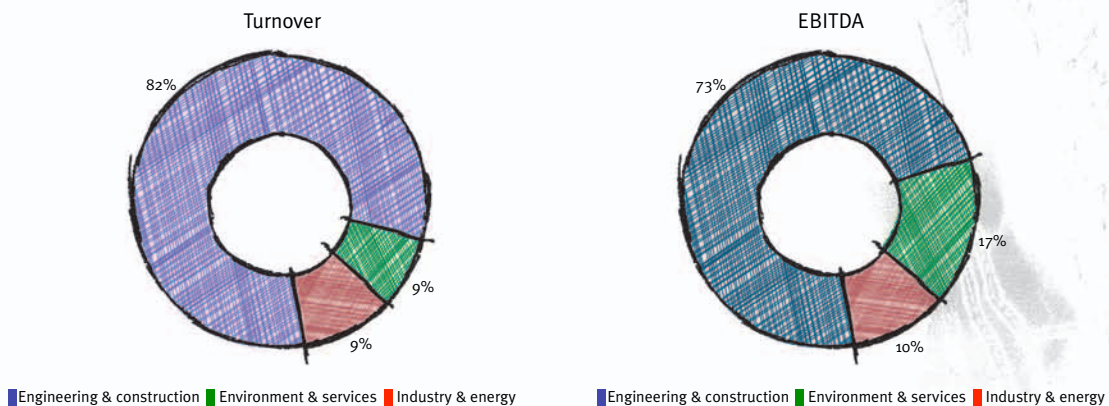






## Highlights

- Net profit increases 6% to €32.2 million
- Turnover flat as compared to 2005
- EBITDA and EBIT margins at 10.8% and 6.4%
- Net debt of about €500 million
- Backlog €1.5 billion



	31.12.2006	% T	Δ %	31.12.2005 (pro-forma)	% T	thousand euros 31.12.2005	% T
Turnover	1,308,233		(0.5%)	1,314,548		1,381,001	
EBITDA	141,738	10.8%	(2.0%)	144,625	11.0%	153,011	11.1%
EBIT	84,194	6.4%	(3.9%)	87,600	6.7%	92,691	6.7%
Net financial income	(36,157)	(2.8%)	(28.1%)	(28,217)	(2.1%)	(29,788)	(2.2%)
Net income from equity method	9,713	0.7%	997.4%	(1,082)	(0.1%)	(1,082)	(0.1%)
Income before taxes	57,749	4.4%	(0.9%)	58,300	4.4%	61,821	4.5%
Net income	37,635	2.9%	7.6%	34,988	2.7%	37,536	2.7%
Attributable to:							
minority interests	5,429	0.4%	18.5%	4,581	0.3%	7,129	0.5%
Group	32,205	2.5%	5.9%	30,407	2.3%	30,407	2.2%

EBITDA = Operating profit + depreciation + provisions and impairment losses  
 Net debt = Debt - cash & cash equivalents



**Sociedade Aberta**

Head Office: Edifício Mota - Rua do Rego Lameiro, nº 38 4300-454 Porto

Phone.: 351 22 5190300 - Fax: 351 22 5190303

Registered Capital: 204 635 695 Euros - Mat. na C. R. C. do Porto, com o nº 56,514

Company Registration Nº 502 399 694





## **Consolidated Report & Accounts 2006**

The Securities Commission, under n° 3 of article 250<sup>9</sup> 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.

## MAJOR EVENTS

Acquisition of a controlling stake of TERTIR GROUP, market leader in ports operations in Portugal and launch of a tender offer over the remaining capital of the company.

Business agreement with Banco Espírito Santo Group aiming at jointly developing, through a single company, transport infrastructures concessions in both Portugal and foreign markets.

Award of Grande Lisboa concession to LusoLisboa consortium in which MOTA-ENGIL has a 36.09% stake.

Agreement with Brisa, Somague, Caixa Geral de Depósitos, Millennium BCP and BES for the incorporation of a consortium to bid for the privatisation of ANA and the construction of the new Lisbon airport.

Ventinveste consortium that MOTA-ENGIL integrates is on the run for the B phase of the Tender for Power Injection Capacity Attribution into the Grid and Related Connecting Points for Power Production through Wind Power Production.

The construction of Norte, Beiras Litoral e Alta and Grande Porto concessions was finished, being now in operation.

A new Corporate and Governance model was adopted in order to better cope with future strategic challenges.

MOTA-ENGIL put together a consortium to promote projects related to the Portuguese Logistics Platform in accordance with its strategy to develop this business line, showing its strong commitment to promote the conception, financing, construction and operation of the logistics platform of Poceirão.

MOTA-ENGIL increased to 40% its stake in the Zone 2 Terminals Concessionaire of Setúbal port.

The Engineering & Construction division started its permanent operations in Spain, Romania, Ireland and Algeria with the firm intention to expand its activity in these four new markets.

Agreement to swap its stake in SOLS E SOLSUNI for Pararede's shares.

## SUBSEQUENT EVENTS

In conjunction with the Indian company Suzlon Energy, MARTIFER issued a take-over bid on February 9, 2007, for REPOWER SYSTEMS AG, in which MARTIFER already has a 25.4% stake, at a price of €126 per share, which will compete with the bid by the French Areva group.

Under the protocol entered into by the Portuguese State and the Republic of Angola, a debt owed by Angolan public entities was repaid during January 2007 in the sum of approximately US\$ 65 million.

**Board of Directors (2006 - 2009 Term of Office)****Chairman**

António Manuel Queirós Vasconcelos da Mota

**Deputy - Chairman**

António Jorge Campos de Almeida

**Directors**

Eduardo Jorge Rocha

Maria Manuela Vasconcelos Mota

Maria Teresa Vasconcelos Mota

Maria Paula Vasconcelos Mota

Luís Valente de Oliveira

António Lobo Xavier

António da Silva Vila Cova

**Board of the General Meeting (2006 - 2009 Term of Office)****Chairman**

Daniel Proença de Carvalho

**Deputy - Chairman**

António Cândido Lopes Natário

**Secretary**

Ivone Santos Martins

**Alternate Secretary**

Maria Lopes Correia

**Company Secretary (2007 - 2009)****Chairman**

Ivone Santos Martins

**Alternate**

Maria Lopes Correia

**External Auditor (registered with the C.M.V.M.)**

Deloitte & Associados, SROC, S.A.,

represented by:

Jorge Manuel Araújo de Beja Neves

**Statutory Auditor (2004 - 2007)**

António Magalhães e Carlos Santos, SROC,

represented by:

Carlos Alberto Freitas dos Santos

Alternate: José Rodrigues de Jesus, ROC





## Message from the Chairman

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

June 29, 2006, marked the 60th anniversary of the date on which MOTA & COMPANHIA was incorporated in Amarante by my father, Manuel António da Mota, in conjunction with his brother-in-law Joaquim da Fonseca, making a start to a new business project.

At the time the challenge was to believe in the potential of Angola.

Shortly thereafter, António Valadas Fernandes set up ENGIL, Sociedade de Construção, and also took up a new business challenge focused in the growth that the construction industry would have to face in Portugal.

Let me therefore address a tremendous word of thanks to my father where he lies - and to António Valadas Fernandes, who were able to create two companies of enormous quality. They knew how to bring together ambition, a great deal of daring and a lot of ability to manage the risks in the opportunities that appeared.

Always demonstrating a vision of the future that time was to confirm.

They overcame many difficulties, they had to fight many battles while they successfully created management teams able to support them and to develop the companies.

MOTA-ENGIL has lived 60 years, during which the world and the companies have changed a great deal. Fortunately for us, and, let me say, for Portugal, the change has always involved growth, diversification, qualification and greater boldness.

Today, the reality of the MOTA-ENGIL GROUP is different, but it is based on the same philosophy and, if, today, we continue to be a successful company, it is essentially due to the quality of our staff, added to the luck of having been able to bring together two quite different, though complementary, cultures united in a huge will to win.

I am proud of the present and believe in the future, fundamentally for the excellent team that in recent years and at present has managed the various areas of MOTA-ENGIL, to whom I would like to address my special thanks for having helped us, both me and my sisters, to honour, in the present, the past that Manuel Mota and António Valadas Fernandes built.

I am certain that the quality of the MOTA-ENGIL employees will allow us to continue along the path of development and success of the GROUP.

Today, we are a group that, having begun with Construction in Portugal and Angola, has been able to diversify, both in markets and in its businesses. We now do business in other areas - Highway Concessions, the Environment (Water and Waste), Services (Logistics, Ports and Maintenance), Metalworking Industry and Energy - in 20 countries and 3 continents, and are a Group that is proud to be "Portuguese".

We believe Portugal can and should have efficient companies, competitive and with the size required to face the challenges of globalisation.

In 2006 MOTA-ENGIL took several more steps in this direction, and we are extremely proud of the fact:

- Agreement for the acquisition of control of TERTIR, thus strengthening our focus on the Port and Logistics sectors
- Adjudication of the Greater Lisbon Motorway Concession
- Increase of MARTIFER's business in the Energy Sector
- The move into the Irish market

And also, though no less importantly, the way in which the new formula for the governance of the GROUP has been implemented.

If to this we add the profit returned in 2006, notwithstanding the crisis in the Construction Industry in Portugal, I cannot but conclude that 2006 was a good year for our GROUP and I congratulate all the employees of the GROUP for this.

On commemorating in 2006 MOTA-ENGIL's 60th anniversary, I must also express my thanks for the support that we have always received from our customers, suppliers and financial institutions that have supported us over the times, as well as out partners in various areas, for they have all contributed to making MOTA-ENGIL what it is today.

Before closing, a special work of heartfelt thanks is due, in public, to my sisters Manuela, Teresa and Paula, for the confidence, support and work that they give to this project, one that I am proud to head. Without you and this remarkable group of persons that support us, it would not have been possible."

António Mota

Chairman of the Board of Directors

The GROUP commemorated its 60th anniversary, celebrating the event in various ways, both in Portugal and abroad.

In Portugal the emphasis is on the publication of the book "Building a Life", a tribute to Manuel António da Mota, the founder of MOTA&CA, and on the shows put on at the Belém Cultural Centre in Lisbon and at the Europarque Congress pavilion at Santa Maria da Feira. In Angola, the focus is on the show at the Tropical Cinema in Luanda.

The milestones, first of the MOTA&CA and ENGIL groups, individually, and, after 2000, of the MOTA-ENGIL GROUP are as follows:

- 1946: Incorporation of MOTA&CA and of its branch in Angola. The company carried on its business solely in Angola, first in the timber and carpentry industries and, as from 1948, in the field of construction and public works
- 1952: Adjudication of the construction of the Luanda International Airport to MOTA&CA  
Incorporation of Engil, engaged in building small houses, then expanding into construction of other types as from 1961
- 1969: Acquisition by Engil of the patent of the Siemcrete sliding formwork system, allowing it to carry out countless major works as from then, involving silos and chimneys
- 1975: Internationalisation of MOTA&CA following Angola's independence, with a move into other African countries, and the relaunch of the company on the Portuguese market as from 1975, its first major job being the regularisation of the bed of the lower Mondego River
- 1980: Incorporation of PAVITERRA in partnership with the Angolan State, which, in conjunction with the MOTA&CA branch, operated solely in this market from then until the 90s
- 1985: Construction by ENGIL of the Lindoso Dam
- 1989: Start to the internationalisation process at ENGIL
- 1990: Start to the process of diversification of the two groups, the MOTA&CA GROUP having opted for the integration of the industrial construction and related activities, and the ENGIL GROUP opting to extend the offer of specialised construction activities (electromechanical and railways)
- 1994: Adjudication of the Vasco da Gama Bridge to a consortium including MOTA&CA  
In the process of diversification the concessions area was considered strategic, and both groups came to form part, in conjunction, of consortia bidding for public infrastructure concessions. To date they have been awarded concessions covering over 600 km of motorways
- 2000: Merge of the two groups involving the formation of the MOTA-ENGIL GROUP, giving rise to Portugal's biggest construction concern
- 2005: The MOTA-ENGIL shares come to be included in Euronext Lisbon's PSI-20 index
- 2006: Agreement for the acquisition of the TERTIR GROUP, finally giving rise to the Environment & Services business area within the context of the GROUP



MANUEL MOTA FOUNDED MOTA & COMPANHIA 60 YEARS AGO.

HIS LIFE AND HIS WORK OPENED UP THE PATH, WHILE HIS VISION SET THE COURSE FOR THE MOTA-ENGIL GROUP.

"PORTRAIT OF MANUEL MOTA" BY DÁRIO ALVES

07

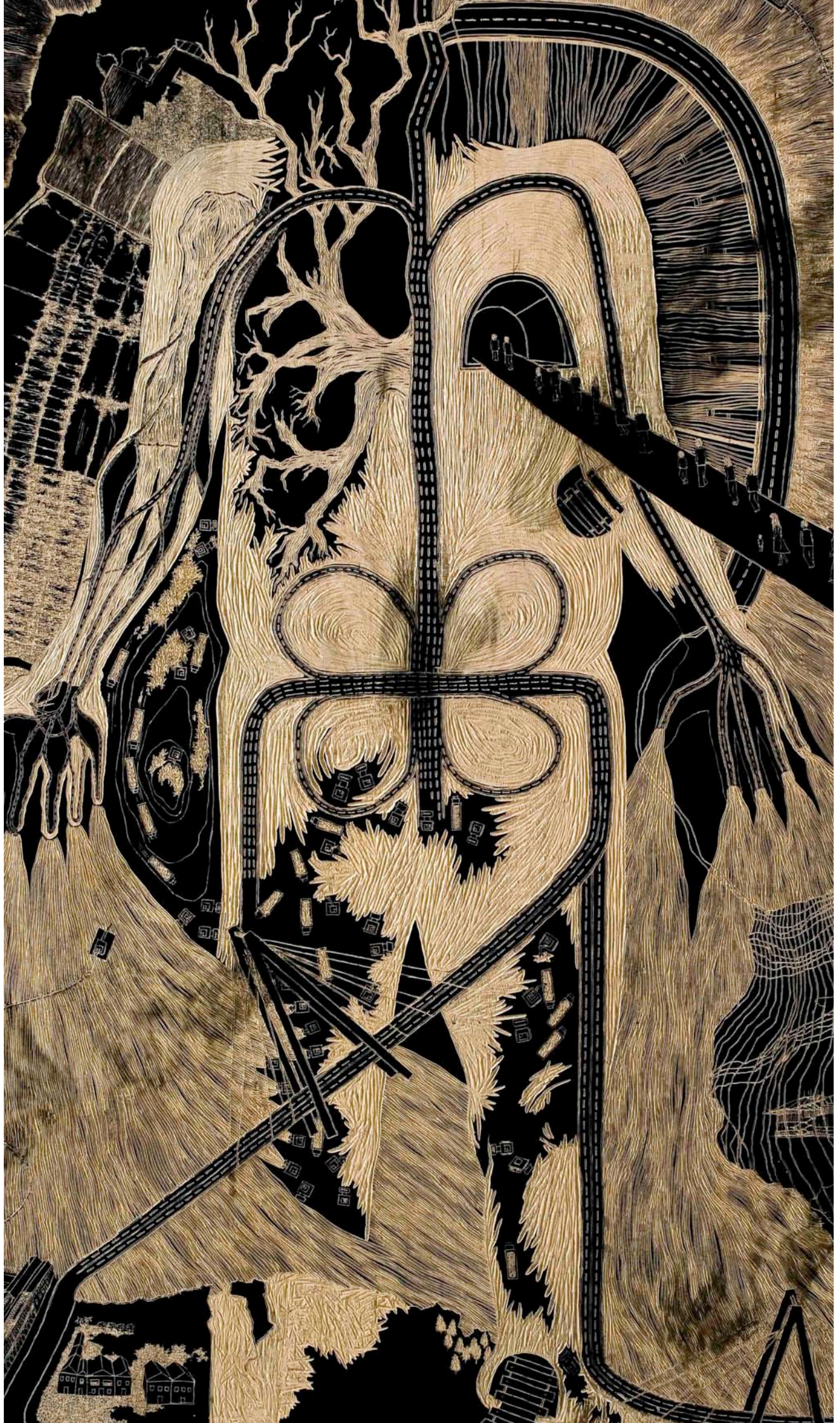


I RECALL THE FEELING OF WHAT IT WAS LIKE TO BE NEAR MY GRANDFATHER. THE FEELING OF HIS PRESENCE, A BLEND OF ROBUSTNESS, OF CONFIDENCE, OF TRUTH. HE WAS A MAN WHO DID NOT BEAT ABOUT THE BUSH, PROFICIENT, WITH DREAMS TO FILL THE HEART AND A VISION TO DRILL THROUGH DESTINY, SO MUCH SO THAT THE DREAM BECAME A JOURNEY, A LONG JOURNEY OF DECISIONS, COMMITMENTS, DISCOVERIES, SUCCESSES AND DISILLUSIONS TOO. A LIFE THAT WAS EVER BEING BUILT. A LIFE I WAS HONORED TO BE ABLE TO UNDERSTAND THROUGH THE TESTIMONY OF THOSE WHO WERE PRESENT DURING THE TIMES OF DISCOVERY AND REALIZATION. I WOULD LIKE TO THANK ALL THOSE WHO FILLED MY HEART AND MIND WITH THE COURAGE, THE MOTIVATION AND THE UNDERSTANDING THAT CAME FROM MY GRANDFATHER, THUS PROVIDING ME WITH THE EXPERIENCE OF WHAT IT MUST HAVE BEEN LIKE TO BE PRESENT IN THOSE TIMES, TIMES AS INCONSTANT AS THEY WERE GLORIOUS. I WANT ABOVE ALL TO THANK MY FATHER AND ALL THOSE WHO EMBARKED ON THIS GREAT PROJECT CALLED MOTA-ENGIL, WHO THUS CONTINUE TO FERMENT THE "DREAM" OF MY GRANDFATHER, MANUEL ANTÓNIO MOTA.

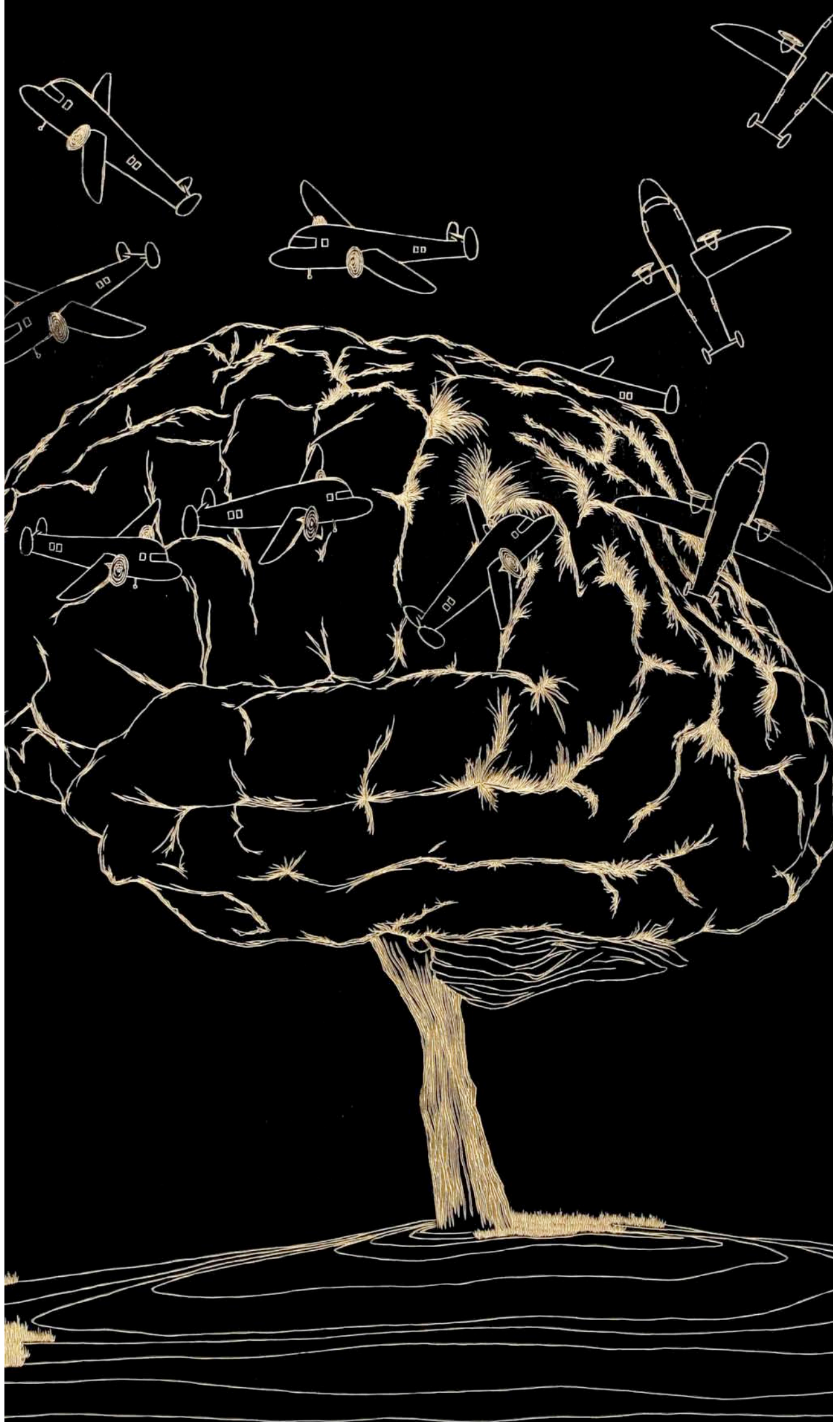
Luísa Mota











"THE JOURNEY FROM BEGINNING TO END" (TRIPTYCH) AND "STUDY" (COVER) ARE WORKS OF ART BY LUISA MOTA THAT ILLUSTRATE THE BOOK *BUILDING A LIFE*, PUBLISHED IN 2006 AS A TRIBUTE TO MANUEL MOTA.

## CONSOLIDATED MANAGEMENT REPORT



## 1. GOVERNANCE AND ORGANISATION MODEL

In January 2006 the GROUP announced alterations to its Corporate Governance Model and to the Organisation Model of the GROUP, alterations that were subsequently ratified by the annual general meeting.

The change to the GROUP's Organisation Model, which came to be based on four business areas, was designed to achieve the undernoted, besides aligning the GROUP's organics with the business specifics and competences:

- integration of the property business into the Engineering & Construction area to take greater advantage of the existing synergies. New segmentation of the business of this area into "Portugal and Spain", "Central Europe" and "Africa and America";
- acceleration of the growth of the Environment & Services area at home and abroad, proactively leading "market creation" ahead of the competition in a growing business portfolio, while strengthening its endogenous know-how. New segmentation of the business in "Waste", "Water", "Logistics" and "Multi-services";
- separation of the Industry & Energy business area, formalising its strategic importance and individualising its business segments: "Steel structures"; "Energy equipment"; "Retail & Warehousing"; and "Electricity";
- attracting business in the Transport Concessions in Portugal and in selected markets of high growth potential, leveraging the GROUP's presence in partnerships with groups having complementing skills.

The alterations to the Corporate Governance Model were the result of the need to lend greater autonomy to the business areas and to allow the separation of the operating plans of the sub-holding companies from the strategic plan of the parent company, lending the latter greater strategic management capacity.

Thus, the board of directors comprises members who have no executive duties in the various business areas, focusing on the orientation of the GROUP's businesses, especially on matters of a strategic nature.

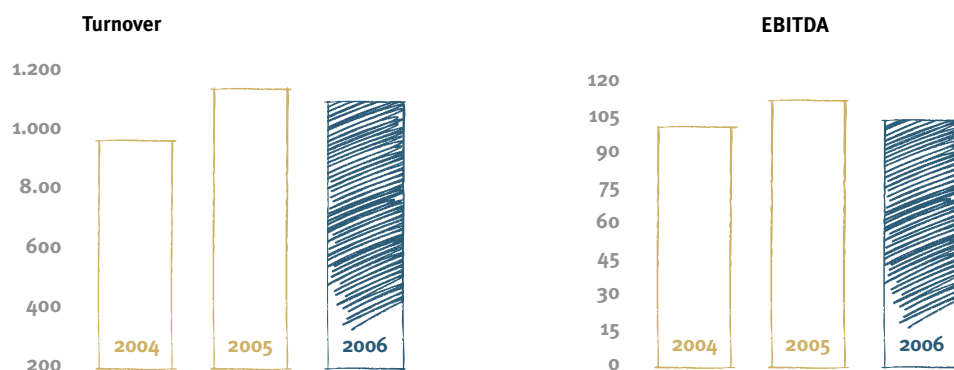
On the other hand, a non-statutory body was set up, the Co-ordination Board, the aim of which is to lend greater transversality to the management of the GROUP, taking over responsibility for the implementation of the strategy defined by the board of directors and ensuring the co-ordination of the business areas.

Aware of the need to act proactively in risk management, an Investment, Audit and Risk Committee was also set up, as was a Human Resources Development Committee for the purpose of developing and implementing effective career management, in line with the GROUP's values and culture.



## 2. BUSINESS AREAS

### Engineering & Construction



### Iberian Peninsula

The performance of the Iberian public works market continued to differ, with contracts awarded in Spain up by 19.5% and in Portugal down by 30%. This dichotomy reflects the differing stages of development of the two countries. Indeed, adjudications in Spain during the year amounted to about €46 billion, contrasting with the sum of less than €3 billion on the Portuguese market, which has caused a reduction of the weight of this business segment in the GROUP's order book.

Despite having grown considerably in Spain through operations in the special foundations niche market, MOTA-ENGIL's business there is still residual. It should be mentioned that a branch of MOTA-ENGIL ENGENHARIA has recently been set up in the country to deal with the growing number of small jobs awarded to the GROUP. We continue to reiterate our firm intention to grow in this market, either through company concentrations or through organic growth.

On the other hand, the end to the motorway concessions construction order book in Portugal, managed by the consortia of which the GROUP is a member, and the aforesaid crisis that has affected the market since 2002 without a break have caused a downturn of about 6% of turnover in this market segment.

Despite this reduction, the GROUP has taken measures allowing it to retain its leadership of the market segment, attenuating the effects of the downturn in public investment on the companies engaged in this sector. Thus, the GROUP compensated this decline of business in its traditional civil construction and infrastructures market through an increase in the specialised business areas, such as railways, hydraulics and signalatics.

The decline of turnover did not affect profitability, which improved, with the EBITDA margin rising from 11.2% to 12.8% as a result of the better operational mix of the jobs in the order book.

Following the presentation of the government's Priority Infrastructure Investment Programme in 2005, the GROUP, taking into account the timetable of the projects and the major objectives of the 2007 plan, has been working to prepare to take advantage of the opportunities to be provided by projects to be put out to tender by 2009 involving investment in construction, especially the mega projects involving the New Lisbon Airport and the High Speed Railway which will ensure a significant volume of construction up to 2015.

