is keeping a close watch on the Portuguese project involving the

Operating Revenues 2004



construction of high-speed railways, a project that is expected to be implemented in the near future, in which we shall endeavour to play a relevant part.

The increase of the size of the GROUP provides the potential to improve our position in the marketplace, particularly in the major international calls for tender both at home and abroad.

The higher turnover in 2004 was reflected in the increase of the EBITDA and EBIT. The former amounted to about €130 million (up 8.5% over the previous year), with a slight reduction of the margin from 11.4% in 2003 to 10.6% in 2004. EBIT stood at €71 million, 23.4% up over the previous year. The EBIT margin rose from 5.4% in 2003 to 5.8% in 2004.

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These figures were affected, however by the Voluntary Staff Reduction Programme implemented by the GROUP in its domestic companies. Excluding this effect, totalling about €5.5 million, the EBITDA margin would be the same as in 2003 and EBITDA would stand at around €135 million.

Two factors contributed to the evolution of staff costs, up by about 18%. These were determinant to the efforts directed at adjusting the labour factor within the GROUP, to wit: the said Voluntary Staff Reduction Programme and the increase in 2004 of the average number of workers in the GROUP, up by about 1200, of whom about 1000 are located abroad as a result of the GROUP's internationalisation strategy.

An Operating Profit was returned in the sum of €130 million in 2004, allowing the company to make a net investment of €100 million, of which €55 million in technical fixed assets and the remainder in financial fixed assets.

At the same time the GROUP reduced its net interest-bearing debt by about €34 million from the 2003 level, now standing at €410 million. The maturity of the debt was also extended from short to medium and long term, helping to maintain the balance between long-term funds and fixed assets, the ratio of which stood at 1.27 at the year-end.

The increase of EBITDA and the reduction of debt led to an improvement of the cover of debt by the operating cash flow (Net Debt/EBITDA), which stood at 3.2 at the end of the year.

The reduction of the level of debt affected the net cost of interest and bank charges, the GROUP having paid €17.6 million in this respect, about €800,000 less than in 2003.

Overall, Financial Charges amounted to €28.9 million in 2004, compared to the sum of €31.5 million the previous year.

Extraordinary items include a sum of €3.2 million in respect of expenses incurred with a highway concession project in Ireland, which cannot be recouped because the outcome of the call for tenders went against the GROUP

This entire framework has led to a general improvement of all profitability indicators.

Return on assets (RoA) increased by 18.2% between 2003 and 2004 (up from 4.6% to 5.5%), while the growth of return on equity (RoE) is even more significant, up from 6.8% in 2003 to 10% in 2004. Return of capital employed (RoCE) rose from 10.3% in 2003 to 11.1% in 2004.

In economic terms, the corollary of the good performance of the MOTA-ENGIL GROUP in 2004 was, as stated, a 43% growth of Consolidated Net Profit to about €22.1 million.

4. International Financial Reporting Standards Implementation Project

To prepare the GROUP for the need to adopt the International Financial Reporting Standards, an IFRS/IAS Standards Implementation Project Team was set up in 2003. The team made an appraisal of the impact of the alteration of the accounting principles both at organisational level

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and in respect of the quantitative effect on the financial statements.

To adapt the administrative organisation of the GROUP to the new standards internal and external training courses were organised, in which all those involved in the preparation of the financial statements of the GROUP associates took part, in addition to explanatory sessions directed at the senior staff of the GROUP. On the other hand, alterations were introduced to the information system to adapt it to the new information requirements.

Analysis of the impacts

The following analysis has been performed in accordance with all the IFRS/IAS in effect as of the date of this report. We call attention to the fact that, in accordance with the IFRS/IAS, only a complete set of financial statements, including a balance sheet, a profit & loss account, a statement of alterations to shareholders' equity and a cash-flow statement, together with comparative financial information, accounting policies and explanatory notes is able to provide a reasonable presentation of the Company's financial information, the results of its operations and its cash flows in accordance with the IFRS/IAS. Therefore, the reconciliations presented hereunder should be understood as being preliminary, in that in accordance with IFRS 1 the accounting policies to be employed in the year of conversion must comply with each IFRS in effect as of the date of the report for the first full set of IFRS/IAS financial statements.

Application as from January 1, 2005, of the international financial reporting standards issued

by the International Accounting Standards Board leads to several differences compared to the standards generally accepted in Portugal that have to be used in the financial statements, which can be detailed as follows:

(values in thousands of euros)

Equity consolidated in 1 of January of 2004 - POC	<u>226.855</u>
Adjustments by application of IAS/IFRS	
A) Consolidation differences	(1.396)
B) Intangible fixed assets	(810)
C) Buildings / Lands	17.789
D) Evaluation of mineral resources	12.850
E) Investment property	725
F) Financial investments available for sale	35.206
G) Holdings consolidated by equity method	(4.710)
H) Clients impairment losses	(31.037)
I) Stocks	(27)
J) Income accrual	(7.458)
K) Deferred costs	(9.546)
L) Pensions	(5.954)
M) Deferred tax	606
N) Minority Interests	(3.367)
	<u>2.872</u>
Equity consolidated in 1 of January of 2004 - IAS/IFRS	<u>229.727</u>

In terms of the 2004 net profit, the differences encountered, which have not yet been audited, are broken down as follows:

Net profit consolidated of 2004 - POC	<u>22.069</u>
O) Recognition of negative diff. of consolidation	1.452
P) Reversion of the intangible fixed assets amortization's	777
Q) Reversion of the investment properties amortization's	440
R) Deferred costs	1.724
S) Pensions	1.066
T) Result of the non consolidated companies	(4.205)
U) Exercise tax	(1.102)
V) Minority interests	117
	<u>269</u>
Net profit consolidated of 2004 - IAS/IFRS	<u>22.338</u>

The net difference under shareholders' equity between the accounting principles used up to December 31, 2004, and the international

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accounting standards that we shall use as from 2005 can be broken down as follows:

Equity consolidated in 31 of December of 2004 - POC	<u>221.145</u>
Adjustments to the transposition for IAS/IFRS	2.872
Situations registadas in 2004 in POC for anticipation to norms IAS/IFRS	7.334
Diference between POC Net Profit and IAS/IFRS Net Profit	269
Equity consolidated in 31 of December of 2004 - IAS/IFRS	<u><u>231.620</u></u>

The explanation of the differences revealed by these reconciliations, as well as the main accounting and valuation criteria to be used in future in the preparation of the consolidated financial statements of the MOTA-ENGIL GROUP, and were used in the preparation of foregoing reconciliations, are provided in Annex A of this Management Report.

5. The Outlook

There are still no signs of any upswing in the industry, while the political instability arising from the period of successive elections in the coming months will hamper the recovery of the construction industry. At central level, the return of

public investment in infrastructures is awaited with expectation, as is, at local level, the rebalance of local government finances. The GROUP MOTA-ENGIL, once again in counter-cycle with the economy and with the crisis affecting the construction industry, will have a growth performance in 2005, despite the situation of the economy, similar to that seen in 2004 and a profitability in keeping with its strategic guidelines.

6. Review of stock market activity

At the end of the year under review each MOTA-ENGIL share stood at €1.98, showing a growth of more than 30%.

The performance of MOTA-ENGIL, SGPS, SA, shares during 2004 can be seen in the following chart, which makes a comparison with the performance of the PSI 20 index.

The announcement of 2003 profits took place on March 15, 2004.

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On April 30, 2004, the company paid the 2003 dividend through the Securities Centre, in the gross sum of €0.055 (5.5 cents) on each of the 204,635,695 ordinary shares representing the

particularly for MOTA-ENGIL, SGPS, S.A: a significant increase of the free float to around 38%; and increased visibility in the capital market of the biggest Portuguese construction concern.



MOTA-ENGIL, SGPS, SA, share capital as at December 31, 2003.

During 2004 the MOTA-ENGIL GROUP sold 924,067 treasury shares, and therefore it held as at December 31, 2004, a total of 8,103,971 treasury shares each of a par value of €1, carried in the books at an average price of €1.37.

During 2005 the minority shareholders made a private offering of MOTA-ENGIL, SGPS, S.A, shares that resulted, as announced on February 2, 2005, in the placement of 45 million shares at a price of €2.45 with institutional investors in Portugal and in several European countries. The objectives of the launch of the operation were therefore met,

7. Other mandatory information

The Company did not communicate any relevant facts during 2004.

The annual General Meeting was held on March 30 and approved the Report & Accounts in respect of the period ended December 31, 2003.

At the same General Meeting approval was given to the proposed appropriation of profits, which called for a dividend of 5.5 cents per share, which came to be paid during April.

On November 12, 2004, pursuant to Articles 397.2 and 397.3 of the Companies Code, the board of

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directors decided to authorise, with the favourable opinion of the Statutory Auditor, the purchase at par by MEITS, MOTA-ENGIL IMOBILIÁRIO E TURISMO, SA, a company that is in a relationship of total control with MOTA-ENGIL, SGPS, SA, of two shares of €3117.49 and €1309.34 respectively, representing 8.875% of the share capital of CORGIMOBIL-EMPRESA IMOBILIÁRIA DAS CORGAS, LDA.

MOTA-ENGIL, SGPS, SA has no past-due debt to the State or to other public entities, including Social Security.

8. Board of Director of Directors' proposal for the Appropriation of the Net Profit for the Year

The Individual Management Report contains the following proposal: the Board of Directors of MOTA-ENGIL, SGPS, SA proposes to the Annual General Meeting the following appropriation of the Net Profit for the year in the sum of €22,069,100;

- a) To legal reserve 5% or €1,103,455;
- b) For distribution to the Board of Directors under the terms of article 23.3 of the articles of association, the sum of €500,000, or about 2.3%;
- c) For distribution to Shareholders, a total of €16,370,855.60, or 8 cents per share, subject to tax; and
- d) To free reserves, the remainder, or €4,094,789.40.

9. Closing remarks

We would like to thank all the GROUP'S employees, for their personal and professional commitment, the Corporate Officers, the customers and all those in any way related with its various companies.

Oporto, February 18, 2005

The Board of Directors,

António Manuel Queirós Vasconcelos da Mota
Chairman

António Jorge Campos de Almeida
Deputy-chairman

Arnaldo José Nunes da Costa Figueiredo
Director

Manuel Maria Coelho de Sousa Ribeiro
Director

Maria Manuela Queirós Vasconcelos Mota
Director

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Maria Teresa Queirós Vasconcelos Mota
Director

Maria Paula Queirós Vasconcelos Mota
Director

Carlos Manuel Marques Martins
Director

Eduardo Jorge de Almeida Rocha
Director

Ismael Antunes Hernandez Gaspar
Director

Luís Manuel Parreirão Gonçalves
Director

Annex A

**International Financial Reporting Standards
Implementation Project**

**A.1. Explanation of the adjustments
arising from the application of the IAS/IFRS**

The adjustments referred to in Chapter 4 hereabove, to be implemented as a result of application of the IAS/IFRS, result from the following:

A) Goodwill: The adjustment carried under this heading has to do with the currency translation difference recognised in the goodwill of companies reporting in foreign currencies.

B) Intangible fixed assets: The amount to be adjusted corresponds to formation and research costs that, in the light of the IAS/IFRS, are not subject to capitalisation.

C) Properties assigned to operations: The GROUP opted to carry properties assigned to operations at fair value, based on external valuations performed by independent property specialists.

D) Land assigned to quarry operations: Natural resources will come to be carried at fair value, as determined by IFRS 6, application of which will be brought forward to January 1, 2004.

E) Investment properties: Investment properties are carried at fair value as determined by valuations performed by independent property specialists

F) Financial investments available for sale: Financial investments available for sale are carried at fair value. The amount of the

adjustment corresponds fully to the difference between the book value and the fair value of the holdings.

G) Financial investments consolidated using the equity method: The sum to be adjusted included under this heading concerns the net adjustment, particularly in respect of intangible fixed assets and deferred costs, to be recorded in the financial statements of the associates consolidated using the equity method

H) Short-term customer impairment losses: Corresponds to the loss to be incurred in the light of the agreement between the Portuguese and Angola States regarding the payment of the Angolan debt to the various associates of the GROUP.

I) Stocks: Cancellation of several costs capitalised in property developments under way.

J) Accrued income: In accordance with IAS 11, claims for the reimbursement of costs not included in the contract price are included in the results of the contract only when the negotiations reach an advanced stage, in such a manner that it is probable that the customer will accept the claim, provided that it can be measured reliably, and for this reason the GROUP will have to cancel the claims if they do not fall within this interpretation.

K) Deferred costs: Since the concept of deferred costs, other than costs in advance with a defined time horizon, does not exist, the GROUP will have to cancel all deferred costs in respect of expenditure incurred with preparation of bids and with the start of projects, particularly involving the operation of quarries and new foreign markets.

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L) Pensions: Corresponds to the cost that had been deferred in respect of past services, on the date the accounting directive came into force, of employees currently in the service of the company, which as determined by IAS 19 and IAS 26, must be recognised in full in Company's balance sheet.

O) Recognition of negative goodwill: This is the sum corresponding to the goodwill generated on the acquisition of part of SOPROCIL, that was not assigned to any asset or contingent liability.

P & Q) Depreciation charges for the year: Corresponds to the effect of the differences in intangible and tangible fixed assets and in investment properties on depreciation charges for the year and on the appreciation charges in future years.

R) Deferred costs: corresponds to the effect of the corrections described in indent K) on the 2004 profit & loss account.

S) Pensions: This adjustment has to do with the reduction of liabilities for pensions payable.

T) Companies excluded from the consolidation: the GROUP's accounting policy is to exclude from the consolidation its holdings in motorway concessionaire companies until such time as the motorways come into operation. The amount readjusted reflects the appropriation of the net result in that are proportional to the group's holding in the share capital of such companies, using the equity method.

A.2. IFRS/IAS Accounting policies

The main valuation criteria to be used in future in the preparation of the consolidated financial statements of the MOTA-ENGIL GROUP, and have been used in the preparation of the reconciliation of own funds as at January 1, 2004, and at December 31, 2004, as well as in the reconciliation of net profit for the year ended December 31, 2004, are as follows:

Bases of presentation

The consolidated financial statements adjusted in the process of consolidation of the MOTA-ENGIL GROUP are drawn up on a going concern basis from the books and accounting records of the companies that form the GROUP, in such a way that the consolidated financial statements are in accordance with the International Financial Reporting Standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB") in force as at January 1, 2005, the date that corresponds to the start of the first application of the IAS/IFRS by the Company.

Bases of consolidation

The consolidation methods employed by the GROUP are as follows:

a) *Group companies*

Shareholdings in companies in which the GROUP directly or indirectly holds more than 50% of the General Meeting voting rights and/or has the power to control their financial and operational policies (definition of control used by the GROUP), have been included in the attached consolidated financial statements. The shareholders' equity and

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net results of these companies corresponding to third-party holdings in such companies are presented in the consolidated balance sheet (under shareholders' equity) and in the consolidated profit & loss account (included in the consolidated net results) respectively.

If the losses attributable to the minorities exceed the minority interest in the shareholders' equity of the subsidiary, the GROUP absorbs this excess and any other additional losses, unless the minorities have the obligation and the capacity to cover such losses. If the subsidiary subsequently returns a profit, the GROUP appropriates the whole of the profit until such time as the minority's share of the losses absorbed by the GROUP have been recouped.

In the corporate concentrations undertaken since January 2004, the assets and liabilities of each subsidiary (including contingent liabilities) are identified at their fair value on the date of acquisition as determined by IFRS 3. Any excess/(shortfall) of the cost compared to the fair value of the net assets and liabilities acquired is recognised, respectively as goodwill and, in the case of shortfall, following reappraisal of the fair value, in the profit & loss account for the year, provided the shortfall is confirmed. The interests of minority shareholders are carried in the proportion of the fair value of the assets and liabilities.

The results of subsidiaries acquired or sold during the year are included in the profit & and loss account as from the date of the acquisition or up to the date of their sale.

As and when necessary adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by the GROUP. Transactions, balances and dividends distributed between GROUP companies are eliminated in the consolidation process.

In those cases in which the GROUP substantially has control of other entities created for a special purpose (SPEs), even though it has no direct shareholdings in such entities, the SPEs are consolidated using the purchase method.

b) Associate companies

Financial holdings in associate companies (companies in which the GROUP exercises significant influence, but does not have control, through participating in the financial and operational decisions of the company – generally investments representing between 20% and 15% of the share capital of a company) are recorded using the equity method.

In accordance with the equity method, shareholdings are recorded at cost adjusted for the value corresponding to the GROUP's holding in the variations of the shareholders' equity (including net profit) of the associates, with a contra entry under gains or losses for the year and for dividends received.

The assets and liabilities of each associate (including contingent liabilities) are carried at their fair value on the date of acquisition. Any excess/(shortfall) of the cost compared to the fair value of the net assets and liabilities acquired is recognised respectively as goodwill and, in the case of shortfall, following reappraisal of the fair

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value, in the profit & loss account for the year, provided the shortfall is confirmed.

A valuation is performed of the investments and associates when there are signs that the asset could be impaired, any loss being recorded in the profit & loss account.

When the GROUP's proportion of the accumulated losses of the associate exceeds the book value of investment, the investment is carried at zero value until such time as the own funds of the associate become positive, unless the GROUP has entered into commitments with the associate and, in this case, has set aside a provision to meet such obligations.

Unrealised gains on transactions with associates are eliminated in the proportion of the GROUP's interest in the associate, with a contra entry under the investment in the associate in question. Unrealised gains are similarly eliminated, but only up to the point at which the loss does not show that the transferred asset is impaired.

c) Jointly-owned companies

Financial interests in jointly-controlled companies / Incorporated Joint Ventures have been consolidated in the financial statements using the proportional consolidation method, as from the date on which control is shared. In accordance with this method, the assets, liabilities, income and costs of these companies have been included in the consolidated financial statements in the proportion of the control attributable to the GROUP.

Classification of financial interests in jointly controlled entities is determined on the basis of:

- shareholders agreements governing joint control;
- the actual percentage of the holding;
- the voting rights held.

Transactions, balances and dividends distributed between companies are eliminated, in the proportion of the control attributable to the GROUP.

Principal valuation criteria

The main valuation criteria to be used in future in the preparation of the consolidated financial statements of the MOTA-ENGIL GROUP, and have been used in the preparation of the reconciliation of own funds as at January 1, 2004, and at December 31, 2004, as well is in the reconciliation of net profit for the year ended December 31, 2004, are as follows:

i) Goodwill

In company concentrations after January 1, 2004, the goodwill arising from the positive differences between the cost of the investments in GROUP and associate companies and the fair value of the identifiable assets and liabilities (including contingent liabilities) of such companies as of the date of acquisition are recorded under Goodwill. Additionally, differences between the cost of the investment in subsidiaries headquartered abroad and the fair value of the identifiable assets and liabilities of such subsidiaries are recorded in the reporting currencies of the subsidiaries, and are translated into the GROUP'S reporting currency (euros) at the exchange rate ruling on the balance sheet date. Currency translation differences

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generated are recorded under the Currency translation reserve.

Goodwill generated prior to the date of transition to the IFRS (January 1, 2004) continues to be carried at the net book value, calculated in accordance with the Official Plan of Accounts, and was subject to impairment tests on that date. Additionally, and in accordance with the alternative provided for in IFRS 1, MOTA – ENGIL, SGPS, SA, has not retroactively applied the provisions of IAS 21 (“Effects of alterations of exchange rates”) to goodwill generated prior to January 1, 2004, and therefore, from then on it has measured such differences of goodwill in the reporting currency of the subsidiaries, translated into euros at the rate then ruling.

Each year MOTA – ENGIL, SGPS, SA, performs formal impairment tests on goodwill existing on the balance sheet date. If the value at which the goodwill is carried in the books is greater than the recoverable value an impairment loss is recognised and recorded in the profit & loss account under Other operating costs. The amount recoverable is the higher of net selling price and of the value in use. Net selling price is the amount that can be obtained on the sale of the asset in an arm's length transaction, less costs directly attributable the sale. The value of use is the present value of future estimated cash flows arising from the ongoing use of the asset and from its sale at the end of its useful life. The amount recoverable is estimated for the asset, individually, or, should this not be possible, for the cash generating unit in which the asset belongs.

ii) Intangible fixed assets

Intangible fixed assets are carried at cost less accumulated amortisation and any impairment losses, and they are recognised only if it is probable that they will generate future benefits for the GROUP and if their value can be reasonably measured.

Intangible fixed assets basically comprise software, written down using the straight-line method over a period of between three and six years

Research costs are recognised as costs for the year in which they are incurred, whereas formation costs and share capital increase costs are deducted from shareholders' equity.

iii) Premises

Real estate (land & buildings) for own use are recorded at their revalued value, which is their fair value as of the revaluation date less any subsequent accumulated depreciation and/or accumulated impairment losses. Revaluation is undertaken periodically by independent property valuers in a manner such that the revalued amount does not materially differ from the fair value of the respective property.

Adjustments caused by revaluations of fixed assets are taken to shareholders' equity. If a fixed asset that was positively revalued and is then negatively revalued in subsequent years, the adjustment is taken to shareholder's equity up to an amount equal to the increase of shareholders' equity caused by the previous revaluations, less the amount realised through depreciation, any

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surplus being recorded as cost for the year as a deduction for the net profit for the period.

Depreciation is charged on a systematic basis over the estimated useful life of the buildings, while land is not depreciated.

iv) Land assigned to quarry operations

Land assigned to the operational quarries, as well as several related costs (costs incurred with the licensing and start-up of the quarries, and costs to be incurred with their dismantling) are recorded at a revalued amount, which is their fair value as of the date of the revaluation less any subsequent accumulated depreciation and/or accumulated impairment losses. Revaluation is undertaken periodically by independent property valuers in a manner such that the revalued amount does not materially differ from the fair value of the respective quarry. Depreciation of these assets is undertaken in accordance with the quantity of stone quarried each year taking into account the residual value of the quarry on conclusion of quarrying.

Adjustments caused by revaluations of fixed assets are taken to shareholders' equity. If the quarry that was positively revalued and is then negatively revalued in subsequent years, the adjustment is taken to shareholder's equity up to an amount equal to the increase of shareholders' equity caused by the previous revaluations, less the amount realised through depreciation, any surplus being recorded as cost for the year as a deduction for the net profit for the period.

v) Other tangible fixed assets

Other tangible fixed assets acquired up to December 31, 2003, are carried at their deemed cost, which corresponds to the cost or cost revalued in accordance with accounting practices generally accepted in Portugal up to the said date, less accumulated depreciation and impairment losses.

Depreciation is calculated after the assets are in a condition to be used and are allocated on a systematic basis over their useful life, which is determined taking into account the expected use of the asset by the GROUP, the expected natural depletion, the predictable technical obsolescence and the residual value attributable to the asset. The residual value attributable to the asset is estimated on the basis of the residual value prevailing on the date of the estimate of similar assets that have reached the end of their useful lives and that have operated under conditions similar to those under which the asset is to be used.

The depreciation rates used correspond to the following periods of estimated useful life:

Plant & machinery	3 to 10
Office equipment	4 to 10
Transport equipment	3 to 10
Tools & utensils	3 to 6
Other tangible fixed assets	3 to 10

Subsequent spending on the replacement of components of fixed assets by the GROUP are added to the respective tangible fixed assets, the net value of the replaced components of such

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assets being written off and recorded as a cost under Other operating costs.

Maintenance and repair costs that do not increase the useful life nor provide significant betterment or improvement of the items of tangible fixed assets are recorded as a cost for the year in which they are incurred.

vi) *Leasing*

Lease contracts are classified as (i) finance leases if all the risks and advantages inherent in possession of the least assets are substantially transferred, and as (ii) operational leases if all the risks and advantages inherent in the possession of the leased asset are not transferred.

Classification of leases as finance or operational is undertaken in the light of the substance and not of the form of the contract.

Fixed assets acquired under finance lease contracts, as well as the corresponding liabilities, are recorded using the financial method, with recognition of the tangible fixed asset, the corresponding accumulated depreciation as determined in policies "iii" and "v" above, and the debts pending settlement in accordance with the contractual financial plan. Additionally, interest included in the amount of the rents and depreciation of the tangible fixed assets are recognised as costs in the profit & loss for the year to which they refer.

In leases considered operational, the rents owed are recognised as a cost in the profit & loss account on a linear basis over the life of the lease contract.

vii) *Investment properties*

Investment properties consists of land and buildings the purpose of which is to generate rents and/or secure the appreciation of capital invested, and not for use in the production or supply of goods or services, for administrative purposes or for sale during the course of day-to-day business.

Investment properties are carried at fair value as determined by an annual valuation performed by an independent specialised entity. Variations to the fair value of investment properties are recognised directly in the profit & loss account for the year under Variation of the value of investment properties.

Investment properties are not subject to depreciation.

Those assets developed and built that are qualified as investment properties are recognised as such only on completion of their construction. Until the construction or development of the asset to be qualified as investment property is finalised, such an asset is recorded at acquisition or production cost under Investment properties under construction. On conclusion of the development and construction of such an asset the difference between construction costs and fair value on that date is recorded directly in the consolidated profit & loss account under Variation of the value of investment properties

Costs incurred with investment properties in use, namely maintenance, repairs, insurance and property taxes (municipal rates) are recognised in the consolidated profit & loss account for the year in which they refer.

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viii) Non-financial non-current assets available for sale

Non-financial, non-current assets are classified as available for sale if their value can be recovered only through a sale and not through their ongoing use. For such assets to be so classified, they have to be available for immediate sale as found, the sale has to be highly probable, the board of directors must be committed to execute such a sale and the sale must occur within 12 months, as determined in IFRS 5.

Non-financial, and non-current assets classified as available for sale are recorded at the lesser of book value and their fair value, after deduction of expected selling costs.

ix) Financial assets & liabilities

a) Financial instruments:

Financial instruments are classified as follows:

- Investments held to maturity – financial assets other than derivatives, with fixed or variable repayments, that have a fixed maturity and the board of directors intends to hold them to maturity;
- Investments recorded at fair value through the profit & loss account – financial assets or liabilities held for the purpose of realising gains in the short term and all derivatives instruments not assigned to hedging operations;
- Loans and accounts receivable – financial assets other than derivatives, with fixed or variable repayments, that are not listed on liquid markets and have not been classified as

investments carried at fair value in the profit & loss account or as investments available for sale;

- Investments available for sale – financial assets, other than derivatives, that are designated as available for sale or those that do not fall within the previous categories.

Investments held to maturity are classified as non-current assets unless they fall due within 12 months of the balance sheet date. Investments recorded at fair value through the profit & loss account classified as current assets. Investments available for sale are classified as non-recurrent.

All purchases and sales of these investments are recognised on the date of signature of the respective contracts, regardless of the financial settlement date.

The investments are initially recorded at cost, which is the sum paid on data acquisition and corresponds to their fair value as of that day, including transaction costs.

