

MOTA-ENGIL, SGPS, S.A.

MANAGEMENT REPORT
CONSOLIDATED FINANCIAL INFORMATION
FIRST HALF OF 2006



Highlights

- turnover of € 336 million in the second quarter and € 605 million in the first half of the year
- ebitda and ebit margins of 11% and 6.8% in the first half
- net income grows to € 11.6 million
- net debt of € 595 million
- backlog of approximately € 1.5 billion

	thousand euros						
	30.06.2006	% T	Δ %	30.06.2005 (pro-forma)	% T	30.06.2005	% T
Turnover	605,422		(0.3%)	607,290		635,436	
EBITDA	66,818	11.0%	(1.7%)	68,003	11.2%	71,307	11.2%
EBIT	41,460	6.8%	3.6%	40,027	6.6%	42,027	6.6%
Net financial income	(20,373)	(3.4%)	(27.8%)	(15,938)	(2.6%)	(16,511)	(2.6%)
Net income from equity method	1,765	0.3%	1001.4%	160	0.0%	160	0.0%
Income before taxes	22,852	3.8%	(5.8%)	24,250	4.0%	25,676	4.0%
Net income	14,171	2.3%	6.4%	13,323	2.2%	14,491	2.3%
Attributable to:							
minority interests	2,621	0.4%	38.7%	1,890	0.3%	3,058	0.5%
Group	11,550	1.9%	1.0%	11,433	1.9%	11,433	1.8%

Non audited figures.

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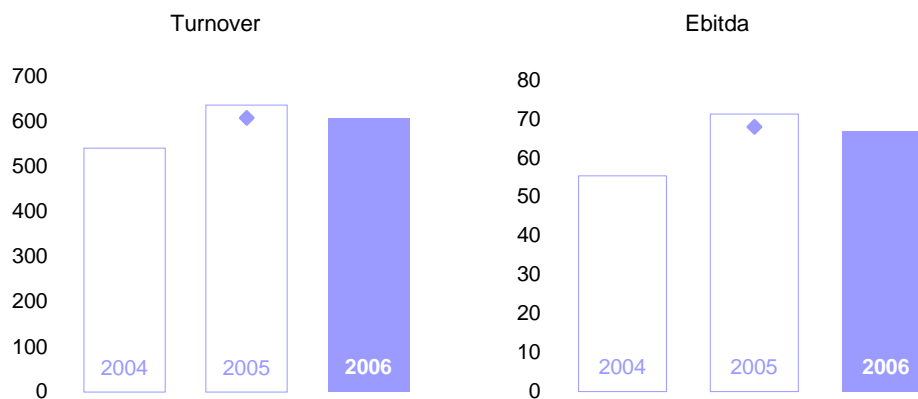
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Main achievements

- Ventinveste consortium, of which MOTA-ENGIL is part of, was admitted to the next negotiation phase (*short-list* along with Eólicas de Portugal consortium) in the “Tender for the Attribution of Power Injection Capacity into the Grid and Related Connection Points for Power Production through Wind Power Production”.
- Road construction for Concessão Norte (also known as AENOR) was finished, being the latter in full operation.
- The consortium led by MOTA-ENGIL submitted its Best and Final Offer for the tender to Build, Maintain and Operate the Grande Lisboa concession.
- MOTA-ENGIL formed a consortium to develop projects related to the Plan for Portuguese Logistic Platforms, showing its will to promote the conception, financing, construction and operation of the Poceirão Logistic Platform.
- Waiting for the authorisation to increase to 40% its stake in the Concessionaire of the Setúbal Harbour Terminal, Zone 2.
- MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO opened branches in Romania, Ireland and Argelia, aiming at expanding its activities in these three new markets.
- A new Corporate Governance Model was adopted in order to better face future strategic challenges.

