

MOTA-ENGIL, SGPS, S.A.

MANAGEMENT REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS
AS OF THE 1st QUARTER OF 2010



Highlights

- Revenues increased by 2.6% to € 405 million
- EBITDA and EBIT margins of 10.7% and 5.4%
- GROUP'S net attributable income of € 3 million
- Corporate net debt of € 950.6 million and non-recourse debt of € 89.9 million
- Stable order book of € 3.4 billion
- GROUP'S geographical diversification mitigated the impacts of unfavorable macroeconomic environment and abnormal weather conditions in some regions where it operates
- Negative consequences for the quarter because of the delay in the visa (by Portuguese Audit Court) of Douro Interior contract
- Transport Concessions segment discontinued as a reported segment

	thousand euros				
	1Q10	% T		1Q09	% T
Turnover	405,063	0	2.6%	394,781	0
EBITDA	43,350	10.7%	5.2%	41,211	10.4%
EBIT	21,682	5.4%	1.5%	21,357	5.4%
	0	0.0%	0.0%	0	0.0%
Net financial income	(11,981)	(3.0%)	3.0%	(12,346)	(3.1%)
Net income/losses from equity method	(2,426)	(0.6%)	2.2%	(2,480)	(0.6%)
	0	0.0%	0.0%	0	0.0%
Income before taxes	7,275	1.8%	11.4%	6,531	1.7%
	0	0.0%	0.0%	0	0.0%
Net income	5,219	1.3%	22.2%	4,271	1.1%
Attributable to:	0	0.0%	0.0%	0	0.0%
minority interests	2,183	0.5%	17.6%	1,857	0.5%
Group	3,036	0.7%	25.8%	2,414	0.6%

Ebitda = EBIT + Depreciation + Provisions and impairment charges

Net Debt = Gross debt – cash and equivalents

Pro-forma data as of 2009 (equity consolidation for joint-ventures)

Non audited figures.

Index

Highlights

Main achievements	4
--------------------------	----------

Management Report	6
Financial analysis	7
Business areas' analysis	11
Stock price behavior and dividends	16

Main achievements

- **February 2010**

Following the signature of the Memorandum of Understanding, a joint venture contract was agreed upon in February 2010 to incorporate MOTA-ENGIL ANGOLA, an Angolan company. The latter will carry out a relevant part of the activity in Angola previously handled by MOTA-ENGIL, ENGENHARIA E CONSTRUÇÃO, SA, through its subsidiary that will nevertheless continue to operate in the market place. The new company is 51% owned by MOTA-ENGIL, ENGENHARIA E CONSTRUÇÃO, SA and 49% by an Angolan consortium that includes: Sonangol Holdings; BPA – Banco Privado do Atlântico, SA; Finicapital, Investimentos e Gestão, SA; Globalpactum, Gestão de Activos, SA. The operations included in the aforementioned transaction will occur during the current year. The valuation of the assets and financial stakes that will be incorporated in the new venture, currently owned by MOTA-ENGIL GROUP, is in progress, its' reference value being of US\$ 325 million, according to a preliminary valuation previously agreed by the parties. MOTA-ENGIL ANGOLA will be involved in civil construction and public and private Works as well as in other related industrial activities.