## Central Europe

The MOTA-ENGIL GROUP maintains its strategy of growth in those markets in which it already does business and of expanding into other countries in Central Europe. In 2006 the GROUP secured its first contracts in Romania and Ireland, demonstrating in the latter case that it is also competitive in mature markets.

Taking advantage of the economic growth returned by the new EU Member States (with the exception of Hungary, all the countries in which we do business have an estimated 2006 GDP growth rate of more than 5%), the GROUP is in a position to increase its business as a result both of its knowledge of these markets and of the experience acquired over a period of about 10 years in the region. Evidence of this is provided by the GROUP's growing order book in this market segment.

Turnover in Central Europe grew by 3% this year to about €260 million, and it continued to be the GROUP's second market in terms of size.

During 2006 the GROUP made a start to a process of diversification of its business in Poland and Hungary, with a move into the property devolvement segment, in addition to the existing public works segment, which expects to see growth in 2007 in the Czech Republic, Slovakia and Romania. The GROUP is studying several companies in these markets with a view to concentration operations.

Despite the large volume of business, the profitability of this market segment has been somewhat low and it worsened in 2006 as a result of various technical problems that appeared in a job in Poland, causing operating losses of about €20 million. Consequently, the Engineering & Construction area made a negative contribution to EBITDA in the sum of about €12.6 million.

To overcome the specific difficulties encountered in these countries MOTA-ENGIL undertook a profound overhaul of the technical and human resources employed in these markets, altering the model of governance in the Engineering & Construction area and imposing greater transversality on the management of the various business segments.

## Africa & America

In 2006 Angola was the country with the world's second highest GDP growth rate, and growth for 2007 is estimated at 12.8%. The GROUP had been in business in this country without a break since its incorporation in 1946, and it considers Angola a second domestic market. During this stage of sharp growth it therefore intends to remain a major player in every area of the construction market.

MOTA-ENGIL has various projects under study and intends to increase its involvement in the country in the short and medium term. With regard to its associates already in operation, ICER and PREFAL, new investments are expected, involving the construction of industrial facilities both to increase installed capacity and to diversify the product range. During the year GROUP associates were set up in the equipment and signaletics areas.

One of the more relevant events, though it occurred in 2007, calling for a future normal relationship between the Angolan State and the MOTA-ENGIL GROUP, was the settlement of the debts of Angolan public entities under a protocol established between Portugal and the republic of Angola, in the sum of about US\$ 65 million.

The Africa & America business segment made a contribution to the area totalling about €230 million, with emphasis on the performance in Angola. During 2006 the GROUP consolidated the growth seen the previous year and secured a large volume of contracts, both in the private sector and in the public sector. The outlook for 2007 is one of sharp growth of the business.

It should be mentioned that the devaluation of the US dollar made a negative contribution to the weight of this business segment in the GROUP's accounts, especially when compared to the previous year. Even so, it proved possible to maintain the turnover and to significantly increase the contribution to the GROUP's EBITDA in the sum of about €26.5 million.

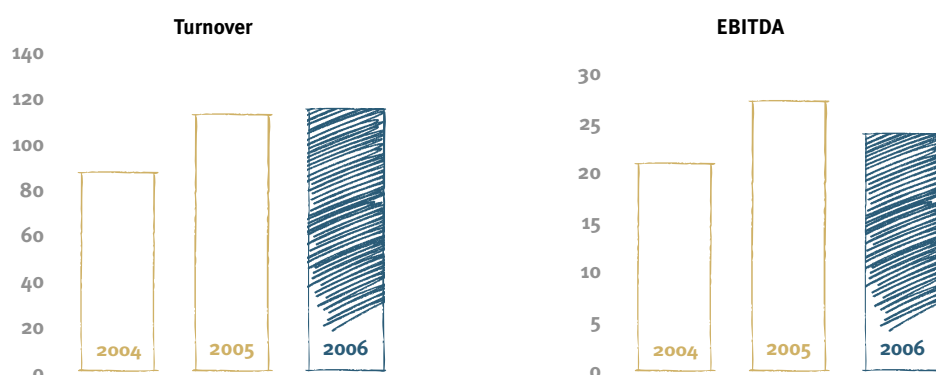
As far as the business in other African countries is concerned, emphasis is given to the conclusion of the job in Chad financed by the European Union and to the stable establishment that was set up in Algeria. The start to business in this country will be entrusted to FERROVIAS, which is to invest in a railway sleeper manufacturing plant to feed its jobs in the country.

During the year a start was made to the construction of the bridge over the Zambezi River in Mozambique, the biggest public works contract since the country became independent.

Activity in the USA and Peru increased 10%, with the operating margin up from 9.6% to 11.5%. In the USA the MOTA-ENGIL GROUP continues to study the means to ensure greater involvement both in Florida and elsewhere in the country. The order book increased significantly and 2007 is expected to see consolidation of this year's growth.

With regard to Peru, a slight reduction of margins can be expected in 2007, in that 2006 benefited from an extremely good operating mix that is not expected to be repeated in the near future.

## Environment & Services



## Waste

The waste business segment includes the companies engaged in the collection and processing of solid urban waste and used oils. In 2006 this market segment was faced with the challenge of overcoming the loss of its biggest contract the previous year. Assessing its performance, we can see that its goals were practically met, with turnover standing at the 2005 level, although the margin declined by about 2.5%.

The contribution by this business segment to sales and provision of services and to the consolidated EBITDA of the MOTA-ENGIL GROUP amounted to about €75 million and €22 million respectively. The GROUP's economic goal for 2007 is to consolidate the operating margin of both businesses.

It should be mentioned that a part of the interest owed by the Cascais Town Hall, which amounted to about €3 million, was paid.

With regard to the collection of solid urban waste SUMA was awarded four new provision of services contracts, although the majority of this market (63.7%) is still run by public entities. SUMA leads the market with a 52% share of the privatised market serving 38 municipalities and a population of more than 1.9 million. With regard to waste treatment SUMA operates in 21 municipalities, serving a population of 705,000.

The solid waste treatment market, a segment undergoing major growth in keeping with the maturity of society's development, is still largely under the public domain, which prevents the development of private investment. The GROUP believes that the development of this market will not involve the construction of new landfills but will be through waste treatment, regardless of the process to be used. In this connection the GROUP endeavours to contribute to creating community and central government awareness of the importance of a quality environment and, at the same time, it invests in research & development to ensure ongoing optimisation of the resources used.

At international level the operation in Poland has not seen the desired development as a result of the local organisation of business of this type, largely centred on small district concessions, preventing achieving the critical mass required to render the business more efficient and profitable. In any case we shall continue our interest in this market, though we are aware that its development will be slow, and we are keeping a close watch for growth opportunities through acquisitions.

## Water

During 2006 the new Strategic Water Supply and Wastewater Treatment Plan (PEAASAR II 2007-2013) was published, which suggests a number of measures to be implemented, particularly with regard to alterations to the corporate management models. The aim of the Plan's proposals is to optimise the "high-side" and "low-side" infrastructures, involving the merge of the existing "high-side" systems and a review of the assumptions for the concessions, besides multi-municipal integration of the "low-side" systems and the adoption of corporate management models.

This model encourages the integration of the local authorities' water-supply assets into the concessionaires of the multi-municipal systems, with the concessionaires taking over the role of management companies for these assets, and, in particular, making the investments required to improve the supply network. The process of reconfiguring the multi-municipal entities as management companies to manage the assets and the integration of the "low-side" municipal networks, with regard to corporate and back-office activities, has been assigned to Águas de Portugal, the state-owned company, clearly calling into question free competition between the players already in the market.

The few expectations of the MOTA-ENGIL GROUP as far as this market is concerned lie in the possible future sub-concession of the "low-side" systems following their integration with the "high-side" systems, and it also awaits the possibility that the "high-side" concessions may also come to be managed by the private sector. Nevertheless, we believe the recommended model will not generate the scale required for the efficient development of this business, and this will prevent achieving the full potential of private management, as in the case of the model adopted in most European countries. Taking into account the model set out in this strategic plan we are afraid that the doors will definitively be closed to private companies.

However, we would emphasise our intention of reinforcing our role in this market to the extent possible, through INDAQUA, the GROUP vehicle for this business segment, playing the part that comes to be determined for private companies in this sector.

Negotiations were concluded in 2006 in respect of the financial rebalancing of the Santa Maria da Feira concession, and therefore the investments that had been suspended will be resumed in 2007, to which will be added the investments required to start up the operation of the two new concessions awarded to INDAQUA in the municipalities of Matosinhos and Vila do Conde.

In terms of contribution to the business area INDQUA continues to have a relatively small weight (sales and provision of services: €6.3 million; and EBITDA €1.8 million), although the outlook for the coming year is of a twofold increase following the start to the operation of the concessions mentioned in the preceding paragraph.

## Logistics

The logistics business segment is the GROUP's most recent focus of attention in the Environment & Services area. In keeping with this strategy MOTA-ENGIL has been developing a number of initiatives with a view to building up a network of activities that will constitute mutually complementing businesses.

The unparalleled growth of international trade in tradable goods as well as the delocalisation of stages of their production chain has raised a major challenge for national and international logistics management and for the transport system. The European Parliament itself has created a financial instrument, Marco Polo II, designed to contribute to reducing congestion, improving the environmental performance of the transport system and reinforcing transnational intermodal transport, thus contributing to the existence of an efficient, sustainable transport system.

The alteration of the paradigm that supported the logistics management models caused a change of cycle in a mature market, and there is currently a widespread movement of liberalisation and standardisation of the sector, which had been managed by the states till now.

Aware of this, the GROUP does not want to miss the opportunity to secure a strategic position in the management of logistics infrastructures of public interest, taking advantage of its experience in infrastructure management.

The year under review was prolific establishing the bases for the GROUP to carry on its business in this segment. Indeed, MOTA-ENGIL AMBIENTE E SERVIÇOS finalised the agreement for the acquisition of the TERTIR GROUP, which is the leading group in the stevedoring industry in Portugal, where it has controlling positions in three container and general cargo terminals at the port of Lisbon, besides those at the ports of Leixões and Aveiro. In addition to these five concessions, it shares control of the port of Maputo in Mozambique.

The TERTIR GROUP comes in addition to the existing MOTA-ENGIL holdings in the companies operating the two terminals at the Port of Setúbal (a 25% stake in TERSADO, and a stake in SADOPT that was increased to 40% during the year).

In 2006, the GROUP's financial statements reflect only the results of subsidiaries TERSADO and SADOPT. Despite the fact that, taken together, though in unequal parts, they have contributed a loss to the GROUP's results, this was in line with the approved business plan, though it is one of the main reasons for the slight decrease of the margins of this business area.

For the TERTIR GROUP MOTA-ENGIL is predicting that 2007 will be a year of profound restructuring, involving closing down loss-making activities and consolidating the management of the business in an integrated manner, to generate the largest possible number of synergies.

During the year, the design, financing, construction and operation of the Poceirão Multimodal Logistics Platform was awarded to a consortium including MOTA-ENGIL. This platform forms part of the national network of logistic platforms (the Logistic Portugal Plan). It is one of two that have a national vocation and constitute the basis of the network and plan drawn up by the government, and it is the only one of these characteristics to be located in and to serve the Greater Lisbon area. The Poceirão location is strategic in that it lies within an area with no environmental constraints and is served by major highway and railway axes that will be integrated into the high-speed network and have direct access to the trans-European transport network.



On the other hand, in order to integrate the stevedoring business and the logistic infrastructure operation the GROUP is to make a move into a sector involving carriage of goods by railway and has already secured, in 2006, the first licence awarded to a private operator for its subsidiary TAKARGO RAIL. The operations in this sector will foster intermodality and complementary services, while strengthening the competitive position in moving merchandise into the Iberian and European markets.

The start to this business using the company's own resources will take place during the second half of 2007. At present certification of the company's resources is under way, as is an engine-driver training programme.

### **Multi-Services**

The multi-services business segment fundamentally includes the green-space and maintenance markets, in which the GROUP does business through its associates VIBEIRAS and MANVIA respectively.

Following the sharp growth seen in 2005 in the wake of the local elections, the green-space market has declined, causing VIBEIRAS a reduction of turnover of about 30% and a 45% fall of its EBITDA. The company has carried on its business against this volatile background, and it is working continuously to build up a market. We would therefore put on record the growth of the green-space maintenance segment, which has increased its weight from 15% of the company's billing to 30% at present.

In keeping with its growth strategy the company has built up partnerships in the Spanish and Angolan markets. Its aim in Angola is to become the market leader, growing in step with the development of the market.

In the maintenance market segment MANVIA continues to return remarkable growth rates (sales and provision of services: 90%; EBITDA 36%). The company remains firm in its intension of becoming one of the major players in the Facilities Management market and in integrated outsourcing in the near future. The majority of the shares in ALMAQUE have been acquired in 2007. This company is specialised in the maintenance of cement and steelworks industry equipment and it has allowed the GROUP to increase its offer of services.

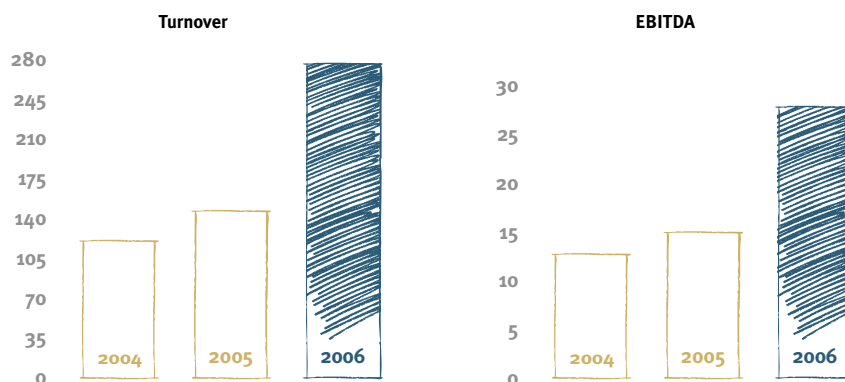
With regard to public-private partnerships for the construction and operation of hospitals, the consortium of which MOTA-ENGIL is a part is on the shortlist for the Braga Hospital, and the GROUP is firmly convinced that it will be awarded to this consortium. If so, another major step will have been taken in strengthening MANVIA's position as a provider of Facilities Management and multi-disciplinary maintenance services for the hospital sector.

At the end of the year, following negotiations with several players in the information technologies market, both domestic and foreign, a memorandum of understanding came to be signed with Pararede in respect of crossholdings between this company and SOLS E SOLSUNI. This understanding, which was transformed into a contract early in 2007, will hand over the management of SOLS E SOLSUNI to Pararede, while the GROUP will stay on as a partner and will have a qualified holding in Pararede.

This transaction will provide MOTA-ENGIL with greater visibility as far as this asset is concerned, besides increasing liquidity. It should be mentioned that the GROUP will retain a 29% stake in SOLSERVICE ANGOLA. The performance of this company in terms of growth and profitability is expected to be in keeping with the development that has been seen in the country and is expected to continue over the coming decade.



## Industry & Energy



### Metalworking Industry

MARTIFER, the MOTA-ENGIL associate for the Industry & Energy business area, has continued to see fast growth of business in its traditional market, taking advantage of the awareness generated by the major undertakings involving the construction of the stadiums for the Euro 2004 championship and of Porto's Francisco Sá Carneiro Airport, and also of the growth of the metalworking industry market itself, particularly with regard to large structures for industrial, commercial and sports facilities.

The growth rate of the business in this segment stood at 54% in 2006, generating aggregate turnover in the sum of €274.7 million. This growth was driven by the construction of shopping malls in Portugal and Spain, of manufacturing facilities, and of logistic platforms, by demonstration of the company's ability to operate in the highway construction market involving building large steel bridges and viaducts and by heavy investment in its own manufacturing facilities and undertakings that MARTIFER has been implementing.

The Iberian market, in which MARTIFER is the leader, was the market that most contributed to this business segment. On the basis of this leading position, the GROUP had defined as its strategic guideline a search for leadership within a European context. It therefore made a start, in 2002, to a €10 million investment in a manufacturing plant in Poland with capacity to supply works to be carried out throughout Central Europe.

MARTIFER is seeking to meet this goal based on its competitive advantages, such as the size and production capacity of its factories, production centred on customer expectations, state-of-the-art technology in manufacturing, communication with the economic agents and building up a relationship of trust with them, and the ability to undertake complex projects with tight completion dates.

In Central Europe MARTIFER does business in Poland, the Czech Republic, Slovakia, Romania and Germany. It endeavours to take advantage of market trends in this part of the globe which is undergoing fast growth and development, and has a long tradition in the construction of steel bridges and in very large, complex works in which the value added of the steel structure is very considerable, and also in Retail & Warehousing.

MARTIFER is also keeping a close eye on the development of the Angolan economy, and it set up MARTIFER ANGOLA in 2006 with a view to ensuring leadership in this market. This involved an investment of about €10 million in manufacturing facilities to exploit the trust and credibility that the GROUP has earned among the Portuguese construction concerns operating in this market.

## Energy production equipment

The Programme of Investment in Priority Infrastructures presented by the Portuguese government in 2005 calls for investments in the production of renewable energy, a fact that was seen as an opportunity by the GROUP. Therefore, from an industrial standpoint, MARTIFER has lent continuity to the investments that it had begun the previous year, involving the green-field construction of a manufacturing plant in Oliveira de Frades to produce the steel towers for wind turbines. The company entered into a strategic partnership with REPOWER SYSTEMS AG, which includes the construction of an industrial unit to assemble wind turbines in Portugal. The GROUP's activity in the construction and supply of wind farms on a turnkey basis involved the use of REPOWER SYSTEMS technology and the operation and maintenance of wind farms.

The aggregate turnover of this segment in 2006 amounted to about €58 million as a result of the activities carried on by these business areas.

On February 9, 2007, MARTIFER, in conjunction with the Indian company Suzlon Energy, issued a take-over bid for REPOWER SYSTEMS AG, in which it already had a 25.4% stake, at a price of €126 per share. This bid will compete with one issued by the French group Areva on January 23, 2007, at a price of €105 per share. Regardless of the outcome of the take-over bids, the GROUP is sure that there will be no implications for the Consortium bidding for Stage B of the award of wind farm operating licences in Portugal, which includes REPOWER itself, whose involvement in the consortium and in the commercial agreements inherent in the bids was duly formalised by its board of directors in the interest of the company itself.

In a search for greater vertical integration, heavy investment is planned for this business segment in the near future, involving the construction of a manufacturing facility at Vagos to build the gearboxes for the wind turbines, in addition to the enlargement of the MARTIFER ENERGIA manufacturing plant to accommodate the production of the chassis and nacelles for the turbines. These investments amount to around €23 million.

Besides this focus on wind energy, MARTIFER is also involved in major projects in the field of solar thermal energy, wave energy and bio-fuels.

With regard to solar power, the objectives consist of the design, marketing and installation of turnkey solar thermal systems using vacuum-tube technology, generating value in the energy production chain while also taking advantage of synergies with other GROUP companies.

The MARTIFER R&D centre continues to develop technology to make use of wave energy in conjunction with the University of Aveiro. The aim is to place a full scale prototype out at sea, able to compete with other sources of renewable energy as far as cost per MW produced ratio is concerned.

MARTIFER has set up a work group that has developed know-how in the management and construction of turnkey projects in the field of production plants for biodiesel and other related products at its centres in Romania and Aveiro, which will be referred to further on.

## Retail & Warehousing

Since 2004 the MARTIFER GROUP has carried on Retail & Warehousing business through special purpose vehicles, taking advantage of the business opportunities and synergies provided by the GROUP's other functional areas.

During this year the first shopping mall, the Ferrara Plaza, was opened. The Viseu Retail Park is under construction and is expected to open to the public in the spring of 2007. Commercial licensing is currently being applied for in respect of a further four projects, which are expected to be forthcoming during 2007. In Poland the company is carrying out market research and is looking into several investment opportunities, with the first project planned for 2008.

Contribution by this segment to the Industry & Energy area in terms of turnover amounted to just €9.3 million, though the figure in terms of EBITDA was €4.9 million.

## Bio-fuels

In the wake of the measures taken by the EU to encourage the incorporation of bio-fuels into petrol and diesel, MARTIFER decided to invest in this market segment, initially involving the production of biodiesel, based on oil-seed crops.

Investments were therefore made in 2005 in the construction, in Romania, of a biodiesel production plant with a capacity of 100,000 tonnes a year. To minimise dependence on the raw-material market, MARTIFER went ahead with a strategy involving the purchase of farmland to grow sunflower and colza, ensuring self-sufficiency in the order of 30%. A start was made to the construction of another manufacturing plant of the same capacity in Aveiro in 2006. Both these bio-fuel plants will come on stream in 2007, involving an investment of about €83 million.

At the same time, interest was seen in a vertically integrated approach to the bio-fuels business, from farming to fuel distribution, including extraction of the oil, the respective logistics and trading, and production of the biodiesel. The strategic plan drawn up for the coming years calls for the launch of the PRIO brand, as the bio-fuel market reference and activity throughout the whole value chain.

The goals for this business segment are quite ambitious and the GROUP considers that with these two biodiesel production units it will make its mark as a major biodiesel producer operating on the European market, achieving an outstanding position for its competitiveness and ability to upgrade its installed capacity, thus reacting promptly to market trends.

In this way it will be able to take advantage of the economies of scale in the operation, leveraged by optimisation of stock management and by the storage of the end product.

To complete the value chain the GROUP intends to become one of the major players in the bio-fuel distribution market in Portugal, covering not only the major consumer market but also the retail market. The strategic guidelines are based creating critical mass by entering into partnerships to distribute fuels with hypermarket chains and other major consumers (large construction concerns, hauliers, etc.), and also on the creation of its own distribution network based on a powerful, well-cared and different image.

As mentioned, these investments are still in progress and they have therefore made no contribution, as yet, to the turnover of this business area.

## Electricity

The move by MARTIFER into renewable energies production equipment allowed the company to gain competitive advantages, particularly in the supplier, multi-market and multi-technology areas, enabling it to operate in the electricity production and sales market.

Having appraised the conditions and the climate propitious to investment in this segment of the market as a result of growing demand for renewable sources of energy, of the governmental and institutional directives, of the oil dependence and of its constant price increases, MARTIFER decided to become a new player in a market dominated by the big companies of the electricity industry. To this end the EVIVA brand was launched and, through it, the GROUP intends to become a global competitor in the electricity production and sales market, to hold a complementary portfolio in terms of geographic presence and to be a pioneer in the use of alternative sources of energy such as the tides and waves for the production of electricity and in the use of hydrogen as a means of storing energy.

Therefore, making use of the opportunities provided by the processes of liberalisation, by the opening of the electricity market and by the fostering alternative energies in various parts of the world, the GROUP has prospected potential locations for wind farms, particularly in Portugal, Poland and Romania, for which it now has several investment projects under way.

During 2006, through the Ventinveste Consortium, in which Galp Energia and Enersis also took part, the GROUP lodged its candidature for stages A and B of the award of licences to produce wind energy. Despite having moved on to the final stage of the call for tenders (stage A), the GROUP was not successful and the licence was awarded to the Eólicas de Portugal consortium. In stage B the call for tenders is still in progress in respect of the award of 400 MW of wind power to be installed during the period from 2008 to 2012, involving a total investment of €500 million and an expected production of 960,000 MWh/year.

## Transport concessions

The year under review was marked by the strategic understanding between the GROUP and the Banco Espírito Santo Group that allowed a Business Co-operation Agreement to be closed for the purpose of the joint pursuit, through a single corporate vehicle, of their business in the area of transport infrastructure concessions in Portugal and in any other markets.

The agreement, formalised in October, was the logical corollary of the co-operation between the two groups over a period of several years within the scope of the highway infrastructure concessions programme launched by the Portuguese government. Both groups were shareholders in the various motorway concessionaires and partners in consortia currently bidding for other concessions in calls for tenders. Once the necessary legal and corporate authorisations have been obtained, the agreement will also allow the transfer to this single vehicle of the Group's shareholdings in transport infrastructure concessionaire companies arising either from their several or their joint participation in calls for tenders in Portugal or abroad.

The vehicle company resulting from this association will have a concessions portfolio with a market value of over €500 million, operating a network of 600 km of motorways.

Design	Type	Holding	Km	Reversion Year	Status
North Concession	Toll	60.97%	170	2029	In operation
Costa Prata	Scut	58.47%	104.8	2030	In operation
IP5	Scut	58.47%	172.5	2031	In operation as from 2007
Grande Porto	Scut	58.47%	72.3	2032	In operation as from 2007
Grande Lisboa	Toll	58.47%	24.6	2036	Construction up to 2010
Lusoponte	Toll	13.83%	24.0	2030	In operation
Madrid-Toledo Motorway	Toll	15.00%	81.0	2040	In operation
Via Litoral (Madeira)	Scut	4.75%	44.2	2025	In operation
Metro Sul do Tejo	n.a.	18.08%	n.a	2032	Construction

The MOTA-ENGIL GROUP will have a 60% holding in the vehicle company and we expect to formalise the implementation of the agreement during 2007.

Both economic groups consider that the expansion of this business area will be driven by their acting in a concerted manner and by putting into this vehicle company the technical, human and financial resource that they already have.

The AENOR network was enlarged during 2006 through the award of the Greater Lisbon real toll concession linking Sintra to the CREL (Lisbon outer ring road) and to the A5, which also includes the operation and maintenance of 67 km of existing motorways in the Lisbon metropolitan area. This concession calls for an investment of €290 million.

This adjudication demonstrates the technical capability and the competitiveness that the AENOR GROUP, headed by MOTA-ENGIL, has demonstrated since it was set up. If we exclude the concessions awarded to Brisa when that company was state-owned, the success rate of the projects calling for the design, construction and operation of highway infrastructures, measured in km, stands at about 40%.

The whole of the North Concession, which called for an overall investment of about €1.3 billion, finally came into operation in April 2006. To offset the delay to the project, solely the responsibility of the Concessor, an agreement was signed during the year providing for the economic and financial rebalance of the concession.

Traffic on the Costa de Prata concession remained at a good level, despite being prejudiced by the fact that the network is not yet complete. The final layout of the stretch still to be built between Estarreja and the IP% was decided in 2006 and is expected to be concluded in 2008.

The construction stage of the Greater Porto and the Beiras Litoral e Alta concessions was finalised at the end of 2006, by the scheduled deadline, and a start was made to the operation stage during January 2007.

