

MOTA-ENGIL, SGPS, S.A.

**MANAGEMENT REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS
AS OF THE FIRST NINE MONTHS OF 2010**



Highlights

- Revenues unchanged at € 1,463 million
- EBITDA and EBIT margins improved to 11.6% and 7.1%, respectively
- Net attributable income to the GROUP of € 30.7 million
- Corporate net debt of € 999 million and non-recourse debt of € 98 million
- Backlog of € 3.3 billion

	thousand euros					thousand euros				
	9M10	% T	Δ	9M09	% T	3Q10	% T	Δ	3Q09	% T
Turnover	1,462,912	0	0.3%	1,458,958		562,812		(3.2%)	581,388	
EBITDA	170,404	11.6%	20.2%	141,758	9.7%	67,173	11.9%	35.8%	49,460	8.5%
EBIT	103,298	7.1%	24.9%	82,722	5.7%	43,107	7.7%	42.0%	30,361	5.2%
Net financial income	(48,302)	(3.3%)	(45.9%)	(33,100)	(2.3%)	(21,514)	(3.8%)	(112.3%)	(10,135)	(1.7%)
Net income/losses from equity method	2,332	0.2%	(94.6%)	43,252	3.0%	(94)	(0.0%)	88.9%	(843)	(0.1%)
Income before taxes	57,328	3.9%	(38.3%)	92,874	6.4%	21,498	3.8%	10.9%	19,383	3.3%
Net income	38,478	2.6%	(49.1%)	75,635	5.2%	14,434	2.6%	6.1%	13,600	2.3%
Attributable to:										
Non-controlling interests	7,736	0.5%	0.5%	7,695	0.5%	3,285	0.6%	(5.1%)	3,461	0.6%
Group	30,742	2.1%	(54.8%)	67,940	4.7%	11,148	2.0%	10.0%	10,139	1.7%
Martifer gains/losses	(1,232)			42,860		(1,255)			(666)	
Group Net Income (ex Martifer)	31,974	2.2%	27.5%	25,080	1.7%	12,403	2.2%	14.8%	10,805	1.9%

Ebitda = Earnings before interest + depreciation + provisions and impairment losses

Net debt = Gross debt – cash and equivalents

Pro-forma figures as of 2009 (equity method criterium for jointly controlled entities)

Non audited figures

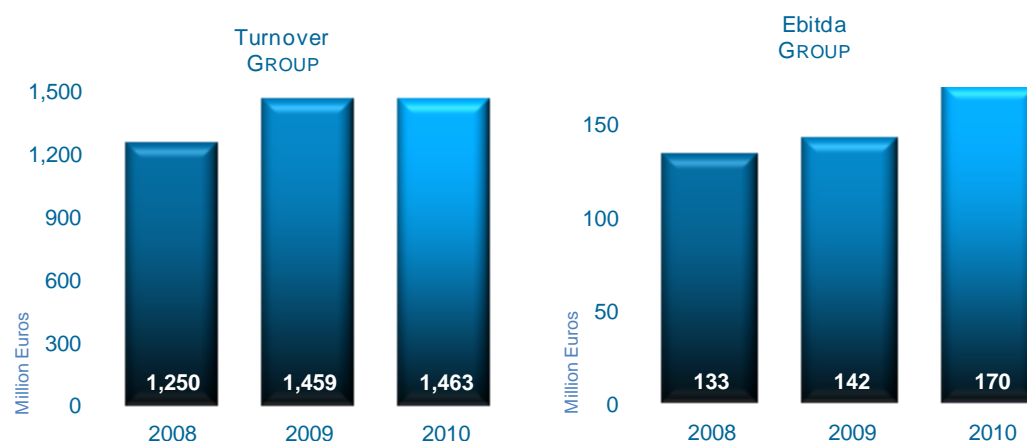
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Management report