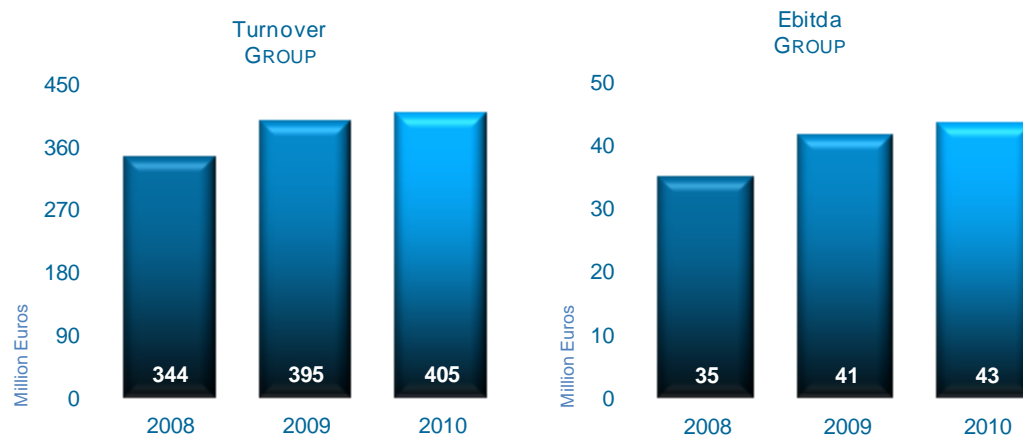
- **March 2010**

GLAN AGUA, MOTA-ENGIL subsidiary in Ireland, signed two contracts to design, build and operate for 20 years 25 water treatment stations worth € 55.2 million. Approximately € 21 million are related to the design and build phases that will be carried out by the GROUP. This was a special achievement in the sense that the GROUP will start a new DBO (design, build and operate) format of projects in Ireland and also because these were the largest projects tendered in Ireland in 2009.

- Following the Portuguese Audit Court's refusal to sign the contract of the sub-concession of Douro Interior awarded to Aenor - Douro Interior (led by MOTA-ENGIL GROUP with a 42.08% stake), modifications were introduced in the contract whereby the NPV for the whole period of the contract was reduced in € 60 million, according to the tender rules, as compared to the initial contract. Despite the amended contract having been approved by the Portuguese Audit Court (April 2010) the situation constrained/delayed the operation (construction/concession).

Management Report

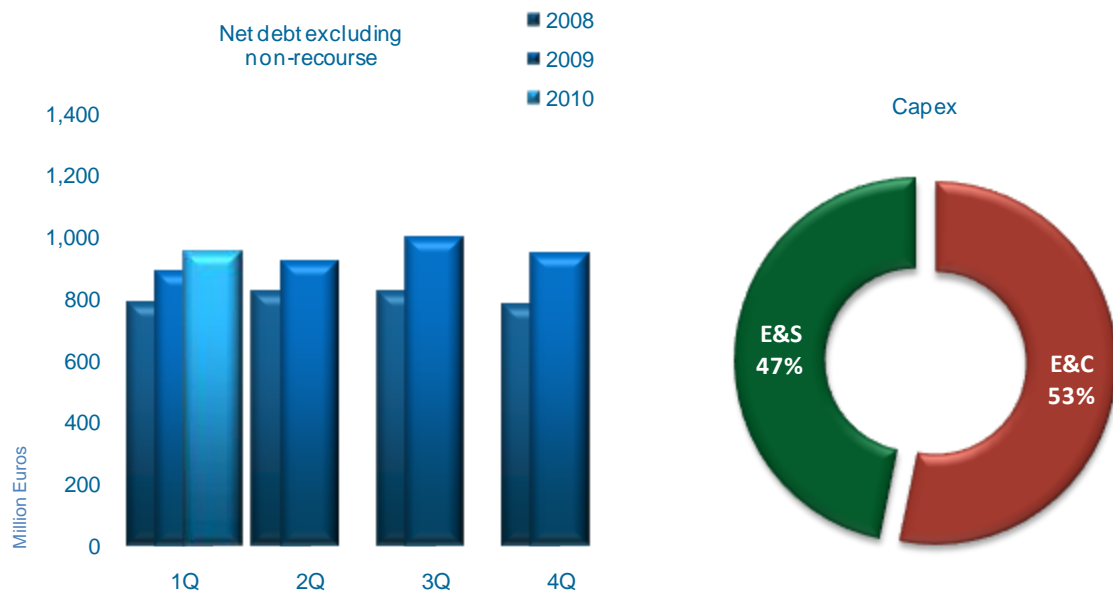
Financial Analysis



MOTA-ENGIL GROUP reached net income of € 4.7 million, € 2.5 million of which attributable to the GROUP in the first quarter of 2010, an improvement as compared to the same period of the previous year (2009: € 2.4 million).

