

MOTA-ENGIL, S.G.P.S., S.A.

INTERIM MANAGEMENT REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS - 1Q 2005



MOTA-ENGIL, SGPS, S.A.
SOCIEDADE ABERTA
CAPITAL SOCIAL: 204 635 695 EUROS
MATRICULADA NA CONSERVATÓRIA DO REGISTO
COMERCIAL DO PORTO COM O Nº 56.514
NIPC: 502 399 694

EDIFÍCIO MOTA
RUA DO REGO LAMEIRO, Nº 38
4300-454 PORTO

RUA MÁRIO DIONÍSIO, Nº 2
2796-957 LINDA-A-VELHA

TEL: 351 22 5190300
FAX: 351 22 5190303
WWW.MOTA-ENGIL.PT

TEL: 351 21 4158200
FAX: 351 21 4158688

Highlights

- Turnover grows to € 272 million
- EBITDA and EBIT margins of 9.1% and 3.6%, corresponding to 11% and 24% growth, respectively
- Net income rises to € 1.7 million
- Net debt lowered in € 27 million as compared to March 2004
- Backlog of c. € 1.8 billion

	thousand euros						
	31.03.2005	%	Δ %	31.03.2004	%	31.03.2004	%
	IFRS			IFRS		POC	
Turnover	271.870		20,8%	225.027		242.546	
EBITDA	24.682	9,1%	10,6%	22.321	9,9%	22.559	9,3%
EBIT	9.884	3,6%	24,3%	7.954	3,5%	8.364	3,4%
Net financial income *	(5.969)	(2,2%)	(20,9%)	(4.937)	(2,2%)	(4.902)	(2,0%)
Income before taxes	3.915	1,4%	29,8%	3.017	1,3%	3.811	1,6%
Net income	2.500	0,9%	638,2%	339	0,2%	1.292	0,5%
Attributable to:							
minority interests	816	0,3%	12,3%	726	0,3%	754	0,3%
Group	1.685	0,6%	534,9%	(387)	(0,2%)	538	0,2%

* including net income from equity method

- International Financial Reporting Standards (IFRS): Interim Consolidated Financial Statements were prepared in accordance with IFRS, as announced in April, 19th. Accordingly, this Report includes reconciliation between previous Group's Accounting Principles and IFRS as well as a presentation of restated comparative information.

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Material events

January 3rd - MOTA-ENGIL AMBIENTE E SERVIÇOS, the GROUP's holding for the Environment & Services area, reinforced its presence in the water sector through the acquisition (along with the other Portuguese shareholders) of the shares in INDÁQUA, SA, held by Severn Trent Water International and Severn Trent Enterprises, two British companies. MOTA-ENGIL AMBIENTE E SERVIÇOS' stake in INDÁQUA, SA, the company belonging to the MOTA-ENGIL GROUP for the "treatment and distribution of water and sewage" segment, is since then of 42.86%

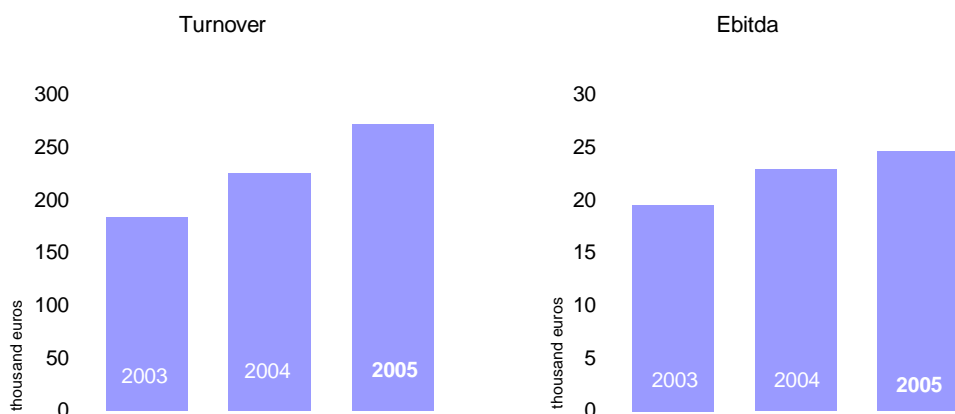
February 2nd – MOTA-ENGIL's major shareholders sold 45 million shares of the company at € 2.45 each, representing 22% of the company's share capital aiming at increasing free-float and raising the stock's visibility in the stock market.

