

**2009**

**FINANCIAL STATEMENTS,  
NOTES AND  
MANAGEMENT REPORT**

**MARTIFER SGPS, S.A.**

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## **I. MANAGEMENT REPORT**

Martifer SGPS, S.A., apart from the individual financial statements, prepared also consolidated financial statements, which includes a detailed management report that is being disclosed and published.

As such, and given that in the individual financial statements has reflected the application the equity method, and there are no other relevant facts, we consider that the information to be prepared for the individual financial statements is similar to the one prepared for the consolidated management report.

## **2. RESULTS APPROPRIATION PROPOSAL**

The Board of Directors proposes that the net profits of Euro 99,672,120.37 be applied in the following manner:

- 5% to legal reserve: Euro 4,983,606.02;
- To retained earnings: Euro 84,688,514.35;
- Distribution to shareholders amounting Euro 10,000,000.00, meaning a dividend of EUR 0.10 per common share.

## **3. OTHER INFORMATION**

Martifer SGPS, S.A. has no debts for arrears of payments to the Tax Authorities or any other government entity, including the Social Security.

## 4. MANDATORY INFORMATION

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

In accordance with article 447 of the Portuguese Companies Code, the following are the securities issued by MARTIFER SGPS, SA and companies dominated by it, held by members of the governing bodies, as of 31 December 2009:

| Holder                              | Governing Body                  | Number of Shares held on 31.12.2009 |
|-------------------------------------|---------------------------------|-------------------------------------|
| Carlos Manuel Marques Martins       | Board of Directors              | 70,030                              |
| Jorge Alberto Marques Martins       | Board of Directors              | 131,760                             |
| I'M – SGPS, S.A. *                  | Board of Directors              | 41,590,473                          |
| Jorge Paulo Sacadura Almeida Coelho | Board of Directors              | 0                                   |
| Eduardo Jorge de Almeida Rocha      | Board of Directors              | 20,000                              |
| MOTA-ENGIL, SGPS, S.A. **           | Board of Directors              | 37,500,000                          |
| Mário Jorge Henriques Couto ***     | Board of Directors              | 0                                   |
| Luís Valadares Tavares              | Board of Directors              | 0                                   |
| Jorge Bento Ribeiro Barbosa Farinha | Board of Directors              | 0                                   |
| Manuel Simões de Carvalho e Silva   | Supervisory Board               | 0                                   |
| Carlos Alberto da Silva e Cunha     | Supervisory Board               | 0                                   |
| Carlos Alberto de Oliveira e Sousa  | Supervisory Board               | 0                                   |
| Américo Agostinho Martins Pereira   | Statutory Auditor               | 0                                   |
| José Carreto Lages                  | Chairman of the General Meeting | 0                                   |

\* 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 Jorge Paulo Sacadura Almeida Coelho and Eduardo Jorge de Almeida Rocha are Directors of the Board of Directors of MOTA-ENGIL, SGPS, S.A.

\*\*\* Director Mário Jorge Henriques Couto was elected by the Board of Directors on 19 May 2009, after the resignation of the Director Pedro Álvaro de Brito Gomes Doutel

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

| Member of the Governing Bodies | Shares held on<br>31.12.2008 | Share transactions during 2009 |          |      |                      | Shares held on<br>31.12.2009 |
|--------------------------------|------------------------------|--------------------------------|----------|------|----------------------|------------------------------|
|                                |                              | Date                           | Purchase | Sale | Average<br>Price (€) |                              |
| Carlos Manuel Marques Martins  | 70,030                       |                                |          |      |                      | 70,030                       |
| Jorge Alberto Marques Martins  | 131,760                      |                                |          |      |                      | 131,760                      |
| Eduardo Jorge de Almeida Rocha | 20,000                       |                                |          |      |                      | 20,000                       |

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 2009, held a total of 41,590,473 of shares of Martifer SGPS, S.A..

The following are the share transactions of I'M SGPS, SA during 2009:

| Date   | Purchases | Sales | Average Price (€) | Date   | Purchases | Sales | Average Price (€) |
|--------|-----------|-------|-------------------|--------|-----------|-------|-------------------|
| 5-Jan  | 12,232    |       | 3.64 €            | 16-Feb | 50        |       | 3.25 €            |
| 5-Jan  | 5,500     |       | 3.63 €            | 17-Feb | 2,620     |       | 3.16 €            |
| 5-Jan  | 3,678     |       | 3.65 €            | 17-Feb | 2,100     |       | 3.20 €            |
| 13-Jan | 5,000     |       | 3.55 €            | 17-Feb | 10        |       | 3.25 €            |
| 27-Jan | 4,806     |       | 3.38 €            | 17-Feb | 250       |       | 3.24 €            |
| 30-Jan | 5,000     |       | 3.35 €            | 17-Feb | 50        |       | 3.23 €            |
| 2-Feb  | 7,010     |       | 3.32 €            | 17-Feb | 100       |       | 3.17 €            |
| 2-Feb  | 7,623     |       | 3.32 €            | 17-Feb | 1,701     |       | 3.18 €            |
| 3-Feb  | 2,050     |       | 3.32 €            | 17-Feb | 100       |       | 3.16 €            |
| 4-Feb  | 17,000    |       | 3.30 €            | 18-Feb | 20        |       | 3.17 €            |
| 5-Feb  | 11,570    |       | 3.28 €            | 18-Feb | 150       |       | 3.15 €            |
| 6-Feb  | 1,650     |       | 3.31 €            | 18-Feb | 20        |       | 3.16 €            |
| 9-Feb  | 78        |       | 3.32 €            | 18-Feb | 50        |       | 3.14 €            |
| 9-Feb  | 992       |       | 3.31 €            | 18-Feb | 160       |       | 3.11 €            |
| 10-Feb | 3,872     |       | 3.31 €            | 18-Feb | 1,135     |       | 3.12 €            |
| 10-Feb | 10        |       | 3.33 €            | 19-Feb | 4,951     |       | 3.10 €            |
| 10-Feb | 18        |       | 3.34 €            | 20-Feb | 110       |       | 3.12 €            |
| 10-Feb | 2,450     |       | 3.29 €            | 20-Feb | 1,211     |       | 3.11 €            |
| 10-Feb | 1,081     |       | 3.31 €            | 20-Feb | 20        |       | 3.10 €            |
| 11-Feb | 1,459     |       | 3.29 €            | 20-Feb | 1,000     |       | 3.13 €            |
| 11-Feb | 4         |       | 3.30 €            | 23-Feb | 50        |       | 3.13 €            |
| 11-Feb | 203       |       | 3.27 €            | 23-Feb | 900       |       | 3.12 €            |
| 12-Feb | 720       |       | 3.27 €            | 23-Feb | 1,200     |       | 3.10 €            |
| 12-Feb | 101       |       | 3.26 €            | 24-Feb | 3,514     |       | 3.05 €            |
| 12-Feb | 398       |       | 3.28 €            | 24-Feb | 500       |       | 3.02 €            |
| 13-Feb | 1,450     |       | 3.29 €            | 24-Feb | 986       |       | 3.04 €            |
| 16-Feb | 300       |       | 3.29 €            | 24-Feb | 300       |       | 2.98 €            |
| 16-Feb | 260       |       | 3.28 €            | 24-Feb | 4         |       | 3.10 €            |
| 16-Feb | 680       |       | 3.27 €            | 24-Feb | 100       |       | 3.09 €            |

| Date   | Purchases | Sales | Average Price (€) |
|--------|-----------|-------|-------------------|
| 24-Feb | 31        |       | 3.08 €            |
| 13-Mar | 177       |       | 2.80 €            |
| 13-Mar | 1,300     |       | 2.81 €            |
| 13-Mar | 50        |       | 2.82 €            |
| 13-Mar | 4,500     |       | 2.86 €            |
| 16-Mar | 1,600     |       | 2.84 €            |
| 17-Mar | 255       |       | 2.83 €            |
| 17-Mar | 100       |       | 2.82 €            |
| 17-Mar | 385       |       | 2.80 €            |
| 17-Mar | 15        |       | 2.81 €            |
| 17-Mar | 70        |       | 2.75 €            |
| 18-Mar | 50        |       | 2.80 €            |
| 18-Mar | 200       |       | 2.79 €            |
| 18-Mar | 340       |       | 2.77 €            |
| 18-Mar | 10        |       | 2.78 €            |
| 19-Mar | 800       |       | 2.77 €            |
| 19-Mar | 50        |       | 2.79 €            |
| 19-Mar | 340       |       | 2.78 €            |
| 19-Mar | 5,090     |       | 2.76 €            |
| 20-Mar | 3,700     |       | 2.69 €            |
| 20-Mar | 3,700     |       | 2.66 €            |
| 23-Mar | 500       |       | 2.70 €            |
| 24-Mar | 300       |       | 2.73 €            |
| 24-Mar | 300       |       | 2.72 €            |
| 24-Mar | 570       |       | 2.69 €            |
| 24-Mar | 1         |       | 2.71 €            |
| 24-Mar | 360       |       | 2.70 €            |
| 24-Mar | 1,000     |       | 2.68 €            |
| 26-Mar | 4,360     |       | 2.65 €            |
| 26-Mar | 90        |       | 2.66 €            |
| 26-Mar | 250       |       | 2.64 €            |
| 26-Mar | 250       |       | 2.62 €            |
| 27-Mar | 1,000     |       | 2.59 €            |
| 27-Mar | 5         |       | 2.60 €            |
| 27-Mar | 2,700     |       | 2.61 €            |
| 27-Mar | 5,000     |       | 2.57 €            |
| 30-Mar | 2,750     |       | 2.59 €            |
| 30-Mar | 42        |       | 2.60 €            |
| 30-Mar | 508       |       | 2.58 €            |
| 31-Mar | 253       |       | 2.56 €            |
| 31-Mar | 300       |       | 2.57 €            |

