

MOTA-ENGIL, SGPS, S.A.

**INTERIM MANAGEMENT REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS - 3Q 2006**



MOTA-ENGIL, SGPS, S.A.
SOCIEDADE ABERTA
CAPITAL SOCIAL: 204 635 695 EUROS
MATRICULADA NA CONSERVATÓRIA DO REGISTO
COMERCIAL DO PORTO COM O N.º 502 399 694
NIPC: 502 399 694

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Highlights

- Turnover of € 363 million in the quarter and € 1 billion in the nine months period
- EBITDA and EBIT margins of 11.1% and 7.2%
- Net income rises to € 23.9 million
- Net debt stays at € 594 million
- Backlog of c. € 1.5 billion

	thousand euros						
	30.09.2006	% T	Δ %	30.09.2005 (pro-forma)	% T	30.09.2005	% T
Turnover	968.005		0,2%	965.823		1.007.397	
EBITDA	107.252	11,1%	(1,2%)	108.562	11,2%	113.748	11,3%
EBIT	69.510	7,2%	5,2%	66.066	6,8%	69.026	6,9%
Net financial income	(28.526)	(2,9%)	(37,2%)	(20.791)	(2,2%)	(21.720)	(2,2%)
Net income from equity method	3.817	0,4%	1482,7%	241	0,0%	241	0,0%
Income before taxes	44.802	4,6%	(1,6%)	45.517	4,7%	47.547	4,7%
Net income	28.414	2,9%	3,8%	27.367	2,8%	28.879	2,9%
Attributable to:							
minority interests	4.542	0,5%	11,0%	4.093	0,4%	5.605	0,6%
Group	23.872	2,5%	2,6%	23.273	2,4%	23.273	2,3%

Non audited figures.
Pro-forma: proportional Consolidation of Martifer

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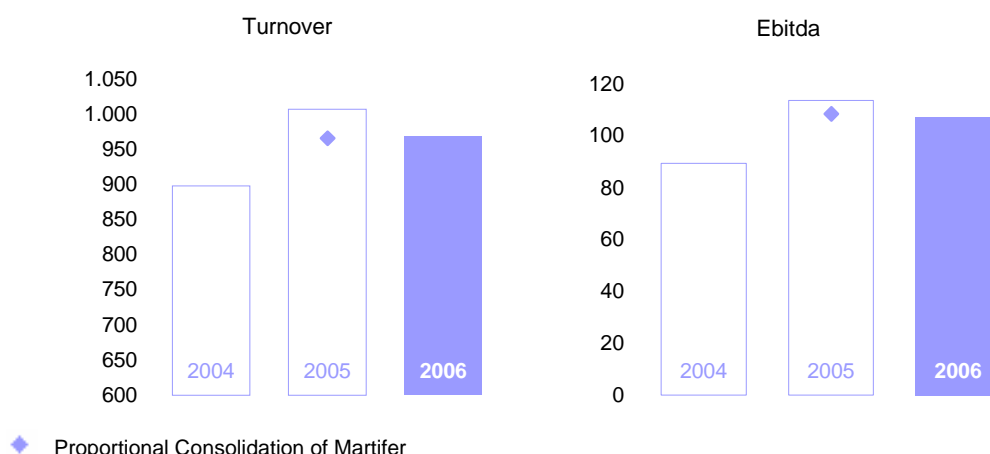
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Major events

- Acquisition of a controlling stake in TERTIR, number 1 Group in port's operations in Portugal, and decision to launch a public tender offer for the acquisition of 100% of the shares of TERTIR and TERNOR.
- Cooperation Agreement for the infrastructures transportation concessions division with Banco Espírito Santo, aiming at jointly developing through a single vehicle (company) their activities – defined as strategic – in infrastructures transportation concessions in Portugal and in any other market.
- Consortium led by MOTA-ENGIL (36.09%) was formally notified that it provisionally won the Grande Lisboa concession.
- Mota-Engil establishes an agreement to create a consortium to participate in the project for the privatization of ANA and the development of the New Lisbon Airport with Brisa, Somague, CGD, Millennium BCP and BES.

Interim Management Report

Financial Analysis



Since the first quarter and in accordance with the changes occurred in the governance model, MARTIFER (Industry & Energy) was proportionally consolidated.

GROUP'S Turnover grew 0.2% in the first nine months of 2006 reaching €968 million (2005: €966 million) from which €363 million came from the period between July and September.

