



# BEING GLOBAL

2012  
ANNUAL REPORT

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# **MANAGEMENT REPORT**





**01**

**MARTIFER  
GROUP**

## 01 | MARTIFER GROUP

### MESSAGE FROM THE BOARD

The latest steps towards restructuring and our strategic decisions show we are on the right track.

Problems from the past are almost solved. But there are no miracles, demand is in line with the general trend and the contraction, mostly in Europe, has obviously had a profound effect in our productivity and growth of metallic and aluminium infrastructure construction and solar PV projects.

We have changed the market approach to our business model and the growth in our order book shows we made the right decision. A comfortable order book allows us to aspire for better results.

But in fact what distinguishes us and is in our DNA is that we are fast and flexible adapting to the global economic and sectorial challenges. With so many risks to control nowadays, we believe this is the only way to survive. In our opinion it is the road to take if we want to get the best future returns for our stakeholders.

We recall that it is only five years since the IPO back in 2007; meanwhile the world has changed and we have had to deal with all the headwinds in the middle of the worst crisis since the Second World War.

We have tried to increase scale whilst gaining competitiveness. We know that we now have a voice in the sectors where we operate. We are called to bid for the biggest contracts worldwide related with sport centres, such as stadiums and transport infrastructures, including airports, train stations and bridges, as well as tower buildings and shopping malls. In addition, our solar PV projects have already resulted in 300 MW installed capacity in more than 20 countries.

Our debt restructuring plan will be concluded in 2013 and this will extend its maturity. This, together with the sale of some assets in 2013 and 2014 will ensure a more flexible and solid capital structure and balance sheet.

So how does the future look? We are now more confident about:

- The country – Portugal – which has already made significant progress in its adjustment program
- The European Financial System, which is stronger with liquidity starting to appear
- The sector drivers, which remain despite markets having changed following the infrastructure needs
- The company's future with the international repositioning and the current Order Book of 603 million euros, leveraging revenue growth

In short, although there are always risks to deal with in our business, we are aware of them and more committed than ever to delivering returns in the future for our shareholders.

Dear Stakeholder, thank you for your trust!



## HIGHLIGHTS

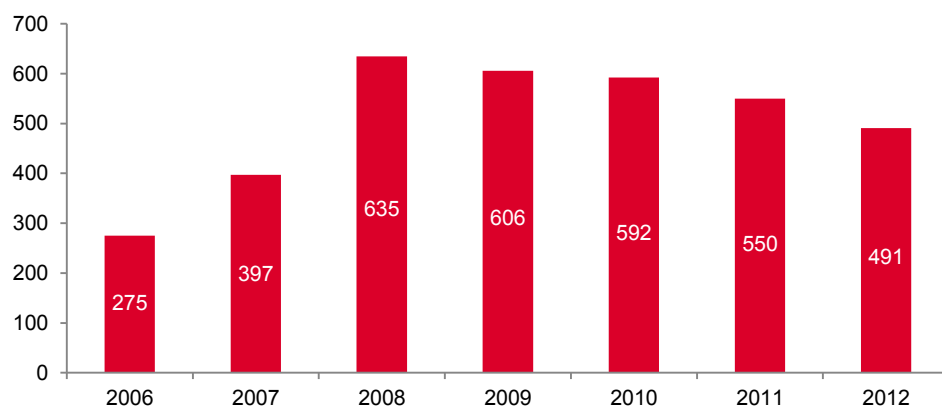
- **Operating Revenues of €491m**, 10.7 % down on last year
- **EBITDA of €3.9m** (compared with €8.9 m in 2011), which mainly reflects the restructuring process in metallic constructions with the closing of the Polish unit and some of the production capacity in Portugal
- **Consolidated Net Income** of -€54.4m vs. -€46.5m in 2011, with a negative impact of €22.7m of provisions and impairment losses and Net Financial Expenses of €36.3m
- Total **Order Book of €603m vs. €482m** in 2011: Metallic Construction €373m and Solar €230m
- **Gross Debt stable** at 2011 level

## KEY FINANCIAL INDICATORS

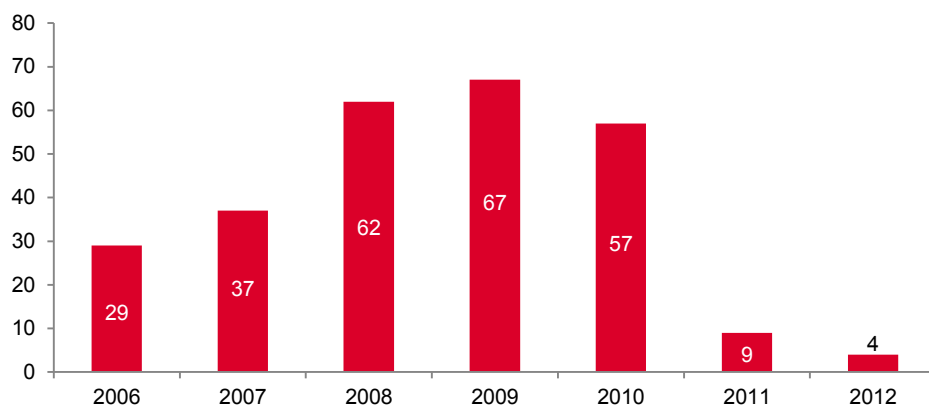
€M – IFRS	YEAR		YEAR		Var. %
	2012	Margin	2011 R	Margin	
<b>Revenues</b>	<b>491.4</b>		<b>550.1</b>		<b>-10.7%</b>
<b>EBITDA</b>	<b>3.9</b>	<b>0.8%</b>	<b>8.9</b>	<b>1.6%</b>	<b>-55.9%</b>
EBIT	-15.8	-3.2%	-19.4	-3.5%	-18.9%
Financial Results	-36.3		-26.4		37.6%
Profit Before Tax	-52.0		-45.8		13.6%
Income tax	2.3		0.7		>100%
Results from assets held for sale	-0.1		0.0		n.m.
<b>Consolidated Net Profit</b>	<b>-54.4</b>	<b>-11.0%</b>	<b>-46.5</b>	<b>-8.5%</b>	<b>17.0%</b>
Attributable					
to non-controlling interests	1.4		2.1		-30.4%
to shareholders	-55.9		-48.6		15.0%

Note: R means that figures are restated in order to be comparable, after the changes of consolidated method of the companies with joined participations, as explained in note 1 of the consolidated financial statements.

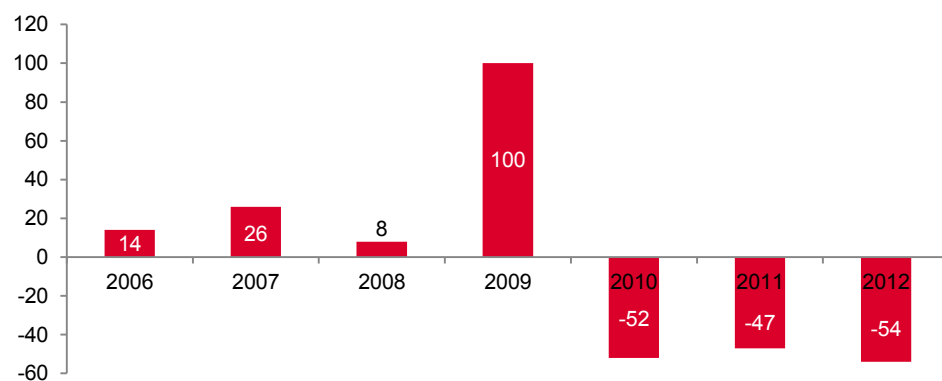
REVENUES – 2006-2012 (€M)



EBITDA – 2006-2012 (€M)



NET PROFIT – 2006-2012 (€M)



## **MAIN EVENTS**

### **JANUARY 2012**

#### **Martifer decides to close Benavente factory**

The Board of Martifer Metallic Constructions has taken the decision to close the steel structure unit in Benavente. This is due to an internal readjustment of the response capacity at the industrial level following decreasing demand in the Iberian construction sector.

### **MARCH 2012**

#### **Martifer is awarded the contract for two hotel-boats**

Martifer was awarded the construction of two hotel-boats for Douro Azul. The work will be done by its subsidiary Navalria by 2013.

### **APRIL 2012**

#### **Martifer sells Silverton Project in Australia**

Macquarie Capital Wind Fund Pty Limited signed the share sale agreement that defines the terms and conditions to sell 3,240,001 ordinary shares, representing 50 % of the share capital of Silverton Wind Farm Holdings Pty Limited, and consequently the development rights for the Silverton wind farm in New South Wales, Australia, for approximately AUD 5.6 million.

#### **Martifer sells wind tower facility in the US**

Martifer sold shares representative of 50 % of Martifer-Hirschfeld Energy Systems LLC, which holds the towers factory in the USA, to the Hirschfeld Group for USD 2.3 million. The impact of this transaction in the Group's consolidated financial statements was accounted for in December 2011 through the recognition of an impairment loss.

#### **Martifer returns to 55% share capital in Martifer Solar**

Martifer sold 10,000,000 shares, representative of 20 % of the share capital of Martifer Solar, to HSF for 15.6 million Euros, and returned to the former shareholder structure owned by the two partners ( 55 % and 45 %, Martifer SGPS and HSF, respectively).

### **JULY 2012**

#### **Nutre concluded a JV deal with Bunge in Romania**

Nutre, 49% controlled by Martifer SGPS, has concluded a deal for a joint venture with Bunge in Romania. Nutre will have a 45 % participation in this joint venture, which includes the Biodiesel facility (Prio Biocombustibil srl), the Oil extraction facility (Prio Extractie, srl), and the refining and packaging facility, previously owned by Bunge.

## SEPTEMBER 2012

### **Martifer Solar signs agreement to build a 20 MW photovoltaic project in Mexico**

Martifer Solar has signed an agreement with Consorcio Integrador Sonora80M to build a 20 MW photovoltaic project in Hermosillo, in the state of Sonora in northern Mexico. The company has been in the Mexican market since 2011 and will also be in charge of operation and maintenance services.

### **Martifer Solar completes two photovoltaic plants in Portugal with a total capacity of 22.4 MWp**

Martifer Solar has inaugurated two solar photovoltaic plants in the Algarve region of Portugal, with a total capacity of 22.4 MWp, which was developed, built and operated for a fund managed by BNP Paribas Clean Energy Partners.

## OCTOBER 2012

### **Martifer Group participates in the fourth Portuguese day at the NY Stock Exchange**

Martifer was one of the 17 Portuguese companies participating in the fourth Portuguese Day at the New York Stock Exchange. The Portuguese delegation rang the Opening Bell on 15th October in Wall Street. Martifer had 14 meetings with investors.

### **Martifer Solar signs contract for first project in Ukraine with 4.5 MW capacity**

Martifer Solar has signed an EPC contract for the construction of a 4.5 MW photovoltaic project in Ukraine with Green Agro Service LLC, which is part of the Rengy Development group. The project marked Martifer Solar's entry into the country where it has opened a new subsidiary, boosting the company's focus on internationalization.

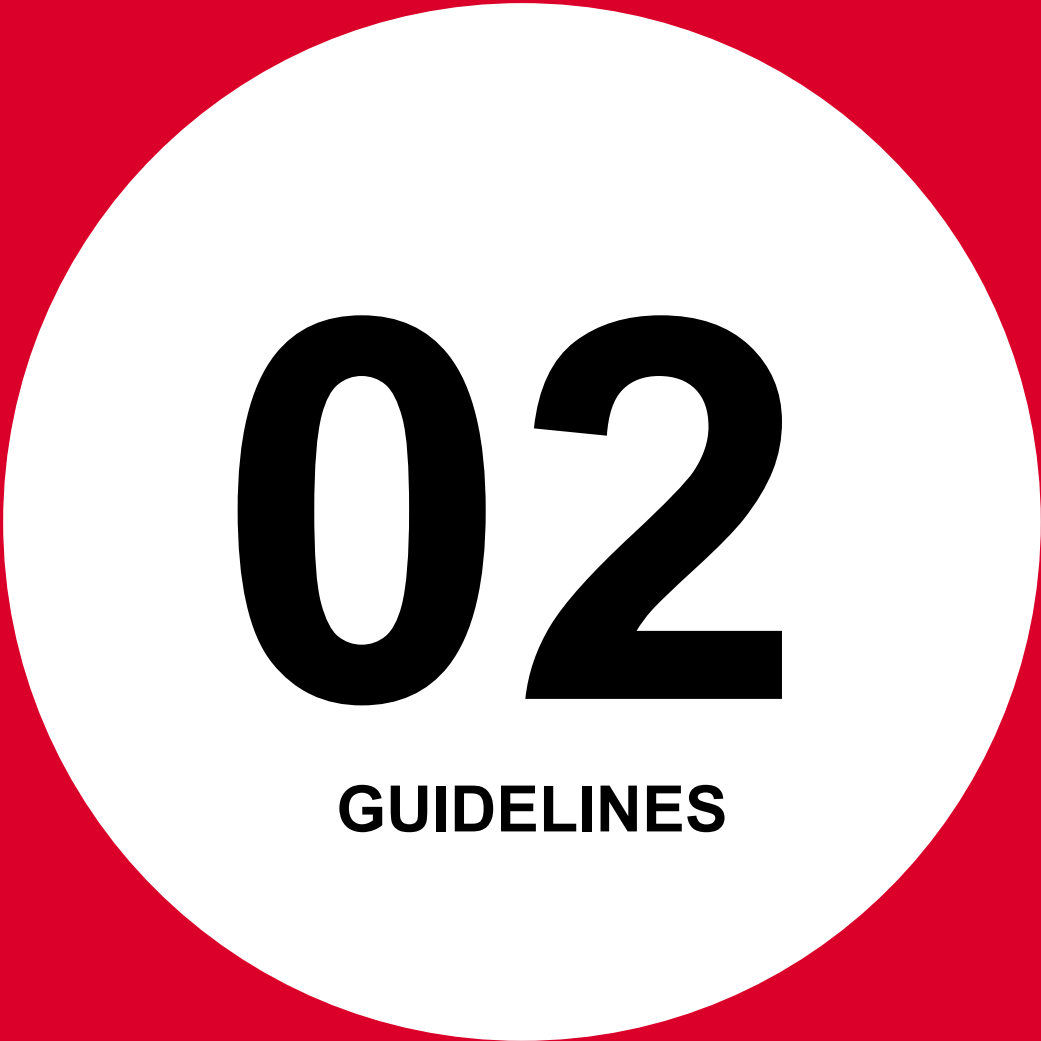
### **Martifer Constructions awarded 3 new projects in Brazil worth 322 million Real**

Martifer Metallic Construction has been awarded 3 new projects in Brazil worth around 322 million Real. The company was awarded the Museu do Amanhã and the bridges of Transcarioca in Rio de Janeiro as well as a stadium in Manaus, the fourth in Brazil; this now makes Martifer a leading provider of Metallic Structures for these complexes.

## DECEMBER 2012

### **Martifer Metallic Constructions concludes the first stadium for the Brazil World Cup**

Martifer Construções Metálicas Ltda, a subsidiary of Martifer Metallic Constructions in Brazil, concluded the construction of the roof of Castelão Stadium, one of the twelve stadiums for the 2014 World Cup that will take place in Brazil. The infrastructure was inaugurated in December by the President of Brazil, Dilma Rousseff. The Grêmio Stadium, in which Martifer was also involved, was also inaugurated in December.



**02**

**GUIDELINES**

## 02 | GUIDELINES

### ACTIVITY

Martifer began its activity in 1990 in the steel structures sector. Since 2011, as a consequence of the strategic focus of business, Martifer has concentrated its operations in two main areas – Metallic Construction and Solar, with 100 % and 55 % control, respectively.

The Group also has other activities and financial participations: RE Developer – Promotion and Development of wind farms (Martifer Renewables) and a 49 % financial participation in Prio Energy and Nutre.

At the end of 2012, Martifer accumulated participation in more than 100 MW of projects in operation via its subsidiaries. Approximately 64 MW had an impact in Revenues.

### HOLDING

Martifer SGPS SA is the holding company of the Group. With the changes in the governance model implemented during 2012, Martifer SGPS, SA positions itself as a financial holding, establishing and defining rules and policies for the Group and monitoring the activity of the business areas, which were given a greater degree of independence and power.

The business areas act independently, although they follow the strategic guidelines defined at the holding level, with the annual budgets and business plans approved by Martifer's executive board members.

At the end of the year, the Holding and support services had 62 employees.

### METALLIC CONSTRUCTION

Martifer Metallic Constructions is a globally recognized player in the sector. It has industrial facilities in Portugal, Romania, Australia, Angola and Brazil.

The company bases its development strategy on differentiation due to engineering quality and its vocation for complex projects.

It provides global and innovative engineering solutions, namely in projects with a high incorporation of metallic structures made in steel, aluminium and glass facades, and stainless steel solutions, while also working in the production of equipment for the energy sector such as wind energy, petroleum and gas, and in the shipbuilding sector (via Navalria).

The company has focused its strategy on the high growth countries of Africa and South America and the consolidated markets in Europe, such as France and the UK.

This activity (industrial and commercial) is present in 16 countries. The total installed capacity is currently over 80,000 tonnes per year and, at the end of 2012, it employed 2,463 people.

## SOLAR

Martifer Solar plays a leading role in the photovoltaic industry due to its ability to adapt to a fast-moving industry and with a proven track record underpinned by cutting-edge engineering, advanced technical qualifications and a skilled and motivated team.

The company's main activities are project and business development, installation of EPC projects, specialized O&M services and distribution via its subsidiary MPrime.

The company covers all market segments: ground mounted, rooftop, BIPV, small generation and off-grid solutions

Operating since 2007, it continues to expand internationally and initiate activity in new countries. Martifer Solar is present in more than 20 countries throughout Europe, Africa, Asia & Middle East, North America and South America. Martifer Solar has participated in the implementation of more than 300 MW capacity of PV energy worldwide.

The area employed 398 people at end of 2012.

In 2012, Martifer SGPS completed the sale of 20 % of Martifer Solar's capital to HSF for 15.6 million euros, going back to the previous two partner shareholder structure (55 % and 45 % Martifer SGPS and HSF, respectively).

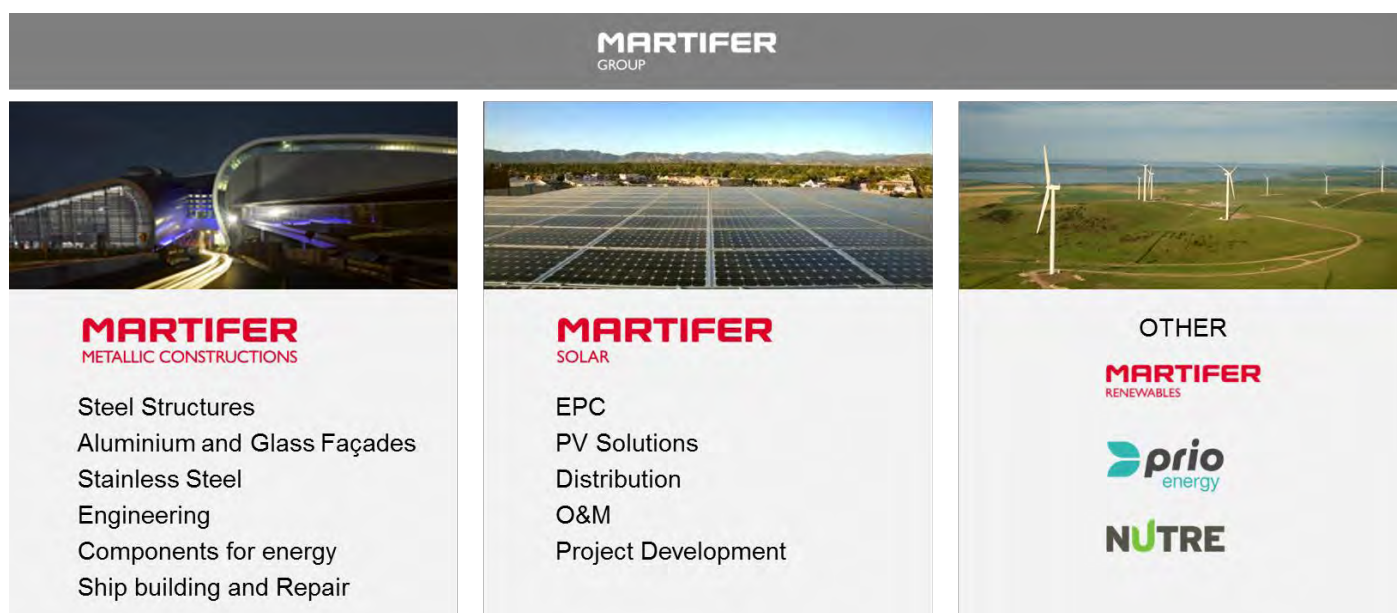
## RE DEVELOPER

Martifer Renewables acts as a developer of renewable energy, mainly in wind power projects. More than accumulating MWs in operation, Martifer Renewables' strategy is focused on the rigorous use of capital in the development and construction of projects.

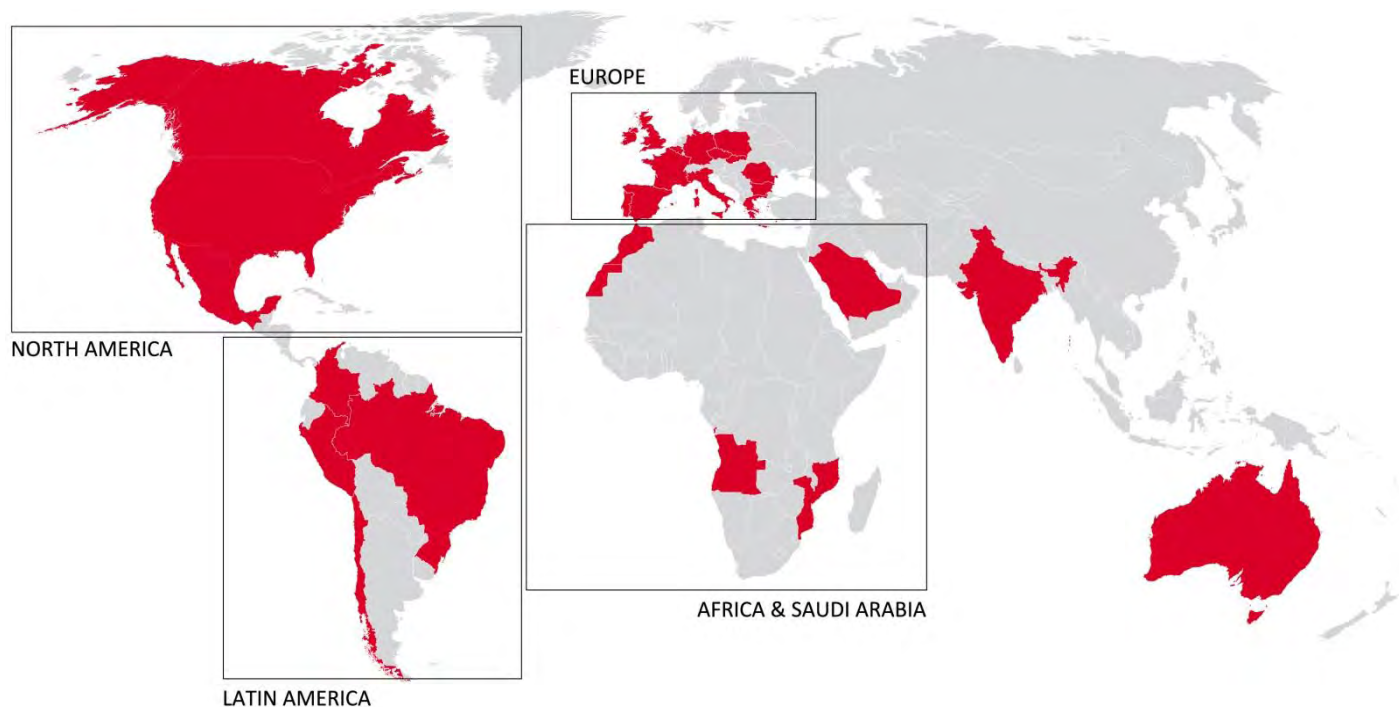
The company currently has 64 MW of wind farms and solar plants in operation in Spain, Romania and Brazil with impact in Revenues. In Portugal, the company has a ~50 % share in 31 MW of wind farms in operation, which contribute to the results through the equity method. In 2011, the company's projects in operation in Poland - Leki Dukielskie (10 MW) and Bukowsko (18 MW) – were sold, and the sale of Rymanow (26 MW under construction) was agreed. In 2012, the company completed the construction of its wind farm in Romania (Babadag) with a total capacity of 42 MW.

This activity employed 54 people at the end of the year and is present in five countries: Portugal, Spain, Romania, Poland and Brazil.

In summary, the group is organized as follows:



## INTERNATIONAL PRESENCE



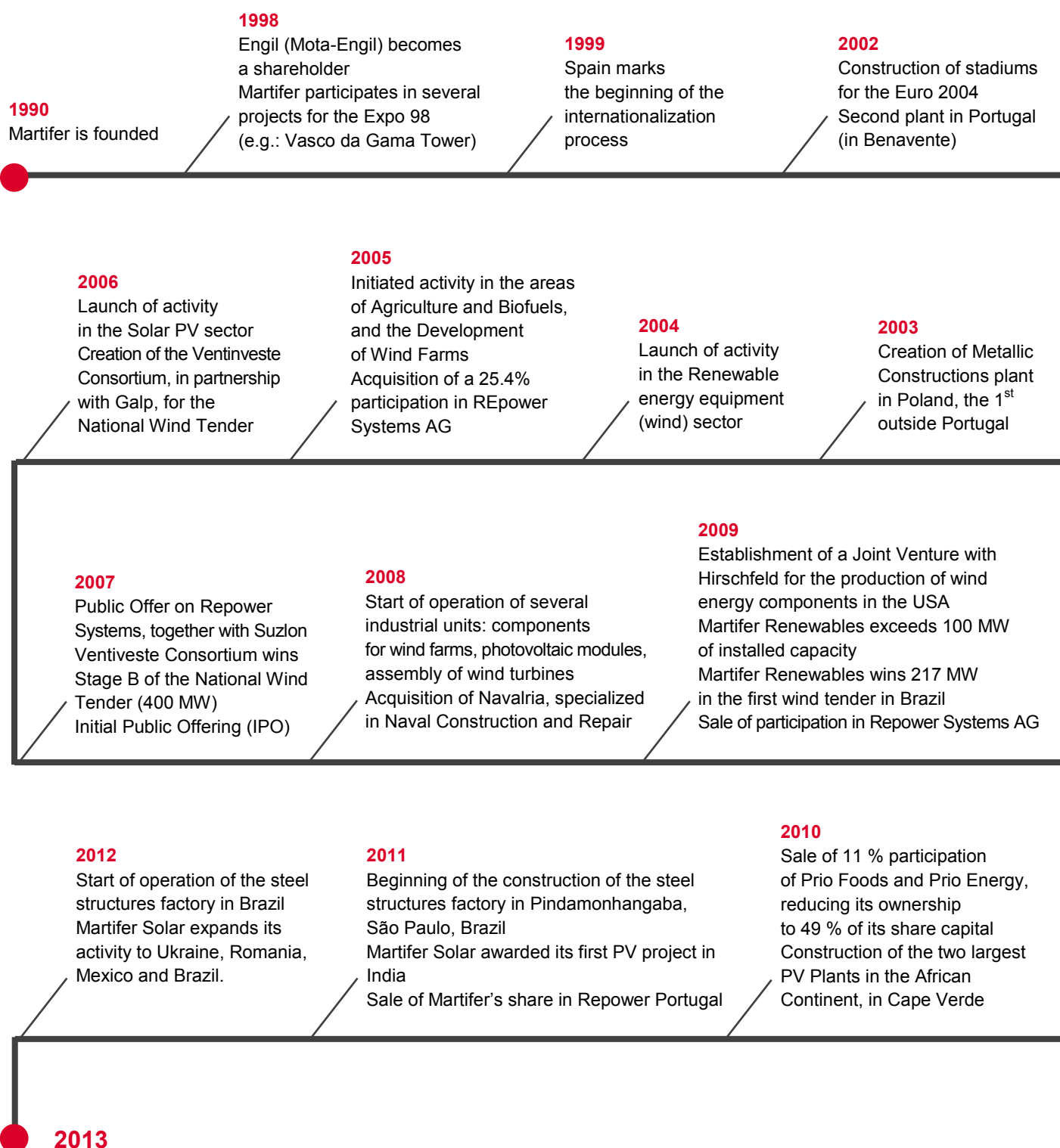
### MAIN GEOGRAPHIES\*:

Brazil | USA | Angola | Saudi Arabia | Portugal | Spain | Italy | France | UK | Romania | Ireland | Poland | Belgium | Germany | Czech Republic | Slovakia | Greece | Bulgaria | Morocco | Australia | Canada | India | Mexico | Chile | Peru | Colombia | Mozambique

\* Considering Order Book & Revenues in 2012



## HISTORY



~3 000 employees | Present in more than 25 countries | 11 Industrial Units

## MARKET ENVIRONMENT

### GLOBAL GROWTH

#### General Economic Conditions in 2012

The real economic growth deteriorated worldwide during the course of 2012. The unresolved sovereign debt crisis in Europe was the particular cause of concern. Doubts about the continued political and financial stability of Greece and problems in the Spanish banking systems were especially worrying. Giving these facts, the International Monetary Fund (IMF) repeatedly scaled back its forecast for economic growth in 2012.

In their most recent analysis, the International Monetary Fund (IMF) WEO report Update of January, the IMF experts predicted global growth of only 3 % in 2012, down on their forecast of 3.3 % in October.

Due to the bad situation in southern Europe, the Eurozone economy is expected to have negative real growth – and nominal growth of -0.4 % with IPC of 2.5 %.

The situation appears to be more positive in the United States, which will experience economic growth of 2.3 % in 2012 according to IMF's forecast. Even the emerging-market countries were affected by the economic showdown. The IMF forecasted economic growth of 5.1 % for these countries in 2012.

#### The million dollar question: *Where can growth come from?*

This is a difficult question for which all the economic agents are trying to find the answer.

Today, we are quite sure that the Central Banks leading the world economy are more powerful than ever. Therefore, it is crucial to follow their every word in order to read the signs about future trends or the path to economic recovery.

The perfect example was late last year: when Mr. Draghi pledged “to do whatever needed to shore up the Eurozone”, the climate in the financial markets started to improve, borrowing costs of the Eurozone countries tumbled sharply – bond yields and country CDS were significantly lower, yield rates of the under-bailout economies dropped, Stock Markets improved performance and volatility returned to lower levels.

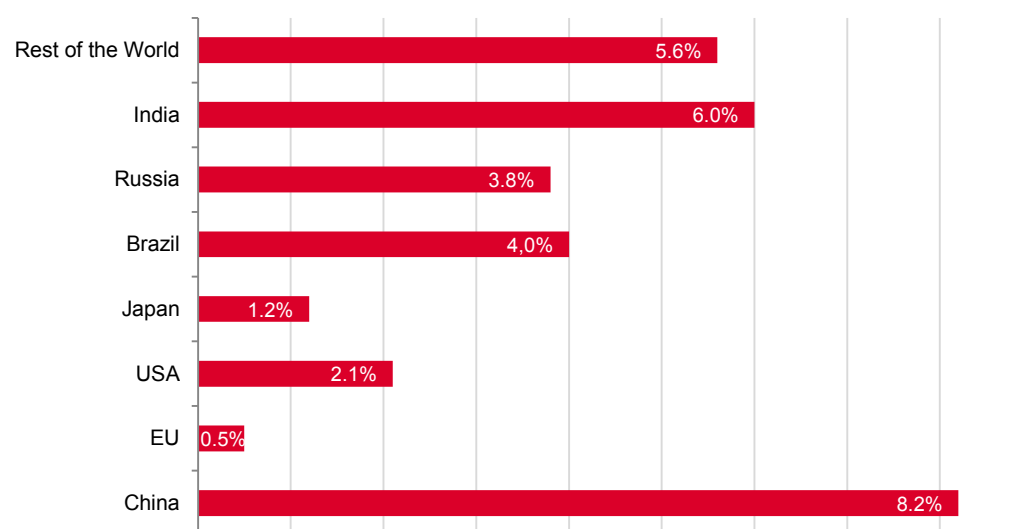
The worries that affected most of 2012, such as the survival of the Euro, whether Greece would stay or leave the Eurozone and negative contagion in the heart of Europe, almost disappeared.

In Mario Draghi's first statement of the year on 10<sup>th</sup> January 2013, he said that the Eurozone economy will recover later in 2013 and there are already some signs of stabilization. Following this, ECB left rates at 0.75 % after fledgling signs of life in the Eurozone economy and with inflation still above target. On the same day, the Bank of England maintained its main interest rate at 0.5 %.

However, the signs of recovery in demand in the Eurozone are still very weak, and there is no indication that it is going to improve. It is expected to grow only 0.5 % by 2013, when the WEO from the IMF indicates that the world economy will strengthen gradually through 2013 and is expected to grow 3.5 % YoY in 2013, a moderate uptick from 3.2 % in 2012, and led by China, India and Brazil.

The risks surrounding the economic outlook remain uncertain. The Eurozone, in particular, continues to pose a large downside risk to the global economy, mainly due to the slow implementation of structural reforms in the region, geopolitical issues and imbalances in the major industrialized countries. Adjustment efforts in the periphery countries need to be sustained and must be supported; this should include full deployment of the European firewalls, utilization of the flexibility offered by the Fiscal Compact, and further steps towards full banking union and great greater fiscal integration.

## WORLD GDP GROWTH – 2013



Source: Thomson-Reuters

	2007	2008	2009	2010	2011	2012f	2013e
<b>GDP, % y-o-y</b>							
US	2.1%	0.4%	-2.6%	2.6%	2.3%	2.3%	2.0%
Euro Zone	2.8%	0.5%	-4.1%	1.7%	1.5%	-0.4%	-0.2%
Germany	2.5%	1.0%	-4.7%	3.3%	2.0%	0.9%	0.6%
Portugal	1.9%	0.0%	-2.6%	1.3%	-1.3%	-3.0%	-1.6%
<b>CPI, % y-o-y</b>							
US	3.2%	2.9%	3.9%	-0.4%	1.3%	1.6%	2.1%
Euro Zone	2.2%	2.1%	3.3%	0.3%	1.9%	2.0%	2.5%
Germany	1.8%	2.3%	2.8%	0.3%	1.3%	1.4%	2.0%
Portugal	2.7%	3.0%	2.4%	-1.0%	1.4%	2.0%	2.8%
<b>Unemployment rate, % end of year</b>							
US	4.6%	4.6%	5.8%	9.3%	9.7%	9.6%	8.1%
Euro Zone	8.3%	7.5%	7.5%	9.5%	10.0%	9.9%	11.4%
Germany	9.8%	8.4%	7.3%	7.7%	7.6%	7.3%	7.1%
Portugal	7.7%	8.1%	7.7%	9.6%	10.8%	11.0%	15.5%
<b>Budget Balance, % GDP</b>							
US	-2.0%	-2.7%	-4.8%	-10.3%	-9.2%	-8.0%	-7.0%
Euro Zone	-1.3%	-0.6%	-2.0%	-6.3%	-6.5%	-5.2%	-3.4%
Germany	-1.6%	0.30%	0.10%	-3.0%	-3.8%	-3.0%	-0.2%
Portugal	-3.9%	-2.6%	-2.6%	-9.3%	-7.3%	-4.6%	-5.5%
<b>Oil Price, end of year</b>							
USD per Barrel	61.6	93.9	45.6	80.0	85.0	90.0	111.0
<b>Interest rates, % end of year</b>							
<b>Official Rates</b>							
- Fed (Fed Funds)	5.25%	4.25%	0.75%	0.25%	0.25%	0.75%	0.25%
- BCE	3.50%	4.00%	2.50%	1.00%	1.00%	1.50%	0.75%
- BoE	5.00%	5.50%	2.00%	0.50%	0.50%	1.25%	0.50%
<b>Long-Term Rates (10 y Bonds)</b>							
US	4.70%	4.00%	2.20%	3.80%	2.90%	3.50%	1.75%
Euro Zone	3.90%	4.30%	2.95%	3.40%	2.70%	3.30%	1.32%
UK	4.75%	4.50%	3.02%	4.00%	3.20%	3.75%	1.80%
<b>Exchange rates, end of year</b>							
EUR/USD	1.32	1.46	1.40	1.43	1.35	1.40	1.31

Source: IMF, OECD, ECB, Bank of Portugal and Thomson-Reuters

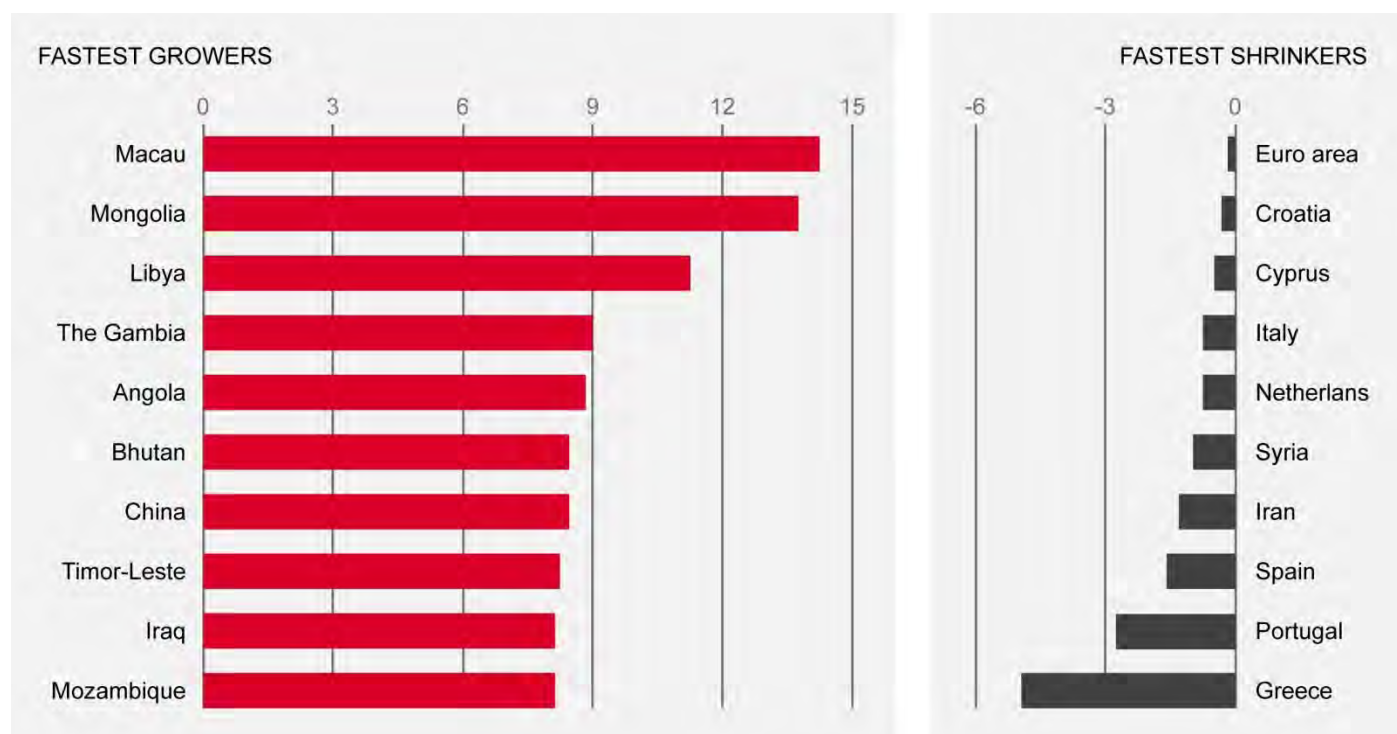
## PORTUGAL ON THE PULSE

Despite Martifer's declining exposure to the Portuguese economy, we feel it is crucial to describe the economy of the company's home country this year so that our many international stakeholders can follow its evolution and see that the path to lowering sovereign risk is being followed.

In Portugal, real GDP growth fell sharply in the last quarter of 2012, with the year's overall real GDP declining by 3.2 %. Economic activity is now projected to contract by 2.3 % in 2013, with the economy returning to growth towards the end of the year and expanding by 0.6 % in 2014. Reflecting the lower activity, unemployment could peak at over 18 %.

### GDP FORECASTS

2013, % change on previous year



Source: Economist Intelligence Unit

## Program implementation remains broadly on track

In their seventh review mission to Portugal, the EC, ECB, and IMF, said the Program implementation remains broadly on track despite difficult economic conditions. The end-2012 fiscal deficit target was met, financial sector stability has been safeguarded, and a wide range of structural reforms is progressing. External adjustment continued to exceed expectations and the government has resumed issuance in the bond market, while domestic financing conditions have eased somewhat. At the same time, weakening export demand, particularly from the Eurozone, low confidence and the private sector debt overhang are providing stronger-than-expected headwinds to economic activity. As during previous reviews, policy choices and implementation of the program were re-evaluated in light of the new circumstances.

The fiscal deficit reached 4.9 per cent of GDP in 2012. The statistical treatment of specific transactions, such as the airport concession (ANA), will however result in a higher headline deficit. While the government is committed to keeping to a spending path broadly consistent with structural fiscal adjustment as planned earlier, less growth and higher unemployment will reduce revenues and increase social transfers. To allow the operation of automatic fiscal stabilizers, the government requested — and EC-ECB-IMF staff supported — to revise the deficit targets from 4.5 per cent to 5.5 per cent of GDP in 2013 and from 2.5 per cent to 4 per cent of GDP in 2014. The 2015 deficit target, at 2.5 per cent of GDP, will be below the 3 per cent excessive deficit threshold of the Stability and Growth Pact.

## Portugal is demonstrating a strong adjustment capacity

To sum up, has Portugal made any progress? Let's look at things from another perspective.

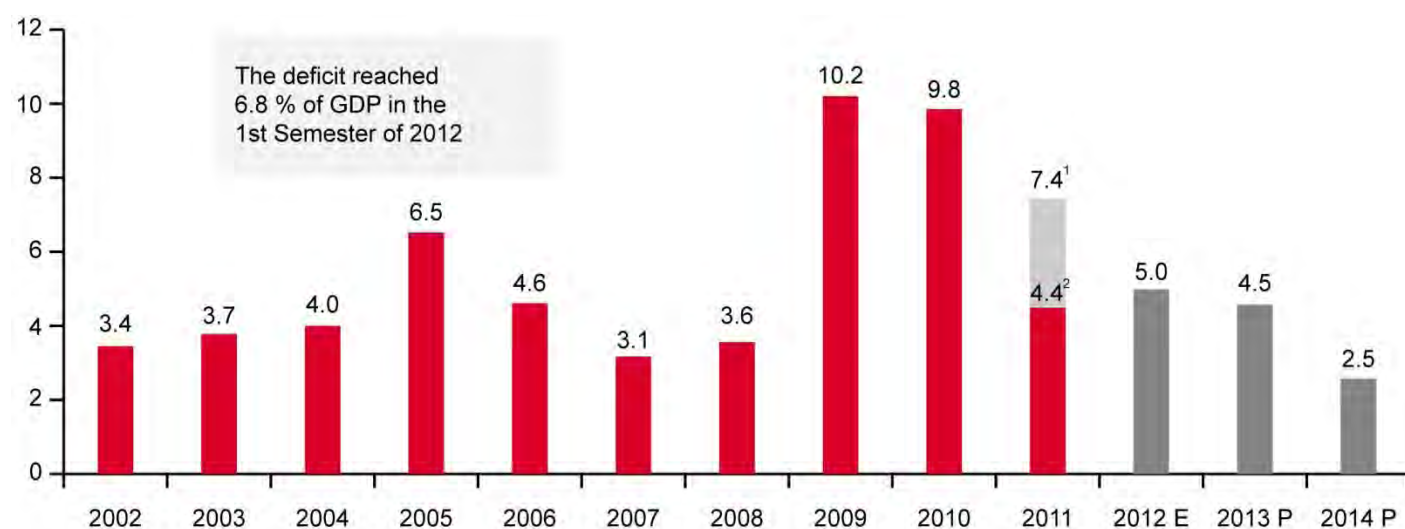
All the measures taken since the bailout process in April 2011 are starting to show results: the external adjustment is a reality — the exports figures are a positive surprise and equilibrium in the Commercial Balance will be possible for the first time since 1942. However, more importantly the long term trend is fundamentally sustained by the fact that Portugal's industry is integrated in the middle of the value-chain and not at the tail as it used to be.

### Financial and Economic Adjustment Programme | Main components and goals



Sources: FMI, CE, ES Research

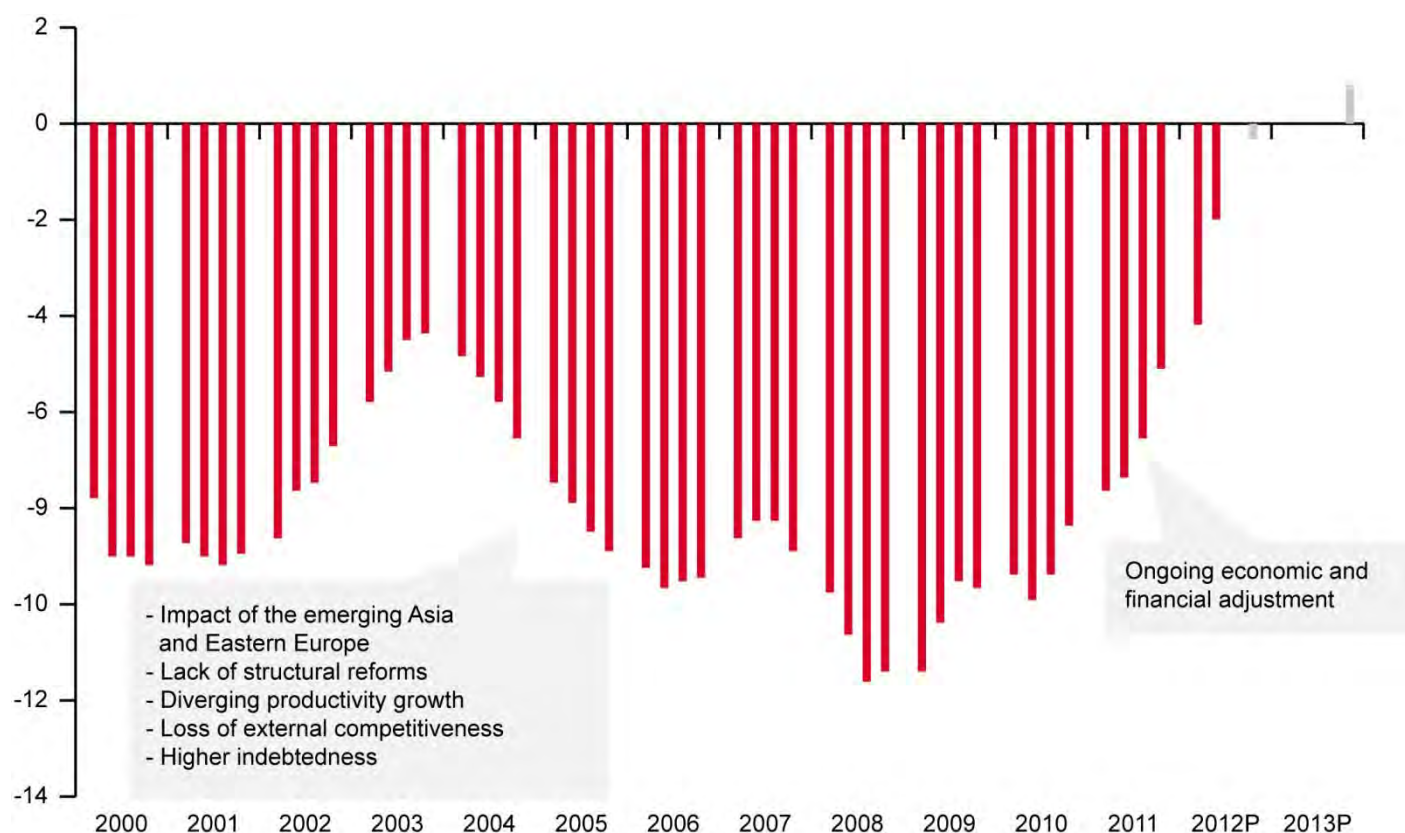
# GENERAL GOVERNMENT BUDGET DEFICIT (%GDP)



1. Underlying deficit, without one-off measures; 2. Deficit after one-off measures

Sources: Ministry of Finance, INE, ES Research

# EXTERNAL BALANCE (% GDP)<sup>1</sup>

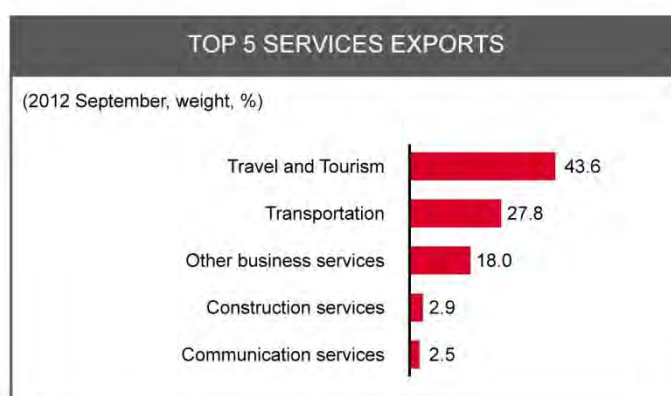
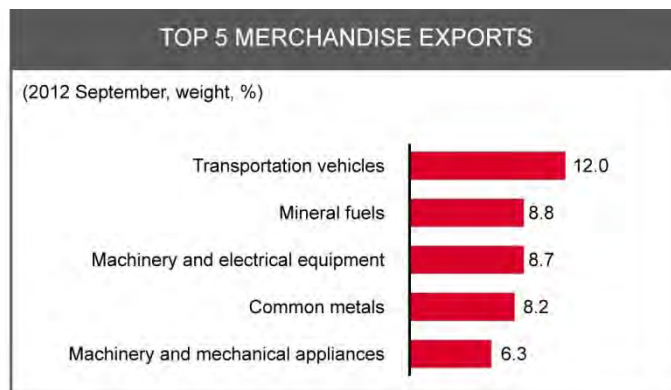
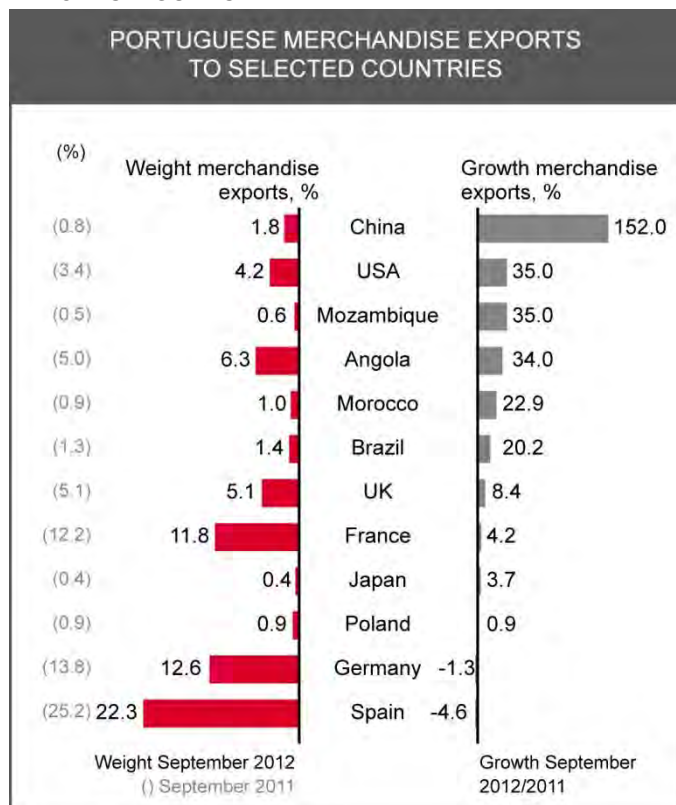


Sources: INE, ES Research

(1) Net external financing needs/capacity i.e. combined current and capital account balance. Data for the year ending in each quarter



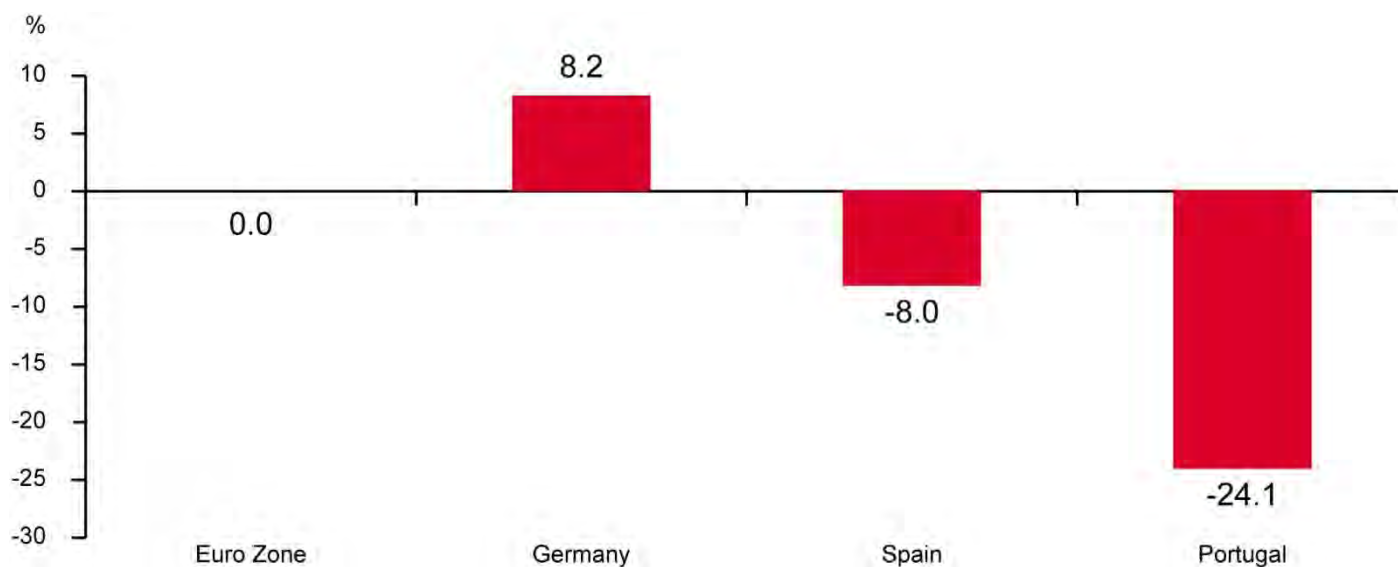
## EXPORTS FIGURES THAT MATTER



Sources: INE, ES Research

## HOURLY LABOR COSTS

(accumulated real growth, 4Q 2010 - 2Q 2012)



Sources: INE, ES Research



**The right attitude towards challenges in Portugal has been also very important in the adjustment process. For example:**

- Personnel costs decreased substantially, more than in Germany, Spain and the Eurozone (see chart above);
- Savings in Portugal increased;
- Depositors showing greater trust in the Portuguese Banking system;

Finally, Portugal's reputation abroad has improved. There is recognition of Portugal's enormous commitment to solving its domestic problems and adjusting its conditions to the Eurozone so that the external perception of Portugal has changed significantly in recent months.