Financial analysis

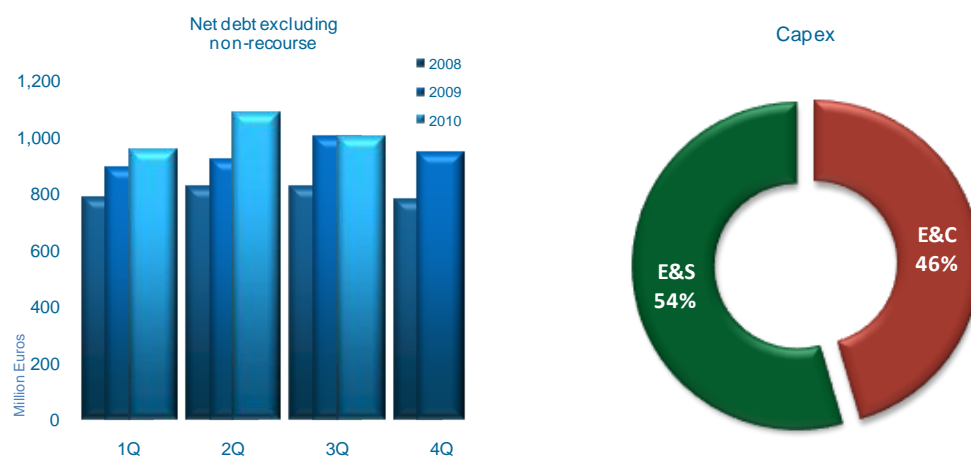


2008 and 2009: Pro-forma figures (equity consolidation for jointly controlled ventures)

MOTA-ENGIL GROUP reached net income of € 38.5 million, € 30.7 million of which attributable to the GROUP. Excluding profit & losses of MARTIFER, net profit was € 32 million (2009: € 25.1 million).

Revenues rose by a mere 0.3% (considering a pro forma figure for 2009) to € 1,463 million (2009: € 1,459 million). The strong growth of the Environment & Services division (26% growth in the 9 months of 2010) was nearly offset by the 4% drop of the Construction division.

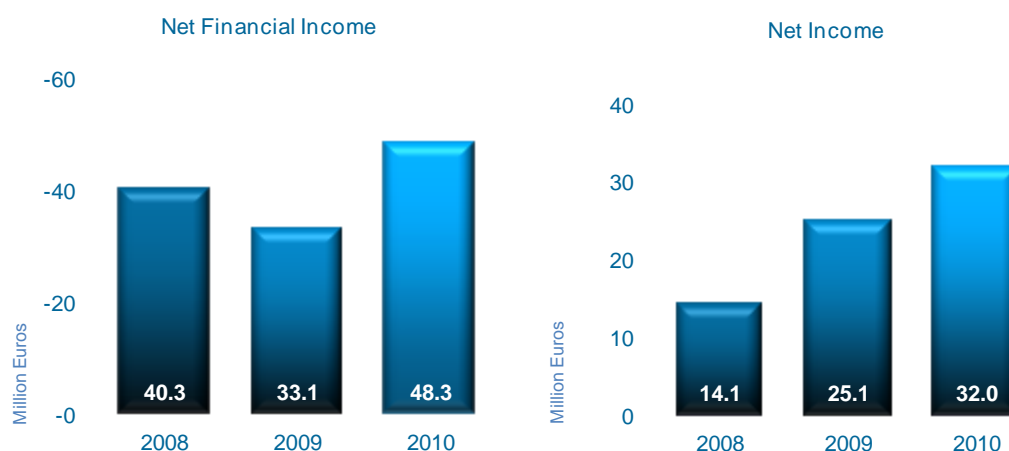
Notwithstanding, the latter's EBITDA margin improved to 10.2% from 8% in 2009 that, coupled with Environment & Services' top line growth and flat margins, allowed for an excellent operating performance at the consolidated level (€ 170.4 million in 2010, as compared to € 141.8 million in 2009).



2008 and 2009: Pro-forma figures (equity consolidation for jointly controlled ventures)

Consolidated capital expenditure was of € 128 million in the nine months to 2010, € 68.2 million of which in the Environment & Services division. It is worth mentioning that approximately € 23 million was spent in the water sewage & distribution concessions of Matosinhos and Vila do Conde. The acquisition of a stake in GEOVISION in Brazil required approximately € 21 million. Slightly less, 56.7 million, invested the Construction division (mainly in Africa and America, including the acquisition of a stake in IDINSA, in Mexico), having the remaining been spent at both the holding and affiliated companies' level. Replacement capital expenditure was € 42 million.

