

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

**INTERIM MANAGEMENT REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS - 1Q 2006**



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

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Highlights

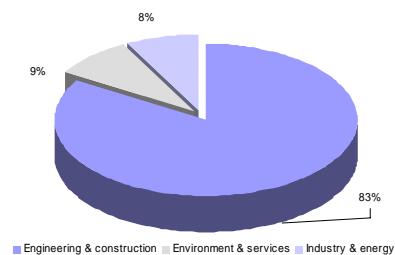
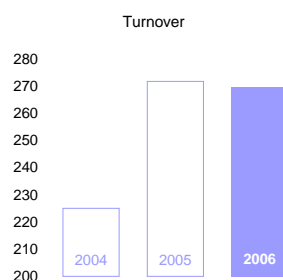
- Turnover flat at € 270 million
- EBITDA and EBIT margins of 9.5% and 4.8%, up 4% and 31% year on year, respectively
- Net income rises to € 1.8 million
- Net debt up € 22 million
- Backlog of c. € 1.5 billion

	thousand euros						
	31.03.2006	% T	Δ %	31.03.2005	% T	31.03.2004	% T
Turnover	269.835		(0,7%)	271.870		225.027	
EBITDA	25.594	9,5%	3,7%	24.682	9,1%	22.321	9,9%
EBIT	12.915	4,8%	30,7%	9.884	3,6%	7.954	3,5%
Net financial income	(9.950)	(3,7%)	(63,3%)	(6.091)	(2,2%)	(4.489)	(2,0%)
Net income from equity method	1.358	0,5%	1010,0%	122	0,0%	(448)	(0,2%)
Income before taxes	4.323	1,6%	10,4%	3.915	1,4%	3.017	1,3%
Net income	2.708	1,0%	8,3%	2.500	0,9%	339	0,2%
Attributable to:							
minority interests	896	0,3%	9,9%	816	0,3%	726	0,3%
Group	1.812	0,7%	7,6%	1.685	0,6%	(387)	(0,2%)

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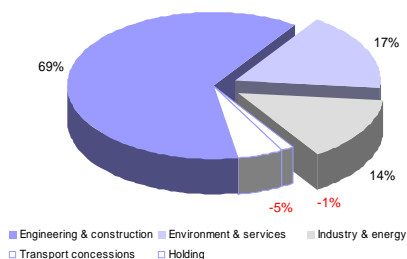
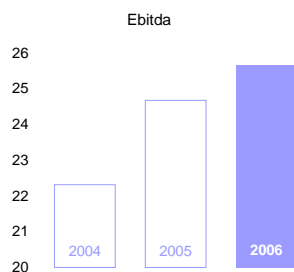
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Financial Analysis



The first quarter of 2006 kept the good performance reached in the previous year, both in terms of turnover and operating earnings. Turnover reached 270 million euros (2005: 272 million euros), although during this period the consolidation method of GROUP MARTIFER changed from global to proportional, due to the changes in the corporate governance model of GROUP MOTA-ENGIL and sub-holdings, as described in the respective chapter.

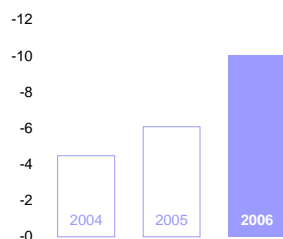
The weight of each business area in GROUP'S turnover remained the same when compared to 1Q 2005.



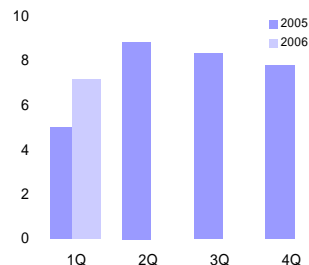
Ebitda and Ebit margins grew when compared to 2005, leading to an increase in both Ebitda and Ebit of about 4% and 31%, respectively. The good performance at the Ebit level reflects the constant exploitation of synergies created within the GROUP.

In this quarter, the areas of Environment & Services and Industry & Energy increased their contribution to consolidated Ebitda, from 15% and 11% to 17% and 14%, respectively.