Flat Turnover was possible mainly due to the extraordinary growth of Industry and Energy reaching 96%.

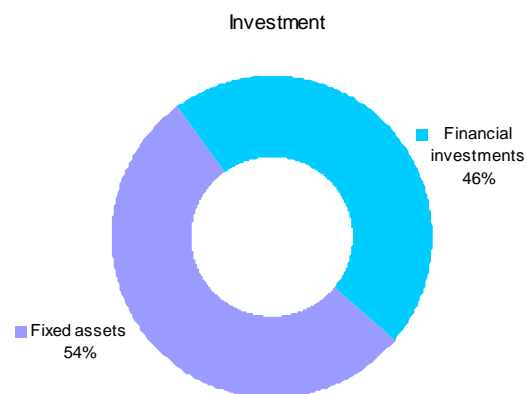
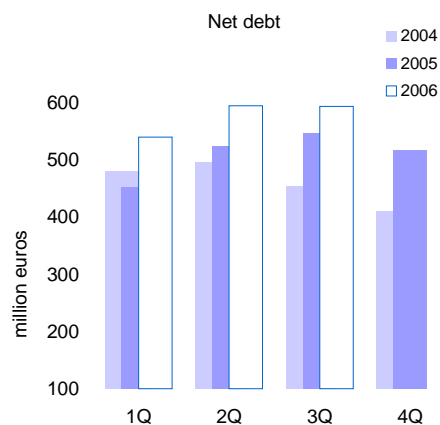
The Group generated EBITDA of €107 million (2005: €109 million) meaning a decrease of *10 basis points* in EBITDA margin. The growth effort in Industry and Energy and Environment and Services explains this slight reduction in EBITDA margins.

Notwithstanding, at EBIT level, synergies in the use of technical resources of the GROUP, again mainly in Industry and Energy, allowed better consolidated margins. Therefore the GROUP reported a nine months EBIT of about €69.5 million (2005: €65 million).

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3Q Capex of about € 23 million added to the amount reported in the first half totals a full investment of € 105 million. In this quarter, investment was almost all used to buy fixed assets, with the nine months split reaching € 57 million in that type of assets and € 48 million in financial investments.

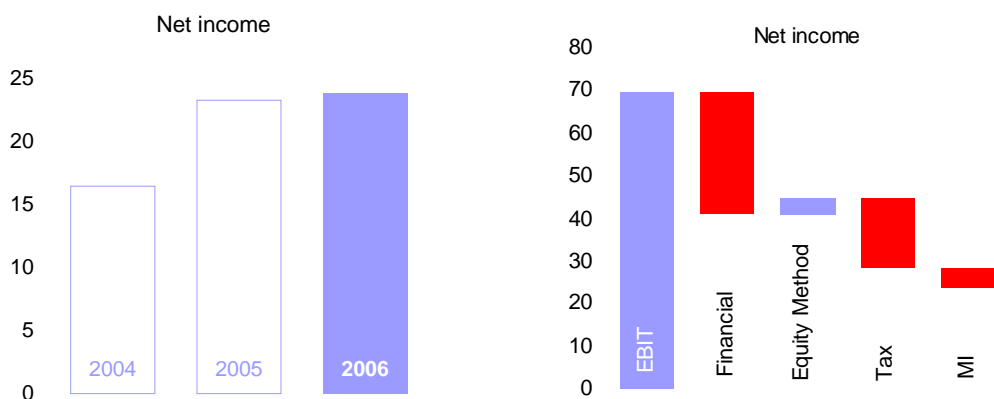
In summary this financial investments were due to equity of the AENOR Road Concessions, the acquisition of minority stake of Jaime Ribeiro & Filhos, SA in those Concessions and the capital increase of Repower AG.

On the Debt side, the usual increase in second and third quarters (seasonality) had a strong contribution of those investments. Nonetheless, Debt maturity stays in an adequate level when compared with the assets, with long term being used to finance strategic investments (which explains the short term assets/liabilities ratio of 1.23).

In spite of the increase of Debt to € 594 million (as compared to 2005, and minor decrease when compared with June 2006), the new debt has been directed to divisions and segments with large expansion, mainly Industry and Energy and Transport Concessions. Both these divisions are strategic in the way that they will capture added value to the GROUP.