After their initial recognition, investments recorded at fair value through the profit & loss account and investments available for sale are marked to market as of the balance sheet date, with no deduction in respect of transaction costs that might be incurred up to their sale.

Gains or losses arising from alteration of the fair value of investments available for sale are recorded under shareholders' equity under the Fair Value Reserve until such time as the investment is sold, received or in any other way disposed of, or in those cases in which the fair value of the investment is lower than cost and provided it is considered an impairment loss, at

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the time at which the accumulated gain or loss is recorded in the profit & loss account.

Gains or losses caused by alteration to the fair value of trading investments are recorded in profit & loss account for the year.

Investments held to maturity are recorded at cost capitalised using the real interest rate net of amortisation of principal and interest received.

Financial investment in GROUP companies excluded from the consolidation are carried at the lesser of cost or fair value.

b) Third-party debt

Third-party debt that does not earn interest is recorded at nominal value less any impairment loss, recognised under Impairment losses on accounts receivable, in such a manner that they reflect their present net realisable value.

c) Loans

Loans are carried under liabilities at nominal value net of expenditure incurred with the issue of such loans. Financial charges calculated in accordance with the real interest rate, including premiums payable, are carried in the profit & loss account in accordance with accrual accounting principles and are added to the book value of the loan if not paid during the year.

d) Accounts payable

Accounts payable, which do not earn interest, are carried at par.

e) Financial liabilities and own funds instruments

Financial liabilities and own funds instruments are classified in accordance with the contractual substance of the transaction. The GROUP considers own funds instruments to be those in which the contractual support of the transaction shows that the GROUP has a residual interest in a set of assets after deduction of a set of liabilities.

f) Derivatives instruments

The GROUP uses derivatives instruments in the management of its financial risks solely to hedge these risks, and derivatives instruments are not used for trading purposes. Use of financial derivatives instruments is duly authorised by the board of directors of the GROUP.

The derivatives instruments used by the GROUP defined as cash-flow hedging instruments fundamentally involve interest-rates and exchange-rate hedging instruments in respect of loans obtained. The amount of the loans, the interest payment dates and the repayment plans of the loans underlying the interest-rate and exchange-rate hedging instruments are identical every way with the conditions established for the loans taken out, and for this reason they constitute perfect hedging relationships

The criteria employed by the GROUP in classifying derivatives instruments as cash-flow hedging instruments are as follows:

- the hedging is expected the highly effective in compensating alterations to cash flows attributed to the hedged risk;

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- effectiveness of the hedging can be reliably measured;
- there is adequate documentation as to the transaction to be hedged at the beginning of the operation; and
- the transaction covered by the hedge is highly probable.

Interest-rate and exchange-rate hedging instruments are initially recorded at cost, if any, and are subsequently revalued at their fair value. Alterations to the fair value of these instruments, associated with that part that is actually hedged, are recognised under shareholders' equity under Hedging Reserves, and are transferred to results at the time that the instrument that is hedged affects the results. The non-effective part of the hedging is recorded in the profit & loss account for the year at the time it is calculated.

Revaluation of derivatives instruments is discontinued when the instrument falls due or is sold. In those cases in which the derivative instrument is no longer qualified as a hedging instrument, accumulated differences of fair value deferred under shareholders' equity under Hedging Reserves are transferred to the year's results, and subsequent revaluations are recorded directly under the headings of the profit & loss account.

g) Treasury shares

Treasury shares are carried at cost as a deduction from shareholders' equity. Gains or losses inherent in the sale of treasury shares are recorded under Other reserves.

h) Bills discounted and accounts receivable assigned under factoring arrangements

Customer balances secured by bills discounted not yet fallen due and accounts receivable assigned under factoring arrangements as of the date of each balance sheet, with the exception of non-recourse factoring operations, are recognised in the GROUP's financial statements up to such time as they are received.

x) Stocks

Merchandise, raw and subsidiary materials and consumables are carried at average cost, which is lower than their market value. Finished and semi-finished products, sub-products and products & work in progress are valued at production cost, which is lower than their market value. Production costs include the raw materials incorporated, direct labour and manufacturing overheads.

xi) Accrual accounting

Income and expenditure are recorded in accordance with the accrual accounting principle and are therefore recognised as and when generated, regardless of the moment when they are received or paid. Differences between the amounts received and paid and the corresponding income and expenditure are recorded under "Other current assets", "Other non-current assets", "Other current liabilities" and "Other non-current liabilities".

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xii) Income

a) Recognition of costs and income generated by works

The GROUP recognises the results of works, contract by contract, in accordance with the percentage of finishing method, understood to be the ratio between costs incurred by each job up to a given date and the sum of those costs with those estimated to complete the job. Differences between the figures obtained by the application of the degree of finishing to the estimated income and the sums invoiced are recorded under "Production not invoiced" or "Advance billing".

With regard to the provision of services contracts of subsidiaries abroad, income is recorded on the basis of the bills of quantities of work realised, positive or negative differences between that and the invoicing, calculated contract by contract, being recorded under "Production not invoiced" or "Advance billing". The impact of the adoption of this policy, compared with that described in the foregoing paragraph, does not have a materially relevant effect on the attached financial statements.

Variations of the works affecting the profit on the contract are recognised in the profit & loss of the year provided it is highly likely that the customer will approve the variation and that it can be reliably measured.

Claims for reimbursement of costs not included in the contract price are included in the contract value when the negotiations reach an advanced state at which it is likely that the customer will

accept the same and that the latter can be reliably measured.

b) Short-duration civil construction works and public works

In these contracts the GROUP recognises income and costs as they are invoiced or incurred, respectively.

c) Recognition of costs and income in real-estate business

Relevant costs incurred with real-estate undertakings are calculated taking account the direct cost of construction as well as all costs associated with the preparation of plans and with the licensing of the works. Costs attributable to the financing and supervision and inspection of the undertaking are also added to the cost of real-estate undertakings, provided they are under way.

For the purpose of capitalisation of financial charges and costs incurred with the supervision and inspection of the undertaking, it is considered that the undertaking is underway if a decision of the authorities involved is awaited, or if the undertaking is under construction. If the undertaking is not in one of these circumstances, it is considered stopped and capitalisation referred to above is suspended.

Sales generated by the real-estate business and the respective costs of the units sold are recorded at the moment the contractual conditions create expectations that the customer will complete the acquisition. That is, when the selling price has almost all been paid or when there is a purchase agreement with public entities in respect of rehousing plans. The sales margin is weighted by

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the percentage of finishing of the building, determined by the ratio between costs incurred and total estimated costs.

xiii) Cost of preparation of bids

Costs incurred with the preparation of bids are recognised in the profit & loss account for the year in which they are incurred, in view of the fact that the outcome of the bid cannot be controlled.

xiv) Own work capitalised

Own work capitalised consists largely of construction and repair work carried out by the companies themselves, as well as major repairs of equipment, and it includes materials, direct labour and overheads, which are deducted from the respective headings of the profit & loss account.

xv) Assets and liabilities expressed in foreign currencies

All assets and liabilities expressed in foreign currencies have been translated to euros using official exchange rates ruling on the balance sheet date. Currency translation differences, both favourable and unfavourable, caused by differences between the exchange rates ruling on the transaction dates and those ruling on the collection, payment or balance sheet dates are recorded as income and costs in the profit & loss account for the year.

The financial statements of subsidiaries and branches expressed in foreign currencies other than Angolan Quanzas have been translated into euros using the following exchange rates:

Ruling at the year-end: for all assets and liabilities;

Average: for the profit & loss account for the year.

The financial statements of subsidiaries expressed in Angolan Quanzas have been translated into euros using the following exchange rates:

Historic: for the headings of shareholders' equity, with the exception of the year's results;

Ruling at the year-end: for all monetary assets and liabilities;

Average: for the profit & loss account for the year.

Currency translation differences caused by this, as from January 1, 2005, have been included in shareholders' equity under Currency translation adjustments.

xvi) Deferred taxes

Deferred taxes are calculated on the basis of the balance sheet liability method and refer to temporary differences between the values of assets and liabilities for accounting purposes and their respective values for taxation purposes.

Deferred tax assets and liabilities are calculated and valued each year using the tax rates in force on or announced for, the date of reversion of the temporary differences.

Deferred tax assets are recorded only when there are reasonable expectations of future tax profits sufficient to use them. On each balance sheet date a reappraisal is made of the differences underlying deferred tax assets with a view to recognising deferred tax assets not previously

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recorded because the conditions to do so were not then extant and/or to reduce the amount of deferred tax assets recorded in the light of present expectations of their future recovery.

xvii) Financial charges on loans obtained

Financial charges related with loans obtained are generally recognised as a cost in accordance with accrual accounting principles.

Financial charges on loans obtained directly related with the acquisition, construction or production of fixed assets or with real-estate projects classified as stocks, are capitalised and come to form part of the cost of the asset. Capitalisation of these charges begins following the start of preparation of the activities involving construction or development of the asset and is interrupted following the start of the use or the end of production of construction of the asset, or in the event that the product in question is suspended.

xviii) Provisions

Provisions are recognised when and only when the GROUP has a present obligation (legal or implicit) resulting from a past event and that it is probable that, to fulfil such an obligation, there will be an outflow of funds, provided that the amount of the obligation can be reasonably estimated. The provisions are reviewed on each balance sheet date and are adjusted to reflect the best estimate on that date.

Provisions for restructuring costs are recognised by the GROUP whenever there is a formal, detailed restructuring plan that has been communicated to the parties involved.

xix) Pensions

Liabilities for defined-benefit pension plans attributed to some former employees and present employees of the GROUP are calculated in accordance with the "Projected Unit Credit Method" using the actuarial and financial assumptions best suited to the plan in question. Liabilities for past services and liabilities towards pensioners are fully covered. The additional liability generated each year is recognised in the profit & loss account for the year as staff costs.

xx) Impairment of non-financial assets other than goodwill

An impairment valuation is undertaken on each balance sheet date and whenever an event or alteration to circumstances is identified, suggesting that the amount at which an asset is carried may not be recovered. In the event that the sum at which an asset is carried is greater than its recoverable value, an impairment loss is recognised and is recorded in the profit & loss account under Other operating costs. The amount recoverable is the higher of net selling price and of the value in use. Net selling price is the amount that can be obtained on the sale of the asset in an arm's length transaction, less cost directly attributable to the sale. The value in use is the present value of future estimated cash flows arising from the ongoing use of the asset and from its sale at the end of its useful life. The amount recoverable is estimated for the asset, individually, or, should this not be possible, for the cash generating unit in which the asset belongs.

The reversal of impairment losses recognised in previous years is recorded when the reasons that

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caused the recording no longer exist and, consequently, the asset is no longer impaired. Reversal of impairment losses is recognised in the profit & loss account as an operating profit. However, reversal of an impairment loss is undertaken up to the limit of the sum that would be recognised (either through the historic costs or through its revalued value, net of amortisation of depreciation) had the impairment loss not been recorded in previous years.

xxi) Contingencies

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

A contingent asset is not recognised in the financial statements, but is disclosed in the annex when it is likely that there will be a future economic benefit

xxii) Subsequent events

Events occurring after the balance sheet date that provide additional information on conditions that existed as of the balance sheet date ("adjusting events") are reflected in the consolidated financial statements. Events following the balance sheet date that provide information on conditions occurring after the balance sheet date ("non-adjusting events"), if material, are disclosed in the notes to the consolidated financial statements.

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Annex B

Report on Corporate Governance

B.1 Declaration of compliance

In compliance with CMVM Regulation 7/2001 (as amended by the Commission's Regulation 11/2003), we hereby declare that, as detailed in this Report, the company has adopted the "CMVM Recommendations on the Governance of Listed Companies".

B.2 Disclosure of information

The division of competences between the various bodies and departments of the company within the framework of the process of corporate decision-taking, taking into account its standing as a holding company, is not presented in the form of organisation charts or tables of duties, but rather through a description of the positions and duties of the management body, which is provided in Point B.5, and through the description of the Company rules set out in point B.4, in which a description is given of the rules inherent in the critical decision processes within the group of companies.

The evolution of the MOTA-ENGIL SGPS, SA, share prices is described in Chapter 6 of the Consolidated Management Report, to which please refer.

During 2004 there were no issues of shares or other securities giving entitlement to subscription to or acquisition of shares.

The dividend policy adopted by the company consists of granting a dividend providing, in each fiscal year, a minimum payout ratio of 50% and a

maximum of 75%, depending on the evaluation made by the Board of Directors of a number of factors over time, with the prime objective of providing an adequate remuneration of shareholder capital by this means.

At this time the company has neither plans to attribute shares nor stock option plans.

No transactions or other operations were undertaken between the Company and the members of the board of directors and of the audit committee, qualified shareholders or companies in a controlling or group relationship, except those transactions carried out as a part of the day-to-day business, which were also carried out at arm's length.

The company makes intensive use of the new information technologies, electronic mail in particular, in disclosing information of a financial nature, particularly in its contacts with investors and analysts, with the specialised press and with the market authorities, the Securities Market Commission and Euronext Lisbon.

There is an official page on the Internet, www.mota-engil.pt, where, in addition to the activities of the MOTA-ENGIL GROUP, financial information is provided, particularly the Report & Accounts, the communications of relevant facts and other press releases, as well as presentations of results in electronic format. This *Internet* site is organised in accordance with the provisions of article 3-A of CMVM Regulation 7/2001.

The company also provides sundry information on its business through the paper and electronic versions of its bulletin: Sinergia.

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Additionally, there are various sites on the Internet of GROUP companies that can be accessed through the links menu of the official Page.

The Investor Relations Office was set up during 2002. The head of the division is João Vermelho, whose contacts are:

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e-mail: jvermelho@mota-engil.pt

Any investor or analyst may also contact the company through its Market Relations Representative, Eduardo Rocha, by electronic mail addressed to erocha@mota-engil.pt.

In accordance with the articles of association, a Remuneration Committee comprising three shareholders fixes the remuneration of the directors and other corporate officers. The present composition of this committee is as follows: António Manuel Queirós Vasconcelos da Mota (representing Mota Gestão e Participações, SGPS, SA); Maria Manuela Queirós Vasconcelos Mota dos Santos (representing Algosi – Gestão de Participações Sociais, SGPS, SA); and Maria Teresa Queirós Vasconcelos Mota Neves da Costa (representing Vallis – SGPS, SA), all of whom are members of the Board of Directors.

During 2004, MOTA-ENGIL SGPS, SA and associates paid to all natural and corporate persons of the same network as the auditor, registered with the CMVM, the following sums: €320.000 for legal audits; €50,000 for reliability

guarantee services and €30,000 for other services.

B.3. Exercise of voting rights and shareholder representation

Under the terms of the articles of association, the General Meeting is composed of those shareholders entitled to vote, whose shares, no later than ten days prior to the Meeting:

shall have been registered in their name in the Company's books, when the law so permits, or those of other authorised entities, in the case of dematerialised shares; or

shall have been, depending on their nature and regime, registered in their name in the Company's books or deposited in their name at this or any other legally authorised entity, if they are represented by share certificates.

Evidence of the registration in the books of dematerialised securities and of the deposit referred to above, when done other than at the Company, shall be provided by means of a certificate issued by the entity in question to be delivered to the company no later than eight days prior to the date set for the General Meeting.

Members not in possession of the number of shares required to give voting-rights may group together to make up the required number, and they shall appoint one of their number to represent them at the General Meeting.

Bondholders may only attend General Meetings through their common representatives appointed under the terms, respectively, of Article 343 and Articles 357 et seq. of the Companies Code.

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Each group of one hundred shares is entitled to one vote, and Members are entitled to as many votes as may correspond to the whole number resulting from the division by one hundred of the number of shares they own, with no limitation.

Voting shall take place in the manner designated by the chairman of the Board of the General Meeting.

Members who are natural persons may be represented at General Meetings by their spouse, by an ascendant or descendant, by a director of the company or by another shareholder.

Shareholders that are corporate persons shall be represented by a person appointed for the purpose by the Board of Directors or Management of the entity in question.

Notice of all the proxies envisaged above shall be given to the chairman of the Board of the General Meeting by letter, the signature of the principal being witnessed by a notary or authenticated by the company itself, to be delivered to the registered office no later than eight days prior to the date of the Meeting, the proxy letter to state the date, time and venue of meeting for which it is issued as well as the agenda of the meeting, and to unequivocally grant the mandate to the representative, with proper identification of the latter.

Members may vote by correspondence though only with regard to the alteration of the Articles of Association and to the election of corporate officers.

Votes by correspondence shall be considered only if received at the company's registered office

no later than three days prior to the date of the General Meeting, by means of recorded-delivery registered letter addressed to the chairman of the Board of the General Meeting, without prejudice to the obligation of providing timely evidence of the standing as a shareholder under the aforesaid terms.

Postal ballot papers shall be admitted only when signed by the shareholder or his/her legal representative, and accompanied by an authenticated copy of the shareholder's identity card, if a natural person, or if the shareholder is a corporate person, the signature on the ballot paper is to be witnessed, by a notary public, in the capacity and with powers for the act.

Ballot papers shall only be deemed valid if they expressly and unequivocally state:

the items or items of the agenda to which they refer;

the specific proposal in question, with an indication of the proposer or proposers; and

a precise unconditional indication of the vote in respect of each proposal, and of whether the vote is maintained should the proposal be altered by its proposer.

Notwithstanding the provisions of indent b. above, a Member sending in a ballot paper in respect of a given item is allowed to declare that he/she votes against all other proposals concerning the same item, with no other specification.

It shall be understood that Members sending in ballot papers by post abstain from voting any proposal not mentioned in the said ballot papers.

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Notwithstanding the provisions of indent c. above, a member may condition his vote in respect of a given proposal to the approval or rejection of another proposal within the scope of the same item of the agenda.

The chairman of the Board of the General Meeting or, if applicable, his replacement, is charged with verifying that the ballot papers sent by post are in order, votes cast in ballot papers that are not accepted to be deemed as not having been cast.

The exercise of voting rights by electronic means is not possible.

Corporate resolutions are adopted by a simple majority of votes cast at the General Meeting, save if the law or the Articles of Association determine otherwise.

On first call, the General Meeting may deliberate only if Members are present or represented who hold shares corresponding to over fifty per cent of the share capital.

B.4. Company Rules

The company, as the holding company of the MOTA-ENGIL GROUP, has Internal Regulations, approved by the Board of Directors, and since it exercises its economic business indirectly through its subsidiaries, these regulations are formally communicated to all the companies of the MOTA-ENGIL GROUP, with which there is a controlling relationship or dominant or significant influence.

Under these regulations the boards of directors of the subsidiaries must obtain prior approval of the Board of Directors of the holding company to carry out a number of management acts that are

exhaustively detailed in the said regulations, and are deemed to have a considerable impact on the business of the GROUP or because they deal with matters that the holding company understands as lying within its sole field of competence.

Other than what is stated above about these Internal Regulations approved by the Board of Directors of MOTA-ENGIL, SGPS, SA, and disclosed to the Group companies there are no other risk-control procedures or auditing and/or risk-management bodies within the holding company. However, the Management Control Division is one of the bodies of MOTA-ENGIL, SGPS, SA. Mention is also made in this connection of the existence of Quality Departments in those companies that are either certified or in process of certification and of Safety Departments in those companies engaged in the construction industry.

As a result of the statutory provisions that are detailed in the foregoing chapter, there are no statutory limits to the exercise of voting rights. No single shareholder or group of shareholders has special rights nor does the company have any knowledge of any shareholder agreements.

B.5. Management Body

Board of Directors comprises the chairman of the Board of Directors, the Deputy-chairman of the Board of Directors and 9 directors, there being no distinction between executive and non-executive directors, nor is there an Executive Committee.

The composition of the Board of Directors is as follows:

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Chairman - António Manuel Queirós
Vasconcelos da Mota

Deputy-chairman - António Jorge Campos de
Almeida

Members: Arnaldo José Nunes da Costa
Figueiredo

Manuel Maria Coelho de Sousa Ribeiro

Maria Manuela Queirós Vasconcelos Mota dos
Santos

Maria Teresa Queirós Vasconcelos Mota
Neves da Costa

Maria Paula Queirós Vasconcelos Mota de
Meireles

Carlos Manuel Marques Martins

Eduardo Jorge de Almeida Rocha

Ismael Antunes Hernandez Gaspar

Luís Manuel Ferreira Parreirão Gonçalves

The following paragraphs detail the companies in
which corporate officers of MOTA-ENGIL - SGPS,
SA, also hold corporate office:

António Manuel Queirós Vasconcelos da Mota

Chairman of the Board of Directors of the following companies:

- empresa agrícola e florestal portuguesa, sa
- fm - sociedade de controlo, sgps, sa
- somota, sgps, sa.
- mota-engil, engenharia e construção, sa
- mota gestão e participações, sgps,sa.
- vallis - sgps, sa

Director of the following companies:

- antónio de lago cerqueira, s.a
- auto sueco (angola), sarl.

empowered representative of

- tabella holding b.v.

Director of the following companies:

- mota internacional – comércio e consultadoria económica, lda
- sociedade agrícola moura basto, lda.

Manager of

- aneop – associação nacional de empreiteiros de obras públicas.

Chairman of the Board of the General Meeting of the following companies:

- indáqua – indústria e gestão de águas, sa
- martifer – construções metalomecânicas, sa
- tratofoz - sociedade de tratamento de resíduos, sa
- mota – engil, ambiente e serviços, sgps, sa
- ctp – companhia portuguesa de trabalhos portuários e construções, sa
- martifer – sgps, sa

Chairman of the Remuneration Committee of the following companies:

- martifer – alumínio, sa
- em – edifícios modernos, construções, sa
- emsa – sociedade imobiliária, sa
- ferrovias e construções, sa
- martifer – construções metalomecânicas, sa
- mota-engil, ambiente e serviços, sgps, sa
- sol - s - internacional, tecnologias de informação, sa
- sol – se solsuni – tecnologias de informação, sa
- vibeiras – sociedade comercial de plantas, sa
- mota-engil, engenharia e construção, s.a.

Member of the Remuneration Committee of the following companies:

- antónio de lago cerqueira, s.a
- aurimove – sociedade imobiliária, s.a.
- meits - mota-engil – imobiliário e turismo, sa
- planinova – sociedade imobiliária, sa
- soprocil – sociedade de projectos e construções civis, sa, em representação da antónio de lago cerqueira, sa
- suma – serviços urbanos e meio ambiente, sa
- mota – engil, tecnologias de informação, sa
- mota-engil ii, gestão, ambiente, energia e concessões de serviços, sa
- ctp – companhia portuguesa de trabalhos portuários e construções, sa
- sedengil – sociedade imobiliária, s.a.
- martifer – sgps, sa
- nortedomus – sociedade imobiliária, s.a.

António Jorge Campos de Almeida

Chairman of the Board of Directors of the following companies:

- mota-engil, ambiente e serviços, sgps, sa
- suma - serviços urbanos e meio ambiente, sa.
- turalgo – sociedade promoção imobiliária e turística do algarve, sa
- mota-engil, tecnologias de informação, sa
- mota – engil ii, gestão, ambiente, energia e concessões de serviços, s.a.

Director of the following companies:

- aenor – auto-estradas do norte, sa.
- lusoscut – auto estradas das beiras litoral e alta, sa.
- lusoscut- auto-estradas da costa da prata, sa
- aenor – auto-estradas do gp, sa.

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- operanor – operação e manutenção de auto-estradas, sa
- operadora lusoscut bla – operação e manutenção de auto-estradas, sa
- operadora lusoscut – operação e manutenção de auto-estradas, s.a.
- operadora lusoscut gp – operação e manutenção de auto-estradas, s.a.
- mts-metro – transportes do sul, sa

Chairman of the Board of the General Meeting of the following companies:

- rima – resíduos industriais e meio ambiente, sa

Representative of MOTA-ENGIL, AMBIENTE E SERVIÇOS, SGPS, S.A., in the capacity of member of the General Board and also of Secretary of the Board of the General Meeting of

- indáqua – indústria e gestão de águas, sa

Chairman of the Remuneration Committee of:

- mota-engil, tecnologias de informação, sa

Arnaldo José Nunes da Costa Figueiredo

Member of the Board of Directors of the following companies:

- mota-engil, engenharia e construção, sa
- mota gestão e participações, sgps, sa
- meits – mota-engil, imobiliário e turismo, s.a.
- mota-engil, concessões de transportes, sgps, s.a.

Director of the following companies:

- asinter – comércio internacional, lda.
- cerâmica de boialvo, lda.
- mota-internacional – comércio e consultadoria económica, lda.

Chairman of the Board of the General Meeting of the following companies:

- maprel – nelas, indústria de pré-fabricados, sa
- mesa da assembleia geral da paviterra, sarl (angola).
- mesa da assembleia geral da auto-sueco(angola) , sarl.

Manuel Maria Coelho de Sousa Ribeiro

Chairman of the Board of Directors of the following companies:

- ctp – companhia portuguesa de trabalhos portuários e construções, sa
- maprel-nelas , indústria de pré-fabricados, sa
- probisa portuguesa- construção e obras públicas, sa
- soprocil- sociedade de projectos e construções civis, sa

Deputy-chairman of the Board of Directors of:

- probigalp – ligantes betuminosos, sa

Director of the following companies:

- ferrovias e construções, sa
- lote dois – empreendimentos imobiliários, sa
- proim – empreendimentos imobiliários, sa
- quinta da foz – empreendimentos imobiliários, sa

Director of the following companies:

- maprel – empresa de pavimentos e materiais pré-esforçados, lda.
- ferrovias, brasil, lda.
- tracevia, lda.

Chairman of the Board of the General Meeting of:

- mota-engil, ambiente e serviços, sgps, sa

Member of the Remuneration Committee of the following companies:

- ctp – companhia portuguesa de trabalhos portuários e construções, s.a.
- soprocil – sociedade de projectos e construções civis, s.a.

Maria Manuela Queirós Vasconcelos Mota dos Santos

Chairman of the Board of Directors of the following companies:

- algosi – gestão de participações sociais, sgps, sa
- antónio de lago cerqueira, sa.

Director of the following companies:

- agrimota – sociedade agrícola e florestal, sa
- aurimove- sociedade imobiliária, sa
- empresa agrícola florestal portuguesa, s.a.
- f. m. – sociedade de controlo, sgps, s.a.
- maprel – nelas , indústria de pré-fabricados, s.a.
- mesp – mota-engil, serviços partilhados, administrativos e de gestão, s.a.
- meits - mota-engil – imobiliário e turismo, s.a.
- mota gestão e participações, sgps, s.a.
- planinova – sociedade imobiliária, s.a.
- somota, sgps, sa
- sunviauto - indústria de componentes de automóveis, sa.