Management Report

Financial Analysis



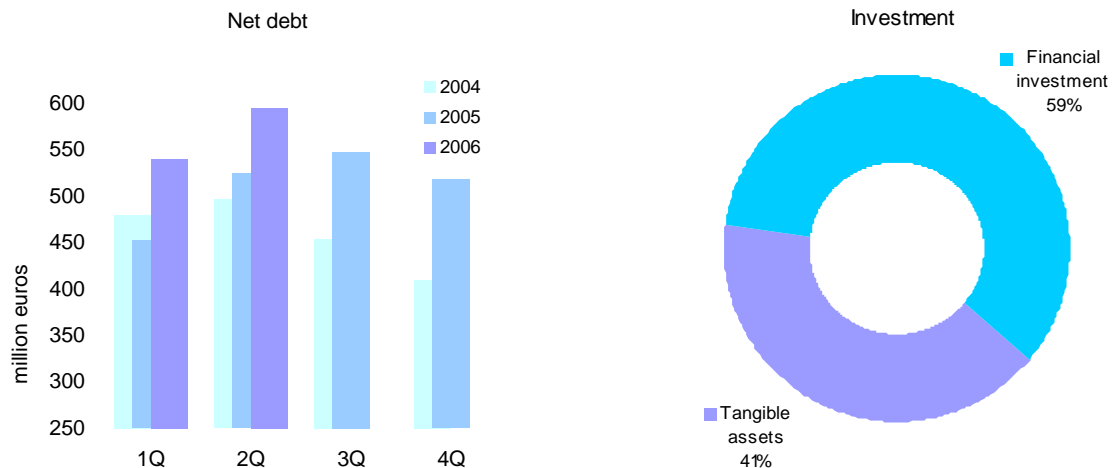
◆ Proportional Consolidation of Martifer

In the first half of 2006, MOTA-ENGIL's net income reached € 11.6 million as compared to € 11.4 million in the first half of 2005.

As was already the case in the first quarter and in accordance with the changes occurred in the governing model, MARTIFER (Industry & Energy) was proportionally consolidated.

EBITDA fell in line with the turnover, thus maintaining the same margins as of the same period of last year. EBITDA reached € 66.8 million in the first half (2005: € 71.3 million) and the EBITDA margin remained at 11%.

EBIT dropped 1.3% year-on-year to € 41.5 million (2005: € 42 million) while the EBIT margin improved to 6.8% from 6.6%.

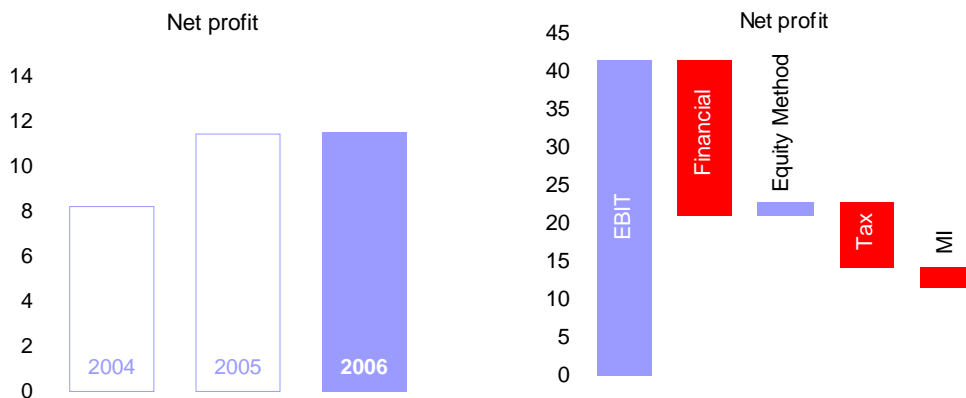


Capex was €81 million, of which €32 million in tangible assets and €49 million in financial investments.

The acquisition of the stakes Jaime Ribeiro & Filhos, SA had in AENOR for a total consideration of €28.8 million occurred during the first half of 2006. Another €5 million was invested in the equity of the concessionaires. MARTIFER invested approximately €15 million (of which €7.5 million were consolidated) in the rights issue of RePower AG.

Despite the second quarter's good generation of cash-flow from operations, net debt increased to €595.2 million due to the normal seasonality effect but also due to the high capex level and to the dividend distribution related to 2005 FY.