| Date   | Purchases | Sales | Average Price (€) |
|--------|-----------|-------|-------------------|
| 31-Mar | 3,252     |       | 2.58 €            |
| 1-Apr  | 1,350     |       | 2.61 €            |
| 1-Apr  | 150       |       | 2.62 €            |
| 1-Apr  | 2,209     |       | 2.64 €            |
| 1-Apr  | 100       |       | 2.63 €            |
| 1-Apr  | 501       |       | 2.66 €            |
| 2-Apr  | 599       |       | 2.70 €            |
| 2-Apr  | 49        |       | 2.72 €            |
| 2-Apr  | 250       |       | 2.71 €            |
| 2-Apr  | 438       |       | 2.75 €            |
| 2-Apr  | 2,050     |       | 2.74 €            |
| 2-Apr  | 289       |       | 2.73 €            |
| 3-Apr  | 429       |       | 2.85 €            |
| 3-Apr  | 2,250     |       | 2.87 €            |
| 3-Apr  | 21        |       | 2.88 €            |
| 3-Apr  | 600       |       | 2.81 €            |
| 3-Apr  | 60        |       | 2.83 €            |
| 3-Apr  | 250       |       | 2.86 €            |
| 3-Apr  | 4,500     |       | 2.84 €            |
| 6-Apr  | 770       |       | 2.77 €            |
| 7-Apr  | 500       |       | 2.84 €            |
| 7-Apr  | 500       |       | 2.85 €            |
| 7-Apr  | 2,020     |       | 2.86 €            |
| 8-Apr  | 77        |       | 2.83 €            |
| 8-Apr  | 10        |       | 2.82 €            |
| 8-Apr  | 3,150     |       | 2.80 €            |
| 9-Apr  | 10,050    |       | 2.82 €            |
| 9-Apr  | 10        |       | 2.83 €            |
| 9-Apr  | 1,700     |       | 2.84 €            |
| 14-Apr | 10,000    |       | 2.88 €            |
| 14-Apr | 200       |       | 2.95 €            |
| 14-Apr | 43        |       | 2.92 €            |
| 14-Apr | 27        |       | 2.93 €            |
| 15-Apr | 1,910     |       | 2.93 €            |
| 15-Apr | 450       |       | 2.89 €            |
| 15-Apr | 5         |       | 2.91 €            |
| 15-Apr | 200       |       | 2.92 €            |
| 15-Apr | 205       |       | 2.93 €            |
| 15-Apr | 440       |       | 2.94 €            |
| 15-Apr | 5         |       | 2.95 €            |
| 16-Apr | 5,110     |       | 3.00 €            |

| Date   | Purchases | Sales | Average Price (€) |
|--------|-----------|-------|-------------------|
| 16-Apr | 7,000     |       | 3.08 €            |
| 17-Apr | 2,743     |       | 3.15 €            |
| 17-Apr | 600       |       | 3.19 €            |
| 17-Apr | 67        |       | 3.20 €            |
| 17-Apr | 3,000     |       | 3.35 €            |
| 17-Apr | 200       |       | 3.18 €            |
| 20-Apr | 10,000    |       | 3.34 €            |
| 20-Apr | 505       |       | 3.45 €            |
| 20-Apr | 400       |       | 3.57 €            |
| 20-Apr | 100       |       | 3.58 €            |
| 20-Apr | 200       |       | 3.63 €            |
| 20-Apr | 100       |       | 3.44 €            |
| 20-Apr | 100       |       | 3.43 €            |
| 20-Apr | 653       |       | 3.28 €            |
| 20-Apr | 2         |       | 3.29 €            |
| 20-Apr | 1,100     |       | 3.24 €            |
| 21-Apr | 8,590     |       | 3.22 €            |
| 22-Apr | 350       |       | 3.30 €            |
| 22-Apr | 5         |       | 3.32 €            |
| 22-Apr | 150       |       | 3.31 €            |
| 22-Apr | 120       |       | 3.29 €            |
| 22-Apr | 914       |       | 3.26 €            |
| 22-Apr | 2         |       | 3.27 €            |
| 22-Apr | 150       |       | 3.25 €            |
| 22-Apr | 120       |       | 3.23 €            |
| 23-Apr | 149       |       | 3.22 €            |
| 23-Apr | 991       |       | 3.25 €            |
| 23-Apr | 230       |       | 3.24 €            |
| 24-Apr | 2,500     |       | 3.30 €            |
| 28-Apr | 32        |       | 3.17 €            |
| 28-Apr | 3         |       | 3.21 €            |
| 28-Apr | 120       |       | 3.20 €            |
| 28-Apr | 150       |       | 3.18 €            |
| 28-Apr | 240       |       | 3.13 €            |
| 28-Apr | 2,005     |       | 3.14 €            |
| 28-Apr | 10        |       | 3.15 €            |
| 28-Apr | 3,986     |       | 3.12 €            |
| 6-May  | 2,830     |       | 3.33 €            |
| 6-May  | 1,300     |       | 3.43 €            |
| 7-May  | 10,000    |       | 3.47 €            |
| 8-May  | 1,738     |       | 3.44 €            |

| Date   | Purchases | Sales | Average Price (€) |
|--------|-----------|-------|-------------------|
| 8-May  | 3,010     |       | 3.48 €            |
| 11-May | 1,121     |       | 3.49 €            |
| 11-May | 979       |       | 3.50 €            |
| 12-May | 4,155     |       | 3.35 €            |
| 12-May | 6,450     |       | 3.36 €            |
| 12-May | 4,408     |       | 3.40 €            |
| 13-May | 530       |       | 3.25 €            |
| 3-Jun  | 5,000     |       | 3.41 €            |
| 4-Jun  | 1,700     |       | 3.36 €            |
| 4-Jun  | 5,000     |       | 3.36 €            |
| 8-Jun  | 5,000     |       | 3.27 €            |
| 9-Jun  | 10        |       | 3.34 €            |
| 9-Jun  | 50        |       | 3.32 €            |
| 9-Jun  | 10        |       | 3.30 €            |
| 10-Jun | 50        |       | 3.32 €            |
| 11-Jun | 350       |       | 3.31 €            |
| 12-Jun | 95        |       | 3.41 €            |
| 12-Jun | 5         |       | 3.44 €            |
| 15-Jun | 2,330     |       | 3.45 €            |
| 17-Jun | 550       |       | 3.37 €            |
| 17-Jun | 10        |       | 3.38 €            |
| 17-Jun | 800       |       | 3.34 €            |
| 18-Jun | 3,700     |       | 3.30 €            |
| 18-Jun | 650       |       | 3.24 €            |
| 23-Jun | 5,000     |       | 3.37 €            |
| 23-Jun | 450       |       | 3.45 €            |
| 23-Jun | 5         |       | 3.46 €            |
| 23-Jun | 100       |       | 3.44 €            |
| 23-Jun | 1,200     |       | 3.40 €            |
| 30-Jun | 3,000     |       | 3.42 €            |
| 8-Jul  | 2,982     |       | 2.98 €            |
| 9-Jun  | 5,000     |       | 3.25 €            |
| 13-Jul | 235       |       | 3.19 €            |
| 20-Jul | 100       |       | 3.25 €            |
| 21-Jul | 155       |       | 3.25 €            |
| 22-Jul | 330       |       | 3.27 €            |
| 3-Aug  | 150       |       | 3.25 €            |
| 27-Aug | 5,000     |       | 3.56 €            |
| 28-Aug | 1,506     |       | 3.45 €            |
| 28-Aug | 4,000     |       | 3.46 €            |
| 28-Aug | 4         |       | 3.47 €            |

| Date   | Purchases | Sales | Average Price (€) | Date   | Purchases | Sales | Average Price (€) |
|--------|-----------|-------|-------------------|--------|-----------|-------|-------------------|
| 28-Aug | 12,000    |       | 3.48 €            | 11-Nov | 5,000     |       | 3.74 €            |
| 29-Sep | 3,780     |       | 3.62 €            | 26-Nov | 5,000     |       | 3.45 €            |
| 27-Oct | 5,000     |       | 3.80 €            | 26-Nov | 5,000     |       | 3.39 €            |
| 28-Oct | 5,000     |       | 3.60 €            | 10-Dec | 407       |       | 3.49€             |
| 30-Oct | 5,000     |       | 3.65 €            | 10-Dec | 4,254     |       | 3.30€             |

## 4.2 HOLDERS OF QUALIFYING SHAREHOLDINGS

According to paragraph 1b) of article 8 of CMVM regulation number 5/2008, the following is the list of qualifying shareholders, with an indication of number of shares and percentage of voting rights held, calculated according article 20 of the Securities Code (Código de Valores Mobiliários), as of 31 December 2009:

| SHAREHOLDERS                                                | Number of shares  | Percentage of share capital | Percentage of voting rights |
|-------------------------------------------------------------|-------------------|-----------------------------|-----------------------------|
| <b>I'M – SGPS, SA</b>                                       | 41,590,473        | 41.59%                      | 41.59%                      |
| Carlos Manuel Marques Martins *                             | 70,030            | 0.07%                       | 0.07%                       |
| Jorge Alberto Marques Martins *                             | 131,760           | 0.13%                       | 0.13%                       |
| <b>Attributable to I'M – SGPS, SA</b>                       | <b>41,792,263</b> | <b>41.79%</b>               | <b>41.79%</b>               |
| <b>Mota-Engil – SGPS, SA</b>                                | 37,500,000        | 37.50%                      | 37.50%                      |
| Eduardo Jorge de Almeida Rocha **                           | 20,000            | 0.02%                       | 0.02%                       |
| <b>Attributable to FM – Sociedade de Controlo, SGPS, SA</b> | <b>37,520,000</b> | <b>37.52%</b>               | <b>37.52%</b>               |

\* 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.

**4.3 STATEMENT OF COMPLIANCE ACCORDING TO ARTICLE 245, NUMBER I, PARAGRAPH C) OF THE SECURITIES CODE (CÓDIGO DE VALORES MOBILIÁRIOS)**

Dear Shareholder,

In the terms of article 245, number I, paragraph c) of the Securities Code (Código de Valores Mobiliários) the Board of Directors declare that in accordance with the best of our knowledge :

- i) The information contained in the management report faithfully reports the evolution of trading, the performance and the position of Martifer SGPS, S.A., public company, 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, S.A., public company.

Oliveira de Frades, 25 February 2010

The Board of Directors,

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

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Mário Jorge Henriques Couto  
(Member of the Board of Directors)

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

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Luís Valadares Tavares  
(Member of the Board of Directors)

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Jorge Paulo Sacadura Almeida Coelho  
(Member of the Board of Directors)

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

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Eduardo Jorge de Almeida Rocha  
(Member of the Board of Directors)