Director of the following companies:

- calçadas do douro – sociedade imobiliária, limitada.
- casal agrícola de parada, lda
- carlos vieira dos santos, lda.
- cerâmica de boialvo, limitada.
- edifícios galiza – sociedade imobiliária, limitada
- edifícios mota-viso – sociedade imobiliária, limitada
- edipainel – sociedade imobiliária, lda
- ladário- sociedade de construção, lda.
- largo do paço – investimentos turísticos e imobiliários, limitada.
- matiprel – materiais pré-fabricados, limitada.
- mil e sessenta – sociedade imobiliária, lda.
- mota-internacional – comércio e consultoria económica, lda.
- motadomus – sociedade imobiliária, limitada
- predimarão – sociedade de construções, limitada
- serra lisa- sociedade de empreendimentos imobiliários, lda.
- sociedade agrícola moura basto, lda.
- corgimobil – empresa imobiliária das corgas, lda.

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Deputy-chairman of the Board of the General Meeting of:

- viberas – sociedade comercial de plantas, s.a.

Member of the Remuneration Committee of the following companies:

- martifer - alumínio, s.a., em representação da mota-engil, sgps, s.a.
- em – edifícios modernos, construções, s.a., em representação da mota-engil, sgps, s.a.
- ferrovias e construções, s.a.
- martifer – construções metalomecânicas, s.a., em representação da mota-engil, sgps, s.a.
- mota-engil, ambiente e serviços, sgps, s.a.
- meits - mota-engil – imobiliário e turismo, s.a.
- planinova – sociedade imobiliária, s.a.
- antónio de lago cerqueira, sa
- aurimove – sociedade imobiliária, sa
- mota-engil ii, gestão, ambiente, energia e concessões de serviços, sa
- sedengil – sociedade imobiliária, s.a.
- martifer – sgps, sa
- nortedomus – sociedade imobiliária, s.a.

Maria Teresa Queirós Vasconcelos Mota Neves da Costa

Chairman of the Board of Directors of:

- mesp – mota-engil, serviços partilhados, administrativos e de gestão, sa

Deputy-chairman member of the Board of Directors of the following companies:

- f. m. – sociedade de controlo, sgps, sa
- vallis , sgps, sa

Director of the following companies:

- antónio de lago cerqueira, sa
- mota gestão e participações, sgps, sa
- sdci – sociedade de distribuição e comércio internacional, sa.
- somota, sgps, sa
- supermercados navarras, sa.
- tabella holding b.v.

Director of the following companies:

- edifícios galiza – sociedade imobiliária, lda.
- imobiliária toca do lobo, lda.
- matiprel – materiais pré-fabricados, lda.
- sociedade agrícola moura basto, lda.
- casal agrícola de parada, lda.

Chairman of the Board of the General Meeting of:

- empresa agrícola florestal portuguesa, sa

Deputy-chairman of the Board of the General Meeting of

- pescas tavares mascarenhas, sa.

Maria Paula Queirós Vasconcelos Mota de Meireles

Chairman of the Board of Directors of the following companies:

- aurimove – sociedade imobiliária ,sa
- meits - mota-engil – imobiliário e turismo, s.a.
- planinova – sociedade imobiliária, sa
- r.t.a. – rio tâmega, turismo e recreio, s.a.
- sga – sociedade do golfe de amarante, sa

Deputy-chairman of the Board of Directors of:

- algosi – gestão de participações sociais, sgps, sa

Director of the following companies:

- antónio de lago cerqueira, s.a.
- empresa agrícola florestal portuguesa, sa
- f.m. – sociedade de controlo, sgps, sa
- mota gestão e participações, sgps, sa
- mota-engil, ambiente e serviços, sgps,sa
- somota, sgps, sa
- turalgo – sociedade de promoção imobiliária e turística do algarve, sa.

Director of the following companies:

- calçadas do douro – sociedade imobiliária, lda.
- edifícios galiza – sociedade imobiliária, lda.
- edifícios mota-viso – sociedade imobiliária, lda.
- edipainel – sociedade imobiliária, lda.
- largo do paço – investimentos turísticos e imobiliários, lda.
- matiprel – materiais pré-fabricados, lda.
- mil e sessenta – sociedade imobiliária, lda.
- motadomus – sociedade imobiliária, lda.
- predimarão- sociedade de construções, lda.
- sociedade agrícola moura bastos, lda.
- verotâmega – sociedade imobiliária, lda.
- casal agrícola de parada, lda
- corgimobil – empresa imobiliária das corgas, lda.

Member of the Remuneration Committee of the following companies:

- aurimove- sociedade imobiliária, s.a.
- meits - mota-engil – imobiliário e turismo, s.a.
- planinova – sociedade imobiliária, sa
- mota-engil ii, gestão, ambiente, energia e concessões de serviços, s.a.
- antónio de lago cerqueira, sa
- s.g.a. - sociedade do golfe de amarante, sa
- r.t.a- rio tâmega, turismo e recreio, sa
- nortedomus – sociedade imobiliária, s.a

Carlos Manuel Marques Martins

Chairman of the Board of Directors of the following companies:

- martifer– construções metalomecânicas, sa.
- martifer energia, sa
- mto, sgps, sa
- promodois – investimentos imobiliários, sa
- promodez – investimentos imobiliários, sa
- promovinte – investimentos imobiliários, sa

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- uriba, sgps, sa
- martifer – sgps, sa

Director of the following companies:

- em – edifícios modernos, construções, sa
- martifer polska, sploka z o.o.
- metalruda – construções metálicas, sa

Director of the following companies:

- imavic – investimentos imobiliários, lda.
- lage – imóveis, lda.
- martins e coutinho – construções em aço inox, lda.
- promoquatro – investimentos imobiliários, lda.
- promodoze – investimentos imobiliários, lda.

Chairman of the Board of the General Meeting of the following companies:

- entufapra – sociedade de construções, sa
- promosete – investimentos imobiliários, sa

Member of the Remuneration Committee of the following companies:

- martifer – construções metalomecânicas, sa
- martifer – sgps, sa

Eduardo Jorge de Almeida Rocha

Chairman of the General Board of

- vortal – comércio electrónico, consultadoria e multimédia, sa, representing mota-engil, sgps, s.a

Director of the following companies:

- algosi – gestão de participações sociais, sgps, sa
- martifer – construções metalomecânicas, sa
- mesp – mota-engil, serviços partilhados, administrativos e de gestão, s.a.
- mota – engil, tecnologias de informação, s.a.
- martifer – sgps, sa
- meits - mota-engil – imobiliário e turismo, s.a.
- mota-engil, concessões de transportes, sgps, s.a.

Sole director of

- bilimora – trading internacional, lda.

Member of the Remuneration Committee of:

- mota – engil, tecnologias de informação, sa

Ismael Antunes Hernandez Gaspar

Chairman of the Board of Directors of the following companies:

- engil 4i – sgps, sa
- em – edifícios modernos, construções, sa
- emsa – empreendimentos e exploração de estacionamento, sa

Member of the Board of Directors of the following companies:

- mota – engil, engenharia e construção, sa

Chairman of the Board of the General Meeting of:

- sedengil – sociedade imobiliária, s.a.

Member of the Remuneration Committee of the following companies:

- em- edifícios modernos, construções, sa
- emsa – empreendimentos e exploração de estacionamento, sa

Manager of

- aneop – associação nacional de empreiteiros de obras públicas.

Luís Manuel Ferreira Parreirão Gonçalves

Chairman of the Board of Directors of the following companies:

- mota-engil – concessões de transportes, sgps, s.a.
- aenor – auto-estradas do norte, sa.
- lusoscut – auto-estradas das beiras litoral e alta, sa.
- lusoscut- auto-estradas da costa da prata, sa
- aenor – auto-estradas do gp, sa.
- operanor – operação e manutenção de auto-estradas, sa
- operadora lusoscut bla – operação e manutenção de auto-estradas, sa
- operadora lusoscut – operação e manutenção de auto-estradas, s.a.
- operadora lusoscut gp – operação e manutenção de auto-estradas, s.a.

Director of:

- companhia de seguros sagres (non-executive director)

The management of the company exercises control over the life of the company by appointing the members of the Board of Directors to executive positions. These positions cover each of the business lines, in addition to control and co-ordination duties of the supra-company areas, that is those that are transverse to all the companies of the GROUP.

As far as the business lines are concerned there are the following positions: “Construction”, “Real Estate & Tourism”, “Environment & Services” and “Transport Concessions”.

The co-ordination and control positions include “Financial Co-ordination”, “Commercial Co-

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ordination, "Legal Co-ordination", "Human Resources Co-ordination", "Information Systems", "Management Control", "Relations with the Capital Market" and "Corporate Image".

The Board of Directors meets frequently to appraise matters concerning the business of the companies and of the GROUP, and a significant part of the meetings is devoted specifically to the review of the Group Management Report for the previous month, in which an analysis is made of the economic and financial performance of the subsidiaries of the GROUP in individual and in consolidated terms.

During 2004 the Board of Directors met on 8 occasions.

A part of the remuneration of all directors is directly dependent on the Company's results. Thus, in 2004, the company's directors together earned the sum of €465,000, or about 3% of the 2003 Net Profit, under the proposal for the appropriation of profits approved by the Annual General Meeting.

During 2004 the remuneration earned by the members as a whole of the Board of Directors, including that referred to in the foregoing point, amounted to €1,284,661, of which the sum of €945,730 was by way of fixed remuneration and €338,931 by way of variable remuneration. In the exercise of duties in the operational companies of the Group, they also earned the overall amount of €1,343,386.

In accordance with the provisions of article 1 of CMVM Regulation 7/2001 the following are considered independent directors:

- António Jorge Campos de Almeida
- Manuel Maria Coelho de Sousa Ribeiro
- Carlos Manuel Marques Martins
- Ismael Antunes Hernandez Gaspar
- Luís Manuel Ferreira Parreirão Gonçalves

Internal control is not exercised by autonomous committees but stems from the composition and organisation, referred to above, of the Board of Directors (positions by business lines and positions of co-ordination and control).

The company makes intensive use of the new information technologies, electronic mail in particular, in disclosing information of a financial nature, particularly in its contacts with investors and analysts, with the specialised press and with the market authorities (Securities Market Commission and Euronext Lisbon).

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1. F.M. - SOCIEDADE DE CONTROLO, SGPS, SA, having its registered office at Rua do Rego Lameiro, nº 38, in Oporto, with a share capital of €250,000.00, registered at the Oporto Registry of

Companies under nº 3,586/950920, VAT nº 503 488 860, was held as at December 31, 2004, by directors of MOTA-ENGIL, SGPS, SA, António Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota, Maria Teresa Queirós Vasconcelos Mota and Maria Paula Queirós Vasconcelos Mota, the first holding 38.23% and the three others 20.59% each, totalling 100%.

2. The aforesaid four directors of MOTA-ENGIL, SGPS, SA, António Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota, Maria Teresa Queirós Vasconcelos Mota and Maria Paula Queirós Vasconcelos Mota held as at December 31, 2004, in the share capital of SOMOTA, SGPS, SA, Plc, having its registered office at Casa da Calçada, Amarante, with the share capital of €5,000,000.00, registered at the Amarante Registry of Companies under nº 969/960424, VAT nº 503,634,514, the first 6.05% and each of the three others 5.04%, while F.M. - Sociedade de Controlo, SGPS, SA, S.A., held 58.84% of this share capital, and therefore together they hold 80.02% of SOMOTA.

3. F.M. - SOCIEDADE DE CONTROLO, SGPS, SA, having its registered office at Rua do Rego Lameiro, nº 38, in Oporto, with a share capital of €30,000,000.00, registered at the Oporto Registry of Companies under nº 50,875/950920, VAT nº 503 488 860, was held as at December 31, 2004, by directors of MOTA-ENGIL, SGPS, SA, António

Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota, Maria Teresa Queirós Vasconcelos Mota and Maria Paula Queirós Vasconcelos Mota, the first holding 5.5% and the three others 4.0% each, while Somota held 70.0%, and therefore 87.50% of MOTA GESTÃO E PARTICIPAÇÕES is held by the foregoing.

4. MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, having its registered office at Rua do Rego Lameiro, Nº 38, in Oporto, with a share capital of €30,000,000.00, registered at the Oporto Registry of Companies under nº 50,875/931115, VAT nº 503 101 524, held, as at December 31, 2004, in the share capital of MOTA-ENGIL, SGPS, S.A.:

i) directly, 68,665,313 dematerialised ordinary bearer shares each of a par value of €1, corresponding to 33.55% of the share capital and 34.94% of the voting rights;

ii) indirectly, through VALLIS, SGPS, SA, having its registered office at Rua do Rego Lameiro, Nº 38, in Oporto, with a share capital half €100,000.00, registered at the Oporto Registry of Companies under nº 9,667/980322, VAT nº 504 125 257, a company of which 51% is held by MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, 39,635,305 dematerialised ordinary bearer shares each of a par value of €1, corresponding to 19.37% of the share capital and 20.17% of the voting rights;

iii) indirectly, through ALGOSI - GESTÃO DE PARTICIPAÇÕES SOCIAIS, SGPS, SA, having its registered office at Rua do Rego Lameiro, Nº38, in Oporto, with a share capital of €50,000.00, registered at the Oporto Registry of Companies under nº 6,655/980522, Vat nº 504 170 945, of

MOTA-ENGIL, SGPS, S.A.

2004 Consolidated Management Report

Annex C

C.1 Publicising holdings

In accordance with provisions of articles 447 and 448 of the Companies Code the following figures show securities issued by MOTA-ENGIL, SGPS, SA and by companies with which it is in a controlling or group relationship, held during the period from January 1, 2004, to December 31, 2004, by corporate officers:

	Holding as at 31/12/2004 shares in															
	MOTA-ENGIL, SGPS, S.A.				ALGOSI, SGPS, S.A.		VALLIS, SGPS, S.A.		MGP, SGPS, S.A.		SOMOTA, SGPS, S.A.				FM, SGPS, S.A.	
	Initial Qty.	Movement	Final Qty.	%	Qty	%	Qty	%	Qty	%	nit. Qty	Mov.	Final Qty	%	Qty	%
ANTÓNIO MANUEL QUEIRÓS VASCONCELOS DA MOTA AND SPOUSE	2.585.780	1.636.837	4.222.617	2,06	1.666	16,66	3.332	16,66	330.000	5,50	45.534	15.005	60.539	6,05	19.115	38,23
MARIA MANUELA QUEIRÓS VASCONCELOS MOTA AND SPOUSE	2.025.005	1.636.836	3.661.841	1,79	1.078	10,78	2.156	10,78	240.000	4,00	35.424	15.005	50.429	5,04	10.295	20,59
MARIA TERESA QUEIRÓS VASCONCELOS MOTA AND SPOUSE	2.100.000	1.636.836	3.736.836	1,83	1.078	10,78	2.156	10,78	240.000	4,00	35.424	15.005	50.429	5,04	10.295	20,59
MARIA PAULA QUEIRÓS VASCONCELOS MOTA AND SPOUSE	2.276.215	1.636.836	3.913.051	1,91	1.078	10,78	2.156	10,78	240.000	4,00	35.424	15.005	50.429	5,04	10.295	20,59
ANTÓNIO JORGE CAMPOS ALMEIDA AND SPOUSE	258.475	0	258.475	0,13	0	0,00	0	0,00	0	0,00	0	0	0	0,00	0	0,00
ARNALDO JOSÉ NUNES DA COSTA FIGUEIREDO AND SPOUSE	91.410	0	91.410	0,04	0	0,00	0	0,00	0	0,00	18	0	18	0,00	0	0,00
MANUEL MARIA COELHO DE SOUSA RIBEIRO AND SPOUSE	89.130	0	89.130	0,04	0	0,00	0	0,00	0	0,00	0	0	0	0,00	0	0,00
CARLOS MANUEL MARQUES MARTINS AND SPOUSE	24.230	0	24.230	0,01	0	0,00	0	0,00	0	0,00	0	0	0	0,00	0	0,00
ISMAEL ANTUNES HERNANDEZ GASPAR AND SPOUSE	49.110	0	49.110	0,02	0	0,00	0	0,00	0	0,00	0	0	0	0,00	0	0,00
MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA	68.617.423	47.890	68.665.313	33,55	5.100	51,00	10.200	51,00	0	0,00	0	0	0	0,00	0	0,00
ALGOSI - GESTÃO DE PARTICIPAÇÕES SOCIAIS, SGPS, SA	39.635.345	0	39.635.345	19,37	0	0,00	0	0,00	0	0,00	0	0	0	0,00	0	0,00
VALLIS - SGPS, SA	39.635.305	0	39.635.305	19,37	0	0,00	0	0,00	0	0,00	0	0	0	0,00	0	0,00
SOMOTA, SGPS, S.A.	0	0	0	0,00	0	0,00	0	0,00	4.200.000	70,00	0	0	0	0,00	0	0,00
FM, SGPS, S.A.	0	0	0	0,00	0	0,00	0	0,00	0	0,00	588.249	152	588.401	58,84	0	0,00

The remaining corporate officers do not hold any of the securities in question

(Note: the share capital of MOTA-ENGIL, SGPS, SA, amounts to €204,635,695, represented by 204,635,695 bearer shares each of a par value of €1. As at December 31, 2004, of the share capital of MOTA-ENGIL, SGPS, SA, 33.53% are held by MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, 19.37% by VALLIS, SGPS, SA, and 19.37% by ALGOSI-GESTÃO DE PARTICIPAÇÕES SOCIAIS, SGPS, SA.

MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, holds 51% of VALLIS, SGPS, SA, and 51% of ALGOSI-GESTÃO PARTICIPAÇÕES SOCIAIS, SGPS, SA.

70% of the share capital of MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, is held by SOMOTA, SGPS, SA.

58.84% of the share capital of SOMOTA, SGPS, SA, is held by FM-SOCIEDADE DE CONTROLO, SGPS, SA.).

C.2 Qualified holdings

In accordance with the provisions of Article 8.1 of CMVM Regulation 24/2004, there follows a list of the holders of qualified shareholdings, within and indication of the number of shares held and corresponding percentage of the voting rights, calculated under the terms of Article 20 of the Securities Code, as at December 31, 2004:

MOTA-ENGIL, SGPS, S.A.

2004 Consolidated Management Report

which 51% is held by MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, 39,635,345 dematerialised ordinary bearer shares each of a par value of €1, corresponding to 19.37% of the share capital and to 20.17% of the voting rights.

of the share capital and to 6.12% of the voting rights.

5. The members of the Board of Directors and of the Audit Committee of MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA individually held as at December 31, 2004, in the share capital of MOTA-ENGIL, SGPS, S.A., dematerialised ordinary bearer shares each of a par value of 1 euro, totalling 15,637,140, corresponding to 7.64% of the share capital and 7.96% of the voting rights; of the said corporate officers of MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, only António Manuel Queirós Vasconcelos da Mota individually holds a number of shares in MOTA-ENGIL, SGPS, SA, representing 2% or more of the share capital (2.06%).

The voting rights mentioned in nº 4.ii) and 4.iii) and in nº 5 here above are imputable to MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, under the terms of the provisions of article 20 of the Securities Code.

6. On December 31 2004, Caixagest – Gestão de Fundos, SA, held in the share capital of MOTA-ENGIL, SGPS, SA, 4,882,285 dematerialised ordinary bearer shares each of a par value of €1, corresponding to 2.39% of the share capital and to 2.48% of the voting rights.

7. On December 31 2004, CGD Pensões – Sociedade Gestora de Fundos, SA, held in the share capital of MOTA-ENGIL, SGPS, SA, 12,022,422 dematerialised ordinary bearer shares each of a par value of €1, corresponding to 5.88%

Introduction

Following CMVM's instructions this amendment is published as form of clarification of some points referred to in the 2004 Report of Corporate Governance of MOTA-ENGIL, SGPS, SA.

Declaration of compliance

MOTA-ENGIL, SGPS, SA as adopted the "CMVM Recommendations on the Governance of Listed Companies" with numbers 1, 2, 3, 4, 5, 6, 10 and 11, it only fulfils partially the recommendation number 8 (because the remunerations of the Administrators are not divulged individually) and as not followed recommendations number 7 (because no Commission of Internal Control for evaluation of the Structure and Corporate Governance had been created until the end of 2004) and 9 (because the members of the Remuneration Committee are part of the Board of Directors).

Additionally, for integral fulfilment of number 5 of chapter I of the annex to CMVM's Regulation number 7/2001 (as amended by the Commission's Regulation 11/2003), we inform that the MOTA-ENGIL, SGPS, SA dividend policy as been, in past

3 years, materialized in the distribution of following dividends:

2001: 7 cents per share;

2002: 7 cents per share;

2003: 5,5 cents per share.

On April 15, 2005, the General Meeting has approved the distribution of a dividend per share, relative to 2004, of 8 cents.

Porto, 29 April 2005

THE INVESTOR RELATIONS DIRECTOR

EDUARDO ROCHA

CONSOLIDATED FINANCIAL STATEMENTS

MOTA-ENGIL, SGPS, S.A.

Consolidated Balance Sheets as at December 31, 2004 & 2003

(Expressed in Euros)

ASSETS	Explanatory notes	2004			2003		SHAREHOLDERS' EQUITY, MINORITY INTERESTS & LIABILITIES	Explanatory notes	2004	2003
		Gross assets	Depreciation & provisions	Net assets	Net assets					
INTANGIBLE FIXED ASSETS										
Establishment expenses	2	2.104.249	(1.692.331)	411.918	529.187	Share capital	11	204.635.695	204.635.695	
Research & development costs	2	6.814.116	(3.059.461)	3.754.655	1.534.067	Treasury shares – par value	11	(8.103.971)	(9.028.038)	
Industrial property & other rights	2	4.067.127	(2.386.347)	1.680.780	444.234	Treasury shares – discounts & premiums	11	(3.003.414)	(3.264.877)	
Assignments	2	7.539.916	(1.782.497)	5.757.419	8.729	Share issue premiums	11	87.256.034	87.256.034	
Fixed assets in progress	2	55.610	-	55.610	369.128	Goodwill	11	(57.448.337)	(49.626.822)	
Other intangible fixed assets	2	700.798	(463.845)	236.953	-	Legal reserves	11	5.568.363	5.984.746	
Goodwill	2	37.866.114	(12.692.151)	25.173.963	30.377.986	Free reserves	11	28.667.068	23.937.103	
		59.147.930	(22.076.632)	37.071.298	33.263.331	Currency translation adjustments	11	(58.987.269)	(48.902.375)	
TANGIBLE FIXED ASSETS										
Land & natural resources	3	57.642.241	(118.912)	57.523.329	38.657.477	Retained earnings	11	491.361	480.524	
Buildings & other constructions	3	135.159.410	(39.544.589)	95.614.821	79.965.541	Consolidated net profit for the year	11	22.069.100	15.382.944	
Plant & machinery	3	331.521.601	(232.810.363)	98.711.238	101.946.793	Total shareholders' equity		221.144.630	226.854.934	
Transport equipment	3	134.533.277	(103.870.381)	30.662.896	37.513.101	MINORITY INTERESTS				
Tools & utensils	3	9.517.625	(7.608.191)	1.909.434	2.010.907		12	32.780.561	20.862.207	
Office equipment	3	29.332.612	(22.883.359)	6.449.253	7.693.104	LIABILITIES				
Returnable containers	3	3.735.228	(3.100.039)	635.189	781.977	PROVISIONS FOR CONTINGENCIES & LIABILITIES				
Other tangible fixed assets	3	3.433.128	(1.490.676)	1.942.452	1.505.214		13	9.745.425	17.249.465	
Fixed assets in progress	3	30.962.114	-	30.962.114	25.445.674	MEDIUM- & LONG-TERM CREDITORS				
Advances on account of tangible fixed assets	3	1.432.897	-	1.432.897	3.920.082	Non-convertible bond loans	14	93.795.000	71.250.000	
		737.270.133	(411.426.510)	325.843.623	299.439.860	Amounts owed to credit institutions	14	132.386.593	108.053.549	
FINANCIAL ASSETS										
Holdings in Group companies	4	6.968.956	(5.248)	6.963.708	12.383.731	Associate companies	14	562.042	190.220	
Loans to Group companies	4	542.398	-	542.398	1.692.771	Other shareholders	14	-	275	
Holdings in associate companies	4	23.753.021	-	23.753.021	6.820.447	Advances on account of sales	14	34.114.700	11.678.785	
Loans to associate companies	4	21.243.253	(16.500.744)	4.742.509	6.507.299	Other loans obtained	14	60.071.961	65.019.273	
Holdings in subsidiaries	4	7.659.480	-	7.659.480	5.087.638	Suppliers of fixed assets, current account	14	18.635.084	30.764.351	
Loans to subsidiaries	4	717.729	-	717.729	1.934.502	Other creditors	14	525.689	1.825.878	
Securities & other financial placements	4	87.855.049	(2.379.481)	85.475.568	48.938.908			340.091.069	288.782.331	
Fixed assets in progress	4	-	-	-	426.854	SHORT-TERM CREDITORS				
Advances on account of financial assets	4	1.206.686	-	1.206.686	1.181.746	Non-convertible bond loans	15	7.470.000	33.675.000	
		149.946.572	(18.885.473)	131.061.099	84.973.896	Amounts owed to credit institutions	15	152.052.222	195.590.759	
MEDIUM- & LONG-TERM THIRD PARTY DEBT										
Trade accounts receivable	5	11.180.489	(6.112.104)	5.068.385	11.218.808	Advances on account of sales	15	35.576.646	27.697.663	
Trade accounts – Bills receivable:	5	11.325.609	(7.361.646)	3.963.963	12.214.261	Trade accounts receivable	15	273.252.357	225.177.140	
Related companies	5	36.358.989	(2.820.919)	33.538.070	42.148.601	Trade accounts, invoices in progress	15	878.642	870.111	
Other debtors	5	1.292.160	-	1.292.160	1.504.363	Trade accounts – Bills payable	15	12.662.208	14.627.058	
		60.157.247	(16.294.669)	43.862.578	67.086.033	Suppliers of fixed assets – Bills payable	15	699	699	
CURRENT										
Stocks						Group companies	15	139.057	2.130.899	
Raw & subsidiary materials and consumables	6 & 20	36.392.364	(304.444)	36.087.920	28.986.675	Associate companies	15	618.845	1.230.143	
Products & work in progress	6 & 20	26.472.063	-	26.472.063	14.889.284	Other shareholders	15	1.092.399	686.449	
Sub-products, waste, residues & scrap	6 & 20	1.614	-	1.614	-	Customer prepayments	15	11.808.533	8.462.046	
Finished products	6 & 20	18.412.736	(56.773)	18.355.963	19.279.666	Other loans obtained	15	17.829.926	17.634	
Goods	6 & 20	39.539.261	-	39.539.261	34.710.504	Suppliers of fixed assets, current account	15	22.760.725	18.396.556	
Advances on account of purchases	6 & 20	5.344.792	-	5.344.792	3.841.142	State & other public entities	15	20.229.788	22.755.135	
		126.162.830	(361.217)	125.801.613	101.707.271	Other creditors	15	9.925.051	13.135.942	
Short-term third-party debt										
Trade accounts receivable	7	404.397.290	(14.056.240)	390.341.050	357.204.536	ACCRUALS & DEFERRALS				
Trade accounts – Bills receivable:	7	16.827.957	(9.603.580)	7.224.377	21.134.991	Accrued costs	16	36.865.001	27.878.727	
Doubtful debt	7	13.811.785	(13.811.785)	-	2.405.338	Deferred income	16	74.648.482	88.123.299	
Associate companies	7	995.542	-	995.542	5.174.226	Deferred tax liabilities	26	15.587.755	8.639.655	
Advances to suppliers	7	4.889.017	-	4.889.017	6.195.879			127.101.238	124.641.681	
State & other public entities	7	14.696.520	-	14.696.520	8.015.582	Negotiable securities				
Other debtors	7	56.342.380	(2.829.540)	53.512.840	58.655.994	Other treasury placements	8	7.879.653	(382.273)	
		511.960.491	(40.301.145)	471.659.346	458.786.546	Bank deposits & cash in hand				
Negotiable securities										
Other treasury placements	8	7.879.653	(382.273)	7.497.380	516.369	Bank deposits	9	44.923.016		
Bank deposits & cash in hand										
Bank deposits	9	44.923.016	-	44.923.016	27.978.043	Cash in hand	9	1.621.762		
Cash in hand	9	1.621.762	-	1.621.762	1.767.884			46.544.778		
		46.544.778		46.544.778	29.745.927	ACCRUALS & DEFERRALS				
ACCRUALS & DEFERRALS										
Accrued income	10	57.698.238	-	57.698.238	118.353.354	Total depreciation				
Deferred costs	10	21.308.038	-	21.308.038	25.052.296	Total provisions				
Deferred tax assets	26	28.812.030	-	28.812.030	23.918.969	Total Assets				
		107.818.306		107.818.306	167.324.619	Total liabilities				
			(435.757.667)			Total shareholders' equity and liabilities				
			(73.970.252)			Total Assets				
		1.806.887.940	(509.727.919)	1.297.160.021	1.242.843.852	Total shareholders' equity and liabilities				
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To be read in set with the Notes to the financial statements and the corresponding explanatory notes