Revenues rose by 2.6% (considering a pro forma figure for 2009) to € 405 million (2009: € 395 million). This performance was achieved on the back of the 2% increase for the Construction division and the 5% for the Environment & Services division.

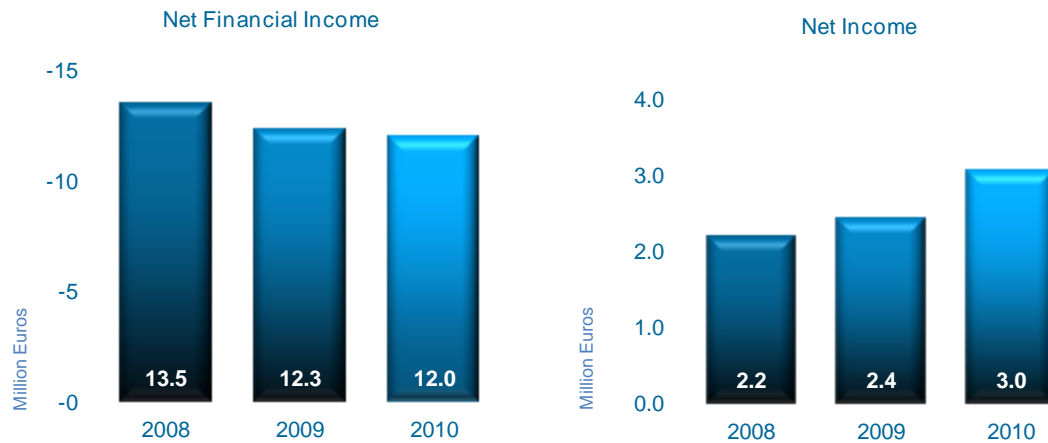
The maintenance of EBITDA margins in both the Construction (9%) and Environment & Services (19%) divisions in the first quarter of the year as compared to the first quarter of 2009, coupled with the slight increase in revenues, allowed for a good operating performance at the consolidated level (€ 43 million in 2010, as compared to € 41 million in 2009).



2008 and 2009: Pro forma data (using the equity method in the recognition of interests in jointly controlled entities)

Consolidated capital expenditure was of € 25 million in the first quarter of 2010. It is worth mentioning that approximately € 7.5 million were spent in the water sewage & distribution concessions of Matosinhos and Vila do Conde (Environment & Services division).

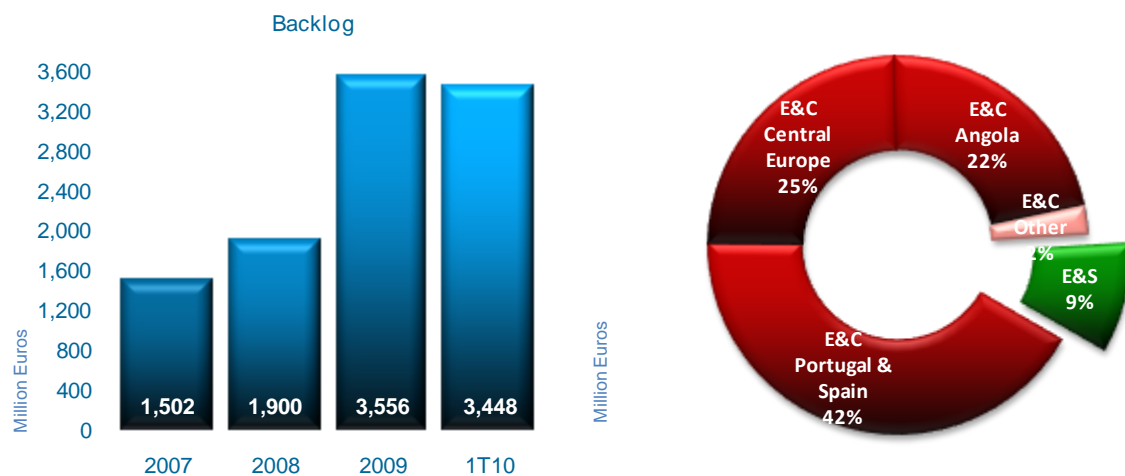
Total net debt was of € 1.04 billion, € 90 million of which being non-recourse (Environment & Services).



