



ANNUAL REPORT 2010

- I Corporate Bodies**
- II MSF - Group Profile**
- III Ownership Structure**
- IV Management Report for the 2010 Financial Year**
- V Financial Statements**

I. CORPORATE BODIES

GENERAL ASSEMBLY: Mrs. Margarida Maria Corvelo Borges de Menezes (Chairman)
Mr. Tiago Brito da Mana Ramalhão Fortunato (Secretary)

BOARD OF DIRECTORS: Mr. Joaquim Carlos Ramalhão Fortunato (Chairman)
Mr. José Manuel Ramalhão Fortunato
Mr. Carlos Pompeu Ramalhão Fortunato
Mr. José Manuel Brito da Mana Ramalhão Fortunato
Mrs. Margarida Maria Corvelo Borges de Menezes
Mr. José Ernesto Cirilo Custódio dos Santos
Mrs. Maria Carlos Ramalhão Fortunato Ramada
Mr. Tiago Brito da Mana Ramalhão Fortunato
Mrs. Ana Maria Louro de Aragão Teixeira de Sande e Lemos

EXECUTIVE COMMITTEE: Mr. Carlos Pompeu Ramalhão Fortunato (Chairman)
Mr. José Manuel Brito da Mana Ramalhão Fortunato
Mr. José Ernesto Cirilo Custódio dos Santos
Mrs. Margarida Maria Corvelo Borges de Menezes
Mr. Tiago Brito da Mana Ramalhão Fortunato

STATUTORY AUDITOR: DELOITTE & ASSOCIADOS, SROC, S.A.
Mr. Duarte Nuno Passos Galhardas (Alternate)

II. MSF GROUP – COMPANY PROFILE

The scope of intervention held by the MSF Group, through those companies in which it directly or indirectly holds shares, spans through diverse activity sectors, including Construction and Public Works, Real Estate and Tourism, Infrastructure Concessions, Information System Technologies and financial holdings.

MSF Engenharia, S.A. (MSF Engenharia) operates in the civil construction and public works sector since its foundation in 1969, participating in all of the diverse construction segments and speciality areas, including; dams, tunnels, irrigation networks, conduits and canals, maritime works, roads, highways, bridges, viaducts, railways, airports, urban infrastructures, industrial construction and construction and rehabilitation of buildings.

Throughout its more than 40 years of activity, MSF Engenharia has lead the execution of large scale engineering projects of great technical complexity, and has made an unquestionable contribution to the modernisation of Portugal and the different Countries in which it operates and particularly, for the improvement of the quality of life of the populations that benefit from these works.

This company operates as a sub-holding, centralizing the Group's interests in the construction sector..

MSF Concessões SGPS, S.A. (MSF Concessões) is the MSF Group's company specialized in the planning, acquisition and management of the MSF Group's holdings in national and international markets in public works and service concessions. This sub-holding concentrates the Group's participations in important concessionaires, being directly involved in management and operation of concessionaires such as Auto-Estradas do Atlântico, Brisal - Auto Estradas do Litoral, Auto-estradas do Marão / IP4 - Túnel do Marão, Auto-estradas do Baixo Tejo, Auto-Estradas Litoral Oeste and Neofutur, which is in charge of managing, operating and maintaining the Lagos town hall building. The perspectives for the performance of MSF Concessões in the national and international markets include participating in road, High-speed railway, New Lisbon Airport and new hospitals concessions, as well as identifying and conducting business opportunities in the Public-Private Partnerships regime.

The Group's activity in the Tourism and Property sectors is developed by MSF **TUR.IM SGPS, S.A (MSF TUR.IM)** and its affiliates. The companies within MSF TUR.IM sphere manage, develop and promote several projects, mainly in the domestic market, such as: Exploring and operating the Marina de Lagos' concession (including the marina surroundings and the Marina Club hotel); Sales promotion of A Fábrica - Marina Lofts & Apartments and of the Condomínio do Infante, in Lagos, Algarve; the Natura Towers office buildings promotion, in Lisbon; and the Royal Óbidos Spa & Golf Resort venture, which includes the construction, promotion and operation of a resort at Óbidos and will comprise an 18 hole golf course, a 5 stars hotel, villas and apartments, and sports facilities.

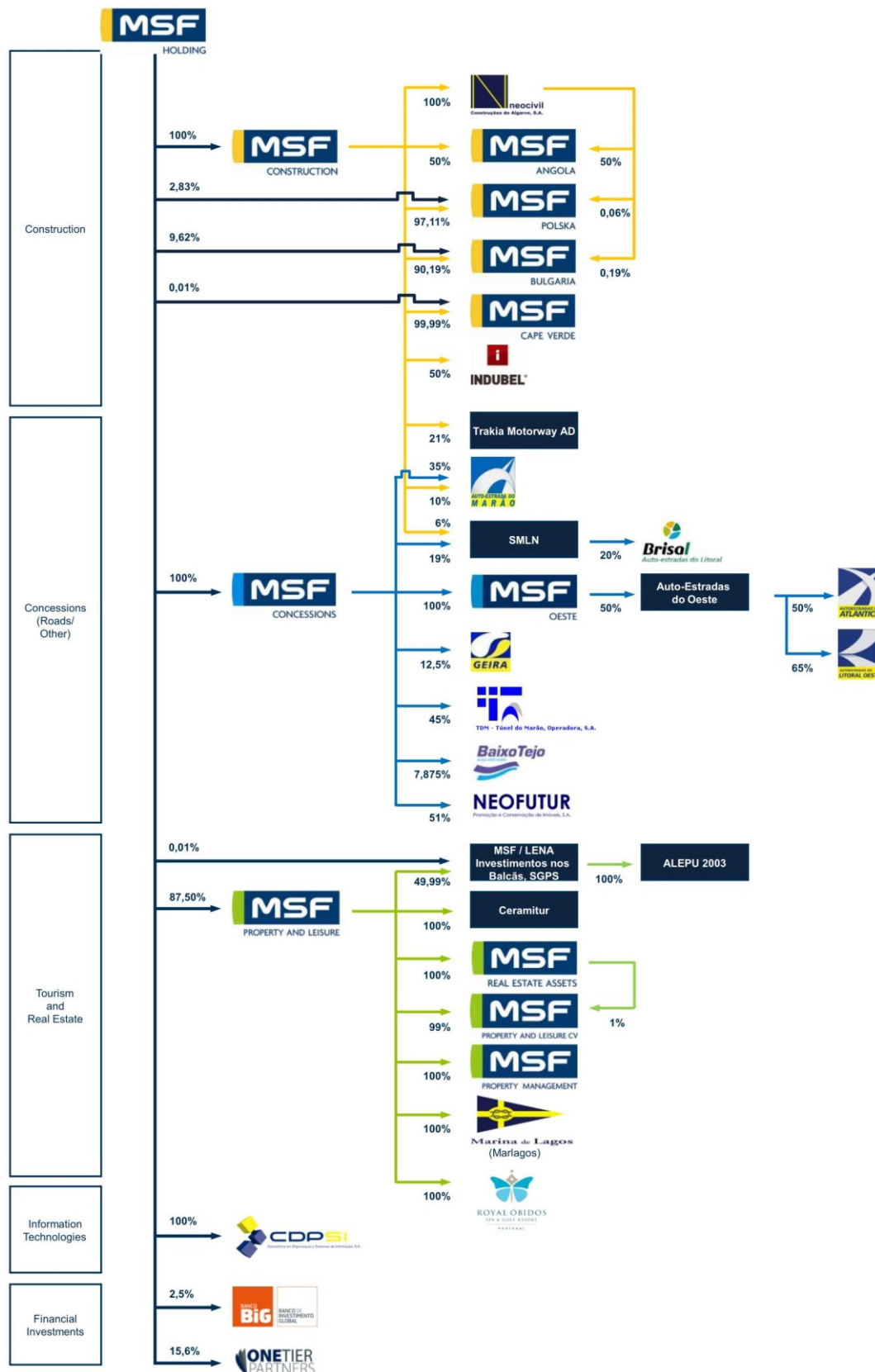
CDP-SI – Consultoria em Organização e Sistemas de Informação. S.A. provides Consulting, Implementation and Development services on the Information System area. It presents specific and unique solutions for the construction industry, resulting from its solid knowledge of this sector and the applicable technologies. Nevertheless, the company's offer is wider and its customers range from the public sector to the finance and service sectors.

The financial investments in **Banco de Investimento Global (BIG)** and **One Tier Partners** capital represent the Group's current presence in the financial sector.

MSF Group's internationalization began in 1997, with the creation of an international division at MSF Engenharia. At this time the chosen market segments were Africa, Central and Eastern Europe. It has been developing projects in Angola, Bulgaria, Cape Verde, Ghana, Equatorial Guinea, Namibia, Poland, São Tomé and Príncipe and Senegal, where the Group also applies its extensive experience and highly qualified resources. The other areas of the Group have been taking advantage of MSF Engenharia's experience and know-how to carry out their own internationalization plans.

More than four decades of experience have provided the MSF Group with a solid structure, thus enabling it to adapt to society and market evolution and providing the company with the legitimate aspiration to continue to have the recognition of its technical competence and management efficiency in the course of time.

III. OWNERSHIP STRUCTURE



MANAGEMENT REPORT

2010

IV. MANAGEMENT REPORT FOR THE 2010 FINANCIAL YEAR

In complying with the legal and statutory provisions, the Board of Directors of MSF SGPS prepared this Management Report concerning the 2010 financial year, in order for it to be submitted, jointly with the accounts, to the perusal of the Statutory Auditor and of the Shareholders' General Meeting.

1. Activity Overview

1.1. The Global Economy in 2010

The expected rebound of the global economy occurred during 2010, which shows that the crisis is gradually being overcome on a global scale. Marked, however, by a stronger rebound during the first semester and characterised by inequalities of performance throughout the different regions of the world, worldwide growth continues to raise doubts concerning its sustainability, mainly due to the persistence of difficulties in some economies.

The estimates of the International Monetary Fund (IMF), available at the start of 2011 (*World Economic Outlook Update* of 25th January 2011), point to a 3% growth for the developed economies (1.8% for the Euro zone and of 2.8% for the USA) and of 7.1% for the emerging economy group, which asserted itself as the main booster for the global economic rebound. The economy, in global terms, grew 5% in 2010, compared with a 0.6% decrease during the previous year.

The year was marked by the crisis involving the peripheral countries of the Euro zone, Portugal included, which had to face strong increases in risk premium concerning their sovereign debt. In a first trial to calm the markets, Greece was target of an intervention through the help of the European Union and of the IMF, and at year's end, Ireland also sought help through newly created assistance mechanisms. The growth of the European countries was diverse, irregular and with unemployment showing no signs of recovery. On a positive note, Germany is bypassing the crisis with balanced public accounts and with positive economic data.

The American economy showed in 2010 a relatively modest growth in relation to what was expected, due to the implemented stimulus measures. There still are no visible signs of a significant improvement in employment and in real estate market levels.

Within the highest profiled countries, China, India and Brazil, once again they were the ones which grew most in 2010.

In the **money market**, the ECB adopted a cautious stance leaving the reference rate unchanged. One noticed a gradual reduction of the excess of liquidity within the system, translating into the rise of its average rate (Euribor), which serves as a reference to most of the credit contracts. The 3 month Euribor, for instance, rose from the minimum of 0.634%, as at the end of March 2010, to 1.006% on the last day of the year.

	Euribor - 1M	Euribor - 3M	Euribor - 6M	Euribor - 9M	Euribor - 12M
31.12.04	2.128	2.155	2.215	2.281	2.356
31.12.05	2.401	2.488	2.637	2.751	2.844
31.12.06	3.633	3.725	3.853	3.952	4.028
31.12.07	4.288	4.684	4.707	4.725	4.745
31.12.08	2.603	2.892	2.971	3.018	3.049
31.12.09	0.459	0.700	0.993	1.125	1.247
31.12.10	0.782	1.006	1.227	1.372	1.507

Note: Quotations on the last day of each year.

Source: Bank of Portugal

In the foreign **exchange market**, the Euro devalued in relation to the GBP by around 3%, when comparing the 2010 closing rate with the 2009 one. In relation to the USD, there was a devaluation of around 8%, when comparing the 2009 closing with the 2010 one. It is worthy of note, however, that the evolution differed between the first semester of the year, when the USD accumulated gains up to the middle of June when it reached USD 1.1942/€, and the second semester, more irregular and with a new rise of the Euro, which closed the year at USD 1.3362/€, according to the Bank of Portugal.

Resulting in part due to higher demand, in 2010 one noticed a general increase in the prices of **commodities** such as sugar, corn, soya, cotton, coffee, maize, silver and gold. The price of oil was no exception, albeit it was far from the prices practiced during 2008, trading between USD 70 and USD 80, during most part of the year and presenting an increase at year end which can signal the continuation of the price increase for 2011.

1.2. The Portuguese Economy in 2010

According to available data, some of which are preliminary, the Portuguese economy registered a 1.4% growth during 2010, compared to a strong 2.5% retraction verified in 2009. This registry is lower than the average growth rate of the Euro zone during the same timeframe, meaning that the country is dealing with a structural issue and showing weaknesses.

Especially contributing to the GDP's growth, was the revival of the international trade flows and the increase of growth perspectives for the main economic partners, which allowed for an export increase of 9%, following

an expressive fall of 11.2% in 2009. The private and public demand increased in 1.8% and 3.2% respectively.

The negative growth (-5%) in the Gross Fixed Capital Formation continued, although slighter than that registered in the previous year (-11.6%), reflecting, among other factors, high uncertainty and risk on investment decisions taking and difficulties in accessing credit.

During 2010, the consumers' confidence level continued to deteriorate, part of which is due to the worsening of the families' financial standing and to the higher uncertainty regarding employment. The unemployment rate hit historical heights and should be around the 10.8% mark (9.5% in 2009).

The 1.4% mark for inflation represents a turnaround when compared to the deflation of -0.9%, registered in 2009. The improvement of foreign standing, the increase in the international prices of energetic and non-energetic raw materials, the revival of consumer demand, although modest, and the increase in the Value Added Tax (VAT), all these contributed to the price hike.

The expectation of the global markets, concerning the sustainability of the public finances, was reflected in 2010, as a strong increase in the risk premium of the Portuguese sovereign debt, with negative repercussions in the access to loans and respective conditions. The reinforcement of the budgetary consolidation process put forward the application of measures which shall keep Portugal under scrutiny in what concerns assumed commitments in relation to public accounts.

2. Performance of the Company in 2010

During 2010, the MSF Group maintained its business scope, in view of the companies which are directly or indirectly owned, focused in the Construction, Concession, Tourism and Real Estate, Information Technology and Financial sectors. In consolidated terms, the Group produced a turnover of 425 million Euros, which represents a 34.5% increase when compared to the previous year and achieving at the end of the financial year, a Net Income of 2.9 million Euros.

As in previous years, in 2010 the Engineering and Construction activities represented 98% of MSF Group's consolidated Sales, meaning that these sectors continue to weigh very heavily on the overall business. It is worth noting that the concessionaires which are owned, directly or indirectly by the Company, are integrated by the equity method, meaning that the respective sales volume has no effect whatsoever on the consolidation of the total sales volume of the Group.

The strategic options taken in the past, mainly the diversification policy, the focus on the bids relating to Public & Private Partnerships and internationalisation, were the factors which contributed in a decisive manner to achieve the consolidated performance. The Group is in the midst of carrying out major engineering projects in Portugal, positioning itself, in a successful manner, with regards to several concessions, thus increasing its exposure to stable cash flows at maturity, and which at the same time provide a relatively comfortable order book for its Construction business. Given the environment, the Tourism and Real Estate sector carried on, albeit with additional care, with the analysis, management and promotion of investments which potentially imply in synergies with other sectors within the Group and which contribute to its sustainable growth.

Internationally speaking, one highlights the consolidation of MSF Engenharia's presence abroad, through the strengthening of production, commercial activity and in the search of new opportunities in countries in which it has been operating, and through studies regarding new potential markets.

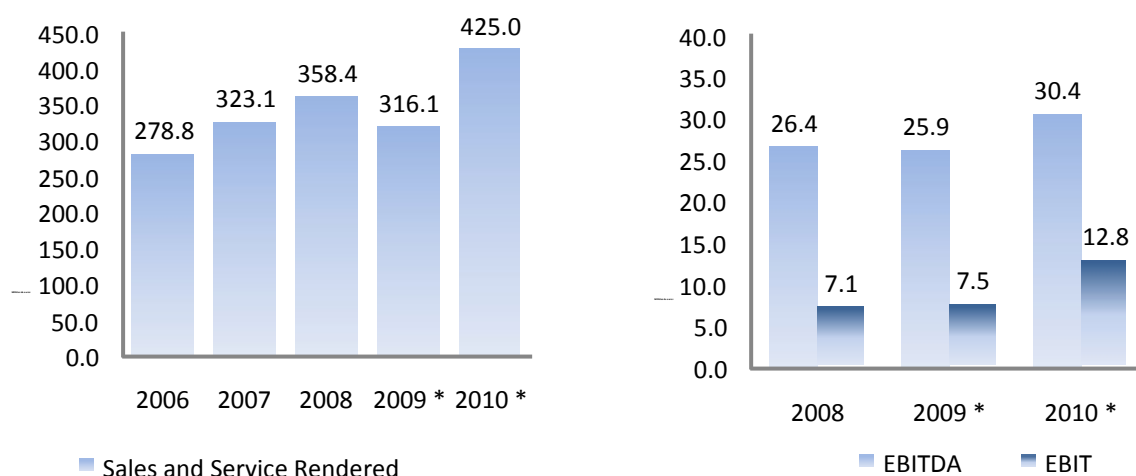
As a less positive note which affected the performance of the Group in a negative way, we should stress the immoral delay in payments on the part of a number of customers in the public sector to MSF Engenharia, both domestically and globally, which due to the current lack of liquidity within the domestic financial system, was only resolved by the capital injection of the shareholders, and with a deferment of payment deadlines.