The total value of the assets managed by MOTA-ENGIL CONCESSÕES DE TRANSPORTES amounts to about €3.4 billion, although this is not yet reflected in the MOTA-ENGIL consolidated balance sheet as a result of the use of the equity method in the consolidation process. The transport concessions area made a negative contribution to the GROUP's results in the sum of €2.4 million, corresponding to the contribution by the concessionaires in the sum of about €4.6 million, less structure costs (€1.8 million) and financing costs (€5.2 million).

Through the State Budget the government announced the inclusion of tolls along the Costa de Prata and Greater Porto concessions. The AENOR GROUP is waiting for the government to determine the method of introduction of the tolls and the respective forms of compensating the concessionaire as a result of the traffic reduction that will occur.



The MOTA-ENGIL GROUP promoted the formation of a consortium to take part in the process involving the privatisation of ANA and the creation of the New Lisbon Airport. Aware of the strategic importance that the construction and operation of the New Lisbon Airport will have for the development of the construction industry in Portugal, and consequently for the MOTA-ENGIL GROUP, and of the size of the public-private partnership that will be created, MOTA-ENGIL headed, in conjunction with Brisa, the negotiations that led to the close of an agreement last September calling for the formation of a consortium of "national champions". The companies forming this consortium are Portuguese and they are the leaders or runners-up of their particular fields of operation. Indeed, the consortium includes the two biggest construction concerns, the biggest company and the controlling nucleus of the country's second public infrastructure management group and Portugal's three biggest banks.

In terms of the development of projects in foreign markets, MOTA-ENGIL continues to prospect and regrets that the public-private partnership market in Central Europe has not yet developed to the extent warranting investment by the GROUP, but we remain confident in their future development. In any case, the Autoestrada Centralna consortium which includes MOTA-ENGIL, Strabag, Hochtief and Egis has been short-listed for the award of the concession for the design, construction and operation of 95 km of motorway between Stryków and Pyrzowice in Poland.

### 3. MOTA-ENGIL ON THE STOCK MARKET

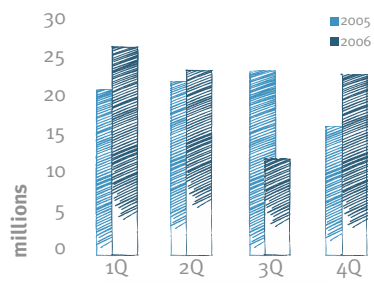
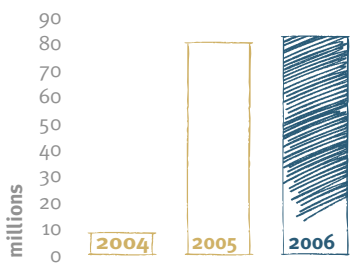
During 2006 MOTA-ENGIL share prices increased sharply, as in 2005. In fact, the share price in 2006 increased 58% over the previous year's price, to close the year at €5.14.

The performance of the share price is all the more significant in that it has outperformed all the indices in which the shares are included, as seen in the following table:

	1st Half 2006	2nd Half 2006	2006 Profitability	1st Half 2005	2nd Half 2005	2005 Profitability
Mota-Engil Shares	27%	31%	58%	32%	32%	64%
PSI-20	10%	20%	30%	-1%	15%	13%
NextPrime	10%	13%	24%	19%	17%	35%
Next 150	10%	15%	25%	19%	20%	29%

Share liquidity remained at the level seen in 2005 with over 84 million shares traded, an increase of some 3% over 2005, providing a turnover of about €370 million, reflecting the large investor appetite for the MOTA-ENGIL shares.

The evolution of liquidity is shown in the following charts:

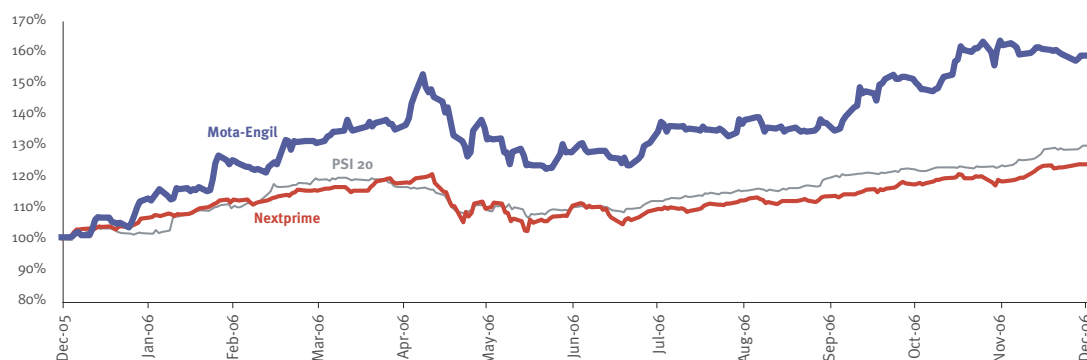




The performance of the shares is also the result of the efforts to communicate to interested parties the value created by the GROUP, which has been recognised abroad, MOTA-ENGIL having been awarded the Grand Prize for the Global Investor Relations Programme in the 2006 Investor Relations Award in the Other Listed Companies category.

The main events in 2006 and their impact on the share price were as follows:

Event	Date	Price change in the next session	Price change in the next 5 sessions
Presentation of 2005 results	March 15	0.5%	3.7%
Dividend payment	May 2	1.6%	9.0%
Presentation of Q1 results	May 15	-2.4%	-8.8%
Presentation of Q2 results	Sept 6	-2.0%	-1.0%
Announcement of the agreement to set up a consortium within the scope of the privatisation of ANA (airports authority) and construction of the new Lisbon airport	Sept 8	-0.2%	-0.5%
Announcement of the setting up of a holding company with GES to manage the highway concessions	Oct 4	1.8%	9.8%
Announcement of the acquisition of the Tertir Group	Oct 17	3.6%	4.9%
Announcement of the award of the Greater Lisbon highway concession	Oct 20	0.8%	0.4%
Presentation of Q3 results	Nov 15	2.7%	2.4%
Announcement of a tax inspection	Dec 6	-1.5%	0.0%



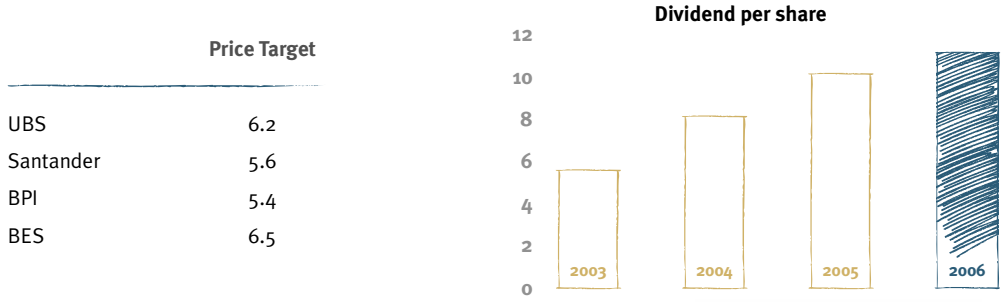
Dividends paid by the company have also performed very well, as shown in the following chart. The compound annual growth rate (CAGR) of the dividend since 2003 stands at about 25%.

The company paid out a dividend of 10 cents per share during the first half, providing a dividend yield of 2.3% on the average share price during the year.

The Company's board of directors is pleased to present in this report its proposal for the appropriation of profits calling for the payment of a dividend of 11 cents per share.

MOTA-ENGIL's market capitalisation rose from €665 million as at December 31, 2005, to €1.05 billion in December 2006, and the Company came to be considered by Euronext in Compartment A (Large Caps).

In accordance with the valuations performed by the financial analysts, the shares have a considerable margin to appreciate and the MOTA-ENGIL price targets are as follows:



4. MACROECONOMIC FRAMEWORK

The global economy again grew at a rate greater than that of the previous year, with a gross domestic product (GDP) growth rate of about 5.3% (2005: 4.3%). These growth rates have fundamentally been supported by the Asian, South American and African countries.

Economic activity in the Euro Area remained at a balanced level, with an estimated GDP growth of 2.7%. The transition economies have returned more extravagant rates, with emphasis on the Baltic states. The Portuguese economy continues in counter-cycle, though its estimated growth stood at 1.2% compared to 0.3% in 2005. It should be mentioned that the domestic economy has diverged from the EU average for seven consecutive years. Growth in the Euro Area in 2007 is expected to stand at 1.8%, a figure identical to that inscribed in the State Budget for the growth of the economy.

Globalisation has driven international trade, with major transfers of value added to countries that traditionally lied outside the creation of global wealth. This has additionally caused a sharp increase of demand for raw materials, oil in particular, leading to abnormal price increases.

To contain the inflationary pressured brought about by higher oil prices, the European Central Bank has increased its refi rate, and this has had a negative effect on wealth creation within the Portuguese economy, for in addition to affecting corporate investment capacity it is causing a sharp decline in household consumption (considerably indebted as families are with mortgage loans), and restrictions on spending by the State, traditionally the great engine of the Portuguese economy.

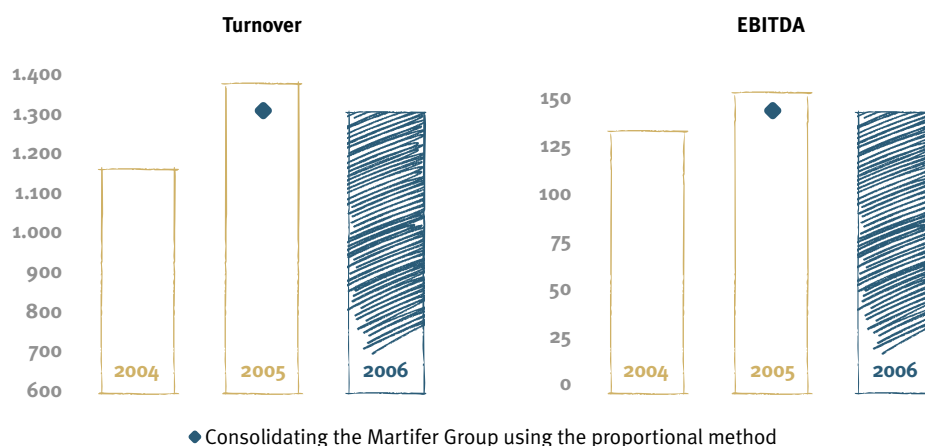
Nevertheless, the Portuguese economy climate indicator improved during the year, moving into positive territory, although the confidence indicator for the construction industry has deteriorated to its lowest for three years.

In those Central European countries in which the GROUP does business, the emphasis is on the sharp GDP growth in Ireland, the Czech Republic, Slovakia and Romania, and this growth is expected to continue over the next two years (2007 and 2008).

The Angolan economy has undergone spectacular growth since 2002, generating enormous capacity to attract foreign investment not only for the oil industry but also for nearly every sector of activity.

Angolan GDP growth is based on oil operations and, with the high prices on the international markets, this has provided greater budgetary scope for the investments required to drive the country forward. Anyway, the National Bank of Angola predicts that, in view of the current investments in the primary sector, the country may be able to balance its trade accounts over the coming decade with no need to fall back on increasing its oil output.

## 5. ECONOMIC AND FINANCIAL REVIEW



During 2006 the consolidation method was altered in respect of the Industry & Energy business area, changing from the purchase to the proportional method as a result of the alteration of the governance model referred to in point 1 of this report. Therefore, the figures for 2005 mentioned hereunder are pro forma figures calculated as though the proportional consolidation method had been used in 2005 for the holding in the MARTIFER GROUP.

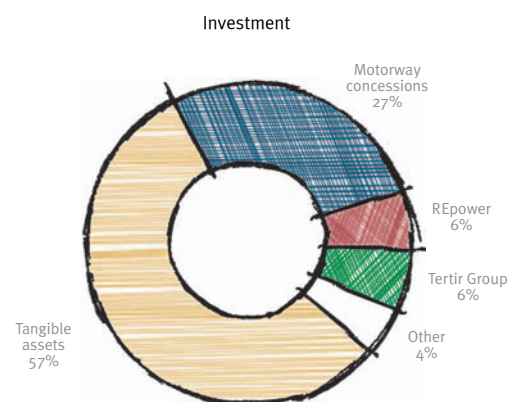
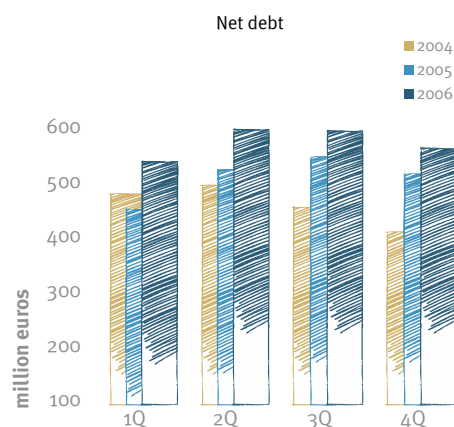
The turnover of the MOTA-ENGIL GROUP in 2006 remained at last year's level, in excess of €1.3 billion. The slight reduction in the construction business was offset by the extraordinary growth of the Industry & Energy area. It should be mentioned that had this area continued to be consolidated using the purchase method, sales and provision of services would have exceeded those of the previous year by more than €50 million.

The level of activity was within the GROUP's predictions, which suggested that 2006 and 2007 would be years of a change to the cycle in Portugal, during which the volume of work in progress would fall significantly.

In terms of operating profitability, the EBITDA margin fell 20 basis points to 10.8%. By value, the EBITDA stood at €141.7 million (2005: €144.6 million), penalised by the decrease seen in the Central Europe segment in the Engineering & Construction area. The EBIT stood at about €84 million, providing a margin of 6.4%.

It should be mentioned that the level of activity in the 4th quarter stood as high as in the previous year, at €340 million (2005: €348 million), providing the same EBITDA margin as in 2005. The operating profit (EBIT) for the last quarter was not as good, since the GROUP set aside provisions for the whole of the outstanding balance of a customer undergoing insolvency proceedings.





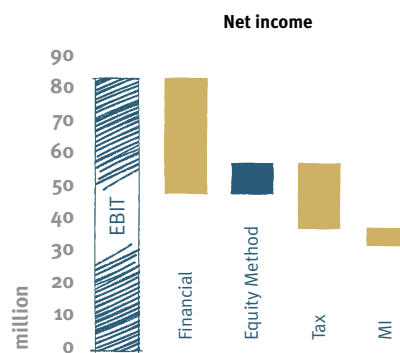
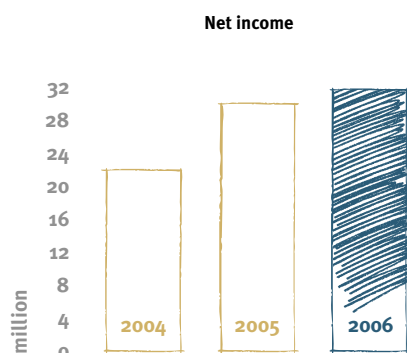
Financial charges were up some 28% as a result of the combined effects of increased debt and of the higher interest rates on the majority of the GROUP's loans (Euribor).

The growth of net debt was caused by the major investments made by the GROUP, totalling about €158 million, of which about €53 million in the fourth quarter. Of the total sum invested, about 57% were channelled to technical fixed assets, particularly in the Engineering & Construction and the Industry & Energy areas. These sums were warranted by the focus on new international markets (Engineering & Construction) and on investments in the manufacturing facilities for the bio-fuels and for the energy production equipment (Industry & Energy).

On the other hand, financial investments amounted to about €68 million, of which €42 million were in highway concessions, €9 million in the holding in REPOWER SYSTEMS AG and €10 million as an advance payment for the TERTIR GROUP.

The operating cash flow generated by the business financed a large part of the investment, and this allowed debt to increase by just approximately €45 million. Even so, the quality of the economic and financial ratios remained good, with the debt-to-equity ratio standing at 1.86 and the ratio of cover of the EBITDA by debt at 3.96.

The debt maturity structure continues to be adequate to the nature of the assets that it finances, with a focus on long-term maturities to meet the GROUP's the investments of a permanent nature, as shown by the current ratio (current asset over current liabilities) which stands at 1.19.



Net gains and losses on associate companies amounted to €9.7 million, a sharp growth caused by the start of operations by the transport concessionaire companies and by the excellent results achieved by several subsidiaries operating in Angola.

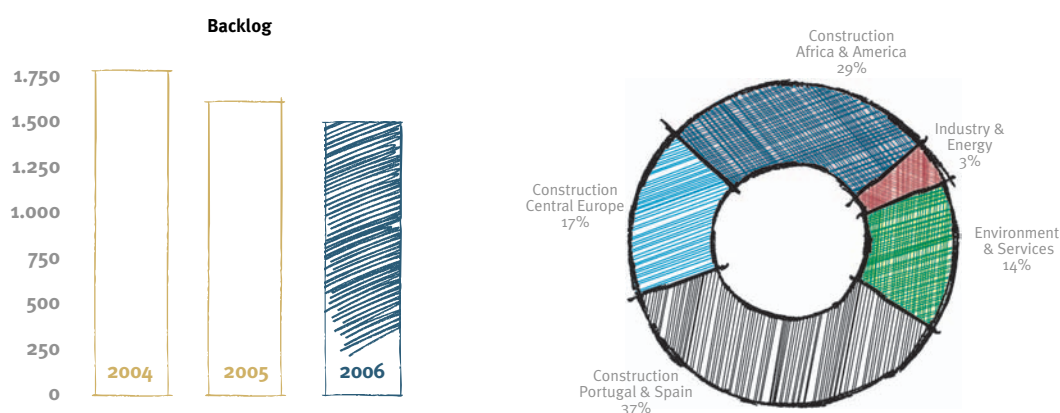
The increase of profit generated by the net gains and losses on associate companies also offset the higher financial charges, for it was under this latter heading that the effect was felt of the investments in companies consolidated using the equity method.

The relative weight of the pre-tax profit was unchanged as a proportion of sales and provision of services, although the GROUP's net profit rose by about 7.6% compared to 2005, as a result of the fact that the tax charge for the year fell slightly, influenced by non-recurrent losses recognised during the year.

Of this profit €5.4 million are attributable to minority interests (2005: €4.6 million) and €32.2 million correspond to the profit of the MOTA-ENGIL GROUP (2004: €30.4 million).

Performance in the fourth quarter was similar to that of the previous year, with the exception of the allocation for provisions and of the said increase of the results of the motorway concessionaire companies.

Own funds of the GROUP totalled €303 million at the year-end (2005: €318 million), of which €283 million before minority interests (2005: €273 million). The decrease of own funds is solely the result of the alteration of the method of consolidation of the MARTIFER GROUP because of the elimination of minority interests.



At the end of 2006 the GROUP's order book stood at €1.5 billion, and the GROUP expects that 2006 will come to be the year that will put an end to the ongoing reduction of the GROUP's order book (December 2004: €1.8 billion; December 2005: 1.6 billion). This expectation is underpinned by the volume of adjudications to be secured abroad and by the fact that, at domestic level, we are at the beginning of a cycle of investments in infrastructure, allowing the GROUP to reverse the trend of its order book seen since 2003.

During 2006 there was a change to the GROUP's order book, in which the weight of international contracts increased, with emphasis on Africa (Angola, in particular) and on the United States of America. Important new contracts further strengthened the GROUP's positive vision regarding the evolution of its business in these countries.

Despite the good performance of the international business in those markets that it already knows, the GROUP has not neglected operations in other markets, as seen in the award to MOTA-ENGIL ENGENHARIA of the first jobs in the Republic of Ireland and in Romania.

The GROUP's focus on diversification into other business areas is now beginning to be felt, though slightly, in the order book, particularly in the Environment & Services area, which now accounts for some 14% of the GROUP's total order book, not including, as yet the effect of the acquisition of the TERTIR GROUP.

## 6. RISK MANAGEMENT

The MOTA-ENGIL GROUP has several committees of a consultative nature, whose mission is to monitor matters of great importance to its sustained development, bringing to bear an independent, objective vision in support of the decision-taking process of the board of directors of MOTA-ENGIL, SGPS, S.A..

The main duties and responsibilities of the Investment, Audit and Risk Committee are to appraise and suggest investment and business-risk policies and projects to the GROUP's board of directors, to examine and issue opinions on investment or divestment plans, to issue opinions on moves into and out of business areas, and to monitor major financial and corporate transactions.

Thus, the main risks to which the GROUP is subject (with emphasis on the risks generated by the external surroundings - the market risks of the various business segments - the financial risks - exchange-rate and interest-rate risks - and other risks inherent in the business process - operating risks, empowerment and integrity risks, and information and communication systems risks) are monitored through in-house reports prepared by this Committee in conjunction with the reports or communications issued by other corporate offices (with a focus on the Legal Department, Management Control, Corporate Finance and Human Resources Development).

The central aim of risk management is to create value through processes involving the management and control of uncertainties and threats that could affect the GROUP's subsidiaries, based on a perspective of long-term continuity of the operations.

Exposure to risk by any subsidiary of the MOTA-ENGIL GROUP must at all times be subordinated to its strategy and be limited to and accessory to the business of each company, to allow them to pursue and achieve the goals established for the various business areas.

Exposure to risk variables should not, of itself, be an end therefore, nor must its aim be to obtain independent or speculative gains.

The boards of each of the GROUP's business areas are responsible for the Risk Management process, which generally involves a number of sequential stages or phases that are repeated cyclically, detailed as follows:

- Risk identification: determination of the risks to which the organisation is exposed and the level of tolerance of exposure to such risks;
- Risk measurement: quantification of risk exposures, and preparation of reports to support decision-taking;
- Risk control and management: definition of measures to counteract the risks, and implementation of the established risk-management measures;
- Monitoring evaluation of the risk-management process and, if necessary, realignment and redefinition of strategies.

## Financial risk management

The MOTA-ENGIL GROUP, like other companies and businesses, is exposed to a variety of financial risks, and special attention is warranted in respect of the interest-rate risk, the exchange-rate risk, the liquidity risk and the credit risk.

This set of financial risks is the result of its business and induces uncertainties as to its ability to generate cash flows and to project returns, particularly its returns on own funds.

The GROUP's financial-risk management policy endeavours to minimise possible adverse effects arising from the characteristic uncertainty of the financial markets. This uncertainty, which is reflected in various aspects, requires special attention and concrete, effective measures in the management of the financial risks.

Financial-risk management activity is co-ordinated by the Corporate Finance Division, with the help and support of the Group Management Control, under the consultative orientation of the Audit, Investment and Risk Committee. It is carried out in accordance with the guidelines approved by the board of directors and it constitutes one of the responsibilities of the boards of each of the business areas of the MOTA-ENGIL GROUP.

The GROUP's stance in respect of financial-risk management is a cautious, conservative one that uses derivative instruments to hedge risks as and when advisable, always from the standpoint that they are related to the company's normal, routine business, and no positions are ever taken in derivatives or other financial instruments of a speculative nature.

The various types of financial risks are interrelated and the various management measures, even though specific, are largely related. This interrelation contributes to the pursuit of the same common goal, that is, reduction of the volatility of cash flows and of expected returns.

### Interest-rate risk

The aim of the interest-rate management policy is to optimise the cost of debt and to ensure that financial charges are not excessively volatile, that is, to control and mitigate the risk of incurring losses as a result of variations of the interest rates to which the GROUP's debt is tied, most of which is denominated in euros.

In recent years several business areas have realised various interest-rate hedging operations to fix or limit interest rates, Euribor in particular, involving contracting swaps or other structured derivatives instruments at zero cost, which have contributed, and will continue to do so, to the reduction of the sensitivity of financial charges to possible interest-rate increases.

The rationale underlying these operations is the pursuit of the goal of realising and/or maintaining hedging for about 30% of the GROUP's financial debt, usually issued at an indexed or variable rate.

### Exchange-rate risk

The aim of the exchange-rate risk management policy is to reduce the volatility of investments and transactions expressed on foreign currency (currencies other than the euro), contributing to lesser sensitivity of the GROUP's profits to currency fluctuations.

The exposure of the MOTA-ENGIL GROUP to exchange-rate risks is largely the result of the fact that several of its subsidiaries do business in various markets, particularly in Angola and Central Europe, where the business accounts for a major slice of the GROUP's turnover.



In exchange-rate risk management terms the aim is, as and when considered possible or advisable, to carry out natural hedging of the value of the exposure, by means of financial debt expressed in the foreign currency associated with the value at risk. Where this is not possible or advisable, other operations are contracted or realised on the basis of structured derivatives instruments at zero cost.

### **Liquidity risk**

The aim of liquidity-risk management is to ensure that the funds available from time to time within the GROUP and its subsidiaries are sufficient to cover in a timely manner all the financial commitments entered into. It is therefore a matter of ensuring that the GROUP has the financial means (balances and financial inflows) required to meet its commitments (financial outflows), as and when they fall due.

Ensuring very considerable financial flexibility, essential to the management of this risk, has been provided by the following management measures:

- Establishing a partnership relationship with the financing entities, ensuring their financial support for the GROUP from a long-term viewpoint during the good and the bad times that cyclically mark every business;
- Contracting and taking out surplus short-term credit lines available for use at any moment;
- Carrying out thorough financial planning per company, involving the preparation and periodic review of cash budgets, allowing a prediction of future cash shortfalls and surpluses and optimisation of the cash flows between GROUP subsidiaries;
- Financing medium- and long-term investments, matching the repayment plan of the liabilities arising from the loans, with the capacity of the project or company to generate cash flows;
- Keeping up a debt structure for the companies, with medium- and long-term loans at standing between 60 % and 70%, thus reducing their dependence on more volatile short-term funds;
- Ensuring staggered maturity of the debt over time and continuing to extend the average maturity of the debt to make it more consistent with some of the long-term assets held by the GROUP;
- Diversification of financing sources and instruments.

Efficient liquidity-risk management is intimately related with the adequate management of the other financial risks, complementing the pursuit of this goal, while ensuring that cash flows are realised on schedule in the planned amounts.

### **Credit risk**

The aim of the credit-risk management policy is to ensure that the GROUP's subsidiaries effectively collect amounts owed by third parties by the deadlines established and/or negotiated for the purpose.

The GROUP's exposure to credit risk has to do, in particular, with accounts receivable arising from its normal business activities, in which special attention is warranted by activities involving provision of services and/or retail sales.

Mitigation of this risk is preventively achieved prior to exposure to the risk, making use of entities that provide credit-risk information and profiles, providing the grounds for decisions to extend credit. Subsequently, after credit is extended, mitigation of this risk involves the organisation and upkeep of credit-control structures and, in some special cases, recourse to credit insurance provided by credible insurers in the marketplace.

These measures contribute to keeping customers' credits at a level that will not affect the financial health of the GROUP's subsidiaries.