## **5. FINANCIAL INFORMATION**

### 5.1 Financial Statements

**MARTIFER, SGPS, S.A.**
**BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008**

|                                            | Notes          | 31.12.2009     |              |                | 31.12.2008     | Notes                                       | 31.12.2009    | 31.12.2008     |
|--------------------------------------------|----------------|----------------|--------------|----------------|----------------|---------------------------------------------|---------------|----------------|
|                                            |                | GA             | D            | NA             | NA             |                                             |               |                |
| <b>Assets</b>                              |                |                |              |                |                |                                             |               |                |
| Fixed assets:                              |                |                |              |                |                |                                             |               |                |
| Intangible fixed assets:                   |                |                |              |                |                |                                             |               |                |
| Establishment expenses                     | 3a), 8 and 10  | 7,123,890.41   | 5,905,091.28 | 1,218,799.13   | 3,593,664.30   |                                             |               |                |
| Industrial property and other rights       | 3a), 8 and 10  | 10,850.67      | 3,779.78     | 7,070.89       | 756.30         |                                             |               |                |
|                                            |                | 7,134,741.08   | 5,908,871.06 | 1,225,870.02   | 3,594,420.60   |                                             |               |                |
| Tangible fixed assets:                     |                |                |              |                |                |                                             |               |                |
| Transport equipment                        | 3b) and 10     | 103,515.64     | 12,530.29    | 90,985.35      | 54,763.19      |                                             |               |                |
| Administrative equipment                   | 3b) and 10     | 17,984.30      | 1,809.88     | 16,174.42      | 1,244.12       |                                             |               |                |
|                                            |                | 121,499.94     | 14,340.17    | 107,159.77     | 56,007.31      |                                             |               |                |
| Investments:                               |                |                |              |                |                |                                             |               |                |
| Equity investments in group companies      | 3c), 10 and 16 | 128,836,210.74 | 0.00         | 128,836,210.74 | 188,240,254.39 |                                             |               |                |
| Loans to group companies                   | 3c), 10 and 16 | 206,843,255.89 | 0.00         | 206,843,255.89 | 169,497,881.06 |                                             |               |                |
| Equity investments in associated companies | 3c), 10 and 16 | 80,992.27      | 0.00         | 80,992.27      | 1,233,771.91   |                                             |               |                |
| Securities and other investments           | 3c) and 10     | 25,000.00      | 0.00         | 25,000.00      | 25,000.00      |                                             |               |                |
|                                            |                | 335,785,458.90 | 0.00         | 335,785,458.90 | 358,996,907.36 |                                             |               |                |
| Long-term debtors:                         |                |                |              |                |                |                                             |               |                |
| Affiliated companies                       | 16             | 82,807,567.28  | 0.00         | 82,807,567.28  | 9,312,629.95   |                                             |               |                |
|                                            |                | 82,807,567.28  | 0.00         | 82,807,567.28  | 9,312,629.95   |                                             |               |                |
| Short-term debtors:                        |                |                |              |                |                |                                             |               |                |
| Trade debtors                              | 16             | 2,463,077.23   | 0.00         | 2,463,077.23   | 619,778.99     |                                             |               |                |
| Affiliated companies                       | 16             | 51,266,352.26  | 0.00         | 51,266,352.26  | 14,088,718.88  |                                             |               |                |
| State and public sector                    |                | 411,516.61     | 0.00         | 411,516.61     | 456,646.14     |                                             |               |                |
| Other debtors                              | 16             | 6,804,278.57   | 0.00         | 6,804,278.57   | 34,248,682.86  |                                             |               |                |
|                                            |                | 60,945,224.67  | 0.00         | 60,945,224.67  | 49,413,826.87  |                                             |               |                |
| Bank deposits and cash in hand:            |                |                |              |                |                |                                             |               |                |
| Bank deposits                              |                | 873,151.73     |              | 873,151.73     | 114,030.88     |                                             |               |                |
| Cash in hand                               |                | 0.00           |              | 0.00           | 0.00           |                                             |               |                |
|                                            |                | 873,151.73     |              | 873,151.73     | 114,030.88     |                                             |               |                |
| Accruals and deferrals:                    |                |                |              |                |                |                                             |               |                |
| Accrued income                             | 3d)            | 0.00           |              | 0.00           | 592.17         |                                             |               |                |
| Deferred costs                             | 3d)            | 839,535.86     |              | 839,535.86     | 1,568,091.91   |                                             |               |                |
| Deferred taxes assets                      | 3e) and 6      | 2,054,196.15   |              | 2,054,196.15   | 2,054,196.15   |                                             |               |                |
|                                            | 49             | 2,893,732.01   |              | 2,893,732.01   | 3,622,880.23   |                                             |               |                |
| Total Amortisation and Depreciation        |                |                | 5,923,211.23 |                |                |                                             |               |                |
| Total Adjustments                          |                |                | 0.00         |                |                |                                             |               |                |
| Total Assets                               |                | 490,561,375.61 | 5,923,211.23 | 484,638,164.38 | 425,110,703.20 |                                             |               |                |
|                                            |                |                |              |                |                | <b>Shareholders' Equity and Liabilities</b> |               |                |
|                                            |                |                |              |                |                | Equity:                                     |               |                |
|                                            |                |                |              |                |                | Share capital                               | 36, 37 and 40 | 50,000,000.00  |
|                                            |                |                |              |                |                | Own shares - nominal value                  |               | 0.00           |
|                                            |                |                |              |                |                | Own shares - discounts and premiums         |               | 0.00           |
|                                            |                |                |              |                |                | Supplementary capital                       |               | 0.00           |
|                                            |                |                |              |                |                | Share premium                               | 40            | 186,500,000.00 |
|                                            |                |                |              |                |                | Adjustments in associated companies         | 40            | 3,499,339.44   |
|                                            |                |                |              |                |                | Reserves:                                   |               |                |
|                                            |                |                |              |                |                | Legal reserve                               | 40            | 2,713,238.44   |
|                                            |                |                |              |                |                | Other reserves                              | 3g) and 40    | 17,347.33      |
|                                            |                |                |              |                |                | Retained earnings                           | 40            | 31,350,452.13  |
|                                            |                |                |              |                |                |                                             |               | 274,080,377.34 |
|                                            |                |                |              |                |                |                                             |               | 270,430,828.43 |
|                                            |                |                |              |                |                | Net profit of the year                      | 40            | 99,672,120.37  |
|                                            |                |                |              |                |                | Total Equity                                |               | 373,752,497.71 |
|                                            |                |                |              |                |                |                                             |               | 274,532,220.83 |
|                                            |                |                |              |                |                | <b>Liabilities</b>                          |               |                |
|                                            |                |                |              |                |                | Provisions:                                 |               |                |
|                                            |                |                |              |                |                | Other provisions                            | 3f) and 34    | 33,812,550.40  |
|                                            |                |                |              |                |                |                                             |               | 12,730,157.50  |
|                                            |                |                |              |                |                |                                             |               | 33,812,550.40  |
|                                            |                |                |              |                |                | Long-term liabilities:                      |               |                |
|                                            |                |                |              |                |                | Bank loans                                  | 48            | 0.00           |
|                                            |                |                |              |                |                |                                             |               | 1,196,241.51   |
|                                            |                |                |              |                |                |                                             |               | 0.00           |
|                                            |                |                |              |                |                | Short-term liabilities:                     |               |                |
|                                            |                |                |              |                |                | Bank loans                                  | 48            | 1,551,867.03   |
|                                            |                |                |              |                |                | Trade creditors                             | 16            | 279,567.61     |
|                                            |                |                |              |                |                | Affiliated companies                        | 16            | 22,223.34      |
|                                            |                |                |              |                |                | Other loans                                 | 48            | 74,500,000.00  |
|                                            |                |                |              |                |                | Suppliers of fixed assets                   |               | 20,154.55      |
|                                            |                |                |              |                |                | State and public sector                     |               | 298,556.25     |
|                                            |                |                |              |                |                | Other creditors                             |               | 204.02         |
|                                            |                |                |              |                |                |                                             |               | 11,804.06      |
|                                            |                |                |              |                |                |                                             |               | 76,652,418.25  |
|                                            |                |                |              |                |                |                                             |               | 135,786,647.09 |
|                                            |                |                |              |                |                | Accruals and deferrals:                     |               |                |
|                                            |                |                |              |                |                | Accrued costs                               | 3d) and 49    | 420,698.02     |
|                                            |                |                |              |                |                |                                             |               | 865,436.27     |
|                                            |                |                |              |                |                |                                             |               | 420,698.02     |
|                                            |                |                |              |                |                | Total Liabilities                           |               | 110,885,666.67 |
|                                            |                |                |              |                |                |                                             |               | 150,578,482.37 |
|                                            |                |                |              |                |                | Total Shareholders' Equity and Liabilities  |               | 484,638,164.38 |
|                                            |                |                |              |                |                |                                             |               | 425,110,703.20 |

The Certified Accountant,

The Board of Directors,

**MARTIFER, SGPS, S.A.**
**INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008**

|                                          | Notes     | 2009            |   | 2008            |   |
|------------------------------------------|-----------|-----------------|---|-----------------|---|
| Costs & Expenses                         |           |                 |   |                 |   |
| Cost of sales:                           |           |                 |   |                 |   |
| Merchandise                              |           | -               |   | -               |   |
| Materials                                |           | -               | - | -               | - |
| External supplies and services           | 16        | 603,061.09      |   | 1,068,723.24    |   |
| Personnel Costs                          |           |                 |   |                 |   |
| Wages and Salaries                       | 43        | 1,493,158.27    |   | 1,581,002.10    |   |
| Social charges:                          |           |                 |   |                 |   |
| Pensions                                 |           | 58,187.50       |   | 49,390.00       |   |
| Others                                   |           | 267,266.70      |   | 120,525.09      |   |
|                                          |           | 1,818,612.47    |   | 1,750,917.19    |   |
| Amortizations and Depreciation           | 10        | 2,394,122.31    |   | 2,365,740.71    |   |
| Adjustments                              |           | -               |   | -               |   |
| Provisions                               | 34        | 11,731,706.40   |   | 5,512,176.39    |   |
|                                          |           | 14,125,828.71   |   | 7,877,917.10    |   |
| Taxes                                    |           | 1,015.35        |   | 12,467.69       |   |
| Other operating costs                    |           | 16,549.28       |   | 15,000.00       |   |
|                                          |           | 17,564.63       |   | 27,467.69       |   |
| (A)                                      |           | 16,565,066.90   |   | 10,725,025.22   |   |
| Losses on group and associated companies | 10 and 45 | 53,983,471.58   |   | 4,852,523.08    |   |
| Interest and similar expenses            |           |                 |   |                 |   |
| From affiliated companies                | 16 and 45 | -               |   | 1,095,384.89    |   |
| Others                                   | 45        | 4,200,661.52    |   | 44,234,042.86   |   |
|                                          |           | 58,184,133.10   |   | 50,181,950.83   |   |
| (C)                                      |           | 74,749,200.00   |   | 60,906,976.05   |   |
| Extraordinary expenses                   | 46        | 176,205.67      |   | 192,947.19      |   |
| (E)                                      |           | 74,925,405.67   |   | 61,099,923.24   |   |
| Income Tax                               | 3e) and 6 | 3,787.12        |   | (2,049,825.30)  |   |
| (G)                                      |           | 74,929,192.79   |   | 59,050,097.94   |   |
| Net profit of the year                   |           | 99,672,120.37   |   | 4,101,392.40    |   |
|                                          |           | 174,601,313.16  |   | 63,151,490.34   |   |
| Income & Revenues                        |           |                 |   |                 |   |
| Services rendered                        | 16 and 44 | 1,887,380.94    |   | 1,030,787.87    |   |
| Supplementary income                     |           | 1,206.81        |   | -               |   |
| (B)                                      |           | 1,888,587.75    |   | 1,030,787.87    |   |
| Gains on group and associated companies  | 10 and 45 | 8,328,246.87    |   | 17,362,566.04   |   |
| Income from investment in shares         | 45        | -               |   | 2,211,938.13    |   |
| Income from short term investments:      |           |                 |   |                 |   |
| From affiliated companies                |           | -               |   | -               |   |
| Others                                   | 45        | -               |   | 9,189.47        |   |
| Interest and similar income:             |           |                 |   |                 |   |
| From affiliated companies                | 16 and 45 | 3,071,396.91    |   | 1,860,126.92    |   |
| Others                                   | 45        | 320,336.05      |   | 65,737.74       |   |
|                                          |           | 11,719,979.83   |   | 21,509,558.30   |   |
| (D)                                      |           | 13,608,567.58   |   | 22,540,346.17   |   |
| Extraordinary Income                     | 46        | 160,992,745.58  |   | 40,611,144.17   |   |
| (F)                                      |           | 174,601,313.16  |   | 63,151,490.34   |   |
| Summary:                                 |           |                 |   |                 |   |
| Operating Results: (B)-(A)=              |           | (14,676,479.15) |   | (9,694,237.35)  |   |
| Financial Results: (D)-(C-A)=            |           | (46,464,153.27) |   | (28,672,392.53) |   |
| Current Results: (D)-(C)=                |           | (61,140,632.42) |   | (38,366,629.88) |   |
| Profit before income tax: (F)-(E)=       |           | 99,675,907.49   |   | 2,051,567.10    |   |
| Net profit of the year: (F)-(G)=         |           | 99,672,120.37   |   | 4,101,392.40    |   |