During 2010, MSF SGPS and its affiliates revised the Strategic Plan and set up Vision 2015 - 2020, in order to serve as a base to its medium and long term strategic guidance. It did so by being conscious of the need of permanent monitoring and adjustment, which the instability and unpredictability of the global economic situation brings out, but also convinced of the benefits resulting from the revision of the objectives for the following 3 years, and of the setting of a perspective for the next 5 to 10 years. The Plan takes into account, namely, the study of the current and potential different domestic and international markets, the definition of profitability criteria and exposure degree, which due to the geographical spread, mitigates the risks of an emphatic prevalence of a given market or Country.

3. Economic and Financial Performance

In 2010 MSF SGPS's consolidated **turnover** was of 425 million Euros, which represents an increase of 34.5% when compared to the previous year (316.1 million Euros). The increase in business is mainly a result of the growth within the Engineering and Construction sector. An increase in Sales was noted, both in the domestic market (+45%) as in the international one (+18%). As a consequence of this surge in business, the foreign sector represented, as at the end of 2010, 34% of the consolidated amount. The Group focuses on a strategy of sustained growth, having averaged a ballpark of 19% throughout the last 5 years.

MSF Engenharia and affiliates continue to contribute with 98% of Group's Sales. As mentioned earlier, concessionaires which are owned directly or indirectly are integrated through the equity method.

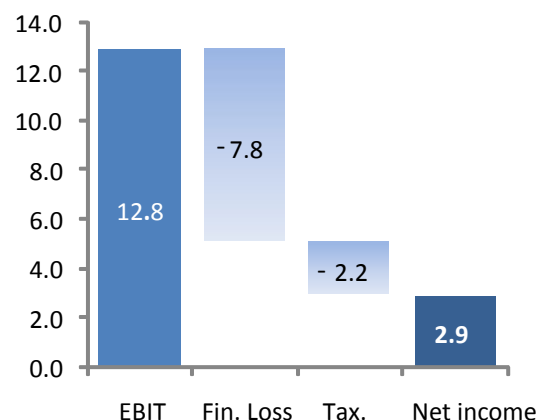
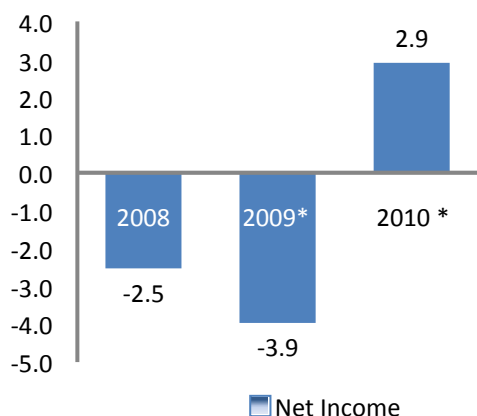


In Millions of Euros

* 2009 and 2010 values in compliance with the Accounting Normalisation System (SNC)

EBITDA is of 30.4 million Euros in 2010, a hike of 17.2% when compared to the 25.9 million Euros of the previous year. **EBIT** was 12.8 million Euros at the end of the financial year, resulting in an increase of 70.6%, vis-à-vis 2009. Both results incorporate a favourable evolution which was very much influenced by the operational performance of the concessionaires.

Consolidated **Net Income** increased 6.8 million Euros, reaching the sum of 2.9 million Euros at the end of 2010, which shows a great improvement when compared to the values registered during the previous two years, and which were penalised mainly due to the consolidation of the assets held within the concession sector, still far from maturity.



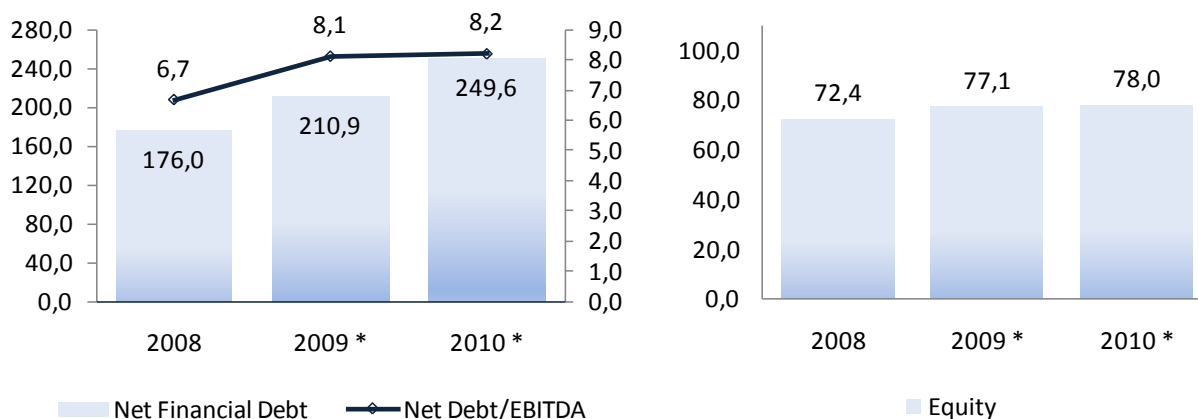
In Millions of Euros

* 2009 and 2010 values in compliance with the Accounting Normalisation System (SNC)

During the 2010 financial year, the consolidated **net debt**, including non-recourse, increased by around 38.7 million Euros. This was due mainly to investments in held concessions and in real estate promotion, of which we can highlight the following:

- Acquisition of the capital share (25%) held by Novopca S.A. in Sociedade AEO - Auto Estradas do Oeste;
- Shareholding commitments regarding AELO - Auto-estradas do Litoral Oeste;
- Development of the Royal Óbidos SPA & Golf Resort real estate project.

The need to reinforce working capital, associated with the geographical spread of activities and with the difficulties met by several customers in not complying with contractual payment deadlines, were issues which once again have impacted and which were reflected in the ongoing high balances of the "Trade Debtors" account, with the consequent commitment of the Group's companies to continue with their great financial effort in order to comply with their duties with the trade suppliers, in accordance with their standard policy.



In Millions of Euros

* 2009 and 2010 values in compliance with the Accounting Normalisation System (SNC)

Financing is split between commercial paper, financial leasing, treasuries and other Long and Medium Term loan contracts, with maturity dates extending up to 2028. At the end of the financial year under study, 64% of the financing concerned Medium and Long Term contracts. Part of the financing is carried out with no recourse to the Group.

The Net Financial Debt/EBITDA ratio presented a value of 8.2 at year end, reflecting the fact that different sectors of the business were consolidated, including concessions and real estate, still in the initial phase of investment, to which considerable effort of fund allocation was made.

The increase of **Equity** during the last three years reflects the calling of 11 million Euros effected in 2009. Given the present scenario, it is once again proposed in this Report, that the Distributable Net Income of the financial year be entirely reinvested in the Company as Retained Earnings.

Given that the company is considered as being a holding company, all financial analysis was carried out under a consolidated perspective.

4. Performance of the Business Sectors

As at 31st December 2010, MSF SGPS, S.A. held, directly or indirectly, interests in 32 companies, being that the following are considered as being ownership at the first level, fully or proportionally consolidated:

Sector of Activity	Companies	% of Ownership
Construction	MSF Engenharia, S.A.	100.00%
Infrastructure Concessions	MSF Concessões - SGPS, S.A.	100.00%
Tourism and Real Estate	MSF TUR.IM, SGPS, S.A.	87.50%
Information Technology	CDP-SI, S.A.	100.00%

The main indicators concerning the 2010 financial year for the above companies, and which act as sub-holdings for each of the sectors in which the Group operates, are the following:

	MSF Engenharia	MSF Concessões	MSF TUR.IM	CDP
Sales and Services Rendered	415.67	0.98	6.57	2.20
EBITDA	28.10	-1.66	3.06	0.05
Operating Income	12.97	-2.5	1.41	-0.08
Net Income	6.9	-4.13	-0.96	-0.09

(Amounts in million of Euros)

The performance of each of the business sectors is summarised below.

4.1. Construction: MSF Engenharia and Affiliates

4.1.1. Activity Overview: The Construction Sector in Portugal

The construction sector in 2010 presented again, for the ninth running year, a collapse estimated in 6.5%, and which affected all the main sectors of the activity. The segment of residential building construction has been much affected, registering in accordance with FEPICOP's forecast, a slowdown of 15% in 2010. The program of rehabilitation of school buildings was the segment which fell the least, when referring to the non-residential building segment index, but even though, it fell 4.9% in accumulated similar terms. On the other hand, and contrary to the two preceding years, 2010 registered a decrease in the production index for the civil engineering work segment, in the order of 1%, with the aggravation of a great reduction of the approved values in 2010, when compared to 2009.

In accumulated terms and considering the sector's production as a whole, one notes a 35% decrease since 2002. The general collapse of balances relating to placed orders in 2010, the villainy with pricing within the reduced number of launched public bids, the non-approval of projects due to budget cuts, the credit restrictions, the uncertainty relating to the suspension or not of works which are, or are expected to be, the subject of projects within the Public & Private partnership, among other factors, foresee the continuity of the pessimistic climate among the sector's entrepreneurs and a new production dip in 2011.

4.1.2. Performance of MSF Engenharia and Affiliates in 2010

MSF started 2010 with an order book representing over € 700 million in invoicing, which allowed the Company to register in 2010, consolidated sales of € 415.7 and a net income of € 6.2 million, representing a respective growth of 35.3% and 6.1%, in relation to the previous year.

During the year under study, a significant increase in the invoicing of the domestic market took place (51%), with Sales and service rendering amounting to 278 million Euros (184 million Euros in 2009). Likewise, an increase in the turnover in the international markets (12%) occurred and which contributed with an invoicing of 138 million Euros in 2010, compared to the 123 million Euros registered in the previous year. Business carried out abroad continued to weigh heavily, representing around 33% of the consolidated invoicing in 2010.

The consolidated **EBITDA** reached 28.1 million Euros in 2010, compared to the 31.5 million Euros in the previous year. 13 million Euros, as **EBIT**, was registered at the end of the financial year. Consolidated **Net Income** rose to 6.2 million Euros, which compares positively to the 5.8 million Euros as at the end of the 2009 financial year.

4.1.3. MSF Engenharia: Domestic Market

4.1.3.1. Commercial Activity

During 2010, the Commercial Division submitted bids to 56 domestic tenders for contracts, with a total value of € 1,007 million. During the same period, the contracts awarded amounted to € 90.9 million, corresponding to a success rate of 9%.

In the public works segment, the following contracts were awarded to the company:

- General construction contract in order to increase the energy production capacity of the Venda Nova III Dam, promoted by EDP- Gestão de Produção de Energia, S.A. and carried out by a CGC (Complementary Group of Companies), headed by MSF Engenharia, which detains a 28.34% participation, with an approximate value of € 142 million.

In the civil and industrial construction segment, the following contracts were awarded:

- Contract for the carrying out of the Finishings and Special Installations of the Moscavide, Encarnação and Aeroporto stations, of the Linha Vermelha (Red Line), between the Oriente and the Aeroporto de Lisboa stations, of the Metropolitano de Lisboa, E.P.(Lisbon Metro). The project is valued at around € 25.2 million, and is carried out by a CGC headed by MSF Engenharia, which detains a participation of 26.5%;
- Contract for the carrying out of the works concerning the modernisation of the Júlio Dantas High School in Lagos, of the Poeta António Aleixo High School in Portimão, for the Parque Escolar E.P.E., in the amount of € 28.4 million. The work is carried out through a consortium with Neocivil, in equal percentages;
- Construction of the New Hospital of Vila Franca de Xira, for Escala Vila Franca de Xira, the managerial entity of the building. The project is valued at € 76.6 million, and is carried out by a CGC, in which MSF Engenharia participates with 12.5%

4.1.3.2. Production Activity

In addition to the mentioned contract awards, we highlight the following contracts, concluded or in progress by MSF Engenharia in 2010:

Hydraulic Works

- Conclusion of the Enxoé, Serpa, and Laje intakes and the Laje Dam, for EDIA - Empresa de Desenvolvimento e Infra-Estruturas do Alqueva, S.A., for a total of approximately € 18 million;

- Conclusion of the construction of Brinches main pipeline and Brinches - South Reservoir, for EDIA - Empresa de Desenvolvimento e Infra-Estruturas do Alqueva, S.A., for a total of approximately € 12 million;
- General construction contract in order to increase the energy production capacity of the Picote Dam, promoted by EDP - Gestão de Produção de Energia, S.A., and undertaken as a consortium with MSF Engenharia, which detains a 60% participation, with an approximate total value of € 49 million;
- General construction contract in order to increase the energy production capacity of the Bemposta Dam, promoted by EDP - Gestão de Produção de Energia, S.A., and undertaken as a consortium with MSF Engenharia, which detains a 35% participation, with an approximate total value of € 42 million;

Communication Routes

- Conclusion of tunnel excavation and concrete lining, between Oriente Station and the Airport Station of the Red Line of the Metropolitano de Lisboa, E.P. (Lisbon Metro). The project is valued at a total of € 146 million, and is carried out by a CGC, headed by MSF Engenharia, which detains a participation of 22%;
- Conclusion of the construction works to widen and rehabilitate the A8 Motorway from 2 lanes and shoulder to 3 lanes and shoulder in either direction between Loures and Malveira, contracted with AEA – Auto Estradas do Atlântico – Concessões Rodoviárias de Portugal, S.A., and undertaken by a CGC, in which MSF Engenharia participates with 25%, for a total of approximately € 30 million;
- Contract for the completion of a motorway and associated road connections named Marão Tunnel Contract, promoted by Concessionária Auto-Estradas do Marão, S.A., and carried out by a CGC, in which MSF Engenharia participates with 45%, for a total of € 359 million;
- Design, planning, expropriations, construction, delivery and assemblage of integrated infrastructure in the Baixo Tejo sub-concession, contracted with VBT – Vias do Baixo Tejo, S.A., and carried out by a CGC, in which MSF Engenharia participates with 17.5%, for a total of approximately € 203 million;
- Road construction contract valued at approximately 436 million Euros integrated in the Litoral Oeste Sub-concession with AELO – Auto-Estradas do Litoral Oeste, S.A., which includes the following schedule of works undertaken by a CGC led by MSF, which holds a 37.5% interest in the CGC:
 - Design, planning, expropriations, construction, delivery and assemblage of infrastructure for the Leiria South/Leiria East section of Motorway IC 36 and Batalha Stretch of Motorway IC2;
 - Design, planning, expropriations, construction, delivery and assemblage of infrastructure for the Nazaré/Alcobaça/EN1 section of the IC9 Motorway, Nazaré stretch, EN1/Fátima section of the IC9 Motorway, and Fátima/Ourém section of the IC9 Motorway;

- Design, planning, expropriations and construction of additional lanes on a section of the IC2 Motorway already in operation between the IC36 Motorway Interchange and the EN 109 Interchange.
- Contract with Auto-Estradas do Atlântico - Concessões Rodoviárias de Portugal, S.A., having a value of 31 million Euros involving construction works to widen and rehabilitate the A8/IC1 Motorway from 2 lanes and shoulder to 3 lanes and shoulder in either direction between CRIL/Loures, undertaken by a consortium lead by MSF, which holds an interest of 25%.

Civil and Industrial Construction

- Conclusion of the “Natura Towers” development, the new headquarters of the MSF Group, in the amount of € 21 million;
- Conclusion of the rehabilitation and upgrading contract of the Ourém High School, for the Parque Escolar E.P.E. , in the amount of € 10.1 million. The work is carried out through a consortium with Neocivil, in equal percentages;
- Construction of the “Condomínio Casas do Parque”, in Lots 1, 2, 3 and 4 of Sector 6 of the Alta de Lisboa, promoted by SGAL – Sociedade Gestora da Alta de Lisboa, S.A., in the approximate amount of € 60 million;
- Construction of the New Hospital of Braga for the ESCALA BRAGA, the managerial entity of the building. The work has a value of € 119.5 million, and is carried out by a CGC, in which MSF Engenharia participates with 12.5%;
- Conclusion of the rehabilitation and upgrading contract of the Dr. Solano de Abreu High School in Abrantes, for the Parque Escolar E.P.E. , in the amount of € 9.4 million. The work is carried out through a consortium with Neocivil, in equal percentages;
- Construction of the New River Intermodal Terminal at the Terreiro do Paço Interface, involving concrete structure, finish works, low voltage, telecommunications and HVAC, promoted by the Metropolitano de Lisboa, E.P. (Lisbon Metro). The work has an approximate value of € 26.7 million, and is undertaken by a CGC, in which MSF Engenharia participates with 24.5%;
- Construction of the infrastructure for the “Royal Óbidos SPA & Golf Resort” development, for Royal Óbidos – Promoção e Gestão Imobiliária e Turística S. A., a project promoted by MSF TUR.IM, with an approximate value of € 9 million.

4.1.4. MSF Engenharia: Foreign Market

4.1.4.1. Commercial Activity

As the result of the ongoing strategy of MSF Engenharia's expansion activity, which allowed it to compensate for the continued domestic market retraction, the company submitted 41 public bid proposals in the foreign markets, with a global value of € 2,447 million. The achieved success rate was of 8.6%, being that the value of contracted works was of € 211.4 million.