Net financial expenses

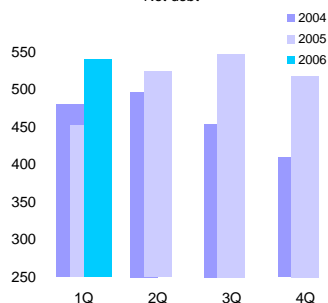


Interest expenses

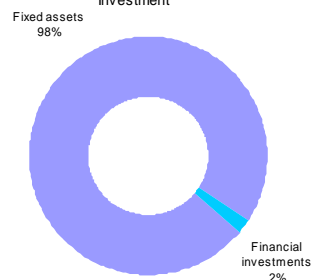


Despite the excellent evolution of operating margins, the earnings increase was offset by the increase of net financial expenses, due to the higher net debt and the increase in interest rates. As shown in the graph, interest expenses reached a similar level of those after 2Q05.

Net debt

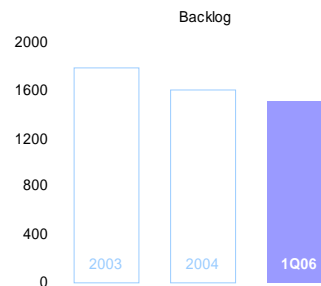
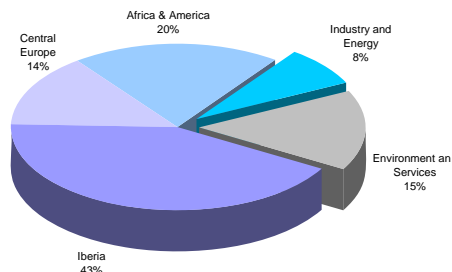


Investment



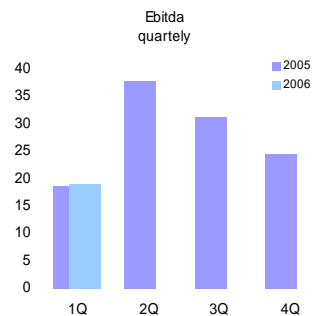
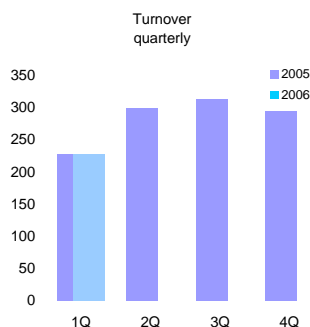
Following the seasonality pattern, the interest bearing liabilities grew during the first quarter, essentially as a result of the increase in working capital in Engineering and Construction, having the new consolidation method of Industry & Energy contributed favourably. Net debt increased 22 million euros.

On the other hand, the capital expenditure was in line with budget, reaching a total of 13.4 million euros (2005: 13,5 million euros) slightly above the value of the quarterly depreciation charge.



The backlog was down to 1.5 billion euros in the first quarter (December 2005: 1.6 billion euros), having the reduction in the Iberian Construction been partially compensated by the increase in Environment & Services.

Engineering & Construction

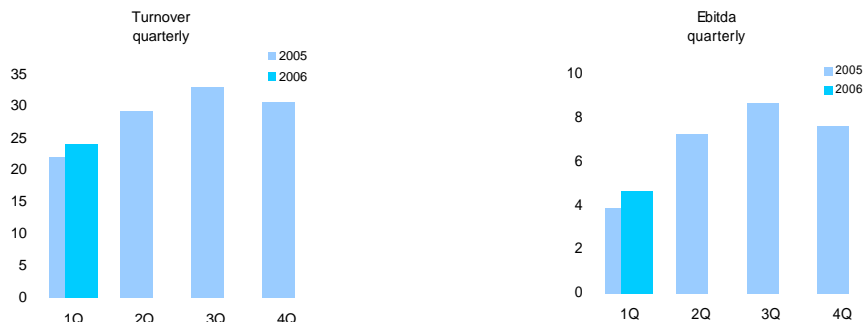


Engineering & Construction's turnover stayed flat as compared to the previous year (228 million euros), for which contributed the good performance of Africa & America's division that compensated for the slight reduction from Portugal (4%).

The contribution of the area to Ebitda was roughly the same as that of the previous year (about 19 million euros) helped, among others, by the good performance of TRANSLEI (GROUP'S company for the Peruvian market).

The Central European market, traditionally with low production in the first quarter of the year due to weather conditions, saw its performance worsened by problems in the construction of a 12 km highway in Poland.