**This is demonstrated by:**

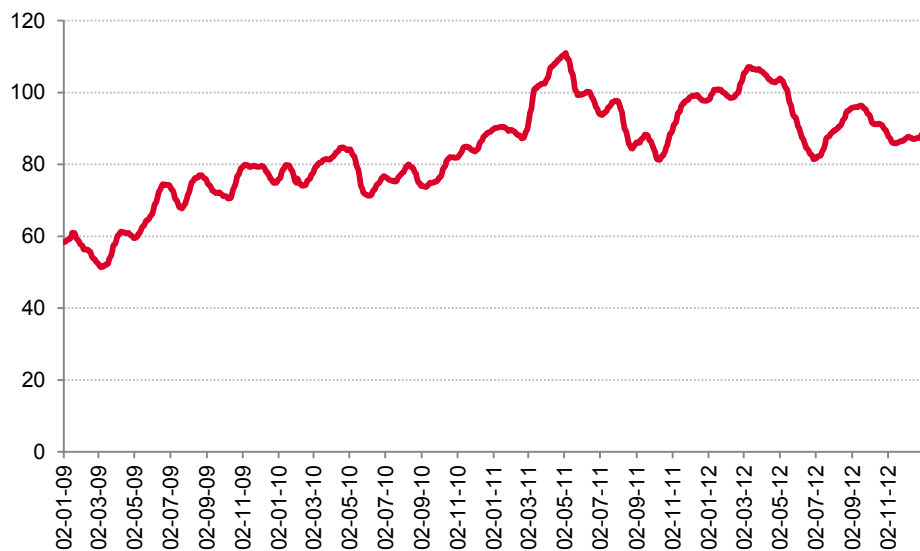
- Return to markets;
- Ireland is aligned with Portugal in the EU request for a time extension for the loan payment;
- The Privatization process in Portugal has been very positive as it has been possible to show the good companies in Portugal the investor community. And in fact it has attracted more investors to Portugal;

**Having passed all the stress tests, the Portuguese financial system has also helped to build the country's reputation. This is demonstrated by:**

- More solvability
- More Liquidity; Higher Deposits
- Asset Quality

## COMMODITIES

### TREND OF CRUDE PRICES



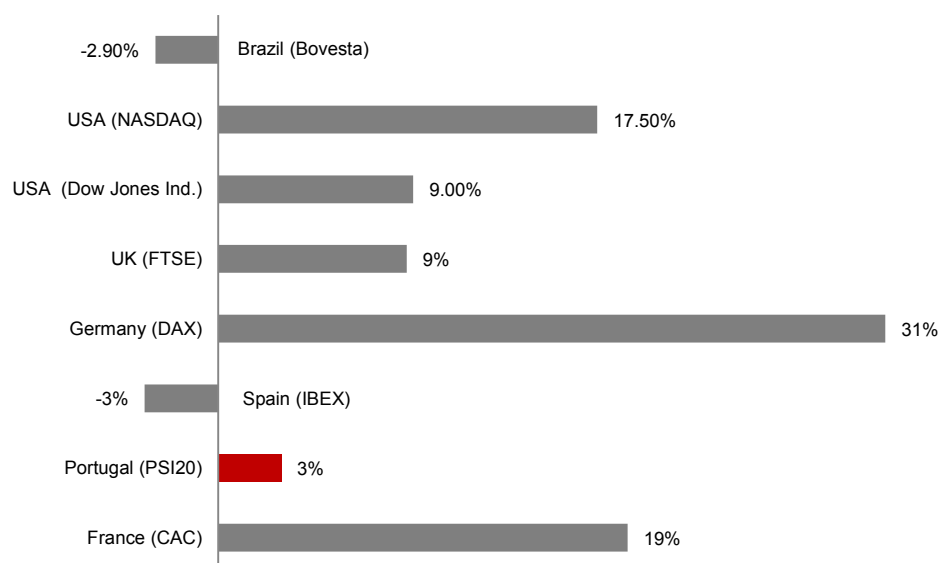
Source: Reuters

The average crude price was 94 \$ per barrel throughout 2012, compared with an estimated 99 \$ per barrel at the end of 2011. The stability of prices in this commodity was important for the economic activity.

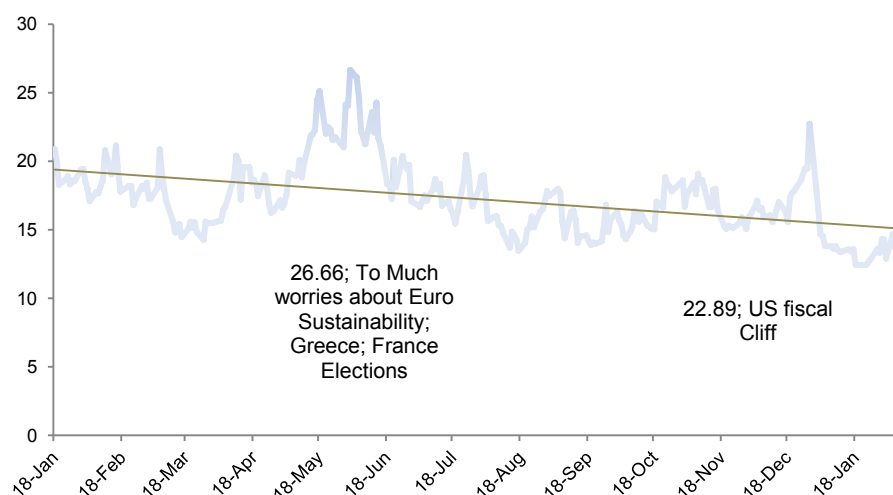
## CAPITAL MARKETS AND VOLATILITY

The behaviour of the Equity financial markets was better in 2012 than in 2011. Despite the fact that markets pointed out enormous gaps and a very defensive behaviour from investors that prefer Germany or France instead of South European markets. And choose USA instead of Europe. The Bullish attitudes were visible mostly since the Mr. Mario Draghi's speech in September last year. In the fourth quarter, the market in Europe had a wave of optimism and European equities were given preference over those of the USA.

### EVOLUTION OF STOCK MARKET INDEXES IN 2012



### VIX INDEX PERFORMANCE




## DOWNSIDE RISKS

What are the general worries for the future?

- Geopolitical risks
- Currency “Wars” as a way to gain competitiveness
- The US Fiscal Situation is not yet overcome. Issues related to the fiscal cliff/debt ceiling are still unresolved
- Europe has to continue on the path towards Political Union and Banking Union, and a European Banking Regulator is still needed

The decline in BRICS growth may have contagion to other economies, namely China. Any change in the trend is very important to the global economic recovery



**03**

**FINANCIAL  
PERFORMANCE**

## 03 | FINANCIAL PERFORMANCE

### RESULTS ANALYSIS

M€	YEAR 2012	YEAR 2011 RESTATED	YEAR 2011 Reported	Var. %
Revenues	491.4	550.1	550.1	-10.7%
Earnings before depreciation, amortization and provisions & impairment losses (EBITDA)	3.9	8.9	8.9	-55.9%
EBITDA margin	0.8%	1.6%	1.6%	-0.8 p.p.
Depreciation & Amortization	17.5	18.2	19.6	-4.3%
Provisions & Impairment Losses	2.2	10.2	10.2	-77.9%
Operating Income (EBIT)	-15.8	-19.4	-20.8	-18.9%
EBIT margin	-3.2%	-3.5%	-3.8%	0.3 p.p.
Financial Results	-36.3	-26.4	-26.4	37.6%
Profit before taxes	-52.0	-45.8	-47.1	13.6%
Income tax	2.3	0.7	0.4	>100%
Results from assets held for sale	-0.1	0.0	0.0	n.m.
Net Profit	-54.4	-46.5	-47.5	17.0%
Attributable to non-controlling interests	1.4	2.1	2.1	-30.4%
Attributable to shareholders	-55.9	-48.6	-49.6	15.0%
per share €	-0.571	-0.492	-0.502	

Note: Results presented according to the consolidated financial statements audited. In 2012, the Group altered the method of evaluation of lands and real state registered in the tangible fixed assets, as explained in Note 1 of the Notes to Consolidated Financial Statements, hence the change in the reported values for 2011.

## REVENUES

In 2012, total Consolidated Operating Revenues of Martifer group fell by 10.7 %, YoY to 491.4 million euros. In contrast to 2011, the Metallic Construction business area in 2012 outperformed Solar area, presenting an outstanding increase of 4.2 % in the Revenues; this was backed by international works despite the unprecedented crisis in the sector, mostly in Iberia.

The Group took one more step in its internationalization process and international exposure was higher in 2012 than in 2011. Portugal's contribution for the total Operating Revenues of the Group was only 19 %, with the remaining 81 % of the Operating Revenues coming mainly from four different regions: European Union (44 %), Latin America (14 %), North America (8 %) and Africa and Saudi Arabia (12 %).

The remarkable international exposure conquered in the last year gives Martifer a different approach to business risk; on one hand its business risk in Iberia is reduced, and on the other it can prepare to take advantage of the future growth expected in other developing economies whilst benefitting from exposure to mature economies.

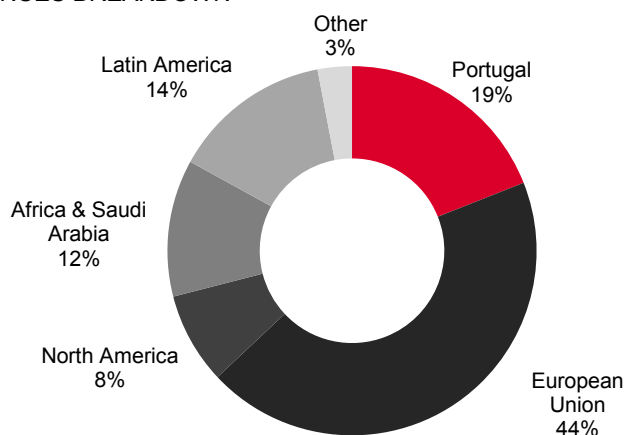
The stronger markets in the Metallic Construction business area such as Brazil, Angola and France gradually compensated for the weak growth in the Iberian market. Brazil remains in with a very positive period with strong demand on the back of upcoming important events like the next World Cup and the Olympic Games.

The Solar business ended 2012 with a negative variation on the Operating Revenues (-21.3 %), but still performing above the sector average, which points to a drop of over 30 %. The markets making the biggest contribution to the Operating Revenues were Portugal, Italy, USA, France and the UK.

Revenues	FY 2012		FY 2011 Restated		Var. %
	M€	Weight	M€	Weight	
<b>Martifer Consolidated</b>	<b>491.4</b>		<b>550.1</b>		<b>-10.7%</b>
Metallic Construction	250.3	50.9%	240.2	43.7%	4.2%
Solar	230.8	47.0%	293.2	53.3%	-21.3%
Others	10.4	2.1%	16.7	3.0%	-37.9%

Note: Others include RE Developer, Holding and Support Services

## REVENUES BREAKDOWN



## EBITDA AND NET PROFIT

In 2012, the Group's Consolidated EBITDA was 55.9 % down on the full year 2011, standing at 3.9 million euros. This negative performance inevitably reflects the restructuring process in metallic construction, mostly the write-off of the industrial unit in Poland and some of the production capacity in Portugal. The "one-off" effects in the Metallic Construction area were 34.0 million euros.

In the Solar segment, the EBITDA margin was 6.9 %, totally in line with 2011 full year, despite the tougher competitive environment and the internationalization effort in the Solar PV sector

The remaining companies grouped in "others" also had a positive contribution of 12.5 million euros with a similar YoY improvement of 39.4 %.

EBITDA	YEAR 2012		YEAR 2011 Restated		Var. %
	M€	Margin	M€	Margin	
<b>Martifer Consolidated</b>	<b>3.9</b>	<b>0.8%</b>	<b>8.9</b>	<b>1.6%</b>	<b>-55.9%</b>
Metallic Construction	-24.6	-9.8%	-20.1	-8.4%	22.1%
Solar	16.0	6.9%	20.1	6.8%	-20.3%
Others	12.5		8.9		39.4%

Note: Others includes RE Developer, Holding and Support Services

The Depreciation & Amortization decreased by 4.3 % to 17.5 million euros. The Provisions & Impairment Losses for fixed assets registered 2.2 million euros, vis-a-vis 10.2 million euros.

EBIT reached -15.8 million euros, which compares with -19.4 million euros in 2011, showing a slight improvement.

Net Financial Expenses totalled 36.3 million euros, compared with 26.4 million euros last year. Net interest Expenses totalled 19.0 million euros, and the Net Foreign Exchange, reached net losses of 4.6 million euros, mainly due to the devaluation of the Zloty (Poland) and Real (Brazil) against the Euro, of 1.6% and 7.8%, respectively.

The net contribution from the application of the Equity Method to the subsidiaries Prio Energy and Nutre (accounted at 49 %) was negative (-3.9 million euros).

Therefore, the Net Profit attributable to shareholders in 2012 amounted to minus 54.4 million euros.



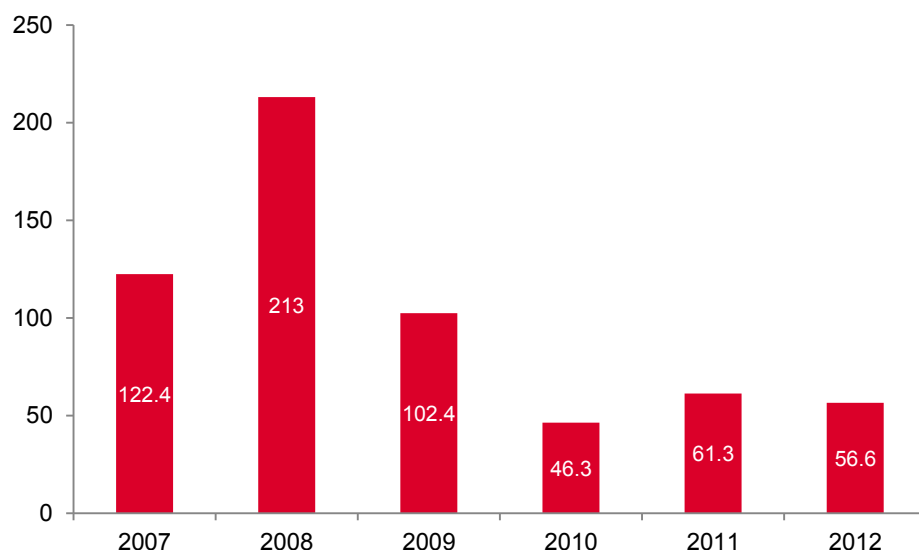
## CAPEX

The amount of investment in fixed assets and goodwill reached 56.6 million euros, mostly applied as follows:

- (1) Development of solar projects in the USA and France by Martifer Solar (29 million euros). This does not mean long term investment for the company, but assets for sale in the coming months;
- (2) Conclusion of the construction of the metallic constructions unit in Brazil and maintenance of Capex in metallic construction (10.1 million euros);
- (2) In the RE Developer area, investment of 17 million euros in the development and construction of wind farms. Of the 17 million euros, 14 million euros is related to the Rymanow project, already classified as asset held for sale.

The Net Capex in fixed assets in 2012 was 40.4 million euros.

### INVESTMENT IN FIXED ASSETS AND GOODWILL TREND (2007 – 2012) - €M



## CAPITAL STRUCTURE ANALYSIS

### FINANCIAL POSITION

€M	2012	2011 RESTATED	2011	Var. %
Fixed Assets (including Goodwill)	331.8	343.2	363.1	-3.3%
Other non-current assets	187.7	181.4	181.4	3.5%
Inventory and Receivables	383.8	415.5	415.5	-7.6%
Cash and cash equivalents	38.0	77.9	77.9	-51.2%
Assets held for sale	35.1	0.0	0.0	n.m.
<b>Total Assets</b>	<b>976.4</b>	<b>1.018.0</b>	<b>1.037.8</b>	<b>-4.1%</b>
Shareholders Equity	176.3	235.9	251.5	-25.3%
Non-controlling interests	51.0	31.8	31.8	60.4%
<b>Total Equity</b>	<b>227.3</b>	<b>267.7</b>	<b>283.3</b>	<b>-15.1%</b>
Non-current debt and leasings	177.1	233.3	233.3	-24.1%
Other non-current liabilities	38.2	34.7	38.9	10.0%
Current debt and leasings	238.1	174.9	174.9	36.2%
Other current liabilities	286.2	307.3	307.3	-6.9%
Liabilities related with Assets held for sale	9.5	0.0	0.0	n.m.
<b>Total Liabilities</b>	<b>749.1</b>	<b>750.3</b>	<b>754.5</b>	<b>-0.2%</b>

Total assets on 31st December 2012 amounted to 976.4 million euros, of which 519.5 million euros are non-current assets, compared to 1,018.0 million euros and 524.6 million euros respectively at the end of 2011.

Total Equity decreased by 40.5 million euros to 227.3 million euros at the end of 2012. The negative variation is mostly explained by the Net Loss in 2012.

However, Martifer showed a robust capital structure with a financial autonomy ratio of approximately 23 %.

## NET DEBT

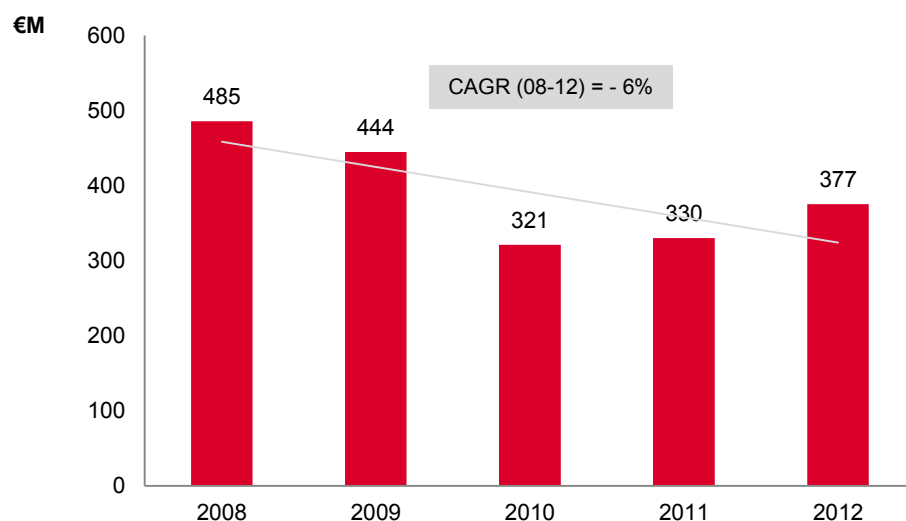
€M	Metallic Construction	Solar	RE Developer	Holding	Martifer Consolidated
Corporate Net Debt allocated to operating activities	93	25	26	155	299
Corporate Net Debt allocated to non-operating activities	27	37			64
Non-Recourse Net Debt			14		14
<b>Total Net Debt</b>	<b>120</b>	<b>62</b>	<b>40</b>	<b>155</b>	<b>377</b>

Note: Net Debt = Borrowings + Financial Leases (+/-) Derivatives – Cash and Cash Equivalent

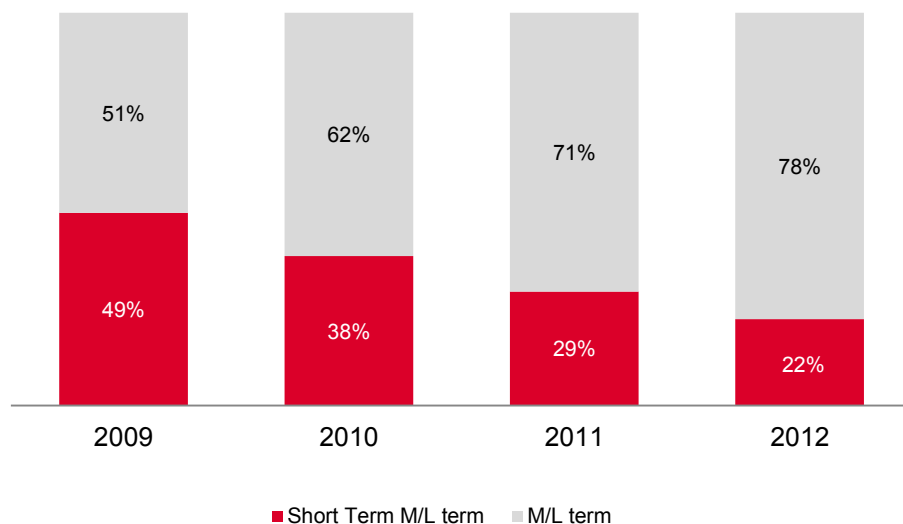
The Group's Consolidated Net Debt on 31<sup>st</sup> December 2012 totalled 377.2 million euros, increasing 46.8 million euros from the Net Debt of 330.4 million euros registered at the end of 2011. The variation is explained by the amount of capital invested in the year, which does not represent core long-term investment but investment in renewable assets intended for sale in the medium term.

Highlighting once again that Martifer Group aims to have a Net Debt Level between 230 million euros and 250 million euros by the end of 2014, considering the present Debt Level (377 million euros), our goal is to pursue further debt reduction of 127 million euros up to 147 million euros in the next two years (2013 and 2014) through the sale of non-core assets, mainly wind farms, solar projects and, residually, from the sale of real estate projects.

### TREND OF GROUP'S CONSOLIDATED NET DEBT (08-12)



#### NET DEBT STRUCTURE – Between FY2009 and FY2012

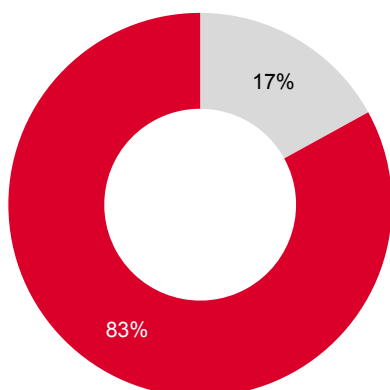


In 2012, the M/L and Short Term debt structure was 78 % and 22 % respectively, also considering the ongoing debt restructuring in which it is expected to transfer to a longer term part of the debt presented as current in the Balance Sheet, and which compares with 71 % M/L Term and 29 % Short Term structure in 2011. In other words, in 2012, 31 % of the current debt is in a restructuring/formalization process to non-current debt.

The debt structure by type of interest rate at the end of 2012 was the same as in 2011, namely 17% fixed and 83% floating.

#### NET DEBT STRUCTURE – FIXED VS. FLOATING – 2012

■ Fixed M/L-Term ■ Floating M/L-Term





**04**

**ANALYSIS  
BY SEGMENT**

## 04 | ANALYSIS BY SEGMENT

### METALLIC CONSTRUCTIONS

#### SECTOR TRENDS

Highlights:

- The environment in the construction sector was severely depressed during 2012:
  - According to Euroconstruct a decrease of 4.7%; with the civil construction down by 7.5%
- Market conditions gradually deteriorated – profit warning announcements from several construction companies all over Europe
  - Austerity measures intensified in several countries, delaying any opportunity to invest in infrastructure projects for several years
- Economic Growth driven by the emerging markets, especially Asia and South America, making opportunities to happen in these countries
- In Brazil, the sector is leveraged by several infrastructure projects; the construction industry should have an annual average growth of 7.1 % between 2012 and 2016:
  - Preparations for the host of two major sports events – 2014 World Cup and 2016 Olympic games
  - Implementation of the second phase of the Acceleration and Growth Program (PAC II) – over US\$ 500bn between 2011 and 2014

#### ACTIVITY

The Metallic Constructions order book in 2012 reached the record level of 373 million euros, 83 million euros higher than at the end of 2011, and with projects in 11 different countries. From the analysis of the current order book, and in perspective of the last years, it should be stressed that the Brazilian order book already represents 27 %, or more than 100 million euros, followed by France with 87 million euros and Saudi Arabia with 61 million euros.

The main projects are:

- In Brazil, the Transcarioca Bridges and Tomorrow's Museum in Rio de Janeiro, the Arena Fonte Nova stadium, in Salvador da Bahia, and the Arena Amazônia stadium in Manaus
- In France, the Lyon Stadium, the EDF Headquarters and the Airbus hangars
- In Saudi Arabia, the King Abdullah Financial City in Riyadh, and the Stadium of King Abdullah Sports City in Jeddah
- In Portugal, we highlight the ships under construction in Navalria
- In the UK, the spotlight goes to Scotland's National Arena and Birmingham New Street Station

## ORDER BACKLOG BY COUNTRY

COUNTRY	VALUE (M€)	%
Brazil	101.8	27%
France	86.7	23%
Saudi Arabia	61.4	17%
Portugal	49.7	13%
UK	22.4	6%
Angola	16.9	5%
Spain	14.9	4%
Romania	8.8	2%
Poland	4.0	1%
Australia	3.4	1%
Peru	3.0	1%
<b>TOTAL</b>	<b>373</b>	

## RESULTS

Metallic Construction Operating Revenues increased by 4.2 %, despite the difficulties across the sector but particularly in Europe. The shift of weight from Iberia to Brazil in the Operating Revenues explains the opposite trend in Revenues. As can be seen in the following tables – there was an enormous change in the footprint of Metallic Construction in 2012, compared with 2011.

2012		2011	
COUNTRY	VALUE (M€)	COUNTRY	VALUE (M€)
Brazil	57.2	Iberian Peninsula	50.2
Angola	41.1	Angola	40.5
Iberian Peninsula	38.2	Poland	28.5
UK	26.3	UK	22.9
France	19.0	Romania	22.8
Romania	18.5	Morocco	14.7
Saudi Arabia	17.6	France	13.6
Poland	14.0	Germany	13.0
Australia	7.0	Australia	10.4
Denmark	6.3	Denmark	10.4
USA	3.4	Brazil	7.6
Slovenia	0.7	Belgium	3.6
Morocco	0.5	Saudi Arabia	0.7
<b>TOTAL</b>	<b>250.3</b>	<b>TOTAL</b>	<b>240.2</b>

As can be seen above, the effort made in the last three years to focus on countries with positive growth rates and strong infrastructures plans is starting to bear fruit. These strategic moves obviously still have a marked negative impact, partly reflected in the cost structure.

Thus, EBITDA in the FY12 reflects negative non-current effects, explained by two factors: (1) costs related with the closure of industrial activities in Poland and the reduction of capacity in Portugal; (2) negative operating margins in some of the works, mostly in Poland, Iberia and Australia that reflect the general environment in the sector, with very low level of margins due to the lack of demand for big projects, mainly in Europe.

Net Financial Expenses rose by 12.7 % to 14.4 million euros, due to an increase in financial costs and unfavourable exchange differences.

Net Profit totalled -46.1 million euro, of which 0.3 million euros is attributable to non-controlling interests from Martifer Angola.

Net Financial Debt in Metallic Constructions on 31<sup>st</sup> December 2012 reached 120 million euro, 3 million euro more than in the FY 2011 (on a comparable basis). Of the total Net Debt, 27 million euro is allocated to projects in the Retail area, not considered core business, and is set to be sold in the future.

Total Capex in 2012 was 10.1 million euro, applied in the conclusion of the metallic constructions unit in Brazil and to some maintenance Capex.

METALLIC CONSTRUCTION	2012	2011	VAR. %
M€		RESTATED	
Revenues	250.3	240.2	4.2%
EBITDA	-24.6	-20.1	-22.1%
EBITDA Margin	-9.8%	-8.4%	-1.4 pp
EBIT	-31.9	-34.5	7.5%
EBIT Margin	-12.7%	-14.3%	1.6 pp
Net Financial Expenses	14.4	12.8	12.7%
Income tax	-0.2	-5.3	n.m.
Results from assets held for sale	-0.3	0.0	94.6%
Net Profit	-46.1	-42.0	-9.9%
Attributable to non-controlling interests	0.3	0.6	-51.8%
Attributable to shareholders	-46.4	-42.5	9.1%



# SOLAR

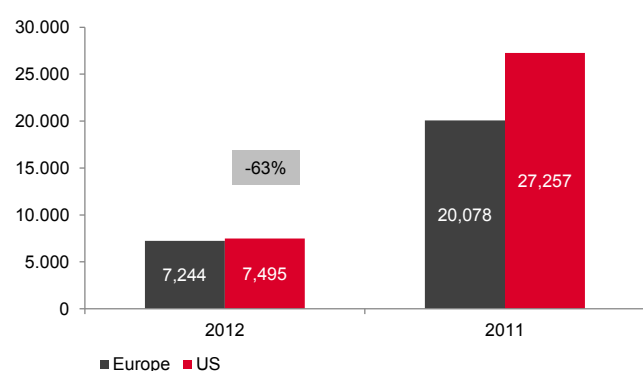
## SECTOR TRENDS

### Highlights:

- 2012, in general, the worst year ever for solar PV companies:
  - However, total installations have still increased by 3 % since 2011, for a world total capacity of more than 100GW
- Sector is going through an intense consolidation phase:
  - Excess of installed production capacity
  - Sharp drop in prices, with negative effects throughout the value chain
- Constant change in the support policies:
  - Applied retroactively in some countries (Spain and Bulgaria)
  - Creates uncertainty around the project owners and investors – impacts the client and project prospection
- Mixed environment in the second half in Europe:
  - Spain and Italy flat due to the worsening of conditions – cuts in the sector subsidies and financing bottlenecks
  - Belgium and Bulgaria with drastic reductions in their conditions
- USA below expectations, but performing better than Europe
- However, significant improvements are expected for the coming years in the sector
  - What are the challenges ahead?
    - (1) Drop in the cost of capital
    - (2) New forms of financing

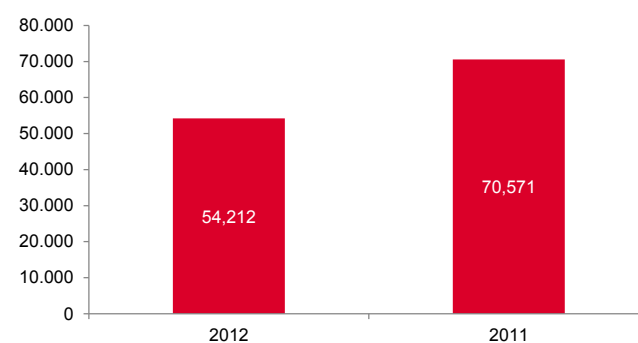
### TREND –SOLAR PV PROJCT ASSET FINANCE

#### EUROPE AND USA



Source: Bloomberg; €M.

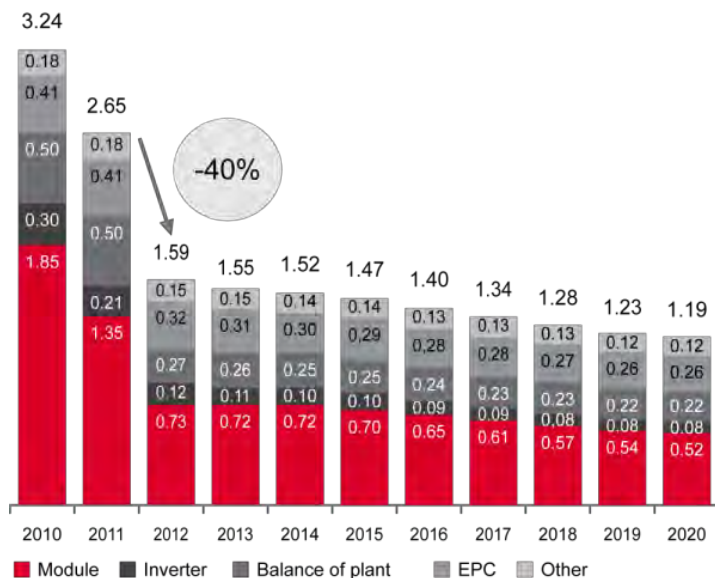
#### GLOBAL TOTAL



Source: Bloomberg

## PV PROJECT COSTS – GROUND MOUNTED

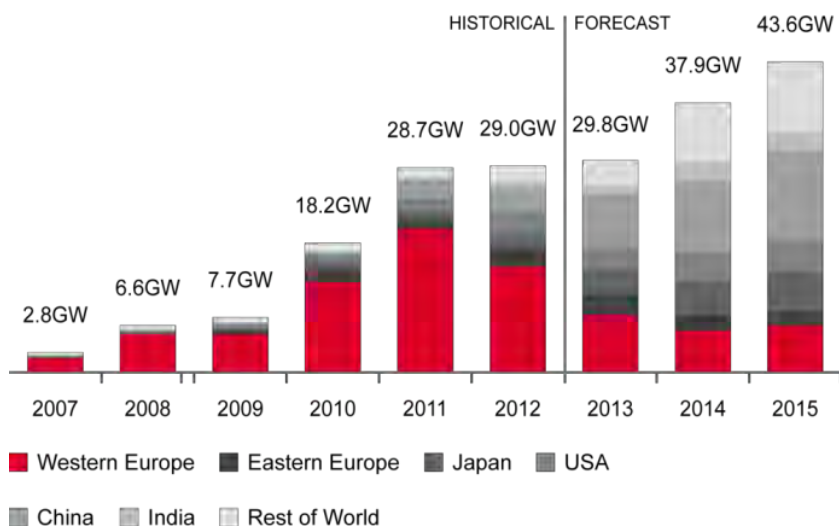
€/MW



Source: NEF

- Project costs dropped ~40 % from 2011 to 2012

## TREND – PV SOLAR INSTALLATIONS



SOURCE: NEF

- China, Japan and India will be the markets with strongest growth in the next few years

## ACTIVITY

The backlog of turnkey contracts (signed) is 230 million euros, with Portugal, North America, Mexico and the UK as the geographies with the most significant contributions. The company's strategic position is to concentrate on mature countries which have a favourable regulatory framework, and emerging countries with good solar potential for the execution of on-grid and off-grid solutions. However, it is important to note that margins in the solar segment have been reduced along the value chain due to significant reductions in government support and to an increase in competition.

## RESULTS

Solar Revenues decreased by 21.3 % YoY, totalling 230.8 million euros. This performance is explained by the decline in solar PV prices and the delay in some projects for 2013. The markets making the biggest contribution were: Portugal, Italy, USA, France and the UK.

The internationalization process continues and it is important to stress the entry in Brazil with a small project, Mexico, Chile, Ukraine and Romania in 2012.

The Solar business area presented an EBITDA of 16.0 million euros in 2012, versus 20.1 million euros in 2011, but with a stable EBITDA margin at 6.9 %, on a YoY.

Net Financial Expenses totalled 7.4 million euros in 2012 increasing from 3.1 million euros. This rise is explained mostly by a 2.3 million euro loss in the acquisition of a financial vehicle that was meanwhile sold with other societies to a South Korean group; it is expected that the operational margin will more than compensate for this loss. The increase in financing costs also helps explain the evolution of the Net Financial Expenses.

Total Capex in 2012 was 31 million euros. This is explained by the investment in project development in the USA and France, expected to be sold by 2013.

Net Debt increased from 45.8 million euros at the end of FY11 to 61.5 million euros. This rise is mostly explained by the investment in solar PV projects that will be sold during 2013.

SOLAR €M	2012	2011 RESTATED	VAR. %
Revenues	230.8	293.2	-21.3%
EBITDA	16.0	20.1	-20.3%
EBITDA Margin	6.9%	6.8%	0.1 pp
EBIT	13.3	18.1	-26.2%
EBIT Margin	5.8%	6.2%	-0.4 pp
Net Financial Expenses	7.4	3.1	>100%
Income tax	2.3	5.4	-57.1%
Net Profit	3.6	9.5	-62.1%
Attributable to non-controlling interests	-1.4	-0.9	62.9%
Attributable to shareholders	5.0	10.4	-51.5%

## OTHER AREAS

### RESULTS

The results of the remaining areas – “Other” – include the RE Developer activity and the operations of the Group’s Holding and Support Services.

RE Developer’s Operating Revenues reached 17.1 million euro in 2012, increasing by 17.8 % YoY; despite the sale of the wind farms in Poland in the 2<sup>nd</sup> Half 2011, this can be explained by the improved performance of the solar plants in Spain and the wind farms in Brazil, as well as the beginning of operations of the wind farm in Romania.

Currently, the company has 64MW of wind farms and solar parks in operation and with contribution to the total revenues.

EBITDA reached 9.9 million euros in 2012, showing an improvement of 42.7 % YoY; it represents a margin of 58 % compared with 48 % at the end of 2011.

Net Profit registered in 2012 was positive at 0.3 million euros compared with the 13.3 Net Loss in 2011.

CAPEX in 2012 was 17 million euro, applied mostly in the conclusion of the construction of the wind project in Romania (Babadag) and Poland (Rymanow): As this was already classified as an asset held for sale, the adjusted investment for the asset held for sale was 3.5 million euros.

Net Debt at the end of 2012 was 40 million euro. The disposal of renewable assets continues but, due to the current market conjuncture, the result of this should only be visible in 2013 and 2014.

RE DEVELOPER	2012	2011	VAR. %
€M	RESTATED		
Revenues	17.1	14.5	17.8%
EBITDA	9.9	7.0	42.7%
EBITDA Margin	58.1%	48.0%	10.1 pp
EBIT	2.1	-3.1	n.m.
EBIT Margin	12.3%	-21.4%	n.m.
Net Financial Expenses	1.7	10.9	-84.8%
Income tax	0.1	-0.7	n.m.
Net Profit	0.3	-13.3	n.m.
Attributable to non-controlling interests	0.6	-0.2	n.m.
Attributable to shareholders	-0.3	-13.0	97.8%



**05**

**INDIVIDUAL  
FINANCIAL  
INFORMATION**

## 05 | INDIVIDUAL FINANCIAL INFORMATION

During 2012, the level of services that the Holding company provided to other Group companies decreased significantly due to the fact that, part of the services that were provided by the company, have been transferred to the Business Areas following the strategy of allocating greater autonomy to the Business Areas, with consequent greater decentralization and accountability.

The Net Profit of Martifer, SGPS, SA, the holding company of the Group, was negative amounting to 12,517,886 euro, comparing with a negative Net Profit of 21,227,710 euro in the previous year.

The main contribution to the net loss recorded in 2012, was the decrease of the financial income, justified by the conversion of non-current and current loans granted to subsidiaries in supplementary capital, which bears no interest, that occurred by the end of 2011, given the need to strengthen the equity of those subsidiaries.

Moreover, were recorded impairment losses of 4 million euros for the participation and loans granted to the subsidiary in Martifer Renewables, SGPS, SA. The reinforcement of the impairment loss for the year is mainly due to the deterioration of the equity of its subsidiaries.

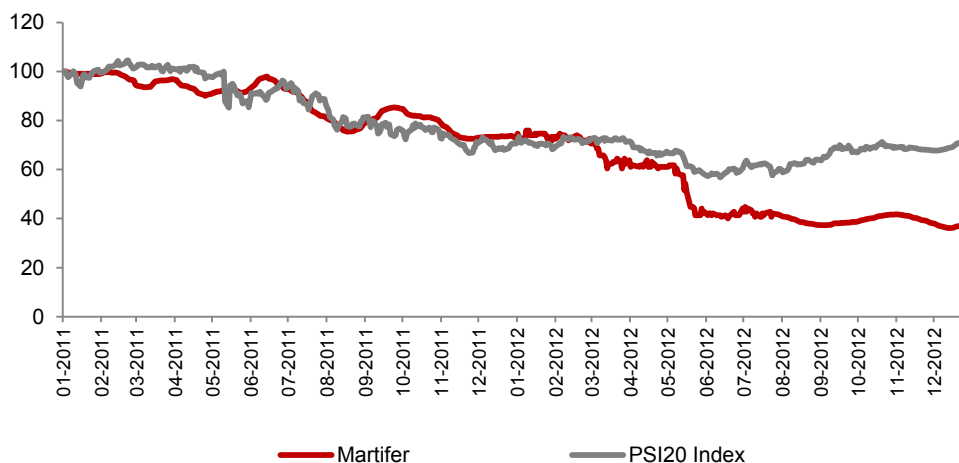


**06**

**SHARE  
PERFORMANCE**

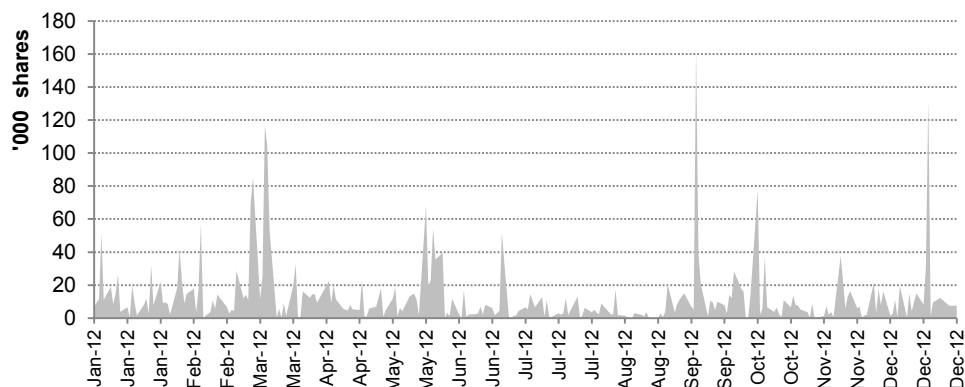
## 06 | SHARE PRICE PERFORMANCE

### SHARE PRICE VARIATION IN 2011- 2012



Source: Reuters

### TRADED VOLUME IN 2012



Source: Reuters

Due to the low liquidity of shares and the lack of interest from investors, especially until November, Martifer's share price performance suffered the same effects as its peers and devalued by 48 % at the end of 2012; the PSI-20 Index registering a 2.9 % increase, mainly after September, with the inversion of the risk perception in Europe.

Martifer's share price closed 2012 at 0.56 €/share. The maximum price achieved was 1.14 €/share and minimum 0.50 €/share. The average volume of stocks traded during the period was 12,652 shares.

The increase of negative news over 2012 and fears about the "Euro's" sustainability due to the lack of solutions to the sovereign crisis in Europe scared investors who transferred millions from countries like Portugal, that had received a bailout, to other safe investments. Martifer stock was penalized by this conjuncture and its stock market capitalization was 56 million euros at the end of the year.



## PURCHASE OF OWN SHARES

In accordance with CMVM regulation 5/2008, namely article 11, numbers 1 and 2, we inform that Martifer SGPS, SA (Martifer) purchased on the Stock Exchange:

DATE	MARKET/TRANSACTION	SIZE (SHARES)	PRICE (€)	NUMBER HELD
02-Jan-12	Euronext Lisbon – Purchase	5,555	1.09	5,555
04-Jan-12	Euronext Lisbon – Purchase	5,950	1.08	11,505
05-Jan-12	Euronext Lisbon – Purchase	19,580	1.08	31,085
09-Jan-12	Euronext Lisbon – Purchase	7,430	1.08	38,515
10-Jan-12	Euronext Lisbon – Purchase	2,300	1.11	40,815
11-Jan-12	Euronext Lisbon – Purchase	1,600	1.12	42,415
12-Jan-12	Euronext Lisbon – Purchase	16,380	1.09	58,795
13-Jan-12	Euronext Lisbon – Purchase	150	1.09	58,945
16-Jan-12	Euronext Lisbon – Purchase	5,350	1.11	64,295
17-Jan-12	Euronext Lisbon – Purchase	380	1.13	64,675
18-Jan-12	Euronext Lisbon – Purchase	5,340	1.11	70,015
19-Jan-12	Euronext Lisbon – Purchase	5,900	1.13	75,915
20-Jan-12	Euronext Lisbon – Purchase	1,120	1.10	77,035
23-Jan-12	Euronext Lisbon – Purchase	8,195	1.10	85,230
24-Jan-12	Euronext Lisbon – Purchase	9,160	1.10	94,390
25-Jan-12	Euronext Lisbon – Purchase	1,000	1.09	95,390
26-Jan-12	Euronext Lisbon – Purchase	12,000	1.08	107,390
27-Jan-12	Euronext Lisbon – Purchase	3,589	1.08	110,979
30-Jan-12	Euronext Lisbon – Purchase	14,974	1.07	125,953
31-Jan-12	Euronext Lisbon – Purchase	3,204	1.07	129,157
01-Feb-12	Euronext Lisbon – Purchase	7,350	1.08	136,507
02-Feb-12	Euronext Lisbon – Purchase	2,750	1.08	139,257
03-Feb-12	Euronext Lisbon – Purchase	2,150	1.07	141,407
06-Feb-12	Euronext Lisbon – Purchase	11,800	1.07	153,207
07-Feb-12	Euronext Lisbon – Purchase	21,700	1.07	174,907
08-Feb-12	Euronext Lisbon – Purchase	3,914	1.09	178,821
13-Feb-12	Euronext Lisbon – Purchase	4,090	1.06	182,911
14-Feb-12	Euronext Lisbon – Purchase	1,000	1.08	183,911
02-Mar-12	Euronext Lisbon – Purchase	6,700	1.06	190,611
05-Mar-12	Euronext Lisbon – Purchase	7,475	1.04	198,086
06-Mar-12	Euronext Lisbon – Purchase	6,230	1.02	204,316
07-Mar-12	Euronext Lisbon – Purchase	7,438	1.01	211,754
08-Mar-12	Euronext Lisbon – Purchase	25,500	1.00	237,254
09-Mar-12	Euronext Lisbon – Purchase	35,344	0.96	272,598
12-Mar-12	Euronext Lisbon – Purchase	6,489	0.98	279,087
13-Mar-12	Euronext Lisbon – Purchase	18,340	0.96	297,427
14-Mar-12	Euronext Lisbon – Purchase	37,594	0.92	335,021
15-Mar-12	Euronext Lisbon – Purchase	22,559	0.85	357,580
16-Mar-12	Euronext Lisbon – Purchase	6,270	0.93	363,850
19-Mar-12	Euronext Lisbon – Purchase	150	0.95	364,000
20-Mar-12	Euronext Lisbon – Purchase	3,110	0.93	367,110
21-Mar-12	Euronext Lisbon – Purchase	241	0.93	367,351
22-Mar-12	Euronext Lisbon – Purchase	6,000	0.93	373,351
23-Mar-12	Euronext Lisbon – Purchase	1,248	0.93	374,599
26-Mar-12	Euronext Lisbon – Purchase	5,620	0.92	380,219
27-Mar-12	Euronext Lisbon – Purchase	17,000	0.92	397,219
28-Mar-12	Euronext Lisbon – Purchase	250	0.92	397,469
29-Mar-12	Euronext Lisbon – Purchase	300	0.93	397,769
30-Mar-12	Euronext Lisbon – Purchase	5,050	0.90	402,819
02-Apr-12	Euronext Lisbon – Purchase	210	0.89	403,029
03-Apr-12	Euronext Lisbon – Purchase	360	0.90	403,389
04-Apr-12	Euronext Lisbon – Purchase	3,650	0.91	407,039
05-Apr-12	Euronext Lisbon – Purchase	5,780	0.92	412,819
10-Apr-12	Euronext Lisbon – Purchase	4,185	0.90	417,004
11-Apr-12	Euronext Lisbon – Purchase	2,100	0.92	419,104
13-Apr-12	Euronext Lisbon – Purchase	1,500	0.93	420,604
25-May-12	Euronext Lisbon – Purchase	21,000	0.63	441,604
28-May-12	Euronext Lisbon – Purchase	20,755	0.62	462,359
21-Sep-12	Euronext Lisbon – Purchase	1,000	0.56	463,359
24-Sep-12	Euronext Lisbon – Purchase	100	0.57	463,459
26-Sep-12	Euronext Lisbon – Purchase	1,700	0.56	465,159
23-Sep-12	Euronext Lisbon – Purchase	3,100	0.60	468,259

Following these transactions Martifer holds 2,215,910 own shares representing 2.22 % of its share capital.





**07**

**FUTURE  
PROSPECTS**

## 07 | FUTURE PROSPECTS

2012 in review:

- ✓ **International repositioning**
- ✓ **Growth (+25 %) of the Order Book**
- ✓ **Maintenance of the Gross Debt level**

In perspective, it can be said that in the restructuring programme adopted by the company back in 2011, Martifer's businesses model and strategy were under a strong revision. The main lines for development were decided on in conjunction with external international consultants who confirmed our vision and main steps for going forward.

At the end of 2012, the strategic base of the group remained unchanged. We are still trying to reach the targets set, although there are delays due to the current economic conjecture and the increase of risks, namely:

-The crucial point in the plan's execution remains the sale of non-core assets and the deleverage of the group. In other words, although the disposal of renewable assets continues, the current economic environment means the results will only be visible during 2013 and 2014.

- Martifer Group's objective is to have a Net Debt level between 230 and 250 million euros by the end of 2014, considering the present Debt Level (377 million euros), it is our goal to pursue further debt reduction of between 127 and 147 million euros in the next two years (2013 and 2014) through the sale of non-core assets, mainly wind farms, solar projects and, residually, from the sale of real estate projects.

Overall, in 2013 and 2014, the main objectives will be:

- ☐ **Debt reduction with the sale of non-core assets**
- ☐ **Operational efficiency**
- ☐ **Order book leveraging the Revenues growth**
- ☐ **Taking advantage of the International repositioning**



**08**

**MAIN RISKS**

## 08 | MAIN RISKS

### OPERATIONAL RISKS

#### a) Metallic Construction

Operational risks in the Metallic Construction area, which was also incorporated in the energy equipment area as from 2011, are currently divided into three sources of risk – client, supplier and external risk, which, in turn, is sub-divided into specific problems.

Under client risk one can identify, for example, issues at the contractual level, such as the lack of convergence in the interpretation and application of the contractual dispositions, the distaste or dissatisfaction with the service/product and also the risk of non-payment of the price stipulated following the delivery of the projects.

In terms of demand volatility, it is important to note that the business area depends, in part, on the launch of public tenders for public infrastructures (ex. bridges, airports, stations). Within the scope of public tenders, Martifer is subject to complex regulatory demands, specific to each country, namely in matters concerning the presentation of the proposals and the preparation of complex administrative documentation files to satisfy the project specifications defined by the contracting entity, that may represent additional costs for the Martifer Group. It is to be highlighted that, despite the said dependence on public tenders, Martifer has been able to win business not subject to public tender, thereby reducing its exposure to this risk.

Under supplier risk, Martifer Construções, as a specialist in engineering projects, relies very often on subcontractors, who may fail in the execution of their work and jeopardize, through a domino-effect, the meeting of project delivery deadlines. In other words, there is also a risk of delays in delivering the projects, with the inherent contractual penalties.

In the specific case of wind farm construction projects, this problem is mitigated by foreseeing guarantees and penalties in the contracts, due by the suppliers of equipment or of turn-key projects, since delays in delivering the wind farms may result in less attractive tariffs and, consequently, in lower profitability rates for the projects. On the other hand, reliance on internationally renowned suppliers, the most important being Repower and Suzlon, reduces the dependence on suppliers and guarantees the quality of the equipment. This form of risk management also allows for the simultaneous mitigation of the turbine performance risk, since operation and maintenance contracts are signed with the turbine suppliers, for periods of, typically, 5 years. Finally, the risk associated with wind turbine performance is also reduced through adequate programmed preventative maintenance.

Finally, in terms of external risks, and considering that the area of Metallic Construction is strongly correlated with economic growth and with gross fixed capital formation, it is therefore sensitive to the current economic environment. Accordingly, the worsening of the sovereign debt crisis in Europe also raises other problems, namely the austerity plans that imply severe transversal cuts in public investment and the significant decrease in liquidity throughout the financial system, which often causes highly attractive projects to be shelved due to lack of capital.

The manner found by the Metallic Construction area to mitigate these external risks, which are impossible to control, was to disperse its activity throughout the various geographies, namely through the entry into markets recording higher growth rates, as is the case of the Angolan market, or, more recently, the Brazilian market, or even countries sporadically visited such as Saudi Arabia, which may help offset both the effects of the economic recession in Portugal as well as the economic slowdown in Europe.

#### b) Solar

In the turn-key park installation activity, end-client delays in obtaining the necessary licences or unanticipated delays in the delivery of equipment may disrupt the calendars initially foreseen for the completion of the respective projects. Despite the fact that this type of delay usually carries no contractual penalties, in some cases this situation can constitute a risk for the Group given the planning difficulties it can present.