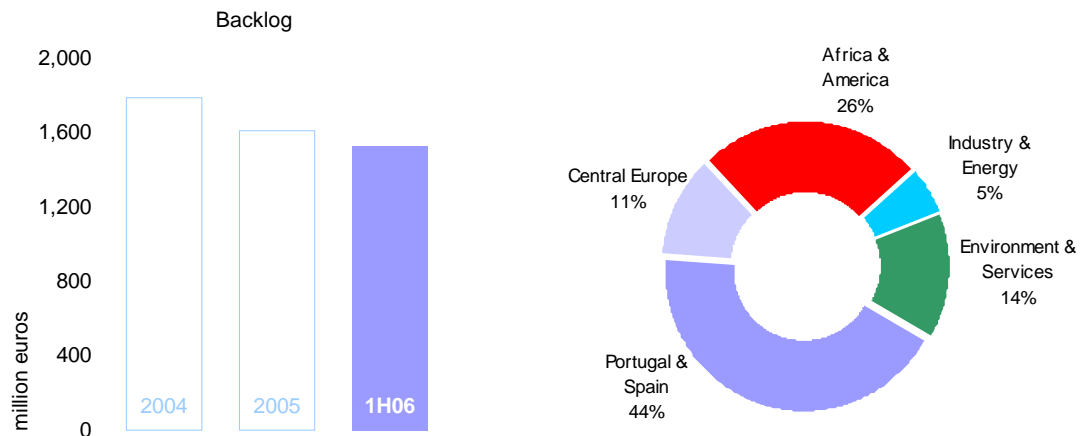
Despite the negative behaviour of interest rates, the effective average rate did not rise, reflecting the hedging strategy and a good bargaining power when negotiating with finance providers.



However, the increase in net debt led to higher financial expenses (€ 20.4 million before income from affiliated companies). The latter was also affected by foreign exchange losses in the tune of € 3.3 million.

In the first half, despite higher financial expenses, net income exceeded the figure achieved in the same period of 2005 due to the good operating performance, an increase in net income from equity method and a lower effective tax rate.

The net income attributable to shareholders increased to € 11.6 million, € 9.7 million of which was achieved in the second quarter, typically a stronger quarter for MOTA-ENGIL than the first one.

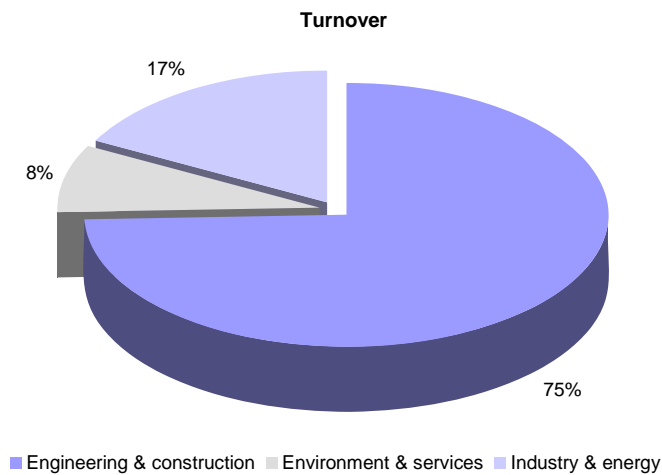


As expected, the activity of the GROUP peaked in 2005. 2006 is a transitional year where the drop in activity in the Portuguese market is being compensated by a buoyant activity in foreign markets, namely in Central Europe and Africa (namely Angola).

As a result, the GROUP'S backlog stands at € 1.5 billion and shows a higher share of foreign contracts (almost 40% of the abovementioned figure).

It is also worth mentioning that some sizeable contracts were recently obtained in Africa and in the United States and contributed to further increase the confidence we have in our future performance in these countries.