## 7. PUBLICATION OF HOLDINGS

### Holdings of corporate officers

In accordance with provisions of articles 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, 2006, to December 31, 2006, by corporate officers:

	Holding as at 31, December 2006 shares of									
	MOTA-ENGIL,SGPS, SA				ALGOSI, SGPS, SA		MGP, SGPS, SA		FM, SGPS, SA	
	Init. Qt.	Movement	Final Qt.	%	Qt.	%	Qt.	%	Qt.	%
António Manuel Queirós Vasconcelos da Mota (Eng.) Cônjuge	4,222,617	-	4,222,617	2.06	1,666	16.7	517,500	8.6	19,115	38.2
Maria Manuela Queirós Vasconcelos Mota (Dra.) Cônjuge	3,661,841	-	3,661,841	1.79	1,078	10.8	427,500	7.1	10,295	20.6
Maria Teresa Queirós Vasconcelos Mota (Dra.) e Cônjuge	3,736,836	-	3,736,836	1.83	1,078	10.8	427,500	7.1	10,295	20.6
Maria Paula Queirós Vasconcelos Mota (Eng.ª) e Cônjuge	3,913,051	-	3,913,051	1.91	1,078	10.8	427,500	7.1	10,295	20.6
António Jorge Campos Almeida (Engº) e Cônjuge	263,475	-12,000	251,475	0.12	-	-	-	-	-	-
Arnaldo José Nunes da Costa Figueiredo (Engº) e Cônjuge	91,410	-91,410	-	-	-	-	-	-	-	-
Eduardo Jorge de Almeida Rocha (Dr.)	12,000	-12,000	-	-	-	-	-	-	-	-
Mota Gestão e Participações, Sgps, SA	68,682,152	-833,771	67,848,381	33.16	5,100	51	-	-	-	-
Algosi - Gestão de Participações Sociais, SGPS, SA	34,270,650	-3,732,452	30,538,198	14.92	-	-	-	-	-	-
FM, SGPS, SA	-	-	-	-	-	-	4,200,000	70	-	-

Mota-Engil SGPS, SA, holds 8,103,971 treasury shares representing 3.96% of its share capital; there were not purchases or sales during 2006.

### 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 voting rights, calculated under the terms of Article 20 of the Securities Code, as at December 31, 2006:

1. F.M. - SOCIEDADE DE CONTROLO, SGPS, SA (FM), having its registered office at Rua do Rego Lameiro, 38, Porto, with a share capital of €250,000.00, registered at the Porto Registry of Companies under nº 503 488 860, VAT nº 503 488 860 was held as at December 31, 2006, by MOTA-ENGIL, SGPS, SA, directors António Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota dos Santos, Maria Teresa Queirós Vasconcelos Mota Neves da Costa and Maria Paula Queirós Vasconcelos Mota de Meireles, the first holding a percentage of 38.23% and the other three 20.59% each, making a total of 100%.

2. MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, having its registered office at Rua do Rego Lameiro, nº 38, in Porto, with a share capital of €30,000,000.00, registered at the Porto Registry of Companies under nº 50,875/950920, VAT nº 503 101 524, was held as at December 31, 2006, 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 8.63% and the three others 7.13% each, while FM Somota held 70.0%, and therefore the whole of MOTA GESTÃO E PARTICIPAÇÕES is held by the foregoing.

3. MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, having its registered office at Rua do Rego Lameiro, N<sup>o</sup> 38, in Porto, with a share capital of €30,000,000.00, registered at the Porto Registry of Companies under n<sup>o</sup> 503 101 524, VAT n<sup>o</sup> 503 101 524, held, as at December 31, 2006, in the share capital of MOTA-ENGIL, SGPS, S.A.:

- (i) directly, 67,848,381 dematerialised ordinary bearer shares each of a par value of €1, corresponding to 33.16% of the share capital and 34.52% of the voting rights;
- (ii) indirectly, through ALGOSI - GESTÃO DE PARTICIPAÇÕES SOCIAIS, SGPS, SA, having its registered office at Rua do Rego Lameiro, N<sup>o</sup>38, in Porto, with a share capital of €50,000.00, registered at the Porto Registry of Companies under n<sup>o</sup> 504 170 945, VAT n<sup>o</sup> 504 538 198 of which 51% is held by MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, 3,635,345 dematerialised ordinary bearer shares each of a par value of €1, corresponding to 14.92% of the share capital and to 15.54% of the voting rights.

4. 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, 2006, in the share capital of MOTA-ENGIL, SGPS, S.A., dematerialised ordinary bearer shares each of a par value of €1 euro, totalling 15,785,820, corresponding to 7.71% of the share capital and 8.03% 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 n<sup>o</sup> 3 (ii) and in n<sup>o</sup> 4 here above are imputable to MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, under the terms of the provisions of article 20 of the Securities Code.

5. Highfields Capital Management LP, a fund management company having its registered office at John Hancock Tower, 200 Clarendon Street, Boston, MA 02116, USA, communicated on April 4 that a qualified holding of 4.84% of the MOTA-ENGIL, SGPS, SA, share capital (corresponding to 5.04% of the voting rights were imputable to it though 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 in 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 the voting rights in MOTA-ENGIL, SGPS, SA;
- (iii) Highfields Capital Ltd.: 7,021,175 shares representing de 3.43% of the share capital and approximately 3.57% of the voting rights in MOTA-ENGIL, SGPS, SA.

The company also advised that Highfields GP LLC, a company having its registered office at John Hancock Tower, 200 Clarendon Street, Boston, MA 02116, USA, has a controlling interest in Highfields Capital Management LP and that both the shareholders, Jonathon S. Jacobson and Richard L. Grubman exercise dominant influence over Highfields GP LLC.

## 8. PROPOSAL FOR THE APPROPRIATION OF PROFITS

The Individual Directors' Report contains the following proposal: 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 €30,357,505:

- a) to legal reserve, 5% or €1,517,875.25;
- 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 €22,509,926.45, or 11 cents per share; and;
- d) to free reserves, the remainder, in the sum of €5,629,703.30.

## 9. 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.

Porto, February 22, 2007

The Board of Directors,

António Manuel Queirós Vasconcelos da Mota  
Chairman

António Jorge Campos de Almeida  
Deputy-chairman

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

Eduardo Jorge de Almeida Rocha  
Director

Luís Valente de Oliveira  
Director

António Bernardo Aranha da Gama Lobo Xavier  
Director

António Manuel da Silva Vila Cova  
Director







## CONSOLIDATED FINANCIAL INFORMATION



MOTA-ENGIL, SGPS, SA  
CONSOLIDATED PROFIT & LOSS ACCOUNTS FOR THE YEARS ENDED DECEMBER 31, 2006 & 2005

	NOTES	2006 EURO	2005 EURO
Sales & provision of services	3 & 4	1,308,233,076	1,381,000,637
Other income		89,200,866	54,335,665
Cost of merchandise and of subcontracts	5	(793,530,970)	(817,311,300)
<u>Gross profit</u>		<u>603,902,972</u>	<u>618,025,002</u>
Third-party supplies & services		(232,024,934)	(226,550,388)
Staff costs	6	(236,344,644)	(235,451,987)
Other operating income /(costs)	7	6,204,652	(3,011,895)
	4	<u>141,738,046</u>	<u>153,010,732</u>
Depreciation	4, 8, 14 & 15	(52,044,636)	(55,169,867)
Provisions and impairment losses	9	(5,499,731)	(5,149,607)
<u>Operating profit</u>	4	<u>84,193,679</u>	<u>92,691,258</u>
Financial income & gains	10	28,922,652	31,197,819
Financial costs & losses	10	(65,079,645)	(60,985,562)
Gains / (losses) on associate companies	4 & 11	9,712,764	(1,082,287)
Income tax	12	(20,114,891)	(24,285,277)
<u>Consolidated net profit for the year</u>		<u>37,634,559</u>	<u>37,535,951</u>
Attributable:			
to minority interests		5,429,156	7,128,562
to the Group		32,205,403	30,407,389
Earnings per share:			
basic	14	0.1639	0.1547
diluted	14	0.1639	0.1547

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

	4Q - 2006 Euro (not audited)	4Q - 2005 Euro (not audited)
Sales & provision of services	340,227,805	373,603,424
Other income	33,815,967	3,349,109
Cost of merchandise and of subcontracts	(227,315,866)	(205,546,451)
<b>Gross profit</b>	<b>146,727,906</b>	<b>171,406,082</b>
Third-party supplies & services	(64,503,524)	(64,510,169)
Staff costs	(62,341,137)	(62,037,638)
Other operating income /(costs)	14,602,905	(5,595,858)
	<b>34,486,150</b>	<b>39,262,417</b>
Depreciation	(14,777,148)	(12,471,858)
Provisions and impairment losses	(5,025,669)	(3,125,097)
<b>Operating profit</b>	<b>14,683,333</b>	<b>23,665,462</b>
Financial income & gains	9,754,328	10,958,252
Financial costs & losses	(17,385,760)	(19,026,283)
Gains / (losses) on associate companies	5,895,832	(1,323,455)
Income tax	(3,726,936)	(5,616,711)
<b>Consolidated net profit for the quarter</b>	<b>9,220,797</b>	<b>8,657,265</b>
Attributable:		
to minority interests	887,470	1,523,156
to the Group	8,333,327	7,134,109
Earnings per share:		
basic	0.042	0.0358
diluted	0.042	0.0358

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



MOTA-ENGIL, SGPS, SA  
CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2006 & 2005

ASSETS	NOTES	2006 EURO	2005 EURO
Non current			
Goodwill	15	56,935,679	35,542,411
Intangible fixed assets	16	3,516,578	5,053,002
Tangible fixed assets	17	367,288,873	387,970,603
Financial investments under the equity method	18	81,061,035	57,445,423
Financial investments available for sale	19	89,358,210	93,803,967
Investment properties	20	35,537,113	29,764,813
Customers & other debtors	22	98,172,122	89,733,737
Deferred tax assets	12	26,872,139	25,691,200
		<u>758,741,749</u>	<u>725,005,156</u>
Current			
Stocks	21	160,500,796	173,837,705
Customers	22	513,869,238	474,385,137
Other debtors	22	120,561,275	111,476,112
Other current assets	22	114,951,961	93,146,263
Derivatives	25	2,457,191	-
Cash & cash equivalents	22	63,909,374	67,445,599
		<u>976,249,835</u>	<u>920,290,816</u>
<b>Total Assets</b>	<b>4</b>	<u><b>1,734,991,584</b></u>	<u><b>1,645,295,972</b></u>

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

LIABILITIES	NOTES	2006 EURO	2005 EURO
Non current			
Debt	24	492,611,255	455,310,005
Sundry Creditors	26	67,953,839	68,740,442
Provisions	27	24,047,700	20,840,026
Other non-current liabilities	28	4,396,751	4,499,752
Deferred tax liabilities	12	20,405,792	29,267,418
		<u>609,415,337</u>	<u>578,657,643</u>
Current			
Debt	24	135,826,745	130,069,261
Suppliers	26	323,864,150	318,887,970
Sundry Creditors	26	177,747,142	149,768,947
Other current liabilities	28	184,343,413	149,758,466
		<u>821,781,450</u>	<u>748,484,644</u>
<b>Total liabilities</b>	<b>4</b>	<u><b>1,431,196,787</b></u>	<u><b>1,327,142,287</b></u>
SHAREHOLDERS' EQUITY			
Share capital	23	204,635,695	204,635,695
Reserves	23	46,104,909	38,437,011
Consolidated net profit for the year		32,205,403	30,407,389
<b>Equity attributable to the Group</b>		<u><b>282,946,007</b></u>	<u><b>273,480,095</b></u>
<b>Minority interests</b>		<u><b>20,848,790</b></u>	<u><b>44,673,590</b></u>
<b>Total shareholders' equity</b>		<u><b>303,794,797</b></u>	<u><b>318,153,685</b></u>
		<u><b>1,734,991,584</b></u>	<u><b>1,645,295,972</b></u>

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

MOTA-ENGIL, SGPS, SA  
STATEMENT OF ALTERATIONS TO OWN FUNDS DURING THE YEARS ENDED DECEMBER 31, 2006 & 2005

	Share Capital	Treasury Shares	Issue premiums	Goodwill
Balance as at January 1, 2005	204,635,695	(11,107,385)	87,256,034	(129,168,953)
Currency translation differences stemming from transposition of financial statements expressed in foreign currencies	-	-	-	-
Dividend distribution	-	-	-	-
Other distribution of results	-	-	-	(2,109,729)
Other corrections to the shareholder's equity of subsidiaries	-	-	-	94,731
Variation, net of tax, of the fair value of financial investments available for sale	-	-	-	-
Movement in the tangible fixed asset revaluation reserve	-	-	-	9,176,104
Alterations to the consolidation perimeter	-	-	-	-
Net profit for the year	-	-	-	-
Balance as at December 31, 2005	204,635,695	(11,107,385)	87,256,034	(122,007,847)
Balance as at January 1, 2006	204,635,695	(11,107,385)	87,256,034	(122,007,847)
Currency translation differences stemming from transposition of financial statements expressed in foreign currencies	-	-	-	-
Dividend distribution	-	-	-	-
Other distribution of results	-	-	-	(112,682)
Variation, net of tax, of the fair value of financial investments available for sale	-	-	-	-
Variation, net of tax, of the fair value of financial derivatives available for sale	-	-	-	-
Movement in the tangible fixed asset revaluation reserve	-	-	-	(1,661,486)
Alterations to the consolidation perimeter	-	-	-	-
Other corrections to the shareholder's equity of associates	-	-	-	(1,894,311)
Net profit for the year	-	-	-	-
Balance as at December 31, 2006	204,635,695	(11,107,385)	87,256,034	(125,676,326)

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

Fair value reserves		Currency translation reserve	Other reserves and results	Own funds attributable to shareholders	Own funds attributable to minority interests
Investments available for sale	Derivatives				
30,453,220	-	(10,084,894)	57,065,750	229,049,467	29,248,625
-	-	3,185,994	-	3,185,994	463,795
-	-	-	(15,722,522)	(15,722,522)	(2,234,807)
-	-	-	(500,000)	(2,609,729)	(252,004)
-	-	-	-	94,731	96,989
19,898,661	-	-	-	19,898,661	-
-	-	-	-	9,176,104	8,043,104
-	-	-	-	-	2,179,326
-	-	-	30,407,389	30,407,389	7,128,562
50,351,881	-	(6,898,900)	71,250,617	273,480,095	44,673,590
50,351,881	-	(6,898,900)	71,250,617	273,480,095	44,673,590
-	-	(8,983,005)	-	(8,983,005)	(55,239)
-	-	-	(19,653,151)	(19,653,151)	(1,299,611)
-	-	-	(700,000)	(812,682)	(62,663)
8,329,691	-	-	-	8,329,691	-
-	2,195,174	-	-	2,195,174	-
-	-	-	-	(1,661,486)	-
-	-	-	-	-	(28,118,213)
-	-	-	-	(1,894,311)	281,770
-	-	-	32,205,403	32,205,403	5,429,156
58,681,572	2,195,174	(15,881,905)	83,102,869	283,205,728	20,848,790



MOTA-ENGIL, SGPS, SA  
CONSOLIDATED CASH-FLOW STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2006 & 2005

	NOTES	2006 EURO	2005 EURO
<b>OPERATING ACTIVITY</b>			
Cash receipts from customers		1,449,297,450	1,479,875,809
Cash paid to suppliers		(1,043,113,549)	(1,201,600,456)
Cash paid to employees		(186,134,058)	(185,672,692)
<u>Cash generated from operating activities</u>		<u>220,049,843</u>	<u>92,602,661</u>
Income tax paid/received		(14,075,084)	(8,551,896)
Other receipts/payments generated by operating activities		12,739,986	(6,457,065)
<u>Net cash from operating activities (1)</u>		<u>218,714,745</u>	<u>77,593,700</u>
<b>INVESTING ACTIVITY</b>			
Cash receipts from:			
Financial assets	33	17,139,322	4,590,618
Tangible fixed assets		4,775,000	7,005,053
Investment subsidies		-	957,716
Dividends		1,115,050	128,911
<u></u>		<u>23,029,372</u>	<u>12,682,298</u>
Cash paid in respect of:			
Financial assets	33	(76,615,742)	(72,682,551)
Tangible fixed assets		(96,829,334)	(68,537,578)
Intangible fixed assets		(57,644)	(267,124)
Other		-	(2,382,994)
<u></u>		<u>(173,502,720)</u>	<u>(143,870,247)</u>
<u>Net cash from investing activities (2)</u>		<u>(150,473,348)</u>	<u>(131,187,949)</u>
<b>FINANCING ACTIVITY</b>			
Cash receipts from:			
Loans obtained		950,835,276	740,051,825
Subsidies & donations		981,862	198,224
<u></u>		<u>951,817,138</u>	<u>740,250,049</u>
Cash paid in respect of:			
Loans obtained		(904,502,420)	(611,722,936)
Amortisation of finance lease contracts		(17,095,285)	(17,851,317)
Interest & similar expense		(36,772,826)	(29,069,175)
Dividends		(19,653,151)	(15,722,522)
<u></u>		<u>(978,023,682)</u>	<u>(674,365,950)</u>
<u>Net cash from financing activities (3)</u>		<u>(26,206,544)</u>	<u>65,884,099</u>
Variation of cash & cash equivalents (4)=(1)+(2)+(3)		42,034,853	12,289,850
Variations caused by changes to the perimeter		(45,571,078)	4,374,886
Cash & cash equivalents at the beginning of the year	22	67,445,599	50,780,863
Cash & cash equivalents at the end of the year	22	63,909,374	67,445,599

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

## INTRODUCTION

The principal business of MOTA-ENGIL, SGPS, S.A., having its registered office in Porto (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 prepared on a going concern basis from the books and accounting records of the companies that form the GROUP, in a manner such that the consolidated financial statements are in accordance with the International Financial Reporting Standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union and with the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Additionally, the GROUP adopted in advance, in 2005, effective as from January 1, 2004, IFRS 6 - Exploration and Evaluation of Mineral Resources in recording and valuing its quarried on the date of authorisation of these financial statements.

Lastly, since the interpretation of the International Financial Reporting Interpretations Committee (IFRIC) on the accounting treatment to be used for the concessions, particularly the motorway concessions is that it is mandatory only as from 2008, the GROUP has adopted accounting principles generally accepted in Portugal in this respect. The impact of the change from the present accounting method to the method provided for in the IFRIC interpretation has not been quantified.

Furthermore, the GROUP will only apply IFRS 7 – Financial Instruments Disclosures and IFRS 8 – Operating Segments as from January 1, 2007 and 2009, respectively.

The consolidated financial statements are presented in euros since this is the main currency of the GROUP's operations. The financial statements of the related companies expressed in foreign currencies have been translated into euros in accordance with the accounting policies described in indent xvii) of the Main accounting criteria of this Note.

In preparing the consolidated financial statements in accordance with the IAS/IFRS, the GROUP's board of directors adopted certain assumptions and estimates that affect the assets and liabilities reported, as well as the income and costs incurred in respect of the accounting periods in question, as described in indent xxvii) of the Main accounting criteria of this Note.

The attached consolidated financial statements have been prepared for appraisal and approval at the annual general meeting. The GROUP's board of directors believes that they will be approved without alteration.

## Bases of consolidation

The consolidation methods employed by the GROUP are as follows:

### a) GROUP companies

Shareholdings in companies in which the GROUP directly or indirectly holds more than 50% of the General Meeting voting rights and/or has the power to control their financial and operational policies (definition of control used by the GROUP), have been included in the attached consolidated financial statements using the purchase method. The shareholders' equity and net results of these companies corresponding to third-party holdings in such companies are presented in the consolidated balance sheet (under shareholders' equity) and in the consolidated profit & loss account (included in the consolidated net results) respectively.

If the losses attributable to the minorities exceed the minority interest in the shareholders' equity of the subsidiary, the GROUP absorbs this excess and any other additional losses, unless the minorities have the obligation and the capacity to cover such losses. If the subsidiary subsequently returns a profit, the GROUP appropriates the whole of the profit until such time as the minority's share of the losses absorbed by the GROUP has been recouped.

In the corporate concentrations undertaken since January 2004, the assets and liabilities of each subsidiary (including contingent liabilities) are identified at their fair value on the date of acquisition as determined by IFRS 3 - Business Combinations. 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 confirmation of the fair value valuation process, in the profit & loss account for the year, provided the fair value is confirmed. 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 has substantial control of special purpose entities ("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 is added to the book value of the financial asset, and, in the case of shortfall, following confirmation of the fair value valuation process, in the profit & loss account for the year, provided the fair value 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 shareholders' equity of the associate become positive, unless the GROUP has entered into commitments with the associate and, in this case, has set aside a provision that meets such obligations.

Unrealised gains on transactions with associates are eliminated in the proportion of the GROUP's interest in the associate, with a contra entry under 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-controlled 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.

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, judgements and estimates 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.



Each year, MOTA-ENGIL, SGPS, performs formal impairment tests on goodwill existing on the balance sheet date. If the value at which the goodwill is carried in the books is greater than the recoverable value an impairment loss is recognised and 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 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 in which the asset belongs.

Impairment losses in respect of goodwill are not revertible.

Differences between the cost of acquisition of the investment in GROUP companies and associates and the fair value of the identifiable assets and liabilities of these companies as of the date of their acquisition, when negative, are recognised as income on the date of acquisition, following confirmation of the fair value of the identifiable assets and liabilities.

#### **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 comprise software, written down using the straight line method over a period of three to six years, and by costs incurred in licensing the wind farms, which will be written down in accordance with the life of the permits granted.

Research costs are recognised as costs for the year in which they are incurred, whereas formation costs and share capital increase costs are deducted from shareholders' equity.

Costs incurred in licensing the wind farms are capitalised under intangible fixed assets only when the following requirements have been met:

- the economic feasibility studies demonstrate that there will be future economic benefits;
- the GROUP has the technical and economic capacity to set up and run the wind farms;
- the costs allocated to the wind farm licensing stage are reliably measurable.

The costs incurred by the GROUP during the stage of researching the setting up of the wind farms are recognised in the profit & loss account as and when incurred.

#### **iii) Premises**

Immovables (land & buildings) for own use are recorded at their revalued value, which is their fair value as of the revaluation date less any subsequent accumulated depreciation and/or accumulated impairment losses. Revaluation is undertaken periodically by independent property valuers in a manner such that the revalued amount does not materially differ from the fair value of the respective property. 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.

In preparing these impairment tests the GROUP used the duly-approved business plans of several subsidiaries and valuations made by external entities, and it also used methods of comparison with several listed companies.

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

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 the operational quarries, as well as several related costs (costs incurred with the licensing and start-up of the quarries, and costs to be incurred with their dismantling) are recorded at a revalued amount, which is their fair value as of the date of the revaluation less any subsequent accumulated depreciation and/or accumulated impairment losses. Revaluation is undertaken periodically by independent property valuers in a manner such that the revalued amount does not materially differ from the fair value of the respective quarry. 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.

Fixed assets acquired after that date are carried at cost 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.

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
Other tangible fixed assets	3 to 10

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 determined in indents iii) and v) above, and the debts pending settlement in accordance with the contractual financial plan. Additionally, interest included in the amount of the rents and depreciation of the tangible fixed assets are recognised as costs in the profit & loss for 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 consists 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 carried at fair value as determined by an annual valuation performed by an independent specialised entity. In 2006, on the basis of analysis performed, there was no variation to the fair value of the investment properties. Variations to 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 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 held for sale**

Non-financial, non-current assets are classified as held for sale if their value can be recovered only through a sale and not through their ongoing use. For such assets to be so classified, they have to be available for immediate sale as found, the sale has to be highly probable, the board of directors must be committed to execute such a sale and the sale must occur within 12 months, as determined in IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

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 the financial instruments under the following categories: “Investments carried at fair value through results”, “Loans and accounts receivable”, “Investments held to maturity” and “Investments held 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 recorded 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 the adoption of valuation using this method eliminates or significantly reduces an accounting lag. 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 reimbursements that are not quoted in active, liquid markets. These financial investments arise when the GROUP provides cash, goods or services directly to a debtor with no 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 held for sale:

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

Investments held to maturity are classified as non-current assets unless they fall due within 12 months of the balance sheet date. "Investments carried at fair value through results" are classified as current investments. "Investments held 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 held for sale representing shares in unlisted companies, with the exception of Lusoponte – Concessionária para a Travessia do Tejo, S.A. ("Lusoponte") in which external valuations were requested, are carried at cost, taking into account the existence or otherwise of impairment losses. The board of directors is of the conviction that the fair value of these investments does not differ significantly from their cost.

During 2006 the GROUP did not update the fair value of Lusoponte to the extent that, in fiscal 2007, this holding will be included in a process of reorganisation of holdings in the transport concessions area involving external entities. For this reason the value to be assigned to this holding is still under discussion, although on the basis of information available, it will not be less than its book value as at December 31, 2006.

#### 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.

#### 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 involve interest-rate and exchange-rate hedging instruments in respect of loans obtained. The amount of the loans, the interest payment dates and the repayment plans of the loans underlying the interest-rate and exchange-rate hedging instruments are similar to the conditions established for the loans taken out.

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 offsetting alterations to cash flows attributed to the hedged risk;
- The 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 that is actually hedged, are recognised under shareholders' equity under Hedging Reserves, and are transferred to results at the time that the instrument that is hedged affects the results. The non-effective part of the hedging is recorded in the profit & loss account for the year at the time it is calculated.

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.

**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) Biological assets**

The biological assets essentially comprise sunflower and colza crops for subsequent production of biodiesel and they are carried at fair value less estimated costs at the point of sale at harvest time. The fair value of the biological assets is determined through the selling prices on those markets where the GROUP's crops are located, weighted by the degree of development of the crop (which does not exceed one year) and by the estimated costs required to put the product into a condition to be sold on the market.

**xiii) Accrual accounting**

Income and expenditure are recorded in accordance with the accrual accounting principles whereby they are 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 revenues and expenses are recorded under "Other current assets", "Other current liabilities" and "Other non-current liabilities".

#### xiv) Profit

##### 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

GROUP companies have made use of property finance lease operations as a means of financing all their property projects.

The profit on operations of this type is generated and recognised, essentially, at the time of the assignment of the contractual position held by GROUP companies in property finance lease contracts, in the light of the difference between the price agreed with a third party and the price initially contracted.

Relevant costs incurred with real-estate undertakings are calculated taking account the direct cost of construction as well as all costs associated with the preparation of plans and with the licensing of the works. Costs attributable to the financing and supervision and inspection of the undertaking are also added to the cost of real-estate undertakings, provided they are under way.

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.



**xv) 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.

**xvi) Own work capitalised**

Own work capitalised basically involves construction and repair work, property developments in Angola and the construction of biodiesel refineries in Portugal and Romania, undertaken by the companies themselves, as well as major repairs to equipment, and it includes expenditure on materials, direct labour and overheads.

