

MOTA-ENGIL, SGPS, S.A.
2005 CONSOLIDATED REPORT & ACCOUNTS



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.

MOTA-ENGIL, SGPS, S.A.
PUBLIC LIMITED COMPANY
SHARE CAPITAL: €204,635,695
REGISTERED AT THE OPORTO REGISTRY
OF COMPANIES UNDER Nº 56,514
VAT Nº: 502 399 694

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Highlights

- 18% growth of sales and provision of services (4Q: 38%)
- EBITDA exceeds €150 million, with a margin of 11%
- EBIT rises 29% and the EBIT margin increases to 6.7%
- Net profit increases by 36%
- Net debt of €518 million (Net debt/EBITDA of 3.38)
- Order book stands at around €1.6 billion

	thousand euros						
	31.12.2005	% T	Δ %	31.12.2004	% T	31.12.2004	% T
	IFRS			IFRS		PGAAP	
Turnover	1.381.001		18,1%	1.169.252		1.168.635	
EBITDA	153.011	11,1%	15,5%	132.514	11,3%	129.832	11,1%
EBIT	92.691	6,7%	29,2%	71.738	6,1%	67.608	5,8%
Net financial income	(29.788)	(2,2%)	(11,1%)	(26.803)	(2,3%)	(27.834)	(2,4%)
Net income from equity method	(1.082)	(0,1%)	64,5%	(3.046)	(0,3%)	750	0,1%
Income before taxes	61.821	4,5%	47,6%	41.889	3,6%	40.525	3,5%
Net income	37.536	2,7%	34,2%	27.964	2,4%	27.690	2,4%
Attributable to:							
minority interests	7.129	0,5%	26,7%	5.625	0,5%	5.621	0,5%
Group	30.407	2,2%	36,1%	22.339	1,9%	22.069	1,9%

- International Financial Reporting Standards (IFRS): the attached financial statements have been drawn up in accordance with the IFRS, which, as divulged in an Announcement of Relevant Fact dated April 19 last, implied the alteration of the GROUP's accounting policies and of the presentation of the financial statements themselves and of the related information. The reference date for these alterations is January 1, 2005, and therefore all the 2004 information has been restated for comparison purposes.

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Main events

February 9, 2006 - MOTA-ENGIL announces a new model of corporate governance for the company and the reorganisation of its business areas, involving including the real state area in Engineering & Construction and the separation of Industry and Energy.

December 21 – MOTA-ENGIL acquires 50% of the share capital of a Spanish company operating in the foundations and geotechnics market segment, for the sum of €3 million.

October 24 – MOTA-ENGIL signs the purchase agreement in respect of 55% of the share capital of the concessionaire of the Multipurpose Terminal, Zone 2, at the port of Setúbal (SADOPT - TERMINAL MARÍTIMO DO SADO, SA), for the sum of €2.145 million, increasing its stake to 80%.

September 1 – MOTA-ENGIL, through its subsidiary MARTIFER, forms part of a consortium with Galp Energia and Enersis within the scope of a call for tenders issued by the government for wind-energy production. The undertaking calls for an investment that is likely to exceed €1 billion. MARTIFER is the Iberian leader and Europe's fourth biggest company in the production of steel structures and is the biggest shareholder in REpower System, AG, the German wind-rotor manufacturer.

August 30 – The consortium headed by MOTA-ENGIL (32.79%) is selected for the short list of the Grande Lisboa Concession. This concession involves a length of about 25 kilometres. The total investment planned will amount to about €270 million.

July 20 – MOTA-ENGIL CONCESSÕES DE TRANSPORTES enters into an agreement to acquire from Jaime Ribeiro & Filhos its holdings in the four Motorway Concessions in which the MOTA-ENGIL GROUP is already the biggest shareholder.
The agreement includes the 3.3% holdings in LUSOS CUT COSTA DE

PRATA, LUSOS CUT BEIRAS LITORAL E ALTA and LUSOS CUT GRANDE PORTO, companies in which the MOTA-ENGIL GROUP will come to hold 36.09%, and also the 2.69% stake in AENOR-AUTO-ESTRADAS DO NORTE, in which the MOTA-ENGIL GROUP will come to have a holding of 35.11%.

June 20 – Euronext Lisbon confirms MOTA-ENGIL's move to the PSI20, the main index of the Portuguese Stock Exchange. As a result, among other things, of the share dispersal operation on February 2, the MOTA-ENGIL shares came to be included in the PSI20 as from the start of the second half of 2005.

April 19 – In the 2004 Consolidated Management Report approved at the Annual General Meeting held on April 15 last, the MOTA-ENGIL GROUP made a preliminary disclosure of the impact of the adoption of the International Accounting Standards in a special chapter of the report.

An analysis of this information leads to the conclusion that the impacts on shareholders' equity and on the year's results are of little material significance and are positive in both cases.

March 18 – MARTIFER establishes a strategic partnership with REpower Systems, AG, Europe's 3rd biggest and the world's 6th biggest company engaged in manufacturing and assembling wind-power turbines. The agreement provides the bases for the transfer of know-how for the production of wind-power turbines in Portugal and for the increase of MARTIFER's holding in this company to 19.5% through an investment involving about €12.5 million.

February 2 – the majority shareholders of the MOTA-ENGIL GROUP floated 22% of the share capital of the holding company in an operation designed to increase the free float and to enlarge its visibility in the capital market. As a result of this operation 45 million shares were placed at a price of €2.45.




January 3 - MOTA-ENGIL AMBIENTE E SERVIÇOS, the GROUP holding company for the Environment Area strengthens its position in the water industry through the purchase (in conjunction with the other

Portuguese partners) of the shares in INDÁQUA, SA, held by British companies Severn Trent Water International and Severn Trent Enterprises. A total of 42.86% of the share capital of INDÁQUA, SA, the MOTA-ENGIL GROUP vehicle for the "Water Treatment and Distribution and Sanitation" segment, is now owned by MOTA-ENGIL AMBIENTE E SERVIÇOS.

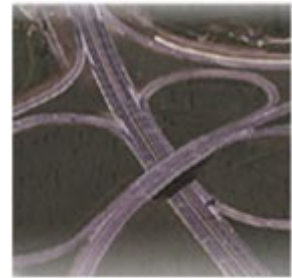
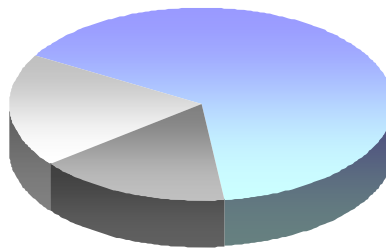
“Mota-Engil at a glance”

One of the leading private economic groups in Portugal, with an integrated business portfolio centred on the chain of value of **Construction** whose **performance** is aligned with **best international practices**.

Construction

- Iberian Peninsula 
- Central Europe 
- Africa & America 

TURNOVER
€1,137 MILLION



TURNOVER
€149 MILLION



Industry & Energy

- Metallic structures fabrication
- Energy production equipment
- Bio-fuel energy production
- Wind-farm energy production

Environment & services

- Solid waste
Suma Group
- Water and Wastewater
Indáqua
- Logistics
Port of Setúbal
- Green spaces and maintenance
Vibeiras and Manvia
- Used-oil collection and recycling
Enviroil and Correia&Correia



TURNOVER
€115 MILLION



INDAQUA



MORE THAN 500 KM OF MOTORWAYS

Transport concessions

- Aenor Group
- Lusoponte
- Metro Sul do Tejo

Message from the Chairman

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

I would like, in the first place, to congratulate all the employees of the MOTA-ENGIL GROUP for the performance achieved in 2005, meeting all the expectations that had been created, despite the fact that the Portuguese construction market remained quite depressed during the year under review.

This performance shows that the decisions taken in recent years were the right ones, both the strong focus on internationalisation and our focus on diversifying business areas, in addition to the merger of Mota & Companhia, SA and Engil, SA, which allowed the company to acquire the necessary size.

The coming year is certain to be one of transition between two cycles of sharp growth of the MOTA-ENGIL GROUP, since we are convinced that the growth of our business in Central Europe and in Angola, the coming into service of all our highway concessions at the end of 2006 and the strong focus on the energy area and on the growth of the environment business, allied to the expected upturn of the Portuguese construction market, provide expectations of a new cycle of growth as from 2007.

On the other hand, we consider that the MOTA-ENGIL merger has now been consolidated, creating a company culture based on the best of the characteristics of each of the former companies.

The time has now come, therefore, to restructure the GROUP once again, embracing the management model itself, entirely directed at generating greater value.

The creation of the Industry and Energy sub-holding company as MARTIFER, SGPS, the restructuring of the construction area – altering the Portugal vs. International vision to a Europe vs. International one – and the remodelling of the boards of directors of the parent company and of the various sub-holding companies, are measures that will enhance the vision of MOTA-ENGIL as a Great National Economic Group with a major involvement in various business areas, its main objective being the creation of shareholder value.

I am certain it is the right decision at the right time and that we shall thus be stronger and better prepared for the new challenges that are upon us, consolidating the MOTA-ENGIL GROUP as a great Portuguese group, a hallmark of excellence within the European construction industry.

ALWAYS STRONGER!"

António Mota

Chairman of the Board of Directors

Consolidated Management Report

1. Macroeconomic framework

Despite the slight reduction of gross domestic product (GDP) growth rates, the global economy maintained the sharp rate of growth seen during the past four years, with GDP increasing by 4.3% in 2005 and trade up by about 7%. The intensification of the process of globalisation of the economy has allowed the emerging and developing markets to sustain this growth through their average GDP growth rate of 6.4%, while the advanced economies, despite the worse performance of the Euro Area, returned an average GDP growth rate of some 3.5% (with the emphasis on the United States of America). Following several years of economic stagnation, Japan was able to grow at rates of more than 2% in 2004 and 2005.

As a result of this economic growth, there has been an increase of demand for manufactured goods, leading to a widespread increase of prices of raw materials, energy and otherwise, particularly oil, natural gas, coal, steel and iron.

Portugal is in counter-cycle with the global economy and its growth rate continues quite low, the GDP having grown by 0.3% in 2005, the second lowest of the countries of the European Union, immediately behind Italy. The performance of the Portuguese GDP has historically been greatly influenced by the contribution of State public sector spending, and, as a result of the excessive budget deficit, the performance of this spending during the past three years has not been expansionist. Thus, the performance of the Portuguese GDP has been driven almost solely by household consumption, particularly because investment has fallen despite the fact that long-term interest rates remain at historically low levels, having fallen to 3.5% in 2005.

The decline of long-term interest rates was caused by perception that inflation would remain under control and by the increase of demand for North American public debt securities by oil-exporting countries and by Asian central banks within the scope of their foreign exchange policy management, as well as by a part of the insurers and pension funds in the United States and in Europe, as a result of alterations to risk-management regulations. Nevertheless, during the last quarter of 2005 short-term interest rates increase in the Europe Area as a result of the slight growth of inflation in the major markets.

The economy of the European Union has shown moderate growth, despite the impulse given by the new economies of Eastern Europe, with emphasis on the Baltic countries, Slovakia and the Czech Republic.

On the international stage the Angolan economy has performed well since 2002, and is now one of the most dynamic, attracting a large volume of business and investments. Its GDP is growing at about 15.5%, well above the growth of some 4.3% of the global economy. The growth forecasts for the economy for the period 2005-07 suggest an annual average of 18%. The growth of economic activity in Angola has outperformed even the emerging economies of Asia, held to be the most successful on the global economic stage during the past 20 years.

2. Market and strategic framework

Engineering & Construction

Iberian Peninsula

The Iberian public works market has performed differently, growing in Spain while falling in Portugal. This can be seen in the volume of Works adjudicated in 2005, which amounted to about €39 billion (up 26% over 2004) in Spain, compared to about €3.8 billion in Portugal (a 9% decrease compared to 2004).

The negative surroundings of the public works construction sector in Portugal is reflected in the decrease of production and in the reduction of employment, which has fallen consecutively since 2002 in what is the greatest negative cycle in this industry of all times. The industry is being harshly penalised by the reduction of public investment in infrastructure as a result of the need to contain the budget deficit.

The industry in Portugal is marked by a very large number of very small companies, which, in view of the present size of the market, are probably experiencing difficulties as far as order books are concerned, meaning that calls for tenders, already small in number, replied to by an abnormally large number of bidders whose tenders present extraordinarily low prices. Such intense competition will, in time, bring about consequences in terms of the quality of the work undertaken and economic deterioration of the entire industry.

To protect the quality of contract work and of the industry itself, it would be advisable to move towards implementing the idea of the general contractor, in addition to greater concentration within the industry, so as to allow Portuguese economic groups of sufficient dimension within the European context to be set up. Such measures would also allow a better match with the Spanish market where there are several companies that are also classified among Europe's Top-ten in terms of dimension as a result of the fact that they have been 26 concentration operations in Spain during the past two decades.

MOTA-ENGIL is the market leader in Portugal in the construction industry, and therefore the operating strategy on the domestic market of the in GROUP's Engineering & Construction area consists of organic growth. The GROUP is prepared to take part in a company concentration, but only in the event of a move towards concentration by the competition.

With regard to the option for vertical integration of the production process, the GROUP will continue to be heavily involved in the aggregates industry (indeed, it has increased the area licensed for operations during 2005) and in the industrial area, with emphasis on the production of concrete, bituminous mixtures and pre-stressed concrete. On the other hand, it will retain those subsidiaries that it has in specialised business areas, such as railways, water and signalling.

The most relevant aspect of the year as far as the industry was concerned was the presentation of the Investments in Priority Infrastructures Plan (PIIP), in that it is presented as a strategic reference framework that will allow companies to plan their business from a medium-term standpoint, clarifying where and to what extent private investment is expected to contribute. In terms of construction works, several priority undertakings have been identified, the construction volume of which amounts to approximately €8.3 billion be undertaken by 2009. This includes the high-speed railway and the Ota airport projects, which will provide a significant volume of construction up to 2015. In strategic terms, the GROUP is getting ready to be able to lead economically and technically strong multi-disciplinary consortia and is now waiting for these projects to be adequately scheduled.

At Iberian level, the GROUP did not grow significantly on the Spanish market as it had intended, neither through organic growth nor by means of concentration operations. Indeed, this market continues to be extremely closed and, despite having successively bid for several contracts, we have not yet been awarded one. This situation of not awarding works to non-Spanish companies has allowed the Spanish companies to grow even more, and strengthens the idea that it would be faster to achieve a strong presence in this market through acquisitions or mergers than through organic growth. Nevertheless, we have not yet been successful through concentration operations, despite the acquisition this year of a small company operating in a niche market. However, the Group's strategic goal of extending its business in Spain is unchanged.

With regard for civil works construction for private customers, the main strategic guidelines are directed at involvement in major property developments and tourist resorts, characterised by technical complexity and short completion dates, in which the GROUP may take part in the creation of value.

The property business is also a strategic priority and the GROUP has reorganised itself with a view to taking part in this market, its position in step with its size, taking advantage of such opportunities as arise on the market. Therefore, the decision to bring the property development business into the Engineering & Construction business area will generate greater synergies in the management of the portfolio of property developments now in progress. During 2005, following reflection on the future evolution of the property market, a series of non-strategic properties was identified, and the GROUP entered into a protocol with a large estate agent to promote their sale.

Central Europe

Following their accession to the European Union, Central and Eastern Europe going through a veritable economic boom, and this is encouraging sharp growth of the construction industry.

Anticipating this phenomenon, the GROUP decided, towards the end of the Nineties, to invest in these countries and to acquire a position in the respective local markets. It can now be seen that this strategic decision was the right one, and, in 2005, turnover in this geographic area now accounts for about 22% of the construction business. MOTA-ENGIL was awarded the "Best of European Business in Portugal" prize in the "Growth" category, a major contribution to this having been made by this business, which, moreover, earned the GROUP an honorary mention in the "Central Europe" category.

In order to meet the future challenges of this market, the GROUP is exporting its best practices, providing each market with a local structure that will allow it to be approached from within. At

the same time, processes of functional transversality are being implemented at commercial, technical and financial level that will underpin management and provide the control required for proper management of the markets and their respective risks.

In those countries in which the GROUP has been in business longer (Poland, Hungary and the Czech Republic), the strategy is fundamentally centred on consolidation of its growth, involving jobs providing better margins, increasingly making our mark as a major player in the local markets.

In Poland and Hungary, following a period during which activity was centred solely on public works, we are now diversifying the business and moving into property development, taking full advantage of the ease of access to mortgage loans proposed by the local banks. We already have several projects in our order books that are to be started in 2006. This diversification will allow a reduction of the normal impact of the period of inactivity that occurs during the winter months.

During 2005, the Polish and Hungarian markets underwent enormous growth, giving rise to the good order book that was secured in 2004, underpinned by major highway projects.

The operating strategy in all the markets of Central Europe is based on the development of every area of classic construction business and, on the other hand, on making use of the installed structure while encouraging the internationalisation of the other business areas of the GROUP.

Our presence in Romania and Slovakia is still not very great and is still under study, though it does form part of our strategy of extending our borders to Eastern Europe

Africa & America

As a result of the ongoing peace and of the new oil exploration contracts, the Angolan economy is experiencing accelerated growth, and it is one of the countries of the world that has the greatest GDP growth rate. However, economic dynamism in Angola is not circumscribed to the oil industry. On par with the extracting industry, in which partnerships between Angolan and foreign companies are being intensified, the civil construction industry is expecting a growth of around 16%. Angola is thus seen as a huge sea of opportunities.

For the MOTA-ENGIL GROUP Angola is a second domestic market, one in which it has worked without interruption for 60 years, with which it wants to continue to grow. Taking advantage of the knowledge it has acquired of the country, in which it is unquestionably a major landmark, the GROUP wants to strengthen its position there both through an increase of activity in its traditional sector and through diversification into other businesses related with the construction value chain.

In addition to those foreign markets that we consider strategic, we are looking with interest at involvement in construction projects being promoted by countries producing oil or other raw materials able to cover the financial risk. At this time we are bidding in Algeria for two motorway construction contracts, heading a consortium of Portuguese companies within a commercial context that seems to us to be very good, both for the huge volume of construction of infrastructures being promoted by this country and for the good political and economic relations between Portugal and Algeria.

The GROUP intends to continue its activity in Mozambique and Malawi and is on the lookout for such opportunities as the development of these countries may bring about. In Malawi we have been able to renew our business portfolio and, in Mozambique, we have recently been awarded the construction of a bridge over the River Zambeze for the sum of €65 million. In these markets the GROUP will match its resources to the level of activity allowed by the country.

On the American continent the Group is present in Peru and in the United States of America, having distinct strategies for the development of its business. While in Peru the objective is to consolidate the position that it occupies, maintaining the profitability seen in recent years, in the United States the strategy involves, in the medium term, strengthening our presence in the country, currently restricted to the state of Florida.

We are studying the means to ensure our more profound involvement in the USA, which, despite being a mature market, offers countless business opportunities. In the short term, the Group will move ahead from acting solely in the civil construction market segment to diversify into public works.

Industry & Energy

Industry

The market of the metallic structures fabrication industry applied to construction procedures has grown significantly, particularly with regard to large structures for industrial, commercial and sports buildings.

The MARTIFER GROUP, held equally by MOTA-ENGIL GROUP and by MTO, is the leader of the Iberian market and Europe's fourth biggest manufacturer. Its strategic guidelines call for achieving leadership at European level by means of maintaining its leadership in Portugal and of strengthening its position in Spain and in the markets of Central Europe. The focus on growth abroad is also designed to offset the decline of the domestic market.

In keeping with this strategy MARTIFER has invested about €4.1 million in setting up an industrial pole in Poland that will allow it to supply the whole of Central Europe. During its first year in business, MARTIFER POLSKA produced about 7% of the total consolidated turnover of the MARTIFER GROUP, having supplied the commercial delegations set up in Romania and Poland.

To ensure the profitability of the industrial facilities set up in Poland, the commercial team has been strengthened in Central Europe, involving the opening of delegations in the Czech Republic, Germany and Slovakia, besides those mentioned earlier.

In the wake of the distinction acquired by and growth achieved with the major undertakings involving the Euro 2004 football stadiums and the Francisco Sá Carneiro airport in Oporto, the business of these companies is being driven by the construction of shopping malls in Portugal and Spain, manufacturing facilities and logistics platforms, and by the Company's ability to operate in the highway-construction market through its involvement in large steel bridge and viaduct projects. Another relevant factor to be considered is the move into the Spanish aluminium and glass façades market where the Group has made a start to its first works and has attracted customers as a result of its conclusion of jobs of great technical complexity.

Energy

In 2005 the Portuguese government defined the national energy strategy with a view, among other things, to ensuring the environmental adequacy of the energy process, reducing environmental impacts, particularly with regard to the carbon intensity of the GDP. To this end, investment will have to increase in renewable energies, wind energy in particular, the reference target for which will be to install a production capacity of 5,100 MW; a public call for tenders has already been issued for the allocation of licences for wind farms totalling 1,800 MW.

The PIIP presented by the government establishes a number of investments in this sector for the period from 2005-09 amounting to about €5.6 billion, of which €3.2 billion will be borne by private investment.

Aware of the country's needs in energy terms and of the importance of fulfilling Portugal's commitment to the EU in terms of the renewable energy share, the MOTA-ENGIL GROUP began to prepare itself strategically, about two years ago, to be able to bid for the wind farm licences that would have to be granted. Therefore, the GROUP through its subsidiary MARTIFER, invested about €12 million in a new factory at Oliveira de Frades, whose core business is the

manufacture of industrial equipment for wind-energy production, particularly wind towers, which it inaugurated at the end of 2004. This year it generated turnover of about €9.5 million, of which about 20% of export, and it is expected to reach break-even point in 2006.

In parallel, MARTIFER established a strategic partnership in March 2005 with REpower Systems AG, Europe's third biggest and the world's sixth biggest manufacturer and assembler of wind generators, having become its largest shareholder with a stake of about 30%, calling for an investment of about €26.5 million. The agreement includes the basis for the transfer of know-how for the production of wind generators in Portugal. REPOWER PORTUGAL has already been incorporated, and is held equally by MARTIFER and by Repower AG.

Therefore, in response to the call for tenders referred to above for the wind-farm licences to be granted, MOTA-ENGIL will submit a tender in consortium with Galp Energia and Enersis. This Portuguese consortium is headed by Galp Energia and includes two Portuguese companies that are the leaders of their respective sectors of activity: MARTIFER, a subsidiary of the MOTA-ENGIL GROUP, and Enersis, the leader in wind-farm energy production in Portugal. The enterprise calls for an investment that is set to exceed €1 billion.

One of the MARTIFER GROUP's medium-and long-term strategic guidelines includes further development of its business in the field of renewable energies. To this end MARTIFER is developing research capabilities in the field of wave energy and is establishing partnerships in the field of bio-diesel and wind energy.

With regard to bio-diesel the GROUP invested in a bio-diesel production facility in Romania and also in agricultural land to provide the raw materials upstream of this project, totalling about €3.3 million. The aim is to develop the technology to produce bio-fuels and it plans to produce one million tonnes of this fuel in 2015, controlling about 25% of its raw-material requirements.

