

MOTA-ENGIL, SGPS, S.A.
CONSOLIDATED ANNUAL REPORT & ACCOUNTS - 2003



The Securities commission, under nº3 of article 250º of the Stock Exchange Code, excused the publication of the individual accounts. These documents are available for consultation, with the remains, in the headquarters of the company, in accordance with the established by the Code of Commercial Societies.

Message from the Chairman

For its importance to our GROUP, I could not but make brief reference to the year under review to accompany the presentation of the Report & Accounts.

The year was marked among other relevant events by the conclusion of the process of organisation of the MOTA-ENGIL GROUP, and, consequently, by the constitution of the biggest domestic construction company: MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, SA. In addition to being the main operating company of the GROUP created by the merge of MOTA & COMPANHIA, SA, ENGIL, SOCIEDADE DE CONSTRUÇÃO CIVIL, SA, and of MOTA-ENGIL, INTERNACIONAL, SA, it is also at the head of all the financial holdings in the Construction area.

It was a long process, but one of which we can be proud taking into account the fact that, at one and the same time, differing management cultures were harmonised, production and support structures were rationalised, and overlapping sectors were shut down, we have achieved a growth of GROUP turnover, with improvement of almost every economic indicator, particularly those reflecting the degree of operating profitability. Our task, however, is not yet over and internal measures required to take full advantage of the synergies that must be generated by the merger are still ongoing.

For its importance, we ought to remember the fact that this operation took place during a period of deep depression of the Portuguese economy and of a serious crisis in the construction industry, and that despite this fact we closed the year with an order book equal to two years of production.

It is therefore incumbent upon me to congratulate all the employees of the MOTA-ENGIL GROUP for the success of this operation, while saying that, never satisfied, we shall all strive to do more and better.

However, in addition to the constant objective of improving the economic performance of the MOTA-ENGIL GROUP, there are measures of strategic scope that warrant our attention.

It is now expected that the domestic construction market will become increasingly a partial market when it comes to be integrated into the Europe of 25 countries. Despite being the Portuguese construction concern that is most active in this wider Europe (owing to our presence in Poland, the Czech Republic and Hungary), the immediate objective is to secure a significant share of the Spanish market, increasing our present role in Spain through our associate MARTIFER.

The Iberian market will have to look be a reality, a bilateral reality, and if all of us, employees of the MOTA-ENGIL GROUP, have the determination, which we have already demonstrated, I am sure that this goal, too, will be successfully achieved, provided that market rules are complied with both in Portugal and Spain.

My final words are words of profound sadness owing to the resignation from the Board of Directors of José Luís Sapateiro, a Man with whom I have learned a great deal and whom I consider, after the founders of our GROUP, to be a beacon for us all for his work over these 25 years.

The MOTA-ENGIL GROUP owes much to Mr Sapateiro, suffice it to recall, among other things, that it was on the basis of his commitment and knowledge that we now play a significant role in the highway concessions.

This sadness is dampened only because, despite standing down from the Board of Directors of the GROUP, Mr Sapateiro is not leaving us, rather the contrary. I am convinced that as my personal adviser, he will be increasingly committed to supporting us since, for our good fortune, the many things that Mr Sapateiro knows how to do include Work and Zeal for his Family and Friends.

Our most grateful thanks, Mr José Luís Sapateiro.

António Manuel Queirós Vasconcelos da Mota

Chairman of the Board of Directors

CONSOLIDATED MANAGEMENT REPORT

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

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

In keeping with prevailing legislation we are pleased to present to the Consolidated Management Report together with the accounts for 2003.

1. Macroeconomic framework

A review at the level of the country, of the EU, of the extended Europe, or even of the world leads to similar conclusions, for both in our country and in Europe the recession has been felt to a more or less general extent. The GDP indicators in Portugal, available at this time, show that 2003, affected more profoundly than might have been expected twelve months ago, suffered the consequences of the global instability still the consequence of the new order imposed by September 11, the more visible aspect of which during the year now ended was the Iraq war.

	Macroeconomic Data - Portugal		
	real	forecast	
	2002	2003 June report	2003 December report
%			
GDP	0,40	[-1;0]	[-1,5;-0,75]
Private Consumption	0,40	[-0,75;0,25]	[-1,25;-0,25]
Public Consumption	2,30	-1,6	0
GFCF	-5,70	[-5,75;-3,75]	[-11;-9]
CPI	3,70	[2,5;3,5]	3,3
Exports	3,30	[2,25;3,75]	[2,5;3,5]
Imports	-0,30	[-1,75;0,25]	[-2,75;-1,75]

source: Banco de Portugal

This confirms that 2003 was a year of technical recession, affecting the economy as a whole and, in view of the budget restrictions, those sectors in

which the GROUP companies carry on their business.

1.1. Domestic market

Despite signs of improvement of the economy of United States, the crisis facing the Portuguese economy in general has worsened, partly the result of the few significant positive signals that we are receiving from the European economies (save rare exceptions).

In those areas in which we are involved, the construction industry is experiencing the most serious crisis of recent years, with very worrisome signs in 2003 as far as the degradation of prices submitted in calls for tender are concerned.

In the water sector, political indefiniteness as to the path to be followed has brought about an artificial crisis, which will only be overcome with a clear programme of privatisation that must be implemented urgently within the scope of this industry.

Worsening the situation even more, the financial crisis involving many Portuguese local authorities is a factor of destabilisation at the level both of new contracts and of contracts in progress. This situation affects not only Construction area but also the Environment & Services area.

1.2. Foreign markets

With regard to the international market, it must be said that the announced membership of the European Union, programmed for May 1, by 10 new countries, including Poland, the Czech Republic and Hungary, was a factor of market

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

stabilisation and consequent increase of confidence in markets of huge potential.

In Angola there was, on the one hand, an enormous capacity of mobilisation in those sectors in which we are engaged, though no significant improvements have been seen at the level either of organisation or of putting the Angolan economy in financial order. In our view this should already have been done. Nevertheless, we continue to believe that Angola is a market of huge potential in which the GROUP may well continue to generate significant benefits.

Mention should be made of the improvement of our business in Peru, essentially the result of the right strategy implemented by our associate TRANSLEI.

There were no significant alterations worthy of note in all the other markets.

2. Reorganisation of the GROUP

As announced throughout the year in several press releases issued at the most relevant moments of the entire process of reorganisation, the definition was concluded of 4 separate business areas that, through direct and indirect holdings, bring the GROUP companies together in accordance with their business. Therefore, following a complex legal process of mergers-splits, mergers by incorporation and share capital increases paid in kind, the holding company, MOTA-ENGIL, SGPS, SA, now owns all its holdings through:

- MOTA-ENGIL, ENGENHARIA E CONSTRUÇÃO, SA;

- MOTA-ENGIL, AMBIENTE E SERVIÇOS, SGPS, SA;
- MEITS - MOTA-ENGIL, IMOBILIÁRIO E TURISMO, SA; and
- Mota-Engil, Concessões de Transportes, SGPS, SA.;

while it also directly holds the share capital of MOTA-ENGIL SERVIÇOS PARTILHADOS ADMINISTRATIVOS E DE GESTÃO, SA.

Of the many advantages that this process has already brought about, and will continue to do so the future, for the MOTA-ENGIL GROUP and its shareholders, attention is drawn to several of a general nature that of themselves would have been enough to warrant the reorganization operation in question.

Thus, MOTA-ENGIL, SGPS, SA, due the fact that it no longer has direct holdings in the operating companies, can focus on the management of just four separate business areas, simplifying the definition and control of the GROUP strategy, both globally and in each one of the for business areas.

On the other hand, the separation by business areas clarifies the contribution of each area to the GROUP's economic profitability, allowing better allocation of resources on the basis of an analysis of the shareholder return made by each business area.

Additionally, the fact that the MOTA-ENGIL name is present in the four companies that are to control the business of each area will allow maximisation of the visibility and effects of this brand.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Lastly, the separation of the various business areas will constitute a stimulus to the creation of partnerships, particularly in areas of fast growth. A determinant step has thus been taken towards the diversified growth of the MOTA-ENGIL GROUP.

As far as the advantages for each area are concerned, we would also underscore those of a more general nature.

In the Transport Concessions area, reorganisation will allow the concentrated management of the GROUP's holdings in the highway concessions and in the South Tagus light railway.

In the Construction area, reorganisation has allowed the country's biggest construction company to be set up, of significant dimension at European level, which will drive its internationalisation even further. On the other hand, bringing together under MOTA-ENGIL ENGENHARIA all the GROUP holdings in the construction area will allow integrated management both at the vertically integrated companies and at the regional companies, generating greater synergies and economies of scale for the GROUP.

In the Property & Tourism area, reorganisation has allowed separation of the construction business from the property development business. Indeed, as a result of the creation of a specialised management team dedicated to property development and to management of the GROUP's extensive list of properties, a considerable increase of profitability can be expected in the respective operations.

In the Environment & Services area, reorganisation will reduce functional overlaps, particularly in the management of the solid urban waste collection and treatment companies and of the water and basic sanitation concessionaire companies. With the transfer of all the holdings in the Environment & Services area to a specific sub-holding company, a single management nucleus has been set up with competences and profiles adequate to its needs. MOTA-ENGIL AMBIENTE E SERVIÇOS now has the balanced capital structure needed to increase its business in this strategic area.

3. Business review

3.1. Construction

As mentioned, the incorporation of MOTA-ENGIL ENGENHARIA, marked 2003, for now, as a legal entity too, the construction area of the MOTA-ENGIL GROUP is bigger than the other leading companies in the sector. Combining its activity as an operating company with its role as a GROUP sub-holding company for the sector, MOTA-ENGIL ENGENHARIA now brings together all the major skills required to operate in major construction contracts, while it also has within its organisation know-how in the areas of steel fabrication, electro-mechanics, aggregates production, and bituminous products production, and it also operates in segments such as railways and port works.

3.1.1. Sectorial review

The domestic construction sector was seriously affected in 2003 by a period of sharp crisis, stagnation of public investment in infrastructures,

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

imbalance in the finances of local authorities and very considerable restrictions on private investment. As mentioned above, the degradation of prices as a result of the volume of works put out to tender, particularly in those segments in which the GROUP companies are involved, has increasingly led to considerable destabilisation of the sector.

3.1.2. Business review

3.1.2.1 MOTA-ENGIL ENGENHARIA

Principal business

During 2003 the principal business of MOTA-ENGIL ENGENHARIA was carried on at about 90 building yards covering the entire country. The business was very diversified as a result of management quality and of the installed capacity. We would underline a few business indicators in respect of the year's work: consumption of 150,000 tonnes of cement and 30,000 tonnes of steel; earthmoving totalling 14,000,000 m³; and application of 560,000 tonnes of crushed bases and 450,000 tonnes of bituminous mixtures.

The following works during the year are underscored:

Highway Infrastructures - the Braga / Guimarães stretch of the A11 motorway, with a length of 15 km, for AENOR; EN224 Bypass between Oliveira de Azeméis and Estarreja, and Widening of the IC19 between Queluz and Massamá, for IEP; Repair of the A1 between Albergaria and the Aveiro Interchange, for Brisa, among other projects started in the meantime within the scope of the various Highway Concessions in which the MOTA-ENGIL GROUP is involved and heads;

Railway Infrastructures – Nine Station, Palmela Station, Alcaldaria Station, Penafiel Caíde Stretch, Pinhal Novo Stretch G and Ermidas do Sado Stretch, for Refer; Carcassing Contract between the Pontinha Terminal and Falagueira Station on the Blue Line, Stretch of the Red Line and continuation of the Carcassing Work of the Terreiro do Paço Station, for Metropolitano de Lisboa; and Metro do Sul do Tejo (MTS);

Airport Infrastructures – Structure and Finishing of the Sá Carneiro Airport for ANA;

Port Infrastructures – Olhão pleasure craft dock for IPTM;

Hydraulic & Hydroelectric Infrastructures – Pedrógão Dam and Infrastructure 12, for EDIA; Venda Nova Dam (increase of power), for EDP; 2nd Stage of the Monte do Bispo Channel and reservoir in Cova da Beira, for IDRAH; and the Pinhel, Bouçoais and Rabaçal Mini-hydroelectric Power Stations;

Engineering Works & Tunnels Infrastructures –Sections 3.1, 5.1 & 6, for AENOR, among other projects started in the meantime within the scope of the Highway Concessions; and 1st Stage of the Faial / Santana Stretch and Machico Sul Interchange, in Madeira;

Sanitation Infrastructures – Madalena Wastewater Treatment, in Gaia;

Commercial Buildings – Estação de Viana and Parque do Atlântico Shopping Mall in Ponta Delgada, for the Sonae Group; Eurostadium Shopping Mall in Coimbra and the Douro Centre, for the Amorim Group; and Shopping Forum Viseu (1st stage), for the MDC Group;

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Hotel Buildings – Hotel Sheraton in Oporto Porto, Hotel Vila Sol in Vila Moura, and Hotels Royal Garden and Marina Atlântico in Ponta Delgada;

Office Buildings – Oriente Office and Promosete Building;

Industrial Buildings – Terceira abattoir, for IAMA, in the Azores; and Sodiprave, in Madeira;

Hospital Buildings – Santo António Health Centre and João de Almada Hospital, in Funchal; BES Hospital, in Lisbon (1st stage); Retirement Homes, at Junqueira; and enlargement of the S. Francisco de Xavier Hospital, in Lisbon;

Residential Buildings – Pertejo Building; Plots 3.7 and 3.8 of Alto do Lumiar; Alto do Parque Building and Murta Flor Palace; and Vila Sol Blocks 14 & 15;

Repairs – Refurbishment of the Angeja Bridge, for IEP; EDP; and Pombal Palace, for the Lisbon City Council.

Autonomous Centres

During 2003 the activity undertaken at the various Autonomous Centres was generally speaking in line with that of the core business, making a powerful contribution to the company's image that we wish to extend to cover every branch of MOTA-ENGIL ENGENHARIA.

Autonomous Quarry Centre – Turnover amounted to €30 million, 58% of which in respect of external customers. A new production centre was opened at Tondela and the 12 Centres produced about 5.6 million tonnes of aggregates. Lastly we would underscore the fact that at the end of the year Environmental Management System

Certification was obtained in accordance with a standard ISO 14001, the first entity in Portugal to achieve this in this area. The prospects for 2004 suggest a consolidation of the business.

Autonomous Special Foundations Centre – Turnover amounted to €40 million, 57% of which in respect of external customers. This activity took place at 75 building sites. 91 km of piles were driven, 30 km of micro-piles, and 40 km of anchorages. The prospects for 2004 suggest a consolidation of the business.

Autonomous Geotechnics & Central Laboratory Centre – Turnover amounted to €1.8 million, 90% of which in respect of external customers. Geotechnics activity took place at 65 building sites. The Central Laboratory obtained Accreditation Certification to standard NP EN ISSO/IEC 17025 during the period. It was extremely busy in supporting the core business and is currently engaged in the preparation of the process of test accreditation in accordance with the future European standards on aggregates (EC Marking), which will come into force in June 2004. During 2004, in-depth work will be undertaken in the various fields related with the environment, and new geophysical techniques and non-destructive soil characterisation methods will be implemented.

Autonomous Pre-stress Centre – Turnover amounted to €1.7 million, 43% of which for external customers. The focus is on work within the scope of the Highway Concessions and on the concept of a mixed/steel deck-pushing system for MARTIFER. A substantial increase of turnover is expected for 2004.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Hydraulic Concrete Division – Equivalent Turnover amounted to €90 million in respect of 344,000 m³ of concrete manufacture at the 14 active production centres. Increasing its vocation and skills in undertaking projects that involve innovative technologies, this division took part in the BACPOR Project (development of a robust technology for the Manufacture, Transport and Application of Self-compacting Concrete) in association with the Oporto University Faculty of Engineering (FEUP), MAPREL and SIKA. It also undertook a study of chloride-resistant concrete with total maximum load of 1000 Coulomb.

Equipment Division – The synergy management strategy was adopted as a result of the merger projects that had been implemented. The Maia building yard was shut down and a start made to the transfer and concentration at Porto Alto of the Management Centres and fixed building yards of this division. The SIME Project was drawn up with a view to rationalising administrative procedures related with the management and maintenance of equipment and procurement, supported by the platform of the SAP information system.

Azores and Madeira

Business carried on by MOTA-ENGIL ENGENHARIA in the autonomous regions during 2003 made a contribution of over €40 million to the company's total production. Its position in these regions will be confirmed in 2004, and considerable growth of the contribution is to be expected.

Technical area

In this connection, the activity was fundamental for the support provided by the various technical and

logistic areas to the Core Business, the Autonomous Centres, the Commercial Area and, on a case-by-case basis, to the International Area. At its own initiative, the Technical Area also implemented several innovative projects that contributed to the enhancement of the know-how of MOTA-ENGIL ENGENHARIA, of which we would underline the following.

Launch of ITEC – the MOTA-ENGIL ENGENHARIA bi-monthly newsletter, implementation of a partnership with FEUP (Oporto University Faculty of Engineering) to develop and test an innovative system of dynamic pre-stressing for self-erecting centering, implementation of an IP-MPLSvoice and data network to interlink every one of the company's poles, and development, in conjunction with Microsoft and with the Minho Technical Faculty, of a study to implement EVM project analysis.

In the Safety area, complementing the nine existing training films, we would also draw attention to the project to make a further three films on traditional centering and self-erecting centering. The Econstroi Portal continues to be implemented and MOTA-ENGIL ENGENHARIA is the market leader in the use of this tool, which is being linked up with the SAP ERP. Lastly, there is the development and implementation of the Environmental Management System at the Autonomous Quarry Centre and the obtaining of certification in accordance with standard NP EN ISO 14001:1999.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

3.1.2.2 Domestic Associates

MARTIFER

The MARTIFER Group, in which MOTA-ENGIL has a 50% stake, returned a 31.5% growth of turnover in 2003 at €99,465,650, generating a net profit of €3,040,677, an increase of 4.4%.

During the year the MARTIFER GROUP, was heavily engaged in the construction of the football stadiums for Euro 2004, having built the roofing of the Luz, Dragão, Alvalade XXI and Bessa XXI stadiums, its performance praised by all concerned. We would also mention the work on the enlargement of the Sá Carneiro Airport Terminal within the scope of the adjudication of this job to the Mota-Engil/Soares da Costa Consortium.

During 2003 MARTIFER also developed its international business to a significant extent. The Spanish market made a contribution of about 10% to turnover and the group also set up MARTIFER POLSKA, in Poland, whose manufacturing facilities located in the city of Gliwicie will come into production during the first half of 2004.

In parallel with this internationalisation effort, MARTIFER will also focus heavily on the Renewable Energies programme that is expected to see significant growth both in Portugal and in Europe, in which, at industrial level, we believe we shall have an important part to play. A new manufacturing facility is under construction for the purpose at Oliveira de Frades.

These are the bases for the development of the MARTIFER GROUP, for which there are prospects of sustained growth both of its turnover and of operating profits in the coming years.

FERROVIAS

The year under review was surely the best in the history of FERROVIAS. Over the months the growth of internal profits was consolidated, diluting the negative effect of the delay to the start of various major contracts early in the year.

The company generated Turnover in the sum of €36,079,892 (22.5% more than in 2002), meeting the budget, with an Operating Profit of €3,113,343 (up 38%) and a Net Profit of €795,125.

The good performance provided by FERROVIAS was the result of several factors, particularly: the better gross profit on jobs, 24% higher than expected; and the substantial reduction of financial charges, totalling €509,231 (32.8% less than in 2002), as a result of the clear improvement of collection days.

Taking into account the postponement of new investment decisions in the public works railway sector, the high-speed project in particular, the volume of work put out to tender is scant, and this does not allow 2004 and, probably, 2005 to be viewed with optimism and as growth years. The strategy will therefore continue to focus also on the foreign market, Spain in particular.

TECNOCARRIL

Ongoing non-compliance by Refer with regard to the sleeper preparation and creosoting contract means that TECNOCARRIL's performance was not as good as last year's.

During 2003, the company was engaged mainly in the following activities: preparation and impregnation of timber sleepers; weed-killing

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

along the National Railway network; and sale and provision of railway services to customers other than Refer.

As a result of this, TECNOCARRIL generated Turnover in the sum of €3,614,779 and an Operating Loss of €100,717.

In view of the said non-compliance, the coming year will be one of continuity, and the company is preparing to renegotiate with Refer the financial rebalance of the timber sleeper preparation and creosoting contract.

CPTP

During 2003 CPTP-COMPANHIA PORTUGUESA DE TRABALHOS PORTUÁRIOS E CONSTRUÇÃO lent continuity to its business in the public and hydraulic works solely within mainland Portugal.

The company continued to consolidate its position with regard to those parties involved in this specific market.

During the period, CPTP executed the following major contracts: construction of the RO-Ro Quay and enlargement of the North Terminal at the port of Aveiro; construction of the Specialised Fish Discharging Terminal at the Aveiro Largo Fishing Port; reinforcement of the Marina Breakwater at Cascais; and construction of Dolphins at the port of Faro.

The year also saw a start to the construction of the Liquid Bulk Terminal at the port of Aveiro (contract value of €12 million). A start was also made to the simultaneous construction of two Artificial Reefs off the island of Madeira, conclusion of which is programmed for the first half of 2004.

Provision of Services rose by 23.84% over the previous year, increasing from €21,558,899 in 2002 to €26,697,717 in 2003, while the operating margin stood at 14.4%.

For 2004 CPTP has an order book allowing it to maintain the market share that has been achieved, despite the sharp decline of the number of public and private works put out to tender in this segment of the market.

MAPREL and MAPREL NELAS

In 2003, the business undertaken by MAPREL, a company engaged in the production of precast concrete, generated Turnover in the sum of €17,445,000, an increase of 19.5% over the previous year.

This growth was underpinned by the start-up of several sections of the highway concessions, in which MAPREL plays a significant part. Outside the scope of the concessions there was a significant drop of activity, particularly in the buildings area.

Therefore, although turnover saw significant growth, there was a slight deterioration of margins, largely as a result of the focus of all the competition in the concession-related activities.

MAPREL generated Net Profit in the sum of €223,683, reversing the situation seen the previous year, as we had forecast in the 2002 management report.

As a result of the commercial activity during the year under review, the company moves into 2004 with a comfortable order book, which could ensure a growth of sales.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

With regard to MAPREL-NELAS, 2003 provided a growth of the company's business, generating Turnover in the sum of €6,092,000.

This figure outperformed the company's budget, as did the Net Profit of €173,385.

The company's business was largely underpinned by the contracts secured within the scope of the concessions, though it suffered from the suspension during more than 2 months of the Costa de Prata concession, causing unforeseen costs that could not be recouped.

The 2004 order book provides expectations that turnover will remain at its present level and that there may be a small improvement of margins.

MAPREL and MAPREL NELAS, both wholly owned by Mota-Engil, have common management structures and the merger of the two companies is on the horizon in the medium term.

TRACEVIA

As expected, the traffic signal and road marking market performed negatively, with the announced decline of public investment exacerbating even more the competition in this sector. The shutting down of the landscaping business also had a greater impact than had been expected as a result of the significant costs that were borne during 2003. Offsetting this, highway telematics business made a considerable contribution, despite the fact that it has not yet achieved maturity. A profit was returned, though less than budgeted.

Total revenue in 2003 amounted to €6,359,515 compared to the budgeted figure of €6,980,000, generating a pre-tax profit of €102,635 compared

to €149,991 in the budget, and a net profit of €27,235 compared to €71,991

No upturn of public investment in the highway sector is expected in 2004, Nevertheless, the fact that the company is again getting involved in the noise-barrier business and, chiefly, the return on the investment that has been made in the highway telematics area allow the business now under way to be viewed with a certain optimism.

PROBISA

As a result of the small number of jobs put out to tender, 2003 was not yet the year of a return to higher turnover for PROBISA. This was the result of the considerable budget restrictions imposed by the government (both at central and at local level), leading to few jobs and reflected in the poor returns on highway works,

Sales, production and other income totalled €2,983,572 in 2003, compared to €3,102,195 the previous year.

The company returned a pre-tax profit of €201,066 compared to €203,121 in 2002 and a net profit of €134,337 and €145,314 in 2003 and 2002 respectively.

PROBIGALP

The economic situation referred to above, particularly what was said in respect of the area in which PROBISA carries on its business, was also at the root of the fact that PROBIGALPS's turnover and profitability ratios were unchanged: income in 2003 totalled €4,653,826 (€4,524,346 the previous year) and a pre-tax profit was returned in the sum of €492,608 (€525,656 in 2002),

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

generating a net profit of €333,734, (2002: €366,751).

GERCO

GERCO's business has been seriously affected by the economic situation of the sector, which, in view of the additional difficulties seen in the niche in which the company operates, led to the decision to legally incorporate this business into MOTA-ENGIL ENGENHARIA. This process, leading to the creation of a separate electromechanical department, will be concluded during 2004.

SOPROCIL

Despite the fact that SOPROCIL's results did not meet the goal (pre-tax profits stood at €162,276 compared to a forecast at the beginning of the year of €688,325) as a result of the recession experienced by the sector, it proved possible to consolidate its position as a regional company, solidly established in nearly every one of the municipalities of the Algarve and increasingly in the Upper and Lower Alentejo.

In addition to having strengthened its internal organisation and to having obtained Turnover in the sum of €20 million, the company improved its financial ratios, particularly the Current Ratio and Self-financing, up from 111.7 and 11.3% to 147.2 and 20.8% respectively.

GEOGRANITOS

During 2003 GEOGRANITOS's Turnover was 12% less than the previous year.

The decrease of business in this sector, clearly seen in the company in 2002, was even more

serious in 2003, with customers such as local authorities substantially reducing their activity as a result of the indebtedness restrictions imposed by the ministry.

Problems related with design and expropriations put back the actual commencement of several contracts of greater weight as far as invoicing was concerned, especially those linked to the Estarreja Industrial Zone, the Bragança Polis and Stretch 6 of the Oliveira de Azeméis Structural Highway, with the consequent postponement of expected invoicing.

This delay of the invoicing in 2003, which will be carried forward and added to the commercial portfolio in coming year, provides prospects that 2004 will be a year of recovery for GEOGRANITOS.

QUALIBETÃO

The company started its business in 2003 with the object of manufacturing and marketing high-performance concrete, having achieved Turnover of €1.6 million. The prospects for 2004 are very good and turnover is expected to increase to €4 million and to break through the manufacturing barrier of 60,000 m³ of concrete. The company has a vision of development of its business based on technological innovation and on strict compliance with environmental protection rules, and it aims to operate around the two geographic poles of Oporto and Lisbon.

TIMOZ

The company's business, centred on the transformation of marble, grew significantly compared to the previous year, with Turnover rising to €1.7 million euros. The prospects for

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

2004 are fairly conservative owing to the general decline of the market involving the construction of Buildings in general.

SEDENGIL

The business of SEDENGIL, the GROUP's operating company in the social housing segment, was conditioned by the property crisis and by the lack of investment programmes of a social nature in the housing market, Turnover having dropped sharply from the previous year to just €1.3 million. The prospects for 2003 are quite pessimistic for the same reasons as during the year under review.

RENTACO

RENTACO implemented a strategy of focusing its activity on the self-propelled crane market with a view to increasing its efficiency and customer satisfaction. Turnover amounted to €3.6 million, an increase of 11%. The strategy was seen to be appropriate to the activity seen in the public works sector. The prospects for 2004 include sustained growth of the company's business.

3.1.2.3. International associates

Angola

Angolan branch

During 2003 the Angola Branch achieved Operating Income of more than \$52.3 million.

Several jobs were concluded during the year, of which emphasis is given to the new premises of the Congregation of the Franciscan Sisters, the three branches of the Banco de Fomento, the 1st stage of the US Embassy, the Benfica Bridge and the new building for the National Meteorological Institute.

A start was made during 2003 to the following: the Health and Defence buildings; the Prenda Underpass; and the reconstruction of the Nabime-Lubango Highway (Pk 77.7).

Investment totalled US\$ 5.9 in 2003, particularly as a result of the construction of the residential building in Cabinda, of the Mota Condominium and of Building A adjacent to the Head Office in Luanda, the latter having been concluded during the year.

At present, the branch has an order book of US\$ 143.4 million, of which US\$ 52.3 million are to be executed during 2004.

MOTA INTERNATIONAL

Despite being affected by the appreciation of the euro against the North American dollar, MOTA INTERNACIONAL generated operating income in the sum of €5.7 million.

Net profit stood at €1 million and the EBITDA at around €2 million.

PREFAL

Our associate PREFAL - PRÉ-FABRICADOS DE LUANDA, LDA, whose business consists of the manufacture and marketing of precast concrete structures, achieved Turnover of \$4.57 million, returning a Net Profit of \$757,000.

The main investments during the year included the water-pipe production unit (US\$ 175,300), the kerbstone production unit (US\$ 19,500) and sundry moulds (US\$ 18,500).