Additionally, the financial market crisis has been hampering the promoters' access to funding, resulting in the postponement of some projects. The diversification of the business throughout the value chain and the diversified client portfolio, inside and outside the Group, in the process of being adopted should reduce the possible impact of this situation.

The solar photovoltaic modules produced by the company are traded with a 5-year warranty and a 25-year performance warranty, as a result of which this sector is exposed to the risk of warranty claims years after the sale of the equipment. Accordingly, any quality or performance problems that may occur can result in high costs. The performance of solar systems is also guaranteed in respect of the modules acquired for the construction of solar parks; however, the group's responsibility, in this case, is diminished in that there is a right of recourse vis-à-vis the suppliers.

On the other hand, most of the equipment used in the production of solar photovoltaic modules is customized for specific raw-materials, with a resulting dependency risk on key raw-material suppliers. The Group has sought to mitigate this risk by establishing long-term contracts for some raw-materials, carrying out a judicious selection of suppliers and working towards garnering a diversification of suppliers for each of the relevant raw-materials of the production process.

### **c) RE Developer**

The productivity indices associated with the renewable energy business depends on the volume of energy produced by the wind farms and its profitability, factors that depend on the location of the wind farms and on the seasons of the year (seasonality). Given that the wind turbines are only driven when the wind velocity is within specific parameters, which parameters depend on the supplier and the type of turbine, if the said velocity is not within the parameters or if it is at the lower end of the limits, the energy production of the wind farms will suffer a reduction.

The readiness and power curve of each turbine is contractually guaranteed, with indemnities being payable by the suppliers for situations where their readiness is not satisfied or the power curve is not attained.

This risk is also mitigated through the geographical distribution of the wind farms, allowing for the set-off of the wind velocity variations at each farm and ensuring the relative stability of the volume of total energy produced.

#### **LICENCING:**

Wind farms and solar parks are subject to rigorous regulations in matters such as the development, construction, licensing and operation of power plants. If the relevant authorities in the jurisdictions in which the Group operates stop or reduce their support for the development of wind farms and solar parks, such actions may have a significant impact on the activity.

## **FINANCIAL RISKS**

### **a) Price risk**

The volatility of raw material prices constitutes a risk for the Group. The changes in the price of steel and aluminium impact the operational activity of the metallic construction and energy systems business areas. Martifer has sought to mitigate this risk by including clauses in its contracts with customers that allow it to pass on raw-material price fluctuations and by negotiating fixed prices for large scale projects with its suppliers.

## **b) Currency risk**

Currency risk reflects the possibility of registering gains or losses resulting from changes in the foreign exchange rates between different currencies. The Group's exposure to currency risk results from the existence of foreign based subsidiaries in countries with a currency other than the Euro, from transactions between these subsidiaries and other Group companies and from the existence of transactions with external parties made by the operational companies in a currency other than the reporting currency of the Group.

The Group's currency risk management policy aims to reduce the sensitivity of its results to exchange rate variations.

Subsidiaries, in their day-to-day operational activities, seek to use their local currency. Likewise, loans contracted by foreign subsidiaries are preferably denominated in their local currency.

Certain operational activities of the Group are exposed to changes in foreign exchange rates vis-à-vis their local currency. The prices of some raw-materials, namely steel and aluminium are generally expressed or indexed to the US Dollar which can have an impact on the Group's results. It is possible, to a large extent, to include these variations in the sales prices. Where this is not possible, the Group hedges this exposure by contracting foreign exchange derivative contracts in the subsidiary exposed to the said risk.

## **c) Interest rate risk**

Interest rate risk reflects the possibility of changes in future interest charges on loans contracted due to the evolution of market interest rate levels.

The Group relies on external financing to fund its activity and it is exposed to interest rate risk as a significant part of its borrowings are indexed to market interest rates.

In the more significant long-term loans, the Group relies on fixed interest rate loans or uses interest rate derivatives to hedge exposure to interest rate risk on the said loans. The amounts, interest due dates and repayment schedules of the loans underlying the interest rate derivatives are identical to those of the loans they hedge, and, as such, are considered perfect hedges.

## **d) Liquidity risk**

Liquidity risk reflects the Group's ability to satisfy its financial responsibilities with the available financial resources.

The Group manages its liquidity risk in two main ways:

- On the one hand, it seeks to ensure that its financing structure adequately reflects the nature of its obligations. Investments in fixed assets, including financial investments, are funded through long-term facilities (equity and long-term loans) whilst short-term obligations are funded through short-term loans. Long-term loans are generally contracted for periods of 5 to 7 years, generally with a grace period of the principal of 1 to 2 years.
- On the other hand, subsidiaries have contracted, with financial institutions, short-term facilities for amounts that assure their liquidity. Subsidiaries also have adequate amounts of cash to cover their short-term commitments.

## **e) Credit risk**

The worsening of the worldwide economic conditions and the escalation of the adversities facing local, national and international economies can influence Martifer Group's client default rate, with possible negative impacts on the Group's results.

Aware of this reality, the Group seeks to evaluate all its clients' credit risk in order to establish credit limits, with the ultimate purpose of ensuring the collection of the amounts due within the periods negotiated.



With this objective in mind, the Group uses credit rating agencies, regularly analyses risk and credit control, and collects from and manages cases in litigation, procedures which are all considered essential to manage the credit conceded and to minimize the risk of credit default.

## LEGAL RISKS

Martifer is subject to the national and local laws and regulations in the various geographies and markets where it operates, which aim to assure, amongst others, worker rights, protection of the environment and spatial planning and the maintenance of an open and competitive market. Thus, the legal and regulatory changes that affect the conditions conducive to the development of the Groups' activities and, consequently, prejudice or impede the attainment of the strategic objectives require the Company to adapt to the new regulatory realities.

The management of legal risk is carried out by the legal department of the holding company and of each of the Group's Business Areas and is monitored within the scope of reviews performed by internal legal and fiscal service providers dedicated to the respective activities, which operate in the dependence of the Board of Directors and management, conducting their work in articulation with the other fiscal and financial departments, so as to assure the protection of the Company's interests and, ultimately, the stakeholders', in strict compliance with their legal duties.

The members of the legal departments and internal advisory service providers referred to above have specialized formal qualifications and undergo regular formal training and updating.

Legal and fiscal advisory services are also assured, nationally and internationally, by external professionals, selected amongst reputable firms and in accordance with the highest standards of competence, ethics and experience.





**09**

**PROPOSAL  
OF RESULTS  
ALLOCATION**

## 09 | PROPOSAL OF RESULTS ALLOCATION

The Board proposes to the General Meeting of Shareholders that the net loss, resulting from the Individual Financial Information in the total 12,517,886.26 euro, recorded in 2012, to be is allocated to Retained Earning.



**10**

**OTHER  
INFORMATION**

## 10 | OTHER INFORMATION

### **BUSINESS DEVELOPED BY NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS**

In addition to incorporating Martifer SGPS, SA's Board of Directors, each non-executive board member integrates, at least, one of the nominated Committees by the Board (Committee for Corporate Governance, Committee for Ethics and Conduct or Committee for Risk), for which the rules are published in the Group's website and which functions and activities developed throughout 2012 are outlined in the chapter of Corporate Governance. Throughout the year, the non-executive members of the Board have shared and expressed relevant opinions regarding specific business segments, based on its performance, the risks associated and outlook, keeping regular communication with the executive Board Members, and the Board Members and Directors of the business units.

### **PERMITS GIVEN TO BUSINESS TRANSACTIONS BETWEEN THE COMPANY AND ITS BOARD MEMBERS, ACCORDING TO ARTICLE 397 OF THE PORTUGUESE COMPANIES CODE**

In the first half of 2012, the Group proceeded with the partial sale of its share in Martifer Solar SA to HSF Prime Netherlands B.V., headquartered in Amsterdam, which is a part of the group of companies that constitute "HSF, SGPS, SA", already a holder of a 25 % stake of the share capital of Martifer Solr S.A., for 15.6 million euros. Since two of Martifer Solar's Board Members are also shareholders of HSF, SGPS, SA, this transaction was approved by the Board of Directors of the companies, according to article 397 of the Portuguese companies code and had as well a favourable opinion of Martifer SGPS, SA's Supervisory Board. In 2012, no other significant deals or operations occurred between the company and Board of Directors or the Supervisory Board.

### **OTHER INFORMATION**

Martifer SGPS, S.A. doesn't present any debt to the State or any other public entity, including Social Security.



# **MANDATORY INFORMATION**

## MANDATORY INFORMATION

### SHAREHOLDINGS OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

In accordance with article 447 of the Portuguese Companies Code, the securities issued by Martifer SGPA, SA and companies dominated by it, held by members of the governing bodies in the period from 1 January 2012 through to 31 December 2012, are the following:

HOLDER	GOVERNING BODY	NUMBER OF SHARES HELD ON 31/12/2012
Carlos Manuel Marques Martins	Board of Directors	70,030
Jorge Alberto Marques Martins	Board of Directors	230,260
I'M – SGPS, S.A. *	Board of Directors	42,697,047
Arnaldo José Nunes da Costa Figueiredo	Board of Directors	3,000
Luís Filipe Cardoso da Silva	Board of Directors	2,000
MOTA-ENGIL, SGPS, S.A. **	Board of Directors	37,500,000
Luís Valadares Tavares	Board of Directors	-
Jorge Bento Ribeiro Barbosa Farinha	Board of Directors	-
Manuel Simões de Carvalho e Silva	Supervisory Board	-
Carlos Alberto da Silva e Cunha	Supervisory Board	-
João Carlos Tavares Ferreira de Carreto Lages	Supervisory Board	-
Américo Agostinho Martins Pereira	Statutory Auditor	-
José Carreto Lages	Chairman of the General Meeting	-

\* Directors Carlos Manuel Marques Martins and Jorge Alberto Marques Martins are holders of the share capital of I'M SGPS, SA and are, respectively, its Chairman of the Board of Directors and Director.

\*\* Directors Arnaldo José Nunes da Costa Figueiredo and Luís Filipe Cardoso are Directors of MOTA-ENGIL, SGPS, S.A.

### EVENTS DESCRIBED IN ARTICLE 447 OF THE PORTUGUESE COMPANIES CODE

GOVERNING BODY	SHARES HELD ON 31.12.11	SHARE TRANSACTIONS DURING 2012		SHARES HELD ON 31.12.2012
		PURCHASES	SALES	
Carlos Manuel Marques Martins	70,030	-	-	70,030
Jorge Alberto Marques Martins	131,760	98,500	-	230,260
Arnaldo José Nunes da Costa Figueiredo	3,000	-	-	3,000
Luís Filipe Cardoso da Silva	2,000	-	-	2,000

Directors Carlos Manuel Marques Martins and Jorge Alberto Marques Martins, respectively Chairman and Vice-Chairman of the Board of Directors, besides the shares held as described above, are sole equal shareholders of I'M SGPS, SA, that, on 31 December 2012, held a total of 42,697,047 shares of Martifer SGPS, S.A.



MEMBER OF THE GOVERNING BODIES	TRANSACTIONS IN 2012			
	DATE	PURCHASE	SALE	AVERAGE PRICE
Jorge Alberto Marques Martins	15/03/2012	32,792	-	0.88
Jorge Alberto Marques Martins	22/03/2012	718	-	0.92
Jorge Alberto Marques Martins	26/03/2012	11,490	-	0.92
Jorge Alberto Marques Martins	30/03/2012	5,000	-	0.92
Jorge Alberto Marques Martins	02/04/2012	8,000	-	0.91
Jorge Alberto Marques Martins	03/04/2012	8,000	-	0.91
Jorge Alberto Marques Martins	04/04/2012	4,540	-	0.90
Jorge Alberto Marques Martins	05/04/2012	100	-	0.91
Jorge Alberto Marques Martins	10/04/2012	12,505	-	0.91
Jorge Alberto Marques Martins	12/04/2012	13,780	-	0.91
Jorge Alberto Marques Martins	13/04/2012	1,575	-	0.91

The share transactions of I'M SGPS, SA during 2012 are the following:

DATE	PURCHASE	SALE	AVERAGE PRICE
5-Jan	3,006		1.09
5-Jan	1,600		1.09
5-Jan	1,894		1.09
5-Jan	20		1.09
9-Feb	90		1.08
9-Feb	410		1.08
9-Feb	2,420		1.08
9-Feb	500		1.08
9-Feb	20		1.08
9-Feb	10		1.08
9-Feb	150		1.08
9-Feb	25		1.09
9-Feb	100		1.08
9-Feb	100		1.08
9-Feb	25		1.09
9-Feb	50		1.09
10-Feb	6,000		1.09
31-Jan	50		1.09
1-Feb	1,415		1.09
2-Feb	50		1.09
2-Feb	5		1.1
13-Feb	100		1.09
14-Feb	100		1.08
14-Feb	400		1.08
15-Feb	50		1.07
15-Feb	50		1.09
2-Mar	1,500		1.06

DATE	PURCHASE	SALE	AVERAGE PRICE
2-Mar	1,500		1.06
2-Mar	1,120		1.06
2-Mar	30		1.07
2-Mar	100		1.05
2-Mar	400		1.05
2-Mar	10		1.07
2-Mar	2,250		1.04
2-Mar	750		1.04
2-Mar	500		1.05
2-Mar	1,500		1.05
2-Mar	100		1.05
2-Mar	10		1.06
8-Mar	90		0.98
8-Mar	100		0.98
8-Mar	500		0.99
8-Mar	500		0.99
8-Mar	500		0.99
8-Mar	3,600		1
8-Mar	2,222		1
8-Mar	178		1
16-Mar	871		0.96
16-Mar	1,129		0.96
27-Mar	1,115		0.92
27-Mar	1,000		0.92
27-Mar	35		0.95
11-Apr	450		0.93
11-Apr	50		0.93

DATE	PURCHASE	SALE	AVERAGE PRICE
12-Apr	550		0.92
12-Apr	950		0.92
12-Apr	100		0.93
12-Apr	100		0.93
13-Apr	2,000		0.92
13-Apr	1,000		0.93
13-Apr	600		0.93
13-Apr	50		0.94
25-May	15		0.65
25-May	10		0.63
25-May	5		0.63
25-May	10		0.63
25-May	10		0.63
25-May	10		0.63
25-May	480		0.63
25-May	2,500		0.63
25-May	5		0.65
25-May	4,100		0.63
29-May	10		0.64
29-May	70		0.64
20-May	9		0.65
20-Sep	500		0.57
21-Sep	50		0.56
21-Sep	50		0.56
21-Sep	300		0.57
25-Sep	50		0.57
26-Sep	171		0.56
26-Sep	4		0.57
26-Sep	1,000		0.57

DATE	PURCHASE	SALE	AVERAGE PRICE
27-Sep	50		0.57
28-Sep	15		0.57
1-Oct	20		0.58
2-Oct	79		0.58
2-Oct	1		0.59
2-Oct	20		0.59
3-Oct	20		0.59
4-Oct	20		0.59
5-Oct	20		0.59
8-Oct	20		0.61
8-Oct	20		0.62
10-Oct	20		0.61
11-Oct	20		0.61
12-Oct	20		0.63
15-Oct	20		0.63
17-Oct	20		0.63
17-Oct	358		0.63
17-Oct	2		0.63
18-Oct	15		0.63
19-Oct	10		0.63
19-Oct	10		0.63
22-Oct	10		0.63
25-Oct	15		0.6
26-Oct	15		0.6
29-Oct	10		0.6
30-Oct	10		0.6
30-Oct	15		0.6
31-Oct	10		0.6

## HOLDERS OF QUALIFYING SHAREHOLDINGS

According to paragraph 1b) of article 8 of CMVM regulation number 5/2008, and fulfilling article 448 of the Portuguese Companies Code, the following is the list of qualifying shareholders, with an indication of number of shares and percentage of voting rights held, calculated according to article 20 of the Securities Code (CMVM), as of 31 December 2012:

SHAREHOLDERS	NR. OF SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS <sup>1</sup>
<b>I'M – SGPS, SA</b>	42,697,047	42.70%	43.66%
Carlos Manuel Marques Martins*	70,030	0.07%	0.07%
Jorge Alberto Marques Martins*	230,260	0.23%	0.24%
<b>Total Imputable to I'M – SGPS, SA</b>	<b>42,997,337</b>	<b>43.00%</b>	<b>43.97%</b>
<b>Mota-Engil – SGPS, SA</b>	37,500,000	37.50%	38.35%
Arnaldo José Nunes da Costa Figueiredo **	3,000	0.00%	0.00%
Luís Filipe Cardoso da Silva **	2,000	0.00%	0.00%
<b>Total Imputable to Mota-Engil , SGPS, SA</b>	<b>37,505,000</b>	<b>37.51%</b>	<b>38.35%</b>

<sup>1</sup> % Voting rights = Number shares / (N.º Number shares – Own shares)

\* Holder of a position in the Governing Bodies of I'M SGPS, SA

\*\* Holder of a position in the Governing Bodies of Mota-Engil SGPS, SA

## STATEMENT OF COMPLIANCE ACCORDING TO ARTICLE 245, NUMBER 1, PARAGRAPH C) OF THE SECURITIES CODE (CMVM)

Dear Shareholders,

According to article 245, number 1, paragraph c) of the Securities Code (CMVM) and to the best of our knowledge:

- (i) The information contained in the consolidated management report faithfully reports the evolution of trading, the performance and the position of Martifer SGPS SA and of the companies in its consolidation perimeter and contains a description of the main risks and uncertainties facing its business; and
- (ii) The information contained in its financial statements and accompanying notes, was prepared in accordance with the applicable accounting practices, giving a true and fair view of the assets, liabilities, financial position and financial results of Martifer SGPS SA, and of the companies included in its consolidation perimeter.

Oliveira de Frades, 26 February 2013

The Board of Directors,

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Carlos Manuel Marques Martins  
*(Chairman of the Board of Directors)*

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Jorge Alberto Marques Martins  
*(Vice-Chairman of the Board of Directors)*

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Luis Filipe Cardoso da Silva  
*(Member of the Board of Directors)*

---

Arnaldo José Nunes da Costa Figueiredo  
*(Member of the Board of Directors)*

---

Jorge Bento Ribeiro Barbosa Farinha  
*(Member of the Board of Directors)*

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Luís Valadares Tavares  
*(Member of the Board of Directors)*



# **CONSOLIDATED FINANCIAL INFORMATION**





**11**

**CONSOLIDATED  
FINANCIAL  
STATEMENTS**

# 11 | CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENTS FOR THE YEARS AND QUARTERS ENDED 31 DECEMBER 2012 AND 2011

(Amounts expressed in Euro)

(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 43)

	NOTES	FY 2012	FY 2011 RESTATED	FY 2011	4th QUARTER 2012 (NOT AUDITED)	4th QUARTER 2011 RESTATED (NOT AUDITED)	4th QUARTER 2011 (NOT AUDITED)
Sales and services rendered	3 and 4	481,391,925	531,852,146	531,852,146	140,858,525	191,354,624	191,354,624
Other income	5	9,992,237	18,260,097	18,260,097	7,026,643	(2,541,052)	(2,541,052)
Cost of goods sold	6	(222,668,142)	(286,814,244)	(286,814,244)	(63,057,160)	(100,207,664)	(100,207,664)
Subcontractors	6	(87,329,097)	(101,667,505)	(101,667,505)	(28,358,059)	(27,954,774)	(27,954,774)
<b>Gross profit</b>		<b>181,386,923</b>	<b>161,630,494</b>	<b>161,630,494</b>	<b>56,469,949</b>	<b>60,651,134</b>	<b>60,651,134</b>
External supplies and services	7	(88,434,088)	(78,334,663)	(78,334,663)	(33,755,588)	(21,225,475)	(21,225,475)
Staff costs	8	(84,803,117)	(78,151,769)	(78,151,769)	(21,403,239)	(20,293,322)	(20,293,322)
Other operational gains and losses	9	(4,200,708)	3,804,067	3,804,067	(11,978,550)	(5,296,657)	(5,296,657)
	3	<b>3,949,011</b>	<b>8,948,129</b>	<b>8,948,129</b>	<b>(10,667,427)</b>	<b>13,835,680</b>	<b>13,835,680</b>
Amortizations	3, 17 and 18	(17,467,710)	(18,246,401)	(19,564,718)	(3,942,910)	(4,614,064)	(4,903,069)
Impairment losses	3 and 10	688,183	(3,034,335)	(3,034,335)	6,690,630	(3,001,048)	(3,001,048)
Provisions	3 and 10	(2,934,218)	(7,116,008)	(7,116,008)	(1,783,432)	(7,415,878)	(7,415,878)
<b>Operating income</b>	3	<b>(15,764,734)</b>	<b>(19,448,615)</b>	<b>(20,766,932)</b>	<b>(9,703,139)</b>	<b>(1,195,310)</b>	<b>(1,484,315)</b>
Financial income	11	19,040,201	32,204,248	32,204,248	4,359,778	11,856,080	11,856,080
Financial expenses	11	(53,488,670)	(55,948,842)	(55,948,842)	(15,521,634)	(19,859,990)	(19,859,990)
Gains / (losses) on associate companies and joint arrangements	3 and 12	(1,811,435)	(2,609,114)	(2,609,114)	(683,504)	(899,727)	(899,727)
<b>Profit before tax</b>		<b>(52,024,638)</b>	<b>(45,802,323)</b>	<b>(47,120,640)</b>	<b>(21,548,498)</b>	<b>(10,098,947)</b>	<b>(10,387,952)</b>
Income tax	13	(2,275,045)	(714,055)	(408,830)	364,862	(3,148,087)	(3,072,356)
<b>Profit after tax</b>		<b>(54,299,683)</b>	<b>(46,516,378)</b>	<b>(47,529,470)</b>	<b>(21,183,636)</b>	<b>(13,247,034)</b>	<b>(13,460,308)</b>
Earnings of Assets held for sale	27	(112,936)	-	-	(228,713)	-	-
Attributable to:							
non-controlling interests		-	-	-	-	-	-
owners of Martifer		(112,936)	-	-	(228,713)	-	-
<b>Profit for the year</b>	3	<b>(54,412,619)</b>	<b>(46,516,378)</b>	<b>(47,529,470)</b>	<b>(21,412,349)</b>	<b>(13,247,034)</b>	<b>(13,460,308)</b>
Attributable to:							
from continuing operations		1,440,369	2,070,878	2,070,878	(988,437)	1,416,103	1,416,103
from Assets held for sale		(55,852,988)	(48,587,256)	(49,600,348)	(20,423,912)	(14,663,137)	(14,876,411)
Earnings per share:							
Basic	15	(0.5707)	(0.4917)	(0.5019)	(0.2089)	(0.1472)	(0.1494)
from continuing operations		(0.5696)	(0.4917)	(0.5019)	(0.2065)	(0.1472)	(0.1494)
from Assets held for sale		(0.0012)	-	-	(0.0023)	-	-
Diluted	15	(0.5707)	(0.4917)	(0.5019)	(0.2089)	(0.1472)	(0.1494)
from continuing operations		(0.5696)	(0.4917)	(0.5019)	(0.2065)	(0.1472)	(0.1494)
from Assets held for sale		(0.0012)	-	-	(0.0023)	-	-

The accompanying notes are part of these financial statements



# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2012 E 2011

(Amounts expressed in Euro)

(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 43)

	FY 2012	FY 2011 RESTATED	FY 2011	4th QUARTER 2012 (NOT AUDITED)	4th QUARTER 2011 RESTATED (NOT AUDITED)	4th QUARTER 2011 (NOT AUDITED)
Profit for the year	(54,412,619)	(47,529,470)	(47,529,470)	(21,412,349)	(13,460,308)	(13,460,308)
Fair value of cash flow hedges (derivatives), net of tax	(672,276)	(69,323)	(69,323)	(812,863)	(4,775)	(4,775)
Fair value of available for sale financial assets, net of tax	-	-	-	-	-	-
Exchange differences arising on (i) translating foreign operations; (ii) net investment in subsidiaries and (iii) goodwill	661,445	(4,570,119)	(4,570,119)	1,368,440	1,221,263	1,221,263
Gains on revaluation of tangible fixed assets, net of tax	-	-	867,524	-	-	867,524
Changes in measurement policy (Note 1)	-	1,013,092	-	-	213,374	-
Income recognized directly in equity	(10,831)	(3,626,350)	(3,771,918)	555,578	1,429,762	2,084,012
Total comprehensive income for the period	(54,423,450)	(51,155,825)	(51,301,388)	(20,856,771)	(12,030,551)	(11,376,296)
Attributable to:						
non-controlling interests	1,430,806	2,005,285	2,005,285	(960,857)	1,283,166	1,283,166
owners of Martifer	(55,854,256)	(53,161,110)	(53,306,673)	(19,895,914)	(13,313,717)	(12,659,462)

The accompanying notes are part of these financial statements

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012 AND 2011

(Amounts expressed in Euro)

(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 43)

	NOTES	31 DECEMBER 2012	31 DECEMBER 2011 RESTATED	31 DECEMBER 2011
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	16	18,947,967	18,136,268	18,136,268
Intangible assets	17	39,441,872	40,000,945	40,000,945
Tangible assets	18	273,367,524	285,084,969	304,939,148
Investment property	19	16,206,768	17,274,846	17,274,846
Financial assets under the equity method	3 and 20	15,680,011	14,867,827	14,867,827
Available for sale investments	21	2,310,267	2,179,021	2,179,021
Other non-current receivables	23	140,174,902	135,575,300	135,575,300
Deferred tax assets	13	13,343,738	11,490,963	11,490,963
		<b>519,473,049</b>	<b>524,610,139</b>	<b>544,464,318</b>
<b>Current assets</b>				
Inventories	22	24,392,062	31,152,897	31,152,897
Trade receivables	23	150,357,128	191,107,588	191,107,588
Other receivables	23	62,272,521	43,066,127	43,066,127
Income tax	24	2,692,473	2,366,787	2,366,787
Current tax assets	24	18,337,239	19,670,837	19,670,837
Other current assets	25	125,718,650	128,118,298	128,118,298
Cash and cash equivalents	26	38,024,569	77,886,483	77,886,483
Assets held for sale	27	35,107,509	-	-
		<b>456,902,151</b>	<b>493,369,017</b>	<b>493,369,017</b>
<b>Total assets</b>	<b>3</b>	<b>976,375,200</b>	<b>1,017,979,156</b>	<b>1,037,833,335</b>
<b>EQUITY</b>				
Issued capital	28	50,000,000	50,000,000	50,000,000
Share premium	28	186,500,000	186,500,000	186,500,000
Treasury stock	28	(2,868,519)	(2,415,629)	(2,415,629)
Reserves	28	(1,499,182)	50,436,386	67,048,989
Profit for the year		(55,852,988)	(48,587,256)	(49,600,348)
<b>Equity attributable to owners of Martifer</b>		<b>176,279,311</b>	<b>235,933,501</b>	<b>251,533,012</b>
Non-controlling interests	28	50,975,912	31,783,623	31,783,623
Non-controlling interests attributable to the disposal group classified as held for sale		-	-	-
<b>Total equity</b>		<b>227,255,223</b>	<b>267,717,124</b>	<b>283,316,635</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	29	164,900,867	215,440,560	215,440,560
Obligation under finance leases	30	12,169,176	17,902,006	17,902,006
Other non-current liabilities	31	22,068,545	17,458,625	17,458,625
Provisions	32	12,520,693	13,383,765	13,383,765
Deferred tax liabilities	13	3,583,895	3,851,678	8,106,346
		<b>215,243,176</b>	<b>268,036,634</b>	<b>272,291,302</b>
<b>Current liabilities</b>				
Borrowings	29	229,030,832	167,209,008	167,209,008
Obligation under finance leases	30	8,586,378	7,209,061	7,209,061
Trade payables	31	165,013,219	202,293,996	202,293,996
Other payables	31	50,500,917	38,281,720	38,281,720
Income tax	34	3,623,443	5,051,259	5,051,259
Current tax liabilities	34	16,596,598	23,232,579	23,232,579
Other current liabilities	35	50,489,688	38,470,309	38,470,309
Derivatives	36	510,804	477,465	477,465
Liabilities related to Assets held for sale	27	9,524,921	-	-
		<b>533,876,801</b>	<b>482,225,398</b>	<b>482,225,397</b>
<b>Total liabilities</b>	<b>3</b>	<b>749,119,977</b>	<b>750,262,032</b>	<b>754,516,699</b>
<b>Total equity and liabilities</b>		<b>976,375,200</b>	<b>1,017,979,156</b>	<b>1,037,833,335</b>

The accompanying notes are part of these financial statements

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Amounts expressed in Euro)

(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 43)

	ISSUED CAPITAL	TREASURY STOCK	SHARE PREMIUM	REVALUATION OF FIXED ASSETS	FAIR VALUE RESERVES			STOCK OPTIONS RESERVES	OTHER RESERVES	NET PROFIT OF THE YEAR	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON- CONTROLLING INTERESTS	TOTAL EQUITY
					AVAILABLE FOR SALE INVESTMENTS	CASH FLOW HEDGE DERIVATIVES	FOREIGN CURRENCY TRANSLATION RESERVES						
<b>Balance at 1 January 2011</b>	<b>50,000,000</b>	<b>(852,587)</b>	<b>186,500,000</b>	<b>15,927,250</b>	-	<b>(235,589)</b>	<b>(15,044,159)</b>	<b>113,495</b>	<b>126,874,887</b>	<b>(54,799,419)</b>	<b>308,483,877</b>	<b>31,876,822</b>	<b>340,360,699</b>
Changes in the consolidated method and measurement policy (Note 1)	-	-	-	(15,927,250)	-	-	-	-	(685,353)	-	(16,612,603)	-	(16,612,603)
	<b>50,000,000</b>	<b>(852,587)</b>	<b>186,500,000</b>	-	-	<b>(235,589)</b>	<b>(15,044,159)</b>	<b>113,495</b>	<b>126,189,534</b>	<b>(54,799,419)</b>	<b>291,871,274</b>	<b>31,876,822</b>	<b>323,748,096</b>
Appropriation of the profit of 2010	-	-	-	-	-	-	-	-	(54,799,419)	54,799,419	-	-	-
Comprehensive income for the year:	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	(49,600,348)	(49,600,348)	2,070,878	(47,529,470)
Exchange differences arising on (i) translating foreign operations and (ii) net investment in subsidiaries	-	-	-	-	-	-	(4,691,693)	-	-	-	(4,691,693)	(53,701)	(4,745,394)
Exchange differences arising on goodwill	-	-	-	-	-	-	172,241	-	-	-	172,241	3,035	175,276
Gains on revaluation of properties	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity of subsidiaries	-	-	-	-	-	(54,397)	-	-	-	-	(54,397)	(14,926)	(69,323)
Changes in measurement policy (Note 1)	-	-	-	-	-	-	-	-	-	1,013,092	1,013,092	-	1,013,092
Total comprehensive income for the year	-	-	-	-	-	(54,397)	(4,519,452)	-	-	(48,587,256)	(53,161,105)	2,005,286	(51,155,819)
Acquisition of treasury stock	-	(1,563,042)	-	-	-	-	-	-	-	-	(1,563,042)	-	(1,563,042)
Stock options	-	-	-	-	-	-	-	85,484	-	-	85,484	-	85,484
Share capital increase in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests transactions	-	-	-	-	-	-	-	-	(52,076)	-	(52,076)	(231,935)	(284,011)
Other changes in equity of subsidiaries	-	-	-	-	-	-	-	-	(525,971)	-	(525,971)	315,090	(210,881)
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	(721,063)	-	(721,063)	(2,181,640)	(2,902,703)
<b>Balance at 31 December 2011</b>	<b>50,000,000</b>	<b>(2,415,629)</b>	<b>186,500,000</b>	-	-	<b>(289,986)</b>	<b>(19,563,611)</b>	<b>198,979</b>	<b>70,091,004</b>	<b>(48,587,256)</b>	<b>235,933,501</b>	<b>31,783,623</b>	<b>267,717,124</b>
<b>Balance at 1 January 2012</b>	<b>50,000,000</b>	<b>(2,415,629)</b>	<b>186,500,000</b>	-	-	<b>(289,986)</b>	<b>(19,563,611)</b>	<b>198,979</b>	<b>70,091,004</b>	<b>(48,587,256)</b>	<b>235,933,501</b>	<b>31,783,623</b>	<b>267,717,124</b>
Appropriation of the profit of 2011	-	-	-	-	-	-	-	-	(48,587,256)	48,587,256	-	-	-
Comprehensive income for the year:	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	(55,852,988)	(55,852,988)	1,440,369	(54,412,619)
Exchange differences arising on (i) translating foreign operations and (ii) net investment in subsidiaries	-	-	-	-	-	-	489,714	-	-	-	489,714	(624)	489,090
Exchange differences arising on goodwill	-	-	-	-	-	-	170,227	-	-	-	170,227	2,128	172,355
Other changes in equity of subsidiaries	-	-	-	-	-	(612,447)	-	-	-	-	(612,447)	(59,829)	(672,276)
Total comprehensive income for the year	-	-	-	-	-	(612,447)	659,941	-	-	(55,852,988)	(55,805,494)	1,382,044	(54,423,450)
Acquisition of treasury stock	-	(452,889)	-	-	-	-	-	-	-	-	(452,889)	-	(452,889)
Stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital increase in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	32,400	32,400
Other changes in equity of subsidiaries	-	-	-	-	-	-	-	(198,979)	1,977,136	-	1,778,158	(1,325,737)	452,420
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	84,746	-	84,746	119,912	204,658
Non-controlling interests transactions	-	-	-	-	-	-	-	-	(5,258,710)	-	(5,258,710)	18,983,670	13,724,960
<b>Balance at 31 December 2012</b>	<b>50,000,000</b>	<b>(2,868,519)</b>	<b>186,500,000</b>	-	-	<b>(902,433)</b>	<b>(18,903,670)</b>	-	<b>18,306,920</b>	<b>(55,852,988)</b>	<b>176,279,311</b>	<b>50,975,912</b>	<b>227,255,223</b>

The accompanying notes are part of these financial statements

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS AND QUARTERS ENDED 31 DECEMBER 2012 AND 2011

(Amounts expressed in Euro)

(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 43)

	FY 2012	FY 2011	4th QUARTER 2012 (NON AUDITED)	4th QUARTER 2011 (NON AUDITED)
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	635,572,304	673,709,807	201,127,958	207,730,010
Payments to suppliers	(524,567,053)	(580,656,428)	(173,219,399)	(189,576,735)
Payments to employees	(85,326,662)	(77,680,803)	(24,266,521)	(21,240,854)
Cash generated from operations	25,678,588	15,372,575	3,642,038	(3,087,580)
Income tax paid	(6,757,173)	1,070,218	(2,524,377)	(2,959,054)
Other receipts/(payments) relating to operating activities	1,586,788	(6,514,758)	8,849,359	20,494,087
Cash generated from other operating activities	(5,170,385)	(5,444,539)	6,324,982	17,535,034
<b>Net cash generated by operating activities (1)</b>	<b>20,508,203</b>	<b>9,928,036</b>	<b>9,967,020</b>	<b>14,447,454</b>
<b>INVESTING ACTIVITIES</b>				
Receipts arising from:				
Financial assets	3,657,802	32,784,004	958,989	19,520,931
Tangible assets	10,689,442	9,369,500	8,420,643	6,453,925
Intangible assets	7,623,542	22,730,843	6,947,065	(19,530)
Investment grants	1,283,652	192,652	-	192,652
Interest and similar income	5,567,622	3,708,695	2,551,419	1,572,722
Dividends	-	-	-	-
Others	408,500	247,915	-	247,915
	29,230,559	69,033,608	18,878,116	27,968,615
Payments arising from:				
Financial assets	(1,912,796)	(6,136,940)	(1,028,859)	(898,190)
Tangible assets	(44,330,078)	(43,805,920)	(26,301,088)	(25,413,264)
Intangible assets	(15,880,612)	(18,000,966)	258,191	10,768,654
Others	(26,555)	-	(21,555)	-
	(62,150,041)	(67,943,826)	(27,093,311)	(15,542,800)
<b>Net cash generated by investing activities (2)</b>	<b>(32,919,481)</b>	<b>1,089,783</b>	<b>(8,215,195)</b>	<b>12,425,815</b>
<b>FINANCING ACTIVITIES</b>				
Receipts arising from:				
Borrowings	582,762,422	797,004,730	183,563,090	117,562,214
Issue of equity shares, supplementary capital and share premiums	-	4,967,093	-	(911,412)
Grants and donations	16,043	1,045,800	-	338,507
Others	829,718	168,038	-	168,038
	583,608,183	803,185,661	183,563,090	117,157,347
Payments arising from:				
Borrowings	(571,480,291)	(787,406,854)	(166,449,704)	(143,512,378)
Leasings	(4,355,513)	-	(230,444)	-
Interest and similar costs	(26,914,646)	(22,260,838)	(10,554,143)	(4,720,924)
Dividends	-	-	-	-
Acquisition of treasury stock	(452,889)	(2,415,630)	(1,860)	(437,475)
Others	(3,463,197)	(257,035)	(449,530)	756,663
	(606,666,537)	(812,340,357)	(177,685,682)	(147,914,113)
<b>Net cash generated by financing activities (3)</b>	<b>(23,058,353)</b>	<b>(9,154,696)</b>	<b>5,877,408</b>	<b>(30,756,766)</b>
Net increase in cash and cash equivalents (4)=(1)+(2)+(3)	(35,469,632)	1,863,123	7,629,234	(3,883,497)
Changes in the consolidation perimeter and others	(4,313,460)	(3,162,022)	(10,291)	(2,100,064)
Effect of foreign exchange currencies	(78,822)	4,472,861	271,935	8,121,759
Cash and cash equivalents at the beginning of the year	77,886,483	74,712,521	30,133,691	75,748,285
Cash and cash equivalents at the end of the year	38,024,569	77,886,483	38,024,569	77,886,483

The accompanying notes are part of these financial statements

# 12

**NOTES TO  
CONSOLIDATED  
FINANCIAL  
STATEMENTS**

## 12 | NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### INTRODUCTORY NOTE

Martifer SGPS, S.A., with its head-office at Zona Industrial, Apartado 17, Oliveira de Frades – Portugal ('Martifer SGPS' or 'the Company'), and its group of companies ('Group'), have as its main activity the construction of steel infrastructures and solar activity - which focuses on the development of photovoltaic projects, the installation of turnkey photovoltaic parks or under the EPC and the development of architectural integration projects and microgeneration. They also have other activities which highlight the promotion and development of renewable energy projects (Note 3).

Martifer SGPS was incorporated on 29 October 2004, its share capital having been realized through the delivery of shares, valued at its market value, that the shareholders held in Martifer - Construções, S.A., a company that was incorporated in 1990 and which, at that time, was the holding company of the current Martifer Group.

As of June 2007, after the initial public offering Martifer SGPS, S.A. shares have been listed on Euronext Lisbon.

At 31 December 2012, the Group has developed its activity in Portugal, Spain, Poland, Slovakia, Romania, Czech Republic, Angola, Brazil, Greece, United States of America, Australia, Mozambique, Ireland, Italy, Belgium, Bulgaria, Netherlands, France, Morocco, United Kingdom, Canada, Mexico, Saudi Arabia, Germany, Chile, Equator, Ukraine, Turkey, Senegal, Singapore and India.

All the amounts presented in these notes are expressed in Euros (rounded at unit), unless otherwise stated.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

These accompanying consolidated financial statements relate to the consolidated financial statements of the Martifer Group and were prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union, in force at the beginning of the economic period started 1 January 2012. These are the International Financial Reporting Standards, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), that have been endorsed by the European Union.

These consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included in the consolidation (Note 2) and have been prepared under the historical cost convention, except for the revaluation of certain non-current assets and certain financial instruments, which are stated at fair value.

The accounting policies adopted are consistent with those considered in the financial statements for the year ended as of 31 December 2012 and disclosed in the corresponding notes, prepared under the International Financial Reporting Standards (IFRS) approved by the EU, except in respect of the standards and interpretations entering into force on or after 1 January 2012, the adoption of which have not had an impact on the Group's profits or financial position and with exception of the referred in the following paragraph.

The IAS 16 'Property, plant and equipment' establishes two options to the subsequent recognition of fixed assets, either the cost model or the revaluation model. For land and buildings held for use, the Group used the fair value model, based on regular independent appraisals. From 1 January 2012, the Group decided to change the accounting model for measuring the lands and buildings held for use, from the revaluation model to the cost model.

Martifer Group believes that this change results in the financial statements providing better information, more reliable and relevant to the current situation, given the volatility in the real estate market, since the lands and buildings held for use are essentially those where the plants of the Group are installed, so that the number of transactions of similar buildings is very low, which makes difficult to measure the fair value of own property, comparing with market values.

In accordance with the provisions of IAS 8 'Accounting policies, changes in accounting estimates and errors', Martifer Group has restated its financial statements for prior periods. The main impacts in consolidated financial statements are summarized in the tables below:

	FY 2011	CHANGE IN THE ACCOUNTING POLICY	FY 2011 RESTATED
<b>Assets</b>			
Non-current	544,464,318	(19,854,179)	524,610,139
Current	493,369,017	-	493,369,017
<b>Total Assets</b>	<b>1,037,833,335</b>	<b>(19,854,179)</b>	<b>1,017,979,156</b>
<b>Liabilities</b>			
Non-current	272,291,302	(4,254,668)	268,036,634
Current	482,225,398	-	482,225,398
<b>Total Liabilities</b>	<b>754,516,699</b>	<b>(4,254,668)</b>	<b>750,262,032</b>
<b>Equity</b>			
Attributable to owners of Martifer	251,533,012	(15,599,511)	235,933,501
Attributable to non-controlling interests	31,783,623	-	31,783,623
<b>Total Equity</b>	<b>283,316,635</b>	<b>(15,599,511)</b>	<b>267,717,124</b>

	FY 2011	CHANGE IN THE ACCOUNTING POLICY	FY 2011 RESTATED
Sales and services rendered	531,852,146	-	531,852,146
EBITDA	8,948,129	-	8,948,129
EBIT	(20,766,932)	1,318,317	(19,448,615)
Financial results	(26,353,708)	-	(26,353,708)
<b>Consolidated net profit</b>	<b>(47,529,470)</b>	<b>1,013,092</b>	<b>(46,516,378)</b>

The change in non-current liabilities results from the elimination of the deferred tax liability associated with the revaluation.

Considering the low impact of this change accounting model of the lands and buildings held for use, in equity and in consolidated net profit of 2011, the Group does not present restated financial statements as of 1 January 2011.

#### Adoption of new, amended or revised standards and interpretations

The following standards, interpretations, amendments and revisions endorsed by the European Union and with mandatory effects from 1 January 2012, have been adopted in the current year:

	DATE OF ENDORSEMENT BY THE EU	EFFECTIVE DATE
Amendments to IFRS 7 - Financial instruments (Disclosure – Transfers of financial assets)	22-11-2011	01-07-11

The adoption of the standards, interpretations, amendments and revisions mentioned above had no significant impact on the 2012 Group's consolidated financial statements.

#### New, amended or revised standards and interpretations not yet adopted

The following standards, interpretations, amendments and revisions, with mandatory effects in future annual periods were, up to the financial statements approval date, endorsed by European Union:

	DATE OF ENDORSEMENT BY THE EU	EFFECTIVE DATE
Amendments to IAS 1 – Presentation of financial statements (Presentation of Items of Other Comprehensive Income)	05-06-2012	01-07-2012
Amendments to IAS 19 - Employee Benefits	05-06-2012	01-01-2013
IFRS 10 - Consolidated Financial Statements	11-12-2012	01-01-2014
IFRS 11 - Joint Arrangements	11-12-2012	01-01-2014
IFRS 12 - Disclosure of Interests in Other Entities	11-12-2012	01-01-2014
IAS 27 - Separate Financial Statements	11-12-2012	01-01-2014
IAS 28 - Investments in Associates and Joint Ventures	11-12-2012	01-01-2014
IFRS 1 - First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	11-12-2012	01-01-2013
IAS 12 - Income Taxes (Deferred Tax)	11-12-2012	01-01-2013
IFRS 13 - Fair Value Measurement	11-12-2012	01-01-2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	11-12-2012	01-01-2013
Amendments to IFRS 7 Financial Instruments (Disclosure - Offsetting Financial Assets and Financial Liabilities)	13-12-2012	01-01-2013
Amendments to IAS 32 Financial Instruments (Presentation - Offsetting Financial Assets and Financial Liabilities)	13-12-2012	01-01-2014

At this date it is not possible to estimate the effects that the adoption of these standards could have on the financial statements of the Group.

#### New, amended or revised standards and interpretations not yet been endorsed by the European Union

As at this date, the following standards, interpretations, amendments and revisions have already been issued by the IASB /IFRIC but have not yet been endorsed by the European Union:

	EFFECTIVE DATE
IFRS 9 – Financial Instruments: recognition and measurement	01-01-15

At this date it is not possible to estimate the effects that the adoption of these standards could have on the financial statements of the Group.

1 January 2004 corresponds to the first period of application by the Group of the IAS/IFRS, in accordance with the IFRS 1 – 'First time adoption of the International Financial Reporting'.

The consolidated financial statements were presented in Euros since this is the main currency of the Group's operations. The financial statements of Group companies expressed in foreign currency were translated to Euros according to the accounting policies described in Note I xv).

In the preparation of the consolidated financial statements, in accordance with the IAS/IFRS, the Group's Board of Directors adopted certain assumptions and estimations that affect the assets and liabilities reported, as well as the profits and losses incurred related to the reported periods (Note 1 xxvi)). All the estimations and assumptions of the Board of Directors were performed taking into consideration the best knowledge available at the financial statements approval date, of the events and the dealings in progress.

The accompanying consolidated financial statements were prepared for appreciation and approval by the Shareholder's General Meeting. The Board of Directors has approved them for issuance, on February 26, 2013, and believes that those will be approved without any changes.



## **BASIS OF CONSOLIDATION**

The Group's consolidation methods are as follows:

### **a) Group companies**

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at Shareholder's General Meetings or is able to establish financial and operational policies so as to benefit from its activities (definition of control normally used by the Group), are included in the consolidated financial statements using the full consolidation method.

Equity and net profit attributable to minority shareholders are shown separately, under the captions non-controlling interests, in the consolidated statement of financial position (in the caption of equity 'non-controlling interests') and in the consolidated income statement (included in consolidated net profit attributable to non-controlling interests), respectively. Companies included in the consolidated financial statements are listed in Note 2.

In business combinations occurred after 1 January 2004, assets and liabilities of each subsidiary (including contingent liabilities) are measured at fair value at the date of acquisition as established in IFRS 3. Any excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets and liabilities acquired is recognized as Goodwill or, when identified, added to the asset that originated such difference. Any excess of the Group's share in the fair value of the identifiable assets acquired over the cost of the business combination is recognized as income badwill in the profit or loss statement for the year, after reassessment of the estimated fair value. Non-controlling interests include the proportion of the fair value of net identifiable assets and liabilities recognized on the acquisition of Group companies.

In business combinations occurred after 1 January 2011 (IFRS 3R), any excess of the cost of the business combination, of the fair value of any investment held before the acquisition of control and the value of non-controlling interests, over the fair value of assets, liabilities and identifiable contingent liabilities is recognized as Goodwill. If the cost of the business combination, the fair value of any shares held before the acquisition of control and the value of non-controlling interest, is less than the fair value of net assets of the subsidiary acquired, the difference is recognized in the profit or loss statement for the year. The transaction costs regarding business combinations that occur after this date, are recognized as an expense when incurred.

Transactions of sale or acquisition of a non-controlling interests do not result in the recognition of gains, losses or goodwill, and any difference between the value of transaction and the book value of investment traded, recognized in equity.

The negative results generated in each period by subsidiaries with non-controlling interests are allocated in percentage held to non-controlling interests, independently this becomes negative.

The non-controlling interests, recognized in business combinations, are measured in proportion of the fair value of identified net assets, transaction by transaction.

The results of the Group companies acquired or disposed of during the year are included in the consolidated income statement as from the date of their acquisition or up to the date of their disposal.

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt their accounting policies to those used by the Group. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on the consolidation process. Whenever the Group has, in substance, control over other entities incorporated for a specific purpose, even if no share capital interest is directly held in those entities, those are consolidated by the full consolidation method. At 31 December 2012, there are no entities in this situation.

### **b) Associate and joint controlled companies**

Investments in associate companies (companies where the group has significant influence but does not have the control on the financial and operational decisions of those companies - mainly investments representing between 20% and 50% of the company's share capital) and in joint controlled companies (companies where the group share control with other partners) are included in the accompanying consolidated financial statements in accordance with the equity method in the caption 'Investments in associate companies and joint arrangements'.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to the share of changes in equity (including net profit) of associate and jointly controlled companies and by the dividends received, net of impairment losses.

The assets and liabilities of each associate and jointly controlled company (including contingent liabilities) are identified at their fair value on the acquisition date. Any excess of the cost of acquisition over the Group's share of the fair value of the identifiable assets and liabilities of the associate companies is recognized at the date of acquisition as goodwill. The goodwill is included within the carrying amount of the investment in associate companies and joint arrangements. Any excess of the Group's share of the fair value of the identifiable assets and liabilities over the cost of the business combination, after reassessment, is recognized immediately in the income statement.

An assessment of the investments in associate and jointly controlled companies is performed whenever there is evidence that the asset might be impaired. Any impairment loss detected is recorded in the income statement.

When the Group's share of losses exceeds the carrying amount of the investment, such investment is reported at nil value while the equity of the associate and jointly controlled company is negative, except when the Group has assumed commitments to the associate company, situation on which a provision is recorded for that purpose.

The Group's share in unrealized gains arising from transactions with associate and jointly controlled companies is eliminated. Unrealized losses are eliminated, but only to the extent that there is no evidence of impairment of the assets transferred.

Investments in associate and jointly controlled companies are listed in Note 2.

## **MAIN ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES**

The main accounting policies, judgements and estimates used in the preparation of the Group's consolidated financial statements for the years presented are as follows:

### **i) Goodwill**

The excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of subsidiaries, associate companies or jointly controlled companies at the date of acquisition, is recorded in the caption 'Goodwill' (in the case of the investments in Group companies) or in the caption 'Investments in associate companies and joint arrangements' (in the case of investments in associate companies or jointly controlled companies).

Goodwill arising from acquisitions prior to the date of transition to IFRS (1 January 2004) or the Goodwill arising on the incorporation of the Group (Introduction) have been recorded by their net carrying amount, calculated in accordance with generally accepted accounting principles in Portugal, and were subject, as from that date, on an annual basis to impairment tests.

Goodwill is not amortized, but it is subject to impairment tests, on an annual basis, and the carrying amount is compared with its recoverable amount. The recoverable amount is the higher between the fair value less costs to sell and the value in use.

The fair value less costs to sell is the amount that could be obtained in an arms-length transaction. The value in use is the present value of the estimated future cash flows that arises from the continuous use of such asset and its sale at the end of its useful life. The recoverable amount is estimated individually to each asset, or when it is not possible, it is estimated for the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses identified in the year are recorded in the income statement under the caption 'Provisions and impairment losses', and may not be reversed.

The excess of the acquisition cost of investments in foreign companies (group, associate and jointly controlled companies) over the fair value of their identifiable assets and liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Group's currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are recorded in the caption 'Foreign currency translation reserves'.

Any excess of the Group's share in the fair value of identifiable assets and liabilities in group, jointly controlled and associate companies over its acquisition cost, at the date of acquisition, is recognized as income in the profit or loss statement for the year, after reassessment of the fair value of the identifiable assets and liabilities acquired.

**ii) Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will only be recovered through a sale transaction rather than through its continued use. Nevertheless, such classification obliges the sale to be highly probable and the asset (or disposal group) being available for immediate sale in its present condition. In addition, the Board of Directors must be committed to the sale, which should occur in the short term (normally, but not exclusively, within one year from the date of that classification).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of its carrying amount and its fair value less costs to sell and are not amortised or depreciated during the period they are classified as held for sale.

**iii) Intangible assets**

Intangible assets acquired by the Group are stated at their acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by the Group and if their cost can be reliably measured.

Intangible assets are mainly comprised by software and other rights, which are depreciated on a straight-line basis for a 3-year period, and by the costs incurred in obtaining licences to explore wind farms, which are depreciated according to the license period granted (actually 20 years).

Costs incurred during the licensing period of wind farms are recognized as intangible assets if, and only if, all of the following requirements have been fulfilled:

- economic feasibility studies confirm that the wind farm will generate future economic benefits;
- the Group has the technical and financial capacity to install and explore those wind farms; and
- the expenditure attributable to the wind farms during its development stage can be reliably measured.

Expenditure on research activities related with wind farms is recognized as an expense in the year on which are incurred.

The remaining research expenses are recognized as costs in the year on which are incurred.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill whenever they satisfy the definition of an intangible asset and their fair value can be reliably measured. The cost of such intangible assets is the fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are recorded at cost less accumulated amortization and impairment losses, on the same basis as intangible assets acquired separately. Those assets are depreciated on a straight line basis, usually during the period in which economic benefits are expected to occur.

**iv) Tangible assets**

Tangible assets are recorded at their acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis during the buildings useful life, which nowadays is ranging 20 to 50 years, while land is not subject to depreciation.

Tangible assets in progress are fixed assets still under construction/development and are recorded at their acquisition cost net of impairment losses. Those assets are depreciated as from the moment they are available for use and with the quality and technical conditions to operate efficiently. Depreciation is calculated on a straight line basis, over the expected useful life for each class of tangible assets. The useful life is estimated taking into consideration the expected use of each class of tangible assets, as well as their natural consumption and technical obsolescence.