March 18th - MARTIFER established a strategic partnership with REpower Systems AG, the 3rd largest company in Europe and 6th largest in the world in the field of production and assembly of generators. The deal foresees know-how transfer for the production of wind farm generators in Portugal and led MARTIFER to increase its stake in the aforementioned company to 19.5% in a total consideration of approximately € 12.5 million.

April 19th – In the Annual Report as of 2004, approved by the General Shareholders Meeting in April 15th 2005, it is stated in a specific chapter the preliminary impacts of the adoption of the International Accounting Standards.

As might be inferred from the analysis of such information, the impacts on shareholder's equity and profits for the year are in both cases immaterial and positive.

Financial Analysis

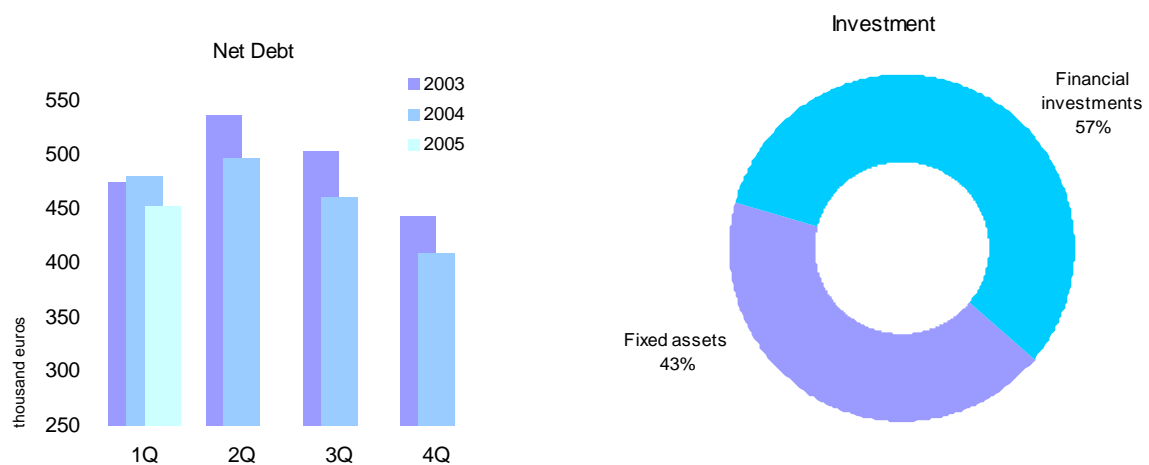


MOTA-ENGIL reports a net income of € 1.7 million for the first quarter of 2005 as compared to a net loss of € 387 thousand in the same period of 2004 according to the restatement of the latter in accordance with the new accounting standards.

This performance was achieved on the back of a 21% increase in turnover (again as compared to restated accounts in the same period of last year) to € 272 million, in line with expectations expressed in the Annual Report as of 2004.

EBITDA reached € 24.7 million and, due to stable depreciation charges, EBIT grew to € 9.9 million (producing an EBITDA margin of 9.1% and an EBIT margin of 3.6%). Hence, despite the typical seasonality that affects the GROUP's main activities, operating results grew considerably, as detailed in the next section, not only due to the behavior of the construction division but also due to the Environment & Services division's bigger share in consolidated turnover.