Business Areas

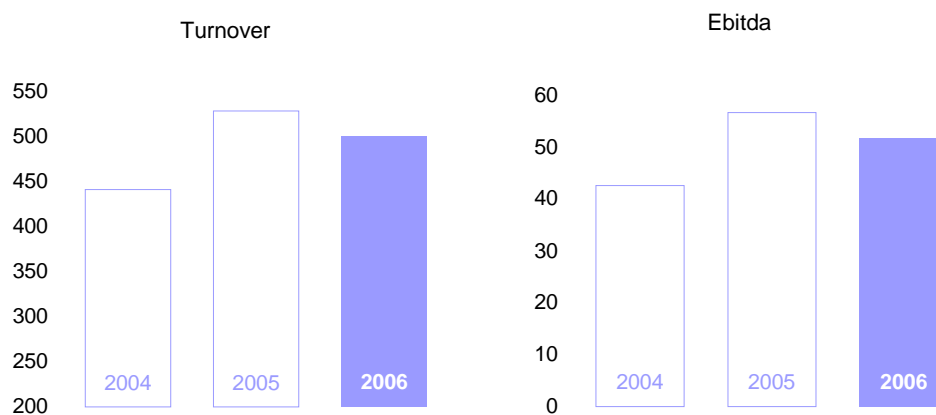


The GROUP'S turnover business mix is still eschewed towards Construction. However and in line with the strategy outlined, the other divisions are weighing more in total turnover.

In the first half of 2006, turnover in Construction reached € 501 million (2005: € 529 million), in Environment & Services € 57 million (2005: € 51 million) and in Industry & Energy € 115 million (2005: € 65 million).

In the next section we will analyse each business division.

Construction



Turnover in the Construction division slightly decreased in the first half when compared to the same period of last year mainly because of lower levels of production in the Portuguese market and because construction of the motorways where MOTA-ENGIL is a shareholder (AENOR GROUP) either finished or are being finalised.

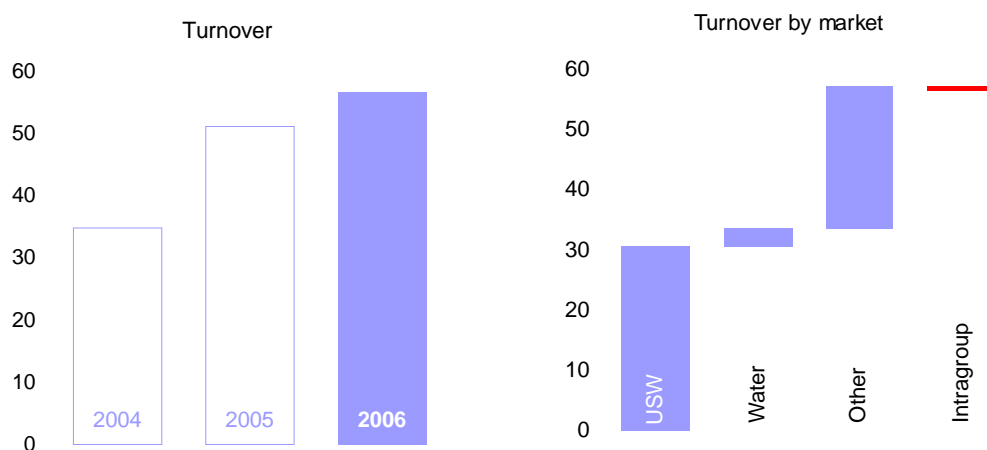
This was, however, partially compensated by the good quality of the backlog (both in terms of volume and margins) and by buoyant activity in foreign markets.

Noteworthy is the behaviour of our associated companies in America where turnover soared 44% year-on-year to € 44 million.

On the other hand, Central Europe had a negative € 10.9 million EBITDA due to technical problems arisen in a contract in Poland. Notwithstanding, EBITDA and EBIT margins in the Construction division remained flat due to a operational gain obtained with the disposal of a piece of land in Braga (Portugal).

EBITDA in the Construction division reached € 51.8 million (2005: € 56.7 million) and EBIT € 32.6 million (2005: € 34.1 million). Margins were of 10.3% and 6.5%, respectively.