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

ICER

ICER closed 2003 with Turnover of US\$ 4.9 million, generating a Net profit of US\$ 273,000, an increase of 13.1% compared to 2002.

PAVITERRA

PAVITERRA's Operating Income in 2003 amounted to US\$ 15.6 million, generating a Net Profit of US\$ 485,000.

During the year a start was made to the construction of the Uíge-Caxito Highway and to the access to Largo do Patriota, among other jobs.

The total PAVITERRA order book amounts to US\$ 69 million and of this the sum of about US\$ 17.7 million will be executed in 2004. Of the order book, attention is called to the Uíge-Caxito and Uíge/Negage highways and to the Kuito Airport Runway.

SONAUTA

Operating Income at SONAUTA amounted to about €1.8 million generating an operating profit of €84,000. Nevertheless, the net result was severely influenced by the exchange rates, returning a loss in the sum of €464,000.

Central Europe

Turnover grew sharply during 2003, and the company consolidated the competitive position that it has been building up among not only the governmental institutions of these countries and of the European Union but also among the major European construction companies operating in these countries

One should also point out the success of the focus on recruiting and training young staff, the result of a human resources policy based on the rejuvenation of mentalities and attitudes, with a view to meeting the challenges of the future.

Poland

The construction market continued in recession owing to the delay to putting out to contract new works part-funded by structural funds and to the transfer to social areas of State Budget funds initially planned for the modernisation of infrastructures. These factors naturally led to a climate of fierce competition.

Nevertheless, it proved possible to maintain the rate of growth of the associate companies as a result of the major contracts that had previously been secured.

Branch in Poland

The company was involved in the construction of two stretches of motorway (A4 - K6 and S2), as well as in other smaller jobs.

Emphasis is given to the company's ability to take part in the biggest construction jobs in conjunction with some of the biggest European construction concerns, reflecting the credibility enjoyed by the MOTA-ENGIL GROUP in this market.

PBM LUBARTÓW

PBM saw sharp growth of its Turnover in 2003 as a result of the restructuring and investment processes begun following the acquisition of the company, and of the optimisation of the existing operational resources.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

A profit continued to be generated, confirming the company's operational and commercial stability.

KPRD

The reorganisation and restructuring of KPRD went ahead and this process is set to be complete during 2004.

The company has extended its business beyond the Krakow region, taking advantage of the contracts awarded to MOTA-ENGIL and of the aggressive commercial policy that has been implemented and consolidated.

Czech Republic

The coming membership of the European Union has not yet been reflected in the government's ability to make use of Community funds to support economic growth.

Foreign investment continues to be significant and, allied to the reforms introduced by the government in the meantime, this will mean that response capacity after the country joins the EU will be greater than expected.

SEFIMOTA

SEFIMOTA's total income stood at 760 million Czech crowns, generating a Net profit of 6.1 million Czech crowns.

This nearly twofold increase of income was the result of greater involvement with private investors, revealing the adaptation to present market conditions.

The company is active in the Public Works market (40% of income), a sector that includes means of communication.

The 2004 order book stands at 550 million Czech crowns.

SEFIMOTA has begun market research allowing a possible move into the Slovakian market.

M INVEST, SRO

The Turnover of this associate amounted to 88.5 Czech crowns, generating a Net Profit of 9 million Czech crowns.

The *M-INVEST* brand is now extremely visible in the Prague property market and has become synonymous with quality. An example of this is the conclusion of the sales of the Nikolajka Building on schedule.

M-INVEST now has a portfolio of approved projects worth 620 million Czech crowns, sufficient to cover its ongoing role in the market up to 2006.

The GROUP's support at financial level, crucial at the beginning of its activity, has been replaced by local financing, opening up the way to becoming self-supporting in its operations.

M-INVEST NEKLANOVA

As a special vehicle in the development of property projects, this company has met every one of its goals.

The entire M-Invest Neklanova Building has been sold (35 flats and four shops).

Turnover totalled 126 million Czech crowns, generating a Net Profit of 7.5 million Czech crowns.

MORAVSKE POZEMNÍ STAVBY AS

This associate's Turnover amounted to 305 million Czech crowns, far higher than the budgeted sum

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

of 120 million Czech crowns. The Net profit of 2.2 million Czech crowns was higher than the 1.4 million Czech crowns budgeted, revealing that growth was achieved with no need to sacrifice profitability.

MPS was also able to meet its target of setting up in the region of Moravia and of ensuring recognition of the performance of its Electric Installations Division (34% of total income).

Hungary

Present economic indicators suggest that Hungary will continue to draw closer to the European average.

Full membership of the European Union in May 2004 produced effects during 2003, mainly in the consolidation of free-market rules.

Hungary has continued to show a capacity to develop its own highway network and the construction of 600 km of motorways by the end of 2005 is forecast.

MOTA HUNGARY

The Turnover of this associate in the sum of 1.9 billion forints and the loss of 125 million forints reflect the difficulties experienced by the Hungarian government in implementing in good time the programmes supported by the European Union. Only at the end of 2003 was MOTA HUNGARY able to sign the contracts for which bids had been submitted in response to calls for tenders in March and April.

The present order book in the sum of 8.6 billion forints is broken down by segments such as Environment, Buildings and Highways, revealing

the company's operational capacity to regain its market share.

One must also take into account its organisation model, which allows the company to play an active part in the current programme of construction of expressways and motorways.

METROEPSZOLG

This associate's turnover amounted to 1.4 billion forints, slightly over the budget, generating a Pre-tax Profit of 2.8 billion forints, thus maintaining its growth capacity.

The year under review was marked by restrictions to the State budget for the regions, causing a need for greater commercial aggressiveness leading to a decline of its operating profitability.

To bring about greater flexibility and management capacity, a start was made to the reorganisation of the company, set to be concluded by the end of 2004. This step will provided it in the future with the necessary ability to return to its former profits.

United States

Associate MK CONTRACTORS LLC, headquartered in Miami, in which the MOTA-ENGIL Group has a 50.5% stake, achieved Turnover totalling \$76 million and a Pre-tax profit of \$503,000.

Emphasis is given in 2003 to the conclusion of three major property developments: Bentley Bay, for the sum of \$38 million; Bentley Beach, for the sum of \$14 million; and Gables Park Tower, for the sum of 11 million.

The 2004 order book stood at about \$23 million as at December 31, 2003.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Peru

Following 2002, a year marked by the negative performance of the market in which TRANSLEI operates, 2003 was a very good year.

During 2003, in the wake of an alteration of its basic strategy, there was a shift away from its traditional activity involving mining companies and an increase of its work directed at the public works sector, which accounted for some 60% of Turnover in 2003.

Owing to this alteration and to the structural changes implemented in 2002, TRANSLEI reversed the trend seen last year and presented a Turnover of \$22.0 million and a Net Profit of \$1.3 million.

For 2004 the company has the following jobs in its order book, in addition to others that come to be adjudicated: the Kahuish – San Marcos highway stretch and the Mineira Yanacocha contract.

Mozambique

During 2003 EMOCIL achieved Turnover in the sum of €1.9 million.

Of the works concluded and in progress in 2003, the following are highlighted: construction of 32 homes for Education Ministry teachers, 90% part-funded by the World bank; conclusion of the construction of the Hotel and Office building for the INSS (National Social Security Institute) in the province of Niassa; building for the Provincial Plan and Finances Directorate; refurbishment of the Nampula Central Hospital; the Day Clinic financed by CARE; and the February 3 Students' Residence.

The end of 2004 is expected to see the conclusion of the Ponta Vermelha Condominium financed by the company, which is now under way.

Benin

The object of the contract awarded to the MOTA-ENGIL Group in Benin, "Lot nº 2 Dassa – Savé – Parakou – Beroubouay", is to repair and reinforce the pavement over a length of 210 km.

During 2003, the work involved, in particular, the application of bituminous base and wear layers at a cost of €12.3 million, about 60 km of highway having been completed.

This project is set for completion during the third quarter of 2004.

Chad

Following the period required to prepare for the start of the contract awarded to the MOTA-ENGIL GROUP in Chad (mobilisation of resources and setting up the building site), earthmoving began in 2003. Production during the year on this job amounted to €7.7 million. It should be pointed out that productive work was hampered by a very long (3 months) and very heavy wet season.

3.1.3. Economic and financial review

As a result of the foregoing activity, the companies that make up this business area ended the year with a total turnover of €970 million, an EBITDA of 10.1% and an EBIT of 4.8%, generating a net cash flow of €67.2 million. As at December 31, 2003 the order books in this area totalled €1.6 billion euros, of which more than €1 billion are to be executed during 2004.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

3.1.4. The Outlook

As a result of this order book and of the impact of the synergies generated by the internal reorganisation, the Construction area is set to see a growth of its turnover in 2004, and it can also be expected that there will be an improvement of operating margins, regardless of the evolution of the sector.

Additionally, if the announced increases of public investment and improvement of collections from the major customers come about, 2004 is also set to see a substantial improvement insofar as the financial indicators are concerned.

3.2. Environment & services

As a result of the reorganisation of the Group, 2003 was particularly marked as a year in which it proved possible to lend greater external visibility to all the activities undertaken by the GROUP, with remarkable commitment, over the past decade.

3.2.1. Sectorial review

The activity carried on by this business area of the MOTA-ENGIL GROUP has been greatly conditioned by the greater or lesser degree of compliance with the directives issued within the scope of the European Union.

Since compliance with these directives is largely dependent on the availability of State and local authority financial resources, it can be said that 2003 was a particularly difficult year for all the parties involved in this sector.

Additionally, we were faced with additional difficulties caused by a certain political indecision regarding the involvement of private capital in the

water sector and with administrative bottlenecks in projects of particular importance in the field of solid waste.

Solid waste

The general apathy with regard to the launch of public calls for tender seriously limited growth opportunities for the companies in the sector.

Nevertheless, notwithstanding the introduction of environmental policies within the scope of the country's strategic waste plan, consisting of the launch of the bases for the future implementation of the Integrated Collection, Enhancement and Elimination of Hazardous Waste (CIRVER) and of the creation of the strategic bases for the implementation of 13 organic composting plants, the fact is that these initiatives made no contribution to increasing the dynamism of the sector since they are at an embryonic stage.

Also because of the economic situation referred to above, the companies engaged in this area were faced with serious difficulties in collecting debt from the local authorities, which brought about serious financial difficulties and a natural deterioration of the inherent costs.

Water & sanitation concessions

During 2003 the industry hopefully awaited the presentation by the ministry of the model to be adopted for the Water Market, with a clear definition of the involvement of the private sector to allow the targets to be met that had been set up long ago.

Committees were set up to establish this definition and the respective studies carried out.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

However, despite expectations, the definition did not come about and has been postponed to the beginning of 2004 as the result of a study being drawn up by a new committee appointed in the meantime, headed by the president of the IRAR.

Maintenance

Outsourcing maintenance management and maintenance itself is beginning to be a model that is becoming more widespread as a result of the rationalisation that it brings about.

Its growth, through structured companies of adequate dimension, is, however, hampered by the persistence, clearly outmoded and expensive, of some entities that keep on countless numbers of staff of their own to whom they then have to assign jobs over and above those for which they are generally recruited.

Another factor hampering the creation of a veritable maintenance market is the existence of numerous small companies that call themselves maintenance companies though they have neither the structure nor the real technical ability required.

Gardens & green spaces

Portuguese society is clearly increasing its awareness of and interest in gardens, a fact that we view as being very positive, one that opens up the way to the growth of the sector, at present subject to some investment limitations.

Recycling

Despite the publication during 2003 of the new law governing this used oil sector there is as yet no clear knowledge of the developments that will affect this area.

3.2.2. Business review

The activity of this business area was marked by a performance that differed in the various segments, the result of the background that has been described and of the differing stage of advance of the various companies. It was also marked by the announced sale of the segment that, up to the previous year, had been involved in the energy sector (mini-hydroelectric plants and wind farm projects).

Solid waste

Waste market activity has undergone stagnation, the logical corollary of the country's macroeconomic scenario described earlier.

Nevertheless, the group of companies whose turnover is consolidated within the perimeter of the solid waste area experienced considerable growth, fundamentally the result of the acquisition (see acquisition of STL, UTIL and RESILEI), though organic growth was practically negligible.

In those contracts currently in force activity took place within a framework of containing costs and of local authority budget limitations, which had especially negative effects:

- a) on the one hand, on turnover, because of a growth of refuse produced by the citizens smaller than in previous years and also because of the elimination of several accessory services by the local authorities, both factors being the result of the economic restrictions imposed by central government; and
- b) on the other, on the very considerable and serious debt collection difficulties that put many

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

customers in a situation of contractual non-compliance.

Water & sanitation concessions

In the first place it must be pointed out that the economic and financial rebalance of the Santo Tirso/Trofa concession was approved, while the Municipality of Trofa, created in the meantime, has also become a subscriber. The rebalance made use of project finance covering investment to be made in extending the networks up to 2007.

Mention is also made of the issue of several international calls for tender by municipalities for the concession of Municipal Urban Water Cycle Systems.

These calls for tenders are generally small, involving heavy investment and tariff limitations, leading in some cases to systems that will be very hard to sustain economically speaking.

Our subsidiary INDÁQUA, SA submitted bids for a total of five concessions.

Some of these are not likely to be adjudicated for the foregoing reasons, in accordance with the recommendations of the respective Appraisal Committees, leading to major costs for the companies and for the public coffers, in addition to the time spent and the resources involved.

During 2003, INDÁQUA, SA, consolidated its business in those concessions in which it is involved, increasing turnover by €916,975 and the number of consumers by about 3,500. We consider these figures to be manifestly insufficient, the result of successive political indecisions as to the role to

be played by private investment in the so-called Water Cycle.

It should be pointed out that the legislative decision to allow access to this industry by the private sector was enacted over 9 years ago. It cannot be accepted that there continue to be constant reversals as to the future of the industry without taking into account the funds spent and the efforts made by those who in good faith agreed to invest their capital in a project requiring considerable own funds and long periods of return.

Maintenance

As mentioned, growth of the maintenance area has been hampered by the financial constraints affecting the group of potential customers. Though often recognising that they need to improve their performance in this field and that this calls for outsourcing the service, the companies and institutions often do not have the financial resources to do so and are obliged to lend continuity to their current set up.

Despite this, our subsidiary MANVIA, which operates in this area, increased both its turnover and its customer base.

Gardens & green spaces

Business during the year under review was marked by the successful laying of the turf of the new stadiums at Leiria and Coimbra, and VIBEIRAS was again outstanding in the area of turf for sports facilities, a field in which it has acquired considerable experience.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Generally speaking, this sector of activity continues to be extremely competitive, requiring a considerable effort, one in which the company is successful as a result of its technical skills and creativity.

Recycling

The year under review was the first full year in operation of ENVIROIL's used-oil recycling plant.

Although the business has not yet reached maturity from an industrial standpoint, the company's results were also severely affected by the market price of used oil, which continues to be priced as a fuel and not as the residue that it is.

During 2003, CORREIA & CORREIA, the ENVIROIL subsidiary engaged in collecting used oils, acquired a plot of land on which to put up its new premises, currently at the planning permission stage.

New businesses

The GROUP set up a company called JARDIMAIA in 2002, in partnership with the French Jardiland Group. The new company will organise the construction of Portugal's first Jardiland centre in the municipality of Maia.

The year under review also saw consolidation of the focus by MOTA-ENGIL, AMBIENTE E SERVIÇOS on the Public-Private Partnerships through the incorporation of the Espírito Santo Saúde, MOTA-ENGIL ENGENHARIA, MOTA-ENGIL AMBIENTE E SERVIÇOS, Opca, Dalkia and Espírito Santo Investimento, a group that is to bid for the programme of new hospitals to be built under project finance arrangements.

3.2.3. Economic and financial review

Taken as a whole, this business area ended the year with a gross operating income of €58.6 million euros.

Solid waste

As mentioned, the performance of this segment was influenced by the acquisition of the group of companies comprising STL, UTIL and RESILEI. Attention is drawn to the following indicators: aggregate operating income of about €60 million, with an average operating margin of more than 12.5%; assets slightly under €80 million; and shareholders' equity of €19.5 million, contributing to a self-financing ratio of nearly 25%.

Water & sanitation concessions

During 2003, INDÁQUA, SA, continued to invest on a sustained basis in those Concessions in which it has holdings, particularly in INDÁQUA FEIRA, SA, in where the investment in infrastructures at the end of 2003 amounted to about €40 million.

As a result of the financing that has been negotiated, INDÁQUA SANTO TIRSO/TROFA, SA, is set to invest about €20 million in infrastructures by 2007.

Other segments

The companies engaged in the other segments ended the year with Operating Income in the sum of €7.5 million and an average operating margin of 12.6%.

3.2.4. The Outlook

Solid waste

The essential problem will continue to be the

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

financial weakness of the State and of the local authorities, which do not appear to be able to find the means to improve the quality of life of their citizens without investing and passing the costs on to them.

We are convinced that the private sector could make a contribution to improving the quality of the service through the own funds that it could mobilise, provided that reasonable conditions are created to do so under a reasoning of healthy competition and based on an improvement of productivity.

Water & sanitation concessions

A great deal of the future of this sector of activity will depend on governmental decision as to the participation of the private sector both in investment in the municipal and inter-municipal systems and in the privatisations, so often promised and equally often postponed.

In the meantime, the time is ripe to mention the prospect of the sale of the whole of Aquapor to the private sector, putting an end to a cycle of disregard for the rules of competition that, in the past, led to the suspension of financing national projects by Community funds, which recommenced only after the members of the Association of Environment Sector Companies (AEPSC) decided in 2003 to withdraw the complaint lodged in Brussels against the Portuguese State. This allowed a return to the investments planned by the State holding company for the water sector.

Maintenance

We are projecting significant growth for MANVIA as a result not only of the consolidation of the

company as far as its habitual customers are concerned but also of attracting many new customers.

One of the company's strategic guidelines is to develop its technological component, providing new solutions for traditional problems.

Because of the very nature of the sector, meeting this goal will be greatly conditioned by the dynamics of the country's industrial and services areas.

Gardens & green spaces

VIBEIRAS is a consolidated company that expects to maintain its level of business, though it will not fail to keep an eye open for opportunities to increase its involvement in several specific areas, should they arise.

Recycling

For 2004 ENVIROIL is planning to increase its industrial performance and is awaiting with great interest the practical effects of the used-oils legislation enacted in 2003 that are set to appear this year.

Insofar as CORREIA & CORREIA is concerned, we expect the conclusion of the licensing of the new premises to make a start to construction during the second half of the year.

New businesses

JARDIMAIA aims to open its Maia centre during the third quarter of 2004, an ambitious target but one that we shall pursue with determination.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

3.3. Property & tourism

As mentioned earlier, the reorganisation of the MOTA-ENGIL GROUP was concluded towards the end of the year under review. The holdings that were still left with MOTA-ENGIL ENGENHARIA and MOTA-ENGIL, SGPS whose business involved Property and Tourism were then transferred to the sub-holding company MEITS-MOTA-ENGIL IMOBILIÁRIO E TURISMO, SA.

3.3.1. Sectorial review

Property

The crisis in the property sector continued throughout 2003, with no sign of an upturn by the end of the year.

Tourism

Despite the fact that we began 2003 with some optimism as a result of the measures to develop the various units in 2002, the international situation in 2003 caused a climate of lack of confidence that seriously affected the first half of the year, leading to cancellations of hotel bookings.

As a result, too, of the macroeconomic situation described earlier, the performance of the sports and leisure units was severely hampered.

3.3.2. Business review

Property

Despite the fact that the GROUP has a portfolio of undertakings that, for their quality and prime location, we believe will be easily absorbed notwithstanding the poor state of the markets, we were unable to go ahead owing to delays and

unwarranted bureaucracy by the licensing authorities, the Oporto City Council in particular.

As mentioned in last year's report, the personnel allocated to this business continue to focus on preparing the studies and planning and design of these assets with a view to their development.

The Baltic Building, to be put up on a site at Lisbon's Parque das Nações, has received building consent and we are now waiting for the right time to launch and market it.

Emphasis is also given during the year under review to the conclusion of the construction and marketing of the Alto de Perogil undertaking in Tavira and to the start of construction and marketing of the Plot 1 of the Urbanização Varandas do Douro in Oporto.

Tourism

In this segment the main activities involved the conclusion of the refurbishment of the various units and the subsequent marketing, allowing old customers to be retained and new ones to be attracted.

The quality of our service has been recognised, especially at the Estalagem Casa da Calçada, following our membership of the *Relais & Chateaux* chain in November 2003.

From the standpoint of implementation of quality and effectiveness in the services provided at the various units, the Shooting Reserve and the Shooting Range restaurant were closed.

A company called LARGO DO PAÇO has taken over the running of the Estalagem Casa da Calçada and the Parque das Tílias, having entered into

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

assignment-of-management agreements with MOTA-ENGIL ENGENHARIA.

3.3.3. Economic and financial review

As a result of the said factors conditioning this business area, the year closed with operating income of just €5.6 million, generating an operating profit of €585,000.

3.3.4. The Outlook

Property

On the assumption of an improvement to the present situation of the national economy, we believe that the upturn will be reflected in our business only towards the end of 2004, and then only timidly.

Even if this does come about, it will be possible to improve the performance of this business area only if the undertakings in the portfolio, located along the bank of the Douro, among others, come to be launched in the short term.

Tourism

The promotion of Portuguese tourism as a result of Euro 2004 and, additionally, the Estalagem Casa da Calçada's membership of the *Relais & Chateaux* chain, the conclusion of the refurbishment of several units and the awareness generated both by marketing and by attendance at trade fairs, suggest the growth and improved performance of the GROUP companies operating in this sector.

3.4. Transport concessions

As mentioned in Chapter 3, the MOTA-ENGIL GROUP decided, within the scope of its reorganisation, to bring together in a single sub-

holding company, MOTA-ENGIL, CONCESSÕES DE TRANSPORTES, SGPS, SA, all its holdings in transport concessionaire companies now at the investment stage.

This company was set up on January 30, 2003, and, by means of a split-merger and merger by incorporation deed executed in December 10, 2003, it came to hold all the holdings of the MOTA-ENGIL GROUP in the following concessionaire companies:

AENOR – AUTO-ESTRADAS DO NORTE, SA – 32.42%;
LUSOS CUT DA COSTA DE PRATA, SA – 32.79%;
LUSOS CUT DAS BEIRAS LITORAL E ALTA, SA – 32.79%;
LUSOS CUT GRANDE PORTO, SA – 32.79%;
METRO, TRANSPORTES DO SUL, SA – 18.09%.

3.4.1. Sectorial review

Highway concessions

The year under review was marked in the Transport Concessions sector by the enactment of a set of highway policy guidelines, involving in particular changes to the object of some of the concessions already created but not yet put out to tender and the creation of additional concessions.

Likewise, as from April, the public-private partnerships came to be governed by the new legislation enacted in the meantime (Decree-Law 86/2003 of April 26).

It should be noted, moreover, that within the scope of this new legislation a start has been made to the financial rebalance procedures of the North and Costa de Prata Concessions. These procedures, requested by the Concessionaires, are designed to re-establish the situation in which

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

they would have been had there not been successive delays for which the Concessor was responsible.

Railway concessions

Within the scope of the railways 2003 was dominated by the presentation by the Portuguese and Spanish governments of the High Speed Railway Network project and by their promise that the network would be developed and implemented on a public-private partnership basis. This process warranted, and still warrants, as said earlier, the special attention of the GROUP since we consider it essential to our affirmation.

3.4.2. Business review

Highway concessions

The highway concessions that have already been awarded to the consortium headed by the MOTA-ENGIL GROUP total more than 500 km of motorways, involving investments in the order of €3.7 billion.

In this way, the MOTA-ENGIL GROUP, as the biggest shareholder of these four concession, is the concessionaire of the biggest motorway network of northern Portugal that links up the main cities and economic centres to the north of the river Mondego and also constitutes the main link between Portugal and Spain.

The GROUP thus makes its mark in the field of highway concessions which, taken together, clearly make up the second biggest private highway infrastructure operator in Portugal and one of Europe's largest.

Portugal

During 2003 the first stretches of motorway of the network under concession to us were opened to traffic. These included the North Concession, the Link of the A3 (Braga-South Interchange) with Braga and Guimarães, and the Beiras Litoral e Alta Concession, on a provisional basis, between Guarda and Vilar Formoso.

On the other hand, about 213 km of motorway were under construction along the four concessions.

The work was subject to various delays, however, for reasons that cannot be attributed to the Concessionaires and upset our plans, despite the fact that the work went ahead faster than in previous years.

International

Greece

In Greece the Odopoesis Consortium, headed by the MOTA-ENGIL GROUP, in conjunction with the Spanish Acciona Group, and also involving Banco Espírito Santo and local construction concerns Michaniki and Themeliodomi, had already been pre-qualified for the international call for tenders for the award of the concession of the Corinth-Tripoli-Kalamata/Lefktron-Sparti project involving the concept, design, construction, financing and operation of about 193 km of motorways, of which 81 km are to be built from scratch.

During 2003 this consortium was also pre-qualified for another two international calls for tender for the concession of the Maliakos-Kleidi and Athens (Elefsina)-Corinth-Patra projects.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

The three projects for which the MOTA-ENGIL GROUP has been pre-qualified, all involving real tolls, cover a total of about 779 km of motorways, about 400 km of which are to be built from scratch.

During August 2003 the Greek government issued the first call for tenders for the Maliakos-Kleidi project and the respective bid is now under preparation.

Ireland

The Togher Toll Consortium, headed by the MOTA-ENGIL GROUP, in conjunction with the Acciona Group (Spain) and Mowlem (England), and also comprising Banco Espírito Santo and local construction concerns Coffey and Priority, has submitted a bid for the N8 Rathcormac to Fermoy Bypass project, involving the concept, design, construction, financing and operation under a real-toll system, of about 18 km of motorways in the Republic of Ireland. The Togher Toll Consortium was one of the groups selected for the next stage of negotiations with the Concessor ("BAFO" or Best and Final Offer), based on which the concessionaire will finally be selected.

Railway concessions

In railways, we continue to be involved as shareholders of METRO, TRANSPORTES DO SUL – the concessionaire of the South Tagus Light Railway – in the 30-year concession signed in August 2002, calling for an investment of approximately €265 million by the State, in addition to investment of €59 million by the concessionaire in the acquisition of rolling stock and of another €27 million for the operation and maintenance of the system.

The object of the concession is the construction and operation of the Light Railway based on about 14 km of twin tracks, including the work involved in urban improvements and integration.

A start was made on December 12, 2002, to the working plans and to the construction of the infrastructures and supply of rolling stock and equipment.

At the same time, the concessionaire carried out, with remarkable success, the expropriation of the private land, while the concessor also made available the public land required for the construction work, which suffered no significant delay.

3.4.3. Economic and financial review

The business involving the activities under concession, in the transport area in particular, is viewed by the MOTA-ENGIL GROUP as a strategic, long-term business that requires significant investments in the short term.

The MOTA-ENGIL GROUP has therefore invested €34 million in those concessions in which MOTA-ENGIL CONCESSÕES DE TRANSPORTES, SGPS, SA, is a shareholder, and it expects to invest about €36 million more during 2004.

3.4.4. The Outlook

During 2004 the MOTA-ENGIL GROUP will continue to view its transport concessions business as a central strategic concern, in which special importance is given to finalising the undertakings and opening them to traffic.

During 2004, therefore, the Costa de Prata Concession will open to traffic, with the exception

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

of the link between Angeja and Estarreja on which work had to be suspended for reasons foreign to the Concessionaire. Additionally, several stretches of other concessions are also planned to come into service, namely along the AENOR and LUSOCUT BEIRAS LITORAL E ALTA concessions. Of the 4 concessions, 186 km of motorway will be in operation by December 2004, compared to 86 km at the end of 2003.

Furthermore, we shall of course take part in the calls for tender that come to be issued for the purpose of awarding new highway concessions in Portugal, from the outset those that have already been announced – Greater Lisbon and Douro Litoral. It should also be mentioned that, accompanying the significant involvement of the MOTA-ENGIL GROUP in Central Europe, in the construction area, these markets are also of particular importance in the field of transport concessions, the more so since their governments have given them special emphasis.

Let it be said once again that special attention will be given in 2004 to the developments that come to be seen in bringing about the high-speed railway project in Spain and Portugal.

3.5 Shared services

As planned, the two information systems operated by MOTA-ENGIL SERVIÇOS PARTILHADOS were transferred to a single common technological platform.

This measure, accompanied by the restructuring of the in-house teams, allowed MOTA-ENGIL SERVIÇOS PARTILHADOS to generate the necessary synergies and operational ability to meet the challenges

raised by the reorganisation that the GROUP has now finalised.

The year under review was therefore one of transition, while 2004 is expected to be a year of consolidation of the company and of its economic balance.