These costs are capitalised only where the following requirements are met:

- the assets developed are identifiable;
- there is strong probability that the assets will come to generate future economic benefits; and
- the development costs are reliably measurable.

**xvii) Assets and liabilities expressed in foreign currencies**

All assets and liabilities expressed in foreign currency are translated into the presentation currency using the exchange rates ruling on the reporting date. Currency translation differences, both favourable and unfavourable, stemming from differences between exchange rates ruling on the date the transactions and those ruling on the date of the collections or payments 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 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 resultant currency difference is recorded under shareholders' equity under "Currency translation reserve".

**xviii) 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.

#### **xix) 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.

#### **xx) 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.

#### **xxi) 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 for the year as staff costs.

#### **xxii) 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.

#### **xxiii) 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 reversal of impairment losses recognised in previous years is recorded when the reasons that caused the recording no longer exist and, consequently, the asset is no longer impaired. Reversal of impairment losses is recognised in the profit & loss account as an operating profit. However, reversal of an impairment loss is undertaken up to the limit of the sum that would be recognised (either through the historic costs or through its revalued value, net of amortisation of depreciation) had the impairment loss not been recorded in previous years.

#### **xxiv) Balance sheet classification**

Assets realisable and liabilities enforceable more than one year after the balance sheet date are classified as non-current assets and liabilities respectively. Additionally, for their nature, deferred tax assets and liabilities and the "Provisions" are classified as non-current assets and liabilities (Note 12 Income Tax and Note 27 Provisions), respectively.

#### **xxv) 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.

#### **xxvi) Subsequent events**

Events occurring after the balance sheet date that provide additional information on conditions that existed as of the balance sheet date ("adjusting events") are reflected in the consolidated financial statements. Events following the balance sheet date that provide information on conditions occurring after the balance sheet date ("non-adjusting events"), if material, are disclosed in the notes to the consolidated financial statements.

#### **xxvii) Judgements and estimates**

In preparing the financial statements the GROUP's board of directors based itself on its best knowledge and experience of past and/or current events while taking into account certain assumptions in respect of future events.

The more significant accounting estimates reflected in the consolidated financial statements for the years ended December 31, 2006 & 2005, include:

- fair value and useful lives of the tangible fixed assets, land and buildings in particular;
- recording provisions and impairment losses;
- recognition of costs and income generated by works in progress;
- determination of the fair market value of financial derivatives instruments and of investments held for sale.

The estimates were made on the basis of the best information available on the date of preparation of the consolidated financial statements. However, situations could occur during subsequent periods that, not being predictable at this time, were not taken into account in these estimates. Alterations to these estimates taking place after the date of the consolidated financial statements will be revised in results in a prospective manner, in accordance with the provisions of IAS 8.

## xxviii) Consolidated cash-flow statement

The consolidated cash-flow statement is prepared in accordance with IAS 7, using the direct method. The GROUP classifies investments maturing at under three months, in respect of which the risk of alteration of value is insignificant, under "Cash & cash equivalents".

The cash-flow statement is divided into operating, financing and investing activities. Operating activities include cash received from customers, cash paid to suppliers, cash paid to staff and other items related with operating activity. The cash flows related to investing activities include, in particular, purchases and sales of investments in associate companies and cash receipts and payments related with sales and purchases of fixed assets.

The cash flows related to financing activities include, in particular, cash paid and received in respect of loans obtained, finance lease contracts and dividend payments.

## 2. COMPANIES INCLUDED IN THE CONSOLIDATION

As at December 31, 2006, 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 2006, in the wake of the alterations to the GROUP's governance model, associate MARTIFER SGPS was no longer consolidated using the Purchase method and the Proportional method came to be used. The effect of this alteration to the consolidation perimeter on the GROUP's balance sheet and profit & loss account is presented in Note 32 Alterations to the perimeter.

The other alterations to the consolidation perimeter during the year are insignificant.

## 3. SALES & PROVISION OF SERVICES

The breakdown of sales and provision of services during the years to December 31, 2006 & 2005, is as follows:

	2006	2005
Sales of merchandise	23,924,276	23,400,581
Sales of products	165,399,091	159,790,218
Provision of services		
Public works	619,634,395	751,360,314
Civil construction	328,197,104	298,322,483
Public services concessions	69,141,149	72,283,864
Other	101,937,062	75,843,177
	<u>1,308,233,076</u>	<u>1,381,000,637</u>

During 2006 & 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 as four main business areas – Engineering & Construction, Environment & Services, Industry & Energy and Transport Concessions – which are co-ordinated and supported by MOTA-ENGIL SGPS and by MESP.

The Engineering & Construction segment includes construction activities, public works and property development. The Environment & Services segment basically covers the companies engaged in solid urban waste collection and treatment, and the water and basic sanitation companies. The Industry & Energy segment includes metalworking, energy production, energy equipment and retail & warehousing activities. 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 "Other, eliminations & intra-group" 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	
	2006	2005
Engineering & Construction	1,092,353,270	1,136,960,500
Environment & Services	116,907,951	114,704,376
Industry & Energy	250,302,176	148,864,599
Others, eliminations & intra-Group	(151,330,321)	(19,528,838)
	<u>1,308,233,076</u>	<u>1,381,000,637</u>

	EBITDA		EBIT	
	2006	2005	2006	2005
Engineering & Construction	103,826,039	112,377,267	60,388,461	70,229,779
Environment & Services	24,325,835	27,547,150	14,775,559	16,964,431
Industry & Energy	28,200,329	15,292,159	20,529,020	9,233,946
Transport concessions	(1,803,192)	(1,438,224)	(1,821,335)	(1,462,669)
Others, eliminations & intra-Group	(12,810,965)	(767,620)	(9,678,026)	(2,274,229)
	<u>141,738,046</u>	<u>153,010,732</u>	<u>84,193,679</u>	<u>92,691,258</u>

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

	GAINS / (LOSSES) ON ASSOCIATE COMPANIES	
	2006	2005
Engineering & Construction	4,705,276	1,445,492
Environment & Services	264,823	(197,609)
Industry & Energy	140,107	-
Transport concessions	4,634,846	(2,330,170)
Holding, others, & adjustments	(32,288)	-
	<u>9,712,764</u>	<u>(1,082,287)</u>

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

	ASSETS		LIABILITIES	
	2006	2005	2006	2005
Engineering & Construction	1,103,367,665	1,121,310,445	850,391,947	1,005,350,375
Environment & Services	205,887,786	187,184,509	160,853,964	174,693,028
Industry & Energy	344,773,972	220,130,835	281,323,828	202,373,293
Transport concessions	197,021,689	91,459,323	109,382,565	101,402,531
Others, eliminations & intra-Group	(116,059,528)	25,210,860	(29,244,483)	(156,676,940)
	<u>1,734,991,584</u>	<u>1,645,295,972</u>	<u>1,431,196,787</u>	<u>1,327,142,287</u>

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

	INVESTMENT		DEPRECIATION	
	2006	2005	2006	2005
Engineering & Construction	88,971,115	65,325,655	39,565,283	40,747,689
Environment & Services	26,876,723	12,379,675	8,190,638	7,089,897
Industry & Energy	49,111,297	35,852,342	6,842,759	5,733,868
Transport concessions	68,399,457	33,365,621	18,143	24,445
Others, eliminations & intra-Group	(29,374,209)	555,416	(2,572,187)	1,573,968
	<u>203,984,383</u>	<u>147,478,709</u>	<u>52,044,636</u>	<u>55,169,867</u>

The GROUP'S business is international in scope and it operates on the Iberian Peninsula, in Central Europe (namely Poland, Hungary, Czech Republic, Romania and Slovakia), in Africa (namely Angola, Mozambique, Malawi, Benin and Chad), in North America (USA) and in South America (Peru). Thus, 3 major geographic areas of operations have been defined: Iberian Peninsula, Central Europe and Africa & America.

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

	SALES & PROVISION OF SERVICES	
	2006	2005
Iberian Peninsula	955,355,433	1,034,941,189
Central Europe	287,000,945	287,103,502
Africa & America	225,838,633	216,548,333
Others, eliminations & intra-Group	(159,961,935)	(157,592,387)
	<u>1,308,233,076</u>	<u>1,381,000,637</u>

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

	ASSETS		INVESTMENT	
	2006	2005	2006	2005
Iberian Peninsula	1,598,472,648	1,620,899,570	206,229,296	117,933,460
Central Europe	285,505,654	264,715,597	15,771,201	13,399,668
Africa & America	306,670,147	271,090,875	37,067,278	15,954,319
Others, eliminations & intra-Group	(455,656,865)	(511,410,070)	(55,083,392)	191,262
	<u>1,734,991,584</u>	<u>1,645,295,972</u>	<u>203,984,383</u>	<u>147,478,709</u>

In the information provided above the "Industry & Energy" business area is presented in full, while its proportionality is included under "Other, eliminations and intra-group".

## 5. COST OF MERCHANDISE AND OF SUBCONTRACTS

The breakdown of the cost of merchandise and of materials consumed during the years ended December 31, 2006 & 2005, is as follows:

	RAW & SUBSIDIARY MATERIALS & CONSUMABLES		TOTAL
	MERCHANDISE		
2005			
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)
	22,937,234	313,044,360	335,981,594
Subcontracts			481,329,706
Cost of merchandise and of subcontracts			817,311,300
2006			
Opening stocks	46,317,165	38,842,837	85,160,002
Variation of perimeter	(206,421)	(852,809)	(1,059,230)
Purchases	20,350,880	274,760,866	295,111,746
Closing stocks	(43,968,746)	(44,539,060)	(88,507,806)
	22,492,878	268,211,834	290,704,712
Subcontracts			502,826,258
Cost of merchandise and of subcontracts			793,530,970

## 6. STAFF COSTS

The breakdown of staff costs during the years ended December 31, 2006 & 2005, is as follows:

	2006	2005
Remuneration	186,085,412	184,580,382
Social security charges:		
Pensions & other benefits granted	730,443	953,318
Other	49,528,789	49,918,287
	<u>236,344,644</u>	<u>235,451,987</u>

As December 31, 2006 & 2005, "Other" essentially includes costs borne in respect of Social Security, meal subsidies and sickness benefits and workmen's compensation insurance.

### Average staff numbers

The average number of personnel in the service of the GROUP during 2006 & 2005 is broken down as follows:

	2006	2005
Directors	135	132
Employees	6,097	6,354
Workers	8,125	9,452
	<u>14,357</u>	<u>15,938</u>
Companies in Portugal	7,199	7,922
Companies abroad	4,331	5,410
Branch offices	2,827	2,606
	<u>14,357</u>	<u>15,938</u>

## 7. OTHER OPERATING INCOME /(COSTS)

The breakdown of staff costs during the years ended December 31, 2006 & 2005, is as follows:

	2006	2005
Donations	(693,936)	(495,809)
Gains/(losses) on fixed assets	7,942,011	5,395,123
Taxes	(6,164,995)	(7,360,750)
Operating subsidies	803,895	1,018,742
Own work capitalised	12,845,913	7,974,020
Other income /(costs)	(8,528,236)	(9,543,221)
	<u>6,204,652</u>	<u>(3,011,895)</u>



## 8. DEPRECIATION

Depreciation charges for the years ended December 31, 2006 & 2005, are as follows:

	2006	2005
AMORTIZATION OF INTANGIBLE FIXED ASSETS FOR THE YEAR:		
Development costs	247,871	832,045
Software & other rights	1,275,313	1,427,056
	<u>1,523,184</u>	<u>2,259,101</u>
DEPRECIATION OF TANGIBLE FIXED ASSETS FOR THE YEAR:		
Land & buildings	7,086,159	6,743,453
Equipment		
Engineering & Construction	34,261,746	35,005,400
Environment & Services	6,129,366	5,846,545
Industry & Energy	4,232,769	4,073,724
Other & eliminations	(1,898,011)	712,207
	<u>42,725,870</u>	<u>45,637,876</u>
Other tangible fixed assets	709,423	529,437
	<u>50,521,452</u>	<u>52,910,766</u>
	<u>52,044,636</u>	<u>55,169,867</u>

## 9. PROVISIONS AND IMPAIRMENT LOSSES

Provisions and impairment losses for the years ended December 31, 2006 & 2005, are as follows:

	2006	2005
Provisions	3,744,368	4,788,720
Impairment losses		
on stocks (Note 21. Stocks)	1,833,684	318,332
on customers & other debtors (Note 22. Other financial assets)	9,267,965	4,108,063
Reversion of provisions and impairment losses	(9,346,286)	(4,065,508)
Total provisions and impairment losses	<u>5,499,731</u>	<u>5,149,607</u>

## 10. FINANCIAL PROFIT /(LOSS)

The breakdown of financial costs during the years ended December 31, 2006 & 2005, is as follows:

	2006	2005
<b>FINANCIAL INCOME &amp; GAINS</b>		
Interest earned	5,022,984	5,577,402
Returns on holdings	-	24,903
Gains on the sale of financial assets	2,180,851	111,623
Favourable currency translation differences	15,294,554	18,231,808
Prompt payment discounts obtained	1,524,606	1,661,189
Other financial income & gains	4,899,657	5,590,894
	<u>28,922,652</u>	<u>31,197,819</u>
<b>FINANCIAL COSTS &amp; LOSSES</b>		
Interest expense	36,577,136	30,173,759
Amortisation of investment in real estate	294,909	279,175
Unfavourable currency translation differences	17,207,862	20,103,919
Prompt payment discounts granted	278,794	272,679
Losses on the sale of treasury placements	162,760	398,143
Other financial costs & losses	10,558,184	9,757,887
	<u>65,079,645</u>	<u>60,985,562</u>
<b>Financial profit /(loss)</b>	<u>(36,156,993)</u>	<u>(29,787,743)</u>

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

## 11. GAINS & LOSSES ON ASSOCIATE COMPANIES

The gains on associate companies for the years ended December 31, 2006 & 2005, are as follows:

	2006	2005
Aenor	721,180	-
Ambilital	44,250	-
Asinter	228,007	141,728
Auto Sueco Angola	1,572,568	774,435
Cimertex Angola	27,451	55,269
Cimertex & Companhia	2,762,181	1,299,715
Citrup	110,442	-
Inovia	67,940	-
Ecolezária	19,760	-
Lusoscut BLA	809,165	-
Lusoscut CP	2,442,388	-
Lusoscut GP	662,113	-
Mwind Roménia	984	-
Repower AG	98,742	-
Sonauta	49,883	26,172
Tersado	192,804	185,729
Vortal	124,563	46,396
	<u>9,934,421</u>	<u>2,529,444</u>

The losses on associate companies for the years ended December 31, 2006 & 2005, are as follows:

	2006	2005
Aenor	-	346,391
EM (winding up)	-	249,444
Fabritubo	-	600,894
IWP	6,358	-
Jardimaia	189,233	116,470
Lusoscut BLA	-	117,698
Lusoscut CP	-	1,518,680
Lusoscut GP	-	347,401
Mwind Eslováquia	10,169	-
MW Topolog	143	-
Mzi Megawatt	13,002	-
Piastowska	1,054	-
Sadoport	-	313,264
Turalgo	1,698	1,489
	221,657	3,611,731
Gains / (losses) on associate companies	9,712,764	(1,082,287)

## 12. INCOME TAX

The breakdown of deferred tax assets and liabilities for the years ended December 31, 2006 & 2005 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
2005			
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)
	(93,898,733)	29,766,844	(123,665,577)
2006			
Provisions not accepted for tax purposes	(46,305,486)	9,996,993	(56,302,479)
Accrued costs not accepted for tax purposes	(613,243)	(456,329)	(156,914)
Tax losses	(36,433,178)	(6,439,468)	(29,993,710)
Reduction of depreciation not accepted for tax purposes	(2,687,470)	(376,664)	(2,310,806)
Other	(3,786,395)	(3,031,411)	(754,984)
	(89,825,772)	(306,879)	(89,518,893)

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
2005			
Tax credit for double international taxation	-	314,917	(314,917)
	-	314,917	(314,917)
2006			
Tax credit for double economic taxation	(15,290)	(15,290)	-
	(15,290)	(15,290)	-

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

	TOTAL	EFFECT ON THE PROFIT & LOSS ACCOUNT	EFFECT ON SHAREHOLDERS' EQUITY
2005			
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
	95,171,236	11,023,961	84,147,275
2006			
Revaluation of fixed assets	44,461,093	1,702,177	42,758,916
Losses on incorporated joint ventures	5,143,796	(266,334)	5,410,130
Deferred capital gains tax	1,753,112	(740,770)	2,493,882
Depreciation not accepted for tax purposes	4,571,617	(194,789)	4,766,406
Untaxed accrued income	16,364,114	7,936,447	8,427,667
Other	9,795,295	3,968,201	5,827,094
	82,089,027	12,404,932	69,684,095

As at December 31, 2006, deferred tax assets and liabilities amounted to €26,872,139 and €20,405,792, respectively (2005: €25,691,200 and €29,267,418, respectively), generating a negative effect on the profit & loss account in the sum of €580,725 (2005: negative effect of €9,933,755).

An evaluation was performed on December 31, 2006 & 2005, of the deferred tax assets and liabilities recognised, which were recorded only to the extent that it was probable, with reasonable certainty, that there would be future taxable profits against which the tax losses or deductible tax differences could be used. This evaluation was based on the business plans of the GROUP companies, periodically reviewed and updated.



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

	2006	2005
<u>Current tax</u>	<u>19,534,166</u>	<u>14,351,522</u>
Net reversion of taxes brought forward	(586,026)	2,168,392
Deferred taxes related to amortising the fixed-asset revaluation reserves	141,265	(678,417)
Deferred taxes generated by temporary differences	761,493	8,564,313
Deferred taxes in respect of changes to the tax rates or of the introduction or abolition of taxes	313,260	(120,533)
Other differences not previously recognised as deferred taxes	(49,267)	-
<u>Deferred tax</u>	<u>580,725</u>	<u>9,933,755</u>
<u>Tax for the year</u>	<u>20,114,891</u>	<u>24,285,277</u>
<u>Real tax rate</u>	<u>34.83%</u>	<u>39.28%</u>

MOTA-ENGIL SGPS and its domestic subsidiaries are taxed individually and are subject to corporate income tax (IRC) at the normal rate of 25%. In accordance with the location of the registered offices of the related companies, the income tax is increased by a municipal surcharge of up to 10% leading to an aggregate tax rate of 27.5%.

As at December 31, 2006 & 2005, the tax rates used to calculate the deferred tax assets relating to tax losses were 25% and 27.5% respectively. In the case of deferred tax assets generated by temporary differences in respect of those years, the rates used were 26.5% and 27.5% respectively. The alteration of the tax rates used in 2005 and 2006 was the result of the changes to the Local Government Finances Act early in 2007, affecting the rate and method of calculation of the surcharge.

Additionally, the Polish State granted MARTIFER POLSKA exemption from income tax during 19 years and the Portuguese State granted MARTIFER ENERGIA a tax benefit on investments in the sum of €1,259,044, to be deducted from the tax assessment.

As at December 31, the reconciliation between the nominal and real income tax rates was as follows:

	TAX	TAX BASE	TAX
<u>Nominal rate &amp; tax on income</u>	<u>27.5%</u>	<u>57,749,450</u>	<u>15,881,099</u>
Tax benefits	-0.4%	(761,467)	(209,404)
Difference between tax and book gains and losses	-0.7%	(1,477,259)	(406,246)
Tax losses for which no deferred tax assets were recognised	5.2%	10,854,314	2,984,936
Provisions with no tax consequence	1.3%	2,658,556	731,103
Differentiated tax rates:	-0.5%	(1,009,819)	(277,700)
Autonomous taxation & other costs (other than provisions), non fiscal & non revertible	2.4%	5,067,298	1,393,507
Other adjustments	0.0%	63,985	17,596
<u>Real rate &amp; tax on income</u>	<u>34.8%</u>		<u>20,114,891</u>

In accordance with prevailing Portuguese legislation, tax returns are subject to review and correction by the tax authorities during a period of four years in respect of 2003 to 2006 (ten years for Social Security up to December 31, 2001, five years thereafter) and consequently the tax returns in question may be subject to revision. The GROUP's board of directors 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.

### 13. DIVIDENDS

Individual Directors' Report contains the following proposal: The board of directors of MOTA-ENGIL SGPS is pleased to propose to the Annual General Meeting the following appropriation of the Annual Net profit in the sum of €30,357,505:

- to legal reserve, 5% or €1,517,875.25;
- 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 22,509,926.45, or 11 cents per share; and
- to free reserves, the remainder, in the sum of €5,629,703.30.

The dividend to be approved at the annual general meeting will be available for payment on April 30, 2007. The ex-dividend date is April 25, 2007.

On May 2, 2006, a start was made to payment of the dividend of €0.10 per share in respect of fiscal 2005, a total of €20,463,569.30 having been paid.

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.

### 14. 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 2006 or 2005. The average number of ordinary shares during these years is affected only by variations to the number of treasury shares, though there were no such variations.

Determination of earnings per share in 2006 & 2005 was as follows:

		2006	2005
Consolidated net profit/(loss) attributable to the Group	(I)	32,205,403	30,407,389
Total number of ordinary shares	(II)	204,635,695	204,635,695
Sale of treasury shares	(III)	8,103,971	8,103,971
Number of shares outstanding	(II - III)	196,531,724	196,531,724
Earnings per share:			
basic	(I) / (II - III)	0.1639	0.1547
diluted	(I) / (II - III)	0.1639	0.1547

## 15. GOODWILL

The breakdown of goodwill in respect of the years ended December 31, 2006 & 2005, is as follows:

	2006			2005
	Gross Goodwill	Accumulated impairments	Net goodwill	Net goodwill
Aenor	8,636,270	-	8,636,270	2,368,142
Aurimove	83,242	(33,297)	49,945	49,945
Bouncer	1,750,234	-	1,750,234	-
Corgimobil	635,615	-	635,615	635,615
Correia & Correia	969,823	(51,653)	918,170	918,170
Ekosrodowisko	280,365	-	280,365	-
Extraresi	168,003	-	168,003	-
Indaqua	2,351,508	-	2,351,508	2,351,508
Indaqua Feira	78,048	-	78,048	78,048
IWP	86,182	-	86,182	574,545
Jardimaia	79,737	-	79,737	79,737
Lusoscut BLA	8,536,592	-	8,536,592	1,757,013
Lusoscut CP	4,998,543	-	4,998,543	1,724,715
Lusoscut GP	5,387,300	-	5,387,300	500,638
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	1,172,497	(234,500)	937,997	1,875,995
M-Invest Stodulky	-	-	-	1,518,220
MKC	271,708	-	271,708	271,708
Mota-Engil Polska	4,434,964	(928,847)	3,506,117	3,479,776
Mota-Viso	19,900	(7,960)	11,940	11,940
Promoquatro	348,698	-	348,698	697,396
Sadoport	1,483,190	-	1,483,190	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	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
	61,278,961	(4,343,282)	56,935,679	35,542,411

Movements under Goodwill during the years ended December 31, 2006 & 2005, were as follows:

	2006	2005
<u>Goodwill at the beginning of the period</u>	<u>35,542,411</u>	<u>32,012,200</u>
<b>Increases of goodwill</b>		
Aenor	6,268,128	-
Bouncer	1,750,234	-
Correia & Correia	-	764,501
Ekosrodowisko	280,365	-
Extraresi	168,003	-
Indaqua Feira	-	78,048
IWP	-	574,545
Jardimaia	-	79,737
Lusoscut BLA	6,779,579	-
Lusoscut CP	3,273,828	-
Lusoscut GP	4,886,662	-
M-Invest Stodulsky	-	685,442
Promoquatro	-	697,396
Sadoport	1,253,407	229,783
Tersado	-	229,497
	<u>24,660,206</u>	<u>3,338,949</u>
<b>Reductions of goodwill</b>		
M-Invest Stodulsky	1,518,220	-
<b>Alterations of goodwill for perimeter variations</b>		
IWP	(488,363)	-
Metalruda	(937,998)	-
Promoquatro	(348,698)	-
	<u>(1,775,059)</u>	<u>-</u>
<b>Alterations of goodwill for update exchanges</b>		
Mota-Engil Polska	26,341	191,262
	<u>26,341</u>	<u>191,262</u>
<u>Goodwill at the end of the period</u>	<u>56,935,679</u>	<u>35,542,411</u>

The GROUP performs yearly impairment tests on goodwill as determined by Indent i) of the Main valuation criteria in Note 1 Accounting Policies. During the years ended December 31, 2006 & 2005, there were no impairment losses on goodwill.



## 16. INTANGIBLE FIXED ASSETS

The breakdown of the net values of fixed assets per business area in respect of fiscal 2006 & 2005 is as follows:

	Engineering & Construction	Environment & Services	Industry & Energy	Other & eliminations	Mota-Engil Group
2005					
Development costs	104,120	300,071	-	-	404,191
Software & other rights	1,874,045	186,201	798,869	998,218	3,857,333
Fixed assets in progress & other	703,152	90,084	-	(1,758)	791,478
	2,681,317	576,356	798,869	996,460	5,053,002
2006					
Development costs	235,693	198,452	-	-	434,145
Software & other rights	1,643,801	62,954	547,125	563,765	2,817,645
Fixed assets in progress & other	82,949	177,840	7,998	(3,999)	264,788
	1,962,443	439,246	555,123	559,766	3,516,578

The breakdown of gross intangible fixed assets in respect of the years ended December 31, 2006 & 2005, is as follows:

	Development Cost	Software & other rights	Fixed assets in progress & other	Total
2005				
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)
	5,786,825	9,348,562	791,478	15,926,865
2006				
Opening balance	5,786,825	9,348,562	791,478	15,926,865
Increases	37,858	642,899	247,811	928,568
Disposals	-	-	(27,046)	(27,046)
Write-offs	(711,476)	(216,614)	-	(928,090)
Currency translation differences	(60,024)	63	-	(59,961)
Variation of perimeter	141,683	(1,069,256)	9,692	(917,881)
Transfers	191,235	244,763	(757,147)	(321,149)
	5,386,101	8,950,417	264,788	14,601,306

Information on depreciation of and impairment losses on intangible fixed assets in respect of the years ended December 31, 2006 & 2005, is as follows:

Accumulated depreciation & impairment losses	Development Cost	Software & other rights	Fixed assets in progress & other	Total
2005				
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
	(5,382,634)	(5,491,229)	-	(10,873,863)
2006				
Opening balance	(5,382,634)	(5,491,229)	-	(10,873,863)
Increases	(247,871)	(1,275,313)	-	(1,523,184)
Write-offs	711,476	99,126	-	810,602
Currency translation differences	60,337	(622)	-	59,715
Variation of perimeter	(93,264)	614,525	-	521,261
Transfers	-	(79,259)	-	(79,259)
	(4,951,956)	(6,132,772)	-	(11,084,728)
Net value				
2005	404,191	3,857,333	791,478	5,053,002
2006	434,145	2,817,645	264,788	3,516,578

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 Note 1 Accounting Policies.