Through its R&D Centre MARTIFER made a start in 2004 to the development of technology to make use of the energy generated by waves, as a promising, unexploited resource and source of alternative, non-pollutant energy. Despite the size of the energy resources provided by the sea, the world has not yet produced the technical solutions required to ensure that efficient use is made of it. The kinetic potential of the sea is very well known, allowing its suitability as a source of energy to be appraised. However, there is the difficulty of survival of the equipment that interacts with the waves, meaning that the concept of the equipment is extremely difficult from an engineering standpoint.

Laboratory simulation is currently under way, involving studies of energy conversion systems, energy post-processing and its injection into the national grid, and survival of the models on the study and the anchoring systems. An infrastructure to support this initiative is also at the design stage.

Environment & services

Provision of services

At the present stage of development of this business area, provision of services is the more significant part of the business; it is divided between collecting solid waste and urban cleaning, its end of treatment, the collection and treatment of industrial waste, the collection and recycling of used oil, the construction and maintenance of parks and gardens, and the maintenance and management of equipment, buildings and public spaces.

The Portuguese market involving the collection of solid waste and urban cleaning is now at a stage of progressive outsourcing to the private sector, although only 33% of the population are now served by private companies, the remaining market being dealt with directly by the local authorities. This solid urban waste (SUW) market and the industrial waste (IW) market are of strategic interests to the MOTA-ENGIL GROUP and are part of the core business of the environment & services division, which operates through subsidiaries SUMA, SERURB and STL. The group has a share of 56% of the market outsourced to the private sector, serving a population of 1,863,000 in 36 municipalities.

Resistance to hiring the private sector to provide these services is the result of the lack of the public sector's financial capacity to increase spending on improving environmental quality. As a result of the difficulties involving the local authority budget deficit, this market is facing major liquidity problems, with delays to payments for those services provided by the local authorities amounting to more than 2 years in several cases.

The solid urban waste treatment activity has, till now, been entrusted to public companies in which the majority holding belongs to EGF, a company wholly owned by State-owned Águas de Portugal. Consequently the role of the private sector in this market plays and will play a minor role until such time as investments in this area no longer enjoy vast Community support. The systematic protection provided by the state to EGF in the construction of SUW landfills and permission given for solid urban waste landfills to be used to receive industrial waste, linked to the blockage of approvals investment by the private sector in this area, has constituted an enormous barrier to the development of private investment in this area.

The GROUP's strategy is to maintain its position of leadership in an endeavour to contribute to creating community and central government awareness of the importance of the existence of a quality environment, while investing in research and development so as to ensure ongoing optimisation of the resources employed.

The principal infrastructures of the solid urban non-hazardous waste treatment market are sanitary landfills, composting plant and sorting centres. Generally speaking these involve partnerships between companies operating in the sector and associations of municipalities. The main operator in the marketplace is Empresa Geral de Fomento (EGF), a publicly owned company that has enjoyed special protection by the State. It should be mentioned that the private operators were challenged by the State to move into this market and they were granted licences to build sanitary landfills, most of which are still to be built as result of the huge administrative difficulties raised by official entities.

The GROUP's activity in this business segment involves 21 municipalities covering a population of about 700,000.

During the last quarter of 2005, MOTA-ENGIL AMBIENTE E SERVIÇOS took its first steps towards implementation of its internationalisation strategy, which consists of exploring business opportunities that are appearing in Central Europe, especially in those countries in which the GROUP is already involved in other businesses, so as to take full advantage of the existing structure in those countries

The market selected to make a start to internationalisation was Poland, and MOTA-ENGIL SRODOWISKO (ENVIRONMENT) was incorporated and acquired the majority of the share capital of a local company. The market is quite polarised, involving many small private operators, and for this reason the market growth strategy will be directed at organic growth combined with acquisitions that will bring added value to the business.

In the parks and gardens and the maintenance markets the GROUP has a majority stake in the two leading companies operating in these markets. We believe in the huge potential of these markets and our strategy therefore is directed at maintaining our leadership of the parks and gardens market and to increase it through the offer of new services, while continuing our focus on maintenance by marking our difference from the competition in that we include an increasing number of products and services in our range.

The GROUP strengthened its position in the used-oil recycling business by taking control of its subsidiary ENVIROIL, contributing in this way the principle of recycling used oils. It is engaged in its collection, treatment and post-transformation into electricity

The information technologies market is not strategic as far as the MOTA-ENGIL GROUP is concerned and we are therefore seeking solutions for the GROUP's in SOLS-S E SOLSUNI.

Public-private partnerships

The MOTA-ENGIL GROUP is strongly committed to the development of public-private partnerships under long-term concessions in market segments involving water supply, basic sanitation, logistics and education and health infrastructure concessions

The water supply and basic sanitation market is still controlled by the state, by local authorities through their SMASs (municipal water and sanitation services) or by Águas de Portugal. The industry is facing stalemate as a result of the constant policy alterations of the successive governments. It is not yet possible to clarify the role that the State suggests for those private companies that operate in this sector.

Taking into account the fact that the targets established in the PEAASAR – Strategic Water Supply and Wastewater Sanitation Plan for the period (2000-06) have not been met, it is to be expected that PEAASAR II (2007-13), for which a Work Group has been appointed by decree-law, will first draw up a balance of what has been undertaken to determine the reasons for this failure and to realistically define a new, realisable plan that will unequivocally rely on the contribution of the private sector. It is against this background that the private sector expects to develop a sector whose potential has not been advantageously employed in the challenge that faces the country, a challenge for which INDÁQUA, the MOTA-ENGIL GROUP company engaged in this sector, has prepared itself and is ready. Regardless of the PEAASAR II guidelines, we are convinced that the role of the private sector will be increasingly relevant and that, without it, several of the strategic objectives of the nation's environmental policy cannot be achieved.

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Strengthening its focus on this market that is strategic for the GROUP, MOTA-ENGIL AMBIENTE E SERVIÇOS formally increased its stake in INDÁQUA during 2005, having become its biggest shareholder.

During 2005 INDÁQUA was also awarded concessions for the municipalities of Matosinhos and Vila do Conde, although these have not yet been formalised as a result of successive injunction proceedings and contestation actions brought in respect of the calls for tenders. Nevertheless, in the case of Matosinhos, all these administrative proceedings are now behind us, and we are already negotiating the concession contract with the concessor. With regard to the Vila do Conde concession, all the injunction proceedings have been settled and we are now awaiting contact by the concessor to negotiate the concession contract. When these two new concessions come into operation INDÁQUA will treble its contribution to the MOTA-ENGIL GROUP.

On the other hand, investments have been suspended in the Santa Maria da Feira concession in view of the local authority's failure to comply, and the concession contract is now undergoing renegotiation.

The year under review was the first full year in operation of the logistics platforms that operate the solid-bulk, container and roll-on roll-off terminals at the port of Setúbal. The strategy defined by the GROUP for the operation of the logistics sector consists of establishing strategic alliances with international partners of recognised dimension and competence. Our intention is to occupy an outstanding position in this market segment since we believe in the need for profound structural change in the transport field, with a particular focus on the entire logistics structure associated therewith.

Growth in the domestic Port logistics market will come about in the short term only through acquisitions, and we are therefore keeping a careful eye on the terrestrial and airport logistics platforms markets.

During 2005 we took part in consortia that submitted tenders for concessions involving the concept, financing, construction and maintenance of hospitals, since we believe that our presence in this market is a strategic one, a market that will in future embrace several social facilities, such as hospitals, prisons and schools.

These calls for tenders were for the concession of the Loures, Braga and Cascais hospitals, which fall within the scope of the programme launched by the Portuguese government with a view to involving private sector entities in the management of hospitals that are covered by the National Health Service. The concessions involved the construction and management of the infrastructure, as well as the provision of technical services, the GROUP's involvement being directed more at the construction and management of the buildings.

Transport concessions

The network of motorways under concession in Portugal totals about 2,403 km. The Brisa concession network awarded up to the middle of the Nineties totals about 1,156 km (including the Brisal associate concession). As from the mid-nineties there was sharper competition in the allocation of concessions. As a result, the 11 concessions put out to tender during this period were awarded to various companies. Of these, 7, involving 1,006 km, are virtual-toll concessions (SCUTs), that is, at no cost to users. Present market shares of the motorway-concession sector is as follows:

Operator	Nº concessions	Nº km	Market share
Brisa/Brisal	2	1,156	47.9%
Aenor Group	4	506	21.0%
Euroscut Network	2	250	10.4%
Scutvias	1	176	7.3%
Auto-estradas do Atlântico	1	170	7.0%
Norscut	1	155	6.4%
Total	11	2,413	100%

Additionally, there is also the concession of the River Tagus crossings, the 25 de April Bridge and the Vasco da Gama Bridge, totalling 24 km, awarded to Lusoponte.

The MOTA-ENGIL GROUP is active in the highway concessions market as the biggest shareholder of the AENOR GROUP, with a holding of about one third of its share capital, and a financial holding of 13.8% in LUSOPONTE. Of the concessions awarded to the AENOR GROUP only the North concession has real tolls, while the others are under the "virtual toll" scheme, involving no cost to users. During this year efforts were made to enlarge and consolidate recognition of the AENOR brand, which has come to be common to the entire network.

The year under review was the first full year of operation of the Costa de Prata concession, with the exception of the stretch between Estarreja and the IP5, for which definition of the final layout by the state is still awaited. There are expectations that the state will finally improve the layout of this stretch during 2006, allowing the entire concession to be opened to traffic in 2007.

With regard to the North concession, we would underscore the opening of practically the whole of the concession to traffic during the last quarter 2005, the conclusion of all construction work being scheduled for the first quarter of 2006. The opening of the entire concession will bring about a significant improvement of highway mobility between the coast and the interior of the Douro Litoral and Minho districts, reducing the time taken between dozens of cities and towns, by as much as one third in some cases. An investment totalling about €1 billion over a period of about 5 years has thus been concluded.

The works involved in the construction of the Grande Porto and Beiras Litoral e Alta concessions went ahead at a good rate, and about 34 km and 88 km respectively have been opened to traffic. There were no delays of note and therefore the completion date for the whole of the various stretches of these two concessions continues to be scheduled for the last quarter of 2006.

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With regard to the Metro Sul do Tejo railway concession, work continued throughout the year. There were several delays caused both by non-availability of land for construction purposes as a result of delays to the plan of expropriations, which is the responsibility of the concessor, and by alterations to and lack definition of the layout and design introduced by the local authority where the work is taking place.

The MOTA-ENGIL CONCESSÕES DE TRANSPORTES strategy regarding the development of new business in Portugal is focused on calls for tenders for the award of new concessions in which the company plays a leading role in the respective consortia, while also keeping a careful watch on other market opportunities. It was within this context that the GROUP closed with Jaime Ribeiro & Filhos an agreement to acquire a holding of about 3% in the AENOR GROUP, which is now awaiting authorisation to be finalised.

In keeping with its strategy the GROUP submitted bids in 2004 in response to the only two calls for tenders currently underway, the Douro Litoral, with a length of 122 km, and Grande Lisboa with a length of 25 km. In respect of the latter it was notified during the first quarter 2006 of its selection of the shortlist that is to negotiate the award of the concession with the state. There were no developments regarding the Douro Litoral concession during 2005.

We continue to await the issue of new calls for tender, particularly the Transmontana and Alto Alentejo motorways that have already been announced by the government, within the scope of which MOTA-ENGIL will certainly bid as leader of a consortium.

At international level the GROUP's strategy is the same as the strategy developed internally, basing its internationalisation on the award of new concept, financing, construction and operation concessions, as a result of calls for tender. The main markets are those of Central Europe, in which the GROUP has been involved in the construction business for several years, particularly Poland, as well as in the Irish Republic where MOTA-ENGIL CONCESSÕES DE TRANSPORTES already has a history of involvement in calls for tenders, though without the results expected in terms of the award of concessions.

In the Republic of Ireland, the GROUP has been qualified in two calls for tenders, one for 56 km and the other for 41 km, both with real tolls, in which it is the leader of the consortium on a par with Spain's Acciona. The consortium believes in the development of this market and, as a result of the experience acquired in previous calls for tenders, it is confident that it may be successful in the present ones.

In November we applied for prequalification in the call for tenders for the concession of the motorway with a length of 180 km in Poland, as a member of the consortium headed by Strabag. In Poland, too, we are a member of a consortium, with equal holdings, that has applied for prequalification in respect of the award of a motorway concession with a length of 95 km.

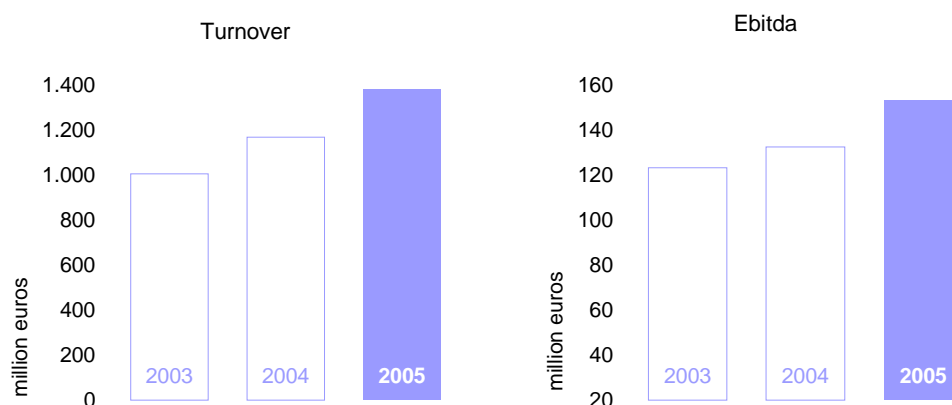
At the end of 2005 the GROUP was pre-qualified in the call for tenders for a motorway concession in Serbia with a length of 322 km, linking Horgos and Pozega. In this Consortium MOTA-ENGIL CONCESSÕES DE TRANSPORTES has a holding of 40%.

The Hungarian and Slovakian markets are still at the pre-call for tenders stage and we have therefore accompanied with interest the development of initiatives promoted by the local authorities and shall be in a position to respond to calls for tenders as a member of a powerful consortium as soon as they are issued.

With regard to the development of our business in Greece, as a result of the considerable indefiniteness by local authorities, which has put back calls tenders issued in the meantime, the

consortium of which we are a member decided to abandon this market and to drop out of all the calls for tenders, including those for which we had already submitted bids.

3. Economic and financial review



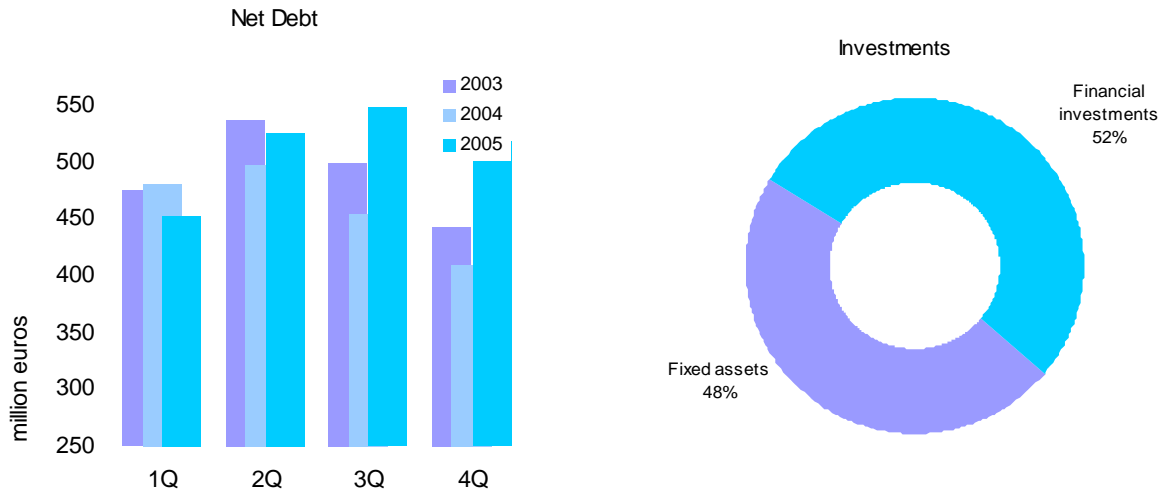
During 2005 the volume of sales and provision of services of the MOTA-ENGIL GROUP amounted to around €1.38 billion, an increase of more than 18% over the previous year (compared to the figure shown in the 2004 accounts re-expressed in accordance with the new rules: €1.17 billion)⁽¹⁾. This growth was underpinned by every business area, with a powerful contribution by the foreign markets, Central Europe and Africa & America in particular.

The growth of the business was not obtained to the detriment of operating profitability. This is borne out by the continuation of the gross profit margin at 45% and of the weight of the other operating costs, allowing the EBITDA margin to continue above 11%. The Africa & America market and the domestic market contributed to this excellent performance, and emphasis is given to the growing contribution of the Environment & Services area.

It should be mentioned that during the fourth quarter business continued at a very high level, amounting to €374 million (2004: €271 million), a figure that did not reflect the usual seasonal downturn of construction work as a result of the performance of the foreign markets and of the industrial activity of the MARTIFER GROUP. As far as operating margins are concerned, the figures for the previous quarters were maintained. Compared with those the previous year, they were lower because of several non-recurring events in 2004, which meant that the EBITDA and EBIT margins amounted to 15.9% and 9.3% respectively

The 2005 operating profit grew by 29% compared to 2004 to stand at €93 million, revealing among other factors the better use made of the equipment employed in production as a result of the constant exploitation of the synergies generated by the restructuring process undertaken over the past three years

⁽¹⁾ In the following paragraphs of this report the following notation is used when presenting figures, re-expressed in accordance with the new accounting standards in respect of the same period of the previous year (2004: €1.17 billion). Additionally, all the figures for 2003 were calculated in accordance with standards generally accepted in Portugal.



Net financial costs increased by about 11% as a result of the increased debt. Compared to the last quarter 2004, the reduction of these costs was solely due to the fact that there were no currency translation losses, which had been seen in 2004 as a result of the depreciation of the United States dollar.

This growth of the GROUP's net debt reflected the major investment during 2005 (€130 million), of which €68 million involved strategic financial investments (share capital put up for the concessionaire companies of the AENOR GROUP, and in REpower), which will drive the growth of businesses of high added value.

On the other hand, to meet the requirements caused by the sharp growth of activity in the new business areas and on the international markets, investment in technical fixed assets amounted to about €62 million, while growth of working capital requirements was in line with the growth of production.

Thus, despite the large cash flow generated by operating activity, the GROUP's debt increased to around €518 million, without, however, any significant deterioration of the quality of the economic and financial ratios, with debt-to-equity standing at 1.61 (2004: 1.57) and the debt-to-EBIT ratio at 3.38 (2004: 3.07).

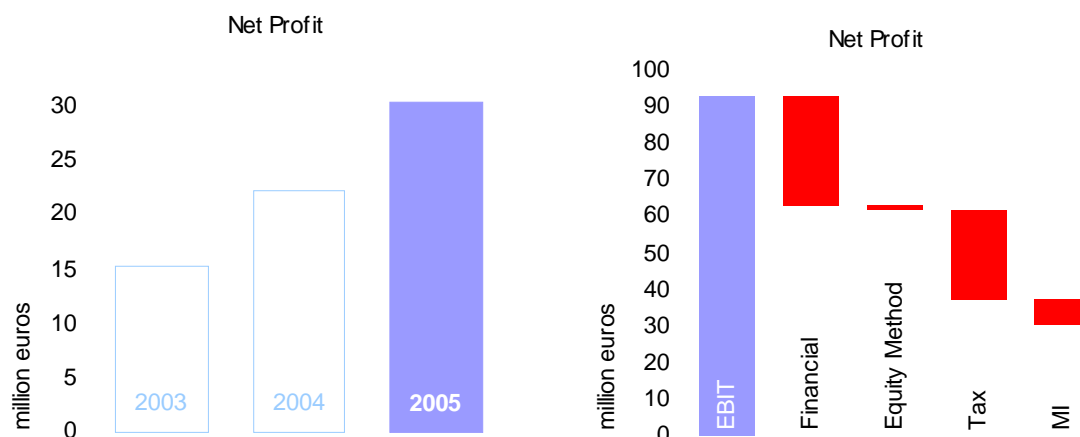
Additionally, the GROUP's liquidity levels improved, and debt maturing at more than one year now accounts for about 70% of total debt, not considering cash & cash equivalents, compared to the figure of 61% seen in 2004.

Gains and losses on companies consolidated using the equity method improved compared to 2004 as a result of the reduction of the losses returned by the motorway concessionaire companies, which amounted to about €2.3 million in 2005 (2004: €4.2 million).

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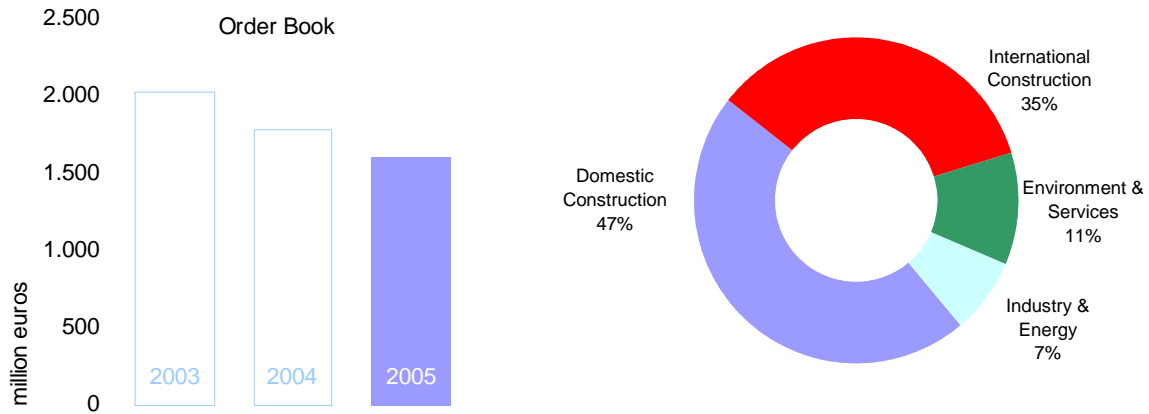
To sum up, the excellent operating performance allowed the pre-tax profit to amount to €61.8 million (2004: €41.9 million), an increase of 48%.

Despite the high tax on profits in the sum of €24 million, the result of a combination of several non-recurring factors, consolidated net profit amounted to €37.5 million (2004: €27.9 million).

Of this, €7.1 million are attributable to minority interests (2004: €5.6 million) and €30.4 million correspond to the profit of the MOTA-ENGIL GROUP (2004: €22.3 million). The fourth quarter of the year made a contribution of €7.1 million to this figure, in line with the profitability of the other quarters of the year, if we exclude the negative impact of the motorway concessionaire companies during the last quarter.

On the other hand, emphasis is given for its impact on the consolidated balance sheet to the correction of the valuation of the GROUP's holding in LUSOPONTE, now carried in the books at €66 million. As a result of this correction and also of the good performance of profits, the GROUP's own funds totalled €318.2 million at the end of the year (2004: €250.3 million), of which €273.5 million were before Minority Interests (2004: €229.0 million).