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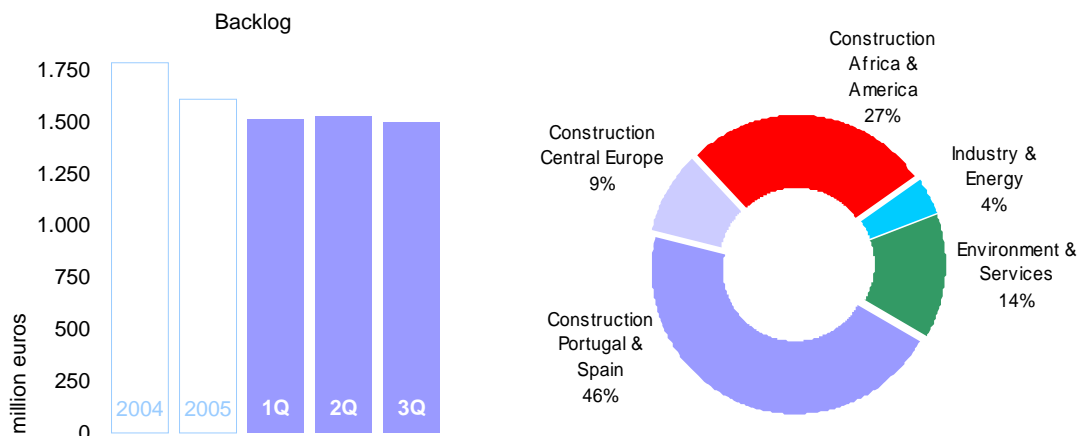


Higher debt and interest rates despite the adoption of hedging instruments explain the increase in Financial Expenses to € 28.5 million (2005: €20.8 million).

Gains in Affiliated Companies grew significantly as a result of the profits of Angolan operation and the reduction of losses in the Road Concessions.

Notice that Income Tax charge was slightly lower because in 2005 it had been affected by some non recurrent losses.

Consolidated Net Income grew 3.8% to € 28.4 million (2005: € 27.4 million), from which € 23.9 million attributable to the GROUP (between July and September GROUP'S Net Income reached €12.3 million).

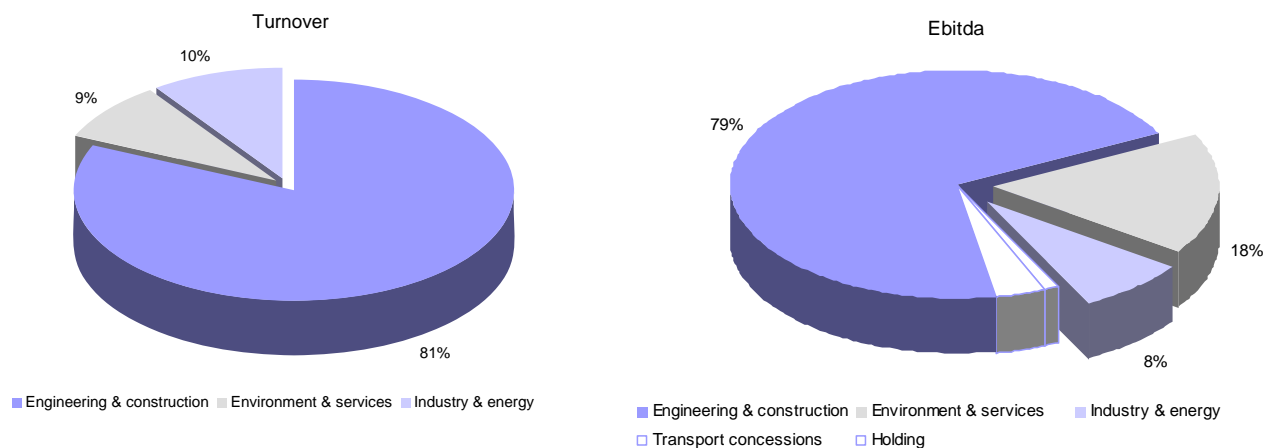


As already stated, Group's activity is being redirected to external markets, mainly African countries and US (in this period). It is also worth mentioning the first contract of MOTA-ENGIL ENGENHARIA in the Irish Republic.

During this year the backlog stopped its reduction, which started in the top level of 2003 due, by that time, to the order book related with the construction of the AENOR Road Concessions.

Nonetheless, when compared with December 2005, the backlog decreased 7% to € 1.5 billion.