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account by Nature of Expenses for the years ended December 31, 2004 & 2003

(Expressed in Euros)

COSTS & LOSSES	Explanatory notes	2004	2003	INCOME & GAINS	Explanatory notes	2004	2003
Cost of goods sold & materials consumed							
Goods	20	12.838.146	4.549.040	Sales			
Materials	20	256.876.200	197.004.403	Goods	18	16.593.689	11.682.920
	20	269.714.346	201.553.443	Products	18	176.475.393	140.205.763
					18	193.069.082	151.888.683
Third-party supplies & services	21	595.289.719	535.075.815	Services rendered	18	975.566.097	853.438.360
Staff costs					18	1.168.635.179	1.005.327.043
Remuneration	22	168.101.757	146.704.261	Production fluctuation		1.902.381	(5.964.785)
Social security charges:				Own work capitalised	19	8.794.568	10.803.087
Pension	22	234.849	683.769	Supplementary income		30.424.468	21.043.367
Other	22	52.318.014	39.864.250	Operating subsidies		1.637.955	843.182
	22	1.085.658.685	923.881.538	Other operating income & gains		15.511.467	18.599.707
Depreciation of tangible & intangible fixed assets	2 & 3	54.444.814	59.681.071	(B)		1.226.906.018	1.050.651.601
Provisions	23	4.522.151	2.583.207				
		1.144.625.650	986.145.816	Financial income & gains	24	21.868.600	20.052.081
Taxes		6.170.820	4.697.279	(D)		1.248.774.618	1.070.703.682
Other operating costs & losses		5.459.076	2.549.631	Extraordinary income & gains	25	12.787.084	12.349.447
(A)		1.156.255.546	993.392.726				
Other financial costs & losses	24	50.771.600	51.584.981				
(C)		1.207.027.146	1.044.977.707				
Other extraordinary costs & losses	25	14.009.697	7.698.434				
(E)		1.221.036.843	1.052.676.141				
Income tax for the year	26	12.834.993	10.801.025				
(G)		1.233.871.836	1.063.477.166				
Minority interests	27	5.620.766	4.193.019	17,8381%			
Consolidated net profit for the year		22.069.100	15.382.944				
		1.261.561.702	1.083.053.129	(F)		1.261.561.702	1.083.053.129
				Operating profit	(B) - (A)	70.650.472	57.258.875
				Financial profit/(loss)	(D - B) - (C - A)	(28.903.000)	(31.532.900)
				Current profit	(D) - (C)	41.747.472	25.725.975
				Net profit before taxes & minority interests	(F) - (E)	40.524.859	30.376.988
				Con. net profit before minority interests	(F) - (G)	27.689.866	19.575.963
				Con. net profit for the year		22.069.100	15.382.944

To be read in set with the Notes to the financial statements and the corresponding explanatory notes

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account by Function of Expense for the years ended December 31, 2004 & 2003

(Expressed in Euros)

	Explanatory Notes	2004	2003
Sales & services rendered	18	1.168.635.179	1.005.327.043
Cost of sales & services rendered		(1.071.427.935)	(922.815.649)
Gross profit		97.207.244	82.511.394
Other operating income & gains		71.057.923	57.674.005
Distribution costs		(8.872.574)	(6.463.129)
Administrative costs		(59.802.990)	(54.283.831)
Other operating costs & losses		(30.161.744)	(17.528.551)
Operating profit		69.427.859	61.909.888
Net cost of financing	24	(29.836.137)	(32.865.210)
Gains (loss) on subsidiaries & associates	24	774.928	1.260.489
Gains (loss) on other investments	24	158.209	71.821
Current profit		40.524.859	30.376.988
Taxes on current profits	26	(12.834.993)	(10.801.025)
Current after-tax profit		27.689.866	19.575.963
Extraordinary profit/(loss)		-	-
Taxes on extraordinary profits		-	-
Net profit		27.689.866	19.575.963
Minority interests	27	(5.620.766)	(4.193.019)
Net consolidated profit for the year		22.069.100	15.382.944
Earnings per share		0,1128	0,0786

To be read in set with the Notes to the financial statements and the corresponding explanatory notes

MOTA-ENGIL, SGPS, S.A.

Consolidated Cash-flow Statement for the years ended December 31, 2004 & 2003

(Expressed in Euros)

	Explanatory Notes	2004	2003
OPERATING ACTIVITY			
Cash receipts from customers		1.213.307.170	1.041.264.501
Cash paid to suppliers		(848.392.551)	(688.639.527)
Cash paid to employees		(168.829.231)	(143.605.723)
Cash generated from operating activities		196.085.388	209.019.251
Income tax paid/received		(15.602.117)	(13.676.409)
Other receipts/payments generated by operating activities		(7.609.058)	(59.130.778)
Cash flow before extraordinary items		172.874.213	136.212.064
Cash generated by extraordinary activities		1.330.444	617.214
Cash paid in respect of extraordinary activities		(4.013.964)	(1.298.033)
Net cash from operating activities (1)		170.190.693	135.531.245
INVESTMENT ACTIVITY			
Cash receipts from:			
Financial assets		841.981	2.885.444
Tangible fixed assets		669.553	4.632.772
Investment subsidies		949.580	82.025
Interest & similar income		9.648.998	6.132.411
		12.110.112	13.732.652
Cash paid in respect of:			
Financial assets	29	(33.006.034)	(22.595.870)
Tangible fixed assets		(63.261.784)	(59.573.893)
Intangible fixed assets		(63.935)	(29.498)
		(96.331.753)	(82.199.261)
Net cash from investing activities (2)		(84.221.641)	(68.466.609)
FINANCING ACTIVITY			
Cash receipts from:			
Loans obtained		171.157.530	593.449.200
Subsidies & donations		122.680	156.092
Sale of treasury shares		1.374.578	533
Other		6.260.561	60.245
		178.915.349	593.666.070
Cash paid in respect of:			
Loans obtained		(181.813.984)	(596.377.590)
Amortisation of finance lease contracts		(21.526.601)	(19.237.373)
Interest & similar expense		(32.459.252)	(25.648.248)
Dividends		(10.758.410)	(13.692.536)
Acquisition of treasury shares		-	(380)
		(246.558.247)	(654.956.127)
Net cash from financing activities (3)		(67.642.898)	(61.290.057)
Variation of cash & cash equivalents (4)=(1)+(2)+(3)		18.326.154	5.774.579
Variations caused by changes to the perimeter		5.453.708	666.440
Cash & cash equivalents at the beginning of the year		30.262.296	23.821.277
Cash & cash equivalents at the end of the year	29	54.042.158	30.262.296

To be read in set with the Notes to the financial statements and the corresponding explanatory notes

**NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS
ACCOUNT**

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

Mandatory information required under the Official Plan of Accounts:

- 1) The information concerning companies included in the consolidation using the purchase method is provided in Explanatory Note 4.
- 2) The reasons for the exclusion of group companies from the consolidation using the purchase method are provided in Explanatory Note 4
- 3) Information concerning associate companies is provided in Explanatory Note 4.
- 4) The reasons for the exclusion of Group companies consolidated using the equity method are provided in Explanatory Note 4.
- 5) Information concerning companies consolidated using the proportional method is provided in Explanatory Note 4
- 6) Information concerning companies in which there is a holding of greater than 10% not given in the foregoing notes is provided in Explanatory Note 4.
- 7) The average number of workers in service during 2004, in companies included in the consolidation using the purchase and proportional methods, and their breakdown by categories, is detailed in Explanatory Note 22.
- 8) There are no cases in which application of the consolidation rules is not sufficient for the consolidated financial statements to provide a true and fair image of the financial situation and of the results of the companies included in the consolidation.
- 9) There has been no departure from the application of the consolidation rules to obtain the necessary true and fair image of the financial situation and of the results of the companies included in the consolidation.
- 10) The breakdown of goodwill, indication of calculation methods used and explanation of significant variations during the period under review are presented in Explanatory Notes 2, 11 & 16.
- 11) There are no materially relevant alterations of consolidation methods and procedures affecting the comparability of the figures for 2004 with those of 2003. The alterations to the consolidation methods are detailed in Explanatory Note 4.
- 12) There are no materially relevant cases that imply the elimination of results stemming from operations undertaken between group or associate companies.
- 13) The consolidated financial statements are drawn up with reference the same date as the financial statements of the parent company.
- 14) There are no significant alterations to the composition of the whole of the companies included in the consolidation during 2004.
- 15) The valuation criteria used by Group companies are consistent with each other and are described in Explanatory Note 1.
- 16) There are no exceptional adjustments to the value of assets, made solely for tax purposes and not eliminated from the consolidation.
- 17) The justification for the amortisation of goodwill beyond the period of five years is given in Explanatory Note 2.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

- 18) Criteria governing the accounting of holdings in associate companies are detailed in Explanatory Note 4, except for those mentioned in Note 43.
- 19) The application of the equity method for the first time in 2004 in respect of shareholdings is detailed in Note 4.
- 20) There are no items of assets or liabilities of associate companies that have been valued using criteria other than those used in the consolidation, except for those mentioned in Note 43.
- 21) There are no financial commitments other than those shown in the consolidated balance sheet.
- 22) The description of liabilities for guarantees provided, broken down by nature, is provided in Explanatory Note 17.
- 23) The bases of presentation of the main valuation criteria used are shown in Explanatory Note 1.
- 24) The translation method used to translate into euros the items included in the consolidated financial statements originally expressed in foreign currency is given in Explanatory Note 1-c-xvii).
- 25) The amounts included in establishment expenses and in research & development costs are detailed in Explanatory Note 2.
- 26) There is no case of Assignments written down over a period of more than five years.
- 27) Movements under fixed assets shown in the consolidated balance sheet and under the respective depreciation and provisions are detailed in Explanatory Notes 2, 3 & 4.
- 28) No interest has been capitalised during 2004 in respect of construction fixed assets.
- 29) There are no adjustments to the value of the assets included in the consolidation subject to extraordinary depreciation and provisions undertaken solely for tax purposes.
- 30) As at December 31, 2004, there were no significant differences, other than those covered by the provisions set aside by the Group, between the values shown under Current assets, calculated in accordance with the valuation criteria employed by the group, and the respective market value.
- 31) No items of current assets have been recorded at less than the lesser of cost or market value.
- 32) The extraordinary provisions in respect of items of Current assets are detailed in Note 5 and 7.
- 33) Amounts owed to third parties falling due in more than five years time are detailed in Explanatory Note 14.
- 34) The total of amounts owed to third parties covered by real guarantees provided by companies included in the consolidation, together with an indication of the nature and form, is provided in Explanatory Note 17.
- 35) No differences between the amounts of debts payable and the corresponding debts collected have been taken to assets.
- 36) The breakdown of the net consolidated value of sales and provision of services is provided in Explanatory Note 18.

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

- 37) The items of assets, liabilities and shareholders' equity have been valued using consistent valuation criteria, as stipulated in the Official Plan of Accounts, with the exception of what is detailed in Note 43, and no extraordinary depreciation or provisions have been charged with a view to obtaining tax advantages during 2004 or earlier years.
- 38) The difference between taxes allocated to the consolidated profit & loss account for the year and for previous years, and taxes already paid and payable in respect of the said years is detailed in Explanatory Note 26.
- 39) The remuneration of corporate officers in connection with the exercise of their duties, and the amount of commitments in the matter of retirement pensions for former corporate officers is detailed in Explanatory Notes 22 & 1-c-x).
- 40) No advances have been paid or loans made to members of the management or supervisory boards of the parent company by the latter or by a subsidiary.
- 41) Legislation on which the revaluation of tangible fixed assets was based is detailed in Explanatory Note 3.
- 42) The breakdown of revaluations is given in Explanatory Note 3.
- 43) During 2004, the Group altered its accounting policies in respect of immovables (land & buildings) for Group use and also to be leased out, and also of the land allocated to the quarries, carried under tangible fixed assets, and now records them using the revalued value, which is their fair value as of the date of the revaluation less any subsequent accumulated depreciation or accumulated impairment losses. For reasons to do with the working of the local market, the Group opted not to apply this measure to property assets located in African countries and in Peru. The impact on the net consolidated profit for the year and on shareholders' equity was negative in the amount of €336,929 and positive in the amount of €19,762,257 respectively.

Additionally, the depreciation criterion applied to plant & machinery used to consist of the use of depreciation rates indexed to the equipment-occupancy rate during the year, though always within legal limits. This criterion was set aside in 2004 and Plant & machinery came to be depreciated taking into account the existence, when applicable, of a residual value, which is established in the light of the residual value prevailing on the date of the estimate of similar assets at the end of their useful lives and that have operated under conditions similar to those in which the asset in question is to be used. However, the alteration of the criterion had no material effect on the depreciation charges of the year.

- 44) The breakdown of consolidated financial results is given in Explanatory Note 24
- 45) The breakdown of consolidated extraordinary results is given in Explanatory Note 25
- 46) The movement under provisions is detailed in Explanatory Notes 4 to 8 & 13.
- 47) Assets used underfinanced lease arrangements are detailed in Explanatory Note 14.
- 48) As at December 31, 2004, accounts receivable assigned under factoring arrangements amounted to €28,535,896. As of the same date "Third-party debt – medium & long-term" - "Customers, bills receivable" mainly includes bills accepted by subsidiaries headquartered in Angola (Paviterra and ICER), in the amounts of €9,661,382 and €720,915 respectively.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

- 49) No other information is required by legislation.
- 50) There is no other information considered relevant to a better understanding of the financial situation and of the results of the companies included in the consolidation, besides that presented in the explanatory notes to the Consolidated Balance Sheet and Profit & Loss Account.

EXPLANATORY NOTES

(Forms part of the Consolidated Balance Sheet and Profits & Loss Account

MOTA-ENGIL, SGPS, S.A.

Consolidated Balance Sheets as at December 31, 2004 & 2003

	Explanatory Notes	<u>2004 Euro</u>	<u>2003 Euro</u>
Assets			
Intangible fixed assets	2	37.071.298	33.263.331
Tangible fixed assets	3	325.843.623	299.439.860
Financial assets	4	131.061.099	84.973.896
Medium- & long-term third-party debt	5	43.862.578	67.086.033
Stocks	6	125.801.613	101.707.271
Short-term third-party debt	7	471.659.346	458.786.546
Negotiable securities	8	7.497.380	516.369
Cash & cash equivalents	9	46.544.778	29.745.927
Accruals & deferrals assets	10	79.006.276	143.405.650
Deferred tax assets	26	28.812.030	23.918.969
		<u>1.297.160.021</u>	<u>1.242.843.852</u>
Shareholders' equity			
Share capital	11	204.635.695	204.635.695
Treasury shares	11	(11.107.385)	(12.292.915)
Share issue premiums	11	87.256.034	87.256.034
Goodwill	11	(57.448.337)	(49.626.822)
Currency translation adjustments	11	(58.987.269)	(48.902.375)
Reserves & retained earnings	11	34.726.792	30.402.373
Consolidated net profit for the year	11	22.069.100	15.382.944
		<u>221.144.630</u>	<u>226.854.934</u>
Minority interests	12	<u>32.780.561</u>	<u>20.862.207</u>
Liabilities			
Provisions for other contingencies & liabilities	13	9.745.425	17.249.465
Medium- & long-term debt	14	340.091.069	288.782.331
Short-term debt	15	566.297.098	564.453.234
Accruals & deferrals liabilities	16	111.513.483	116.002.026
Deferred tax liabilities	26	15.587.755	8.639.655
		<u>1.043.234.830</u>	<u>995.126.711</u>
		<u>1.297.160.021</u>	<u>1.242.843.852</u>

To be read in set with the Notes to the financial statements and the corresponding explanatory notes

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account for the years ended December 31, 2004 & 2003

	Explanatory Notes	2004 Euro	2003 Euro
<i>Operating profit</i>			
Sales & services rendered	18	1.168.635.179	1.005.327.043
Production fluctuation		1.902.381	(5.964.785)
Own work capitalised	19	8.794.568	10.803.087
Operating subsidies		1.637.955	843.182
Other operating income & gains		45.935.935	39.643.074
		<u>1.226.906.018</u>	<u>1.050.651.601</u>
<i>Operating costs</i>			
Cost of goods sold & materials consumed	20	269.714.346	201.553.443
Third-party supplies & services	21	595.289.719	535.075.815
Staff Costs	22	220.654.620	187.252.280
Depreciation	2 & 3	54.444.814	59.681.071
Provisions	23	4.522.151	2.583.207
Other operating costs		<u>11.629.896</u>	<u>7.246.910</u>
Operating profit		70.650.472	57.258.875
Financial profit/(loss)	24	(28.903.000)	(31.532.900)
Extraordinary profit/(loss)	25	(1.222.613)	4.651.013
Income tax for the year	26	12.834.993	10.801.025
Consolidated net profit before minority interests		<u>27.689.866</u>	<u>19.575.963</u>
Minority interests	27	<u>5.620.766</u>	<u>4.193.019</u>
Consolidated net profit for the year		<u><u>22.069.100</u></u>	<u><u>15.382.944</u></u>

To be read in set with the Notes to the financial statements and the corresponding explanatory notes

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

Introduction

The principal business of Mota-Engil, SGPS, S.A., ("Mota-Engil SGPS", or "Parent Company") is public and private construction work and related activities.

All amounts shown in these notes are presented in euros unless otherwise stated to the contrary

1. Accounting policies

a) Bases of presentation

The attached consolidated financial statements as at December 31, 2004, have been prepared on a going concern basis from the books and accounting records of the companies that form the Group (Explanatory Note 4), kept in accordance with accounting principles generally accepted in Portugal.

However, as of the date of preparation of the consolidated financial statements, the majority of the financial statements of the companies included in the consolidation are awaiting approval by their respective corporate offices. The Board of Directors of Mota-Engil, SGPS, believes that the said financial statements will be approved with no significant alteration.

b) Consolidation principles

The consolidation of the companies referred to in Note 4 involved the use of the purchase method and the proportional method, as appropriate. Significant inter-company transactions and balances have been eliminated during the consolidation and the value of the holdings of third parties in the companies consolidated using the purchase method is carried in the attached consolidated balance sheet under Minority Interests (Explanatory Note 12). Goodwill arising from the difference between the book value of the holdings and the value of the respective proportion of the share capital that they represent is carried in the consolidated balance sheet under Shareholders' Equity or i) if positive, under intangible fixed assets, or ii) if negative, under deferred income (Explanatory Notes, 2, 11 & 16).

Financial assets representing holdings in associate companies (Note 4) are valued using the equity method, with the exception of those listed in the said note, which are valued at the lower of cost or estimated realisable value.

c) Principal valuation criteria

The principal valuation criteria used in the preparation of the consolidated financial statements were as follows:

i) Intangible fixed assets

Intangible fixed assets basically comprises costs incurred with share capital increases, research, software and assignments, written down using the straight-line method over a period of three to six years. Goodwill is written down over a period of five to twenty years and is carried under financial costs & losses headings (Explanatory Notes 2 & 24).

ii) Tangible fixed assets

Tangible fixed assets acquired up to December 31, 1997, are carried at cost, revalued in accordance with applicable legislation (Explanatory Note 3). Those acquired after the said date are carried at cost.

As stated in Note 43, as from 2004 immovables (land & buildings) for own use are recorded at their revalued value, which is their fair value as of the revaluation date less any subsequent accumulated depreciation and/or accumulated impairment losses. Revaluation is undertaken periodically by independent property valuers (in this present case Luso-Roux, S.A.), in a manner such that the revalued amount does not materially differ from the fair value of the respective property. The depreciated replacement cost was the method used. Land allocated to the operational quarries, as well as some related costs (costs incurred with the licensing and start-up of the quarries, and costs to

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

be incurred with their dismantling) are recorded at a revalued amount, which is their fair value as of the date of the revaluation less any subsequent accumulated depreciation and/or accumulated impairment losses. The revaluations are carried out periodically by independent valuers (in this case José António Simões Cortez – Full Professor of the Faculty of Engineering), in a manner such that the revalued amount does not differ materially from the fair value of the respective quarry.

Depreciation is calculated after the assets are in a condition to be used and are allocated on a systematic basis over their useful life, which is determined take into account the expected use of the asset by the Group, the expected natural depletion, the predictable technical obsolescence and, as from January 1, 2004, the residual value attributable to the asset. The residual value attributable to the asset is estimated on the basis of the residual value prevailing on the date of the estimate of similar assets that have reached the end of their useful lives and that have operated under conditions similar to those under which the asset is to be used.

The estimated useful lives are as follows:

	<u>Years of useful life</u>
Buildings & other constructions	5 to 50
Plant & machinery	3 to 10
Transport equipment	3 to 10
Tools & utensils	3 to 6
Office equipment	4 to 10
Returnable containers	3 to 6
Other tangible fixed assets	3 to 10

Costs incurred by the Group with major repairs of fixed assets are written down over a period that varies between 2 and 5 years. Maintenance and repair costs that do not increase the useful life nor provide significant betterment or improvement of the items of tangible fixed assets are recorded as a cost for the year in which they are incurred.

iii) Finance leasing

Fixed assets acquired under finance lease contracts and the corresponding liabilities are reflected in the consolidated balance sheet and are written down over the estimated useful lives referred to in the foregoing indent. That part of the principal included in the rents paid in respect of finance lease contracts is deducted from these liabilities, while the interest included in the rents is recorded as a financial cost for the year to which it refers.

iv) Financial assets

Financial investments in associated companies are recorded using the equity method, the holdings initially recorded at cost, which is increased or reduced in respect of the proportion of the shareholders' equity of such companies, referred to the date of acquisition or of the first application of the equity method.

In accordance with the equity method, financial assets are adjusted annually to reflect the value corresponding to the participation in the net results of the associates, with a corresponding entry under gains or losses for the year. Additionally, dividends received from these companies are recorded as a reduction of the value of the investments (Explanatory Note 4).

Other financial assets are carried at the lower of cost or market value and, in the case of loans granted, at nominal value.

Gains or losses on the sale of holdings are recorded in the financial profit & loss account.

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

v) Stocks

Merchandise, raw and subsidiary materials and consumables are carried at average cost, which is lower than their market value. Finished and semi-finished products, sub-products and products and work in progress are valued at production cost, which is lower than their market value. Production costs include the raw materials incorporated, direct labour and manufacturing overheads.

vi) Provisions for doubtful debt

Provisions for doubtful debt have been calculated on the basis of an overall valuation of potential losses caused by non-payment of accounts receivable by customers and other debtors.

vii) Other treasury placements

Other treasury placements are carried at the lower of cost or market value.

viii) Accrual accounting

Income and expenditure are recorded in accordance with the accrual accounting principle and are therefore recognised as generated, regardless of when received or paid. Differences between the amounts received and paid and the corresponding income and expenditure are recorded under Accruals and Deferrals (Notes 10 & 16).

ix) Treasury shares

Treasury shares are recorded at cost, any gains or losses on their disposal being recorded directly under Free Reserves (Explanatory Note 11).

x) Pensions and pension complements

Mota-Engil Engenharia assumed in previous years a commitment to grant some of its former employees pecuniary payments by way of retirement pension complements. As at December 31, 2004, this subsidiary had set aside under accrued costs and under provisions for contingencies & liabilities the amounts of approximately €4,100,000 and €1,750,000, respectively, designed to cover liabilities for past services as on that date, taking into consideration the provisions of Accounting Directive nº 19 in respect of the deferral of liabilities for past services generated prior to its publication (Explanatory Notes 13 & 16).

xi) Recognition of costs and income generated by works

The Group recognises the results of works, contract by contract, in accordance with the percentage of finishing method, understood to be the ratio between costs incurred by each job up to a given date and the amount of those costs added to those estimated to complete the job. Differences between the figures obtained by the application of the degree of finishing to the estimated income and the amounts invoiced, are recorded under "Accrued income" (Explanatory Note 10) or "Deferred costs" (Explanatory Note 16).

With regard to the provision of services contracts of subsidiaries abroad, income is recorded on the basis of the bills of quantities of work realised, positive or negative differences between that and the invoicing, calculated contract by contract, being recorded under "Accrued income" (Note 10) or "Deferred costs" (Explanatory Note 16), except in the case of Mota-Engil Engenharia in which the net value is recorded.

xii) Short-duration civil construction works and public works

In these services rendering contracts the Group recognises income and costs as they are invoiced or incurred, respectively.