It should also be mentioned that during the last quarter the GROUP obtained final confirmation by the Angolan authorities of the debts claimed under the agreement established between the Portuguese State and the Angolan state, and is expected that protocol involving payment of these debts will be signed during 2006.



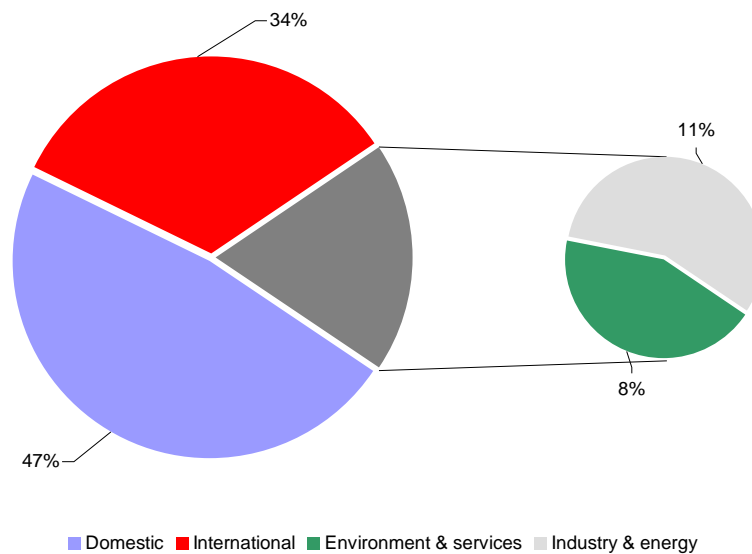
The performance achieved in 2005 is in line with expectations and with the GROUP's internal forecasts which suggested that the year would be the culmination of an excellent cycle of growth of the business in Portugal, on a par with the positive effects of the internationalisation process (now clear to see in the appraisal by business areas and segments made in the following chapter).

The decline of the GROUP's order book has been partially offset by the volume of contracts awarded in foreign markets, with particular emphasis on the activity seen in the three countries of Central Europe in which the GROUP has been in business longer: Poland, Hungary and the Czech Republic, and also in the United States of America.

Thus, at the end of December 2005, GROUP's order book stood at €1.6 billion (2004, December: €1.8 billion), the breakdown of which is provided in the above chart, not including revenues provided by the highway concession and water and basic sanitation contracts.

On the other hand, the constant diversification into other business areas has made the GROUP less dependent on this fundamental indicator, which nevertheless provides full production during approximately 1 1/2 years. At domestic level we are now at the start of a new cycle of investment in infrastructures, and we therefore await with interest the issue of new calls for tenders, and the GROUP has reason to believe that it will play an active role in this process, thus increasing its order book.

Review by business areas

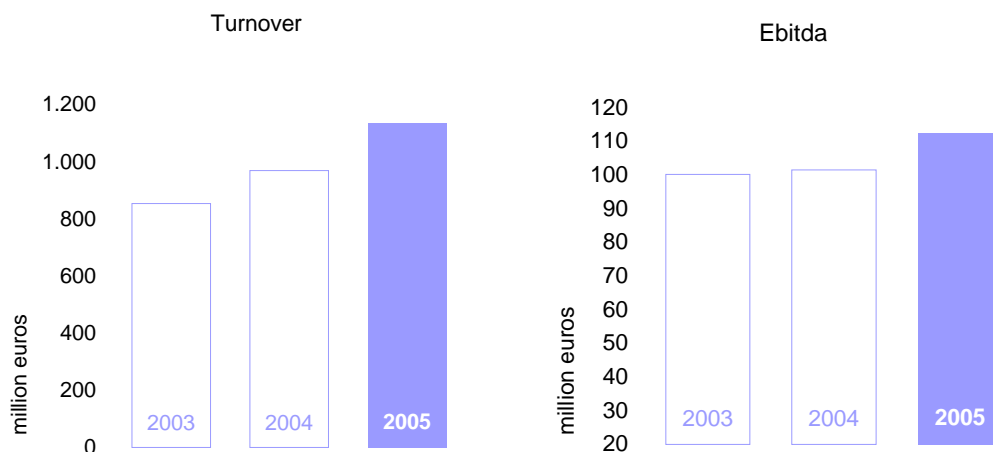


As shown by the foregoing chart, the processes of diversification and internationalisation that have been mentioned earlier are mirrored in the growing contribution to turnover made by the international segment and by the Environment & Services and Industry & Energy areas. This performance is significant, particularly because it was seen during period in which the domestic construction activity returned sharp growth.

By value, contribution to sales and provision of services was as follows: Engineering & Construction €1,137 million (2004: €969.5 million), Environment & Services €114.7 million (2004: €88.8 million) and Industry & Energy €148.9 million (2004: €122.6 million).

To provide a more detailed analysis of these contributions and also of the results of the other economic indicators, there follows a presentation of the activity of each business area of the GROUP.

Engineering & Construction



Sales and provision of services performed very well, with a growth of about 17%, driven by the performance of the international construction companies, particularly in Poland, Hungary, Angola and the USA. The weight of the international area in construction increased from 22% in 2004 to 39% in 2005.

The contribution made by Construction to EBITDA and to EBIT amounted to €112.4 million (2004: €104.2 million) and to €70.2 million (2004: €60 million) respectively, providing EBITDA and EBIT margins of 9.9% (2004: 10.7%) and 6.2% (2004: 6.2%). MOTA-ENGIL ENGENHARIA was the main contributor to these results as a result of its ability to maximise its structure since the merger by incorporation of Engil and of the margins provided by the mix of works in progress during 2005.

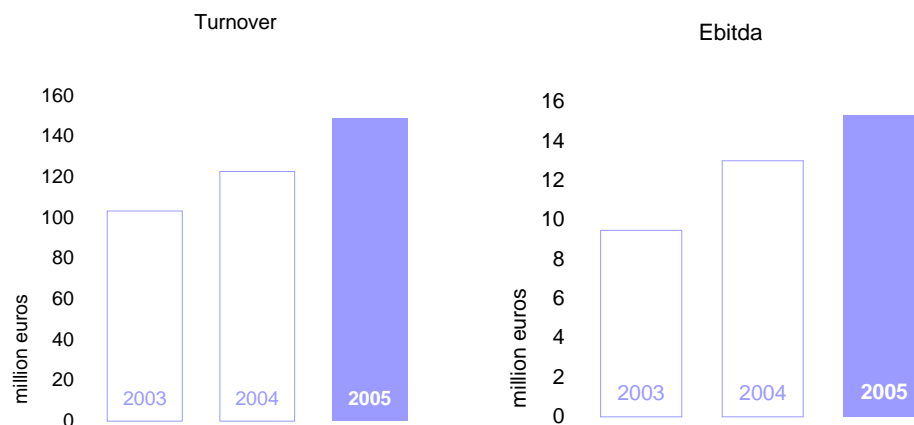
The growing weight of international construction as far as turnover is concerned had a natural repercussion on operating margins. In fact, despite the differences between the various markets, the contribution made by international construction to the construction EBITDA and EBIT in 2005 amounted to 27% (2004: 15%) and 26% (2004: 8%) respectively.

Net profit of the Construction business area amounted to €34.6 million in 2005, an increase of 23% over the previous year.

Emphasis is also given to the performance of the associate companies in Portugal, with a turnover of more than €170 million and a contribution to EBIT and to the net profit of the area amounting to €11.7 million and €6.5 million respectively.

Despite the growth of the business and of a volume of investment that totalled €53 million, the Construction area managed to reduce its working capital requirements as a result of its excellent management of working capital, thus allowing the net debt of the area to fall.

Industry & Energy

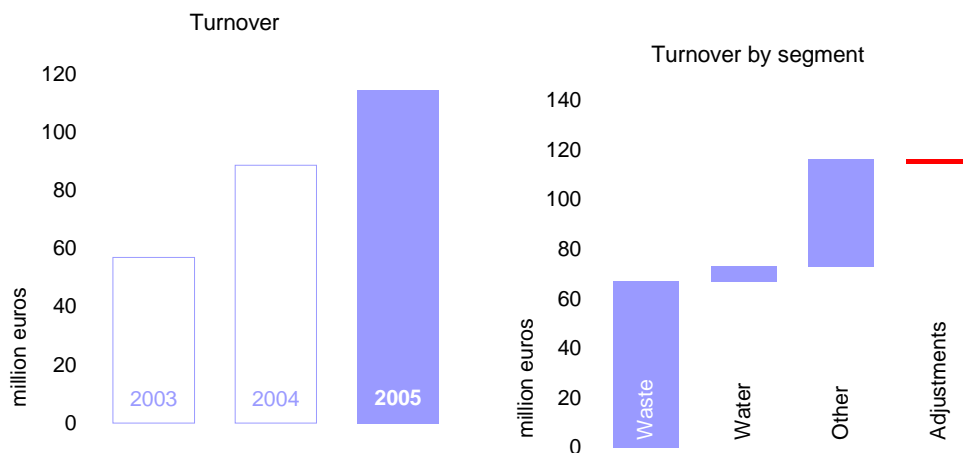


The rate of growth of turnover of the Industry & Energy business area in 2005 stood at approximately 21%, to which a sharp contribution was made by the GROUP's process of internationalisation of the. Indeed, the weight of the foreign markets as a proportion of the billing of the MARTIFER GROUP increased from just 8% in 2004 to 36% in 2005, a growth of €43.8 million, which more than offset the reduction of the domestic market by €17.6 million.

Contribution to EBITDA and to EBIT amounted to about €15.3 million (2004: €30 million) and €9.2 million (2000 4: €7.9 million) respectively, the margins remaining at about 10.3% and 6.2% respectively.

Financial charges performed negatively in 2005 as a result of the growth of debt, which increased to €91.4 million as a result of the major investments in the process of internationalisation and in diversification into the energy-production equipment segments, in which the acquisition of the holding in REpower AG in the sum of €27 million stands out.

Environment & services



During 2005 the turnover of the Environment & Services area increased by more than 29%, although a part of this growth (12%) was due to the alteration of the method of consolidation of INDÁQUA and of ENVIROIL as a result of the increase of the GROUP's holdings in these companies.

Emphasis is given to the growth of turnover at VIBEIRAS, the company engaged in the construction and maintenance of parks and gardens, which returned an annual growth of about 90% and now accounts for about 15% of the total billing of this business area. Solid urban waste returned good growth (10%), if we take into account the fact that it is the market's leading company.

In terms of operating profitability, this area maintained the level of its EBITDA and EBIT margins at about 24% and 15% respectively, and therefore its contribution to the MOTA-ENGIL GROUP's consolidated figures amounted to about €27.5 million (2004: €21.3 million) and €17 million (2004: €12.4 million) respectively.

With regard to the water and wastewater segment, sales and provision of services were up, and EBITDA and EBIT grew by about 34% and 186% respectively, compared to the previous year.

Net profit of the area amounted to €5.6 million (2004: €4.5 million) despite the slight reduction of the net margin to 4.9%.

Net debt rose from €46 million to €71 million, chiefly as a result of the alteration of the method of consolidation of INDÁQUA and, in the solid urban waste segment, of the payment difficulties experienced by the local authorities. Even so the net debt to EBITDA ratio remains under control at 2.8.

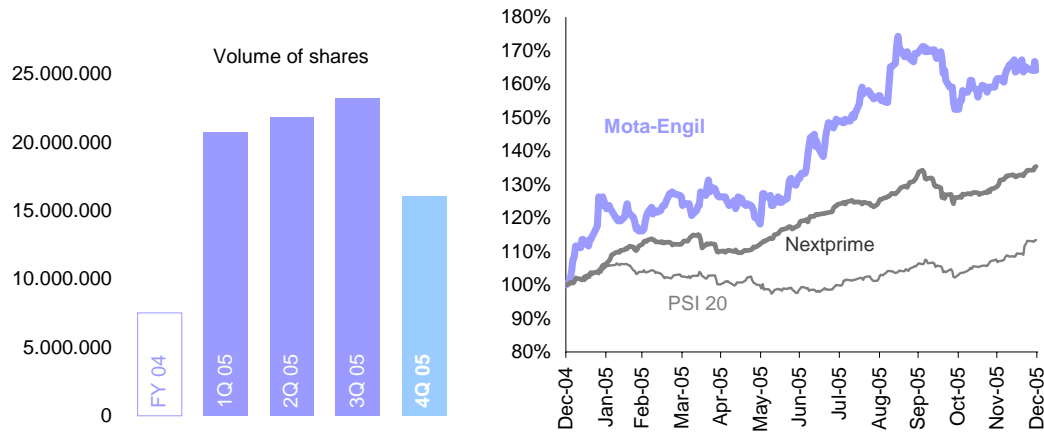
Transport concessions

Taking into account the indefiniteness of the rules applicable within the scope of the new standards, the GROUP decided that, until a clear decision is forthcoming regarding their treatment under the IFRS, it would include the financial statements of the concessionaires and operating companies in which it has holdings using the equity method.

Therefore, the contribution made by the area to the net profit of the GROUP was negative in the sum of €6.1 million since, with the exception of Costa de Prata, these concessions are still at the construction stage.

The GROUP does not consolidate its holding in LUSOPONTE, and carries it in the books at fair value. Nevertheless, it should be mentioned that the company's profitability is in line with the base case, and the forecast distribution of dividends from 2006 is maintained.

4. Performance of shares and dividends



At the end of 2004 each MOTA-ENGIL shares stood at €1.98.

During 2005 the minority shareholders made a private offering of MOTA-ENGIL, SGPS, SA, 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. This allowed a significant increase of the free-float and greater visibility of Portugal's biggest construction concern on the capital market.

As a result of this dispersal, the volume of shares traded rose considerably, as can be seen in the above table, a fact that allowed MOTA-ENGIL shares to be included in the PSI 20, the main index of the Portuguese stock market, as from July 1.

The share price rose by about 64% during the year, contrasting with the performance of the PSI 20. As at December 31, 2005, each MOTA-ENGIL share stood at €3.25.

On April 15 last, the annual General Meeting deliberated the distribution of a dividend of 8 cents per share.

5. Publication of holdings

Holdings of corporate officers

In accordance with provisions of article 447 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, 2005, to December 31, 2005, by corporate officers:

	Holding as at 31, December 2005 shares of															
	MOTA-ENGIL SGPS, SA				ALGOSI SGPS, SA				MGP: SGPS, SA				SOMOTA SGPS, SA			
	Int. Qt.	Movement	Final Qt.	%	Int. Qt.	%	Int. Qt.	%	Int. Qt.	%	Int. Qt.	%	Int. Qt.	Increases	Decreases	Final Qt.
					Qt.	%										%
ANTÓNIO MANUEL QUEIRÓS VASCONCELOS DA MOTA (ENG.), CÔNJUGE	4 222 617		4 222 617	2,06	1 666	16,7	330 000	187 500	517 500	8,6	60 540	32 244	-92 784	0	0,0	19 115
MARIA MANUELA QUEIRÓS VASCONCELOS MOTA (DRª) E CÔNJUGE	3 661 841		3 661 841	1,79	1 078	10,8	240 000	187 500	427 500	7,1	50 429	32 242	-82 671	0	0,0	10 295
MARIA TERESA QUEIRÓS VASCONCELOS MOTA (DRª) E CÔNJUGE	3 736 836		3 736 836	1,83	1 078	10,8	240 000	187 500	427 500	7,1	50 429	32 242	-82 671	0	0,0	10 295
MARIA PAULA QUEIRÓS VASCONCELOS MOTA (ENGª) E CÔNJUGE	3 913 051		3 913 051	1,91	1 078	10,8	240 000	187 500	427 500	7,1	50 429	32 242	-82 671	0	0,0	10 295
ANTÓNIO JORGE CAMPOS ALMEIDA (ENGª) E CÔNJUGE	258 475	5 000	263 475	0,13	0	0,0	0	0	0	0,0	0	0	0	0	0,0	0
ARNALDO JOSÉ NUNES DA COSTA FIGUEIREDO (ENGª) E CÔNJUGE	91 410		91 410	0,04	0	0,0	0	0	0	0,0	18			18	0,0	0
MANUEL MARIA COELHO DE SOUSA RIBEIRO (ENGª) E CÔNJUGE	89 130		89 130	0,04	0	0,0	0	0	0	0,0	0	0	0	0	0,0	0
CARLOS MANUEL MARQUES MARTINS (ENGª) E CÔNJUGE	24 230	-24 230	0	0,00	0	0,0	0	0	0	0,0	0	0	0	0	0,0	0
EDUARDO JORGE DE ALMEIDA ROCHA (DR)	0	12 000	12 000	0,01	0	0,0	0	0	0	0,0	0	0	0	0	0,0	0
ISMAEL ANTUNES HERNANDEZ GASPAR (ENGª) E CÔNJUGE	49 110	-48 110	1 000	0,00	0	0,0	0	0	0	0,0	0	0	0	0	0,0	0
MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA	68 665 313	16 839	68 682 152	33,56	5 100	51,0	0	0	0	0,0	0	0	0	0	0,0	0
ALGOSI - GESTÃO DE PARTICIPAÇÕES SOCIAIS, SGPS, SA	39 635 345	-5 364 695	34 270 650	16,75	0	0,0	0	0	0	0,0	0	0	0	0	0,0	0
VALLIS - SGPS, SA	39 635 305	-39 635 305	0	0,0	0	0,0	0	0	0	0,0	0	0	0	0	0,0	0
SOMOTA, SGPS, SA	0		0	0,0	0	0,0	4 200 000	4 200 000	70,0	0	0	0	0	0	0,0	0
FM, SGPS, SA	0		0	0,0	0	0,0	0	0	0	0,0	588 401	411 599	1 000 000	100,0	0	0,0

Os restantes membros dos Órgãos Sociais não são titulares dos valores mobiliários em causa.

Holdings of qualified shareholders

In accordance with the provisions Article 448 of the Companies Code and of Article 8.1 (e) of CMVM Regulation 24/2004, there follows a list of the holders of qualified shareholdings, with an 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, 2005:

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. SOMOTA, SGPS, SA, plc, having its registered office at Casa da Calçada, Amarante, with a share capital of €5,000,000.00, registered at the Amarante Registry of Companies under nº 969/960424, VAT nº 503,634,514, was wholly owned as at December 31, 2005, by F.M. - SOCIEDADE DE CONTROLO, SGPS, SA.

3. 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 50,875/950920, VAT nº 503 101 524, was held as at December 31, 2005, 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, 2005, in the share capital of MOTA-ENGIL, SGPS, S.A.:

- (i) directly, 68,682,152 dematerialised ordinary bearer shares each of a par value of €1, corresponding to 33.56% of the share capital and 34.94% of the voting rights;
- (ii) 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 which 51% is held by MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, 34,270,650 dematerialised ordinary bearer shares each of a par value of €1, corresponding to 16.75% of the share capital and to 17.44% 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, 2005, in the share capital of MOTA-ENGIL, SGPS, S.A., dematerialised ordinary bearer shares each of a par value of €1, 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 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. Highfields Capital Management LP, a fund management company headquartered at John Hancock Tower, 200 Clarendon Street, Boston, MA 02116, USA, communicated on April 4 that it had a qualified holding of 4.84% of the MOTA-ENGIL, SGPS, SA, share capital (corresponding to 5.04% of voting rights) as a result of the following holdings:

- (i) Highfields Capital I LP: 861,288 shares representing 0.42% of the share capital and approximately 0.44% of the voting rights corresponding to the share capital of MOTA-ENGIL, SGPS, SA;
- (ii) Highfields Capital II LP: 2,018,787 shares representing 0.99% of the share capital and approximately 1.03% of voting rights corresponding to the share capital of MOTA-ENGIL, SGPS, SA;
- (iii) Highfields Capital Ltd.: 7,021,175 shares representing 3.43% of the share capital and approximately 3.57% of voting rights corresponding to the share capital of MOTA-ENGIL, SGPS, SA.

It also advised that Highfields GP LLC, a company headquartered at John Hancock Tower, 200 Clarendon Street, Boston, MA 02116, USA, was in a controlling relationship with Highfields Capital Management LP and that both the shareholders, Jonathon S. Jacobson and Richard L. Grubman exercise the dominant influence over Highfields GP LLC.

6. Proposal for the appropriation of profits

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 €31,069,145;

- a) To legal reserve, 5% or €1,553,457.35;
- b) For distribution to the Board of Directors under the terms of article 23.3 of the articles of association, the sum of €700,000, or about 2.3%;
- c) For distribution to shareholders, a total of €20,463,569.30, or 10 cents per share, subject to tax; and
- d) To free reserves, the remainder, in the sum of €8,352,118.65.

7. 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 27, 2006

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

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 Ferreira Parreirão Gonçalves
Director

Report on Corporate Governance Practices

1. Statement of Compliance

In compliance with CMVM Regulation 7/2001 (as amended by the Commission's Regulations 11/2003 and 10/2005), we hereby declare that, as detailed in this Report, the Company has adopted the "CMVM Recommendations on the Governance of Listed Companies", with the exception of the following recommendations.

- Partially, recommendation 2, with regard to number of the business days that the company imposes (10 business days) for the deposit or blocking of shares to take part in General Meetings, whereas the recommendation is for a maximum of 5 business days;
- Partially, recommendation 8, because the remuneration of the board of directors by director has not been detailed;
- Recommendation 8A, for no declaration on the Corporate Office remuneration policy has been submitted to the Annual General Meeting;
- Partially, recommendation 9, because not all members of the Remuneration Committee are independent of the Management Body;
- Recommendation 10A, because a policy of internal communication of irregularities has not been formalised.

With regard recommendations 5A and 6 and in accordance with the proposal to be presented to the Annual General Meeting on March 31, 2006, the company will henceforth include non-executives and independent directors in its Management Body.

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 5, and through the description of the Company rules set out in point 4, in which a description is provided of the rules inherent in the critical decision processes within the GROUP of companies.

The Investment, Audit and Risk Committee will comprise four permanent members (of whom two are executive directors, one independent executive director and one independent non-executive director) and it may invite other senior Group managers linked to the projects under appraisal. The duties of this committee are presented in Point 4.

The Human Resources Development Committee will have as its permanent members two directors of MOTA-ENGIL, SGPS, SA (one executive director and one independent executive director) in addition to the chairman of the boards of directors of the business areas. The main duties of this committee include monitoring the levels of productivity, remuneration and "equality of opportunities", assessing the programmes to attract and develop valuable management staff, establishing the guidelines of the evaluation and incentives systems, career plans, training plan and recruiting and selection plan, evaluating on a regular basis employee motivation, and

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defining the key culture and values, co-ordinating the efforts for their implementation within the GROUP.

A description of the performance of the MOTA-ENGIL SGPS, SA, share price is provided in chapter 4 of the Consolidated Management Report.

During 2005 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. In the past three years the dividend per share amounted to 7 cents in 2002, 5.5 cents in 2003 and 8 cents in 2004. The proposal for the appropriation of profits included in the Consolidated Management Report with reference to December 31, 2005, proposes the distribution to shareholders of a dividend of 10 cents per share in respect of fiscal 2005.