The Certified Accountant,

The Board of Directors,

**MARTIFER SGPS, S.A.**
**INCOME STATEMENTS BY FUNCTIONS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008**

|                                               | 2009           | 2008           |
|-----------------------------------------------|----------------|----------------|
| Services rendered                             | 1,887,380.94   | 1,030,787.87   |
| Cost of the services rendered                 | (963,159.17)   | (841,000.05)   |
| Gross profit/(loss)                           | 924,221.77     | 189,787.82     |
| Other operating income                        | 10,182.99      | -              |
| Distribution costs                            | -              | -              |
| Administrative costs                          | (3,852,636.97) | (4,344,381.09) |
| Other operating costs                         | (193,770.03)   | (220,414.88)   |
| Operating profit/(loss)                       | (3,112,002.24) | (4,375,008.15) |
| Net financial expenses                        | (808,928.56)   | (7,159,474.03) |
| Profit/loss on group and associated companies | 103,498,538.89 | 6,278,919.22   |
| Profit/loss in other investments              | 98,299.40      | 7,307,130.06   |
| Other financial costs                         | -              | -              |
| Current profit/(loss) before taxes            | 99,675,907.49  | 2,051,567.10   |
| Income taxes on current profit                | (3,787.12)     | 2,049,825.30   |
| Current profit/(loss) before taxes            | 99,672,120.37  | 4,101,392.40   |
| Extraordinary results                         | -              | -              |
| Taxes on extraordinary results                | -              | -              |
| Net profit of the year                        | 99,672,120.37  | 4,101,392.40   |
| Earnings per share                            | 1.00           | 0.04           |

The Certified Accountant,

The Board of Directors,

**MARTIFER SGPS, S.A.**
**CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008**

|                                                                  | 2009             | 2008             |
|------------------------------------------------------------------|------------------|------------------|
| Operating activities:                                            |                  |                  |
| Cash received from trade debtors                                 | 45,289.51        | 885,457.97       |
| Cash paid to Suppliers                                           | (818,696.92)     | (539,662.15)     |
| Payments to Employees                                            | (1,696,541.29)   | (971,268.78)     |
| Cash used in operations                                          | (2,469,948.70)   | (625,472.96)     |
| Income taxes (paid)/received                                     | 41,342.41        | (375,259.47)     |
| Other cash receipts/payments relating to operating activities    | 335,822.50       | 137,855.30       |
| Cash flow before extraordinary items                             | (2,092,783.79)   | (862,877.13)     |
| Receipts related to extraordinary items                          | 8,976.18         | -                |
| Payments related to extraordinary items                          | (125,712.28)     | (250.00)         |
| Cash flow used in operating activities [1]                       | (2,209,519.89)   | (863,127.13)     |
| Investing activities:                                            |                  |                  |
| Cash receipts arising from:                                      |                  |                  |
| Investments                                                      | 233,047,436.44   | 186,658,342.91   |
| Tangible assets                                                  | -                | -                |
| Intangible assets                                                | -                | -                |
| Grants                                                           | -                | -                |
| Loans                                                            | 1,115,718.55     | -                |
| Interest and similar income                                      | 3,913,351.47     | 1,201,927.85     |
| Other                                                            | -                | 7,163,358.05     |
|                                                                  | 238,076,506.46   | 195,023,628.81   |
| Cash payments arising from:                                      |                  |                  |
| Investments                                                      | (51,300,000.00)  | (271,856,524.82) |
| Tangible assets                                                  | (96,878.74)      | (100,561.69)     |
| Intangible assets                                                | -                | -                |
| Loans                                                            | (119,788,040.42) | -                |
|                                                                  | (171,184,919.16) | (271,957,086.51) |
| Cash flow generated by/(used in) investing activities [2]        | 66,891,587.30    | (76,933,457.70)  |
| Financing activities:                                            |                  |                  |
| Cash receipts arising from:                                      |                  |                  |
| Borrowings                                                       | 836,726,324.71   | 1,009,450,795.79 |
| Issue of equity shares, supplementary capital and share premiums | -                | -                |
| Grants and donations                                             | -                | -                |
| Sale of shares                                                   | -                | -                |
| Coverage of losses                                               | -                | -                |
|                                                                  | 836,726,324.71   | 1,009,450,795.79 |
| Cash payments arising from:                                      |                  |                  |
| Borrowings                                                       | (896,933,655.11) | (932,329,642.72) |
| Leasings                                                         | -                | -                |
| Interest and similar costs                                       | (3,768,609.55)   | (9,413,261.33)   |
| Dividends                                                        | -                | -                |
| Capital reduction and supplementary capital                      | -                | -                |
| Purchase of shares                                               | -                | -                |
|                                                                  | (900,702,264.66) | (941,742,904.05) |
| Cash flow generated by/(used in) financing activities [3]        | (63,975,939.95)  | 67,707,891.74    |
| Net increase in cash and cash equivalents [4]=[1]+[2]+[3]        | 759,120.85       | (10,088,693.09)  |
| Effect of foreign exchange currencies                            | 0.00             | -                |
| Cash and cash equivalents at the beginning of the year           | 114,030.88       | 10,202,723.97    |
| Cash and cash equivalents at the end of the year                 | 873,151.73       | 114,030.88       |

The Certified Accountant,

The Board of Directors,

**MARTIFER SGPS, S.A.**
**NOTES TO THE CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008**
**I. Disclosure of information regarding the acquisition or sale of group and associated companies:**

|              | <u>Transaction<br/>price</u> | <u>Cash Flow</u>      |
|--------------|------------------------------|-----------------------|
| <b>Sales</b> |                              |                       |
| Repower AG   | 268,935,611.00               | 233,047,436.44        |
|              | <u>268,935,611.00</u>        | <u>233,047,436.44</u> |

During the second quarter of 2009, it was concluded the sale of the equity stake held by the Group in the share capital of Repower Systems, AG. The total amount of the transaction was Euro 268 million (Euro 204,157,561 in 2009), from which, Euro 233 million were received by the company in 2009. The cash flow can be detailed as follows:

|                                                                                                                                             |                       |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Value paid directly by Suzlon Group                                                                                                         | 181,768,561.00        |
| Valor paid by subsidiaries of Martifer Group, from wind turbines that were acquired to Suzlon Group and that were not yet paid at that date | 51,278,875.44         |
|                                                                                                                                             | <u>233,047,436.44</u> |

Cash payments arising from financial investments, amounting Euro 51.3 million, relates to the supplementary capital contributions made to Martifer Renewables SGPS, S.A. in September 2009.

**2. Disclosure of the components of cash and cash equivalents and reconciliation to amounts reported in the balance sheet:**

|                           | <u>2009</u>       | <u>2008</u>       |
|---------------------------|-------------------|-------------------|
| Cash on hand              | -                 | -                 |
| Bank balances             | 873,151.73        | 114,030.88        |
| Cash equivalents          | -                 | -                 |
| Cash and cash equivalents | <u>873,151.73</u> | <u>114,030.88</u> |

The Certified Accountant,

The Board of Directors,

**5.2 NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS | 2009 YEAREND****INTRODUCTION**

Martifer SGPS, S.A. ("The company"), with its head-office at Zona Industrial, Apartado 17, Oliveira de Frades – Portugal, was incorporated by public deed on 29 October 2004 and has, as its main activity is the investment management in Group Companies.

As from June 2007, and as a result of the success of an Initial Public Offer (IPO), the Group is listed on Euronext Lisbon.

According to the art. 4º of the Regulation (EC) nº 1606/2002, of the European Parliament and of the Council, of 19<sup>th</sup> July, the Company is required to prepare and present consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (art. 3º of the above mentioned Regulation).

However, the accompanying individual financial statements and notes which follow are numbered as defined in the Portuguese Official Chart of Accounts. The numbers not included relate to notes that are not applicable to the Company or their presentation is not significant to the accompanying financial statements.

All the figures presented in this notes are expressed in Euro, except if stated otherwise.

**3. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES**

The accompanying financial statements were prepared on a going concern basis from the Company's accounting records maintained in accordance with generally accepted accounting principles in Portugal.

These financial statements reflect only the Company's non-consolidated accounts, prepared in accordance with legislation to be approved by the General Shareholder's Meeting.

Although investments have been recorded in accordance with the equity method, which is in accordance with the Portuguese generally accepted accounting principles, the accompanying financial statements only reflect the effect of consolidation of the results for the year and equity of the subsidiary and affiliated companies, but not the effect of a full consolidation of assets, liabilities, income and costs.

The main figures from the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, on 31 December 2009 are as follows:

|                                                                        | Values        |
|------------------------------------------------------------------------|---------------|
| Total do assets                                                        | 1,422,697,663 |
| Total liabilities                                                      | 984,669,634   |
| Non-controlling interests                                              | 50,957,635    |
| Equity (excluding non-controlling interest)                            | 387,070,394   |
| Profit for the year attributable to equity holders of Martifer         | 107,705,244   |
| Sales and services rendered, excluding the business unit held for sale | 512,705,658   |

Note 16 includes financial information relating to the group and associated companies.

The main accounting policies used in preparing the financial statements are as follows:

**a) Intangible fixed assets**

Intangible fixed assets, which include, essentially, the expenses with the Initial Public Offer (IPO) occurred in 26 June 2007, are recorded at the acquisition cost and are being depreciated on a straight line basis during three years.

**b) Tangible fixed assets**

Tangible assets are recorded at acquisition cost, including all costs necessary to put them in use, net of accumulated depreciation and adjustments.

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 in 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:

Equipment:

|                           |              |
|---------------------------|--------------|
| Transport equipments      | 4 years      |
| Administrative equipments | 3 a 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.

**c) Investments**

Investments in group and associated companies are recorded using the equity method of accounting, such investments being initially recorded at cost.

In accordance with the equity method of accounting, investments are adjusted annually by the amount corresponding to the parent company's share in the net results of the group and associated companies by credit or charge to financial income or costs for the period or, in the case of other changes in their equity, by corresponding entry to the caption "Adjustments in equity investments in group companies", except as regards changes in the equity of subsidiary companies resulting from capital increases with share premiums, resulting in dilution of the participation held, in which case the corresponding adjustment in the participation is made by corresponding entry to financial income and costs. Dividends from these companies are recorded when declared, as decreases in the amount of the investments.