Environment & Services



Also the Environment & Services area was influenced by the seasonality, as it is visible in the above charts, but, nonetheless, turnover grew and operating margins were improved in this first quarter of 2006.

The solid waste management segment of business kept the turnover level despite the loss of the Cascais municipality contract. On the other hand, the company recently acquired in Poland, EKOSRODOWISKO, contributed for the first time to the GROUP's turnover.

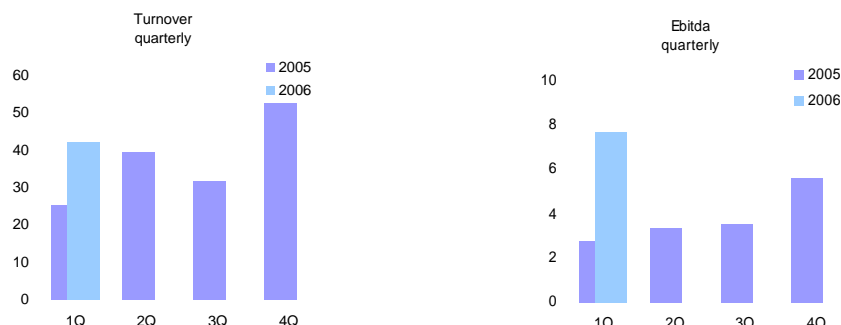
It was still not in the first quarter of 2006 that the segment of water & sewage had the contribution of the two new concessions of Matosinhos and Vila do Conde, since the procedures of the attribution of these concessions did not reach the final stage until March 31st.

Taking into account the results in the remaining companies within Environment & Services area, the contribution for the total of GROUP's operating earnings increased to 24 million euros (2005: 22 million euros), while the contributions for Ebitda and Ebit reached 4.7 and 3 million euros (2005: 3.9 and 2.4 million euros), respectively.

Industry & Energy

The Industry & Energy area had an excellent performance in this quarter, having presented a 66% growth in turnover, for which contributed essentially the development of the activity in Spain and the markets of Central Europe, namely Romania. Turnover reached 42 million euros (2005: 26 million euros), meaning a 21 million euros contribution to the consolidated figure due to the use of the proportional consolidation method.

The consequence of this good performance of the activity was that Ebitda grew 177%, also influenced by the capital gains in the stake in Repower AG. Isolating this effect, Ebitda and Ebit would have grown 43% and 53%, respectively.



Thus, Ebitda and Ebit reached in the first quarter about 7.7 million euros (2005: 2.8 million euros) and 6 million euros (2005: 1.5 million euros), having the contribution for GROUP's consolidated figure amounted to 3.9 million euros and 3 million euros, respectively.

In March, Ventinvest consortium, formed by MARTIFER, Galp and Enersis, presented a proposal for the attribution of licenses for the production of 800 MW and 400 MW of wind energy.

As far as bio-diesel is concerned, both the works of construction of the productive unit of Romania and the planning of the construction of the new plant in Aveiro (Portugal) with capacity to produce 100 thousand tons of bio-diesel per year continue on time.

Transport Concessions

The contribution for MOTA-ENGIL's results from the concessionaires was a positive 600 thousand euros in this quarter. In 2006, the construction in North concessions (finished last March), Beira Litoral e Alta and Grande Porto will be finished, thus a result similar to the one reached in the previous year is expected for 2006.

In 2007, all the concessionaires participated by MOTA-ENGIL will be in full operation.

In terms of potential new concessions, MOTA-ENGIL was short-listed to negotiate with the Portuguese State the attribution of the Grande Lisboa (Portugal) concession, is waiting for decision on the proposal presented more than 2 years ago for the concession of Douro Litoral (Portugal), is qualified to present proposals for the two concessions in Ireland (in a total of 97 kms) and one in Serbia (322.9 kms), and is waiting qualification for the two concessions in Poland (275.8 kms).

During the first quarter, authorization from all entities for the acquisition of the participation of Jaime Ribeiro & Filhos of 2.69% in AENOR and 3.3% in Costa de Prata, Beira Litoral e Alta and Grande Porto was obtained, so the conclusion of the transaction will be registered during the second quarter.