Environment & Services



Turnover in the Environment & Services division climbed 10.9% to €56.6 million.

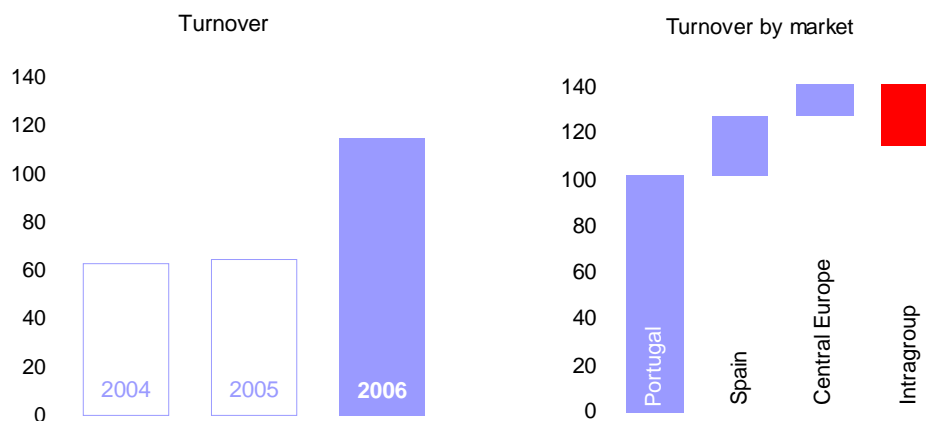
The Urban Solid Waste segment had a flat turnover of €30.7 million (2005: €30.8 million). In the first half, EKOSRODOWISKO, an affiliated polish company recently acquired, was consolidated for the first time though its figures were immaterial.

Turnover in the Water Treatment & Distribution segment increased 13% (INDÁQUA). The new concessions of Matosinhos and Vila do Conde (Portugal) were not consolidated.

As for the other companies of this division, MANVIA doubled its turnover and CORREIA&CORREIA also had an outstanding performance. The stake in SADOPT (terminal operator in the Setúbal harbour) was raised. The turnover of the companies in this segment increased 28.6% in the first half of 2006.

Not only there was a good top line performance in this division but margins also expanded. EBITDA reached €12.9 million (2005: €11.1 million) and EBIT €8.8 million (2005: €7.8 million). Margins were of 22.8% and 15.6%, respectively.

Industry & Energy



As shown in the above chart, turnover soared to € 115.2 million in the Industry & Services division, MARTIFER, (2005: € 64.6 million de euros).

Although the Portuguese market weighed less, it still represented 71% of turnover as opposed to 81% in the same period of last year. Central Europe already weighs some 14% with a turnover of € 16.3 million (2005: € 5.9 million).

EBITDA of this division was € 11.8 million in the first half of the current year (2005: € 6.2 million) and EBIT € 8.5 million (2005: € 3.7 million) not only on the back of the strong top line growth but also due to a capital gain obtained from the sale of a small stake in RePower AG. Margins were of 10.3% and 7.4%, respectively.

As already mentioned in the first quarter report, proportional consolidation was adopted instead of the previous full consolidation method. The above mentioned figures are for MARTIFER, thus for MOTA-ENGIL only the proportion it holds in the company was accounted for.