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 associated company is negative, except when the Group has assumed commitments to the associated company, situation on which a provision is recorded for that purpose.

If investments generated Goodwill at the acquisition, the depreciation of the Goodwill is deducted to the gross amount of those investments.

The remaining investments and the loans to group and associated companies, are recorded at cost less, where applicable, an adjustment for loss on their realisation, which is recorded in the profit and loss statement in caption "Adjustments for investments".

**d) Accrual basis**

Income and expenses are recorded on an accruals basis, under which they are recognised in the period to which they apply independently of when they are received or paid. Differences between the amounts received and paid and the related income and expenses are recorded under "Accruals and Deferrals" captions.

**e) Deferred taxes**

Deferred taxes refer to temporary differences between the amount of assets and liabilities for accounting and for tax purposes, as well as those resulting from tax incentives obtained and temporary differences between the tax and accounting results.

Deferred tax assets and liabilities are calculated and periodically evaluated using the tax rates expected to be applicable on date the temporary differences revert.

Deferred tax assets are recorded only when there is reasonable expectation of sufficient future taxable profits for them to be used. On each balance sheet date, a reassessment is made of the temporary differences underlying the deferred tax assets in order for them to be recognised or adjusted depending on the current expectation their for future recovery.

**f) 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 balance sheet date 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.

**g) Stock Options**

Martifer Group rewards the services rendered by some workers through an equity-settled stock option plan. Since the accounting treatment of the Stock Options is not envisaged by the Portuguese generally accepted accounting principles, the Company applied the IFRS 2 – Share Based Payments. As such, the fair value of the services received is recognized as cost, and registered under the 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 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 from the previous estimate is reviewed and registered in the profit and loss account as well as in equity.

**6. INCOME TAX**

Martifer SGPS is individually taxed and is subject to a tax rate of 25%, in terms of corporate income tax ('Imposto sobre o Rendimento das Pessoas Colectivas' or IRC). However, because it is located in the municipality of Oliveira de Frades, it benefit from a reduced income tax rate of 15% with a limit of 200,000 Euro benefit per company, for a period of 3 years, as 'de minimis' aid. The limit of this benefit, granted under Commission Regulation (CE) n° 1998/2006, of 15 December 2006, was raised to 500,000 Euro for a 3 year period, covering all aid granted from 1 January 2009 until 31 December 2010, as described in Portaria n° 184/2009 of 20 February.

According to the article 81° of the Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Colectivas), the Company is also subject to autonomous taxation over some expenses.

At 31 December 2009 and 2008, the components of the deferred tax assets were as follows:

|                                                     | Balances       |                | Income tax recognised in the income statements |                | Other movements in Equity |          |          |          |
|-----------------------------------------------------|----------------|----------------|------------------------------------------------|----------------|---------------------------|----------|----------|----------|
|                                                     | Dec-2009       | Dec-2008       | Dec-2009                                       | Dec-2008       | Revaluation               |          | Other    |          |
|                                                     |                |                |                                                |                | Dec-2009                  | Dec-2008 | Dec-2009 | Dec-2008 |
| <b>Temporary differences on deferred tax assets</b> |                |                |                                                |                |                           |          |          |          |
| Tax losses                                          | 13,694,641.00  | 13,694,641.00  | -                                              | 13,694,641.00  |                           |          |          |          |
|                                                     |                |                |                                                |                |                           |          |          |          |
|                                                     |                |                |                                                |                |                           |          |          |          |
| Deferred tax assets                                 | (2,054,196.15) | (2,054,196.15) | -                                              | (2,054,196.15) |                           |          |          |          |
|                                                     |                |                |                                                |                |                           |          |          |          |

No deferred tax assets were recorded during 2009. The deferred tax assets as of 31 December 2009 were reviewed considering the expectations from the Board of Directors regarding whether sufficient taxable profits will be available to allow all or part of the asset to be recovered, based on the approved Business Plan.

Tax losses generated in each year, may be deductible from taxable profits during subsequent six years.

The reconciliation of the effective tax rate is presented as follows:

|                                                                                                      | Total    |                | Income tax recognised in the income statement |                |
|------------------------------------------------------------------------------------------------------|----------|----------------|-----------------------------------------------|----------------|
|                                                                                                      | Dec-2009 | Dec-2008       | Dec-2009                                      | Dec-2008       |
| <b>Current tax</b>                                                                                   |          |                |                                               |                |
|                                                                                                      | 3,787.12 | 4,370.85       | 3,787.12                                      | 4,370.85       |
| <b>Change to the recoverable amount of tax losses and temporary differences from previous years:</b> |          |                |                                               |                |
| 1. Temporary differences originated during the year                                                  |          | (2,054,196.15) |                                               | (2,054,196.15) |
| 2. Temporary differences reversed during the year                                                    |          |                |                                               |                |
| <b>Deferred taxes assets</b>                                                                         |          | (2,054,196.15) |                                               | (2,054,196.15) |
| <b>Adjustment to prior year estimation</b>                                                           |          |                |                                               |                |
|                                                                                                      |          |                |                                               |                |
|                                                                                                      |          |                |                                               |                |
| <b>Deferred taxes</b>                                                                                |          | (2,054,196.15) |                                               | (2,054,196.15) |
|                                                                                                      |          |                |                                               |                |
| <b>Income taxes</b>                                                                                  | 3,787.12 | (2,049,825.30) | 3,787.12                                      | (2,049,825.30) |

The calculation of the income tax considers, among other factors, the differences resulting from the application of the equity method to the financial investments and the legislation in force regarding the calculation of the gains and losses on the sale of investments, namely the non consideration, for tax purposes, of the gains from the sale of the equity stake held by the Group in the share capital of Repower Systems, AG.

The 2009 current tax relates only with autonomous taxation.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for social security), except where there are tax losses, tax benefits have been granted or inspections, claims or appeals are in progress, in which case, depending on the circumstances, the period can be extended or suspended. Therefore the Company's tax returns for the years 2006 to 2009 are still subject to review and correction. The Board of Directors believes that any possible corrections resulting from revisions/inspections of these tax returns will not have a significant effect on the financial statements as of 31 December 2009.

## 7. AVERAGE NUMBER OF PERSONNEL

During the year ended 31 December 2009, the average number of employees of the Company was 30 (6 in 2008).

## 8. ESTABLISHMENT EXPENSES, INDUSTRIAL PROPERTY AND OTHER RIGHTS

On 31 December 2009 and 2008, the composition of these captions is as follows:

|                                          | Dec-09       | Dec-08       |
|------------------------------------------|--------------|--------------|
| Establishment expenses:                  |              |              |
| Expenses with increases in share capital | 7,123,890.41 | 7,123,890.41 |
| Industrial property and other rights:    |              |              |
| Rights and licensing                     | 10,850.67    | 1,265.00     |

## 10. FIXED ASSETS

During the year ended 31 December 2009, the changes in intangible and tangible fixed assets and investments, as well as in the corresponding accumulated amortisation, depreciation and adjustments were as follows:

| Gross assets                               |                   |                           |               |               |                          |                |
|--------------------------------------------|-------------------|---------------------------|---------------|---------------|--------------------------|----------------|
|                                            | Beginning Balance | Revaluation / Adjustments | Increases     | Disposals     | Transfers and write-offs | Ending Balance |
| Intangible fixed assets:                   |                   |                           |               |               |                          |                |
| Establishment expenses                     | 7,123,890.41      |                           |               |               |                          | 7,123,890.41   |
| Industrial property and other rights       | 1,265.00          |                           | 9,585.67      |               |                          | 10,850.67      |
|                                            | 7,125,155.41      |                           | 9,585.67      |               |                          | 7,134,741.08   |
| Tangible fixed assets:                     |                   |                           |               |               |                          |                |
| Transport equipment                        | 62,541.66         |                           | 71,773.97     | 30,799.99     |                          | 103,515.64     |
| Administrative equipment                   | 1,444.76          |                           | 16,993.34     | 453.80        |                          | 17,984.30      |
|                                            | 63,986.42         |                           | 88,767.31     | 31,253.79     |                          | 121,499.94     |
| Investments:                               |                   |                           |               |               |                          |                |
| Equity investments in group companies      | 188,240,254.39    | (37,613,885.56)           | 12,469.55     | 21,802,627.64 |                          | 128,836,210.74 |
| Loans to group companies                   | 169,497,881.06    |                           | 58,507,953.20 | 21,162,578.37 |                          | 206,843,255.89 |
| Equity investments in associated companies | 1,233,771.91      | 78,600.34                 |               | 1,231,379.98  |                          | 80,992.27      |
| Securities and other investments           | 25,000.00         |                           |               |               |                          | 25,000.00      |
|                                            | 358,996,907.35    | (37,535,285.22)           | 58,520,422.75 | 44,196,585.99 |                          | 335,785,458.90 |

| Accumulated amortisation             |                   |              |             |                |
|--------------------------------------|-------------------|--------------|-------------|----------------|
|                                      | Beginning Balance | Increases    | Disposals   | Ending Balance |
| Intangible fixed assets:             |                   |              |             |                |
| Establishment expenses               | 3,530,226.11      | 2,374,865.17 |             | 5,905,091.28   |
| Industrial property and other rights | 508.70            | 3,271.08     |             | 3,779.78       |
|                                      | 3,530,734.81      | 2,378,136.25 |             | 5,908,871.06   |
| Tangible fixed assets:               |                   |              |             |                |
| Transport equipment                  | 7,778.47          | 14,376.82    | ( 9,625.00) | 12,530.29      |
| Administrative equipment             | 200.64            | 1,609.24     |             | 1,809.88       |
|                                      | 7,979.11          | 15,986.06    | ( 9,625.00) | 14,340.17      |

During the second quarter of 2009, it was concluded the sale, to Suzlon Group, of the equity stake held by the Group in the share capital of Repower Systems, AG (Euro 1,231,380), as well as the stake held in the share capital of RPW Investments, SGPS, S.A. (Euro 21,802,628). This transaction, which amounted Euro 204,157,561, generated a financial gain of Euro 160,885,470 (Note 46). The amount presented in "Disposals and write-offs" of investments is explained, essentially, by this transaction, since, apart from the share capital, there were loans to RPW Investments, SGPS, S.A. of Euro 20,777,705.

The decrease of Euro 37,535,285.22 shown in the table above as “Revaluation / Adjustment” of investments, results from the application of the Equity Method and relates with the appropriation of the parent company’s share in the net results of the group and associated companies, or the recognition of other changes in their equity, amortisation of the Goodwill and distribution of dividends.