The depreciation rates used correspond to the following estimated useful lives:

Buildings	20 to 50 years
Equipment:	
Basic equipment	3 to 7 years
Transportation equipments	4 to 5 years
Tools and dies	3 to 5 years
Office equipments	3 to 10 years
Other tangible assets:	
Equipment installed in wind and solar farms	15 to 20 years
Other tangible assets	3 to 10 years

Maintenance and repair costs that do not increase the useful life, nor create significant improvements in tangible assets, are recognized as costs in the year in which they occur.

#### **v) Leasings**

Leases are classified as (i) finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as (ii) operating leases.

Whether a lease is classified as finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

Fixed assets acquired under finance lease contracts and the related liabilities are recorded in accordance with the financial method. Under this method the tangible assets, the corresponding accumulated depreciation (as defined in iv) and v) above) and liabilities are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interest included in lease payments and depreciation of the tangible assets is recognized as expenses in the statement of profit and loss for the year to which they relate.

Assets under long term rental contracts are recorded in accordance with the operational lease method. In accordance with this method, the rents paid are recognized as an expense, over the rental period.

#### **vi) Investment properties**

Investment property is property held to earn rentals and/or for capital appreciation and not for use in the course of current operations.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, and gains or losses arising from changes in its fair value of investment property are included in profit or loss for the period in which they arise.

Costs incurred in the investment property (maintenance, repair, insurance and property tax), as well as revenues and rental income are included in profit or costs for the period in which they arise.

#### **vii) Financial assets and liabilities**

Financial assets and liabilities are recognized on the Group's statement of financial position when, and only when, the Group becomes a part of the contractual provisions of the instrument.

##### **a) Financial instruments:**

The Group classifies the financial instruments in the following categories: 'Financial investments at fair value through profit or loss', 'Borrowings and receivables', 'Held-to-maturity investments' and 'Available-for-sale investments'. The classification depends on the intention inherent to the investment's acquisition.

The classification is made at the initial recognition and re-appreciated on a quarterly basis.

- Financial assets at fair value through profit or loss: this category is divided into two: 'financial assets classified as held for trading' and 'financial assets designated by the Group at fair value through profit or loss'. A financial asset is classified under this category, namely, if it is acquired for the purpose of selling it in the short term. Derivatives are also classified

as instruments held for trading, except if designated as an effective hedging instrument. Financial instruments in this category are classified as current if they are held for trading or if it is expectable that they are going to be realized within twelve months of the end of reporting period;

- Held-to-maturity financial assets: this category includes financial assets, non-derivatives, with fixed or variable reimbursements with fixed maturity, and whose intention of the Board of Directors is to maintain them till its maturity.
- Available-for-sale financial assets: here, are included the financial assets, non-derivatives, that are designated as available-for-sale and those that are not classified as 'borrowings and receivables', 'held-to-maturity investments' or 'financial assets at fair value through profit or loss'. This category is classified as non-current, unless the Board of Directors has the intention to sell the investment within 12 months from the end of reporting period.

Held-to-maturity financial assets are classified as non-current investments, except if their maturity is less than a year from the end of the reporting period. Financial assets designated by the Group at fair value through profit or loss are classified as current in the statement of financial position.

All purchases and sales of financial instruments are recognized on the trade date, this means, on the date when the Group assumes the risks and obligations inherent to the acquisition and sale of the assets. All these investments are initially measured at cost, which is the fair value of the consideration paid for it, including transaction costs, with the exception of 'Financial investments at fair value through profit or loss'. In this last case, the financial assets are initially recognized at their fair value and the transactions costs are recognized in the income statement. Financial investments are derecognized when the right or obligation to receive or pay financial flows has expired or has been transferred, and, therefore, all the risks and benefits have been transferred.

'Available-for-sale financial assets' and 'Financial assets at fair value through profit or loss' are subsequently measured and recorded in the financial statements at fair value.

Gains and losses, realized or not, resulting from a change in the fair value of the 'Financial investments at fair value through profit or loss' are recognized in the profit and loss statement of the year. Gains and losses, resulting from a change in the fair value of the 'Available-for-sale assets' are recognized directly in the statement of comprehensive income, under the caption 'Fair value reserves - Available for sale assets' until the investment is sold, received or in anyway alienated, in which moment the accumulated gain or loss is recognized in the income statement.

The fair value of financial assets is based on current market prices. If the market on which the investments are traded is not active (no quoted price exists), the Group establishes the instrument fair value using other evaluation techniques, similar transactions, discounted cash flow analysis or using option pricing models. Fair value of listed investments is calculated using the closing price in Euronext Lisbon at the end of the reporting period.

To determine the fair value of a financial asset or liability, if there is an active market, is applied the market price. This is the level 1 of hierarchy of fair value, as defined in IFRS 7 – Financial instruments.

If the market on which the investments are traded is not active, which is the case of some financial asset or liability, are used evaluation techniques generally acceptable in the market, based on market assumptions. This is the level 2 of hierarchy of fair value, as defined in IFRS 7 – Financial instruments.

An entity applies evaluation techniques for listed financial instruments, such as, derivatives, financial investments at fair value through profit or loss and available-for-sale investments. The evaluation models frequently used are discounted cash flow analysis and option valuation models which incorporate market information such as interest rate curves.

For some complex financial instrument, are used complex evaluation models with assumptions and information that are not directly observable in the market, for which an entity applies internal estimates and assumptions. This is the level 3 of hierarchy of fair value, as defined in IFRS 7 – Financial instruments.

The 'Borrowings and receivables' and 'Held-to-maturity investments' are recorded at their amortized cost using the effective interest rate method.

Financial assets are assessed, by the Group, for indicators of impairment at each reporting period. In the case of equity instruments classified as available-for-sale, a significant decline (above 20%) or a prolonged decline (during two consecutive quarters) in its fair value to amounts lower than its acquisition cost, are indicators of impairment. For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial assets is reduced directly by the impairment losses for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the income statement of the year. Changes in the carrying amount of the allowance account are recognized in profit or loss statement in the caption 'Provisions and impairment losses'.

With the exception of 'Available-for-sale investments', if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent of the accumulated impairment loss.

#### b) Trade receivable and other receivables

Trade and other debtors debts do not bear interest and are recorded at their nominal value less any impairment losses, recognized under the allowance account 'Impairment losses on accounts receivables', in order to reflect their net realization value.

#### c) Borrowings

Borrowings are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis

#### d) Trade payables and other payables

Accounts payable that do not bear interest, are recorded at their nominal value, which is substantially equivalent to its fair value.

#### e) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume. The Group classifies as Equity instruments the contracts that evidence a residual interest of the Group in a group of assets after deducting all of its liabilities. The Group classifies financial liabilities those which are expected to occur a disbursement of funds.

#### f) Derivatives

The Group uses derivative instruments to manage its exposure to financial risks. Derivative instruments are only used for hedge accounting purposes with the appropriate approvals by the Group's Board of Directors.

The derivative instruments used by the Group, classified as cash flows hedges, are exclusively related to the hedging of interest rates from loans obtained. The loan's amount, the interest's maturity and the loan's reimbursement plans inherent to the hedging instrument are in all respects similar to the established conditions for the contractual loans, which configures a totally effective correlation.

The criteria used by the Group to classify the derivatives instruments as cash flow hedges are as follows:

- At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;
- Hedge effectiveness can be reliably measured;
- There is adequate documentation about the transaction until the inception of the hedge;
- The transaction to be hedged is highly probable to occur.

Cash flow hedges are initially recorded at cost, if any, and subsequently revaluated at their fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in the statement of comprehensive income in the caption 'Fair value reserves – Cash flow hedge derivatives'. The gain or loss relating to the ineffective portion is recognized immediately in the income statement, when calculated.



Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised. When a hedging instrument no longer qualifies for hedge accounting the cumulative gain or loss that was deferred in the statement of comprehensive income is transferred immediately to the profit and loss of the year and the subsequent revaluations of the derivative are recorded in the income statement.

#### g) Green certificates

At present there is no accounting standard or interpretation within International Financial Reporting Standards (IFRS) that deals specifically with the accounting for emission permits or renewable Energy certificates.

Green certificates are instruments that attest to the production of a certain amount of electricity from renewable sources.

Upon receipt of the green certificates the company recognizes an asset under "Other short term investments", in correspondence with deferred income. The deferred income is recorded in the profit or loss account as the green certificates are sold. Upon initial recognition, the green certificates are evaluated at the transaction price available at that date. At the end of each period, the green certificates are evaluated using the transaction value for the last transaction. The differences arising will be recorded in the profit and loss account, as "Other financial income" or as "Other financial expenses".

Green certificates are valid for a given period from their issue date (16 months in Romania). The value of green certificates which are cancelled because they have not been used within the validity period will be recorded in "Other financial expenses".

#### h) Notes receivable and factoring

The Group only derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire; or it transfers the contractual rights to receive the cash flows of the financial asset to a third party. If the Group substantially retains the risks and benefits inherent to the detention of such assets, it still recognizes them in its financial statements recording a liability in the caption 'Borrowings', as the monetary collateral for the given assets.

Therefore, notes receivable and factoring accounts receivable are recorded at each reporting period as liabilities in the financial statements, with the exception of 'non-recourse factoring' operations, till the underlying assets are fully collected.

#### ix) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury applications which maturity is less than three months and for those which are subject to insignificant risk of change in value.

#### x) Inventories

Merchandise and raw, subsidiary and consumable materials are stated at the lower of their average acquisition cost, or net realisable value (estimated sales price deducted from costs to make the sale). Finished and intermediate goods are recorded at production cost (includes the cost of incorporated raw materials, direct labour and overheads), which is lower than their market value.

Impairments are recognized when is estimated that its net realizable value is lower than its carrying amount (Note 9).

#### xi) Accrual basis

Expenses and income are recorded in the year to which they relate, regardless of their date of payment or receipt. Estimated amounts are used when actual amounts are not known. The captions of 'Other non-current assets', 'Other current assets', 'Other non-current liabilities' and 'Other current liabilities' include expenses and income relating to the current period, where payment and receipt will occur in future periods, as well as payments and receipts in the current period but which relate to future periods. The latest ones will be included by the corresponding amount in the results of the periods that they relate to.

**xii) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recorded net of returns, rebates and other similar allowances.

**a) Construction contracts (metallic structure constructions and the construction of turnkey wind farms and solar parks)**

The Group recognizes income and costs associated with construction contracts, on an individual basis, using the stage of completion method. Under this method, at the end of each period, income and expenses are recognized by reference to the stage of completion of the contract activity. The stage of completion is determined by the ratio between costs incurred till the balance sheet date and the total estimated contract costs. The difference between income determined by this ratio and the total amount invoiced is recorded in 'Other current assets' or in 'Other current liabilities'.

Revenue arising from contract variations, claims and completion premiums is recorded when these are agreed with the customer, or when negotiations are at an advanced stage and it is probable that these will be favourable to the Group.

To face the costs that will be incurred during the guarantee period, the Group recognizes a provision, on an annual basis, to cover such legal obligation. This provision is estimated taking into consideration the annual production, as well as the historical costs incurred in the past.

When it is likely that the total estimated costs for the construction contract exceed the revenue negotiated, the expected loss is immediately recognized in the income statement.

**b) Short-term construction contracts**

In these types of contracts, the Group recognizes revenues and costs as they are billed or incurred, respectively.

**c) Recognition of revenue resulting from real estate activity**

Relevant costs incurred in real estate projects include the direct construction costs, the costs associated to the realization of the projects as well as their licensing costs. Borrowing costs attributable to real estate projects are capitalized until the project is completed.

Borrowing costs are only capitalized if the project is in progress, if it is waiting for licenses from local authorities, or if it is under construction. In all other cases, it is considered to be suspended and no capitalization of borrowing costs is performed.

Revenue, in this kind of operations, has been generated and recognized, mainly, when the contractual position that the Group holds in the financial lease contract is transferred, and is calculated as the difference between the selling price to a third party and the initial agreed price with the lesser.

**d) Revenue recognition related with the sale of goods (merchandise and finished products)**

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**xiii) Own worked capitalized**

The internal costs (raw-materials, staff and production costs) incurred during the production of tangible assets are capitalized only when the following requirements are fulfilled:

- the underlying assets are identified;
- there is a strong possibility that the assets will generate future economic benefits; and
- production costs are measured reliably.



#### xiv) Costs incurred with proposals in preparation

Costs incurred with proposals in preparation are recognized in the income statement as they are incurred, as a consequence of the unpredictability of their outcome.

#### xv) Balances and transactions in foreign currency

##### Individual financial statements:

All the assets and liabilities expressed in foreign currencies are translated to the functional currency, using the official exchange rate at the reporting date. The exchange differences, favourable or unfavourable, originated from the differences between the exchange rates at the transactions date and those used at the collections, payments or at the reporting period, are recognized by their gross amount as profits and losses in the income statement.

##### Consolidated financial statements:

Assets and liabilities of the Group's foreign operations are translated to Euros using the exchange rates prevailing at the reporting period. Income and expense items are translated at the average exchange rates for the year. In addition, some long term loans granted to subsidiaries, denominated in a currency other than Euros and for which settlement is neither planned nor likely to occur in the foreseeable future are considered as part of the Group's net investment. Exchange differences arising, if any, are recorded in equity and recognized in the Group's foreign currency translation reserve. Such exchange rate differences are recognized in profit or loss in the year in which the foreign entity is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and therefore translated at the closing rate.

The following exchange rates have been used in the preparation of the financial statements:

1 € equals:	CLOSING RATE			AVERAGE RATE		
	31 DECEMBER 2012	31 DECEMBER 2011	VARIATION IN %	FY 2012	FY 2011	VARIATION IN %
Australian Dollar	1.271	1.272	-0.1%	1.241	1.344	-7.7%
Bulgarian Lev	1.956	1.956	0.0%	1.956	1.956	0.0%
Czech Koruna	25.151	25.787	-2.5%	25.148	24.590	2.3%
Polish Zloty	4.074	4.458	-8.6%	4.185	4.121	1.6%
New Romanian Leu	4.445	4.323	2.8%	4.459	4.239	5.2%
US Dollar	1.319	1.294	2.0%	1.285	1.392	-7.7%
South African Rand	11.173	10.483	6.6%	10.551	10.097	4.5%
Brazilian Real	2.704	2.416	11.9%	2.508	2.327	7.8%
Thai Bath	40.347	40.991	-1.6%	39.928	42.429	-5.9%
Angolan Kwanza	126.263	122.850	2.8%	122.771	131.746	-6.8%
Moroccan Dirham	11.130	11.094	0.3%	11.009	11.206	-1.8%
Pound Sterling	0.816	0.835	-2.3%	0.811	0.868	-6.6%
Canadian Dollar	1.314	1.322	-0.6%	1.284	1.376	-6.7%
Mozambique Metical	38.911	34.317	13.4%	36.151	40.031	-9.7%
Mexican Peso	17.185	18.093	-5.0%	16.903	17.087	-1.1%
Saudi Riyal	4.950			4.842		
Chilean Peso	632.911			630.510		

#### xvi) Income tax

Income tax is calculated based on the taxable profit from the companies included in the consolidation, taken into consideration the current income tax and deferred income tax in accordance with IAS 12. Current tax is calculated based on the taxable profit resulting from the accounting results and taking into consideration local applicable tax laws for each group company.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of taxable profit, and it is accounted for using the balance sheet liability method.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The deferred tax amount that results from transactions or events recognized directly in equity, is also registered directly in equity, not affecting the profit for the year.

#### **xvii) Borrowing costs**

Borrowing costs related to borrowings are recorded in the income statement on an accrual basis.

Borrowing cost related to loans obtained to finance the construction of tangible fixed assets and some inventories (real estate projects) are capitalized, being a part of the asset's carrying amount. The capitalization begins when the preparation of the construction activity starts and it ceases when the asset is being used, at the end of the production or when the project is suspended.

#### **xviii) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These provisions are reviewed at each reporting period and are adjusted to reflect the best estimate at the date, taking into consideration all the risks and uncertainties inherent to such estimates. When a provision is determined using the future cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The provisions recognized by the Group result, mainly, from:

##### **i) Construction guarantees**

The Group recognizes a provision for estimated costs to be incurred in the future with construction guarantees provided on solar parks and wind farms sold. This provision is recognized on the date of disposal or when the service is rendered, which affect the gain obtained. At the end of the guarantee period (5 years on average) any remaining amount of provision is reversed by profit or loss.

##### **ii) Onerous contracts**

The Group recognizes a provision for onerous contracts at the time that for construction contracts in progress it is established that the costs to be incurred to satisfy the obligation assumed exceeds future economic benefits. This analysis is made contract by contract accordingly to information provided by owners of projects.

##### **iii) Legal claims in progress**

It's recognized a provision for legal claims in progress when there is a reliable estimative of costs to be incurred as a consequence of lawsuits by third parties.

##### **iv) Financial assets under equity method**

It's recognized a provision whenever associate or jointly controlled company has negative equity and it's considered that Group took over responsibilities in addition to their share capital.

#### **xix) Government grants**

Grants received for staff training programmes and new hiring actions are recognized as income in the same period when the relevant expenses are incurred.

Grants received related to tangible fixed assets are recorded as deferred income and are recognized as income on a straight line basis over the expected useful lives of the underlying assets.

**xx) Impairment of tangible and intangible assets excluding Goodwill**

At each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. When the asset carrying amount is greater than its recoverable amount an impairment loss is recognized and recorded in the caption 'Provisions and impairment losses'. The recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is the amount that could be obtained in an arms-length transaction. Value in use is calculated by assessing the estimated future cash flows generated by the asset discounted to the present value, taking into consideration its residual value. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The reversal of impairment losses recorded in previous years is recognized when the underlying reasons that cause that entry are no longer applicable and consequently the asset is no longer impaired. The reversal of impairment losses is recognized in the income statement as an operational result. However, the reversal of an impairment loss is performed just up to the limit of the amount that would be recorded through the historical cost, or through the revalued amount, net of amortization and depreciation, if the impairment loss had not been recorded in previous years.

**xxi) Employee benefits**Stock options

The Group rewards the services rendered by some workers through an equity-settled stock option plan. The fair value of the services received is recognized as cost, against an increase in an equity account during the vesting period. The amount registered as cost represents the fair value of the stock option attributed, estimated based only on market conditions. Acquisition conditions different from market conditions were used only to estimate the number of options vested at the end of acquisition period. The number of options expected to become exercisable is reviewed for each reporting date, and the difference arising from the previous estimate is registered in the profit and loss statement as well as in equity.

**xxii) Statement of financial positions presentation**

Assets to be realized and liabilities to be settled twelve months after the reporting date are classified as non-currents. Likewise, given their nature, 'Deferred tax' and 'Provisions' are classified as non-current on the statement of financial position.

**xxiii) Contingent assets and liabilities**

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

**xxiv) Consolidated statement of cash flow**

The consolidated cash flow statement is prepared, using the direct method, according with IAS 7. The Group classifies as 'Cash and cash equivalents' applications which mature in less than three months and which are subject to insignificant risk of change in value.

The consolidated cash flow statement is classified by operating, investing and financing activities. Operating activities include cash receipts from clients, cash payments to suppliers, cash payments to and on behalf of employees and other operating activities payments and receipts. Investing activities cash flows include, essentially, payments and receipts related with acquisitions and sales of tangible assets and investments.

Financing activities cash flows include, essentially, payments and receipts of loans and borrowings, financial lease contracts and dividend payments.

**xxv) Subsequent events**

Events occurring after the reporting period that provide further evidence of conditions that existed at the end of the reporting period ("adjusting events"), are recognized in the consolidated financial statements. Events after the reporting period that are indicative of

conditions occurring after the end of the reporting period ("non-adjusting events"), if material, are disclosed in the notes to the consolidated financial statements.

#### **xxvi) Judgements and estimates**

In the process of preparation of the Group's financial statements the Board of Directors used its best knowledge and accumulated experience in past and current events making certain assumptions as to future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended at 31 December 2012 and 2011 include:

- Useful lives of the tangible assets;
- Fair value of property investment;
- Impairment analysis of goodwill;
- Recognition of provisions and impairment losses;
- Revenue recognition on construction contracts and guarantees;
- Recognition of deferred tax assets arising from tax losses;
- Fair value of derivatives.

Estimates used are based on the best information available during the preparation of consolidated financial statements and on the best knowledge of past and present events. Although future events are neither controlled by the Group nor foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management, that occur after the date of these consolidated financial statements, will be recognized in net income, in accordance with IAS 8, using a prospective methodology.

#### **xxvii) Financial risk management**

Financial markets include a high degree of uncertainty to which the Group is exposed. This uncertainty is translated into several risks, namely, price risk, currency risk, interest rate risk, liquidity risk and credit risk.

##### **a) Price Risk**

The volatility of raw material prices constitutes a risk for the Group. The changes in the price of steel and aluminium impact the operational activity of the metallic construction business area. The Group has sought to mitigate this risk by including clauses in its contracts with customers that allow it to pass on raw material price fluctuations and by negotiating fixed prices for large scale projects with its suppliers.

##### **b) Currency Risk**

Currency risk reflects the possibility of registering gains or losses resulting from changes in the foreign exchange rates between different currencies. The Group's exposure to currency risk results from the existence of foreign based subsidiaries in countries with a currency other than the Euro, from transactions between these subsidiaries and other Group companies and from the existence of transactions with external parties made by the operational companies in a currency other than the reporting currency of the Group.

The Group's currency risk management policy aims to reduce the sensitivity of its results to exchange rate variations.

Subsidiaries, in their day-to-day operational activities, seek to use their local currency. Likewise, loans contracted by foreign subsidiaries are preferably denominated in their local currency.

Certain operational activities of the Group are exposed to changes in foreign exchange rates vis-à-vis their local currency. The prices of some raw-materials, namely steel and aluminium, are generally expressed or indexed to the US Dollar which can have an impact on the Group's results. It is possible, to a large extent, to include these variations in the sales prices. Where this is not possible, the Group hedges this exposure by contracting foreign exchange derivative contracts in the subsidiary exposed to the said risk.

Insofar as the currency risk arising from the translation of Group investments in foreign subsidiaries that report in a currency other than the Euro is concerned, the Group seeks to manage it through natural hedging, using the companies' balance sheets, namely seeking finance in their local currency. In parallel, the Group seeks to mitigate this currency impact through the diversification of the countries it is present in.

The relevant amounts of the Group's assets and liabilities recorded in a currency other than the Euro are as follows:

	ASSETS			LIABILITIES		
	FY 2012	FY 2011 RESTATED	FY 2011	FY 2012	FY 2011 RESTATED	FY 2011
New leu (Romania)	181,131,249	189,453,664	191,321,342	101,300,595	101,097,446	101,097,446
Zloty (Poland)	89,036,932	73,425,621	79,254,371	103,006,951	76,492,890	77,595,036
US Dollar (U.S.A.)	116,977,033	89,790,128	89,790,128	113,137,401	79,106,652	79,106,652
Kwanza (Angola)	50,023,849	48,753,961	48,753,961	39,185,420	38,910,355	38,910,355
Real (Brazil)	74,152,244	61,303,650	61,303,650	48,866,717	38,433,779	38,433,779
Moroccan dirham (Morocco)	1,941,673	2,385,409	2,385,409	2,133,656	2,656,239	2,656,239
Australian dollar (Australia)	9,649,719	13,061,187	13,061,187	9,005,254	10,086,541	10,086,541
Czech koruna (Czech Republic)	415,823	442,593	442,593	315,876	279,793	279,793
Canadian dollar (Canada)	2,815,218	206,557	206,557	2,696,593	116,501	116,501
Pound sterling (United Kingdom)	32,232,863	5,483,005	5,483,005	31,236,706	5,629,925	5,629,925
Mexican Peso (Mexico)	455,779	108,730	108,730	703,785	185,681	185,681
Saudi Riyal	2,512,937	52,653	52,653	2,803,625	-	-
Hryvnia (Ukraine)	2,098,453	8,829	8,829	1,727,451	-	-

If a negative change of 1% in the foreign exchange rates in the currencies identified above were to occur, the likely impact on the Group's financial statements, can be shown as follows:

	LOCAL CURRENCY CHANGE AGAINST EURO	FY 2012		FY 2011 RESTATED		FY 2011	
		IMPACT ON PROFITS	IMPACT ON EQUITY	IMPACT ON PROFITS	IMPACT ON EQUITY	IMPACT ON PROFITS	IMPACT ON EQUITY
New leu (Romania)	1%	16,267	(790,403)	48,630	(874,814)	49,374	(893,306)
Zloty (Poland)	1%	159,215	138,317	62,949	30,369	63,810	(16,429)
US Dollar (U.S.A.)	1%	37,324	(38,016)	73,559	(105,777)	73,559	(105,777)
Pound sterling (United Kingdom)	1%	(4,473)	(9,863)	1,327	1,455	1,327	1,455
Czech koruna (Czech Republic)	1%	820	(990)	193	(1,612)	193	(1,612)
Moroccan dirham (Morocco)	1%	(772)	1,901	17,495	2,681	17,495	2,681
Australian dollar (Australia)	1%	80,461	(6,381)	18,147	(29,452)	18,147	(29,452)
Kwanza (Angola)	1%	(20,090)	(107,311)	(7,067)	(97,461)	(7,067)	(97,461)
Real (Brazil)	1%	(13,468)	(250,352)	10,525	(226,434)	10,525	(226,434)
Canadian dollar (Canada)	1%	(331)	(1,174)	2,292	(892)	2,292	(892)
Mexican Peso (Mexico)	1%	1,579	2,456	-	-	-	-
Saudi Riyal (Saudi Arabia)	1%	3,465	2,878	-	-	-	-
Hryvnia (Ukraine)	1%	(3,605)	(3,673)	-	-	-	-

#### c) Interest rate risk

Interest rate risk reflects the possibility of changes in future interest charges on loans contracted due to the evolution of market interest rate levels.

The Group relies on external financing to fund its activity and it is exposed to interest rate risk as a significant part of its borrowings are indexed to market interest rates.

In the more significant long term loans, the Group relies on fixed interest rate loans or uses interest rate derivatives to hedge exposure to interest rate risk on the said loans. The amounts, interest due dates and repayment schedules of the loans underlying the interest rate derivatives are identical to those of the loans they hedge, and, as such, are considered perfect hedges.

The Group interest rate sensitivity analysis to changes more or less than 1% is shown in Note 29 'Borrowings'.

#### d) Liquidity risk

Liquidity risk reflects the Group's ability to satisfy its financial responsibilities with the available financial resources.

The Group manages its liquidity risk in two main ways:

- On the one hand, it seeks to ensure that its financing structure adequately reflects the nature of its obligations. Investments in fixed assets, including financial investments, are funded through long term facilities (equity and long term loans) whilst short term obligations are funded through short term loans. Long term loans are generally contracted for periods of 5 to 7 years, generally with a grace period of the principal of 1 to 2 years.
- On the other hand, subsidiaries have contracted, with financial institutions, short term facilities for amounts that assure their liquidity. Subsidiaries also have adequate amounts of cash to cover their short term commitments. The amount of unused short term facilities at the end of 2011 reached approximately 4.7 million Euro. Subsidiaries have also adequate amounts of cash to cover their short term commitments.

The liquidity risk is analysed in Note 29 'Borrowings'.

#### e) Credit risk

The worsening of the worldwide economic conditions and the escalation of the adversities facing local, national and international economies can influence the Group's client default rate, with possible negative impacts on the Group's results.

Aware of this reality, the Group seeks to evaluate all its clients' credit risks in order to establish credit limits, with the ultimate purpose of ensuring the collection of the amounts due within the periods negotiated.

With this objective in mind, the Group uses credit rating agencies, regularly analyses risk and credit control, and collects from and manages cases in litigation, procedures which are all considered essential to manage the credit given and to minimize the risk of credit default.

### xxviii) Capital Management

The objective of the Group, in relation to the capital management, is to maintain an optimal capital structure, through a prudent using of the financial debt and reaching, in this way, the reduction of its cost.

The structuring of financial debt is analysed periodically, through the consideration of some factors as borrowing costs and the investment needs of Group operational companies.

The indicator used to analyse capital structure is the ration of Financial autonomy. The Board has considered 20% as the indicative value of an optimal structure, giving the characteristics of the company and the economic sector in which it belongs. The Board considers that, according to the conditions of economic environment in general and in this sector in particular, that ratio should be between 20% and 30%. The Financial autonomy was as follows:

	FY 2012	FY 2011 RESTATED	FY 2011
Equity	227,255,223	267,717,124	283,316,635
Net Assets	976,375,200	1,017,979,156	1,037,833,335
Financial autonomy	23.3%	26.3%	27.3%

The decrease of this ratio is related with the reduction of Equity in 2012, approximately Euro 40 million, essentially explained by the negative income presented by the Group in 2012. In spite of this fact, the Group presents a robust capital structure, with a ratio above the goal of 20%.

## 2. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their consolidation methods, head offices and percentage of share capital held by the Group, at 31 December 2012 and 2011 are as follows:

### COMPANIES CONSOLIDATED THROUGH THE FULL CONSOLIDATION METHOD

COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD			FY 2011
			DIRECTLY	INDIRECTLY	TOTAL	TOTAL
<b>Martifer SGPS, S.A.</b>	<b>Oliveira de Frades</b>	<b>Martifer SGPS</b>	<b>Holding</b>			
Martifer Inovação e Gestão, S.A.	Oliveira de Frades	Martifer Inovação	100.00%	-	100.00%	100.00%
Martifer Gestione Si Servicii, S.R.L.	Bucharest	Martifer Inovação Roménia	100.00%	-	100.00%	100.00%
<b>Martifer Metallic Constructions SGPS, S.A.</b>	<b>Oliveira de Frades</b>	<b>Martifer Metallic Constructions</b>	<b>100.00%</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>
Martifer - Construções Metalomecânicas, S.A.	Oliveira de Frades	Martifer Construções	-	100.00%	100.00%	100.00%
Martifer Mota-Engil Coffey Construction Joint Venture Limited	Dublin	MMECC	-	60.00%	60.00%	60.00%
Resun Developments, S.A.	Oliveira de Frades	Resun	-	-	-	100.00%
Martifer – Construcciones Metálicas España, S.A.	Madrid	Martifer Espanha	-	100.00%	100.00%	100.00%
Martifer – Construções Metálicas Angola, S.A.	Luanda	Martifer Angola	-	78.75%	78.75%	78.75%
Martifer Construction Limited	Dublin	Martifer Irlanda	-	100.00%	100.00%	100.00%
Martifer Polska Sp. Zo.o.	Gliwice	Martifer Polska	-	100.00%	100.00%	100.00%
Martifer Constructions, SAS	Rungis	Martifer França	-	100.00%	100.00%	100.00%
Martifer Constructii SRL	Bucharest	Martifer Constructii	-	100.00%	100.00%	100.00%
Park Logistyczny Biskupice	Gliwice	Biskupice	-	100.00%	100.00%	100.00%
Martifer Konstrukcje Sp. Z o.o.	Gliwice	Martifer Konstrukcje	-	100.00%	100.00%	100.00%
Martifer Slovakia S.R.O.	Bratislava	Martifer Slovakia	-	100.00%	100.00%	100.00%
Sociedade de Madeiras do Vouga, S.A.	Albergaria-a-Velha	Madeiras do Vouga	-	100.00%	100.00%	100.00%
Martifer - Gestão de Investimentos, S.A.	Oliveira de Frades	MGI	-	100.00%	100.00%	100.00%
Nagatel Viseu, Promoção Imobiliária, S.A.	Oliveira de Frades	Nagatel Viseu	-	100.00%	100.00%	100.00%
Martifer Retail & Warehousing Angola, S.A.	Luanda	Martifer Retail Angola	-	100.00%	100.00%	100.00%
Martifer - Alumínios, S.A.	Oliveira de Frades	Martifer Alumínios	-	100.00%	100.00%	100.00%
Martifer - Alumínios, S.A.	Madrid	Martifer Alumínios Espanha	-	-	-	100.00%
Martifer Alumínios Angola, S.A.	Luanda	Martifer Alumínios Angola	-	100.00%	100.00%	100.00%
Martifer Recycling Sp. Zo.o	Gliwice	Martifer Recycling Polónia	-	-	-	100.00%
Martifer Aluminium Pty, Ltd	Sidney	Sassall	-	100.00%	100.00%	100.00%
Martifer Aluminium Limited	Dublin	Martifer Aluminium Irlanda	-	100.00%	100.00%	100.00%
Martifer Aluminium UK Limited	London	Martifer Aluminium Reino Unido	-	100.00%	100.00%	-
Martifer UK Limited	London	Martifer UK	-	100.00%	100.00%	100.00%
MT Construction Maroc, S.A.R.L.	Tangier	Martifer Marrocos	-	100.00%	100.00%	100.00%
Martifer - Construções Metálicas, Ltda.	Fortaleza	Martifer Brasil	-	100.00%	100.00%	100.00%
Saudi Martifer Constructions LLC	Riyadh	Martifer Arábia Saudita	-	100.00%	100.00%	100.00%
Martifer Beteiligungsverwaltungs GmbH	Vienna	Martifer GmbH	100.00%	-	100.00%	100.00%
M City Gliwice Sp. Zo.o	Gliwice	M City Gliwice	-	52.80%	52.80%	52.80%
Martifer Energy Systems SGPS, S.A.	Oliveira de Frades	Martifer Energy Systems	100.00%	-	100.00%	100.00%
Martifer Energia S.R.L.	Bucharest	Martifer Energia Roménia	-	100.00%	100.00%	100.00%
Martifer Energia LLC	Kiev	Martifer Energia Ucrânia	-	100.00%	100.00%	100.00%
Martifer Wind Energy Systems LLC	San Angelo TX	Martifer Wind USA	-	100.00%	100.00%	100.00%
Martifer Energy Systems PTY	Cape Town	Martifer Energia África do Sul	-	85.00%	85.00%	85.00%
Navalria – Docas, Construções e Reparações Navais, S.A.	Aveiro	Navalria	-	100.00%	100.00%	100.00%
Gebox, S.A.	Ílhavo	Gebox	-	100.00%	100.00%	65.00%
Martifer Global SGPS, S.A.	Oliveira de Frades	Martifer Global	100.00%	-	100.00%	-
<b>Martifer Solar SGPS, S.A.</b>	<b>Oliveira de Frades</b>	<b>Martifer Solar SGPS</b>	<b>100.00%</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>
Martifer Solar, S.A.	Oliveira de Frades	Martifer Solar	-	55.00%	55.00%	75.00%
Martifer Solar Sistemas Solares, S.A.	Madrid	Martifer Solar Sistemas Solares	-	55.00%	55.00%	75.00%



COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD			FY 2011
			DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Solar Parks Construcción Parques Solares ETVE, S.A.	Madrid	Solar Parks	-	55.00%	55.00%	75.00%
Parque Solar Seseña II, S.L.	Madrid	Seseña II	-	-	-	75.00%
Parque Solar Segovia, S.L.	Madrid	Segovia	-	-	-	75.00%
Parque Solar Quintanar, S.L.	Madrid	Quintanar	-	-	-	75.00%
Parque Solar Seseña III, S.L.	Madrid	Seseña III	-	55.00%	55.00%	75.00%
MTS Solar Sistemas Solares, S.A.	Mexico city	Martifer Solar México	-	54.45%	54.45%	74.25%
Martifer Solar Chile Holding, Lda	Santiago do Chile	Martifer Solar Chile	-	55.00%	55.00%	-
Martifer Solar Chile Operaciones Limitada	Santiago do Chile	Solar Chile Operaciones	-	55.00%	55.00%	-
Martifer Solar Sistemas Solares Ecuador S.A.	Sangolquí	Martifer Solar Ecuador	-	54.45%	54.45%	-
Martifer Solar S.R.L.	Milan	Martifer Solar Itália	-	55.00%	55.00%	75.00%
MTS1 S.R.L.	Syracuse	MTS1	-	55.00%	55.00%	75.00%
MTS2 S.R.L.	Syracuse	MTS2	-	55.00%	55.00%	75.00%
MTS3 S.R.L.	Syracuse	MTS3	-	55.00%	55.00%	75.00%
MTS4 S.R.L.	Syracuse	MTS4	-	55.00%	55.00%	75.00%
MTS5 S.R.L.	Syracuse	MTS5	-	-	-	75.00%
Martifer Solar RO S.R.L.	Bucharest	Martifer Solar România	-	55.00%	55.00%	-
Martifer Solar Inc.	S. Francisco CA	Martifer Inc.	-	55.00%	55.00%	75.00%
Martifer Solar USA, Inc.	Santa Monica CA	AEM <sup>1)</sup>	-	34.93%	34.93%	47.63%
Martifer Aurora Solar, LLC	Santa Monica CA	Solar Aurora <sup>1)</sup>	-	34.58%	34.58%	47.14%
MT Silverado Fund LLC	S. Francisco CA	Silverado <sup>1)</sup>	-	31.42%	31.42%	38.25%
Martifer Solar Finance LLC	S. Francisco CA	Martifer Solar Finance	-	55.00%	55.00%	-
Martifer Solar Hellas, A.T.E.	Athens	PVI <sup>1)</sup>	-	39.13%	39.13%	50.58%
Martifer Solar Angola	Luanda	Martifer Solar Angola <sup>1)</sup>	-	41.25%	41.25%	56.25%
Martifer Solar N.V.	Deerlijk	Martifer Solar Bélgica	-	55.00%	55.00%	75.00%
Martifer Solar UK Limited	London	Martifer Solar UK	-	55.00%	55.00%	75.00%
Martifer Solar S.A.S.	Lyon	Martifer Solar França	-	55.00%	55.00%	75.00%
Martifer Solar CZ	Prague	Martifer Solar República Checa	-	55.00%	55.00%	75.00%
Home Energy France SAS	Lyon	Home Energy França	-	55.00%	55.00%	75.00%
PVGlass, S.A.	Oliveira de Frades	PVGlass	-	55.00%	55.00%	52.50%
PVGLASS S.r.l	Milan	PVGlass Itália	-	55.00%	55.00%	52.50%
MPrime Solar Solutions, S.A.	Oliveira de Frades	MPrime	-	55.00%	55.00%	75.00%
MPrime Italia S.r.l	Oliveira de Frades	MPrime Itália	-	55.00%	55.00%	75.00%
MPrime GMBH	Munich	MPrime GMBH	-	55.00%	55.00%	75.00%
Sol Cativante, Lda.	Sever do Vouga	Sol Cativante	-	55.00%	55.00%	6.83%
Sol Cativante V, Lda.	Viseu	Sol Cativante V	-	-	-	6.83%
Sol Cativante VI, Lda.	Viseu	Sol Cativante VI	-	-	-	6.83%
Sol Cativante VII, Lda.	Viseu	Sol Cativante VII	-	55.00%	55.00%	-
Martifer Solar Investments, B.V.	Amsterdam	Martifer Solar Holanda	-	55.00%	55.00%	75.00%
Martifer Solar Canadá, Ltd.	Toronto	Martifer Solar Canadá	-	55.00%	55.00%	75.00%
MTS6 S.R.L.	Syracuse	MTS6 <sup>1)</sup>	-	46.75%	46.75%	63.75%
Martifer Solar SK s.r.o.	Dolny Kubin	Martifer Solar Eslováquia	-	55.00%	55.00%	75.00%
Ginosa Solar Farm, S.R.L.	Rome	Ginosa Solar Farm	-	55.00%	55.00%	75.00%
Solar Spritehood S.R.L	Rome	Solar Spritehood	-	55.00%	55.00%	75.00%
MTS7, S.R.L.	Rome	MTS7	-	55.00%	55.00%	75.00%
Sol Cativante II, S.A.	Sever do Vouga	Sol Cativante II	-	-	-	75.00%
Sol Cativante IV, S.A.	Sever do Vouga	Sol Cativante IV	-	-	-	75.00%
Canopy - Naos	Paris	Canopy Naos	-	55.00%	55.00%	75.00%
Eviva Mepe	Athens	Eviva Grécia	-	55.00%	55.00%	75.00%
MTS Trewidland Solar, Ltd	London	MTS Trewidland Solar	-	55.00%	55.00%	-
Steadfast Fairview Solar, Ltd	Andover	Steadfast Fairview Solar	-	55.00%	55.00%	-
Steadfast Molland Solar, Ltd	Andover	Steadfast Molland Solar	-	55.00%	55.00%	-
Steadfast Apsley Solar, Ltd	Andover	Steadfast Apsley Solar	-	55.00%	55.00%	-
Martifer Solar UA, LLC	Kyiv	Martifer Solar Ucrânia	-	55.00%	55.00%	-
Inspira Martifer Solar Limited	Mumbai	Inspira Martifer Solar <sup>1)</sup>	-	28.05%	28.05%	-
Société Développement Local SA	Dakar	Martifer Solar Senegal <sup>1)</sup>	-	28.05%	28.05%	-
Martimak Solar	Besiktas	Martimak <sup>1)</sup>	-	44.00%	44.00%	-



COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD			FY 2011
			DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Martifer Solar	Besiktas	Martifer <sup>1)</sup>	-	44.00%	44.00%	-
Martifer Solar Singapura PTE. LTD.	Singapore	Martifer Solar Singapura	-	55.00%	55.00%	-
EVIVA SOLAR 1 LTD	Athens	Eviva Solar 1	-	54.90%	54.90%	-
EVIVA SOLAR 2 LTD	Athens	Eviva Solar 2	-	54.90%	54.90%	-
Martifer Solar MZ, S.A.	Maputo	Martifer Solar Moçambique <sup>1)</sup>	-	28.05%	28.05%	38.25%
Greencoverage Unipessoal, Lda.	Oliveira de Frades	Greencoverage	-	55.00%	55.00%	75.00%
Martifer Solar, Ltda	Pindamonhangaba	Martifer Solar Brasil	-	54.45%	54.45%	-
Inovsun, Lda.	Oliveira de Frades	Inovsun	-	55.00%	55.00%	75.00%
LRCC – La Rad Campo Charro – Energias Renováveis, Lda.	São Martinho do Porto	LRCC	-	55.00%	55.00%	-
<b>Martifer Renewables SGPS, S.A.</b>	<b>Oliveira de Frades</b>	<b>Martifer Renewables SGPS</b>	<b>100.00%</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>
Martifer Renewables, S.A.	Oliveira de Frades	Martifer Renewables SA	-	100.00%	100.00%	100.00%
Martifer Renovables ETVE, S.A.U.	Madrid	Martifer Renovables	-	100.00%	100.00%	100.00%
Eurocab FV 1 S.L.	Madrid	Eurocab 1	-	100.00%	100.00%	100.00%
Eurocab FV 2 S.L.	Madrid	Eurocab 2	-	100.00%	100.00%	100.00%
Eurocab FV 3 S.L.	Madrid	Eurocab 3	-	100.00%	100.00%	100.00%
Eurocab FV 4 S.L.	Madrid	Eurocab 4	-	100.00%	100.00%	100.00%
Eurocab FV 5 S.L.	Madrid	Eurocab 5	-	100.00%	100.00%	100.00%
Eurocab FV 6 S.L.	Madrid	Eurocab 6	-	100.00%	100.00%	100.00%
Eurocab FV 7 S.L.	Madrid	Eurocab 7	-	100.00%	100.00%	100.00%
Eurocab FV 8 S.L.	Madrid	Eurocab 8	-	100.00%	100.00%	100.00%
Eurocab FV 9 S.L.	Madrid	Eurocab 9	-	100.00%	100.00%	100.00%
Eurocab FV 10 S.L.	Madrid	Eurocab 10	-	100.00%	100.00%	100.00%
Eurocab FV 11 S.L.	Madrid	Eurocab 11	-	100.00%	100.00%	100.00%
Eurocab FV 12 S.L.	Madrid	Eurocab 12	-	100.00%	100.00%	100.00%
Eurocab FV 13 S.L.	Madrid	Eurocab 13	-	100.00%	100.00%	100.00%
Eurocab FV 14 S.L.	Madrid	Eurocab 14	-	100.00%	100.00%	100.00%
Eurocab FV 15 S.L.	Madrid	Eurocab 15	-	100.00%	100.00%	100.00%
Eurocab FV 16 S.L.	Madrid	Eurocab 16	-	100.00%	100.00%	100.00%
Eurocab FV 17 S.L.	Madrid	Eurocab 17	-	100.00%	100.00%	100.00%
Eurocab FV 18 S.L.	Madrid	Eurocab 18	-	100.00%	100.00%	100.00%
Eurocab FV 19 S.L.	Madrid	Eurocab 19	-	100.00%	100.00%	100.00%
Eurocab FV 20 S.L.	Madrid	Eurocab 20	-	-	-	100.00%
Eviva Energy S.R.L.	Bucharest	Eviva România	-	100.00%	100.00%	100.00%
Eviva Nalbant S.R.O.	Bucharest	Eviva Nalbant	-	99.00%	99.00%	99.00%
Eviva Agighiol S.R.L.	Bucharest	Eviva Agighiol	-	99.00%	99.00%	99.00%
Eviva Casimcea S.R.O.	Bucharest	Eviva Casimcea	-	99.00%	99.00%	99.00%
Premium Management Consulting, S.R.L.	Bucharest	Premium Management	-	85.00%	85.00%	85.00%
MW Topolog, S.R.L.	Bucharest	MW Topolog	-	99.00%	99.00%	99.00%
Martifer Renewables, S.A.	Gliwice	Eviva Polónia	-	100.00%	100.00%	100.00%
Martifer Renewables Pty, Ltd.	Sidney	Eviva Austrália	-	100.00%	100.00%	100.00%
Eviva Beteiligungsverwaltungs GmbH	Vienna	Eviva GmbH	-	100.00%	100.00%	100.00%
Eviva Hidro S.R.L.	Bucharest	Eviva Hidro	1.00%	99.00%	100.00%	100.00%
Martifer Deutschland GmbH	Berlin	Martifer Deutschland	-	100.00%	100.00%	100.00%
Martifer Renewables Bippen GmbH	Berlin	Eviva Bippen	-	100.00%	100.00%	100.00%
Eviva Energy SGPS, S.A.	Oliveira de Frades	Enerpetra	-	-	-	100.00%
Wind Farm Odrzechowa Sp. Zo.o	Gliwice	Wind Odrzechowa	-	100.00%	100.00%	100.00%
Energia Wiatrowa Sp. Zo.o	Gliwice	Energia Wiatrowa <sup>3)</sup>	-	100.00%	100.00%	100.00%
Eviva Gizalki Sp. Zo.o	Miastko	Eviva Gizalki	-	72.00%	72.00%	72.00%
Wind Farm Bukowsko Sp. Zo.o	Gliwice	Wind Farm Bukowsko	-	100.00%	100.00%	100.00%
Wind Farm Markowa Sp. Zo.o	Gliwice	Wind Farm Markowa	-	100.00%	100.00%	100.00%
Wind Farm Lada Sp. Zo.o	Gliwice	Wind Farm Lada	-	100.00%	100.00%	100.00%
Wind Farm Jawornik Sp. Zo.o	Gliwice	Wind Farm Jawornik	-	100.00%	100.00%	100.00%
Wind Farm Piersno Sp. Zo.o	Gliwice	Wind Farm Piersno	-	100.00%	100.00%	100.00%
Wind Farm Oborniki Sp. Zo.o	Gliwice	Wind Farm Oborniki	-	100.00%	100.00%	100.00%
Martifer Renewables Brazil B.V.	Amsterdam	Renewables Holanda	-	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD			FY 2011
			DIRECTLY	INDIRECTLY	TOTAL	TOTAL
Vesto EAD	Varna	Vesto	-	100.00%	100.00%	100.00%
DVP1 Limited	Varna	DVP1	-	100.00%	100.00%	100.00%
DVP2 Limited	Varna	DVP2	-	100.00%	100.00%	100.00%
Martifer Renewables Investments ETVE, S.A.	Madrid	Eurocab 21	-	100.00%	100.00%	100.00%
Martifer Renewables Italy BV	Amsterdam	Renewables Italy Holanda	-	100.00%	100.00%	100.00%
Martifer Renewables Brasil Participações LTDA	Fortaleza	Martifer Renewables Brasil	-	100.00%	100.00%	100.00%
Martifer Renováveis - Geração de Energia e Participações S.A.	Fortaleza	Ventania	-	55.00%	55.00%	55.00%
Eólica Cajueiro da Praia, Ltda.	Fortaleza	Cajueiro	-	55.00%	55.00%	55.00%
Eólica Cacimbas, Ltda.	Fortaleza	Cacimbas	-	55.00%	55.00%	55.00%
SBER – Sociedade Brasileira de Energias Renováveis, Ltda.	Fortaleza	SBER <sup>1)</sup>	-	41.25%	41.25%	41.25%
Melosa – Geração de Energia e Participações, Ltda.	Fortaleza	Melosa	-	55.00%	55.00%	55.00%
Eólica Paraipaba, Ltda.	Fortaleza	Paraipaba	-	55.00%	55.00%	55.00%
Eólica Chapadão, Ltda.	Fortaleza	Chapadão	-	55.00%	55.00%	55.00%
Rosa dos Ventos – Geração e Comercialização de Energia, S.A	Fortaleza	Rosa dos Ventos	-	53.63%	53.63%	52.25%
Prio Agriculture, B.V.	Delft	Prio Holanda	-	100.00%	100.00%	100.00%
Porthold Project Development BV	Amsterdam	Porthold	-	55.00%	55.00%	55.00%
Ventinveste Indústria SGPS, S.A.	Oliveira de Frades	Ventinveste Indústria <sup>2)</sup>	-	46.00%	46.00%	46.00%

1) The full consolidation of these companies is justified as the Group has ultimate control.

2) The consolidation of this company through the full consolidation method results from Group having full control, namely to govern the financial and operating policies of the entity.

3) This company was classified as Assets held for sale. (Note 27).