2008 and 2009: Pro forma data (using the equity method in the recognition of interests in jointly controlled entities)

Net financial expenses were of € 12.3 million in the first quarter of the current year (2009 pro-forma: € 12 million), less 3% year on year. Although the stock of debt increased as compared to previous quarters, interest rates charged were lower, therefore allowing for the above mentioned evolution. It is also worth mentioning that no material foreign exchange losses were booked in the aforementioned quarter.

In light of the reported operating and financial evolution, net attributable income to the GROUP reached € 3 million in the first quarter of 2010.

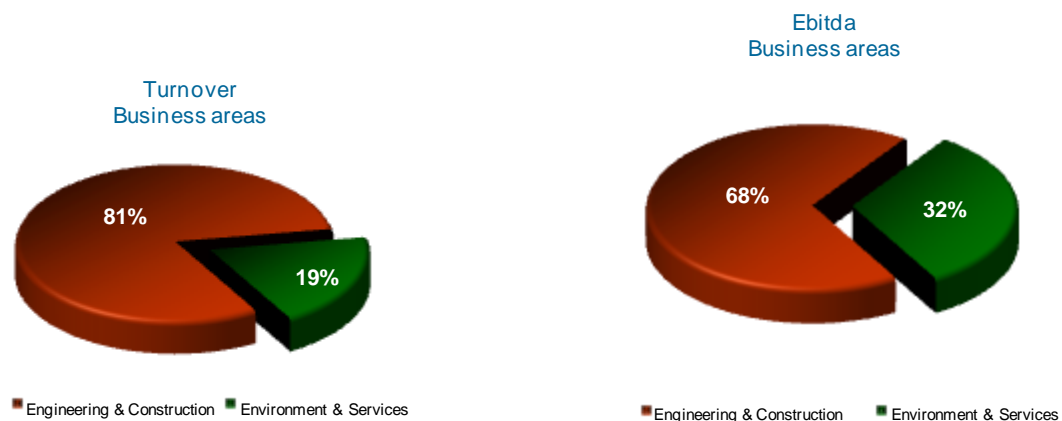


The backlog at the end of March was of € 3.4 billion, roughly unchanged as compared to December 2009.

The backlog of the Environment & Services division only includes contracts in waste management and multi-services, therefore excluding expected revenues from concession contracts in water sewage & distribution (now with a higher weight in consolidated revenues) or ports.

The backlog evolution should remain positive therefore sustaining future revenues growth. The internationalization strategy pursued, the State sponsored investment aiming at fuelling economic growth in several countries where the GROUP has activities together with further diversification and cross selling in some of these countries will be the main factors that should allow the backlog to sustain both the growth prospects announced for 2010 and the medium term forecasts also previously disclosed.

Business areas' analysis



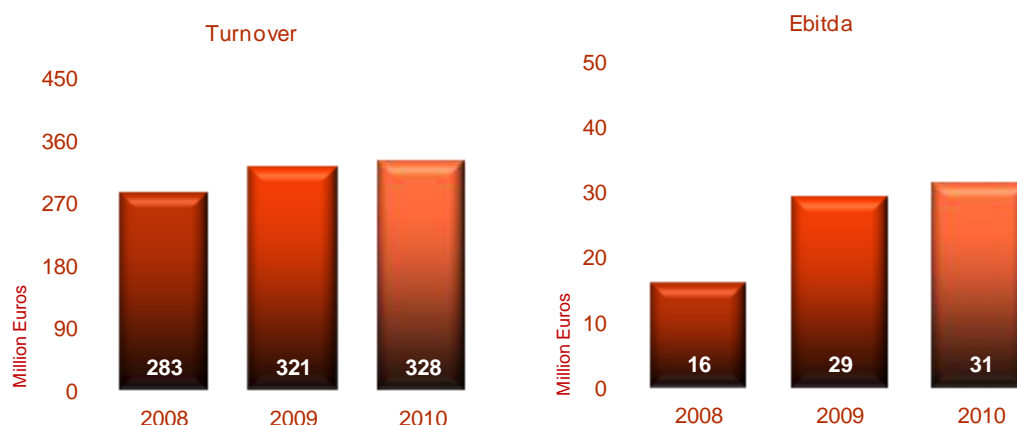
GROUP's revenues had the following breakdown: Construction € 327.8 million (2009: € 321.1 million) and Environment & Services € 78.2 million (2009: € 74.4 million).