## 17. TANGIBLE FIXED ASSETS

The breakdown of gross intangible fixed assets per business area in respect of the years ended December 31, 2006 & 2005, is as follows:

	Engineering & Construction	Environment & Services	Industry & Energy	Other & eliminations	Mota-Engil Group
2005					
Land & buildings	122,894,416	25,753,937	49,619,735	20,605,865	218,873,953
Equipment	107,650,611	19,727,422	16,529,579	3,673,212	147,580,824
Other tangible fixed assets	16,269,215	5,303,437	1,697,625	(1,754,451)	21,515,826
	246,814,242	50,784,796	67,846,939	22,524,626	387,970,603
2006					
Land & buildings	121,653,813	27,747,687	48,763,207	(5,852,416)	192,312,291
Equipment	109,303,891	20,933,363	16,955,097	(7,137,414)	140,054,937
Other tangible fixed assets	17,093,784	6,417,146	37,675,925	(26,265,210)	34,921,645
	248,051,488	55,098,196	103,394,229	(39,255,040)	367,288,873

Information on the gross value of land, buildings, plant and other tangible fixed assets for the years ended December 31, 2006 & 2005, is as follows:

	Land & buildings	Equipment	Other fixed assets	Total
2005				
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)
	273,703,680	528,826,355	23,560,150	826,090,185
2006				
Opening balance	273,703,680	528,826,355	23,560,150	826,090,185
Increases	6,524,694	35,553,648	40,971,354	83,049,696
Disposals	(965,140)	(26,396,622)	(303,145)	(27,664,907)
Write-offs	(587,613)	(4,459,898)	(42,294)	(5,089,805)
Revaluations	(1,925,939)	-	-	(1,925,939)
Currency translation differences	(2,203,771)	(5,180,201)	(657,628)	(8,041,600)
Variation of perimeter	(40,011,488)	(51,860,560)	(794,627)	(92,666,675)
Transfers	6,420,959	10,203,625	(25,412,285)	(8,787,701)
	240,955,382	486,686,347	37,321,525	764,963,254

Information on the depreciation of and impairment losses on land, buildings, plant and other tangible fixed assets for the years ended December 31, 2006 & 2005, is as follows:

	Land & buildings	Equipment	Other fixed assets	Total
2005				
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)
	(54,829,727)	(381,245,531)	(2,044,324)	(438,119,582)
2006				
Opening balance	(54,829,727)	(381,245,531)	(2,044,324)	(438,119,582)
Increases	(7,086,159)	(42,725,870)	(709,423)	(50,521,452)
Disposals	629,956	22,688,189	4,812	23,322,957
Write-offs	447,106	4,206,881	15,691	4,669,678
Revaluations	51,121	-	-	51,121
Currency translation differences	258,020	4,383,521	34,448	4,675,989
Variation of perimeter	10,466,450	45,966,709	478,065	56,911,224
Transfers	1,420,142	94,691	(179,149)	1,335,684
	(48,643,091)	(346,631,410)	(2,399,880)	(397,674,381)
Net value				
2005	218,873,953	147,580,824	21,515,826	387,970,603
2006	192,312,291	140,054,937	34,921,645	367,288,873

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 Note 1 Accounting Policies.

As at December 31, 2006, the sum of €31,476,725, net of depreciation recorded under "Land & buildings" is in respect of quarry operations .

As at December 31, 2006 & 2005, the following tangible fixed assets owned by MOTA-ENGIL ENGENHARIA, were located abroad at branches and subsidiaries:

	31.12.06	31.12.05
Angola	43,313,698	35,126,208
Benin	6,259	13,288
Bulgaria	197	351
Chad	1,985,278	4,168,627
Ghana	1,278	7,102
Hungary	95,063	859,212
Malawi	830,877	233,702
Mozambique	2,075,287	70,314
Poland	1,006,393	1,235,841
Romania	41,071	11,673
S. Tomé e Príncipe	80,882	-
	49,436,283	41,726,318

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.

With the exception of a property owned by MARTIFER POLSKA, the GROUP did not update the fair value of its properties during in that it is the board of directors' conviction that such an update would not lead to significant change.

As at December 31, 2006, had the land and buildings continued to be carried at cost less accumulated depreciation, their value would amount to about €120,000,000.



## 18. FINANCIAL INVESTMENTS UNDER THE EQUITY METHOD

As at December 31, 2006 & 2005, the breakdown of the figures for financial investments under the equity method is as follows:

	31.12.06	31.12.05
Ambilital	158,257	-
Asinter	289,355	203,077
Auto Sueco Angola	2,883,126	1,984,575
Cimertex & Companhia	4,259,495	2,017,007
Cimertex Angola	84,768	59,475
Citrup	141,149	-
Ecolezíria	29,342	-
Aenor Group	49,312,773	26,249,778
Piastowska	5,341	-
Repower AG	22,189,926	25,051,137
Sadoport	-	282,239
Sonauta	91,487	385,045
Tersado	646,888	455,946
Turalgo	243,297	244,995
Vortal	692,378	512,149
Other	33,453	-
	81,061,035	57,445,423

During 2006 movements "Financial investments under the equity method", were essentially related with the appropriation of the 2006 results, of the increases of the share capital of the concessionaire companies and of the increase of the shareholding in these companies.

By virtue 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 are expected to be available only on March 21, 2007, the GROUP has used the latest accounts communicated to the market by this associate (September 30, 2006) in its valuation of this financial investment. The GROUP's board of directors believes that the adoption of this procedure will not have any material effect on the consolidated financial statements.

As at December 31, 2006, the main financial information on the financial investments under the equity method is as follows:

	Assets	Equity capital	Sales & provision of services	Net profit/(loss)
Aenor group				
Aenor	1,337,522,228	43,191,984	31,618,655	(13,012,424)
Lusoscut BLA	954,524,108	45,662,377	5,890,864	2,242,073
Lusoscut CP	410,111,617	13,170,591	47,177,954	6,767,493
Lusoscut GP	672,391,471	35,475,523	4,496,534	1,834,616
Repower AG	344,920,643	181,358,283	297,439,443	982,520

The fair value of the holding in Repower AG as at December 31, 2006, is €51,277,479 on the basis of the official price on the Frankfurt Stock Exchange.

## 19. FINANCIAL INVESTMENTS HELD FOR SALE

As at December 31, 2006 & 2005, the breakdown of net amounts in respect of holdings, securities & other placements, and advances & other investments is as follows:

	31.12.06	31.12.05
<b>SHAREHOLDINGS</b>		
Ecolatlântica	700,000	-
Ecodetra	1,153,202	1,153,202
Iberfibran	375,000	375,000
Lusoponte (indent a) i) of the Main valuation criteria in Note 1. Accounting Policies)	62,139,424	62,439,117
Mota-Engil S.Tomé e Príncipe	200,000	190,000
Mota-Engil Srodowisko	-	890,812
MTS	904,400	1,375,737
Rima	-	1,416,947
Tradelsu	3,000,000	1,000,000
Tratofoz	989,900	669,900
Other	522,598	687,282
	<b>69,984,524</b>	<b>70,197,997</b>

	31.12.06	31.12.05
<b>SECURITIES &amp; OTHER PLACEMENTS</b>		
Angolan Treasury Bonds	7,531,891	17,035,304
Other	52,214	478,508
	<b>7,584,105</b>	<b>17,513,812</b>

The Angolan Treasury Bonds are medium term securities allocated by the Angolan State to settle its commercial debts. These bonds are expressed in US dollars and earn interest at market rates.

	31.12.06	31.12.05
<b>ADVANCES &amp; OTHER INVESTMENTS</b>		
Almaque	73,085	-
Tertir group	10,000,000	-
Jaime Ribeiro & Filhos	-	2,650,000
LusoLisboa	324,810	-
Parque Ambiental Nortenho	1,206,686	1,206,686
Tradelsu	-	2,000,000
Other	185,000	235,472
	<b>11,789,581</b>	<b>6,092,158</b>
<b>Financial investments available for sale</b>	<b>89,358,210</b>	<b>93,803,967</b>

As at December 31, 2006, the amount carried under "Advances and other investments" in the sum of €10,000,000 is in respect of a prepayment within the scope of the acquisition of the TERTIR GROUP, as part of the agreed consideration. The transfer of the control of the TERTIR GROUP and the conclusion of the transaction took place in 2007 (Note 34 Subsequent Events).

As of the date of authorisation of these financial statements the MOTA-ENGIL GROUP still has no information sufficient to quantify the goodwill generated by the acquisition of the TERTIR GROUP. This company has not yet presented its consolidated accounts for the year ended December 31, 2006.

## 20. INVESTMENT PROPERTIES

Information on the investment properties of the GROUP, as at December 31, 2006 & 2005, is as follows:

	31.12.06	31.12.05
Opening balance	29,764,813	27,317,524
Increase	10,515,754	652,646
Disposals	(2,611,644)	(190,394)
Currency translations differences (properties located in Angola)	(869,149)	2,466,860
Transfers	(1,262,661)	(481,823)
Closing balance	35,537,113	29,764,813

The valuation criteria established by the GROUP for valuation of its investment properties are detailed in indent vii) of the Main valuation criteria in 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.

As at December 31, 2006, the increase under investment properties has essentially to do with the construction of several buildings that are to be rented by the Angolan branch of associate MOTA-ENGIL ENGENHARIA.

## 21. STOCKS

The breakdown of stocks in respect of the years ended December 31, 2006 & 2005, is as follows:

	31.12.06	31.12.05
<b>COST:</b>		
Raw & subsidiary materials and consumables	44,539,060	38,842,837
Products & work in progress	45,041,332	66,278,324
Sub-products, waste, residues & scrap	30,012	9,855
Finished products	20,319,262	21,062,837
Goods	43,968,746	46,317,165
Advances on account of purchases	11,412,992	4,458,401
	<u>165,311,404</u>	<u>176,969,419</u>
<b>ACCUMULATED IMPAIRMENT LOSSES</b>		
Raw & subsidiary materials and consumables	(241,064)	(165,649)
Finished products	(1,559,031)	(157,365)
Goods	(3,010,513)	(2,808,700)
	<u>(4,810,608)</u>	<u>(3,131,714)</u>
	<u>160,500,796</u>	<u>173,837,705</u>

"Raw & subsidiary materials, and consumables" includes the sum of €531,940 in respect of biological assets. These assets are valued as set out in indent xii) of the Main valuation criteria a Note 1 Accounting Policies.

The movement of impairment losses on stocks is as follows:

	31.12.06	31.12.05
Opening balance	3,131,714	371,554
Increase	1,833,684	318,332
Reduction & transfers	(154,790)	2,441,828
Closing balance	<u>4,810,608</u>	<u>3,131,714</u>

## 22. OTHER FINANCIAL ASSETS

### a) Commercial & other receivables

Information on trade accounts and other assets receivable in respect of the years ended December 31, 2006 & 2005, is as follows:

	Non-current		Current	
	31.12.06	31.12.05	31.12.06	31.12.05
Gross Value:				
Customers:				
Trade accounts receivable				
Engineering & Construction	3,270,540	2,534,402	408,276,509	348,572,032
Environment & Services	38,455	47,495	70,340,751	80,792,020
Industry & Energy	-	4,601	85,252,358	60,677,979
Others, eliminations & intra-Group	616	615	(53,032,307)	(8,963,964)
	<u>3,309,611</u>	<u>2,587,113</u>	<u>510,837,311</u>	<u>481,078,067</u>
Trade accounts – Bills receivable	-	-	18,360,790	7,236,691
Doubtful debt	104,525	21,580	13,102,709	10,805,424
	<u>104,525</u>	<u>21,580</u>	<u>31,463,499</u>	<u>18,042,115</u>
Other debtors:				
Related companies, subsidiaries & participating companies	97,410,569	85,805,559	3,500,601	752,355
Advances to suppliers	-	-	12,837,034	8,461,428
State & other public entities	-	-	22,511,181	21,940,553
Other	25,507,892	29,397,015	84,188,966	82,308,474
	<u>122,918,461</u>	<u>115,202,574</u>	<u>123,037,782</u>	<u>113,462,810</u>
	<u>126,332,597</u>	<u>117,811,267</u>	<u>665,338,592</u>	<u>612,582,992</u>

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

	Non-current		Current	
	31.12.06	31.12.05	31.12.06	31.12.05
Accumulated impairment losses				
Customers:				
Trade accounts receivable	-	-	15,906,718	13,929,621
Doubtful debt	104,525	21,580	12,524,854	10,805,424
	<u>104,525</u>	<u>21,580</u>	<u>28,431,572</u>	<u>24,735,045</u>
Other debtors:				
Related companies, subsidiaries & participating companies	17,206,565	17,206,565	-	-
Other	10,849,385	10,849,385	2,476,507	1,986,698
	<u>28,055,950</u>	<u>28,055,950</u>	<u>2,476,507</u>	<u>1,986,698</u>
	<u>28,160,475</u>	<u>28,077,530</u>	<u>30,908,079</u>	<u>26,721,743</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's 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 this agreement the GROUP recognised impairment losses in previous years to cover estimated losses on these assets.

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 estimated sum 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 largely on account of accounts receivable in respect of its operating activity. The accumulated impairment losses have been estimated by the GROUP in accordance with its experience and on the basis of its evaluation of the economy and of the economic surroundings.

The GROUP charges not interest as long as the established payment periods are being met. Following the payment deadlines, interest is charged as defined in the contracts and in accordance with the law, as applicable to each particular case.

As at December 31, 2006 & 2005, the breakdown of the balances of the State & other public entities is as follows:

	31.12.06	31.12.05
Corporate Income tax	1,471,273	2,008,597
Value added tax	6,606,160	3,610,841
Other taxes	5,047	-
Taxes in other countries	14,428,701	16,321,115
	<u>22,511,181</u>	<u>21,940,553</u>

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

	2006	2005
<b>TRADE ACCOUNTS RECEIVABLE:</b>		
Opening balance	13,929,621	20,146,348
Increase	4,478,869	2,250,343
Reduction, transfers & perimeter variation	(2,501,772)	(8,467,070)
Closing balance	<u>15,906,718</u>	<u>13,929,621</u>
<b>TRADE ACCOUNTS – BILLS RECEIVABLE</b>		
Opening balance	-	16,965,226
Reduction, transfers & perimeter variation	-	(16,965,226)
Closing balance	<u>-</u>	<u>-</u>
<b>DOUBTFUL DEBT:</b>		
Opening balance	10,827,004	13,838,836
Increase	4,239,707	1,460,444
Reduction, transfers & perimeter variation	(2,437,332)	(4,472,276)
Closing balance	<u>12,629,379</u>	<u>10,827,004</u>
<b>OTHER DEBTORS</b>		
Opening balance	30,042,648	22,220,186
Increase	549,389	397,276
Reduction, transfers & perimeter variation	(59,580)	7,425,186
Closing balance	<u>30,532,457</u>	<u>30,042,648</u>

**b) Other current assets**

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

	31.12.06	31.12.05
ACCRUED INCOME		
Production not invoiced	102,323,594	86,965,710
Interest receivable	187,444	24,452
Other accrued income	5,013,142	1,873,284
	<u>107,524,180</u>	<u>88,863,446</u>
PLURI ANNUAL COSTS		
Insurance	1,830,205	1,237,167
Other pluri annual costs	5,597,576	3,045,650
	<u>7,427,781</u>	<u>4,282,817</u>
	<u>114,951,961</u>	<u>93,146,263</u>

"Other deferred costs" includes the sum of about €2,800,000 deferred under the maintenance agreements entered into.

**c) Cash & cash equivalents**

The breakdown of cash & cash equivalents is as follows:

	31.12.06	31.12.05
Term deposits & others	5,551,319	13,942,772
Bank deposits & cash in hand		
Sight deposits	55,845,147	51,747,199
Cash in hand	2,512,908	1,755,628
	<u>63,909,374</u>	<u>67,445,599</u>

Cash & cash equivalents include cash held by the GROUP and by the depositary banks on a short-term basis, having initial maturities equal to or less than 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.

As at December 31, 2006 & 2005, there were no restrictions to the use of the balances recorded under "Cash & cash equivalents".

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

	2006	2005
NEGOTIABLE SECURITIES:		
Opening balance	-	382,273
Increase	-	-
Reduction & transfers	-	(382,273)
Closing balance	<u>-</u>	<u>-</u>

## 23. SHARE CAPITAL

The MOTA-ENGIL SGPS share capital as at December 31, 2006 & 2005, amounts to €204,635,695 represented by 204,635,695 bearer shares each of a par value of €1.

As at December 31, 2006, the GROUP holds 8,103,971 treasury shares. During 2006 there was no alteration to the number of shares held as at December 31, 2005.

Company in law stipulates that at least 5% of the net profit for the year has to be assigned to increasing the legal reserve until such time as it equals at least 20% of the share capital. According to company law this reserve cannot be distributed to shareholders and it may be used only 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 participated companies originally expressed in foreign currency, in accordance with the criteria described in indent xvi) of the Main valuation criteria in Note 1 Accounting Principles.

## 24. DEBT

The amounts for debt with reference to the years ended December 31, 2006 & 2005, are as follows:

	1 year	2 years	3 to 5 years	over 5 years	Total
<b>2005</b>					
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>
<b>2006</b>					
Non-convertible bond loans	3,500,000	3,500,000	92,000,000	-	99,000,000
Amounts owed to credit institutions					
Bank loans	69,734,397	45,595,303	69,353,021	122,644,229	307,326,950
Overdraft facilities	32,362,196	-	-	-	32,362,196
Guaranteed accounts	24,452,377	-	-	-	24,452,377
Other loans obtained					
Commercial paper issues	-	52,640,099	79,261,841	-	131,901,940
Other loans	5,777,775	20,684,675	6,846,397	85,690	33,394,537
	<u>135,826,745</u>	<u>122,420,077</u>	<u>247,461,259</u>	<u>122,729,919</u>	<u>628,438,000</u>

As at December 31, 2006 & 2005, the sums in respect of debt are expressed in the following currencies:

	Bonds	Credit institutions	Commercial paper	Other loans	Total
<b>2005</b>					
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>
<b>2006</b>					
Czech Crowns	-	5,997,493	-	-	5,997,493
Slovakian Crowns	-	958,586	-	-	958,586
US Dollars	-	13,809,872	-	-	13,809,872
Euros	99,000,000	313,991,799	131,901,940	33,193,551	578,087,290
Hungarian Forints	-	13,462,716	-	-	13,462,716
New Family Meticals	-	1,048,309	-	-	1,048,309
Peruvian New Soles	-	885,769	-	-	885,769
Polish Zlotys	-	13,986,979	-	200,986	14,187,965
	<u>99,000,000</u>	<u>364,141,523</u>	<u>131,901,940</u>	<u>33,394,537</u>	<u>628,438,000</u>

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

	2006		2005	
	Average rates (%)	Rates interval (%)	Average rates (%)	Rates interval (%)
Non-convertible bond loans	4.80	[ 4.32 ; 5.22 ]	4.02	[ 3.75 ; 4.15 ]
Amounts owed to credit institutions				
Bank loans	4.40	[ 2.81 ; 7.25 ]	3.85	[ 2.82 ; 6.17 ]
Overdraft facilities	-	[ 3.14 ; 4.63 ]	-	[ 2.75 ; 3.88 ]
Guaranteed accounts	-	[ 2.95 ; 4.63 ]	-	[ 2.70 ; 3.88 ]
Other loans obtained				
Commercial paper issues	4.41	[ 3.54 ; 5.06 ]	3.84	[ 3.51 ; 4.10 ]

The principal loans obtained by the GROUP are as follows:

Type of issue / Issuer	Date of emission	Indexation	Reimbursement conditions	Amount
<b>BOND LOANS:</b>				
Mota-Engil SGPS	9-Dec-03	Euribor 6 meses 360 + 1.75%	i)	17,500,000
Mota-Engil SGPS	29-Dec-03	Euribor 6 meses 360 + 0.75%	ii)	35,000,000
Mota-Engil SGPS	29-Dec-04	Euribor 6 meses 360 + 1.5%	iii)	15,000,000
Mota-Engil SGPS	30-Dec-04	Euribor 6 meses 360 + 1.75%	iv)	15,000,000
Mota-Engil SGPS	21-Jun-05	Euribor 6 meses 360 + 0.95%	v)	20,000,000

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Mota-Engil SGPS	23-Apr-02	Euribor + 0.2%		21,000,000
Mota-Engil SGPS & Mota-Engil Engenharia	9-Dec-03	Euribor + 0.25%		17,000,000
Mota-Engil SGPS & Mota-Engil Engenharia	13-Nov-06	Euribor + 0.875%		15,000,000
Mota-Engil Engenharia	1-Jun-94	Euribor + 0.25%		7,481,969
Mota-Engil Engenharia	14-Dec-94	Euribor + 0.25%		15,000,000
Mota-Engil Engenharia	16-Dec-05	Euribor + 0.5%		25,000,000
Mota-Engil Engenharia	10-May-06	Euribor + 0.625%		25,000,000
Mota-Engil Engenharia	10-May-06	Euribor + 0.5%		7,500,000

- i) Interest paid in 14 half-yearly tranches as from June 9, 2004. Repayment in 10 half-yearly instalments as from the 5th coupon; Possibility of a total or partial call or put option on the 10th and 12th interest payment dates, by the COMPANY or by each of the bondholders.
- ii) Interest paid in 10 half-yearly tranches as from June 29, 2004. Single repayment on maturity of the contract.
- iii) Interest paid in 14 half-yearly tranches as from June 29, 2004. Repayment in 4 half-yearly instalments as from the 11th coupon; Possibility of a total or partial call or put option on the 10th interest payment date, by the COMPANY or by each of the bondholders.
- iv) Interest paid in 10 half-yearly tranches as from June 30, 2004. Single repayment on maturity of the contract. Possibility of a put option on the 6th interest payment date, by each of the bondholders.
- v) Interest paid in 10 half-yearly tranches as from December 21, 2005. Single repayment on maturity of the contract. Possibility of a put option by each of the bondholders.

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 earn no interest.

## 25. 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.

As at December 31, 2006, the GROUP ad contracted the following derivative instruments:

Type	Subsidiary	Counterparty	Notional	Contracted rates	Maturity	Fair value
Collar	Mota-Engil SGPS	Millennium BCP	35,000,000	Variable rate 6-m Euribor with Cap at 4.73% and Floor at 2.4%	Dec-08	20,568
Semi Knock-out Swap	Mota-Engil SGPS	Millennium BCP	20,000,000	Receives 6-m Euribor and pays fixed rate with Knock-out	Nov-10	127,696
Interest Rate Swap	Mota-Engil SGPS	Millennium BCP	30,000,000	Receives 6-m Euribor and pays fixed rate (3.24%)	Nov-10	866,032
Interest Rate Swap	Mota-Engil SGPS	Millennium BCP	20,000,000	Receives 6-m Euribor and pays fixed rate (3.23%)	Jun-10	522,896
Interest Rate Swap	Martifer SGPS	BES	6,800,000	Receives fixed rate (3.46%) and pays 6-m Euribor	Jun-10	68,614
Interest Rate Swap	Martifer SGPS	Millennium BCP	10,000,000	Receives fixed rate (3.12%) and pays 6-m Euribor	Oct-16	634,097
Interest Rate Swap	Martifer SGPS	Santander Totta	13,000,000	Receives fixed rate (3.35%) and pays 6-m Euribor	May-09	(224,508)
Interest Rate Swap	Martifer	BES	13,000,000	Receives fixed rate (3.47%) and pays 6-m Euribor	Mar-10	118,320
Interest Rate Swap	Martifer	BES	3,900,000	Receives fixed rate (3.45%) and pays 6-m Euribor	Mar-11	36,737
Forward Rate Agreement	Martifer	Fortis Bank	2,500,000	2.65% for the next period	Jul-08	52,994
Interest Rate Swap	Martifer	Millennium BCP	11,000,000	Receives fixed rate (3.12%) and pays 6-m Euribor	Oct-16	697,507
Interest Rate Swap	Martifer	Santander Totta	6,000,000	Receives fixed rate (3.35%) and pays 6-m Euribor	Mai-09	(103,619)
Interest Rate Swap	Martifer Energia	Millennium BCP	5,000,000	Receives fixed rate (3.12%) and pays 6-m Euribor	Oct-16	317,049
Interest Rate Swap	Martifer Energia	Millennium BCP	5,250,000	Receives fixed rate (3.58%) and pays 6-m Euribor	Nov-12	58,248
Interest Rate Swap	Martifer Energia	Santander Totta	4,000,000	Receives fixed rate (3.35%) and pays 6-m Euribor	May-09	(69,079)
Interest Rate Swap	Martins & Coutinho	Millennium BCP	2,000,000	Receives fixed rate (3.12%) and pays 6-m Euribor	Oct-16	126,819
Interest Rate Swap	Martifer Alumínios	Millennium BCP	2,000,000	Receives fixed rate (3.12%) and pays 6-m Euribor	Oct-16	126,819

The criteria governing the classification and valuation of these instruments are set out in indent ix) f) of the Main valuation criteria in Note 1. Accounting Policies.



As at December 31, 2001, the contribution to the GROUP made by the fair value of the financial derivatives instruments amounts to €2,195,174.

As at December 31, 2005, the financial derivatives instruments had no value since they were contracted during the closing days of 2005 in accordance with market conditions.

## 26. TRADE LIABILITIES & OTHER LIABILITIES PAYABLE

Information on trade accounts and other liabilities payable in respect of the years ended December 31, 2006 & 2005, is as follows:

	Non-current		Current	
	31.12.06	31.12.05	31.12.06	31.12.05
Suppliers				
Engineering & Construction	1,278,203	1,980,879	290,843,507	291,472,199
Environment & Services	-	-	19,170,283	15,409,459
Industry & Energy	-	-	57,007,580	29,655,787
Others, eliminations & intra-Group	(14,815)	-	(43,157,220)	(17,649,475)
	1,263,388	1,980,879	323,864,150	318,887,970
Suppliers of fixed assets	24,017,253	23,261,231	20,024,064	25,478,728
Group companies, associates & other shareholders	955,375	311,753	2,348,187	508,030
Customer prepayments on account of sales	30,179,939	36,517,990	44,190,612	44,718,825
State & other public entities	-	-	32,844,764	29,276,297
Other creditors	11,537,884	6,668,589	78,339,515	49,787,067
	66,690,451	66,759,563	177,747,142	149,768,947
	67,953,839	68,740,442	501,611,292	468,656,917

These sums mainly concern debts originating in subcontracting in respect of works 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, 2006, the GROUP had liabilities as lessee in respect of rents falling due on finance lease contracts in the sum of €39,845,940, with the following maturities:

MATURITY	CAPITAL	INTEREST	TOTAL
1 year	13,140,643	1,322,391	14,463,034
2 years	11,172,604	828,115	12,000,719
3 years	7,630,774	402,746	8,033,520
4 or more years	5,138,697	209,970	5,348,667
	37,082,718	2,763,222	39,845,940

As at December 31, 2006 e 2005, the breakdown of the balances of the State & other public entities is as follows:

	31.12.06	31.12.05
Corporate Income tax	4,098,264	4,735,955
Value added tax	13,119,804	10,714,428
Social security	2,899,008	3,058,265
Personal income tax	1,543,987	1,377,319
Other taxes	9,471	74,529
Taxes in other countries	11,174,230	9,315,801
	<u>32,844,764</u>	<u>29,276,297</u>

As at December 31, 2006 & 2005, "Other creditors" includes sums in respect of factoring with recourse and of bills discounted in the sums of €70,028,725 and €27,357,439 respectively.