## COMPANIES CONSOLIDATED THROUGH THE EQUITY METHOD

Companies consolidated through the equity method, head offices and percentage of share capital held by the group at 31 December 2012 and 2011, are as follows:

COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD			FY 2011
			DIRECTLY	INDIRECTLY	COMPANY	HEAD OFFICE
Metallic Constructions						
Associate companies:						
Proempar	Porto	Proempar	-	-	-	24.00%
Parque Tecnológico do Tâmega	Felgueiras	PTT	-	-	-	19.40%
Liszki Green Park, Sp. Zo.o	Gliwice	Liszki Green Park	-	45.00%	45.00%	45.00%
Martifer Amal, S.A.	Nacala	Martifer Amal	-	35.00%	35.00%	-
Jointly controlled companies:						
Promoquatro – Investimentos Imobiliários, Lda.	Oliveira de Frades	Promoquatro	-	50.00%	50.00%	50.00%
Martifer – Hirschfeld Energy Systems LLC	San Angelo TX	Martifer Energy Systems USA	-	-	-	50.00%
M City Bialystok Sp. Zo.o	Gliwice	M City Bialystok	-	50.00%	50.00%	50.00%
M City Radom Sp. Zo.o	Gliwice	M City Radom	-	50.00%	50.00%	50.00%
M. City Szczecin Sp. Z o.o.	Gliwice	M City Szczecin	-	50.00%	50.00%	-
Solar						
Associate companies:						
Parque Solar Seseña I, S.L.	Madrid	Seseña I	-	20.63%	20.63%	28.11%
Canaverosa Renovables, SL	Madrid	Canaverosa	-	26.94%	26.94%	49.00%
Empresa de Energia Renovable Maria del Sol Norte S.A.	Santiago	Maria del Sol	-	26.95%	26.95%	-
Others						
Associate companies:						
Nutre SGPS, S.A.	Oliveira de Frades	Prio SGPS	49.00%	-	49.00%	49.00%

COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD		FY 2011	
			DIRECTLY	INDIRECTLY	COMPANY	HEAD OFFICE
Nutre, S.A.	Oliveira de Frades	Prio Foods	-	49.00%	49.00%	49.00%
Nutre - Industrias Alimentares, S.A.	Oliveira de Frades	Prio Alimentar	-	49.00%	49.00%	49.00%
Nutre MZ. S.A.	Maputo	Nutre Moçambique	-	49.00%	49.00%	49.00%
Nutre Farming, S.R.L.	Bucharest	Nutre Farming Roménia	-	49.00%	49.00%	49.00%
Prio Agromart S.R.L.	Bucharest	Prio Agromart	-	49.00%	49.00%	49.00%
Prio Balta S.R.L.	Bucharest	Prio Balta	-	49.00%	49.00%	49.00%
Prio Facaieni S.R.L.	Bucharest	Prio Facaieni	-	49.00%	49.00%	49.00%
Prio Ialomita S.R.L.	Bucharest	Prio Ialomita	-	49.00%	49.00%	49.00%
Prio Rapita S.R.L.	Bucharest	Prio Rapita	-	49.00%	49.00%	49.00%
Prio Terra Agrícola S.R.L.	Bucharest	Prio Terra Agrícola	-	49.00%	49.00%	49.00%
Prio Turism Rural S.R.L.	Bucharest	Prio Turism Rural	-	49.00%	49.00%	49.00%
Agromec Balaciu	Bucharest	Agromec Balaciu	-	42.60%	42.60%	42.60%
Miharox S.R.L.	Bucharest	Miharox	-	40.47%	40.47%	40.47%
Zimbrul. S.A.	Bucharest	Zimbrul	-	49.00%	49.00%	49.00%
Agrozootehnica. S.A.	Bucharest	Agrozootehnica	-	48.98%	48.98%	48.98%
Prio Agrotrans S.R.L.	Bucharest	Prio Agrotrans	-	49.00%	49.00%	49.00%
Prio Foods Brasil LTDA	S. Luís do Maranhão	Prio Foods Brasil	-	49.00%	49.00%	49.00%
Prio Extractie S.R.L.	Bucharest	Prio Extractie	-	22.05%	22.05%	49.00%
Prio Agro Industries. Sp. Z o.o.	Gliwice	Prio Polónia	-	49.00%	49.00%	49.00%
Prio Biocombustibil S.R.L.	Bucharest	Prio Biocombustibil	-	22.05%	22.05%	49.00%
Prio Meat S.R.L.	Bucharest	Prio Meat	-	49.00%	49.00%	49.00%
Prio Foods – AJFS Construções, ACE	Lisbon	Prio Foods ACE	-	24.50%	24.50%	24.50%
Nutre Farming B.V.	Amsterdam	Nutre Farming	-	49.00%	49.00%	-
Bunge Prio Cooperativa U.A.	Amsterdam	Bunge Prio Cooperativa	-	22.05%	22.05%	-
Bunge Roménia S.R.L.	Buzau	Bunge Roménia	-	22.05%	22.05%	-
Centralrest, Lda	Ilhavo	Centralrest <sup>1)</sup>	-	9.80%	9.80%	-
Prio Energy SGPS. S.A.	Oliveira de Frades	Prio Energy SGPS	49.00%	-	49.00%	49.00%
Prio Biocombustíveis. S.A.	Oliveira de Frades	Prio Biocombustíveis	-	49.00%	49.00%	49.00%
Prio Energy. S.A.	Oliveira de Frades	Prio Energy	-	49.00%	49.00%	49.00%
Mondefin	Coimbra	Mondefin	-	49.00%	49.00%	49.00%
Veiga & Seabra. S.A.	Aguada de Baixo	Veiga & Seabra	-	-	-	49.00%
Prio Parque de Tanques de Aveiro, S.A.	Oliveira de Frades	Prio Tanques	-	49.00%	49.00%	49.00%
Prio.E-Electric, S.A.	Oliveira de Frades	Prio.E-Electric	-	49.00%	49.00%	49.00%
Park Charge-Energy Systems, Lda	Oliveira de Frades	Park Charge	-	49.00%	49.00%	39.20%
Prio. E – SGPS, S.A.	Oliveira de Frades	Prio E SGPS	-	49.00%	49.00%	-
Share Motivation, Lda.	Oliveira de Frades	Share Motivation	-	49.00%	49.00%	-
<i>Jointly controlled companies:</i>						
Ventinveste, S.A.	Lisbon	Ventinveste SA	5.00%	41.00%	46.00%	46.00%
Ventinveste Eólica, SGPS, S.A.	Lisbon	Ventinveste Eólica	-	46.00%	46.00%	46.00%
Parque Eólico de Torrinheiras, S.A.	Lisbon	PE Torrinheiras	-	46.00%	46.00%	46.00%
Parque Eólico do Douro Sul, S.A.	Lisbon	PE Douro Sul	-	46.00%	46.00%	46.00%
Parque Eólico do Pinhal do Oeste, S.A.	Lisbon	PE Pinhal do Oeste	-	46.00%	46.00%	46.00%
Parque Eólico de Vale Grande. S.A.	Lisbon	PE Vale Grande	-	46.00%	46.00%	46.00%
Parque Eólico de Vale do Chão, S.A.	Lisbon	PE Vale do Chão	-	46.00%	46.00%	46.00%
Parque Eólico do Cabeço Norte, S.A.	Lisbon	PE Cabeço Norte	-	46.00%	46.00%	46.00%
Parque Eólico da Serra do Oeste, S.A.	Lisbon	PE Serra do Oeste	-	46.00%	46.00%	46.00%
Parque Eólico do Planalto, S.A.	Lisbon	PE Planalto	-	46.00%	46.00%	46.00%
Eviva Dunowo, Sp. Z o.o.	Gliwice	Eviva Dunowo	-	50.00%	50.00%	50.00%
SPEE 3 – Parque Eólico do Baião, S.A.	Lisbon	SPEE 3	-	50.00%	50.00%	50.00%
SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A.	Oliveira de Frades	SPEE 2	-	50.00%	50.00%	50.00%
Macquarie Capital Wind Fund Pty Limited	Sidney	Macquarie	-	50.00%	50.00%	50.00%
Silverton Wind Farm Holding	Sidney	Silverton 1)	-	-	-	25.00%
Parque Eólico da Penha da Gardunha, Lda.	Oliveira de Frades	PE Penha da Gardunha	-	50.00%	50.00%	50.00%
MS – Participações Societárias, S.A.	Fortaleza	MS (ex-Faisa Biomassa)	-	-	-	11.91%

COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD			FY 2011
			DIRECTLY	INDIRECTLY	COMPANY	HEAD OFFICE
Eólica Embuaca, Ltda.	Fortaleza	Embuaca	-	-	-	11.91%
Eólica Mar e Terra, Ltda.	Fortaleza	Mar e Terra	-	-	-	11.91%
Eólica Bela Vista, Ltda.	Fortaleza	Bela Vista	-	-	-	11.91%
Eólica Icaraí, Ltda.	Fortaleza	Icaraí	-	-	-	11.91%

1) The consolidation of this company through the equity method results from the Group having joint control of its parent company, which in turn has joint or full control of the investee.

During 2012 and 2011 the changes occurred in the consolidation perimeter were as follows:

#### Incorporated companies:

##### In 2012:

Martifer Solar RO S.R.L (Martifer Solar Roménia)  
 Martifer Solar Finance LLC (Martifer Solar Finance)  
 Martifer Solar Sistemas Solares Equador S.A. (Martifer Solar Equador)  
 Martifer Solar Chile Operaciones Limitada (Solar Chile Operaciones)  
 Empresa de Energia Renovable Maria del Sol Norte S.A. (Maria del Sol)  
 Nutre Farming B.V. (Nutre Farming)  
 Prio .E – SGPS, S.A. (Prio E SGPS)  
 Martifer Solar Chile Holding, Lda (Solar Chile)  
 Martifer Global SGPS, S.A. (Martifer Global)  
 Martifer Aluminium UK Limited (Martifer Aluminium UK)  
 MTS Trewidland Solar, Ltd (MTS Trewidland Solar)  
 MTS Trefinnick Solar, Ltd (MTS Trefinnick Solar)  
 MTS Hatchlands Solar, Ltd. (MTS Hatchlands Solar)  
 Martifer Solar UA, LLC (Martifer Solar Ucrânia)  
 Inspira Martifer Solar Limited (Inspira Martifer Solar)  
 Bunge Prio Cooperativa U.A. (Bunge Prio Cooperativa)  
 Martifer-Amal, S.A (Martifer Amal)  
 Martimak Solar Initiative Enerji Uretim Dagitim Sanayi Ve Ticaret Limited Sirketi (Martimak Solar)  
 Martiper Solar Initiative Enerji Uretim Dagitim Sanayi Ve Ticaret Limited Sirketi (Martiper Solar)  
 Societé Developpement Local SA (Solar Senegal)  
 Martifer Solar Singapura PTE. LTD. (Solar Singapura)  
 Sol Cativante VII, S.A. (Sol Cativante VII)  
 Eviva Solar 1 Ltd (Eviva Solar 1)  
 Eviva Solar 2 Ltd (Eviva Solar 2)

##### In 2011:

Prio Foods - Industrias Alimentares, S.A. (Prio Alimentar)  
 Prio Energy II, S.A. (Prio Energy II)  
 MPrime Itália S.R.L. (MPrime Itália)  
 PVGlass S.R.L. (PVGlass Itália)  
 Martifer Solar UK, Limited (Martifer Solar UK)  
 Wind Farm Oborniki Sp. Zo.o (Wind Farm Oborniki)  
 Prio Meat S.R.L (Prio Meat)  
 MTS Solar Sistemas Solares S.A. (Martifer Solar México)  
 Prio Foods – AJFS, ACE (Prio Foods – AJFS)  
 Saudi Martifer Constructions LLC (Saudi Martifer Constructions)  
 Resun Developments, S.A. (Resun)  
 Martifer Aurora Solar, LLC (Solar Aurora)  
 Sol Cativante V, Lda. (Sol Cativante V)  
 Sol Cativante VI, Lda. (Sol Cativante VI)  
 Martifer Solar MZ, S.A. (Martifer Solar Moçambique)  
 Greencoverage Unipessoal, Lda. (Greencoverage)

**Acquired companies:**
*In 2012:*

M. City Szczecin Sp. Z o.o. (M. City Szczecin)  
 LRCC – La Rad Campo Charro – Energias Renováveis, Lda. (LRCC)  
 Share Motivation – Inv. Imobiliários Unipessoal, Lda. (Share Motivation)  
 Magnum Cap Electrical Power, Lda. (Magnum Cap)  
 Martifer Solar, Ltda (Martifer Solar Brasil)  
 Steadfast Fairview Solar, Ltd (Steadfast Fairview Solar)  
 Steadfast Molland Solar, Ltd (Steadfast Molland Solar)  
 Steadfast Rudge Solar, Ltd (Steadfast Rudge Solar)  
 Steadfast Shipton Belinger Solar, Ltd (Steadfast Shipton Belinger Solar)  
 Steadfast Apsley Solar, Ltd (Steadfast Apsley Solar)  
 Bunge Roménia s.r.l. (Bunge Roménia)  
 Sol Cativante III, S.A. (Sol Cativante III)  
 Steadfast Parkhouse Solar Limited (Parkhouse)  
 Centralgest, Lda. (Centralgest)

The acquisition of these companies didn't have significant impact in the Income Statement and Consolidated statements of financial position of the Group in 2012

*In 2011:*

Canaverosa Renovables, SL (Canaverosa)  
 Sol Cativante II, S.A. (Sol Cativante II)  
 Sol Cativante IV, S.A. (Sol Cativante IV)  
 Sol Cativante, Lda. (Sol Cativante)  
 Park Charge-Energy Systems, Lda (Park Charge)  
 MPrime Gmbh (Mprime Gmbh)  
 Canopy – Naos (Canopy Naos)

**Sold companies:**
*In 2012:*

Eviva Energy SGPS, S.A. (Enerpetra)  
 Sol Cativante IV, S.A. (Sol Cativante IV)  
 Sol Cativante II, S.A. (Sol Cativante II)  
 Sol Cativante VI, Lda. (Sol Cativante VI)  
 Martifer – Hirschfeld Energy Systems LLC (Martifer – Hirschfeld Energy Systems)  
 Silverton Wind Farm Holding (Silverton Wind Farm)  
 Parque Solar Seseña II, S.L. (Parque Solar Seseña II)  
 Parque Solar Segovia, S.L. (Parque Solar Segovia)  
 Parque Solar Quintanar, S.L. (Parque Solar Quintanar)  
 Eurocab FV 20 S.L. (Eurocab FV 20)  
 Veiga & Seabra. S.A. (Veiga & Seabra)  
 Parque Tecnológico do Tamega (PTT)  
 Proempar, S.A (Proempar)  
 MTS 5 (MTS5)  
 Magnum Cap, Lda. (Magnum Cap)  
 Sol Cativante III, S.A. (Sol Cativante III)  
 Sol Cativante V, S.A. (Sol Cativante V)  
 Steadfast Parkhouse Solar Limited (Parkhouse)  
 Steadfast Shipton Belinger Solar, Ltd (Steadfast Shipton Belinger Solar)  
 Steadfast Rudge Solar, Ltd (Steadfast Rudge Solar)  
 MTS Trefinnick Solar, Ltd (MTS Trefinnick Solar)  
 MTS Hatchlands Solar, Ltd. (MTS Hatchlands Solar)

*In 2011:*

Home Energy II, S.A. (Home Energy)  
Repower Portugal – Sistemas Eólicos, S.A. (Repower Portugal)  
WPT – Wind Power Transmission S.A.  
Martifer Renewables Electricity LLC  
Martifer Renewables Wind LLC  
Martifer Renewables Solar Thermal LLC  
MTSK1 s.r.o. (MTSK1)  
Gesto Energia, S.A. (Gesto Energia)  
Martifer Renewables II Microprodução, S.A. (Martifer Renewables II Microprodução)  
G.I.G. - Gesto Investimento e Gestão, SGPS, S.A. (G.I.G.)  
Hidroavelar, Unipessoal Lda. (Hidroavelar)  
Sociedade Hidroelétrica do Távora, Unipessoal Lda. (Soc. Hidroelétrica do Távora)  
Sociedade Geotérmica da Bacia Lusitaniana, Unipessoal Lda. (Soc. Geotérmica da Bacia Lusitaniana)  
Gesto Itália, S.R.L. (Gesto Itália)  
Martifer II Inox SA (Arestalfer)  
Martinox SA (Martinox Angola)  
IWP Sp z.o.o. (IWP)  
Bukowsko Wind Energy Sp. Z.o.o. (Bukowsko)  
Eólica Faixa I, Ltda (Faixa I)  
Eólica Faixa II, Ltda (Faixa II)  
Eólica Faixa III, Ltda (Faixa III)  
Eólica Faixa IV, Ltda (Faixa IV)  
Eólica Faixa V, Ltda (Faixa V)  
Eólica Faixa, Ltda. (Eólica Faixa))  
Canopy – Apollo S.A.S. (Canopy)  
Gargano Solar Park (Gargano)

**Changes in the consolidation method:***In 2012:*

Resun Developments, S.A. – In 2011 was consolidated through the full consolidation method. In 2012, after the sale of its financial participation in this entity, Martifer Group maintained only 10% of participation, which is recorded at the cost.

MS – Participações Societárias, S.A. (MS Brasil) – from equity method to the cost, after the loss of joint control of this company with Santander Brazil.

Eólica Embuaca, Ltda. (Embuaca) - from equity method to the cost, after the loss of joint control of this company with Santander Brazil.

Eólica Mar e Terra, Ltda (Mar e Terra) - from equity method to the cost, after the loss of joint control of this company with Santander Brazil.

Eólica Bela Vista, Ltda. (Bela Vista) - from equity method to the cost, after the loss of joint control of this company with Santander Brazil.

Eólica Icarai, Ltda. (Icarai) - from equity method to the cost, after the loss of joint control of this company with Santander Brazil.

*In 2011:*

Ventipower, S.A. (Ventipower) – In 2010 was consolidated through the proportionate method. In 2011 this investment is recorded at cost as, with the sale of 50% of REpower Portugal, ceased the joint control that was held by Martifer Group.

Gesto Energia, S.A. (Gesto Energia) – In 2010 was consolidated through the full consolidation method. In 2011, after the sale of its financial participation in this entity, Martifer Group maintained only 5% of participation, which is recorded at the cost.

MS – Participações Societárias, S.A. (MS Brasil) - It changes from full consolidation method to equity method, in result of the contract celebrated with Santander bank in Brazil, which defines the joint control in this entity.

Eólica Embuaca, Ltda. (Embuaca) - It changes from full consolidation method to equity method, in result of the contract celebrated with Santander bank in Brazil, which defines the joint control in MS Brazil.

Eólica Mar e Terra, Ltda (Mar e Terra) - It changes from full consolidation method to equity method, in result of the contract celebrated with Santander bank in Brazil, which defines the joint control in MS Brazil.

Eólica Bela Vista, Ltda. (Bela Vista) - It changes from full consolidation method to equity method, in result of the contract celebrated with Santander bank in Brazil, which defines the joint control in MS Brazil.

Eólica Icarai, Ltda. (Icarai) - It changes from full consolidation method to equity method, in result of the contract celebrated with Santander bank in Brazil, which defines the joint control in MS Brazil.

#### **Other changes in the consolidation perimeter:**

##### *In 2012:*

Martifer Recycling Sp. Z.o.o. (Martifer Recycling Polónia) – merger by incorporation in Martifer Konstrukcje Sp. Z o.o. (Martifer Konstrukcje)

Martifer - Alumínios, S.A. (Martifer Alumínios Espanha) - merger by incorporation in Martifer – Construcciones Metálicas España, S.A. (Martifer Espanha)

Gebox, S.A (Gebox) – increase in financial participation by Martifer Energy Systems SGPS, S.A. from 65% to 100%.

Martifer Solar SGPS, S.A. (Martifer Solar SGPS) – decrease in financial participation by Martifer SGPS, S.A. from 75% to 55%.

Sol Cativante, Lda (Sol Cativante) – increase in financial participation by Martifer Solar, S.A. from 9.1% to 100%.

Ennebiuno S.R.L – acquisition of 100% of shares by MTS4, s.r.l., followed by merger in this company.

Ennebidue S.R.L – acquisition of 100% of shares by MTS4, s.r.l., followed by merger in this company.

Ennebitre S.R.L – acquisition of 100% of shares by MTS4, s.r.l., followed by merger in this company.

Fvexcava S.R.L – acquisition of 100% of shares by MTS3, s.r.l., followed by merger in this company.

Rosa dos Ventos S.A. (Rosa dos Ventos) – increase in financial participation by MS - Participações Societárias, S.A. from 95% to 97.5%.

##### *In 2011:*

Eviva Gizalki Sp. zo.o (Eviva Gizalki) – increase in financial participation by Martifer Renewables SGPS, S.A. from 70% to 72%.

Martifer Energia S.A (Martifer Energia) – merge by incorporation in Martifer Construções Metalomecânicas, S.A.

Martifer Renewables Brasil Participações Lda (Martifer Renewables Brasil Participações Lda) – transfer of financial participation of 55% from Martifer Renewables Investments ETVE to Martifer Renewables Italy BV

Martifer Energia Sp. Z.o.o. (Martifer Energia Polónia) – merge by incorporation in Martifer Konstrukcje Sp. Z o.o. (Martifer Konstrukcje)

Martifer Alumínios Angola – increase in financial participation by Martifer Alumínios, S.A. from 92% to 100%.

Porthold Project Development BV (Porthold) - decrease in financial participation by Prio Agriculture B.V from 100% to 55%.



### 3. INFORMATION BY BUSINESS SEGMENTS

The Group bases its disclosure of information for primary segments on its internal organisation in terms of management.

The Group is organised in two major business areas: 'Metallic Construction' and 'Solar' that are coordinated and supported by Martifer SGPS. The Metallic Construction business area includes all the construction activities of steel structures, aluminium façades and glass and stainless steel solutions. It includes also the wind power division, components, turbine assembly and turnkey wind farm delivery, engineering division and navy. In the 'Solar' segment the focus is on the production of PV panels, as well as the turnkey solar parks delivery, promotion, licensing, operation and maintenance of projects.

The 'RE Developer' segment includes the promotion and development of projects of renewable energy, with special emphasis in the wind sector. Amounts related with 'RE Developer' are presented in 'Others' segment, together with Martifer SGPS, Martifer Inovação e Gestão S.A. (MIG) and Martifer Gestione Si Servicii, S.R.L. (MIG RO).

The accounting policies used in the preparation of the information by business segments is the same used in the preparation of the attached financial statements (Note 1).

At 31 December 2012 and 2011, the breakdown of sales and services rendered by operating segments is as follows:

	SALES TO EXTERNAL CUSTOMERS		INTERSEGMENT SALES		TOTAL	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Metallic Construction	239,167,041	223,600,054	70,578,170	66,440,677	309,745,211	290,040,731
Solar	230,285,230	290,082,512	57,189,645	72,727,548	287,474,875	362,810,060
Others	29,563,184	18,169,580	15,173,312	27,959,452	44,736,496	46,129,032
	499,015,455	531,852,146	142,941,127	167,127,677	641,956,582	698,979,823
Intersegment eliminations					(148,350,411)	(147,637,850)
Own work capitalized (Note 5)					(12,214,246)	(19,489,827)
Sales and services rendered to external customers					481,391,925	531,852,146

The sales and services rendered decreased during this year, when compared with 2011. The Metallic Construction business presented an increase of 7% in sales and services rendered, mainly in result of the activity in markets as Brazil, France and Angola, which has been gradually, compensated the weak performance in Portugal.

In the Solar segment the sales and services rendered decreased, when compared with 2011, essentially due to the reduction in prices and to the delay in some projects that are expected to be recovered in 2013.

In 'Others' segment, the sales and services rendered in 2012 increased, when compared with 2011, in result of a stronger performance of solar plants in Spain, wind farms in Brazil, and the beginning of operation of Romanian wind farm, in 'RE Developer' segment.

At 31 December 2012 and 2011, the earnings before interest, taxes, amortizations, provisions and impairment losses (EBITDA), earnings before interest and taxes (EBIT) and profit after tax by operating segments are as follows:

	EBITDA			EBIT		
	FY 2012	FY 2011 RESTATED	FY 2011	FY 2012	FY 2011 RESTATED	FY 2011
Metallic Construction	(24,559,149)	(20,108,840)	(20,108,840)	(31,864,231)	(34,465,231)	(35,783,548)
Solar	15,991,510	20,075,287	20,075,287	13,318,287	18,051,531	18,051,531
Others	12,516,650	8,981,682	8,981,682	2,781,210	(3,034,915)	(3,034,915)
	3,949,011	8,948,129	8,948,129	(15,764,734)	(19,448,615)	(20,766,932)

	PROFIT AFTER TAX		
	FY 2012	FY 2011 RESTATED	FY 2011
Metallic Construction	(46,115,770)	(41,952,025)	(42,965,113)
Solar	3,592,757	9,483,084	9,483,084
Others	(11,889,606)	(14,047,437)	(14,047,441)
	(54,412,619)	(46,516,378)	(47,529,470)



Earnings before interest, taxes, amortizations, provisions and impairment losses (EBITDA) reached 3.9 million euro, showing a weaker performance when compared with 2011.

During 2012 the EBITDA margin of metallic construction was negatively affected by the recognition of negative operating margins in some projects in Poland, Iberia and Australia, by the recognition of costs related with the closure of industrial activity in Poland, reduction in production capacity in Portugal and by the record of impairment losses on balances of trade receivables and other debtors, particularly in Poland and Portugal.

In the Solar segment, the EBITDA margin was stable, when compared with 2011.

The gains and losses on associate companies, the carrying amount of the investments on associate companies, as well as the increases and reversals of provisions and impairment losses by operating segments are as follows:

	LOSSES IN ASSOCIATE COMPANIES		GAINS IN ASSOCIATE COMPANIES		CARRYING AMOUNT OF THE FINANCIAL ASSETS RECORDED UNDER EQUITY METHOD	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Metallic Construction	326,320	3,001,056	-	986,729	632,179	2,012,779
Solar	-	253,187	264,261	262,902	234,424	23,961
Others	6,346,893	4,111,886	4,597,517	3,507,384	14,813,408	12,831,087
	<b>6,673,213</b>	<b>7,366,129</b>	<b>4,861,778</b>	<b>4,757,015</b>	<b>15,680,011</b>	<b>14,867,827</b>

	PROVISIONS AND IMPAIRMENT LOSSES RECORDED IN THE YEAR		REVERSALS OF PROVISIONS AND IMPAIRMENT LOSSES RECORDED IN THE YEAR	
	FY 2012	FY 2011	FY 2012	FY 2011
Metallic Construction	804,734	6,376,810	1,380,187	263,369
Solar	1,478,901	1,916,289	1,524,889	2,095,687
Others	3,327,476	4,236,427	460,000	20,127
	<b>5,611,111</b>	<b>12,529,526</b>	<b>3,365,076</b>	<b>2,379,183</b>

The Group's net assets and liabilities by operating segments at 31 December 2012 and 2011 are as follows:

	ASSETS			LIABILITIES		
	FY 2012	FY 2011 RESTATED	FY 2011	FY 2012	FY 2011 RESTATED	FY 2011
Metallic Construction	382,567,279	402,462,001	422,316,180	322,965,218	309,271,519	313,526,187
Solar	288,991,897	316,051,710	316,051,710	208,354,852	238,252,385	238,252,385
Others						
RE Developer	224,126,986	245,416,809	245,416,809	94,798,380	104,138,288	104,138,288
Holding e MIGs	550,627,281	551,616,966	551,616,966	168,533,767	165,041,863	165,041,863
Intra-group eliminations	(469,938,243)	(497,568,330)	(497,568,330)	(45,532,240)	(66,442,023)	(66,442,024)
	<b>976,375,200</b>	<b>1,017,979,156</b>	<b>1,037,833,335</b>	<b>749,119,977</b>	<b>750,262,032</b>	<b>754,516,699</b>

The Group's capital expenditures (acquisition of tangible and intangible assets) and amortizations, by operating segments, till 31 December 2012 and 2011, are as follows:

	CAPITAL EXPENDITURES			AMORTIZATIONS		
	FY 2012	FY 2011 RESTATED	FY 2011	FY 2012	FY 2011 RESTATED	FY 2011
Metallic Construction	10,108,845	13,720,635	13,720,635	7,880,536	8,254,011	9,572,328
Solar	31,014,462	27,878,864	27,878,864	2,719,212	2,422,225	2,422,225
Others	4,972,190	19,655,340	19,655,340	6,867,962	7,570,165	7,570,165
	<b>46,095,497</b>	<b>61,254,840</b>	<b>61,254,840</b>	<b>17,467,710</b>	<b>18,246,401</b>	<b>19,564,718</b>

The amount of investment in fixed assets, during 2012, was essentially applied to the development of solar projects in the USA and France, by Martifer Solar (31 million euro), on the finalization of the Metallic Construction's new facilities in Brazil and to Metallic Construction's maintenance investment (10.1 million euro).

In 'Others' segment, during 2012 it was invested Euro 13,989,739 in the construction of Rymanow wind farm, in Poland, included in Assets held for sale (Note 27).

Sales and services rendered by geographical segments are as follows:

	FY 2012	FY 2011
Iberian Peninsula	116,567,096	131,459,157
European Union	187,215,194	256,730,493
Other markets	177,609,635	143,662,495
	481,391,925	531,852,146

The increase in the caption 'Other markets' in 2012, when compared with 2011, results essentially from the higher activity in Brazil, in 'Metallic Construction' segment, partially compensated by the reduction in activity of United States, in 'Solar' segment.

Net assets and capital expenditures by geographical segments are as follows:

	ASSETS			CAPITAL EXPENDITURES		
	FY 2012	FY 2011 RESTATED	FY 2011	FY 2012	FY 2011 RESTATED	FY 2011
Iberian Peninsula	451,186,687	542,329,373	554,487,125	6,653,802	12,308,657	12,308,657
European Union	271,809,991	302,844,355	310,540,782	16,909,189	23,724,187	23,724,187
Other markets	253,378,522	172,805,428	172,805,428	22,532,506	25,221,996	25,221,996
	976,375,200	1,017,979,156	1,037,833,335	46,095,497	61,254,840	61,254,840

## 4. SALES AND SERVICES RENDERED

At 31 December 2012 and 2011, the breakdown of sales and services rendered is as follows:

	FY 2012	FY 2011
Revenue from the sale of merchandise	93,531,554	143,766,817
Revenue from the sale of goods	116,783,060	184,513,128
Services rendered	271,077,311	203,572,201
Total of sales and services rendered	481,391,925	531,852,146

In 2012, the sale and services rendered decreased 9.5%, when compared with 2011, to Euro 481.4 million. This reduction is mainly influenced by 'Solar' segment, following the reduction verified in the sector, with the reduction of prices and the delay in some projects, as mentioned in Note 3 above.

## 5. OTHER INCOME

At 31 December 2012 and 2011, the breakdown of the caption 'Other income' is as follows:

	FY 2012	FY 2011
Change in production	(2,222,009)	(1,229,729)
Own work capitalized	12,214,246	19,489,826
Total of other income	9,992,237	18,260,097

The amount of 'Own work capitalized' in 2012 decreased, when compared with 2011, in which it is mainly related with the construction of solar parks in the United States, Italy and France, in the 'Solar' segment. In 2011, the own work capitalized was related with the construction of the plant of Martifer Construções in Brazil, in 'Metallic Construction' segment, which have already finished.

## 6. COST OF GOODS SOLD AND SUBCONTRACTORS

At 31 December 2012 and 2011 the cost of goods sold and subcontractors is as follows:

YEAR 2011	MERCHANDISE	RAW-MATERIALS, SUBSIDIARIES AND OTHER CONSUMABLES	TOTAL
Opening balance	6,478,958	32,555,678	39,034,637
Purchases	23,891,843	270,992,531	294,884,374
Changes in the consolidation perimeter, currency exchange differences, transfers and others	(6,174,860)	(18,263,416)	(24,438,277)
Closing balance	7,959,678	14,706,812	22,666,490
	<b>16,236,263</b>	<b>270,577,981</b>	<b>286,814,244</b>
<b>Subcontractors</b>			<b>101,667,505</b>

YEAR 2012	MERCHANDISE	RAW-MATERIALS, SUBSIDIARIES AND OTHER CONSUMABLES	TOTAL
Opening balance	7,959,678	14,706,812	22,666,490
Purchases	47,746,301	166,165,124	213,911,425
Changes in the consolidation perimeter, currency exchange differences, transfers and others	1,725,604	1,747,435	3,473,039
Closing balance	6,557,447	10,825,365	17,382,812
	<b>50,874,136</b>	<b>171,794,006</b>	<b>222,668,142</b>
<b>Subcontractors</b>			<b>87,329,097</b>

During 2012, these captions decreased, when compared with 2011, mainly due to the reduction in sales and services rendered, as mentioned in notes above.

The caption 'Subcontractors' includes external works related with construction contracts, mainly in 'Metallic Construction'.

## 7. EXTERNAL SUPPLIES AND SERVICES

At 31 December 2012 and 2011 the external supplies and services are as follows:

	FY 2012	FY 2011
Specialized works	25,450,933	14,285,471
Leases and rents	18,075,687	15,218,425
Transportation of goods	11,733,278	13,936,144
Travelling expenses	5,982,712	5,282,031
Electricity and Fuel	4,281,519	4,881,027
Insurance	3,770,943	4,167,089
Service Fees	2,663,009	3,387,472
Maintenance and repairs	2,409,785	3,100,734
Communications	1,919,575	1,904,111
Tools and devices	1,601,907	1,254,779
Security	1,450,375	1,701,826
Commissions	1,292,691	788,804
Advertising	1,277,161	1,075,672
Legal and notarial fees	1,015,034	965,606
Cleaning, health and safety	858,190	783,296
Other supplies and services	4,651,288	5,602,176
	<b>88,434,088</b>	<b>78,334,663</b>

The change in the caption 'Specialized works' is mainly related with costs of entry in new markets, following the strategy of internationalization and focus on countries with more favourable laws, in 'Solar' segment, and strong economic growth, in 'Metallic Construction' segment.

## 8. STAFF COSTS

At 31 December 2012 and 2011, staff costs are as follows:

	FY 2012	FY 2011
Salaries	65,570,460	61,839,837
Social contributions:		
Pensions and other benefits	13,514	46,543
Other staff costs	19,219,142	16,265,389
	<b>84,803,117</b>	<b>78,151,769</b>

The increase in staff costs in 2012, when compared with 2011, is related with the entry of new employees in new markets, with salaries above the average of the Group.

At 31 December 2012 and 2011, the caption 'Other staff costs' includes, essentially, the social security contributions, the food and health subsidies, insurance costs and compensation costs. The increase in this caption in 2012 is also related with compensations by termination of contracts, in result of the restructuring process that occurred in the Group.

## AVERAGE STAFF

During 2012 and 2011, the Group's average staff was as follows:

	FY 2012	FY 2011
Directors	30	30
Other employees	3,021	3,094
	<b>3,051</b>	<b>3,124</b>
Portuguese	1,898	1,792
Portuguese in foreign countries and foreigners	1,153	1,332
	<b>3,051</b>	<b>3,124</b>

## 9. OTHER OPERATIONAL GAINS AND LOSSES

At 31 December 2012 and 2011, the caption 'Other operational gains and losses' is as follows:

	FY 2012	FY 2011
Taxes	(4,637,235)	(1,967,548)
Impairment losses and reversals of impairment losses:		
- Trade debtors (note 23)	(13,885,955)	(4,232,218)
- Other impairment losses	(6,614,685)	269,790
Supplementary income	1,816,890	2,280,806
Capital Gains/ (Losses) in non-financial assets	2,820,357	1,290,329
Operating subsidies (Note 38)	446,074	760,452
Investment subsidies	1,247,338	315,540
Other operational gains/ losses	14,606,509	5,086,916
	<b>(4,200,708)</b>	<b>3,804,067</b>

The reduction in this caption, during 2012, relates essentially to the recognition of impairment losses to trade debtors balances and work in progress (Euro 20.5 million). The main amounts of impairment losses were in the 'Metallic Construction' segment, in Portugal (Euro 12.1 million) and in Poland (Euro 6.0 million).

This reduction was partially compensated by other situations, as the effect of the capitalization of development costs of wind farms, in 'RE Developer segment', mainly in the wind farm Babadag in Romania, recognized in the caption 'Other operational gains/losses' (Euro 7.5 million).

Additionally, it was recognized a gain from the sale of intangible assets in United States of America (Euro 2.0 million), in 'Solar' segment, and also the recognition of a government subsidy received in 2012 (Euro 1.0 million), in result of the conversion of a refundable loan into realization premium, after the project's evaluation in the 'Metallic Construction' segment.

## 10. PROVISIONS AND IMPAIRMENT LOSSES

The provisions and impairment losses during 2012 and 2011 were as follows:

	FY 2012	FY 2011
Goodwill impairment (Note 16)	95,555	790,190
Financial assets impairment	-	6,106,747
Tangible assets impairment	2,838,663	219,071
	2,934,218	7,116,008
Provisions arising from the use of the equity method	716,286	1,177,299
Provisions for customer guarantees	13,291	(402,731)
Other provisions	(1,417,760)	2,259,767
	(688,183)	3,034,335

The change in this caption is due, mainly, to the creation of provisions and impairment losses of Euro 2.8 million, to cover potential losses in projects in progress, in 'RE Developer' business area, particularly Poland and Romania.

The reversion of the caption 'Provisions' refers mainly to the reduction of provisions associated with construction contracts, by the fact that the guarantee period of respective projects had already finished.

## 11. NET FINANCIAL RESULTS

The net financial results for the years ended at 31 December 2012 and 2011 can be analysed as follows:

FINANCIAL INCOME	FY 2012	FY 2011
Loans and accounts receivable (including bank deposits)		
Interest income	5,449,620	3,605,978
Available for sale financial assets		
Dividend income	203	-
Gains on the sale of financial assets	1,122,338	7,188,806
Other financial income related to other financial assets		
Foreign exchange gains	11,883,862	20,146,656
Financial discounts received	-	-
Other financial income	584,179	1,262,808
	19,040,201	32,204,248

FINANCIAL EXPENSES	FY 2012	FY 2011
Loans and accounts payable		
Interest expenses in bank loans and in finance leases	27,469,408	24,163,100
of which included in the acquisition cost of assets in progress	(3,059,126)	(1,594,710)
Interest expenses of Swaps	-	306,874
Available for sale financial assets		
Losses on the sale of financial assets	2,317,249	2,247,336
Other financial expenses related to other financial liabilities		
Foreign exchange losses	16,502,511	22,444,986
Financial discounts granted	-	-
Other financial expenses	10,258,627	8,381,256
	53,488,670	55,948,842

At 31 December 2012 the captions 'gains on the sale of financial assets' and 'losses on the sale of financial assets' refer to the financial gains and losses with the sale of Sol Cativante III and affiliated companies of United Kingdom Parkhouse, Steadfast Shipton Belinger Solar, Steadfast Rudge Solar, MTS Trefinnick Solar and MTS Hatchlands Solar, all in 'Solar' segment. The 'gains on held for sale financial assets', in 2011, refer to the financial gains and losses related to the sale of 50% of share capital interest in Repower Portugal to Repower Systems AG, to the sale of Home Energy to EDP Serviços

The captions 'Foreign exchange gains / (losses)' are related with exchange variations registered in foreign subsidiaries, particularly in Brazil, Poland and Angola, and the changes in 2012 compared with the year of 2011 are mainly due to the variation of local currencies towards Euro, particularly due to the depreciation of Real (Brazil) and Kwanza (Angola), and appreciation of Polish Zloty (Poland) against the Euro.

At 31 December 2012 and 2011, an average interest rate of 8.32% % and 8.41%, respectively, was used in the capitalization of borrowing costs.

The 'Interest expenses included in the acquisition cost of assets in progress' increased, when compared to the previous year, resulting from the capitalization of borrowing costs to the construction of qualified assets. These values are mainly related to the borrowing costs capitalized in the construction of wind farms in Romania and solar plants in United States of America.

## 12. GAINS/ (LOSSES) IN ASSOCIATE COMPANIES AND JOINT ARRANGEMENTS

At 31 December 2012 and 2011, the gains and losses on associate companies and joint-ventures are as follows:

	FY 2012	FY 2011
Nutre Group	(5,580,080)	(4,005,476)
Prio Energy Group	1,728,605	2,449,092
SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A.	622,252	589,221
SPEE 3 – Parque Eólico do Baião, S.A.	254,024	190,790
Canaverosa Renovables, SL	171,605	9,715
Parque Solar Seseña I, S.L.	92,656	278,282
Promoquatro – Investimentos Imobiliários, Lda.	(25,938)	(186,546)
Macquarie	1,992,636	-
Liszki Green Park Sp zoo	(263,221)	-
M. City Szczecin Sp. Z o.o.	(6,441)	-
Martifer Amal, S.A.	(30,720)	-
MS – Participações Societárias, S.A.	(766,055)	-
Martifer – Hirschfeld Energy Systems LLC	-	(2,669,655)
Gebox, S.A.	-	152,423
M City Bialystok Sp. Zo.o	-	834,306
M City Radom Sp. Zo.o	-	(144,855)
Others	(758)	(106,410)
	(1,811,435)	(2,609,114)

In 2012, the amount of 'gains/ (losses) in associated companies and joint arrangements' includes the gain of the sale of Silverton project, in Australia, reflected through the application of equity method to the equity investment in Macquarie.

### 13. INCOME TAXES

The detail of the assets and liabilities that originate deferred taxes at 31 December 2012 and 2011 is as follows:

DEDUCTIBLE TEMPORARY DIFFERENCES	FY 2012		FY 2011	
	BASIS	DEFERRED TAX	BASIS	DEFERRED TAX
<b>With impact in Net Profit</b>				
Provisions not accepted for tax purposes	3,123,486	469,610	3,103,473	862,077
Tax losses	40,820,172	11,393,095	36,068,914	9,420,512
Others	3,971,210	1,361,652	2,749,738	1,081,846
<b>Total</b>	<b>47,914,867</b>	<b>13,224,356</b>	<b>41,922,125</b>	<b>11,364,435</b>
<b>With impact in Equity</b>				
Fair value of derivatives	365,173	96,771	366,141	97,028
Tax benefits	-	-	(851)	-
Others	143,949	22,611	111,324	29,500
<b>Total</b>	<b>509,121</b>	<b>119,382</b>	<b>464,614</b>	<b>126,528</b>
	<b>48,423,989</b>	<b>13,343,738</b>	<b>42,386,739</b>	<b>11,490,963</b>

TAXABLE TEMPORARY DIFFERENCES	FY 2012		FY 2011 RESTATED		FY 2011	
	BASIS	DEFERRED TAX	BASIS	DEFERRED TAX	BASIS	DEFERRED TAX
<b>With impact in Net Profit</b>						
Differences between cost and fair value	1,197,918	317,448	-	-	-	-
Deferral of capital gains taxation	60,565	325	60,565	325	60,565	325
Accruals not accepted for tax purposes	8,418,509	2,501,356	8,958,432	2,776,032	8,958,432	2,776,032
Others	1,846,651	113,650	1,687,586	103,861	1,687,586	103,861
<b>Total</b>	<b>11,523,643</b>	<b>2,932,780</b>	<b>10,706,583</b>	<b>2,880,217</b>	<b>10,706,583</b>	<b>2,880,217</b>
<b>With impact in Equity</b>						
Fixed assets revaluation (Note 1)	-	-	-	-	14,626,753	4,254,668
Fair value on the acquisition of subsidiaries	3,260,832	619,558	4,943,326	939,232	4,943,326	939,232
Others	140,510	31,557	143,499	32,229	143,499	32,229
<b>Total</b>	<b>3,401,343</b>	<b>651,115</b>	<b>5,086,826</b>	<b>971,461</b>	<b>19,713,578</b>	<b>5,226,129</b>
	<b>14,924,986</b>	<b>3,583,895</b>	<b>15,793,408</b>	<b>3,851,678</b>	<b>30,420,161</b>	<b>8,106,346</b>

Deferred tax assets and liabilities by geographical segments are as follows:

	DEFERRED TAX ASSETS			DEFERRED TAX LIABILITIES		
	FY 2012	FY 2011 RESTATED	FY 2011	FY 2012	FY 2011 RESTATED	FY 2011
Portugal	5,595,800	5,402,300	5,402,300	1,473,128	1,845,919	4,998,440
Spain	3,042,828	3,069,007	3,069,007	-	-	-
Australia	690,220	689,623	689,623	690,220	689,623	689,623
Brazil	374,491	378,696	378,696	-	-	-
Canada	103,910	103,297	103,297	-	-	-
Mexico	103,767	34,163	34,163	-	-	-
Poland	716,464	654,750	654,750	245,339	224,207	1,326,353
Romania	604,499	496,639	496,639	-	-	-
Slovakia	42,532	76,803	76,803	-	-	-
Mozambique	-	19,293	19,293	-	-	-
Italy	-	454,667	454,667	485,156	-	-
United Kingdom	-	111,725	111,725	-	-	-

	DEFERRED TAX ASSETS			DEFERRED TAX LIABILITIES		
	FY 2012	FY 2011 RESTATED	FY 2011	FY 2012	FY 2011 RESTATED	FY 2011
United States	2,069,227	-	-	690,052	1,091,930	1,091,930
	13,343,738	11,490,963	11,490,963	3,583,895	3,851,678	8,106,346

From the amount of deferred tax assets related with tax losses booked at 31 December 2012, of Euro 11,393,095, approximately 45% were generated in Portugal, and its time limit is 2017. The Group recognized these values with basis in projections realized to the each business activity, demonstrating that there will be positive taxable net profits to ensure its recoverability.

According to fiscal declarations and estimates of income tax of companies that registered deferred tax assets from tax losses carried forward, in 31 December 2012 and 2011, using for the purpose the tax rates applicable at the moment, they were detailed as follows:

	31 DECEMBER 2012			31 DECEMBER 2011		
	TAX LOSSES	DEFERRED TAX ASSETS	TIME LIMIT	TAX LOSSES	DEFERRED TAX ASSETS	TIME LIMIT
<b>With time limit of use</b>						
Generated in 2008	9,575	1,532	2016	9,575	1,532	2016
Generated in 2008	243,300	46,227	2013	243,300	46,227	2013
Generated in 2009	942,579	179,090	2014	942,579	179,090	2014
Generated in 2009	393,192	104,196	2015	393,192	104,196	2015
Generated in 2009	13,669	2,187	2017	13,669	2,187	2017
Generated in 2009	1,257,213	377,164	2024	1,257,213	377,164	2024
Generated in 2010	5,260,877	1,394,132	2014	5,260,877	1,394,132	2014
Generated in 2010	1,706,883	512,065	2025	1,706,883	512,065	2025
Generated in 2010	2,803,388	448,542	2018	2,803,388	448,542	2018
Generated in 2011	12,337,874	3,239,345	2015	12,337,874	3,239,345	2015
Generated in 2011	847,368	245,258	2016	2,236,363	654,748	2016
Generated in 2011	4,270,560	1,281,168	2026	5,603,963	1,681,189	2026
Generated in 2011	346,367	103,910	2031	346,367	103,910	2031
Generated in 2012	1,191,042	315,626	2017	-	-	
Generated in 2012	431,933	74,964	2019	-	-	
Generated in 2012	6,209,986	2,399,462	2027	-	-	
Generated in 2012	345,890	103,767	2022	-	-	
	<b>38,611,695</b>	<b>10,828,636</b>		<b>33,155,243</b>	<b>8,744,328</b>	
<b>Without time limit of use</b>						
Generated in 2010	207,761	62,328		207,761	62,328	
Generated in 2011	1,881,530	502,131		2,328,430	613,856	
	<b>2,089,291</b>	<b>564,459</b>		<b>2,536,191</b>	<b>676,184</b>	

At 31 December 2012, the deferred tax assets and liabilities are, respectively, Euro 13,343,738 and Euro 3,583,895 (2011: Euro 11,490,963 and Euro 3,851,678, respectively), with a positive impact in the income statement of Euro 2,728,627 (2011: positive impact of Euro 7,402,446).

At 31 December 2012 and 2011, taking into consideration the Portuguese tax legislation applicable to dividends, no deferred tax liabilities were recorded for the temporary differences arising from the appropriation of results of affiliated companies, due to the fact that such effect is not material to the accompanying financial statements.

The reconciliation between current tax and income tax is summarized as follows:

	FY 2012	FY 2011 RESTATED	FY 2011
Current tax	5,003,672	8,116,501	8,116,501
Deferred tax - generated by temporary differences	(141,177)	(2,329,328)	(2,634,553)
Deferred tax - reversal of temporary differences	(293,346)	(2,213,312)	(2,213,312)
Effect of changes in the income tax rate	(41,421)	-	-



Deferred tax - tax losses recognition	(2,784,372)	(2,859,807)	(2,859,807)
Adjustments to prior years	(55,004)	-	-
Deferred tax	(2,728,627)	(7,402,446)	(7,707,672)
Income tax	2,275,045	714,055	408,830

At 31 December 2012 and 2011, the reconciliation between the current and effective tax rate is as follows:

	FY 2012	FY 2011 RESTATED	FY 2011
Profit before tax	(52,024,638)	(45,802,328)	(47,120,640)
Income tax rate (nominal rate of 26.5%)	(13,786,529)	(12,137,617)	(12,486,970)
Non-taxable gains and losses:			
Sale of financial assets	265,670	(1,358,718)	(1,358,718)
Costs not accepted for tax purposes:			
Depreciations on revalued fixed assets	-	-	-
Impairment losses	777,568	1,885,742	1,885,742
Others	370,263	562,187	562,187
Results of associates using equity method	480,031	450,998	450,998
Tax benefits	(158,449)	(182,288)	(182,288)
Not recognized deferred tax assets arising from losses of current year	13,014,912	12,284,021	12,284,021
Reversion of deferred tax assets in the year	688,533	-	-
Different tax rates	452,720	321,489	321,489
Excess/ Insufficiency of income tax estimate	(84,141)	(463,760)	(463,760)
Other adjustments	254,467	(647,999)	(603,871)
<b>Effective income tax</b>	<b>2,275,045</b>	<b>714,055</b>	<b>408,830</b>

Martifer SGPS and its companies located in Portugal are individually taxed and are subject to a tax rate of 25%, in terms of corporate income tax ('Imposto sobre o Rendimento das Pessoas Colectivas' or IRC), increased by a municipal tax surcharge that can reach 1.5% of the taxable profit, and, when taxable profits exceed €2,000,000.00 a state surcharge of 2.5% applies.

According to article 88.º of Tax Code 'Imposto sobre o Rendimento das Pessoas Coletivas', Portuguese companies are also subject to an autonomous tax about some expenses, at tax rates defined in the mentioned code.

In 2012, Martifer SGPS, SA is covered by the special taxation of groups of companies' mechanism ("RETGS"), which comprises companies in which it holds, directly or indirectly, at least 90% of its capital and meet simultaneously with the other conditions set by that mechanism.

The other subsidiaries of the Group, not covered by this regulation, are taxed individually, through its taxable profit and tax rates applicable.

Additionally, the net income generated in foreign subsidiaries are taxed with local tax rates, in particular, those generated in Spain, Poland, Romania, France, Italy, Belgium, United States and United Kingdom are taxed of 30%, 19%, 16%, 33.9%, 28%, 34%, 40.5%, 34% and 26%, respectively.

Additionally, the Polish tax authorities granted Martifer Polska an income tax relief, for a period of 19 years. However, as this tax benefit is related to future taxable income and therefore it is not possible to quantify the future benefit.

Portuguese Tax Authorities can review the income tax returns of Martifer SGPS and of its Portuguese subsidiaries for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in course, under which circumstances, the periods are extended or suspended. Therefore, all annual tax returns from year 2008 till 2011 (inclusive) are still subject to such review.

The Board of Directors believes that any corrections that may arise as a result of such reviews would not produce a material impact to the accompanying consolidated financial statements.

As corroborated and supported by our lawyers, there are no material assets or liabilities associated to possible or probable tax contingencies that should be disclosed in the notes to the consolidated financial statements as of 31 December 2012 and 2011.

## 14. DIVIDENDS

In 2012 and 2011, the Group did not pay dividends.

## 15. EARNINGS PER SHARE

Martifer SGPS only issued ordinary shares, and as such, no shares have special voting or dividend rights.

Martifer has just one type of potential ordinary dilutive shares: stock options. In order to calculate diluted earnings per share it is necessary to determine if these stock options, independently of being or not exercisable, are diluted, which happened when the exercise price of the option is lower than the average market price of the shares.

Once the average market price of Martifer's shares, in the period between 1 January 2012 and 31 December 2012, was Euro 0.74, lower than the exercise price of the stock options (Euro 3.84), these stock options are non-diluted because, if the options were exercised, the number of shares outstanding would be reduced.

Therefore, at 31 December 2012 there were no differences between the basic earnings per share and the diluted earnings per share calculation.

The share capital of Martifer SGPS is represented by 100,000,000 ordinary shares, fully paid, representing a share capital of Euro 50,000,000.

The weighted average number of shares outstanding is deducted of 2,135,634 treasury stocks acquired by Martifer SGPS, between 2010 and 31 December 2012, corresponding to 2,215,910 shares.

At 31 December 2012 and 2011, the basic and diluted earnings per share can be summarised as follows:

	FY 2012	FY 2011 RESTATED	FY 2011
Profit for the year (I)	(55,852,988)	(48,587,256)	(49,600,348)
Weighted average number of shares outstanding (II)	97,864,366	98,819,058	98,819,058
Basic and diluted earnings per share (I) / (II)	(0.5707)	(0.4917)	(0.5019)
from continuing operations	(0.5696)	(0.4917)	(0.5019)
from disposal group classified as held for sale	0.0012	-	-

## 16. GOODWILL

The relevant information regarding the companies acquired by the Group during the year ended at 31 December 2012 can be summarised as follows:

ACQUIRED COMPANY	BUSINESS ACTIVITY	ACQUISITION DATE	% ACQUIRED	ACQUISITION COST
LRCC-La Rad Campo Charro - Energias Renováveis, Lda	Exploitation of renewables' plants	April 2012	100%	75,000
MTS 4, s.r.l.	Solar plant	October 2012	100%	494,666
MTS 3, s.r.l.	Solar plant	October 2012	100%	112,692
				<b>682,358</b>

These acquisitions were accounted in accordance with the purchase method and the majority represented cash out flows.

As a result of the above mentioned acquisitions, the Group decided not to abandon/sell any of the operations developed by the acquired companies.

Fair value allocation of the acquired assets and liabilities can be summarised as follows:

	CARRYING AMOUNTS OF ACQUIRED ASSETS AND LIABILITIES BEFORE THE ACQUISITION	FAIR VALUE ALLOCATION	FAIR VALUE
Net assets acquired			
Tangible assets	1,893,639	-	1,893,639
Intangible assets	7,000	-	7,000
Trade and other receivables	89,537	-	89,537
Cash and cash equivalents	519	-	519
Trade and other payables	(13)	-	(13)
Other	(1,947,668)	-	(1,947,668)
	43,014	-	43,014
Goodwill			639,344
Total acquisition cost			682,358
Acquisition cost to be liquidated in kind			-
Acquisition cost paid in cash			682,358
Cash flows generated by the acquisitions:			
Cash and cash equivalents paid			682,358
Cash and cash equivalents in the acquired companies			(519)
			681,389

The contribution of the acquired companies to the revenues and to the profit for the year ended 31 December 2012, between the companies' acquisition date and 31 December 2012, is immaterial. Additionally, the effect of the consolidation result of the acquired companies since 1 January 2012, both in revenues and profit, is also immaterial, and is therefore not disclosed.

Since the acquisitions of companies between 31 December 2012 and the date of approval of these financial statements were immaterial, the Board of Directors did not disclose them.

At 31 December 2012 and 2011, the movement occurred in the caption 'Goodwill' is as follows:

	FY 2012	FY 2011
<b>Cost</b>		
Opening balance	18,926,458	43,073,211
Acquisition of subsidiaries	734,900	793,190
Sale of subsidiaries	-	(278,659)
Effect of foreign currency exchange differences	172,355	175,276
Write-off of goodwill fully impaired	(790,190)	(24,836,560)
Others	-	-
<b>Closing balance</b>	19,043,523	18,926,458
<b>Accumulated impairment losses</b>		
Opening balance	790,190	24,836,559
Impairment losses recognized in the year	95,555	790,190
Sale of subsidiaries	-	-
Write-off of goodwill fully impaired	(790,190)	(24,836,560)
Others	-	-
<b>Closing balance</b>	95,555	790,190
<b>Carrying amount at the beginning of the period</b>	18,136,269	18,236,652
<b>Carrying amount at the end of the period</b>	18,947,968	18,136,269

In 2012, the amount of acquisition of subsidiaries includes one payment by milestones of Wiatrowa, in accordance to the initial purchase contract, and which is classified as Assets held for sale. In relation to this payment, it was recorded an impairment loss in 2012.

At 31 December 2012 and 31 December 2011, the breakdown of 'Goodwill' is as follow:

	FY 2012			FY 2011
	COST	ACCUMULATED IMPAIRMENT LOSSES	CARRYING AMOUNT	NET VALUE
Martifer Construções	5,448,792	-	5,448,792	5,448,792
Sassall Aluminium	5,356,394	-	5,356,394	5,188,766
Martifer Metallic Constructions	3,898,809	-	3,898,809	3,898,809
Navalria	1,618,675	-	1,618,675	1,618,675
Martifer Solar	1,493,776	-	1,493,776	1,493,776
Martifer Solar USA	388,195	-	388,195	383,467
Martifer Solar Hellas	72,205	-	72,205	72,205
LRCC-La Rad Campo Charro - Energias Renováveis	70,843	-	70,843	-
Porthold	14,379	-	14,379	14,379
MGI	8,373	-	8,373	8,373
Martifer GmbH	6,026	-	6,026	6,026
M Prime GmbH	3,000	-	3,000	3,000
MTS3	464,665	-	464,665	-
MTS4	103,836	-	103,836	-
Eviva Wiatrowa	95,555	(95,555)	-	-
	<b>19,043,523</b>	<b>(95,555)</b>	<b>18,947,967</b>	<b>18,136,268</b>

Fair value allocation of the acquired assets and liabilities, as well as the goodwill calculation was performed using the financial statements of the acquired companies at the date of acquisition.