Africa

Public bid proposals were submitted in Cape Verde, Senegal and Ghana. As a result, the following contracts were awarded:

- Reconstruction of 59.9 kms of the National Trunk Road nr.8 between Assim Praso and Bekwai, in the Republic of Ghana, with a value of USD 60.1 million;
- Construction of the pavement structure of the main runway and accesses to the platform of the airport of Diass, in Dakar, Senegal, with a contract worth € 54.8 million;
- Expansion and modernisation works of the Port of Praia - Phase 2, for the Ministry of Infrastructure, Transport and Telecommunications of the Government of Cape Verde, with a contractual value of € 72.0 million, through a consortium with a 37.5% participation;
- Construction of buildings at the Port of Praia, for the Ministry of Infrastructure, Transport and Telecommunications of the Government of Cape Verde, with a contractual value of € 11.5 million, through a consortium with a 50% participation;
- Expansion of the Port of Sal Rei, on the Boa Vista island, for the Ministry of Infrastructure, Transport and Telecommunications of the Government of Cape Verde, with a contractual value of € 32.1 million, through a consortium with a 50% participation;
- Construction of the Aeroporto – Lacacão road, part of the structuring spine road of the Boa Vista island – Construction of stretches II and III, for the Tourism Development Company of the Boa Vista and Maio islands, with a contractual value of € 9.2 million, through a consortium with a 50% participation;
- Construction of 36 houses of social interest on the Boa Vista Island, for the Ministry of Decentralisation, Housing and Territorial Planning of the Government of Cape Verde, with a value of 89.7 million Cape Verdean escudos, through a consortium with a 51% participation.

Europe

In Poland, the commercial activity was maintained, with a high number of submitted proposals, as a result of the investment of European funds in the infrastructure sector of the country. A new contract was awarded at year's end.

- Design and Construction of the A1 motorway between Stryków and Tuszyn, with an extension of 37.3 kms, for GDDKiA, and valued at 1,159 million zlotys, through a consortium with an aggregate participation of 25% of MSF Engenharia S.A. and MSF Polska sp.z o.o.

4.1.4.2. Production Activity

The production activity within the global markets presented a growth of 12%, during the year under analysis, representing 33% of MSF's consolidated production, shared by six European and African countries. This fact represents an important consolidation of MSF's international activity and expansion capacity.

Africa

In addition to the referred awarded works, we highlight, as follows, other concluded contracts, or in progress, during 2010:

- Conclusion of the renovation of the Kumasi – Techiman road, for the Government of the Republic of Ghana, with a contractual value of € 30.7 million through a consortium with a participation of 70%;
- Conclusion of the construction of the Patte d'Oie - Pikine motorway and of the RN1 Road - Dakar, in Senegal, for APIX - Agence Nationale Chargé de la Promotion de l'Investissement et des Grands Travaux, with a contractual value of € 41.1 million;
- Conclusion of the Viana Industrial Center – Infrastructure and Central Core– Phase 1, for the GRN – GEITP of the Republic of Angola, in the value of € 89 million;
- Conclusion of the Viana Industrial Center – Manufacturing Plants – Phase 1, for the GRN – GEITP of the Republic of Angola, in the value of € 36 million;
- Conclusion of the expansion and modernisation works of the Port of Praia– Phase 1, for the Government of Cape Verde, promoted by Millennium Challenge Account, with a contractual value of USD 42.3 million, through a consortium with a participation of 50%;

- Construction of the Evinayong – Acureman - Medunu road, for the Government of Equatorial Guinea, with a contractual value of € 94.9 million;
- Upgrading of N1 Highway – Lot 2 - Apenkwa Interchange to Mallam Road Junction, in Accra, Republic of Ghana, promoted by Millenium Development Authority, with a contractual value of USD 83.7 million;
- Construction of a Road into Vale da Ribeira da Torre, on the Santo Antão Island, Republic of Cape Verde, for the Ministry of Infrastructures, Transport and Sea, in the value of € 7.2 million.

Europe

The activity in Poland was linked to the follow-up of the financial rebalancing procedures resulting from the concluded contracts with the respective decision making bodies. Within the public works market, MSF Engenharia S.A. carried out the following contract:

- Construction of the S19 motorway between Stobierna and Rzeszów, Republic of Poland, for GDDKiA, with a value of 213.5 million zlotys, through a consortium where MSF Engenharia S.A. and MSF Polska sp.z o.o. participate with 64.8%.

4.1.5. MSF Engenharia: Domestic Affiliates

Neocivil

Neocivil suffered, in a very special manner, the effect of the economic crisis of the last few years, which reflected in its poor performance, both in its civil construction and in its real estate activities.

At the end of the 2010 financial year, the Company presented negative net results, in the amount of € 2.5 million, reflecting the abrupt turndown in the civil construction activity, where the absence of new approvals and the freezing of previously awarded projects caused a decrease in production, to levels much lower than those expected. Within the real estate activity, one noticed the nearly complete stagnation of the sales and marketing of the property portfolio. In 2010, the sales volume of the Company was of € 12.3 million.

The sales and marketing of the Condomínio Casas do Parque, which started during the third quarter of 2010, and the award of two new projects for the Parque Escolar E.P.E. at year's end, lead us to hope for a better performance in 2011.

Indubel

During the 2010 financial year, Indubel registered a sales volume of € 12.1 million, which represents a growth of more than 70%, in relation to 2009, when it invoiced € 6.8 million. The ongoing constraints in 2010,

caused by the current economic environment and, namely, in the delay of the works in progress, together with a greater difficulty in canvassing new projects, have limited the growth of the company's activities when compared to its set objectives. At the end of the financial year, a net income of € 36.6 thousand was registered, vis-à-vis the € 417.5 thousand in 2009.

The breakdown in sales, as per the various production segments in which the company is involved, was of 66.7% in Prefabrication, 8.9% in Prestressed, 24.0% in Geotechnical and Special Foundations and 0.4% in diverse Civil Construction works. The stronger contribution of the prefabrication segment is related with contracts which started in 2010. Included here are the viaducts and special structures for the Litoral Oeste Centro concession, having Novopca and Somague as customers, with contracts in the total amount of € 12.6 million.

During the year, the renovations at the Rainha factory were completed, as well as investments in lifting and heavy handling equipment, in order to prepare the company to respond to business opportunities within the above mentioned concession contracts.

Indubel's internationalisation path was continued, having started with contracts undertaken in Angola and going ahead with the carrying out of a geotechnical project in Ghana for MSF Engenharia, initiated in 2010, and which will go through 2011.

4.1.6. MSF Engenharia: International Affiliates

The activities of the international affiliates, MSF Engenharia Angola, Lda., MSF Bulgaria OOD, MSF Polska sp.z o.o. and MSF Cabo Verde, S.A., were performed throughout the year in support of the commercial and production activities of the Group, within the respective countries, contributing in a decisive way to the achieved success. Worthy of note, is the increase in invoicing of MSF Polska sp. z o.o and of MSF Cabo Verde S.A., as a result of production increase in the respective countries.

4.2. Concessions: MSF Concessões and Affiliates

4.2.1. Activity Overview: MSF Concessões and Affiliates

4.2.1.1. Domestic Market

In 2010, the government program for the conclusion of the 2000 National Road Plan, through sub concessions in the form of public/private partnerships, did not go forward. The intense activities regarding the launching, negotiation and contracting of new projects in 2008 and 2009, was limited in 2010, to the approval of the “Pinhal Sub concession”, in January, and to the delivery, in February, of proposals regarding the reconfiguration of the “Centro Motorway Sub concession”.

MSF Concessões took part in both public bids, incorporating the “Pinhal MTWY/AE” and “Mondego MTWY/AE” groups, and is awaiting the proposal evaluation report, concerning that last public bid.

Within the sphere of the road sub concessions, one should note the “advanced approval” granted by the Tribunal de Contas (Audit Court) to Auto-Estrada do Baixo Tejo S.A. and to Auto-Estrada do Litoral Oeste S.A., after seventeen months from the respective approval dates. The granting of the “approvals” ended with the great difficulties in undertaking financial and contractual management, which resulted from the access limitations to the loans of those Sub concessionaries, removing an unsustainable climate of uncertainty regarding feasibility of the projects – which were carried out within the planned conditions.

Following a disturbed evaluation period, RAVE issued in January, a “Proposal Appreciation Report” of the first phase of the “High Speed Railway – Lisboa – Poceirão stretch”, selecting the ALTAVIA TEJO group, in which MSF Concessões participates, and TAVETEJO, for the *Best and Final Offer* phase. The request of the ALTAVIA group, at a preliminary hearing, in which it asked for the exclusion of TAVETEJO’s proposal, due to several and irremediable non-compliances with the “Procedure Program” and legislation, went unanswered, being that the Evaluation Committee did not render the competent Final Evaluation Report. In September 2010, through a joint order, the Ministers of State of Finance and of Public Works, Transport and Communications decided not to approve the public bid in question and revoked the order to contract, as per launching of the public bid pronounced in March 2009.

The SALVEO group was chosen for the last contracting phase of the Hospital Oriental de Lisboa, and which culminated with the BAFO delivery in October. During this month, the Evaluation Report was issued, placing the group’s proposal in first place, and therefore proposing its award. The ministerial approval of the Final Report has been expected since then.

4.2.1.2. Foreign Market

The current demanding conditions in the financial markets, in particular concerning sovereign and trade debt, mainly in the less mature markets, still dictated a severe reduction in volume and in the quality of the project promotion activities within the infrastructure concession sector. Therefore, the participation of MSF Concessões was reduced last year. However, Moçambique was identified as being an interesting potential

market, and proposals for the two international public bids, for the concession of three transport structures (N1 and N6&N7), with a total of around 750 kms, was presented.

In June 2010, the Proposal Appreciation Committee of the “Praia – Tarrafal Motorway Concession” in Cape Verde, selected the group in which we are part of, for the second phase of the Procedure. The start of the negotiation phase is expected, in order to present the BAFO proposal.

4.2.2. Performance of MSF Concessões and Affiliates in 2010

MSF Concessões is a shareholder in five concessionaire Companies and in two road infrastructure operators: directly in – “Auto-Estradas do Marão, S.A.” (AEM), “Túnel do Marão Operadora, S.A.” (TDM), “GEIRA – Gestão e Exploração de Infraestruturas Rodoviárias do Atlântico, S.A.” (GEIRA), “Auto-Estradas do Baixo Tejo, S.A.” (AEBT) – and indirectly in - “Brisal - Auto-Estradas do Litoral, S.A.” (BRISAL), Auto-Estradas do Litoral Oeste, S.A.” (AELO) and “Auto-Estradas do Atlântico, S.A.” (AEA) – respectively through “SMLN – Concessões Rodoviárias de Portugal, S.A. (SMLN)” and “AEO – Auto Estradas do Oeste, S.A.” (AEO); which in turn is held by “MSF Oeste, SGPS S.A.”.

The affiliates, in their majority, are in the midst of initiating an intense investment in construction - AEM, AELO e AEBT – which entails a considerable effort in allocating share capital. AEA, BRISAL, “Neofutur, Promoção e Conservação de Imóveis, S.A.” are presently in the exploration phase, naturally in tandem with AEO, SMLN and MSF Oeste, given their instrumental feature.

The consolidated accounts of MSF Concessões reveal the doubling of assets under management, as a result of the strengthening of the indirect ownership in the AEA and AELO concessions, as well as of the reinforcement of shareholders’ funds into the concessionaires which are still receiving ongoing investments. Equities increased by 3.4 million Euros due to the mentioned increase in “additional paid-in capital”. The consolidated debt increased by 33.7 million Euros by way of financing, involving the shareholder in a very limited recursive manner, associated to the new assets of MSF Oeste.

EBITDA, still negative in 1.6 million Euros, stems from a favourable increase of 4.6 million Euros, much influenced by AEA’s performance which registered a strong operational growth. The net results improved by 3.5 million Euros, to a negative value of 4.1 million Euros.

MSF OESTE, AEM, AEBT, AELO and NEOFUTUR, which are directly or indirectly owned by MSF Concessões, in complying with obligations stipulated in the financing agreements, entered into contracts concerning the hedge of interest rate variation (swaps). Being that the accounting of the swap contracts are of the utmost importance, not only due to their conceptual nature, but also due to the magnitude of their repercussions, it is important to briefly describe the basis of the adopted method, in an even way, by our affiliates, in view of the financial report on the swap contracts.

In each of these cases, the swap contract appears within the exclusive scope of the financing agreement, as a pre-condition to its granting, not being negotiable by the company. The entire contractual structure, as well

as the substance over form principle, states that the Financing Agreement and the Swap Contract is a unique complex financial product.

It is the understanding of these companies that, in light of the IAS 39 standard, mainly in what refers to paragraphs 10 and 11, and as per its title, the swap contracts within the nature of the mentioned ones, should be treated as “embedded derivative contracts”, not liable to be separated from the Financing Agreements for financial report purposes. Therefore, the interest-bearing liabilities are highlighted in the company’s Financial Statements, at its amortised cost, with no other accounting recognition related to the financing taking place – namely, not registering the swap contracts at market value, which a hypothetical contract, with the same financial flows as the Company’s swap contracts, would have been as at 31st December 2010.

The Board of Directors understands that this method allows, as opposed to the swap registry by the “market value”, the keeping of the fundamental principles on which Accounting is based (e.g. continuity, substance over form), as well as of the main purposes of the financial report (e.g. a prognosis of the Company’s performance, the outlining of the proper managerial measures, the usefulness of information to the shareholders) and, above all in our opinion, as a result of the use of this method, the preservation of the proper and truthful format, within all materially relevant aspects, of the economic and financial standing of the companies.

4.2.2.1. Concessionaire Auto-Estradas do Marão, S.A. and Operator Túnel do Marão, S.A.

AEM’s operations were strongly influenced by the results of the tunnel’s work suspension, provisionally decreed by the Penafiel Administrative and Tax Court in 2009. Even though the works were definitely resumed in 2010, the fact of the matter is that the suspensions enforced by that injunction suit led to very serious consequences, which surpassed by far, the corresponding extension of the deadline for the construction of the tunnel.

Objectives which were very relevant, contractually speaking, were reached, such as, obtaining the approval of the Grantor concerning or connected the/to extension of the deadline for the commencement of the tunnel’s operations, the removal of any legal or financial contingency within the scopes of the suits related with the above mentioned and still, the awarding of a provisional replacement loan, in lieu of the long term debt. The drawdown’s restart of the Concession’s senior debt has still to take place but the situation should be settled by the first semester of 2011.

Concerning infrastructure exploration, one highlights the entry into service on the 26th November, of sub-sections A4-Geraldes-IP4, with motorway characteristics. The mean daily traffic (TMD) registered at the mentioned sub-sections was of 14, 237 vehicles as from their opening to the 31st December.

The financial year ended with a Net Income of 60.7 thousand Euros.

TDM, hired by AEM for the operation and maintenance of its network, has for the time being its operations confined to sections A4-Geraldes/Padronelo and Padronelo-IP4. The services include patrolling, assistance

to users (by phone, SOS and on the spot), as well as the maintenance and upkeep of infrastructure (road and telematics). These services are, for the time being, subcontracted, it being expected that these activities shall be internalised for the exploration of the entire road network.

The activity was carried out complying with high standards of quality and in accordance with budgetary expectations, it being noted, however, a considerable extension in deadlines referring to receivables from AEM.

The financial year ended with a Net Loss of 4.6 thousand Euros.

4.2.2.2. Concessionaire Brisal - Auto-Estradas do Litoral, S.A.

The activity of BRISAL was definitely impacted by the introduction of tolls at the SCUT “Costa de Prata” on the 15th October 2010, effect of which changed radically the concessionaire’s risk profile. Indeed, while between January and September traffic levels increased on average by 14%, following the setup of the tolls through year’s end, a 27% decline in traffic was noted. Even though, the network’s annual daily average traffic (TMDA) increased 3.7% compared to 2009 (8509 vs. 8205).

It is also worthy of note during the 2010 financial year, the start of negotiations with the Grantor State, aiming to match the concession with the management and financing model for the road infrastructure sector. Surprisingly, these talks were suspended on the 13th December, with the resumptions being conditioned to the presentation of results made by a working party for the revaluation of the EP – Estradas de Portugal S.A.’s (EP) financing model. This presentation, at the time expected for the end of January 2011, has not occurred as at the date of this Report.

As at the end of the financial year, BRISAL registered a Net Loss of 133.1 million Euros, following the recognition of an extraordinary amortisation. This amortisation resulted from the comparison of the equity book value with an evaluation of the company, discounting foreseeable future cash flows at a given rate, as stated in the Management Report. The extraordinary amortisation forced company’s equity down to a negative 35.5 million Euros.

It is to be stressed that BRISAL’s Board of Directors wishes for the continuity of the Company’s operations and that, as at the date of the Management Report and presentation of the accounts for this financial year, was preparing a formal request for the restitution of the Concession’s financial stability – based on the introduction of tolls at the SCUT “Costa de Prata”, on the collection of the Road Infrastructure regulation fees and on the introduction of the Vehicle Electronic Identification System fee .- which it believes shall bring in a compensation to be received in the second half of 2012.

4.2.2.3. Sub concessionaire Auto-Estradas do Litoral Oeste, S.A.

Through the joint effort of AELO and of all its main contractual counterparties, to mitigate the impact of the absence of an advanced approval certificate issued by the Tribunal de Contas (Audit Court), which dragged

on through the whole first half of 2010, it was possible to maintain a construction pace still within the feasibility limits of the projects: the “EN 242 – Nazaré Bypass”, between roundabouts 1 and 4, was open for service in October, the “IC2 – IC36-EN 109” in December, while the remaining subsections shall have their delivery dates contractually extended by an average timeframe of 81 days. As at 31st December 2010: i) all execution projects related to the layout of the Main Work, as well as all the Execution Projects Environmental Compliance Reports (RECAPE), had been approved by EP, ii) most of the execution projects of bridges and structures and all the projects, bar one, of the special civil engineering works had been approved by EP and iii) 99% of the area of quotas submitted to the proceedings for the Declaration of Public Interest were available.