## 27. PROVISIONS

The breakdown of provisions in respect of the years ended December 31, 2006 & 2005, is as follows:

	31.12.06	31.12.05
Pensions (Note 30. Retirement plan benefits)	10,915,946	10,915,946
Employee indemnities	3,602,941	3,310,089
Sealing & monitoring a landfill	3,384,443	2,903,952
Provisions for investments valued using the equity method	2,387,353	1,971,713
Legal proceedings	750,324	764,866
Quality warranties	2,093,972	736,530
Other	912,721	236,930
	<u>24,047,700</u>	<u>20,840,026</u>

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

	31.12.06	31.12.05
Opening balance	20,840,026	18,158,674
Increase	3,744,368	4,788,720
Reduction & transfers	(536,694)	(2,107,368)
Closing balance	<u>24,047,700</u>	<u>20,840,026</u>

## 28. OTHER CURRENT AND NON-CURRENT LIABILITIES

"Other non-current liabilities" has to do with investment subsidies granted to the GROUP.

Information on other current liabilities in respect of the years ended December 31, 2006 & 2005, is as follows:

	31.12.06	31.12.05
<b>ACCRUED COSTS</b>		
Cost of holiday pay & bonus	22,153,434	19,556,171
Interest payable	3,067,689	2,119,795
Work in progress not billed	30,379,809	19,640,099
Other accrued costs	18,681,263	3,557,733
	<u>74,282,195</u>	<u>44,873,798</u>
<b>DEFERRED COSTS</b>		
Invoicing in advance	99,858,135	93,559,164
Investment subsidies	367,253	816,500
Rents on own properties	641,494	104,377
Other deferred income	9,194,336	10,404,627
	<u>110,061,218</u>	<u>104,884,668</u>
	<u>184,343,413</u>	<u>149,758,466</u>

## 29. COMMITMENTS

### Guarantees Provided

As at December 31, 2006 & 2005, 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:

	31.12.06	31.12.05
Czech Crowns	1,440,494	4,251,571
Slovakian Crowns	168,200	-
New Romanian Leu	287,600	-
Algerian Dinars	-	986,797
US Dollars	29,163,408	37,175,754
Cape Verde Escudos	335,916	52,303
Euros	733,646,406	601,710,747
Hungarian Forints	663,568	2,872,168
CFA Francs	1,555,063	4,646,618
Malawi Kwashas	2,073,589	6,428,796
Peruvian New Soles	2,505,488	1,106,960
Polish Zlotys	73,083	6,603,288
	<u>771,912,815</u>	<u>665,835,002</u>

The breakdown by GROUP companies is as follows:

	31.12.06	31.12.05
Correia & Correia	211,140	185,240
CPTP	11,184,190	11,545,039
Ekosrodowisko	73,083	-
EMSA	3,151	3,151
Enviroil	140,010	13,510
Ferrovias	10,052,289	12,186,171
Geogranitos	3,421,851	3,383,253
Hifer	80,000	-
Indaqua Group	14,505,184	15,792,349
Manvia	411,324	401,939
Maprel	4,433,745	3,540,826
Martifer Group	19,083,742	19,936,203
MECT	79,554,321	56,818,715
MESP	285,892	285,892
Mota-Engil Ambiente e Serviços	1,615,295	-
Mota-Engil Engenharia	530,212,512	464,132,666
Mota-Engil Magyarország	2,091,043	2,160,320
Mota-Engil Polska	-	4,743,342
Mota-Engil SGPS	45,000,000	22,500,000
Probialp	26,405	-
Probisa	1,090,635	-
Qualibetão	3,226	-
Sadoport	1,140,062	-
Sedengil	54,857	54,857
Suma Group	22,380,059	22,708,895
Soprocil	10,464,253	8,351,565
Tecnocarril	18,662	17,639
Timoz	37,636	31,374
Tracevia	3,645,693	3,411,261
Translei	5,669,645	9,005,212
Vibeiras	5,022,910	4,625,583
	771,912,815	665,835,002

As at December 31, 2006 & 2005, the GROUP had the pledged shares held in and the supplementary capital paid to subsidiaries LUSOS CUT CP, LUSOS CUT GP, LUSOS CUT BLA, LUSOPONTE 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, 2006, real guarantees provided by the GROUP are as follows:

	GUARANTEE	VALUE OF UNDERLYING ASSET	AMOUNT OF THE DEBT
Martifer	Pawn	-	168,150
	Mortgage	750,026	840,502
Martifer Energia	Mortgage	3,380,153	2,625,000
Martifer Indústria	Pawn	22,189,926	13,500,000
Martifer Polska	Mortgage	7,526,427	2,383,006
Timoz	Pawn	307,635	-
	Mortgage	171,002	195,870
Translei	Pawn	1,387,236	885,769
		35,712,404	20,598,297

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

### 30. RETIREMENT PLAN BENEFITS

THE GROUP has assumed defined-benefit retirement plan liabilities for several former and some present employees. These defined 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 Note 1 Accounting Policies.

As at December 31, 2006, liabilities towards pensioners and towards staff in service, and their respective cover, are as follows:

	31.12.06	31.12.05
Liabilities to pensioners	3,601,190	4,070,606
Liabilities to personnel in service	5,514,243	5,347,585
Provisions set aside (Note 27. Provisions)	10,915,946	10,915,946
% of cover	119.8%	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

There is a policy in the Industry & Energy business area, taken out with insurance company Global, which acts as a capitalisation fund to complement its employee's pensions.

All employees belonging to the staff are covered by this fund. Each year (provided a profit is returned) the amount of one basic salary is deposited in the name of each employee. Exercise of the right to the said complement takes place on retirement. Each employee may then opt to use the fund to by an annuity to, alternatively, redeem 50% of the accumulated sum and buy an annuity with the remainder.

### 31. TRANSACTIONS WITH RELATED PARTIES

#### a) Commercial transactions

There are relations between the GROUP's subsidiaries that are qualified as transactions with related parties. All these transactions are carried out at arm's length.

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:

	2006	2005
Sales & provision of services	14,283,620	18,441,148
Cost of merchandise sold	20,055,982	23,163,842
Debtor balances	10,414,477	65,410,000
Creditor balances	37,955,127	3,957,762

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 directors' remuneration during the years ended December 31, 2006 & 2005, amounted to €2,129,451 and €1,830,901, respectively. In each of these years the remuneration of the statutory auditor amounted to €22,847.

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

Some directors have defined-benefit pensions. Information regarding these plans is provided in Note 30 Retirement plan benefits.

## 32. VARIATION OF PERIMETER

During the year ended December 31, 2006, in the wake of the alterations to the GROUP's governance model, associate MARTIFER SGPS was no longer consolidated using the Purchase method and the Proportional method came to be used.

Had the GROUP used the proportional method during the year ended December 31, 2005, the main headings of the balance sheet and profit & loss account would have been as follows:

	2006	2005 (PRO FORMA)	2005
Sales & provision of services	1,308,233,076	1,314,547,714	1,381,000,637
EBITDA	141,738,046	144,625,228	153,010,732
EBIT	84,193,679	87,599,965	92,691,258
Financial profit/(loss)	(36,156,993)	(28,217,448)	(29,787,743)
Net consolidated profit attributable:			
to minority interests	5,429,156	4,580,804	7,128,562
to the Group	32,205,403	30,407,389	30,407,389

	31.12.06	31.12.05 (PRO FORMA)	31.12.05
<b>ASSETS</b>			
Not current	758,741,749	674,993,399	725,005,156
Current	976,249,835	851,217,661	920,290,816
	1,734,991,584	1,526,211,060	1,645,295,972
<b>LIABILITIES</b>			
Not current	609,415,337	429,421,914	578,657,643
Current	821,781,450	739,783,136	748,484,644
	1,431,196,787	1,169,205,050	1,327,142,287
<b>SHAREHOLDERS' EQUITY</b>			
attributable to the Group	282,946,007	338,629,649	273,480,095
attributable to minority interests	20,848,790	18,376,361	44,673,590
	303,794,797	357,006,010	318,153,685
	1,734,991,584	1,526,211,060	1,645,295,972

### 33. NOTES TO THE CONSOLIDATED CASH-FLOW STATEMENT

During the years ended December 31, 2006 & 2005, the breakdown of amounts paid in respect of the acquisition of financial investments is as follows:

	2006	2005
Aenor	9,290,018	14,256,509
Almaque	305,744	-
Ambigere	50,000	-
BERD	606,773	-
Ecolatlântica	700,000	-
Gebox	289,750	-
Tertir Group	10,180,000	-
Jaime Ribeiro & Filhos	-	2,650,000
Jardimaia	209,389	-
LusoLisboa	4,691,700	-
Lusoponte	3,614,451	-
Lusoscut BLA	16,233,045	9,543,420
Lusoscut CP	4,128,670	-
Lusoscut GP	14,887,792	6,217,837
Mwind Romênia	700,109	-
Mota-Engil Srodowisko	-	890,812
MTS	157,366	697,437
Angolan Treasury Bonds	-	4,089,110
Repower AG	8,340,395	26,618,064
Rima	-	1,397,060
SLPP	1,400,000	-
Tradeslu	-	3,000,000
Tratofoz	330,000	-
Other	500,540	3,322,302
	76,615,742	72,682,551

During the years ended December 31, 2006 & 2005, the breakdown of amounts received as payment for financial investments is as follows:

	2006	2005
Aenor	5,266,500	-
HQ	735,000	-
Jaime Ribeiro & Filhos	2,650,000	-
Lusoponte	-	1,985,709
Angolan Treasury Bonds	7,458,822	-
Repower AG	-	1,566,927
M-Invest Stodulsky	1,029,000	-
Other	-	1,037,982
	17,139,322	4,590,618

### 34. SUBSEQUENT EVENTS

During 2007, prior to the date of approval of the accounts by the board of directors, the GROUP launched, in conjunction with Suzlon, a take-over bid for that part of Repower AG share capital not presently by the MARTIFER GROUP (74.6%). The value of the bid amounted to €126 per share, putting the value of the Repower AG shareholders' equity at about €1,020,000,000.

The value of the bid represents a premium of 20% over the Areva bid formalised on February 7, 2007, and a premium of 76% compared to the average Repower AG share price over the three months prior to the launch of Areva's bid. The bid period lasts until April 20, 2007.

The GROUP will have a put option to sell its holding to Suzlon, which can be exercised as from the 2nd year after the conclusion of the bid.

Under the protocol entered into by the Portugal State and the Republic of Angola, a debt owed by Angolan public entities was received during January 2007 in the sum of approximately US\$ 65 million.

January 2007 saw the conclusion of the acquisition of RL, SGPS, SA, the company that has control of the TERTIR GROUP, for an overall sum of about €45,400,000. Take-over bids are currently in progress for Tertir – Terminais de Portugal, S.A., and Terner – Sociedade de Exploração de Terminais, S.A., bids in the sum of sum of €11.73 and €17.84 respectively having been made.

### 35. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the GROUP's board of directors on February 22, 2007. They are, however, still pending the approval of the annual general meeting, though the board of directors is of the conviction that they will be approved without alteration

## APPENDIX A – CONSOLIDATED COMPANIES

### 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
<b>Company Mother of the Group and Connected Activities</b>					
Mota-Engil, SGPS, S.A., sociedade aberta ("Mota-Engil SGPS")	Oporto	-	Holding Company	Aug-90	-
MESP - Mota-Engil , Serviços Partilhados, Administrativos e de Gestão, S.A. ("MESP")	Oporto	100.00	Administrative services	Dec-02	-
Largo do Paço – Investimentos Turísticos e Imobiliários, Lda. ("Largo do Paço") Through MEIT	Amarante	100.00 100.00	Real-Estate	-	Oct-01
RTA - Rio Tâmega, Turismo e Recreio, S.A. ("RTA") Through MEIT	Amarante	100.00 100.00	Real-Estate and tourism	-	May-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	-
<b>Area of Business - Engineering &amp; Construction</b>					
Mota-Engil Engenharia e Construção, S.A. ("Mota-Engil Engenharia")	Amarante	100.00	Civil construction and purchase and sale of properties	-	Dec-00
Aurimove – Utilidades, Equipamentos e Investimentos Imobiliários, Lda. ("Aurimove") Through MEIT	Oporto	100.00 100.00	Real-Estate	Dec-93	-
Bouncer, a.s. ("Bouncer") Through M-Invest	Czech Rep	86.00 86.00	Real-Estate	Dec-06	-
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 Acções Próprias	Cascais	97.24 71.36 25.31 0.60	Constuction, studies and real-estates	-	Nov-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 Estacionamento, 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	-
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

Company	Registered office	Actual holding	Activity	Constitution date	Aquisition date
Fibreglass - Sundlete, Lda ("Fibregalss") Through Mota-Maurícias Through Ações Próprias	Mozambique (Maputo)	100.00 99.80 0.20	Real-Estate	Mar-04	-
Geogranitos - Pedreiras de Amarante, Lda. ("Geogranitos") Through Mota-Engil Engenharia	Amarante	100.00 100.00	Quarrying	Apr-88	Mar-90 Jun-00 / Dec-00
God Project Development ("God") Through Mota-Engil Magyarország	Hungary (Budapest)	100.00 100.00	Civil construction	Dec-06	-
Jasz-Vasut, Kft ("Jasz-Vasut") Through Mota-Engil Magyarország Through Ferrovias	Hungary (Budapest)	70.00 50.00 20.00	Civil construction	Oct-06	-
Kordylewskiego Project Development Sp. z o.o. ("Kord") Through M-Invest Polska	Poland (Krakow)	100.00 100.00	Real-Estate	Feb-05	-
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	-
MEITS, Mota-Engil Imobiliário e Turismo, S.A. ("MEIT")	Oporto	100.00	Holding Company	Sep-01	-
Metroepszolg, RT("Metroepszolg") Through Mota-Engil Magyarország	Hungary (Budapest)	99.77 99.77	Civil construction	-	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 Devonska, s.r.o. ("M-Invest Devonska") Through M-Invest	Czech Rep (Prague)	86.00 86.00	Real-Estate	Nov-06	-
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 M-Invest	Czech Rep (Prague)	81.70 81.70	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 Slovakia, s.r.o. ("M-Invest Slovakia") Through M-Invest	Slovakia (Bratislav)	86.00 86.00	Real-Estate	Jun-06	-
M-Invest Slovakia Mierova , s.r.o. ("Mierova") Through M-Invest Slovakia	Slovakia (Bratislav)	43.00 43.00	Real-Estate	Jun-06	-
Moravian Partner Constructors, sro ("Moravian") Through Sefimota	Czech Rep (Jihlava)	77.34 77.34	Civil construction	Nov-00	Dec-00
Mota-Engil Magyarország, Rt ("Mota-Engil Magyarország") Through Mota-Engil Engenharia	Hungary (Budapest)	100.00 100.00	Civil construction	Jan-96	-
Mota-Engil Real Estate Hungary ("Merehun") Through Mota-Engil Magyarország Through Mota-Engil Engenharia	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 Slovakia") Through Sefimota	Slovakia (Bratislav)	64.00 64.00	Civil construction	Aug-04	-
Motadómus, Lda. ("Motadómus") Through Aurimove Through MEIT	Oporto	100.00 95.00 5.00	Real-Estate	Dec-96	Dec-00



Company	Registered office	Actual holding	Activity	Constitution date	Aquisition date
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	Holding Company	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
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	-
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
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 construction	Jan-97	-
Soltysowska Project Development Sp. z o.o. ("Soltysowska") Atraves da M-Invest Polska	Poland (Krakow)	100.00 100.00	Real-Estate	Nov-05	-
Soprocil Sociedade de Projectos e Construções Civas, S.A. ("Soprocil") Atraves da Mota-Engil Engenharia	Tavira	65.88 65.88	Civil construction	-	Dec-00
Tabella Holding, BV ( Tabella ) Through Mota-Engil Engenharia	Netherlands (Amsterdam)	100.00 100.00	Holding Company	Nov-98	-
Tecnocaril – Sociedade de Serviços Industriais e Ferroviários, Lda. ("Tecnocaril") Through Mota-Engil Engenharia Through Ferrovias	Entroncamento	100.00 15.00 85.00	Treatment of timber for for railway use	Jan-94	Sep-94
Tetenyi Project Development ("Tetenyi") 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 Mota Internacional Through Mota-Engil Engenharia	Peru (Lima)	100.00 99.90 0.10	Construction industry and complementary activities	Sep-86	Jun-98
Wilenska Project Development Sp. z.o.o. ("Wilenska") Through M-Invest Polska	Poland (Krakow)	100.00 100.00	Real-Estate	Jan-05	-
<b>Area of Business - Environment &amp; Services</b>					
Mota-Engil, Ambiente e Serviços, SGPS, S.A. ("Mota-Engil Ambiente e Serviços")	Oporto	100.00	Holding Company	Jun-97	-
Cargorail Transportes de Mercadorias, S.A. ("Cargorail") Through Mota-Engil Ambiente e Serviços Through Ferrovias	Linda- a- Velha	100.00 70.00 30.00	Transports service of merchandises	Sep-06	-
Correia & Correia, Lda. ("Correia & Correia") Through Envirol Through Quotas Próprias	Sertã	73.91 59.13 14.78	Marketing and collection of used oil	Sep-88	Feb-00

Company	Registered office	Actual holding	Activity	Constitution date	Aquisition date
Ekosrodowisko Sp. Z.o.o. ("Ekosrodowisko") Through Mota-Engil Srodowisko	Poland	80.00 80.00	Refuse treatment	-	Dec-05
Enviroil – Resíduos e Energia, Lda. ("Enviroil") Through Mota-Engil Ambiente e Serviços	Matosinhos	73.91 73.91	Marketing and collection of used oil	Nov-97	-
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
Mota-Engil Srodowisko, Sp. z.o.o. ("Mota-Engil Srodowisko") Through Mota-Engil Ambiente e Serviços	Poland	100.00 100.00	Refuse treatment	Dec-05	-
Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, S.A. ("MEASII") Through Mota-Engil Ambiente e Serviços	Oporto	100.00 100.00	Management of projects	Dec-03	-
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	-
Netmaster - Tecnologias de Informação, Lda ("Netmaster") Through Sol-s	Cascais	60.00 60.00	Information technologies	-	Aug-99
Proempar - Promoção e Gestão de Parques Empresarias e Tecnológicos, S.A. ("Proempar") Through Promoquatro Through Mota-Engil Ambiente e Serviços Through Mota-Engil Engenharia	Oporto	76.00 24.00 26.00 26.00	Management of technological parks	Oct-06	-
PTT - Parque Tecnológico do Tâmega ("PTT") Through Proempar Through Promoquatro Through Mota-Engil Ambiente e Serviços Through Mota-Engil Engenharia	Felgueiras	68.10 45.60 5.00 10.00 10.00	Management of technological parks	Dec-06	-
Resilei – Tratamento de Resíduos Industriais, Lda ("Resilei") Through STL	Leiria	30.75 30.75	Industrial refuse treatment	-	Jun-03
Rima – Resíduos Industriais e Meio Ambiente, S.A. ("Rima") Through Suma Through Tratoser	Lousada	59.32 59.26 0.0615	Industrial refuse treatment	-	-
Serurb – Serviços Urbanos, Lda. ("Serurb") Through Suma Through Util	V.N. Famalicão	61.50 61.49 0.01	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	-
Sol-S e Solsuni, Tecnologias de Informação, S.A. ("Sol-S e Solsuni") Through Mota-Engil Ambiente e Serviços Through Acções Próprias	Cascais	60.00 57.00 3.00	Information technologies	-	Aug-99
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	-

Company	Registered office	Actual holding	Activity	Constitution date	Aquisition date
UTIL – União de Transportes e Limpeza, Lda. (“UTIL”) Through Suma Through Serurb	Ourém	61.50 61.44 0.06	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
<b>Area of Business - Transport Concessions</b>					
Mota-Engil Concessões de Transportes, SGPS, S.A. (“MECT”)	Lisbon	100.00	Transport Concessions	Jan-03	-

## 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	Aquisition date
<b>Area of Business - Engineering &amp; Construction</b>					
Empresa de Terraplenagem e Pavimentações – Paviterra, SARL (Angola) ("Paviterra")	Angola (Luanda)	49.00	Civil construction	Nov-80	-
Through Mota Internacional		49.00			
Hifer Construcción Conservación e Servicios, S.A. ("Hifer")	Spain (Madrid)	50.00	Railway construction and maintenance	Nov-03	Oct-05
Through Ferrovias		50.00			
Icer – Indústria de Cerâmica, Lda. ("Icer")	Angola (Luanda)	50.00	Ceramic industry	Nov-91	-
Through Mota-Engil Engenharia		50.00			
M-Invest Slovakia Trnavska, s.r.o. ("Trnavska")	Slovakia (Bratislav)	43.00	Real-Estate	Jun-06	-
Through M-Invest Slovakia		43.00			
Probigalp Ligantes Betuminosos, S.A. ("Probigalp")	Amarante	25.00	Bituminous product manufacture	Apr-98	-
Through Mota-Engil Engenharia		25.00			
Probisa Portuguesa - Construção e Obras Públicas, S.A. ("Probisa")	Amarante	50.00	Construction	Jan-86	-
Through Mota-Engil Engenharia		50.00			
<b>Area of Business - Industry &amp; Energy</b>					
Martifer - SGPS, S.A. ("Martifer SGPS")	Oliveira de Frades	50.00	Holding Company	Nov-04	-
Through Mota-Engil Engenharia		50.00			
Agromart Energy, s.r.l. ("Agromart")	Romania (Bucarest)	29.50	Biodiesel exploration	Mar-05	-
Through Prios, SGPS		29.50			
Biomart Energy, s.r.l. ("Biomart")	Romania (Bucarest)	29.25	Biodiesel exploration	Mar-05	Apr-05
Through Imavic		29.25			
Through Agromart		0.25			
Biomart Biocombustíveis S.A. ("Biomart Biocombustíveis")	Oliveira de Frades	29.25	Biodiesel exploration	Feb-06	-
Through Prios, SGPS		29.25			
Eviva SGPS, S.A. ("Eviva")	Oliveira de Frades	50.00	Holding Company	Dec-06	-
Through Martifer SGPS, S.A.		50.00			
Eviva Hidro SRL ("Eviva Hidro")	Romania (Bucarest)	33.00	Energy production	-	-
Through Martifer SGPS, S.A.		33.00			
Extraresi - Criar Ambientes Limpos, Lda. ("Extraresi")	Oporto	25.63	Ambient projects	-	-
Through Martifer SGPS, S.A.		16.25			
Through Martins e Coutinho		9.38			
Gebox S.A. ("Gebox")	Oliveira de Frades	25.00	Equipment for energy production	May-06	-
Through Martifer SGPS, S.A.		25.00			
MTAL SGPS, S.A. ("Mtal SGPS")	Oliveira de Frades	27.50	Window frames	Jun-06	-
Through Martifer Indústria		27.50			
Martifer - Alumínios, S.A. ("Martifer Alumínios")	Oliveira de Frades	27.50	Window frames	Dec-04	Apr-99
Through Mtal SGPS		27.50			
MT Aluminium Sp. Z o.o. ("Aluminium")	Poland (Gliwice)	27.50	Window frames	Dec-04	-
Through Mtal SGPS		27.50			
Martifer Constructii, s.r.l. ("Construct")	Romania (Bucarest)	50.00	Steel structure manufacture and erection	Mar-05	-
Through Martifer SGPS		50.00			
Martifer Construcciones Metalicas España, S.A. ("Martifer Espanha")	Spain (Madrid)	50.00	Steel structure manufacture and erection	Nov-99	-
Through Martifer		50.00			
Martifer – Construções Metalomecânicas, S.A. ("Martifer")	Oliveira de Frades	50.00	Steel structure manufacture and erection	Feb-90	Jun-98 / Feb-99
Through Martifer SGPS		50.00			

Company	Registered office	Actual holding	Activity	Constitution date	Aquisition date
Martifer CZ, S.R.O. ("Martifer CZ") Through Sefimota Through Martifer SGPS	Czech Rep (Prague)	40.00 16.00 40.00	Steel structure manufacture and erection	Mar-05	-
Martifer Deutschland, GmbH ("Martifer Deutschland") Through Mpolksa	Germany (Berlin)	50.00 50.00	Steel structure manufacture and erection	Oct-05	-
Martifer Energy Systems SGPS, S.A. ("MT Energy Systems") Through Martifer SGPS, S.A.	Oliveira de Frades	50.00 50.00	Holding Company	Dec-06	-
Martifer Energia S.A. ("Martifer Energia") Through Martifer SGPS	Oliveira de Frades	50.00 50.00	Eolic towers production	Feb-04	-
Martifer Gestão de Investimentos, S. A. ("Martifer Gestão de Investimentos") Through Martifer SGPS	Oliveira de Frades	50.00 50.00	Investment management	May-00	-
Martifer Indústria SGPS, S.A. ("Martifer Indústria") Through Martifer SGPS	Oliveira de Frades	50.00 50.00	Holding Company	Dec-06	-
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, SK Eslováquia ("Martifer Slovakia") Through Martifer SGPS Through Martifer Polska	Slovakia (Bratislava)	50.00 40.00 10.00	Steel structure manufacture and erection	Mar-05	-
Martifer Solar, S.A. ("Martifer Solar") Through Martifer - Alumínios	Oliveira de Frades	27.50 27.50	Equipment for energy production	May-06	-
Martifer Solar Angola ("MT Solar Angola") Through Mtal SGPS	Angola (Luanda)	20.63 20.63	Equipment for energy production	Dec-06	-
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	-
M Wind SGPS ("M Wind SGPS") Through Eviva SGPS	Oliveira de Frades	25.00 25.00	Holding Company	Dec-06	-
Nagatel Viseu, S.A. ("Nagatel Viseu") Through Martifer Gestão de Investimentos	Oliveira de Frades	25.00 25.00	Real-Estate	Mar-05	-
Power Blades, S.A. ("Power Blades") Through Martifer Energia SA	Oliveira de Frades	50.00 50.00	Production of aerogenerator	Feb-06	-
Prio SGPS, S.A. ("Prio SGPS") Through Martifer SGPS	Oliveira de Frades	29.25 29.25	Holding Company	Mar-05	-
Prio Advanced Fuels, S.A. ("Prio Ad. Fuels") Through Prio SGPS	Oliveira de Frades	29.25 29.25	Fuel commercialization	Oct-06	-
Prio Biocombustíveis, S.A. ("Prio Biocombustíveis") Through Prio SGPS	Oliveira de Frades	29.25 29.25	Biodiesel exploration	Feb-06	-
Prio Biopaliwa, SP Z.o.o. ("Prio Biopaliwa") Through Prio SGPS	Oliveira de Frades	29.25 29.25	Biodiesel exploration	Nov-06	-
Promoquatro, Lda. ("Promoquatro") Through Martifer Gestão de Investimentos	Oliveira de Frades	25.00 25.00	Real-Estate	Jun-05	-
Repower Portugal, S.A. ("Repower Portugal") Through Martifer Energia Through Repower Systems	Oliveira de Frades	25.00 25.00 7.50	Production of aerogenerator	Jun-05	-