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

xiii) Recognition of costs and income in real-estate business

Sales generated by the real-estate business and the respective costs of the units sold are recorded at the moment the contractual conditions create expectations that the clients will complete the acquisition. That is, when the selling price has almost all been paid or when there is a purchase agreement with public entities in respect of rehousing plans. The sales margin is weighted by the percentage of finishing of the building, determined by the ratio between costs incurred and total estimated costs.

xiv) Own work capitalised

Own work capitalised consists largely of construction and repair work carried out by the companies themselves, as well as major repairs of equipment, and it includes materials, direct labour and overheads.

xv) Incorporated Joint Venture results

The results of incorporated joint ventures are recognised either in the proportion of the share held in the joint venture or through the billing of costs and income with the joint ventures.

xvi) Branches abroad

As at December 31, 2004, the financial statements of branches abroad were integrated into the consolidated financial statements, any transactions with these branches having been eliminated. Currency translation differences caused by the translation of these financial statements into euros have been taken to shareholders' equity. A summary of the information concerning the branches abroad is given hereunder:

	Angola	Benin	Hungary	Mozambique	Poland	Czech Republic	Chad
Fixed Assets	40.637.712	2.053	-	32.551	93.090	52.521	163.853
Current Assets	31.975.289	5.180.231	10.883.201	1.346.080	26.828.399	334.746	6.514.137
Accruals & deferrals assets	10.543.486	545.186	1.631.012	224.314	206.381	-	5.796.573
Liabilities	48.684.994	6.607.868	13.203.647	4.558.123	27.806.126	281.070	17.614.818

xvii) Assets and liabilities expressed in foreign currencies

All assets and liabilities expressed in foreign currency have been translated into euros using the official exchange rates ruling on December 31, 2004. Currency translation differences, both favourable and unfavourable, stemming from differences between exchange rates ruling on the date the transactions and those ruling on the date of the collections or payments or balance sheet dates, are recorded as income and costs in the profit & loss account for the year.

Favourable currency translation differences connected with medium- and long-term debt have been recorded under Deferred income (Note 16).

Currency translation differences arising on the translation into euros of the financial statements of subsidiaries carried using the equity method are recorded directly under shareholders' equity.

The financial statements of subsidiaries and branches expressed in foreign currencies other than Angolan Quanzas have been translated into euros using the following exchange rates:

Historic:	for the headings of shareholders' equity, with the exception of the year's results;
Ruling at the year-end:	for all assets and liabilities and for the profit & loss account for the year.

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

The financial statements of subsidiaries and branches expressed in Angolan Quanzas currencies have been translated into euros using the following exchange rates:

Historic:	for the headings of shareholders' equity, with the exception of the year's results;
Ruling at the year-end:	for all monetary assets and liabilities;
Average:	for the profit & loss account for the year.

Currency translation differences caused by this have been included in shareholders' equity under "Currency translation adjustments" (Explanatory Note 11).

xviii) Deferred taxes

Deferred taxes are calculated on the basis of the balance sheet liability method and refer to temporary differences between the amounts of assets and liabilities for accounting purposes and their respective amounts for taxation purposes (Explanatory Note 26)

Deferred tax assets and liabilities are calculated and valued each year using the tax rates expected to prevail on the date of reversion of the temporary differences

Deferred tax assets are recorded only when there are reasonable expectations of future tax profits sufficient to use them. On each balance sheet date a reappraisal of the differences underlying deferred tax assets is made with a view to recognising deferred tax assets not previously recorded because the conditions to do so were not then extant and/or to reduce the amount of deferred tax assets recorded in the light of present expectations of their future recovery (Explanatory Note 26).

xix) Bills discounted and accounts receivable assigned under factoring arrangements

Customer balances covered by bills of exchange discounted but not yet due and accounts receivable assigned under factoring arrangements as at the balance sheet date are shown at their face value as a deduction from the corresponding asset headings, being the interests recorded according to the accrual accounting criterion (Note 48 to the consolidated balance sheet and profit & loss account).

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

2. Intangible fixed assets

During 2004, the movement under the cost or revalued cost of intangible fixed assets and under the respective accumulated amortisation was as follows:

	Opening balance	Increases	Write-offs	Transfers	Closing balance
<i>Gross Value:</i>					
Establishment expenses	11.400.408	174.986	(9.681.203)	210.058	2.104.249
Research & development costs	2.970.688	476.970	(696.576)	4.063.034	6.814.116
Industrial property & other rights	831.308	334.156	(25.882)	2.927.545	4.067.127
Key money	196.564	142.457	(179.106)	7.380.001	7.539.916
Fixed assets in progress	369.128	222.035	-	(535.553)	55.610
Other intangible fixed assets	-	-	-	700.798	700.798
Goodwill	36.649.026	5.267.571	(1.236.487)	(2.813.996)	37.866.114
	<u>52.417.122</u>	<u>6.618.175</u>	<u>(11.819.254)</u>	<u>11.931.887</u>	<u>59.147.930</u>
<i>Accumulated depreciation:</i>					
Establishment expenses	(10.871.221)	(327.275)	9.681.203	(175.038)	(1.692.331)
Research & development costs	(1.436.621)	(1.000.781)	695.097	(1.317.156)	(3.059.461)
Industrial property & other rights	(387.074)	(351.806)	21.825	(1.669.292)	(2.386.347)
Key money	(187.835)	(165.698)	179.106	(1.608.070)	(1.782.497)
Other intangible fixed assets	-	-	-	(463.845)	(463.845)
Goodwill	(6.271.040)	(6.629.552)	-	208.441	(12.692.151)
	<u>(19.153.791)</u>	<u>(8.475.112)</u>	<u>10.577.231</u>	<u>(5.024.960)</u>	<u>(22.076.632)</u>
	<u>33.263.331</u>	<u>(1.856.937)</u>	<u>(1.242.023)</u>	<u>6.906.927</u>	<u>37.071.298</u>

The figures entered in the transfer column of gross value of fixed assets include movements stemming from the alteration to the consolidation perimeter and the effect of the exchange-rate variation, in a positive amount of €9,859,031 and €63,097 respectively. The corresponding figures in the table of movements of accumulated amortisation amount to €2,261,991 and €28,391 positive.

The transfers column also includes a gross amount of fixed assets of €4,800,000 in respect of software, which was transferred from tangible fixed assets. Accumulated depreciation amounts to approximately €2,900,000.

The Group has recorded under "Establishment expenses", "Research & development costs" and "Industrial property & other rights" the following natures of costs, the balances of which, as at December 31, 2004 & 2003, were as follows:

	31/12/04	31/12/03
<i>Establishment expenses:</i>		
Costs incurred with share capital increases & organisation	2.104.249	11.400.408
Accumulated depreciation	(1.692.331)	(10.871.221)
	<u>411.918</u>	<u>529.187</u>
<i>Research & development costs:</i>		
Studies & Designs	6.814.116	2.970.688
Accumulated depreciation	(3.059.461)	(1.436.621)
	<u>3.754.655</u>	<u>1.534.067</u>
<i>Industrial property & other rights:</i>		
Rights & licences	4.067.127	831.308
Accumulated depreciation	(2.386.347)	(387.074)
	<u>1.680.780</u>	<u>444.234</u>

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The balances shown under "Goodwill" correspond to positive differences between the cost of shareholdings and the proportion of the respective shareholders' equity on purchase date written down over the estimated investment recovery period, currently between 5 and 20 years. The breakdown of this heading as at December 31, 2004, is as follows:

	Gross assets	Accumulated depreciation	Net assets
Armando Duarte	272.977	(272.977)	-
Aurimove	83.242	(49.945)	33.297
Corgimobil	635.615	-	635.615
Correia & Correia	175.622	(30.734)	144.888
Geogranitos	3.030.068	(3.030.068)	-
Icil-Icafal	801.137	(801.137)	-
Indaqua	2.351.508	-	2.351.508
Mota-Engil Polska	4.463.444	(1.197.620)	3.265.824
M-Invest Stodulsky	832.778	-	832.778
Manvia	497.747	(99.549)	398.198
Maprel	526.637	(315.982)	210.655
Maprel Nelas	526.700	(316.020)	210.680
Martifer	1.160.816	(348.245)	812.571
Metalruda	2.344.994	(586.249)	1.758.745
MKC	271.708	-	271.708
Mota-Viso	19.900	(11.940)	7.960
Ornamag	1.865.878	(1.865.878)	-
Sols e Solsuni	6.821.760	(1.804.408)	5.017.352
Sonauta	898.979	(179.796)	719.183
STL	2.563.693	(256.370)	2.307.323
Suma	3.404.208	(686.198)	2.718.010
Timoz	541.221	(541.221)	-
UTIL	2.599.520	(259.952)	2.339.568
Vibeiras	189.313	(37.862)	151.451
Vortal	986.649	-	986.649
	<u>37.866.114</u>	<u>(12.692.151)</u>	<u>25.173.963</u>

The increase of "Goodwill" is the result of the positive difference generated during 2004 between the cost of part of the share capital of the associates and the proportion of the respective shareholders' equity as of the purchase date of the holding in question. The increases are broken down as follows:

Vibeiras	189.313
M Invest Stodulky	832.778
Vortal	986.649
Corgimobil	635.615
MKC	271.708
Indaqua	2.351.508
	<u>5.267.571</u>

During 2004, the company performed impairment tests on all goodwill recognised, having decided to undertake an extraordinary amortization of the goodwill generated by the following holdings: Geogranitos, Icil-Icafal and the Ornamag Group.

Of the increase of Amortisation of Goodwill in the amount of the €6,629,552, the amount of €1,819,657 was recorded in the Financial Profit & Loss account (Explanatory Note 24), and the remainder, net of the recognition of negative goodwill, was recorded in the Extraordinary Profit & Loss account.

Given the inclusion of several companies in the consolidation, which were not included as at December 31, 2003, and given the acquisition of shareholdings during the closing days of 2004, the Group did not write down the respective goodwill generated.

The write-off under "Goodwill" concerns a correction to the calculation of goodwill in respect of Util, whereas the transfers' column, showing the net amount of €2,605,555, corresponds to the goodwill formerly carried in respect of the holding in Lusoponte. During 2004, the consolidation of this subsidiary was interrupted as result of alterations to the Lusoponte shareholder structure that affected the Group's ability to influence its management.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

3. Tangible fixed assets

During 2004, the movement under the cost or revalued cost of tangible fixed assets and under the respective accumulated depreciation was as follows:

	Opening balance	Increases	Disposals	Transfers & write-offs	Closing balance
<i>Gross Value:</i>					
Land & natural resources	38.657.477	4.094.834	-	14.889.930	57.642.241
Buildings & other constructions	111.027.601	4.383.435	(302.989)	20.051.363	135.159.410
Plant & machinery	320.586.504	23.392.586	(16.996.938)	4.539.449	331.521.601
Transport equipment	133.657.623	4.825.037	(5.105.441)	1.156.058	134.533.277
Tools & utensils	8.686.451	660.113	(143.477)	314.538	9.517.625
Office equipment	29.247.803	1.909.084	(422.205)	(1.402.070)	29.332.612
Returnable containers	3.375.096	527.132	(164.325)	(2.675)	3.735.228
Other tangible fixed assets	2.522.945	418.732	(359.167)	850.618	3.433.128
Fixed assets in progress	25.445.674	28.206.814	-	(22.690.374)	30.962.114
Advances on account of tangible fixed assets	3.920.082	5.957.203	-	(8.444.388)	1.432.897
	<u>677.127.256</u>	<u>74.374.970</u>	<u>(23.494.542)</u>	<u>9.262.449</u>	<u>737.270.133</u>
<i>Accumulated depreciation:</i>					
Land & natural resources	-	(40.273)	-	(78.639)	(118.912)
Buildings & other constructions	(31.062.060)	(5.474.592)	122.852	(3.130.789)	(39.544.589)
Plant & machinery	(218.639.721)	(28.294.861)	13.740.188	384.031	(232.810.363)
Transport equipment	(96.144.522)	(13.814.276)	4.430.579	1.657.838	(103.870.381)
Tools & utensils	(6.675.544)	(967.856)	123.125	(87.916)	(7.608.191)
Office equipment	(21.554.699)	(3.030.029)	146.852	1.554.517	(22.883.359)
Returnable containers	(2.593.119)	(560.925)	7.164	46.841	(3.100.039)
Other tangible fixed assets	(1.017.731)	(416.442)	802	(57.305)	(1.490.676)
	<u>(377.687.396)</u>	<u>(52.599.254)</u>	<u>18.571.562</u>	<u>288.578</u>	<u>(411.426.510)</u>
	<u>299.439.860</u>	<u>21.775.716</u>	<u>(4.922.980)</u>	<u>9.551.027</u>	<u>325.843.623</u>

The figures entered in the transfer & write-off column of net value of fixed assets include movements stemming from the alteration to the consolidation perimeter and the effect of the exchange-rate variation, in a positive amount of €11,853,875 and the negative amount of €786,932 respectively. Additionally, this column also includes transfers to intangible fixed assets and to financial assets in the amounts of €1,900,000 (Explanatory Note 2) and €14,894,940 (Explanatory Note 4), respectively.

As explained in Explanatory Note 1 c-ii), the associate companies revalue their properties for own use during 2004, as well as the land allocated to quarry operations. The net effect of this revaluation on the value of tangible fixed assets amounts to €30,173,508 (Explanatory Note 11).

The Group revalued its tangible fixed assets in previous years in accordance with applicable legislation, namely:

- Decree-Law 219/82, of June 2
- Decree-Law 399-G/84, of December 28
- Decree-Law 118-B/86, of May 27
- Decree-Law 111/88, of April 2
- Decree-Law 49/91, of January 25
- Decree-Law 264/92, of November 24
- Decree-Law 31/98, of February 11.

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Details of the historic costs of revalued tangible fixed assets and of the respective revaluation as at December 31, 2004, net of depreciation, are as follows:

	Historic costs	Revaluation	Revalued book value
<i>Tangible fixed assets</i>			
Land & natural resources	34.214.171	23.309.158	57.523.329
Buildings & other constructions	72.842.579	22.772.242	95.614.821
Plant & machinery	97.006.279	1.704.959	98.711.238
Transport equipment	30.356.782	306.114	30.662.896
Tools & utensils	1.908.824	610	1.909.434
Office equipment	6.423.954	25.299	6.449.253
Returnable containers	635.189	-	635.189
Other tangible fixed assets	1.922.542	19.910	1.942.452
	<u>245.310.320</u>	<u>48.138.292</u>	<u>293.448.612</u>

Neither the entire increase of depreciation, in the case of free reserves, nor a part (40%) of such an increase in the event of revaluations undertaken pursuant to the decrees-law referred to above, caused by the revaluations, are acceptable as costs in determining taxable income for Corporate Income tax purposes.

As at December 31, 2004 & 2003, the following tangible fixed assets owned by Mota-Engil Engenharia, were located at branches and subsidiaries abroad:

	31/12/04	31/12/03
Angola	23.552.166	33.915.697
Benin	982.650	1.555.481
Bulgaria	600	1.190
Hungary	890.535	-
Chad	6.401.310	8.116.787
Ghana	44.230	89.973
Malawi	356.209	603.997
Mozambique	82.573	171.392
Poland	1.394.873	3.322.066
Czech Republic	-	512
	<u>33.705.146</u>	<u>47.777.095</u>

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

4. Financial assets

During 2004, the movement under the cost or revalued cost of Financial assets and under the respective accumulated amortisation and provisions was as follows:

	Opening balance	Increases	Sales & write-offs	Transfers	Closing balance
<i>Gross Value:</i>					
Holdings in Group companies	12.388.979	670.188	(339.183)	(5.751.028)	6.968.956
Loans to Group companies	1.692.771	-	(56.963)	(1.093.410)	542.398
Holdings in associate companies	6.820.447	18.306.769	(7.800)	(1.366.395)	23.753.021
Loans to associate companies	6.507.299	2.235.786	(40.413)	12.540.581	21.243.253
Holdings in subsidiaries	5.087.638	1.996	(87.362)	2.657.208	7.659.480
Loans to subsidiaries	1.934.502	-	(1.216.773)	-	717.729
Securities & other financial placements	50.841.450	13.236.487	(119.660)	23.896.772	87.855.049
Fixed assets in progress	426.854	-	-	(426.854)	-
Advances on account of financial assets	1.181.746	24.940	-	-	1.206.686
	<u>86.881.686</u>	<u>34.476.166</u>	<u>(1.868.154)</u>	<u>30.456.874</u>	<u>149.946.572</u>
<i>Accumulated Depreciation & Provisions</i>					
Holdings in Group companies	(5.248)	-	-	-	(5.248)
Loans to associate companies	-	-	-	(16.500.744)	(16.500.744)
Securities & other financial placements	<u>(1.902.542)</u>	<u>(442.842)</u>	<u>3.292</u>	<u>(37.389)</u>	<u>(2.379.481)</u>
	<u>(1.907.790)</u>	<u>(442.842)</u>	<u>3.292</u>	<u>(16.538.133)</u>	<u>(18.885.473)</u>
	<u>84.973.896</u>	<u>34.033.324</u>	<u>(1.864.862)</u>	<u>13.918.741</u>	<u>131.061.099</u>

Transfers includes the negative amounts of €6,355,651 and of €25,184 in respect of alterations to the consolidation perimeter and of the application of the equity method, respectively.

The transfers' column of the "Loans to associate companies" heading includes the amount of €12,500,167, (to which must be added the opening balance in the amount of €4,000,577) in respect of loans granted to Intercon, Construção, ACE, which had already been written off from assets through the use of provisions. Since this incorporated joint venture is expected to be wound up in the near future, the Group decided to rewrite loans granted and the provisions set aside in previous years in the amount of €16,500,744.

Additionally, transfers column of the "Securities & other financial placements" account includes the following amounts: €1,811,957 in respect of the revaluation of investments in properties; €14,894,940 in respect of properties carried by the Angolan branch that are rented, previously carried under fixed assets in progress; and €7,341,605 in respect of Angolan state Treasury bonds assigned to the Group by way of payment of commercial credits.

The increase of provisions for "Securities & other financial placements" was recorded in the Profit & Loss account under "Amortization of investments in properties" (€440,028) and "Provisions for financial applications" (€2,814).

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As at December 31, 2004 & 2003, the breakdown of the balances of the Financial asset headings is as follows:

	31/12/04	31/12/03
<i>Holdings in Group companies</i>		
Corgimobil	-	105.436
EM	544.115	544.115
EMASA	71.544	71.544
EMSA	-	44.577
Engil JCA	-	329.207
Engil Tâmega ACE	199.519	199.519
Hifer	455.112	-
Holdinorte	73.573	73.573
Metroepszolg	-	1.004.982
M-Invest	-	815.183
Mota-Engil São Tomé e Príncipe	200.000	-
Neklanova	-	235.070
PBM	-	876.416
SGA	2.649.287	2.411.083
Solmaster	49.996	-
Sols e Solsuni	-	2.634.565
Sonauta	1.439.246	1.696.244
Tratofoz	669.900	669.900
Turalgo	246.484	248.203
Other	370.180	429.362
	<u>6.968.956</u>	<u>12.388.979</u>

	31/12/04	31/12/03
<i>Loans to Group companies</i>		
Cogamo	-	43.059
Corgimobil	-	243.334
EM	500.000	500.000
Fibreglass (Mozambique)	-	13.904
Matiprel	42.398	42.398
PBM	-	850.076
	<u>542.398</u>	<u>1.692.771</u>

	31/12/04	31/12/03
<i>Holdings in associate companies</i>		
Aenor	11.478.625	18.220
Asinter	163.914	119.040
Auto-Sueco Angola	1.238.028	1.214.747
Cimertex & Cia	1.060.477	158.590
Ecodetra	1.153.202	1.153.202
Jardimaia	175.000	-
Lusoscut CP	6.398.575	21.838
Martifer Polska	-	936.526
Resilei	-	881.587
Sadoport	500.000	-
Soprocil	-	365.115
Tersado	825.000	-
Vortal	460.897	1.494.135
Other	299.303	457.447
	<u>23.753.021</u>	<u>6.820.447</u>

	31/12/04	31/12/03
<i>Loans to associate companies</i>		
Aenor	3.183.444	1.646.370
Empresa Agrícola	880.765	860.352
Intercon	16.500.744	4.000.577
MTS	678.300	-
	<u>21.243.253</u>	<u>6.507.299</u>

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	31/12/04	31/12/03
<i>Holdings in subsidiaries</i>		
Cerâmica de Boialvo	319.343	319.343
Iberfibran	375.000	375.000
Icil-Icafal	1.357.204	1.357.204
Lusoponte	4.330.601	1.725.048
MTS	904.400	904.400
Other	372.932	406.643
	<u>7.659.480</u>	<u>5.087.638</u>

As at December 31, 2004 & 2003, the amounts of €717,729 and €1,934,502, are recorded under “Loans to subsidiaries”, both in respect of Lusoponte.

	31/12/04	31/12/03
<i>Securities & other financial placements</i>		
Aenor	12.384.505	12.310.847
Branches in African countries	782.231	1.624.049
Real estate investments	30.272.289	11.843.990
Indáqua	2.571.600	1.120.000
Lusoponte	4.828.862	4.828.862
Lusoscut BLA	16.221.921	8.564.242
Lusoscut CP	6.394.443	7.262.067
Lusoscut GP	6.769.692	3.237.258
MTS	226.100	-
Angolan Treasury Bonds	7.341.605	-
Other investments	61.801	50.135
	<u>87.855.049</u>	<u>50.841.450</u>

As at December 31, 2004 & 2003, the amounts of €1,206,686 and €1,181,746 are recorded under “Advances on account of financial assets”, both in respect of Parque Ambiental Nortenho.

Companies included in the consolidation using the purchase method

The companies included in the consolidation using the purchase method, their registered offices, the percentage of share capital held, their business, constitution date and acquisition date of the holdings are as follows:

	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
Mota Engil, SGPS, S.A., open society	Oporto	-	SGPS	Ago-90	-
Aurimove – Utilidades, Equipamentos e Investimentos Imobiliários, Lda. (“Aurimove”) Through MEIT	Oporto	100,00 100,00	Real-estate	Dez-93	-
Calçadas do Douro - Sociedade Imobiliária, Lda. (“Calçadas do Douro”) Through MEIT	Oporto	100,00 100,00	Real-estate	-	Set-00
Companhia Portuguesa de Trabalhos Portuários e Construções, S.A. (“CPTP”) Through Mota-Engil Engenharia	Lisbon	100,00 100,00	Port construction & works	-	Jul-02
Corgimobil - Empresa Imobiliária das Corgas, Lda (“Corgimobil”) Through Mota-Engil Engenharia Through MEIT Through Acções Próprias	Cascais	97,07 71,19 25,30 0,58	Construction, studies and real-estate	-	Nov-00

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	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
Edifício Mota - Viso – Soc. Imobiliária, Lda. ("Mota Viso") Through MEIT	Oporto	100,00 100,00	Real-estate	Jun-94	-
Emocil – Empresa Moçambicana de Construção Imobiliária ("Emocil") Through Mota-Engil Engenharia Through Indimo	Maputo (Mozambique)	75,00 50,00 25,00	Real-estate	Jul-94	-
Engil 4i – SGPS, S.A. ("Engil 4i") Through Mota-Engil Engenharia	Oporto	100,00 100,00	Holding Company	Dez-02	-
Ferrovias e Construções, S.A. ("Ferrovias") Through Mota-Engil Engenharia	Linda-a-Velha	100,00 100,00	Railway contruction and maintenance	Abr-88	Set-94
Geogranitos – Pedreiras de Amarante, Lda. ("Geogranitos") Through Mota-Engil Engenharia	Amarante	100,00 100,00	Quarrying	Abr-88	Mar-90 Jun-00 / Dez-00
Indimo, Lda ("Indimo") Through Mota-Engil Engenharia	Maputo (Mozambique)	50,00 50,00	Imobiliária	Jan-04	-
Largo do Paço – Investimentos Turísticos e Imobiliários, Lda. ("Largo do Paço") Through MEIT	Amarante	100,00 100,00	Real-estate	-	Out-01
Manvia - Manutenção e Exploração de Instalações, Lda. ("Manvia") Through Mota-Engil Ambiente e Serviços	Lisbon	100,00 100,00	Installation maintenance and operations	-	Jun-98
Maprel – Empresa de Pavimentos e Materiais Pré-esforçados, Lda ("Maprel") Through Mota-Engil Engenharia	Vila Nova de Gaia	100,00 100,00	Pre-stressed concrete manufacture	Jan-60	Fev-87
Maprel - Nelas, Indústria de Pré- Fabricados, S.A. ("Maprel Nelas") Through Maprel Through Mota-Engil Engenharia	Oporto	98,00 97,00 1,00	Pre-stressed concrete manufacture	Jan-01	-
Martifer - SGPS, S.A. ("Martifer SGPS") Through Mota-Engil Engenharia	Oliveira de Frades	50,00 50,00	Holding Company	Nov-04	-
Martifer – Construções Metalomecânicas, S.A. ("Martifer") Through Martifer SGPS	Oliveira de Frades	50,00 50,00	Steel structure manufacture and erection	Fev-90	Jun-98 / Fev-99
Martifer - Alumínios ,S.A. ("Martifer Alumínios") Through Martifer	Oliveira de Frades	27,50 27,50	Window frames	Out-90	Abr-99
Martifer Construcciones Metalicas España, S.A. ("Martifer Espanha") Through Martifer	Valencia (Spain)	50,00 50,00	Steel structure design, manufacture and erection	Nov-99	-
Martifer Energia, S.A. ("Martifer Energia") Through Martifer SGPS	Oliveira de Frades	50,00 50,00	Eolic towers production	Jan-04	-
Martifer Gestão e Investimentos, S. A. ("Martifer Gestão e Investimentos") Through Martifer SGPS	Oliveira de Frades	30,00 30,00	Investment management	Nov-04	-
Martifer Polska Spolka Z. O. O. ("Mtpolska") Through Martifer	Poland	50,00 50,00	Steel structure manufacture and erection	Out-03	-
Martins & Coutinho, Construções em Aço Inox, Lda. ("Martins & Coutinho") Through Martifer	Oliveira de Frades	37,50 37,50	Stainless steel constructions	Abr-96	Ago-98 / Out-98 Dez-98
Mil e Sessenta – Sociedade Imobiliária, Lda. ("Mil e Sessenta") Through MEIT	Oporto	100,00 100,00	Real-estate	-	Jul-01
Metroepszolg, RT("Metroepszolg") Through Mota Hungaria	Hungary	99,77 99,77	Civil construction	-	Dez-00
M-Invest, sro ("M-Invest") Through Mota-Engil Engenharia Through Sefimota	Czech Rep.	86,00 70,00 16,00	Real-estate	Mar-98	Dez-00
M-Invest Bohdalec, A.S. ("Bohdalec") Through M-Invest	Czech Rep.	86,00 86,00	Real-estate	Set-03	-
M-Invest Jihlavska, A.S. ("Jihlavska") Through M-Invest Through Moravia	Czech Rep.	79,40 60,20 19,20	Real-estate	Fev-04	-
M-Invest Neklanova, sro ("Neklanova") Through Mota-Engil Engenharia Through Sefimota Through M-Invest	Czech Rep.	92,60 80,00 4,00 8,60	Real-estate	Set-00	Dez-00
M-Invest Stodulky, a. s. ("Stodulky") Through M-Invest	Czech Rep.	86,00 86,00	Real-estate	Ago-02	Abr-04
Moravian Partner Constructors, sro ("Moravian") Through Sefimota	Czech Rep.	64,00 64,00	Civil construction & public works	Nov-00	Dez-00