Concerning operations and maintenance, the factors to be highlighted are the demanding conditions which are present within the areas of the works, notably the simultaneous heavy traffic, as well as the improvement in the accident rates on the subsections transferred from EP, thanks to the investment made by AELO in road equipment and in the improvement of infrastructure. A negative fact to be pointed out is the closure to the traffic of the “Carregueiros-Vale dos Ovos” subsection, from the 1st March to 7th November, for the carrying out, within the warranty period, of the repairs of the construction works of those subsections which were executed by EP – subsections which were transferred to AELO in compliance with the Sub-concession agreement.

The Financial Statements of AELO reflect the actual development phase of the Sub-concession, characterised by an intense construction activity with no offsetting operation and maintenance revenue. In 2010, the Construction Expenses reached 168.5 million Euros and were financed entirely through shareholders’ funds and senior debt, which were during the financial year of 34.5 million Euros and 194.3 million Euros, respectively.

As at 31st December 2010, the accounting value of AELO’s Equity was negative in 9,012,958 Euros, as a result of the derecognition of the capitalisation of the 2009 pre-operation costs, due to the introduction of the SNC. This correction demanded the registry of 24,402,322 (negative) in the Retained Earnings account, with the consequent reduction, in the same amount of the Company’s equity. The most significant portion of this amount relates to the start-up costs, which include the fees paid to the Financing Institutions, Financial and Legal Consultants, which are not, according to the SNC, capitalised and later amortised.

The 2010 financial year ended with a Net Income of 2.0 million Euros.

4.2.2.4. Concessionaire Auto-Estradas do Atlântico, S.A.

The introduction of tolls at the SCUT “Costa de Prata” (A25 and A29), on the 15th October, triggered a notorious and significant reduction in traffic of the concession, interrupting the positive trend which was felt since the closing of the corridor of the IC2, a fact which made the Company present a “reservation of right” to the Grantor State for the presentation of the request for the restitution of financial stability. On top of this, the

increase in VAT (from 20% to 21%) and the domestic economic crisis were compounding reasons for the levels of traffic being less than those estimated in the annual budget, mainly in what concerns the A8.

During the year in question, the works to widen from 2 to 3 lanes, in either direction, of the CRIL – Loures and Loures – Malveira sections continued, with the latest being open to traffic, without restrictions, in December.

The installation of e-tolling machines commenced on the A15 (which was concluded) and on the A8 (still ongoing). The use of these new automatic collection means, essential for the improvement of the operational performance, resulted in the decrease and reshuffling of human resources. The decrease was due to the voluntary interruption of labour contracts, in no way altering the working environment of the Company.

It is worth noting the renegotiation of the “Sub-debt Facility” and “Stand-by Facility” loans, which permitted, either an additional extension of ten years of the usage period or an increase in the maximum usage amount.

Of the effects suffered by adopting the SNC, one highlights the negative adjustment of 15.1 million Euros, recognised in the Retained Earnings account, and which consequently reduced the Company's equity in the same amount.

For the first time during the 12 years of AEA's existence, the 2010 financial year ended with a positive Net Result of 3.6 million Euros.

4.2.2.5. Operator GEIRA – Gestão e Exploração de Infraestruturas Rodoviárias do Atlântico, S.A.

Geira is responsible for the operation and maintenance of the A21 motorway. Until the 11th September, the A21 was operated in a “closed system” (partially), and as of this date the A21 was integrated to the EP concession, when the exploration was included in a system fully integrated with the rest of the motorways of the AEA(A8 and A15), BRISA (A1, A9, A10 e A14) and ASCENDI (A16) concessions. The change in the toll systems was insured by GEIRA through its own means and by resourcing to the acquisition and installation of collecting machines. Also as of that date, GEIRA started rendering the A21 operational services to Concessionaire EP. In what concerns maintenance, repairs of safety and demarcation equipment were carried out.

The 2010 financial year ended with a Net Income of 66.1 thousand Euros.

4.2.2.6. Sub concessionaire Auto-Estradas do Baixo Tejo, S.A.

Also regarding AEBT, the Company, its main contractual counterparties, EP, the Grantor State and Shareholders, cooperated to outlive the effects of the absence of an “advanced approval”, which only was given in June 2010.

Although AEBT is involved in the operation and maintenance of an assembly of road systems transferred from the sphere of the Sub-grantor, EP, the company's activity is mainly focused on the construction of the subcontracted network. Regarding the 2010 financial year, one notes the opening to the traffic of the link between the IC20 and the Funchalinho, with an extension of 1.4 kilometres, and the structural improvement of the road surface of the "IC20 Via Rápida da Caparica". The remaining works were carried out at an adequate pace, however it is to be registered the difficulties felt regarding the "IC32 Casas Velhas-Palhais" (traversing a densely populated area, with heavy traffic made more difficult during the bathing season, as well as the litigation between the Almada Town Hall and REN), the ER 377-2 (traversing the area belonging to the National Agricultural Reserve) and the "Av do Mar" (with RECAPE's opinion still to be given).

The Company entered into financial agreements concerning the hedge of interest rate variation (interest rate swap) simultaneously with the Concession Financing Contract and the Sub- concession Contract.

AEBT recognised these swap contracts, accounting wise, by their "market value". This evaluation, according to the Company, was as at 31st December 2010, 22.7 million Euros negative. Consequently, AEBT proceeded to effect the respective recognition, under the "Other Reserves" account. Due to this, the Company's Equity was reduced in the same amount of 16.5 million Euros.

The 2010 financial year ended with a Net Loss of 5.4 million Euros.

Concessions - Macro Descriptors

Concessions	OESTE	LITORAL CENTRO	IP 4 - TUNEL DO MARÃO	LITORAL OESTE	BAIXO TEJO
Company	Auto Estradas do Atlântico	Brisal - Auto Estradas do Litoral	Auto Estradas do Marão	Auto Estradas do Litoral Oeste	Auto Estradas do Baixo Tejo
Extension	171 kms	92 kms	29.3 kms	111 kms	67 kms
Operation entry date	March 2002	May 2008	February 2012	July 2011	January 2012
Network's Annual Average Daily Traffic	In 2010 - 16 520	In 2010 - 8 509	In 2010 - 12 692 (*)	In 2014 - 12 400	In 2015 - 47 000
Total investment (current prices)	€ 519 Million	€ 641 Million	€ 403 Million	€ 436 Million	€ 281 Million
Shareholders' funds	€ 112 Million	€ 178 Million	€ 65 Million	€ 100 Million	€ 55 Million
Maximum Bank Debt	€ 464 Million	€ 528 Million	€ 353 Million	€ 507 Million	€ 340 Million
Bank Debt as at 31st December 2010	€ 349.8 Million	€ 512.6 Million	€ 52.7 Million	€ 215.1 Million	€ 94.8 Million
Operating Revenue in 2010	€ 68.9 Million	€ 28.1 Million	€ 133.2 Million	€ 188.7 Million	€ 61.6 Million
Operating Income in 2010	€ 24.4 Million	- € 109.3 Million	€ 0.0 Million	€ 16.5 Million	- € 1.4 Million
Financial Income in 2010	- € 21.2 Million	- € 23.8 Million	€ 0.1 Million	- € 13.7 Million	- € 5.8 Million
Net Income in 2010	€ 3,6 Million	- €133.1 Million	€ 0.1 Million	€ 2.0 Million	- € 5.4 Million
EBITDA in 2010	€ 47.9 Million	€ 14.7 Million	€ 0.1 Million	€ 16.5 Million	- € 1.4 Million
MSF group's ownership	25,00%	5,00%	45,00%	32,50%	7,88%
MSF Concessões - SGPS, S.A., 's ownership	25,00%	3,80%	35,00%	32,50%	7,88%
MSF Engenharia, S.A., 's ownership	0,00%	1,20%	10,00%	0,00%	0,00%
MSF Engenharia, S.A., 's ownership in CGC	25,00%	25,00%	45,00%	37,50%	17,50%

(*) Network's average daily traffic

4.2.2.8. NEOFUTUR – Promoção e Conservação de Imóveis, S.A.

The Company's activity which is focused on the management and exploration of the Lagos Town Hall building was carried out according to plan, highlighting a positive budget variation, mainly due to the favourable trend in interest rates.

The 2010 financial year ended with a Net Profit of 0.3 million Euros.

4.2.2.9. SMLN – Concessões Rodoviárias de Portugal, S.A.

The Board of Directors of SMLN S.A., owner of 20% of the capital of BRISAL and an affiliate in 25% of MSF Concessões SGPS, shares the certainty of BRISAL's Board of Directors regarding the continuity of the Company's operations and the positive outcome of the presentation of the request for the restitution of financial stability, effected already in April 2011.

Due to the these reasons and based on i) the amount ii) the legal and technical grounds and iii) the success probability of the request for restitution presented by BRISAL, SMLN estimated the economic-financial effect of that request and corrected the financial statements of its affiliate accordingly. The correction consisted in the annulment of the impairment loss concerning the 2010 financial year, registered by BRISAL, in the amount of 97.4 million Euros, which impacted positively, in the same amount, the Financial Year's Net Result of the affiliate. Consequently, the final value for integration was a negative 35.5 million Euros. Applying the equity method, SMLN recognised 20% of this amount.

4.2.2.10. AEO – Auto Estradas do Oeste, S.A.

There are no relevant facts concerning AEO's activities. The 2010 financial year, following the equity method effected on the AEA and AELO affiliates, of 50% and 65% respectively, ended with a Net Income of 3.5 million Euros.

4.2.2.11. MSF Oeste, SGPS, S.A.

The foundation of MSF Oeste, in January 2010, results from the legal, financial and ownership structuring needed for the increase of ownership held by MSF Concessões in the AEO affiliate. In January 2010, MSF Oeste, through the acquisitions of i) 25%, held by Novopca S.A. in AEO and ii) 25%, held by MSF Concessões, in the same AEO, holds a 50% position in AEO.

As a result of those operations, MSF Concessões holds indirect ownership of 50% in AEO, 25% in AEA and 32.5% in AELO.

Essentially, MSF Oeste has to register, apart from the integration of its sole affiliate, AEO, its own financial charges. Consequently, the Company ends the 2010 financial year with a Net Loss of 0.4 million Euros.

4.3. Tourism and Real Estate: MSF TUR.IM and Affiliates

4.3.1. Activity Overview: The Tourism and Real Estate Sectors

4.3.1.1. Tourism Market

According to the World Economic Organization, in 2010 the global increase in the tourism sector was in the 7% ballpark, compared to the 4% slump in 2009. This improvement was felt more in the emerging economies, with hikes of 12.6%, 7.7% and 6.4% in Asia, in the Americas and in Africa, respectively. Europe registered a more modest 3.2%.

In touristic terms, 2010 was marked by a number of cultural and sporting events on a global level, featuring the Winter Olympic Games in Canada, the Shanghai Expo in China and the Football World Cup in South Africa. These events, due to their media exposure and dimension, were important catalysts for the visiting countries, promoting global tourism.

In Portugal and according to estimates of the National Institute of Statistics (INE), the total of revenues generated from January to November 2010, were of approximately 1,727 million Euros, which represented an increase of around 3.1% in relation to the same period in 2009.

4.3.1.2. Real Estate Market

The effect of some turbulence within global real estate markets reached the Euro zone, generating slower and more moderate growth in countries with excessive deficits and overvaluation of their real estate markets. The Portuguese real estate market was not overvalued and, therefore, was not affected by the strong downturn in prices as those which occurred in Spain and in Ireland. It is, however, suffering due to the lack of reliance on the part of the domestic and international consumers, given the weak economic performance and the difficulties in obtaining credit on the part of real estate promoters and of their customers.

The ever more stringent access to financing for the purchase of homes is originating an increase in the rental market. In 2010, of the 5.7 million apartments in Portugal, 20% of them were rented out.

In the office investing market one continues to note the effects of the economic and financial environment.

Office sales between January and November 2010 totalled 86.489 m2, a slump when compared to 2009 and registering the smallest value since 2003.

In 2010, the “on offer” which was the result of projects which were concluded without pre-defined occupants, pressed the practiced prime rents, which, in general, maintained a trend of stability throughout the year.

The growing credit restrictions, and the increase in collateral to be offered by the promoters, as demanded by the financial institutions, has made it difficult to launch new projects, there being serious doubts if the estimated 70.000 m2 of new office buildings, which are presently in the pipeline for the next two years, shall be effectively built.

4.3.2. Performance of MSF TUR.IM and Affiliates in 2010

As in the previous year, 2010 was essentially a consolidation period for the projects under management, for the continuity of promotions concerning projects under commercialisation and the preparation and carrying out of ventures in the order portfolio.

In line with the strategy followed by MSF TUR.IM in the previous year, in 2010 investment opportunities were analysed, focusing on the risk associated with each type of project. Hundreds of ventures were introduced to the Company, of which data referring to 68 possibilities were gathered, implying in a global amount of over 450 million Euros, involving Portugal, Europe and Africa. An economic-financial feasibility study was made regarding two of these. Proposals for the concession of the Recreational Docks of Olhão and for the construction and exploration of a Nautical Centre in Algés were presented. There were no acquisitions or concession grants.

In consolidated terms, MSF TUR.IM reached a turnover of 6.6 million Euros, representing a 13% increase when compared to the previous year. The main contributors to reach this amount were Marlagos and MSF Activos Imobiliários, being that the later was principally responsible for this achievement. Worthy of note are the positive EBITDA performance, which registered 3 million Euros, and the 1.4 million Euros accounted for as operating profit, resulting in growths of 40% and 36% respectively, when compared to the previous year. The Net Loss of 985.5 thousand Euros, slightly lower to that of 2009, reflects the effect of the financial costs associated with the ongoing investments in the ventures found in the order portfolio.

4.3.2. MSF TUR.IM: Affiliates

4.3.2.1. MARLAGOS – Iniciativas Turísticas, S.A.

Marlagos - Iniciativas Turísticas S.A. (Marlagos) is a company wholly owned by MSF TUR.IM, the main activity being the management and exploration of the Lagos Marina (Marina de Lagos) - for which it holds a 75 year concession - of the “Marina Club” hotel and of the commercial spaces surrounding the Marina. Apart from the touristic component, and in a residual scale, Marlagos commercialises housing units and commercial spaces within the surrounding area of the Lagos Marina. As at the end of the 2010 financial year, the Company had a 4.7 million Euros turnover, slightly above that registered in 2009 (4.6 million Euros). In terms of Net Profit, Marlagos ended 2010 with 411 thousand Euros, very much in line with the 418 thousand Euros in 2009.

4.3.2.2. CERAMITUR - Sociedade Turística da Fábrica da Cerâmica, S.A.

Ceramitur – Sociedade Turística da Fábrica da Cerâmica S.A. (Ceramitur) is a company fully owned by MSF TUR.IM and which has as its main activity the development of a real estate project called “A Fábrica – Marina Lofts & Apartments”, integrated with the Lagos Marina complex and destined for the second home market. As at the end of the financial year, the total number of units already sold was of 11, of the 50 built. The lukewarm performance is closely linked to the existing economic environment and mainly with the devaluation of the Pound Sterling. The fact that during the 2010 financial year no sales were effected at the “A Fábrica Marina Lofts & Apartments” venture caused a degradation of Ceramitur’s main economic and financial indices, with the Company presenting no sales and a Net Loss of 314.3 thousand Euros.

4.3.2.3 MSF – Activos Imobiliários, S.A.

MSF Activos Imobiliários, S.A. (MSF Activos Imobiliários) is a company 100% owned by MSF TUR.IM. The completion in 2010 of the Office project named as Natura Towers is the main highlight of the company’s activity last year. A venture of a unique nature in Portugal, it substantiates the Company’s investment in sustainable policies and in ongoing improvements. Since the end of 2009, the North Tower is MSF Group’s main Office. In November 2010, two units of the South Tower were rented, with the Company continuing with its commercial efforts to place the remaining with the rental market. With the start of the rental in 2010, of Natura Towers’ North Tower, one witnessed the growth of MSF Activos Imobiliários turnover, which reached as at year’s end, 1.7 million Euros.

The Company’s Net Profit was of 122 thousand Euros.

4.3.2.4. MSF Condomínios, S.A.

MSF Condomínios S.A. (MSF Condomínios) is a company 100% owned by MSF TUR.IM and which centres its activities in the management of private condominiums within projects built by companies belonging to the MSF Group. During the 2010 financial year, no relevant changes were made, with the Company insuring the management of the twelve condominiums within the Lagos Marina perimeter, as well as in neighbouring areas, as is the case with the “Infante” and “Fábrica – Marina Lofts & Apartments” condominiums. In 2010, MSF Condomínios had its turnover increased by about 17% and which was followed by a general improvement of its reference indices. The Net Profit was of 65.6 thousand Euros.

4.3.2.5. Royal Óbidos - Promoção e Gestão Imobiliária e Turística, S.A.

Following the purchase of the capital share of 50% held by Oceânico Lusoirlandês – Investimentos Imobiliários e Turísticos S.A., MSF TUR.IM now holds 100% of Royal Óbidos – Promoção e Gestão Imobiliária e Turística S.A. (Royal Óbidos), the main activity of which is the development of the “Royal Óbidos SPA & Golf Resort” Real Estate project. It envisages the construction, promotion and the exploration of a resort set in a plot of land measuring around 130 hectares and which is the property of the Company. During the 2010 financial year, no sales were foreseen, which indeed was the case, with the Company focusing on the development of the infrastructure and of the golf course. The Net Loss is of 51.4 thousand Euros, reflecting the investment phase in which the project finds itself in.

4.3.2.6. MSF / LENA - Investimentos nos Balcãs, SGPS, S.A.

MSF / LENA - Investimentos nos Balcãs, SGPS, S.A. is 50% owned by MSF TUR.IM and MSF SGPS. During the 2010 financial year, the company did not carry out new activities, having maintained the 100% participation in the Bulgarian company called ALEPU – 2003, which owns a plot of land in the country. The financial indices mirror the fact that the company remained inactive throughout the 2010 financial year, maintaining the operational costs related to the participation in the assets.