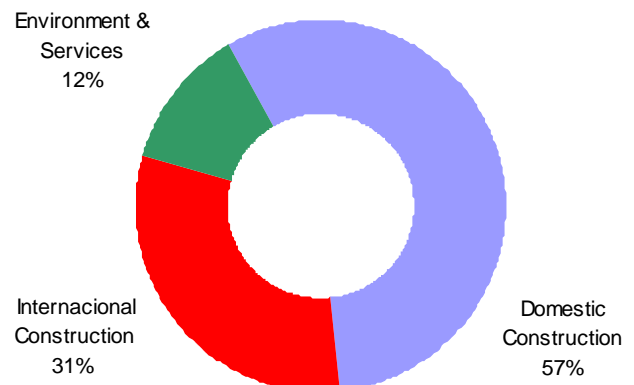
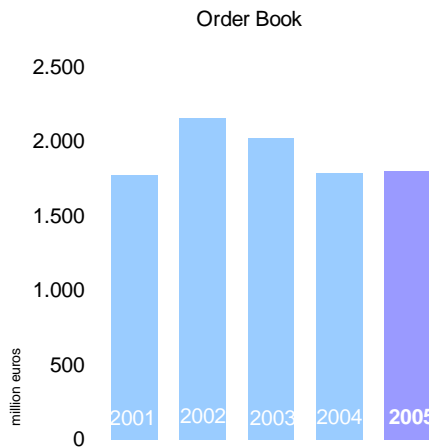
This operating performance, along with the stabilization of working capital, allowed the group to invest € 36.5 million, € 15.6 million of which in fixed assets and € 20.8 million in financial assets.



Simultaneously, net debt was trimmed by €27.5 million as compared to the first quarter of 2004 to €452.5 million. Furthermore, debt maturity was extended with medium to long term debt representing 64% of the total as compared to 49% as of March 2004.

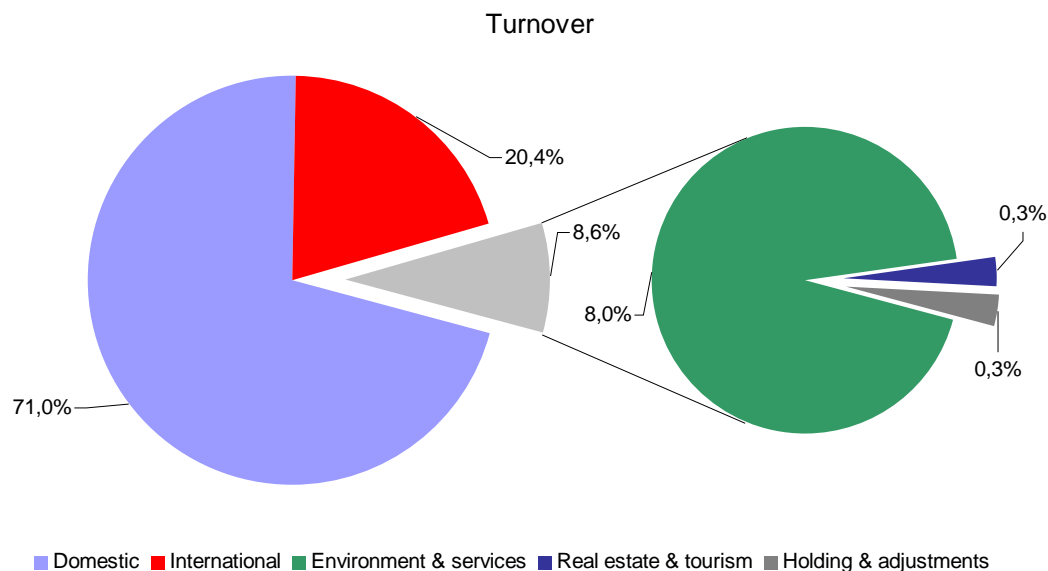
Despite this reduction, financial expenses were negatively affected by financial costs related to some new projects expensed in the quarter, thus producing financial expenses (including profits and losses in affiliated companies) of €5.9 million (as compared to €4.9 million in the same quarter of 2004 where financial revenues had reach a peak). This figure will not put in jeopardy our goal to trim financial expenses at the yearend, as already happened in 2004.

After deducting €1.4 million of corporate taxes, net consolidated income was €2.5 million as compared to €339 thousand in the first quarter of 2004. From the latter figure, €815 thousand are attributable to minority interests (as compared to €726 thousand) and the remaining €1.69 million are attributable to MOTA-ENGIL GROUP (net loss of €387 thousand in 2004).