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
Mota-Engil, Ambiente e Serviços, SGPS, S.A. ("Mota-Engil Ambiente e Serviços")	Oporto	100,00	Holding company	Jun-97	-
Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, S.A. ("MEASII") Through Mota-Engil Ambiente e Serviços	Oporto	100,00 100,00	Projects management	Dez-03	-
Mota-Engil Concessões de Transportes, SGPS, S.A. ("MECT")	Lisbon	100,00	Transport concessions	Jan-03	-
Mota-Engil Engenharia e Construção, S.A. ("Mota-Engil Engenharia")	Amarante	100,00	Civil Construction and purchase and sale of properties	-	Dez-00
MEITS, Mota-Engil Imobiliário e Turismo, S.A. ("MEIT")	Oporto	100,00	Management of holding	Set-01	-
Mota-Engil Polska, S.A. ("Mpolska") a) Through Tabella Holding	Krakow (Poland)	100,00 100,00	Civil construction	Fev-53	Mar-99
Mota-Engil, Tecnologias de Informação, S.A. ("METI") Through Mota-Engil Ambiente e Serviços	Oporto	100,00 100,00	Development of informatic management applications	Dez-03	-
MESP- Mota Engil , Serviços Partilhados, Administrativos e de Gestão, S.A. ("MESP")	Oporto	100,00	Administrative services	Dez-02	-
Motadómus, Lda. ("Motadómus") Through Aurimove Through MEIT	Oporto	100,00 95,00 5,00	Real-estate	Dez-96	Dez-00
Mota Hungária, Rt (" Mota Hungária") Through Mota-Engil Engenharia	Hungary	100,00 100,00	Public works	Jan-96	-
Mota Internacional – Comércio e Consultadoria Económica, Lda ("Mota Internacional") Through Mota-Engil Engenharia	Funchal	100,00 100,00	Management of holdings	Set-97	Dez-98
MKConstructors, LLC ("MKC") Through Mota-Engil Engenharia	Miami (USA)	50,50 50,50	Real-estate	Mar-02	-
Mota Real Estate, sro ("Mota Real Estate") Through M-Invest	Czech Rep.	86,00 86,00	Real-estate	Jun-98	Dez-00
Netmaster - Tecnologias de Informação, Lda ("Netmaster") Through Sol-s	Cascais	60,00 60,00	Information technologies	-	Ago-99
Nortedómus, Lda. ("Nortedómus") Through Mota-Engil Engenharia	Lisbon	100,00 100,00	Real-estate	-	Out-01
Planinova – Sociedade Imobiliária, S.A. ("Planinova") Through MEIT	Oporto	100,00 100,00	Real-estate	Dez-00	-
Prefal – Préfabricados de Luanda, Lda. ("Prefal") Through Mota Internacional Through Maprel	Luanda (Angola)	90,00 70,00 20,00	Pre-stressed concrete manufacture	Dez-93	-
Qualibetão – Comercialização de Betões, Lda. ("Qualibetão") Through Mota-Engil Engenharia	Oporto Alto	100,00 100,00	Manufacture and sale of concrete and bituminous concrete	Jul-96	-
Rentaco – Equipamentos de Construção, Lda. ("Rentaco") Through Mota-Engil Engenharia	Oporto Alto	100,00 100,00	Hiring out construction equipment	Set-89	Jul-96
Resilei – Tratamento de Resíduos Industriais, Lda ("Resilei") Through STL	Leiria	30,63 30,63	Industrial refuse treatment	-	Jun-03
RTA - Rio Tâmega, Turismo e Recreio, S.A. ("RTA") Through MEIT	Amarante	100,00 100,00	Real-estate and tourism	-	Mai-00
Sedengil – Sociedade Imobiliária, Lda. ("Sedengil") Through Mota-Engil Engenharia	Matosinhos	100,00 100,00	Real-estate	Out-82	Mai-95 / Mai-97
Sefimota Stavebni, AS ("Sefimota") Through Mota-Engil Engenharia	Czech Rep.	80,00 80,00	Civil construction and public works	Jan-97	-
Serurb – Serviços Urbanos, Lda. ("Serurb") Through Suma	V.N. Famalicão	61,50 61,50	Collection of urban refuse	Jul-92	Jul-92
Serurb (Matosinhos) Serviços Urbanos, S.A. ("Serurb Matosinhos") Through Serurb	Matosinhos	61,50 61,50	Collection of urban refuse	Dez-00	-
Serurb (Douro) Serviços Urbanos, Lda. ("Serurb Douro") Through Serurb Through Suma	Murça	61,50 55,35 6,15	Collection of urban refuse	Dez-00	-

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
Serurb (Douro) Serviços Urbanos, Lda. ("Serurb Douro") Through Serurb Through Suma	Murça	61,50 55,35 6,15	Collection of urban refuse	Dez-00	-
Serurb (Esposende) Serviços Urbanos, Lda. ("Serurb Esposende") Through Serurb Through Suma	Esposende	61,50 55,35 6,15	Collection of urban refuse	Dez-00	-
Sol-s e Solsuni, Tecnologias de Informação, S.A. ("Sol-s") Through Mota-Engil Ambiente e Serviços Atrvés de Ações Próprias	Cascais	60,00 57,00 3,00	Information technologies	-	Ago-99
Soprocil – Sociedade de Projectos e Construções Cíveis, S.A. ("Soprocil") Through Mota-Engil Engenharia	Tavira	65,88 65,88	Civil construction and public works	-	Dez-00
STL – Sociedade de Transportes e Limpeza, Lda. ("STL") Through Suma Through UTIL	Ourém	61,25 30,63 30,63	Collection of urban refuse	-	Jun-03
Suma – Serviços Urbanos Meio Ambiente, S.A. ("Suma") Through Mota-Engil Ambiente e Serviços	Lisbon	61,50 61,50	Collection of urban refuse	Jun-94	-
Tabella Holding, BV ("Tabella") Through Mota-Engil Engenharia	Amsterdam (Netherlands)	100,00 100,00	Management of financial holdings	Nov-98	-
Tecnocarril – Sociedade de Serviços Industriais e Ferroviários, Lda. ("Tecnocarril") Through Mota-Engil Engenharia Through Ferrovias	Entroncamento	100,00 15,00 85,00	Treatment of tiber for railway use	Jan-94	Set-94
Timoz - Transformadora Industrial de Mármore de Estremoz, Lda ("Timoz") Through Mota-Engil Engenharia Through Qualibetão	Estremoz	100,00 50,00 50,00	Marble and granite production and trading	-	Dez-00
Tracevia – Sinalização Segurança e Gestão de Tráfego, Lda. ("Tracevia") Through Mota-Engil Engenharia	Sintra	77,50 77,50	Highway marking and traffic management	Jun-80	Out-84
Transportes Lei, S.A. ("Translei") Through Engil 4I Through Mota-Engil Engenharia	Lima (Perú)	100,00 55,00 45,00	Construction industry and complementary activities	Set-86	Jun-98 Jun-99
UTIL – União de Transportes e Limpeza, Lda. ("UTIL") Through Suma	Ourém	61,50 61,50	Collection of urban refuse	-	Jun-03
Vibeiras – Sociedade Comercial de Plantas, S.A. ("Vibeiras") Through Mota-Engil Ambiente e Serviços	Torres Novas	66,67 66,67	Green areas	Jul-88	Out-98

a) Mota-Engil Polska resulted from the merge of PBM into KPRD

Corgimobil, M-Invest Bohdalec, M-Invest Stodulky, M-Invest Jihlavská, Mota Real Estate, Martifer Polska, MEAS II, Serurb Esposende, Martifer Energia, Martifer Gestão e Investimentos and Martifer SGPS, were consolidated the first time. On the other hand, M-Invest, Moravia, M-Invest Neklanova, Metroepszolg, Sols e Solsuni, Netmaster and Timoz were now consolidated using the purchase method.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

Group companies excluded from the consolidation

Holdings in Group companies not consolidated using the purchase method (since they are either not trading or are immaterial, individually or as a whole, to the presentation of a true and fair image of the Group's financial situation and of the results of its operations, as stipulated in Article 4.1 of Decree-Law 238/91 of July 2), are carried under "Holdings in Group Companies" at cost, and their registered offices and percentage of share capital held as at December 31, 2004, are as follows:

Name	Country	Actual holding %
Cogamo-Construções Gabonaises, Mota, S.A. ("Cogamo")	Gabon	51,30
EM - Edifícios Modernos , Construções, S.A. ("EM")	Portugal	75,00
EMASA, Lda. ("EMASA")	Angola	95,00
Engil – Construtora do Tâmega, ACE, S.A. ("Engil Tâmega ACE")	Portugal	53,00
Engil, S.A. – Bau, GmbH ("Engil Bau")	Germany	100,00
Ferrovias Brasil, Lda. ("Ferrovias Brasil")	Brazil	100,00
Fibreglass Sundlete, Lda. ("Fibreglass")	Mozambique	100,00
Hifer Construcción Conservación e Servicios, S.A. ("Hifer")	Spain	50,00
Holdinorte - Sociedade Imobiliária do Norte, Lda. ("Holdinorte")	Portugal	67,00
Matiprel – Materiais Pré-Esforçados, Lda. ("Matiprel")	Portugal	70,00
Mota-Engil - S. Tomé e Príncipe ("Mestomé")	S. Tomé e Príncipe	100,00
Mota-Engil Slovakia, a. s. ("Meslovak")	Slovak	64,00
Mota-Engil Florida Investments Corp. ("ME Florida")	USA	100,00
Mota Maurícias, Lda. ("Mota Maurícias")	Mauritius	100,00
Tratofoz - Sociedade de Tratamento de Resíduos, S.A. ("Tratofoz")	Portugal	67,00

Group & associate companies recorded using the equity method

Group companies and associates included in the consolidation using the equity method, their respective registered offices and proportion of share capital held as at December 31, 2004, are as follows:

Name	Country	Actual holding %
Asinter – Comércio Internacional, Lda. ("Asinter")	Portugal	30,00
Auto Sueco Angola, S.A. ("Auto Sueco Angola")	Angola	25,50
Cimertex Angola – Sociedade de Máquinas e Equipamentos, Lda. ("Cimertex Angola")	Angola	44,90
Cimertex & Companhia- Comércio Equipamentos e Serviços Técnicos, Lda. ("Cimertex & Companhia")	Portugal	50,00
Edipainel – Utilidades, Equipamentos e Investimentos Imobiliários, Lda. ("Venimove")	Portugal	100,00
EMSA – Empreendimentos e Exploração de Estacionamento, S.A. ("EMSA")	Portugal	100,00
Fabritubo - Tubos Pressocentrífugados de Betão, Lda. ("Fabritubo")	Portugal	50,00
Icil – Icafal, S.A. ("Icil-Icafal")	Chile	18,00
Indáqua – Indústria e Gestão de Águas, S.A. ("Indáqua")	Portugal	42,86
Indáqua Fafe – Gestão de Águas de Fafe, S.A. ("Indáqua Fafe")	Portugal	42,80
Indáqua Feira - Indústria de Águas de Santa Maria da Feira, S.A. ("Indáqua Feira")	Portugal	30,14
Indáqua Santo Tirso – Gestão de Águas de Santo Tirso, S.A. ("Indáqua St. Tirso")	Portugal	42,86
Inovia, Serviços Ferroviários ACE, S.A. ("Inovia")	Portugal	33,00
Rima – Resíduos Industriais e Meio Ambiente, S.A. ("Rima")	Portugal	59,90
SGA – Sociedade do Golfe de Amarante, S.A. ("SGA")	Portugal	97,32
Sonauta-Sociedade de Navegação, Lda. ("Sonauta")	Angola	83,00
Turalgo-Sociedade de Promoção Imobiliária e Turística do Algarve, S.A. ("Turalgo")	Portugal	51,00
Vortal – Comércio Electrónico, Consultadoria e Multimédia, S.A. ("Vortal")	Portugal	30,66

Vortal and Turalgo were consolidated for the first time, using the equity method.

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Materially irrelevant holdings in associate companies

Holdings in associate companies that are materially irrelevant to a true and fair view of the financial situation and the results of the companies as a whole included in the consolidation and the percentage of share capital held in these companies (companies that are not trading and/or had no information available as at December 31, 2004) are as follows:

Name	Country	Actual holding %
Ecodetra – Sociedade de Tratamento e Deposição de Resíduos, S.A. ("Ecodetra")	Portugal	49,00
Edifícios Galiza - Sociedade Imobiliária, Lda ("Ed. Galiza")	Portugal	5,00
Parquegil- Planeamento e Gestão de Estacionamento, S.A. ("Parquegil")	Portugal	50,00
Socibil, SARL ("Socibil")	Angola	30,00

These holdings are carried at cost, which is less than their respective market value.

Companies consolidated using the proportional method

The companies consolidated using the proportional method, their registered office, proportion of share capital held, business, constitution date and acquisition date are as follows:

	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
Correia & Correia, Lda. ("Correia & Correia") Through Enviroil	Sertã	33,99	Marketing and collection of used oil	Set-88	Fev-00
Empresa de Terraplenagem e Pavimentações – Paviterra, SARL (Angola) ("Paviterra") Through Mota Internacional	Luanda (Angola)	49,00	Civil construction	Nov-80	-
Enviroil – Resíduos e Energia, Lda. ("Enviroil") Through Mota-Engil Ambiente e Serviços	Matosinhos	42,50	Marketing and collection of urban wast	Nov-97	-
Icer – Indústria de Cerâmica, Lda. ("Icer") Through Mota-Engil Engenharia	Luanda (Angola)	50,00	Ceramic industry	Nov-91	-
Probigalp Ligantes Betuminosos, S.A. ("Probigalp") Through Mota-Engil Engenharia	Amarante	25,00	Bituminous product manufacture	Abr-98	-
Probisa Portuguesa - Construção e Obras Públicas, S.A. ("Probisa") Through Mota-Engil Engenharia	Amarante	50,00	Construction	Jan-86	-

The management of these companies is shared with other shareholders, and the proportional consolidation method is therefore deemed to be the method that best presents the effect of the business of these companies on the Group's financial statements.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

Holdings of not less than 10% in companies not mentioned above

Companies not mentioned in the foregoing notes, carried at cost, the holding percentage, and their registered offices are as follows:

Name	Country	Actual holding %
Aenor – Auto-Estradas do Norte, S.A. ("Aenor")	Portugal	32,42
Ambilital – Investimentos Ambientais no Alentejo, EIM. ("Ambilital")	Portugal	30,38
Citrup – Centro Integrado de Resíduos, Lda. ("Citrup")	Portugal	15,50
Cosamo, PTY ("Cosamo")	South Africa	87,00
Ecolezíria - Empresa Intermunicipal para o Tratamento de Resíduos Sólidas, E. I. M. ("Ecolezíria")	Portugal	23,00
Empresa Agrícola e Florestal Portuguesa, S.A. ("Empresa Agrícola")	Portugal	44,70
Iberfibran - Poliestireno Extrudido, S.A. ("Iberfibran")	Portugal	15,00
Imosines – Sociedade Imobiliária, Lda. ("Imosines")	Portugal	10,61
Jardimaia - Jardins, Decoração e Animais, Limitada ("Jardimaia")	Portugal	35,00
Lusoponte – Concessionária para a Travessia Tejo, S.A. ("Lusoponte") (Nota Explicativa 2)	Portugal	13,83
Lusoscut – Auto-Estradas da Costa de Prata, S.A. ("Lusoscut CP")	Portugal	32,79
Lusoscut – Auto-Estradas das Beiras Litoral e Alta, S.A. ("Lusoscut BLA")	Portugal	32,79
Lusoscut – Auto Estradas do Grande Porto, S.A. ("Lusoscut GP")	Portugal	32,79
Operanor – Operação e Manutenção de Auto Estradas, S.A. ("Operanor")	Portugal	32,42
Operadora Lusoscut CP – Operação e Manutenção de Auto Estradas, S.A. ("Operadora Lusoscut CP")	Portugal	32,79
Operadora Lusoscut BLA – Operação e Manutenção de Auto Estradas, S.A. ("Operadora Lusoscut BLA")	Portugal	32,79
Operadora Lusoscut GP – Operação e Manutenção de Auto Estradas, S.A. ("Operadora Lusoscut GP")	Portugal	33,50
Publicultura – Sociedade de Informação e Cultura, S.A. ("Publicultura")	Portugal	10,00
MTS – Metro, Transportes do Sul, S.A. ("MTS")	Portugal	18,09
Sadoport - Terminal Marítimo do Sado, S.A. ("Sadoport")	Portugal	25,00
Tersado - Terminais Portuários do Sado, S.A. ("Tersado")	Portugal	25,00
Tratoser – Tratamento e Serviços Ambientais, S.A. ("Tratoser")	Portugal	10,00

Accounting criteria regarding holdings in associates

The criterion adopted by companies included in the consolidation that have holdings in associates is to value them in their individual financial statements using the equity method or cost, as appropriate. The valuation criteria used for the shareholdings in associate companies not consolidated are as described in Note 1-c-iv), with the exception of the holdings in associates Aenor, Lusoscut CP, Lusoscut BLA, Lusoscut GP, Operanor, Operadora Lusoscut CP, Operadora Lusoscut BLA and Operadora Lusoscut GP, which are carried at historic cost. In fact, according to the Group's holding in these companies, the concessionaire business in which they are involved and the fact that they are at the start-up stage of their operations, these holdings are carried at cost, which is lower than the respective market value.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

5. Medium- & long-term third-party debt

This heading is broken down as follows:

	31/12/04	31/12/03
<i>Cost:</i>		
Trade accounts receivable	11.180.489	11.401.595
Trade accounts – Bills receivable	11.325.609	12.214.261
Related companies	36.358.989	42.148.601
Other debtors	1.292.160	1.689.606
	<u>60.157.247</u>	<u>67.454.063</u>
<i>Provision for doubtful debt:</i>		
Trade accounts receivable	(6.112.104)	(182.787)
Trade accounts – Bills receivable	(7.361.646)	-
Related companies	(2.820.919)	-
Other debtors	-	(185.243)
	<u>(16.294.669)</u>	<u>(368.030)</u>
	<u>43.862.578</u>	<u>67.086.033</u>

Group subsidiaries Mota-Engil Engenharia and Mota Internacional subscribed to the agreement established between the Angola and Portuguese governments with regard to payment by the former of its debt to Portuguese companies prior to December 31, 1998, in respect of which a financing line is now available, and the process is now undergoing with a bilateral negotiation between the Angolans State and the respective companies. As a result of the agreement, the Group has decided to set aside provisions for doubtful debt, through the retained earnings heading, since these accounts receivable are in respect of previous years, using the account following accounts: provisions for trade accounts receivable, for trade accounts - bills receivable, for subsidiary and shareholder companies – medium and long-term, and provisions for trade accounts receivable and for trade accounts – bills receivable, short term, in the amounts of €5,873,056, €7,361,646, €2,820,919, €5,377,336 and €Euro 9,603,580, respectively. The net effect on the Group balance sheet, after taking into account the applicable tax regime, totals €23,418,319 (Explanatory Note 11).

The Group's exposure to the past-due debt of the Angolan state has been claimed in full under the terms of the agreement referred to above, and therefore its book value net of provisions corresponds to the amount actually to be received, including the amount corresponding to the pardon provided for in the agreement between the two countries.

As at December 31, 2004, "Related companies" includes the amount of about €12,800,000 in respect of loan capital paid up by the Group in respect of companies consolidated using the equity method or excluded from the consolidation.

Provision for doubtful debt

The breakdown of the provision for doubtful debt is as follows:

	31/12/04	31/12/03
<i>Trade accounts receivable:</i>		
Opening balance	182.787	228.728
Increase	5.934.452	-
Reduction & transfers	(5.135)	(45.941)
Closing balance	<u>6.112.104</u>	<u>182.787</u>
Opening balance	-	-
Increase	7.361.646	-
Reduction & transfers	-	-
Closing balance	<u>7.361.646</u>	<u>-</u>

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

	31/12/04	31/12/03
<i>Related companies</i>		
Opening balance	-	1.602.115
Increase	2.820.919	-
Reduction & transfers	-	(1.602.115)
Closing balance	2.820.919	-
<i>Other debtors</i>		
Opening balance	185.243	-
Increase	-	-
Reduction & transfers	(185.243)	185.243
Closing balance	-	185.243
	16.294.669	368.030

6. Stocks

This heading is broken down as follows:

	31/12/04	31/12/03
<i>Cost:</i>		
Raw & subsidiary materials and consumables	36.392.364	29.180.675
Products & work in progress	26.472.063	14.889.284
Sub-products, waste, residues & scrap	1.614	-
Finished products	18.412.736	19.335.455
Goods	39.539.261	34.805.808
Advances on account of purchases	5.344.792	3.841.142
	126.162.830	102.052.364
<i>Provisions for depreciation of stocks</i>		
Raw & subsidiary materials and consumables	(304.444)	(194.000)
Finished products	(56.773)	(55.789)
Goods	-	(95.304)
	(361.217)	(345.093)
	125.801.613	101.707.271

Products & work in progress

As at December 31, 2004 & 2003, the breakdown of products & work in progress is as follows:

	31/12/04	31/12/03
Aurimove	2.175.502	1.527.935
Bohda	4.728.273	-
Calçadas do Douro	958.281	652.539
Corgimobil	717.342	-
Jihlavská	455.818	-
Martifer Alumínios	38.296	165.557
Martifer Energia	1.695.651	-
Martifer Espanha	827.070	58.242
Martifer Polska	882.412	-
Martins & Coutinho	136.330	265.571
M-Invest	949.061	-
Mil e Sessenta	467.031	422.679
Mota Viso	913.086	869.900
Mota-Engil Engenharia	-	417.092
Mota Real Estate	178.116	-
Moravia	320.885	-
Neklanova	213.509	-
Planinova	10.480.202	10.447.405
RTA	62.364	62.364
Stodulky	211.592	-
Timoz	61.242	-
	26.472.063	14.889.284

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

Provisions for depreciation of stocks

The breakdown of the provision for stock depreciation is as follows:

	31/12/04	31/12/03
Opening balance	345.093	266.423
Increase	125.045	162.950
Reduction & transfers	(108.921)	(84.280)
Closing balance	361.217	345.093

Increase includes the amount of €10,892, registered in the Extraordinary Profit & Loss Account.

Reduction & transfers includes the negative amount of €12,025 in respect of currency translation differences.

7. Short-term third-party debt

This heading is broken down as follows:

	31/12/04	31/12/03
<i>Cost:</i>		
Trade accounts receivable	404.397.290	361.097.841
Trade accounts – Bills receivable	16.827.957	21.134.991
Doubtful debt	13.811.785	10.199.616
Associate companies	995.542	5.768.479
Advances to suppliers	4.889.017	6.195.879
State & other public entities	14.696.520	8.015.582
Other debtors	56.342.380	60.663.062
	511.960.491	473.075.450
<i>Provision for doubtful debt:</i>		
Trade accounts receivable	(14.056.240)	(3.893.305)
Trade accounts – Bills receivable	(9.603.580)	-
Doubtful debt	(13.811.785)	(7.794.278)
Associate companies	-	(594.253)
Other debtors	(2.829.540)	(2.007.068)
	(40.301.145)	(14.288.904)
	471.659.346	458.786.546

State & other public entities

As at December 31, 2004 & 2003, the breakdown of the balances of the “State & other public entities” is as follows:

	31/12/04	31/12/03
Corporate Income tax	4.670.983	2.661.934
Value added tax	2.906.171	4.687.106
Social security	-	7.322
Personal income tax	3.633	18.698
Other taxes	148.358	-
Taxes in other countries	6.967.375	640.522
	14.696.520	8.015.582

“Taxes in other countries” has to do with debts to the tax authorities of those foreign countries in which the Group carries on its business. As at December 31, 2004, the balance of this account mainly comprised VAT receivable by the Hungarian branches of Mota-Engil Engenharia and by Martifer Polska.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

Provision for doubtful debt

The breakdown of the provision for doubtful debt is as follows:

	31/12/04	31/12/03
<i>Trade accounts receivable:</i>		
Opening balance	3.893.305	3.760.918
Increase	8.288.682	382.184
Reduction & transfers	1.874.253	(249.797)
Closing balance	14.056.240	3.893.305
<i>Trade accounts – Bills receivable</i>		
Opening balance	-	-
Increase	9.603.580	-
Reduction & transfers	-	-
Closing balance	9.603.580	-
<i>Doubtful debt:</i>		
Opening balance	7.794.278	9.073.811
Increase	2.198.978	1.681.050
Reduction & transfers	3.818.529	(2.960.583)
Closing balance	13.811.785	7.794.278
<i>Associate companies:</i>		
Opening balance	594.253	-
Increase	-	594.253
Reduction & transfers	(594.253)	-
Closing balance	-	594.253
<i>Other debtors</i>		
Opening balance	2.007.068	130.753
Increase	169.287	1.173.815
Reduction & transfers	653.185	702.500
Closing balance	2.829.540	2.007.068
	40.301.145	14.288.904

Reduction and transfers includes the negative amount of €62,454 and the positive amount of €646,366, in respect of currency translation differences and of alterations to the consolidation perimeter respectively.

Increase includes the amount of €2,886,699, registered in the Extraordinary Profit & Loss Account.

8. Negotiable securities

This heading includes 267,529 shares in Repower Systems, AG, in the amount of €3,461,566, listed on official markets.

The breakdown of the provision for Treasury placements is as follows:

	31/12/04	31/12/03
<i>Treasury placements:</i>		
Opening balance	2.250	708
Increase	380.023	1.542
Reduction & transfers	-	-
Closing balance	382.273	2.250

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9. Cash & Cash equivalents

This heading is broken down as follows:

	31/12/04	31/12/03
Bank deposits	44.923.016	27.978.043
Cash in hand	1.621.762	1.767.884
	<u>46.544.778</u>	<u>29.745.927</u>

10. Accruals & deferrals under assets

The breakdown of the balances of this heading as at December 31, 2004 & 2003 is as follows:

	31/12/04	31/12/03
<i>Accrued income</i>		
Work pending billing	43.539.172	108.705.537
Property developments in progress	10.304.886	7.025.285
Interest receivable	548.127	1.604.222
Other accrued income	<u>3.306.053</u>	<u>1.018.310</u>
	<u>57.698.238</u>	<u>118.353.354</u>
<i>Deferred costs</i>		
Costs incurred with bids and job start-up costs	6.398.030	12.193.793
Insurance	820.963	1.083.708
Interest & other deferred financial charges	8.685.466	6.682.646
Currency translation differences	340.623	682.689
Other deferred costs	<u>5.062.956</u>	<u>4.409.460</u>
	<u>21.308.038</u>	<u>25.052.296</u>
	<u>79.006.276</u>	<u>143.405.650</u>

Accrued income in respect of real-estate projects refers to the amounts to be invoiced in respect of the construction of several real-estate projects within the scope of the Special Rehousing Plans – PER, undertaken by subsidiary Sedengil.