4.3.2.7. MSF TUR.IM Cabo Verde, S.A.

MSF TUR.IM Cabo Verde, S.A. is a company which is 99% owned by MSF TUR.IM and which was founded with the purpose of promoting a real estate project in Murdeira, ilha do Sal, called “Murdeira Sands”. The acquisition of the land for its construction has not as yet been effected.

4.4. Consulting and Information Systems: CDP-SI

4.4.1. Performance of CDP-SI in 2010

In light of the macro and micro economic situation, and in particular due to the existence of a competitive scenario which is continuously being aggravated, and because of the latent crisis within the Construction sector, CDP-SI focused during 2010 in the exploration of opportunities which, directly or indirectly, were being generated through links with associated companies (namely within the sphere of projects in the Tourism sector, of Complementary Grouping of Enterprises, responsible for the construction of important infrastructures and of several Concessions), and in the progressive stabilisation and rationalisation of all the technological structures applied in the new headquarters of the Group to which it belongs.

As a result, and within this framing, the activity of the Company concentrated specially in achieving the following objectives:

- The reorganisation and requalification of the teams responsible for infrastructures, in order to attend to projects in new areas, mainly those concerned with consulting, Cisco and APC (data centres, network infrastructure, telephone, safety, redundancies, service and maintenance) platforms;
- The investment in the commercialisation and stabilisation of the *AXIS4ALL* information system – an application system directed to the operational management and support to the business of companies belonging to the Civil Construction and Public Works sector;
- The strengthening of integrated offer (*AXIS* and *Microsoft DynamicsNav*) with the hiring of specialised resources;
- The growth of turnover in projects supported by *Oracle PeopleSoft* technology.

Service rendering, which constitutes the most relevant component within the earning structure of the Company, reached the amount of 1,621,123 Euros, which translates into a decrease of 2% when compared to 2009. In what concerns the Company's structure of technicians, which tends to follow the service rendering evolution, it registered a decrease in 2010. However, the level of productivity per consultant increased, as measured by the generated individual invoicing.

2010 was noted for an assembly of important projects aiming to back the needs of the companies within the Group. This fact is reflected in the reduction of services rendered to the market, from the 32% in 2009 to the 23% in 2010.

In terms of hardware and software sales, CDP-SI invoiced 598,851 Euros, a growth of 7% when compared to 2009.

Therefore, the Company's turnover grew slightly vis-à-vis the previous year, to 2.2 million Euros. EBITDA was positive in 41 thousand Euros. The Net Loss was of 88.6 mil Euros, very much influenced by revenues which were below budget and by the weight of the amortisations of the new *AXIS* system.

5. Sustainability in Value Creation

Beware of the impact that its activities may have on the improvement of the quality of life of the people and communities, as well as in the preservation of the environment, the MSF Group is continuously seeking proof that its way of acting is a positive contribution to sustainable growth. We understand this concept as being very comprehensive, including, among other factors, respect of ethical principals and values, motivation and growth of our employees, promotion of safety, health and well being, assurance of good productivity levels, efficiency, innovation, cost control, management of risks, search for better practices and technical solutions, environmental preservation and social responsibility.

5.1. Human Resources

As at 31st December 2010, 2,545 employees (2,589 as at 31st December 2009) were working with MSF Group and with companies within its consolidation perimeter. This number includes, as at 31st December 2010, 436 temporary workers.

As a result of the high degree of internationalisation, the external component of employees at the service of the companies within MSF Group's consolidation perimeter, represented, as year end, 1,707 persons.

MSF Group understands that the continued effort to qualify its Human Resources, is essential for these to possess available tools which enable them to effectively respond to the challenges encountered. In this sense, the Company promoted during 2010, 297 formative courses involving 1,902 attendees, in a total of 17,649.4 hours. These courses related mainly to Quality, Safety and Environment, Engineering, Accounting and Finance, Behavioural, IT and foreign languages.

Still in the qualification area, MSF continued throughout 2010, its policy of participating in the "New Opportunities" program, having signed several protocols with educational institutions. During this year, 74 registrations were made and 21 employees reached their desired levels.

5.2. Occupational Health

Promoting the health of its employees during 2010, continued being one of MSF Group's main concerns. Apart from the medical check-ups which comply with the legislation, the following activities carried out in this area are worth to mention: Medical exams seeking a full medical evaluation of workers relating to their professional activities; Monitoring noise exposure of all company's employees and temporary workers; Control of blood pressure of hypertensive workers and making them aware of the cardiovascular risks of arterial hypertension; Advice on healthy living; Information to employees who are abroad, regarding existing

health hazards and recommended prophylactic measures proper to each region; Medical follow-up on employees who are hospitalised due to illness or accident or on medical license; Start of MSF Vida Activa, a program which organises walks for staff members and families; and Education of workers in the health areas, mainly regarding Food and Tobacco habits, Workplace posture, Stretch-break and First aid.

5.3. Quality, Safety and Environmental System

Policies involving quality, safety and environment, continued at MSF Group, particularly at MSF Engenharia, which complied with its proposed objectives for 2010.

MSF Engenharia concluded successfully in November 2010, the renewal of its Quality, Safety and Environmental Integrated System certification with Bureau Veritas. During the financial year, MSF has introduced its Quality, Safety and Environmental management system (QSA) in its works abroad.

During 2010, it is also worth to note the progresses made regarding the certification procedure made by the International Marine Certification Institute (IMCI), including the visit made by this entity and the confirmation in 2011 of the 5 star maximum qualification to be granted to the Lagos Marina. This certification recognises the work involved in offering the visitors and customers an infrastructure with the best of conditions and high quality services. Lagos continues to be the only Portuguese marina granted with the “Euromarina Anchor Award”, Europe’s blue banner and the 5 Golden Anchors of the “The Yacht Harbour Association”.

5.4. Risk Management

Aware that, due to MSF Group’s current development of its activities, it is subject, within the universe of its business or of its affiliates, to a series of risks. With this in mind, the Company looks to, within its daily activities, control said risks, mitigate the hypothetical negative impacts, and take advantage of opportunities for improvement, within a perspective for the guarantee of the continuation of operations and for value creation.

MSF Group’s risk management starts with the identification, impact evaluation, and determination of mitigation steps, implementation, follow-up and report. The exposure to risk is limited and secondary to the activities, and results from the uncertainties and threats underlying operations within sectors, countries and socio-economic and legal framings, which imply in the assumption of different types and levels of risk.

In this context, and particularly at MSF Engenharia, the Quality, Safety and Environmental System performs a fundamental role, contributing to the definitions of rules and of internal procedures, at all levels, the objective of which is to guarantee that activities are carried out in a more secure, effective and controlled

manner, without unforeseen situations, and complying with the several rules and policies. Methodologies developed to deal with risks associated with, between many others, the set up of proposals, price volatility of raw materials, the carrying out of projects, the purchase and operation of equipment, customers' credit, the capacity of performance of suppliers or subcontractors, the management of projects, the granting of guarantees and the integrity of its assets, including of its information and communication systems, exist in the Group companies.

Specifically in the financial area, procedures exist in the Group companies focusing on risk management, such as interest rate and exchange variations, liquidity and counterpart risks.

It is worthy of note, that with the consolidation and foreseen growth of MSF Group in the different global markets, the strengthening of the specific measures regarding the management of the underlying risks to the development of activities abroad is underway.

5.5 Information and Development Systems

The MSF Group continued during this financial year, to invest in its information systems, so as to have a greater control of its operations and the prompting of productivity increase, through the automation of some tasks. The most important aspect to highlight in this area, relates to the implementation, in MSF Engenharia, of the new version of the *AXIS4ALL*, an application system oriented to the operational management and business support of the Civil Construction and Public Works sector. This was an enormous challenge, which had the full support of CDP-SI. In 2011, the next phases of the project shall be carried out, highlighting the use of the tool within a global context, with higher complexities required, such as the use of multiple currencies and languages.

During the second quarter of 2010, a new version of the Invoice Checking platform was implemented, totally redesigned at the technical and functional level, offering greater productivity, scale, efficiency and control. With this new version, the process up to the Treasury section was completed, promoting the dematerialisation of paper and the improvement of payment control and management, through the use of a collaborative platform.

MSF Engenharia's corporate site (*Intranet*) was also launched, which shall allow for the cross integration of all information, people and organisational procedures. The decentralised production of contents is foreseen, thus facilitating a permanent update of information, which can be disseminated through channels and proper means, within safe environments and with the advantages of web access.

In this sense, the Good Practice Site (PBP) was created in 2010, which is a space accessible to all employees of the MSF Group, cross integrated with all sectors where contents of general interest proposed by the various departments or employees are shared. In the site, one finds a space for debates, in a

“Discussion Forum” format, regarding matters related to the several activities of the Group and where the employees can expose their ideas concerning current matters. This new platform is retention and a knowledge disclosure space.

During the year, the Group companies began counting on a platform for the planning and management of requests, related to the available or intended computerised means, which not only allowed for a better control of incidents and reply feedback, but also to ensure its permanent monitoring and follow-up.

5.6. Environmental Responsibility

The MSF Group places continuous effort to preserve the environmental conditions and implemented several measurement and control steps, so as to promote with its collaborators, suppliers, subcontractors and other business partners, the values and principles of environmental responsibilities.

In 2010, as in previous years, the Company invested in, among others, awareness and educational campaigns, in order to reduce and rationally use energy, involving fixed installations and, particularly at MSF Engenharia's building sites. According to defined policies, measures were taken regarding the awareness and promotion of the decrease of water consumption and the mitigation of impacts due to its use. Ongoing measures were taken to promote noise pollution reduction, and general procedures were implemented, regarding impact mitigation concerning dust, CO₂, COV and HCFC emissions.

The inauguration of MSF Group's new headquarters at the end of 2009, constituted a very important beacon in the life of the Group companies. With the full use of the new installations at the Natura Towers throughout 2010, the investment in sustainable policies and in ongoing improvements, became clear. A unique project in Portugal, the Natura Towers uses new mechanisms, which allow the building to collect rainwater from the top floor and store it for later use, to use sunlight transforming it into energy and to produce oxygen, through great green surfaces as it were a real plant. In energy terms, the use of solar and photovoltaic panels on the façades shows the will to create a solid bioclimatic architecture.

During the year, based on the existing elements of consumption, production and invoicing, the basic functioning of the building took place, and some measures were introduced, seeking production and energy use optimisation. The process shall be evolutionary, bearing in mind the achieved results and given the building's dynamics, its use and reactions to foreign issues (seasons of the year).

2010 was highlighted by the several awards granted to Natura Towers, namely: Oscars for the “Best Office Building” and “Energy Efficiency”, granted respectively by the Revista Imobiliária and by ADENE, in the 14th edition of the Real Estate Oscars' contest; “Good Practices of the Sustainability Initiative”, granted by the Lisbon Town Hall; “Energetic Efficiency” and “Sustainable Construction”, granted during the 2010 Lisbon Real Estate Fair's 13th edition.

Last year the project was also awarded the Energetic Performance and In-house Air Quality Certificate, with the maximum classification Class A+, therefore being the first office building to achieve this grade.

Likewise, Natura Towers is part of the restricted group of partners of the European Green Building Programme of the European Commission, which includes new projects at the sustainability and energetic efficiency levels, in non-residential buildings. This project was also awarded the ECO2 Iberoeka Innovation Project Certificate of the CYTED – Ibero-American Programme for Science and Development Technology.

The features of the new offices and of their surroundings, brought to the Company's daily routine, concepts that until now were only understood in an indirect manner. This change turned out to be a positive factor, having simultaneously improved work conditions and permitting the company staff to be drawn to the environmental objectives proposed by the MSF Group.

5.7. Social Responsibility

The MSF Group gives support, namely through funds, foodstuff or with the carrying out of civil construction works to entities and causes, which are framed within its patronage policy and collaboration realm, and which are maintained with institutions and projects of a social, cultural and educational nature.

In the difficult 2010 year for many communities, MSF strengthened its available budget, so as to allow for an increase in its social solidarity measures, and increased its support, which during the last years, has been granted to institutions which help groups in need.

In the international area, particularly at MSF Engenharia, the carrying out of measures in support of local communities is common, namely collaboration in the improvement of infrastructures such as schools, water supply or roads. Worthy of note, is the work carried out with information and disease prevention campaigns, directed either to employees or to residents within the Company's intervention areas.

6. Perspectives for 2011

An easy year for the Portuguese economy, as a whole, is not expected. Likewise, for the sectors in which the Group is involved. In a year in which efforts will be put into the Portuguese budget consolidation, together with those of other countries, one will witness contention policies which shall affect consumption and investments. Regarding the global economy, the scenario is one of growth, notwithstanding the many doubts concerning the respective dimension and evolution. Within this context, 2011 shall, once again, present the companies in general, together with those of the Group, with stronger challenges in the pursuance of their businesses.

The significant level of internationalisation of MSF Engenharia, with projects underway in several countries, the investments in Public & Private Partnerships and the ongoing strengthening of the economic and financial solidity, as a priority, cement the conviction that we shall continue to be successful in the implementation of the defined strategy, backed by a order book as at the end of 2010, in the 700 million Euros ballpark.

Within the Concession sector, regarding promotion, our opinion continues to be that during the following years, projects in Portugal developed within the Public & Private partnership shall be inexistent, even though the merit regarding the hiring method is recognised by many countries and by various sectors of business. As a result, we shall continue with a close and demanding management of the projects in which we participate in and shall continue to detect opportunities for international expansion, following the selectivity criteria established and approved by the strategic orientation document of November 2010.

We remain cautious regarding the business development of MSF TUR.IM and affiliates during 2011, concentrating on the maintenance of a strategy centred on the quality and credibility of its projects, within a broader investment perspective, that is, taking into account the medium and long term timeframe.

In 2011, CDP-SI might still feel the adverse effects which characterise the present macroeconomic scenario and by which it based its objectives on.

7. Relevant Facts Following End of Financial Year

Construction:

No relevant facts were registered following the end of the financial year within the construction business.

Concessions:

No relevant facts were registered following the end of the financial year.

Tourism and Real Estate:

In February 2011, the deeds concerning the Sales of 32 plots of land of the Royal Óbidos Project were completed.

In March 2011, MSF Activos Imobiliários was awarded the GreenBuilding Partner status related to the Natura Towers Project, thus being part of the exclusive group of partners of the European GreenBuilding Programme of the European Commission, which gathers innovative projects at the sustainability and energetic efficiency in non-residential buildings level.

Consulting, Organisation and Information Systems

CDP-SI signed with customer IPC-ANACOM an agreement in the consulting sector, for the support and maintenance of its entire *Oracle PeopleSoft* platform, with a duration of 3 years. This strengthens the expectations of a positive development in the referred sector.

8. Other Legal Information

In compliance with the Law, MSF SGPS refers that it does not have outstanding debts to the State Public Sector, neither to the Social Security.

As at 31st December 2010, MSF SGPS directly employed 12 workers, being that in its entirety the companies of the Group employed 2,545 collaborators, including 436 temporary workers.

The company holds in its portfolio 17,000 own shares, and complying with the law, it has to be mentioned that during the financial year no business was effected between the Company and any of its Directors.

MSF SGPS has no branches.

9. Proposed Distribution of Income

The Board of Directors proposes that the Net Income of the 2010 financial year, in the amount of 2,889,008.17 Euros be distributed as follows:

Legal Reserve	144,454.41 Euros
Retained Earnings	2,744,633.76 Euros

10. Final Note

The Board of Directors would like to express its recognition to all of those who in 2010 gave their support in their effort to achieve the Company's objectives. It thanks the support and trust given by the Shareholder, the availability and valued collaboration of the Statutory Auditor and of the Chartered Accountant, the effort, dedication and the uppermost professionalism of MSF Group's collaborators, as well as the fundamental cooperation of entities, companies and persons which and whom it had the pleasure to meet.