The GROUP announced quarterly results on May 16, August 31 and November 11, 2005.

At this time the Company has no plans to attribute shares or 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

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

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

João Vermelho
Rua Mário Dionísio nº2
2796-957 Linda-a-Velha
Tel. 351 214 158 200
Fax. 351 214 158 688
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 2005, 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: €357,000 for legal audits; €68,000 for reliability guarantee services and €76,000 for other services.

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:

- a. 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
- b. 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:

- a. the items or items of the agenda to which they refer;
- b. the specific proposal in question, with an indication of the proposer or proposers; and
- c. 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.

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.

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.

In addition to what has been said about the Internal Regulations approved by the MOTA-ENGIL, SGPS, SA, Board of Directors that have been divulged to the GROUP companies, there is an Investment, Audit and Risk Committee whose main duties and responsibilities include appraising and suggesting investment and business risk policies to the Board, examining and issuing opinions on investment or divestment projects, issuing opinions on moving into or out of business areas and monitoring relevant financial and corporate operations.

Mention is also made 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 Engineering & Construction segment. The Social and Corporate Responsibility and Sustainability Division is also one of the MOTA-ENGIL, SGPS, SA corporate offices.

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.

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:

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

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

It should be mentioned that within the scope of Item 7 of the notice of the Annual General Meeting to be held on March 31, 2006, there is a proposal for the election of a board of directors comprising:

Chairman - António Manuel Queirós Vasconcelos da Mota
Deputy-chairman - António Jorge Campos de Almeida
Directors: Eduardo Jorge de Almeida Rocha
Maria Paula Queirós Vasconcelos Mota de Meireles
Maria Manuela Queirós Vasconcelos Mota dos Santos
Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Luís Valente de Oliveira
António Bernardo Aranha da Gama Lobo Xavier
António Manuel da Silva Vila Cova

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

- António Jorge Campos de Almeida
- Luís Valente de Oliveira (non-executive)
- António Bernardo Aranha da Gama Lobo Xavier (non-executive)
- António Manuel da Silva Vila Cova (non-executive)

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.

Director 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
- sunviauto – indústria de componentes automóveis, sa

Chairman of the Remuneration Committee of the following companies:

- martifer – alumínios, 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 – s e 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
- 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.
- manvia – manutenção e exploração de instalações e construção, sa

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 de 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.
- mts-metro – transportes do sul, sa
- sadoport – terminal marítimo do sado, sa
- tersado – terminais portuários do sado, sa

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

- rima – resíduos industriais e meio ambiente, sa
- manvia – manutenção e exploração de instalações e construção, 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
- board of the general meeting of paviterra, sarl (angola).
- board of the general meeting of 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:

- cptp – companhia portuguesa de trabalhos portuários e construções, s.a.

Maria Manuela Queirós Vasconcelos Mota dos SantosChairman 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.
- 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.

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

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

Member of the Remuneration Committee of the following companies:

- martifer - alumínio, s.a., representing mota-engil, sgps, s.a.
- ferrovias e construções, s.a.
- martifer – construções metalomecânicas, s.a., representing 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, sa
- mota-engil, engenharia e construção, sa
- manvia – manutenção e exploração de instalações e construção, sa
- soprocil – sociedade de projectos e construções civis, sa, in representation of antónio lago cerqueira, sa

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, sa
- manvia – manutenção e exploração de instalações e construção, sa

Carlos Manuel Marques MartinsChairman of the Board of Directors of the following companies:

- martifer– construções metalomecânicas, sa.
- martifer energia, sa
- mto, sgps, sa
- promodois – investimentos imobiliários, sa
- promovinte – investimentos imobiliários, sa
- uriba, sgps, sa
- martifer gestão e investimentos, sa
- martifer polska, spolka z.o.o.
- imavic – gestão de investimentos, sa
- biomart – biocombustíveis, sa
- nagatel viseu, sa
- martifer espanha, sa
- ferreiros & almeida, sa

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Director of the following companies:

- repower portugal – sistemas eólicos, sa
- agromart energy, s.r.l
- mzi megawatt, sp. z.o.o
- martifer deutschland, gmbh
- martifer slovakia
- martifer cz, s.r.o
- martifer constructii, s.r.l
- martifer konstrukcje, sp. z.o.o

Director of the following companies:

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

Member of the Remuneration Committee of the following companies:

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

- 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 de 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.

With the exception of Luís Manuel Ferreira Parreirão Gonçalves, all the members of the Board of Directors have held management positions in MOTA-ENGIL GROUP companies for more than 5 years. In addition to having a seat on the boards of MOTA-ENGIL GROUP companies since 2002, Mr Parreirão Gonçalves was Assistant Secretary of State and Secretary of State for Public Works, Deputy of the Assembly of the Republic, adviser to the board of directors of Banco Português de Gestão for the Public-Private Partnerships and Public-Social Partnerships areas, and guest lecturer at the Bissaya Barreto Higher Institute. He was also non-executive director of Companhia de Seguros Sagres.

The breakdown of the number of shares held by the members of the Board of Directors is provided in Point 5 of the Consolidated Management Report.

The dates of first appointment of the members of the Board of Directors as company directors are as follows:

	MOTA-ENGIL, SGPS	Ex-Engil, SGPS	Ex-Mota & Companhia, SA
António Manuel Queirós Vasconcelos da Mota	31-Mar-2000		7-Sep-1987
António Jorge Campos de Almeida	16-Aug-1990	16-Aug-1990	14-May-1991
Arnaldo José Nunes da Costa Figueiredo	31-Mar-2000		20-Oct-1993
Manuel Maria Coelho de Sousa Ribeiro	30-Mar-1998	30-Mar-1998	
Maria Manuela Queirós Vasconcelos Mota dos Santos	31-Mar-2000		7-Sep-1987
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	31-Mar-2000		7-Sep-1987
Maria Paula Queirós Vasconcelos Mota de Meireles	31-Mar-2000		7-Sep-1987
Carlos Manuel Marques Martins	31-Mar-2000		
Eduardo Jorge de Almeida Rocha	31-Mar-2000		
Ismael Antunes Hernandez Gaspar	22-Mar-2002		
Luís Manuel Ferreira Parreirão Gonçalves	30-Mar-2004		

The management of the company exercises actual 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.

The details of the positions and of their co-ordinator are as follows:

- Corporate Development, co-ordinated by António Mota
- Corporate Finance, co-ordinated by Eduardo Rocha
- Management Planning & Control, co-ordinated by Eduardo Rocha
- Capital Market Relations, co-ordinated by Eduardo Rocha
- Human Resources Development, co-ordinated by Maria Manuela Mota
- Legal Support, co-ordinated by António Mota
- Sustainable Development, co-ordinated by Eduardo Rocha
- Communication & External Relations, co-ordinated by Campos de Almeida

The Board of Directors meets monthly 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.

A part of the remuneration of all directors is directly dependent on the Company's results. Thus, in 2005, the Company's directors together earned the sum of €500,000, or about 2.3% of the 2004 Net Profit, under the proposal for the appropriation of profits approved by the Annual General Meeting.

During 2005 the remuneration earned by the members as a whole of the Board of Directors, including that referred to in the foregoing point, amounted to €1,280,751, of which the sum of €966,101 was by way of fixed remuneration and €314,650 by way of variable remuneration. In the exercise of duties in the operational companies of the Group, they also earned the overall amount of €1,508,393.

Consolidated Financial Information

MOTA-ENGIL, SGPS, S.A.

**Consolidated Profit & Loss Account
for the years ended December 31, 2005 & 2004**

	Notes	2005 - IFRS Euro	2004 - IFRS Euro	2004 - POC Euro
Sales & provision of services	3 & 4	1.381.000.637	1.169.251.778	1.168.635.178
Other income		54.335.665	47.783.606	47.838.316
Cost of merchandise and of subcontracts	5	(817.311.300)	(691.718.025)	(733.991.477)
Gross profit		618.025.002	525.317.359	482.482.017
Third-party supplies & services		(226.550.388)	(172.102.833)	(131.012.589)
Staff costs	6	(235.451.987)	(219.850.529)	(220.654.620)
Other operating income /(costs)		(3.011.895)	(849.583)	(982.756)
	4	153.010.732	132.514.414	129.832.052
Depreciation	4, 14 & 15	(55.169.867)	(54.449.599)	(54.444.814)
Provisions and impairment losses	7	(5.149.607)	(6.326.823)	(7.779.039)
Operating profit	4	92.691.258	71.737.992	67.608.199
Financial profit/(loss)	8	(29.787.743)	(26.803.460)	(27.833.574)
Gains / (losses) on associate companies	4 & 9	(1.082.287)	(3.045.530)	750.234
Income tax	10	(24.285.277)	(13.924.776)	(12.834.993)
Consolidated net profit for the year		<u>37.535.951</u>	<u>27.964.226</u>	<u>27.689.866</u>
Attributable:				
to minority interests		7.128.562	5.625.272	5.620.766
to the Group		30.407.389	22.338.954	22.069.100
Earnings per share:				
basic	12	0,1547	0,1141	0,1127
diluted	12	0,1547	0,1141	0,1127

To be read in conjunction with the Notes to the Consolidated Financial Statements

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account for the quarters from October 1 to December 31, 2005 & 2004

	4Q - 2005 Euro	4Q - 2004 Euro
	(not audited)	(not audited)
Sales & provision of services	373.603.424	270.902.064
Other income	3.349.109	7.430.565
Cost of merchandise and of subcontracts	<u>(205.546.451)</u>	<u>(131.557.639)</u>
Gross profit	171.406.082	146.774.990
Third-party supplies & services	(64.510.169)	(45.149.668)
Staff Costs	(62.037.638)	(56.326.964)
Other operating income /(costs)	<u>(5.595.858)</u>	<u>(2.266.236)</u>
	39.262.417	43.032.122
Depreciation	(12.471.858)	(14.895.481)
Provisions and impairment losses	<u>(3.125.097)</u>	<u>(2.985.139)</u>
Operating profit	23.665.462	25.151.502
Financial profit/(loss)	(8.068.031)	(11.629.583)
Gains / (losses) on associate companies	(1.323.455)	(700.134)
Income tax	<u>(5.616.711)</u>	<u>(4.488.888)</u>
Consolidated net profit for the quarter	<u><u>8.657.265</u></u>	<u><u>8.332.897</u></u>
Attributable:		
to minority interests	1.523.156	2.454.336
to the Group	7.134.109	5.878.561
Earnings per share:		
basic	0,0358	0,0299
diluted	0,0358	0,0299

To be read in conjunction with the Notes to the Consolidated Financial Statements

MOTA-ENGIL, SGPS, S.A.

Consolidated Balance Sheets as at December 31, 2005 & 2004

	Notes	2005 - IFRS Euro	2004 - IFRS Euro	2004 - POC Euro
Assets				
Not current				
Goodwill	13	35.542.411	32.012.200	25.173.964
Intangible fixed assets	14	5.053.002	4.470.141	11.897.331
Tangible fixed assets	15	387.970.603	331.325.851	325.843.624
Financial investments under the equity method	16	57.445.423	19.390.567	8.865.457
Financial investments available for sale	17	93.803.967	51.387.429	94.177.877
Investment properties	18	29.764.813	27.317.524	28.017.765
Customers & other debtors	20	89.733.737	95.594.969	43.862.579
Deferred tax assets	10	25.691.200	30.532.367	28.812.030
		<u>725.005.156</u>	<u>592.031.048</u>	<u>566.650.627</u>
Current				
Stocks	19	173.837.705	144.281.209	125.801.614
Customers	20	474.385.137	430.343.352	397.565.428
Other debtors	20	111.476.112	74.828.748	74.093.919
Other current assets	20	93.146.263	41.211.805	79.006.276
Investments recorded at fair value through results	-	-	3.461.566	-
Cash & cash equivalents	20	67.445.599	50.780.863	54.042.157
		<u>920.290.816</u>	<u>744.907.543</u>	<u>730.509.394</u>
Total Assets	4	<u>1.645.295.972</u>	<u>1.336.938.591</u>	<u>1.297.160.021</u>
Liabilities				
Not current				
Debt	22	455.310.005	280.925.053	286.253.554
Sundry Creditors	24	68.740.442	52.511.429	53.837.514
Provisions	25	20.840.026	18.158.674	9.745.425
Other non-current liabilities	-	4.499.752	5.020.614	-
Deferred tax liabilities	10	29.267.418	16.791.828	15.587.755
		<u>578.657.643</u>	<u>373.407.598</u>	<u>365.424.248</u>
Current				
Debt	22	130.069.261	176.640.814	177.352.148
Suppliers	24	318.887.970	282.970.448	286.793.207
Sundry Creditors	24	149.768.947	157.114.407	102.151.742
Other current liabilities	26	149.758.466	88.507.232	111.513.483
		<u>748.484.644</u>	<u>705.232.901</u>	<u>677.810.580</u>
Total liabilities	4	<u>1.327.142.287</u>	<u>1.078.640.499</u>	<u>1.043.234.828</u>
Equity				
Share capital	21	204.635.695	204.635.695	204.635.695
Reserves	21	38.437.011	2.074.818	(5.560.162)
Consolidated net profit for the year		30.407.389	22.338.954	22.069.100
Equity attributable to the Group		<u>273.480.095</u>	<u>229.049.467</u>	<u>221.144.633</u>
Minority interests		<u>44.673.590</u>	<u>29.248.625</u>	<u>32.780.560</u>
Total equity		<u>318.153.685</u>	<u>258.298.092</u>	<u>253.925.193</u>
		<u>1.645.295.972</u>	<u>1.336.938.591</u>	<u>1.297.160.021</u>

To be read in conjunction with the Notes to the Consolidated Financial Statements

MOTA-ENGIL, SGPS, S.A.

Statement of changes in equity for the years ended December 31, 2005 & 2004

	Share capital	Treasury shares	Issue premiums	Consolidation differences	Fair value reserve	Currency translation reserve	Other reserves and results	Equity attributable to shareholders	Equity attributable to minority interests
Balance as at January 1, 2004	204.635.695	(12.292.915)	87.256.034	(126.110.828)	30.453.220	-	45.785.318	229.726.524	23.836.515
Currency translation differences arising from transposition of financial statements expressed in foreign currencies	-	-	-	-	-	(10.084.894)	-	(10.084.894)	(173.387)
Sale of treasury shares	-	1.185.530	-	-	-	-	199.888	1.385.418	-
Dividend distribution	-	-	-	-	-	-	(10.758.410)	(10.758.410)	(253.578)
Other distributions of results	-	-	-	(1.986.354)	-	-	(500.000)	(2.486.354)	(85.402)
Correction of the calculation of the goodwill of STL	-	-	-	(757.348)	-	-	-	(757.348)	(479.139)
Other corrections to the shareholders' equity of subsidiaries	-	-	-	(314.423)	-	-	-	(314.423)	306.195
Alterations to the consolidation perimeter	-	-	-	-	-	-	-	-	472.149
Net profit for the year	-	-	-	-	-	-	22.338.954	22.338.954	5.625.272
Balance as at December 31, 2004	204.635.695	(11.107.385)	87.256.034	(129.168.953)	30.453.220	(10.084.894)	57.065.750	229.049.467	29.248.625
Balance as at January 1, 2005	204.635.695	(11.107.385)	87.256.034	(129.168.953)	30.453.220	(10.084.894)	57.065.750	229.049.467	29.248.625
Currency translation differences arising from transposition of financial statements expressed in foreign currencies	-	-	-	-	-	3.185.994	-	3.185.994	463.795
Dividend distribution	-	-	-	-	-	-	(15.722.522)	(15.722.522)	(2.234.807)
Other distributions of results	-	-	-	(2.109.729)	-	-	(500.000)	(2.609.729)	(252.004)
Other corrections to the shareholders' equity of subsidiaries	-	-	-	94.731	-	-	-	94.731	96.989
Variation, net of tax, of the fair value of financial investments available for sale	-	-	-	-	19.898.661	-	-	19.898.661	-
Movement in the tangible fixed asset revaluation reserve	-	-	-	9.176.104	-	-	-	9.176.104	8.043.104
Alterations to the consolidation perimeter	-	-	-	-	-	-	-	-	2.179.326
Net profit for the year	-	-	-	-	-	-	30.407.389	30.407.389	7.128.562
Balance as at December 31, 2005	204.635.695	(11.107.385)	87.256.034	(122.007.847)	50.351.881	(6.898.900)	71.250.617	273.480.095	44.673.590

To be read in conjunction with the Notes to the Consolidated Financial Statements

MOTA-ENGIL, SGPS, S.A.

Consolidated Cash-flow Statement for the periods ended December 31, 2005 & 2004

	Notes	2005 - IFRS Euro	2004 - IFRS Euro
<u>OPERATING ACTIVITY</u>			
Cash receipts from customers		1.479.875.809	1.252.673.160
Cash paid to suppliers		(1.201.600.456)	(893.015.933)
Cash paid to employees		(185.672.692)	(169.051.826)
Cash generated from operating activities		92.602.661	190.605.401
Income tax paid/received		(8.551.896)	(16.022.338)
Other receipts/payments generated by operating activities		(6.457.065)	(6.744.324)
Net cash from operating activities (1)		77.593.700	167.838.739
<u>INVESTMENT ACTIVITY</u>			
Cash receipts from:			
Financial assets	31	4.590.618	784.291
Tangible fixed assets		7.005.053	687.053
Investment subsidies		957.716	949.580
Dividends		128.911	-
		12.682.298	2.420.924
Cash paid in respect of:			
Financial assets	31	(72.682.551)	(33.006.034)
Tangible fixed assets		(68.537.578)	(63.193.352)
Intangible fixed assets		(267.124)	(63.935)
Other		(2.382.994)	-
		(143.870.247)	(96.263.321)
Net cash from investing activities (2)		(131.187.949)	(93.842.397)
<u>FINANCING ACTIVITY</u>			
Cash receipts from:			
Loans obtained		740.051.825	194.803.633
Subsidies & donations		198.224	122.680
Sale of treasury shares		-	1.374.578
		740.250.049	196.300.891
Cash paid in respect of:			
Loans obtained		(611.722.936)	(205.375.084)
Amortisation of finance lease contracts		(17.851.317)	(16.526.601)
Interest & similar expense		(29.069.175)	(25.297.306)
Dividends		(15.722.522)	(10.758.410)
Acquisition of treasury shares		-	(701.519)
		(674.365.950)	(258.658.920)
Net cash from financing activities (3)		65.884.099	(62.358.029)
Variation of cash & cash equivalents (4)=(1)+(2)+(3)		12.289.850	11.638.313
Variations caused by changes to the perimeter		4.374.886	4.676.522
Cash & cash equivalents at the beginning of the year	20	50.780.863	34.466.028
Cash & cash equivalents at the end of the year	20	67.445.599	50.780.863

To be read in conjunction with the Notes to the Consolidated Financial Statements

MOTA-ENGIL, SGPS, S.A.

Notes to the Consolidated Financial Statements December 31, 2005 & 2004

Introduction

The principal business of Mota-Engil, SGPS, S.A., having its registered office in Oporto (MOTA-ENGIL SGPS, or COMPANY) and of its subsidiaries (GROUP) is public and private construction work and related activities.

All sums shown in these notes are presented in euros unless otherwise stated.

1. Accounting policies

Bases of presentation

The consolidated financial statements 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") and adopted by the European Union, 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, in accordance with IFRS 1 - Adoption of the International Financial Reporting Standards for the First Time.

The effect of the adjustments, referred to January 1, 2004, related with the adoption of the accounting policies and principles in accordance with IAS/IFRS, in the sum of €2,871,589, has been recorded under Shareholders' Equity under "Adjustments for application of the IAS/IFRS" (Explanatory Note 30 – Transition to IFRS/IAS).

Additionally, the GROUP adopted in advance, and retroactively to January 2004, IFRS 6 – Operation and Evaluation of Mineral Resources in recording and valuing its quarries on the date of authorisation of these financial statements. Since there is as yet no interpretation by the International Financial Reporting Interpretations Committee (IFRIC) on the accounting treatment to be used for the concessions, particularly the motorway concessions, the GROUP has adopted accounting principles generally accepted in Portugal in this matter. The impact of the alteration from the present accounting method to the method now being discussed by the IFRIC cannot be quantified as of this date.

Bases of consolidation

The consolidation methods employed by the GROUP are as follows:

a) GROUP companies

Financial holdings in companies in which the GROUP directly or indirectly holds more than 50% of the voting rights at General Meetings of Shareholders and/or has the power to control its financial and operating policies (the definition of control used by the GROUP), have been included in the attached consolidated financial statements. The shareholders' equity and net profit/(loss) of these companies corresponding to the holdings of third parties in these companies are carried in the consolidated balance sheet (under shareholders' equity) and in the consolidated profit & loss account (included under consolidated net profits) respectively.

When losses attributable to minorities exceed the minority interest in the subsidiary's share capital the GROUP absorbs this excess and any additional losses, except when the minorities are obliged and are able to cover such losses. If the subsidiary subsequently generates a profit, the GROUP appropriates all the profits until such time as the losses absorbed have been recouped.

In corporate concentrations since January 1, 2004, the assets and liabilities of each subsidiary (including contingent liabilities) are recorded at their fair value on the date of acquisition as determined by IFRS 3 – Business Combination. Any surplus/(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 a shortfall, and following reanalysis of the fair-value valuation process (provided the figure is unchanged) the

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shortfall is taken to the profit & loss account for the year. 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 50% 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 value, in the profit & loss account for the year, provided the shortfall is confirmed.

A valuation is performed of the investments in 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 meet such obligations.

Unrealised gains on transactions with associates are eliminated in the proportion of the GROUP's interest in the associate, posted against 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 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.

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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 principal valuation criteria used in the preparation of the GROUP's consolidated financial statements during the periods under review 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 investments 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 generated are recorded under the Currency translation reserve.

Goodwill generated prior to the date of transition to the IFRS 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- Adoption of the International Financial Reporting Standards for the First Time, 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.

Annually, MOTA-ENGIL, SGPS performs formal impairment tests on the goodwill as at the close of accounts. In the event that the goodwill carried in the books is greater than the amount that can be recouped, an impairment loss is recognised and taken to the profit & loss account under "Other operating costs". The amount recoverable is the higher of net selling price and of 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 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 to 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, if their value can be reasonably measured and if the GROUP has control over them.

Intangible fixed assets basically comprises 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 installation costs and share capital increase costs are deducted from shareholders' equity.

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iii) Premises

Immovables (land and buildings) for own use are carried at a revalued sum, which is their fair value as at the date of revaluation less any subsequent accumulated depreciation and/or any accumulated impairment losses. The revaluations are performed periodically by independent property surveyors in a manner such that the revalued value does not materially differ from the fair value of the property in question. For reasons to do with the working of the respective markets, the GROUP has opted not to apply this policy to properties held in African countries and in Peru, and it carries them at cost less any subsequent accumulated depreciation and/or accumulated impairment losses.

Adjustments caused by revaluations of fixed assets are taken to shareholders' equity. If a fixed asset that was positively revalued 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.

Depreciation is charged on a systematic basis over the estimated useful life of the buildings, which currently varies between 20 and 50 years, while land is not depreciated.