Corporate Governance

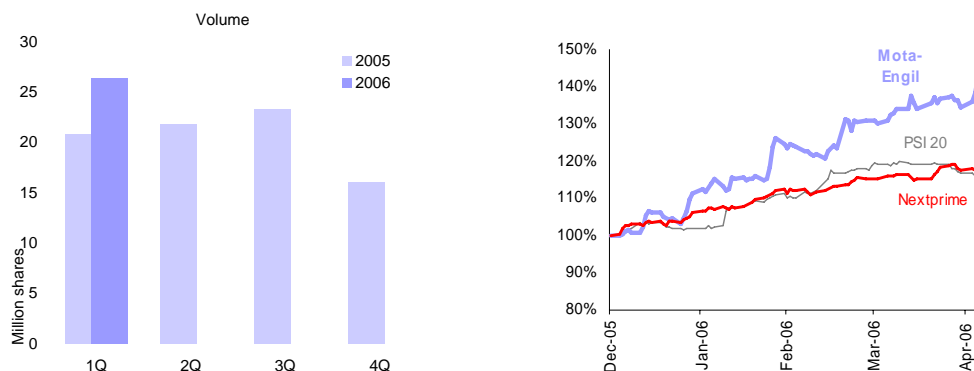
The General Shareholders Meeting held on March, 31st, confirmed the changes announced on February 9th in what concerns the new governance model.

Thus, the Board of Directors has now four independent members, of which three are non executive, in line with the recommendations of CMVM, being that none of its members will accumulate operational responsibilities in any GROUP company. The Board is now exclusively in charge of strategic orientation of the GROUP's businesses. At the same time, the new Board of Directors of the sub-holding companies also started its activity.

In the first quarter, the Commission of Human Resources Development and the Commission of Investment, Auditing and Risk had been incorporated with the inclusion of independent members.

Additionally two non statutory Commissions started functions: The Coordination Board that assumes the responsibilities of implementing the strategy defined by the Board of Directors and of assuring the coordination of the Business Areas, and the Sustainability Commission that is the internal entity responsible for the coordination and execution of the Social Responsibility Program of GROUP MOTA-ENGIL.

Stock price behaviour and dividends



MOTA-ENGIL's stock price had an excellent behaviour, rising 95% in the last 52 weeks and 47% since December 31st, 2005.

In March 31st each MOTA-ENGIL share quoted at €4.23, having reached the historical maximum in May 9th (€4.95), reflecting a market cap above 1 billion euros.

Meanwhile, the General Shareholders Meeting stated the distribution of 10 euro cents per share that was paid from May 2nd.

Interim Consolidated Financial Statements

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account for the period ended March 31, 2006 & 2005

	Notes	2006 Euro	2005 Euro
		(not audited)	(not audited)
Sales & provision of services	2	269.835.364	271.869.662
Other income		17.921.013	17.090.185
Cost of merchandise and of subcontracts		<u>(164.647.495)</u>	<u>(166.163.849)</u>
Gross profit		123.108.882	122.795.998
Third-party supplies & services		(42.388.686)	(42.871.243)
Staff costs		(55.992.867)	(54.475.173)
Other operating income /(costs)		<u>867.162</u>	<u>(767.502)</u>
		25.594.491	24.682.080
Depreciation		(12.533.399)	(14.331.180)
Provisions and impairment losses		<u>(146.164)</u>	<u>(467.141)</u>
Operating profit		12.914.928	9.883.759
Financial profit/(loss)	4	(9.949.820)	(6.091.380)
Gains / (losses) on associate companies		1.357.942	122.333
Income tax		<u>(1.614.903)</u>	<u>(1.414.428)</u>
Consolidated net profit for the period		<u><u>2.708.147</u></u>	<u><u>2.500.284</u></u>
Attributable:			
to minority interests		896.113	815.626
to the Group		1.812.034	1.684.658
Earnings per share:			
basic		0,0092	0,0086
diluted		0,0092	0,0086

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

MOTA-ENGIL, SGPS, S.A.