4. Economic and financial review: consolidated accounts

Since there were no significant changes to the consolidation perimeter and since the impact of the reorganisation is limited to the economic and financial ratios and magnitudes of the subsidiaries, a comparison will be made in this chapter of the performance of the MOTA-ENGIL GROUP with that of the previous year.

The Consolidated Operating Income of MOTA-ENGIL, SGPS, SA, in 2003 amounted to €1,050,651,601, an increase of 14.7% over the 2002 figure of €916,447,945.

Operating Profits rose from €48,058,565 in 2002 to €57,258,875 during the year under review, providing an EBIT margin of 5.4% on Operating Income (outperforming the 5.2% achieved last year).

The Operating Cash Flow stood at €119,523,153, also higher than last year, with a growth of the EBITDA margin over Operating Income (11.4% in 2003, compared to 10.7% in 2002).

Financial Charges amounted to €31,532,900 in 2003, compared to €23,565,153 the previous year.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Despite the better operating performance, financial charges and tax for the year meant that the Consolidated Net Profit stood at €15,382,944, down from the figure of €19,362,252 seen the previous year.

The foregoing economic and financial performance led to a Net Gearing (Net Debt/Shareholders' Equity + Debt) of 64.1%.

In consolidated terms, the GROUP invested €85.6 million, of which €61.8 million in technical fixed assets and €23.8 million in financial fixed assets.

During December 2003 the MOTA-ENGIL GROUP had an order book in the sum of €1.88 billion, of which €1.12 billion to be executed in 2004 and €759 million during subsequent years.

5. The Outlook

Despite the fact that the domestic construction industry is going through a period of crisis unlike any seen during the past two decades, with stagnation of public investment in infrastructures, local authorities' finances out of balance and several indefinities in the area of the environment, the MOTA-ENGIL GROUP, thanks to its strong order book (underpinned in particular by the new highway concessions), saw growth of its business and of its profits in 2003.

This is likely to continue

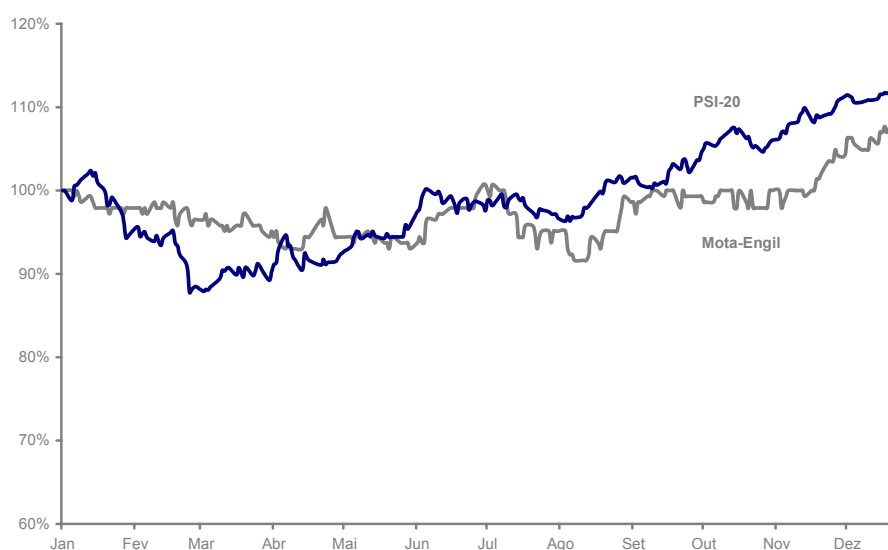
during 2004 and, in our view, the upturn of the Portuguese economy will come about only during the second half, though it will require implementation of the public investment and the public-private partnerships that have been announced.

Therefore, confirming the GROUP's strategic guidelines and regardless of external factors that come to affect the sector, 2004 should be a year of sharp growth of Consolidated Turnover, on a par with an improvement of all the GROUP's operating profitability ratios and net profit.

6. Review of stock market activity

At the end of the year under review each MOTA-ENGIL share stood at €1.49, showing a growth of more than 6%.

The performance of MOTA-ENGIL, SGPS, SA, shares during 2003 can be seen in the following chart, which makes a comparison with the performance of the PSI 20 index.



MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

The announcement of the profits for 2002 was made on March 30, 2003.

On April 30, the company paid the 2002 dividend through the Securities Centre, amounting to a gross amount of €0.07 (seven cents) on each of the 204,635,695 ordinary shares representing the MOTA-ENGIL, SGPS, SA, share capital as at December 31, 2002.

During 2003 the MOTA-ENGIL GROUP bought 50 and sold 221 treasury shares, and therefore it held as at December 31, 2003, a total of 9,028,038 treasury shares each of a par value of €1, carried in the books at an average price of €1.36.

7. Report on corporate governance practices

7.1 Declaration of compliance

In compliance with CMVM Regulation 7/2001 (as amended by the Commission's Regulation 11/2003), we hereby declare that, as detailed in this Report, the company has adopted the "CMVM Recommendations on the Governance of Listed Companies".

7.2 Disclosure of information

The division of responsibilities between the various bodies and departments of the company within the framework of the process of corporate decision-taking, taking into account its standing as a holding company, is not presented in the form of organisation charts or tables of duties, but rather through a description of the positions and duties of the management body, which is provided in Point 7.5, and through the description of the Company

rules set out in point 7.4, in which a description is given of the rules inherent in the critical decision processes within the group of companies

The description of the evolution of the prices of the MOTA-ENGIL SGPS, SA, shares is provided in the respective chapter of this report (Chapter 6 hereabove).

During 2003 there were no issues of shares or other securities giving entitlement to the subscription or acquisition of shares.

The dividend policy adopted by the company consists of granting a dividend providing, in each fiscal year, a minimum payout ratio of 50% and a maximum of 75%, depending on the evaluation made by the Board of Directors of a number of conditions, with the prime objective of providing an adequate remuneration of shareholder capital by this means.

At this time the company has no plans to attribute shares or stock option plans.

No transactions or other operations were undertaken between the Company and the members of the board of directors and of the audit committee, qualified shareholders or companies in a controlling or group relationship, except those transactions carried out as a part of the day-to-day business, which were also carried out at arm's length.

The company makes intensive use of the new information technologies, electronic mail in particular, in disclosing information of a financial nature, particularly in its contacts with investors and analysts, with the specialised press and with

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

the market authorities, the Securities Market Commission and Euronext Lisbon.

There is an official page on the *Internet*, www.mota-engil.pt, where, in addition to the activities of the MOTA-ENGIL GROUP, financial information is provided, particularly the Report & Accounts, the communications of relevant facts and other press releases, as well as presentations of results in electronic format. This Internet site is organised in accordance with the provisions of article 3-A of CMVM Regulation 7/2001

The company also provides sundry information on its business through the paper and electronic versions of its bulletin: Sinergia

Additionally, there are various sites on the Internet of GROUP companies that can be accessed through the links menu of the official Page.

The Market Relations Division was set up during 2002. The head of the division is João Vermelho, whose contacts are:

João Vermelho
Rua Mário Dionísio nº2
2796-957 Linda-a-Velha
tel. 351 214 158 200
fax. 351 214 158 688
e-mail: jvermelho@mota-engil.pt

Any investor or analyst may also contact the company through its Market Relations Representative, Eduardo Rocha, by electronic mail addressed to erocha@mota-engil.pt.

In accordance with the articles of association, a Remuneration Committee comprising three shareholders fixes the remuneration of the directors and other corporate officers. The present

composition of this committee is as follows: António Manuel Queirós Vasconcelos da Mota (representing Mota Gestão e Participações, SGPS, SA); Maria Manuela Queirós Vasconcelos Mota dos Santos (representing Algosi – Gestão de Participações Sociais, SGPS, SA); and Maria Teresa Queirós Vasconcelos Mota Neves da Costa (representing Vallis – SGPS, SA), all of whom are members of the Board of Directors.

During 2003 MOTA-ENGIL SGPS, SA, and its associates paid to the natural and corporate persons of the auditor's network the sum of €277,000 for services involving the legal audit of the accounts.

7.3. - Exercise of voting rights and shareholder representation

Under the terms of the articles of association, the General Meeting is composed of those shareholders entitled to vote, whose shares, no later than ten days prior to the Meeting:

shall have been registered in their name in the Company's books, when the law so permits, or those of other authorised entities, in the case of dematerialised shares; or

shall have been, depending on their nature and regime, registered in their name in the Company's books or deposited in their name at this or any other legally authorised entity, if they are represented by share certificates.

Evidence of the registration in the books of dematerialised securities and of the deposit referred to above, when done other than at the Company, shall be provided by means of a certificate issued by the entity in question to be

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

delivered to the company no later than eight days prior to the date set for the General Meeting.

Members not in possession of the number of shares required to give voting-rights may group together to make up the required number, and they shall appoint one of their number to represent them at the General Meeting.

Bondholders may only attend General Meetings through their common representatives appointed under the terms, respectively, of Article 343 and Articles 357 et seq. of the Companies Code.

Each group of one hundred shares is entitled to one vote, and Members are entitled to as many votes as may correspond to the whole number resulting from the division by one hundred of the number of shares they own, with no limitation.

Voting shall take place in the manner designated by the chairman of the Board of the General Meeting.

Members who are natural persons may be represented at General Meetings by their spouse, by an ascendant or descendant, by a director of the company or by another shareholder.

The person appointed for the purpose by the Board of Directors or Management of the entity in question shall represent members who are bodies corporate.

Notice of all the proxies envisaged above shall be given to the Chairman of the Board of the General Meeting by letter, the signature of the principal being witnessed by a notary or authenticated by the company itself, to be delivered to the registered office no later than eight days prior to the date of

the Meeting, the proxy letter to state the date, time and venue of meeting for which it is issued as well as the agenda of the meeting, and to unequivocally grant the mandate to the representative, with proper identification of the latter.

Members may vote by correspondence though only with regard to the alteration of the Articles of Association and to the election of corporate officers.

Votes by correspondence shall be considered only if received at the company's registered office no later than three days prior to the date of the General Meeting, by means of recorded-delivery registered letter addressed to the chairman of the Board of the General Meeting, without prejudice to the obligation of providing timely evidence of the standing as a shareholder under the aforesaid terms.

Postal ballot papers shall be admitted only when signed by the shareholder or his/her legal representative, and accompanied by an authenticated copy of the shareholder's identity card, if a natural person, or if the shareholder is a body corporate, the signature on the ballot paper is to be witnessed in the capacity and with powers for the act by a notary public.

Ballot papers shall only be deemed valid if they expressly and unequivocally state:

- a) the items or items of the agenda to which they refer;
- b) the specific proposal in question, with an indication of the proposer or proposers; and

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

c) a precise unconditional indication of the vote in respect of each proposal, and of whether the vote is to be maintained should its proposer alter the proposal.

Notwithstanding the provisions of indent b) above, a Member sending in a ballot paper in respect of a given item is allowed to declare that he/she votes against all other proposals concerning the same item, with no other specification.

It shall be understood that Members sending in ballot papers by post abstain from voting any proposal not mentioned in the said ballot papers.

Notwithstanding the provisions of indent c) above, a Member may condition his vote in respect of a given proposal to the approval or rejection of another proposal within the scope of the same item of the agenda.

The chairman of the Board of the General Meeting or, if applicable, his replacement, is charged with verifying that the ballot papers sent by post are in order, votes cast in ballot papers that are not accepted to be deemed as not having been cast.

The exercise of voting rights by electronic means is not possible.

Corporate resolutions are adopted by a simple majority of votes cast at the General Meeting, save if the law or the Articles of Association determine otherwise.

On first call, the General Meeting may deliberate only if Members are present or represented who hold shares corresponding to over fifty per cent of the share capital.

7.4. - Company Rules

The company, as the holding company of the MOTA-ENGIL GROUP, has Internal Regulations, approved by the Board of Directors, and since it exercises its economic business indirectly through its subsidiaries, these regulations are formally communicated to all the companies of the MOTA-ENGIL GROUP, with which there is a controlling relationship or dominant or significant influence.

Under these regulations the boards of directors of the subsidiaries must obtain prior approval of the Board of Directors of the holding company to carry out a number of management acts that are exhaustively detailed in the said regulations, and are deemed to have a considerable impact on the business of the GROUP or because they deal with matters that the holding company understands as lying within its sole field of competence.

In addition to what is stated above about these Internal Regulations approved by the Board of Directors of MOTA-ENGIL, SGPS, SA, and disclosed to the Group companies there are no other risk-control procedures or auditing and/or risk-management bodies within the holding company. However, the Management Control Division is one of the bodies of MOTA-ENGIL, SGPS, SA. Mention is also made in this connection of the existence of Quality Departments in those companies that are either certified or in process of certification and of Safety Departments in those companies engaged in the construction industry.

As a result of the statutory provisions that are detailed in the foregoing chapter, there are no statutory limits to the exercise of voting rights. No

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

single shareholder or group of shareholders has special rights nor does the company have any knowledge of any shareholder agreements.

7.5. - Management

Board of Directors comprises the chairman of the Board of Directors, the Deputy-chairman of the Board of Directors and 9 directors, there being no distinction between executive and non-executive directors, nor is there an Executive Committee.

The composition of the Board of Directors is as follows:

Chairman - António Manuel Queirós Vasconcelos da Mota

Deputy-Chairman - José Luís Sapateiro

Directors: António Jorge Campos de Almeida

Arnaldo José Nunes da Costa Figueiredo

Manuel Maria Coelho de Sousa Ribeiro

Maria Manuela Queirós Vasconcelos Mota dos Santos

Maria Teresa Queirós Vasconcelos Mota Neves da Costa

Maria Paula Queirós Vasconcelos Mota de Meireles

Carlos Manuel Marques Martins

Eduardo Jorge de Almeida Rocha

Ismael Antunes Hernandez Gaspar

The following paragraphs detail the companies in which corporate officers of MOTA-ENGIL - SGPS, SA, also hold corporate office:

António Manuel Queirós Vasconcelos da Mota

▪ Chairman of the board of directors of the following companies: Mota-Engil, Engenharia e Construção, SA; Empresa Agrícola e Florestal Portuguesa, SA; FM - Sociedade de Controlo, SGPS, SA; Mota Gestão e Participações, SGPS, SA, Somota, SGPS, SA and Vallis – SGPS, SA;

▪ Director of the following companies: Auto Sueco (Angola), SARL, António de Lago Cerqueira, SA and Tabella Holding BV;

▪ Director of Mota Internacional – Comércio e Consultoria Económica, Lda., and of Sociedade Agrícola Moura Bastos, Lda.;

▪ Director of ANEOP – Associação Nacional de Empreiteiros de Obras Públicas;

▪ Chairman of the board of the General Meeting of the following companies: Indáqua – Indústria e Gestão de Águas, SA, Martifer – Construções Metalomecânicas, SA, Tratofoz – Sociedade de Tratamento de Resíduos, SA, Mota-Engil Ambiente e Serviços, SGPS, SA and CPTP – Companhia Portuguesa de Trabalhos Portuários e Construções, SA;

▪ Chairman of the remuneration committee of the following companies: Martifer Alumínios, SA, Mota-Engil, Ambiente e Serviços, SGPS, SA, Engil III – Investimentos Internacionais e Construção, SA; EM – Edifícios Modernos, Construções, SA, Emsa – Sociedade Imobiliária, SA, Ferrovias e Construções, SA, Gerco – Sociedade de Engenharia Electrotécnica, SA, Martifer – Construções Metalomecânicas, SA, Sol-S – International, Tecnologias de Informação, SA, Sol-S e Solsuni - Tecnologias de Informação,

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

SA and Vibeiras – Sociedade Comercial de Plantas, SA;

- Member of the remuneration committee of the following companies: António de Lago Cerqueira, SA, Aurimove – Sociedade Imobiliária, SA, Mota-Engil, Engenharia e Construção, SA, Mota-Engil, Tecnologias de Informação, SA, MEITS-Mota-Engil – Imobiliário e Turismo, SA, Passeio da Marginal, Sociedade Imobiliária, SA, Planinova – Sociedade Imobiliária, SA, Soprocil – Sociedade de Projectos e Construções Cíveis, SA in representation of António de Lago Cerqueira, SA, and Suma – Serviços Urbanos e Meio Ambiente, SA.

José Luís Sapateiro

- Deputy-chairman of the board of directors of the following companies: Mota Gestão e Participações, SGPS, SA and Somota, SGPS, SA;

- Director of Lusoponte – Concessionária para a Travessia do Tejo, SA;

- Chairman of the board of the General Meeting of the following companies: APCAP – Associação Portuguesa das Sociedades Concessionárias de Auto-Estradas ou Pontes com Portagens, Aurimove – Utilidades, Equipamentos e Investimentos Imobiliários, SA, Finpro, SGPS, SA, FM-Sociedade de Controlo, SGPS, SA, Companhia Portuguesa Rádio Marconi, SA., MEITS-Mota-Engil, Imobiliário e Turismo, SA, Sol-S e Solsuni – Tecnologias de Informação, SA, Sol-S International, Tecnologias de Informação, SA, Planinova – Sociedade Imobiliária, SA and PT Multimédia, Serviços de TeleComunicações e Multimédia, SGPS, SA.

António Jorge Campos de Almeida

- Chairman of the Board of Directors of the following companies: Mota-Engil Ambiente e Serviços, SGPS,SA, Mota-Engil, Tecnologias de Informação, SA, Suma - Serviços Urbanos e Meio Ambiente, SA and Turalgo –Sociedade Promoção Imobiliária e Turística do Algarve, SA;

- Director of the following companies: Aenor – Auto-Estradas do Norte, SA, Lusoscut – Auto-Estradas das Beiras Litoral e Alta, SA, Lusoscut - Auto-Estradas da Costa de Prata, SA, Lusoscut – Auto-Estradas do Grande Porto, SA, MTS-Metro, Transportes do Sul, SA, Operanor - Operação e Manutenção de Auto-Estradas, SA, Operadora Lusoscut – Beiras Litoral e Alta, SA, Operadora Lusoscut - Operação e Manutenção de Auto-Estradas, SA and Operadora Lusoscut – Grande Porto, SA,

- Chairman of the board of the General meeting of Rima – Resíduos Industriais e Meio Ambiente, SA;

- Member of the General Board and secretary of the order of the General Meeting of Indáqua -Indústria e Gestão de Águas, SA;

- Member of the remuneration committee of: Mota-Engil, Tecnologias de Informação, SA.

Arnaldo José Nunes da Costa Figueiredo

- Director of the following companies: Mota-Engil Engenharia e Construção, SA and Mota Gestão e Participações, SGPS, SA;

- Director of the following companies: Mota Internacional – Comércio e Consultadoria

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Económica, Lda., Asinter–Comércio Internacional, Lda., and Cerâmica do Boialvo, Lda.;

- Chairman of the board of the General Meeting of Maprel Nelas – Indústria de Pré-Fabricados em Betão, SA.

- Chairman of the board of the General Meeting of Paviterra, - Empresa de Terraplenagens e Pavimentações, SARL and of Auto-Sueco (Angola), SARL.

Manuel Maria Coelho de Sousa Ribeiro

- Chairman of the Board of Directors of the following companies: CPTP-Companhia Portuguesa de Trabalhos Portuários e Construção, SA; Maprel-Nelas, Indústria de Pré-Fabricados, SA, Probisa Portuguesa, Construção e Obras Públicas, SA and Soprocil–Sociedade Projectos e Construções Civas, SA;

- Deputy-chairman of the Board of Directors of Probigalp – Ligantes Betuminosos, SA;

- Director of the following companies: Ferrovias e Construções, SA, Lote Dois – Empreendimentos Imobiliários, SA, Proim – Empreendimentos Imobiliários, SA and Quinta da Foz – Empreendimentos Imobiliários, SA;

- Member of the General Board of Indáqua Indústria e Gestão de Águas, SA.;

- Director of the following companies: Ferrovias, Brasil, Lda., Tracevia – Sinalização, Segurança e Gestão de Tráfego, Lda and Maprel – Empresa de Pavimentos e Materiais Pré-Esforçados, Lda.;

- Deputy-chairman of the board of the General Meeting of Mota-Engil, Ambiente e Serviços, SGPS, SA.

Maria Manuela Queirós Vasconcelos Mota dos Santos

- Chairman of the board of directors of the following companies: Algosi – Gestão de Participações Sociais, SGPS, SA, and António de Lago Cerqueira, SA;

- Director of the following companies: Agrimota – Sociedade Agrícola e Florestal, SA, Aurimove – Sociedade Imobiliária, SA, Empresa Agrícola e Florestal Portuguesa, SA, F.M.– Sociedade de Controlo, SGPS, SA; Maprel Nelas - Indústria de Pré-Fabricados, SA, Mota-Engil, Serviços Partilhados Administrativos e de Gestão, SA; MEITS-Mota-Engil, Imobiliário e Turismo, SA, Mota Gestão e Participações, SGPS, SA, Passeio da Marginal, Sociedade Imobiliária, SA, Planinova – Sociedade Imobiliária, SA, Somota, SGPS, SA and Sunviauto - Indústria de Componentes de Automóveis, SA;

- Director of the following companies: Calçadas do Douro – Sociedade Imobiliária, Lda., Carlos Vieira dos Santos, Lda, Casal Agrícola de Parada, Lda., Cerâmica do Boialvo, Lda., Nortedomus, sociedade Imobiliária, Lda., Edifícios Galiza - Sociedade Imobiliária, Lda, Edifícios Mota – Viso – Sociedade Imobiliária, Lda., Ladário - Sociedade de Construção, Lda, Largo do Paço – Investimentos Turísticos e Imobiliários, Lda., Matiprel - Materiais Pré-Fabricados, Lda, Mil e Sessenta – Sociedade Imobiliária, Lda., Mota-Internacional – Comércio e Consultoria Económica, Lda., Motadomus – Sociedade

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Imobiliária, Lda., Predimarão – Sociedade de Construções, Lda., Serra Lisa - Sociedade de Empreendimentos Imobiliários, Lda., Sociedade Agrícola Moura Bastos, Lda and Edipainel, Sociedade Imobiliária, Lda.;

- Deputy-chairman of the board of the General Meeting of Vibeiras – Sociedade Comercial de Plantas, SA.;

- Secretary of the board of the General Meeting of Probisa Portuguesa - Construção e Obras Públicas, SA;

- Member of the remuneration committee of: António de Lago Cerqueira, SA, Aurimove – Sociedade Imobiliária, SA, Martifer Alumínios, SA, Mota-Engil Ambiente e Serviços, SGPS, SA, EM – Edifícios Modernos, Construções, SA, e Martifer – Construções Metalomecânicas, SA all in representation of Mota-Engil, SGPS, SA, and Engil III – Investimentos Internacionais e Construção, SA, Ferrovias e Construções, SA, Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA, MEITS-Mota-Engil – Imobiliário e Turismo, SA, Passeio da Marginal, Sociedade Imobiliária, SA and Planinova – Sociedade Imobiliária, SA.

Maria Teresa Queirós Vasconcelos Mota Neves da Costa

- Chairman of the Board of Directors of Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA;

- Deputy-chairman of the board of directors of FM–Sociedade de Controlo, SGPS, SA, and Vallis , SGPS, SA.;

- Director of the following companies: António de Lago Cerqueira, SA, Mota Gestão e Participações, SGPS, SA, SDCI – Sociedade de Distribuição e Comércio Internacional, SA, Somota, SGPS, SA; Supermercados Navarras SA and Tabella Holding BV;

- Director of the following companies: Edifícios Galiza - Sociedade Imobiliária, Lda.; Imobiliária Toca do Lobo, Lda., Matripel – Materiais Pré-Fabricados, Lda., Sociedade Agrícola Moura Bastos, Lda. and Casal Agrícola de Parada, Lda.;

- Chairman of the board of the General Meeting of Empresa Agrícola e Florestal Portuguesa, SA;

- Deputy-chairman of the board of the General Meeting of Pescas - Tavares Mascarenhas, SA.

Maria Paula Queirós Vasconcelos Mota de Meireles

- Chairman of the board of directors of the following companies: Aurimove – Utilidades, Equipamentos e Investimentos Imobiliários, SA, MEITS-Mota-Engil, Imobiliário e Turismo, SA; Planinova – Sociedade Imobiliária, SA, RTA – Rio Tâmega, Turismo e Recreio, SA, SGA – Sociedade de Golfe de Amarante, SA and Passeio da Marginal-Sociedade imobiliária, SA;

- Deputy-chairman of the Board of Directors of Algosi – Gestão de Participações Sociais, SGPS, SA;

- Director of the following companies: António de Lago Cerqueira, SA, Empresa

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Agrícola e Florestal Portuguesa, SA, FM – Sociedade de Controlo, SGPS, SA, Mota-Engil, Ambiente e Serviços, SGPS, SA, Mota Gestão e Participações, SGPS, SA, Somota, SGPS, SA and Turalgo–Sociedade de Promoção Imobiliária e Turística do Algarve, SA;

- Director of the following companies: Calçadas do Douro – Sociedade Imobiliária, Lda., Casal Agrícola de Parada, Lda., Corgimobil, Empresa Imobiliária das Corgas, Lda., Nortedomus, Sociedade Imobiliária, Lda., Edifícios Galiza – Sociedade Imobiliária, Lda., Edifícios Mota–Viso – Sociedade Imobiliária, Lda., Largo do Paço – Investimentos Turísticos e Imobiliários, Lda., Maprel – Empresa de Pavimentos e Materiais Pré-esforçados, Lda., Matiprel – Materiais Pré-Fabricados, Lda., Mil e Sessenta – Sociedade Imobiliária, Lda., Motadomus – Sociedade Imobiliária, Lda., Predimarão – Sociedade de Construções, Lda., Sociedade Agrícola Moura Bastos, Lda., Edipainel, Sociedade Imobiliária, Lda. and Verotâmega – Sociedade Imobiliária, Lda.;

- Member of the remuneration committee of the following companies: António de Lago Cerqueira, SA, Aurimove – Sociedade Imobiliária, SA, MEITS-Mota-Engil – Imobiliário e Turismo, SA, Planinova – Sociedade Imobiliária, SA, RTA – Rio Tâmega, Turismo e Recreio, SA, Passeio da Marginal-Sociedade Imobiliária, SA and SGA – Sociedade de Golfe de Amarante, SA.

Carlos Manuel Marques Martins

- Chairman of the board of directors of the following companies: Promodois–Investimentos Imobiliários, SA, Promodez– Investimentos

Imobiliários, SA, Promovinte-Investimentos Imobiliários, SA, Martifer – Construções Metalomecânicas, SA, Martifer Energia, SA, MTO, SGPS, SA and Uriba, SGPS, SA;

- Directorate of the following companies: EM – Edifícios Modernos, Construções, SA, Martifer Polska, Spolka z o.o., and Metalruda – Construções Metálicas, SA;

- Director of the following companies: Martins & Coutinho – Construções em Aço Inox, Lda., Imavic – Investimentos Imobiliários, Lda., Lage – Imóveis, Lda., Promoquatro – Investimentos Imobiliários, Lda., and Promodoze – Investimentos Imobiliários, Lda.;

- Chairman of the board of the General Meeting of the following companies: Entufapra – Sociedade de Construções, SA and Promosete – Investi-mentos Imobiliários, SA;

- Member of the remuneration committee are Martifer–Construções Metalomecânicas, SA.

Eduardo Jorge de Almeida Rocha

- Chairman of the General Board of Vortal – Comércio Electrónico, Consultadoria e Multimédia, SA;

- Director of the following companies: Algosi – Gestão de Participações Sociais, SA, Mota-Engil, Tecnologias de Informação, SA, Mota-Engil Serviços Partilhados e de Gestão, SA and Martifer – Construções Metalomecânicas, SA;

- Managing director of Bilimora – Trading Internacional, Lda.;

- Mota-Engil, Tecnologias de Informação, SA.

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Ismael Antunes Hernandez Gaspar

▪ Chairman of the Board of Directors of the following companies: Engil III - Investimentos Internacionais e Construção, SA, Engil 4i – SGPS, SA, EM-Edifícios Modernos, Construções, SA, and Emsa – Empreendimentos e Exploração de Estacionamento, SA;

▪ Director of Mota-Engil, Engenharia e Construção, SA;

▪ Member of the remuneration committee of the following companies: EM – Edifícios Modernos, Construções, SA, Emsa – Empreendimentos e Exploração de Estacionamento, SA and Ornamag - Mármore e Granitos Ornamentais, SA.

The management of the company exercises control over the life of the company by appointing the members of the Board of Directors to executive positions. These positions cover each of the business lines, in addition to control and co-ordination duties of the supra-company areas, that is those that are transverse to all the companies of the GROUP.

As far as the business lines are concerned that there are the following positions “Transport Concessions”, “Construction”, “Property & Tourism” and “Environment & Services”.

The co-ordination and control positions include “Financial Co-ordination”, “Commercial Co-ordination”, “Legal Co-ordination”, “Human Resources Co-ordination”, “Information Systems”, “Management Control”, “Relations with the Capital Market” and “Corporate Image”.