At last, it is worth mentioning that the backlog reversed the falling trend that, due to the company's strong turnover growth, started in 2002. Hence, as of March 31st, 2005, the GROUP'S backlog reached € 1.81 billion (€ 1.77 billion in December 2004) with the above mentioned breakdown.

Segment Analysis



Construction

Due to the excellent backlog, MOTA-ENGIL ENGENHARIA and its Portuguese affiliated companies, as was also the case for the whole Group, performed very well in Portugal.

Turnover of MOTA-ENGIL ENGENHARIA in Portugal reached € 151.7 million in the first quarter of 2005, being worth mentioning the lower weight of works for the concessions which clearly shows the replacement of the backlog with new works.

Affiliated companies also had a good performance, namely MARTIFER (whose turnover in metallic structures grew 16%), FERROVIAS (in the railway segment) and RENTACO, QUALIBETÃO and MAPREL (companies operating in the construction area).

As far as construction in foreign markets is concerned, turnover grew in all markets where the GROUP operates, though more meaningfully in Central Europe, where turnover more than doubled year-on-year.

Foreign affiliated companies had aggregated revenues of approximately € 59 million in the quarter. An additional € 34 million of revenues in foreign countries were provided by companies based in Portugal.

Overall, operating revenues provided by the construction division reached € 249.9 million, EBITDA € 18 million and EBIT € 5.7 million.

Environment & Services

Also in Environment & Services, turnover grew and operating margins improved.

In the collection and treatment of solid waste segment, the GROUP kept its market leadership and improved its operating performance though turnover remained roughly flat as compared to the same period of 2004.

In the water and sewage segment, INDÁQUA and its affiliated companies had a positive contribution to both the division and MOTA-ENGIL's consolidated profits.

When also considering the contribution of the other companies of this division, operating revenues rose to €22 million while the division's contribution to consolidated EBITDA and EBIT were €3.9 million and €2.4 million, respectively.

Real estate & tourism

Flat real estate activity and tourism's seasonality were the reasons behind the division's modest contribution to both consolidated revenues and profits.

Transport concessions

Because of the lack of definition regarding the new accounting framework it was decided to equity consolidate the financial statements of the concessionaires where we have a stake until there is full clarification as to how to account them in light of IFRS.

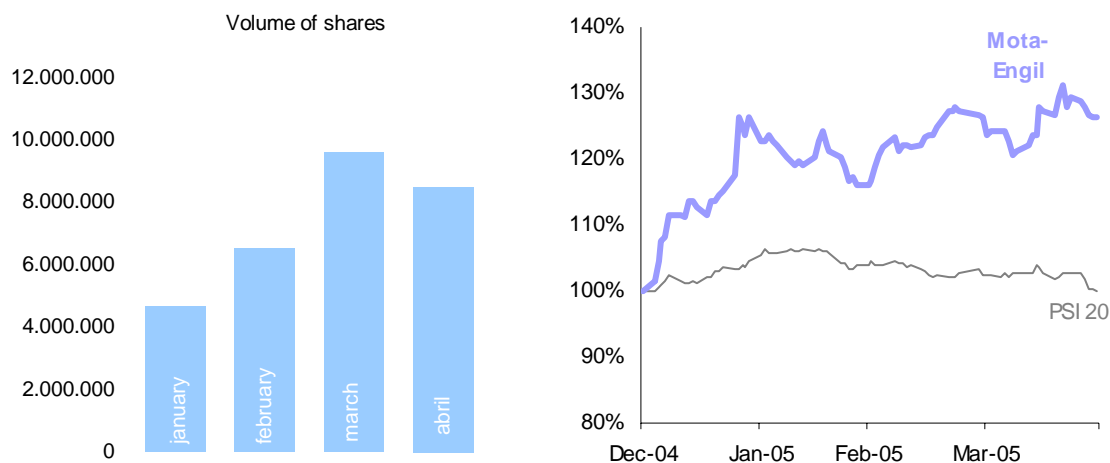
This division, although not contributing to the GROUP's turnover, produced a €1.2 million loss because, excepting for Costa de Prata, the remaining concessions are still in a construction phase.

It is also worth mentioning that the stake in LUSOPONTE was revalued to €65.1 million.