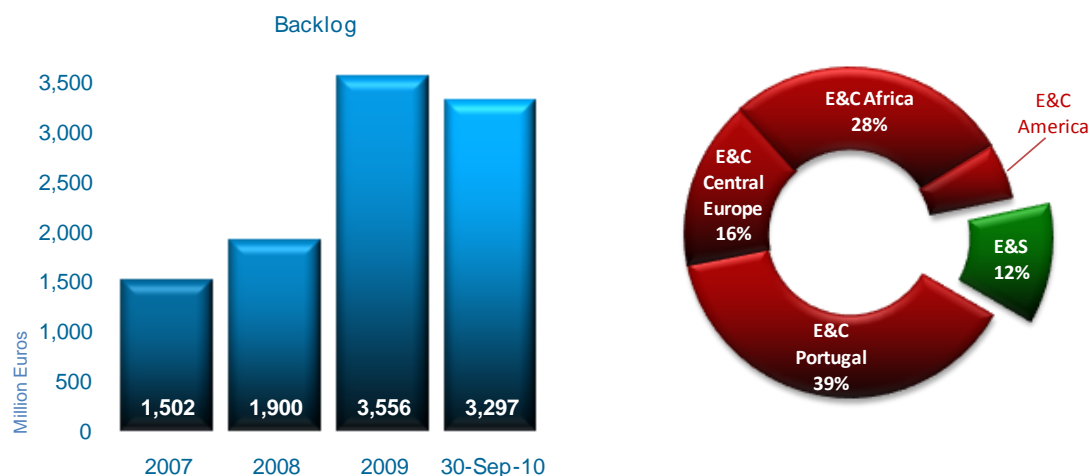
Total net debt was of € 1,097 million, € 98 million of which being non-recourse (Environment & Services). Of the recourse net debt, € 388 million came from the Engineering & Construction division, € 354 million from the Environment & Services division and € 355 million from the holding company, thus adding up € 999 million, € 491 million of which was financing assets allocated to the operating activities.



2008 and 2009: Pro-forma figures (equity consolidation for jointly controlled ventures)

Net financial expenses were of € 48.3 million (2009 pro-forma: € 33.1 million), up 46% year-on-year. It is, however, worth mentioning that the latter figure had been positively affected by a capital gain of approximately € 6 million and by interest revenues of approximately € 7 million. Were not for these effects and the change in the consolidation perimeter (an additional € 2 million), the performance would have been roughly similar to that of the previous year. The cost of debt remained roughly flat, year on year.

In light of the reported operating and financial evolution, pre-tax income reached € 57.3 million and net income € 38.5 million, of which € 30.7 million attributable to the GROUP.

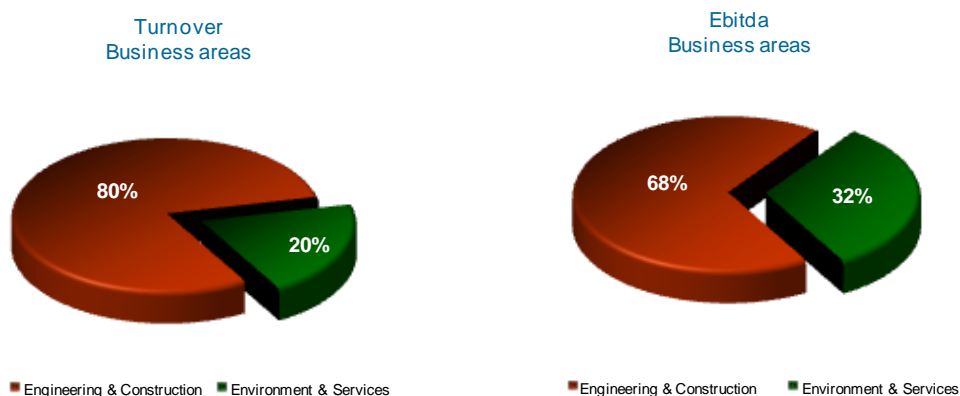


The backlog at the end of September was of € 3.3 billion, € 2.9 billion of which in Construction.

In the first nine months of 2010 the backlog increased in Africa (mainly Mozambique) and Latin America (mainly Peru), partially compensating for the withdrawal of the D1 motorway in Slovakia, whose outcome remains uncertain.

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.