The mix of revenues and EBITDA remained roughly unchanged as far as the Construction and Environment & Services divisions are concerned.

In 2010, the GROUP changed the consolidation method regarding the joint ventures, from proportional consolidation to equity method. This change affected mainly the transport concessions, which are part of ASCENDI GROUP (partnership with BES Group and, therefore, considered a joint venture). As a result, the financial statements will no longer be proportionally consolidated in the Groups' Accounts and Transport Concessions will no longer be reported as a segment. The Board of Directors acknowledges that the current accounting procedures, as mentioned in the Notes, give a more accurate and proper view of the Groups' Financial Statements and Results. It will also allow a better understanding of the Group's accounts.

In the following chapters, a detailed analysis of the activity and results for each business area for the first three months of 2010 is provided.

Construction



2008 and 2009: Pro forma data (using the equity method in the recognition of interests in jointly controlled entities)

Revenues of the Construction division attained € 328 million in the first quarter of 2010 (2009: € 321 million), up 2% from the previous year.

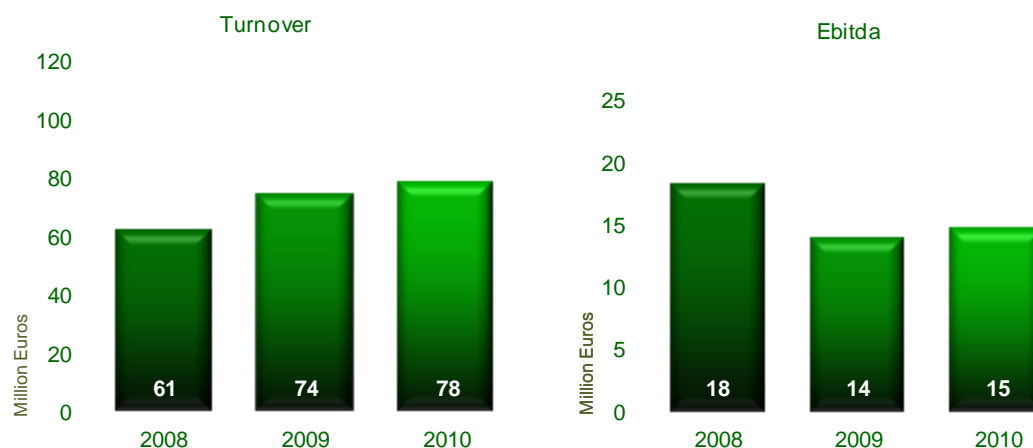
The latter figure was negatively affected by the performance of Portugal (-17%) but positively impacted by African operations (+42%).

Revenues in Africa rose to € 134 million (2009: € 94 million). Angola keeps growing at a strong pace, revenues having reached € 107 million in the quarter (2009: € 75 million).

As far as operating margins are concerned, the EBITDA margin slightly improved as compared to 2009.

In Portugal, despite the performance of the 1st quarter, it is expected to recover the delays mainly caused by the adverse weather conditions. Likewise, the performance in Central Europe was heavily affected by a very rigorous winter though the backlog reached in the region allows us to anticipate that the delays in execution of the contracts will be recovered.