In terms of expanding the activity, a decision is still pending on the construction of a third crossing over the Tagus river within the LUSOPONTE concession and the outcome of the tenders for the Grande Lisboa and Douro Litoral motorway concessions is still unknown.

MOTA-ENGIL also decided to participate in tender processes for two motorway concessions in the Republic of Ireland.

Stock price behavior and dividends



MOTA-ENGIL's share price was € 1.98 as of the end of 2004.

During 2005, the majority shareholders sold 45 million shares, as reported in February 2nd 2005, at € 2.45. The shares were placed with institutional investors, both in Portugal and in several European countries.

This way, the company met its goals: free-float was increased to approximately 38% and the visibility in the stock market of Portugal's largest construction group was raised.

Because of the aforementioned share sale, liquidity in the stock market increased sharply as might be seen in the graph.

Simultaneously, the stock price had a very positive behavior in a period of time where the PSI 20 only made modest progress. The stock price reached € 2.52 in March 31st.

In April 15th, the General Shareholders Meeting approved an 8 cents per share dividend, payable from the day this report is released on (May 16th).

Interim Consolidated Financial Statements

MOTA-ENGIL, S.G.P.S., S.A.

Consolidated Profit & Loss Account for the periods ended in March 31st of 2005 and 2004

	2005 Euro	2004 - IFRS Euro	2004 - POC Euro
Sales of Goods & Products	271.869.662	225.026.595	242.546.088
Services Rendered	17.090.185	9.172.531	7.201.235
Cost of Goods Sold & Materials & Subcontractors	(166.163.849)	(122.108.639)	(139.667.595)
Trading Income	122.795.998	112.090.487	110.079.728
Third Party Supplies	(42.871.243)	(39.145.301)	(37.306.459)
Staff Costs	(54.475.173)	(51.503.484)	(50.116.211)
Other Operating Revenues (Costs)	(767.502)	879.194	251.075
	24.682.080	22.320.896	22.908.133
Depreciation	(14.331.180)	(14.236.592)	(13.836.154)
Provisions & Impairment Losses	(467.141)	(130.343)	(358.943)
Earnings Before Interest and Taxes	9.883.759	7.953.961	8.713.036
Net Financial Income	(6.091.380)	(4.488.646)	(4.929.555)
Gains / (Losses) in Affiliated Companies	122.333	(448.345)	27.094
Income Tax	(1.414.428)	(2.678.284)	(2.519.004)
Consolidated Net Income	2.500.284	338.686	1.291.571
Attributable:			
to Minority Interests	815.626	726.060	753.971
to the Group	1.684.658	(387.374)	537.600
Earnings per Share	0,0086	(0,0020)	0,0027

MOTA-ENGIL, S.G.P.S., S.A.