The Group's procedure is to defer costs incurred with estimating jobs that have not been awarded by the balance sheet date but are expected to be. Consequently, these costs are generally transferred to the job if the contract is awarded or otherwise to costs for the year.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

11. Shareholders' equity

Movement under the balances of the headings of shareholders' equity during 2004 was as follows:

	Opening balance	Increases	Reductions	Appropriation of profits	Closing balance
Share capital	204.635.695	-	-	-	204.635.695
Treasury shares – par value	(9.028.038)	924.067	-	-	(8.103.971)
Treasury shares – discounts & premiums	(3.264.877)	261.463	-	-	(3.003.414)
Share issue premiums	87.256.034	-	-	-	87.256.034
Goodwill	(49.626.822)	-	(7.821.515)	-	(57.448.337)
Legal reserves	5.984.746	(1.185.530)	-	769.147	5.568.363
Free reserves	23.937.103	1.374.578	-	3.355.387	28.667.068
Currency translation adjustments	(48.902.375)	-	(10.084.894)	-	(58.987.269)
Retained earnings	480.524	10.837	-	-	491.361
Net consolidated profit for the year	15.382.944	22.069.100	-	(15.382.944)	22.069.100
	<u>226.854.934</u>	<u>23.454.515</u>	<u>(17.906.409)</u>	<u>(11.258.410)</u>	<u>221.144.630</u>

Share capital

The Mota-Engil SGPS Share capital as at December 31, 2004, amounts to €204,635,695 represented by 204,635,695 bearer shares each of a par value of €1.

Treasury shares

During 2004, 924,067 treasury shares were sold, and therefore the amount placed in treasury shares, plus the gain on the sale in the amount of €189,048, was reclassified to “Free reserves”.

Share issue premiums

Company legislation stipulates that share issue premiums cannot be distributed to shareholders and can only be used to increase share capital or to cover losses after reserves and distributable profits have been used.

Legal reserve

Company legislation stipulates that at least 5% of the net profit for the year has to be set aside to increase the legal reserve until such time as it equals at least 20% of the share capital. This reserve cannot be distributed to shareholders and can only be used to increase share capital or to cover losses after all other reserves have been exhausted.

Appropriation of profits

According to the decision of the Annual General Meeting of Mota-Engil SGPS held on March 30, 2004, the net profit for the year ended December 31, 2003, was appropriated as follows:

Legal reserve	€769,147
Free reserves	€2,858,834
Dividends	€11,254,963
Profit sharing	€500,000

The dividends to be distributed in respect of treasury shares, in the amount of €496,553, were reclassified under free reserves.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

Currency translation adjustments

The variation under this heading result from the translation into euros of the financial statements of subsidiaries originally expressed in foreign currency, in accordance with the criteria described in Explanatory Note 1-c-xvii).

Goodwill

The increase under Goodwill results from balance sheet variations of some of the companies included in the consolidation, in respect of:

Profit sharing at the subsidiaries	(1,986,354)
Correction to the goodwill estimate calculated in 2003 in respect of Util	(757,348)
Revaluation of tangible fixed assets and of investments in properties (Explanatory Note 4)	19,762,257
Provision for the Angolan state debt (Explanatory Note 5)	(23,418,319)
Other variations	(1,421,751)
	<u>(7,821,515)</u>

The other variations mainly include variations to the individual Shareholders' equity of some of the subsidiaries and the effect of the merge of several companies into Mota-Engil Engenharia, whose consolidation had been interrupted in previous years, particularly the Ornamag Group.

The balance of this heading reflects the offset between the cost of the holdings in Group companies and the proportion of their shareholders' equity as at the date of their acquisition, plus or minus other variations under the shareholders' equity of those companies, other than those related to the year's results. The breakdown of this heading as at December 31, 2004, is as follows:

	<u>31/12/04</u>
Ferrovias	(3.374.268)
Indaqua	17.678
Martifer	574.795
MEIT	833.748
Mota-Engil Ambiente e Serviços	49.691
Mota-Engil Engenharia	(52.481.682)
Qualibetão	(177.963)
Rentaco	(180.289)
Sedengil	(3.884)
Sefimota	(11.345)
Sols e Solsuni	(373.123)
Suma	(1.132.184)
Maprel	(1.132.010)
Translei	1.676.994
Vibeiras	(1.734.495)
	<u>(57.448.337)</u>

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

12. Minority Interests in the Balance Sheet

The breakdown of this heading as at December 31, 2004 & 2003 is as follows:

	31/12/04	31/12/03
CPTP	-	590.967
Emocil	108.441	110.029
Gerco	-	328
Corgimobil	(5.345)	-
Maprel Nelas	-	(10.294)
Martifer & subsidiaries	15.711.911	9.143.432
MKC	343.232	1.176.841
Metroepszolg	2.726	-
Motadómus	-	19.680
Prefal	331.557	431.291
Sefimota	533.005	192.240
Sols e Solsuni	1.453.183	-
Serurb & subsidiaries	-	1.204.782
Soprocil	519.336	-
Suma & subsidiaries	12.235.258	7.082.559
Tracevia	758.890	303.037
Vibeiras	788.367	617.315
	<u>32.780.561</u>	<u>20.862.207</u>

13. Provisions for other contingencies & liabilities

The breakdown of movement under provisions during the year to December 31, 2004 is as follows:

	31/12/04	31/12/03
<i>Provisions for other contingencies & liabilities</i>		
Opening balance	17.249.465	14.973.250
Increase	2.913.038	1.973.163
Reduction & transfers	(10.417.078)	303.052
Closing balance	<u>9.745.425</u>	<u>17.249.465</u>

As at December 31, 2004, Provisions for other contingencies & liabilities reflects the best estimate of the Board of Directors of the amount required to cover: (i) contingencies linked to subsidiaries; (ii) liabilities linked to the development of operations in progress and in international business; (iii) liabilities inherent in the investment in Intercon, Construção, ACE; and (iv) negative shareholders' equity of several associates carried using the equity method; and (v) other contingencies and liabilities not specifically identified, related with the development of the Group's operations.

Reduction and transfers includes the negative amount of €11,981 and the positive amount of €167,826, in respect of currency translation differences and of alterations the consolidation perimeter respectively.

Increase includes the amount of €959,349, registered in the Extraordinary Profit & Loss Account.

During 2004, transfers were made to accounts receivable in the amount of approximately €6,240,000, and also to Loans to associate companies in the amount of €4,500,277.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

14. Medium- & long-term debt

The details of this heading are as follows:

	31/12/04	31/12/03
Non-convertible bond loans	93.795.000	71.250.000
Amounts owed to credit institutions	132.386.593	108.053.549
Associate companies	562.042	190.220
Other shareholders	-	275
Advances on account of sales	34.114.700	11.678.785
Other loans obtained	60.071.961	65.019.273
Suppliers of fixed assets, current account	18.635.084	30.764.351
Other creditors	525.689	1.825.878
	<u>340.091.069</u>	<u>288.782.331</u>

Non-convertible bond loans

On June 28, 2002, the parent company issued a bond loan in the amount of €22,500,000, with a maturity of 5 years, remunerated at an interest rate corresponding to the 6-month Euribor rate plus 1.5 percentage points. Interest is payable half-yearly in arrears on June 28 and December 28 of each year, having the first coupon fallen due on December 28, 2002. Repayment will be at par, in six half-yearly instalments as from the payment date of the 5th coupon. The parent company may exercise a call option in whole or in part, in the latter case by reduction of the par value of the bonds, as from the 5th coupon payment. At any time within a maximum of 12 months following the close of each year, each bondholder may exercise a put option on its bonds in the event that the consolidated financial statements of Mota-Engil SGPS reveal non-compliance with certain contractually-defined financial ratios.

On December 9, 2003, the parent company issued a bond loan in the amount of €17,500,000, with a maturity of 7 years, paying half-yearly interest in arrears at a rate indexed to the 6-month Euribor rate plus 1.75 percentage points. Interest is payable on June 9 and December 9 each year, having the first coupon fallen due on June 9, 2004. Repayment is to be made in ten half-yearly equal, successive instalments, by reduction of the par value of the bonds, as from the date of payment of the 5th coupon. The parent company may exercise a call option in whole or in part, in the latter case by reduction of the par value of the bonds, on the 10th and 12th interest payment dates. Each bondholder may exercise a put option on those bonds that it holds, and par, on the 10th and 12th interest-payment dates. Mota-Engil SGPS is bound to immediately repay the bonds and the respective interests in the event of failure to comply with the contract conditions.

On December 29, 2003, the parent company issued a bond loan in the amount of €35,000,000, with a maturity of 5 years, remunerated at an interest-rate corresponding to the 6-month Euribor rate plus 0.75 percentage points, repayable in full at the end of the life of the loan. Interest is payable half-yearly on June 29 and December 29 each year, having the first coupon fallen due on June 29, 2004. Repayment shall be made in a single instalment on maturity of the issue, December 29, 2008. Mota-Engil SGPS is bound to immediately repay the bonds and the respective interests in the event of failure to comply with the contract conditions.

On December 29, 2004, the parent company issued a new bond loan in the amount of €15 million with a life of 7 years, paying half-yearly interest in arrears on June 29 and December 29 of each year, at an interest rate indexed to the 6-month Euribor rate plus 1.5 percentage points. Repayment of the bonds will be in 4 equal, successive half-yearly instalments, by reduction of the par value of the bonds, starting on the 11th interest-payment date. The parent company may exercise, with no penalty, a call option, in whole or in part, in the latter case by reduction of the value of the bonds, as from the 10th interest-payment date, always on an interest-payment date. Each bondholder may exercise a put option at par, giving a minimum of 30 days notice by means of recorded-delivery registered letter, in respect of the whole or part of the bonds that it holds, as from the 10th interest-payment date, always on an interest-payment date, in the event that Mota-Engil SGPS fails to comply with its contractual obligations.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

On December 30, 2004, the parent company issued another bond loan in the amount of €15 million with a life of 5 years, paying half-yearly interest in arrears on June 30 and December 30 of each year, at an interest rate indexed to the 6-month Euribor rate plus 1.5 percentage points. Repayment of the bonds shall be at par, in full, at the end of the 5th year, or December 30, 2009. Each bondholder may exercise a put option at par in respect of the whole or part of the bonds that it holds, as from the 6th interest-payment date, or in the event that Mota-Engil SGPS' consolidated financial statements show failure to comply with its contractual obligations.

Amounts owed to credit institutions

Additionally, the balance sheet heading "Amounts owed to credit institutions" includes a loan taken out by Mota-Engil SGPS, in the amount of €25,000,000, repayable in half-yearly instalments as from July 2004, earning quarterly interest at a rate indexed to the 6-month Euribor rate.

Suppliers of fixed assets

As at December 31, 2004, the companies included in the consolidation had liabilities as lessees in respect of outstanding instalments of finance lease contracts in the amount of €35,592,404, with the following maturities:

Maturity	Share capital	Interest	Total
1 year	14.912.467	977.003	15.889.470
2 years	9.762.310	593.292	10.355.602
3 years	5.142.294	281.498	5.423.792
4 or more years	3.717.960	205.580	3.923.540
	<u>33.535.031</u>	<u>2.057.373</u>	<u>35.592.404</u>

Other loans obtained

As at December 31, 2004, the balance sheets heading "Other loans obtained" includes a commercial paper issue made by the parent company in the amount, net of outstanding interest, of €20,757,586, guaranteed by a banking syndicate, earning interest at a variable rate, falling due on April 23, 2008, and another issue in the amount, net of outstanding interest, of €16,807,332, earning interest at a variable rate, falling due on December 3, 2008.

This balance includes two other commercial paper issues by subsidiary Mota-Engil Engenharia in the amount, net of outstanding interest, of €14,917,513, earning interest at a variable rate, falling due on December 4, 2008, and in the amount, net of outstanding interest, of €7,395,507, which also earns interest at a variable rate, falling due on June 1, 2007.

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Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

15. Short-term debt

This heading is broken down as follows:

	31/12/04	31/12/03
Non-convertible bond loans	7.470.000	33.675.000
Amounts owed to credit institutions	152.052.222	195.590.759
Advances on account of sales	35.576.646	27.697.663
Trade accounts payable	273.252.357	225.177.140
Trade accounts, invoices in progress	878.642	870.111
Trade accounts – Bills payable	12.662.208	14.627.058
Suppliers of fixed assets – Bills payable	699	699
Group companies	139.057	2.130.899
Associate companies	618.845	1.230.143
Other shareholders	1.092.399	686.449
Customer prepayments	11.808.533	8.462.046
Other loans obtained	17.829.926	17.634
Suppliers of fixed assets, current account	22.760.725	18.396.556
State & other public entities	20.229.788	22.755.135
Other creditors	9.925.051	13.135.942
	<u>566.297.098</u>	<u>564.453.234</u>

Non-convertible bond loans

As at December 31, 2004, the balance of €7,470,000 comprises two instalments payable in 2005 of the aforesaid bond loan in the amount of €22,500,000 taken out by the parent company, which falls due on June 28, 2007.

Other loans obtained

As at December 31, 2004 the balance of "Other loans obtained" includes a commercial paper issue by subsidiary Mota-Engil Engenharia in the amount, net of interest falling due, of €14,830,736, guaranteed by a banking syndicate and bearing interest at a variable rate. This commercial paper issue programme falls due on December 17, 2005.

State & other public entities

As at December 31, 2004 & 2003, the breakdown of the balances of the State & other public entities is as follows:

	31/12/04	31/12/03
Corporate Income tax	3.406.734	6.561.194
Value added tax	7.183.445	8.801.470
Social security	2.927.236	2.885.084
Personal income tax	1.184.945	1.150.898
Other taxes	118.670	703.274
Taxes in other countries	5.408.758	2.653.215
	<u>20.229.788</u>	<u>22.755.135</u>

"Taxes in other countries" has to do with debts to the tax authorities of those foreign countries in which the Group carries on its business.

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16. Accruals & deferrals liabilities

The breakdown of the balances of this heading as at December 31, 2004 & 2003 is as follows:

	31/12/04	31/12/03
<i>Accrued costs</i>		
Cost of holiday pay & bonus	17.677.730	15.770.581
Interest payable	1.486.326	1.689.251
Products & work in progress	7.663.905	176.025
Other accrued costs (Explanatory Note 1.c) x))	10.037.040	10.242.870
	<u>36.865.001</u>	<u>27.878.727</u>
<i>Deferred costs</i>		
Work in progress	53.715.053	67.552.149
Billing of income in advance	13.451.480	9.471.623
Currency translation differences	3.067	3.067
Investment subsidies	4.536.101	3.852.259
Gains (loss) on financial assets	1.200.120	1.200.120
Rents on own properties	31.583	29.618
Goodwill	-	5.019.934
Other deferred income	1.711.078	994.529
	<u>74.648.482</u>	<u>88.123.299</u>
	<u>111.513.483</u>	<u>116.002.026</u>

The amount deferred in the Gains on financial assets account has to do with the part of the contingent gains generated on the sale of shareholdings, the execution and receipt of which are subject to certain conditions.

Work in progress

As at December 31, 2004 & 2003, the breakdown of deferred income by Group companies in respect of work in progress is as follows:

	31/12/04	31/12/03
Ferrovias	3.039.557	3.457.494
Gerco	-	41.900
Manvia	18.650	-
Martifer	2.524.423	-
Martifer Alumínios	2.087.922	358.554
Martifer Espanha	-	101.070
Martifer Polska	240.746	-
Martins & Coutinho	563.276	-
Metalruda	-	250.481
Metroepszolg	170.988	-
MKC	931.642	1.229.868
Mota-Engil Engenharia	41.973.745	60.586.497
Mota-Engil Polska	-	115.241
Serurb	-	1.086.944
Tracevia	2.164.104	324.100
	<u>53.715.053</u>	<u>67.552.149</u>

Goodwill

As at December 31, 2004, this heading did not include any deferred amount since the facts that had given rise to it in 2003 were no longer extant. The Group therefore recognised as income for the year the amount for negative goodwill in respect of associates RTA and CPTP, since the associates adjusted the value of the assets that were the cause of this goodwill.

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17. Guarantees

Guarantees Provided

As at December 31, 2004 & 2003, the guarantees provided by the Group to third parties in respect of bank guarantees and fidelity insurance provided to employers that have contracted work to the various Group companies are broken down by currency as follows:

	31/12/04	31/12/03
Euros	601.941.849	452.234.193
US Dollars	16.939.015	21.669.253
Malawi Kwashas	4.063.939	4.063.939
Hungarian Forints	6.576.770	2.349.368
Cape Verde Escudos	6.958	147.621
CFA Francs	6.568.932	8.078.651
Polish Zlotys	275.750	1.062.936
Czech Crowns	2.884.536	3.535.240
Mozambican Meticals	13.166	333.272
Slovakian crowns	375.300	-
Peruvian New Soles	4.075.176	2.648.378
	<u>643.721.391</u>	<u>496.122.851</u>

The breakdown by Group companies is as follows:

	31/12/04	31/12/03
Correia & Correia	63.614	32.231
CPTP	9.076.918	6.555.489
Emocil	14.249	360.683
Enviroil	5.742	5.742
Ferrovias	13.255.684	11.296.738
Geogranitos	2.916.442	2.426.747
Gerco	-	4.991.306
Manvia	97.002	55.147
Maprel	3.698.410	5.943.339
Martifer	16.422.995	13.504.479
Martifer Aluminios	1.127.828	745.052
Martins & Coutinho	134.251	134.251
MECT	85.458.507	-
Metalruda	-	2.258.784
Mota Hungary	6.774.448	478.602
Mota-Engil Engenharia	421.211.913	377.162.209
Mota-Engil SGPS	36.617.030	35.000.000
Probigalp	23.689	23.689
Probisa	862.605	862.605
RTA	392.302	848.510
Sedengil	109.714	241.311
Serurb	14.023.281	13.843.651
Soprocil	6.819.654	-
STL	416.722	426.718
Suma	5.304.608	5.199.629
Tecnocarril	2.639	1.645
Timoz	31.374	-
Tracevia	3.361.891	1.762.802
Translei	8.968.259	9.451.464
Util	5.837	-
Vibeiras	3.693.219	2.510.028
Martifer Energia	12.401	-
Serurb Matosinhos	2.818.163	-
	<u>643.721.391</u>	<u>496.122.851</u>

As of the said date, the shares held in and the supplementary capital paid to subsidiaries Lusoscut CP, Lusoscut GP, Lusoscut BLA, Lusoponte and AENOR had been given as collateral by the Group to secure the loans made by financial entities to these subsidiaries, a mechanism that is included in the legal and financial framework typical to a Project Finance structure.

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Additionally, the Group provided bank guarantees in the amount of €22,338,657 in favour of the Directorate General of Taxes in respect of tax proceedings under way at Mota-Engil Engenharia. Group's board of directors is convinced that the outcome of these tax proceedings will not lead to significant losses in so far as the financial statements are concerned.

Real Guarantees

As at December 31, 2004, real guarantees provided by the Group are as follows:

	Guarantee	Amount
Translei	Mortgages	5.501.548
Martifer	Chattel mortgage	14.085.359
Maprel	Hipoteca	2.750.000
M-Invest Bodhalec	Hipoteca	1.345.851
Timoz	Mortgage & chattel mortgage	269.607
		<u>23.952.365</u>

The chattel mortgages involve equipment and were given as collateral for bank loans.

18. Sales & provision of services

The breakdown of sales and provision of services during the years to December 31, 2004 & 2003 is as follows:

	31/12/04	31/12/03
<i>Domestic market:</i>		
Sales of merchandise	8.353.898	6.011.470
Sales of products	162.034.275	127.826.264
Services rendered		
Public works	534.048.019	386.316.615
Civil construction	138.140.945	145.294.407
Public services concessions	56.633.437	13.495.235
Other	17.153.325	93.292.829
	<u>916.363.899</u>	<u>772.236.820</u>
<i>Foreign market</i>		
Sales of merchandise	8.239.791	5.671.450
Sales of products	14.441.118	12.379.499
Provision of services		
Public works	157.321.949	129.133.810
Civil construction	67.157.458	84.791.440
Other	5.110.964	1.114.024
	<u>252.271.280</u>	<u>233.090.223</u>
	<u>1,168,635,179</u>	<u>1,005,327,043</u>

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

19. Own Work Capitalised

The breakdown of own work capitalised during the years ended December 31, 2004 & 2003, is as follows:

	31/12/04	31/12/03
CPTP	1.040.604	778.424
Ferrovias	219.163	292.008
Geogranitos	9.749	21.511
Icer	-	1.350
Maprel	124.090	3.171
MEIT	-	211.967
Mota-Engil Engenharia	6.127.247	9.424.722
Mota-Engil Polska	1.251.740	69.040
Tracevia	21.975	894
	<u>8.794.568</u>	<u>10.803.087</u>

Own work capitalised by Mota-Engil Engenharia in the amount of approximately €4,566,252, concerns the construction of company buildings at its Angolan branch.

20. Cost of Goods Sold & Materials Consumed

The cost of goods sold and materials consumed during the year ended December 31, 2004, was as follows:

	Goods	Raw & subsidiary materials & consumables	Total
Opening stocks	34.805.808	29.180.675	63.986.483
Purchases	17.571.599	264.087.889	281.659.488
Closing stocks	(39.539.261)	(36.392.364)	(75.931.625)
	<u>12.838.146</u>	<u>256.876.200</u>	<u>269.714.346</u>

21. Third-party Supplies & Services

This heading includes a amount of €421,707,534 in respect of Subcontracts

22. Staff Costs

This heading is broken down as follows:

	31/12/04	31/12/03
Remuneration	168.101.757	146.704.261
Social security charges:		
Pensions	234.849	683.769
Other	52.318.014	39.864.250
	<u>220.654.620</u>	<u>187.252.280</u>

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

Average staff numbers

The average number of personnel in the service of the Group during 2004 is broken down as follows:

	<u>31/12/04</u>	<u>31/12/03</u>
Directors	109	95
Employees	5.491	4.442
Workers	7.734	7.609
	<u>13.334</u>	<u>12.146</u>
Companies in Portugal	8.076	7.623
Companies abroad	3.106	2.164
Branch offices	2.152	2.359
	<u>13.334</u>	<u>12.146</u>

Remuneration of corporate officers

The remuneration of the members of the Board of Directors of the parent company during the year ended December 31, 2004, amounted to €1,779,661 and that of the Statutory Auditor to €22,352

23. Provisions

The breakdown of provisions set aside during 2004 & 2003 is as follows:

	<u>31/12/04</u>	<u>31/12/03</u>
<i>Provisions for doubtful debt</i>		
Trade accounts receivable – medium & long-term	61.396	-
Trade accounts receivable – short-term	24.648	382.184
Doubtful debt	2.198.978	1.681.050
Other debtors – short-term	169.287	534
<i>Provisions for depreciation of stocks</i>	114.153	162.950
<i>Provisions for other contingencies & liabilities</i>	1.953.689	356.489
	<u>4.522.151</u>	<u>2.583.207</u>

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

24. Financial profit /(loss)

The breakdown of the financial profit & loss account for the years ended December 31, 2004 & 2003 is as follows:

	31/12/04	31/12/03
<i>Financial income & gains</i>		
Interest earned	4.052.813	4.377.377
Returns on real estate	552.488	527.643
Returns on holdings	158.209	71.821
Gains on Group & associate companies	1.634.305	1.564.937
Gains on the sale of financial assets	24.694	800.000
Favourable currency translation differences	10.482.340	9.960.485
Prompt payment discounts obtained	1.595.812	1.700
Other financial income & gains	3.367.939	2.748.118
	<u>21.868.600</u>	<u>20.052.081</u>
<i>Financial costs & losses</i>		
Interest expense	20.898.757	21.777.434
Amortisation of investments in properties (Explanatory Note 4)	440.028	275.812
Losses on Group & associate companies	884.071	1.104.448
Unfavourable currency translation differences	16.085.301	19.035.388
Prompt payment discounts granted	349.892	432.378
Provisions for financial placements	382.837	-
Amortisation of goodwill	1.819.657	2.009.664
Other financial costs & losses	9.911.057	6.949.857
	<u>50.771.600</u>	<u>51.584.981</u>
Financial profit /(loss)	<u>(28.903.000)</u>	<u>(31.532.900)</u>

Gains on Group & associate companies

The breakdown of gains on associate companies for the years ended December 31, 2004 & 2003 is as follows:

	31/12/04	31/12/03
Ambilital	-	12.598
Asinter	102.920	58.046
Auto Sueco Angola	228.858	158.930
Cimertex & Companhia	901.888	2.480
Citrus	90.500	-
Icil-Icafal	101.163	34.092
Indaqua	74.281	-
Indaqua Fafe	54.296	12.645
Indaqua Santo Tirso	74.411	-
Lusoponte	-	700.334
Metroepszolg	-	8.248
M-Invest	-	239.781
Moravian	-	43.664
Edipainel	5.988	-
Neklanova	-	195.242
PBM	-	80.775
Sol-S e Solsuni	-	18.102
	<u>1.634.305</u>	<u>1.564.937</u>

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

Losses on Group & associate companies

The breakdown of losses on associate companies for the years ended December 31, 2004 & 2003 is as follows:

	31/12/04	31/12/03
Cimertex Angola	674	31.395
Dirac	-	1.020
Edipainel	-	6.051
EMSA	45.997	7.153
Fabritubo	54.623	-
Icer	-	-
Indáqua	-	260.377
Indáqua Feira	48.706	39.704
Indáqua St. Tirso	-	6.236
Inovia	11.606	-
Netmaster	-	9.002
Norponite	301.350	-
Rima	-	9.984
SGA	369.656	366.663
Sonauta	14.622	310.355
Soprocil	-	56.508
Turalgo	2.012	-
Vortal	34.825	-
	<u>884.071</u>	<u>1.104.448</u>

Other financial costs & losses

The balance of this heading basically includes costs incurred with bank guarantees and costs incurred with setting up loans.

25. Extraordinary profit/(loss)

The breakdown of the extraordinary profit & loss account for the years ended December 31, 2004 & 2003 is as follows:

	31/12/04	31/12/03
<i>Extraordinary income & gains</i>		
Repayment of taxes	39.521	5.868
Gains on fixed assets & stocks	2.999.490	3.352.454
Contractual penalty benefits	104.243	22.716
Decrease of depreciation & provisions	2.419.709	4.285.269
Corrections to previous years	1.192.346	1.946.244
Investment subsidies	231.399	181.197
Other extraordinary income & gains	5.800.376	2.555.699
	<u>12.787.084</u>	<u>12.349.447</u>
<i>Extraordinary costs & losses</i>		
Donations	785.308	322.968
Bad debt	622.602	1.012.830
Losses on fixed assets & stocks	1.278.161	1.423.882
Fines & penalties	172.148	242.095
Increase of depreciation & provisions (Note 7)	3.856.940	3.384.208
Corrections to previous years	1.461.077	730.425
Other extraordinary costs & losses	5.833.461	582.026
	<u>14.009.697</u>	<u>7.698.434</u>
Extraordinary profit/(loss)	<u>(1.222.613)</u>	<u>4.651.013</u>

"Other extraordinary costs & gains", includes a amount of approximately €3,200,000 in respect of costs previously deferred in respect of the highway concession project in Ireland.