The Board of Directors meet frequently to appraise matters concerning the business of the companies and of the GROUP, and 80 significant part of the meeting was devoted specifically to the review of the Group Management Report for the previous month. In which an analysis is made of the economic and financial performance of the subsidiaries of the GROUP in individual and in consolidated terms.

During 2003 the Board of directors met on 10 occasions.

A part of the remuneration of all members of the Board of Directors is directly related to the Company's results. Thus, in 2003, the company's directors together earned the sum of €500,000, or about 2.5% of the 2002 Net Profit, under the proposal for the appropriation of profits approved by the Annual General Meeting.

During 2003 the remuneration earned by the members as a whole of the Board of Directors, including that referred to in the foregoing point, amounted to €1,620,623, of which the sum of €1,263,446 was by way of fixed remuneration and €357,177 by way of variable remuneration. In the exercise of duties in the operational companies of the Group, they also earned the overall amount of €475,071.

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

- António Jorge Campos de Almeida
- Manuel Maria Coelho de Sousa Ribeiro
- Carlos Manuel Marques Martins
- Ismael Antunes Hernandez Gaspar

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Internal control is not exercised by autonomous committees but stems from the composition and organisation, referred to above, of the Board of Directors (positions by business lines and positions of co-ordination and control).

The company makes intensive use of the new information technologies, electronic mail in particular, in disclosing information of a financial nature, particularly in its contacts with investors and analysts, with the specialised press and with the market authorities (Securities Market Commission and Euronext Lisbon).

8. Other mandatory information

By decision of the Board of Directors disclosed by Service Communication to all the companies of the GROUP, a Project Team was formally set up during the year with a view to implementing the international accounting standards (IAS/IFRS). The team comprises specialists from Management Control and from the principal companies involved (domestic and foreign), and also relies on the co-operation of a team of external consultants and instructors. In accordance with the approved project timetable, several awareness meetings have already been held (some directed at management and others at the specialists of the areas involved) as have training courses. Information on the GROUP companies in respect of 2003 has already gathered in accordance with the preliminary conclusions of the Project Team. According to the timetable, the survey of the information required to calculate the fundamental impacts arising from the adoption of the

international accounting standards will be finalised during the first half of 2004.

During 2003 the company communicated relevant facts on February 3 (announcement of the merger of MOTA & COMPANHIA, SA, ENGIL – SOCIEDADE DE CONSTRUÇÃO CIVIL, SA AND MOTA-ENGIL INTERNACIONAL – COMÉRCIO INTERNACIONAL E SERVIÇOS, SA) and on June 17 (acquisition of two companies in the area of the environment – STL and UTIL). On June 26 information was also provided in connection with the registration of the split-merger and merger by incorporation project that constituted one of the final steps of the complex process of reorganisation of the GROUP, which came to become concluded on December 31 (communications dated December 11, 2003, and January 1, 2004).

The annual General Meeting was held on March 31 and approved the Reports & Accounts in respect of the period ended December 31, 2002.

At the same General Meeting approval was given to the proposed appropriation of profits, which called for a dividend of 7 cents per share that came to be paid during April.

In accordance with provisions of articles 447 and 448 of the Companies Code the following the figures in respect of securities issued by MOTA-ENGIL, SGPS, SA and by companies with which it is in a controlling or group relationship, held during the period from January 1, 2003, to December 31, 2003, by corporate officers:

(Note: the share capital of MOTA-ENGIL, SGPS, SA, amounts to €204,635,695, represented by

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

204,635,695 bearer shares each of a par value of 1 euro.

Of the share capital of MOTA-ENGIL, SGPS, SA, 33.53% is held by MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, 19.37% by VALLIS, SGPS, SA, and 19.37% by ALGOSI-GESTÃO DE PARTICIPAÇÕES SOCIAIS, SGPS, SA.

MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, holds 51% of VALLIS, SGPS, SA, and 51% of ALGOSI-GESTÃO PARTICIPAÇÕES SOCIAIS, SGPS, SA.

SOMOTA, SGPS, SA, holds 70% of the share capital of MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA.

FM-SOCIEDADE DE CONTROLO, SGPS, SA, holds 58.84% of the share capital of SOMOTA, SGPS, SA,).

In accordance with the provisions of article 6.1.e) of CMVM Regulation 24/2004, there follows a list of the holders of qualified shareholdings, within indication of the number of shares held and corresponding percentage of the voting rights, calculated under the terms of article 20 of the Securities Code, as at December 31, 2003:

1. F.M. - SOCIEDADE DE CONTROLO, SGPS, SA, having its registered office at Rua do Rego Lameiro, nº 38, in Oporto, with a share capital of €250,000.00, registered at the Oporto Registry of Companies under nº 3,586/950920, VAT nº 503,488,860, was held as at December 31, 2003, by directors of MOTA-ENGIL, SGPS, SA, António Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota, Maria Teresa Queirós Vasconcelos Mota and Maria

	Holding as at 31/12/2003 shares of															
	MOTA-ENGIL,SGPS, SA				ALGOSI,SGPS, SA		VALLIS,SGPS, SA		MGP,SGPS, SA		SOMOTA,SGPS, SA				FM,SGPS, SA	
	Init. Qt.	Movement	Final Qt.	%	Qt.	%	Qt.	%	Qt.	%	nit. Qt.	Mov.	Final Qt.	%	Qt.	%
ANTÓNIO MANUEL QUEIRÓS VASCONCELOS DA MOTA (ENG.), CÔNJUGE E FILHO MENOR	2.590.945	0	2.590.945	1,3	1.666	16,7	3.332	16,7	330.000	5,5	45.534	0	45.534	4,6	19.110	38,2
MARIA MANUELA QUEIRÓS VASCONCELOS MOTA (DRª) E CÔNJUGE	2.025.005	0	2.025.005	1,0	1.078	10,8	2.156	10,8	240.000	4,0	35.424	0	35.424	3,5	10.290	20,6
MARIA TERESA QUEIRÓS VASCONCELOS MOTA (DRª) E CÔNJUGE	2.100.000	0	2.100.000	1,0	1.078	10,8	2.156	10,8	240.000	4,0	35.424	0	35.424	3,5	10.290	20,6
MARIA PAULA QUEIRÓS VASCONCELOS MOTA (ENGª) E CÔNJUGE	2.276.215	0	2.276.215	1,1	1.078	10,8	2.156	10,8	240.000	4,0	35.424	0	35.424	3,5	10.290	20,6
JOSÉ LUIS SAPATEIRO (DR.) E CÔNJUGE	3.340	0	3.340	0,0	0	0,0	0	0,0	0	0,0	27	0	27	0,0	0	0,0
ANTÓNIO JORGE CAMPOS ALMEIDA (ENGª) E CÔNJUGE	258.475	0	258.475	0,1	0	0,0	0	0,0	0	0,0	0	0	0	0,0	0	0,0
ARNALDO JOSÉ NUNES DA COSTA FIGUEIREDO (ENGª) E CÔNJUGE	91.410	0	91.410	0,0	0	0,0	0	0,0	0	0,0	18	0	18	0,0	0	0,0
MANUEL MARIA COELHO DE SOUSA RIBEIRO (ENGª) E CÔNJUGE	89.130	0	89.130	0,0	0	0,0	0	0,0	0	0,0	0	0	0	0,0	0	0,0
CARLOS MANUEL MARQUES MARTINS (ENGª) E CÔNJUGE	24.230	0	24.230	0,0	0	0,0	0	0,0	0	0,0	0	0	0	0,0	0	0,0
ISMAEL ANTUNES HERNANDEZ GASPAR (ENGª) E CÔNJUGE	49.110	0	49.110	0,0	0	0,0	0	0,0	0	0,0	0	0	0	0,0	0	0,0
MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA	68.473.649	143.774	68.617.423	33,5	5.100	51,0	10.200	51,0	0	0,0	0	0	0	0,0	0	0,0
ALGOSI - GESTÃO DE PARTICIPAÇÕES SOCIAIS, SGPS, SA	39.635.345	0	39.635.345	19,4	0	0,0	0	0,0	0	0,0	0	0	0	0,0	0	0,0
VALLIS - SGPS, SA	39.635.305	0	39.635.305	19,4	0	0,0	0	0,0	0	0,0	0	0	0	0,0	0	0,0
SOMOTA, SGPS, SA	0	0	0	0,0	0	0,0	0	0,0	4.200.000	70,0	0	0	0	0,0	0	0,0
FM, SGPS, SA	0	0	0	0,0	0	0,0	0	0,0	0	0,0	588.171	264	588.435	58,8	0	0,0

The remaining corporate officers do not hold any of the securities in question

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

Paula Queirós Vasconcelos Mota, the first holding 38.2% and the three others 20.6% each, totalling 99.96%.

2. The aforesaid for directors of MOTA-ENGIL, SGPS, SA, António Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota, Maria Teresa Queirós Vasconcelos Mota and Maria Paula Queirós Vasconcelos Mota held as at December 31, 2003, of the share capital of SOMOTA, SGPS, SA, Plc, having its registered office at Casa da Calçada, Amarante, with the share capital of €5,000,000.00, registered at the Amarante Registry of Companies under n° 969/960424, VAT n° 503,634,514, the first 4.6% and each of the three others 3.5%, while F.M. - Sociedade de Controlo, SGPS, SA, S.A., held 58.84% of this share capital, and therefore together they hold 74.03% of SOMOTA.

3. F.M. - SOCIEDADE DE CONTROLO, SGPS, SA, having its registered office at Rua do Rego Lameiro, n° 38, in Oporto, with a share capital of €250,000.00, registered at the Oporto Registry of Companies under n° 50,875/950920, VAT n° 503,488,860, was held as at December 31, 2003, by directors of MOTA-ENGIL, SGPS, SA, António Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota, Maria Teresa Queirós Vasconcelos Mota and Maria Paula Queirós Vasconcelos Mota, the first holding 5.5% and the three others 4.0% each, while Somota held 70.0%, and therefore 87.50% of MOTA GESTÃO E PARTICIPAÇÕES is held by the foregoing.

4. MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, having its registered office at Rua do Rego Lameiro, N° 38, in Oporto, with a share capital of

€30,000,000.00, registered at the Oporto Registry of Companies under n° 50,875/931115, VAT n° 503 101 524, held, as at December 31, 2003, in the share capital of MOTA-ENGIL, SGPS, S.A.:

i) directly, 68,617,423 dematerialised ordinary bearer shares each of a par value of 1 euro, corresponding to 33.53% of the share capital and 35.08% of the voting rights;

ii) indirectly, through VALLIS, SGPS, SA, having its registered office at Rua do Rego Lameiro, N° 38, in Oporto, with a share capital half €100,000.00, registers at the Oporto Registry of Companies under n° 9,667/980322, VAT n° 504 125 257, a company of which 51% is held by MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, 39,635,305 dematerialised ordinary bearer shares each of a par value of 1 euro, corresponding to 19.37% of the share capital and 20.26% of the voting rights;

iii) indirectly, through ALGOSI - GESTÃO DE PARTICIPAÇÕES SOCIAIS, SGPS, SA, having its registered office at Rua do Rego Lameiro, N°38, in Oporto, with a share capital of €50,000.00, registered at the Oporto Registry of Companies under n° 6,655/980522, VAT n° 504 170 945, of which 51% is held by MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, 39,635,345 dematerialised ordinary bearer shares each of a par value of 1 euro, corresponding to 19.37% of the share capital and to 20.26% of the voting rights.

5. The members of the Board of Directors and of the Audit Committee of MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA individually held as at December 31, 2003, in the share capital of MOTA-ENGIL, SGPS, S.A., dematerialised ordinary

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

bearer shares each of a par value of 1 euro, totalling 9,094,960, corresponding to 4.44% of the share capital and 4.65% of the voting rights, though none of these members of the said corporate offices of MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, individually held a number of shares in MOTA-ENGIL, SGPS, SA, representing 2% or more of the share capital.

The voting rights mentioned in nº 4.ii) and 4.iii) and in nº 5 here above are imputable to MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA, under the terms of the provisions of article 20 of the Securities Code.

6. On December 31 2003, Maria Amália Guedes Queirós Vasconcelos Mota held in the share capital of MOTA-ENGIL, SGPS, SA, 6,547,345 dematerialised ordinary bearer shares each of a par value of 1 euro corresponding to 3.20% of the share capital and to 3.35% of the voting rights..

7. On December 31 2003, Caixagest – Gestão de Fundos, SA, held in the share capital of Mota-Engil, SGPS, SA, 4,930,126 dematerialised ordinary bearer shares each of a par value of 1 euro, correspond to 2.41% of the share capital and to 2.52% of the voting rights

MOTA-ENGIL, SGPS, SA has no past-due debt to the State or to other public entities, including Social Security.

9. Board of Director of Directors' proposal for the Appropriation of the Net Profit for the Year

The Individual Management Report contains the following proposal: the Board of Directors of MOTA-ENGIL, SGPS, SA proposes to the Annual General

Meeting the following appropriation of the Net Profit for the year in the sum of €15,382,944:

- a) To legal reserve, 5% or €769,147.20;
- b) For distribution to the Board of Directors under the terms of article 23.3 of the articles of association, the sum of €500,000, or about 3.3%;
- c) For distribution to Shareholders, a total of €11,254,963.23, or 5.5 cents per share, subject to tax; and
- d) To free reserves, the remainder, or €2,858,833.57.

10. Closing remarks

We would like to thank all the GROUP'S employees, for their personal and professional commitment, the Corporate Officers, the customers and all those in any way related with its various companies.

Oporto, February 13, 2004

The Board of Directors,

António Manuel Queirós Vasconcelos da Mota
Chairman

José Luís Sapateiro
Deputy-chairman

MOTA-ENGIL, SGPS, S.A.

2003 Consolidated Management Report

António Jorge Campos de Almeida
Director

Arnaldo José Nunes da Costa Figueiredo
Director

Manuel Maria Coelho de Sousa Ribeiro
Director

Maria Manuela Queirós Vasconcelos Mota
Director

Maria Teresa Queirós Vasconcelos Mota
Director

Maria Paula Queirós Vasconcelos Mota
Director

Carlos Manuel Marques Martins
Director

Eduardo Jorge de Almeida Rocha
Director

Ismael Antunes Hernandez Gaspar
Director

CONSOLIDATED FINANCIAL STATEMENTS

MOTA-ENGIL, SGPS, S.A.

Consolidated Balance Sheets as at December 31, 2003 & 2002

(Expressed in Euros)

ASSETS	Explanatory Notes	2003			2002	SHAREHOLDERS' EQUITY, MINORITY INTERESTS & LIABILITIES	Explanatory Notes	2.003	2.002
		Gross assets	Depreciation & provisions	Net assets	Net assets				
INTANGIBLE FIXED ASSETS						SHAREHOLDERS' EQUITY			
Formation costs	2	11.400.408	(10.871.221)	529.187	846.049	Share capital	11	204.635.695	204.635.695
Research & development costs	2	2.970.688	(1.436.621)	1.534.067	561.565	Treasury shares – par value	11	(9.028.038)	(9.028.209)
Industrial property & other rights	2	831.308	(387.074)	444.234	467.366	Treasury shares – discounts & premiums	11	(3.264.877)	(3.264.859)
Key money	2	196.564	(187.835)	8.729	8.729	Share issue premiums	11	87.256.034	87.256.034
Fixed assets in progress	2	369.128	-	369.128	1.445.699	Goodwill	11	(49.626.822)	(47.932.587)
Goodwill	2	36.849.026	(6.271.040)	30.377.986	25.987.950	Legal reserves	11	5.984.746	5.016.786
		<u>52.417.122</u>	<u>(19.153.791)</u>	<u>33.263.331</u>	<u>29.317.358</u>	Free reserves	11	23.937.103	19.735.320
TANGIBLE FIXED ASSETS						Currency translation adjustments	11	(48.902.375)	(34.715.304)
Land & natural resources	3	38.657.477	-	38.657.477	33.381.173	Retained earnings	11	480.524	480.524
Buildings & other constructions	3	111.027.601	(31.062.060)	79.965.541	78.504.234	Net consolidated profit for the year	11	<u>15.382.944</u>	<u>19.362.252</u>
Plant & machinery	3	320.586.504	(218.639.721)	101.946.783	106.540.128	Total shareholders' equity		<u>226.854.934</u>	<u>241.545.652</u>
Transport equipment	3	133.657.623	(96.144.522)	37.513.101	51.319.664				
Tools & utensils	3	8.686.451	(6.675.544)	2.010.907	2.673.953				
Office equipment	3	29.247.803	(21.554.699)	7.693.104	9.570.508	MINORITY INTERESTS	12	<u>20.862.207</u>	<u>15.998.942</u>
Returnable containers	3	3.375.096	(2.593.119)	781.977	1.273.388				
Other tangible fixed assets	3	2.522.945	(1.017.731)	1.505.214	464.365				
Fixed assets in progress	3	25.445.674	-	25.445.674	20.964.117	LIABILITIES			
Advances on account of tangible fixed assets	3	3.920.082	-	3.920.082	5.683.125	PROVISIONS FOR CONTINGENCIES & LIABILITIES	13	<u>17.249.465</u>	<u>14.973.250</u>
		<u>677.127.256</u>	<u>(377.687.396)</u>	<u>299.439.860</u>	<u>310.374.655</u>				
FINANCIAL ASSETS						Medium- & long-term creditors			
Holdings in Group companies	4	12.388.979	(5.248)	12.383.731	16.219.386	Non-convertible bond loans	14	71.250.000	52.425.000
Loans to Group companies	4	1.692.771	-	1.692.771	1.147.680	Amounts owed to credit institutions	14	108.053.549	101.538.104
Holdings in associate companies	4	6.820.447	-	6.820.447	8.088.707	Associate companies	14	190.220	300.724
Loans to associate companies	4	6.507.299	-	6.507.299	4.857.943	Other shareholders	14	275	3.337.134
Holdings in subsidiaries	4	5.087.638	-	5.087.638	4.469.803	Advances on account of sales	14	11.678.785	16.372.549
Loans to subsidiaries	4	1.934.502	-	1.934.502	2.273.652	Other loans obtained	14	65.019.273	32.532.976
Securities & other financial placements	4	50.841.450	(1.902.542)	48.938.908	27.912.224	Suppliers of fixed assets, current account	14	30.764.351	30.017.544
Fixed assets in progress	4	426.854	-	426.854	276.089	Other creditors	14	<u>1.825.878</u>	<u>5.899.026</u>
Advances on account of financial assets	4	1.181.746	-	1.181.746	725.234			<u>288.762.331</u>	<u>242.423.057</u>
		<u>86.881.686</u>	<u>(1.907.790)</u>	<u>84.973.896</u>	<u>65.970.718</u>				
MEDIUM- & LONG-TERM THIRD PARTY DEBT						Short-term third-party creditors			
Trade accounts receivable	5	11.401.595	(182.787)	11.218.808	11.339.166	Non-convertible bond loans	15	33.675.000	67.337.716
Trade accounts – Bills receivable:	5	12.214.261	-	12.214.261	13.822.798	Amounts owed to credit institutions	15	195.590.759	193.359.209
Related companies	5	42.148.601	-	42.148.601	26.184.487	Advances on account of sales	15	27.697.663	26.996.674
Other debtors	5	1.689.606	(185.243)	1.504.363	560.930	Trade accounts receivable	15	225.177.140	155.995.328
		<u>67.454.063</u>	<u>(368.030)</u>	<u>67.086.033</u>	<u>51.907.381</u>	Trade accounts, invoices in progress	15	870.111	1.636.784
CURRENT						Trade accounts – Bills payable	15	14.627.058	11.054.187
Stocks						Suppliers of fixed assets – Bills payable	15	699	-
Raw & subsidiary materials and consumables	6 & 20	29.180.675	(194.000)	28.986.675	27.407.000	Group companies	15	2.130.899	1.685.818
Products & work in progress	6 & 20	14.889.284	-	14.889.284	31.298.794	Associate companies	15	1.230.143	847.433
Sub-products, waste, residues & scrap	6 & 20	-	-	-	226.208	Other shareholders	15	686.449	260.722
Finished products	6 & 20	19.335.455	(55.789)	19.279.666	7.887.875	Customer prepayments	15	8.462.046	5.869.228
Goods	6 & 20	34.805.808	(95.304)	34.710.504	30.289.194	Other loans obtained	15	17.634	23.723.905
Advances on account of purchases	6 & 20	3.841.142	-	3.841.142	2.552.598	Suppliers of fixed assets, current account	15	18.396.556	23.457.154
		<u>102.052.364</u>	<u>(345.093)</u>	<u>101.707.271</u>	<u>99.661.669</u>	State & other public entities	15	22.755.135	20.157.399
Short-term third-party debt						Other creditors	15	<u>13.135.942</u>	<u>17.047.014</u>
Trade accounts receivable	7	361.097.841	(3.893.305)	357.204.536	293.525.979			<u>564.453.234</u>	<u>549.428.571</u>
Trade accounts – Bills receivable:	7	21.134.991	-	21.134.991	24.792.331	ACCRUALS & DEFERRALS			
Doubtful debt	7	10.199.616	(7.794.278)	2.405.338	280.868	Accrued costs	16	27.878.727	28.353.027
Associate companies	7	5.768.479	(594.253)	5.174.226	4.336.615	Deferred income	16	88.123.299	35.687.185
Related companies	7	-	-	-	28.937.122	Deferred tax liabilities	26	<u>8.639.655</u>	<u>12.040.362</u>
Advances to suppliers	7	6.195.879	-	6.195.879	5.625.864			<u>124.641.681</u>	<u>76.080.574</u>
State & other public entities	7	8.015.582	-	8.015.582	6.940.594				
Other debtors	7	60.663.062	(2.007.068)	58.655.994	40.757.989				
		<u>473.075.450</u>	<u>(14.288.904)</u>	<u>458.786.546</u>	<u>405.197.362</u>				
Negotiable securities									
Other treasury placements	8	518.619	(2.250)	516.369	13.932				
Bank deposits & cash in hand									
Bank deposits	9	27.978.043	-	27.978.043	22.433.646				
Cash in hand	9	1.767.884	-	1.767.884	1.373.699				
		<u>29.745.927</u>	-	<u>29.745.927</u>	<u>23.807.345</u>				
ACCRUALS & DEFERRALS									
Accrued income	10	118.353.354	-	118.353.354	104.953.769				
Deferred costs	10	25.052.296	-	25.052.296	25.208.102				
Deferred tax assets	26	23.918.969	-	23.918.969	24.037.755				
		<u>167.324.619</u>	-	<u>167.324.619</u>	<u>154.199.626</u>				
Total depreciation			<u>(397.700.646)</u>			Total liabilities		<u>995.126.711</u>	<u>882.905.452</u>
Total provisions			<u>(16.052.608)</u>			Total shareholders' equity and liabilities		<u>1.242.843.852</u>	<u>1.140.450.046</u>
Total Assets		<u>1.656.597.106</u>		<u>1.242.843.852</u>	<u>1.140.450.046</u>				

To be read in conjunction with the Notes to the financial statements and the corresponding explanatory notes

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account by Nature of Expenses for the years ended December 31, 2003 & 2002

(Expressed in Euros)

COSTS & LOSSES	Explanatory Notes	2003	2002	INCOME & GAINS	Explanatory Notes	2003	2002
Cost of goods sold & materials consumed							
Goods	20	4.549.040	4.263.716	Sales			
Materials	20	197.004.403	159.716.578	Goods	18	11.682.920	11.748.215
	20	201.553.443	163.980.294	Products	18	140.205.763	382.086.323
					18	151.888.683	393.834.538
Third-party supplies & services	21	535.075.815	470.818.444	Provision of services	18	853.438.360	482.272.621
Staff costs					18	1.005.327.043	876.107.159
Remuneration	22	146.704.261	138.173.778	Production fluctuation		(5.964.785)	8.271.673
Social security charges:				Own work capitalised	19	10.803.087	14.579.981
Pension	22	683.769	669.575	Supplementary income		21.043.367	5.124.566
Other	22	39.864.250	37.895.528	Operating subsidies		843.182	748.521
	22	923.881.538	811.537.619	Other operating income & gains		18.599.707	11.616.045
Depreciation of tangible & intangible fixed assets	2 e 3	59.681.071	47.815.065	(B)		1.050.651.601	916.447.945
Provisions	23	2.583.207	2.383.516	Financial income & gains	24	20.052.081	17.534.931
		986.145.816	861.736.200	(D)		1.070.703.682	933.982.876
Taxes		4.697.279	2.702.609	Extraordinary income & gains	25	12.349.447	10.767.446
Other operating costs & losses		2.549.631	3.950.571				
(A)		993.392.726	868.389.380				
Other financial costs & losses	24	51.584.981	41.100.084				
(C)		1.044.977.707	909.489.464				
Other extraordinary costs & losses	25	7.698.434	7.218.887				
(E)		1.052.676.141	916.708.351				
Income tax for the year	26	10.801.025	5.281.709				
(G)		1.063.477.166	921.990.060				
Minority interests	27	4.193.019	3.398.010				
Net consolidated profit for the year		15.382.944	19.362.252				
		<u>1.083.053.129</u>	<u>944.750.322</u>	(F)		<u>1.083.053.129</u>	<u>944.750.322</u>
				Operating profit	(B) - (A)	57.258.875	48.058.565
				Financial profit/(loss)	(D - B) - (C - A)	(31.532.900)	(23.565.153)
				Current profit	(D) - (C)	25.725.975	24.493.412
				Net profit before taxes & minority interests	(F) - (E)	30.376.988	28.041.971
				Net profit before minority interests	(F) - (G)	19.575.963	22.760.262
				Consolidated net profit		15.382.944	19.362.252

To be read in conjunction with the Notes to the financial statements and the corresponding explanatory notes

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account by Function of Expense for the years ended December 31, 2003 & 2002

(Expressed in Euros)

	Explanatory Notes	2003	2002
Sales & provision of services		1.005.327.043	876.107.159
Cost of sales & provision of services		(922.815.649)	(797.274.775)
Gross profit		82.511.394	78.832.384
Other operating income & gains		57.674.005	51.108.232
Distribution costs		(6.463.129)	(8.598.358)
Administrative costs		(54.283.831)	(53.479.551)
Other operating costs & losses		(17.528.551)	(16.255.583)
Operating profit		61.909.888	51.607.124
Net cost of financing		(32.865.210)	(25.628.461)
Gains (loss) on subsidiaries & associates		1.260.489	2.055.478
Gains (loss) on other investments		71.821	7.830
Current profit		30.376.988	28.041.971
Taxes on current profits		(10.801.025)	(5.281.709)
Current after-tax profit		19.575.963	22.760.262
Extraordinary profit/(loss)		-	-
Taxes on extraordinary profits		-	-
Net profit		19.575.963	22.760.262
Minority interests		(4.193.019)	(3.398.010)
Net consolidated profit for the year		15.382.944	19.362.252

To be read in conjunction with the Notes to the financial statements and the corresponding explanatory notes

MOTA-ENGIL, SGPS, S.A.