Buildings under construction by the GROUP, particularly in Angola, are carried at production cost, which includes the cost of materials consumed, staff costs involved and other costs, which are lower than the realisable value.

iv) Land assigned to quarry operations

Land assigned to quarrying operations as well as some related costs (expenses incurred with quarry licensing and start-up, and costs incurred with their dismantling) are carried at a revalued sum, which is their fair value as of the revaluation date less any subsequent depreciation and/or any accumulated impairment losses. The revaluations are performed periodically by independent property surveyors in a manner such that the revalued value does not materially differ from the fair value of the quarry in question. 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.

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

Equipment:

Plant & machinery	3 to 10
Office equipment	4 to 10
Transport equipment	3 to 10
Tools & utensils	3 to 6

<u>Other tangible fixed assets</u>	3 to 10
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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 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 for 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 defined in Indents *iii)* and *v)* hereabove and debts pending settlement in keeping with the contractual financial plan. Additionally, the interest included in the value of the lease payments and the depreciation of the tangible fixed asset are recognised as costs in the profit & loss account of 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 consist 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 recorded at fair value as determined by an annual valuation performed by a specialised independent entity. During 2005 no valuations were performed by independent entities since the GROUP's experience has led the board of directors to believe that there has been no alteration to the fair value of the properties. Variations of 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. For reasons to do with the working of the Angolan market, the GROUP opted not to apply this policy to investment properties held in that country, and it carries them at cost less any subsequent accumulated depreciation and/or accumulated impairment losses.

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

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construction of such an asset the difference between construction cost 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 to which they refer.

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

Non-financial and non-current assets are classified as available for sale if their book value can only be recouped through their sale and not through their ongoing use. For such assets to be subject to this classification they must be available for immediate sale in their current condition, their sale has to be highly likely, the board of directors must be committed to the sale and the sale must occur within 12 months, as determined by IFRS 5 – Non-current Assets held for Sale and Discontinued Operating Units.

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:

The GROUP classifies financial investments under the following categories: “Investments carried at fair value through results”, “Loans and accounts receivable”, “Investments held to maturity” and “Investments available for sale”. The classification depends of the intention underlying the investment.

The classification is determined at the time of the initial recognition and is reappraised half-yearly.

- Investments carried at fair value through results: this category is divided into two sub-categories; “financial assets held for trading” and “investments carried at fair value through results”. A financial asset is classified in this category if acquired to be sold in the short term or if, at the time of acquisition, it is designated as such by the GROUP's board of directors. Derivatives instruments are also classified as held for trading unless assigned to hedging operations. Assets of this category are classified as current assets if they are held for trading or if there are expected to be realised within 12 months of the balance sheet date;

- Loans and accounts receivable: loans and accounts receivable are non-derivative financial assets, having fixed or variable repayment, which are not listed on active/liquid markets. These financial investments appear when the GROUP provides cash, goods or services directly to a debtor without any intention of negotiating the debt. “Loans and accounts receivable” are classified as current assets, except in those cases in which the maturity is greater than 12 months of the balance sheet date, these being classified as non-current assets. In both cases, this category is carried in the balance sheet under “Customers” and “Other debtors”;

- Investments held to maturity: This category includes 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 available for sale: This includes financial assets, other than derivatives, that are designated as available for sale or those that do not fall within the other categories. This category is included in non-current assets unless the board of directors intends to sell the investment within 12 months of the balance sheet date.

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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-current.

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 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 investments available for sale representing shareholdings in unlisted companies, with the exception of Lusoponte – Concessionária para a Travessia do Tejo, S.A., for which external valuations were requested, are carried at cost, taking into account the existence or otherwise of impairment losses. The board of directors is convinced that the fair value of these investments does not differ significantly from their cost.

b) Customers & other debtors

The debts of "Customers" and of "other debtors" are carried at cost less any impairment losses to reflect their net realisable value.

c) Loans

Loans are carried in liabilities at amortised cost. Any costs incurred with the granting of these loans are carried as a deduction from the debt and are recognised over the life of the loans in question, in keeping with the actual interest-rate method.

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.

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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 have to do with interest-rate and exchange-rate hedging instruments in respect of loans obtained. The amount of the loans, the interest-payment maturities and the loan repayment plans underlying the interest-rate and exchange-rate hedging instruments are similar to the conditions established for the loans themselves.

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

- the hedging is expected to be highly effective in compensating alterations to cash flows attributed to the hedged risk;
- 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 actually hedged are recognised under shareholder's equity in "Hedging reserves" and are transferred to results during the period in which the instrument that is hedged affects results. The non-effective part of the hedge is recorded, at the time it is determined, in the profit & loss account for the year.

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 and results.

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 factoring operations without recourse, are recognised in the GROUP's financial statements up to such time as they are received.

x) *Cash & cash equivalents*

The sums included under "Cash & cash equivalents" correspond to cash in hand, sight and term bank deposits and other treasury placements in which there is no significant risk of alteration of value.

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xi) Stocks

Merchandise, raw and subsidiary materials and consumables are carried at the lesser of average cost or 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.

xii) 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 current liabilities" and "Other non-current liabilities".

xiii) Revenues

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", included under Other current assets and Other current liabilities.

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", included under Other current assets and Other current liabilities. 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 provision of services contracts the GROUP recognises income and costs as they are invoiced or incurred, respectively.

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

The relevant costs of property developments are determined taking into account the direct construction costs and all costs associated with the preparation of plans and with building permits. Costs attributable to the financing, supervision and inspection of the undertaking are also added to the cost of the property development, provided it is under way.

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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 of the undertaking is under construction. Should the undertaking not be in one of the foregoing 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 the percentage of finishing of the building, determined by the ratio between costs incurred and total estimated costs.

xiv) 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.

xv) 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.

xvi) 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 Kwanzas 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 and branches expressed in Angolan Kwanzas 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 the other monetary assets and liabilities;

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

Currency translation differences caused by this, as from January 1, 2004, have been included in shareholders' equity under Currency translation adjustments.

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xvii) 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 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.

xviii) 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.

xix) 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.

xx) 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 actuarial 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 as staff costs.

xxi) Subsidies granted by the State

Subsidies granted to finance staff training courses are recognised as income during the period of time in which the GROUP incurs the respective costs and are presented in the profit & loss account as a deduction from these costs.

Subsidies granted to finance investment in fixed assets are recorded as deferred income and are recognised in the profit & loss account over the estimated useful life of the assets in question.

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xxii) Impairment of 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 costs directly attributable 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 reversion of impairment losses recognised in previous years is recorded when the reasons leading to their recording are no longer extant and the asset is therefore no longer impaired. The reversion of impairment losses is recognised in the profit & loss account as an operating profit. However, reversion of an impairment loss is undertaken up to the limit of the amount that would have been recognised (either through historic costs or through the revalued value net of amortisation or depreciation) had the impairment loss not been recorded in previous years.

xxiii) Balance sheet classification

Assets realisable and liabilities enforceable at more than one year after the balance sheet date are classified respectively as non-current assets and liabilities. Additionally, for their very nature, deferred tax assets and liabilities and the "Provisions" are classified as non-current assets and liabilities (Explanatory Note 10 – Income tax and Explanatory Nota 25 – Provisions, respectively).

xxiv) 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

xxv) Subsequent events

Events occurring after the balance sheet date that provide additional information on conditions existing as at the balance sheet date ("adjusting events") are reflected in the consolidated financial statements. Those events after the balance sheet date that provide information on conditions occurring after the balance sheet date ("non adjusting events"), is material, are disclosed in the notes to the consolidated financial statements.

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2. Companies included in the consolidation

As at December 31, 2005, the companies included in the consolidation and the respective consolidation methods, registered offices, business, proportion of share capital held, date of incorporation and date of acquisition of the shareholdings are as listed in Appendix A.

During 2005 and in consequence of the alteration of the shareholder base of the Indáqua Group, the GROUP decided to alter the method of consolidation of these companies from the Equity Method to the Proportional Consolidation Method. The effect of this alteration of the Assets, Liabilities and Sales & provision of services amounted to €28,301,879, €31,027,041 and €5,515,170, respectively.

The Martifer Group is consolidated using the Purchase Method since MOTA-ENGIL SGPS appoints the majority of the board of directors of Martifer SGPS, and therefore controls both it and its associates.

3. Sales & provision of services

The breakdown of sales and provision of services during the years to December 31, 2005 & 2004, is as follows:

	2005	2004
Sales of merchandise	23.400.581	16.788.619
Sales of products	159.790.218	176.475.323
Provision of services		
Public works	751.360.314	691.741.835
Civil construction	298.322.483	205.298.403
Public services concessions	72.283.864	56.633.437
Other	75.843.177	22.314.161
	<u>1.381.000.637</u>	<u>1.169.251.778</u>

During 2004 and 2005 there was no discontinuation of the businesses of the GROUP.

4. Business segments

The GROUP makes use of its in-house organisation for management purposes as the basis for reporting information by primary segments.

The GROUP is organised into four main business areas – Engineering & Construction, Industry & Energy, Environment & Services, and Transport Concessions – which are co-ordinated and supported by MOTA-ENGIL SGPS and by MESP. The "Engineering & Construction" segment includes construction, public works and property development activities. The "Industry & Energy" segment includes steel fabrication and the production of energy and energy equipment. The "Environment & Services" segment basically includes solid urban waste collection and treatment and water & basic sanitation companies. The "Transport Concessions" segment includes the companies that hold the motorway concessions. The figures in respect of MOTA-ENGIL SGPS, MESP and the GROUP companies in the "Tourism" area are included under "Holding, other & adjustments", which also includes sums in respect of inter-business segment flows and balances.

The breakdown of Sales & provision of services and operating profits by primary segments is as follows:

	Sales & provision of services	
	2005	2004
Engineering & Construction	1.136.960.500	969.522.709
Industry & Energy	148.864.599	122.645.849
Environment & Services	114.704.376	88.795.065
Others, eliminations & intra-Group	(19.528.838)	(11.711.845)
	<u>1.381.000.637</u>	<u>1.169.251.778</u>

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Notes to the Consolidated Financial Statements December 31, 2005 & 2004

	EBITDA		EBIT	
	2005	2004	2005	2004
Engineering & Construction	112.377.267	104.164.460	70.229.779	60.005.193
Industry & Energy	15.292.159	13.003.638	9.233.946	7.867.007
Environment & Services	27.547.150	21.253.020	16.964.431	12.530.806
Transport concessions	(1.438.224)	(1.592.030)	(1.462.669)	(1.603.683)
Others, eliminations & intra-Group	(767.620)	(4.314.674)	(2.274.229)	(7.061.331)
	<u>153.010.732</u>	<u>132.514.414</u>	<u>92.691.258</u>	<u>71.737.992</u>

Gains on associate companies net of losses on associate companies are as follows:

	Gains / (losses) on associate companies	
	2005	2004
Engineering & Construction	1.445.492	964.564
Environment & Services	(197.609)	200.909
Transport concessions	(2.330.170)	(4.211.003)
	<u>(1.082.287)</u>	<u>(3.045.530)</u>

The breakdown of total net assets and liabilities of the GROUP by primary segments is as follows:

	Assets		Liabilities	
	2005	2004	2005	2004
Engineering & Construction	1.121.310.445	972.354.676	1.005.350.375	894.067.077
Industry & Energy	220.130.835	96.712.787	202.373.293	87.283.884
Environment & Services	187.184.509	149.835.949	174.693.028	122.167.996
Transport concessions	91.459.323	42.243.783	101.402.531	45.755.631
Others, eliminations & intra-Group	25.210.860	75.791.396	(156.676.940)	(70.634.089)
	<u>1.645.295.972</u>	<u>1.336.938.591</u>	<u>1.327.142.287</u>	<u>1.078.640.499</u>

The GROUP 's investments and amortisation by primary segments are as follows:

	Investment		Depreciation	
	2005	2004	2005	2004
Engineering & Construction	65.325.655	69.853.857	40.747.689	42.006.989
Industry & Energy	35.852.342	19.051.143	5.733.868	3.817.474
Environment & Services	12.379.675	7.776.723	7.089.897	7.128.849
Transport concessions	33.365.621	23.725.014	24.445	11.653
Others, eliminations & intra-Group	555.416	4.572.662	1.573.968	1.484.634
	<u>147.478.709</u>	<u>124.979.399</u>	<u>55.169.867</u>	<u>54.449.599</u>

The GROUP's business is international in scope and it operates on the Iberian Peninsula, in Central Europe (Poland, Hungary, Czech Republic, Romania and Slovakia), in Africa (Angola, Mozambique, Malawi, Benin and Chad), in North America (USA) and in South America (Peru). There are therefore three major geographic business segments: Iberian Peninsula, Central Europe, and Africa & America.

The breakdown of Sales & provision of services by geographic segment is as follows:

	Sales & provision of services	
	2005	2004
Iberian Peninsula	1.034.941.189	1.015.834.209
Central Europe	287.103.502	135.023.828
Africa & America	216.548.333	111.182.329
Others, eliminations & intra-Group	(157.592.387)	(92.788.588)
	<u>1.381.000.637</u>	<u>1.169.251.778</u>

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Notes to the Consolidated Financial Statements December 31, 2005 & 2004

The breakdown of assets held and investments made by geographic segment is as follows:

	Assets		Investment	
	2005	2004	2005	2004
Iberian Peninsula	1.620.899.570	1.188.674.843	117.933.460	78.319.908
Central Europe	264.715.597	162.021.140	13.399.668	22.306.984
Africa & America	271.090.875	191.686.914	15.954.319	23.687.640
Others, eliminations & intra-Group	(511.410.070)	(205.444.306)	191.262	664.867
	<u>1.645.295.972</u>	<u>1.336.938.591</u>	<u>147.478.709</u>	<u>124.979.399</u>

5. Cost of merchandise and of subcontracts

The breakdown of the cost of merchandise and of subcontracts during the years ended December 31, 2005 & 2004, is as follows:

	Merchandise	Raw & subsidiary materials & consumables	Total
<i>2004</i>			
Opening stocks	35.501.924	29.764.289	65.266.213
Purchases	22.624.586	263.640.289	286.264.875
Closing stocks	(45.121.683)	(36.399.284)	(81.520.967)
	<u>13.004.827</u>	<u>257.005.294</u>	<u>270.010.121</u>
Subcontracts			<u>421.707.904</u>
Cost of merchandise and of subcontracts			<u>691.718.025</u>
<i>2005</i>			
Opening stocks	45.121.683	36.399.284	81.520.967
Purchases	24.132.716	315.487.913	339.620.629
Closing stocks	(46.317.165)	(38.842.837)	(85.160.002)
	<u>22.937.234</u>	<u>313.044.360</u>	<u>335.981.594</u>
Subcontracts			<u>481.329.706</u>
Cost of merchandise and of subcontracts			<u>817.311.300</u>

6. Staff costs

The breakdown of staff costs during the years ended December 31, 2005 & 2004, is as follows:

	2005	2004
Remuneration	184.580.382	168.290.386
Social security charges:		
Pensions & other benefits granted	953.318	(64.789)
Other	<u>49.918.287</u>	<u>51.624.932</u>
	<u>235.451.987</u>	<u>219.850.529</u>

The negative sum recorded in 2004 under "Pensions & other benefits granted" was largely the result of the reduction of the liabilities associated with the GROUP pension plan as a result of the decrease of several beneficiaries.

As at December 31, 2005 & 2004, "Other" essentially includes costs borne in respect of Social Security, meal & sickness subsidies, and workmen's compensation insurance.

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Average staff numbers

The average number of personnel in the service of the GROUP during 2005 & 2004 is broken down as follows:

	2005	2004
Directors	132	109
Employees	6.354	5.493
Workers	9.452	7.734
	<u>15.938</u>	<u>13.336</u>
Companies in Portugal	7.922	8.077
Companies abroad	5.410	3.107
Branch offices	2.606	2.152
	<u>15.938</u>	<u>13.336</u>

7. Provisions and impairment losses

Provisions and impairment losses for the years ended December 31, 2005 & 2004, are as follows:

	2005	2004
Provisions	4.788.720	956.098
Impairment losses		
on intangible fixed assets	-	367.315
on stocks	318.332	125.045
on customers & other debtors	42.555	4.878.365
Total provisions and impairment losses	<u>5.149.607</u>	<u>6.326.823</u>

8. Financial profit /(loss)

The breakdown of financial costs during the years ended December 31, 2005 & 2004, is as follows:

	2005	2004
<i>Financial income & gains</i>		
Interest earned	5.577.402	4.012.769
Returns on holdings	24.903	158.209
Gains on the sale of financial assets	111.623	24.694
Favourable currency translation differences	18.231.808	10.482.340
Prompt payment discounts obtained	1.661.189	1.594.812
Other financial income & gains	5.590.894	4.243.305
	<u>31.197.819</u>	<u>20.516.129</u>
<i>Financial costs & losses</i>		
Interest expense	30.173.759	20.909.519
Amortisation of investment in real estate	279.175	156.164
Unfavourable currency translation differences	20.103.919	16.085.301
Prompt payment discounts granted	272.679	349.892
Impairment losses on treasury placements	-	382.837
Losses on the sale of treasury placements	398.143	-
Other financial costs & losses	9.757.887	9.435.876
	<u>60.985.562</u>	<u>47.319.589</u>
Financial profit /(loss)	<u>(29.787.743)</u>	<u>(26.803.460)</u>

"Other financial costs & losses" essentially includes costs of bank guarantees, setting up loans and sundry commissions and costs debited by financial institutions.

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Notes to the Consolidated Financial Statements December 31, 2005 & 2004

9. Gains & losses on associate companies

The breakdown of gains on associate companies for the years ended December 31, 2005 & 2004, is as follows:

	2005	2004
Asinter	141.728	102.920
Auto Sueco Angola	774.435	228.858
Cimertex & Companhia	1.299.715	901.888
Cimertex Angola	55.269	-
Citrup	-	90.500
Icil-Icafal	-	101.163
Indáqua	-	74.281
Indáqua Fafe	-	54.297
Indáqua St. Tirso	-	74.411
Sonauta	26.172	-
Tersado	185.729	-
Vortal	46.396	-
	<u>2.529.444</u>	<u>1.628.318</u>

The breakdown of losses on associate companies for the years ended December 31, 2005 & 2004, is as follows:

	2005	2004
Aenor	346.391	2.191.193
Cimertex Angola	-	674
EM (winding up)	249.444	-
Fabritubo	600.894	54.623
Inovia	-	11.606
Indáqua Feira	-	48.706
Jardimaia	116.470	-
Lusoscut BLA	117.698	610.776
Lusoscut CP	1.518.680	1.057.126
Lusoscut GP	347.401	351.908
Norponete	-	301.350
Sadoport	313.264	-
Sonauta	-	9.049
Turalgo	1.489	2.012
Vortal	-	34.825
	<u>3.611.731</u>	<u>4.673.848</u>
Gains / (losses) on associate companies	<u>(1.082.287)</u>	<u>(3.045.530)</u>

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Notes to the Consolidated Financial Statements December 31, 2005 & 2004

10. Income Tax

The breakdown of deferred tax assets and liabilities for the years ended December 31, 2005 & 2004 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
<i>2004</i>			
Provisions not accepted for tax purposes	(63.088.377)	34.850.134	(97.938.511)
Accrued costs not accepted for tax purposes	(4.614.553)	(379.147)	(4.235.406)
Tax losses	(33.243.357)	(17.330.522)	(15.912.835)
Reduction of depreciation not accepted for tax purposes	(622.981)	(532.931)	(90.050)
Other	(1.281.020)	(171.890)	(1.109.130)
	<u>(102.850.288)</u>	<u>16.435.644</u>	<u>(119.285.932)</u>
<i>2005</i>			
Provisions not accepted for tax purposes	(53.625.701)	21.477.113	(75.102.814)
Accrued costs not accepted for tax purposes	(4.251.700)	401.447	(4.653.147)
Tax losses	(32.642.963)	8.078.653	(40.721.616)
Reduction of depreciation not accepted for tax purposes	(2.455.167)	(137.192)	(2.317.975)
Other	(923.202)	(53.177)	(870.025)
	<u>(93.898.733)</u>	<u>29.766.844</u>	<u>(123.665.577)</u>

Temporary differences to be deducted from the assessment, which gave rise to deferred tax assets, are as follows:

	Total	Effect on the Profit & Loss Account	Effect on Shareholders' Equity
<i>2004</i>			
Tax credit for double international taxation	(314.917)	458.477	(773.394)
	<u>(314.917)</u>	<u>458.477</u>	<u>(773.394)</u>
<i>2005</i>			
Tax credit for double international taxation	-	314.917	(314.917)
	<u>-</u>	<u>314.917</u>	<u>(314.917)</u>

Temporary differences that gave rise to deferred tax liabilities are as follows:

	Total	Effect on the Profit & Loss Account	Effect on Shareholders' Equity
<i>2004</i>			
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	5.627.608	1.882.376	3.745.232
	<u>58.287.258</u>	<u>(2.834.664)</u>	<u>61.121.922</u>
<i>2005</i>			
Revaluation of fixed assets	71.147.150	3.916.945	67.230.205
Losses on incorporated joint ventures	5.410.130	(109.413)	5.519.543
Deferred capital gains tax	2.438.053	(697.492)	3.135.545
Depreciation not accepted for tax purposes	4.961.270	303.358	4.657.912
Untaxed accrued income	8.199.513	6.147.769	2.051.744
Other	3.015.120	1.462.794	1.552.326
	<u>95.171.236</u>	<u>11.023.961</u>	<u>84.147.275</u>

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As at December 31, 2005, deferred tax assets and liabilities amounted to €25,691,200 and €29,267,418, respectively (2004: €30,532,367 and €16,791,828, respectively), the negative effect on the profit & loss account amounting to €9,933,755 (2004: negative effect of €4,402,438)

The breakdown of the reconciliation of the tax for the year and current tax is as follows:

	2005	2004
Current tax	14.351.522	9.522.338
Net reversion of taxes brought forward	2.168.392	(4.567.551)
Deferred taxes related to amortising the fixed-asset revaluation reserves	(678.417)	(633.799)
Deferred taxes generated by temporary differences	8.564.313	8.407.740
Deferred taxes in respect of changes to the tax rates or of the introduction or abolition of taxes	(120.533)	(17.203)
Adjustment of accounting policies & fundamental errors	-	(388)
Other differences not previously recognised as deferred taxes	-	1.213.639
Deferred tax	9.933.755	4.402.438
Tax for the year	24.285.277	13.924.776
Real tax rate	39,28%	33,24%

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 municipal surcharge of a maximum of 10%, bringing the aggregate tax rate up to 27.5%.

In accordance with prevailing Portuguese legislation, tax returns are subject to revision and correction by the tax authorities during a period of six years up to fiscal 2000 and four years in respect of 2002 to 2005 (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 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.

11. Dividends

The board of directors of Mota-Engil SGPS is pleased to proposed to the Annual General Meeting the following appropriation of the Annual Net profit in the sum of €31,069,147:

- to legal reserve, 5% or €1,553,457.35;
- for distribution to the board of directors under the terms of article 23.3 of the articles of association, the sum of €700,000, or about 2.3%;
- for distribution to shareholders, a total of €20,463,569.30, or 10 cents per share, subject to tax; and
- to free reserves, the remainder, in the sum of €8,352,120.35.