Business Areas' Analysis



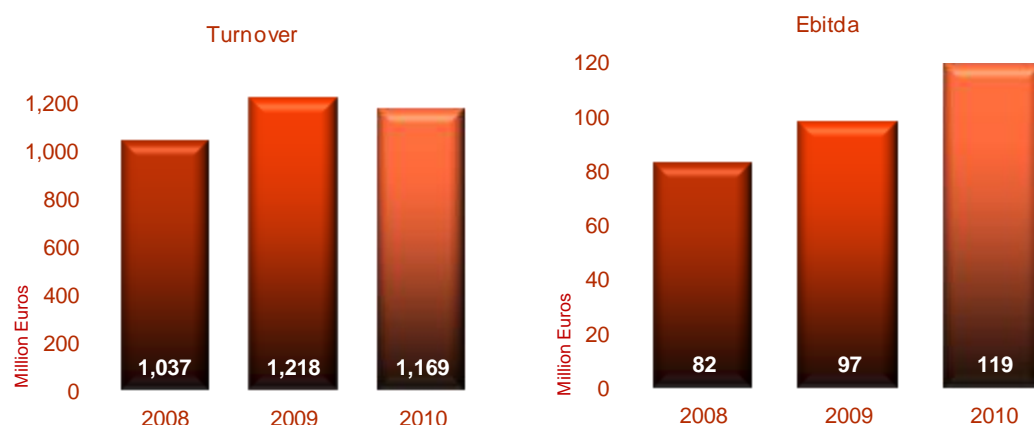
GROUP's revenues had the following breakdown: Engineering & Construction € 1,169.3 million (2009: € 1,217.6 million) and Environment & Services € 295.9 million (2009: € 234.8 million).

Although the mix of revenues and EBITDA remained roughly unchanged as far as the Construction and Environment & Services divisions are concerned, the relative weight of the Environment & Services increased in terms of volume (2010: 20%; 2009: 16%).

In 2010, the GROUP changed its consolidation method as far as joint ventures are concerned to the equity method (as opposed to the previously used proportional consolidation method). The Board of Directors of MOTA-ENGIL acknowledges, in light of the arguments and circumstances mentioned in the notes to the Financial Statements that the current accounting method provides a true and appropriate image of the GROUP's financial position and the profits of its operations and will allow the users of the Financial Statements to improve their perception of MOTA-ENGIL's activities.

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

Construction



2008 and 2009: Pro-forma figures (equity consolidation for jointly controlled ventures)

Revenues of the Construction division attained € 1,169.3 million in the first nine months of 2010 (2009: € 1,217.6 million), down 4% from the previous year.

This evolution was mainly due to the weak performances of Portugal (revenues dropped 20%) and Central Europe (-31%) that were offset by Africa's growth (31%) and America (22%).

As far as the operating margins are concerned, it is worth mentioning that EBITDA margin improved as compared to 2009 (10.2% in 2010, as compared to 8% in 2009).

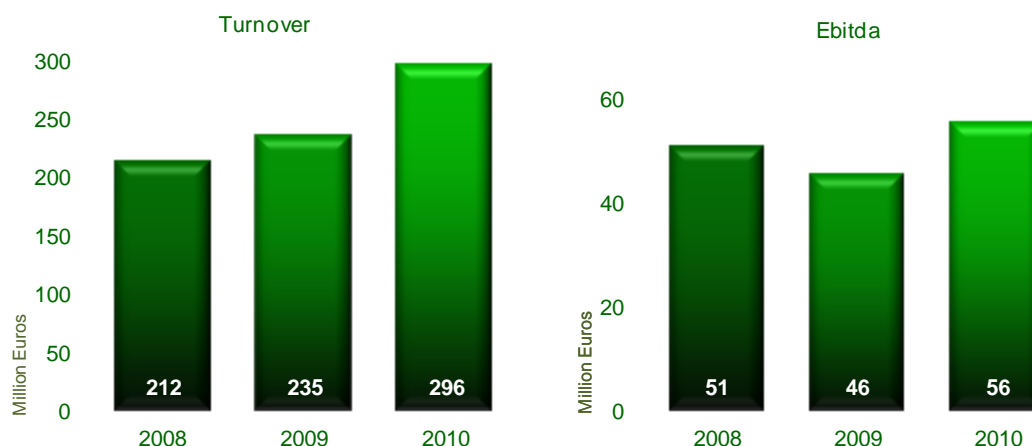
In Portugal, despite the lower activity, the margin was kept above 5% and the expectation remains of a partial recovery of production.