Consolidated Cash-flow Statement for the years ended December 31, 2003 & 2002

(Expressed in Euros)

	Explanatory Notes	2.003	2.002
<u>OPERATING ACTIVITY</u>			
Cash receipts from customers		1.041.264.501	967.300.064
Cash paid to suppliers		(688.639.527)	(732.354.024)
Cash paid to employees		(143.605.723)	(131.692.450)
Cash generated from operating activities		209.019.251	103.253.590
Income tax paid/received		(13.676.409)	(6.861.105)
Other receipts/payments generated by operating activities		(59.130.778)	(20.985.179)
Cash flow before extraordinary items		136.212.064	75.407.306
Cash generated by extraordinary activities		617.214	3.291.871
Cash paid in respect of extraordinary activities		(1.298.033)	(1.578.892)
Net cash from operating activities (1)		135.531.245	77.120.285
<u>INVESTMENT ACTIVITY</u>			
Cash receipts from:			
Financial assets		2.885.444	682.538
Tangible fixed assets		4.632.772	6.633.678
Intangible fixed assets		-	2.622
Investment subsidies		82.025	-
Interest & similar income		6.132.411	3.092.146
Other		-	306.753
		13.732.652	10.717.737
Cash paid in respect of:			
Financial assets	29	(22.595.870)	(13.702.466)
Tangible fixed assets		(59.573.893)	(74.088.784)
Intangible fixed assets		(29.498)	(555.362)
		(82.199.261)	(88.346.612)
Net cash from investing activities (2)		(68.466.609)	(77.628.875)
<u>FINANCING ACTIVITY</u>			
Cash receipts from:			
Loans obtained		593.449.200	239.823.907
Subsidies & donations		156.092	16.527
Sale of treasury shares		533	-
Other		60.245	711.255
		593.666.070	240.551.689
Cash paid in respect of:			
Loans obtained		(596.377.590)	(181.439.019)
Amortisation of finance lease contracts		(19.237.373)	(18.826.327)
Interest & similar expense		(25.648.248)	(29.477.588)
Dividends		(13.692.536)	(13.692.525)
Acquisition of treasury shares		(380)	(33.956)
Other		-	(59.681)
		(654.956.127)	(243.529.096)
Net cash from financing activities (3)		(61.290.057)	(2.977.407)
Variation of cash & cash equivalents (4)=(1)+(2)+(3)		5.774.579	(3.485.997)
Variations caused by changes to the perimeter		666.440	(5.184.568)
Cash & cash equivalents at the beginning of the year		23.821.277	32.491.842
Cash & cash equivalents at the end of the year		30.262.296	23.821.277

To be read in conjunction with the Notes to the financial statements and the corresponding explanatory notes

**NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS
ACCOUNT**

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

Mandatory information required under the Official Plan of Accounts:

- 1) The information concerning companies included in the consolidation using the purchase method is provided in Note 4.
- 2) The reasons for the exclusion of group companies from the consolidation using the purchase method are provided in Note 4
- 3) Information concerning associate companies is provided in Note 4.
- 4) The reasons for the exclusion of group companies from the consolidation using the equity method are provided in Note 4
- 5) Information concerning companies consolidated using the poor shall method is provided in Note 4
- 6) Information concerning companies in which there is a holding of greater than 10% not given in the foregoing notes is provided in Note 4.
- 7) The average number of workers in service during 2003, in companies included in the consolidation using the purchase and proportional methods, and their breakdown by categories, is detailed in Note 22.
- 8) There are no cases in which application of the consolidation rules is not sufficient for the consolidated financial statements to provide a true and fair image of the financial situation and of the results of the companies included in the consolidation.
- 9) There has been no departure from the application of the consolidation rules to obtain the necessary true and fair image of the financial situation and of the results of the companies included in the consolidation.
- 10) The breakdown of goodwill, indication of calculation methods used and explanation of significant variations during the period under review are presented in Notes 2, 11 & 16.
- 11) There are no materially relevant alterations of consolidation methods and procedures affecting the comparability of the figures for 2003 with those of 2002.
- 12) There are no materially relevant cases that imply the elimination of results stemming from operations undertaken between group or associate companies.
- 13) The consolidated financial statements are drawn up with reference the same date as the financial statements of the parent company.
- 14) There are no significant alterations to the composition of the whole of the companies included in the consolidation during 2003.
- 15) The valuation criteria used by Group companies are consistent with each other and are described in Note 1.
- 16) There are no exceptional adjustments to the value of assets, made solely for tax purposes and not eliminated from the consolidation.
- 17) The justification for the canonisation of goodwill beyond the period of five years is given in Note 2.
- 18) Criteria governing the counting of holdings in associate companies are detailed in Note 4.
- 19) The equity method was not applied for the first time to any holding during 2003.

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

- 20) There are no items of assets or liabilities on the associate companies that have been valued using criteria other than those used in the consolidation.
- 21) There are no financial commitments other than those shown in the consolidated balance sheet.
- 22) The description of liabilities for guarantees provided, broken down by nature, is provided in Note 17.
- 23) The bases of presentation of the main valuation criteria used shown in Note 1.
- 24) The translation method used to convert into euros the items included in the consolidated financial statements originally expressed in foreign currency is given in Note 1-c-xvii).
- 25) The amounts included in formation costs and in research & development costs are detailed in Note 2.
- 26) There is no case of 'key money' written down over a period of more than five years.
- 27) Movements under fixed assets shown in the consolidated balance sheet and under the respective depreciation and provisions are detailed in Notes 2, 3 & 4.
- 28) No interest has been capitalised during 2003 in respect of construction fixed assets.
- 29) There are no adjustments to the value of the assets included in the consolidation subject to extraordinary depreciation and provisions undertaken solely for tax purposes.
- 30) As at December 31, 2003, there were no significant differences, other than those covered by the provisions set aside by the Group, between the values shown under Current assets, calculated in accordance with the valuation criteria employed by the group, and the respective market value.
- 31) No items of current assets have been recorded at less than the lesser of cost or market value.
- 32) There are no extraordinary provisions in respect of items of current assets.
- 33) Amounts owed to third parties falling due in more than five years time are detailed in Note 14.
- 34) The total of amounts owed to third parties covered by real guarantees provided by companies included in the consolidation, together with no indication of the nature and form, is provided in Note 17.
- 35) Note differences between the amounts of debts payable and the corresponding debts collected have been taken to assets.
- 36) The breakdown of the net consolidated value of sales and provision of services is provided in Note 18.
- 37) The items of assets, liabilities and shareholders' equity have been valued using consistent valuation criteria, as stipulated in the Official Plan of Accounts, and no extraordinary depreciation or provisions have been charged with a view to obtaining tax advantages during 2003 or earlier years.
- 38) The difference between taxes allocated to the consolidated profit & loss account for the year and for previous years, and taxes already paid and payable in respect of the said years is detailed in Note 26.
- 39) The remuneration of corporate officers in connection with the exercise of their duties, and the amount of commitments in the matter of retirement pensions for former corporate officers is detailed in Notes 22 & 1-c-x).
- 40) No advances have been paid all loans made to members of the management or supervisory boards of the parent company by the latter or by a subsidiary.
- 41) Legislation on which the revaluation of tangible fixed assets was based is detailed in Note 3.
- 42) The breakdown of revaluations is given in Note 3.

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

- 43) There are no balance sheet and profit & loss account accounts that are not comparable with those dated December.
- 44) The breakdown of consolidated financial results is given in Note 24
- 45) The breakdown of consolidated extraordinary results is given in Note 25
- 46) The movement under provisions is detailed in Notes 4 to 8 & 13.
- 47) Assets used underfinanced lease arrangements are detailed in Note 14.
- 48) As at December 31, 2003, financial liabilities for discounted bills assumed by Mota-Engil Engenharia, not covered by fidelity insurance, amounted to €491,815. The amount of accounts receivable assigned under factoring arrangements totalled €19,506,266 And the same date "Third-party debt – medium & long-term" - "Customers, bills receivable" mainly include bills accepted by subsidiaries headquartered in Angola (Paviterra e ICER), in the sums of €8,955,083 and €715,031 respectively.
- 49) No other information is required by legislation.
- 50) There is no other information considered relevant to a better understanding of the financial situation and of the results of the companies included in the consolidation, other than those presented in these notes to the Consolidated Financial Statements.

EXPLANATORY NOTES

(Forms part of the Consolidated Balance Sheet and Profits & Loss Account

MOTA-ENGIL, SGPS, S.A.

Consolidated Balance Sheets as at December 31, 2003 & 2002

	Explanatory Notes	2003 Euro	2002 Euro
Assets			
Intangible fixed assets	2	33.263.331	29.317.358
Tangible fixed assets	3	299.439.860	310.374.655
Financial assets	4	84.973.896	65.970.718
Medium- & long-term third-party debt	5	67.086.033	51.907.381
Stocks	6	101.707.271	99.661.669
Short-term third-party debt	7	458.786.546	405.197.362
Negotiable securities	8	516.369	13.932
Cash & cash equivalents	9	29.745.927	23.807.345
Accruals & deferrals assets	10	143.405.650	130.161.871
Deferred tax assets	26	23.918.969	24.037.755
		<u>1.242.843.852</u>	<u>1.140.450.046</u>
Shareholders' equity			
Share capital	11	204.635.695	204.635.695
Treasury shares	11	(12.292.915)	(12.293.068)
Issue premiums	11	87.256.034	87.256.034
Goodwill	11	(49.626.822)	(47.932.587)
Currency translation adjustments	11	(48.902.375)	(34.715.304)
Reserves & retained earnings	11	30.402.373	25.232.630
Consolidated net profit for the year	11	15.382.944	19.362.252
Total shareholders' equity		<u>226.854.934</u>	<u>241.545.652</u>
Minority interests			
	12	<u>20.862.207</u>	<u>15.998.942</u>
Liabilities			
Provisions for other contingencies & liabilities	13	17.249.465	14.973.250
Medium- & long-term debt	14	288.782.331	242.423.057
Short-term debt	15	564.453.234	549.428.571
Accruals & deferrals liabilities	16	116.002.026	64.040.212
Deferred tax liabilities	26	8.639.655	12.040.362
Total liabilities		<u>995.126.711</u>	<u>882.905.452</u>
		<u>1.242.843.852</u>	<u>1.140.450.046</u>

To be read in conjunction with the Notes to the financial statements and the corresponding explanatory notes

MOTA-ENGIL, SGPS, S.A.

Consolidated Profit & Loss Account for the years ended December 31, 2003 & 2002

	Explanatory Notes	2003 Euro	2002 Euro
<i>Operating profit</i>			
Sales & provision of services	18	1.005.327.043	876.107.159
Production fluctuation		(5.964.785)	8.271.673
Own work capitalised	19	10.803.087	14.579.981
Operating subsidies		843.182	748.521
Other operating income & gains		39.643.074	16.740.611
		<u>1.050.651.601</u>	<u>916.447.945</u>
<i>Operating costs</i>			
Cost of goods sold & materials consumed	20	201.553.443	163.980.294
Third-party supplies & services	21	535.075.815	470.818.444
Staff Costs	22	187.252.280	176.738.881
Depreciation	2 & 3	59.681.071	47.815.065
Provisions	23	2.583.207	2.383.516
Other operating costs		7.246.910	6.653.180
		<u>7.246.910</u>	<u>6.653.180</u>
Operating profit		57.258.875	48.058.565
Financial profit/(loss)	24	(31.532.900)	(23.565.153)
Extraordinary profit/(loss)	25	4.651.013	3.548.559
Income tax for the year	26	10.801.025	5.281.709
		<u>10.801.025</u>	<u>5.281.709</u>
Consolidated net profit before minority interests		19.575.963	22.760.262
Minority interests	27	4.193.019	3.398.010
		<u>4.193.019</u>	<u>3.398.010</u>
Consolidated net profit for the year		<u>15.382.944</u>	<u>19.362.252</u>

To be read in conjunction with the Notes to the financial statements and the corresponding explanatory notes

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

Introduction

The principal business of Mota-Engil, SGPS, S.A., (Mota-Engil SGPS, or the Parent Company) is public and private construction work and related activities.

All sums shown in these notes presented in euros unless otherwise stated to the contrary

1. Accounting policies

a) Bases of presentation

The attached consolidated financial statements as at December 31, 2003, have been prepared on a going concern basis from the books and accounting records of the companies that form the Group (Note 4), kept in accordance with accounting principles generally accepted in Portugal.

However, as of the date of preparation of the consolidated financial statements, the majority of the financial statements of the companies included in the consolidation are awaiting approval by their respective corporate offices. The Board of Directors of Mota-Engil, SGPS, believes that the said financial statements will be approved with no significant alteration.

b) Consolidation principles

The consolidation of the companies referred to in Note 4 involved the use of the purchase method and the proportional method, as appropriate. Significant inter-company transactions and balances have been eliminated during the consolidation and the value of the holdings of third parties in the companies consolidated using the purchase method is carried in the attached consolidated balance sheet under Minority Interests (Note 12). Goodwill arising from the difference between the book value of the holdings and the value of the respective proportion of the share capital that they represent is carried in the consolidated balance sheet under Shareholders' Equity or i) if positive, under intangible fixed assets, or ii) if negative, under deferred income (Notes, 2, 11& 16).

Financial assets representing holdings in associate companies (Note 4) are valued using the equity method, with the exception of those listed in the said note, which are valued at the lower of cost or estimated realizable value.

c) Principal valuation criteria

The principal valuation criteria used in the preparation of the consolidated financial statements were as follows:

i) Intangible fixed assets

Intangible fixed assets basically comprises costs incurred with share capital increases, research and key money, written down using the straight-line method over a period of between three and six years. Goodwill is written down over a period of between five and twenty years, with the exception of Lusoponte (twenty-seven years), and is carried under financial costs & losses (Notes 2 & 24).

ii) Tangible fixed assets

Tangible fixed assets acquired up to December 31, 1997 are carried at cost, revalued in accordance with applicable legislation (Note 3). Those acquired after the said date are carried at cost.

Depreciation is calculated using the straight-line method as from the month the asset comes into service, except with regard to the depreciation charges applied to the plant & machinery of Mota-Engil Engenharia, which are indexed to their occupancy rate during the year, though still within legal limits. The estimated useful lives are as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	<u>Years of useful life</u>
Buildings & other constructions	5 to 50
Plant & machinery	3 to 10
Transport equipment	3 to 10
Tools & utensils	3 to 6
Office equipment	4 to 10
Returnable containers	3 to 6
Other tangible fixed assets	3 to 10

Costs incurred by the Group with major repairs of fixed assets are written down over a period that there is between 2 and 5 years. Maintenance and repair costs that do not increase the useful life nor provided significant betterment or improvement of the items of tangible fixed assets are recorded as a cost for the year in which they are incurred.

iii) Finance leasing

Fixed assets acquired under finance lease contracts and the corresponding liabilities are reflected in the consolidated balance sheet and are written down over the estimated useful lives referred to in the foregoing indent. That part of the principal included in the rents paid in respect of finance lease contracts is deducted from these liabilities, while the interest included in the rents is recorded as a financial cost for the year to which it refers.

The gains obtained on a leaseback transaction on two properties kept by Mota-Engil Engenharia, are carried under Deferred Income and are written down of the life of the contracts (Note 16), which expired in 2003.

iv) Financial assets

Financial investments in associated companies recorded using the equity method, the holdings initially recorded at cost, to which is increased or reduced in respect of the proportion of the shareholders' equity of such companies, referred to the date of acquisition or of the first application of the equity method.

In accordance with the equity method, financial assets are adjusted annually to reflect the value corresponding to the participation in the net results of the associates, with a corresponding entry under gains or losses for the year. Additionally, dividends received from these companies are recorded as a reduction of the value of the investments (Note 4).

Other financial assets are carried at the lower of cost or market value and, in the case of loans granted, at nominal value.

Gains or losses on the sale of holdings are recorded in the financial profit & loss account.

v) Stocks

Merchandise, raw and subsidiary materials and consumables are carried at average cost, which is lower than their market value. Finished and semi-finished products, sub-products and products and work in progress are valued at production cost, which is lower than their market value. Production costs include the raw materials incorporated, direct labour and manufacturing overheads.

vi) Provisions for doubtful debt

Provisions for doubtful debt have been calculated on the basis of an overall valuation of potential losses caused by non-payment of accounts receivable by customers and other debtors.

vii) Other treasury placements

Other treasury placements are carried at the lower of cost or market value.

**Notes to the Consolidated Balance Sheet and Profits & Loss Account
December 31, 2003**

viii) Accrual accounting

Income and expenditure are recorded in accordance with the accrual accounting principle and are therefore recognised as generated, regardless of the moment when they are received or paid. Differences between the amounts received and paid and the corresponding income and expenditure is recorded under Accruals and Deferrals (Notes 10 & 16).

ix) Treasury shares

Treasury shares are recorded at cost, any gains or losses on their disposal being recorded directly under Free Reserves (Note 11).

x) Pensions and pension complements

Mota-Engil Engenharia assumed in previous years a commitment to grant sum of its former employers pecuniary payments by way of retirement pension compliments. As at December 31, 2003, this Company had set aside and accrued costs of approximately €4 million, designed to cover the liabilities as at that date (Note 16).

xi) Recognition of costs and income generated by works

The Group recognises the results of works, contract by contract, in accordance with the percentage of finishing method, understood to be the ratio between costs incurred by each job up to a given date and the sum of those costs with those estimated to complete the job. Differences between the values obtained by the application of the degree of finishing to the estimated income and the sums invoice, are recorded under "Accrued income" (Note 10) or "Deferred costs" (Note 16).

With regard to two the provision of services contracts of subsidiaries abroad, income is recorded on the basis of the bills of quantities of work realised, positive or negative differences between that and the invoicing, calculated contract by contract, being recorded under "Accrued income" (Note 10) or "Deferred costs" (Note 16).

xii) Short-duration civil construction works and public works

In these provision of services contracts the Group recognises income and costs as there are invoice or incurred, respectively.

xiii) Recognition of costs and income in real-estate business

Sales generated by the real-estate business and the respective costs of the units sold are recorded at the moment the contractual conditions create expectations that the clients will complete the acquisition. That is, when the selling price has almost all been paid or when there is a purchase agreement with public entities in respect of rehousing plans. The sales margin is weighted by the percentage of finishing of the building, determined by the ratio between costs incurred and total estimated costs.

xiv) Own work capitalised

Own work capitalised consists largely of construction and repair work carried out by the companies themselves, as well as major repairs of equipment, and it includes materials, direct labour and overheads.

xv) Incorporated Joint Venture results

The results of joint ventures are recognised either in the proportion of the share held in the joint venture or through the billing of costs and income with the joint ventures.

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

xvi) Branches abroad

As at December 31, 2003, the financial statements of the branches abroad, other than the Mozambique branch of Mota-Engil Engenharia, were integrated into the consolidated financial statements, any transactions with these branches having been eliminated. Currency translation differences caused by the translation of these financial statements into euros have been taken to shareholders' equity. As far as cost and income headings are concerned the Mozambique branch of Mota-Engil Engenharia have been concluded in the financial statements of this company hand, in the balance sheet, their effects are carried under "Other debtors". A summary of the information concerning the branches abroad is given hereunder

	<u>Angola</u>	<u>Mozambique</u>	<u>Poland</u>	<u>Hungary</u>	<u>Czech Republic</u>	<u>Benin</u>	<u>Chad</u>
Fixed assets	31,075,431	37,576	849,114	-	49,367	63,494	189,847
Current assets	35,890,098	2,237,666	10,084,900	4,409,690	198,872	3,883,551	3,428,288
Accruals & deferrals assets	20,812,387	432,925	113,888	529,460	-	5,282,793	9,702,832
Liabilities	52,082,727	3,843,639	11,658,694	5,603,478	393,725	11,177,624	14,765,468

xvii) Assets and liabilities expressed in foreign currencies

All assets and liabilities expressed in foreign currency have been translated into euros using the official exchange rates ruling on December 31, 2003. Currency translation differences, both favourable and unfavourable, stemming from differences between exchange rates ruling on the data the transactions and those ruling on the date of the collections, payments or balance sheet dates, are recorded as income and costs in the profit & loss account for the year.

Favourable currency translation differences connected with medium- and long-term debt have been recorded under Deferred income (Note 16).

Currency translation differences arising on the translation into euros of the financial statements of subsidiaries carried using the equity method are recorded directly under shareholders' equity.

The financial statements of subsidiaries and branches expressed in foreign currencies other than Angolan Quanzas have been translated into euros using the following exchange rates:

Historic: for the headings of shareholders' equity, with the exception of the year's results;

Ruling at the year-end: for all assets and liabilities and for the profit & loss account for the year.

The financial statements of subsidiaries and branches expressed in Angolan Quanzas currencies have been translated into euros using the following exchange rates:

Historic: for the headings of shareholders' equity, with the exception of the year's results;

Ruling at the year-end: for all monetary assets and liabilities;

Average: for the profit & loss account for the year.

Currency translation differences caused by this have been included in shareholders' equity under Currency translation adjustments.

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

xviii) Deferred taxes

Deferred taxes are calculated on the basis of the balance sheet liability method and referred to the temporary differences between the amounts of assets and liabilities for accounting purposes and their respective amounts of taxation purposes, Accounting Directive n° 28 having been applied (Note 26).

Deferred tax assets and liabilities are calculated and valued each year using the tax rates expected to be in force on the date of reversion of the temporary differences

Deferred tax assets are recorded only when there are reasonable expectations of future tax profits sufficient to use them. On each balance sheet data, the real rose will is made of the differences underlying deferred tax assets with a view to recognising deferred tax assets not previously recorded because the conditions to do so were not then extent and/or to reduce the amount of deferred tax assets recorded in the light of present expectations of their future recovery (Note 26).

xix) Bills discounted and accounts receivable assigned under factoring arrangements

Customer balances covered by bills of exchange discounted but not yet due and accounts receivable assigned under factoring arrangements as at the balance sheet date are shown at their face value as a deduction from the corresponding asset headings, interest being recorded in keeping with the accrual accounting criterion (Note 48 to the consolidated balance sheet and profit & loss account).

2. Intangible fixed assets

During 2003, the movement under the cost or revalued cost of intangible fixed assets and under the respective accumulated amortisation was as follows:

	Opening balance	Increases	Abates	Transfers	Closing balance
<i>Gross Value:</i>					
Formation costs	11.620.386	45.387	(266.713)	1.348	11.400.408
Research & development costs	2.196.116	423.293	-	351.279	2.970.688
Industrial property & other rights	746.775	11.937	(5.451)	78.047	831.308
Key money	192.128	4.436	-	-	196.564
Fixed assets in progress	1.445.699	38.220	-	(1.114.791)	369.128
Goodwill	30.466.458	6.399.700	(217.132)	-	36.649.026
	<u>46.667.562</u>	<u>6.922.973</u>	<u>(489.296)</u>	<u>(684.117)</u>	<u>52.417.122</u>
<i>Accumulated depreciation:</i>					
Formation costs	(10.774.337)	(525.707)	263.271	165.552	(10.871.221)
Research & development costs	(1.634.551)	(323.847)	-	521.777	(1.436.621)
Industrial property & other rights	(279.409)	(42.059)	2.011	(67.617)	(387.074)
Key money	(183.399)	(4.436)	-	-	(187.835)
Goodwill	(4.478.508)	(2.009.664)	217.132	-	(6.271.040)
	<u>(17.350.204)</u>	<u>(2.905.713)</u>	<u>482.414</u>	<u>619.712</u>	<u>(19.153.791)</u>
	<u>29.317.358</u>	<u>4.017.260</u>	<u>(6.882)</u>	<u>(64.405)</u>	<u>33.263.331</u>

The figures entered in the transfer of gross value of fixed assets column include movements stemming from the alteration to the consolidation perimeter and the effect of the exchange-rate variation, in a positive sum of €90,249 and the negative sum of €25,596 respectively. The corresponding figures in the table of movements of accumulated amortisation amount to €68,483 positive and €15,151 negative.

Also included in the transfers column is the gross sum of fixed assets of €774,738 and accumulated amortisation and the sum of €536,270, which were transferred to the office equipment account under fixed assets.

The Group has recorded under "Formation costs", "Research & development costs" and "Industrial property & are the rights" the following natures of costs, the balances of which, as at December 31, 2003 & 2002, were as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	31.12.03	31.12.02
<i>Formation costs:</i>		
Costs incurred with share capital increases & organisation	11.400.408	11.620.386
Accumulated depreciation	(10.871.221)	(10.774.337)
	<u>529.187</u>	<u>846.049</u>
<i>Research & development costs:</i>		
Studies & projects	2.970.688	2.196.116
Accumulated depreciation	(1.436.621)	(1.634.551)
	<u>1.534.067</u>	<u>561.565</u>
<i>Industrial property & other rights:</i>		
Rights & licences	831.308	746.775
Accumulated depreciation	(387.074)	(279.409)
	<u>444.234</u>	<u>467.366</u>

The balances shown under Goodwill" correspond to positive differences between the cost of shareholdings and the proportion of the respective shareholders' equity on purchase date, and written down over the estimated investment recovery period, currently between 5 and 20 years (27 years in the case of the goodwill generated by Lusoponte, which is the life of the concession). The breakdown of this heading as at December 31, 2003, is as follows:

	Gross assets	Accumulated depreciation	Net assets
Armando Duarte	272.977	(54.595)	218.382
Aurimove	83.242	(33.297)	49.945
Correia & Correia	175.622	(21.953)	153.669
Geogranitos	3.030.068	(606.014)	2.424.054
Icil-Icafal	801.137	(219.137)	582.000
KPRD	4.245.398	(941.741)	3.303.657
Lusoponte	2.813.997	(208.444)	2.605.553
Manvia	497.747	(74.662)	423.085
Maprel	526.637	(210.655)	315.982
Maprel Nelas	526.700	(210.680)	316.020
Martifer	1.160.816	(290.204)	870.612
Metalruda	2.344.994	(468.999)	1.875.995
Mota-Viso	19.900	(7.960)	11.940
Ornamag	1.865.878	(346.076)	1.519.802
PBM	218.044	(32.707)	185.337
Sols e Solsuni	6.821.760	(1.459.369)	5.362.391
Sonauta	898.979	(134.847)	764.132
STL	2.563.693	(128.185)	2.435.508
Suma	3.404.209	(521.471)	2.882.738
Timoz	541.221	(108.244)	432.977
UTIL	3.836.007	(191.800)	3.644.207
	<u>36.649.026</u>	<u>(6.271.040)</u>	<u>30.377.986</u>

The increase under Goodwill was caused by the positive differences generated during 2003 between the cost of the holdings and the proportion of the respective shareholders' equity as at the date of purchase of these holdings, as follows:

STL	2.563.693
UTIL	<u>3.836.007</u>
	<u>6.399.700</u>

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

3. Tangible fixed assets

During 2003, the movement under the cost or revalued cost of tangible fixed assets and under the respective accumulated depreciation was as follows:

	Opening balance	Increases	Disposals	Transfers & write- offs	Closing balance
<i>Gross Value:</i>					
Land & natural resources	33.384.611	3.177.435	-	2.095.431	38.657.477
Buildings & other constructions	106.751.312	8.360.259	(3.035.105)	(1.048.865)	111.027.601
Plant & machinery	299.187.545	17.170.224	(7.253.993)	11.482.728	320.586.504
Transport equipment	137.817.120	4.933.374	(4.630.279)	(4.462.592)	133.657.623
Tools & utensils	8.999.917	696.797	(25.824)	(984.439)	8.686.451
Office equipment	28.751.936	1.981.731	(253.430)	(1.232.434)	29.247.803
Returnable containers	3.182.069	213.765	-	(20.738)	3.375.096
Other tangible fixed assets	1.112.466	626.497	(74.531)	858.513	2.522.945
Fixed assets in progress	20.964.117	16.748.419	(768.636)	(11.498.226)	25.445.674
Advances on account of tangible fixed assets	5.683.125	944.957	-	(2.708.000)	3.920.082
	<u>645.834.218</u>	<u>54.853.458</u>	<u>(16.041.798)</u>	<u>(7.518.622)</u>	<u>677.127.256</u>
<i>Accumulated depreciation:</i>					
Land & natural resources	(3.438)	-	-	3.438	-
Buildings & other constructions	(28.247.078)	(5.038.158)	195.616	2.027.560	(31.062.060)
Plant & machinery	(192.647.417)	(28.861.669)	8.593.783	(5.724.418)	(218.639.721)
Transport equipment	(86.497.456)	(19.304.180)	2.522.560	7.134.554	(96.144.522)
Tools & utensils	(6.325.964)	(1.001.569)	1.302	650.687	(6.675.544)
Office equipment	(19.181.428)	(3.214.266)	21.121	819.874	(21.554.699)
Returnable containers	(1.908.681)	(704.380)	-	19.942	(2.593.119)
Other tangible fixed assets	(648.101)	(660.800)	1.228	289.942	(1.017.731)
	<u>(335.459.563)</u>	<u>(58.785.022)</u>	<u>11.335.610</u>	<u>5.221.579</u>	<u>(377.687.396)</u>
	<u>310.374.655</u>	<u>(3.931.564)</u>	<u>(4.706.188)</u>	<u>(2.297.043)</u>	<u>299.439.860</u>

The figures entered in the transfer & write-off of gross value of fixed assets column include movements stemming from the alteration to the consolidation perimeter and the effect of the exchange-rate variation, in a positive sum of €30,376,946 and the negative sum of €19,754,677 respectively. The corresponding figures in the table of movements of accumulated depreciation amount to €20,077,624 positive and €12,707,379 negative.

The Group revalued its tangible fixed assets in previous years in accordance with applicable legislation, namely:

- Decree-Law 219/82, of June 2
- Decree-Law 399-G/84, of December 28
- Decree-Law 118-B/86, of May 27
- Decree-Law 111/88, of April 2
- Decree-Law 49/91, of January 25
- Decree-Law 264/92, of November 24
- Decree-Law 31/98, of February 11.

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

Details of the historic costs of revalued tangible fixed assets, of the revaluation and of the present book value as at December 31, 2003, net of depreciation, are as follows:

	Historic costs	Revaluation	Revalued book value
<i>Tangible fixed assets</i>			
Land & natural resources	29.793.856	8.863.621	38.657.477
Buildings & other constructions	78.027.857	1.937.684	79.965.541
Plant & machinery	97.809.671	4.137.112	101.946.783
Transport equipment	34.559.482	2.953.619	37.513.101
Tools & utensils	2.010.907	-	2.010.907
Office equipment	7.197.309	495.795	7.693.104
Returnable containers	781.977	-	781.977
Other tangible fixed assets	1.470.779	34.435	1.505.214
	<u>251.651.838</u>	<u>18.422.266</u>	<u>270.074.104</u>

A part (40%) of the increase generated by the revaluations is not accepted as a cost of the purpose of determining corporate taxable income (IRC).