The Group performs annual impairment tests to Goodwill, at the end of the year, as disclosed in the section 'Main accounting policies, judgements and estimates' of the notes to the consolidated financial statements of 2011. At 31 December 2012, an impairment loss in relation to goodwill in an amount of Euro 95,555 was recorded in the RE Developer segment. These impairment losses are recorded under the caption 'Provisions and impairment losses' in the income statements.

For impairment assessment purposes, goodwill was allocated to the cash generating units that are expected to benefit from the business combination within each operational segment. The recoverable amount for each cash generating unit was calculated based on its value in use, using a discounted cash flow method, supported by the business plans drawn by the people in charge of each unit and approved by the Board of Directors of the Group, and using different discount rates according to the risks inherent to each business.

At 31 December 2012, the methods and assumptions used in the identification, or not, of any impairment losses on the main amounts of goodwill recorded in the accompanying financial statements were as follows:

## METALLIC CONSTRUCTION

	MARTIFER CONSTRUÇÕES	MARTIFER METALLIC CONSTRUCTIONS	SASSALL ALUMINIUM	NAVALRIA
Goodwill	5,448,792	3,898,809	5,356,394	1,618,675
Period used	5 years cash flow projection	5 years cash flow projection	5 years cash flow projection	5 years cash flow projection
Growth rate (g) <sup>1</sup>	1.00%	1.50%	1.50%	0.50%
Discount rate <sup>2</sup>	10.46%	10.46%	8.99%	10.46%

<sup>1</sup> Growth rate used to extrapolate cash flows beyond the business plan period

<sup>2</sup> Discount rate applied to the projected cash flows

The Board of Directors at 31 December 2012 concluded that, based on the discounted value of the provisional cash flows of the cash generating units of this business segment, discounted at the applicable rate, the carrying amount of the net assets, including goodwill, did not exceed the recoverable amount.

The projected cash flows were based on the historic performance and on the expectations regarding future developments of the businesses. The people in charge of this segment believe that (in a scenario of normality) a change in the main assumptions used in the calculation of the recoverable amount will not result in impairment losses.

## SOLAR

MARTIFER SOLAR	
Goodwill	1,493,776
Period used	5 years cash flow projection
Growth rate (g) <sup>1</sup>	1.00%
Discount rate <sup>2</sup>	9.61%

<sup>1</sup> Growth rate used to extrapolate cash flows beyond the business plan period

<sup>2</sup> Discount rate applied to the projected cash flows

The cash flow projections were based on historic performance and expected efficiency improvements. At 31 December 2012, the Board of Directors concluded that, based on the discounted value of the provisional cash flows discounted at the applicable rates, the carrying amount of the remaining cash generating units, including goodwill, did not exceed the recoverable amount. The people in charge of this segment believe that (in a scenario of normality) a change in the main assumptions used in the calculation of the recoverable amount will not result in impairment losses, apart from the loss already recorded.

## 17. INTANGIBLE ASSETS

This caption is analysed as follows:

	FY 2012	FY 2011
<b>Cost</b>		
Software and other rights	26,145,255	30,057,374
Intangible assets in progress	24,119,844	17,841,232
Advances for the acquisition of intangible assets	99,623	687,015
	50,364,722	48,585,621
<b>Accumulated depreciation and impairment losses</b>		
Software and other rights	10,922,850	8,584,677
Intangible assets in progress	-	-
Advances for the acquisition of intangible assets	-	-
	10,922,850	8,584,677
<b>Carrying amount</b>	<b>39,441,872</b>	<b>40,000,945</b>

At 31 December 2012 and 2011, the gross amount of 'Intangible assets', reduced by impairment losses, can be analysed as follows:

YEAR 2011	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	ADVANCES FOR THE ACQUISITION OF INTANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2011	16,532,351	12,066,914	26,672	28,625,938
Additions	1,808,352	16,586,262	659,471	19,054,085
Sales, disposals and write-offs	(22,730,843)	-	-	(22,730,843)
Effect of foreign currency exchange differences	161,280	30,841	872	192,993
Changes in the consolidation perimeter	34,251,317	(10,349,403)	-	23,901,913
Transfers and other movements	34,917	(493,382)	-	(458,465)
<b>Closing balance at 31 December 2011</b>	<b>30,057,374</b>	<b>17,841,232</b>	<b>687,015</b>	<b>48,585,621</b>

FY 2012	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	ADVANCES FOR THE ACQUISITION OF INTANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2012	30,057,374	17,841,232	687,015	48,585,621
Additions	3,085,585	12,795,027	-	15,880,612
Sales, disposals and write-offs	(6,817,200)	(232,228)	(574,114)	(7,623,542)
Effect of foreign currency exchange differences	(22,460)	(217,684)	(13,278)	(253,422)
Changes in the consolidation perimeter	(25,726)	(5,841,245)	-	(5,866,971)
Transfers and other movements	(132,318)	(225,258)	-	(357,576)
<b>Closing balance at 31 December 2012</b>	<b>26,145,255</b>	<b>24,119,844</b>	<b>99,623</b>	<b>50,364,722</b>

At 31 December 2012, the amount in 'Other rights' refers essentially to licenses for the construction of solar plants in Portugal, in 'Solar' segment, in the amount of Euro 6.4 million.

The caption 'intangible assets in progress' includes mainly the licenses for the construction of solar plants in United States, in 'Solar' segment, in the amount of Euro 21.8 million.

The capital expenditure, in 2012 relates, essentially, to the development of solar projects Silverado in United States of America, by Martifer Solar (Euro 11.0 million).

The sale of intangible assets is mainly related with licences for the construction of solar plants, in 'Solar' segments (Euro 6.8 million).

At 31 December 2012 the amount of borrowing costs capitalized in intangible assets was Euro 1,987,696 related to borrowings obtained to the construction of solar projects in United States.

At 31 December 2012 and 2011, the accumulated depreciation of 'Intangible assets' can be analysed as follows:

FY 2011	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	ADVANCES FOR THE ACQUISITION OF INTANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2011	6,235,890	-	-	6,235,890
Additions	2,328,378	-	-	2,328,378
Sales, disposals and write-offs	(6,867)	-	-	(6,867)
Effect of foreign currency exchange differences	(10,724)	-	-	(10,724)
Changes in the consolidation perimeter	142,876	-	-	142,876
Transfers and other movements	(104,876)	-	-	(104,876)
<b>Closing balance at 31 December 2011</b>	<b>8,584,677</b>	<b>-</b>	<b>-</b>	<b>8,584,677</b>

FY 2012	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	ADVANCES FOR THE ACQUISITION OF INTANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2012	8,584,677	-	-	8,584,677
Additions	2,351,982	-	-	2,351,982
Sales, disposals and write-offs	-	-	-	-
Effect of foreign currency exchange differences	(3,623)	-	-	(3,623)
Changes in the consolidation perimeter	2,460	-	-	2,460
Transfers and other movements	(12,646)	-	-	(12,646)
<b>Closing balance at 31 December 2012</b>	<b>10,922,850</b>	<b>-</b>	<b>-</b>	<b>10,922,850</b>

#### Carrying amount

2011	21,472,697	17,841,232	687,015	40,000,945
2012	15,222,405	24,119,844	99,623	39,441,872

## 18. TANGIBLE ASSETS

This caption is analysed as follows:

	FY 2012	FY 2011 RESTATED	FY 2011
<b>Cost</b>			
Land and buildings	91,325,592	96,012,886	129,908,354
Equipments	105,292,662	109,258,139	109,719,941
Tangible assets in progress	97,542,316	91,880,915	91,880,914
Other tangible assets	62,614,240	62,919,114	62,919,117
	<b>356,774,810</b>	<b>360,071,054</b>	<b>394,428,326</b>
<b>Accumulated depreciation and impairment losses</b>			
Land and buildings	17,935,741	15,826,402	30,329,493
Equipments	52,821,114	49,806,980	49,806,980
Other tangible assets	12,650,431	9,352,703	9,352,706
	<b>83,407,286</b>	<b>74,986,085</b>	<b>89,489,179</b>
<b>Carrying amount</b>	<b>273,367,524</b>	<b>285,084,969</b>	<b>304,939,148</b>

At 31 December 2012 and 2011, the gross amount of land and buildings, equipments, tangible assets in progress and other fixed assets, reduced by impairment losses, can be analysed as follows:

FY 2011	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2011	117,193,493	104,163,423	90,998,086	99,396,513	411,751,515
Additions	3,636,395	3,036,842	31,365,525	4,161,992	42,200,754
Sales, disposals and write-offs	(539,613)	(8,097,849)	(732,038)	-	(9,369,500)
Effect of foreign currency exchange differences	(2,006,870)	(2,484,809)	(1,896,350)	(224,185)	(6,612,214)
Changes in the consolidation perimeter	6,504,381	(1,488,375)	(11,176,177)	(40,330,482)	(46,490,653)
Impairment losses	-	-	-	(219,071)	(219,071)
Transfers and other movements	5,120,568	14,590,709	(16,678,132)	134,350	3,167,495
<b>Closing balance at 31 December 2011</b>	<b>129,908,354</b>	<b>109,719,941</b>	<b>91,880,914</b>	<b>62,919,117</b>	<b>394,428,326</b>

FY 2011 RESTATED	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2011	117,193,493	104,163,423	90,998,086	99,396,513	411,751,515
Changes in measurement policy	(33,895,467)	(461,803)	-	-	(34,357,270)
Additions	3,636,395	3,036,842	31,365,525	4,161,992	42,200,754
Sales, disposals and write-offs	(539,613)	(8,097,849)	(732,038)	-	(9,369,500)
Effect of foreign currency exchange differences	(2,006,870)	(2,484,809)	(1,896,350)	(224,185)	(6,612,214)
Impairment losses	-	-	-	(219,071)	(219,071)
Changes in the consolidation perimeter	6,504,381	(1,488,375)	(11,176,177)	(40,330,482)	(46,490,653)
Transfers and other movements	5,120,568	14,590,709	(16,678,132)	134,350	3,167,495
<b>Closing balance at 31 December 2011</b>	<b>96,012,887</b>	<b>109,258,138</b>	<b>91,880,914</b>	<b>62,919,117</b>	<b>360,071,054</b>

FY 2012	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2012 restated	96,012,887	109,258,138	91,880,914	62,919,117	360,071,054
Reclassification to Assets held for sale (Note 27)	(7,121,495)	-	(15,045,951)	-	(22,167,446)
Additions	1,524,851	3,079,957	38,427,751	1,172,055	44,204,614
Sales, disposals and write-offs	(1,631,955)	(6,908,259)	(2,126,522)	(22,706)	(10,689,442)
Effect of foreign currency exchange differences	273,887	(2,424,876)	(1,765,221)	(243,933)	(4,160,143)
Changes in the consolidation perimeter	(590,057)	1,039,688	(4,599,918)	(433,002)	(4,583,289)
Impairment losses	-	(735,600)	(2,103,063)	-	(2,838,663)
Transfers and other movements	2,857,474	1,983,613	(7,125,673)	(777,291)	(3,061,877)
<b>Closing balance at 31 December 2012</b>	<b>91,325,592</b>	<b>105,292,661</b>	<b>97,542,317</b>	<b>62,614,240</b>	<b>356,774,810</b>

The capital expenditure, in 2012 relates, essentially, to the development of solar projects in France, Italy and United States of America, in 'Solar' segment (Euro 3.5 million, Euro 6.7 million and Euro 3.3 million, respectively), and by the conclusion of the construction of the metallic construction facility located in São Paulo, Brazil (Euro 6.9 million). The increase, in this period, includes also the capital expenditure in wind farm Rymanow in Poland (Euro 14 million), which is classified as 'Assets held for sale'.

The amount of transfers and other movements in 2012 is mainly related with the transfer of the plant located in Vagos (Portugal) to the caption 'Investment Properties' (Note 19).

At 31 December 2012 the amount of borrowing costs capitalized in tangible assets was Euro 1,071,430 related to borrowings related to the construction of wind parks in Romania.

At 31 December 2012 and 2011, the accumulated depreciation of land and buildings, equipments, tangible assets in progress and other fixed assets can be analysed as follows:

FY 2011	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2011	26,791,627	45,332,305	-	7,727,570	79,851,502
Additions	4,267,767	9,158,552	-	3,810,023	17,236,341
Sales, disposals and write-offs	(6,213)	(2,414,815)	-	-	(2,421,028)
Effect of foreign currency exchange differences	(217,152)	(637,272)	-	(31,897)	(886,321)
Changes in the consolidation perimeter	(251,156)	(1,825,760)	-	(2,152,989)	(4,229,905)
Transfers and other movements	(255,380)	193,970	-	-	(61,410)
<b>Closing balance at 31 December 2011</b>	<b>30,329,493</b>	<b>49,806,980</b>	<b>-</b>	<b>9,352,706</b>	<b>89,489,179</b>

FY 2011 RESTATED	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2011	26,791,627	45,332,305	-	7,727,570	79,851,502
Changes in measurement policy	(13,312,196)	-	-	-	(13,312,196)
Additions	3,076,872	9,158,552	-	3,810,023	16,045,446
Sales, disposals and write-offs	(6,213)	(2,414,815)	-	-	(2,421,028)
Effect of foreign currency exchange differences	(217,152)	(637,272)	-	(31,897)	(886,321)
Changes in the consolidation perimeter	(251,156)	(1,825,760)	-	(2,152,989)	(4,229,905)
Transfers and other movements	(255,380)	193,970	-	-	(61,410)
<b>Closing balance at 31 December 2011</b>	<b>15,826,402</b>	<b>49,806,980</b>	<b>-</b>	<b>9,352,706</b>	<b>74,986,085</b>



FY 2012	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2012	15,826,402	49,806,980		9,352,706	74,986,085
Additions	3,418,084	8,538,931	-	3,319,210	15,276,225
Sales, disposals and write-offs	(265,096)	(5,061,716)	-	(12,667)	(5,339,479)
Effect of foreign currency exchange differences	73,534	(227,053)	-	(14,217)	(167,736)
Changes in the consolidation perimeter	293,813	(230,207)		(594)	63,012
Transfers and other movements	(1,410,996)	(5,821)	-	5,993	(1,410,821)
<b>Closing balance at 31 December 2012</b>	<b>17,935,741</b>	<b>52,821,114</b>	<b>-</b>	<b>12,650,431</b>	<b>83,407,286</b>

#### Carrying amount

<b>2011</b>	<b>99,578,861</b>	<b>59,912,962</b>	<b>91,880,914</b>	<b>53,566,411</b>	<b>304,939,148</b>
<b>2011 RESTATED</b>	<b>80,186,485</b>	<b>59,451,159</b>	<b>91,880,914</b>	<b>53,566,411</b>	<b>285,084,969</b>
<b>2012</b>	<b>73,389,851</b>	<b>52,471,547</b>	<b>97,542,317</b>	<b>49,963,809</b>	<b>273,367,524</b>

Main accounting policies and depreciation rates used for tangible fixed assets are disclosed in captions iv) and v) of the section 'Main accounting policies, judgements and estimates' in Note 1.

The cost of Tangible fixed assets held by the Group, acquired under financial leases, at 31 December 2012 was Euro 36,137,543, and its carrying amount Euro 23,112,914.

At 31 December 2012 and 2011, there were no tangible fixed assets pledged or mortgaged to financial institutions as guarantee for loans granted, except for the ones acquired through financial lease contracts or through Project Finance and those mentioned in Note 37.

During the year the Group assessed the estimated recoverable amount of some tangible fixed assets, taking into account internal and external factors, which could indicate that some assets were recorded at a higher value than their recoverable amount.

The assessment of impairments in tangible and intangible assets of the Group was based on the business plans of the companies with the assumptions described in Note 16. The applicable discount rates used varied between 8.99% and 10.46%, reflecting both country and activity risks. From this analysis, there was no need to recognize in the period impairment losses to tangible fixed assets.

## 19. INVESTMENT PROPERTIES

At 31 December 2012, the caption 'Investment property' relates to the following investment properties held by Martifer Group: Benavente Shopping Centre, Warehouses in Albergaria-a-velha (Portugal), Aricesti land (Romania) and the plant in Vagos (Portugal), all of them held by the Martifer Group to earn rental income.

These assets are carried at their fair market value, according to an independent appraisal made by specialized entities, according to international practices (RICS Red Book). Martifer Group will perform regular revaluations of these properties, and gains and losses arising from changes in the fair value will be charged to profit or loss in the period in which they arise.

At 31 December 2012 and 2011, the movement occurred in the caption 'Investment properties' is as follows:

	FY 2012	FY 2011
Opening balance	17,274,846	14,981,893
Transfers	3,448,525	1,891,036
Changes in fair value (Note 9)	86,393	835,252
Effect of foreign currency exchange differences	363,302	(433,334)
Reclassification to Assets held for sale (Note 27)	(4,966,297)	-
	<b>16,206,768</b>	<b>17,274,846</b>

The changes in fair value were recorded in Income Statement, in the caption 'Other operational gains/ (losses)'.

The global amount of evaluations realized in the year, as well as the value of which the assets are booked in Group financial statements is as follows:

	FAIR VALUE	INDEPENDENT APPRAISAL
Benavente Shopping Centre (Portugal)	9,364,000	9,364,000
Warehouses in Albergaria-a-velha (Portugal)	1,415,300	1,415,300
Land in Aricesti (Romania)	1,839,468	2,251,480
Plant in Vagos (Portugal)	3,588,000	3,588,000
	<b>16,206,768</b>	<b>16,618,780</b>

The transfer in 'Investment properties' refers to the reclassification of the plant in Vagos (Portugal) from 'Tangible assets' to this the caption, as a consequence of it had been rented.

At the end of 2012, the land in Aricesti, similarly to the other investment properties, was submitted to an independent appraisal, realized by Accento, which attributes a market value of Euro 2.25 million, much higher than its cost of acquisition. However, given the existence of a process which is in progress in the Court, to claim the ownership of the land, Group decided to maintain the land's value unchanged, basing in a principle of prudence.

The earnings obtained from investment properties, in 2012, amounted to Euro 922,578 (Euro 122,605 in 2011), and are recorded in the caption 'Sales and Services Rendered'.

## 20. FINANCIAL ASSETS UNDER THE EQUITY METHOD

At 31 December 2012 and 2011, financial assets under the equity method are as follows:

	PERCENTAGE OF SHARE CAPITAL HELD FY 2012	FY 2011	EQUITY 31.12.2012	NET INCOME 2012	FY 2012	FY 2011
Prio Energy	49.00%	49.00%	22,830,855	3,527,765	11,187,119	9,568,760
SPEE 3 - Parque eólico de Baião, SA	50.00%	50.00%	992,065	508,048	496,032	291,607
SPEE 2 - Parque eólico de Vila Franca de Xira, SA	50.00%	50.00%	2,165,478	1,244,503	1,082,739	771,854
MS Participações Societárias, SA	-	11.91%	-	-	-	718,373
Macquarie	50.00%	50.00%	4,087,679	831,940	2,043,840	1,504,455
Promoquatro - Investimentos Imobiliários, Lda	50.00%	50.00%	372,471	(51,876)	186,236	567,188
Martifer – Hirschfeld Energy Systems LLC	-	50.00%	-	-	-	1,445,591
Martifer Amal, S.A.	35.00%	-	1,288,520	(87,772)	445,944	-
Canaverosa	20.61%	-	243,047	350,357	119,044	-
Parque Sesena 1	20.63%	28.11%	310,978	247,083	115,380	-
Others	-	-	-	-	3,678	-
					<b>15,680,011</b>	<b>14,867,827</b>

The amount in 'Others', at 31 December 2012, includes the financial investments in M.City Szczecin and Liszki Green Park.

At 31 December 2012 and 2011, the movement occurred in this caption is as follows:

	FY 2012	FY 2011
Opening balance	14,867,827	30,021,125
Additions	445,944	
Application of the equity method	2,425,428	(571,881)
Increase in share capital	-	399,567
Sales	(1,445,591)	(10,494,837)
Change in Consolidation method for joint arrangements		
MS Participações Societárias	(718,373)	1,372,159
Impairment losses	-	(6,106,747)
Effect of foreign currency exchange differences	-	347,392
Other changes	104,777	(99,352)
Closing balance	<b>15,680,011</b>	<b>14,867,827</b>

The change of this caption is mainly justified by the disposal of the financial investment in Martifer-Hirschfeld Energy Systems LLC, and by the application of Equity Method in 2012 (Note 12).

## 21. AVAILABLE FOR SALE INVESTMENTS

At 31 December 2012 and 2011, available for sale investments are as follows:

	FY 2012	FY 2011
Non-current financial assets	1,663,963	1,739,039
Others	646,304	439,982
	<b>2,310,267</b>	<b>2,179,021</b>

At 31 December 2012 and 2011, the movement occurred in the caption 'Available for sale investments' is as follows:

	FY 2012	FY 2011
Opening balance	2,179,021	20,138,045
Additions	138,993	1,306
Sales	(16,478)	(20,000,000)
Changes in fair value	-	(2,047)
Other changes	8,731	2,041,717
	<b>2,310,267</b>	<b>2,179,021</b>

The decreases during 2011 are related with the end of a saving account that was blocked.

At 31 December 2012 this caption includes the amount of Euro 1,607,994 of a saving account in Rosa dos Ventos, which is blocked.

The available for sale investments do not have a determined maturity.

## 22. INVENTORIES

At 31 December 2012 and 2011, inventories are as follows:

	FY 2012	FY 2011
Raw-materials, subsidiaries and other consumables	10,701,150	14,492,572
Work in progress	5,299,576	6,279,712
Merchandise	6,557,447	7,959,678
Finished goods	1,833,889	2,420,934
	<b>24,392,062</b>	<b>31,152,897</b>

At 31 December 2012, the caption 'Work in progress' and 'Merchandise' includes Euro 5,628,584, related, to real estate projects in progress developed by the Group under finance leases (within the Metallic Construction segment, more specifically in the real estate activity) and includes, among others, the following projects:

- Amarante Gran Plaza;
- Taveiro Gran Plaza.

Except for these items, which realization can be over a one year period, all other assets classified in the caption 'Inventories' shall be realized in the short-term and were not given as a guarantee for loans obtained from financial institutions.

## 23. OTHER FINANCIAL ASSETS

At 31 December 2012 and 2011, financial assets, other than those described in Notes 20 and 21 above, are the following.

The detail of the caption 'trade and other receivables', for the periods ended at 31 December 2012 and 2011 is as follows:

	NON-CURRENT		CURRENT	
	FY 2012	FY 2011	FY 2012	FY 2011
<b>Cost:</b>				
<b>Trade receivables:</b>				
Trade receivables	31,505,073	34,868,752	146,320,356	173,654,448
Notes receivables	-	-	3,930,470	17,453,139
Doubtful trade receivables	-	-	18,468,425	10,776,302
<b>Total 'trade receivables'</b>	<b>31,505,073</b>	<b>34,868,752</b>	<b>168,719,251</b>	<b>201,883,889</b>
<b>Other receivables:</b>				
Related companies	100,321,045	95,520,254	15,764,687	13,470,752
Advances to suppliers	4,847	89,247	11,284,325	9,540,641
Others	8,465,440	5,208,083	43,002,651	22,856,433
<b>Total 'other receivables'</b>	<b>108,791,332</b>	<b>100,817,584</b>	<b>70,051,663</b>	<b>45,867,826</b>
<b>TOTAL</b>	<b>140,296,405</b>	<b>135,686,336</b>	<b>238,770,914</b>	<b>247,751,715</b>

The caption of non-current 'Trade receivables' refers mainly to an amount to be received from an associate company, in the 'Solar' segment, which will be regularized as soon as this company obtain revenues from the sale of energy. This receivable amount bears interests at the market rate.

At 31 December 2012 and 2011, impairment losses in accounts receivables are as follows:

	NON-CURRENT		CURRENT	
	FY 2012	FY 2011	FY 2012	FY 2011
<b>Accumulated impairment losses:</b>				
Doubtful trade receivables	-	-	18,362,123	10,776,302
Other receivables	121,503	111,036	7,779,142	2,801,698
	<b>121,503</b>	<b>111,036</b>	<b>26,141,265</b>	<b>13,578,000</b>
<b>Carrying amount – trade receivables</b>	<b>31,505,073</b>	<b>34,868,752</b>	<b>150,357,128</b>	<b>191,107,588</b>
<b>Carrying amount - other receivables</b>	<b>108,669,829</b>	<b>100,706,548</b>	<b>62,272,521</b>	<b>43,066,127</b>

The changes in accumulated impairment losses relating to accounts receivables are as follows:

	TRADE RECEIVABLES		OTHER RECEIVABLES	
	FY 2012	FY 2011	FY 2012	FY 2011
Opening balance	10,776,302	8,225,604	2,912,734	3,323,120
Additions (notes 9 and 10)	9,300,408	4,443,067	5,091,890	1,634,617
Reductions (note 10)	506,343	887,565	-	957,901
Changes of consolidation perimeter, foreign currency exchange rate difference and transfers	(1,208,244)	(1,004,804)	(103,979)	(1,087,102)
	<b>18,362,123</b>	<b>10,776,302</b>	<b>7,900,645</b>	<b>2,912,734</b>

At 31 December 2012 and 2011, the ageing of accounts receivables, before accumulated impairment losses, is as follows:

YEAR 2011	PAST DUE					
	TOTAL	NOT DUE	UNTIL 90 DAYS	BETWEEN 90 AND 180 DAYS	BETWEEN 180 AND 360 DAYS	MORE THAN 360 DAYS
Trade receivables	208,523,200	138,024,691	20,638,755	16,842,219	18,479,660	14,537,875
Notes receivables	17,453,139	17,199,433	210,860	-	42,846	-
Doubtful trade receivables	10,776,302	641,107	274,327	54,919	-	9,805,949
Other receivables	146,685,410	110,095,055	8,963,590	4,908,429	10,287,244	12,431,092
	<b>383,438,051</b>	<b>265,960,286</b>	<b>30,087,532</b>	<b>21,805,567</b>	<b>28,809,750</b>	<b>36,774,916</b>

YEAR 2012	PAST DUE					
	TOTAL	NOT DUE	UNTIL 90 DAYS	BETWEEN 90 AND 180 DAYS	BETWEEN 180 AND 360 DAYS	MORE THAN 360 DAYS
Trade receivables	177,825,429	77,037,879	35,750,753	17,540,982	20,555,761	26,940,054
Notes receivables	3,930,470	3,261,351	34,511	18,540	616,068	-
Doubtful trade receivables	18,468,425	1,157,093	280,086	169,308	1,948,787	14,913,151
Other receivables	178,842,996	149,061,170	9,346,189	2,502,276	3,441,421	14,491,939
	<b>379,067,320</b>	<b>230,517,493</b>	<b>45,411,539</b>	<b>20,231,106</b>	<b>26,562,037</b>	<b>56,345,144</b>

Group's credit risk exposure is due, mainly, to the accounts receivables from its operating activity. Amounts presented in the statement of financial position are net from accumulated impairment losses for doubtful debtors, which have been estimated by the Group in accordance with its experience and based on current conditions and the economic environment.

At 31 December 2012, the accounts receivables recorded as 'Doubtful trade debtors' are all considered to be impaired.

For the remaining outstanding balances, the Group considers that no deterioration of the credit capacity of the counterpart occurred and therefore such balances are not uncollectible.

The average collection period for the Group accounts receivables during 2012 was 223 days, being the main factor the current economic environment. Nevertheless this unfavourable environment, the Group is committed with the compliance of the Group's credit risk policy, namely in what concerns to the selection of debtors (in quality and amounts), as well as the effectiveness of the collections process.

The Board of Directors believes that the amount recorded in the caption 'Loans and accounts receivables' is very similar to its fair value, considering, particularly for the accounts receivables due for more than 180 days that it is not expected important losses beyond the impairment losses recorded.

The Group does not charge any interest as long as the established collection period (on average 90 days) is being respected. After that period, the interests are invoiced if they are contractually agreed, in accordance with the applicable law, depending on each situation, which tends to occur only in extreme situations.

At 31 December 2012 and 2011 the non-current balances with related companies refer mainly to supplementary capital granted which bear no interest and there is no reimbursement date.

At 31 December 2012 and 2011, the Group does not have any 'held-to-maturity' financial assets or 'financial assets at fair value through profit or loss'.

## 24. INCOME TAX AND CURRENT TAX ASSETS

At 31 December 2012 and 2011, current tax assets are as follows:

	FY 2012	FY 2011
<b>Income tax</b>	<b>2,692,473</b>	<b>2,366,787</b>
Value added tax	15,379,705	17,661,598
Tax in other countries	1,464,331	1,549,516
Other taxes	1,493,203	459,723
<b>Current tax assets</b>	<b>18,337,239</b>	<b>19,670,837</b>

The value added tax is the value of this tax to be recovered mainly in Portugal and Romania, in which it will be requested its reimbursement in 2013.

## 25. OTHER CURRENT ASSETS

At 31 December 2012 and 2011, the breakdown of the caption 'Other current assets' is as follows:

	FY 2012	FY 2011
<b>Accrued income</b>		
Production not invoiced (construction contracts)		
Gross value	123,070,681	119,390,752
impairment losses	(5,477,871)	-
Carrying amount	117,592,810	119,390,752
Interest to be received	46,391	164,393
Other accrued income	3,427,374	4,139,138
	<b>121,066,575</b>	<b>123,694,283</b>
<b>Prepayments</b>		
Insurances	1,505,437	1,573,546
Financial expenses	727,703	285,218
Rents	892,716	1,068,010
Other prepayments	905,635	1,497,242
	<b>4,031,492</b>	<b>4,424,016</b>
<b>Other current financial assets</b>	<b>620,583</b>	<b>-</b>
	<b>125,718,650</b>	<b>128,118,298</b>

Note that, until 2011, the increase of impairment losses to production not invoiced was recorded in 'Provisions', in Liabilities.

At 31 December 2012, the caption 'Other prepayments' includes, essentially, the prepayments related to specialized works that will be rendered/performed during 2013

The caption 'Other current financial assets', at 31 December 2012, refers mainly to green certificates, that Group has received through the production of electricity in Romania, and that were not yet sold at 31 December 2012.

At 31 December 2012 and 2011, information regarding construction contracts in progress is as follows:

	FY 2012	FY 2011
Total costs incurred with construction contracts in progress:		
- Metallic Construction	1,008,463,521	964,365,580
- Solar	141,210,144	185,842,143
Costs incurred with construction contracts in progress in the year:		
- Metallic Construction	279,603,320	233,609,628
- Solar	106,656,168	143,048,361
Total revenue incurred with construction contracts in progress:		
- Metallic Construction	1,019,145,350	973,965,515
- Solar	173,648,219	200,868,003
Revenue incurred with construction contracts in progress in the year:		
- Metallic Construction	274,618,131	287,385,231
- Solar	135,932,471	146,080,528
Advanced payments received from customers of construction contracts in progress:		
- Metallic Construction	16,468,817	3,958,021
Retentions performed by customers in construction contracts in progress:		
- Metallic Construction	12,792,079	12,777,593
- Solar	-	34,587
Guarantees provided to customers in relation to construction contracts in progress:		
- Metallic Construction	44,336,618	65,463,618
- Solar	23,882,955	5,875,767
Accrued income and accounts receivables related with construction contracts in progress:		
- Metallic Construction	84,818,127	73,610,088
- Solar	38,252,554	45,780,664
<b>Total of Production not invoiced (construction contracts)</b>	<b>123,070,681</b>	<b>119,390,752</b>
Deferred income and accounts payable related with construction contracts in progress:		
- Metallic Construction	23,356,961	18,656,413
- Solar	3,434,899	2,768,133
<b>Total of Production invoiced and not yet performed (construction contracts) – Note 35</b>	<b>26,791,860</b>	<b>21,424,546</b>

The guarantees provided to customers, disclosed in Note 37, include both construction contracts in progress and finished construction contracts. The average period of the guarantees is five years.

At 31 December 2012 and 2011, the Group's main construction contracts in progress that justify the outstanding balance of the caption 'Production not invoiced - construction contracts' are as follows:

	FY 2012	FY 2011
Scotland's National Arena (Martifer Construções and Martifer UK)	11,674,677	7,498,486
Ulla Bridge (Martifer Construções)	9,143,813	4,600,640
Photovoltaic park APRA - 6,6 MW (Martifer Solar)	6,681,804	-
Sport center Saudi Arabia (Martifer Construções)	6,024,520	-
Stadium Arena Fonte Nova (Martifer Construções and Martifer Brasil)	5,277,954	2,226,487
Photovoltaic park Parkhouse (Martifer Solar UK)	4,250,753	-
Photovoltaic park Rudge (Martifer Solar UK)	4,018,533	-
"Financial City" Saudi Arabia (Martifer Alumínios and Martifer Arábia Saudita)	3,467,117	-
Alstom - Mannheim 9 (Martifer Construções)	2,997,219	2,969,196
Building Marine Baía - Luanda (Martifer Construções)	2,822,385	2,911,667
Photovoltaic park Trefinnick (Martifer Solar UK)	2,820,089	-
Photovoltaic park CBS phase 5 (AEM)	2,493,102	-
Orleans new hospital ( Martifer Alumínios)	2,325,092	-
Baltic Arena Gdansk (Martifer Polska)	2,189,420	-
Photovoltaic park Cheleiros - 2 MW (Martifer Solar)	1,926,610	-
Birmingham Gateway (Martifer Alumínios UK)	1,806,572	-
Photovoltaic park AVALADES 14MW (Martifer Solar)	-	13,280,696
Photovoltaic park de LÜE - 2,846MWp (Martifer Solar França)	-	4,947,157
Photovoltaic park FERREIRAS - 6 MW (Martifer Solar)	-	4,944,888
Edinburgh International Conference Centre (Martifer Construções)	-	4,171,913
Sisk bridges - Poland (Martifer Construções)	-	3,320,986
Conversion of Sines Refinery-Phase 2 (Martifer Construções)	-	3,070,156
Kanhangulo (Martifer Angola)	-	2,939,689
Hertz Corporation (AEM)	-	2,354,336

## 26. CASH AND CASH EQUIVALENTS

The 'Cash and cash equivalents' caption can be analysed as follows:

	FY 2012	FY 2011
Cash and cash equivalents:		
Bank deposits	37,585,387	77,679,280
Cash	439,182	207,203
Investments in money market instruments	-	-
	<b>38,024,569</b>	<b>77,886,483</b>

'Cash and cash equivalents' includes cash on hand and in banks, maturing in no less than 3 months, which are subject to insignificant risk of change in value. At 31 December 2012 and 2011, no restrictions exist to the usage of the amounts recorded in the caption 'Cash and cash equivalents'.



## 27. ASSETS HELD FOR SALE

Martifer Renewables, SGPS, S.A. agreed, with IKEA Retail Sp. Zo.o., the sale of the shares of Energia Wiatrowa, Sp. Zo.o. conditional to compliance with some terms and conditions set out in the agreement, namely the conclusion of the Rymanow Project, a wind farm with 13 turbines, in the region of Podkarpackie, that is being developed by Energia Wiatrowa.

In December 2012, after the decision of closing the facility of Poland, an active plan for selling of lands and building of Martifer Polska, Sp. Zo.o. in 'Metallic Construction' segment, has started. Additionally, there are negotiations under way for the sale of real estate project of Szczecin (Poland), previously classified as investment property, for which the sale is highly probable. As such, all the conditions defined by IFRS 5 are met, so the assets of Poland were classified as 'Assets held for sale', at 31 December 2012.

In accordance with IFRS 5, the assets and liabilities related to Energia Wiatrowa, as well as the assets and liabilities of Poland, were classified as 'Assets held for sale' and 'Liabilities associated with Assets held for sale', respectively, and the net earnings disclosed in the caption 'Earnings of Assets held for sale'.

The breakdown of assets and liabilities of the business unit held for sale at 31 December 2012 is as follows:

	31 DECEMBER 2012
Tangible assets	22,167,446
Investment properties	4,966,297
Current assets	7,973,766
<b>Assets held for sale</b>	<b>35,107,509</b>
Current liabilities	9,524,921
<b>Liabilities associated with Assets held for sale</b>	<b>9,524,921</b>
<b>Net assets related with Assets held for sale</b>	<b>25,582,589</b>

In 2012, the net result of Assets held for sale was negative of Euro 112,936.

## 28. SHARE CAPITAL, TREASURY SHARES AND NON-CONTROLLING INTERESTS

### Share capital and treasury shares

Martifer SGPS, SA share capital, fully subscribed and paid at 31 December 2012, amounts to Euro 50,000,000 and it is represented by 100,000,000 bearer shares with a nominal value of 50 cents each. All shares have the same rights, including one vote per share. During 2012 and 2011, no movements occurred in the number of shares of the Group.

During 2012, Martifer SGPS, S.A. acquired on stock exchange 468,259 treasury shares (2011: 1,187,410 treasury shares were acquired). After these acquisitions, the Group held 2,215,910 treasury shares, corresponding to 2.22 % of its capital.

At 31 December 2012, the share capital of Martifer SGPS, S.A. was held in 42.70% by I'M SGPS, S.A., in 37.5% by Mota-Engil SGPS, S.A. and 2.22% are treasury shares. The remaining 17.58% represents free-float listed in Euronext Lisbon

### Stock options

There is one stock options plan attributed to some employees of the Group, as approved by the General Shareholders' Meeting, applicable to some employees with the aim of motivating the value creation.

The stock options attributed will automatically expire, whenever the employee is no longer working in any of the Group companies.

Reserves relating to share options, that were included in this caption at 31 December 2011, amounting to Euro 198,980 reflected the fair value of the services rendered by employees adjusted, at each balance sheet date, by the impact of the review of the original estimate resulting from the recalculation of the number of options considered exercisable. At 31 December 2012, this amount was transferred to Retained Earnings as it was considered that the stock options are not exercisable.

### Share premium

The share premium corresponds to the additional amount obtained with the issuance of capital increases. In accordance with the Portuguese commercial legislation, the amounts included in this caption follow the established regimen of the 'Legal reserve', and therefore, they are non-distributable, except in case of liquidation of the company. However, it may be used to absorb losses, after all the other reserves are exhausted, or to increase share capital.

### Reserves

#### *Legal reserve*

Portuguese commercial legislation requires that at least 5% of the annual net profit must be appropriated to a legal reserve, until such reserve reaches at least 20% of the share capital. This reserve is non-distributable, except in the case of liquidation of the company. However, it may be used to absorb losses, after all the other reserves are exhausted, or to increase share capital.

This reserve is included in caption 'Other reserves' and amounts to Euro 7,696,844.

#### *Fair value reserves - revaluation of fixed assets*

Tangible assets revaluation reserve cannot be distributed to shareholders, except if it is fully depreciated or if the assets subject to revaluation have been sold. As mentioned in Note 1, the Group changed the measurement policy of lands and buildings, so that the respective reserve was reverted.

#### *Fair value reserves - Available for sale investments*

This caption reflects the fair value changes on financial instruments and cannot be distributed to shareholders nor be used to absorb losses.

#### *Fair value reserves – Cash flow hedge derivatives*

This caption reflects the fair value change in the cash flow hedges and cannot be distributed to shareholders nor be used to absorb losses.

#### *Foreign currency translation reserves*

Foreign currency translation reserves reflect the foreign currency exchange differences arising on: (i) translating foreign operations; (ii) net investment in subsidiaries and (iii) goodwill. This reserve cannot be distributed to shareholders nor be used to absorb losses.

#### *Stock options reserves*

Stock options reserves reflect the fair value of the services rendered by some workers reviewed, at each reporting date, by the number of options expected to become exercisable.

In accordance with the Portuguese legislation, the distributable reserves amount is determined taking into consideration the individual financial statements of Martifer SGPS, S.A. which have been prepared in accordance with IFRS. At 31 December 2012 Martifer SGPS, S.A. doesn't have reserves distributable.

#### *Other reserves*

At 31 December 2012, this caption includes a reserve, that is not available, amounting to Euro 2,868,519 related to the own shares amount.

### Non-controlling interests

Movements in the non-controlling interests are as follows:

	FY 2012	FY 2011
Opening balance	31,783,623	31,876,822
Net profit of the year	1,440,369	2,070,878
Other changes in equity of subsidiaries	(1,374,499)	315,090
Increase in the share capital of subsidiaries	32,400	-
Changes in the consolidation perimeter	119,912	(2,181,640)
Transactions with non-controlling interests	18,983,670	(231,934)
Other	(9,563)	(65,593)
	<b>50,975,912</b>	<b>31,783,623</b>

The increase in non-controlling interests, during 2012, is due, mainly, to the sale of 10,000,000 shares, representative of 20% of the share capital of Martifer Solar, and the acquisition of 35% of the negative equity investment in affiliated Gebox, increasing the participation of the Group to 100%, with an impact of Euro 15.6 million and Euro 2.6 million in non-controlling interests, respectively.

At 31 December 2012 and 2011, information regarding non-controlling interests is as follows:

	% NON- CONTROLLING INTERESTS			
	FY 2012	FY 2011	FY 2012	FY 2011
<b>Metallic Constructions</b>				
Martifer Construções Angola	21.25%	21.25%	915,330	697,033
<b>Solar</b>				
Martifer Solar	45.00%	25.00%	33,276,616	15,614,942
Martifer Solar Itália	45.00%	25.00%	3,471,628	2,375,789
Martifer Solar França	45.00%	25.00%	1,653,712	748,232
Martifer Solar Belgica	45.00%	25.00%	1,338,162	642,320
Martifer Construções Angola	21.25%	21.25%	915,330	697,033
Martifer Solar Sistemas Solares	45.00%	25.00%	808,868	508,503
M Prime	45.00%	25.00%	626,794	649,536
Solarparks	45.00%	25.00%	75,300	43,347
Pvglass	25.00%	47.50%	(2,395,790)	(1,908,309)
AEM	65.08%	52.38%	(1,959,283)	633,812
<b>Others</b>				
Ventinveste Indústria	54.00%	54.00%	10,000,000	10,000,000
Rosa dos Ventos	46.37%	47.75%	3,037,733	2,110,961
Martifer Renováveis – Geração de Energia e Participações	45.00%	45.00%	1,811,182	2,974,849
Others (< Euro 500,000)	-	-	(1,684,340)	(3,307,392)
			50,975,912	31,783,623

## 29. BORROWINGS

At 31 December 2012 and 2011, borrowings can be analysed as follows:

FY 2011	UNTIL 1 YEAR	BETWEEN 1 AND 3 YEARS	BETWEEN 3 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Financial institutions borrowings:					
Bank loans	66,385,760	44,786,192	45,542,572	29,218,523	185,933,047
Bank overdrafts	22,174,582	1,000,000	775,664	-	23,950,246
Authorized overdrafts	63,513,930	-	-	-	63,513,930
Other borrowings:					
Commercial paper	11,700,000	61,825,000	23,325,000	-	96,850,000
Other borrowings	3,434,736	531,770	4,576,174	3,859,665	12,402,345
	<b>167,209,008</b>	<b>108,142,962</b>	<b>74,219,410</b>	<b>33,078,188</b>	<b>382,649,568</b>

FY 2012	UNTIL 1 YEAR	BETWEEN 1 AND 3 YEARS	BETWEEN 3 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Financial institutions borrowings:					
Bank loans	81,687,445	70,074,451	36,686,840	19,565,015	208,013,751
Bank overdrafts	15,460,101	1,850,466	-	-	17,310,567
Authorized overdrafts	67,783,191	4,533,333	1,200,000	600,000	74,116,524
Other borrowings:					
Commercial paper	59,200,000	5,450,000	11,500,000	2,500,000	78,650,000
Other borrowings	4,900,095	4,575,550	3,708,697	2,656,515	15,840,857
	<b>229,030,832</b>	<b>86,483,800</b>	<b>53,095,537</b>	<b>25,321,530</b>	<b>393,931,699</b>

At 31 December 2012, the Group's net debt amounts Euro 377,173,488. We call your attention to the fact that the net debt calculation, includes, besides the borrowings mentioned above, the 'finance leases', 'derivatives' and 'cash and cash equivalents'.

In relation to the structure of the debt of the Group, the Board of Directors believes that, during 2013, the borrowings necessary to the financing of working capital will be renegotiated, an amount of approximately Euro 120 million, and it is expectable that the liquidation of the remaining short term borrowings be realized with the sale of assets, as the sale of wind farms in Romania and the remaining licences of solar parks in Portugal.

#### Other borrowings

At 31 December 2012 the caption 'Other borrowings' includes approximately Euro 4 million of obligations under finance leases (related to the financing of the real-estate projects recorded as 'Advances for the purchase of inventories' – Note 22) which, in case of sale of the referred projects, will be settled at that moment and not in accordance with the established reimbursement plan. The reimbursement of these loans is predicted to occur after 2012.

The caption 'Other borrowings' includes also the loans obtained from two Portuguese governmental agencies (Agência Portuguesa para o Investimento (API) and from 'Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento' (IAPMEI) as a support for the investment performed by the Group, amounting Euro 5.2 million. These borrowings bear no interest.

At 31 December 2012 and 2011, the outstanding borrowings are denominated in the following currencies:

FY 2011	FINANCIAL INSTITUTIONS BORROWINGS	OTHER BORROWINGS	TOTAL
Euro	205,389,607	109,252,344	314,641,951
Brazilian Real	16,891,244	-	16,891,244
New Leu	16,906,973	-	16,906,973
Zlotys	5,685,506	-	5,685,506
Others	28,523,895	-	28,523,895
	<b>273,397,224</b>	<b>109,252,344</b>	<b>382,649,568</b>

FY 2012	FINANCIAL INSTITUTIONS BORROWINGS	OTHER BORROWINGS	TOTAL
Australian dollar	2,188,058	-	2,188,058
Brazilian Real	20,031,407	-	20,031,407
Euro	215,022,701	94,490,855	309,513,556
Zlotys	6,596,503	-	6,596,503
New Leu	22,344,049	-	22,344,049
US dollar	33,258,127	-	33,258,127
	<b>299,440,844</b>	<b>94,490,855</b>	<b>393,931,699</b>

The average interest rates on borrowings are as follows:

FY 2011	AVERAGE RATES	RANGE OF INTEREST RATES (%)
Financial institutions borrowings:		
Bank loans	6.05%	[ 2.54%; 10.00% ]
Bank overdrafts	6.30%	[ 4.00%; 10.00% ]
Authorized overdrafts	6.33%	[ 3.43%; 21.00% ]
Other borrowings:		
Commercial paper	3.63%	[ 2.62%; 7.57% ]
Other borrowings	3.33%	[ 1.89%; 6.54% ]

FY 2012	AVERAGE RATES	RANGE OF INTEREST RATES (%)
Financial institutions borrowings:		
Bank loans	7.17%	[ 4.09%; 16.22% ]
Bank overdrafts	6.48%	[ 3.38%; 10.34% ]
Authorized overdrafts	5.67%	[ 2.25%; 21.00% ]
Other borrowings:		
Commercial paper	2.48%	[ 0.96%; 6.49% ]
Other borrowings	5.41%	[ 1.20%; 7.65% ]

The average interest rates on borrowings, by geographies, are as follows:

COUNTRY	INDEX	SPREAD
Australia	BBSY	[ 4.00; 4.00 ]
Brazil	CDI	[ 4.70; 9.00 ]
Spain	Euribor	[ 0.45; 6.00 ]
Italy	Euribor	[ 7.65 ]
Portugal	Euribor	[ 0.85; 7.50 ]
Poland	Wibor	[ 3.00; 3.50 ]
Romania	Euribor	[ 2.00; 4.75 ]

About 16% of bank loans pay a fixed interest rate or have interest rate hedging (Note 36). The fixed interest rates are in line with the tendency of the market. The remaining bank loans pay interests that are indexed to market rates of the respective terms, so that it is considered that the fair value of these borrowings is close to its carrying amount.

At 31 December 2012, the major bank borrowings of the Group are as follows:

	CONTRACT CURRENCY	VALUE (EUROS)	CONTRACT DATE	PERIOD	GRACE PERIOD OF CAPITAL	INSTALMENT PAYMENTS	FIRST INSTALMENT AMOUNT	LAST INSTALMENT AMOUNT
Martifer SGPS	EUR	26,250,000	Aug-10	5 Years	1 Year	Quarterly	1,640,625	1,663,899
Martifer Construções SA	EUR	2,150,000	May-11	5 Years	4 Months	Monthly	32,673	45,387
Martifer Construções SA	EUR	1,000,000	May-10	4 Years	1 6 Months	Quarterly	71,429	71,429
Martifer Alumínios SA	EUR	1,500,000	May-11	5 Years	4 Months	Monthly	22,795	31,665
Martifer Metallic Construction SGPS	EUR	20,000,000	Sep-10	5 Years	1 Year	Quarterly	1,250,000	1,477,273
Gebox SA	EUR	6,500,000	Feb-08	7 Years	2 Years	Quarterly	325,000	361,111
Martifer Construções SA	EUR	5,250,000	Nov-05	7 Years	2 Years	Quarterly	262,500	262,500
Martifer Energy Systems SGPS	EUR	5,250,000	Sep-10	5 Years	-	Quarterly	76,924	103,185
Martifer Construções SA	EUR	950,000	Jul-12	2 Years	1 6 Months	Monthly	36,765	42,340
Martifer SGPS	EUR	3,660,500	Oct-12	2 Years	1 3 Months	Quarterly	497,999	548,326
Martifer Construções SA	EUR	3,512,134	Jun-12	2 Years	1 6 Months	Quarterly	473,416	530,853
Martifer SGPS	EUR	15,000,000	Dec-12	4 Years	1 Year	Half annually	2,500,000	2,500,000
Martifer SGPS	EUR	1,900,000	Dec-12	5 Years	1 Year	Quarterly	95,000	95,000
Martifer Construções SA	EUR	5,000,000	Dec-12	7 Years	1 Year	Quarterly	250,000	250,000
Martifer Renewables Investments ETVE, S.L.	EUR	11,500,000	Dec-11	4 Years	-	Quarterly	718,750	718,750
Martifer Renewables Investments ETVE, S.L.	EUR	4,000,000	Jun-12	2 Years	3 Years	Half annually	1,000,000	1,000,000
Martifer Constructii Srl	RON	1,317,290	Aug-08	6 Years	-	Quarterly	62,728	62,728
Martifer Constructii Srl	RON	3,991,788	Aug-08	6 Years	-	Quarterly	190,085	190,085
Martifer Construções Metálicas LTDA	BRL	1,109,632	Nov-12	3 Years	1 Year	Quarterly	123,292	123,292
Martifer Construções Metálicas LTDA	BRL	3,328,895	May-12	3 Years	1 Year	Quarterly	416,112	416,112
Martifer Solar	EUR	18,500,000	Oct-08	7 Years	2 Years	Quarterly	792,986	792,986
Eviva Nalbant	RON	18,237,766	Apr-11	7 Years	0,5 Years	Half annually	961,147	966,532

At 31 December 2012, the major Project Finances obtained by the Group are as follows:

	CONTRACT CURRENCY	VALUE (EUROS)	CONTRACT DATE	PERIOD	GRACE PERIOD OF CAPITAL	INSTALMENT PAYMENTS	FIRST INSTALMENT AMOUNT	LAST INSTALMENT AMOUNT
Rosa dos Ventos Geração e Com. de Energia S.A.	BRL	13,732,483	Jun/08	20 Year	1 Year	Monthly	39,359	86,343
MTS7	EUR	2,667,000	Dec/12	18 Year	-	Quarterly	70,463	70,463

This amount is presented in the caption 'Bank loans'.

At 31 December 2012, the major commercial paper programmes that possibly will be renewed are as follows:

	MAXIMUM AMOUNT (EUROS)	CONTRACT DATE	PERIOD	AMOUNT USED
Martifer SGPS	50,000,000	Sep-08	5 Years	50,000,000

The interest rate of this paper programme is 0.96%.

For some of the borrowings above, and in accordance with the interest rate risk management policy, the Group contracted several derivatives instruments, which are described in Note 36, to convert the variable rates in force into fixed rates.