Environment & Services



2008 and 2009: Pro forma data (using the equity method in the recognition of interests in jointly controlled entities)

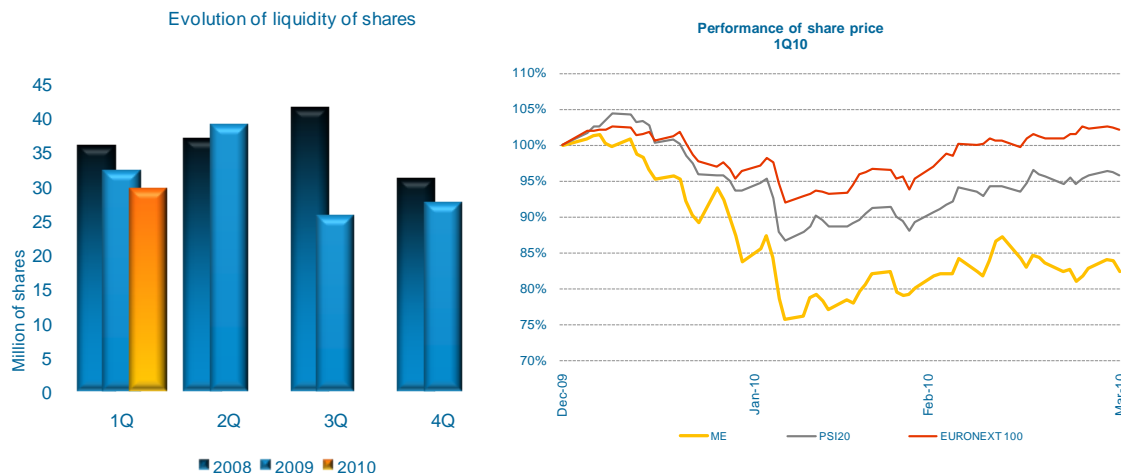
Revenues of the Environment & Services division rose 5% to € 78 million in the first quarter of the current year (2009: € 74 million).

The Logistics segment remains the bigger one within the division. Revenues in the segment soared 13% year on year (€ 35.2 million in 2010, as compared to € 31.2 million in 2009). This behaviour is in line with the expectations for the full year in terms of the ports activity that has shown some recovery despite the current tough environment. It is also worth mentioning that the difficulties felt in rail transportation due to a strong commercial aggressiveness in the market place.

The Waste management segment reported revenues 2% above the same quarter of the previous year (€ 23.2 million in 2010 and € 22.9 million in 2009).

In terms of the operating performance, the EBITDA grew slightly year on year (up approximately 6%), leading to a stable margin in the vicinity of 19%.

Stock price behavior and dividends



Despite the European stock markets stellar performance in 2009, the trend reversed at the beginning of 2010 due to the uncertainties related to the ability of the Greek State to refinance or raise more debt and to the risk of contagion of the Greek financial crisis to the remaining European countries, namely those of Southern Europe, as is the case of Portugal. MOTA-ENGIL stock price was severely affected by the challenging environment and by uncertainties related to the Portuguese construction and public Works industry. The stock liquidity during the first quarter of 2010 was lower than in the equivalent quarter of 2009.

The General Shareholders Meeting as of April 31st, 2010 decided, according to the Board of Directors proposal, to pay 11 € cents per share as dividend.

Porto, May 13th, 2010

Jorge Paulo Sacadura de Almeida Coelho
Chief Executive Officer

Luís Filipe Cardoso da Silva
Chief Financial Officer

Interim Consolidated Financial Information

MOTA-ENGIL, SGPS, S.A.