As at December 31, 2003 & 2002, the following tangible fixed assets owned by Mota-Engil Engenharia, were located abroad and branches and subsidiaries:

	31.12.03	31.12.02
Angola	33.915.697	33.148.344
Benin	1.555.481	2.619.808
Bulgaria	1.190	2.111
Chad	8.116.787	8.036.463
Ghana	89.973	201.837
Malawi	603.997	1.423.541
Mozambique	171.392	538.385
Poland	3.322.066	4.136.871
Czech Republic	512	10.170
	<u>47.777.095</u>	<u>50.117.530</u>

4. Financial assets

During 2003, the movement under the cost or revalued cost of Financial assets and under the respective accumulated amortisation and provisions was as follows:

	Opening balance	Increases	Disposals	Transfers & write-offs	Closing balance
<i>Gross Value:</i>					
Holdings in Group companies	16.224.634	130.100	-	(3.965.755)	12.388.979
Loans to Group companies	1.147.680	-	(2.731)	547.822	1.692.771
Holdings in associate companies	8.088.707	1.111.526	(2.396.730)	16.944	6.820.447
Loans to associate companies	4.857.943	2.595.007	(206.250)	(739.401)	6.507.299
Holdings in subsidiaries	4.469.803	56.052	-	561.783	5.087.638
Loans to subsidiaries	2.273.652	-	(339.150)	-	1.934.502
Securities & other financial placements	29.471.098	19.747.730	(124.882)	1.747.504	50.841.450
Fixed assets in progress	276.089	150.765	-	-	426.854
Advances on account of financial assets	725.234	-	(49.880)	506.392	1.181.746
	<u>67.534.840</u>	<u>23.791.180</u>	<u>(3.119.623)</u>	<u>(1.324.711)</u>	<u>86.881.686</u>
<i>Accumulated Depreciation & Provisions</i>					
Holdings in associate companies	(5.248)	-	-	-	(5.248)
Securities & other financial placements	(1.558.874)	(304.764)	-	(38.904)	(1.902.542)
	<u>(1.564.122)</u>	<u>(304.764)</u>	<u>-</u>	<u>(38.904)</u>	<u>(1.907.790)</u>
	<u>65.970.718</u>	<u>23.486.416</u>	<u>(3.119.623)</u>	<u>(1.363.615)</u>	<u>84.973.896</u>

Transfers includes the negative sum of €4,293,391 and the positive sum of €1,946,737 in respect of alterations to the consolidation perimeter and of the application of the equity method, respectively

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

As at December 31, 2003, the breakdown of the balances of the Financial asset headings is as follows:

	31.12.03	31.12.02
<i>Holdings in Group companies</i>		
Corgimobil	105.436	105.436
CPTP	-	6.694.093
EM	544.115	-
EMASA	71.544	71.544
EMSA	44.577	51.731
Engil JCA	329.207	329.207
Engil Tãmega ACE	199.519	199.519
Holdinorte	73.573	73.573
Metroepszolg	1.004.982	1.107.287
M-Invest	815.183	593.291
Moravian	118.381	84.988
Neklanova	235.070	-
PBM	876.416	930.370
SGA	2.411.083	2.444.642
Solmaster	-	29.738
Sols e Solsuni	2.634.565	1.450.451
Sonauta	1.696.244	1.658.187
Tratofoz	669.900	-
Turalgo	248.203	248.203
Other	310.981	152.374
	<u>12.388.979</u>	<u>16.224.634</u>

	31.12.03	31.12.02
<i>Loans to Group companies</i>		
Cogamo (Gabon)	43.059	43.059
Corgimobil	243.334	243.334
EM	500.000	-
Fibreglass (Mozambique)	13.904	13.904
Matiprel	42.398	42.398
PBM	850.076	802.254
Turalgo	-	2.731
	<u>1.692.771</u>	<u>1.147.680</u>

	31.12.03	31.12.02
<i>Holdings in associate companies</i>		
Ambilital	100.033	97.437
Asinter	119.040	111.459
Angola	1.214.747	1.347.845
Cecime	-	249.400
Cimertex & Ca	158.590	156.109
Ecodetra	1.153.202	1.153.202
HE70	-	2.072.330
Martifer Polska	936.526	-
Parque Ambiental Nortenho	-	506.392
Resilei	881.587	-
Soprocil	365.115	421.523
Tratofoz	-	663.300
Vortal	1.494.135	1.094.136
Other	397.472	215.574
	<u>6.820.447</u>	<u>8.088.707</u>

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	31.12.03	31.12.02
<i>Loans to associate companies</i>		
Aenor	1.646.370	1.838.550
Empresa Agrícola	860.352	860.352
Fabrilis	-	206.250
Indáqua	-	105.000
Intercon	4.000.577	1.405.570
Operadora Lusoscut BLA	-	435.323
Other	-	6.898
	<u>6.507.299</u>	<u>4.857.943</u>

	31.12.03	31.12.02
<i>Holdings in subsidiaries</i>		
Cerâmica de Boialvo	319.343	319.343
Iberfibran	375.000	375.000
Icil-Icafal	1.357.204	1.411.401
Lusoponte	1.725.048	1.140.129
MTS	904.400	904.400
Other	406.643	319.530
	<u>5.087.638</u>	<u>4.469.803</u>

	31.12.03	31.12.02
<i>Loans to subsidiaries</i>		
Lusoponte	1.934.502	1.934.502
MTS	-	339.150
	<u>1.934.502</u>	<u>2.273.652</u>

	31.12.03	31.12.02
<i>Securities & other financial placements</i>		
Aenor	12.310.847	3.816.970
Branches in African countries	1.624.049	1.144.584
Real estate investments	11.843.990	11.696.048
Indáqua	1.120.000	-
Lusoponte	4.828.862	4.828.862
Lusoscut BLA	8.564.242	2.396.883
Lusoscut CP	7.262.067	3.991.696
Lusoscut GP	3.237.258	1.432.870
MTS	-	113.050
Other investments	50.135	50.135
	<u>50.841.450</u>	<u>29.471.098</u>

	31.12.03	31.12.02
<i>Advances on account of financial assets</i>		
Paínhas & Paínhas	-	49.880
Parque Ambiental Nortenho	1.181.746	675.354
	<u>1.181.746</u>	<u>725.234</u>

The increase seen under “Securities and other financial placements” basically corresponds to the supplementary share capital paid up to Aenor, Lusoscut BLA, Lusoscut CP and Lusoscut GP during 2003.

Companies included in the consolidation using the purchase method

The companies included in the consolidation using the purchase method, their registered offices, the percentage of share capital held, their business, date of incorporation and date of acquisition of the holdings are as follows:

	<u>Registered Office</u>	<u>Percentage of actual holding</u>	<u>Business</u>	<u>Date of incorporation</u>	<u>Date of acquisition</u>
Mota Engil, SGPS, S.A., Plc	Oporto	-	Holding company	August 90	-
Aurimove – Utilidades, Equipamentos e Investimentos Imobiliários, Lda.	Oporto	100.00	Real estate	December 93	-

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	<u>Registered Office</u>	<u>Percentage of actual holding</u>	<u>Business</u>	<u>Date of incorporation</u>	<u>Date of acquisition</u>
("Aurimove") Through MEIT		100.00			
Calçadas do Douro - Sociedade Imobiliária, Lda. ("Calçadas do Douro") Through MEIT	Oporto	100.00 100.00	Real estate	-	September 00
Companhia Portuguesa de Trabalhos Portuários e Construções, S.A. ("CPTP") Through Mota-Engil Engenharia	Lisbon	90.67 90.67	Port construction & works	-	July 02
Edifício Mota Viso – Soc. Real estate, Lda. ("Mota Viso") Through MEIT	Oporto	100.00 100.00	Real estate	June 94	-
Emocil – Empresa Moçambicana de Construção Imobiliária ("Emocil") Through Mota-Engil Engenharia	Maputo Mozambique	75.00 75.00	Real estate	July 94	-
Engil III – Investimentos Internacionais e Construção, S.A. ("Engil III") Through Mota-Engil Engenharia	Funchal	100.00 100.00	Management of shareholdings	August 97	-
Engil 4i – SGPS, S.A. ("Engil 4i") Through Mota-Engil Engenharia	Oporto	100.00 100.00	Holding company	December 02	-
Ferrovias e Construções, S.A. ("Ferrovias") Through Mota-Engil Engenharia	Linda-a-Velha	100.00 100.00	Railway construction & maintenance	April 88	September 94
Geogranitos – Pedreiras de Amarante, Lda. ("Geogranitos") Through Mota-Engil Engenharia	Amarante	100.00 100.00	Quarry construction & operation	April 88	March 90 June 00 December 00
Gerco – Sociedade de Engenharia Electrotécnica, S.A. ("Gerco") Through Mota-Engil Engenharia	Lisbon	99.95 99.95	Electrical installations	June 84	August 90 May 94 September 94 March 95 December 95
Herso- Obras Civiles y Ferrovías, S.A. ("Herso") Through Engil III	Buenos Aires (Argentina)	87.84 87.84	Railway construction & maintenance	July 92	November 97 April 98
Imoengil – Sociedade Imobiliária, S.A. ("Imoengil") Through Mota-Engil Engenharia	Matosinhos	100.00 100.00	Real estate	January 34	September 91 March 93 May 97
KPRD – Krakowskie Przedsiębiorstwo Robót Drogowych, S.A. ("KPRD") Through Tabella Holding	Krakow (Poland)	100.00 100.00	Civil construction	February 53	March 99
Largo do Paço – Investimentos Turísticos e Imobiliários, Lda. ("Largo do Paço") Through MEIT	Amarante	100.00 100.00	Real estate	-	October 01
Manvia - Manutenção e Exploração de Instalações, Lda. ("Manvia") Through Mota-Engil Engenharia	Lisboa	100.00 100.00	Maintenance & operation of installations	-	June 98
Maprel – Empresa de Pavimentos e Materiais Pré-esforçados, Lda ("Maprel") Through Mota-Engil Engenharia	Vila Nova de Gaia	100.00 100.00	Pre-stressed concrete manufacture	January 60	February 87
Maprel - Nelas, Indústria de Pré- Fabricados, S.A. ("Maprel Nelas") Through Maprel Through Mota-Engil Engenharia	Oporto	97.00 96.00 1.00	Pre-stressed concrete manufacture	January 01	-
Martifer – Construções Metalomecânicas, S.A. ("Martifer") Through Mota-Engil Engenharia	Oliveira de Frades	50.00 50.00	Steel structure fabrication & erection	February 90	June 08 February 99
Martifer - Alumínios ,S.A. ("Martifer Alumínios") Through Martifer	Oliveira de Frades	27.50 27.50	Window frames	October 90	April 99
Martifer Construcciones Metalicas España, S.A. ("Martifer Spain") Through Martifer	Valencia (Spain)	50.00 50.00	Design, fabrication & erection of steel structures	November 99	-
Martins & Coutinho, Construções em Aço Inox, Lda. ("Martins & Coutinho") Through Martifer	Oliveira de Frades	37.50 37.50	Stainless steel constructions	April 96	August 98 October 98 December 98
Metalruda – Construções Metálicas, S.A. ("Metalruda") Through Martifer	Arruda dos Vinhos	50.00 50.00	Fabrication & erection of steel structures	March 79	June 99
Mil e Sessenta – Sociedade Imobiliária, Lda. ("Mil e Sessenta") Through MEIT	Oporto	100.00 100.00	Real estate	-	July 01
Mota-Engil, Ambiente e Serviços, SGPS, S.A. ("Mota-Engil Ambiente e Serviços") (a)	Oporto	100.00	Holding company	June 97	-
Mota-Engil Concessões de Transportes, SGPS, S.A. ("MECT")	Lisboa	100.00	Transport concessions	January 03	
Mota-Engil Engenharia e Construção, S.A. ("Mota-Engil Engenharia") (b)	Amarante	100.00	Building & purchase & sale of properties	-	December 00
MEITS, Mota-Engil Imobiliário e Turismo, S.A. ("MEIT")	Oporto	100.00	Management of	September 01	-

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	<u>Registered Office</u>	<u>Percentage of actual holding</u>	<u>Business</u>	<u>Date of incorporation</u>	<u>Date of acquisition</u>
			holdings		
MESP- Mota Engil , Serviços Partilhados, Administrativos e de Gestão, S.A. ("MESP")	Oporto	100.00	Administrative Services	December 02	-
Motadômus, Lda. ("Motadômus") Through Aurimove	Oporto	95.00 95.00	Real estate	December 96	December 00
Mota Hungária, Rt ("Mota Hungary") Through Mota-Engil Engenharia	Budapest (Hungary)	100.00 100.00	Public Works	January 96	-
Mota Internacional – Comércio e Consultadoria Económica, Lda ("Mota Internacional") Through Mota-Engil Engenharia	Funchal	100.00 100.00	Management of financial holdings	September 97	December 98
Mota Keystone Construction, LLC ("MKC") Through Mota-Engil Engenharia	Miami (USA)	50.50 50.50	Real estate	March 02	-
Nortedomus, Lda. ("Nortedomus") Through MEIT	Lisbon	100.00 100.00	Real estate	-	October 01
Planinova – Sociedade Imobiliária, S.A. ("Planinova") Through MEIT	Oporto	100.00 100.00	Real estate	December 00	-
Prefal – Préfabricados de Luanda, Lda. ("Prefal") Through Mota Internacional Through Maprel	Luanda (Angola)	90.00 70.00 20.00	Pre-stressed concrete manufacture	December 93	-
Qualibetão – Comercialização de Betões, Lda. ("Qualibetão") Through Mota-Engil Engenharia	Porto Alto	100.00 100.00	Manufacture & marketing cement & bituminous concrete	July 96	-
Rentaco – Equipamentos de Construção, Lda. ("Rentaco") Through Mota-Engil Engenharia Through Qualibetão	Porto Alto	100.00 70.00 30.00	Construction equipment rental	September 89	July 96
RTA - Rio Tâmega, Turismo e Recreio, S.A. ("RTA") Through MEIT	Amarante	100.00 100.00	Real estate & tourism	-	May 00
Sedengil – Sociedade Imobiliária, Lda. ("Sedengil") Through Mota-Engil Engenharia Through Imoengil	Matosinhos	100.00 70.00 30.00	Real estate	October 82	May 95 May 97 August 97
Sefimota Stavebni, AS ("Sefimota") Through Mota-Engil Engenharia	Prague (Czech Republic)	80.00 80.00	Civil construction & public works	January 97	-
Serurb – Serviços Urbanos, Lda. ("Serurb") Through Engil Through Mota-Engil Ambiente e Serviços	V.N. Famalicão	61.50 11.50 50.00	Urban refuse collection	July 92	July 92 May 98
Serurb (Matosinhos) Serviços Urbanos, S.A. ("Serurb Matosinhos") Through Serurb	Matosinhos	61.89 61.89	Urban refuse collection	December 00	-
Serurb (Douro) Serviços Urbanos, Lda. ("Serurb Douro") Through Serurb Through Mota-Engil Ambiente e Serviços	Murça	65.35 55.35 10.00	Urban refuse collection	December 00	-

(a) formerly called Engil Investimentos, SGPS, S.A.

(a) formerly called MOTA & Companhia, S.A.. During 2003 it incorporated by merger the construction business of Engil, Sociedade de Construção Civil, S.A., and of Mota-Engil Internacional, Comércio Internacional e Serviços, S.A.

	<u>Registered Office</u>	<u>Percentage of actual holding</u>	<u>Business</u>	<u>Date of incorporation</u>	<u>Date of acquisition</u>
Siltei - Aluguer de Máquinas e Equipamentos, S.A. ("Siltei") Through Mota-Engil Engenharia	Amarante	100.00 100.00	Rent of transport equipment	-	-
STL – Sociedade de Transportes e Limpeza, Lda. ("STL") Through Suma Through UTIL	Ourém	61.25 30.625 30.625	Refuse collection & treatment	-	June 03
Suma – Serviços Urbanos Meio Ambiente, S.A. ("Suma") Through Mota-Engil Ambiente e Serviços Through Tracevia	Lisbon	61.25 60.41 0.84	Urban refuse collection	-	-
Tabella Holding, BV ("Tabella") Through Mota-Engil Engenharia	Amsterdam (Netherlands)	100.00 100.00	Management of Financial holdings	November 98	-
Tecnocarril – Sociedade de Serviços Industriais e Ferroviários, Lda. ("Tecnocarril") Through Mota-Engil Engenharia Through Ferrovias	Entroncamento	100.00 15.00 85.00	Treatment of timber for railway use	January 94	September 94
Tracevia – Sinalização Segurança e Gestão de Tráfego, Lda. ("Tracevia")	Sintra	77.50	Highway marking & traffic	June 80	October 84

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

Through Mota-Engil Engenharia		77.50	management		
Transportes Lei, S.A. ("Translei")	Lima	100.00	Construction	September 86	June 98
Through Engil 4l	(Peru)	55.00	industry &		June 99
Through Mota-Engil Engenharia		45.00	complementary activities		
UTIL – União de Transportes e Limpeza, Lda. ("UTIL")	Ourém	61.25	Refuse	-	June 03
Through Suma		61.19	collection		
Through Serurb		0.06	& treatment		
Vibeiras – Sociedade Comercial de Plantas, S.A. ("Vibeiras")	Torres Novas	66.67	Green spaces	July 88	October 98
Through Mota-Engil Ambiente e Serviços		66.67			

It should be mentioned that during the year ended December 31, 2003, STL and UTIL work included in the Group's consolidation perimeter for the first time, using the purchase method. On the other hand, CPTP is now consolidated using the purchase method.

Group companies excluded from the consolidation

Holdings in Group companies not consolidated using the purchase method (since they are either not trading or are immaterial, individually or as a whole, to the presentation of a true and fair image of the Group's financial situation and of the results of its operations, as stipulated in Article 4.1 of Decree-Law 238/91 of July 2), are recorded under Holdings in Group Companies at cost, their registered offices and percentage of share capital held as at December 31, 2003, are as follows:

Name	Country	Percentage of actual holding
Cogamo-Construções Gabonaises, Mota, S.A. ("Cogamo")	Gabon	51.30
Corgimobil - Empresa Imobiliária das Corgas, Lda. ("Corgimobil")	Portugal	70.42
EM - Edifícios Modernos, Construções, S.A. ("EM")	Portugal	75.00
EMASA, Lda. ("EMASA")	Angola	95.00
Engil – Construtora do Tâmega, ACE, S.A. ("Engil Tâmega ACE")	Portugal	53.00
Engil, S.A. – Bau, GmbH ("Engil Bau")	Germany	100.00
Engil JCA - Construção Civil e Obras Públicas, Lda. ("Engil JCA")	Portugal	60.00
Fibreglass Sundlete, Lda. ("Fibreglass")	Mozambique	100.00
Hifer Construcción Conservación e Servicios, S.A. ("Hifer")	Spain	50.00
Holdinorte - Sociedade Imobiliária do Norte, Lda. ("Holdinorte")	Portugal	67.00
M-Invest Bohdalec, A.S. ("Bohdalec")	Poland	86.00
M-Invest Jihlavska, A.S. ("Jihlavska")	Poland	68.00
Matiprel – Materiais Pré-Esforçados, Lda. ("Matiprel")	Portugal	70.00
Martifer Polska ("Martifer Polska")	Poland	50.00
Mota-Engil Florida Investments Corp. ("ME Florida")	USA	100.00
Mota-Engil Tecnologias de Informação, S.A. ("METI")	Portugal	100.00
Mota Maurícias, Lda. ("Mota Maurícias")	Mauritius	100.00
Mota Real Estate, sro ("Mota Real Estate")	Czech Republic	100.00
Passeio da Marginal-Sociedade Imobiliária, S.A. ("Passeio da Marginal")	Portugal	100.00
Serurb Esposende – Serviços Urbanos, Lda. ("Serurb Esposende")	Portugal	65.80
Roomlit Hotéis e Turismo, Lda. ("Roomlit")	Portugal	50.00
Tratofoz - Sociedade de Tratamento de Resíduos, S.A. ("Tratofoz")	Portugal	67.00
Turalgo-Sociedade de Promoção Imobiliária e Turística do Algarve, S.A. ("Turalgo")	Portugal	51.00

Group & associate companies recorded using the equity method

Group companies and associates included in the consolidation using the equity method, their respective registered offices and proportion of share capital held as at December 31, 2003, are as follows:

Name	Country	Percentage of actual holding
Armando Duarte, Lda. ("Armando Duarte")	Portugal	100.00
Ambilital – Investimentos Ambientais no Alentejo, EIM. ("Ambilital")	Portugal	30.13
Asinter – Comércio Internacional, Lda. ("Asinter")	Portugal	30.00
Auto Sueco Angola, S.A. ("Auto Sueco Angola")	Angola	25.50
Cimertex Angola – Sociedade de Máquinas e Equipamentos, Lda. ("Cimertex Angola")	Angola	44.90
Cimertex & Companhia- Comércio Equipamentos e Serviços Técnicos, Lda. ("Cimertex & Companhia")	Portugal	50.00
Citrup – Centro Integrado de Resíduos, Lda. ("Citrup")	Portugal	15.37
Dirac – Soluções de Engenharia e Informática, Lda. ("Dirac")	Portugal	48.00
Empresa Agrícola e Florestal Portuguesa, S.A. ("Empresa Agrícola")	Portugal	44.70
EMSA – Empreendimentos e Exploração de Estacionamentos, S.A. ("EMSA")	Portugal	100.00
Fabritubo - Tubos Pressocentrífugados de Betão, Lda. ("Fabritubo")	Portugal	50.00
Ferrovias Brasil, Lda. ("Ferrovias Brasil")	Brazil	100.00
Icil – Icafal, S.A. ("Icil-Icafal")	Chile	17.64
Indáqua – Indústria e Gestão de Águas, S.A. ("Indáqua")	Portugal	28.00
Indáqua Fafe – Gestão de Águas de Fafe, S.A. ("Indáqua Fafe")	Portugal	27.96
Indáqua Feira - Indústria de Águas de Santa Maria da Feira, S.A. ("Indáqua Feira")	Portugal	20.04
Indáqua Santo Tirso – Gestão de Águas de Santo Tirso, S.A. ("Indáqua St. Tirso")	Portugal	28.00

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

Inovia, Serviços Ferroviários ACE, S.A. ("Inovia")	Portugal	33.00
Lusoponte – Concessionária para a Travessia Tejo, S.A. ("Lusoponte")	Portugal	13.83
Metroepszolg, RT ("Metroepszolg")	Hungary	99.77
Moravian Partner Constructors, sro ("Moravian")	Czech Republic	64.00
M-Invest Neklanova, sro ("Neklanova")	Czech Republic	84.00
M-Invest, sro ("M-Invest")	Czech Republic	86.00
Netmaster – Tecnologias de Informação, Lda. ("Netmaster")	Portugal	60.00
Ornamag – Mármore e Granitos Ornamentais, S.A. ("Ornamag")	Portugal	100.00
Parquegil- Planeamento e Gestão de Estacionamento, S.A. ("Parquegil")	Portugal	50.00
PBM-Lubartow ("PBM")	Poland	100.00
Rima – Resíduos Industriais e Meio Ambiente, S.A. ("Rima")	Portugal	58.44
SGA – Sociedade do Golfe de Amarante, S.A. ("SGA")	Portugal	97.00
Solmaster-Tecnologias de Informação, S.A. ("Solmaster")	Portugal	60.00
Sol-S e Solsuni - Tecnologias de Informação, S.A. ("Sol-S e Solsuni")	Portugal	60.00
Sol-S Internacional, Tecnologias de Informação S.A. ("Sol-S Internacional")	Portugal	60.00
Sonauta-Sociedade de Navegação, Lda. ("Sonauta")	Angola	83.00
Somafel e Ferrovias, ACE ("Somafel – Ferrovias, ACE")	Portugal	40.00
Soprocil – Sociedade de Projectos e Construções Cíveis, S.A. ("Soprocil")	Portugal	24.70
	Portugal	100.00
Timoz – Transformadora Industrial de Mármore de Estremoz, Lda. ("Timoz")	Portugal	100.00
Venimove – Utilidades, Equipamentos e Investimentos Imobiliários, Lda. ("Venimove")	Portugal	100.00

The holdings in Armando Duarte, Ornamag and Timoz were consolidated using the purchase method in 2001. Since the intention of the Board of Directors is to review its strategic position in this business area and there is a possibility of their sale, these companies were consolidated in 2002 and 2003 using the equity method referred to December 31, 2001, and the loss of these associates since then has not been appropriated, the net accumulated effect of which amounts to approximately €265,000. Included under provisions for other contingencies & liabilities is a provision in the sum of €1,170,040 to cover the negative shareholders' equity of this associate. The Board of Directors of Mota-Engil SGPS believes that the value for which these holdings are carried in the balance sheet is not less than their realizable value.

The companies that form the Sol-S Group (Sol-S e Solsuni, Solmaster, Netmaster and Dirac) were included during the first half of 2002 using the purchase method. As a result of the restructuring process that took place during 2002 at the subsidiaries, involving the merger by incorporation of Sol-Shop, Solsuni, Devweb, Infomania and Solsoft into Sol-S, and by virtue of the intention of the Board of Directors to review its strategic position in the new technologies business area, these shareholdings have been consolidated using the equity method as from and including December 2002.

Materially irrelevant holdings in associate companies

Holdings in associate companies that are materially irrelevant to a true and fair view of the financial situation and the results of the companies as a whole included in the consolidation and the percentage of share capital held in these companies (companies that are not trading and/or had no information available as at December 31, 2003) are as follows:

Name	Country	Percentage of actual holding
Ecodetra – Sociedade de Tratamento e Deposição de Resíduos, S.A. ("Ecodetra")	Portugal	49.00
Mota Cheong Kong – Construções e Investimentos, Lda. ("Mota Cheong Kong")	China	40.00
Socibil, SARL ("Socibil")	Angola	30.00
Vortal – Comércio Electrónico, Consultadoria e Multimédia, S.A. ("Vortal")	Portugal	22.50

These holdings are carried at cost, which is less than their respective market value.

Companies consolidated using the proportional method

The companies consolidated using the proportional method, their registered offices and the percentage of share capital held are as follows:

	Registered Office	Percentage of actual holding	Business	Date of incorporation	Date of acquisition
Correia & Correia, Lda. ("Correia & Correia") Through Enviroil	Sertã	34.00	Marketing & collection of used	September 88	February 00

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

			oil		
Empresa de Terraplenagem e Pavimentações – Paviterra, SARL (Angola) ("Paviterra") Through Mota Internacional	Luanda (Angola)	49.00	Civil construction	November 80	-
Enviroil – Resíduos e Energia, Lda. ("Enviroil") Through Mota-Engil Ambiente e Serviços	Matosinhos	42.50	Marketing & collection of industrial waste	November 97	-
Icer – Indústria de Cerâmica, Lda. ("Icer") Through Mota-Engil Engenharia	Luanda (Angola)	50.00	Ceramic industry	November 91	-
Probigalp Ligantes Betuminosos, S.A. ("Probigalp") Through Mota-Engil Engenharia	Amarante	25.00	Bituminous product manufacture	April 98	-
Probisa Portuguesa - Construção e Obras Públicas, S.A. ("Probisa") Through Mota-Engil Engenharia	Amarante	50.00	Construction	January 86	-

The management of these companies is shared with other shareholders, and the proportional consolidation method is therefore deemed to be the method that best presents the effect of the business of these companies on the Group's financial statements.

Holdings of not less than 10% in companies not mentioned above

Companies not mentioned in the foregoing notes, carried at cost, the holding percentage, and their registered offices are as follows:

Name	Country	Percentage of actual holding
Aenor – Auto-Estradas do Norte, S.A. ("Aenor")	Portugal	32.42
Imosines – Sociedade Imobiliária, Lda. ("Imosines")	Portugal	10.61
Lusoscut – Auto-Estradas da Costa de Prata, S.A. ("Lusoscut CP")	Portugal	32.79
Lusoscut – Auto-Estradas das Beiras Litoral e Alta, S.A. ("Lusoscut BLA")	Portugal	32.79
Lusoscut – Auto Estradas do Grande Porto, S.A. ("Lusoscut GP")	Portugal	32.79
Operanor – Operação e Manutenção de Auto Estradas, S.A. ("Operanor")	Portugal	32.42
Operadora Lusoscut CP – Operação e Manutenção de Auto Estradas, S.A. ("Operadora Lusoscut CP")	Portugal	32.79
Operadora Lusoscut BLA – Operação e Manutenção de Auto Estradas, S.A. ("Operadora Lusoscut BLA")	Portugal	32.79
Operadora Lusoscut GP – Operação e Manutenção de Auto Estradas, S.A. ("Operadora Lusoscut GP")	Portugal	33.50
Tratoser – Tratamento e Serviços Ambientais, S.A. ("Tratoser")	Portugal	10.00
Publicultura – Sociedade de Informação e Cultura, S.A. ("Publicultura")	Portugal	10.00
MTS – Metro, Transportes do Sul, S.A. ("MTS")	Portugal	18.09

Accounting criteria regarding holdings in associates

The criterion adopted by companies included in the consolidation that have holdings in associates is to value them in their individual financial statements using the equity method or cost, as appropriate. Evaluation criteria used for the shareholdings in associate companies not consolidated are as described in Note 1-c-iv), with the exception of the holdings in associates Aenor, Lusoscut CP, Lusoscut BLA, Lusoscut GP, Operanor, Operadora Lusoscut CP, Operadora Lusoscut BLA and Operadora Lusoscut GP, which are carried at historic cost. In fact, bearing in mind the Group's holding in these companies, the concessionaire business in which they are involved and the fact that they are at the start-up stage of their operations, these holdings are carried at cost, which is lower than the respective market value.