At 31 December 2012, the Group interest rate sensitivity analysis can be summarized as follows:

	ESTIMATED IMPACT 2012
Change in financial results due to a 1 p.p. alteration of the interest rate applied to the entire debt	4,146,873
Fixed-rate hedging	347,221
Interest rate derivatives instruments hedging	217,658
Sensitivity of financial results due to interest rate changes	<b>3,581,993</b>

The interest rate risk management policy aims to reduce the Group's exposure to variable interest rates using interest rate swaps. During 2012 and as a consequence of the evolution of interest rates in financial markets, this policy ended in the loss expressed in the table below:

COMPANY	HEDGE INSTRUMENT	NET INTEREST	BORROWING INTEREST	GAINS/(LOSSES) FROM THE HEDGE INSTRUMENT
Martifer SGPS	Interest Rate SWAP	962,778	880,979	(81,799)
Martifer Solar	Interest Rate SWAP	399,941	210,050	(189,891)
				<b>(271,690)</b>

### 30. OBLIGATIONS UNDER FINANCIAL LEASES

At 31 December 2012, the major finance leases contracts are as follows:

ASSET DESCRIPTION	PERIOD	CONTRACT AMOUNT	PURCHASE PERIOD	PURCHASE OPTION AMOUNT	GUARANTEES
Equipment for the line of production (PV Glass)	60 months	1,850,000	Before end of contract	37,000	Blank promissory note
Benavente shopping center	96 months	6,366,458	End of contract	124,911	Blank promissory note
Metallic structure	72 months	5,185,415	End of contract	103,708	Blank promissory note
Martifer Construções head-office	72 months	8,850,000	End of contract	177,000	Blank promissory note
Martifer equipments	72 months	6,000,000	End of contract	120,000	Blank promissory note
Various pieces of equipments	84 months	5,090,531	Before end of contract	101,811	Blank promissory note
Various pieces of equipments (stripping camera, cutting table, Calandra)	48 months	2,192,058	End of contract	43,841	Blank promissory note
Martifer fixed equipments	72 months	1,250,000	End of contract	22,500	Blank promissory note
Land and building (Gebox)	180 months	3,901,356	End of contract	78,027	Blank promissory note
Metallic structure	72 months	1,190,000	End of contract	23,555	Blank promissory note
Urban building	156 months	2,656,515	End of contract	-	Blank promissory note

At 31 December 2012 and 2011, obligations under finance leases contracts are as follows:

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	FY 2012	FY 2011	FY 2012	FY 2011
No later than 1 year	9,182,917	8,209,916	8,586,378	7,209,061
Later than 1 year and not later than 5 years	8,815,120	14,660,321	7,497,920	12,695,446
Later than 5 years	5,240,154	6,027,402	4,671,256	5,206,560
	23,238,192	28,897,639	20,755,554	25,111,067
Future finance charges	(2,482,638)	(3,786,572)		
Present value of minimum lease payments	20,755,554	25,111,067	20,755,554	25,111,067
Included in the financial statements as:				
Current borrowings			8,586,378	7,209,061
Non-current borrowings			12,169,176	17,902,006
			20,755,554	25,111,067

Additionally, at 31 December 2012 and 2011, rentals associated with operational leases contracts were as follows:

	FY 2012	FY 2011
No later than 1 year	707,099	869,575
Later than 1 year and not later than 5 years	1,088,196	925,883
Later than 5 years	30,063	-
	<b>1,825,358</b>	<b>1,795,458</b>

At 31 December 2012 and 2011, the caption 'External supplies and services' amounted to Euro 1,749,897 and Euro 1,390,195, respectively, related with operational leases rentals.

## 31. TRADE PAYABLES AND OTHER PAYABLES

At 31 December 2012 and 2011, trade payables and other payables can be analysed as follows:

	NON-CURRENT		CURRENT	
	FY 2012	FY 2011	FY 2012	FY 2011
<b>Trade payables</b>	12,239,542	10,747,650	165,013,219	202,293,996
<b>Other payables:</b>				
Fixed assets suppliers	-	-	840,425	965,889
Related companies and other shareholders	9,046,499	6,457,200	2,378,317	2,070,540
Advanced payments received from customers	387,403	-	11,316,045	14,171,560
Other creditors	395,101	253,775	35,966,130	21,073,731
<b>Total other payables</b>	9,829,003	6,710,975	50,500,917	38,281,720
<b>TOTAL</b>	<b>22,068,545</b>	<b>17,458,625</b>	<b>215,514,136</b>	<b>240,575,716</b>

The balance of non-current 'Trade payables' is related, mainly, with retentions in works performed by external parties, which will be released after the period of guarantee. These amounts bear no interest.

At 31 December 2012 and 2011, this caption includes accounts payable to suppliers as a result of the Group's operating activity, as well as from tangible and intangible assets acquisitions. The Board of Directors believes that the carrying amount of these balances is very similar to its fair value and the effect of the financial discount of those amounts is not material.

At 31 December 2012 and 2011, the ageing of accounts payable in captions 'Trade payables' and 'Other payables' is as follows:

FY 2011	PAST DUE					
	TOTAL	NOT DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	213,041,646	76,002,807	82,379,778	37,725,114	11,598,645	5,335,301
Other payables	44,992,694	27,759,270	5,603,367	1,858,745	1,206,508	8,564,804
	<b>258,034,340</b>	<b>103,762,077</b>	<b>87,983,145</b>	<b>39,583,860</b>	<b>12,805,153</b>	<b>13,900,105</b>

FY 2012	PAST DUE					
	TOTAL	NOT DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	177,252,761	121,875,816	27,811,437	12,174,659	7,144,728	8,246,121
Other payables	60,329,920	41,639,134	3,470,044	4,232,966	6,497,684	4,490,092
	<b>237,582,681</b>	<b>163,514,950</b>	<b>31,281,481</b>	<b>16,407,625</b>	<b>13,642,412</b>	<b>12,736,213</b>

The average payment period of the Group has increased to 227 days.

The accounts payable due for more than 180 days refers to amounts to pay to trade creditors in which the Group maintains regular commercial relations.

At 31 December 2012 and 2011, the non-current balances due to related companies and other shareholders refer to loans obtained from companies consolidated by the proportionate method, which bear interest at Euribor 3M increased by a 5.5% spread.

Besides the financial liabilities disclosed above and in Notes 29 and 30, the Group does not have any other financial liabilities.



## 32. PROVISIONS

The information related with 'Provisions' as of 31 December 2012 and 2011 can be detailed as follows:

	FY 2012	FY 2011
Quality guarantees	3,176,336	3,166,533
Legal claims in progress	604,844	225,203
Provisions arising from the use of the equity method	4,498,385	3,880,288
Onerous contracts	-	-
Others	4,241,128	6,111,741
	<b>12,520,693</b>	<b>13,383,765</b>

The movement in Provisions, during 2012, is as follows:

	OPENING BALANCE	ADDITIONS (NOTE 10)	REDUCTIONS NOTE 10	APPLICATIONS	CHANGE OF CONSOLIDATION PERIMETER, EXCHANGE RATE DIFFERENCES, TRANSFERS	CLOSING BALANCE
Quality guarantees	3,166,533	829,313	(816,023)	-	(3,488)	3,176,336
Legal claims in progress	225,203	384,293	-	-	(4,652)	604,844
Provisions arising from the use of the equity method	3,880,288	716,286	-	-	(98,189)	4,498,385
Onerous contracts	-	-	-	-	-	-
Others	6,111,741	747,000	(2,549,053)	(18,433)	(50,126)	4,241,128
	<b>13,383,765</b>	<b>2,676,893</b>	<b>(3,365,076)</b>	<b>(18,433)</b>	<b>(156,456)</b>	<b>12,520,693</b>

Quality guarantee provisions were recorded to meet potential quality problems resulting from the Group operating activities. In average quality guarantees have a 5 year life period. The provisions are recorded by a percentage of the construction value, which varies between 0.28% and 0.9%, depending on the business segment and company.

During the year, the Group reduced the quality guarantee provisions by the amount of Euro 2,717,916, associated to end of the period of guarantee of the projects.

At 31 December 2012, the caption 'Other provisions' includes the amount of Euro 1,549,853 related with a provision in companies Eurocab 12 to 19 about a dispute regarding the compliance of requirements in the application of tariff regime that regulates the activity of production of electricity, in a special regime. It includes also a provision to tax claims in the amount of Euro 540,000, to face corrections to income taxes of previous years, in 'RE Developer' segment.

The group did not record provisions for the decommissioning of the wind and solar parks, since it does not currently have any legal or contractual obligation to decommission those assets.

Taking into consideration the uncertainties surrounding these provisions as well as their nature, the Group did not perform the financial discount of those amounts.

## 33. CONTINGENT LIABILITIES

At 31 December 2012, the contingent liabilities were as follows:

- On 29 October 2009, Martifer Polska, in consortium with 'Ocekon Engineering s.r.o.' (Slovakia), concluded with Energomontaz – Południe S.A. an agreement for the works, whose object was to make the fabrication, execution, delivery and installation of steel roof of the Baltic Arena Stadium in Gdańsk (Poland), in the amount of approximately Euro 11.3 million. On the 2<sup>nd</sup> of September 2010, Martifer received, from Energomontaz – Południe S.A., a notice of immediate termination of the agreement without notice. As the main reason for the termination was alleged delays in execution, which in the opinion of the Martifer is totally unfounded, and ultimately ineffective. Despite attempts at amicable settlement of the matter, Martifer has been forced to

submit to the court a motion. On 17<sup>th</sup> of December, 2010, an official lawsuit has been delivered to the Court in Katowice, against Energomontaz. The amount of lawsuit is approximately Euro 12.6 million, which includes interests, cost of capital involved and full damage caused to Martifer by lack of cooperation. On 18 January 2012, the Energomontaz - Południe SA started a legal claim against Martifer, involving Euro 5.8 million. At 31 December 2012, Martifer Group recognized in its financial statements impairment losses related with accounts receivable, with production not invoiced and with the bank guarantee, so it is considered that the risk of this litigation is adequately reflected in the financial statements.

b) On 28 April 2011, a building agreement no. 3/Z/2011 has been signed between Martifer Konstrukcje and Śląskie Centrum Logistyczne. On 15 May 2012 Śląskie Centrum Logistyczne S.A., charged Martifer Konstrukcje with a penalty of 2,198,000 PLN, since, in their opinion, Martifer was delayed in contract realization. This amount was treated by the client as due payables and deducted to the receivables balance. On 4 October 2012 Martifer Konstrukcje sp. z o.o. submitted to the Court in Gliwice a motion against Śląskie Centrum Logistyki S.A., in which Martifer claims:

- An amount of 2,198,000 PLN with interests from 2<sup>nd</sup> of June 2012 as the payment for not paid invoice dated 27 April 2012, based on the building agreement;
- The amount of 2,198,000 PLN with interests from the date of court case, charged by the client as penalties for delays in final take over protocol;
- An amount of 543,367.44 PLN with interests from the date of court case, as a payment for additional works.

From above mentioned amounts, Martifer Konstrukcje has recognized in its books the receivable balance described in a. A provision of 50% of that amount has been created.

c) Martifer is involved currently in two arbitration proceedings. On one hand there is a dispute between Martifer and Alstom regarding the termination of project in Sostanj (Slovenia). Martifer claims for compensation under the Agreement, amounting EUR 1,379,634.43 and Alstom claims for damages and increased costs. In addition Martifer claims for the return of bank guarantees over EUR 6,123,819.40. On the other hand, there is a dispute between Martifer and Alstom regarding the termination of project in Mannheim (Germany). Martifer claims for compensation under the Agreement, amounting to EUR 6,858,075.51 for work done and costs incurred, reimbursement of EUR 3,512,134.38 for wrongfully called bank guarantees, as well as further amounts (financial charges for bank guarantees, interest, storage costs) to be determined. Alstom claims for damages and increased costs. The final amount of its counterclaims is still to be submitted. In order to safeguard the risk involved, the Group decided, as a matter of prudence, to recognize in its financial statements, an amount of impairment losses of Euro 11 million.

The Group's expectation is that there will not incur in losses from these processes, in addition to the amount of impairment losses that had been already recorded.

## 34. INCOME TAX AND CURRENT TAX LIABILITIES

At 31 December 2012 and 2011, 'Income Tax' and 'Current tax liabilities' are made up as follows:

	FY 2012	FY 2011
<b>Income Tax</b>	<b>3,623,443</b>	<b>5,051,259</b>
Value added tax	12,421,569	19,445,055
Social security contributions	1,619,163	1,814,090
Personnel income tax withheld	643,672	1,650,474
Other taxes	1,912,194	322,960
<b>Current tax liabilities</b>	<b>16,596,598</b>	<b>23,232,579</b>

## 35. OTHER CURRENT LIABILITIES

At 31 December 2012 and 2011, other current liabilities are made up as follows:

	FY 2012	FY 2011
<b>Accrued expenses</b>		
Holiday pay and bonuses	6,223,844	6,747,389
Interest borne but not yet overdue	3,622,926	2,235,754
Production performed by third parties not yet invoiced	3,613,297	1,520,772
Other accrued expenses	6,166,867	4,472,736
	<b>19,626,934</b>	<b>14,976,651</b>
<b>Deferred income</b>		
Production invoiced and not yet performed (related to construction contracts) (note 25)	26,791,860	21,424,546
Subsidies / Government grants (note 38)	1,502,984	1,279,308
Other deferred income	2,567,911	789,805
	<b>30,862,755</b>	<b>23,493,659</b>
	<b>50,489,688</b>	<b>38,470,310</b>

The increase in the caption 'Production invoiced and not yet performed (related to construction contracts)' reflects essentially the advance billing of Martifer Construções Brazil, carried out on behalf of the new projects that started, namely the project 'Museu do Amanhã'.

The 'Other accrued expenses', at 31 December 2012, relate to the supplies and external services rendered in 2012 and not yet billed.

At 31 December 2012 and 2011, the Group's main construction contracts in progress that justify the outstanding balance of the caption 'Production invoiced and not yet performed (related to construction contracts)' are as follows:

	FY 2012	FY 2011
Museu do Amanhã ( Martifer Brasil)	7,208,174	-
Birmingham Gateway (Martifer UK)	1,983,750	1,219,373
Ulla bridge (Martifer Espanha)	1,202,695	-
Hangar Airbus (Martifer França)	1,392,225	-
Viking Douro II (Navalria)	1,255,422	-
Viking Porto (Navalria)	1,255,422	-
Fonte Nova Stadium (Martifer Construções Brasil)	-	5,539,753
Castelão Stadium (Martifer Construções Brasil)	-	1,592,759
Solar plant of Inti (Reunion) - 3,485MWp (Martifer Solar França)	-	1,498,293
"Financial City" (Martifer Construções Angola)	-	1,148,939

## 36. DERIVATIVES

The Group uses derivatives to manage its exposure to interest rate risk in order to reduce the Group's exposure to variable interest rates using interest rate swaps. At 31 December 2012 and 2011, the following derivative contracts were in force:

### 31 December 2011

DERIVATIVE	COMPANY	COUNTERPART	NOCIONAL	TYPE	EXPIRY DATE	FAIR VALUE
Interest Rate Swap	Martifer Construções Metalomecânicas, SA	Banco Espírito Santo	1,050,000	Pays fixed Rate 4.39% + Sell Cap 4.65% and receives Euribor 3M	16/Nov/12	(18,705)
Interest Rate Swap	Martifer Construções Metalomecânicas, SA	Millennium BCP	1,050,000	Pays fixed Rate 3.58% and receives Euribor 3M	16/Nov/12	(15,725)
Interest Rate Swap	Martifer, SGPS, SA	Barclays	14,250,000	Pays fixed Rate 1.91% and receives Euribor 6M	22/Nov/13	(111,324)
Interest Rate Swap	Martifer Solar, SA	Santander Totta	14,800,000	Pays fixed rate of 2.24% and receives Euribor 3M	21/Oct/15	(331,711)
						<b>(477,465)</b>

**31 December 2012**

DERIVATIVE	COMPANY	COUNTERPART	NOCIONAL	TYPE	EXPIRY DATE	FAIR VALUE
Interest Rate Swap	Martifer, SGPS, SA	Barclays	8,750,000	Pays fixed Rate 1.91% and receives Euribor 6M	22/Nov/13	(118,477)
Interest Rate Swap	Martifer Solar, SA	Santander Totta	12,025,000	Pays fixed Rate 2.24% and receives Euribor 3M	21/Oct/15	(365,173)
Exchange Rate Swap	MMC, SGPS, SA	Barclays	4,369,115	Fixed Exchange rate 1.3275 USD / 1 Euro	31/Jan/13	(27,155)
						<b>(510,804)</b>

The difference to the amount that is recorded in Equity relates to the derivative financial instrument of Wiatrowa, company that is classified as asset held for sale.

The fair value of the derivative contracts above has been valued by the counterparties and as these derivatives qualify as cash flow hedges, the fair value has been recorded against an entry in the equity caption 'Fair value reserves – Derivatives' and in 'Derivatives' in Liabilities.

Fair value valuation of the derivatives hired by the Group (essentially interest rate swaps) was performed by the respective financial institutions acting as counterparty. The fair value valuation model used by the counterparty is based on the discounted cash flows, using the swaps par rates, listed in the interbank market, and available on Reuters and/or Bloomberg terminals for the negotiated periods, which are used to calculate the forward interest rates and discount factors. Then, the present value of the fixed cash flows (fixed leg) and the present value of the variable cash flows (floating leg) is calculated. From the addition of the two legs results the NPV (Net Present Value or discounted value of future cash flows or fair value of derivatives).

## 37. COMMITMENTS

### *Financial Guarantees*

At 31 December 2012 and 2011, the financial guarantees (bank guarantees and credit insurances) provided by the Group to third parties, namely to customers whose civil works have been performed by group companies, can be detailed by currency as follows:

	FY 2012	FY 2011
Euro	94,998,433	130,384,011
Zloty	21,862,624	22,392,677
New Leu	27,675	28,450
US dollar	45,365,186	32,636,624
Australian dollar	1,459,731	6,230,111
Moroccan Dirham	80,798	81,059
Czech Koruna	767,927	748,988
Mozambique Metical	33,967	59,591
Pound Sterling	4,657,162	1,851,083
Brazilian Real	12,382,677	-
	<b>181,636,180</b>	<b>194,412,594</b>

The breakdown by Group Company is as follows:

	FY 2012	FY 2011
Martifer Construções	33,659,581	49,181,381
Martifer Metallic Constructions SGPS	14,891,023	15,742,647
Martifer Solar Srl	17,688,003	14,751,686
Martifer Solar	18,639,946	16,799,169
Martifer Renewables SGPS	17,795,778	16,262,898
Navalria	1,449,256	1,494,486
Martifer Alumínios	9,589,548	14,803,238
Martifer Solar Sistemas Solares	541,692	40,826,704
Martifer Construcciones Metalicas Espanha	2,542,863	1,568,156
Martifer Solar NV	1,276,516	12,188,936
Martifer Polska	2,159,274	4,212,885
Martifer Constructii	853,788	1,397,625
Martifer Construções, Ltda (Brasil)	12,382,677	-
Martifer Solar USA, INC	9,171,901	-
Martifer Silverado Fund, LLC	34,786,071	-
Sassall Aluminium PTY LTD	1,459,731	1,435,644
Martifer Construções SK	721,772	-
Martifer Konstrukcje	1,493,030	1,264,395
Martifer Solar Hellas	100,000	100,000
Martifer Construções SAS	297,693	-
Eviva Hidro SRL	27,675	-
EUROCAB FV 1 SL	29,770	28,792
EUROCAB FV 8 SL	11,227	11,227
EUROCAB FV 9 SL	11,227	11,227
EUROCAB FV 10 SL	11,227	11,227
EUROCAB FV 11 SL	11,227	11,227
EUROCAB FV 12 SL	11,227	11,227
EUROCAB FV 17 SL	11,227	11,227
EUROCAB FV 18 SL	11,227	11,227
Martifer Energia Srl	-	102,752
Martifer Alumínios Espanha	-	502,088
Promoquatro	-	192,072
Eviva Nalbant SRL	-	28,450
Mprime Solar Solutions SA	-	1,000,000
PV Glass SA	-	450,000
	<b>181,636,180</b>	<b>194,412,594</b>

At 31 December 2012 and 2011, the commitments related to import documentary credits are as follows:

	FY 2012	FY 2011
Martifer Solar, SA	37,537,349	43,805,985
Martifer Solar Sistemas Solares	-	12,677,905
Mprime, SA	1,055,819	-
Martifer Solar INC	341,064	-
	<b>38,934,232</b>	<b>56,483,890</b>

Additionally, the most significant operating warranties in force are as follows:

	FY 2012	FY 2011
Martifer Solar	5,289,601	35,110,414
Martifer Solar Sistemas Solares	25,257,693	-
Mprime SA	1,000,000	-
Martifer SGPS	88,898,000	88,898,000
	<b>120,445,294</b>	<b>124,008,414</b>

The amount for Martifer SGPS includes a guarantee pledged in favour of BP Portugal to cover payments resulting from the acquisition of fuels by Prio Energy, S.A. as well as other guarantees assumed under contracts to build solar parks.

As EPC contracts entered by Martifer Solar to build solar parks oblige it or associate companies to assume certain responsibilities regarding quality of equipment and design, photovoltaic facilities construction performance ratios and power output of the installed photovoltaic modules, Martifer SGPS has agreed to cover those needs of Martifer Solar and its associate companies regarding the responsibilities assumed under these contracts. Martifer Solar is presently considered to have the capacity to support its own commitments without recourse to the Holding Company.

The amount for Martifer Solar relates to the commitments assumed under contracts to build solar parks in Spain.

### *Pledges or Mortgages*

At 31 December 2012, the assets pledged or mortgaged to financial institutions are as follows:

COMPANY	GUARANTEE	ASSET VALUE	DEBT AMOUNT
Martifer Metallic Constructions SGPS	Share pledge of Martifer Alumínios SA	225,000	16,250,000
Martifer SGPS	Share pledge of Martifer Solar SA	27,500,000	18,302,885
Martifer Renewables SGPS	Share pledge of Martifer Renewables ETVE, S.A.U *	65,100	-
Martifer Polska   Martifer Konstrucje	Mortgage of building and lands **	16,519,391	3,787,425
Martifer SGPS	Mortgage of building in Oliveira de Frades (Components' plant)	5,704,940	15,500,000
	Assets pledge MT Construções	5,080,692	
Martifer Construções SA	Mortgage of building Benavente	2,701,452	5,000,000
Martifer SGPS	Mortgage of industrial building (Towers' plant)	3,344,970	5,000,000
Martifer SGPS   Martifer Construções SA   Martifer Alumínios SA e Navalria SA	Mortgage of industrial building (Monoblocos)	1,032,014	5,500,000
	Mortgage of administrative building	4,595,463	
	Mortgage of industrial building (Towers' plant)	3,344,970	
Martifer Construções Metálicas Ltd (Brazil)	Mortgage of building in Pindamonhangaba	11,835,527	3,328,895
Martifer Construções Metálicas Ltd (Brazil)	Mortgage of building in Pindamonhangaba	3,698,772	1,109,632
Martifer Construções Metálicas Ltd (Brazil)	Security deposit Banco Safra	147,951	295,902
Martifer Construções Metálicas Ltd (Brazil)	Security deposit Banco Safra	92,469	184,939
Rosa dos Ventos	Mortgage of 7 turbines and 7 steel towers	12,342,308	15,367,215
Rosa dos Ventos	Share pledge	4,527,297	4,527,297
Rosa dos Ventos	Application Liquidity Fund	1,607,994	1,187,306
		<b>104,366,311</b>	<b>95,341,495</b>

\* Related with bank guarantee amounting 72,500,000 zlotys granted to IKEA

\*\* Also associated to 366,763.33 zlotys of guarantees in Martifer Polska.

In addition, in respect to the acquired fixed assets, the Group has entered into the following commitments:

Within the scope of the agreement for attribution of energy injection capacity to the national electric grid for electric energy produced through wind parks, established between Ventinveste S.A. and the Portuguese Authorities, the consortium to which the Group belongs, was obliged to contribute an amount of Euro 41,833,493 to the financing (through the Innovation Fund) of research activities to be selected by the Economy Minister, which will be under the orientation and supervision of a public entity. From this

amount, Euro 12,173,546 is already paid (note 17). The Group's responsibility regarding this situation is limited to the maximum of 46% of the amount that was not yet paid.

## 38. SUBSIDIES AND GOVERNMENT GRANTS

At 31 December 2012, investment subsidies and government grants attributed to the Group are as follows:

	INVESTMENT AMOUNT	SUBSIDIES GRANTED	DEFERRED INCOME (NOTE 35)	AMOUNT RECORDED IN INCOME STATEMENT (NOTE 9)
Buildings and other constructions	10,581,528	8,456,290	928,291	418,691
Basic equipments	7,794,747	5,291,077	574,017	826,410
Office equipments	89,387	89,387	23	291
Other investment subsidies	61,233	57,592	653	1,946
<b>Balance at 31 December 2012</b>	<b>18,526,895</b>	<b>13,894,346</b>	<b>1,502,984</b>	<b>1,247,338</b>

At 31 December 2012, operational subsidies and government grants attributed to the Group recorded in the income statement caption 'Other gains and losses' are as follows:

COMPANY	DESIGNATION	AMOUNT RECORDED IN INCOME STATEMENT (NOTE 9)
Martifer Construções SA	Staff hiring grant	56,184
Martifer Construções SA	Training grant	1,392
Martifer Construções Brasil, SA	Staff hiring grant	380,434
Martifer Solar SA	Training grant	8,064
		<b>446,074</b>

## 39. RELATED PARTIES

### a) Balances and transactions

Group companies have commercial relationships between them that qualify as related parties transactions. All of these transactions are performed on an arm's length basis.

Therefore, all of these transactions have been eliminated, since the consolidated financial statements disclose information regarding the holding company and its subsidiaries as a unique company.

The balances and transactions performed with associate companies and joint ventures, as well as with other shareholders and related parties, amounted to the following:

	COSTS		REVENUES		ACCOUNTS RECEIVABLE		ACCOUNTS PAYABLE	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Associate companies	306,240	557,624	9,084,727	11,192,416	71,709,785	82,426,733	1,504,776	1,797,583
Joint Ventures	316,079	86,687	1,445,582	1,605,364	31,896,893	30,824,658	11,179,184	17,467,379
Other related parties	883,783	1,034,069	916,008	19,326,153	5,934,560	19,200,578	13,317,415	17,872,697
	<b>1,506,102</b>	<b>1,678,380</b>	<b>11,446,317</b>	<b>32,123,933</b>	<b>109,541,238</b>	<b>132,451,969</b>	<b>26,001,374</b>	<b>37,137,659</b>

The accounts receivable from associate companies are related with the supplementary capital to Nutre, SGPS, SA, recorded in 'Other debtors' non-current, which do not bear interest and has not defined reimbursement period. This amount is deducted from Euro 11,141,119 related to the Equity Method application in 2010, 2011 and 2012.

The accounts receivable from Joint Ventures relate mainly to the non-current loans granted to the companies Ventinveste, SA, M. City Bialystok Sp. Z.o.o. and M. City Radom Sp. Z.o.o..

Beyond the balances and transactions described in the tables above and below, no other balances or transactions were performed with related parties.

Accounts receivable and payable with related parties will be cash settled and are not covered by any guarantees. At 31 December 2012 and 2011 no impairment losses were recognized in connection with the above mentioned accounts receivable.

b) Board of Directors and key management staff remuneration

At 31 December 2012 and 2011, the Board of Directors and the key management staff remuneration amounted to Euro 3,377,169 and Euro 3,238,596, respectively.

These remunerations are determined by the Remuneration Committee, taking into consideration the individual performance and evolution of this kind of labour market.

Remunerations assigned to the Board of Directors and to the key management staff by remuneration grade can be summarized as follows (amounts in Euro):

	FY 2012	FY 2011
Fixed remuneration	3,048,198	2,657,428
Variable remuneration	246,593	427,704
	<b>3,294,791</b>	<b>3,085,131</b>

The statement on the remuneration policy for the management and supervisory bodies of Martifer SGPS, approved in accordance with Law 28/2009, as well as the total sums of remuneration attributed to them in 2012, individually and aggregated, is presented in the Corporate Governance Report.

Martifer SGPS, S.A. Board of Directors are as follows:

- i. Carlos Manuel Marques Martins
- ii. Jorge Alberto Marques Martins
- iii. Arnaldo José Nunes da Costa Figueiredo
- iv. Luís Filipe Cardoso da Silva
- v. Luís Valadares Tavares
- vi. Jorge Bento Ribeiro Barbosa Farinha

## 40. SUBSEQUENT EVENTS

There are no subsequent events to report.



## 41. CASH RECEIVABLES / CASH PAYMENTS RELATED TO FINANCIAL ASSETS

Cash receipts and cash payments related to financial assets in 2012 and 2011, are as follows:

	FY 2012	FY 2011
<b>Cash receipts:</b>		
Sale of Bukowsko wind farm	-	692,395
Sale of Repower	-	10,000,000
Sale of IWP wind farm	-	2,749,526
Reduction of the economic interest in MS Participações societárias (Faisas)	-	2,054,147
Sale of Gargano Solar	-	877,573
Advance for Wiatrowa	-	16,324,784
Sale of Silverton	1,874,086	-
Sale of MTESLLC	1,705,962	-
Sale of Resun	45,000	-
Sale of MTS5	32,755	-
Others	-	85,578
	<b>3,657,802</b>	<b>32,784,004</b>
<b>Cash Payments:</b>		
Acquisition of 12% of Gizalki	-	330,000
Milestones Wiatrowa	-	790,190
Acquisition of Martifer Alumínios	-	4,988,750
Acquisition of 2.5% of Rosa dos Ventos	883,962	-
Acquisition of 6.125% of Silverado	945,966	-
Acquisition of 99% of Solar Brasil	82,868	-
Others	-	28,000
	<b>1,912,796</b>	<b>6,136,940</b>

## 42. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 26 February 2013. Nevertheless, they are still subject to approval by the annual Shareholder's General Meeting. The Board of Directors believes that these will be approved with no significant changes.

## 43. EXPLANATION ADDED FOR TRANSLATION OF THE FINANCIAL STATEMENTS

These financial statements are a translation of the consolidated financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by European Union. In the event of discrepancies, the Portuguese version prevails.

Oliveira de Frades, 26 February 2013

### The Chief Accountant

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Isabel Cristina Loureiro Silva

### The Board of Directors

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Carlos Manuel Marques Martins

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Jorge Alberto Marques Martins

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Arnaldo José Nunes da Costa Figueiredo

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Luís Filipe Cardoso da Silva

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Luís Valadares Tavares

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Jorge Bento Ribeiro Barbosa Farinha



# **INDIVIDUAL FINANCIAL INFORMATION**





# 13

**INDIVIDUAL  
FINANCIAL  
STATEMENTS**

## 13 | INDIVIDUAL FINANCIAL STATEMENTS

### INDIVIDUAL INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 25)

	NOTES	FY 2012 IFRS (AUDITED)	FY 2011 IFRS (AUDITED)
Sales and services rendered	2	1,891,618	4,083,346
Supplies and external services	3	(308,498)	(1,138,198)
Staff costs	4	(970,764)	(2,024,767)
Impairment of accounts receivables (losses/reversals)	5	-	(826,362)
Other revenue and gains		178,643	82,681
Other expenses and losses		(80,267)	(17,448)
Earnings before depreciation, interest and taxes		710,732	159,253
Depreciation	9 and 10	(29,853)	(51,470)
Provisions and impairment losses	5	(4,138,781)	(21,680,643)
Operational earnings		(3,457,902)	(21,572,860)
Interest and similar revenue	6	1,448,840	10,630,299
Interest and similar expenses	6	(10,481,386)	(9,054,472)
Earnings before taxes		(12,490,448)	(19,997,033)
Corporate income tax	7	(27,438)	(1,230,677)
<b>Net income for the period</b>		<b>(12,517,886)</b>	<b>(21,227,710)</b>
Earnings per share			
Basic	8	(0.1279)	(0.2148)
Diluted	8	(0.1279)	(0.2148)

The accompanying notes are part of these financial statements

# INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 25)

	FY 2012 IFRS (AUDITED)	FY 2011 IFRS (AUDITED)
<b>Net income for the year</b>	<b>(12,517,886)</b>	<b>(21,227,710)</b>
Fair value of cash flow hedges (derivatives), net of tax	(18,882)	(81,823)
Fair value of available for sale financial assets, net of tax	-	-
Gains on revaluation of properties, net of tax	-	-
<b>Income recognised directly in equity</b>	<b>(18,882)</b>	<b>(81,823)</b>
<b>Total comprehensive income for the year</b>	<b>(12,536,769)</b>	<b>(21,309,533)</b>

The accompanying notes are part of these financial statements

## INDIVIDUAL STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012 AND 2011

(TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 25)

	NOTES	31 DECEMBER 2012 IFRS (AUDITED)	31 DECEMBER 2011 IFRS (AUDITED)
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible fixed assets	9	15,091	20,594
Tangible assets	10	16,355	50,407
Financial Investments – other methods	11	348,839,360	360,261,725
Group companies	12	24,206,816	1,178,460
Deferred tax assets	7	4,785,636	133,697
		<b>377,863,258</b>	<b>361,644,883</b>
<b>Current assets</b>			
Trade receivables	13	2,461,453	2,089,423
Advances to trade creditors		11,974	4,594
Corporate income tax	14	738,605	830,178
State and other public entities	14	485	-
Group companies	12	13,742,925	25,000,351
Other accounts receivable	13	124,162	4,034,252
Deferred expenses		461,458	1,278,585
Cash and cash equivalents	15	448,220	937,405
		<b>17,989,281</b>	<b>34,174,788</b>
<b>Total Assets</b>		<b>395,852,539</b>	<b>395,819,670</b>
<b>Equity</b>			
Share capital	16	50,000,000	50,000,000
Treasury Stock	16	(2,868,519)	(2,415,630)
Share premiums	16	186,500,000	186,500,000
Legal reserves	16	7,696,844	7,696,844
Other reserves	16	2,868,519	2,614,609
Retained earnings	16	(1,264,544)	20,217,077
Other changes in equity	16	(100,705)	(81,823)
Net profit for the year		(12,517,886)	(21,227,710)
<b>Total Equity</b>		<b>230,313,709</b>	<b>243,303,367</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Provisions		22,288	-
Borrowings	17	39,416,742	91,796,875
		<b>39,439,030</b>	<b>91,796,875</b>
<b>Current</b>			
Trade payables	18	726,189	672,661
State and other public entities	14	61,232	52,615
Group companies	12	8,314,128	108,131
Borrowings	17	115,226,690	58,460,703
Other accounts payable	18	1,653,083	1,313,995
Derivatives	19	118,477	111,324
		<b>126,099,799</b>	<b>60,719,428</b>
<b>Total Liabilities</b>		<b>165,538,830</b>	<b>152,516,303</b>
<b>Total Equity and Liabilities</b>		<b>395,852,539</b>	<b>395,819,670</b>

The accompanying notes are part of these financial statements



## INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 25)

	SHARE CAPITAL	TREASURY STOCK	SHARE PREMIUMS	LEGAL RESERVES	OTHER RESERVES	RETAINED EARNINGS	OTHER CHANGES IN EQUITY	NET PROFIT FOR THE YEAR	TOTAL
<b>Balance at the beginning of 2011</b>	<b>50,000,000</b>	<b>(852,587)</b>	<b>186,500,000</b>	<b>7,696,844</b>	<b>966,082</b>	<b>92,616,657</b>	<b>-</b>	<b>(70,836,538)</b>	<b>266,090,458</b>
Appropriation of the profit of 2010	-	-	-	-	-	(70,836,538)	-	70,836,538	-
Comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	(21,227,710)	(21,227,710)
Fair value of cash flow hedges (derivatives)	-	-	-	-	-	-	(81,823)	-	(81,823)
Fair value of available for sale financial assets	-	-	-	-	-	-	-	-	-
Gains on revaluation of properties	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(81,823)</b>	<b>(21,227,710)</b>	<b>(21,309,533)</b>
Distribution of dividends	-	-	-	-	-	-	-	-	-
Acquisition of treasury stock	-	(1,563,042)	-	-	1,563,042	(1,563,042)	-	-	(1,563,042)
Stock options	-	-	-	-	85,484	-	-	-	85,484
Sales of available for sale financial assets	-	-	-	-	-	-	-	-	-
Share capital increase in subsidiaries	-	-	-	-	-	-	-	-	-
Other operations	-	-	-	-	-	-	-	-	-
<b>Balance at the end of 2011</b>	<b>50,000,000</b>	<b>(2,415,630)</b>	<b>186,500,000</b>	<b>7,696,844</b>	<b>2,614,609</b>	<b>20,217,077</b>	<b>(81,823)</b>	<b>(21,227,710)</b>	<b>243,303,367</b>
<b>Balance at the beginning of 2012</b>	<b>50,000,000</b>	<b>(2,415,630)</b>	<b>186,500,000</b>	<b>7,696,844</b>	<b>2,614,609</b>	<b>20,217,077</b>	<b>(81,823)</b>	<b>(21,227,710)</b>	<b>243,303,367</b>
Appropriation of the profit of 2011	-	-	-	-	-	(21,227,710)	-	21,227,710	-
Comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	(12,517,886)	(12,517,886)
Fair value of cash flow hedges (derivatives)	-	-	-	-	-	-	(18,882)	-	(18,882)
Fair value of available for sale financial assets	-	-	-	-	-	-	-	-	-
Gains on revaluation of properties	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,882)</b>	<b>(12,517,886)</b>	<b>(12,536,769)</b>
Distribution of dividends	-	-	-	-	-	-	-	-	-
Acquisition of treasury stock	-	(452,889)	-	-	452,889	(452,889)	-	-	(452,889)
Stock options	-	-	-	-	-	-	-	-	-
Sales of available for sale financial assets	-	-	-	-	-	-	-	-	-
Share capital increase in subsidiaries	-	-	-	-	-	-	-	-	-
Other operations	-	-	-	-	(198,979)	198,979	-	-	-
<b>Balance at the end of 2012</b>	<b>50,000,000</b>	<b>(2,868,519)</b>	<b>186,500,000</b>	<b>7,696,844</b>	<b>2,868,519</b>	<b>(1,264,544)</b>	<b>(100,705)</b>	<b>(12,517,886)</b>	<b>230,313,709</b>

The accompanying notes are part of these financial statements

## INDIVIDUAL CASH FLOW STATEMENTS FOR THE PERIODS ENDED DECEMBER 31, 2012 AND 2011

(TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 25)

	FY 2012 IFRS (AUDITED)	FY 2011 IFRS (AUDITED)
<b>OPERATING ACTIVITIES</b>		
Receipts from customers	1,606,038	3,918,171
Payments to suppliers	(168,883)	(836,003)
Payments to employees	(1,093,677)	(2,085,495)
Cash generated from operations	343,478	996,673
Income tax paid	753,984	(221,377)
Other receipts/(payments) relating to operating activities	(68,743)	(347,091)
Cash generated from other operating activities	685,241	(568,468)
<b>Net cash generated by operating activities (1)</b>	<b>1,028,719</b>	<b>428,205</b>
<b>INVESTING ACTIVITIES</b>		
Receipts arising from:		
Financial assets	144,895,883	343,495,303
Tangible assets	17,375	29,435
Intangible assets	-	-
Interest and similar income	1,419,926	1,004,250
Dividends	-	-
Others	-	-
	146,333,184	344,528,987
Payments arising from:		
Financial assets	(145,319,208)	(367,180,135)
Tangible assets	(10,593)	(663)
Intangible assets	(4,600)	(25,789)
Others	-	-
	(145,334,402)	(367,206,587)
<b>Net cash generated by investing activities (2)</b>	<b>998,782</b>	<b>(22,677,600)</b>
<b>FINANCING ACTIVITIES</b>		
Receipts arising from:		
Borrowings	287,585,060	337,534,800
Issue of equity shares, supplementary capital and share premiums		
Grants and donations		
Others		
	287,585,060	337,534,800
Payments arising from:		
Borrowings	(280,348,121)	(304,447,222)
Leasing		
Interest and similar costs	(9,300,736)	(8,573,048)
Dividends		
Acquisition of treasury stock	(452,889)	(1,563,042)
Others		
	(290,101,746)	(314,583,312)
<b>Net cash generated by financing activities (3)</b>	<b>(2,516,687)</b>	<b>22,951,488</b>
Net increase in cash and cash equivalents (4)=(1)+(2)+(3)	(489,185)	702,093
Effect of foreign exchange currencies	-	-
Cash and cash equivalents at the beginning of the year	937,405	235,312
Cash and cash equivalents at the end of the year	448,220	937,405

The accompanying notes are part of these financial statements

# 14

**NOTES TO THE  
INDIVIDUAL  
FINANCIAL  
STATEMENTS**

## 14 | NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

### INTRODUCTORY NOTE

Martifer SGPS, S.A. ("Company") is a limited company, with its registered office at Zona Industrial, Apartado 17, Oliveira de Frades - Portugal, incorporated on October 29, 2004 and having as its principal activities the management of shareholdings held and the rendering of support services to the Group companies.

From June 2007, and following the successful an Initial Public Offer (IPO), Martifer SGPS, S.A. started trading on the Portuguese Stock Exchange, Euronext Lisbon.

The Company is obliged, in terms of Article 4 of Regulation no. 1606/2002, of the European Parliament and Council, of July, 19, to prepare its consolidation financial statements in conformity with the International Financial Reporting Standards as adopted by the European Union in terms of Article 3 of the said regulation.

The company adopted for the first time, in the 2010 economic period, the International Financial Reporting Standards, as adopted by the European Union.

All the amounts presented in these notes are expressed in Euro, unless otherwise indicated.

### 1. ACCOUNTING POLICIES

#### BASIS OF PREPARATION

The attached financial statements relate to the individual financial statements of Martifer SGPS, SA and were prepared in accordance with the International Financial Reporting Standards ('IFRS'), as adopted by the European Union, which came into effect at the beginning of the economic period started 1 January 2012. These are the International Financial Reporting Standards, issued by the International Accounting Standards Board ('IASB'), and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') or by the previous Standing Interpretations Committee ('SIC'), that have been endorsed by the European Union.

The attached financial statements have been prepared on a going concern basis from the accounting records of the Company and have been prepared under the historical cost convention, except for the revaluation of certain non-current assets and certain financial instruments, which are stated at fair value.

In preparing the financial statements in conformity with IAS/IFRS, the Board of Directors of the Company adopted certain assumptions and estimates that affect the assets and liabilities reported, as well as the revenue and costs incurred relating to the periods reported upon (Note 1 xvii)). All the estimates and assumptions made by the Board of Directors in respect of events and transactions underway were made with the best knowledge existing at the date of the approval of the financial statements.

#### Adoption of new, amended or revised standards and interpretations

The following standards, interpretations, amendments and revisions endorsed by the European Union and with mandatory effects from 1 January 2012, have been adopted in the current year:

	DATE OF ENDORSEMENT BY THE EU	EFFECTIVE DATE
Amendments to IFRS 7 - Financial instruments (Disclosure – Transfers of financial assets)	22-11-2011	01-07-2011

The adoption of the standards, interpretations, amendments and revisions mentioned above had no significant impact on the 2012 Group's consolidated financial statements.

#### New, amended or revised standards and interpretations not yet adopted

The following standards, interpretations, amendments and revisions, with mandatory effects in future annual periods were, up to the financial statements approval date, endorsed by European Union:

	DATE OF ENDORSEMENT BY THE EU	EFFECTIVE DATE
Amendments to IAS 1 – Presentation of financial statements (Presentation of Items of Other Comprehensive Income)	05-06-2012	01-07-2012
Amendments to IAS 19 - Employee Benefits	05-06-2012	01-01-2013
IFRS 10 - Consolidated Financial Statements	11-12-2012	01-01-2014
IFRS 11 - Joint Arrangements	11-12-2012	01-01-2014
IFRS 12 - Disclosure of Interests in Other Entities	11-12-2012	01-01-2014
IAS 27 - Separate Financial Statements	11-12-2012	01-01-2014
IAS 28 - Investments in Associates and Joint Ventures	11-12-2012	01-01-2014
IFRS 1 - First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	11-12-2012	01-01-2013
IAS 12 - Income Taxes (Deferred Tax)	11-12-2012	01-01-2013
IFRS 13 - Fair Value Measurement	11-12-2012	01-01-2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	11-12-2012	01-01-2013
Amendments to IFRS 7 Financial Instruments (Disclosure - Offsetting Financial Assets and Financial Liabilities)	13-12-2012	01-01-2013
Amendments to IAS 32 Financial Instruments (Presentation - Offsetting Financial Assets and Financial Liabilities)	13-12-2012	01-01-2014

At this date it is not possible to estimate the effects that the adoption of these standards could have on the financial statements of the Group.

#### New, amended or revised standards and interpretations not yet been endorsed by the European Union

As at this date, the following standards, interpretations, amendments and revisions have already been issued by the IASB /IFRIC but have not yet been endorsed by the European Union:

	EFFECTIVE DATE
IFRS 9 – Financial Instruments: recognition and measurement	01-01-15

At this date it is not possible to estimate the effects that the adoption of these standards could have on the financial statements of the Group.

## MAIN ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

The main accounting policies, judgements and estimates used in the preparation of the Group's consolidated financial statements for the years presented are as follows:

### **i) Non-current assets held for sale**

Non-current assets are classified as held for sale when their value is recovered through a sales transaction as opposed to through their continued use or when the Company loses control over a significant operational unit. However, such classification requires that the sale transaction be highly probable, that the asset is available for immediate sale, that the Board of Directors is committed to its sale and that it occurs in the short period (normally, but not exclusively, in the space of one year).

Non-current assets classified as held for sale are recorded at the lower of their carrying value or realisable value net of selling expenses, and the depreciation of fixed assets affected to an operational unit held for sale is interrupted during the related period.

**ii) Intangible assets**

Intangible assets acquired by the Company are stated at their acquisition cost, net of accumulated depreciation and impairment losses, and are only recognized if it is probable that future economic benefits will flow from them to the Company, their value can be reliably measured and if they are controlled by the Company.

Intangible assets comprise mainly software and other industrial property rights, which are depreciated on a straight-line basis over a 3 year period.

**iii) Tangible fixed assets**

Tangible assets are recorded at their acquisition cost, net of depreciation and accumulated impairment losses

The depreciation rates used correspond to the following estimated useful lives:

Transportation equipment	4 years
Office equipment	3 to 5 years

Maintenance and repair costs that neither increase the useful life nor create significant improvements in tangible fixed assets are recognized as costs in the year in which they are incurred.

**iv) Financial assets and liabilities**

Financial assets and liabilities are recognized in the balance sheet when the Company is a contractual party to the instrument.

**a) Financial instruments:**

The Company classifies financial assets in the following categories: 'Financial assets at fair value through profit or loss', 'Borrowings and receivables', 'Held-to-maturity investments' and 'Available-for-sale financial assets'. The classification depends on the intention inherent to the investment's acquisition.

The classification is made at the initial recognition date and re-appreciated on a quarterly basis.

- Financial assets at fair value through profit or loss: this category is divided into two sub-categories: 'financial assets classified as held for trading' and 'financial assets designated at fair value through profit or loss'. A financial asset is classified under this category, namely, if it is acquired for the purpose of selling it in the short term. Derivatives are also classified as instruments held for trading, except if designated as an effective hedging instrument. Financial instruments in this category are classified as current if they are held for trading or if it is expected that they are going to be realized within twelve months from the balance sheet date.
- Held-to-maturity investments: this category includes financial assets, non-derivative, with fixed or variable reimbursements with a fixed maturity, and which the Board of Directors intends to hold to maturity
- Available-for-sale financial assets: these include financial assets, non-derivative, that are designated as available-for-sale or those that are not and cannot be classified in the preceding categories. This category is classified as non-current, unless the Board of Directors has the intention to sell the investment within 12 months from the balance sheet date.

Held-to-maturity investments are classified as non-current investments, unless their maturity is less than a year from the balance sheet date. Financial assets designated by the Group at fair value through profit or loss are classified as current.

All purchases and sales of financial instruments are recognized on the trade date, irrespective of the date of the financial settlement.

These financial assets are initially measured at cost, which is the consideration paid for them, and include transaction costs in the case of available-for-sale investments.

After the initial recognition, financial assets valued at fair value through profit or loss and the available-for-sale investments are re-valued at their fair values with reference to their market value at the balance sheet date (measured by their quoted price or through an independent valuation), without regard for any transaction costs that may be incurred until their sale. Financial assets not quoted and in respect of which it is not possible to reliably estimate their fair value, are maintained at acquisition cost less impairment losses.

Gains and losses resulting from a change in the fair value of the 'available-for-sale financial assets' are recognized directly in equity, under the caption Fair value reserves until the investment is sold, received or in any way alienated, or until the fair value of the investment falls below the acquisition cost and this corresponds to an impairment, at which moment the accumulated gain or loss is recognized in the income statement.

Gains and losses resulting from changes in the fair value of 'Financial assets at fair value through profit or loss' are recognized in the income statement, under the caption 'Gains/losses in financial assets'.

'Held-to-maturity investments' are recorded at their amortized cost using the effective interest rate method, net of capital repayments and interest received.

Investments in subsidiaries and associated companies, as laid down by IAS 27, are valued at acquisition cost net of impairment losses.

#### b) Trade and other receivables

Trade and other receivable amounts have no implicit interest and are recorded at their nominal value less any impairment losses, recognized in the allowance account 'Accumulated Impairment losses', in order to reflect their net realization value.

#### c) Borrowings

Borrowings are recorded as liabilities at the nominal value received, net of up-front fees and commissions relating to the issuance of these instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis.

#### d) Trade and other payables

Accounts payable, which do not bear interest, are recorded at their nominal value which is substantially equivalent to their fair value.

#### e) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified based on their contractual substance. The Company classifies as equity instruments those contracts that evidence a residual interest of the Group in a group of assets after deducting a group of liabilities.

#### f) Derivatives

The Company uses derivative instruments solely to manage its exposure to financial risks by hedging these, and not with a trading objective. The use of derivative instruments has been approved by the Company's Board of Directors.

The derivative instruments used by the Company, classified as cash-flows hedges, are exclusively related to the hedging of interest rates on loans obtained. The loan amount, interest maturity and loan reimbursement plans inherent to the hedging instrument are in all respects similar to the established conditions for the contracted loans, resulting in perfect hedges.

Interest rate derivatives (Cash-flow hedges) are initially recorded at cost, if any, and subsequently re-valued at their fair value. The portion of the changes in the fair value of derivatives effectively covered are deferred in the statement of comprehensive income in the caption 'Fair value reserves – Derivatives', being transferred to the income statement in the same period that the hedge instrument affects the income statement. The gain or loss relating to the ineffective portion is recognized immediately in the income statement, when determined.

Hedge accounting is discontinued when the hedging instrument expires or is sold. When a hedging instrument no longer qualifies for hedge accounting the cumulative gain or loss that was deferred in the statement of comprehensive income in the caption 'Fair value reserves – Derivatives' is transferred to the income statement for the period and the subsequent revaluations of the derivative are also recorded in the income statement.

#### v) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury operations which mature in less than three months, readily convertible to a known amount of cash, and which are subject to insignificant value changes.

**vi) Revenue recognition and accrual based accounting**

Revenue and expenses are recorded in the period to which they relate, regardless of their date of payment or receipt. The captions of 'Other accounts receivable', 'Deferred expenses' and 'Other accounts payable' include expenses and income relating to the current period, where payment and receipt will occur in future periods, as well as payments and receipts in the current period but which relate to future periods.

Dividends from investments are recognized when the Company's right to receive them has been established.

Interest revenue is accrued on a time basis, with reference to the principal outstanding and the effective interest rate applicable for the operations.

**vii) Balances and transactions expressed in foreign currency**

All the assets and liabilities expressed in foreign currencies are translated to the functional currency, using the official exchange rate at the reporting date. The exchange differences, favourable or unfavourable, originating from the differences between the exchange rates at the transaction dates and those used at the collection, payment or at the balance sheet date, are recognized at their gross amount as gains and losses in the income statement.

**viii) Income Taxes**

The Income tax charge for the period includes current and deferred tax, in accordance with IAS 12. Current tax is calculated based on the taxable profit, in accordance with the local tax laws applicable to the location where the Company has its registered office.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of taxable profit as well as in respect of some fiscal credits attributed to the Company, and it is accounted for using the balance sheet liability method.

Deferred tax assets and liabilities are measured at the tax rates and based on the tax legislation expected to apply in the period in which the differences reverse, and evaluated annually using tax rates (and tax laws) that have been enacted or substantively enacted at each balance sheet date.

Deferred tax assets are generally recognized to extent that there is a reasonable probability that taxable profits will be available against which to offset them. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The deferred tax amount that results from transactions or events recognized directly in equity is registered directly in equity as well, not affecting the net income for the period.

**ix) Interest charges on borrowings**

Borrowing costs incurred with borrowings are recorded in the income statement on the accrual basis.

**x) Provisions**

Provisions are recognized when, and only when, the Group has an existing obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the said obligation. These provisions are reviewed at each balance date and are adjusted to reflect the best estimate at that date, taking into consideration all the risks and uncertainties inherent to such estimates. When a provision is determined using the future cash flows estimated to settle the existing obligation, its carrying amount is the present value of those cash flows.

**xi) Impairment of assets**

The Company reviews the carrying amounts of its assets at each balance sheet date or whenever there is any indication (an event or alteration of circumstances) that these assets may have suffered an impairment loss. When the asset carrying amount is greater than its recoverable amount an impairment loss is recognized and recorded in the caption 'Provisions and impairment losses'. The recoverable amount is the higher of fair value less selling costs and value in use. The fair value less selling costs is the amount that can be obtained in an arms-length transaction. Value in use is calculated by assessing the estimated future cash flows to be generated by the asset and its residual value, all discounted to their present value. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.



The reversal of impairment losses recorded in previous years is recognized when the underlying reasons that caused that entry are no longer applicable and, consequently, the asset is no longer impaired. The reversal of impairment losses is recognized in the income statement as an operational result. However, the reversal of an impairment loss is only recognised up to the amount that would be recorded using the historical cost, or the revalued amount, net of amortization and depreciation, if the impairment loss had not been recorded in previous years.

## **xii) Employee benefits**

### Stock options

The Company rewards the services rendered by some workers through an equity-settled stock option plan. The fair value of the services received is recognized as a cost, against an increase in an equity account during the vesting period. The amount registered as a cost represents the fair value of the stock options attributed, estimated based solely on market conditions. Acquisition conditions different from market conditions were only used to estimate the number of options vested at the end of acquisition period. The number of options expected to become exercisable is reviewed at each reporting date, and the difference arising from the previous estimate is registered in the income statement as well as in equity.