**Separate Consolidated Income Statement
for the period ended March 31, 2010 & 2009**

	2010 Euro	2009 Euro restated	2009 Euro
	(non audited)	(non audited)	(non audited)
Sales and services rendered	405,063,318	394,781,129	429,996,270
Other income	26,712,913	30,119,881	31,162,678
Cost of merchandise and of subcontracts	<u>(215,579,495)</u>	<u>(231,628,502)</u>	<u>(237,314,259)</u>
Gross profit	216,196,736	193,272,508	223,844,689
Third-party supplies & services	(75,180,514)	(69,320,653)	(73,139,152)
Staff costs	(85,526,541)	(75,351,249)	(77,525,711)
Other operating income /(costs)	<u>(12,139,383)</u>	<u>(7,389,175)</u>	<u>(8,075,183)</u>
	43,350,298	41,211,432	65,104,643
Depreciation	(21,252,165)	(18,420,966)	(30,149,633)
Provisions and impairment losses	<u>(416,535)</u>	<u>(1,433,510)</u>	<u>(1,453,384)</u>
Operating profit	21,681,598	21,356,955	33,501,626
Financial profit/(loss)	(11,980,767)	(12,346,451)	(29,929,121)
Gains / (losses) on associate companies	(2,425,849)	(2,479,737)	2,964,247
Income tax	<u>(2,056,011)</u>	<u>(2,259,781)</u>	<u>(2,265,765)</u>
Consolidated net profit for the period	<u>5,218,971</u>	<u>4,270,987</u>	<u>4,270,987</u>
Attributable:			
to minority interests	2,182,812	1,856,635	1,856,635
to the Group	3,036,159	2,414,352	2,414,352
Earnings per share:	0.0157	0.0111	0.0111

MOTA-ENGIL, SGPS, S.A.

**Statement of Consolidated Comprehensive Income
for the period ended March 30, 2010 & 2009**

	2010 Euro	2009 Euro
	(non audited)	(non audited)
Consolidated net profit for the period	5,218,971	4,270,987
<i>Other comprehensive income</i>		
Exchange differences stemming from transposition of financial statements expressed in foreign currencies	7,233,503	2,144,126
Variation, net of tax, of the fair value of financial derivatives	(4,884,755)	(3,499,207)
Other corrections to the own funds of associates	3,776,577	(236,527)
Total comprehensive income for the period	11,344,295	2,679,379
Attributable:		
to minority interests	(597,864)	1,908,808
to the Group	11,942,159	770,571

MOTA-ENGIL, SGPS, S.A.

**Consolidated Statement of Financial Position
as at March 31, 2010 & December 31, 2009**

	2010 Euro	2009 Euro restated	2009 Euro
	(non audited)	(audited)	(audited)
Assets			
Non current			
Goodwill	133,627,918	133,010,980	166,173,280
Intangible fixed assets	265,770,199	242,087,083	103,515,556
Concessions fixed assets	-	-	1,359,426,080
Tangible fixed assets	547,429,611	538,334,805	558,985,747
Financial investments under the equity method	295,116,628	309,063,533	330,232,487
Available for sale financial assets	24,809,933	9,211,360	52,709,067
Investment properties	32,907,568	30,652,739	30,837,291
Customers & other debtors	23,064,131	64,397,035	89,938,103
Deferred tax assets	45,082,592	37,318,723	50,338,968
	<u>1,367,808,580</u>	<u>1,364,076,258</u>	<u>2,742,156,579</u>
Non-current Assets Held for Sale	<u>29,043,672</u>	<u>29,043,672</u>	<u>29,043,672</u>
Current			
Stocks	232,468,934	230,440,948	249,924,349
Customers	876,066,311	818,411,412	838,114,736
Other debtors	258,225,427	188,807,705	195,850,259
Other current assets	168,993,221	104,861,981	313,725,464
Cash & cash equivalents non recourse	11,078,949	18,717,241	120,440,729
Cash & cash equivalents with recourse	82,970,315	109,588,649	124,875,090
	<u>1,629,803,157</u>	<u>1,470,827,936</u>	<u>1,842,930,627</u>
Total Assets	<u>3,026,655,409</u>	<u>2,863,947,866</u>	<u>4,614,130,878</u>
Liabilities			
Non current			
Non recourse debt	97,888,662	91,592,684	1,091,580,057
Recourse debt	457,768,081	468,569,668	742,741,654
Sundry Creditors	168,691,045	223,589,273	299,466,970
Provisions	60,059,554	43,749,378	29,567,835
Other non-current liabilities	3,909,554	3,909,554	55,181,435
Deferred tax liabilities	30,204,038	26,044,689	33,552,856
	<u>818,520,934</u>	<u>857,455,246</u>	<u>2,252,090,807</u>
Current			
Non recourse debt	3,085,503	3,099,065	135,773,353
Recourse debt	575,833,197	549,346,997	563,291,966
Suppliers	422,578,490	451,427,938	464,271,291
Derivatives	16,658,853	13,888,963	16,434,046
Sundry Creditors	461,803,225	361,516,658	409,778,150
Other current liabilities	372,565,082	262,294,222	396,399,973
	<u>1,852,524,350</u>	<u>1,641,573,843</u>	<u>1,985,948,779</u>
Total liabilities	<u>2,671,045,284</u>	<u>2,499,029,089</u>	<u>4,238,039,586</u>
Equity			
Share capital	204,635,695	204,635,695	204,635,695
Reserves	99,424,534	40,783,389	51,955,904
Consolidated net profit for the period	3,036,159	71,738,092	71,738,092
Equity attributable to the Group	<u>307,096,388</u>	<u>317,157,176</u>	<u>328,329,691</u>
Minority interests	48,513,737	47,761,601	47,761,601
Total equity	<u>355,610,125</u>	<u>364,918,777</u>	<u>376,091,292</u>
	<u>3,026,655,409</u>	<u>2,863,947,866</u>	<u>4,614,130,878</u>

MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
AS OF THE 1st QUARTER OF 2010
13 MAY 2010

18

MOTA-ENGL, SGPS, S.A.

Statement of changes in equity during the periods ended March 31, 2010 & 2009

	Equity capital	Own Shares	Issue premiums	Fair value reserves			Currency translation reserve	Other reserves	Income for the period	Own funds attributable to shareholders	Own funds attributable to minority interests
				available-for-sale investments	Lands assigned to quarrying operations	derivatives					
Balance as at January 1, 2009	204,635,695	(21,699,082)	87,256,034	45,586,328	(2,227,574)	(6,600,821)	(23,169,923)	(25,324,182)	30,565,438	289,021,913	52,295,170
Total comprehensive income for the period	-	-	-	-	-	(3,499,207)	2,091,953	(236,527)	2,414,352	770,571	1,908,808
Dividend distribution	-	-	-	-	-	-	-	-	-	-	(2,458,650)
Acquisition of own shares	-	(859,709)	-	-	-	-	-	-	-	(859,709)	-
Transfers	-	-	-	-	-	-	-	30,565,438	(30,565,438)	-	-
Alterations to the consolidation perimeter	-	-	-	-	-	-	-	-	-	-	1,037,483
Balance as at March 31, 2009	204,635,695	(22,558,791)	87,256,034	45,586,328	(2,227,574)	(10,100,028)	(21,077,970)	5,004,730	2,414,352	288,932,776	52,782,811
Balance as at January 1, 2010	204,635,695	(22,558,792)	87,256,034	45,586,328	(1,841,058)	(10,627,661)	(31,263,466)	(14,595,481)	71,738,092	328,329,691	47,761,601
Joint Ventures (Equity method)	-	-	-	-	-	2,266,527	-	(2,266,527)	-	-	-
IFRIC 12	-	-	-	-	-	-	-	(8,204,097)	-	(8,204,097)	-
IFRIC15	-	-	-	-	-	-	-	(2,968,418)	-	(2,968,418)	-
Balance as at January 1, 2010 (restated)	204,635,695	(22,558,792)	87,256,034	45,586,328	(1,841,058)	(8,361,134)	(31,263,466)	(28,034,524)	71,738,092	317,157,176	47,761,601
Total comprehensive income for the period	-	-	-	-	-	(1,248,977)	6,378,401	3,776,577	3,036,159	11,942,159	(597,864)
Dividend distribution	-	-	-	-	-	-	-	(21,302,947)	-	(21,302,947)	-
Other distributions of results	-	-	-	-	-	-	-	(700,000)	-	(700,000)	-
Acquisition of own shares	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	71,738,092	(71,738,092)	-	-
Alterations to the consolidation perimeter	-	-	-	-	-	-	-	-	-	-	1,350,000
Balance as at March 31, 2010	204,635,695	(22,558,792)	87,256,034	45,586,328	(1,841,058)	(9,610,111)	(24,885,065)	25,477,198	3,036,159	307,096,388	48,513,737