The closing date for qualification for the attribution of the 2005 dividend is April 25, 2006.

On May 16, 2005, a start was made to payment of the dividend of €0.08 per share in respect of fiscal 2004, a total of €16,370,856 having been paid.

On April 29, 2004, a start was made to payment of the dividend of €0.04675 per share in respect of fiscal 2003, a total of €11,254,963 having been paid.

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Notes to the Consolidated Financial Statements December 31, 2005 & 2004

12. Earnings per share

The COMPANY has issued only ordinary shares, and there are therefore no special dividend or voting rights.

There is no situation within the GROUP that could constitute a reduction of earnings per share caused by options,, warrants, convertible bonds or other rights linked to ordinary shares.

There is therefore no dissimilarity between the calculation of basic earnings per share and of diluted earnings per share.

No ordinary shares were issued during 2005 and 2004. The average number of ordinary shares during these years was affected only by the number of treasury shares held.

13. Goodwill

The breakdown of goodwill in respect of the years ended December 31, 2005 & 2004, is as follows:

	2005		2004	
	Gross goodwill	Accumulated impairments	Net goodwill	Net goodwill
Aenor	2.368.142	-	2.368.142	2.368.142
Aurimove	83.242	(33.297)	49.945	49.945
Corgimobil	635.615	-	635.615	635.615
Correia & Correia	969.823	(51.653)	918.170	153.669
Indáqua	2.351.508	-	2.351.508	2.351.508
Indaqua Feira	78.048	-	78.048	-
IWP	574.545	-	574.545	-
Jardimaia	79.737	-	79.737	-
Lusoscut BLA	1.757.013	-	1.757.013	1.757.013
Lusoscut CP	1.724.715	-	1.724.715	1.724.715
Lusoscut GP	500.638	-	500.638	500.638
Mota-Engil Polska	4.408.623	(928.847)	3.479.776	3.288.514
M-Invest Stodulky	1.518.220	-	1.518.220	832.778
Manvia	497.747	(74.662)	423.085	423.085
Maprel	526.637	(210.655)	315.982	315.982
Maprel Nelas	526.700	(210.680)	316.020	316.020
Martifer	1.160.816	(290.204)	870.612	870.612
Metalruda	2.344.994	(468.999)	1.875.995	1.875.995
MKC	271.708	-	271.708	271.708
Mota-Viso	19.900	(7.960)	11.940	11.940
Promoquatro	697.396	-	697.396	-
Sadoport	229.783	-	229.783	-
Sol-S e Solsuni	6.821.760	(1.459.369)	5.362.391	5.362.391
STL	2.563.693	(128.185)	2.435.508	2.435.508
Suma	3.404.208	(521.470)	2.882.738	2.882.738
Tersado	229.497	-	229.497	-
UTIL	2.599.520	(191.800)	2.407.720	2.407.720
Vibeiras	189.314	-	189.314	189.314
Vortal	986.650	-	986.650	986.650
	40.120.192	(4.577.781)	35.542.411	32.012.200

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The breakdown of additions to goodwill during the years ended December 31, 2005 & 2004, is as follows:

	2005	2004
Corgimobil	-	635.615
Correia & Correia	764.501	-
Indáqua	-	2.351.508
Indaqua Feira	78.048	-
IWP	574.545	-
Jardimaia	79.737	-
M-Invest Stodulsky	685.442	832.778
MKC	-	271.708
Promoquatro	697.396	-
Sadoport	229.783	-
Tersado	229.497	-
Vibeiras	-	189.313
Vortal	-	986.649
	<u>3.338.949</u>	<u>5.267.571</u>

There were no sales involving goodwill during 2005.

During 2005, the goodwill generated by Mota-Engil Polska was updated for exchange-rate effects generating a sum of €191,262.

The GROUP performs year impairment tests on good well as determined by Indent i) of the Main valuation criteria in Explanatory Note1. Accounting Policies. During the years ended December 31, 2005 & 2004, their were no impairment losses on goodwill.

14. Intangible fixed assets

The breakdown of gross intangible fixed assets in respect of the years ended December 31, 2005 & 2004, is as follows:

	Development costs	Software & other rights	Fixed assets in progress & other	Total
<i>2004</i>				
Opening balance	14.371.230	1.729.320	369.128	16.469.678
Increases	651.956	476.613	222.035	1.350.604
Disposals	-	(6.972)	-	(6.972)
Write-offs	(10.377.779)	(198.016)	-	(10.575.795)
Currency translation differences	6.938	56.160	-	63.098
Variation of perimeter	2.359.291	7.605.696	(105.954)	9.859.033
Transfers	1.906.863	2.645.690	(437.725)	4.114.828
	<u>8.918.499</u>	<u>12.308.491</u>	<u>47.484</u>	<u>21.274.474</u>
<i>2005</i>				
Opening balance	8.918.499	12.308.491	47.484	21.274.474
Increases	4.994	911.356	744.212	1.660.562
Disposals	-	(23.895)	-	(23.895)
Write-offs	(656.885)	(52.368)	(408)	(709.661)
Currency translation differences	(51.582)	35.483	-	(16.099)
Variation of perimeter	2.138.348	62.480	18.014	2.218.842
Transfers	(4.566.549)	(3.892.985)	(17.824)	(8.477.358)
	<u>5.786.825</u>	<u>9.348.562</u>	<u>791.478</u>	<u>15.926.865</u>

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Information on depreciation of and impairment losses on intangible fixed assets in respect of the years ended December 31, 2005 & 2004, is as follows:

	Development costs	Software & other rights	Fixed assets in progress & other	Total
<i>2004</i>				
Opening balance	(13.697.855)	(574.909)	-	(14.272.764)
Increases	(1.328.056)	(517.504)	-	(1.845.560)
Disposals	-	6.972	-	6.972
Write-offs	10.376.300	193.959	-	10.570.259
Currency translation differences	(5.917)	(22.474)	-	(28.391)
Variation of perimeter	(1.298.100)	(7.457.574)	-	(8.755.674)
Transfers	(188.177)	(2.290.998)	-	(2.479.175)
	<u>(6.141.805)</u>	<u>(10.662.528)</u>	<u>-</u>	<u>(16.804.333)</u>
<i>2005</i>				
Opening balance	(6.141.805)	(10.662.528)	-	(16.804.333)
Increases	(832.045)	(1.427.056)	-	(2.259.101)
Disposals	-	7.351	-	7.351
Write-offs	654.879	52.368	-	707.247
Currency translation differences	15.237	(18.982)	-	(3.745)
Variation of perimeter	(1.731.378)	(62.286)	-	(1.793.664)
Transfers	2.652.478	6.619.904	-	9.272.382
	<u>(5.382.634)</u>	<u>(5.491.229)</u>	<u>-</u>	<u>(10.873.863)</u>
<i>Net value</i>				
2004	<u>2.776.694</u>	<u>1.645.963</u>	<u>47.484</u>	<u>4.470.141</u>
2005	<u>404.191</u>	<u>3.857.333</u>	<u>791.478</u>	<u>5.053.002</u>

The valuation criteria established by the GROUP for valuation of these intangible fixed assets are detailed in Indent ii) of the Main valuation criteria in Explanatory Note 1. Accounting Policies

15. Tangible fixed assets

Information on the gross value of land, buildings, plant and other tangible fixed assets for the years ended December 31, 2005 & 2004, is as follows:

	Land & buildings	Equipment	Other fixed assets	Total
<i>2004</i>				
Opening balance	189.863.196	501.116.211	35.183.228	726.162.635
Increases	8.478.269	31.313.952	34.582.749	74.374.970
Disposals	(302.989)	(22.832.386)	(359.167)	(23.494.542)
Write-offs	(110.960)	(8.554.140)	(781.825)	(9.446.925)
Currency translation differences	(583.132)	(622.502)	(1.405.288)	(2.610.922)
Variation of perimeter	3.796.653	15.080.215	2.075.288	20.952.156
Transfers	(629.122)	(1.298.273)	(30.172.319)	(32.099.714)
	<u>200.511.915</u>	<u>514.203.077</u>	<u>39.122.666</u>	<u>753.837.658</u>
<i>2005</i>				
Opening balance	200.511.915	514.203.077	39.122.666	753.837.658
Increases	7.097.192	33.762.606	25.194.657	66.054.455
Disposals	(3.012.835)	(37.647.649)	(1.430)	(40.661.914)
Write-offs	(1.042.973)	(13.908.800)	(56.498)	(15.008.271)
Revaluations	27.911.917	-	-	27.911.917
Currency translation differences	5.784.632	7.261.536	2.006.258	15.052.426
Variation of perimeter	20.577.269	7.579.506	-	28.156.775
Transfers	15.876.563	17.576.079	(42.705.503)	(9.252.861)
	<u>273.703.680</u>	<u>528.826.355</u>	<u>23.560.150</u>	<u>826.090.185</u>

Information on the depreciation of and impairment losses on land, buildings, plant and other tangible fixed assets for the years ended December 31, 2005 & 2004, is as follows:

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	Land & buildings	Equipment	Other fixed assets	Total
<i>2004</i>				
Opening balance	(40.456.102)	(349.615.119)	(1.017.731)	(391.088.952)
Increases	(5.514.865)	(46.672.732)	(416.442)	(52.604.039)
Disposals	122.852	18.447.908	802	18.571.562
Write-offs	101.534	8.418.927	7.853	8.528.314
Currency translation differences	(85.232)	440.927	(31.706)	323.989
Variation of perimeter	(1.000.485)	(8.165.668)	(67.871)	(9.234.024)
Transfers	91.015	2.865.910	34.418	2.991.343
	<u>(46.741.283)</u>	<u>(374.279.847)</u>	<u>(1.490.677)</u>	<u>(422.511.807)</u>
<i>2005</i>				
Opening balance	(46.741.283)	(374.279.847)	(1.490.677)	(422.511.807)
Increases	(6.743.453)	(45.637.876)	(529.437)	(52.910.766)
Disposals	1.102.670	33.294.542	763	34.397.975
Write-offs	895.127	13.595.143	11.989	14.502.259
Revaluations	(4.458.836)	-	-	(4.458.836)
Currency translation differences	(103.635)	(5.339.586)	(40.538)	(5.483.759)
Variation of perimeter	500.178	2.272.722	-	2.772.900
Transfers	719.505	(5.150.629)	3.576	(4.427.548)
	<u>(54.829.727)</u>	<u>(381.245.531)</u>	<u>(2.044.324)</u>	<u>(438.119.582)</u>
<i>Net value</i>				
2004	<u>153.770.632</u>	<u>139.923.230</u>	<u>37.631.989</u>	<u>331.325.851</u>
2005	<u>218.873.953</u>	<u>147.580.824</u>	<u>21.515.826</u>	<u>387.970.603</u>

The valuation criteria adopted, the depreciation rates used and the residual values determined are detailed in Indents iii), iv) and v) of the Main valuation criteria in Explanatory Note 1. Accounting Policies

As at December 31, 2005 & 2004, the following tangible fixed assets owned by Mota-Engil Engenharia, were located abroad at branches and subsidiaries:

	31/12/05	31/12/04
Angola	35.126.208	23.552.166
Benin	13.288	982.650
Bulgaria	351	600
Chad	4.168.627	6.401.310
Ghana	7.102	44.230
Hungary	859.212	890.535
Malawi	233.702	356.209
Mozambique	70.314	82.573
Poland	1.235.841	1.394.873
Romania	11.673	-
	<u>41.726.318</u>	<u>33.705.146</u>

Land and buildings are carried at their market value in keeping with independent valuations (mostly performed by Luso-Roux), on the basis of recent market transactions involving similar properties. The valuations were performed in accordance with international valuation standards.

As at December 31, 2005, had the land and buildings continued to be carried at cost less accumulated depreciation, their value would amount to about €150,000,000.

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16. Financial investments under the equity method

As at December 31, 2005 & 2004, the breakdown of the figures for financial investments under the equity method is as follows:

	31/12/05	31/12/04
Asinter	203.077	163.914
Auto Sueco Angola	1.984.575	1.238.028
Cimertex & Companhia	2.017.007	1.060.478
Cimertex Angola	59.475	10.138
Aenor group	26.249.778	13.312.624
Indáqua group	-	1.458.757
Repower AG	25.051.137	-
Sadoport	282.239	-
Sonauta	385.045	1.439.247
Tersado	455.946	-
Turalgo	244.995	246.484
Vortal	512.149	460.897
	<u>57.445.423</u>	<u>19.390.567</u>

During 2005, movements under "Financial investments under the equity method" were essentially the result of the appropriation of the 2005 results, of the dividend distribution by some associates and of the share capital increases implemented by the concessionaire companies.

In consequence of the fact that as of the date of authorisation of these financial statements the GROUP is not in possession of the accounts of Repower AG, which will be available only during the coming months, the GROUP has used the latest accounts communicated to the market by this associate (September 30, 2005) in its valuation of this financial investment.

17. Financial investments available for sale

As at December 31, 2005 & 2004, the breakdown of net amounts in respect of holdings, securities & other placements, and advances & other investments is as follows:

	31/12/05	31/12/04
<i>Shareholdings</i>		
Edodetra	1.153.202	1.153.202
Iberfibran	375.000	375.000
Lusoponte	62.439.117	39.536.636
Mota Engil S.Tomé e Príncipe	190.000	200.000
Mota-Engil Srodowisko	890.812	-
MTS	1.375.737	904.400
Rima	1.416.947	-
Tradelsu	1.000.000	-
Tratofoz	669.900	669.900
Other	687.282	-
	<u>70.197.997</u>	<u>42.839.138</u>

	31/12/05	31/12/04
<i>Securities & other placements</i>		
Angolan Treasury Bonds	17.035.304	7.341.605
Other	478.508	-
	<u>17.513.812</u>	<u>7.341.605</u>

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Angolan Treasury Bonds are medium-term securities attributed by the Angolan State to settle trade debts. These bonds are expressed in American dollars and earn interest at market rates.

	<u>31/12/05</u>	<u>31/12/04</u>
<i>Advances & other investments</i>		
Jaime Ribeiro & Filhos	2.650.000	-
Parque Ambiental Nortenho	1.206.686	1.206.686
Tradelsu	2.000.000	-
Other	235.472	-
	<u>6.092.158</u>	<u>1.206.686</u>

During 2005 the GROUP updated the market value of Lusoponte, using for the purpose the average of valuations obtained from financial intermediaries of national and international repute.

Additionally, the main movements during 2005 refer to acquisitions and to the formation of companies whose presumed market value, according to the board of directors, does not differ significantly from their cost.

18. Investment properties

Information on the investment properties of the GROUP, as at December 31, 2005 & 2004, is as follows:

	<u>31/12/05</u>	<u>31/12/04</u>
Opening balance	27.317.524	9.044.534
Increase	652.646	356.962
Disposals	(190.394)	-
Write-offs	-	(8.648)
Revaluations	-	1.811.957
Currency translations differences (properties located in Angola)	2.466.860	-
Transfers	(481.823)	15.128.614
Closing balance	<u>29.764.813</u>	<u>27.317.524</u>

The valuation criteria established by the GROUP for valuation of its investment properties are detailed in Indent vii) of the Main valuation criteria in Explanatory Note 1. Accounting Policies

Investment properties are carried at their market value in keeping with independent valuations (performed by Luso-Roux), on the basis of recent market transactions involving similar properties. The valuations were performed in accordance with international valuation standards.

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19. Stocks

The breakdown of stocks in respect of the years ended December 31, 2005 & 2004, is as follows:

	31/12/05	31/12/04
<i>Cost:</i>		
Raw & subsidiary materials and consumables	38.842.837	36.399.284
Products & work in progress	66.278.324	39.372.654
Sub-products, waste, residues & scrap	9.855	1.614
Finished products	21.062.837	18.412.736
Goods	46.317.165	45.121.683
Advances on account of purchases	4.458.401	5.344.792
	<u>176.969.419</u>	<u>144.652.763</u>
<i>Accumulated impairment losses</i>		
Raw & subsidiary materials and consumables	(165.649)	(304.444)
Finished products	(157.365)	(56.774)
Goods	(2.808.700)	(10.336)
	<u>(3.131.714)</u>	<u>(371.554)</u>
	<u>173.837.705</u>	<u>144.281.209</u>

The movement of impairment losses on stocks is as follows::

	2005	2004
Opening balance	371.554	355.794
Increase	318.332	125.045
Reduction & transfers	2.441.828	(109.285)
Closing balance	<u>3.131.714</u>	<u>371.554</u>

20. Other financial assets

a) Commercial & others receivable

Information on trade accounts and other assets receivable in respect of the years ended December 31, 2005 & 2004, is as follows:

	Non-current		Current	
	31/12/05	31/12/04	31/12/05	31/12/04
<i>Gross Value:</i>				
Customers:				
Trade accounts receivable	2.587.113	11.158.532	481.078.067	433.390.704
Trade accounts – Bills receivable	-	11.325.609	7.236.691	20.612.467
Doubtful debt	21.580	21.957	10.805.424	13.816.841
	<u>2.608.693</u>	<u>22.506.098</u>	<u>499.120.182</u>	<u>467.820.012</u>
Other debtors:				
Related companies, subsidiaries & participating companies	85.805.559	104.661.107	752.355	995.542
Advances to suppliers	-	-	8.461.428	4.889.163
State & other public entities	-	-	21.940.553	15.390.278
Other	29.397.015	1.292.160	82.308.474	56.383.305
	<u>115.202.574</u>	<u>105.953.267</u>	<u>113.462.810</u>	<u>77.658.288</u>
	<u>117.811.267</u>	<u>128.459.365</u>	<u>612.582.992</u>	<u>545.478.300</u>

Impairment losses on trade accounts and other receivables are as follows:

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	Non-current		Current	
	31/12/05	31/12/04	31/12/05	31/12/04
<i>Accumulated impairment losses</i>				
Customers:				
Trade accounts receivable	-	6.090.108	13.929.621	14.056.240
Trade accounts – Bills receivable	-	7.361.646	-	9.603.580
Doubtful debt	21.580	21.996	10.805.424	13.816.840
	<u>21.580</u>	<u>13.473.750</u>	<u>24.735.045</u>	<u>37.476.660</u>
Other debtors:				
Related companies, subsidiaries & participating companies	17.206.565	19.390.646	-	-
Other	10.849.385	-	1.986.698	2.829.540
	<u>28.055.950</u>	<u>19.390.646</u>	<u>1.986.698</u>	<u>2.829.540</u>
	<u>28.077.530</u>	<u>32.864.396</u>	<u>26.721.743</u>	<u>40.306.200</u>

The board of directors is of the conviction that the value at which these assets are carried in the balance sheet approaches their fair value.

The GROUP subsidiaries Mota-Engil Engenharia and Mota Internacional subscribed to the agreement established between the Angolan State and the Portuguese State in connection with the payment by the former of its debt prior to December 31, 1998, owed to Portuguese companies. As a result of the agreement the GROUP recognised in previous years, the sums of €5,873,056, €7,361,646, €2,820,919, €5,377,336 and €9,603,580, respectively for impairment losses on medium- and long term trade accounts receivable, bills of exchange receivable, and associate, subsidiary and holdings companies, and for impairment losses on short-term trade accounts receivable and bills of exchange receivable accounts. The net effect on the shareholder's equity of the GROUP, after considering the applicable tax regime, amounts to €23,418,319. During 2005 the sums in respect of debt and the impairment losses recognised in connection therewith were transferred to "Other debtors".

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 sum actually to be received, including the amount corresponding to the pardon provided for in the agreement between the two countries.

The GROUP's exposure to credit risk is mainly the result of trade accounts receivable in respect of its operating activity. The accumulated impairment losses have been estimated by the GROUP in keeping with its own experience and on the basis of its evaluation of the economy and of the economic surroundings..

The GROUP does not charge any interest for as long as the agreed payment terms are met. Following this, interest is charged as contractually defined and in accordance with current law as applicable to each case.

As at December 31, 2005 & 2004, the breakdown of the balances of the State & other public entities is as follows:

	31/12/05	31/12/04
Corporate Income tax	2.008.597	4.736.684
Value added tax	3.610.841	3.953.568
Personal income tax	-	3.633
Other taxes	-	185.809
Taxes in other countries	<u>16.321.115</u>	<u>6.510.584</u>
	<u>21.940.553</u>	<u>15.390.278</u>

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Movement under impairment losses on trade accounts and other receivables are as follows:

	2005	2004
<i>Trade accounts receivable:</i>		
Opening balance	20.146.348	3.893.305
Increase	2.250.343	8.288.682
Reduction, transfers & perimeter variation	(8.467.070)	7.964.361
Closing balance	13.929.621	20.146.348
<i>Trade accounts – Bills receivable</i>		
Opening balance	16.965.226	-
Increase	-	9.603.580
Reduction, transfers & perimeter variation	(16.965.226)	7.361.646
Closing balance	-	16.965.226
<i>Doubtful debt:</i>		
Opening balance	13.838.836	7.794.278
Increase	1.460.444	2.198.978
Reduction, transfers & perimeter variation	(4.472.276)	3.845.580
Closing balance	10.827.004	13.838.836
<i>Other debtors</i>		
Opening balance	22.220.186	18.576.795
Increase	397.276	169.287
Reduction, transfers & perimeter variation	7.425.186	3.474.104
Closing balance	30.042.648	22.220.186
	54.799.273	73.170.596

b) Other current assets

The breakdown of "Other current assets" is as follows:

	31/12/05	31/12/04
<i>Accrued income</i>		
Production not invoiced	86.965.710	36.396.758
Interest receivable	24.452	548.127
Other accrued income	1.873.284	2.990.992
	88.863.446	39.935.877
<i>Deferred costs</i>		
Insurance	1.237.167	823.272
Other deferred costs	3.045.650	452.656
	4.282.817	1.275.928
	93.146.263	41.211.805

c) Cash & cash equivalents

The breakdown of cash & cash equivalents is as follows:

	31/12/05	31/12/04
Term deposits & others	13.942.772	4.418.087
Bank deposits & cash in hand		
Sight deposits	51.747.199	45.111.948
Cash in hand	1.755.628	1.633.101
	67.445.599	51.163.136

Cash & cash equivalents include cash held by the GROUP and by the depositary banks on a short-term basis, having initial maturities less than or equal to 3 months, for which the risk of alteration of value is not significant. The value at which this set of assets is carried is close to their fair value.

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The breakdown of the movement of impairment losses on cash & cash equivalents is as follows:

	2005	2004
<i>Negotiable securities:</i>		
Opening balance	382.273	2.250
Increase	-	380.023
Reduction & transfers	(382.273)	-
Closing balance	-	382.273

21. Share capital

The MOTA-ENGIL SGPS share capital as at December 31, 2005, amounts to €204,635,695 represented by 204,635,695 bearer shares each of a par value of €1.

As at December 31, 2005 & 2004, the GROUP holds 8,103,971 treasury shares.

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.

Company legislation further stipulates that revaluation reserves cannot be distributed to shareholders.