Lisbon, 15th April 2011

The Board of Directors

Chairman: Joaquim Carlos Ramalhão Fortunato

José Manuel Ramalhão Fortunato

Carlos Pompeu Ramalhão Fortunato

José Manuel Brito da Mana Ramalhão Fortunato

Margarida Maria Corvelo Borges de Menezes

José Ernesto Cirilo Custódio dos Santos

Maria Carlos Ramalhão Fortunato Leça Ramada

Tiago Brito da Mana Ramalhão Fortunato

Ana Maria Louro de Aragão Teixeira de Sande e Lemos

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
AS AT 31st DECEMBER 2010

CURRENCY: EURO

ACCOUNTS	NOTES	DATES	
		31st December 2010	31st December 2009 (Restated)
ASSETS			
Non-current assets			
Tangible Fixed assets	22	100,047,965.19	108,302,813.61
Investment properties	23	25,804,764.43	12,526,157.30
Goodwill	24	12,255,016.08	640,421.30
Intangible assets	25	1,352,058.80	968,970.81
Financial Investments - Equity method	26	18,485,745.76	8,411,210.40
Financial Investments - Loans granted	26	11,243,357.13	4,954,273.16
Financial Investments - Other methods	26	5,433,073.80	7,758,406.24
Shareholders and Group Companies	27	16,114,621.93	9,635,520.25
Other accounts receivable	28	17,560,517.52	17,460,517.53
Deferred tax assets	21	1,720,881.90	969,860.22
		210,018,002.53	171,628,150.82
Current assets			
Inventories	29	45,735,631.82	39,109,420.21
Trade debtors	30	218,043,774.30	163,688,638.28
Advances to suppliers	31	3,866,703.25	2,863,140.44
State and other public entities	32	18,168,520.17	9,729,070.70
Shareholders and Group Companies	27	274,799.07	
Other accounts receivable	28	84,551,196.98	93,557,300.79
Deferrals	33	5,598,552.69	2,573,249.33
Cash and bank deposits	4	26,056,525.69	10,807,406.98
		402,295,703.96	322,328,226.73
Total Assets		612,313,706.50	493,956,377.55
EQUITY AND LIABILITIES			
EQUITY			
Paid-up share capital	34	45,000,000.00	45,000,000.00
Own shares (quotas)	34	-118,201.50	-118,201.50
Other equity instruments	34	19,650,000.00	19,650,000.00
Share premium	34	10,765,296.00	10,765,296.00
Legal reserves	34	2,506,074.79	2,506,074.79
Retained earnings	34	-8,907,762.68	534,080.28
Adjustment in financial assets	34	5,642,640.47	2,026,239.62
Net Income of Financial Year		2,889,088.17	-3,922,206.96
Subtotal		77,427,135.25	76,441,282.23
Minority interests	45	562,461.68	681,716.89
Total Equity		77,989,596.93	77,122,999.12
LIABILITIES			
Non-current liabilities			
Provisions	35	9,442,477.65	7,218,669.03
Shareholders and Group Companies	27	2,692,408.05	4,100,113.21
Loans obtained	36	176,340,800.61	150,016,718.53
Advances from trade debtors	37	187,453.83	19,712,674.73
Deferred tax liabilities	21	1,360,072.43	1,426,424.41
Other accounts payable	38	129,033.89	124,962.78
		190,152,246.46	182,599,562.69
Current liabilities			
Suppliers	39	130,092,577.95	75,885,458.45
Advances from trade debtors	37	38,215,677.96	6,624,209.45
State and other public entities	32	6,496,736.46	4,785,641.74
Shareholders and Group Companies	27	7,340,210.02	
Loans obtained	36	99,304,756.71	71,712,127.28
Other accounts payable	38	29,211,821.48	20,469,264.26
Deferrals	33	32,506,480.68	54,757,114.56
Financial instruments liabilities	40	1,003,601.86	
		344,171,863.12	234,233,815.74
Total liabilities		534,324,109.57	416,833,378.43
Total equity and liabilities		612,313,706.50	493,956,377.55

To be read together with the notes to the financial statements

CONSOLIDATED INCOME STATEMENT BY NATURE
AS AT 31st DECEMBER 2010

CURRENCY: EURO

ACCOUNTS	NOTES	YEARS	
		31-12-2010	31-12-2009 (Restated)
Sales and services rendered	6	424,955,740.41	316,058,247.90
Operating subsidies		16,500.05	36,122.24
Gains/losses from subsidiaries, associated companies and joint ventures	7	228,783.96	-8,344,354.92
Variation in production inventories	8	2,770,890.60	6,837,298.70
In house works	9	13,828,764.22	26,953,713.17
Cost of goods sold	10	-66,582,871.54	-64,251,486.43
Third party supplies & services	11	-277,937,432.97	-190,531,923.84
Personnel expenses	12	-56,732,646.49	-55,580,109.71
Accounts receivable impairment (losses/reversals)	13	-483,097.91	-518,554.79
Provisions (increases/reductions)	35	-1,885,569.73	203,874.43
Impairment of non-depreciable investments/amortisations (losses/reversals)	14	200,000.00	25,000.00
Increases/reductions in fair value	15	-262,512.38	
Other revenue and gains	16	4,391,292.86	10,090,066.60
Other expenses and losses	17	-12,108,214.90	-15,034,687.06
Income before depreciation, loan expenses and taxes		30,399,626.17	25,943,206.29
Expenses/reversals of depreciation and amortisation	18	-17,564,858.19	-18,412,999.77
Operating income (before loan expenses and taxes)		12,844,767.98	7,530,206.52
Interest and other similar revenue obtained	19	5,419,102.06	6,046,880.88
Interest and other similar revenue endured	20	-13,212,504.43	-14,926,781.09
Income before taxes		5,051,365.60	-1,349,693.69
Income Tax	21	-2,282,090.05	-2,690,015.90
Net income		2,769,275.55	-4,039,709.59
Net income attributed to:			
Capital holders of parent company		2,889,088.17	-3,922,206.96
Minority interests		-119,812.62	-117,502.63
		2,769,275.55	-4,039,709.59

To be read together with the notes to the financial statements.

The Chartered Accountant

The Management

CONSOLIDATED INCOME STATEMENT BY FUNCTION

AS AT 31st DECEMBER 2010

CURRENCY: EURO

ACCOUNTS	NOTES	YEARS	
		31-12-2010	31-12-2009 (Restated)
Sales and services rendered	6	424,955,740.41	316,058,247.90
Cost of sales and services rendered		-382,273,480.06	-279,874,111.67
Gross income		42,682,260.35	36,184,136.23
Other revenue		4,391,292.86	10,081,038.30
Distribution expenses			
Administrative expenses		-22,120,570.33	-24,399,329.93
R&D expenses			
Other expenses		-13,555,724.33	-15,327,039.86
Operating income (before loan expenses and taxes)	44	11,397,258.55	6,538,804.74
Net loan expenses		-6,345,892.92	-7,888,498.44
Income before taxes	44	5,051,365.63	-1,349,693.69
Income tax	21	-2,282,090.05	-2,690,015.90
Minority interests	45	-119,812.59	-117,502.63
Net income	44	2,889,088.17	-3,922,206.96

To be read together with the notes to the financial statements.

The Chartered Accountant

The Management

CONSOLIDATED CASH FLOW STATEMENT
 AS AT 31st DECEMBER 2010

CURRENCY: EURO

ACCOUNTS	NOTES	YEARS	
		31-12-2010	31-12-2009 (Restated)
Cash flow from operations			
Receipts from trade debtors		418,834,678.85	289,842,154.21
Payments to suppliers		-343,960,501.03	-265,492,337.54
Salaries and salaries related payments		-63,033,584.20	-54,927,367.81
Cash generated from operations		11,840,593.62	-30,577,551.14
Payment/Reimbursement of income tax		-3,870,530.10	-1,275,253.08
Other receipts/payments		12,766,568.70	26,373,850.05
Cash flow from operations (1)		20,736,632.22	-5,478,954.17
Cash flow from investment activities			
Payments concerning:			
Tangible fixed assets		-13,091,083.29	-7,075,975.01
Intangible assets		-145,827.52	-301,180.90
Financial investments		-37,415,225.37	-7,055,784.31
		-50,652,136.18	-14,432,940.22
Receipts concerning:			
Tangible fixed assets		381,737.56	1,362,188.34
Financial investments		4,911,200.00	119,537.07
Investment subsidies		5,177.60	32,552.66
Interest and similar revenue		780,446.20	2,385,225.50
Dividends	7	284,602.50	218.93
		6,363,163.86	4,118,428.57
Cash flow from investments (2)		-44,288,972.32	-10,314,511.65
Cash flow from loans			
Receipts provenientes de:			
Loans obtained		202,225,499.11	243,176,869.04
Paid-up capital and other equity instruments			11,000,000.00
Shareholders/Shareholders' loans		8,004,247.85	1,710,814.88
		210,229,746.96	255,887,683.92
Payments concerning:			
Loans obtained		-160,436,592.67	-195,612,986.99
Amortisations of financial leasing agreements		-32,050.83	-26,558,781.69
Interest and similar expenses		-13,273,070.80	-10,759,907.94
Dividends		-595,585.18	-58,691.81
Shareholders/Shareholders' loans		-1,001,149.11	
Reductions in capital and of other equity instruments			-71,518.51
		-175,338,448.59	-233,061,886.94
Cash flow from loans (3)		34,891,298.37	22,825,796.98
Change in cash and equivalents (1+2+3)		11,338,958.27	7,032,331.16
Translation gains/losses		346,916.64	-1,335,456.31
Perimeter changes		-2,478,266.08	-96,865.55
Cash and equivalents at start of financial year	4	-55,190,421.40	-60,790,430.70
Cash and equivalents at end of financial year	4	-45,982,812.57	-55,190,421.40

To be read together with the notes to the financial statements.

The Chartered Accountant

The Management

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31st DECEMBER 2010 AND 2009

(Amounts in Euros)

	Notes	Paid-up share capital (Note 23)	Own shares (Note 23)	Other equity instruments (Note 23)	Share premium (Note 23)	Legal reserve (Note 23)	Retained earnings	Adjustments in financial assets	Net income of financial year	Total equity
Balance as at 1st January 2009	2	40,000,000.00	-46,683.00	19,650,000.00	4,765,296.00	2,506,074.79	7,394,416.67	815,710.48	-2,488,414.98	72,596,399.96
Conversion adjustment to the NCRF	2						-1,581,031.46	-1,224,092.91		-2,805,124.37
Balance as at 1st January 2009 (restated)	2	40,000,000.00	-46,683.00	19,650,000.00	4,765,296.00	2,506,074.79	5,813,385.21	-408,382.43	-2,488,414.98	69,791,275.59
Net income of financial year									-3,922,206.96	-3,922,206.96
Transference due to non-attributed income	23						-2,790,889.95	2,790,889.95		
Distribution of the 2008 net income	23						-2,488,414.98		2,488,414.98	
Application of the equity method	17							-356,267.90		-356,267.90
Paid-up share capital	23	5,000,000.00								5,000,000.00
Share premium					6,000,000.00					6,000,000.00
Purchase of own shares	23		-71,518.50							-71,518.50
Balance as at 1st January 2010		<u>45,000,000.00</u>	<u>-118,201.50</u>	<u>19,650,000.00</u>	<u>10,765,296.00</u>	<u>2,506,074.79</u>	<u>534,080.28</u>	<u>2,026,239.62</u>	<u>-3,922,206.96</u>	<u>76,441,282.23</u>
Net income of financial year									2,889,088.19	2,889,088.19
Distribution of the 2009 net income	23						-3,922,206.96		3,922,206.96	
Transference due to non-attributed income	23						-5,519,636.00	5,519,636.00		
Application of the equity method	17							-1,903,235.15		-1,903,235.15
Balance as at 31st December 2010		<u>45,000,000.00</u>	<u>-118,201.50</u>	<u>19,650,000.00</u>	<u>10,765,296.00</u>	<u>2,506,074.79</u>	<u>-8,907,762.68</u>	<u>5,642,640.47</u>	<u>2,889,088.17</u>	<u>77,427,135.25</u>

To be read together with the attachment to the financial statements.

The Chartered Accountant

The Management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st DECEMBER 2010

1. THE COMPANY

MSF – Sociedade Gestora de Participações Sociais, S.A. (“the Company”) was established on the 23rd December 1998, with headquarters at Rua Frederico George 37, Alto da Faia, in Lisbon. The purpose of the company is the management of the holdings in other companies, as an indirect form of exercising economic activity.

MSF – Sociedade Gestora de Participações Sociais, S.A holds the array of financial investments which compose the MSF Group. The presented financial statements are the consolidated ones of the Company. MSF S.G.P.S. which is the parent company for the whole group acts mainly within the civil and public construction, real estate, tourism and concession sectors.

These consolidated financial statements were approved by the Board of Directors on the 15th April 2011. However these are still subject to approval by the Shareholders’ General Meeting, in compliance with the current Portuguese commercial legislation.

2. ACCOUNTING STANDARDS CONSIDERED DURING THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1 ACCOUNTING STANDARDS

The attached financial statements comply with all standards of the Accounting Normalisation System (SNC). It should be understood that The Basis of Presentation of Financial Statements, the Financial Statement Models, the Chart of Accounts, the Accounting and Financial Reporting Standards (NCRF) and the Interpretation Standards are all part of the aforementioned standards of the SNC.

At all times in which the SNC does not refer to a particular transaction procedure or to certain situations, the International Accounting Standards, adopted as per Regulation (CE) 1606/2002 of the European Parliament and Council of 19th July, and the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS), issued by the IASB, and respective Interpretations (SIC/IFRIC), shall be additionally complied with, in the indicated order.

2.2 FIRST TIME ADOPTION OF THE ACCOUNTING AND FINANCIAL REPORTING STANDARDS (NCRF)

Up to 31st December 2009, the Company set up, approved and published, for reasons of compliance with the current commercial legislation, financial statements in accordance with the generally accepted accounting principals in Portugal and

which were included in the National Chart of Accounts (“POC”), Accounting Guidelines and in all other additional legislation, being all of these revoked by the above mentioned ordinances.

The balance sheet as at 31st December 2009, and income, cash flow and changes in equity statements, together with the respective attached notes referring to the close of the financial year ended on 31st December 2009 and presented for comparison purposes, were restated in compliance with the NCRF. Adjustments to be in effect as at 1st January 2009, date of the transition, were made according to the NCRF 3 provisions – First time adoption of the accounting and financial reporting standards which were registered as retained earnings, as per this rule. Therefore the main differences of accounting policies are the following:

- Provisions for expected warranty costs: From the reading of both the NCRF 21 and of article 1225 of the Civil Code, a provision which mirrors the best estimate of the charges to be levied with the repairs to be effected during the period between the temporary and definitive handover, should be established. Consequently, the amounts formerly registered as deferred income were reclassified to a provision account.
- Verification of the percentage of completion: The NCRF 19 takes into account the possibility of considering as contractual costs, the ones foreseen in rectifying and guaranteeing the Works, including the expected costs to be incurred during the warranty term. Consequently, the percentage of completion and the estimated margin of the building contracts suffered changes, which led to the identification of adjustments in relation to the expressed amounts, as per the previous accounting standard.
- Financial charges: The financial charges of loans obtained in direct relation with the purchase, construction or production of assets, which necessarily take a substantial period of time to be completed for its intended use or sale, are subject to capitalisation, thus being part of the cost value of these assets. Therefore, all financial charges which formally were considered as being deferred expenses were reclassified as inventories.
- Extraordinary revenue: The NCRF does not consider the existence of extraordinary expenses and revenue. Therefore, the amounts previously registered in the extraordinary revenue account of the income and cash flow statements, were reclassified in accordance with the corresponding nature.
- Financial expenses and revenue: Some expenses and revenue which formerly were considered as financial by their nature were reclassified as operating expenses and revenue.
- Derivatives: In accordance with the NCRF 27, the financial assets and liabilities should be measured at cost, at amortised cost or at fair value. In the case of derivatives, these should be measured by their fair value. Thus, at the date of transition, the Company recognised the fair value of the contracted hedging derivatives. However, the Company did not register the effects of the derivatives contracted within the sphere of the concession agreements in which the Group takes part, as the Board of Directors understands that its recognition would be contrary to the essence and to the underlying economic models of those concessions.
- Concentration of business activities and goodwill: The Company adopted the NCRF 14, in effect as of 1st January 2009. Therefore, the goodwill amortisation booked following that date was reversed, and the respective value, in the different applicable cases, subject as from then, to annual impairment testing.

- Non-refundable state grants related with tangible fixed assets: In compliance with the NCRF 22, these grants should initially be recognised in equity and when these relate to depreciable tangible fixed assets, they should be attributed to a systematic base as revenue, during the time needed to balance them with the related expenses, to which the revenue is expected to compensate. In this sense, the group proceeded to reclassify subsidies relating to the Sifit and Sime investments, from deferred income to equity, net of liability, due to associated deferred tax.

- Publicity expenses: The expenses with publicity, previously capitalised in the tangible fixed assets and inventories related to ongoing real estate projects accounts, do not comply with the definition of asset within the Framework, which is the fundamental base when defining the Company's accounting policies, therefore these amounts were derecognised from the financial statements in a retrospective manner, affecting the same financial years in which the previous capitalisation occurred. As this change implies in tax effects, the respective resulting deferred tax was also calculated and registered.

- Sales commission expenses: These, previously capitalised in the deferred accounts, do not comply with the definition of asset within the Framework, which is the fundamental base when defining the Company's accounting policies, therefore these amounts were derecognised from the financial statements in a retrospective manner, affecting the same financial years in which the previous capitalisation occurred. As this change implies in tax effects, the respective resulting deferred tax was also calculated and registered.