## **xiii) Statement of financial positions presentation**

Assets to be realized and liabilities to be settled twelve months after the reporting date are classified as non-currents. Likewise, given their nature, 'Deferred tax' and 'Provisions' are classified as non-current on the statement of financial position.

## **xiv) Contingent assets and liabilities**

Contingent liabilities are not recorded in the financial statements. Instead, they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote.

Contingent assets are not recorded in the financial statements but are disclosed in the notes to the financial statements when future economic benefits are probable.

## **xv) Cash Flow Statement**

The cash flow statement is prepared, using the direct method, in accordance with IAS 7. The Company classifies as 'Cash and cash equivalents' treasury operations which mature in less than three months, readily convertible to a known amount of cash, and which are subject to insignificant value changes.

The cash flow statement is classified by operating, investing and financing activities. Operating activities include cash receipts from clients, cash payments to suppliers, cash payments to and on behalf of employees and other operating activities' payments and receipts. Investing activities' cash flows include, essentially, payments and receipts related with the acquisitions and sales of tangible and intangible assets.

Financing activities' cash flows include, essentially, payments and receipts of loans and borrowings, financial lease contracts and dividend payments.

## **xvi) Subsequent events**

Events occurring after the balance sheet date that provide additional information about conditions existing at the balance sheet date (adjusting events), are recognized in the financial statements. Events occurring after 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 financial statements.

## **xvii) Judgements and estimates**

In preparing the financial statements the Board of Directors used its best knowledge and accumulated experience of past and current events in making certain assumptions as to future events.

The most significant accounting estimates reflected in the financial statements for the periods ended at 31 December 2012 and 2011 include:

- Impairment analysis of financial assets;
- Recording of provisions and impairment losses;
- Fair value of financial instruments; and
- Recognition of deferred tax assets in respect of reportable tax losses.

Estimates used are based on the best information available during the preparation of the financial statements. However, events may occur in subsequent periods that, not being foreseeable, were not considered in these estimates. Changes to the estimates that occur after the date of these financial statements, will be recognized in net income, in accordance with IAS 8, using the prospective methodology.

#### **xviii) Financial risk management**

Uncertainty, a characteristic of the financial markets, translates into a number of risks to which the activities of the Martifer Group are exposed, namely price risk, currency risk, interest rate risk, liquidity risk and credit risk.

##### **a) Currency risk**

Currency risk is the possibility of registering gains or losses resulting from the changes in the foreign exchange rates between different currencies. The Company's exposure to currency risk results from the existence of foreign based subsidiaries in countries with a currency other than the Euro and of transactions between these subsidiaries and other Group companies and the existence of transactions made by companies operating in currency other than the reporting currency of the Group.

The currency risk management policy of the Company aims to reduce the sensitivity of its income statement to foreign exchange rate variations.

##### **b) Interest rate risk**

Interest rate risk reflects the possibility of changes in future interest charges in loans borrowings obtained as a result of changes in market interest rate levels.

The Company relies on external financing to fund its activity and it is exposed to interest rate risk as a significant part of its borrowings are indexed to market interest rates.

In the more significant long term loans the Company relies on fixed interest rate loans or uses interest rate derivatives to hedge exposure to interest rate risk on these loans. The amounts, interest due dates and repayment schedules of the interest rate derivatives are identical to those of the loans they hedge and, as such, these derivatives are considered perfect hedges.

##### **c) Liquidity risk**

Liquidity risk reflects the prospect of the Company not satisfying its financial responsibilities with the available financial resources.

The Company seeks to ensure that the structure of its funding matches the nature of its obligations. Investments in fixed assets, including financial investments, are funded by long term financing (equity and long term loans), whilst short term obligations are funded through short term loans. Long term loans are usually arranged for periods ranging from 5 to 7 years, mostly with a grace period in respect of the start of the principal's repayment schedule ranging from 1 to 2 years.

Liquidity risk is more fully described in Note 17.

##### **d) Credit risk**

The Company's credit risk results fundamentally from its relationship with financial institutions, occurring within the scope of its normal activity, associated with the potential default, by the financial institutions, with which it has contracted, in the regular course of business, term deposits, current accounts and derivatives.

To mitigate this risk, the Company diversifies its counterparties, to avoid an excessive concentration of credit risk, and privileges the contracting of less complex financial instruments in detriment of instruments which structure is not fully known.

## 2. SALES AND SERVICES RENDERED

Sales and service rendered for the periods ended 31 December 2012 and 2011 refer, essentially, to management fees charged to Group companies:

	FY 2012	FY 2011
Services Rendered	1,891,618	4,083,346
	<b>1,891,618</b>	<b>4,083,346</b>

During 2012, the level of services that the Holding company provided to other Group companies decreased significantly due to the fact that, part of the services that were provided by the company, have been transferred to the Business Areas following the strategy of allocating greater autonomy to the Business Areas, with consequent greater decentralization and accountability.

## 3. SUPPLIES AND EXTERNAL SERVICES

The breakdown of supplies and external services for the periods ended 31 December 2012 and 2011 is as follows:

	FY 2012	FY 2011
Specialized services	138,308	586,669
Insurance	70,453	80,082
Fees	45,833	129,607
Travel and accommodation	22,662	67,348
Fuel	10,948	22,072
Communication	8,905	27,881
Repairs and maintenance	6,149	10,014
Stationery	2,409	4,990
Legal and notarial fees	2,316	1,166
Publicity and propaganda	332	609
Gifts	91	1,424
Rents	-	195,853
Public relations expenses	-	1,291
Others	93	1,190
	<b>308,498</b>	<b>1,138,198</b>

The caption 'Supplies and external services' have reduced in 2012, compared with the previous year, following the reduction in 'Sales and services rendered'. During the year 2012, the company was not charged with rental fees, which contributed to the reduction of the supplies and external services.

## 4. STAFF COSTS

Staff costs for the periods ended 31 December 2012 and 2011 can be analysed as follows:

	FY 2012	FY 2011
Remuneration	765,418	1,657,664
Social charges:		
Other	205,345	367,103
	<b>970,764</b>	<b>2,024,767</b>

At 31 December 2012 and 2011, the caption 'Other' includes, essentially, costs supported with social security, social responsibility costs, training costs, medical expenses and with labour accident insurance.

The decrease in the caption 'Staff Costs' in 2012, has followed the reduction of 'Sales and services rendered', as a consequence of the transfer of employees to the Business Areas.

During 2012 and 2011, the company's average staff number was as follows:

	FY 2012	FY 2011
Directors	1	2
Employees	18	30
	<b>19</b>	<b>32</b>

## 5. PROVISIONS AND IMPAIRMENT LOSSES

Provisions and impairment losses for the periods ended 31 December 2012 and 2011 are as follows:

	FY 2012	FY 2011
Impairment losses in accounts receivables (losses/reversals)	-	826,362
Impairment losses in financial assets (Note 11)	4,116,493	21,680,643
Provisions	22,288	-
	<b>4,138,781</b>	<b>22,507,005</b>

At the end of 2012, impairment losses on shares held in Martifer Renewables, SGPS, SA, amounting to Euro 4 million, were recorded, resulting from the impairment test performed on that asset. The reinforcement of the impairment loss for the year is mainly due to the deterioration of the equity of its subsidiaries.

By the end of 2011, impairment losses on shares held in Martifer Renewables, SGPS, S.A. were also recognized, resulting from impairment losses recorded in the assets of that business area related with the strong financial costs incurred, with impairment losses in certain subsidiaries and with the loss on the sale of shares in Leki Dukielskie and Bukowsko wind farms, that occurred in September 2011.

Impairment tests for various financial assets of the company have been prepared in accordance with the Discounted Cash Flow evaluation model (DCF). The values of these evaluations are determined by past performance and the expectation of market development, with future cash-flow projections, for a five year period, being drawn up for each of the businesses, based on medium/long term plans approved by the Board of Directors.

These estimates were made considering a discount rate between 10.24% and 10.44% and a perpetual growth rate between 0% and 1.5% for the various businesses.

## 6. FINANCIAL RESULTS

The financial results for the periods ended 31 December 2012 and 2011 may be analysed as follows:

	FY 2012	FY 2011
Interest and similar revenue		
Borrowings and accounts receivable (including bank deposits)		
Interest earned	1,448,840	10,630,299
Other revenue and financial gains relating to other financial assets		
Favourable Exchange differences	-	-
Other revenue and financial gains	-	-
<b>Total interest and similar revenue</b>	<b>1,448,840</b>	<b>10,630,299</b>
Interest and similar expenses		
Borrowings and accounts payable		
Interest charges on bank loans	8,154,261	6,522,674
Other expenses and financial losses relating to other financial liabilities		
Unfavourable Exchange differences	-	2,720
Other expenses and financial losses	2,327,126	2,529,078
<b>Total interest and similar expenses</b>	<b>10,481,386</b>	<b>9,054,472</b>

In the end of 2011, the company proceeded with the conversion of non-current and current loans granted to subsidiaries in supplementary capital given the need to strengthen the equity of those. The supplementary capital bears no interest, which justifies the big reduction of interest earned, during 2012.

The 'Other expenses and financial losses' result, essentially, from the fees incurred in the issuance of commercial paper

## 7. INCOME TAX

The breakdown of assets giving rise to deferred taxes in the periods ended 31 December 2012 and 2011 may be analysed as follows:

	FY 2012	FY 2011
Tax losses carried forward	4,767,864	104,196
Fair value of derivatives	17,772	29,501
<b>Deferred tax assets</b>	<b>4,785,636</b>	<b>133,697</b>

At 31 December 2012, deferred tax assets amounted to Euro 4,785,636 (2011: Euro 133,697). The variation in the deferred tax assets is related with the transfer of these assets from the subsidiaries that are part of the special taxation of groups of companies' mechanism ("RETGS"), of which, the company is the dominant company, in the amount of Euro 4,663,668, so that did not originate impact in the Income Statement (2011: negative effect of Euro 1,200,000).

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 December 2012 and 2011, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	31 DECEMBER 2012			31 DECEMBER 2011		
	TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSET	TIME LIMIT	TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSET	TIME LIMIT
Generated in 2009	393,193	104,196	2015	393,193	104,196	2015
Generated in 2010 *	5,260,874	1,394,132	2014	5,260,874	1,394,132	2014
Generated in 2011 *	12,337,874	3,269,537	2015	12,337,874	3,269,537	2015
	<b>17,991,941</b>	<b>4,767,864</b>		<b>17,991,941</b>	<b>4,767,864</b>	

\* The tax losses carried forward generated in other group companies that are part of the special taxation of groups of companies' mechanism ("RETGS"), of which, the company is the dominant company, in the amount of Euro 17,598,748, generated in 2010 and 2011, were recorded in the financial statements of each individual company, and were only transferred to this company in 2012. The counterpart of this record was the caption "Group companies" in liabilities (Note 12).

At 31 December 2012, tax losses carried forward in the special taxation of groups of companies' mechanism ("RETGS"), amounting to Euro 88,271,845 (Euro 62,117,373 as at 31 December 2011), have not originated deferred tax assets amounting to Euro 23,392,039 (Euro 16,461,104 as at 31 December 2011) for prudential reasons. Unrecognised deferred taxes on tax losses are as follow:

	31 DECEMBER 2012			31 DECEMBER 2011		
	TAX LOSSES CARRIED FORWARD	TAX CREDIT	TIME LIMIT	TAX LOSSES CARRIED FORWARD	TAX CREDIT	TIME LIMIT
Generated in 2007	1,974,262	523,179	2013	1,974,262	523,179	2013
Generated in 2008	26,734,892	7,084,746	2014	26,734,892	7,084,746	2014
Generated in 2009	6,004,990	1,591,322	2015	6,004,990	1,591,322	2015
Generated in 2010	14,214,213	3,766,766	2014	14,214,213	3,766,766	2014
Generated in 2011	13,189,015	3,495,089	2015	13,189,015	3,495,089	2015
Generated in 2012	26,154,473	6,930,935	2017	-	-	-
	<b>88,271,845</b>	<b>23,392,039</b>		<b>62,117,373</b>	<b>16,461,104</b>	

The reconciliation of the income tax charge for the period and the current tax charge may be analysed as follows:

	FY 2012	FY 2011
Current tax	12,095	33,879
Under / (over) taxation estimates	15,343	(3,202)
Deferred taxes relating to the reversal of timing differences	-	1,200,000
<b>Tax charge for the period</b>	<b>27,438</b>	<b>1,230,677</b>
Effective tax rate	-0.2%	-5.8%

At 31 December 2012 and 2011, the reconciliation between the normal and effective rate is as follows:

	FY 2012	FY 2011
Net income before taxes	(12,490,448)	(19,997,033)
Nominal income tax on results (nominal rate 25%)	(3,122,612)	(4,999,258)
Results not subject to taxation:		
Sale of financial investments	-	-
Costs not deductible for tax purposes:		
Impairment losses	1,029,123	5,420,161
Provisions not accepted	5,572	206,590
Other	(18,327)	(78,959)
Results of associated companies accounted for under the equity method	-	-
Utilization of tax losses carried forward that did not give rise to deferred tax assets in prior years	-	-
Tax losses arising in this period in respect of which no deferred tax assets were recognised	2,106,243	-
Reversal of deferred tax assets in the period	-	651,466
Under / (over) taxation estimates	15,343	(3,202)
Autonomous taxation	12,096	10,114
Municipality tax	-	23,765
<b>Effective tax charge on income</b>	<b>27,438</b>	<b>1,230,677</b>

Martifer SGPS, S.A. and its subsidiaries are subject to corporate income tax (IRC) at the normal rate of 25%. In addition, a municipal surcharge, in this case of 1.5%, is also applied as is a state surcharge of 2.5% when taxable profits exceed €2,000,000.

In terms of article 88° of the Corporate Tax Code, the company is, additionally, subject to autonomous tax over a number of expenses, at the rates laid down in the said Code.

Since January 2011, Martifer SGPS, SA is covered by the special taxation of groups of companies' mechanism ("RETGS"), which comprises companies in which it holds, directly or indirectly, at least 90% of its capital and meet simultaneously with the other conditions set by that mechanism. The remaining Martifer Group companies, not covered by the special tax mechanism, are taxed individually, based on their taxable profit and at the applicable tax rates.

In accordance with the legislation in force, tax declarations remain subject to review and adjustment by the tax authorities during a period of four years (five years for social security), except when there are tax losses, fiscal benefits were conceded, or inspections, claims or impugnation are underway, in which cases, depending on the circumstances, the period is extended or suspended. Consequently, the tax declarations for the years 2008 through 2011 may be subject to review.

The Board of Directors believes that any adjustments resulting from reviews/inspections by the tax authorities will have no significant impact on the financial statements at 31 December 2012.

## 8. EARNINGS PER SHARE

Martifer SGPS has issued solely ordinary shares so there are no special dividends or voting rights.

Martifer has a single type of potentially dilutive ordinary share: share options. To calculate the diluted earnings per share it is necessary to determine whether these options, regardless of whether they may or not be exercised, have a dilutive effect, which occurs when the option exercise price is lower than the quoted share price.

Considering that Martifer's quoted share price averaged Euro 0.74 between January 1, 2012 and December 31, 2012, which is lower than the option exercise price (Euro 3.84), the latter can be considered non-dilutive as their exercising would result in a reduction in the ordinary shares in circulation.

Hence, at 31 December 2012 there is no difference between the basic and diluted earnings per share calculation.

Martifer SGPS SA's share capital is represented by 100,000,000 ordinary shares, totally subscribed and realized, representing a share capital of Euro 50,000,000.

The weighted average number of shares in circulation is reduced in 2,135,634 shares, corresponding to own shares acquired by Martifer SGPS between 2010 and 2012 totalling 2,215,910 shares.

At 31 December 2012 and 2011, the calculation of earnings per share, basic and diluted, may be demonstrated as follows:

	FY 2012	FY 2011
Net profit for the period (I)	(12,517,886)	(21,227,710)
Weighted average number of shares in circulation (II)	97,864,366	98,819,058
Earnings per share, basic and diluted (I) / (II)	(0.1279)	(0.2148)

## 9. INTANGIBLE ASSETS

Gross intangible assets for the period ended 31 December 2012 and 2011 may be analysed as follows:

	SOFTWARE AND OTHER RIGHTS	OTHER INTANGIBLE ASSETS	ADVANCES ON ACCOUNT OF INTANGIBLES	TOTAL
31 December 2011				
Opening balance	1,349	10,126	-	11,475
Additions	-	25,789	-	25,789
	<b>1,349</b>	<b>35,915</b>	-	<b>37,264</b>
31 December 2012				
Opening balance	1,349	35,915	-	37,264
Additions	-	4,600	-	4,600
	<b>1,349</b>	<b>40,515</b>	-	<b>41,864</b>

Accumulated amortization and impairment losses for the period ended 31 December 2012 and 2011 may be analysed as follows:

	SOFTWARE AND OTHER RIGHTS	OTHER INTANGIBLE ASSETS	ADVANCES ON ACCOUNT OF INTANGIBLES	TOTAL
31 December 2011				
Opening balance	1,184	6,230	-	7,414
Additions	165	9,090	-	9,255
	<b>1,349</b>	<b>15,320</b>	-	<b>16,669</b>
31 December 2012				
Opening balance	1,349	15,230	-	16,669
Additions	-	10,104	-	10,104
	<b>1,349</b>	<b>25,424</b>	-	<b>26,773</b>
Net amount:				
2011	-	20,594	-	20,594
2012	-	15,091	-	15,091



## 10. TANGIBLE FIXED ASSETS

Gross amounts in respect of transportation and office equipment and other tangible fixed assets for the periods ended 31 December 2012 and 2011 may be analysed as follows:

	TRANSPORTATION EQUIPMENT	OFFICE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
31 December 2011				
Opening balance	120,781	29,525	-	150,307
Additions	-	1,637	-	1,637
Sales and write-offs	(29,435)	-	-	(29,435)
	<b>91,346</b>	<b>31,162</b>	<b>-</b>	<b>122,508</b>
31 December 2012				
Opening balance	91,346	31,162	-	122,508
Additions	6,920	1,792	-	8,712
Sales and write-offs	(42,842)	-	-	(42,842)
	<b>55,424</b>	<b>32,954</b>	<b>-</b>	<b>88,378</b>

Accumulated depreciation and impairment losses respecting transportation and office equipment and other tangible fixed assets for the periods ended 31 December 2012 and 2011 may be analysed as follows:

	TRANSPORTATION EQUIPMENT	OFFICE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
31 December 2011				
Opening balance	36,943	14,833	-	51,777
Additions	32,806	9,409	-	42,214
Sales and write-offs	(21,890)	-	-	(21,890)
	<b>47,859</b>	<b>24,242</b>	<b>-</b>	<b>72,101</b>
31 December 2012				
Opening balance	47,859	24,242	-	72,101
Additions	15,160	4,589	-	19,749
Sales and write-offs	(19,827)	-	-	(19,827)
	<b>43,191</b>	<b>28,831</b>	<b>-</b>	<b>72,023</b>
Net amount:				
2011	<b>43,487</b>	<b>6,920</b>	<b>-</b>	<b>50,407</b>
2012	<b>12,233</b>	<b>4,123</b>	<b>-</b>	<b>16,355</b>

## 11. FINANCIAL ASSETS

At 31 December 2012 and 2011, the breakdown of financial assets in subsidiaries and associated companies was as follows:

	% HELD	ACQUISITION VALUE	SUPPLEMENTARY CAPITAL	IMPAIRMENT LOSS	TOTAL
31 December 2011					
Nutre, SGPS, SA	49%	-	58,909,000	-	58,909,000
Martifer Renewables, SGPS, SA	100%	99,765,968	169,601,173	(145,461,088)	123,906,053
Eviva Hidro, Srl	1%	47	2,006,564	(2,006,611)	0
Martifer Metallic Constructions, SGPS, SA	100%	12,261,256	76,544,359	-	88,805,615
Martifer Inovação e Gestão, SA	100%	101,291	5,974,941	(1,663,277)	4,412,954
Martifer GMBH	100%	21,800	98,291	-	120,091
Ventinveste SA	5%	2,500	-	-	2,500
Martifer Energy Systems, SGPS, SA	100%	6,087,775	30,826,000	-	36,913,775
Prio Energy, SGPS, SA	49%	5,235,168	2,891,000	-	8,126,168
Martifer Gestioni si Servicii	100%	1,265	-	-	1,265
Martifer Solar, SGPS, SA	100%	26,280,763	12,758,540	-	39,039,303
CEC	-	25,000	-	-	25,000
		<b>149,782,833</b>	<b>359,609,868</b>	<b>(149,130,976)</b>	<b>360,261,725</b>

	% HELD	ACQUISITION VALUE	SUPPLEMENTARY CAPITAL	IMPAIRMENT LOSS	TOTAL
31 December 2012					
Nutre SGPS	49%	-	58,909,000	-	58,909,000
Martifer Renewables, SGPS	100%	99,765,968	162,462,327	(149,507,225)	112,721,070
Eviva Hidro	1%	47	2,006,564	(2,006,611)	-
Martifer Metallic Constructions, SGPS	100%	12,261,256	87,284,359	-	99,545,615
Martifer Inovação e Gestão	100%	101,291	7,776,455	(1,733,633)	6,144,113
Martifer GMBH	100%	21,800	98,291	-	120,091
Ventinveste SA	5%	2,500	-	-	2,500
Martifer Energy Systems SGPS	100%	6,087,775	30,826,000	-	36,913,775
Prio Energy SGPS	49%	5,235,168	2,891,000	-	8,126,168
Martifer Gestioni si Servicii	100%	1,265	-	-	1,265
Martifer Solar SGPS	100%	26,280,763	-	-	26,280,763
Martifer Global, SGPS	100%	50,000	-	-	50,000
CEC		25,000	-	-	25,000
		<b>149,832,833</b>	<b>352,253,996</b>	<b>(153,247,469)</b>	<b>348,839,360</b>

The financial assets are measured as to its recoverable amount whenever there are impairment indicators, being considered for evidence whenever the Equity of subsidiaries (considering the consolidated equity whenever applicable) is lower than their acquisition value. Based on this principle, we identified indicators of impairment in the shareholdings in Martifer Renewables SGPS, S.A., Martifer Inovação e Gestão, S.A., Martifer Metallic Constructions, SGPS, S.A., Martifer Energy Systems, SGPS, S.A. and Nutre, SGPS, S.A.. The impairment tests performed consider the following assumptions:

- To Martifer Renewables, SGPS, S.A. and Martifer Inovação e Gestão, S.A. it was considered, as a valid indicator, the amount of consolidated and individual Equity, respectively, and, as a consequence, impairment losses of Euro 4,046,137 and Euro 70,356, respectively, were recorded (Note 5).  
This assumption is justified by the fact that Martifer Renewables, SGPS, SA has a relatively low turnover, compared with the value of its assets, and include in its consolidated financial statements, essentially, assets related with wind farms, for which, when applicable, were already performed tests to its recoverable amount and recorded impairment losses. As such, the consolidated Equity reflects already these adjustments.  
In respect of Martifer Inovação e Gestão, it was considered that this company renders services to the group and the amount of its assets is not significant.
- For the shareholdings of Martifer Metallic Constructions, SGPS, S.A., Martifer Energy Systems, SGPS, S.A. and Nutre, SGPS, S.A., it was considered adequate to assess its recoverable amount based on the value in use, using a discounted cash flow method, supported by the business plans drawn by the people in charge of each business unit and approved by the respective Board of Directors and using different discount rates according to the risks inherent to each business.

At 31 December 2012, the methods and assumptions used in the identification, or not, of any impairment losses to these financial assets were as follows:

	MARTIFER METALLIC CONSTRUCTIONS AND MARTIFER ENERGY SYSTEMS	NUTRE SGPS	SOLAR SGPS
Equity (attributable to the Group)	57,650,284	19,537,351	44,644,598
Financial asset	136,459,390	58,909,000	26,280,763
Period used	5 years cash flow projection	5 years cash flow projection	5 years cash flow projection
Growth rate (g) <sup>1</sup>	1.50%	2.00%	1.00%
Discount rate <sup>2</sup>	10.46%	10.24%	9.61%

<sup>1</sup> Growth rate used to extrapolate the cash flows beyond the business plan period

<sup>2</sup> Discount rate applied to the projected cash flows

The people in charge of the business units believe that (in a scenario of normality) a change in the main assumptions used in the calculation of the recoverable amount will not result in impairment losses, in addition to the impairment losses already recorded.

## 12. GROUP COMPANIES

At 31 December 2012 and 2011, shareholder loans and other financial operation balances (assets) are as follows:

	31 DECEMBER 2012			31 DECEMBER 2011		
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Nutre, SGPS, SA	-	2,514	2,514	-	2,514	2,514
Prio Energy, SGPS, SA	-	2,250,000	2,250,000	-	-	-
Martifer Renewables, SGPS, SA	-	60,890	60,890	-	12,248,451	12,248,451
Martifer Metallic Constructions, SGPS, SA	4,694,000	8,304,598	12,998,598	-	10,717,771	10,717,771
Martifer Inovação e Gestão, SA	-	167,305	167,305	-	73,587	73,587
Martifer Energy Systems, SGPS, SA	1,178,460	2,804,581	3,983,041	1,178,460	1,865,544	3,044,003
Martifer Solar, SGPS, SA	-	20,428	20,428	-	1,959	1,959
Ventinveste, SA	18,319,357	-	18,319,357	-	-	-
Martifer GMBH	15,000	640	15,640	-	-	-
Martifer Global, SGPS	-	131,500	131,500	-	-	-
Others	-	469	469	-	90,526	90,526
	<b>24,206,816</b>	<b>13,742,925</b>	<b>37,949,741</b>	<b>1,178,460</b>	<b>25,000,351</b>	<b>26,178,810</b>

These loans bear interest at a market rate.

The liabilities presented by the company, with Group companies, at 31 December 2012 and 2011, are as follows:

	31 DECEMBER 2012	31 DECEMBER 2011
Martifer Construções SA	4,634,051	-
Martifer Solar SGPS	2,947,129	-
Navalria	391,397	-
Martifer Solar Srl	108,131	108,131
Martifer Gestão de Investimentos	64,871	-
Martifer Renewables, SGPS	52,900	-
Martifer Alumínios SA	46,451	-
Martifer Renewables, SA	25,330	-
Martifer Inovação e Gestão	23,225	-
Soc. Madeiras do Vouga	8,378	-
Martifer Metallic Constructions, SGPS	5,250	-
Martifer Energy Systems SGPS	4,016	-
Nagatel	3,000	-
	<b>8,314,128</b>	<b>108,131</b>

At 31 December 2012, the amount presented in Group companies, in liabilities, refers mainly to liabilities that the company has with its subsidiaries under the special taxation of groups of companies' mechanism ("RETGS"). The main amounts relate to the transfer of tax losses carried forward that have been recognized by the subsidiaries and that, according with the Directors' expectation, will be recovered within the Group.

### 13. TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

At 31 December 2012 and 2011, the trade and other accounts receivable ageing analysis are as follows:

31 DECEMBER 2011	OVERDUE					
	TOTAL	NOT OVERDUE	LESS THAN 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Clients, current accounts	2,089,423	665,423	341,034	159,542	499,183	424,242
Other debtors	4,034,252	3,884,069	-	150,000	-	183
	<b>6,123,676</b>	<b>4,549,492</b>	<b>341,034</b>	<b>309,542</b>	<b>499,183</b>	<b>424,426</b>

31 DECEMBER 2012	OVERDUE					
	TOTAL	NOT OVERDUE	LESS THAN 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Clients, current accounts	2,461,453	1,073,330	403,471	46,779	157,887	779,986
Other debtors	124,162	123,978	-	-	-	183
	<b>2,585,615</b>	<b>1,197,308</b>	<b>403,471</b>	<b>46,779</b>	<b>157,887</b>	<b>780,170</b>

The Company considers that there has been no deterioration of the credit worthiness of the counterparts and that the overdue amounts are not at risk of becoming unrecoverable.

### 14. CORPORATE INCOME TAX AND STATE AND OTHER PUBLIC ENTITIES

At 31 December 2012 and 2011, the balances of the captions 'Corporate income tax' and 'State and other public entities' are as follows:

	31 DECEMBER 2012	31 DECEMBER 2011
<b>Corporate income tax</b>	<b>738,605</b>	<b>830,178</b>
Withholding taxes	(27,336)	(22,091)
Value added taxes	(27,451)	(10,643)
Social Security contributions	(6,446)	(19,881)
Other taxes	485	-
<b>State and other public entities</b>	<b>(60,747)</b>	<b>(52,615)</b>

### 15. CASH AND CASH EQUIVALENTS

The caption 'Cash and cash equivalents' may be analysed as follows:

	31 DECEMBER 2012	31 DECEMBER 2011
Bank deposits	448,220	937,405

Cash and its equivalents include short term bank deposits, with maturities not exceeding 3 months, for which the risk of value alteration is insignificant. At 31 December 2012 and 2011, there were no restrictions associated with the balances of the caption 'Cash and cash equivalents'.

## 16. SHARE CAPITAL, RESERVES AND OWN SHARES

### Share capital

Martifer SGPS's share capital, fully subscribed and realized at December 31, 2012, amounted to Euro 50,000,000 and is represented by 100,000,000 bearer shares with a par value of 50 cents each. All shares have the same rights, namely one share one vote. During the 2012 and 2011 economic periods there were no changes in the number of shares representing the Company's share capital.

During the 2012 economic period, Martifer SGPS acquired, through the stock exchange, 468,259 own shares (2010: 1,187,410 own shares were acquired). After these acquisitions, Martifer holds 2,215,910 own shares, corresponding to 2.22% of its share capital. In accordance with Portuguese commercial legislation, company is required to keep unavailable a reserve corresponding to the own shares amount.

At 31 December 2012, the Company's share capital is 42.70% held by I'M SGPS, S.A., 37.5% by Mota-Engil SGPS, S.A., 2.22% are own shares, with the remaining 17.58% dispersed on the Stock Exchange.

### Stock options

A stock option plan is in place, under the terms approved at the General Meeting, and applies to some employees as an incentive to create value.

Options attributed will automatically expire whenever an employee ceases being in the service at any of the Group companies.

In 2011, the caption 'Other reserves' included Euro 198,979 euros related with these stock options.

### Other changes in equity

Other changes in equity result from the fair value of derivative financial instruments, as explained in Note 19.

### Share premium

Share premiums correspond to excess amounts gained with the issue of or an increase in share capital. In accordance with Portuguese commercial legislation, the amounts included in this caption must comply with the regime applicable to 'legal reserves', that is, they are not distributable except in the event of liquidation, but they may be used to offset losses, after all the other reserves have been used up, and/or be incorporated in share capital.

### Reserves

#### *Legal reserve*

Portuguese commercial legislation establishes that at least 5% of the annual net income must be used to increase the legal reserve until the latter represents at least 20% of the share capital. This reserve is non-distributable, except in the event of liquidation, but may be used to offset losses, after all the other reserves have been used up, and/or be incorporated in share capital.

#### *Other reserves*

Reserves relating to share options, that were included in this caption at 31 December 2011, amounting to Euro 198,980 reflected the fair value of the services rendered by employees adjusted, at each balance sheet date, by the impact of the review of the original estimate resulting from the recalculation of the number of options considered exercisable. At 31 December 2012, this amount was transferred to Retained Earnings as it was considered that the stock options are not exercisable.

At 31 December 2012, this caption includes, a reserve, that is not available, amounting to Euro 2,868,518 (2011: Euro 2,415,630), related to the own shares amount.

Under Portuguese legislation, the amount of reserves considered distributable is determined based on the Company's individual financial statements, prepared in accordance with International Financial Reporting Standards (IFRS). At 31 December 2012, Martifer SGPS, S.A. has no distributable reserves available.

## 17. BORROWINGS

The borrowings obtained, with reference to the periods ended 31 December 2012 and 2011, are as follows:

	UP TO 1 YEAR	BETWEEN 1 AND 3 YEARS	BETWEEN 3 AND 5 YEARS	OVER 5 YEARS	TOTAL
31 December 2011					
Amounts due to financial institutions:					
Bank loans	6,562,500	6,562,500	11,484,375	-	24,609,375
Bank overdrafts	11,940	-	-	-	11,940
Authorized Overdrafts	41,386,263	-	-	-	41,386,263
Other loans obtained:					
Commercial paper	10,500,000	58,750,000	15,000,000	-	84,250,000
	<b>58,460,703</b>	<b>65,312,500</b>	<b>26,484,375</b>	<b>-</b>	<b>150,257,578</b>

	UP TO 1 YEAR	BETWEEN 1 AND 3 YEARS	BETWEEN 3 AND 5 YEARS	OVER 5 YEARS	TOTAL
31 December 2012					
Amounts due to financial institutions:					
Bank loans	8,696,643	13,275,046	16,131,696	760,000	38,863,385
Bank overdrafts	30,049				30,049
Authorized Overdrafts	48,499,998				48,499,998
Other loans obtained:					
Commercial paper	58,000,000	3,000,000	6,250,000		67,250,000
	<b>115,226,690</b>	<b>16,275,046</b>	<b>22,381,696</b>	<b>760,000</b>	<b>154,643,432</b>

The financing of the Company, including authorized overdrafts, have renewal clauses, so that it is Board of Directors' expectation that, similarly to what has happened in the past and based on current negotiations with creditors, a part of this funding will be renewed at the period of its liquidation. The liquidation of the remaining funding is expected to occur with the sale of non-core assets by the subsidiaries, which will enable them to restore loans and supplementary capital to the company, namely the sale of wind farms in Romania.

At 31 December 2012, the Company's main renewable commercial paper programmes are as follows:

	MAXIMUM CONTRACT AMOUNT (EUROS)	CONTRACT DATE	CONTRACT TERM	AMOUNT UTILIZED
Martifer SGPS	50,000,000	Sep-08	5 Years	50,000,000

The average interest rate on borrowings, during 2012, was 4.672 % (in 2011 was 4.775 %).

## 18. TRADE PAYABLES AND OTHER ACCOUNTS PAYABLES

The information regarding trade and other accounts payable for the periods ended December 31, 2012 and 2011 may be analysed as follows:

	31 DECEMBER 2012	31 DECEMBER 2011
<b>Trade payables</b>	<b>726,189</b>	<b>672,661</b>
Other creditors	37,568	21,232
Expense accruals	1,615,515	1,286,981
Other	-	5,781
<b>Other accounts payables</b>	<b>1,653,083</b>	<b>1,313,995</b>

At 31 December 2012 and 2011, this caption includes amounts due to suppliers arising from the Company's operational activity and from the acquisition of tangible and intangible fixed assets. The Board of Directors believes that the fair value of these balances do not differ significantly from their carrying value and the impact of updating these amounts is not material.

## 19. DERIVATIVES

At 31 December 2012, an interest rate derivative contract was in force, in order to manage the exposure to movements in interest rates prevailing on a contract financing, setting interest rates.

DERIVATIVE	COUNTERPART	NOTIONAL	TYPE	EXPIRY DATE	FAIR VALUE
Interest Rate Swap	Barclays	8,750,000	Pays fixed rate [1.91%] and receives Euribor 6M	22/11/2013	(118,477)

The fair value of the derivative contracts above has been valued by the counterparties and as these derivatives qualify as cash flow hedges, the fair value has been recorded against an entry in the equity caption 'Fair value reserves – Derivatives'.

Fair value valuation of the derivatives hired by the Martifer, SGPS, SA was performed by the respective financial institutions acting as counterparty. The fair value valuation model used by the counterparty is based on the discounted cash flows, using the swaps par rates, listed in the interbank market, and available on Reuters and/or Bloomberg terminals for the negotiated periods, which are used to calculate the forward interest rates and discount factors. Then, the present value of the fixed cash flows (fixed leg) and the present value of the variable cash flows (floating leg) is calculated. From the addition of the two legs results the NPV (Net Present Value or discounted value of future cash flows or fair value of derivatives).

## 20. COMMITMENTS

### *Operating Guarantees*

At 31 December 2012 and 2011, the main operating guarantees issued by the Company are as follows:

	31 DECEMBER 2012	31 DECEMBER 2011
Martifer SGPS	88,898,000	88,898,000

The amount indicated, in 2012 and 2011, includes a guarantee in favour of BP Portugal, to guarantee payment of fuel purchases made by Prio Energy, S.A., as well as other guarantees regarding solar park construction commitments.

Given that the EPC solar park construction contracts require Martifer Solar and/or companies it has shareholdings in to guarantee, amongst others, the quality of the materials and design, photovoltaic installations, the achievement of certain performance and wattage ratios with the photovoltaic modules, Martifer SGPS undertook to provide Martifer Solar and/or companies it has shareholdings in with the means necessary to guarantee full compliance with contractual obligations.

Martifer Solar is presently considered to have the capacity to support its own commitments without recourse to the Holding Company.

### Pledges or Mortgages

At 31 December 2012 the collateral given by the Company may be summarized as follows:

COMPANY	GUARANTEE	ASSET VALUE	DEBT AMOUNT
Martifer SGPS	Share pledge of Martifer Solar SA	27,500,000	18,302,885
Martifer SGPS	Mortgage of building in Oliveira de Frades (Components' plant)	5,704,940	15,500,000
Martifer SGPS	Assets pledge MT Construções	5,080,692	
Martifer SGPS	Mortgage of industrial building (Towers' plant)	3,344,970	5,000,000
Martifer SGPS   Martifer Construções SA   Martifer Alumínios SA and Navalria SA *	Mortgage of industrial building (Monoblocos)	1,032,014	1,900,000
	Mortgage of administrative building	4,595,463	
	Mortgage of industrial building (Towers' plant)	3,344,970	
		<b>50,603,050</b>	<b>40,702,885</b>

\* Besides the loan of the company, these mortgages also warrant the current account of the Martifer Construções, S.A., Martifer Alumínios, S.A and Navalria, S.A., amounting to Euro 3.6 million.

## 21. REMUNERATION PAID TO MANAGEMENT, THE SUPERVISORY BOARD AND THE CHARTERED ACCOUNTANT

Remuneration attributed to the key management personnel, by remuneration category, can be summarized as follows:

	FY 2012	FY 2011
Fixed remuneration	458,199	581,500
Variable remuneration	-	-
	<b>458,199</b>	<b>581,500</b>

The remuneration attributed to the Supervisory Board in 2012 amounted to Euro 14,400 (2011: Euro 14,400) and the remuneration paid to the Chartered Accountant amounted to Euro 102,400 (2011: Euro 118,400).

The remuneration policy applicable to Martifer' s management and supervisory bodies, approved in terms of Law 28/2009, as well as the annual remuneration received by the members of the said bodies, in total and individually, are presented in the Corporate Governance Report.

## 22. RELATED PARTIES

Beyond the balances and transactions described in the notes above, the balances or transactions performed with related parties are as follows:

	COSTS		REVENUES		ACCOUNTS RECEIVABLE		ACCOUNTS PAYABLE	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Parent company	-	-	11,334	46,408	75,071	197,593	-	-
Group and associated companies	85,324	811,951	3,345,772	14,476,226	2,431,378	1,962,321	649,699	762,936
	<b>85,324</b>	<b>811,951</b>	<b>3,357,106</b>	<b>14,522,634</b>	<b>2,506,449</b>	<b>2,159,914</b>	<b>649,699</b>	<b>762,936</b>

## 23. SUBSEQUENT EVENTS

There are no subsequent events to report.



## 24. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on February 26, 2013. Additionally, the attached financial statements are pending approval at the Shareholders General Meeting. However, the Board of Directors of the Company believes these will be approved without significant alterations.

## 25. EXPLANATION ADDED FOR TRANSLATION OF THE FINANCIAL STATEMENTS

These financial statements are a translation of the individual financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese version prevails.

Oliveira de Frades, February 26, 2013

### The Chief Accountant

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Isabel Cristina Loureiro Silva

### The Board of Directors

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Carlos Manuel Marques Martins

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Jorge Alberto Marques Martins

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Arnaldo José Nunes da Costa Figueiredo

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Luís Filipe Cardoso da Silva

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Luís Valadares Tavares

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Jorge Bento Ribeiro Barbosa Farinha





# **AUDIT REPORTS**

**REPORT AND OPINION OF THE SUPERVISORY BOARD**  
**On the consolidated Accounts of 2012**

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

Dear Shareholders,

1. In accordance with the law, statutes and our mandate, we enclose our report on our supervisory activity and our opinion on Martifer – SGPS, S.A. management report and consolidated accounts for the year ending December 31, 2012, as well as on the proposals presented by the Board of Directors.
2. We followed, as much as needed for such purpose, the activity of the company and of its major subsidiaries, having received from the executive members of the Board and from company officials all required explanations and support for the completion of our duties.
3. Under paragraph 4 of article 397º of the Companies Commercial Code, we declare that were issued for the purposes of paragraph 2 of that article, favourable opinion to the purchase of shares representing 20% of MARTIFER SOLAR, S.A., by HSF PRIME NETHERLANDS B.V., with headquarters in Amsterdam, The Netherlands.
4. We noted that the Turnover of the Group decreased 9.5%, Total Assets decreased about 4%, Equity decreased about 15% and Liabilities were nearly stable. On the other hand, Gross profit improved about 12% and Staff Costs grew 8.5%, in relation to 2011. However, the Net Result was negative of about Euro 54 million.
5. We accompanied the preparation of the consolidated accounts, the work of the statutory auditor, Dr. Américo Agostinho Martins Pereira, and we reviewed the Legal Certification of Consolidated Accounts, which have our agreement.
6. Within the scope of competence conferred upon us, we have found that:
  - a) the consolidated financial position, the consolidated income statements, the consolidated cashflow statements and the consolidated statement of changes in shareholders' equity and

respective accompanying notes give a true and fair view of the Company and its subsidiaries financial position and financial results;

- b) the accounting policies and valuation criteria used are in accordance with the International Financial Reporting Standards;
- c) the consolidated management report shows a clear picture of the most significant aspects of the evolution of the businesses and the position of the Company and its subsidiaries.

7. Therefore, taking into account the information received from the Board of Directors and the conclusions of the Legal Certification of Consolidated Accounts and the Auditor's Report on Consolidated Financial Statements issued by the external auditors, we are of the opinion that:

- a) the Management Report should be approved;
- b) the Consolidated Financial Statements should be approved.

Oliveira de Frades, 19 March 2013

The Supervisory Board,

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Manuel Simões de Carvalho e Silva  
Chairman of the Supervisory Board

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Carlos Alberto da Silva e Cunha  
Member of the Supervisory Board

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João Carlos Tavares Ferreira de Carreto Lages  
Member of the Supervisory Board

**REPORT AND OPINION OF THE SUPERVISORY BOARD**  
**On the individual Accounts of 2012**

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

Dear Shareholders,

1. In accordance with the law, statutes and our mandate, we enclose our report on our supervisory activity and our opinion on Martifer – SGPS, S.A. management report and individual accounts for the year ending December 31, 2012, as well as on the proposals presented by the Board of Directors.
2. We followed, as much as needed for such purpose, the activity of the company and of its major subsidiaries, having received from the executive members of the Board and from company officials all required explanations and support for the completion of our duties.
3. We accompanied the work of the statutory auditor, Dr. Américo Agostinho Martins Pereira, and we reviewed the Legal Certification of Accounts, which have our agreement.
4. Within the scope of competence conferred upon us, we have found that:
  - a) the management report and financial statements shows a clear picture of the financial position, financial results and cash flows of the Company;
  - b) the accounting policies and valuation criteria used, in accordance with the generally accepted accounting principles in Portugal, are appropriate to understanding the net worth of the Company at the end of the financial year and its results;
  - c) the proposal for the appropriation of net profit presented by the Board of Directors in its report is adequate.
6. Therefore, taking into account the information received from the Board of Directors and the conclusions of the Legal Certification of Accounts, we are of the opinion that:
  - a) the Management Report should be approved;

- b) the Individual Financial Statements should be approved;
- c) the proposal for the appropriation of net profit presented by the Board of Directors in its report should be approved.

Oliveira de Frades, 19 March 2013

The Supervisory Board,

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Manuel Simões de Carvalho e Silva  
Chairman of the Supervisory Board

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Carlos Alberto da Silva e Cunha  
Member of the Supervisory Board

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João Carlos Tavares Ferreira de Carreto Lages  
Member of the Supervisory Board

## STATEMENT OF COMPLIANCE

(In the terms of article 245, number I, paragraph C of the Securities Code)

Dear Shareholders,

We hereby declare that as to the best of our knowledge:

- i) the information in the individual and consolidated financial statements, as well and the appendices, was compiled according to the applicable accounting standards, giving a true and appropriate picture of the assets and liabilities, financial position and results of Martifer - SGPS, S.A. and of the companies included in the consolidation perimeter;
- ii) the information contained in the Management Report truthfully represents the operational performance and position of Martifer – SGPS, S.A. and the companies included in the consolidation perimeter, including a description of the main risks and uncertainties faced by the company.

Oliveira de Frades, 19 March 2013

The Supervisory Board,

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Manuel Simões de Carvalho e Silva  
Chairman of the Supervisory Board

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Carlos Alberto da Silva e Cunha  
Member of the Supervisory Board

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João Carlos Tavares Ferreira de Carreto Lages  
Member of the Supervisory Board



## LEGAL CERTIFICATION OF CONSOLIDATED ACCOUNTS

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

### INTRODUCTION


1. We examined the consolidated financial statements of *MARTIFER - SGPS, S.A.*, which comprises the consolidated statement of financial position on the thirty first of December of two thousand and twelve (showing a total of 976,375,200 euros and a total equity of 227,255,223 euros, including non-controlling interests of 50,975,912 euros and a negative net profit of 55,852,988 euros), the consolidated statements of results, of comprehensive income, of changes in equity and of cash flows for the year then ended, and the corresponding notes.

### RESPONSABILITIES

2. It is the responsibility of the Board of Directors to prepare the single management report and the consolidated financial statements, which present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results and the comprehensive income of their operations, the changes in consolidated equity and their consolidated cash flows, as well as to adopt the adequate accounting criteria and policies and to maintain appropriate internal control systems.
3. Our responsibility is to express our professional and independent opinion, based on our auditing of the above mentioned financial statements.

### SCOPE

4. Our auditing has been carried out in accordance with the Technical Standards and Auditing Guidelines ("Normas Técnicas e Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the auditing is planned and performed with the objective of obtaining an acceptable degree of assurance about whether the consolidated financial statements are free of materially relevant distortions. To this end, the auditing included the following:
  - the verification that the financial statements of the companies included in the consolidation have been appropriately examined and, for the significant cases where this has not been carried out, the verification on a sampling basis of the amounts and disclosures contained therein as well as the evaluation of the estimates used in their preparation, based on judgements and criteria defined by the Board of Directors;
  - the verification of the consolidation procedures and the application of the equity method;
  - the appraisal of the adequacy of the accounting policies adopted, of their uniform application, and of their disclosure, taking into account the circumstances;
  - the verification of the applicability of the going concern assumption;
  - and the appraisal of the adequacy, in overall terms, of the presentation of the consolidated financial statements.



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5. Our auditing has also included the verification of the concordance of the information included in the single management report with that shown in the remaining reporting documents, as well as the provided certifications in numbers 4 and 5 of the article 451.º of the Commercial Societies Code ("Código das Sociedades Comerciais").
6. We consider that our auditing provides an acceptable supporting basis for the formation of our opinion.

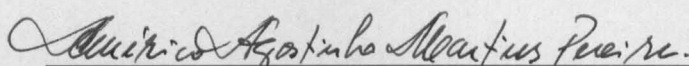
#### OPINION

7. In our opinion, the referred consolidated financial statements truly and fairly present, in all materially relevant aspects, the consolidated financial situation of *MARTIFER - SGPS, S.A.* on the thirty first of December of two thousand and twelve, the consolidated results and the comprehensive income of its operations, the changes in equity and its consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS) as adopted in the European Union.

#### REPORT ON OTHER LEGAL REQUIREMENTS

8. It is also our opinion that the information included in the single management report agrees with the financial statements and the corporate governance report includes all required elements provided in article nº 245-A of the Securities Market Code ("Código dos Valores Mobiliários").

Aveiro, March 19<sup>th</sup>, 2013



Américo Agostinho Martins Pereira, Statutory Auditor no. 877

In representation of the Company

M. PEREIRA & ASSOCIADO, SROC, LDA.



## LEGAL CERTIFICATION OF ACCOUNTS

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

### INTRODUCTION

1. We examined the financial statements of *MARTIFER - SGPS, S.A.*, which comprises the statement of financial position on the thirty first of December of two thousand and twelve (showing a total of 395,852,539 euros and a total equity of 230,313,709 euros, including a negative net profit of 12,517,886 euros), the statements of results, of comprehensive income, of changes in equity and of cash flows for the year then ended, and the corresponding notes.

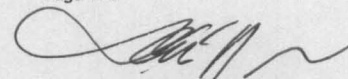
### RESPONSABILITIES

2. It is the responsibility of the Board of Directors to prepare the single management report and the financial statements that truly and fairly reflect the financial situation of the Company, the results and the comprehensive income of its operations, the changes in equity and its cash flows, as well as to adopt the adequate accounting criteria and policies, and to maintain an appropriate system of internal control.
3. Our responsibility is to express our professional and independent opinion, based on our auditing of the above mentioned financial statements.

### SCOPE

4. Our auditing has been carried out in accordance with the Technical Standards and Auditing Guidelines ("Normas Técnicas e Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the auditing is planned and performed in order to obtain an acceptable degree of assurance as to whether or not the financial statements are free of materially relevant distortions. To this end, the auditing included the following:
  - the verification of the documents underlying the amounts and disclosures contained in the financial statements, based on a sampling method, and an appraisal of the estimates used in their preparation, based on judgments and criteria defined by the Board of Directors;
  - the appraisal of the adequacy of the accounting policies adopted and their disclosure, taking into account the specific circumstances;
  - the verification of the applicability of the going concern assumption;
  - and the appraisal of the adequacy, in overall terms, of the presentation of the financial statements.
5. Our auditing has also included the verification of the concordance of the information included in the single management report with that shown in the remaining reporting documents, as well as the provided certifications in numbers 4 and 5 of the article 451.º of the Commercial Societies Code ("Código das Sociedades Comerciais").

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6. We consider that our auditing provides an acceptable supporting basis for the formation of our opinion.

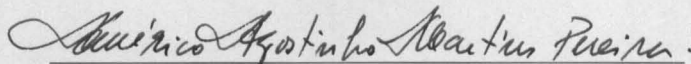
#### OPINION

7. In our opinion, the referred financial statements truly and fairly present, in all materially relevant aspects, the financial situation of *MARTIFER - SGPS, S.A.* on the thirty first of December of two thousand and twelve, the results and the comprehensive income of its operations, the changes in equity and its cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS) as adopted in the European Union.

#### REPORT ON OTHER LEGAL REQUIREMENTS

8. It is also our opinion that the information included in the single management report agrees with the financial statements and the corporate governance report includes all required elements provided in article nº 245-A of the Securities Market Code ("Código dos Valores Mobiliários").

Aveiro, March 19<sup>th</sup>, 2013



Américo Agostinho Martins Pereira, Statutory Auditor no. 877  
In representation of the Company  
M.PEREIRA & ASSOCIADO, SROC, LDA.



## ***Audit Report for Stock Exchange Regulatory Purposes on the Consolidated Financial Information***

***(Free translation from the original in Portuguese)***

### ***Introduction***

1 As required by law, we present the Audit Report for Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached consolidated financial statements of **Martifer, S.G.P.S., S.A.**, comprising the consolidated statement of financial position as at December 31, 2012, (which shows total assets of Euro 976,375,200 and total shareholder's equity of Euro 227,255,223, including non-controlling interests of Euro 50,975,912 and a net loss of Euro 55,852,988), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the corresponding notes to the accounts.

### ***Responsibilities***

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the consolidated financial statements which present fairly, in all material respects, the financial position of the Company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

### ***Scope***

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the Company and its subsidiaries' financial statements have been appropriately examined and, for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness of the accounting principles used and their

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Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000*

disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

### ***Opinion***

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of **Martifer, S.G.P.S., S.A.** as at December 31, 2012, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

### ***Report on other legal requirements***

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Market Code.

March 19, 2013

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda.  
represented by:

Hermínio António Paulos Afonso, R.O.C.





## ***Audit Report for Stock Exchange Regulatory Purposes on the Individual Financial Information***

***(Free translation from the original in Portuguese)***

### ***Introduction***

1 As required by law, we present the Audit Report for Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached financial statements of **Martifer, S.G.P.S., S.A.**, comprising the statement of financial position as at December 31, 2012 (which shows total assets of Euro 395,852,539 and total shareholder's equity of Euro 230,313,709, including a net loss of Euro 12,517,886), the statement of income by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the corresponding notes to the accounts.

### ***Responsibilities***

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the financial statements which present fairly, in all material respects, the financial position of the Company, the results and the comprehensive income of its operations, the changes in equity and the cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an appropriate system of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

### ***Scope***

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

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*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.*  
*o'Porto Bessa Leite Complex, Rua António Bessa Leite, 1430 - 5º, 4150-074 Porto, Portugal*  
*Tel +351 225 433 000 Fax +351 225 433 499, [www.pwc.com/pt](http://www.pwc.com/pt)*  
*Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000*

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Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069 - 316 Lisboa, Portugal  
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na Comissão do Mercado de Valores Mobiliários sob o nº 9077

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

### ***Opinion***

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of **Martifer, S.G.P.S., S.A** as at December 31, 2012, the results and the comprehensive income of its operations, the changes in equity and the cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

### ***Report on other legal requirements***

8 It is also our opinion that the information included in the Directors' Report is consistent with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Market Code.

March 19, 2013

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda.  
represented by:

Hermínio António Paulos Afonso, R.O.C.





[www.martifer.com](http://www.martifer.com)