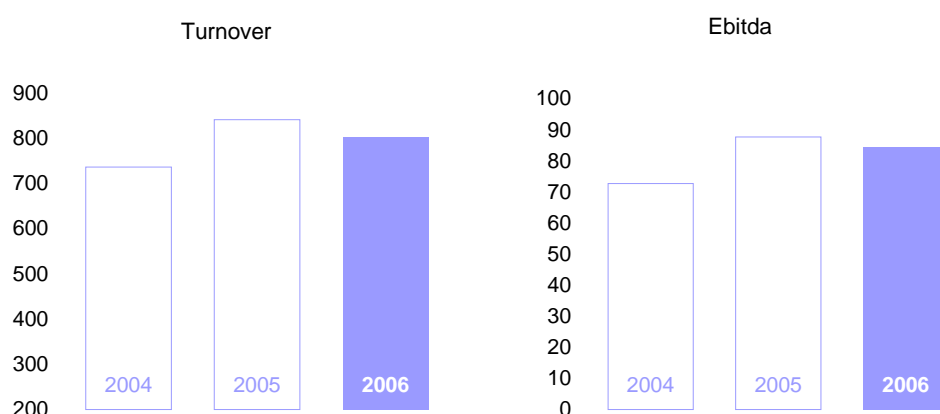
Segment Analysis



The weight of each division in GROUP'S Turnover and EBITDA has been changing at the same time that new investments are directed to new divisions and segments, but Engineering and Construction is still the most important with 80% of Consolidated Turnover.

Turnover by area reached the following amounts: Engineering and Construction, € 803 million (2005: € 842 million), Environment and Services, € 86 million (2005: € 84 million) and Industry and Energy € 189 million, from which € 95 million attributable to the GROUP (2005: 96 million).

Construction



Turnover in Construction Division reached €303 million (2005: €313 million) between July and September and €803 million in the nine months period (2005: €842 million).

The 5% drop is explained by internal demand slowdown and problems in Central European associated companies, mainly in Poland.

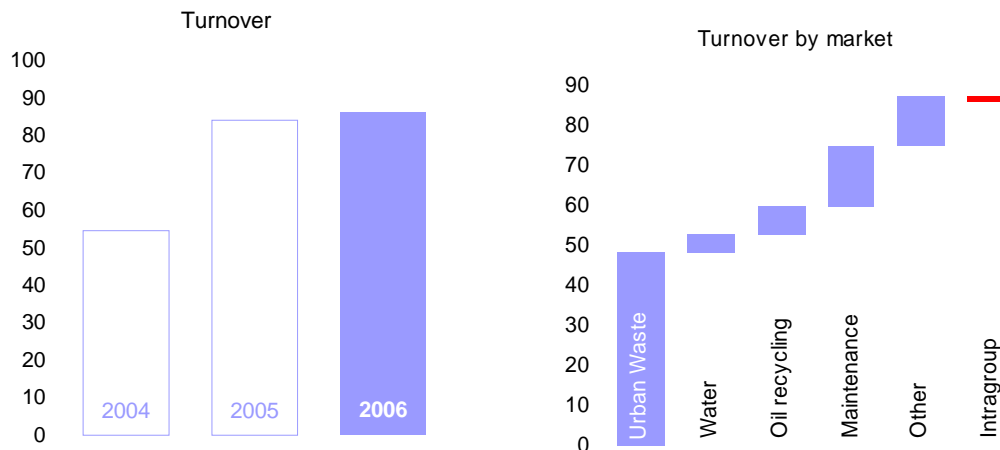
On the other hand, US and Peruvian activity soared 20%, while in Angola growth is being lower than expected. For next year, high growth is expected in both US and Angolan markets.

Concerning operating margins the Division kept its EBITDA margin at 10.5% and increased EBIT to 7% due the good performance in some particular contracts.

Margins were also negatively affected by technical problems arisen in a contract in Poland and positively by gains obtained with an operational gain obtained with the disposal of a land plot in Braga (Portugal).

Overall, in these nine months, Construction Division EBITDA reached €84.6 million (2005: €87.8 million) and EBIT €56 million (2005: €54 million).