The variation of the currency-translation adjustments is caused by the translation into euros of the financial statements of subsidiary companies originally expressed in a foreign currency, in accordance with the criteria described in Indent xvi) of the Main valuation criteria In Explanatory Note 1. Accounting Policies

22. Debt

The amounts for debt with reference to the year ended December 31, 2005, are as follows:

	1 year	2 years	3 to 5 years	over 5 years	Total
Non-convertible bond loans	3.500.000	3.500.000	88.000.000	7.500.000	102.500.000
Amounts owed to credit institutions					
Bank loans	87.134.991	87.110.538	95.648.537	85.518.124	355.412.190
Overdraft facilities	23.062.675	-	-	-	23.062.675
Guaranteed accounts	14.506.727	-	-	-	14.506.727
Other loans obtained					
Commercial paper issues	-	7.466.802	67.852.294	-	75.319.096
Other loans	1.864.868	6.942.527	5.527.212	243.971	14.578.578
	<u>130.069.261</u>	<u>105.019.867</u>	<u>257.028.043</u>	<u>93.262.095</u>	<u>585.379.266</u>

The figures in respect of debt are expressed in the following currencies:

	Bonds	Credit institutions	Commercial paper	Other loans	Total
Czech Crowns	-	2.999.880	-	-	2.999.880
Slovakian crowns	-	130.980	-	-	130.980
US Dollars	-	28.386.527	-	-	28.386.527
Euros	102.500.000	339.871.603	75.319.096	11.229.339	528.920.038
Hungarian Forints	-	4.868.201	-	-	4.868.201
Mozambican Meticals	-	997.476	-	-	997.476
Peruvian New Soles	-	1.977.904	-	-	1.977.904
Polish Zlotys	-	13.749.021	-	3.349.239	17.098.261
	<u>102.500.000</u>	<u>392.981.592</u>	<u>75.319.096</u>	<u>14.578.578</u>	<u>585.379.266</u>

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The average interest rates borne on overdrafts and bank loans are as follows:

	<u>Average rates (%)</u>	<u>Rates interval (%)</u>
Non-convertible bond loans	4,02	[3.75 ; 4.15]
Amounts owed to credit institutions		
Bank loans	3,85	[2.82 ; 6.17]
Overdraft facilities	-	[2.75 ; 3.88]
Guaranteed accounts	-	[2.70 ; 3.88]
Other loans obtained		
Commercial paper issues	3,84	[3.51 ; 4.10]

The principal loans obtained by the GROUP are as follows:

Non-convertible bond loans

On December 9, 2003, the COMPANY issued a bond loan in the sum of €17,500,000 with a life of 7 years, earning interest half-yearly 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, the first coupon having 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 COMPANY may exercise a call option in full 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 interest in the event of failure to comply with the contract conditions.

On December 29, 2003, the COMPANY issued a bond loan in the sum 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, the first coupon having fallen due on June 29, 2004. MOTA ENGIL SGPS is bound to immediately repay the bonds and the respective interest in the event of failure to comply with the contract conditions.

On December 29, 2004, the COMPANY issued a new bond loan in the sum 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 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.

On December 30, 2004, the COMPANY issued another bond loan in the sum 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 1.75 percentage points. Repayment of the bonds will take place at par, in full, at the end of the 5th year, that is, December 30, 2009. Each bondholder may exercise a put option 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's consolidated financial statements show failure to comply with its certain contractual financial ratios.

On June 21, 2005, the COMPANY issued a new bond loan in the sum of €20,000,000 with a life of 5 years, earning half-yearly interest in arrears on June 21 and December 21 each year, at a rate indexed to the 6-month Euribor rate plus 0.95 percentage points. Repayment shall be made in a single instalment on maturity of the issue. Each bondholder may exercise a put option at par on the bonds in the event that the financial statements of MOTA-ENGIL SGPS demonstrate failure to meet certain financial ratios determined contractually, or should the present major shareholders of the COMPANY no longer directly or indirectly control the majority of its share capital and/or voting rights.

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Commercial paper issues

As at December 31, 2005, there is a commercial paper issue made by the COMPANY in the sum, net of outstanding interest, of €20,956,533, guaranteed by a banking syndicate, earning interest at a variable rate, falling due on April 23, 2008, and another issue in the sum, net of outstanding interest, of €16,964,647, earning interest at a variable rate, falling due on December 3, 2008.

There are a further three commercial issued made by subsidiary Mota-Engil Engenharia. The first, in the sum of €14,968,582 net of interest falling due, earns interest at a variable rate and matures on December 4, 2008; the second in the sum of €7,466,802 net of interest falling due, earns interest at a variable rate and matures on June 1, 2007; and the third, in the sum of €14,962,532, which also earns interest at a variable rate, matures on December 15, 2010.

Other loans

The amounts considered under "Other loans" mainly have to do with loans obtained from the Portuguese Agency for Investment (API) and from the Small and Medium Enterprise and Investment Institute (IAPMEI) by way of support to investment. These loans pay no interest.

23. Derivative financial instruments

The GROUP makes use of interest-rate derivatives instruments to manage its exposure the movements of current interest rates in its financing contracts fixing variable interest rates.

Interest rates have been fixed in respect of contracts having a nominal value of €105,000,000.

The fair value of the financial derivatives instruments as at December 31, 2005, did not undergo any variation since they were contract during the closing days of 2005.

24. Trade liabilities & other liabilities payable

Information on trade accounts and other liabilities payable in respect of the years ended December 31, 2005 & 2004, is as follows:

	Non-current		Current	
	31/12/05	31/12/04	31/12/05	31/12/04
Suppliers	1.980.879	-	318.887.970	282.970.448
Suppliers of fixed assets	23.261.231	18.635.084	25.478.728	26.696.717
Group companies, associates & other shareholders	311.753	562.042	508.030	1.850.301
Customer prepayments on account of sales	36.517.990	32.788.614	44.718.825	47.385.179
State & other public entities	-	-	29.276.297	20.235.781
Other creditors	6.668.589	525.689	49.787.067	60.946.429
	<u>68.740.442</u>	<u>52.511.429</u>	<u>468.656.917</u>	<u>440.084.855</u>

These sums mainly concern debts originating in subcontracting in respect of work in progress adjudicated to the GROUP.

The board of directors is of the conviction that the value at which these liabilities are carried in the balance sheet approaches their fair value.

As at December 31, 2005, the GROUP had liabilities as lessee in respect of rents falling due on finance lease contracts in the sum of €39,691,092, with the following maturities:

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Maturity	Share capital	Interest	Total
1 year	14.218.742	1.228.168	15.446.910
2 years	9.906.495	748.283	10.654.778
3 years	7.288.422	424.326	7.712.748
4 or more years	5.627.973	248.683	5.876.656
	<u>37.041.632</u>	<u>2.649.460</u>	<u>39.691.092</u>

As at December 31, 2005 & 2004, the breakdown of the balances of the State & other public entities is as follows:

	31/12/05	31/12/04
Corporate Income tax	4.735.955	3.658.299
Value added tax	10.714.428	7.301.157
Social security	3.058.265	3.417.665
Personal income tax	1.377.319	1.353.164
Other taxes	74.529	187.683
Taxes in other countries	9.315.801	4.317.813
	<u>29.276.297</u>	<u>20.235.781</u>

As at December 31, 2005 & 2004, "Other creditors" includes sums in respect of factoring with recourse and of bills discounted in the sums of €27,357,439 and €47,235,896, respectively.

25. Provisions

Information on provisions in respect of the years ended December 31, 2005 & 2004, is as follows:

	31/12/05	31/12/04
Pensions	10.915.946	10.919.820
Employee indemnities	3.310.089	290.682
Sealing & monitoring a landfill	2.903.952	2.492.460
Provisions for investments valued using the equity method	1.971.713	3.702.441
Legal proceedings	764.866	386.104
Quality warranties	736.530	-
Other	236.930	367.167
	<u>20.840.026</u>	<u>18.158.674</u>

Information on the movement of provisions during these years is as follows:

	31/12/05	31/12/04
Opening balance	18.158.674	12.811.054
Increase	4.788.720	956.098
Reduction & transfers	(2.107.368)	4.391.522
Closing balance	<u>20.840.026</u>	<u>18.158.674</u>

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26. Other current liabilities

Information on other current liabilities in respect of the years ended December 31, 2005 & 2004, is as follows:

	31/12/05	31/12/04
<i>Accrued costs</i>		
Cost of holiday pay & bonus	19.556.171	17.703.730
Interest payable	2.119.795	1.486.788
Work in progress not billed	19.640.099	10.104.049
Other accrued costs	3.557.733	3.570.183
	<u>44.873.798</u>	<u>32.864.750</u>
<i>Deferred costs</i>		
Invoicing in advance	93.559.164	53.715.053
Investment subsidies	816.500	231.580
Rents on own properties	104.377	31.583
Other deferred income	10.404.627	1.664.266
	<u>104.884.668</u>	<u>55.642.482</u>
	<u>149.758.466</u>	<u>88.507.232</u>

27. Commitments

Guarantees Provided

As at December 31, 2005 & 2004, 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:

	31/12/05	31/12/04
Czech Crowns	4.251.571	2.884.536
Slovakian crowns	-	375.300
Algerian Dinars	986.797	-
Tunisian Dinars	-	-
US Dollars	37.175.754	16.939.015
Cape Verde Escudos	52.303	6.958
Euros	601.996.639	601.941.849
Hungarian Forints	2.872.168	6.576.770
CFA Francs	4.646.618	6.568.932
Malawi Kwashas	6.428.796	4.063.939
Mozambican Meticals	-	13.166
Peruvian New Soles	1.106.960	4.075.176
Polish Zlotys	6.603.288	275.750
	<u>666.120.894</u>	<u>643.721.391</u>

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The breakdown by GROUP companies is as follows:

	31/12/05	31/12/04
Correia & Correia	185.240	63.614
CPTP	11.545.039	9.076.918
Emocil	-	14.249
EMSA	3.151	-
Enviroil	13.510	5.742
Ferrovias	12.186.171	13.255.684
Geogranitos	3.383.253	2.916.442
Indaqua	9.729.666	-
Indaqua Fafe	801.355	-
Indaqua Feira	3.922.123	-
Indaqua Tirso	1.339.205	-
Manvia	401.939	97.002
Maprel	3.540.826	3.698.410
Martifer	17.477.589	16.422.995
Martifer Alumínios	1.293.602	1.127.828
Martifer Energia	-	12.401
Martifer Spain	1.160.648	-
Martifer Polska	4.364	-
Martins & Coutinho	-	134.251
MECT	56.818.715	85.458.507
MESP	285.892	-
Mota-Engil Engenharia	464.418.558	421.211.913
Mota-Engil Magyarország	2.160.320	6.774.448
Mota-Engil Polska	4.743.342	-
Mota-Engil SGPS	22.500.000	36.617.030
Probigalp	-	23.689
Probisa	-	862.605
RTA	-	392.302
Sedengil	54.857	109.714
Serurb	14.025.393	14.023.281
Serurb Matosinhos	2.818.163	2.818.163
Soprocil	8.351.565	6.819.654
STL	418.061	416.722
Suma	5.443.656	5.304.608
Tecnocarril	17.639	2.639
Timoz	31.374	31.374
Tracevia	3.411.261	3.361.891
Translei	9.005.212	8.968.259
Util	3.622	5.837
Vibeiras	4.625.583	3.693.219
	<u>666.120.894</u>	<u>643.721.391</u>

As at December 31, 2005 & 2004, the shares held in and the supplementary capital paid to subsidiaries Lusoscut CP, Lusoscut GP, Lusoscut BLA, Lusoporte 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.

Real Guarantees

As at December 31, 2005, real guarantees provided by the GROUP are as follows:

	Guarantee	Value of underlying asset	Amount of the debt
Translei	Pledge	2.307.273	2.333.333
Martifer Polska	Mortgage	13.826.946	4.766.011
Maprel	Mortgage	3.825.780	1.650.000
	Pledge	300.049	-
Timoz	Mortgage	103.599	226.225
		<u>20.363.647</u>	<u>8.975.569</u>

The chattel mortgages involve equipment and were given as collateral for bank loans.

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28. Retirement Plan Benefits

THE GROUP has assumed defined-benefit retirement plan liabilities for several former and some present employees. These plans are final salary pension plans.

The accounting policies in respect of these plans adopted by the GROUP are described in Indent xx) of the Main valuation criteria in Explanatory Note 1. Accounting Policies

As at December 31, 2005, liabilities towards pensioners and towards active staff, and their respective cover, are as follows:

	<u>31/12/05</u>
Liabilities to pensioners	4.070.606
Liabilities to personnel in service	5.347.585
Provisions set aside	10.915.946
% of cover	115,9%

These liabilities are the result of the latest actuarial study performed by the GROUP, the assumptions of which are as follows:

Retirement age	65
Expected wage increase rate	3%
Discount rate	3%
Mortality tables	TV 73/77
Pension growth rate	0%
Number of payments of the benefit	14

29. Transactions with related parties

a) Commercial transactions

The GROUP associates have relations between themselves that are qualified as transactions with related parties. All these transactions are carried out at market prices.

These transactions are eliminated in the consolidation procedure since the consolidated financial statements present information on the parent company and its subsidiaries as through it concerned just a single company.

Transactions with associated companies booked using the equity method are not eliminated, and their amounts are as follows:

	<u>2005</u>	<u>2004</u>
Sales & provision of services	18.441.148	30.316.504
Cost of merchandise sold	23.163.842	26.459.316
Debtor balances	65.410.000	123.336.777
Creditor balances	3.957.762	27.017.570

These sums do not include any significant balances or transactions with shareholders either of the COMPANY or of any of the other GROUP companies.

b) Remuneration of the board of directors and statutory auditor

The remuneration assigned to members of the board during the years ended December 31, 2005 & 2004, amount to €1,830,901 and €1,779,661, respectively. During these years the remuneration of the statutory auditor amounted to €22,847 and €22,352, respectively.

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This remuneration is determined by the remuneration committee, taking into account the individual performance and the evolution of this type of employment market.

Some board members had defined-benefit pension plans. Information on these plans is provided in Explanatory Note 28 – Retirement Benefit Plans.

30. Transition to the IAS/IFRS

The breakdown of the reconciliation of own funds as at January 1, 2004 and December 31, 2004, is as follows:

Consolidated shareholder's equity on January, 1, 2004 - POC	226.854.934
Adjustments of IAS/IFRS	
Goodwill	(1.396.424)
Intangible Fixed Assets	(809.949)
Immovables affected to the exploration	17.788.906
Land assigned to quarry operations	12.850.418
Investment Properties	725.191
Financial investments available for sale	35.206.035
Financial investments under the equity method	(4.709.675)
Impairment losses on customers	(31.036.537)
Stocks	(27.325)
Accrued Income	(7.457.520)
Deferred Costs	(9.546.451)
Pensions	(5.954.306)
Deferred taxes	606.211
Minority Interests	(3.366.985)
	2.871.589
Consolidated shareholder's equity on January, 1, 2004 - IAS/IFRS	229.726.523

The breakdown of the reconciliation of net profit as at December 31, 2004, is as follows :

Consolidated net profit for the year on December, 31, 2004 - POC	22.069.100
Negative Goodwill recognition	1.452.342
Intangible Fixed Assets depreciation reversion	777.421
Investment Properties depreciation reversion	283.028
Deferred Costs	2.003.219
Pensions	1.065.657
Net Profit of no consolidated companies	(4.205.390)
Income Tax	(1.101.917)
Minority Interests	(4.506)
	269.854
Consolidated net profit for the year on December, 31, 2004 - IAS/IFRS	22.338.954

Additional information on the nature of the adjustments made can be found in the 2004 Consolidated Management Report and in the press releases submitted to the market by the COMPANY.

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Notes to the Consolidated Financial Statements December 31, 2005 & 2004

31. Notes to the Consolidated Cash-flow Statement

During the years ended December 31, 2005 & 2004, the breakdown of amounts paid for financial investments is as follows:

	2005	2004
Aenor	14.256.509	11.534.063
Citrup	-	250
Ecolezíria	-	11.250
Indaqua	-	5.053.400
Jaime Ribeiro & Filhos	2.650.000	-
Lusoscut BLA	9.543.420	7.657.679
Lusoscut CP	-	3.623.754
Lusoscut GP	6.217.837	3.532.434
ME Slovak	-	42.104
Mota-Engil Srodowisko	890.812	-
MTS	697.437	226.100
Angolan Treasury Bonds	4.089.110	-
Repower AG	26.618.064	-
Rima	1.397.060	-
Sadoport	-	500.000
Tersado	-	825.000
Tradeslu	3.000.000	-
Other	3.322.302	-
	<u>72.682.551</u>	<u>33.006.034</u>

During the year ended December 31, 2005, the sums received in respect of financial investment essentially involve the sale of holdings in Lusoponte and in Repower AG.

APPENDIX A – CONSOLIDATED COMPANIES

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Notes to the Consolidated Financial Statements December 31, 2005 & 2004

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:

Company	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
Mota Engil, SGPS, S.A., sociedade aberta	Oporto	-	Holding Company	Aug-90	-
Agromart Energy, s.r.l. ("Agromart") Through Imavic	Romania (Bucuresti)	25,00 25,00	Biodiesel exploration	Mar-05	-
Aurimove – Utilidades, Equipamentos e Investimentos Imobiliários, Lda. ("Aurimove") Through MEIT	Oporto	100,00 100,00	Real-Estate	Dec-93	-
Biomart Energy, s.r.l. ("Biomart") Through Imavic Through Agromart	Romania (Bucuresti)	25,00 24,75 0,25	Biodiesel exploration	Mar-05	Abr-05
Calçadas do Douro - Sociedade Imobiliária, Lda. ("Calçadas do Douro") Through MEIT	Oporto	100,00 100,00	Real-Estate	-	Sep-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 own shares	Cascais	97,27 71,36 25,31 0,60	Construction, studies and real-estate	-	Nov-00
Correia & Correia, Lda. ("Correia & Correia") Through Envirol Through own shares	Sertã	73,91 59,13 14,78	Marketing and collection of used oil	Sep-88	Feb-00
Edifício Mota - Viso – Soc. Imobiliária, Lda. ("Mota Viso") Through MEIT	Oporto	100,00 100,00	Real-Estate	Jun-94	-
Edipainel – Utilidades, Equipamentos e Investimentos Imobiliários, Lda. ("Venimove") Through MEIT	Oporto	100,00 100,00	Real-Estate	Mar-02	-
Emocil – Empresa Moçambicana de Construção Imobiliária ("Emocil") Through Mota-Engil Engenharia Through Indimo	Mozambique (Maputo)	75,00 50,00 25,00	Real-Estate	Jul-94	-
EMSA – Empreendimentos e Exploração de Estacionamentos, S.A. ("EMSA") Through Mota-Engil Engenharia	Cascais	100,00 100,00	Car parking exploration	Dec-00	-
Engil 4i – SGPS, S.A. ("Engil 4i") Through Mota-Engil Engenharia	Oporto	100,00 100,00	Holding Company	Dec-02	-
Envirol – Resíduos e Energia, Lda. ("Envirol") Through Mota-Engil Ambiente e Serviços	Matosinhos	73,91 73,91	Marketing and collection of urban waste	Nov-97	-
Ferrovias e Construções, S.A. ("Ferrovias") Through Mota-Engil Engenharia	Linda-a-Velha	100,00 100,00	Railway construction and maintenance	Apr-88	Sep-94
Geogranitos – Pedreiras de Amarante, Lda. ("Geogranitos") Through Mota-Engil Engenharia	Amarante	100,00 100,00	Quarrying	Apr-88	Mar-90 Jun-00 / Dec-00
Hifer Construcción Conservación e Servicios, S.A. ("Hifer") Through Ferrovias	Spain (Madrid)	50,00 50,00	Railway construction and maintenance	Nov-03	-
HQ DEVELOPMENT, a.s ("HQ") Through M-Invest, sro ("M-Invest")	Czech Rep. (Prague)	70,00 70,00	Real-Estate	-	Oct-05
Imavic - Gestão de Investimentos, S.A. ("Imavic") Through Menergy	Oliveira de Frades	25,00 25,00	Real-Estate investments	Mar-05	-

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Company	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
Investycje Wiatr Projekt Sp. z o.o. ("IWP") Through Mzi Megawatt	Poland (Rybnik)	15,00 15,00	Promotion and distribution of electricity	-	Oct-05
Kordlewskiego Project Development Sp. z o.o. ("Kord") Through M-Invest Sp. z o.o.	Poland (Krakow)	100,00 100,00	Real-Estate	Feb-05	-
Largo do Paço – Investimentos Turísticos e Imobiliários, Lda. ("Largo do Paço") Through MEIT	Amarante	100,00 100,00	Real-Estate	-	Oct-01
Manvia - Manutenção e Exploração de Instalações e Construção, S.A. ("Manvia") Through Mota-Engil Ambiente e Serviços	Lisbon	90,00 90,00	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	Feb-87
Maprel - Nelas, Indústria de Pré- Fabricados, S.A. ("Maprel Nelas") Through Maprel	Oporto	100,00 100,00	Pre-stressed concrete manufacture	Jan-01	-
Martifer - Alumínios, S.A. ("Martifer Alumínios") Through Martifer	Oliveira de Frades	27,50 27,50	Window frames	Oct-90	Apr-99
Martifer Constructii, s.r.l. ("Construct") Through Martifer SGPS	Romania (Bucuresti)	50,00 50,00	Steel structure manufacture and erection	Mar-05	-
Martifer Construcciones Metalicas España, S.A. ("Martifer Espanha") Through Martifer	Spain (Madrid)	50,00 50,00	Steel structure design manufacture and erection	Nov-99	-
Martifer – Construções Metalomecânicas, S.A. ("Martifer") Through Martifer SGPS	Oliveira de Frades	50,00 50,00	Steel structure manufacture and erection	Feb-90	Jun-98 / Feb-99
Martifer CZ, S.R.O. Through Sefimota Through Martifer SGPS	Czech Rep. (Prague)	56,00 16,00 40,00	Steel structure manufacture and erection	Mar-05	-
Martifer Deutschland, GmbH ("Martifer Deutschland") Through Mpolska	Germany (Berlin)	50,00 50,00	Steel structure manufacture and erection	Oct-05	-
Martifer Energia, S.A. ("Martifer Energia") Through Martifer SGPS	Oliveira de Frades	50,00 50,00	Eolic towers production	Jan-04	-
Martifer Gestão de Investimentos, S. A. ("Martifer Gestão de Investimentos") Through Martifer SGPS	Oliveira de Frades	50,00 50,00	Investment management	Nov-04	-
Martifer Invest, S.A. ("Martifiv") Through Martifer Gestão de Investimentos	Romania (Bucuresti)	50,00 50,00	Steel structure manufacture and erection	Jan-05	-
Martifer Konstrukcje, Sp. Z. O. O. ("Konstrukcje") Through Martifer SGPS	Poland (Gliwice)	50,00 50,00	Steel structure manufacture and erection	Apr-05	-
Martifer Polska Spolka Z. O. O. ("Martifer Polska") Through Martifer	Poland (Gliwice)	50,00 50,00	Steel structure manufacture and erection	Mar-03	-
Martifer - SGPS, S.A. ("Martifer SGPS") Through Mota-Engil Engenharia	Oliveira de Frades	50,00 50,00	Holding Company	Nov-04	-
Martifer, SK Eslováquia ("Martifer Eslováquia") Through Martifer SGPS Through Martifer Polska	Slovakia (Bratislav)	50,00 40,00 10,00	Steel structure manufacture and erection	Mar-05	-