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

26. Income Tax for the Year

The breakdown of deferred tax assets and liabilities is as follows:

Temporary differences to be deducted from taxable income, giving rise to deferred tax assets, are as follows:

	Total	Effect on the Profit & Loss Account	Effect on shareholders' equity
Provisions not accepted for tax purposes	63.078.040	34.849.770	(97.927.810)
Accrued costs not accepted for tax purposes	4.614.553	(379.147)	(4.235.406)
Tax losses	31.166.190	(17.248.997)	(13.917.193)
Reduction of depreciation not accepted for tax purposes	622.981	(532.931)	(90.050)
Other	70.659	1.038.471	(1.109.130)
	<u>99.552.423</u>	<u>17.727.166</u>	<u>(117.279.589)</u>

Temporary differences to be deducted from taxable income which gave rise to deferred tax assets are as follows:

	Total	Effect on the Profit & Loss Account	Effect on shareholders' equity
Tax credit for double international taxation	<u>314.917</u>	<u>458.477</u>	<u>(773.394)</u>

Temporary differences that gave rise to deferred tax liabilities are as follows:

	Total	Effect on the Profit & Loss Account	Effect on shareholders' equity
Revaluation of fixed assets	(37.779.348)	1.659.291	36.120.057
Losses on incorporated joint ventures	(5.519.543)	54.622	5.464.921
Deferred capital gains tax	(3.226.880)	(779.415)	4.006.295
Depreciation not accepted for tax purposes	(4.165.571)	(414.321)	4.579.892
Untaxed accrued income	(1.968.308)	(5.237.217)	7.205.525
Other	(4.423.534)	678.302	3.745.232
	<u>(57.083.184)</u>	<u>(4.038.738)</u>	<u>61.121.922</u>

As at December 31, 2004, deferred tax assets and liabilities amounted to €28,812,030 and €15,587,755 respectively, the effect on the profit & loss account being positive in the amount of €3,312,656.

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

The breakdown of the reconciliation of the tax for the year and current tax is as follows:

Current tax	9.522.337
Net reversion of taxes brought forward	(4.559.573)
Deferred taxes related to amortising the fixed-asset revaluation reserves	(633.799)
Deferred taxes generated by temporary differences	8.407.649
Effect of the alteration of the tax rate	(17.203)
Adjustment of accounting policies & fundamental errors	(388)
Other differences not previously recognised as deferred taxes	115.970
Deferred tax	3.312.656
Tax for the year	12.834.993
Average effective rate	31,7%

Mota-Engil SGPS and its domestic subsidiaries are taxed individually and are subject to corporate income tax (IRC) at the normal rate of 25%, plus a 10% municipal surcharge, bringing the aggregate tax up to 27.5%.

In accordance with prevailing Portuguese legislation, tax returns are subject to review and correction by the tax authorities during a period of four years in respect of 2001 to 2004 (ten years for Social Security up to December 31, 2001, five years following that date) and consequently the tax returns in question may be subject to revision. The Board of Directors of the Parent Company is of the opinion that any corrections arising from different interpretations of prevailing legislation by the tax authorities will not have a significant effect on the attached consolidated financial statements.

The effect of deferred tax assets and liabilities inherent in the provisions set aside during 2004 for accounts receivable from Angolan entities (Explanatory Note 5), as well as those in respect of the revaluation of land and buildings during 2004 (Explanatory Notes 3 & 4), was recorded directly under shareholders' equity.

27. Minority Interests in the Profit & Loss Account

The breakdown of this heading as at December 31, 2004 & 2003 is as follows:

	31/12/04	31/12/03
Corgimobil	(723)	-
CPTP	-	130.183
Emocil	(18.385)	(80.178)
Gerco	-	(443)
Martifer & subsidiaries	3.267.865	2.114.828
Metroepszolg	253	-
MKC	(1.437.475)	197.030
Motadomus	-	333
Prefal	64.108	59.914
Sefimota & subsidiaries	161.186	37.598
Serurb	-	321.654
Sols e Solsuni & assocaites	10.192	-
Soprocil	15.129	-
Suma & subsidiaries	3.151.826	1.261.475
Tracevia	165.169	6.127
Vibeiras	241.621	141.030
	5.620.766	4.193.019

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

28. Report by Segments

The Group is organised as four main business areas – Construction, Transport Concessions, Environment & Services, and Property & Tourism - which are co-ordinated and supported by Mota-Engil SGPS and by MESP. The “Construction” segment includes building activities, public works and steel fabrication at home and abroad. The “Environment & Services” segment includes companies engaged in urban refuse collection and treatment. The “Property & Tourism” segment includes property development companies and companies engaged in tourism business. The “Transport Concessions” area includes companies that are at the start-up stage and are not included in the consolidation, with the exception of MECT. For this reason, report on this segment is not warranted. The figures in respect of MECT, Mota-Engil SGPS and MESP are included under “Other”, which also includes amounts in respect of intra-group movements between the business segments.

Segmental income and costs are allocated directly to the segments or allocated on a reasonable basis in the case of joint income or costs. The breakdown of the operating profit by business segment is as follows:

	Construction	Environment & services	Real estate & tourism	Other	Consolidated
Operating income	1.134.035.110	91.176.698	5.690.183	(3.995.973)	1.226.906.018
Cost of sales	256.133.916	13.226.905	827.523	(473.998)	269.714.346
Third-party supplies & services	575.109.358	23.063.510	3.478.823	(6.361.972)	595.289.719
Staff Costs	177.861.622	32.511.370	1.938.579	8.343.049	220.654.620
Other operating costs	9.836.288	1.295.996	196.490	301.122	11.629.896
Operating profit before interest, depreciation & provisions (EBITDA)	115.093.926	21.078.917	(751.232)	(5.804.174)	129.617.437
Depreciation	45.811.416	7.130.138	584.297	918.963	54.444.814
Provisions	3.442.193	942.490	29.629	107.839	4.522.151
Operating profit (EBIT)	65.840.317	13.006.289	(1.365.158)	(6.830.976)	70.650.472
Financial profit/(loss)	(22.914.463)	(1.382.984)	(843.862)	(3.761.691)	(28.903.000)
Extraordinary profit/(loss)	(1.957.675)	302.152	71.372	361.536	(1.222.613)
Income tax	11.587.333	3.990.179	(569.132)	(2.173.387)	12.834.993
Net profit before minority interests	29.380.846	7.935.278	(1.568.516)	(8.057.742)	27.689.866
Minority interests	2.220.392	3.400.374	-	-	5.620.766
Net Profit/(Loss)	27.584.469	4.534.904	(1.568.516)	(8.481.757)	22.069.100

Segmental assets include those assets that can be identified as belonging to the respective segments and consisted mainly of intangible and tangible fixed assets, and stocks, and are broken down as follows:

	Construction	Environment & services	Real estate & tourism	Other	Consolidated
NET ASSETS					
Intangible fixed assets					
Establishment expenses	349.132	62.690	96	-	411.918
Research & development costs	1.840.073	909.526	-	1.005.056	3.754.655
Industrial property & other rights	1.050.046	163.766	-	466.968	1.680.780
Assignments	-	5.756.976	443	-	5.757.419
Fixed assets in progress	55.470	-	140	-	55.610
Other intangible fixed assets	236.953	-	-	-	236.953
Goodwill	8.551.064	15.428.298	41.257	1.153.344	25.173.963
	12.082.738	22.321.256	41.936	2.625.368	37.071.298

Mota-Engil, SGPS, S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2004

	Construction	Environment & services	Real estate & tourism	Other	Consolidated
Tangible fixed assets					
Land & natural resources	49.039.483	4.223.869	4.180.500	79.477	57.523.329
Buildings & other constructions	80.973.332	2.334.225	12.189.504	117.760	95.614.821
Plant & machinery	91.111.469	6.763.124	574.521	262.124	98.711.238
Transport equipment	24.441.910	6.212.356	8.630	-	30.662.896
Tools & utensils	1.477.991	421.514	1.403	8.526	1.909.434
Office equipment	5.154.900	1.238.768	55.585	-	6.449.253
Returnable containers	-	635.189	-	-	635.189
Other tangible fixed assets	1.836.793	105.659	-	-	1.942.452
Fixed assets in progress	30.247.848	581.513	132.753	-	30.962.114
Advances on account of tangible fixed assets	1.335.017	4.250	93.630	-	1.432.897
	<u>285.618.743</u>	<u>22.520.467</u>	<u>17.236.526</u>	<u>467.887</u>	<u>325.843.623</u>
Stocks					
Raw & subsidiary materials & consumables	34.484.018	908.046	209.027	486.829	36.087.920
Products & work in progress	11.354.355	-	15.056.466	61.242	26.472.063
Sub-products, waste, residues & scrap	1.614	-	-	-	1.614
Finished products	14.272.154	3.726	3.844.278	235.805	18.355.963
Goods	29.882.684	203.617	9.452.960	-	39.539.261
Advances on account of purchases	3.972.501	-	1.372.291	-	5.344.792
	<u>93.967.326</u>	<u>1.115.389</u>	<u>29.935.022</u>	<u>783.876</u>	<u>125.801.613</u>

29. Notes to the Cash-flow Statement

The breakdown of cash & cash equivalents is as follows:

	31/12/04	31/12/03
Bank deposits & cash in hand		
Bank deposits	44.923.016	27.978.043
Cash in hand	1.621.762	1.767.884
Negotiable securities	7.497.380	516.369
	<u>54.042.158</u>	<u>30.262.296</u>

The breakdown of payment of financial assets is as follows:

	31/12/04
Aenor	11.534.063
Lusoscut BLA	7.657.679
Indaqua	5.053.400
Lusoscut CP	3.623.754
Lusoscut GP	3.532.434
Tersado	825.000
Sadoport	500.000
MTS	226.100
ME Slovak	42.104
Ecolezíria	11.250
Citrup	250
	<u>33.006.034</u>

António Magalhães & Carlos Santos

Sociedade de Revisores Oficiais de Contas
Inscrita na Lista dos Revisores Oficiais de Contas sob n.º 53
Registada na CMVM com o n.º 1975
Contribuinte n.º 502 138 394

LEGAL CERTIFICATION OF CONSOLIDATED ACCOUNTS

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

INTRODUCTION

1. We have audited the consolidated financial statements of the company “MOTA – ENGIL, SGPS, S.A.”, which include the Consolidated Balance Sheet on the 31st December 2004, (which evidences a total of Euro 1 297 160 021 and a total equity of Euro 221 144 630, including a consolidated net profit of Euro 22 069 100), the Consolidated Profit and Loss Account by natures and by functions and the Consolidated Cash Flow Statement of the financial year finished at that date, and the corresponding Notes.

RESPONSABILITIES

2. The Management Board is responsible for the preparation of consolidated financial statements which disclose a true and suitable view of the group of companies included in the consolidation financial position, the consolidated results of its operations and the consolidated cash flows, as well as the utilization of adequate methods and policies accounting for that purpose, and the maintenance of an appropriate internal control system.

3. Our responsibility consists of expressing a professional and independent opinion based in our examination of those consolidated financial statements.

SCOPE

4. Our examination was made in accordance with the Technical Standards and Guidelines issued by the Ordem dos Revisores Oficiais de Contas (Portuguese Institute of Statutory Auditors), which require a planned and executed examination in order to obtain an acceptable reliance degree on if the consolidated financial statements are exempt from significant deviations. So, the aforesaid examination included:

- the verification if the financial statements of the group of companies included in the consolidation were properly examined, the verification, in a sampling basis, of the support of the amounts and the disclosure, in them contained, and the evaluation of the estimates, based on judgments and methods defined by the Management Board, used in their preparation;
- the verification of the consolidation operations and the application of the equity method;
- the appreciation of the adequacy of the adopted accounting policies, their uniform application and their disclosure, taking into account the circumstances.
- the verification of the applicability of the going concern concept; and
- the appreciation of being adequate, on the whole, the consolidated financial statements presentation.

.../ ...

António Magalhães & Carlos Santos

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.../...

2.

5. We understand that the performed examination allows an acceptable basis for the expression of our opinion.

OPINION

6. In our opinion, the mentioned consolidated financial statements present in a true and appropriate manner, in all relevant aspects, the consolidated financial position of the Company "Mota-Engil, SGPS, S.A." on the 31st of December 2004, the consolidated results of its operations and consolidated cash flows referring to year ending on that date, in accordance with generally accepted accounting principles in Portugal.

EMPHASIS

7. Without affecting the opinion expressed in preceding paragraph, attention is drawn to the following matters:

7.1 – Our Legal Certification of Consolidated Accounts reported to the previous year, mentioned a reserve related with the impossibility of a associated company safely determine the moment and realizable amount of the transactions and significant assets in some African Countries namely Angola.

In the meantime, the decrease of the country-risk of Angola, the agreement established between the Governments of Portugal and Angola on the delay debts, the adjustment carried out in the provisions for those credits by the Company, in the approximately amount of Euro 23 400 000 (explicative Note 5) and specially the decrease in relevance of the african market in the consolidation of Group Mota-Engil justified the elimination of the reserve in the associated company.

7.2 – The Group of Companies changed the assesement criteria of own land and buildings and of quarrys in Portugal, revaluating his values, affecting by that, the comparability with the previous year.

The effects were a decrease in the net profit of approximately Euro 337 000 and an increase in Equity of approximately Euro 19 760 000, as Note 43.

Porto, 09th March 2005

António Magalhães & Carlos Santos - SROC, Statutory Auditors Company,
represented by Carlos Alberto Freitas dos Santos – Statutory Auditor n.º 177

António Magalhães & Carlos Santos

Sociedade de Revisores Oficiais de Contas
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REPORT AND OPINION OF THE STATUTORY AUDITOR

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

To the Shareholders of MOTA – ENGIL, SGPS, S.A.

As his duty in accordance with the Law, and in fulfilment of its functions, the Statutory Auditor herewith presents the report on its supervisory activity and issues its opinion on the Consolidated Management Report and the consolidated financial Statements prepared by the Management Board of “MOTA-ENGIL, SGPS, S.A.”, relating to the year ending 31st December 2004.

We enhance as chief events, during the last exercise, the strengthen of the integration of the Group and the development of his activities in all the segments of business, specially in the building activity in Eastern Europe.

During the year, we followed with the extension and tempestivity that we understand adequated, the developments in the activities of the parent Company, the fulfilment of the Law in general and of Company’s Act and verified, on a test basis, evidence supporting conformity of accounting records with the documents that had given origin to them.

We received from the Management Board and other Company Services all the information and explanations that we required, fact that deserved our recognition, and helped us in a better control of the Management.

We analyzed the Legal Certification and Audit Report, when available, elaborated by other Statutory Auditors on the financial statements of the associated companies.

In fulfilment of the disclosed in the n.º4, of article 397º of Código das Sociedades Comerciais (Portuguese Companies Act), we inform that we gave our favorable opinion to the permission granted by the Management Board to the acquisition by MEITS – MOTA-ENGIL, IMOBILIÁRIO E TURISMO, S.A., company fully owned by MOTA-ENGIL, SGPS, S.A., of two shares of Euro 3 117,49 and Euro 1 309,34, representatives of 8,875% in the called up share capital of CORGIMOBIL – EMPRESA IMOBILIÁRIA DAS CORGAS, LDA., to the Vice-President of the Management Board, Eng. António Jorge Campos de Almeida, by the nominal value.

.../...

António Magalhães & Carlos Santos

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.../...

2.

In the scope of its functions of Statutory Auditor we verified that:

- The Consolidated Management Report, mentioning the subjects imposed by law, focuses, with adequate evidence the developments in the activity of the Group companies in the last year, relating also the provisions of evolution.
- The Consolidated Financial Statements, that includes Consolidated Balance Sheet, Consolidated Profit and Loss Accounts by Natures and by Functions, the consolidated Cash Flows and corresponding Notes, disclose in fair view the patrimonial position of the Group Companies and the way how the results were obtained.

We issued, in fulfilment of the Law, the Legal Certification of Consolidated Accounts, which we consider part of this document. .

In face of this, we issue the following opinion:

- can be approved the Consolidated Management Report and the Consolidated Financial Statements for the financial year of 2004.

Porto, 10th March 2005

THE STATUTORY AUDITOR

António Magalhães & Carlos Santos - SROC, Statutory Auditors Company,
represented by Carlos Alberto Freitas dos Santos – Statutory Auditor n.º 177

AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

Introduction

1. Pursuant to article 245 of the Securities Market Code ("*Código dos Valores Mobiliários*") we hereby present our Audit Report on the consolidated financial information contained in the Directors' Report and the consolidated financial statements for the year 2004 of Mota-Engil, S.G.P.S., S.A. and subsidiaries, which comprise the consolidated Balance sheet as of 31 December 2004, that reflects a total of 1,297,160,021 Euros and shareholders' equity of 221,144,630 Euros, including a net profit of 22,069,100 Euros, the consolidated Statements of profit and loss by nature and by functions, the consolidated Statement of cash flows for the year then ended and the corresponding notes and explaining notes.

Responsibilities

2. The Board of Directors of Mota-Engil, S.G.P.S., S.A., is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the consolidated financial position of the companies included in consolidation, the consolidated results of their operations and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of appropriate internal control systems; and (iv) informing any significant fact that have influenced the operations of the companies included in the consolidation, their financial position or results of operations.
3. Our responsibility is to examine the financial information contained in the consolidated documents of account referred to above, including the verification that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and issuing a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards issued by the Portuguese Institute of Statutory Auditors ("*Normas Técnicas e Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas*"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Such an examination includes verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Company's Board of Directors, used in their preparation. Such an examination also includes the verification of the consolidation procedures used and application of the equity method and verifying that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting principles used, their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, assessing the adequacy of the overall presentation of the consolidated financial statements, and assessing that, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit. Our examination also included verifying that the consolidated financial information included in the Directors' Report is consistent with the other consolidated documents of account. We believe that our examination provides a reasonable basis for expressing our opinion.

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Member of
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Opinion

5. In our opinion, based on our examination and on the audit reports of the Statutory Auditors and auditors of the affiliated companies, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Mota-Engil, S.G.P.S., S.A. and subsidiaries as of 31 December 2004 and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal, which, except for the change in the adoption of the procedure of recording the tangible assets to its fair-value, as referred in paragraph 6 below, were applied consistently with the previous year, and the information contained therein is, in terms of the definitions included in the auditing standards referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

Emphasis

6. As referred in Note 43 of the Notes to the balance sheet and the income statement and Explaining Notes 3 and 11, the Group decided, with effects determined as of 31 December 2003 and for the periods started after that date, to adopt the procedure of perform annual appraisals of its land and buildings, through independent real state appraisals, presenting those at its fair value and recording the correspondent effects in compliance with Portuguese Accounting Standard nº 16. The effect of that revaluation, net of deferred taxes liabilities, reported at 31 December 2003, corresponded to an increase of the equity, in an amount of, approximately, 19,760,000 Euros.
7. The financial statements for the year ended 31 December 2003, presented only for comparative purposes, were examined by us and our opinion thereon, expressed in our Audit Report dated 19 March 2004, included a qualification regarding the amount and date of realisation of assets located in African countries, namely Angola, which after the reinforcement of provisions performed for the accounts receivables of the entities located in Angola, which had been recorded against an entry in retained earnings (Explaining Notes 5 and 11) in an amount of, approximately, 23.400.000 Euros (net of deferred tax assets), as well the positive evolution of the operations developed on those countries is no longer applicable to the year 2004.

Porto, 18 March 2005

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by Jorge Manuel Araújo de Beja Neves

**EXCERPT FROM THE MINUTES OF THE GENERAL MEETING OF MOTA-ENGIL, SGPS,
SA, HELD ON APRIL 15th 2004**

On the fifteenth day of March two thousand and five at half past eleven, the shareholders of **MOTA-ENGIL, SGPS, SA**, a joint-stock limited liability company with a share capital of two hundred and four million six hundred and thirty-five thousand six hundred and ninety-five euros (**Euro 204.635.695**), VAT registration number five hundred and two million three hundred and ninety-nine thousand six hundred and ninety-four (**502.399.694**), registered at the Oporto Registry of Companies under number fifty-six thousand five hundred and fourteen (**56.514**) held a general Meeting at the MOTA-ENGIL, SGPS, SA, Training Centre situated at Avenida Paiva Couceiro, no number, in the parish of Campanhã, municipality of Oporto, in accordance with the Notice of the Meeting and Agenda published in the Diário da República – Series III, number 43, of March 2nd two thousand and five, in the Público newspaper, Lisbon and Oporto edition of March 2nd two thousand and five, sent to Euronext Lisbon on the same day and published in CMVM and the Company's web sites.

Mr. Daniel Proença de Carvalho chaired the meeting and the Company secretary, Ms. Ivone Santos Martins, acted as secretary to the meeting.

At the beginning of the meeting and before moving on to the items of the Agenda, the chairman requested the secretary to organise the list of shareholders present under the terms of Article 382 of the Companies Code

The attendance list having been drawn up and signed, it was found that shareholders holding 122.380.739 (one hundred and twenty-two million three hundred and eighty thousand seven hundred and thirty-nine) shares representing 60% (sixty per cent) of the share capital and 62% (sixty-two per cent) of the voting rights.

The chairman then declared that the Meeting was in a position to act and deliberate validly in accordance with Article 20 of the Company's articles of association, and then gave instructions to the effect that the said attendance list be attached to the minutes of the Meeting.

Having declared the meeting open, the chairman read the Agenda in full and declared that the Management Report, the Accounts, the Statutory Auditor's Report, the Legal Certification of the Accounts and the External Auditor's Report for 2004 had been submitted to the Meeting by the Board of Directors.

Moving on to **item 1** of the Agenda, the chairman asked whether any of those present wanted to take the floor (...) then the chairman put to the vote the 2004 Management Report and Accounts, and the Statutory Auditor's Report and the Legal Certification of the Accounts.

The votes having been counted, it was found that the said documents had been unanimously approved by shareholders, present or represented, holding 122.380.739 (one hundred and twenty-two million three hundred and eighty thousand seven hundred and thirty-nine) shares representing 60% (sixty per cent) of the share capital and 62% (sixty-two per cent) of the voting rights.

The chairman then moved on to **item 2** of the Agenda.

The chairman put to the vote the Board of Director's proposal for the appropriation of the net profit for the year, which was as follows:

“The Board of Directors of MOTA-ENGIL, SGPS, SA, proposes to the Annual General Meeting the following appropriation of the Net Profit for the year in the sum of 22.069.100 euros:

To Legal Reserve 5%; corresponding to 1.103.455 euros;

To be distributed by the Board of Directors pursuant to the terms of Article 23.3 of the articles of association, the sum of 500.000,00 euros, or about 2,3%;

To be distributed to shareholders, the sum of 0,055 euros per share, subject to tax, in the total sum of 16.370.855,60 euros; and

To Free Reserves, the remainder in the sum of 4.094.789,40 euros.

Oporto, February 18th 2005

The Board of Directors”

Item 2 of the Agenda having been opened to discussion and put to the vote, and following the counting of the votes, it was found that this Proposal for the Appropriation of Profits had been unanimously approved by shareholders, present or represented, holding 122.380.739 (one hundred and twenty-two million three hundred and eighty thousand seven hundred and thirty-nine) shares representing 60% (sixty per cent) of the share capital and 62% (sixty-two per cent) of the voting rights.

The Meeting then moved on to **item 3** of the Agenda, connected with the Consolidated Management Report, the Consolidated Balance Sheet, the Consolidated Profit & Loss Account and the Consolidated Cash-flow Statement for two thousand and four, submitted by the Board of Directors, as well as the Statutory Auditor's Report and the Legal Certification of the Consolidated Accounts and the External Auditor's Report.

(...)

The chairman putted the documents in question to the vote, and it was found they had been unanimously approved by shareholders, present or represented, holding 122.380.739 (one hundred and twenty-two million three hundred and eighty thousand seven hundred and thirty-nine) shares representing 60% (sixty per cent) of the share capital and 62% (sixty-two per cent) of the voting rights.

(...)

Moving on to **Item 5** the Chairman read the Chairman of the Board of Directors' proposal, which was as follows:

"FIFTH POINT OF THE AGENDA:

To Argue and Deliberate on the acquisition and sell, by the Society, of treasury shares, as well as empower the Board of Directors to execute the deliberations taken in the scope of this Point of the Agenda.

Proposal relative to the acquisition and the alienation of treasury shares

In the terms of the Articles 319 and 320 of the Companies Code, and Commission's Regulation (CE) 2273/2003, of December 22nd 2003, it is proposed that the Annual General Meeting:

- a) authorizes the company to buy in Stock Market treasury shares, during the period of eighteen months, counted of the date of the deliberation of authorization, until the limit where the totality of the withheld treasury shares, each moment, by the company, does not exceed 10 % (ten percent) of the share capital, at the minimum and maximum prices that have result of the application of the rules of the Commission's Regulation (CE) 2273/2003, of December 22nd 2003.
- b) authorizes the company to sell treasury shares, during the stated period of eighteen months counted of the date of the deliberation, in the minimum number of 100 shares and for the minimum price that have resulted of the application of the rules of the Commission's Regulation (CE) 2273/2003, of December 22nd 2003.
- c) authorizes the company to sell to workers and members of the Corporate Officers (excluding the members of the Mota family), until the limit of 1% of the capital, at the minimum price that have result of the application of the rules of Commission's Regulation (CE) 2273/2003, of December 22nd 2003.

Confers, since now, to the Company's Board of Directors total power to execute the deliberations taken in what concerns to the text of the previous paragraphs a), b) and c), at the moments and for the amounts of shares that it understands opportune, and since that the respective operations satisfy all legal conditions.

Oporto, March 29th 2005

MOTA-ENGIL, SGPS, SA

The Chairman of the Board of Directors”

This proposal was then put to the vote, and was unanimously approved by shareholders, present or represented, holding 122.380.739 (one hundred and twenty-two million three hundred and eighty thousand seven hundred and thirty-nine) shares representing 60% (sixty per cent) of the share capital and 62% (sixty-two per cent) of the voting rights.

(...)

There being no further business to transact, the meeting was declared closed and these minutes were written up which are to be signed by the chairman of the Board of the General Meeting, Mr. Daniel Proença de Carvalho, and by the Company Secretary, Ms. Ivone Santos Martins.

The Chairman

Mr. Daniel Proença de Carvalho

The Secretary

Ms. Ivone Santos Martins

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