Likewise, in Central Europe, the activity was affected by a very rigorous winter early this year but the favorable evolution of the backlog allows us to anticipate to recover the delays in execution, although probably not in full. It is worth mentioning that Poland, the main market in the area, has proven to be very resilient despite the extreme weather conditions and the international financial crisis, having recorded slightly higher volumes and, more importantly, a substantial improvement of operating margins.

Revenues in Africa soared to € 464 million (2009: € 356 million). Angola kept growing at a strong pace, revenues having reached € 340 million in the nine months (2009: € 285 million). The backlog in other African markets soared, namely in Mozambique.

In America, turnover and margins both expanded.

Environment & Services



2008 and 2009: Pro-forma figures (equity consolidation for jointly controlled ventures)

Revenues of the Environment & Services division rose approximately 26%. Turnover reached € 296 million in the nine months to 2010 (2009: € 235 million).

The Logistics segment remains the bigger one within the division. Revenues in the segment soared 12% year on year (€ 114 million in 2010, as compared to € 102 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 the difficulties felt in rail transportation due to a strong commercial aggressiveness in the market place.

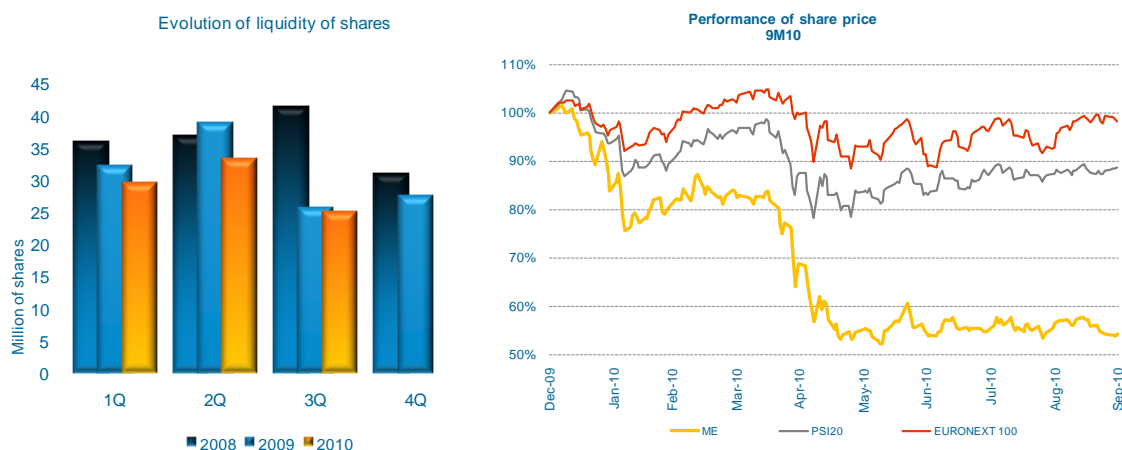
The Waste management segment reported a good operating performance in the first nine months of the year, both in terms of volumes and margins: revenues 13% above last year and higher EBITDA margin (25.9% in 2010 as compared to 22.3% in 2009).

As far as INDAQUA GROUP is concerned, the vehicle for the water segment, turnover increased dramatically due to accounting issues (capital expenditure in the concessions' network was accounted as revenues) with, as counterparty, slightly lower EBITDA.

In Multi-services, the increase in revenues (17.8%) almost offset the slightly lower margin (EBITDA drop from € 2.2 million in 2009 to € 2.1 million).

Globally speaking, EBITDA increased year on year by approximately 22%, with margins in the vicinity of 19%.

Stock price behavior and dividends



Despite the fact that European stock markets tumbled in the earlier months of the current year, the markets recovered strongly in the third quarter in reaction to subdued but apparently sustainable recoveries of the American and European economies and to the expectation of further “quantitative easing” by the Federal Reserve Bank, allowing for lower long term interest rates and additional stimulus to the American economy. This trend did not, however, eliminate the uncertainties related to the ability of the Greek and Irish States and, in some extent the Portuguese State to handle properly their debt piles. MOTA-ENGIL stock price was, as was already the case in the previous quarters of the year, 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 year on year and quarter on quarter.

The General Shareholders Meeting as of March 31st, 2010 decided, according to the Board of Directors proposal, to pay 11 € cents per share as dividend, paid from April 30th.