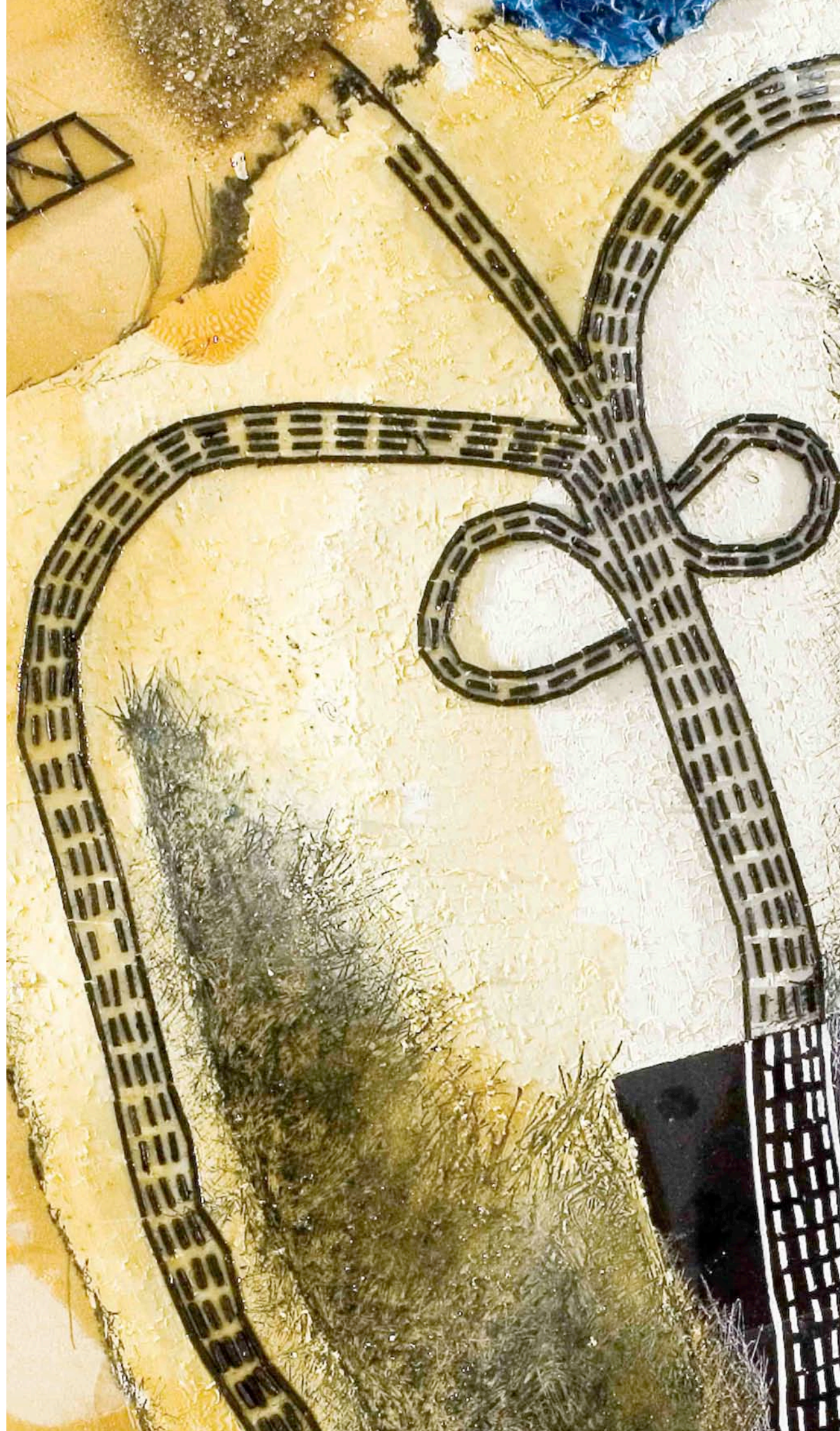
Company	Registered office	Actual holding	Activity	Constitution date	Aquisition date
<b>Area of Business - Environment &amp; Services</b>					
Indagua – Indústria e Gestão de Águas, S.A. ("Indagua") Through Mota-Engil Ambiente e Serviços	Matosinhos	42.86 42.86	Management and exploration of water and sanitation systems	Jun-94	-
Indagua Fafe – Gestão de Águas de Fafe, S.A. ("Indagua Fafe") Through Indagua	Fafe	42.80 42.80	Management and exploration of water and sanitation systems	Dec-95	-
Indagua Feira - Indústria de Águas de Santa Maria da Feira, S.A. ("Indagua Feira") Through Indagua Through Mota-Engil Engenharia	Sta. Maria da Feira	41.72 40.72 1.00	Management and exploration of water and sanitation systems	Mar-99	-
Indagua Santo Tirso – Gestão de Águas de Santo Tirso, S.A. ("Indagua St. Tirso") Through Indagua	Santo Tirso	42.86 42.86	Management and exploration of water and sanitation systems	Dec-98	-
Sadoport - Terminal Marítimo do Sado, S.A. ("Sadoport") Through SLPP	Setúbal	40.00 40.00	Port Activities	-	-
SLPP - Serviços Logísticos de Portos Portugueses, S.A. ("SLPP") Through Mota-Engil Ambiente e Serviços	Linda-a-Velha	50.00 50.00	Port Activities	Oct-05	-

## 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, 2006, are as follows:

Company	Registered Office	Actual Holding
Aenor – Auto-Estradas do Norte, S.A. (“Aenor”)	Portugal	35.11
Ambilital – Investimentos Ambientais no Alentejo, EIM. (“Ambilital”)	Portugal	30.14
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
Citrupe – Centro Integrado de Resíduos, Lda. (“Citrupe”)	Portugal	18.45
Ecolezíria - Empresa Intermunicipal para o Tratamento de Resíduos Sólidos, E. I. M. (“Ecolezíria”)	Portugal	15.07
Eviva Agrighiol SRL (“Eviva Agrighiol”)	Romania	15.14
Eviva Casimcea SRO (“Eviva Casimcea”)	Romania	15.14
Eviva Nalbant SRO (“Eviva Nalbant”)	Romania	15.14
Inwestycje Wiatr Projekt Sp. z o.o. (“IWP”)	Poland	15.00
Jardimaia - Jardins, Decoração e Animais, Lda. (“Jardimaia”)	Portugal	35.00
Lusoscut – Auto-Estradas do Grande Porto, S.A. (“Lusoscut GP”)	Portugal	36.09
Lusoscut – Auto-Estradas da Costa de Prata, S.A. (“Lusoscut CP”)	Portugal	36.09
Lusoscut – Auto-Estradas das Beiras Litoral e Alta, S.A. (“Lusoscut BLA”)	Portugal	36.09
M Wind SRO (“Mwind Eslováquia”)	Slovakia	15.00
M Wind Energy SRL (“Mwind Roménia”)	Romania	15.00
MW Topolog SRL (“MW Topolog”)	Romania	14.85
Mzi Megawatt (“Mzi Megawatt”)	Poland	15.00
Operadora Lusoscut CP – Operação e Manutenção de Auto-Estradas, S.A. (“Operadora Lusoscut CP”)	Portugal	36.09
Operadora Lusoscut BLA – Operação e Manutenção de Auto-Estradas, S.A. (“Operadora Lusoscut BLA”)	Portugal	36.09
Operadora Lusoscut GP – Operação e Manutenção de Auto-Estradas, S.A. (“Operadora Lusoscut GP”)	Portugal	36.09
Operanor – Operação e Manutenção de Auto-Estradas, S.A. (“Operanor”)	Portugal	35.11
Piastowska Project Development Sp. z o.o. (“Piastowska”)	Poland	49.00
Repower Systems, AG (“Repower AG”)	Germany	12.72
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	32.20







## REPORT ON CORPORATE GOVERNANCE PRACTICES



## 0. STATEMENT OF COMPLIANCE

In compliance with CMVM Regulation 7/2001 (as amended by the Commission's Regulation 11/2003), 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 8, in that the board of directors' remuneration is not detailed by director;
- recommendation 8A, since a declaration on Corporate Officers remuneration policy was not submitted to the annual general meeting;
- partially, Recommendation 9, since not all members of the Remuneration Committee are independent in relation to the board of directors;

Insofar as Recommendation 2 is concerned, with regard to the number of working days ahead of a general meeting (10) that the Company imposes for shares to be deposited or blocked to allow shareholders to take part in the meetings, the Company will comply with this recommendation in keeping with a proposed alteration of the articles of association to be submitted to the AGM on March 30, 2007.

Despite not complying with Recommendation 10A, the Company is formalising its internal irregularities communication policy.

## 1. 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 given of the rules inherent in the critical decision processes within the group of companies.

The Investment, Audit and Risk Committee comprises three permanent members (two executive directors and one independent non-executive director), and it may invite other Group managers involved in the projects under evaluation. The duties of this committee are presented in point 3.

The permanent members of the Human Resources Development Committee are one MOTA-ENGIL, SGPS, SA, director and the chairmen of the boards of directors of the Business Areas. The main duties of this committee are to monitor productivity levels, remuneration and equality of opportunities, to assess the programmes to attract and develop valuable staff, to establish the guidelines of the evaluation and incentives systems, career plans, training plan and recruiting and selection plan, to regularly evaluate employee motivation and to establish the culture and key values, co-ordinating efforts directed at their implementation with the GROUP.

The evolution of the MOTA-ENGIL SGPS, SA, share price is described in Chapter 4 of the Consolidated Management Report, to which please refer.

During 2006 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. Over the past 3 years the dividend per share amounted to 5.5 cents in 2003, 8 cents in 2004 and 10 cents in 2005. The proposal for the appropriation of profits included in the Consolidated Management Report with reference to December 31, 2006, calls for the distribution to shareholders of a dividend of 11 cents per share in respect of fiscal 2006.

The GROUP announced quarterly results on May 15, September 6 and November 15, 2006.

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](http://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 privileged information and other press releases, as well as presentations of results in electronic format [www.mota-engil.pt](http://www.mota-engil.pt). 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 person responsible for the Market Relations 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](mailto: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](mailto:erocha@mota-engil.pt).

In accordance with the articles of association, the remuneration of the directors and other corporate officers is fixed by a Remuneration Committee comprising three shareholders. The present composition of this committee is as follows: António Manuel Queirós Vasconcelos da Mota, Maria Teresa Queirós Vasconcelos Mota Neves da Costa, both members of the management body, and Manuel Teixeira Mendes.

During 2006 MOTA-ENGIL SGPS, SA, and its associates paid to all the natural and corporate persons of the same network as the auditor, registered with the CMVM, the following sums: €411,000 for the legal audit of the accounts; €81,000 for reliability guarantee services; €82,000 for tax consultancy services; and €127,000 for other services.

## 2. 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.

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.

### 3. 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 in respect of the Internal Regulations approved by the MOTA-ENGIL, SGPS, SA, board of directors and 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 and projects to the board of directors, examining and issuing opinions of investment and divestment projects, issuing opinions on moves into and 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. Another MOTA-ENGIL, SGPS, SA, body is the Social and Corporate Responsibility and Sustainability Division.

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.

#### 4. MANAGEMENT BODY

The board of directors comprises a chairman, a deputy-chairman and 7 directors, three of whom are non-executive directors. There is no 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
- Directors - Maria Manuela Queirós Vasconcelos Mota dos Santos
- Maria Teresa Queirós Vasconcelos Mota Neves da Costa
- Maria Paula Queirós Vasconcelos Mota de Meireles
- Eduardo Jorge de Almeida Rocha
- Luís Valente de Oliveira (non-executive)
- António Bernardo Aranha da Gama Lobo Xavier (non-executive)
- António Manuel da Silva Vila Cova (non-executive)

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

- António Jorge Campos de Almeida
- Professor 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
- mota gestão e participações, sgps, sa
- vallis, sgps, sa

Director of the following companies:

- antónio de lago cerqueira, sa
- auto sueco (angola), sarl

Director of the following companies:

- sociedade agrícola moura basto, lda

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

- 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
- mota-engil, engenharia e construção, sa

Member of the Remuneration Committee of the following companies:

- antónio de lago cerqueira, sa
- almaque - serviços técnicos, sa
- aurimove - sociedade imobiliária, sa
- cargorail - transportes de mercadorias, sa
- emsa - sociedade imobiliária, sa
- meits - mota-engil - imobiliário e turismo, sa
- mesp - mota-engil serviços partilhados administrativos e de gestão, 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, sa
- martifer - sgps, sa
- nortedomus - sociedade imobiliária, sa
- manvia - manutenção e exploração de instalações e construção, sa
- mota-engil, ambiente e serviços, sgps, sa
- mota-engil, engenharia e construção, sa
- r.t.a. - rio tâmega, turismo e recreio, sa
- sol - s - internacional, tecnologias de informação, sa
- sol - s e solsuni - tecnologias de informação, sa
- vibeiras - sociedade comercial de plantas, sa

#### **António Jorge Campos de Almeida**

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 da prata, sa
- lusoscut - auto-estradas do gp, sa
- lusolisboa - auto-estradas da grande lisboa, 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, sa



- operadora lusoscut gp - operação e manutenção de auto-estradas, sa
- operadora gl - operação e manutenção de auto-estradas, sa
- mts-metro - transportes do sul, sa
- martifer, sgps, 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
- vibeiras - sociedade comercial de plantas, sa
- suma - serviços urbanos e meio ambiente, sa
- indaqua - indústria e gestão de águas, sa

Chairman of the Remuneration Committee of:

- mota-engil, tecnologias de informação, sa

#### **Maria Manuela Queirós Vasconcelos Mota dos Santos**

Chairman 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:

- empresa agrícola florestal portuguesa, sa
- fm - sociedade de controlo, sgps, sa
- mota gestão e participações, sgps, sa

Director of the following companies:

- casal agrícola de parada, lda
- carlos vieira dos santos, lda
- edifícios galiza - sociedade imobiliária, lda
- ladário - sociedade de construção, lda
- largo do paço - investimentos turísticos e imobiliários, lda
- matiprel - materiais pré-fabricados, lda
- predimarão - sociedade de construções, lda
- serra lisa - sociedade de empreendimentos imobiliários, lda
- sociedade agrícola moura basto, lda

Member of the Remuneration Committee of the following companies:

- antónio de lago cerqueira, sa
- almaque - serviços técnicos, sa
- cargorail - transportes de mercadorias, sa
- indaqua - indústria e gestão de águas, sa
- mota-engil ii, gestão, ambiente, energia e concessões de serviços, sa
- martifer - sgps, sa
- mesp - mota-engil serviços partilhados administrativos e de gestão, sa
- rta - rio tâmega, turismo e recreio, sa
- soprocil - sociedade de projectos e construções civis, sa, em representação da antónio lago cerqueira, sa

### **Maria Teresa Queirós Vasconcelos Mota Neves da Costa**

Deputy-chairman member of the Board of Directors of the following companies:

- fm - 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
- supermercados navarras, sa

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
- cerâmica do boialvo, lda

Chairman of the Board of the General Meeting of:

- empresa agrícola florestal portuguesa, sa

Chairman of the Remuneration Committee of:

- aurimove, sociedade imobiliária, sa
- manvia - manutenção e exploração de instalações e construções,sa
- meits - mota-engil, imobiliário e turismo
- mesp - mota-engil serviços partilhados administrativos e de gestão, sa
- mota-engil ambiente e serviços, sa
- mota-engil engenharia e construção, sa
- nortedomus - sociedade imobiliária, sa
- planinova - sociedade imobiliária,sa
- sedengil - sociedade imobiliária, sa
- vibeiras - sociedade comercial de plantas, sa

### **Maria Paula Queirós Vasconcelos Mota de Meireles**

Chairman of the Board of Directors of the following companies:

- r.t.a. - rio tâmega, turismo e recreio, sa
- 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, sa
- empresa agrícola florestal portuguesa, sa
- fm - sociedade de controlo, sgps, sa
- mota gestão e participações, sgps, sa
- estal - estanhos de amarante, sa

Director of the following companies:

- edifícios galiza - sociedade imobiliária, lda
- largo do paço - investimentos turísticos e imobiliários, lda
- matiprel - materiais pré-fabricados, lda
- predimarão - sociedade de construções, lda
- sociedade agrícola moura bastos, lda
- verotâmega - sociedade imobiliária, lda
- casal agrícola de parada, lda
- mineira do jarmelo, lda

Chairman of the Board of the General Meeting of:

- emsa - empreendimentos e exploração de estacionamento, sa

Member of the Remuneration Committee of the following companies:

- mota-engil ii, gestão, ambiente, energia e concessões de serviços, sa
- antónio de lago cerqueira, sa
- s.g.a. - sociedade do golfe de amarante, sa
- r.t.a - rio tâmega, turismo e recreio, sa

#### **Eduardo Jorge de Almeida Rocha**

Chairman of the General Board of:

- vortal - comércio electrónico, consultadoria e multimédia, sa em representação da mota-engil, sgps, sa

Director of the following companies:

- algosi - gestão de participações sociais, sgps, sa
- martifer - sgps, sa
- vallis - sgps, sa

Sole director of:

- bilimora - trading internacional, lda
- RHO - trading internacional, lda

Member of the Remuneration Committee of:

- mota-engil, tecnologias de informação, sa

#### **Luis Valente de Oliveira**

Vice-President of:

- aep - associação empresarial de portugal

Member of the board of management of:

- fundação luso-americana para o desenvolvimento

Member of the General and Supervisory Board of:

- banco comercial português

#### **António Bernardo Aranha da Gama Lobo Xavier**

Director of the following companies:

- sgc investimentos, sa

- epm - sgps, sa
- fundação serralves
- dot one - sgps, sa

Member of the General Board of:

- público, sa

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

- interbanco, sa
- textil manuel gonçalves, sa

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

- banco português do investimento, sa

Member of the Supervisory Board of:

- fundação belmiro de azevedo

#### **António Manuel da Silva Vila Cova**

Does not hold office in other companies

All the executive members of the board of directors have exercised management duties in companies of the MOTA-ENGIL GROUP for over 5 years. The positions held by the non-executive directors during the past 5 years are as follows:

#### **Luis Valente de Oliveira**

Minister for Public Works, Transport and Housing, Vice-President of AEP– Business Association of Portugal, Director of FLAD - Luso-American Development Foundation and Senior Board Member of Banco Comercial Português.

#### **António Bernardo Aranha da Gama Lobo Xavier**

Legal consultant in the areas of financial law and tax law; lawyer specialised in tax law; consultant of the SonaeCom executive committee shared with heading the legal department, the tax department, the public relations department and the regulations department; Director of SGC-Investimentos, S.A., of EPM, SGPS, S.A., of the Serralves Foundation and of DotOne - SGPS, S.A..

#### **António Manuel da Silva Vila Cova**

Director of Caixa Geral de Depósitos, S.A., of PME-Capital, Sociedade de Capital de Risco, S.A., of Banco Simeon, S.A, and of LOCAPOR-Companhia Portuguesa de Locação Financeira, S.A..

The breakdown of the number of shares held by the members of the board of directors is provided in point 7 of the Consolidated Management Report.

The dates of the first appointment as director of the Company of each member of the board of directors are as follows:

	MOTA-ENGIL, SGPS	Other companies
António Manuel Queirós Vasconcelos da Mota	31-Mar-2000	7-Sep-1987
António Jorge Campos de Almeida	16-Aug-1990	31-Mar-1982
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
Eduardo Jorge de Almeida Rocha	31-Mar-2000	
Luís Valente de Oliveira	31-Mar-2006	
António Bernardo Aranha da Gama Lobo Xavier	31-Mar-2006	
António Manuel da Silva Vila Cova	31-Mar-2006	

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 positions and their co-ordinators 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 on a monthly basis 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. The board of directors met on 13 occasions during 2006.

A part of the remuneration of all directors is directly dependent on the Company's results. Thus, in 2006, the company's directors together earned the sum of €700,000, or about 2.3% of the 2002 Net Profit, under the proposal for the appropriation of profits approved by the Annual General Meeting.

In 2006 the remuneration earned by the members of the board of directors as a whole, excluding that referred to in the preceding point, was €2,129,451, of which the sum of €1,629,725 by way of fixed remuneration, the sum of €419,726 by way of variable remuneration and the sum of €80,000 euros by way of attendance bonus for the non-executive directors.











## AUDIT REPORTS



ANTÓNIO MAGALHÃES & CARLOS SANTOS

*Sociedade de Revisores Oficiais de Contas  
Inscrita na Lista dos Revisores Oficiais de Contas sob o nº53  
Registada na CMVM com o nº.1975  
Contribuinte nº.502 138 394*

## 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 31<sup>st</sup> December 2006, (which evidences a total of Euro 1 734 991 584 and a total equity of Euro 303 794 797, including a consolidated net profit attributable to the Company's Equity Holders of Euro 32 205 403), 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 Company's Board of Directors 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 and if not, on the relevant cases, 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 Company's Board of Directors, 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.

.../...

**ANTÓNIO MAGALHÃES & CARLOS SANTOS**

*Sociedade de Revisores Oficiais de Contas  
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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 31<sup>st</sup> of December 2006, 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.

Porto, 06<sup>th</sup> March 2007

António Magalhães & Carlos Santos - SROC, Statutory Auditors Company,  
represented by Carlos Alberto Freitas dos Santos - Statutory Auditor nº 177



ANTÓNIO MAGALHÃES & CARLOS SANTOS

*Sociedade de Revisores Oficiais de Contas  
Inscrita na Lista dos Revisores Oficiais de Contas sob o nº53  
Registada na CMM com o nº.1975  
Contribuinte nº.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.**

The Statutory Auditor herewith presents the report on its supervisory activity and issues its opinion on the Consolidated Management Report and Consolidated Financial Statements prepared by the Board of Directors of "MOTA-ENGIL, SGPS, S.A.", relating to year ending on 31<sup>st</sup> of December of 2006, fulfilling with the disclosed in the Article 508<sup>o</sup>-D of the Portuguese Companies Act (Código das Sociedades Comerciais).

The strong dynamism of the Company's Management remained in 2006, which is reflected in developments on a large number of activities, namely, on the area of maritime ports operations, on the promotion of projects regarding the Multimodal Logistic Platform of Poceirão, on the increase of international business and on the participation, with a leading position, in Consortiums and Agreements on the areas of road, railway and airway transport. The relevant commitment in producing energy on wind power plants and other renewable energies are also large amount investments of undeniable interest for the development of Portugal.

We had, along the year, several meetings with the Holding Company Board of Directors, in which we take knowledge of the most important subjects in the management of the Group of Companies.

We always obtained, either from the Board of Directors or the Company Services, the information that we requested for the fulfilment of our functions, fact that deserves our gratitude.

During the exercise, we made examinations and verifications to the accounts and values that we understand adequate and opportune. The documents of annual rendering of consolidated accounts have been analyzed with special attention, attending the Legal Certifications of Accounts and Auditor Report, when available, prepared by other Auditors on the financial statements of Group Companies.

We did not detect any situation that infringed the Companies Act and applicable Laws.

As a conclusion, it is our opinion that the Annual General Meeting:

- approves the Consolidated Management Report and the Consolidated Financial Statements for the financial year of 2006;

Porto, 07<sup>th</sup> March 2007

THE STATUTORY AUDITOR

António Magalhães & Carlos Santos - SROC, Statutory Auditors Company,  
represented by Carlos Alberto Freitas dos Santos - Statutory Auditor nº 177

## AUDITORS' REPORT

### CONSOLIDATED FINANCIAL STATEMENTS

#### **Introduction**

1. In compliance with the applicable legislation, we hereby present our Auditors' Report on the consolidated financial information contained in the Board of Directors Report and on the accompanying consolidated financial statements for the year ended 31 December 2006 of Mota-Engil, S.G.P.S., S.A. and subsidiaries ("the Company"), which comprise the consolidated balance sheet as of 31 December 2006, that presents a total of 1,734,991,584 Euros and shareholders' equity of 303,794,797 Euros, including a net consolidated profit attributable to the Company's Equity Holders of 32,205,403 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 group of companies included in the consolidation, the consolidated result of their operations and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with the International Financial Reporting Standards as adopted by the European Union, and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) adopting adequate accounting principles and criteria and the maintenance of appropriate internal control systems; and (iv) informing on any significant facts that have influenced the operations, financial position or results of the group of companies included in the consolidation.
3. Our responsibility is to verify the financial information included in the documents of account referred to above, namely if, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and issuing a professional and independent report on that financial information based on our examination.

### Scope

4. Our examination was performed in accordance with the Technical Review/Audit 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 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: verification of the consolidation procedures used, the application of the equity method, as well as verifying that the financial statements of the companies included in the consolidation have been appropriately examined; assessing the adequacy of the accounting principles used and their uniform application and disclosure, taking into consideration the circumstances; the verification of the applicability of the going concern concept; the adequacy of the overall presentation of the consolidated financial statements; and assessment that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit. Our examination also comprises verifying that the financial information contained in the consolidated Board of Directors' Report is in accordance 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 respects, the consolidated financial position of Mota-Engil, S.G.P.S., S.A. and subsidiaries as of 31 December 2006, the consolidated result of its operations and their consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union, and the information contained therein is, in terms of the definitions included in the technical standards and review recommendations referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

Porto, 9 March 2007

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DELOITTE & ASSOCIADOS, SROC S.A.  
Represented by António Manuel Martins Amaral











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