Environment & Services



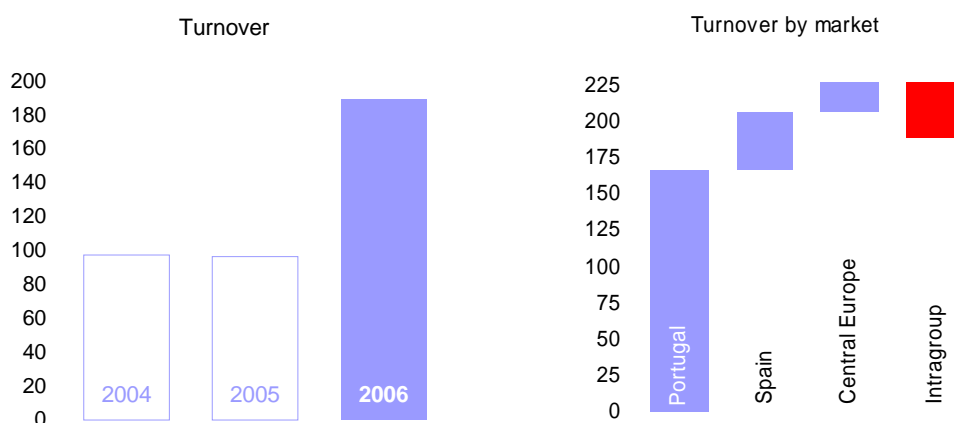
Turnover in this Division kept the same level of 2005 though the Q3 activity was slightly below the same period of last year. Therefore, Environment and Services Turnover grew to €86 million (2005: €84 million).

As far as Urban Solid Waste is concerned, performance kept on a very good level, even after the end of the Cascais/Sintra Concession. Segment's Turnover reduced only 3%. It's also worth highlighting that the Oil Recycling segment grew 34%, although its importance in the Division is still low.

Overall, operating margins of the Division were affected by the Turnover slowdown with EBITDA dropping to €19.4 million (2005: €19.8 million) and EBIT to €13.4 (2005: €14.4 million),

Its also worth mentioning that on October 17th MOTA-ENGIL AMBIENTE E SERVIÇOS agreed with Mr.Rodrigo Leite the acquisition of its holding, which controlled 67% of Tertir voting rights. Therefore MOTA-ENGIL launched a mandatory and General Public Offer that should end by 1Q 2007. This is a strategic investment that brings to the Division the dimension and know-how for the logistics segment on which the GROUP intends to develop an integrated management with the other concessions and businesses already on operation. Also, on the short term, with this acquisition, the Division's turnover and contribution to the GROUP should double.

Industry & Energy



Industry and Energy is growing at an impressive rate due to the vast investments in international markets and in new segments.

Therefore, the Division's Turnover almost doubled (growth rate of 96%) during the first nine months of 2006 with similar contribution to the growth coming from Energy Equipment segment and External and Internal markets of Industry segment.

EBITDA and EBIT also grew significantly to € 17.2 million (2005: € 9.7 million) and € 12.2 million (2005: € 5.4 million), respectively, meaning a contribution to the GROUP's ratios of € 8.6 million (EBITDA) and € 6.1 million (EBIT). Also notice that capital gains in the disposal of some minor stake in Repower AG affected those margins. Without this operation EBITDA and EBIT would have grown 40% and 57%, respectively.

As mentioned above, since the first quarter and in accordance with the changes occurred in the governing model, Industry & Energy was proportionally consolidated. The figures of the Division, if not stated, relate to 100% of MARTIFER GROUP which means that contribution to MOTA-ENGIL is only the proportional part.

During the past month of October Portuguese Government announced the decision to choose a Consortium other than Ventinveste consortium, of which MOTA-ENGIL is part of, after the negotiation phase of the "Tender for the Attribution of Power Injection Capacity into the Grid and Related Connection Points for Power Production through Wind Power Production".

MARTIFER and MOTA-ENGIL still look at this as a strategic segment and therefore are looking forward to a favourable decision on the second similar Tender. Final decision is expected to take place during the 1Q of 2007.

Transport Concessions

Transport Concessions Division contribution to Group's Net Income kept at a negative level (€5.2 million) mainly BEIRAS LITORAL E ALTA and GRANDE PORTO Concessions were still in the construction phase. On the other hand COSTA DE PRATA and real toll NORTE Concessions are already in operation although the first without the construction of part of the concession.