The effects on the balance sheet as at 1st January 2009, of the conversion of the financial statements prepared in compliance with the POC, for the restated financial statements, and in accordance with the SNC in force, as of 1st January 2010, can be shown as follows:

ASSETS	POC	Adjustments & reclassification	SNC
NON-CURRENT ASSETS			
Tangible Fixed Assets	102,109,858.28	1,363,505.48	103,473,363.76
Investment Properties	-	396,122.03	396,122.03
Goodwill	1,047,578.34	(407,157.03)	640,421.31
Intangible Assets	874,083.97	(290,855.12)	583,228.85
Financial Investments – equity method	14,897,104.67	(2,186,496.45)	12,710,608.22
Financial Investments – loans granted	6,275,135.58	-	6,275,135.58
Financial Investments – other methods	10,594,626.55	-	10,594,626.55
Shareholders	8,191,945.18	-	8,191,945.18
Deferred Tax Assets	916,427.28	399,162.24	1,315,589.52
Total non-current assets	144,906,759.85	(725,718.85)	144,181,041.00
CURRENT ASSETS			
Inventories	35,719,769.32	(375,301.82)	35,344,467.50
Trade Debtors	113,411,080.40	-	113,411,080.40
Advances to suppliers	4,121,102.29	-	4,121,102.29
State and other public entities	11,817,865.76	-	11,817,865.76
Shareholders	2,740,165.01	-	2,740,165.01
Other accounts receivable	103,250,869.07	(353,728.53)	102,897,140.54
Deferrals	4,815,766.18	(958,076.71)	3,857,689.47
Cash and bank deposits	5,702,723.68	-	5,702,723.68
Total current assets	281,579,341.71	(1,687,107.06)	279,892,234.65
Total Assets	426,486,101.56	(2,412,825.91)	424,073,275.65
EQUITY AND LIABILITIES			
EQUITY			
Paid-up share capital	40,000,000.00	-	40,000,000.00
Own shares	(46,683.00)	-	(46,683.00)
Other instruments of equity	19,650,000.00	-	19,650,000.00
Share premium	4,765,296.00	-	4,765,296.00
Legal reserve	2,506,074.79	-	2,506,074.79
Retained earnings	7,394,416.67	(1,581,031.46)	5,813,385.21
Adjustments of financial assets	625,595.80	(1,033,978.23)	(408,382.43)
Net Income of Financial Year	(2,488,414.98)	-	(2,488,414.98)
Equity attributed to shareholders of parent company	72,406,285.28	(2,615,009.69)	69,791,275.59
Minority Interests	868,291.67	(56,705.91)	811,585.76
Total equity	73,274,576.95	(2,671,715.59)	70,602,861.36
NON-CURRENT LIABILITIES			
Provisions	976,451.26	7,053,849.06	8,030,300.32
Loans obtained	116,798,754.00	-	116,798,754.00
Shareholders	4,890,439.50	-	4,890,439.50
Deferred tax liabilities	579,934.39	609,892.81	1,189,827.20
Advances to trade debtors	31,110,465.41	-	31,110,465.41
Other accounts payable	123,560.64	-	123,560.64
Total non-current liabilities	154,479,605.20	7,663,741.87	162,143,347.07
CURRENT LIABILITIES			
Suppliers	57,192,725.16	-	57,192,725.16
Advances to trade debtors	9,198,191.29	-	9,198,191.29
State and other public entities	4,303,725.47	-	4,303,725.47
Shareholders	2,167,072.52	-	2,167,072.52
Loans obtained	66,493,154.42	-	66,493,154.42
Other accounts payable	20,542,153.43	-	20,542,153.43
Deferrals	38,834,897.12	(7,404,852.19)	31,430,044.93
Total current liabilities	198,731,919.41	(7,404,852.19)	191,327,067.22
Total liabilities	353,211,524.61	258,889.68	353,470,414.29
Total equity and liabilities	426,486,101.56	(2,412,825.91)	424,073,275.65

The adjustments made affecting equity reported as at 1st January 2009, for conversion to the NCRF purposes, are as follows:

Equity – POC	73,274,576.95
Land revaluation	1,968,260.94
Tax effect of revaluation	-521,589.38
Inclusion of warranty costs in total contract costs	-355,939.12
Derecognition of intangible fixed assets	-290,855.12
Change of estimate (reintegration)	44,353.26
Derecognition of multi-annual publicity expenses	-958,076.71
Recognition of investment subsidies	353,213.72
Tax effect at 26.5%	159,643.06
Tax effect at 25%	151,215.75
Transition adjustments in affiliates	-2,187,963.76
Regularisations	-1,033,978.23
Equity - SNC	70,602,861.36

Furthermore, the reconciliation between equity, in accordance with the POC and the NCRF, reported as at 31st December 2009, as well as the reconciliation between the respective income of the financial year ended on that date, can be presented as follows:

Equity – POC	82,119,090.65
Land revaluation	1,968,260.94
Tax effect of revaluation	-521,589.38
Inclusion of warranty costs in total contract costs	-369,654.78
Derecognition of the goodwill amortization during the financial year per net result of the financial year	45,140.09
Derecognition of intangible fixed assets	-227,571.70
Change of estimate (reintegration)	84,172.45
Derecognition of multi-annual publicity expenses	-1,010,892.56
Recognition of investment subsidies	335,615.00
Tax effect at 26.5%	135,951.67
Tax effect at 25%	164,560.14
Transition adjustments in affiliates	-3,447,413.46
Regularisations	-2,152,669.93
Equity - SNC	77,122,999.13

Due to the shown adjustments, the restated profit and loss statement for the financial year ended on 31st December 2009, in accordance with the SNC, is as follows:

REVENUE AND EXPENSES	POC	Adjustments & j reclassification	SNC
Sales and services rendered	316,727,081.42	(668,833.52)	316,058,247.90
Operating subsidies	36,122.24	-	36,122.24
Gains/losses from subsidiaries, associated companies and joint ventures	(5,249,603.07)	(3,094,751.85)	(8,344,354.92)
Variation in production inventories	6,807,128.92	30,169.78	6,837,298.70
In house works	26,987,011.29	(33,298.12)	26,953,713.17
Cost of goods sold	(64,251,486.43)	-	(64,251,486.43)
Third party supplies & services	(190,494,157.86)	(37,765.98)	(190,531,923.84)
Personnel expenses	(55,580,109.71)	-	(55,580,109.71)
Accounts receivable impairment (losses/reversals)	(518,554.79)	-	(518,554.79)
Provisions (increases/reductions))	(577,996.56)	781,870.99	203,874.43
Impairment of non-depreciable investments		25,000.00	25,000.00
Other revenue and gains	7,969,305.36	2,120,761.24	10,090,066.60
Other expenses and losses	(12,146,273.57)	(2,888,413.49)	(15,034,687.06)
Income before depreciation, loan expenses and taxes	29,708,467.24	(3,765,260.95)	25,943,206.29
Expenses/reversals of depreciation and amortisation	(18,518,584.25)	105,584.48	(18,412,999.77)
Operating income (before loan expenses and taxes)	11,189,882.99	(3,659,676.47)	7,530,206.52
Interests and other similar revenue obtained	6,958,293.23	(911,412.35)	6,046,880.88
Interests and other similar expenses endured	(16,944,345.83)	2,017,564.74	(14,926,781.09)
Extraordinary income/loss	415,396.48	(415,396.48)	-
Income before taxes	1,619,226.87	(2,968,920.56)	(1,349,693.69)
Income Tax	(2,679,673.98)	(10,341.92)	(2,690,015.90)
Net income	(1,060,447.11)	(2,979,262.48)	(4,039,709.59)
Net income attributed to:			
Shareholders of parent company	(950,078)	(2,972,128.71)	(3,922,206.96)
Minority interests	(110,369)	(7,133.77)	(117,502.63)
	(1,060,447)	(2,979,262.48)	(4,039,709.59)

The reconciliation between the net income of the financial year ended on 31st December 2009, according to the POC and the NCRF, is as follows:

Net income of financial year – POC	-1,060,447.11
Derecognition of the financial year's amortisation	76,694.21
Inclusion of warranty costs in total contract costs	-13,715.66
Derecognition of intangible fixed assets	63,283.42
Change of estimate (reintegration)	39,819.19
Derecognition of multi-annual publicity expenses	-52,815.85
Recognition of investment subsidies	-17,598.72
Tax effect at 26.5%	-23,691.39
Tax effect at 25%	13,344.39
Transition adjustments in affiliates	-3,094,751.85
Regularisations	30,169.78
Net Income of financial year - SNC	-4,039,709.59

Due to the shown adjustments, the balance sheet as at 31st December 2009, and restated in accordance with the SNC, is as follows:

ASSETS	POC	Adjustments & reclassification	SNC
NON-CURRENT ASSETS			
Tangible Fixed Assets	107,999,203.03	303,610.58	108,302,813.61
Investment Properties		12,526,157.30	12,526,157.30
Goodwill	563,718.56	76,702.74	640,421.30
Intangible Assets	1,196,542.51	(227,571.70)	968,970.81
Financial investments – equity method	11,889,675.74	(3,478,465.34)	8,411,210.40
Financial investments – loans granted	4,926,718.65	27,554.51	4,954,273.16
Financial investments – other methods	20,189,363.95	(12,430,957.71)	7,758,406.24
Shareholders	9,635,520.25	-	9,635,520.25
Other accounts receivable	17,460,517.52	-	17,460,517.52
Deferred Tax Assets	587,000.78	382,859.44	969,860.22
Total non-current assets	174,448,260.99	(2,820,110.18)	171,628,150.81
CURRENT ASSETS			
Inventories	39,653,570.20	(544,149.99)	39,109,420.21
Trade debtors	163,688,638.31	-	163,688,638.31
Advances to suppliers	2,863,140.44	-	2,863,140.44
State and other public entities	9,729,070.70	-	9,729,070.70
Other accounts receivable	93,940,907.36	(383,606.59)	93,557,300.77
Deferrals	3,567,104.90	(993,855.57)	2,573,249.33
Cash and bank deposits	10,807,406.98	-	10,807,406.98
Total current assets	324,249,838.89	(1,921,612.15)	322,328,226.74
Total assets	498,698,099.88	(4,741,722.33)	493,956,377.55
EQUITY AND LIABILITIES			
EQUITY			
Paid-up share capital	45,000,000.00	-	45,000,000.00
Own shares	(118,201.50)	-	(118,201.50)
Other instruments of equity	19,650,000.00	-	19,650,000.00
Share premium	10,765,296.00	-	10,765,296.00
Legal reserve	2,506,074.79	-	2,506,074.79
Retained earnings	1,517,839.05	(983,758.77)	534,080.28
Adjustment in financial assets	3,002,603.99	(976,364.37)	2,026,239.62
Net income	(950,078.25)	(2,972,128.71)	(3,922,206.96)
Equity attributed to shareholders of parent company	81,373,534.08	(4,932,251.85)	76,441,282.23
Minority interests	745,556.57	(63,839.68)	681,716.89
Total equity	82,119,090.65	(4,996,091.53)	77,122,999.12
NON-CURRENT LIABILITIES			
Provisions	819,937.83	6,398,731.20	7,218,669.03
Loans obtained	150,016,718.53	-	150,016,718.53
Shareholders	4,100,113.21	-	4,100,113.21
Deferred Tax Liabilities	820,931.28	605,493.13	1,426,424.41
Advances to trade debtors	19,712,674.73	-	19,712,674.73
Other accounts payable	124,962.78	-	124,962.78
Total non-current liabilities	175,595,338.36	7,004,224.33	182,599,562.69
CURRENT LIABILITIES			
Suppliers	75,885,458.45	-	75,885,458.45
Advances to trade debtors	6,624,209.45	-	6,624,209.45
State and other public entities	4,785,641.74	-	4,785,641.74
Derivative financial instruments		-	-
Shareholders		-	-
Loans obtained	71,712,127.28	-	71,712,127.28
Other accounts payable	20,469,264.26	-	20,469,264.26
Deferrals	61,506,969.69	(6,749,855.13)	54,757,114.56
Total current liabilities	240,983,670.87	(6,749,855.13)	234,233,815.74
Total liabilities	416,579,009.23	254,369.20	416,833,378.43
Total equity and liabilities	498,698,099.88	(4,741,722.33)	493,956,377.55

3. PRINCIPAL ACCOUNTING STANDARDS

a) BASIS OF PRESENTATION

The attached financial statements were prepared on the assumption of the ongoing-concern principle, and based on the Company, subsidiaries and associates's books and accounting registries, as per the Accounting and Financial Reporting Standards, guaranteeing the compliance with the qualitative features of comprehensibility, relevance, concreteness, reliability, fair representation, substance over form, neutrality, prudence, fullness and comparability.

b) CONSOLIDATION STANDARDS

The attached consolidated financial statements incorporate the financial statements of the Company and the entities (including entities established for specific purposes) it controls (its subsidiaries), or jointly controls (associates and Additional Groups of Companies).

Control is understood to exist when the Company has the power to define an entity's financial and operational policies, in order to obtain benefits arising from its activities and normally associated to the control, directly or indirectly, of more than half of the voting rights. The existence and the effect of potential voting rights which are currently exercised, or which are convertible, are considered when evaluating the control that the Company has over an entity.

The joint control over an entity is the result of a particular form of joint enterprise and which translates into the creation of an entity which, by contractual means, is jointly controlled by the various entrepreneurs.

CONSOLIDATION OF SUBSIDIARY COMPANIES

The subsidiaries are included in the financial statements, through the full consolidation method, as from the date the Company takes over the control of its financial and operational activities, until the moment that this control ceases.

The financial results of subsidiaries purchased or sold during the financial year, are included in the income statement, as from the date they were purchased or until their date of sale.

All transactions and balances between subsidiaries and between the Company and subsidiaries, as well as revenue and expenses resulting from these transactions and balances, are totally abolished in the consolidation process. Unrealised losses are also eliminated, but considered as an indication of impairment for the transferred asset.

Whenever the losses applicable to the minority interests exceed the corresponding interests in the subsidiary's equity, the Group absorbs this excess, and whatever additional losses, except when the minorities are obliged and are able to cover

these losses. If subsequently, the subsidiary generates income, the Group appropriates all income until the minorities' losses absorbed by the Group are recovered.

In the reduction of the Group's interest in subsidiaries, any difference between the fair value of the received or receivable payments and the correspondent quota in the subsidiary's net assets is registered in the results of the financial year.

CONSOLIDATION OF JOINTLY CONTROLLED COMPANIES

The financial investments in jointly controlled companies is included in the consolidated financial statements, by the proportional consolidation method, as from the date of the purchase of the joint control. According to this method, assets, liabilities and revenues and expenses of these companies, are integrated in the consolidated financial statements, account by account, in proportion to the control attributed to the Group.

The transactions, the balances and the dividends distributed between the jointly controlled and other companies within the group, are eliminated in the consolidated process, in proportion to the control attributed to the Group.

c) TANGIBLE FIXED ASSETS

The tangible fixed assets are registered at acquisition cost, which include the purchase price and any costs directly incurred to place the asset and in the necessary condition for it to operate as intended, deducted of the corresponding depreciation and of the losses by accrued impairment, or by estimated cost, which concerns the appraised assets which are under the tax legislation and in line with the previous ruling and Indubel- Industrias de Betão, S.A. 's plot of land, which notwithstanding adopts the cost value as a valuation criteria for its tangible fixed assets, in compliance with the terms of the NCRF 3, started considering as the new deemed cost, the land's fair value as at transition date.

Depreciation is calculated, following the date in which the assets are ready to be used, by the straight line method, in accordance with the estimated useful life for each group of assets.

The used depreciation rates correspond to the following estimated useful life (in years):

	Useful life
Buildings and other constructions	10 to 75
Basic equipment	2 to 15
Transport equipment	2 to 10
Office equipment	2 to 10
Other tangible assets	4 to 20

If there is any evidence that a major change in the useful life or in the residual value of an asset occurs, the depreciation of this asset is revised in a prospective manner, so as to reflect the new expectations.

The outlays concerning repairs which do not increase the useful life of the assets and which do not result in major improvements in the parts of the tangible fixed assets, are registered as expenses, within the period in which they were effected. The outlays with the inspection and maintenance of the assets are registered as expenses.

The gain (or loss) resulting from the sale or write-off of a tangible fixed asset, is determined as the difference between the sale price and the net accounting value, on the date of sale or write-off, being registered in the income statement, under the "Other revenues and gains", or "Other expenses and losses" accounts.

d) INVESTMENT PROPERTIES

The investment properties include, essentially, real estate held for the purpose of receiving income or capital valuation (or both), not being destined for productive use or for the supply of goods or services, for administrative purposes or for sale, during normal business operations.

Investment property valuation is based on the cost model, which in this particular case, means that they are registered by the sum of the acquisition costs, conversion costs and other incurred direct costs, deducted by the corresponding depreciation and losses by accrued impairment.

Depreciation is calculated, following the date in which the assets are ready to be used, by the straight line method, in accordance with the estimated useful life for each group of assets.

Considering that these assets are buildings/fractions of buildings, the used depreciation rate considers an underlying estimated useful life of around fifty years.

If there is any evidence that a major change in the useful life or in the residual value of an asset occurs, the depreciation of this asset is revised in a prospective manner, so as to reflect the new expectations.

The incurred costs with the use of the investment properties, mainly maintenances, repairs, insurance and property taxes, are recognised as an expense within the referred period. Betterments or improvements of investment properties, which are expected to bring additional future economic benefits, are capitalised under the "Investment Property" account.

e) CONCENTRATION OF BUSINESS ACTIVITIES

The acquisition of subsidiaries and of joint controlled entities is registered using the acquisition method. The corresponding concentration cost is determined at the acquisition date, as the summation of: (a) the fair value of the delivered, or to be delivered assets; (b) the fair value of the incurred, or to be incurred responsibilities, (c) the fair value of equity instruments

issued by the Company in exchange for the control over those entities; and (d) costs directly attributable to the acquisition. The excess of the concentration cost in relation to the fair value of the Company's participation in the identifiable acquired assets is registered as goodwill. If the concentration cost is less than the fair value of the net assets of the acquired subsidiary, the difference is directly recognised in the income statement.

When applicable, the concentration or acquisition cost includes the contingency payments effect agreed within the transaction process. Subsequent changes concerning these payments are registered per contra entry of the corresponding goodwill.

In the eventuality that the initial accounting of an acquisition is not concluded at the end of the reported period in which this occurred, the Company reports provisional amounts for the items which have not yet been accounted for. These provisional amounts are liable too be adjusted during a 12 month timeframe, as from acquisition date.

Due to the exception foreseen in the NCRF 3, the Company only adopts the NCRF 14 provisions– Concentration of Business Activities, related to the acquisitions which occurred following the 1st January 2009. The goodwill values corresponding to acquisitions made prior to the 1st January 2009, were maintained, according to the prior values, and are subject to annual impairment tests as from that date.

f) *GOODWILL*

The goodwill recognised within the context of a concentration of business activities, represents a payment made by the buyer in anticipation of future economic benefits, created by assets which are individually unidentified and which cannot be recognised separately. This asset is measured by its cost, which is the excess of the concentration of business activity cost above the buyers' interest in the fair value of the assets, liabilities and of the identifiable contingent liabilities, deducted from any losses by accrued impairment.