Consolidated Balance Sheets as at March 31, 2006 & December 31, 2005

	Notes	2006 Euro (not audited)	2005 Euro (audited)
Assets			
Not current			
Goodwill		34.063.336	35.542.411
Intangible fixed assets		4.955.296	5.053.002
Tangible fixed assets		353.366.883	387.970.603
Financial investments under the equity method		50.069.546	57.445.423
Financial investments available for sale		97.435.984	93.803.967
Investment properties		18.778.220	29.764.813
Customers & other debtors		89.232.320	89.733.737
Deferred tax assets		29.967.028	25.691.200
		<u>677.868.613</u>	<u>725.005.156</u>
Current			
Stocks		160.265.797	173.837.705
Customers		455.874.260	474.385.137
Other debtors		116.200.585	111.476.112
Other current assets		88.766.877	93.146.263
Cash & cash equivalents	5	50.196.028	67.445.599
		<u>871.303.547</u>	<u>920.290.816</u>
Total Assets		<u>1.549.172.160</u>	<u>1.645.295.972</u>
Liabilities			
Not current			
Debt		419.201.132	455.310.005
Sundry Creditors		63.371.791	68.740.442
Provisions		24.097.390	20.840.026
Other non-current liabilities		4.683.436	4.499.752
Deferred tax liabilities		28.195.684	29.267.418
		<u>539.549.433</u>	<u>578.657.643</u>
Current			
Debt		171.428.163	130.069.261
Suppliers		256.353.693	318.887.970
Sundry Creditors		127.618.711	149.768.947
Other current liabilities		160.537.139	149.758.466
		<u>715.937.706</u>	<u>748.484.644</u>
Total liabilities		<u>1.255.487.139</u>	<u>1.327.142.287</u>
Equity			
Share capital		204.635.695	204.635.695
Reserves		68.857.667	38.437.011
Consolidated net profit for the period		1.812.034	30.407.389
		<u>275.305.396</u>	<u>273.480.095</u>
Equity attributable to the Group		<u>275.305.396</u>	<u>273.480.095</u>
Minority interests		<u>18.379.625</u>	<u>44.673.590</u>
Total equity		<u>293.685.021</u>	<u>318.153.685</u>
		<u>1.549.172.160</u>	<u>1.645.295.972</u>

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

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

Consolidated Cash-flow Statement for the periods ended March 31, 2006 & 2005

	Notes	2006 Euro	2005 Euro
		(not audited)	(not audited)
<u>OPERATING ACTIVITY</u>			
Cash receipts from customers		315.800.578	243.466.852
Cash paid to suppliers		(266.867.614)	(194.553.305)
Cash paid to employees		(49.753.459)	(49.289.305)
Cash generated from operating activities		<u>(820.495)</u>	<u>(375.758)</u>
Income tax paid/received		(800.610)	(1.140.273)
Other receipts/payments generated by operating activities		106.056	(661.417)
Net cash from operating activities (1)		<u><u>(1.515.049)</u></u>	<u><u>(2.177.448)</u></u>
<u>INVESTMENT ACTIVITY</u>			
Cash receipts from:			
Financial assets		5.863.081	223.955
Tangible fixed assets		2.606.823	-
Investment subsidies		-	195
Interest & similar income		672.939	594.103
Dividends		154.302	34.691
		<u>9.297.145</u>	<u>852.944</u>
Cash paid in respect of:			
Financial assets		(2.354.452)	(20.705.797)
Tangible fixed assets		(16.949.675)	(9.709.251)
Intangible fixed assets		(18.785)	(3.180)
Other		(124.285)	(778.637)
		<u>(19.447.197)</u>	<u>(31.196.865)</u>
Net cash from investing activities (2)		<u><u>(10.150.052)</u></u>	<u><u>(30.343.921)</u></u>
<u>FINANCING ACTIVITY</u>			
Cash receipts from:			
Loans obtained		253.054.978	156.452.133
Subsidies & donations		103.052	17.208
Sale of treasury shares		-	27.275
		<u>253.158.030</u>	<u>156.496.616</u>
Cash paid in respect of:			
Loans obtained		(202.531.905)	(122.962.736)
Amortisation of finance lease contracts		(3.636.676)	(3.351.732)
Interest & similar expense		(6.911.330)	(5.159.234)
Other		(91.511)	(623.665)
		<u>(213.171.422)</u>	<u>(132.097.367)</u>
Net cash from financing activities (3)		<u><u>39.986.608</u></u>	<u><u>24.399.249</u></u>
Variation of cash & cash equivalents (4)=(1)+(2)+(3)		28.321.507	(8.122.120)
Variations caused by changes to the perimeter		(45.571.078)	184.054
Cash & cash equivalents at the beginning of the year		67.445.599	54.242.429
Cash & cash equivalents at the end of the period	5	50.196.028	46.304.363

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

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