Porto, November 18th, 2010

Jorge Coelho
Chief Executive Officer

Luís Silva
Chief Financial Officer

MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
AS OF THE FIRST NINE MONTHS OF 2010
18 NOVEMBER 2010

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MOTA-ENGIL, SGPS, S.A.

**Separate Consolidated Income Statement
for the period ended September 30, 2010 & 2009**

	2010 Euro	2009 Euro restated	2009 Euro
	(non audited)	(non audited)	(non audited)
Sales and services rendered	1,462,911,711	1,458,957,507	1,567,961,844
Other income	57,426,456	97,803,353	101,762,834
Cost of merchandise and of subcontracts	<u>(822,709,417)</u>	<u>(912,632,588)</u>	<u>(941,536,150)</u>
Gross profit	697,628,750	644,128,272	728,188,528
Third-party supplies & services	(251,770,782)	(251,738,572)	(266,663,772)
Staff costs	(264,731,530)	(231,150,567)	(239,849,499)
Other operating income /(costs)	<u>(10,722,368)</u>	<u>(19,481,594)</u>	<u>(229,188)</u>
	170,404,070	141,757,539	221,446,069
Depreciation	(64,738,085)	(58,152,397)	(91,673,411)
Provisions and impairment losses	<u>(2,368,285)</u>	<u>(882,832)</u>	<u>(498,217)</u>
Operating profit	103,297,700	82,722,310	129,274,441
Financial profit/(loss)	(48,301,596)	(33,099,791)	(85,112,714)
Gains / (losses) on associate companies	2,332,030	43,251,754	50,619,573
Income tax	<u>(18,850,283)</u>	<u>(17,239,485)</u>	<u>(19,616,840)</u>
Consolidated net profit for the period	<u><u>38,477,851</u></u>	<u><u>75,634,788</u></u>	<u><u>75,164,460</u></u>
Attributable:			
to non-controlling interests	7,735,889	7,694,519	7,224,191
to the Group	30,741,962	67,940,269	67,940,269
Earnings per share:	0.1593	0.3521	0.3521

MOTA-ENGIL, SGPS, S.A.

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

	Year		3rd Quarter	
	2010 Euro (non audited)	2009 Euro (non audited)	2010 Euro (non audited)	2009 Euro (non audited)
Consolidated net profit for the period	38,477,851	75,164,460	14,433,831	13,379,258
<i>Other comprehensive income</i>				
Exchange differences stemming from transposition of financial statements expressed in foreign currencies	(421,659)	3,179,725	(8,888,292)	25,439
Variation, net of tax, of the fair value of financial derivatives	(2,548,816)	(13,574,651)	79,733	(8,482,459)
Other net comprehensive income	(8,302,825)	(377,506)	(11,101,056)	3,438,233
Total comprehensive income for the period	27,204,552	64,392,028	(5,475,784)	8,360,471
Attributable:				
to non-controlling interests	1,173,112	3,085,982	(871,563)	(939,224)
to the Group	26,031,440	61,306,046	(4,604,221)	9,299,695

MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
AS OF THE FIRST NINE MONTHS OF 2010
18 NOVEMBER 2010

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MOTA-ENGIL, SGPS, S.A.