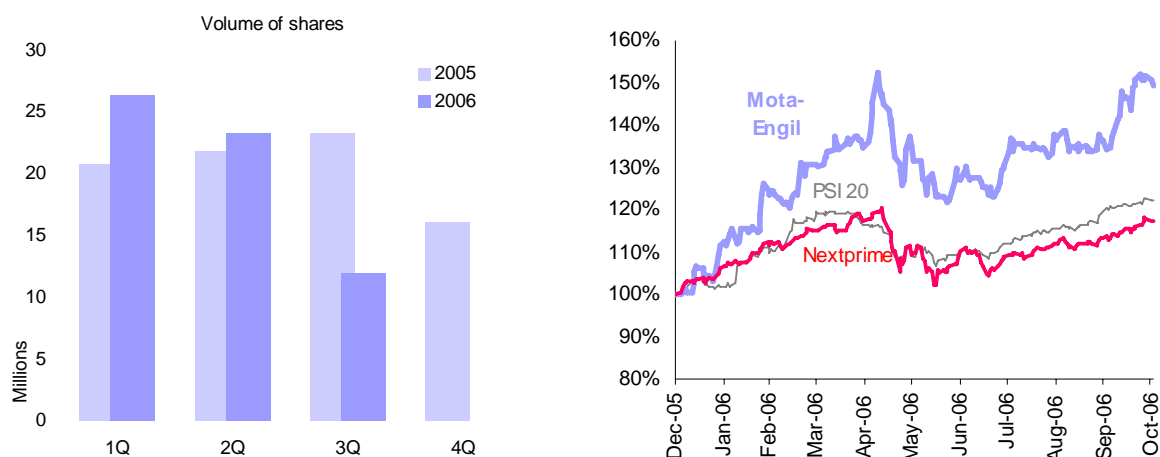
During this quarter the Consortium led by MOTA-ENGIL (with a 36,09% stake), was formally notified that it provisionally won the Grande Lisboa concession. This real toll concession, has a 30 years term for the 24.6 kms to be built (though only 5 years for 66.5 kms already built, that the concessionaire will operate and maintain, without charging tolls). The total capital expenditure will be of €292 million. MOTA-ENGIL will invest €27 million.

The decision of Douro Litoral Concession tender was delayed by the authorities to 1H 2007.

The announcement of an Agreement with Grupo Banco Espírito Santo, aiming at jointly developing through a single vehicle (company) their activities – defined as strategic – in infrastructures transportation concessions in Portugal and in any other market, was the result of a continued cooperation in the context of the infrastructures transportation concessions programme launched by the Portuguese Government being joint shareholders in several road concessionaires and partners in consortia competing for other concessions being tendered. The Groups also agreed to transfer to the aforementioned vehicle (company) the stakes they own in infrastructure transportation concessionaires, in Portugal and in foreign markets, after the mandatory legal and corporate governing authorisations are obtained (Grupo Aenor, Lusoponte, Metro Sul do Tejo, Via Litoral, Autopista Madrid – Toledo). MOTA-ENGIL will have a majority stake in this company.

The national importance of ANA privatization process and the development of the New Lisbon Airport combined with the significant size and degree of complexity of the project, justify the effort to coordinate and integrate the know-how and experience of several companies. Taking this in mind MOTA-ENGIL announced an Agreement to create a Consortium, led jointly with Brisa that will also include Somague, CGD, Millennium BCP and BES. Although no precise elements concerning the project have yet been released, and therefore no financial projections can be made, the group gathers from the very start an exceptional set of skills and complementarities in various areas that are crucial for the success in this type of projects.

Share price behaviour and dividends



MOTA-ENGIL's share price was €3.25 as of the end of 2005.

During the 3Q the share price kept a growth rate above PSI-20 index, although liquidity dropped between July and September. The number of shares traded during October (10.9 million) shows that the low level during Q3 was temporary and that previous year levels will be reached.

On October 20th MOTA-ENGIL share price reached 5 euros corresponding to a market capitalization in excess of Euro 1 billion.

During the first half, the General Shareholders Meeting approved the payment of a € 10 cents dividend per share, paid on May 2nd (dividend yield of 2.4% calculated with average January to October share price).

Yesterday closing price of each Mota-Engil share was € 4.94 (+ 52% Ytd).