At 31 December 2009, the effect of the application of the equity method is as follows:

|                                             | Profit in group<br>companies<br>(Note 45) | Loss in group<br>companies<br>(Note 45) | Amortisation<br>of Goodwill<br>(Note 45) | Adjustments in<br>Equity<br>(Note 40) | Split of Prio |
|---------------------------------------------|-------------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------------|---------------|
| <b>Group companies</b>                      |                                           |                                         |                                          |                                       |               |
| Prio SGPS S.A.                              | -                                         | (333.33)                                | (415,818.08)                             | -                                     | -             |
| Prio Advanced Fuels SGPS S.A.               | -                                         | (25,875.58)                             | (147,803.86)                             | -                                     | 8,225,934.80  |
| Martifer Renewables SGPS S.A.               | -                                         | (53,957,262.67)                         | -                                        | (444,711.05)                          | -             |
| Eviva Hidro                                 | -                                         | -                                       | -                                        | -                                     | -             |
| Martifer Metallic Constructions, SGPS, S.A. | 3,990,008.74                              | -                                       | (197,632.93)                             | 410,141.58                            | -             |
| Martifer Inovação e Gestão, S.A.            | -                                         | -                                       | -                                        | (322.69)                              | -             |
| Martifer Beteiligungsverwaltungs GmbH       | 28,872.17                                 | -                                       | (301.32)                                 | (11,975.28)                           | -             |
| Ventinveste, S.A.                           | -                                         | -                                       | -                                        | -                                     | -             |
| Martifer Energy Systems II, SGPS, S.A.      | 4,230,737.68                              | -                                       | -                                        | 702,456.26                            | -             |
|                                             | 8,249,618.59                              | (53,983,471.58)                         | (761,556.19)                             | 655,588.82                            | 8,225,934.80  |
| <b>Associated companies</b>                 |                                           |                                         |                                          |                                       |               |
| Power Blades, S.A.                          | 78,628.28                                 | -                                       | -                                        | (27.94)                               | -             |
| <b>Total</b>                                | 8,328,246.87                              | (53,983,471.58)                         | (761,556.19)                             | 655,560.88                            | 8,225,934.80  |

In December 2009, it was materialized a reorganization that implied the split of part of the assets from Prio SGPS, S.A. to the creation of a new company, Prio Advanced Fuels SGPS, S.A.. The assets that were split in the demerger process amount to Euro 8,225,934.80.

At 31 December 2009, the captions “Equity investments in group companies”, “Loans to group companies” and “Equity investments in associated companies” are detailed as follows:

|                                             | Equity Investments | Loans          |
|---------------------------------------------|--------------------|----------------|
| <b>Group companies</b>                      |                    |                |
| Prio SGPS S.A.                              | 7,543,136.26       | 68,460,000.00  |
| Prio Advanced Fuels, SGPS, S.A.             | 10,885,162.75      | 6,540,000.00   |
| Martifer Renewables SGPS, S.A.              | 28,061,906.04      | 115,301,173.00 |
| Eviva Hidro                                 | -                  | 2,006,563.83   |
| Martifer Metallic Constructions, SGPS, S.A. | 62,649,425.82      | 1,544,359.45   |
| Martifer Inovação e Gestão, S.A.            | -                  | 8,987,940.83   |
| Martifer Beteiligungsverwaltungs GmbH       | 22,019.29          | 100,218.78     |
| Martifer Energy Systems II, SGPS, S.A.      | 19,674,560.58      | 3,903,000.00   |
| <b>Total</b>                                | 128,836,210.74     | 206,843,255.89 |
| <b>Associated companies</b>                 |                    |                |
| Power Blades, S.A.                          | 80,992.27          | -              |
| <b>Total</b>                                | 128,917,203.01     | 206,843,255.89 |

## 16. GROUP AND ASSOCIATED COMPANIES

Group and associated companies, as well as the main information extracted from their financial statements as of 31 December 2009, are as follows (it does not include the equity method of accounting effect in 31 December 2009):

### PRIO SGPS, S.A.

Percentage of participation – 60%

Shareholders' equity at 31 December 2009 – Euro 75,647,255.97 (Including Supplementary Capital of Euro 112,100,000.00)

Net Result for 2009 – Euro (3,156,043.95)

Head office: Oliveira de Frades – Portugal

### PRIO ADVANCED FUELS SGPS, S.A.

Percentage of participation – 60%

Shareholders' equity at 31 December 2009 – Euro 24,609,891.33 (Including Supplementary Capital of Euro 10,900,000.00)

Net Result for 2009 – Euro 0

Head office: Oliveira de Frades – Portugal

### MARTIFER GMBH

Percentage of participation – 100%

Shareholders' equity at 31 December 2009 – Euro 79,050.27 (Including Supplementary Capital of Euro 100,218.78)

Net Result for 2009 – Euro (10,610.16)

Head office: Wien – Austria

### VENTINVESTE, S.A.

Percentage of participation – 5%

Shareholders' equity at 31 December 2009 – Euro 558,992.41 (Including Supplementary Capital of Euro 1,000,000.00)

Net Result for 2009 – Euro (310,170.71)

Head office: Lisbon - Portugal

### Martifer Renewables SGPS, S.A.

Percentage of participation – 100%

Shareholders' equity at 31 December 2009 – Euro 202,780,937.49 (Including Supplementary Capital of Euro 115,301,173.00)

Net Result for 2009 – Euro 3,424,016.12

Head office: Oliveira de Frades - Portugal

### EVIVA HIDRO

Percentage of participation – 1%

Shareholders' equity at 31 December 2009 – Euro 277,076.35 (Including Supplementary Capital of Euro 2,395,813.83)

Net Result for 2009 – Euro (1,640,358.95)

Head office: Bucharest – Romania

**MARTIFER METALLIC CONSTRUCTIONS SGPS, S.A.**

Percentage of participation – 100%

Shareholders' equity at 31 December 2009 – Euro 56,209,369.89 (Including Supplementary Capital of Euro 1,544,359.45)

Net Result for 2009 – Euro (174,755.12)

Head office: Oliveira de Frades – Portugal

**MARTIFER ENERGY SYSTEMS II SGPS, S.A.**

Percentage of participation – 100%

Shareholders' equity at 31 December 2009 – Euro 18,273,081.52 (Including Supplementary Capital of Euro 3,903,000.00)

Net Result for 2009 – Euro (1,195,912.81)

Head office: Oliveira de Frades – Portugal

**MARTIFER INOVAÇÃO E GESTÃO, S.A.**

Percentage of participation – 100%

Shareholders' equity at 31 December 2009 – Euro 8,951,123.07 (Including Supplementary Capital of Euro 8,987,940.83)

Net Result for 2009 – Euro 484,809.84

Head office: Oliveira de Frades – Portugal

**Associated Companies:****POWER BLADES, S.A.**

Percentage of participation – 10%

Shareholders' equity at 31 December 2009 – Euro 809,922.69

Net Result for 2009 – Euro 786,282.78

Head office: Oliveira de Frades – Portugal

The financial statements of the Company are included in the consolidated financial statements prepared by I'M – SGPS, S.A., located in Oliveira de Frades and by MOTA-ENGIL, SGPS, S.A., located in Porto.

At 31 December 2009, the balances and transactions with group and associated companies, are as follows:

| Balances                                             | Trade Debtors       | Other Debtors       | Trade Creditors   | Group companies - Assets | Group companies - Liabilities |
|------------------------------------------------------|---------------------|---------------------|-------------------|--------------------------|-------------------------------|
| Martifer-Construções Metalomecânicas, S.A.           | 376,230.62          | -                   | -                 | -                        | -                             |
| Martifer Constructii, s.r.l.                         | -                   | -                   | -                 | 107,647.85               | -                             |
| Prio SGPS S.A.                                       | 191,457.18          | -                   | -                 | -                        | 22,223.34                     |
| Prio Advanced Fuels, S.A.                            | 107,865.23          | -                   | 299.03            | -                        | -                             |
| Prio Biocombustíveis, S.A.                           | 67,217.58           | -                   | -                 | -                        | -                             |
| Martifer Renewables, SGPS, S.A.                      | 25,308.57           | 826,361.58          | -                 | 84,451,149.59            | -                             |
| Martifer Gestão de Investimentos, S.A.               | 30,341.54           | -                   | -                 | -                        | -                             |
| Martifer Solar Sistemas Solares                      | 60,000.00           | -                   | -                 | -                        | -                             |
| SolarParks Construcción de Parques Solares ETVE S.A. | 60,000.00           | -                   | -                 | -                        | -                             |
| Martifer Metallic Constructions, SGPS, S.A.          | 56,311.19           | 615,005.39          | -                 | 35,298,012.26            | -                             |
| Martifer Inovação e Gestão, S.A.                     | 149,373.03          | -                   | 71,297.55         | 4,312,254.36             | -                             |
| Martifer Construções Metálicas Angola, S.A.          | -                   | -                   | -                 | 468.89                   | -                             |
| Power Blades, S.A.                                   | -                   | -                   | -                 | 205,406.35               | -                             |
| Martifer Renewables, S.A.                            | 506,380.70          | -                   | 26,208.34         | -                        | -                             |
| Martifer Deutschland                                 | -                   | -                   | -                 | 2,677.45                 | -                             |
| Repower Portugal, S.A.                               | 371,167.29          | -                   | -                 | -                        | -                             |
| Martifer Energy Systems SGPS, S.A.                   | 12,000.00           | -                   | -                 | 9,696,302.79             | -                             |
| Martifer Energia, S.A.                               | 147,286.34          | 5,359,039.35        | 9,998.18          | -                        | -                             |
| Martifer Inox, S.A.                                  | 158,953.97          | -                   | -                 | -                        | -                             |
| PVGlass S.A.                                         | 6,959.95            | -                   | -                 | -                        | -                             |
| Ventipower                                           | 54,438.24           | -                   | -                 | -                        | -                             |
| Eviva Hidro s.r.l.                                   | 2,994.07            | -                   | (47.15)           | -                        | -                             |
| EVIVA Beteiligungsverwaltungs GmbH                   | -                   | 183.31              | -                 | -                        | -                             |
| Martifer Aluminios, S.A.                             | 64,760.21           | -                   | -                 | -                        | -                             |
| <b>Total</b>                                         | <b>2,449,045.71</b> | <b>6,800,589.63</b> | <b>107,755.95</b> | <b>134,073,919.54</b>    | <b>22,223.34</b>              |

| Transactions                                         | Services rendered   | External Supplies and Services | Personnel Costs | Interests received  |
|------------------------------------------------------|---------------------|--------------------------------|-----------------|---------------------|
| Martifer-Construções Metalomecânicas, S.A.           | 339,211.38          | -                              | -               | -                   |
| Prio SGPS S.A.                                       | 159,547.65          | -                              | -               | -                   |
| Prio Advanced Fuels, S.A.                            | 100,757.64          | 2,223.14                       | -               | -                   |
| Prio Biocombustíveis, S.A.                           | 88,624.51           | -                              | -               | -                   |
| Martifer Renewables, SGPS, S.A.                      | 12,000.00           | -                              | -               | 2,180,418.94        |
| Martifer Gestão de Investimentos, S.A.               | 25,093.78           | -                              | -               | -                   |
| Martifer Solar, S.A.                                 | 256,881.53          | -                              | -               | -                   |
| Martifer Solar Sistemas Solares                      | 50,000.00           | -                              | -               | -                   |
| SolarParks Construcción de Parques Solares ETVE S.A. | 50,000.00           | -                              | -               | -                   |
| Martifer Metallic Constructions, SGPS, S.A.          | 12,000.00           | -                              | -               | 349,406.34          |
| Martifer Inovação e Gestão, S.A.                     | 50,552.69           | 6,245.53                       | 4,071.00        | 207,430.66          |
| Power Blades, S.A.                                   | -                   | -                              | -               | 5,985.93            |
| Martifer Renewables, S.A.                            | 290,603.28          | -                              | -               | -                   |
| Martifer Deutschland                                 | -                   | -                              | -               | 102.73              |
| Repower Portugal, S.A.                               | 168,648.72          | -                              | -               | -                   |
| Martifer Energy Systems SGPS, S.A.                   | 10,000.00           | -                              | -               | 328,052.31          |
| Martifer Energia, S.A.                               | 141,346.14          | 59,735.79                      | -               | -                   |
| Martifer Inox, S.A.                                  | 26,981.28           | -                              | -               | -                   |
| Ventipower                                           | 45,365.20           | -                              | -               | -                   |
| PVGlass S.A.                                         | 5,799.96            | -                              | -               | -                   |
| Martifer Aluminios, S.A.                             | 53,966.84           | -                              | -               | -                   |
| <b>Total</b>                                         | <b>1,887,380.60</b> | <b>68,204.46</b>               | <b>4,071.00</b> | <b>3,071,396.91</b> |

### 32. GUARANTEES

At 31 December 2009, the Company had operational and financial guarantees of Euro 130 million, which include a guarantee pledged in favour of BP Portugal to cover payments resulting from the acquisition of fuels by Prio Advanced Fuels, S.A., a bank guarantee to SC Hidroeléctrica S.A., as well as other guarantees assumed under contracts to build solar parks.