**Consolidated Statement of Financial Position
as at September 30, 2010 & December 31, 2009**

	2010 Euro	2009 Euro restated	2009 Euro
	(non audited)	(audited)	(audited)
Assets			
Non current			
Goodwill	134,104,246	133,010,980	166,173,280
Intangible fixed assets	277,431,051	242,087,083	103,515,556
Concessions fixed assets	-	-	1,359,426,080
Tangible fixed assets	562,986,248	538,334,805	558,985,747
Financial investments under the equity method	375,721,520	349,656,628	330,232,487
Available for sale financial assets	22,338,582	9,211,360	52,709,067
Investment properties	41,315,297	30,652,739	30,837,291
Customers & other debtors	85,274,906	64,397,035	89,938,103
Deferred tax assets	48,939,275	37,318,723	50,338,968
	<u>1,548,111,125</u>	<u>1,404,669,353</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	246,770,318	221,065,320	249,924,349
Customers	976,586,768	818,411,412	838,114,736
Other debtors	177,800,120	188,807,705	195,850,259
Other current assets	144,704,574	104,861,981	313,725,464
Derivatives	907,771	-	-
Cash & cash equivalents non recourse	9,847,996	18,717,241	120,440,729
Cash & cash equivalents with recourse	93,759,147	109,588,649	124,875,090
	<u>1,650,376,694</u>	<u>1,461,452,308</u>	<u>1,842,930,627</u>
Total Assets	<u><u>3,227,531,491</u></u>	<u><u>2,895,165,333</u></u>	<u><u>4,614,130,878</u></u>
Liabilities			
Non current			
Non recourse debt	104,087,308	91,592,684	1,091,580,057
Recourse debt	564,428,421	468,569,668	742,741,654
Sundry Creditors	227,450,451	223,589,273	299,466,970
Provisions	91,484,083	43,749,378	29,567,835
Other non-current liabilities	12,921,655	3,909,554	55,181,435
Deferred tax liabilities	36,649,237	25,221,290	33,552,856
	<u>1,037,021,155</u>	<u>856,631,847</u>	<u>2,252,090,807</u>
Current			
Non recourse debt	3,601,871	3,099,065	135,773,353
Recourse debt	528,211,552	549,346,997	563,291,966
Suppliers	485,153,588	451,427,938	464,271,291
Derivatives	19,587,066	13,888,963	16,434,046
Sundry Creditors	473,121,926	353,312,561	409,778,150
Other current liabilities	282,260,867	263,036,578	396,399,973
	<u>1,791,936,870</u>	<u>1,634,112,102</u>	<u>1,985,948,779</u>
Total liabilities	<u><u>2,828,958,025</u></u>	<u><u>2,490,743,949</u></u>	<u><u>4,238,039,586</u></u>
Equity			
Share capital	204,635,695	204,635,695	204,635,695
Reserves	115,999,953	80,204,953	51,955,904
Consolidated net profit for the period	30,741,962	71,738,092	71,738,092
Equity attributable to the Group	<u>351,377,610</u>	<u>356,578,740</u>	<u>328,329,691</u>
Non-controlling interests	47,195,856	47,842,644	47,761,601
Total equity	<u><u>398,573,466</u></u>	<u><u>404,421,384</u></u>	<u><u>376,091,292</u></u>
	<u><u>3,227,531,491</u></u>	<u><u>2,895,165,333</u></u>	<u><u>4,614,130,878</u></u>

MOTA-ENGIL, SGPS, S.A.

Statement of consolidated changes in equity during the periods ended September 30, 2010 & 2009

	Equity capital	Own Shares	Issue premiums	Fair value reserves			Currency translation reserve	Other reserves	Income for the period
				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
Total comprehensive income for the period	-	-	-	-	-	(9,379,689)	2,745,466	-	67,940,269
Dividend distribution	-	-	-	-	-	-	-	(21,302,947)	-
Other distributions	-	-	-	-	-	-	-	(2,713,070)	-
Acquisition of own shares	-	(859,709)	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	30,565,438	(30,565,438)
Alterations to the consolidation perimeter	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2009	204,635,695	(22,558,791)	87,256,034	45,586,328	(2,227,574)	(15,980,510)	(20,424,457)	(18,774,761)	67,940,269
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
Joint Ventures (Equity method)	-	-	-	-	-	2,266,527	-	(2,266,527)	-
IFRIC 12	-	-	-	-	-	-	-	31,217,467	-
IFRIC15	-	-	-	-	-	-	-	(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)	11,387,040	71,738,092
Total comprehensive income for the period	-	-	-	-	-	114,862	(588,935)	(4,236,449)	30,741,962
Dividend distribution	-	-	-	-	-	-	-	(21,302,947)	-
Other distributions of results	-	-	-	-	-	-	-	(1,842,540)	-
Acquisition of own shares	-	(67,728)	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	71,738,092	(71,738,092)
Alterations in interests on associated companies	-	-	-	-	-	-	-	(8,019,355)	-
Balance as at September 30, 2010	204,635,695	(22,626,520)	87,256,034	45,586,328	(1,841,058)	(8,246,272)	(31,852,400)	47,723,842	30,741,962

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

EDIFÍCIO MOTA
RUA DO REGO LAMEIRO, Nº 38
4300-454 PORTO

RUA MÁRIO DIONÍSIO, Nº 2
2796-957 LINDA-A-VELHA

TEL: 351 22 5190300
FAX: 351 22 5190303
WWW.MOTA-ENGIL.PT

TEL: 351 21 4158200
FAX: 351 21 4158688