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Porto, November 14th, 2006

Eng. António Manuel Queirós Vasconcelos da Mota
Chief Executive Officer

Dr. Eduardo Jorge de Almeida Rocha
Chief Financial Officer

Interim Consolidated Financial Statements

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account for the periods ended September 30, 2006 & 2005

	2006 Euro	2005 Euro
Turnover	968,005,271	1,007,397,213
Other income	55,384,899	50,986,556
Cost of merchandise and of subcontracts	(566,215,104)	(611,764,849)
Gross profit	457,175,066	446,618,920
Third-party supplies & services	(167,521,410)	(162,040,219)
Staff costs	(174,003,507)	(173,414,349)
Other operating income /(costs)	(8,398,253)	2,583,963
	107,251,896	113,748,315
Depreciation	(37,267,488)	(42,698,009)
Provisions and impairment losses	(474,062)	(2,024,510)
Operating profit	69,510,346	69,025,796
Financial profit/(loss)	(28,525,561)	(21,719,712)
Gains / (losses) on associate companies	3,816,932	241,168
Income tax	(16,387,955)	(18,668,566)
Consolidated net profit for the year	28,413,762	28,878,686
Attributable:		
to minority interests	4,541,686	5,605,406
to the Group	23,872,076	23,273,280
Earnings per share:		
basic	0.1219	0.1189
diluted	0.1219	0.1189

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account for the quarters from July 1 to September 30, 2006 & 2005

	Q3 - 2006 Euro	Q3 - 2005 Euro
Turnover	362,583,171	371,960,943
Other income	12,253,932	19,201,268
Cost of merchandise and of subcontracts	(198,163,605)	(229,328,993)
Gross profit	176,673,498	161,833,218
Third-party supplies & services	(67,830,543)	(60,708,257)
Staff costs	(58,835,490)	(59,310,227)
Other operating income /(costs)	(9,573,910)	626,310
	40,433,555	42,441,044
Depreciation	(12,213,448)	(14,336,577)
Provisions and impairment losses	(169,886)	(1,105,536)
Operating profit	28,050,221	26,998,931
Financial profit/(loss)	(8,152,270)	(5,208,863)
Gains / (losses) on associate companies	2,052,147	80,932
Income tax	(7,707,619)	(7,482,876)
Consolidated net profit for the year	14,242,479	14,388,124
Attributable:		
to minority interests	1,920,698	2,547,583
to the Group	12,321,781	11,840,541
Earnings per share:		
basic	0.0631	0.0609
diluted	0.0631	0.0609

MOTA-ENGIL, SGPS, S.A.

Consolidated Balance Sheets as at September 30, 2006 and as at December 31, 2005

	2006 Euro	2005 Euro
Assets		
Not current		
Goodwill	56,236,145	35,542,411
Intangible fixed assets	3,764,507	5,053,002
Tangible fixed assets	369,736,445	387,970,603
Financial investments under the equity method	68,782,144	57,445,423
Financial investments available for sale	86,999,392	93,803,967
Investment properties	25,786,976	29,764,813
Customers & other debtors	120,229,945	89,733,737
Deferred tax assets	19,709,333	25,691,200
	<u>751,244,887</u>	<u>725,005,156</u>
Current		
Stocks	172,444,106	173,837,705
Customers	453,776,090	474,385,137
Other debtors	104,155,523	111,476,112
Other current assets	159,684,304	93,146,263
Cash & cash equivalents	69,416,820	67,445,599
	<u>959,476,843</u>	<u>920,290,816</u>
Total Assets	<u><u>1,710,721,730</u></u>	<u><u>1,645,295,972</u></u>
Liabilities		
Not current		
Debt	509,698,616	455,310,005
Sundry Creditors	78,207,131	68,740,442
Provisions	22,219,001	20,840,026
Other non-current liabilities	4,709,307	4,499,752
Deferred tax liabilities	25,876,652	29,267,418
	<u>640,710,707</u>	<u>578,657,643</u>
Current		
Debt	153,740,373	130,069,261
Suppliers	320,228,521	318,887,970
Sundry Creditors	121,957,556	149,768,947
Other current liabilities	186,751,022	149,758,466
	<u>782,677,472</u>	<u>748,484,644</u>
Total Liabilities	<u><u>1,423,388,179</u></u>	<u><u>1,327,142,287</u></u>
Equity		
Share capital	204,635,695	204,635,695
Reserves	39,003,688	38,437,011
Consolidated net profit for the year	23,872,076	30,407,389
Equity attributable to the Group	<u><u>267,511,459</u></u>	<u><u>273,480,095</u></u>
Minority interests	<u>19,822,092</u>	<u>44,673,590</u>
Total equity	<u><u>287,333,551</u></u>	<u><u>318,153,685</u></u>
	<u><u>1,710,721,730</u></u>	<u><u>1,645,295,972</u></u>

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