Transport Concessions

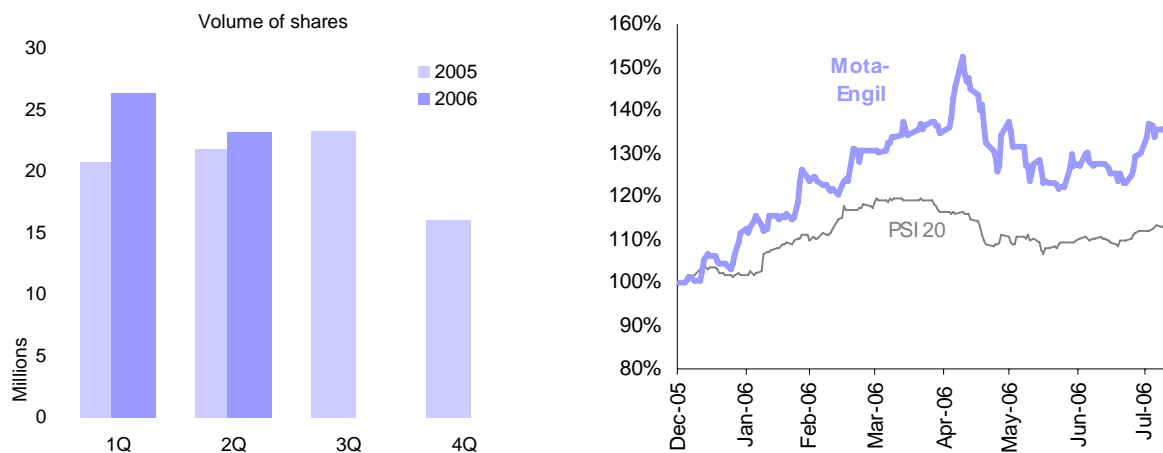
In the first half of the year, the contribution of this division to GROUP's net income was a negative €4.2 million because the Concessão do Norte (also known as AENOR) started operations but as for the shadow-toll motorways, only COSTA DE PRATA is in operation.

During the period, the consortium led by MOTA-ENGIL presented its best and final offer for the Grande Lisboa motorway concession. The announcement of the decision on the Douro Litoral concession, initially expected for the second half of the current year, was delayed by the Portuguese Government to the first half of 2007.

The Transport Concessions' division is of strategic importance for MOTA-ENGIL, including its international diversification although there were no significant developments in the tenders the consortia MOTA-ENGIL integrates was pre-qualified for.

After the formal authorisations were obtained, the acquisition of a 2.69% stake in AENOR and 3.3% in LUSOS CUT COSTA DE PRATA, LUSOS CUT BEIRAS LITORAL E ALTA and LUSOS CUT GRANDE PORTO from Jaime Ribeiro & Filhos SA were formally made. With these acquisitions, MOTA-ENGIL reinforced its leadership in the AENOR GROUP concessions.

Share price behaviour and dividends



The stock price of MOTA-ENGIL at the end of 2005 was € 3.25.

In the first half of 2006, the stock outperformed the Portuguese Stock Index PSI20, with an all time high of € 4.95 reached on May 8th.

Liquidity was also quite good, even higher than that of the first half of 2005, the period where the private placement of 45 million shares took place.

During the first half, the General Shareholders Meeting approved the payment of a € 10 cents dividend per share, paid on May 2nd.

The closing price as of yesterday of MOTA-ENGIL was € 4.50.

MANAGEMENT REPORT AND CONSOLIDATED
FINANCIAL INFORMATION, FIRST HALF OF 2006
SEPTEMBER, 6TH 2006

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Porto, September 6th, 2006

The Board of Directors,

António Manuel Queirós Vasconcelos da Mota
Chairman & CEO

António Jorge Campos de Almeida
Deputy Chairman & Director

Eduardo Jorge de Almeida Rocha
Director & CFO

Maria Manuela Queirós Vasconcelos Mota dos Santos
Director

Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Director

Maria Paula Queirós Vasconcelos Mota de Meireles
Director

Luís Valente de Oliveira
Non-Executive Director

António Bernardo Aranha da Gama Lobo Xavier
Non-Executive Director

António Manuel da Silva Vila Cova
Non-Executive Director

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account for the semesters ended June 30, 2006 & 2005