Consolidated Balance Sheets as of March 31st 2005 and December 31st 2004

	2005 Euro	2004 - IFRS Euro	2004 - POC Euro
Assets			
Non recurring			
Goodwill	33.001.527	32.012.200	25.173.964
Intangible Fixed Assets	4.687.065	4.470.141	11.897.331
Tangible Fixed Assets	334.448.369	331.325.851	325.843.624
Equity Consolidated Assets	18.588.445	18.562.509	8.865.457
Financial Investments	69.455.181	34.699.545	94.177.877
Investment Property	27.633.643	27.317.524	28.017.765
Other Receivables	116.717.262	113.110.911	43.862.579
Deferred Taxes	30.972.155	30.532.367	28.812.030
	<u>635.503.647</u>	<u>592.031.048</u>	<u>566.650.627</u>
Recurring			
Inventories	134.055.109	144.281.209	125.801.614
Account Receivables	448.432.323	430.343.352	384.113.948
Other Receivables	83.457.988	74.828.748	74.093.918
Other Recurring Assets	72.318.154	41.211.805	79.006.276
Tradable Financial Assets	-	3.461.566	-
Cash & Equivalents	46.304.363	50.780.863	54.042.157
	<u>784.567.937</u>	<u>744.907.543</u>	<u>717.057.913</u>
	<u><u>1.420.071.584</u></u>	<u><u>1.336.938.591</u></u>	<u><u>1.283.708.540</u></u>
Liabilities			
Non recurring			
Debt	312.327.134	280.925.053	286.253.554
Other Payables	102.381.314	52.511.429	53.837.514
Provisions	19.973.346	18.158.674	9.745.425
Other non-recurring Liabilities	4.947.258	5.020.614	-
Deferred Taxes	19.294.060	16.791.828	15.587.755
	<u>458.923.112</u>	<u>373.407.598</u>	<u>365.424.248</u>
Recurring			
Debt	180.808.697	176.640.814	177.352.148
Account Payables	282.307.728	282.970.448	286.793.207
Other Payables	84.642.857	157.114.407	102.151.742
Other Recurring Liabilities	135.035.923	88.507.232	98.062.002
	<u>682.795.205</u>	<u>705.232.901</u>	<u>664.359.099</u>
Total Liabilities	<u><u>1.141.718.317</u></u>	<u><u>1.078.640.499</u></u>	<u><u>1.029.783.347</u></u>
Shareholders' Equity			
Share Capital	204.635.695	204.635.694	204.635.695
Reserves	41.457.251	2.074.819	(5.560.162)
Net Consolidated Income for the Period	1.684.658	22.338.954	22.069.100
Shareholders' Equity Attributable to the Group	<u>247.777.604</u>	<u>229.049.467</u>	<u>221.144.633</u>
Minority Interests	<u>30.575.663</u>	<u>29.248.625</u>	<u>32.780.560</u>
Total Shareholders' Equity	<u>278.353.267</u>	<u>258.298.092</u>	<u>253.925.193</u>
	<u><u>1.420.071.584</u></u>	<u><u>1.336.938.591</u></u>	<u><u>1.283.708.540</u></u>

MOTA-ENGIL, S.G.P.S., S.A.

Consolidated Cash-Flow Statement for the quarters ended March 31st, 2005 & 2004

	2005 Euro	2004 - IFRS Euro
<u>OPERATING ACTIVITY</u>		
Cash receipts from customers	243.466.852	217.706.107
Cash paid to suppliers	(194.553.305)	(184.026.298)
Cash paid to employees	(49.289.305)	(40.204.799)
Cash generated from operating activities	(375.758)	(6.524.990)
Income tax paid/received	(1.140.273)	(2.365.144)
Other receipts/payments generated by operating activities	(861.290)	(2.215.085)
Cash flow before extraordinary items	(2.377.321)	(11.105.219)
Cash generated by non-recurring activities	576.182	38.743
Cash paid in respect of non-recurring activities	(376.309)	(357.059)
Net cash from operating activities (1)	(2.177.448)	(11.423.535)
<u>INVESTMENT ACTIVITY</u>		
Cash receipts from:		
Financial assets	223.955	-
Investment subsidies	195	-
Interest & similar income	594.103	977.759
Dividends	34.691	-
	852.944	977.759
Cash paid in respect of:		
Financial assets	(20.705.797)	(5.011.232)
Tangible fixed assets	(9.709.251)	(12.398.620)
Intangible fixed assets	(3.180)	(49.084)
Other	(778.637)	(862.255)
	(31.196.865)	(18.321.191)
Net cash from investing activities (2)	(30.343.921)	(17.343.431)
<u>FINANCING ACTIVITY</u>		
Cash receipts from:		
Loans obtained	155.952.073	58.844.455
Share capital increase & other	500.060	-
Subsidies & donations	17.208	20.336
Sale of treasury shares	27.275	2.722
	156.496.616	58.867.513
Cash paid in respect of:		
Loans obtained	(122.962.736)	(29.188.180)
Amortization of finance lease contracts	(3.351.732)	(3.661.383)
Interest & similar expense	(5.159.234)	(5.037.934)
Other	(623.665)	(9.758)
	(132.097.367)	(37.897.256)
Net cash from financing activities (3)	24.399.249	20.970.257
Change of cash & cash equivalents	(8.122.120)	(7.796.709)
Changes caused by changes to the consolidation perimeter	184.054	-
Cash & cash equivalents at the beginning of the period	54.242.429	34.466.028
Cash & cash equivalents at the end of the period	46.304.363	26.669.319

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