5. Medium- & long-term third-party debt

This heading is broken down as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	31.12.03	31.12.02
<i>Cost:</i>		
Trade accounts receivable	11.401.595	11.567.894
Trade accounts – Bills receivable:	12.214.261	13.822.798
Related companies	42.148.601	26.184.487
Other debtors	1.689.606	2.163.045
	<u>67.454.063</u>	<u>53.738.224</u>
<i>Provision for doubtful debt:</i>		
Trade accounts receivable	(182.787)	(228.728)
Other debtors	(185.243)	-
	<u>(368.030)</u>	<u>(1.830.843)</u>
	<u>67.086.033</u>	<u>51.907.381</u>

Medium- & long-term third-party debt includes the sum of €46,303,417 (2002: €49,340,389) in respect of credits over the Angolan state and over companies headquartered in Angola.

The increase under “Related companies” corresponds to loan capital paid-up in associates operating in the Environment & Services area.

Provision for doubtful debt

The breakdown of the provision for doubtful debt is as follows:

	31.12.03	31.12.02
<i>Trade accounts receivable:</i>		
Opening balance	228.728	7.467
Increase	-	43.055
Reduction & transfers	(45.941)	178.206
Closing balance	<u>182.787</u>	<u>228.728</u>
<i>Related companies</i>		
Opening balance	1.602.115	1.416.872
Increase	-	185.243
Reduction & transfers	(1.602.115)	-
Closing balance	<u>-</u>	<u>1.602.115</u>
<i>Other debtors</i>		
Opening balance	-	-
Increase	-	-
Reduction & transfers	185.243	-
Closing balance	<u>185.243</u>	<u>-</u>
	<u>368.030</u>	<u>1.830.843</u>

6. Stocks

This heading is broken down as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	<u>31.12.03</u>	<u>31.12.02</u>
<i>Cost:</i>		
Raw & subsidiary materials and consumables	29.180.675	27.526.748
Products & work in progress	14.889.284	31.298.794
Sub-products, waste, residues & scrap	-	226.208
Finished products	19.335.455	7.939.246
Goods	34.805.808	30.384.498
Advances on account of purchases	<u>3.841.142</u>	<u>2.552.598</u>
	<u>102.052.364</u>	<u>99.928.092</u>
 <i>Provisions for depreciation of stocks</i>		
Raw & subsidiary materials and consumables	(194.000)	(119.748)
Finished products	(55.789)	(51.371)
Goods	<u>(95.304)</u>	<u>(95.304)</u>
	<u>(345.093)</u>	<u>(266.423)</u>
	<u><u>101.707.271</u></u>	<u><u>99.661.669</u></u>

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

Products & work in progress

As at December 31, 2003 & 2002, the breakdown of products & work in progress is as follows:

	31.12.03	31.12.02
Aurimove	1.527.935	2.597.414
Calçadas do Douro	652.539	440.011
Martifer Alumínios	165.557	-
Martifer Espanha	58.242	-
Martins & Coutinho	265.571	-
Mil e Sessenta	422.679	464.598
Mota-Engil Engenharia	417.092	7.400.640
Mota Viso	869.900	5.366.450
Planinova	10.447.405	10.098.079
RTA	62.364	131.306
Sedengil	-	1.902.086
Sefimota	-	2.898.210
	<u>14.889.284</u>	<u>31.298.794</u>

Provisions for depreciation of stocks

The breakdown of the provision for stock depreciation is as follows:

	31.12.03	31.12.02
Opening balance	266.423	337.556
Increase	162.950	52.831
Reduction & transfers	<u>(84.280)</u>	<u>(123.964)</u>
Closing balance	<u>345.093</u>	<u>266.423</u>

Reduction & transfers includes the negative sum of €25,767 in respect of currency translation differences.

7. Short-term third-party debt

This heading is broken down as follows:

	31.12.03	31.12.02
Cost:		
Trade accounts receivable (Note 48)	361.097.841	297.286.897
Trade accounts – Bills receivable	21.134.991	24.792.331
Doubtful debt	10.199.616	9.354.679
Associate companies	5.768.479	4.336.615
Related companies	-	28.937.122
Other shareholders	-	-
Advances to suppliers	6.195.879	5.625.864
State & other public entities	8.015.582	6.940.594
Other debtors	<u>60.663.062</u>	<u>40.888.742</u>
	<u>473.075.450</u>	<u>418.162.844</u>
Provision for doubtful debt:		
Trade accounts receivable	(3.893.305)	(3.760.918)
Doubtful debt	(7.794.278)	(9.073.811)
Associate companies	(594.253)	-
Other debtors	<u>(2.007.068)</u>	<u>(130.753)</u>
	<u>(14.288.904)</u>	<u>(12.965.482)</u>
	<u>458.786.546</u>	<u>405.197.362</u>

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

State & other public entities

As at December 31, 2003 & 2002, the breakdown of the balances of the State & other public entities is as follows:

	31.12.03	31.12.02
Corporate Income tax	2.661.934	2.716.241
Value added tax	4.687.106	2.814.332
Social security	7.322	2.867
Personal income tax	18.698	75.036
Other taxes	-	530.545
Taxes in other countries	640.522	801.573
	<u>8.015.582</u>	<u>6.940.594</u>

“Taxes in other countries” has to do with debt assets of the tax authorities of those foreign countries in which the Group carries on its business.

Provision for doubtful debt

The breakdown of the provision for doubtful debt is as follows:

	31.12.03	31.12.02
<i>Trade accounts receivable:</i>		
Opening balance	3.760.918	1.511.387
Increase	382.184	206.726
Reduction & transfers	(249.797)	2.042.805
Closing balance	<u>3.893.305</u>	<u>3.760.918</u>
<i>Doubtful debt:</i>		
Opening balance	9.073.811	9.012.519
Increase	1.681.050	1.681.831
Reduction & transfers	(2.960.583)	(1.620.539)
Closing balance	<u>7.794.278</u>	<u>9.073.811</u>
<i>Associate companies:</i>		
Opening balance	-	175.989
Increase	594.253	-
Reduction & transfers	-	(175.989)
Closing balance	<u>594.253</u>	<u>-</u>
<i>Other debtors</i>		
Opening balance	130.753	257.582
Increase	1.173.815	33.658
Reduction & transfers	702.500	(160.487)
Closing balance	<u>2.007.068</u>	<u>130.753</u>
	<u>14.288.904</u>	<u>12.965.482</u>

Reduction & transfers includes the positive sum of €23,101 and the negative sum of €316,095 in respect of alterations to the consolidation perimeter and of currency translation differences, respectively

Increase includes the sum of €1,767,534, involving a contra-entry in the Extraordinary Profit & Loss Account.

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

8. Negotiable securities

The breakdown of the provision for Treasury placements is as follows:

	31.12.03	31.12.02
<i>Treasury placements:</i>		
Opening balance	708	10.620
Increase	1.542	-
Reduction & transfers	-	(9.912)
Closing balance	2.250	708

9. Cash & Cash equivalents

This heading is broken down as follows:

	31.12.03	31.12.02
Bank deposits	27.978.043	22.433.646
Cash in hand	1.767.884	1.373.699
	29.745.927	23.807.345

10. Accruals & deferrals assets

The breakdown of the balances of this heading as at December 31, 2003 & 2002 is as follows:

	31.12.03	31.12.02
<i>Accrued income</i>		
Work pending invoicing (Explanatory Note 1c)-xvi)	108.705.537	86.928.859
Property developments in progress	7.025.285	16.018.635
Interest receivable	1.604.222	898.606
Other accrued income	1.018.310	1.107.669
	118.353.354	104.953.769
<i>Deferred costs</i>		
Costs incurred with estimates and job start-up costs (Explanatory Note 1c)-xvi)	12.193.793	17.441.877
Insurance	1.083.708	675.870
Interest & other deferred financial charges	6.682.646	3.632.883
Currency translation differences	682.689	366.280
Other deferred costs	4.409.460	3.091.192
	25.052.296	25.208.102
	143.405.650	130.161.871

Accrued income in respect of real-estate projects refers to the sums to be invoiced in respect of the construction of various property developments within the scope of the Special Rehousing Plans – PER, undertaken by subsidiary Sedengil.

The Group's procedure is to defer costs incurred with estimating jobs that have not been awarded by the balance sheet date but are expected to be. Consequently, these costs are generally transferred to the job if the contract is awarded or otherwise to costs for the year.

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

11. Shareholders' equity

Movement under the balances of the headings of shareholders' equity during 2003 was as follows:

	Opening balance	Increases	Reductions	Appropriation of profits	Closing balance
Share capital	204.635.695	-	-	-	204.635.695
Treasury shares – par value	(9.028.209)	171	-	-	(9.028.038)
Treasury shares – discounts & premiums	(3.264.859)	(18)	-	-	(3.264.877)
Share issue premiums	87.256.034	-	-	-	87.256.034
Goodwill	(47.932.587)	-	(1.694.235)	-	(49.626.822)
Legal reserve	5.016.786	(153)	-	968.113	5.984.746
Free reserves	19.735.320	153	-	4.201.630	23.937.103
Currency translation adjustments	(34.715.304)	-	(14.187.071)	-	(48.902.375)
Retained earnings	480.524	-	-	-	480.524
Net consolidated profit	19.362.252	15.382.944	-	(19.362.252)	15.382.944
	<u>241.545.652</u>	<u>15.383.097</u>	<u>(15.881.306)</u>	<u>(14.192.509)</u>	<u>226.854.934</u>

Share capital

The Mota-Engil SGPS Share capital as at December 31, 2003, amounts to €204,635,695 represented by 204,635,695 bearer shares each of a par value of €1.

Share issue premiums

Company legislation stipulates that share issue premiums cannot be distributed to shareholders and can only be used to increase share capital or to cover losses after reserves and distributable profits have been used.

Legal reserve

Company legislation stipulates that at least 5% of the net profit for the year has to be set aside to increase the legal reserve until such time as it equals at least 20% of the share capital. This reserve cannot be distributed to shareholders and can only be used to increase share capital or to cover losses after all other reserves have been exhausted.

Appropriation of profits

In keeping with the decision of the Annual General Meeting of Mota-Engil SGPS held on March 32, 2003, the net profit for the year ended December 31, 2002, was appropriated as follows:

Legal reserve	968,113
Free reserves	4,201,630
Dividends 14,324,498	
Profit sharing	500,000

The dividends to be distributed in respect of treasury shares, in the sum of €631,989, were reclassified under free reserves.

Currency translation adjustments

The variation under this heading results from the translation into euros of the financial statements of subsidiaries originally expressed in foreign currency, in accordance with the criteria described in Note 1-c-xviii).

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

Goodwill

The increase under Goodwill results from balance sheet variations of some of the companies included in the consolidation, in respect of:

Profit sharing at the subsidiaries	(2,205,670)
Other variations	511,435
	<u>(1,694,235)</u>

The balance of this heading reflects the compensation made between the cost of the holdings in Group companies and the proportion of their shareholders' equity as at the date of their acquisition, plus or minus other variations under the shareholders' equity of those companies, other than those related to the year's results. The breakdown of this heading as at December 31, 2003, is as follows:

	31.12.03
Mota-Engil Engenharia	(42.370.877)
Ferrovias	(3.404.230)
Martifer	(2.384.940)
Vibeiras	(1.734.495)
Sols e Solsuni	(373.123)
Serurb	(928.187)
Rentaco	(180.289)
Sedengil	(3.884)
Suma	(23.261)
Mota-Engil Ambiente e Serviços	288.150
Gerco	37.270
Tecnocarril	24.157
Qualibetão	(177.963)
Translei	1.945.275
MEIT	(340.425)
	<u>(49.626.822)</u>

12. Minority Interests in the Balance Sheet

The breakdown of this heading as at December 31, 2003 & 2002, is as follows:

	31.12.03	31.12.02
CPTP	590.967	-
Emocil	110.029	229.679
Gerco	328	771
Maprel Nelas	(10.294)	(20.607)
Marfil	-	16.349
Martifer & subsidiaries	9.143.432	7.251.702
MKC	1.176.841	2.019.272
Motadômus	19.680	19.347
Prefal	431.291	520.836
RTA	-	637.768
Sefimota	192.240	154.330
Serurb & subsidiaries	1.204.782	879.084
Suma & subsidiaries	7.082.559	3.419.151
Tracevia	303.037	318.008
Vibeiras	617.315	553.252
	<u>20.862.207</u>	<u>15.998.942</u>

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

13. Provisions for other contingencies & liabilities

The breakdown of movement under provisions during the year to December 31, 2003, is as follows:

	31.12.03	31.12.02
<i>Provisions for other contingencies & liabilities</i>		
Opening balance	14.973.250	25.375.315
Increase	1.973.163	1.647.710
Reduction & transfers	303.052	(12.049.775)
Closing balance	17.249.465	14.973.250

As at December 31, 2003, Provisions for other contingencies & liabilities reflects the best estimate of the Board of Directors of the sum required to cover: (i) contingencies linked to subsidiaries; (ii) liabilities linked to the development of operations in progress and in international business; (iii) liabilities inherent in the investment in INTERCON, Construção, ACE; and (iv) negative shareholders' equity of several associates carried using the equity method; and (v) other contingencies and liabilities not specifically identified, related with the development of the Group's operations.

Reduction & transfers includes the negative sum of €49,635 in respect of currency translation differences.

Increase includes the sum of €1,616,674, involving a contra-entry in the Extraordinary Profit & Loss Account.

14. Medium- & long-term debt

The details of this heading are as follows:

	31.12.03	31.12.02
Non-convertible bond loans	71.250.000	52.425.000
Amounts owed to credit institutions	108.053.549	101.538.104
Suppliers of fixed assets – Bills payable	-	56.999
Associate companies	190.220	300.724
Other shareholders	275	3.337.134
Advances on account of sales	11.678.785	16.372.549
Other loans obtained	65.019.273	32.532.976
Suppliers of fixed assets, current account	30.764.351	30.017.544
Other creditors	1.825.878	5.842.027
	288.782.331	242.423.057

Non-convertible bond loans

On June 20, 2002, the parent company issued a bond loan in the sum of €22,500,000, with a maturity of 5 years, remunerated at an interest-rate corresponding to the 6-month Euribor rate plus 1.5 percentage points. Interest is payable half-yearly in arrears on June 28 and December 28 each year, the first coupon having fallen due on December 28, 2002. Repayment will be at par, in six half-yearly instalments as from the payment date of the 5th coupon. Parent company may exercise a call option in whole or in part, in the latter case by reduction of the par value of the bonds, as from the 5th coupon payment. At any time within a maximum of 12 months following the close of each year, each bondholder may exercise a put option on its bonds in the event that the consolidated financial statements of Mota Engil SGPS reveal non-compliance with certain contractually-defined financial ratios.

On December 9, 2003, the parent company issued a bond loan in the sum of €17,500,000, with a maturity of 7 years, paying half-yearly interest at a rate indexed to the 6-month Euribor rate plus 1.7

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

percentage points, repayment be made in 10 half-yearly instalments as from the date of payment of the 5th coupon.

On December 29, 2003, the parent company issued a bond loan in the sum of €35,000,000, with a maturity of 5 years, remunerated at an interest-rate corresponding to the 6-month Euribor rate plus 0.75 percentage points, repayable in full at the end of the life of the loan.

Amounts owed to credit institutions

The balance of "Amounts owed to credit institutions" includes a loan taken out by Mota Engil SGPS in the sum of €25 million, repayable in six half-yearly instalments as from June 2004, paying quarterly interest at a rate indexed to the six-month Euribor rate, and another in the sum of €27,766,007, repayable in twelve equal quarterly instalments of Principal (under the French method), the first having fallen due on December 26, 2002, turning quarterly interest at a rate indexed to the 1-month Euribor.

Suppliers of fixed assets

As at December 31, 2003, the companies included in the consolidation had liabilities as lessees in respect of outstanding instalments of finance lease contracts in the sum of €50,724,695, with the following maturities:

Maturity	Capital	Interest	Total
1 year	16.993.365	1.340.170	18.333.535
2 years	13.680.357	839.936	14.520.293
3 years	7.753.444	375.034	8.128.478
4 or more years	9.164.309	578.080	9.742.389
	<u>47.591.475</u>	<u>3.133.220</u>	<u>50.724.695</u>

Other loans obtained

As at December 31, 2003 the balance of "Other loans obtained" includes a commercial paper issue by subsidiary Mota-Engil Engenharia in the sum, net of interest falling due, of €14,830,736, guaranteed by a banking syndicate and turning interest a variable rate. Since this commercial paper issue falls due on December 17, 2005, the Board of Directors decided to classify the loan as medium & long-term since it intends to renew the existing issues. This balance also includes a commercial paper issue in the sum, net of interest for a new, of €9,885,553, guaranteed by a banking syndicate, adding interest at a variable rate and falling due on April 23, 2005, as well as a further three issues totalling €40,302,984, also recorded as medium & long term, for the foregoing reasons.

15. Short-term debt

This heading is broken down as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	31.12.03	31.12.02
Non-convertible bond loans	33.675.000	67.337.716
Amounts owed to credit institutions	195.590.759	193.359.209
Advances on account of sales	27.697.663	26.996.674
Trade accounts payable	225.177.140	155.995.328
Trade accounts, invoices in progress	870.111	1.636.784
Trade accounts – Bills payable	14.627.058	11.054.187
Suppliers of fixed assets – Bills payable	699	-
Group companies	2.130.899	1.685.818
Associate companies	1.230.143	847.433
Other shareholders	686.449	260.722
Customer prepayments	8.462.046	5.869.228
Other loans obtained	17.634	23.723.905
Suppliers of fixed assets, current account	18.396.556	23.457.154
State & other public entities	22.755.135	20.157.399
Other creditors	13.135.942	17.047.014
	<u>564.453.234</u>	<u>549.428.571</u>

Non-convertible bond loans

By deliberation of the General Meeting held on March 8th 1999, the Board of Directors of Mota & Companhia was authorised to issue within five years bonds on one or more occasions up to an overall limit of €29,925,000 while the previous authorisation granted by the General Meeting still subsists. In December 1999, therefore, 2,992,500 bonds were issued and listed on Euronext Lisbon, each of a par value of €10, repayable in full in December 2004 (with a call option as from May 2002), earning half-yearly interest in arrears calculated at a rate indexed to the 6-month Euribor rate.

On August 21, 1998, the parent company issued a bond loan in the sum of €34,915,853, with a maturity of 5 years, remunerated at an interest-rate corresponding to the 6-month Euribor rate less 1.05 percentage points, which was repaid on August 17, 2003.

At the end of 1998 Mota-Engil Engenharia issued non-convertible bonds in the sum of €32,421,863, at a variable interest rate indexed to Lisbor, which was repaid on the payment date of the 19th coupon (December 2003).

State & other public entities

As at December 31, 2003 & 2002, the breakdown of the balances of the State & other public entities is as follows:

	31.12.03	31.12.02
Corporate Income tax	6.561.194	6.797.074
Value added tax	8.801.470	7.030.527
Social security	2.885.084	2.287.937
Personal income tax	1.150.898	1.187.131
Other taxes	703.274	1.101.524
Taxes in other countries	2.653.215	1.753.206
	<u>22.755.135</u>	<u>20.157.399</u>

“Taxes in other countries” has to do with debt liabilities of the tax authorities of those foreign countries in which the Group carries on its business.

16. Accruals & deferrals liabilities

The breakdown of the balances of this heading as at December 31, 2003 & 2002 is as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	31.12.03	31.12.02
<i>Accrued costs</i>		
Cost of holiday pay & bonus	15.770.581	14.874.531
Interest payable	1.689.251	2.244.091
Products & work in progress	176.025	891.079
Other accrued costs (Explanatory Note 1.c) x))	10.242.870	10.343.326
	<u>27.878.727</u>	<u>28.353.027</u>
<i>Deferred costs</i>		
Work in progress	67.552.149	16.324.260
Interest in advance	4.383.012	1.359.984
Finance lease-back	-	271.226
Currency translation differences	3.067	419.434
Investment subsidies	3.852.259	4.174.840
Gains (loss) on financial assets	1.200.120	-
Rents on own properties	29.618	22.038
Goodwill	5.019.934	4.914.080
Invoicing in advance	5.088.611	6.879.630
Other deferred income	994.529	1.321.693
	<u>88.123.299</u>	<u>35.687.185</u>
	<u>116.002.026</u>	<u>64.040.212</u>

Work in progress

As at December 31, 2003 & 2002, the breakdown of deferred income by Group companies in respect of work in progress is as follows:

	31.12.03	31.12.02
Ferrovias	3.457.494	2.277.169
Geogranitos	-	1.654
Gerco	41.900	102.460
KPRD	115.241	27.018
Martifer	-	438.169
Martifer Aluminios	358.554	-
Martifer Espanha	101.070	186.835
Metalruda	250.481	445.918
MKC	1.229.868	792.410
Mota-Engil Engenharia	60.586.497	12.052.627
Serurb	1.086.944	-
Tracevia	324.100	-
	<u>67.552.149</u>	<u>16.324.260</u>

The increase under "Work in progress" at subsidiary Mota-Engil Engenharia is essentially the result of the issue of invoices in advance to some of the incorporated joint ventures involved in construction in the area of the Transport Concessions.

Goodwill

The balances shown under this heading correspond to the negative differences between the cost of the holdings and the proportion of the Shareholders' Equity as at the date of purchase. As at December 31, 2003, this heading referred to the holdings in RTA and the in CPTP, showed sums of €3,658,931 and €1,361,003 respectively, and was being written down over 10 years (Note 1).

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

17. Guarantees

Guarantees Provided

As at December 31, 2003 & 2002, the guarantees provided by the Group to third parties in respect of bank guarantees and fidelity insurance provided to employers that have contracted work to the various Group companies are broken down by currency as follows:

	31.12.03	31.12.02
Euros	452.234.193	505.568.916
US Dollars	21.669.253	31.780.447
Malawi Kwashas	4.063.939	3.629.849
Ghanaian Cedis	-	789.269
Hungarian Forints	2.349.368	479.472
Cape Verde Escudos	147.621	140.663
CFA Francs	8.078.651	6.618.645
Polish Zlotys	1.062.936	987.536
Czech Crowns	3.535.240	3.748.561
Mozambican Meticals	333.272	50.758
South African Rands	-	242.389
Tunisian Dinars	-	4.957.020
Peruvian New Soles	2.648.378	-
	<u>496.122.851</u>	<u>558.993.525</u>

The breakdown by Group companies is as follows:

	31.12.03	31.12.02
Martifer Aluminios	745.052	790.747
Correia & Correia	32.231	-
Emocil	360.683	9.649
CPTP	6.555.489	-
Enviroil	5.742	-
Ferrovias	11.296.738	10.243.967
Geogranitos	2.426.747	2.274.147
Gerco	4.991.306	517.942
Tecnocarril	1.645	-
Maprel	5.943.339	2.174.214
Marfil	-	1.070.065
Martifer	13.504.479	9.290.101
Martins & Coutinho	134.251	126.295
Metalruda	2.258.784	2.434.774
Mota-Engil, SGPS, S.A.	35.000.000	-
Mota-Engil Engenharia	377.162.209	497.718.490
Mota Hungary	478.602	-
Manvia	55.147	-
Probigalp	23.689	73.999
Probisa	862.605	1.533.155
RTA	848.510	-
Sedengil	241.311	-
Serurb	13.843.651	13.843.651
STL	426.718	-
Suma	5.199.629	4.813.397
Timoz	-	31.374
Tracevia	1.762.802	1.279.004
Translei	9.451.464	10.768.554
Vibeiras	2.510.028	-
	<u>496.122.851</u>	<u>558.993.525</u>

kept the increase of guarantee is provided by subsidiary Mota-Engil Engenharia has to do with the subsidiaries in the motorway concession area.

As of the said date, the shares held in and the supplementary capital paid to the subsidiaries Lusoscut CP, Lusoscut BLA, Lusoponte and AENOR had been given as collateral to secure the loans made by

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

financial entities to these subsidiaries, a mechanism that is included in the legal and financial framework typical to a Project Finance structure.

Real Guarantees

As at December 31, 2003, real guarantees provided by the Group are as follows:

	Guarantee	Amount
Translei	Mortgage & chattel mortgage	7.917.229
Martifer	Chattel mortgage	4.330.940
Maprel	Mortgage & chattel mortgage	3.300.000
Martifer Aluminios	Chattel mortgage	436.448
		<u>15.984.617</u>

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

18. Sales & provision of services

The breakdown of sales and provision of services during the years to December 31, 2003 & 2003, is as follows:

	31.12.03	31.12.02
<i>Domestic market:</i>		
Sales of merchandise	6.011.470	8.706.379
Sales of products	127.826.264	362.023.813
Provision of services		
Public works	386.316.615	147.627.457
Civil construction	145.294.407	38.374.292
Concessions	13.495.235	25.710.901
Other	93.292.829	77.458.562
	<u>772.236.820</u>	<u>659.901.404</u>
<i>Foreign market</i>		
Sales of merchandise	5.671.450	3.041.836
Sales of products	12.379.499	20.062.510
Provision of services		
Public works	129.133.810	97.060.315
Civil construction	84.791.440	49.167.193
Other	1.114.024	46.873.901
	<u>233.090.223</u>	<u>216.205.755</u>
	<u>1.005.327.043</u>	<u>876.107.159</u>

During 2003, the criterion used by associates governing the accounting of sales of products and provision of services was harmonised, and therefore the figures shown in the respective accounts are not directly comparable.

19. Own Work Capitalised

The breakdown of own work capitalised during the years ended December 31, 2003 & 2003, is as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	31.12.03	31.12.02
CPTP	778.424	741.408
Ferrovias	292.008	110.037
Geogranitos	21.511	107.814
KPRD	69.040	219.048
Icer	1.350	-
Maprel Nelas	3.171	33.727
Marfil	-	22.092
MEIT	211.967	-
Mota-Engil Engenharia	9.424.722	13.291.656
Paviterra	-	53.978
Tracevia	894	221
	<u>10.803.087</u>	<u>14.579.981</u>

Own work capitalised by Mota-Engil Engenharia in the sum of approximately €6,500,000, concerns the construction of company buildings at its Angolan branch.