	2006 Euro	2005 Euro
Turnover	605,422,100	635,436,270
Other income	43,130,967	31,785,288
Cost of merchandise and of subcontracts	(368,051,499)	(382,435,856)
Gross profit	280,501,568	284,785,702
Third-party supplies & services	(99,690,867)	(101,331,962)
Staff costs	(115,168,017)	(114,104,122)
Other operating income /(costs)	1,175,657	1,957,653
	66,818,341	71,307,271
Depreciation	(25,054,040)	(28,361,432)
Provisions and impairment losses	(304,176)	(918,974)
Operating profit	41,460,125	42,026,865
Financial profit/(loss)	(20,373,291)	(16,510,849)
Gains / (losses) on associate companies	1,764,785	160,236
Income tax	(8,680,336)	(11,185,690)
Consolidated net profit for the year	14,171,283	14,490,562
Attributable:		
to minority interests	2,620,988	3,057,823
to the Group	11,550,295	11,432,739
Earnings per share:		
basic	0.0588	0.0582
diluted	0.0588	0.0582

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account for the quarters from April 1 to June 30, 2006 & 2005

	2Q - 2006	2Q - 2005
	Euro	Euro
Turnover	335,586,736	363,566,608
Other income	25,209,954	14,695,103
Cost of merchandise and of subcontracts	<u>(203,404,004)</u>	<u>(216,272,007)</u>
Gross profit	157,392,686	161,989,704
Third-party supplies & services	(57,302,181)	(58,460,719)
Staff costs	(59,175,150)	(59,628,949)
Other operating income /(costs)	<u>308,495</u>	<u>2,725,155</u>
	41,223,850	46,625,191
Depreciation	(12,520,641)	(14,030,252)
Provisions and impairment losses	<u>(158,012)</u>	<u>(451,833)</u>
Operating profit	28,545,197	32,143,106
Financial profit/(loss)	(10,423,471)	(10,419,469)
Gains / (losses) on associate companies	406,843	37,903
Income tax	<u>(7,065,433)</u>	<u>(9,771,262)</u>
Consolidated net profit for the year	<u><u>11,463,136</u></u>	<u><u>11,990,278</u></u>
Attributable:		
to minority interests	1,724,875	2,242,197
to the Group	9,738,261	9,748,081
Earnings per share:		
basic	0.0496	0.0496
diluted	0.0496	0.0496

MOTA-ENGIL, SGPS, S.A.

Consolidated Balance Sheets as at June 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	3,800,623	5,053,002
Tangible fixed assets	361,001,522	387,970,603
Financial investments under the equity method	66,641,095	57,445,423
Financial investments available for sale	90,037,467	93,803,967
Investment properties	26,489,624	29,764,813
Customers & other debtors	91,906,667	89,733,737
Deferred tax assets	24,869,187	25,691,200
	<u>720,982,330</u>	<u>725,005,156</u>
Current		
Stocks	162,121,356	173,837,705
Customers	473,702,145	474,385,137
Other debtors	122,795,431	111,476,112
Other current assets	125,493,577	93,146,263
Cash & cash equivalents	50,474,284	67,445,599
	<u>934,586,793</u>	<u>920,290,816</u>
Total Assets	<u><u>1,655,569,123</u></u>	<u><u>1,645,295,972</u></u>
Liabilities		
Not current		
Debt	504,241,555	455,310,005
Sundry Creditors	73,499,682	68,740,442
Provisions	21,480,300	20,840,026
Other non-current liabilities	4,609,441	4,499,752
Deferred tax liabilities	26,067,466	29,267,418
	<u>629,898,444</u>	<u>578,657,643</u>
Current		
Debt	141,438,340	130,069,261
Suppliers	286,043,901	318,887,970
Sundry Creditors	133,644,658	149,768,947
Other current liabilities	189,833,003	149,758,466
	<u>750,959,902</u>	<u>748,484,644</u>
Total Liabilities	<u><u>1,380,858,346</u></u>	<u><u>1,327,142,287</u></u>
Equity		
Share capital	204,635,695	204,635,695
Reserves	39,278,221	38,437,011
Consolidated net profit for the year	11,550,295	30,407,389
Equity attributable to the Group	<u><u>255,464,211</u></u>	<u><u>273,480,095</u></u>
Minority interests	<u>19,246,566</u>	<u>44,673,590</u>
Total equity	<u><u>274,710,777</u></u>	<u><u>318,153,685</u></u>
	<u><u>1,655,569,123</u></u>	<u><u>1,645,295,972</u></u>

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

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