#### Mortgages

At 31 December 2009, the company had no assets given as collateral.

### 34. CHANGE IN PROVISIONS

The changes in the provision account balance during the year ended 31 December 2009 were as follows:

| Accounts               | Beginning Balance | Increases     | Reductions | Ending Balance |
|------------------------|-------------------|---------------|------------|----------------|
| 298 - Other provisions | 12,730,157.50     | 21,199,787.11 | 117,394.21 | 33,812,550.40  |

The "Other provisions" are related with the application of the equity method to the financial investments held by the Company. Provisions were created to face to commitments assumed to some group companies and associates, after the Group's share of losses exceeds the carrying amount of the investment

The increases are due to: (i) Euro 11,731,706.40 relating to the recognition of the commitments assumed for the company's share in the negative net result of the group and associated companies; (ii) Euro 1,242,145.91 relating to the recognition of the commitments originated by other variations in the negative equity of the group and associated companies (Note 40) and (iii) Euro 8,225,934.80 related to the split of part of the assets from Prio SGPS, S.A. to the creation of a new company, Prio Advanced Fuels SGPS, S.A..

The reduction in Provisions is related to the dissolution of the company Martifer C.Z., sro, and the sale of the stake held in Martifer Retail & Warehousing srl.

### 36. CAPITAL

Martifer SGPS, S.A. share capital, fully subscribed and paid at 31 December 2009, amounts to 50,000,000 Euro and it is represented by 100,000,000 bearer shares with a nominal value of 50 cents each.

### 37. LEGAL ENTITIES HOLDING MORE THAN 20% OF THE SHARE CAPITAL

At 31 December 2009, shareholders with qualified holdings (at least 20% of share capital) in Martifer were:

|                          |                             |
|--------------------------|-----------------------------|
| - I'M - SGPS, S.A.       | Euro 20,795,236.50 (41.59%) |
| - MOTA-ENGIL, SGPS, S.A. | Euro 18,750,000.00 (37.50%) |

### 40. CHANGES IN SHAREHOLDERS' EQUITY

The changes in Shareholders' Equity in the year ended 31 December 2009 were as follows:

| Accounts                            | Beginning Balance | Appropriation of Profit | Increases      | Reductions   | Transfers    | Ending Balance |
|-------------------------------------|-------------------|-------------------------|----------------|--------------|--------------|----------------|
| <b>Equity:</b>                      |                   |                         |                |              |              |                |
| Share capital                       | 50,000,000.00     |                         |                |              |              | 50,000,000.00  |
| Share premiums                      | 186,500,000.00    |                         |                |              |              | 186,500,000.00 |
| Adjustments in associated companies | 4,225,677.17      |                         | 1,385,099.28   | 1,971,684.31 | (139,752.70) | 3,499,339.44   |
| Legal reserve                       | 2,508,168.82      | 205,069.62              |                |              |              | 2,713,238.44   |
| Other reserves                      |                   |                         | 17,347.33      |              |              | 17,347.33      |
| Retained earnings                   | 27,196,982.44     | 3,896,322.78            | 117,394.21     |              | 139,752.70   | 31,350,452.13  |
|                                     | 270,430,828.43    | 4,101,392.40            | 1,519,840.82   | 1,971,684.31 | -            | 274,080,377.34 |
| 88 - Net profit of the year         | 4,101,392.40      | (4,101,392.40)          | 99,672,120.37  |              |              | 99,672,120.37  |
|                                     | 274,532,220.83    | -                       | 101,191,961.19 | 1,971,684.31 | -            | 373,752,497.71 |

In accordance with a decision of the Shareholders' General Meeting, held on 15 April 2009, net profit for the year ended 31 December 2008 was appropriated as follows:

- 5% to Legal reserve: Euro 205,069.62
- To Retained earnings: Euro 3,896,322.78

The movements shown in caption “Adjustments in associated companies” are due to:

Positive variations on the equity of group and associated companies:

|                                                                     |              |
|---------------------------------------------------------------------|--------------|
| Group and associated companies (Note 10)                            | 1,112,597.84 |
| Reversion of responsibilities assumed for negative equity (Note 34) | 272,501.44   |

Negative variations on the equity of group and associated companies:

|                                                        |                |
|--------------------------------------------------------|----------------|
| Group and associated companies (Note 10)               | (457,036.96)   |
| Responsibilities assumed for negative equity (Note 34) | (1,514,647.35) |

The variations in equity, mentioned above, were justified, essentially, by exchange rate differences resulting from the translation of the financial statements of group companies expressed in foreign currencies.

Apart from the appropriation of the net profit of 2008, the following transfers occurred between equity captions:

|                                                                                                                                                                      |                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Reclassification of the profits appropriated in 2008, following the equity method application, that were not distributed by the group and associated companies       | 17,362,566.04       |
| Reclassification from Adjustments in associated companies to Retained earnings, of the balance related to RPW Investments, SGPS, S.A., due to the sale of that stake | (17,502,318.74)     |
|                                                                                                                                                                      | <u>(139,752.70)</u> |

The amount recorded in “Other reserves” results from the Stock Options Plan. 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, and registered under the 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 and is recorded against equity. During 2009 this amount was Euro17,347.

#### 43. REMUNERATION OF THE MEMBERS OF THE STATUTORY BOARDS

The remuneration attributed to the members of the statutory boards of the Company during the year ended 31 December 2009 was as follows:

| Rubricas                | Dec-2009         | Dec-2008         |
|-------------------------|------------------|------------------|
| Board of Directors      |                  |                  |
| Fixed remuneration      | 1,176,763        | 1,021,003        |
| Variable remuneration   | 121,000          | 190,000          |
| Post-employment benefit | 30,550           | 40,190           |
| Supervisory Board *     | 108,800          | 100,569          |
|                         | <u>1,437,113</u> | <u>1,351,762</u> |

\* It includes the remuneration of the Supervisory Board (Euro 14,400) and of the Statutory Auditor

The values expressed in the table represent the total sums paid in the year 2009 to the members of the Board of Directors and Supervisory Board, as remuneration. In 2009, the remuneration paid to Board Members was Euro 1,176,763, as fixed remuneration. The total amount received as variable remuneration was Euro 121,000.00 euro in stock options.

The statement on the remuneration policy for the management and supervisory bodies of the Company, approved in accordance with Law 28/2009, as well as the total sums of remuneration attributed to them in 2009, individually and aggregated, are included in the Corporate Governance Report.

#### 44. SERVICES RENDERED

At 31 December 2009, the services rendered relate, essentially, with management fees to group and associated companies, which detail is presented in Note 16 above.

#### 45. FINANCIAL RESULTS

Net financial items for the years ended 31 December 2009 and 2008 are made up as follows:

| Expenses                                     | Dec-2009        | Dec-2008        | Income                                             | Dec-2009      | Dec-2008      |
|----------------------------------------------|-----------------|-----------------|----------------------------------------------------|---------------|---------------|
| 681-Interest expense                         | 2,750,830.15    | 8,586,299.94    | 781-Interest income                                | 3,309,957.07  | 1,925,623.87  |
| 682-Losses in group and associated companies | 53,983,471.58   | 4,852,523.08    | 782-Gains from investments in associated companies | 8,328,246.87  | 17,362,566.04 |
| 683-Depreciation of real estate investments  |                 |                 | 783-Income from real estate investments            |               |               |
| 684-Adjustments for investments              |                 |                 | 784-Gains from investments in other companies      |               | 2,211,938.13  |
| 685-Exchange losses                          |                 |                 | 785-Exchange Gains                                 | 249           |               |
| 686-Financial discounts                      |                 |                 | 786-Financial discounts                            | 41.84         | 32.81         |
| 687-Losses on short-term investments         |                 |                 | 787-Gains from short-term investments              | 0.00          | 9,189.47      |
| 688-Other financial expenses                 | 1,449,831.37    | 36,743,127.81   | 788-Other financial income                         | 81,485.21     | 207.98        |
| Net financial items                          | (46,464,153.27) | (28,672,392.53) |                                                    |               |               |
|                                              | 11,719,979.83   | 21,509,558.30   |                                                    | 11,719,979.83 | 21,509,558.30 |

The caption "Interest income" is related, essentially, to interests debited to group and associated companies (Euro 3,071,397).

The account "Interest expense" relates, essentially, to interests on bank loans obtained

The detail of the account "Gains from investments in associated companies" is presented in note 10 above.

The caption "Other financial expenses" correspond to the following:

- a) Amortisation of Goodwill (Notes 3.c and 10) related to financial investments:

|                                            |                   |
|--------------------------------------------|-------------------|
| Prio SGPS, S.A.                            | 415,818.08        |
| Prio Advanced Fuels SGPS, S.A.             | 147,803.86        |
| Martifer Metallic Constructions SGPS, S.A. | 197,632.93        |
| Martifer GmbH                              | 301.32            |
| <b>Total</b>                               | <b>761,556.19</b> |

Goodwill is depreciated during the period of 20 years.

- b) The remainder amount is related, essentially, to the expenses with bank guarantees, charges on loans and several commissions on financing.