20. Cost of Goods Sold & Materials Consumed

The cost of goods sold and materials consumed during the year ended December 31, 2003, was as follows:

	Goods	Raw & subsidiary materials & consumables	Total
Opening stocks	30.384.498	27.526.748	57.911.246
Purchases	8.970.350	198.658.330	207.628.680
Closing stocks	(34.805.808)	(29.180.675)	(63.986.483)
	<u>4.549.040</u>	<u>197.004.403</u>	<u>201.553.443</u>

21. Third-party Supplies & Services

This heading into as a sum of €383,825,982 in respect of Subcontracts

22. Staff Costs

This heading is broken down as follows:

	31.12.03	31.12.02
Remuneration	146.704.261	138.173.778
Social security charges:		
Pensions	683.769	669.575
Other	39.864.250	37.895.528
	<u>187.252.280</u>	<u>176.738.881</u>

Average staff numbers

The average number of personnel in the service of the Group during 2003 is broken down as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	31.12.03	31.12.02
Directors	95	65
Employees	4.442	6.089
Workers	7.609	5.290
	<u>12.146</u>	<u>11.444</u>
Companies in Portugal	7.623	6.486
Companies abroad	2.164	3.257
Branch offices	2.359	1.701
	<u>12.146</u>	<u>11.444</u>

Remuneration of corporate officers

The remuneration of the members of the Board of Directors of the parent company during the year ended December 31, 2003, amounted to €1,417,760 and that of the Statutory Auditor to €40,445

23. Provisions

The breakdown of provisions set aside during 2003 & 2002 is as follows:

	31.12.03	31.12.02
<i>Provisions for doubtful debt</i>		
Trade accounts receivable – medium & long-term	-	43.055
Other debtors – medium & long-term	-	185.243
Trade accounts receivable – short-term	382.184	-
Doubtful debt	1.681.050	1.922.215
Other debtors – short-term	534	-
<i>Provisions for depreciation of stocks</i>	162.950	52.831
<i>Provisions for other contingencies & liabilities</i>	356.489	180.172
	<u>2.583.207</u>	<u>2.383.516</u>

24. Financial profit /(loss)

The breakdown of the financial profit & loss account for the years ended December 31, 2003 & 2002, is as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	31.12.03	31.12.02
<i>Financial income & gains</i>		
Interest earned	4.377.377	6.394.215
Returns on real estate	527.643	845.938
Returns on holdings	71.821	7.830
Gains on Group & associate companies	1.564.937	1.933.967
Gains on the sale of financial assets	800.000	3.271.342
Favourable currency translation differences	9.960.485	3.208.918
Prompt payment discounts obtained	1.700	814.868
Other financial income & gains	2.748.118	1.057.853
	<u>20.052.081</u>	<u>17.534.931</u>
<i>Financial costs & losses</i>		
Interest expense	21.777.434	23.283.061
Amortisation of investments in properties (Explanatory Note 4)	275.812	278.024
Losses on Group & associate companies	1.104.448	2.629.769
Unfavourable currency translation differences	19.035.388	8.962.681
Prompt payment discounts granted	432.378	154.265
Amortisation of goodwill	2.009.664	1.689.678
Other financial costs & losses	6.949.857	4.102.606
	<u>51.584.981</u>	<u>41.100.084</u>
Financial profit /(loss)	<u>(31.532.900)</u>	<u>(23.565.153)</u>

Gains on Group & associate companies

The breakdown of gains on associate companies for the years ended December 31, 2003 & 2002, is as follows:

	31.12.03	31.12.02
Ambilital	12.598	17.130
Auto Sueco Angola	158.930	210.127
Asinter	58.046	76.444
Angola	-	739
Cimertex & Companhia	2.480	3.438
CPTP	-	254.259
EMSA	-	6.837
Icil-Icafal	34.092	70.801
Indáqua Fafe	12.645	33.627
Citrup	-	41.372
Lusoponte	700.334	496.274
Soprocil	-	19.719
Metroepszolg	8.248	192.203
M-Invest	239.781	454.966
Moravian	43.664	21.473
PBM	80.775	34.558
Neklanova	195.242	-
Sols e Solsuni	18.102	-
	<u>1.564.937</u>	<u>1.933.967</u>

Losses on Group & associate companies

The breakdown of losses on associate companies for the years ended December 31, 2003 & 2002, is as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	31.12.03	31.12.02
Cimertex Angola	31.395	-
Dirac	1.020	900
Fabritubo	-	220.194
Indáqua	260.377	237.637
Indáqua Feira	39.704	35.283
Indáqua St. Tirso	6.236	43.267
EMSA	7.153	-
Rima	9.984	-
Neklanova	-	4.667
Netmaster	9.002	132.065
SGA	366.663	251.567
Sols e Solsuni	-	1.564.515
Sonauta	310.355	139.674
Soprocil	56.508	-
Venimove	6.051	-
	<u>1.104.448</u>	<u>2.629.769</u>

Other financial costs & losses

The balance of this heading basically includes costs incurred with bank guarantees.

25. Extraordinary profit/(loss)

The breakdown of the extraordinary profit & loss account for the years ended December 31, 2003 & 2002, is as follows:

	31.12.03	31.12.02
<i>Extraordinary income & gains</i>		
Repayment of taxes	5.868	10.440
Gains on fixed assets & stocks	3.352.454	3.652.760
Contractual penalty benefits	22.716	105.484
Decrease of depreciation & provisions	4.285.269	640.439
Corrections to previous years	1.946.244	1.735.797
Investment subsidies	181.197	-
Other extraordinary income & gains	2.555.699	4.622.526
	<u>12.349.447</u>	<u>10.767.446</u>
<i>Extraordinary costs & losses</i>		
Donations	322.968	344.657
Bad debt	1.012.830	1.055.255
Losses on fixed assets & stocks	1.423.882	1.559.575
Fines & penalties	242.095	172.759
Increase of depreciation & provisions	3.384.208	1.467.538
Corrections to previous years	730.425	1.491.751
Other extraordinary costs & losses	582.026	1.127.352
	<u>7.698.434</u>	<u>7.218.887</u>
Extraordinary profit/(loss)	<u>4.651.013</u>	<u>3.548.559</u>

“Other extraordinary income and gains” includes the sum of approximately €1 million in respect of the excessive estimate of income tax.

26. Income Tax for the Year

The breakdown of deferred tax assets and liabilities is as follows:

Temporary differences to be deducted from taxable profits, which gave rise to deferred tax assets, are as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	Total	Effect on the Profit & Loss Account	Effect on shareholders' equity
Provisions not accepted for tax purposes	21.515.392	(6.487.501)	(15.027.891)
Accrued costs not accepted for tax purposes	4.216.112	(27.563)	(4.188.549)
Tax losses	20.820.493	8.322.565	(29.143.058)
Reduction of depreciation not accepted for tax purposes	78.226	(31.277)	(46.949)
Other	36.931.278	(579.246)	(36.352.032)
	<u>83.561.501</u>	<u>1.196.978</u>	<u>(84.758.479)</u>

Temporary differences to be deducted from taxable income which gave rise to deferred tax assets, are as follows:

	Total	Effect on the Profit & Loss Account	Effect on shareholders' equity
Tax credit for double international taxation	773.394	(155.935)	(617.459)

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

	Total	Effect on the Profit & Loss Account	Effect on shareholders' equity
Revaluation of fixed assets	(8.619.844)	(712.255)	9.332.099
Losses on incorporated joint ventures	(5.464.921)	33.952	5.430.969
Deferred capital gains tax	(3.003.521)	(591.115)	3.594.636
Depreciation not accepted for tax purposes	(4.045.099)	(537.800)	4.582.899
Untaxed accrued income	(7.106.256)	(5.186.959)	12.293.215
Other	(1.973.011)	(219.496)	2.192.507
	<u>(30.212.652)</u>	<u>(7.213.673)</u>	<u>37.426.325</u>

As at December 31, 2003, deferred tax assets and liabilities amounted to 23,918,900 €69 and €8,639,655 respectively, the effect on the profit & loss account being negative in the sum of €766,362

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

Current tax	11.567.387
Net reversion of taxes brought forward	2.267.537
Deferred taxes related to setting aside fixed-asset revaluation reserves	(363.458)
Deferred taxes generated by temporary differences	(3.532.838)
Effect of the alteration of the tax rate	862.397
Deferred tax	<u>(766.362)</u>
Tax for the year	10.801.025
Average effective rate	35,6%

Mota-Engil SGPS and its domestic subsidiaries are taxed individually and are subject to corporate income tax (IRC) at the normal rate of 30%, plus a 10% municipal surcharge, bringing the aggregate tax up to 33%.

In accordance with prevailing Portuguese legislation, tax returns are subject to revision and correction by the tax authorities during a period of four years in respect of 2000 to 2003 (ten years for Social Security up to December 31, 2001, five years following that date) and consequently the tax returns in question, subject to revision. The Board of Directors of the Parent Company is of the opinion that any corrections arising from different interpretations of prevailing legislation by the tax authorities will not have a significant effect on the attached consolidated financial statements.

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

27. Minority Interests in the Profit & Loss Account

The breakdown of this heading as at December 31, 2003 & 2002, is as follows:

	31.12.03	31.12.02
CPTP	130.183	-
Emocil	(80.178)	229
Gerco	(443)	(81)
Maprel Nelas	3.468	(7.943)
Marfil	-	(111.363)
Martifer	2.114.828	1.572.031
Motadomus	333	6.399
MKC	197.030	839.239
Pinhel	-	130.894
Prefal	59.914	-
RTA	-	(53.610)
Sefimota	37.598	13.200
Serurb	321.654	317.649
Suma	1.261.475	544.137
Tracevia	6.127	31.492
Vibeiras	141.030	115.737
	<u>4.193.019</u>	<u>3.398.010</u>

28. Report by Segments

The Group into four main business areas – Construction, Concessions, Environment and Property - which are co-ordinated and supported by Mota-Engil SGPS and by MESP. The “Construction” segment includes building activities, public works and steel fabrication at home and abroad. The “Environment & Services” segment includes companies engaged in urban refuse collection and treatment. The “Property & Tourism” segment includes property development companies and companies engaged in tourism business. The “Concessions segment includes companies that are at the start-up stage and are not included in the consolidation, with the exception of Lusoponte and of MECT. For this reason, report on the “Concessions” segment is not warranted. The figures in respect of Lusoponte, MECT, Mota-Engil SGPS and MESP are included in the “Other” column.

Segmental income and costs are allocated directly to the segments or allocated on a reasonable basis in the case of joint income or costs. The breakdown of the operating profit by business segment is as follows:

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	Construction	Environment & Services	Property & Tourism	Other	Consolidated
Operating income	981.209.344	58.577.706	5.615.572	5.248.979	1.050.651.601
Cost of sales	197.607.774	3.108.505	837.164	-	201.553.443
Third-party supplies & services	515.921.867	14.350.141	1.814.829	2.988.978	535.075.815
Staff Costs	154.452.740	22.924.978	1.606.031	8.268.531	187.252.280
Other operating costs	5.706.481	1.027.240	226.577	286.612	7.246.910
Operating profit before interest, depreciation & provisions	107.520.482	17.166.842	1.130.971	(6.295.142)	119.523.153
Depreciation	50.975.055	7.286.164	542.012	877.840	59.681.071
Provisions	2.317.774	86.825	3.762	174.846	2.583.207
Operating profit (EBIT)	54.227.653	9.793.853	585.197	(7.347.828)	57.258.875
Financial profit/(loss)					(31.532.900)
Extraordinary profit/(loss)					4.651.013
Income tax					10.801.025
Net profit before minority interests					19.575.963
Minority interests					4.193.019
Net Profit/(Loss)					15.382.944

Segmental assets include those assets that can be identified as belonging to the respective segments and consisted mainly of intangible and tangible fixed assets, and stocks, and are broken down as follows:

	Construction	Environment & Services	Property & Tourism	Other	Consolidated
NET ASSETS					
Intangible fixed assets					
Formation costs	86.726	103.758	2.929	335.774	529.187
Research & development costs	110.092	171.355	-	1.252.620	1.534.067
Industrial property & other rights	287.223	157.011	-	-	444.234
Key money	8.729	-	-	-	8.729
Fixed assets in progress	281.672	87.316	140	-	369.128
Goodwill	15.837.586	14.478.514	61.886	-	30.377.986
	16.612.028	14.997.954	64.955	1.588.394	33.263.331

MOTA-ENGIL, S.G.P.S., S.A.

Notes to the Consolidated Balance Sheet and Profits & Loss Account December 31, 2003

	Construction	Environment & Services	Property & Tourism	Other	Consolidated
Tangible fixed assets					
Land & natural resources	31.692.076	2.928.686	4.036.715	-	38.657.477
Buildings & other constructions	65.899.795	2.152.963	11.910.096	2.687	79.965.541
Plant & machinery	96.292.116	4.991.794	662.873	-	101.946.783
Transport equipment	28.091.738	9.028.206	34.467	358.690	37.513.101
Tools & utensils	1.621.551	380.229	1.504	7.623	2.010.907
Office equipment	6.346.353	687.310	55.872	603.569	7.693.104
Returnable containers	-	781.973	4	-	781.977
Other tangible fixed assets	1.397.789	107.425	-	-	1.505.214
Fixed assets in progress	25.148.763	256.849	40.062	-	25.445.674
Advances on account of tangible fixed assets	3.826.452	-	93.630	-	3.920.082
	<u>260.316.633</u>	<u>21.315.435</u>	<u>16.835.223</u>	<u>972.569</u>	<u>299.439.860</u>
Stocks					
Raw & subsidiary materials & consumables	28.720.188	73.420	193.067	-	28.986.675
Products & work in progress	906.462	-	13.982.822	-	14.889.284
Finished products	13.772.547	1.861	5.505.258	-	19.279.666
Goods	25.812.306	-	8.898.198	-	34.710.504
Advances on account of purchases	2.464.774	-	1.376.368	-	3.841.142
	<u>71.676.277</u>	<u>75.281</u>	<u>29.955.713</u>	<u>-</u>	<u>101.707.271</u>

29. Notes to the Cash-flow Statement

The breakdown of cash & cash equivalents is as follows:

	31.12.03	31.12.02
Bank deposits & cash in hand		
Bank deposits	27.978.043	22.433.646
Cash in hand	1.767.884	1.373.699
Negotiable securities	516.369	13.932
	<u>30.262.296</u>	<u>23.821.277</u>

The breakdown of payment of financial assets is as follows:

	31.12.03
Aenor	8.301.696
Lusoscut CP	5.393.743
Lusoscut GP	2.426.216
Lusoscut BLA	6.187.605
Martifer Polska	11.610
Jardimaia	175.000
METI	50.000
Passeio da Marginal	50.000
	<u>22.595.870</u>

The heading "Receipt of financial assets" refers to the sum received in consideration of the sale of the subsidiaries in the Energy area.

ANTÓNIO MAGALHÃES & CARLOS SANTOS

Sociedade de Revisores Oficiais de Contas

Inscrita na Lista dos Revisores Oficiais de Contas sob o nº.53

Registada na CMVM com o nº.1975

Contribuinte nº502 138 394

LEGAL CERTIFICATION OF CONSOLIDATED ACCOUNTS

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

INTRODUCTION

1. We have audited the consolidated financial statements of the company “MOTA – ENGIL, SGPS, S.A.”, which include the Consolidated Balance Sheet on the 31st December 2003, (wich evidences a total of Euro 1 242 843 852 and a total equity of Euro 226 854 934, including a consolidated net profit of Euro 15 382 944), the Consolidated Cash Flow Statement of the financial year finished at that date, and the corresponding Notes.

RESPONSABILITIES

2. The Management Board is responsible for the preparation of consolidated financial statements which disclose a true and suitable view of the group of companies included in the consolidation financial position, the consolidated results of its operations and the consolidated cash flows, as well as the utilization of adequate methods and polices accounting for that purpose, and the maintenance of an appropriate internal control system.

3. Our responsibility consists of expressing a professional and independent opinion based in our examination of those consolidated financial statements.

SCOPE

4. Exception made to the limitation described in paragraph nº6, below, our examination was made in accordance with the Technical Standards and Guidelines issued by the Ordem dos Revisores Oficiais de Contas (Portuguese Institute of Statutory Auditors), which require a planned and executed examination in order to obtain an acceptable reliance degree on if the consolidated financial statements are exempt from significant deviations. So, the aforesaid examination included:

- the verification if the financial statements of the group of the group of the companies included in the consolidation were properly examined, the verification, in a sampling basis, of the support of the amounts and the disclosure, in them contained, and the evaluation of the estimates, based on judgments and methods defined by the Management Board, used in their preparation;
- the verification of the consolidation operations and the application of the equity method;
- the appreciation of the adequacy of the adopted accounting policies, their uniform application and their disclosure, taking into account the circumstances.
- the verification of the applicability of the going concern concept; and
- the appreciation of being adequate, on the whole, the consolidated financial statements presentation.

.../...

ANTÓNIO MAGALHÃES & CARLOS SANTOS

Sociedade de Revisores Oficiais de Contas

Inscrita na Lista dos Revisores Oficiais de Contas sob o nº.53

Registada na CMVM com o nº.1975

Contribuinte nº502 138 394

.../...

2.

5. We understand that the performed examination allows an acceptable basis for the expression of our opinion.

RESERVE

6. In the Consolidated Management Report, the Company indicates that, directly and through the associated companies has important transactions and significant assets with some African countries namely Angola. The referred assets are correctly disclosed in the Notes: tangible fixed assets (explicative Note 3), financial investments (Notes 48 and explicative Note 4), current assets of the Angola Branch (explicative Note 1.c.xvi), and also, medium and long term receivable balances, in the approximately amount of Euro 46 400 000 (explicative Note 5), on 31st December 2003. Although the favourable evolution of the operations and fund receiving in 2003, compared with previous years, and although the confirmation of the amounts involved, the known country-risks of Angola do not allow us to safely determine the moment and realizable amount of these assets.

OPINION

7. In our opinion, except for the effect of the adjustments that might have been necessary in case paragraph nº6 above didn't exist, the mentioned consolidated financial statements present in a true and appropriate manner, in all relevant aspects, the consolidated financial position of the Company "Mota-Engil, SGPS, S.A." on the 31st of December 2003, the consolidated results of its operations and consolidated cash flows referring to year ending on that date, in accordance with generally accepted accounting principles.

Oporto, 08th March 2004

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

ANTÓNIO MAGALHÃES & CARLOS SANTOS

Sociedade de Revisores Oficiais de Contas

Inscrita na Lista dos Revisores Oficiais de Contas sob o nº.53

Registada na CMVM com o nº.1975

Contribuinte nº502 138 394

REPORT AND OPINON OF THE SUPERVISORY AUDITOR

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

To the Shareholders

As his duty in accordance with the Law, and in fulfilment of its functions, the Supervisory Auditor herewith presents the report on its supervisory activity and issues its opinion on the Consolidated Management Report and the consolidated financial Statements prepared by the Management Board of “MOTA-ENGIL, SGPS, S.A.”, relating to the year ending 31st December 2003.

In a brief boarding to the chief events in the Company during the last exercise, we intend to point out the conclusion of the complex process of reorganization of the Group, in four areas of independent activities, and the remarkable performance in a negative economic conjuncture.

In the exercise of our functions, were made verifications that we understand adequated and we precede, with regularity, to examinations on the accounting records of the Company, verifying, on a test basis, evidence supporting conformity of those records with the documents that had given origin to them.

During the year, we took knowledge of the Company’s management evolution, either analysing accounting pieces that, in a systematic base, were being available or meeting with the Management Board and with the Services responsible, these contacts had facilitated our mission.

We analyzed the Legal Certification and Audit Report, when available, elaborated by other Statutory Auditors on the financial statements of the associated companies.

We examined the Consolidated Management Report that, besides mentioning the subjects imposed by law, focuses, the situation of the Group companies in its many aspects.

The Consolidated Financial Statements, including the Consolidated Balance Sheet, Consolidated Profit and Loss Accounts by Natures and by Functions, the consolidated Cash Flows and corresponding Notes, were object of our analysis.

We issued, in fulfilment of the Law, Legal Certification of Consolidated Accounts, which we consider part of this document. .

.../...

ANTÓNIO MAGALHÃES & CARLOS SANTOS

Sociedade de Revisores Oficiais de Contas

Inscrita na Lista dos Revisores Oficiais de Contas sob o nº.53

Registada na CMVM com o nº.1975

Contribuinte nº502 138 394

.../...

2.

In face of this, we issue the following opinion:

1º - Can be approved the Consolidated Management Report and the Concolidated Financial Statements for 2003;

2º - we recognized the Management Board dynamism and ability in the Group consolidation.

Oporto, 09th March 2004

THE SUPERVISORY AUDITOR

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

AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

Introduction

1. Pursuant to article 245 of the Securities Market Code (*“Código dos Valores Mobiliários”*) we hereby present our Audit Report on the consolidated financial information contained in the Directors’ Report and the consolidated financial statements for the year 2003 of Mota-Engil, S.G.P.S., S.A. and subsidiaries, which comprise the consolidated Balance sheet as of 31 December 2003, that reflects a total of 1,242,843,852 Euro and shareholders’ equity of 226,854,934 Euro, including a net profit of 15,382,944 Euro, the consolidated Statements of profit and loss by nature and by functions, the consolidated Statement of cash flows for the year then ended and the corresponding notes and explaining notes.

Responsibilities

2. The Board of Directors of Mota-Engil, S.G.P.S., S.A., is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the consolidated financial position of the companies included in consolidation, the consolidated results of their operations and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of appropriate internal control systems; and (iv) informing any significant facts that have influenced the operations of the companies included in the consolidation, their financial position or results of operations.
3. Our responsibility is to examine the financial information contained in the consolidated documents of account referred to above, including verification that, 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 based on our examination.

Scope

4. Except for the limitation referred to in paragraph 5 below, our examination was performed in accordance with the auditing standards issued by the Portuguese Institute of Statutory Auditors (*“Normas Técnicas e Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas”*), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Such an examination includes verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Company’s Board of Directors, used in their preparation. Such an examination also includes the verification of the consolidation procedures used and application of the equity method and verifying that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting principles used, their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, assessing the adequacy of the overall presentation of the consolidated financial statements, and assessing that, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit. Our examination also included verifying that the consolidated financial information included in the Directors’ Report is consistent with the other consolidated documents of account. We believe that our examination provides a reasonable basis for expressing our opinion.

Qualification

5. As mentioned in the consolidated Directors' Report, the Company, through some of its subsidiaries, carries out operations and has significant assets in the African market, namely Angola. These assets include tangible fixed assets (Explaining note 3), investments (note 48 and explaining note 4), current assets of the branches located in african countries (Explaining note 1.a) xvi) and medium and long term accounts receivable, amounting to approximately 46,400,000 Euro (Explaining note 5). Although the evolution of operations and the transfer of funds in 2002 and 2003 was better than in the preceding years, because of the inherent country risk, we are unable to conclude as to the amount realisable and date of realisation of these assets, although the work performed locally by us, based on the supporting documentation, physical inspection of the equipment and review of the financial information of the branch and of the investments in Angola, have confirmed the amounts involved.

Opinion

6. In our opinion, based on our examination and on the audit reports of the Statutory Auditors and auditors of the affiliated companies, except for the effect of such adjustments, if any, that might have been identified as being required in the absence of the limitation referred to in paragraph 5 above, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Mota-Engil, S.G.P.S., S.A. and subsidiaries as of 31 December 2003 and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal, which, were applied consistently with the previous year, and the information contained therein is, in terms of the definitions included in the auditing standards referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

Porto, 19 March 2004

MAGALHÃES, NEVES & ASSOCIADOS, SROC S.A.
Represented by Jorge Manuel Araújo de Beja Neves

AUDIT REPORT
CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and the Board of Directors of
Mota-Engil, S.G.P.S., S.A.

(Translation of a report originally issued in Portuguese)

(Amounts expressed in Euro)

1. We have audited the accompanying consolidated financial statements of Mota-Engil, S.G.P.S., S.A. and subsidiaries ("the Company"), which comprise the consolidated balance sheet as of 31 December 2003, the consolidated statements of profit and loss by nature and by functions and the consolidated statement of cash flows for the year then ended and the corresponding notes. These consolidated financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. Except for the limitation referred to in paragraph 3 below, our audit was performed in accordance with generally accepted auditing standards in Portugal, which require that the audit be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. An audit includes verifying, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the significant estimates, based on criteria defined by the Board of Directors, used in their preparation. An audit also includes verifying the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As mentioned in the consolidated Directors' Report, the Company, through some of its subsidiaries, carries out operations and has significant assets in the African market, namely Angola. These assets include tangible fixed assets (Explaining note 3), investments (Note 48 and explaining note 4), current assets of the branches located in African countries (Explaining note 1.a) xvi) and medium and long term accounts receivable, amounting to approximately 46,400,000 Euro (Explaining note 5). Although the evolution of operations and the transfer of funds in 2002 and 2003 was better than in the preceding years, because of the inherent country risk, we are unable to conclude as to the amount realisable and date of realisation of these assets, although the work performed locally by us, based on the supporting documentation, physical inspection of the equipment and review of the financial information of the branch and of the investments in Angola, have confirmed the amounts involved.
4. In our opinion, based on our audit and on the audit reports of the Statutory Auditors and auditors of the affiliated companies, except for the effect of such adjustments, if any, that might have been identified as being required in the absence of the limitation referred to in paragraph 3 above, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Mota-Engil, S.G.P.S., S.A. as of 31 December 2003 and the consolidated results of its operations and its consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal, which, were applied consistently with the previous year.

Porto, 19 March 2004

Deloitte

**EXCERPT FROM THE MINUTES OF THE GENERAL MEETING OF MOTA-ENGIL, SGPS,
SA, HELD ON MARCH 30th 2004**

On the thirty day of March two thousand and four at half past eleven, the shareholders of **MOTA-ENGIL, SGPS, SA**, a joint-stock limited liability company with a share capital of two hundred and four million six hundred and thirty-five thousand six hundred and ninety-five euros (**Euro 204.635.695**), VAT registration number five hundred and two million three hundred and ninety-nine thousand six hundred and ninety-four (**502.399.694**), registered at the Oporto Registry of Companies under number fifty-six thousand five hundred and fourteen (**56.514**) held a general Meeting at the MOTA-ENGIL, SGPS, SA, Training Centre situated at Avenida Paiva Couceiro, no number, in the parish of Campanhã, municipality of Oporto, in accordance with the Notice of the Meeting and Agenda published in the Diário da República – Series III, number 50, of February 28th two thousand and four, in the Público newspaper, Lisbon and Oporto edition of February 23rd two thousand and four and in the Lisbon Stock Exchange Bulletin of February 18th 2004.

Mr. Daniel Proença de Carvalho chaired the meeting and the Company secretary, Ms. Ivone Santos Martins, acted as secretary to the meeting.

At the beginning of the meeting and before moving on to the items of the Agenda, the chairman requested the secretary to organise the list of shareholders present under the terms of Article 382 of the Companies Code

The attendance list having been drawn up and signed, it was found that shareholders holding 163.832.053 (one hundred and sixty-three million eight hundred and thirty two thousand four hundred and fifty three) shares representing 80,06% (eighty zero six per cent) of the share capital and 83.75% (eighty-three seventy-five per cent) of the voting rights.

The chairman then declared that the Meeting was in a position to act and deliberate validly in accordance with Article 20 of the Company's articles of association, and then gave instructions to the effect that the said attendance list be attached to the minutes of the Meeting.

Having declared the meeting open, the chairman read the Agenda in full and declared that the Management Report, the Accounts, the Statutory Auditor's Report, the Legal Certification of the Accounts and the External Auditor's Report for 2003 had been submitted to the Meeting by the Board of Directors under the terms of the article 376º of the Companies Code.

Moving on to **item 1** of the Agenda, the chairman asked whether any of those present wanted to take the floor. Since nobody did, the chairman put to the vote the 2003 Management Report and

Accounts, and the Statutory Auditor's Report, the Legal Certification of the Accounts and the External Auditor's Report.

The votes having been counted, it was found that the said documents had been unanimously approved by shareholders, present or represented, holding 163.832.053 (one hundred and sixty-three million eight hundred and thirty two thousand four hundred and fifty three) shares representing 80,06% (eighty zero six per cent) of the share capital and 83.75% (eighty-three seventy-five per cent) of the voting rights.

The chairman then moved on to **item 2** of the Agenda.

Since no one wished to take the floor, the chairman put to the vote the Board of Director's proposal for the appropriation of the net profit for the year, which was as follows:

“The Board of Directors of MOTA-ENGIL, SGPS, SA, proposes to the Annual General Meeting the following appropriation of the Net Profit for the year in the sum of 15.382.944 euros:

To Legal Reserve 5%; corresponding to 769.147 euros;

To be distributed by the Board of Directors pursuant to the terms of Article 23.3 of the articles of association, the sum of 500.000,00 euros, or about 3,3%;

To be distributed to shareholders, the sum of 0,055 euros per share, subject to tax, in the total sum of 11.254.963,23 euros; and

To Free Reserves, the remainder in the sum of 2.858.833,57.

Oporto, February 13th 2004

The Board of Directors”

Item 2 of the Agenda having been opened to discussion and put to the vote, and following the counting of the votes, it was found that this Proposal for the Appropriation of Profits had been unanimously approved by shareholders, present or represented, holding 163.832.053 (one hundred and sixty-three million eight hundred and thirty two thousand four hundred and fifty three) shares representing 80,06% (eighty zero six per cent) of the share capital and 83.75% (eighty-three seventy-five per cent) of the voting rights.

The Meeting then moved on to **item 3** of the Agenda, connected with the Consolidated Management Report, the Consolidated Balance Sheet, the Consolidated Profit & Loss Account and the Consolidated Cash-flow Statement for two thousand and two, submitted by the Board of Directors, as well as the Legal Certification of the Consolidated Accounts and the Annual Report of the supervision of the Company, under the terms of the article 508º-A of the Companies Code.

The chairman asked whether any of those present wanted to take the floor and, as no one did, he put the documents in question to the vote.

Item 3 of the Agenda having been opened to discussion and put to the vote, and following the counting of the votes, it was found that these documents had been unanimously approved by shareholders, present or represented, holding 163.832.053 (one hundred and sixty-three million eight hundred and thirty two thousand four hundred and fifty three) shares representing 80,06% (eighty zero six per cent) of the share capital and 83.75% (eighty-three seventy-five per cent) of the voting rights.

There being no further business to transact, the meeting was declared closed and these minutes were written up which are to be signed by the chairman of the Board of the General Meeting, Mr. Daniel Proença de Carvalho, and by the Company Secretary, Ms. Ivone Santos Martins.

The Chairman

Mr. Daniel Proença de Carvalho

The Secretary

Ms. Ivone Santos Martins