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Company	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
Martins & Coutinho, Construções em Aço Inox, Lda. ("Martins & Coutinho") Through Martifer	Oliveira de Frades	37,50 37,50	Stainless steel constructions	Apr-96	Aug-98 / Oct-98 Dec-98
M Energy, S.A. ("M Energy") Through Martifer SGPS	Oliveira de Frades	50,00 50,00	Steel structure manufacture and erection	Sep-05	-
Metroepszolg, RT("Metroepszolg") Through Mota-Engil Magyarország	Hungary (Budapest)	99,77 99,77	Civil constructions	-	Dec-00
Mil e Sessenta – Sociedade Imobiliária, Lda. ("Mil e Sessenta") Through MEIT	Oporto	100,00 100,00	Real-Estate	-	Jul-01
M-Invest Bohdalec, A.S. ("Bohdalec") Through M-Invest	Czech Rep. (Prague)	86,00 86,00	Real-Estate	Sep-03	-
M-Invest Jihlavska, A.S. ("Jihlavska") Through M-Invest	Czech Rep. (Jihlava)	86,00 86,00	Real-Estate	Feb-04	-
M-Invest Neklanova, sro ("Neklanova") Through Mota-Engil Engenharia Through Sefimota Through M-Invest	Czech Rep. (Prague)	92,60 80,00 4,00 8,60	Real-Estate	Sep-00	Dec-00
M-Invest Polska, Sp. z o.o. ("M-Invest Polska") Through Mota-Engil Engenharia Through Mota-Engil Polska	Poland (Krakow)	100,00 80,00 20,00	Real-Estate	Jun-05	-
M-Invest, sro ("M-Invest") Through Mota-Engil Engenharia Through Sefimota	Czech Rep. (Prague)	86,00 70,00 16,00	Real-Estate	Mar-98	Dec-00
M-Invest Stodulky, a. s. ("Stodulky") Through M-Invest	Czech Rep. (Prague)	86,00 86,00	Real-Estate	Aug-02	Apr-04
Moravian Partner Constructors, sro ("Moravian") Through Sefimota	Czech Rep. (Jihlava)	74,67 74,67	Civil constructions & public works	Nov-00	Dec-00
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	Dec-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	-	Dec-00
MEITS, Mota-Engil Imobiliário e Turismo, S.A. ("MEIT")	Oporto	100,00	Management of holding	Sep-01	-
Mota-Engil Magyarország, Rt ("Mota-Engil Magyarország") Through Mota-Engil Engenharia	Hungary (Budapest)	100,00 100,00	Public works	Jan-96	-
Mota-Engil Real Estate Hungary ("Merehun") Through Mota-Engil Magyarország Through Mota-Engil Engenharia e Construções	Hungary (Budapest)	100,00 20,00 80,00	Real-Estate	Jul-05	-
Mota-Engil Polska, S.A. ("Mota-Engil Polska") Through Tabella Holding	Poland (Krakow)	100,00 100,00	Civil construction	Feb-53	Mar-99
Mota-Engil Slovakia, a. s. ("Mota-Engil Eslováquia") Through Sefimota	Slovakia (Bratislav)	64,00 64,00	Civil construction	Aug-04	-
Mota-Engil, Tecnologias de Informação, S.A. ("METI") Through Mota-Engil Ambiente e Serviços	Oporto	100,00 100,00	Development of informatic management applications	Dec-03	-

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Company	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
MESP- Mota Engil , Serviços Partilhados, Administrativos e de Gestão, S.A. ("MESP")	Oporto	100,00	Administrative services	Dec-02	-
Motadómus, Lda. ("Motadómus") Through Aurimove Through MEIT	Oporto	100,00 95,00 5,00	Real-Estate	Dec-96	Dec-00
MKContractors, LLC ("MKC") Through Mota-Engil Engenharia	USA (Miami)	50,50 50,50	Real-Estate	Mar-02	-
Mota Internacional – Comércio e Consultadoria Económica, Lda ("Mota Internacional") Through Mota-Engil Engenharia	Funchal	100,00 100,00	Management of holdings	Sep-97	Dec-98
Mota Real Estate, sro ("Mota Real Estate") Through M-Invest	Czech Rep. (Prague)	86,00 86,00	Real-Estate	Jun-98	Dec-00
Mzi, Polska ("Mzi Polska") Through Martifer Gestão de Investimentos	Poland (Gliwice)	50,00 50,00	Investments management	Dec-04	-
Mzi Megawatt ("Mzi Megawatt") Through Imavic	Poland (Gliwice)	15,00 15,00	Renewable energy production and distribution	Jun-05	-
Nagatel Viseu, S.A. ("Nagatel Viseu") Through Martifer Gestão de Investimentos	Oliveira de Frades	25,00 25,00	Real-Estate	Mar-05	-
Netmaster - Tecnologias de Informação, Lda ("Netmaster") Through Sol-s	Cascais	60,00 60,00	Information technologies	-	Aug-99
Nortedómus, Lda. ("Nortedómus") Through Mota-Engil Engenharia	Lisbon	100,00 100,00	Real-Estate	-	Oct-01
Planinova – Sociedade Imobiliária, S.A. ("Planinova") Through MEIT	Oporto	100,00 100,00	Real-Estate	Dec-00	-
Prefal – Préfabricados de Luanda, Lda. ("Prefal") Through Mota Internacional Through Maprel	Angola (Luanda)	90,00 70,00 20,00	Pre-stressed concrete manufacture	Dec-93	-
Promoquatro, Lda. ("Promoquatro") Through Martifer Gestão de Investimentos	Oliveira de Frades	25,00 25,00	Real-Estate	Jun-05	-
Qualibetão – Comercialização de Betões, Lda. ("Qualibetão") Through Mota-Engil Engenharia	Porto Alto	100,00 100,00	Manufacture and sale of concrete and bituminous concrete	Jul-96	-
Rentaco - Equipamentos de Construção, Transportes, Combustíveis e Serviços, Sociedade Unipessoal, Lda. ("Rentaco") Through Mota-Engil Engenharia	Porto Alto	100,00 100,00	Hiring out construction equipment	Sep-89	Jul-96
Repower Portugal, S.A. ("Repower Portugal") Through Martifer Energia Through Repower Systems	Oliveira de Frades	32,50 25,00 7,50	Renewable energy production and distribution	Jun-05	-
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	-	May-00
Sedengil – Sociedade Imobiliária, Lda. ("Sedengil") Through Mota-Engil Engenharia	Matosinhos	100,00 100,00	Real-Estate	Oct-82	May-95 / May-97
Sefimota Stavebni, AS ("Sefimota") Through Mota-Engil Engenharia	Czech Rep. (Prague)	80,00 80,00	Civil constructions & public works	Jan-97	-

MOTA-ENGIL, SGPS, S.A.

Notes to the Consolidated Financial Statements December 31, 2005 & 2004

Company	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
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	Dec-00	-
Serurb (Douro) Serviços Urbanos, Lda. ("Serurb Douro") Through Serurb Through Suma	Murça	61,50 55,35 6,15	Collection of urban refuse	Dec-00	-
Serurb (Esposende) Serviços Urbanos, Lda. ("Serurb Esposende") Through Serurb Through Suma	Esposende	61,50 55,35 6,15	Collection of urban refuse	Dec-00	-
SGA – Sociedade do Golfe de Amarante, S.A. ("SGA") Through RTA Through Mota-Engil Engenharia	Amarante	97,17 96,89 0,28	Golf and related	Dec-00	-
SLPP - Serviços Logísticos de Portos Portugueses, S.A. ("SLPP") Through Mota-Engil Ambiente e Serviços	Linda-a-Velha	100,00 100,00	Harbour operator	Oct-05	-
Sol-S e Solsuni, Tecnologias de Informação, S.A. ("Sol-S e Solsuni") Through Mota-Engil Ambiente e Serviços Atrvés de Ações Próprias	Cascais	60,00 57,00 3,00	Information technologies	-	Aug-99
Sol'tysowska Project Development Sp. z o.o. ("Sol'tysowska") Through M-Invest Sp. z o.o.	Poland (Krakow)	86,00 86,00	Real-Estate	Nov-05	-
Soprocil – Sociedade de Projectos e Construções Cívicas, S.A. ("Soprocil") Through Mota-Engil Engenharia	Tavira	65,88 65,88	Civil construction & public works	-	Dec-00
STL – Sociedade de Transportes e Limpeza, Lda. ("STL") Through Suma Through UTIL	Ourém	61,50 30,75 30,75	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	Netherlands (Amsterdam)	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 timber for railway use	Jan-94	Sep-94
Tetengi Project Development ("Tetengi") Through Mota-Engil Magyarország	Hungary (Budapest)	100,00 100,00	Real-Estate	Jan-05	-
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	-	Dec-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	Oct-84
Translei, S.A. ("Translei") Through Engil 4l Through Mota-Engil Engenharia	Peru (Lima)	100,00 55,00 45,00	Construction industry and complementary activities	Sep-86	Jun-98
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	Oct-98
Wilenska Project Development Sp. z o.o. ("Wilenska") Through M-Invest Polska	Poland (Krakow)	86,00 86,00	Real-Estate	Jan-05	-

MOTA-ENGIL, SGPS, S.A.

Notes to the Consolidated Financial Statements December 31, 2005 & 2004

Companies consolidated using the Proportional Method

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

Company	Registered Office	Actual Holding	Activity	Constitution date	Acquisition date
Empresa de Terraplenagem e Pavimentações – Paviterra, SARL (Angola) (“Paviterra”) Through Mota Internacional	Angola (Luanda)	49,00 49,00	Civil construction	Nov-80	-
Grossiman, S.L. (“Grossiman”) Through Tradelsu	Spain (Madrid)	50,00 50,00	Constuction	-	Dec-05
Icer – Indústria de Cerâmica, Lda. (“Icer”) Through Mota-Engil Engenharia	Angola (Luanda)	50,00 50,00	Ceramic industry	Nov-91	-
Indáqua – Indústria e Gestão de Águas, S.A. (“Indáqua”) Through Mota-Engil Ambiente e Serviços	Matosinhos	42,86 42,86	Management and exploration of water and sanitation systems	Jun-94	-
Indáqua Fafe – Gestão de Águas de Fafe, S.A. (“Indáqua Fafe”) Through Indáqua	Fafe	42,80 42,80	Management and exploration of water and sanitation systems	Dec-95	-
Indáqua Feira - Indústria de Águas de Santa Maria da Feira, S.A. (“Indáqua Feira”) Through Indáqua Through Mota-Engil Engenharia	Sta. Maria da Feira	41,72 40,72 1,00	Management and exploration of water and sanitation systems	Mar-99	-
Indáqua Santo Tirso – Gestão de Águas de Santo Tirso, S.A. (“Indáqua St. Tirso”) Through Indáqua	Santo Tirso	42,86 42,86	Management and exploration of water and sanitation systems	Dec-98	-
Probigalp Ligantes Betuminosos, S.A. (“Probigalp”) Through Mota-Engil Engenharia	Amarante	25,00 25,00	Bituminous product manufacture	Apr-98	-
Probisa Portuguesa - Construção e Obras Públicas, S.A. (“Probisa”) Through Mota-Engil Engenharia	Amarante	50,00 50,00	Construction	Jan-86	-
Trabajos Infraestructuras Y Pilotes, S.A. (“Tipsa”) Through Grossiman	Spain (Madrid)	50,00 50,00	Construction	-	Dec-05
Tradelsu, S.L. (“Tradelsu”) Through Mota-Engil Engenharia	Spain (Madrid)	50,00 50,00	Construction	-	Dec-05

MOTA-ENGIL, SGPS, S.A.

Notes to the Consolidated Financial Statements December 31, 2005 & 2004

Group & Associate companies recorded using the Equity Method

Group and associate companies included in the consolidation using the equity method, their respective registered offices and proportion of share capital held as at December, 31, 2005, are as follows:

Company	Registered Office	Actual Holding
Aenor – Auto-Estradas do Norte, S.A. (“Aenor”)	Portugal	32,42
Asinter – Comércio Internacional, Lda. (“Asinter”)	Portugal	30,00
Auto Sueco Angola, S.A. (“Auto Sueco Angola”)	Angola	25,50
Cimertex & Companhia- Comércio Equipamentos e Serviços Técnicos, Lda. (“Cimertex & Companhia”)	Portugal	50,00
Cimertex Angola – Sociedade de Máquinas e Equipamentos, Lda. (“Cimertex Angola”)	Angola	44,90
Jardimaia - Jardins, Decoração e Animais, Limitada (“Jardimaia”)	Portugal	35,00
Lusoscut – Auto Estradas do Grande Porto, S.A. (“Lusoscut GP”)	Portugal	32,79
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
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	32,79
Operanor – Operação e Manutenção de Auto Estradas, S.A. (“Operanor”)	Portugal	32,42
Repower Systems, AG (“Repower AG”)	Germany	29,90
Sadoport - Terminal Marítimo do Sado, S.A. (“Sadoport”)	Portugal	25,00
Sonauta-Sociedade de Navegação, Lda. (“Sonauta”)	Angola	83,00
Tersado - Terminais Portuários do Sado, S.A. (“Tersado”)	Portugal	25,00
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	32,18

Audit Reports

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 2005, (which evidences a total of Euro 1 645 295 972 and a total equity of Euro 318 153 685, including a consolidated net profit attributable to the Company’s Equity Holders of Euro 30 407 389), the Consolidated Statements of Profit and Loss Accounts by nature, of Cash Flow and Changes in Equity 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 of 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 performed 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.

.../ ...

.../...

2.

5. Our examination also includes verifying that the consolidated financial information included in the Management Report is consistent with the consolidated financial statements.

6. We understand that the performed examination allows an acceptable basis for the expression of our opinion.

OPINION

7. 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 2005, the consolidated results of its operations and consolidated cash flows referring to year ending on that date, in conformity with International Financial Reporting Standards as adopted by the European Union.

EMPHASIS

8. Without affecting the opinion expressed in preceding paragraph, attention is drawn to the following matters:

8.1 - As referred in Note 1 to the consolidated financial statements, the Company used for the first time in 2005, with transition date set at 1 January 2004, the International Financial Reporting Standards ("IFRS") as adopted by the European Union in the preparation of its consolidated financial statements. For comparability purposes the 2004 financial statements previously issued in accordance with generally accepted accounting principles (Portuguese Official Chart of Accounts - "POC") were restated under IFRS as adopted by the European Union.

The financial statements here presented were prepared following the requirements of International Financial Reporting Standard 1 - First Time Adoption of International Financial Reporting Standards. The additional disclosures required regarding the effects of the transition are included in Note 30 to the consolidated financial statement.

8.2 - Our Legal Certification of Consolidated Accounts, dated 09th March 2005, on the financial statements as at 31st December 2004 prepared according with POC, included two emphasis, which are not applicable in the financial year of 2005.

Porto, 10th March 2006

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
Inscrita na Lista dos Revisores Oficiais de Contas sob o n.º53
Registada na CMVM com o n.º.1975*

Contribuinte n.º.502 138 394

REPORT AND OPINION OF THE STATUTORY AUDITOR

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

To the Shareholders of MOTA-ENGIL, SGPS, S.A.

In accordance with the Law and with the Company Act, 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 2005.

In a year where the Company had so many operations with a positive impact, which are reflected in its economic and financial position, it is difficult in a report like this, where the rule is to synthesize, enhance the most important facts of the year. As a summary we refer that all the segments of business had good developments and that dynamic allied with the increase in the free float, was well understood by the financial market and was reflected in the ascendant behave of the shares in the Market, we note that with satisfaction.

We followed with the extension and tempestivity that we understand adequated, the developments in the activities of the parent Company. We observed the fulfilment of the Law in general and of Company’s Act and received from the Management Board and other Company Services all the information and explanations that we required fact that deserved our recognition.

We examined the consolidation of the accounts and verified the Legal Certification and Audit Report, when available, elaborated by other Statutory Auditors on the financial statements of the associated companies.

In the scope of its functions of Statutory Auditor we verified the Consolidated Financial Statements, which includes Consolidated Balance Sheet, Consolidated Profit and Loss Accounts by Nature, the consolidated Cash Flows, the Consolidated Statement of Changes in Equity and corresponding Notes, prepared for the first time in conformity with International Financial Reporting Standards as adopted by the European Union, which disclose in fair view the financial position, the obtained results, the cash flows of the Company and the Equity of the Group Companies.

.../...

ANTÓNIO MAGALHÃES & CARLOS SANTOS

*Sociedade de Revisores Oficiais de Contas
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Contribuinte n.º.502 138 394

.../...

2.

The Consolidated Management Report, mentioning the subjects imposed by law, focuses, with adequate evidence the financial position and the evolution in the operations, relates the provisional evolution of the Company and sends to the Management Report on the individual accounts the proposal for appropriation of the results.

The agreement between the financial information disclosed in the Consolidated Management Report with the financial statements was also observed.

After concluded our supervisory work we issued the Legal Certification of Consolidated Accounts and sent to the Management Board the Annual Supervisory Report of the Consolidated Accounts.

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 2005.

Porto, 13th March 2006

THE STATUTORY AUDITOR

António Magalhães & Carlos Santos - SROC, Statutory Auditors Company,
represented by Carlos Alberto Freitas dos Santos – Statutory Auditor n.º 177

AUDITORS' REPORT
CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. Pursuant to article 245 of the Securities Market Code (*“Código dos Valores Mobiliários”*), we hereby present our Auditors' Report on the consolidated financial information contained in the Board of Directors Report and the accompanying consolidated financial statements of Mota Engil, S.G.P.S., S.A. and subsidiaries (*“Company”*) for the year ended 31 December 2005, which comprise the consolidated Balance sheet as of 31 December 2005, that reflects a total of 1,645,295,972 Euros and shareholders' equity of 318,153,685, Euros, including a net profit attributable to the Company's Equity Holders of 30,407,389 Euros, the consolidated statements of profit and loss by nature, of cash flows and of changes in equity for the year then ended and the corresponding notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results of their operations and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of appropriate systems of internal control; and (iv) the disclosure of 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 accounting documents referred to above, including verifying that, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our work.

Scope

4. Our examination was performed in accordance with the Auditing Standards (*“Normas Técnicas e as Directrizes de Revisão/Auditoria”*) issued by the Portuguese Institute of Statutory Auditors (*“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. An examination includes verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the significant estimates, based on judgements and criteria defined by the Company's Board of Directors, used in their preparation. An examination also includes: verifying of the consolidation procedures used, the 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 policies used, their uniform application and their disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, verifying the adequacy of the overall presentation of the consolidated financial statements, and assessing if, in all material aspects, the financial information is complete, true, timely, clear, objective and licit. Our examination also included verifying that the information included in the consolidated Director's Report is consistent with the other consolidated documents of account. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material aspects, the consolidated financial position of Mota Engil, S.G.P.S., S.A. as of 31 December 2005, the consolidated results of its operations and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union and the financial information contained therein is, in terms of the definitions included in the auditing standards referred to in paragraph 4 above, complete, true, timely, clear, objective and licit.

Emphasis

6. As explained in Note 1 to the financial statements the Company adopted, for the first time in 2005, the International Financial Reporting Standards (“IFRS”) as adopted by the European Union in the preparation of its consolidated financial statements. In the transition process from the accounting rules used previously (Plano Oficial de Contabilidade – “POC”) to IFRS as adopted by the European Union, the Company followed the provisions of International Financial Reporting Standard 1 – First - time Adoption of International Financial Reporting Standards, the transition date being 1 January 2004. Therefore the financial information as of that date and for the year 2004, presented earlier in accordance with POC, was restated for comparative purposes to IFRS as adopted by the European Union. The additional disclosures required in relation to the transition process to the International Financial Reporting Standards adopted by the European Union are included in Note 30.
7. Our Audit Report dated 7 March 2005 regarding the consolidated financial statements as of 31 December 2004 prepared in accordance with the previous generally accepted accounting principles (POC), included two emphasis paragraphs, none of which applicable to the year of 2005.

Porto, 13 March 2006

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 MARCH 31st 2006**

On March 31st two thousand and six at 5 p.m., 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 On-line Publication of the Societary Acts on February 9th two thousand and six, published in CMVM and the Company's web sites at the same date and in the Público newspaper, National edition of February 13th two thousand and six.

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 382º of the Companies Code

The attendance list having been drawn up and signed, it was found that shareholders holding 135.013.531 (one hundred and thirty-five million thirteen thousand five hundred and thirty one) shares representing 65,978% (sixty-five comma nine hundred and seventy-eight per cent) of the share capital and 68,698% (sixty-eight comma six hundred and ninety-eight 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 2005, and the Consolidated Management Report, the Consolidated Accounts, the Statutory Auditor's Consolidated Report, the Legal Certification of the Consolidated Accounts and the External Auditor's Consolidated Report for 2005 has been submitted to the Meeting by the Board of Directors and by the External Auditor, at the same time item 1 and 3 of the Agenda.

Moving on to **item 1** and **item 3** of the Agenda, the chairman asked whether any of those present wanted to take the floor (...) then the chairman put to the vote the Management Report, the Accounts, the Statutory Auditor's Report, the Legal Certification of the Accounts and the External Auditor's Report for 2005, and the Consolidated Management Report, the Consolidated Accounts, the Statutory Auditor's Consolidated Report, the Legal Certification of the Consolidated Accounts and the External Auditor's Consolidated Report for 2005.

The votes having been counted, it was found that the said documents had been unanimously approved by shareholders, present or represented, holding 135.013.531 (one hundred and thirty-five million thirteen thousand five hundred and thirty one) shares representing 65,978% (sixty-five comma nine hundred and seventy-eight per cent) of the share capital and 68,698% (sixty-eight comma six hundred and ninety-eight 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 31.069.145 euros:

To Legal Reserve 5%; corresponding to 1.553.457,35 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 700.000,00 euros, or about 2,3%;

To be distributed to shareholders, the sum of 0,1 euros per share, subject to tax, in the total sum of 20.463.569,30 euros; and

To Free Reserves, the remainder in the sum of 8.352.118,65 euros.

Oporto, February 27th 2006

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 135.013.531 (one hundred and thirty-five million thirteen thousand five hundred and thirty one) shares representing 65,978% (sixty-five comma nine hundred and seventy-eight per cent) of the share capital and 68,698% (sixty-eight comma six hundred and ninety-eight 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 and by the Company Secretary.

The Chairman

Mr. Daniel Proença de Carvalho

The Secretary

Ms. Ivone Santos Martins

MOTA-ENGIL, SGPS, S.A.
PUBLIC LIMITED COMPANY
SHARE CAPITAL: €204,635,695
REGISTERED AT THE OPORTO REGISTRY
OF COMPANIES UNDER Nº 56,514
VAT Nº: 502 399 694

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