#### 46. EXTRAORDINARY RESULTS

Net extraordinary items for the years ended 31 December 2009 and 2008 are made up as follows:

| Expenses                         | Dec-2009       | Dec-2008      | Income                         | Dec-2009       | Dec-2008      |
|----------------------------------|----------------|---------------|--------------------------------|----------------|---------------|
| 691-Donations                    |                | 250.00        | 791-Recovery of taxes          |                |               |
| 692-Bad debts                    |                | 104,000.00    | 792-Recovery of bad debts      | 8,976.18       |               |
| 693-Losses in inventories        |                |               | 793-Gains in inventories       |                |               |
| 694-Losses on fixed assets       | 50,493.39      | 87,812.50     | 794-Gains on fixed assets      | 160,983,769.40 | 40,611,144.17 |
| 695-Fines and Penalties          | 125,100.00     |               | 795-Contractual penalties      |                |               |
| 696-Increase in amortisations    |                |               | 796-Reduction in provisions    |                |               |
| 697-Prior year adjustments       | 612.28         |               | 797-Prior year adjustments     |                |               |
| 698-Other extraordinary expenses | 0.00           | 884.69        | 798-Other extraordinary income |                |               |
| Net extraordinary items          | 160,816,539.91 | 40,418,196.98 |                                |                |               |
|                                  | 160,992,745.58 | 40,611,144.17 |                                | 160,992,745.58 | 40,611,144.17 |

The caption "Gains in fixed assets" relates, essentially, to the financial gain recorded on the sale of the equity stake held by the Company in the share capital of Repower Systems, AG that was concluded in the second quarter of 2009.

#### 48. BANK AND OTHER LOANS

Loans at 31 December 2009 are made up as follows:

| Account                                    | Short term    | Medium and long term | Total         |
|--------------------------------------------|---------------|----------------------|---------------|
| Loans obtained from financial institutions |               |                      |               |
| Bank loans                                 | 1,196,241.52  |                      | 1,196,241.52  |
| Bank overdrafts                            | 355,625.51    |                      | 355,625.51    |
| Authorised overdrafts                      |               |                      |               |
|                                            | 1,551,867.03  | 0.00                 | 1,551,867.03  |
| Other obtained loans                       |               |                      |               |
| Commercial paper                           | 74,500,000.00 |                      | 74,500,000.00 |
|                                            | 76,051,867.03 | 0.00                 | 76,051,867.03 |

The bank and other loans are denominated in Euro and bear interests at market annual rates.

#### 49. ACCRUALS AND DEFERRALS

These captions for the years ended 31 December 2009 and 2008 are made up as follows:

| Accounts                        | Dec-2009     | Dec-2008     |
|---------------------------------|--------------|--------------|
| Accrued income:                 |              |              |
| Accrued interest                | -            | 592.17       |
|                                 | -            | 592.17       |
| Deferred costs:                 |              |              |
| Insurance                       | 7,020.20     | 3,905.57     |
| Deferred interests              | -            | 981,892.12   |
| Commissions of commercial paper | 832,515.66   | 582,294.22   |
|                                 | 839,535.86   | 1,568,091.91 |
| Deferred tax assets:            |              |              |
| Tax losses (Note 6)             | 2,054,196.15 | 2,054,196.15 |
|                                 | 2,054,196.15 | 2,054,196.15 |
| Accrued costs:                  |              |              |
| Personnel expenses to be paid   | 355,019.22   | 237,392.15   |
| Interests to be paid            | 10,644.40    | 550,544.12   |
| Fees and specialized works      | -            | 75,650.00    |
| Other accrued costs             | 55,034.40    | 1,850.00     |
|                                 | 420,698.02   | 865,436.27   |

#### 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 Portuguese Generally Accepted Accounting Principles (POC). In the event of discrepancies, the Portuguese version prevails.

Oliveira de Frades, 25 February 2010

#### The Certified Accountant

\_\_\_\_\_  
Lourenço Santos Matos

#### Board of Directors

\_\_\_\_\_  
Carlos Manuel Marques Martins

\_\_\_\_\_  
Jorge Alberto Marques Martins

\_\_\_\_\_  
Mário Jorge Henriques Couto

\_\_\_\_\_  
Jorge Paulo Sacadura Almeida Coelho

\_\_\_\_\_  
Eduardo Jorge de Almeida Rocha

\_\_\_\_\_  
Luís Valadares Tavares

\_\_\_\_\_  
Jorge Bento Ribeiro Barbosa Farinha

**6. SUPERVISORY REPORTS****6.1 SUPERVISORY BOARD REPORT AND RECOMMENDATION**

**REPORT AND OPINION OF THE SUPERVISORY BOARD**  
**On the individual Accounts of 2009**

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

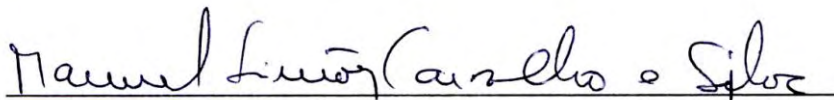
Dear Shareholders,

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, 2009, 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.

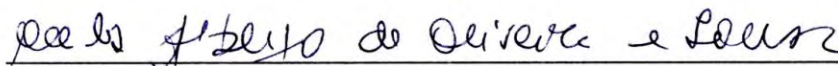
5. Therefore, taking into account the information received from the Board of Directors and the conclusions of the Legal Certification of Accounts, we are of the opinion that:
- a) the Management Report should be approved;
  - b) the Individual Financial Statements should be approved;
  - c) the proposal for the appropriation of net profit presented by the Board of Directors in its report should be approved.

Oliveira de Frades, 18 March 2010

The Supervisory Board,

  
Manuel Simões Carvalho e Silva

  
Carlos Alberto da Silva e Cunha

  
Carlos Alberto de Oliveira e Sousa

## STATEMENT OF COMPLIANCE

(In the terms of article 245, number I, paragraph C of the Securities Code)

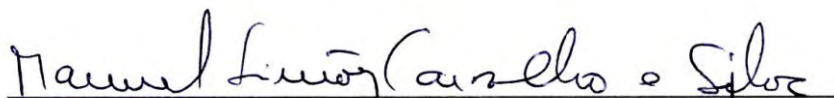
Dear Shareholders,

We hereby declare that as to the best of our knowledge:

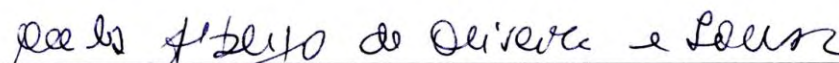
- i) the information in the individual and consolidated financial statements, as well as the appendices, was compiled according to the applicable accounting standards, giving a true and appropriate picture of the assets and liabilities, financial position and results of Martifer - SGPS, S.A. and of the 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, 18 March 2010

The Supervisory Board,

  
Manuel Simões Carvalho e Silva

  
Carlos Alberto da Silva e Cunha

  
Carlos Alberto de Oliveira e Sousa

**6.2 STATUTORY AUDIT REPORT**



## 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 include the Balance Sheet on the thirty first of December two thousand nine (showing a total of 484.638.164 euros and a total equity of 373.752.497 euros, including a net profit of 99.672.120 euros), the Statements of profit and loss by nature and by functions, the Statement 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 financial statements that truly and fairly reflect the financial situation of the Company, the results of its operations 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 as to obtain an acceptable degree of assurance as to whether or not the financial statements contain materially relevant distortions. To this end, the auditing included:
  - verification, based on a sampling method, of the documents underlying the amounts and disclosures contained in the financial statements and an appraisal of the estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation;
  - appraisal of the adequacy of the accounting policies adopted and their disclosure, taking into account the specific circumstances;
  - verification of the applicability of the going concern assumption; and
  - 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 financial information included in the management report with that shown in the financial statements.
6. We consider that our auditing provides an acceptable representation of our opinion.

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## OPINION

7. In our opinion, the said 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 two thousand nine, the results of its operations, and its cash flows for the year then ended, in accordance with the accounting principles generally accepted in Portugal.

## EMPHASIS

8. Without disregarding the previous paragraph, we draw the attention to the fact that the financial statements referred in the introductory note correspond to the company's individual activity, which have been prepared for approval and publication in accordance with legal disposals. Although the financial investments are reported according to the equity method, which results in the recognition of consolidation effects of the participated companies in net profit and equity, the attached financial statements do not reflect the effect of the integrated consolidation on assets, liabilities, profits and costs. The company has prepared, in accordance with legal disposals, the consolidated financial statements with respect to the year ended December 31st, 2009, that were prepared in agreement with International Financial Reporting Standards as adopted in the European Union, which main indicators are presented in the note 3 of the notes to the individual financial statements.

Aveiro, March 17<sup>th</sup>, 2010

Américo Agostinho Martins Pereira  
Statutory Auditor no. 877

**6.3 EXTERNAL AUDIT REPORT**

## AUDITORS' REPORT

### INDIVIDUAL FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese)

#### **Introduction**

1. In compliance with article nº 245 of the Securities Market Code, we hereby present our Auditors' Report on the financial information contained in the Board of Directors Report and on the accompanying financial statements for the year ended 31 December 2009 of Martifer SGPS, S.A. ("the Company"), which comprise the Balance sheet as of 31 December 2009 that presents a total of 484,638,164 Euros and shareholders' equity of 373,752,498 Euros, including a net profit of 99,672,120 Euros, the Statements of profit and loss by nature and by functions, the Statement of cash flows for the year then ended and the corresponding notes.

#### **Responsibilities**

2. The Company's Board of Directors is responsible for: (i) the preparation of financial statements that present a true and fair view of the financial position of the Company, the results of its operations and its cash flows; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting principles and criteria and the maintenance of appropriate internal control systems; (iv) informing of any significant facts that have influenced its operations, financial position or results.
3. Our responsibility is to verify the financial information included in the documents of account referred to above, namely if, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and issuing a professional and independent report on that financial information based on our examination.

#### **Scope**

4. Our examination was performed in accordance with the Technical Review/Audit Standards ("*Normas Técnicas e as Directrizes de Revisão/Auditoria*") issued by the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. An examination includes verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the estimates, based on judgements and criteria defined by the Company's Board of Directors, used in their preparation. An examination also includes: the assessment of the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances, the verification of the applicability of the going concern concept, the assessment of the adequacy of the overall presentation of the financial statements, and the assessment that, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit. Our examination also comprises verifying that the financial information contained in the Board of Directors' Report is in accordance with the other documents of account. We believe that our examination provides a reasonable basis for expressing our opinion.

### **Opinion**

5. In our opinion, the financial statements referred to in paragraph 1 above, present fairly, in all material respects, the financial position of Martifer SGPS, S.A. as of 31 December 2009, the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Portugal and the financial information contained therein is, in terms of the definitions included in the technical standards referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

### **Emphasis**

6. The financial statements referred to in paragraph 1 above, relate to the Company's operations on an individual non consolidated basis and were prepared in accordance with the legislation in force for approval in the Shareholders' General Meeting. As disclosed in Note 3 c) of the Notes to the financial statements, the investments in group and associated companies are recorded by the equity method. The Company prepared, in accordance with the legislation in force, consolidated financial statements as of 31 December 2009, in accordance with the International Financial Reporting Standards as adopted by the European Union whose main indicators are disclosed in Note 3 of the Notes to the financial statements.

Porto, 19 March 2010

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Deloitte & Associados, SROC S.A.  
Represented by Jorge Manuel Araújo de Beja Neves