An analysis regarding the impairment of the goodwill purchased in a concentration of business activities is made on a yearly basis. At all times when the value of the asset is registered above its recoverable amount, a impairment loss is recognised and registered in the income statement, under the "Impairment of non-depreciable investments/amortisable (losses/reversals)" account. Losses by goodwill impairment are not liable for reversal.

g) *INTANGIBLE ASSETS*

The intangible assets are booked by their acquisition costs, deducted of their corresponding amortisation and of accrued impairment losses.

Amortisation is calculated, following the date in which the assets are ready to be used, by the constant rate method, in accordance with the estimated useful life of three years.

No residual value is considered, as this is considered to be irrelevant.

If there is any evidence that a major change in the useful life or in the residual value of an asset occurs, the amortisation of this asset is revised in a prospective manner, so as to reflect the new expectations.

h) IMPAIRMENT OF TANGIBLE FIXED ASSETS, INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

At the date of each report, and at all times when an event or change in the circumstances, which indicate that the amount at which the asset is registered may not be recovered, an evaluation of the tangible fixed assets', intangible assets' and investment properties' impairment is made.

The recoverable amount is the highest between net sales price and the use value. The net sales price is the amount which would be obtained upon the sale of the asset, in a transaction between independent and knowledgeable entities, deducting the costs directly related to the sale. The use value is the present value of the estimated future cash flows, which are expected from the continuous use of the asset and from its sale at the end of its useful life. The recoverable amount is estimated for each asset, individually, or, in the case this is not possible, for the unit generating the cash flows to which the asset belongs.

In all cases when the amount in which the asset is registered is more than its recoverable amount, an impairment loss is recognised and booked in the income statement, under the "Impairment of depreciable/amortisable investments (losses/reversals)" account.

The reversal of impairment losses registered in previous financial years is registered when one concludes that impairment losses previously recognised, do not exist any longer or have decreased. The reversal of impairment losses is recognised in the income statement and entered under the above mentioned account.

The reversal of impairment loss is effected up to the limit of the amount that would be recognised (net of amortisation or depreciation), if the impairment loss would not have been registered in previous financial years.

i) LEASING

The classification of financial or operational leasing is effected in relation to the substance of the contracts in question and not in its format.

The leasing contracts are classified as: (i) financial leasing, if through them all risks and advantages inherent to the possession of the asset are substantially transferred, or as (ii) operational leasing, if through them all risks and advantages inherent to the possession of the asset are not substantially transferred.

Assets purchased through financial leasing contracts, as well as the corresponding responsibilities, are accounted for by the financial method. According to this method, the cost is registered as an asset and the corresponding responsibility is registered as a liability, with the interest included in the value of the instalments. The asset's amortisation/depreciation, calculated as described in note 3.b), is registered as an expense, in the income statement of the financial year in question.

In leasing considered as being operational, the due instalments concerning assets purchased within this regime are recognised as expenses in the income statement of the financial year in question, on a linear basis.

j) FINANCIAL INVESTMENTS

The account “Financial investments – equity method” includes the investments in which the Group has a significant influence.

The above mentioned financial investments are registered by the equity method, that is, are initially recognised by its cost and the carrying amount is increased or decreased, so as to recognise the share of the Company in the results of the subsidiary, following the acquisition date. The share of the Company in the result of the subsidiary is recognised in the income statement of the Company, and any received dividends are recognised as a reduction in the investment value.

When the share of the Company in the accrued losses of subsidiaries, in a jointly controlled entity or associate company, exceeds the amount of the registered investment, the investment is accounted for as being null, except when the Company commits itself in covering the losses of the subsidiary, cases in which the additional losses determine the recognition of a liability. If subsequently, the subsidiary registers income, the Company resumes the recognition of its quota in this income, only after its share in the income equals the share of non- recognised losses

The account “Financial investments – loans”, concerns additional input of capital effected after the proceedings of the subsidiary’s Shareholders’ General Meeting, and is accounted as cost, deducted of any loss due to accrued impairment.

The account “Financial investments – other methods”, includes investments in a subsidiary in which the Company does not exert significant control or influence. This financial investments is accounted as cost, deducted of any loss due to accrued impairment.

Dividends are recognised when the right to the respective receipt by the Company is established, and are registered in the “Interest and other similar revenue” account.

An evaluation of the financial investments is made when there is evidence that impairment of the asset exists, being that the existing impairment losses are registered as expenses in the income statement.

k) INVENTORIES

The raw material, subsidiary raw material and consumables are valued at acquisition cost, comprising the summation of the purchase price with the directly or indirectly supported expenses needed to place them in their current state at the storage site, deducted from the discount value offered by the suppliers, which is less than the respective market value.

The finished and semi-finished goods and the works in progress, are valued at production cost, which includes the incorporated raw material cost, labour and manufacturing overheads, which is less than the market value.

During the financial year, the ascertained weighted average on the date of incorporation of the raw material for the production/sale of the finished products/goods was used as the method for establishing inventory costs.

Yearly, an evaluation of the recoverability of the inventory costs is made, by comparing the accounted value with the best estimate of the net receivable value. At all times when, on the date of evaluation, the net receivable value is less than the accounted value, a provision and the underlying expense is recognised in the period in which this need of adjustment occurs.

l) COSTS WITH LOANS OBTAINED

These are recognised as expenses in the financial year's income statement in accordance with the accrual base principle, except when directly attributed to the acquisition, construction or production of assets.

The financial charges on loans obtained and which are directly related with the acquisition, construction or production of assets, which necessarily take a long time to be available for their intended use or sale, are capitalised, therefore are part of the cost of the asset. The capitalisation of these charges begin following the kickoff of the preparation for the construction or development of the asset and ceases when those assets are available for use, at the end of the construction of the asset, or when the project in reference is suspended.

m) FINANCIAL INSTRUMENTS

The financial assets and liabilities are measured at cost, or at amortised cost, deducted of eventual accrued impairment losses (in the case of financial assets), when:

- They are in cash or have a defined maturity date;
- They are associated with a fixed return or a determined one; and
- They are not, or do not incorporate a derivative financial instrument.

The amortised cost corresponds to the value by which a financial asset or liability is valued during the initial recognition, less capital reimbursements, more or less the accrued amortisation, using the effective interest rate. The effective interest rate is the rate which discounts exactly the estimated future payments or receivables in the financial asset's or liability's net accounted value.

The financial assets or liabilities at cost, or at amortised cost, include:

- Trade debtors;
- Other accounts receivable;
- Cash and bank deposits;
- Trade suppliers;
- Other accounts payable;
- Loans obtained.

TRADE DEBTORS

The greater part of sales is made under normal credit conditions, and the corresponding trade debtors' balances do not include interest debited to the client. When the credit presents a larger timeframe than the normal credit conditions, the trade debtors' accounts are measured at the amortised cost, using the effective interest method.

At the end of each reported period, the trade debtors' accounts are analysed in order to check if there is any objective evidence that they are not recoverable. If this is the case, the respective impairment loss is immediately recognised. The impairment losses are registered following a sequence of events which show, in an objective and quantifiable manner, that the totality or part of the debt balance shall not be received. For this, the Company takes into account market information, which shows that the customer is not complying with his/her duties, as well as historical data, regarding overdue and not received balances.

DISCOUNTED BILLS AND ACCOUNTS RECEIVABLE ASSIGNED FOR FACTORING

The Company derecognises financial assets in its financial statements, only when it substantially transfers all risks and benefits, intrinsic to the possession of these assets, to a third party. If the entity retains, in a substantial manner, the risks and benefits intrinsic to the possession of these assets, it shall present these in its financial statements, and registering in its liabilities, under the "Loans obtained" account, the monetary offsetting for the assigned assets.

Consequently, the balances of the trade debtors certified by discounted and non-matured bills, and the receivable accounts assigned for factoring purposes, at the date of each balance sheet, with the exception of "factoring without recourse" operations, are shown in the Company's financial statements up to the moment of their receipt.

OTHER ACCOUNTS RECEIVABLE

The other accounts receivable are registered by their nominal value, as the discount effect is considered to be immaterial.

At the end of each reported period, the other accounts receivable are also analysed, in order to check if there is any objective evidence that they are not recoverable, and proceeding in the same manner as for trade debtors.

CASH AND CASH EQUIVALENT

The cash and its equivalent account include monies and bank accounts which can be immediately available, with an insignificant risk of value change, net of bank overdrafts.

LOANS OBTAINED

Loans and non-current accounts payable, using one of the NCRF 27's options, are registered as liabilities by their cost value, once that commissions paid, and the effect of the amortised cost application is considered to be immaterial.

TRADE SUPPLIERS AND OTHER THIRD PARTY DEBTS

Debts to trade suppliers or to other third parties are registered by their nominal value, once the discount effect is considered to be immaterial.

FOREIGN CURRENCY BACKED FINANCIAL INSTRUMENTS

The financial instruments which at the date of the balance sheet were expressed in foreign currency were converted to Euros, by the existing exchange rates on that date and published by a financial institution. The favourable and unfavourable exchange differences due to the difference in exchange rates, are registered as revenue/expenses in the financial year in which they occur.

IMPAIRMENT OF FINANCIAL ASSETS

The financial assets classified in the “at cost or at amortised cost” category are subject to impairment tests at each reported date. These financial assets are impaired when there is objective evidence that, as a result of one or more events occurring after its initial recognition, their estimated future cash flows are affected.

For the financial assets measured at amortised cost, the impairment loss to be recognised corresponds to the difference between the asset’s accounted net value and the present value of the new estimated future cash flows, discounted at the respective original effective interest rate.

For the financial assets measured at cost, the impairment loss to be recognised corresponds to the difference between the asset’s net accounted value and the best estimate of the asset’s fair value.

The impairment losses are registered in the income statement of the period in which they occurred.

Subsequently, if the amount of the impairment loss diminishes, and this can be objectively related to an event that occurred following recognition of the loss, this should be reverted through results. The reversal should be effected up to the limit of the amount which would be recognised (amortised cost), if the loss had not been initially registered. The reversal of impairment losses is registered in the income statement, under the “Reversal of losses by impairment” account”.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Company derecognises financial assets only when the contractual rights to their cash flows expires, or when it transfers to another entity, the financial assets and all the main risks and benefits associated with their ownership. The transferred financial

assets, in which the Company retained some significant risks and benefits, are derecognised, provided that the control over them was conceded.

The Company derecognises financial liabilities, only when the corresponding obligation is settled, cancelled or expires.

n) INCOME

Income is recognised net of taxes, discounts and other costs inherent to its finalisation, by the fair value of the amount received, or to be received.

INCOME – CONSTRUCTION CONTRACTS

When the outcome of a construction contract can be reliably estimated, the associated income and costs are recognised with reference to the percentage of completion of the contracted activity, on the date of the balance sheet. The percentage of completion is, in this context, defined as being the proportion in which the costs incurred in the work carried out are in relation to the total estimated costs.

Using this method, the income of the contract is recognised as such in the income statement of the accounted periods in which the work is effectively carried out.

It is considered that the outcome of a contract can be reliably estimated when: (i) the income of the contract can be reliably estimated; (ii) that it is likely that the economic benefits associated with the contract shall flow to the entity; (iii) that both the costs for the conclusion and the finishing phase can be reliably measured and; (iv) the costs attributed to the contract can be clearly identified and measured.

REAL ESTATE ACTIVITY

Income concerning sales of goods is only recognised when i) the main risks and advantages of the ownership of the goods are transferred to the buyer, ii) a continued involvement of management with a degree usually associated with the ownership, or with the effective control of the sold goods, is not maintained, iii) the amount of the income can be effectively measured, iv) that there is a possibility that the economic benefits associated with the transactions flow to the Company and (v) the costs incurred, or to be incurred, concerning the transaction can be effectively measured.

The Board of Directors considers that the above conditions are met when the signature of the deed occurs. Only then the total income is recognised in the financial statements.

TOURISTIC ACTIVITY

When the outcome of a service rendering agreement can be reliably estimated, the related income is recognised, with reference to the transaction's conclusion at the date of the balance sheet. Within this context, the finishing phase is defined as being the proportion of time elapsed vis-à-vis the total timeframe, as contractually defined.

Using this method, the agreement's income is recognised as income in the financial statements relating to the accounting periods in which the service is effectively rendered.

One considers that the outcome of an agreement can be reliably estimated, always when: (i) its income can be reliably measured; (ii) it is probable that the economic benefits associated with the agreement shall flow to the entity; (iii) both the costs for conclusion and for the finishing phase can be reliably measured and; (iv) the costs attributed to the agreement can be clearly identified and measured.

o) IN HOUSE WORKS

The Company's Board of Directors carries out an analysis of all variable and fixed industrial expenses, which are necessarily supported throughout the construction of various assets which shall, with a high level of certainty, be used within the Group's operations, with the final purpose of generating future economic benefits. These types of expenses are, through the In house works, capitalised, as per standard, under tangible fixed assets.

p) OTHER REVENUE AND GAINS

The other revenue and gains correspond mainly to the re invoicing of costs chargeable to other entities (essentially, consortium members) and are only recognised to the transaction completion phase, on the date of the balance sheet, when their outcome can be precisely estimated, which implies in: (i) the income can be reliably measured; (ii) it is likely that the economic benefits associated with the transaction flow to the entity; (iii) the transaction completion phase can be reliably measured, and (iv) the costs incurred with the transaction, and the costs incurred with the completion, can be reliably measured.

q) INTEREST FROM LOANS GRANTED

The interest received, or to be received, by the Company is only recognised in the income statement, when it is likely that the economic benefits associated with the transaction flow to the entity, and that the amount of the associated income, can be reliably measured. After the conditions of recognition are guaranteed, these are registered using the effective interest method.

r) INCOME TAX

The expense related to "Income Tax of the period" represents the summation of the current tax and the deferred tax.

The current income tax is calculated based on the taxable results of the Company, according to the in-force tax regulation, whereas the deferred tax is the result of the temporary differences between the amount of the assets

and liabilities, for accounting report purposes (amount booked), and the respective amounts for taxation effects (tax base).

The deferred tax assets and tax liabilities are calculated and evaluated yearly, using the current tax rates or the ones approved on the date of the balance sheet, and which shall be in force at the expected date of the reversal of the temporary differences.

The deferred tax assets are only recognised when reasonable expectations of future real profits, sufficient for their use, exist, or in situations in which taxable temporary differences compensate the deductible temporary differences, during the period of its reversal. At the end of each financial year, a revision of these deferred tax assets is made, and these are reduced at all times in which its future use is considered to be unlikely.

Deferred taxes are registered as an expense or revenue of the financial year, except if they are results of values directly in equity, when the deferred tax is also registered under the same account.

s) INTEGRATION OF BRANCHES

The financial statements of branches with which MSF Engenharia, S.A. carries out its activities in Poland, Cape Verde, Senegal, Equatorial Guinea and Ghana, were integrated under the respective balance sheet and income statement accounts, after the balances and transactions which occurred during the financial year between headquarters and its subsidiaries were written off. In the setting up of the branches' accounts, the same accounting policies used in the Portuguese operations were mainly adopted. At all times in which the local legislation deferred from the Portuguese one, the proper adjustments were made, guaranteeing the uniformity of accounting policies for identical transactions and events, and within the same circumstances.

At all times when the branches' functional currency diverges from the presentation currency used by the Group, the following translation procedures are made: (i) assets and liabilities of each presented balance sheet are translated at the exchange rate of the date of the balance sheet; (ii) revenue and expenses of each income statement are translated, for practical reasons, at the average rate of the period in which they occur; (iii) these resulting exchange differences are recognised in a separate component of equity, under the "Other variations of equity account".

Therefore, the following exchange rates were used to translate into Euros, the branches' financial statements, as at 31st December 2009 and 2010:

	31.12.2010		31.12.2009	
	Average rate	Closing rate	Average rate	Closing rate
PLN (Poland)	4.35	4.10	4.0049	3.9750
CVE (Cape Verde)	110.265	110.265	110.265	110.265
XOF (Senegal)	655.957	655.957	655.957	655.957
XAF (Guinea)	655.957	655.957	655.957	655.957
Cedis (Ghana)	2.00	2.06	1.8982	1.9453

t) PROVISIONS

Provisions are recognised when, and only when, the entity has a current obligation (legal or constructive), resulting from a prior event, and which for the settlement of this, it is likely that a disbursement will take place, and the amount can be reasonably established. The recognised amount of the provisions consists in the best estimate of the present value, on the reported day, of the necessary resources to settle such obligation. This estimate is determined taking into account the risks and uncertainties related to the obligation.

The provisions are revised on the date of each balance sheet, and adjusted so as to reflect the best estimate for this date.

u) DERIVATIVES AND HEDGE ACCOUNTING

The Group uses derivatives in the management of its financial risks, only as a manner to guarantee the hedging of these risks, and does not use them for negotiation purposes. However, some of the derivatives do not qualify as being hedging instruments, vis-à-vis the NCRF 27. At balance sheet date, derivatives are held to cover the following risks: (i) interest rate risk of a debt measured at amortised cost; (ii) exchange rate risk in a highly likely future transaction.

When the conditions to adopt the hedge accounting are verified, the derivative is initially recognised by its fair value, and its changes recognised directly in equity. The gain or loss recognised in equity should be reclassified from equity to the income statement, when the hedged item is recognised in this statement. The hedge accounting of the derivatives is discontinued at all times, when the hedge instrument expires, is sold, or terminates, or if the coverage does not satisfy the conditions for hedge accounting any longer. In what refers to the derivatives contracted within the concession agreements, the Company considers that their recognition would be contrary to the economic substance which guided their contracting and to the corresponding financial models, thus leading to their derecognition, accounting wise.

A derivative with a positive fair value is recognised as a financial asset, whereas if it presents a negative fair value, it is recognised as a financial liability.

A derivative is presented as being non-current, if its remaining maturity is over 12 months, and its sale or settlement is not expected to occur within the next 12 months.

v) ACCRUAL BASE PRINCIPLE

The Company records its expenses and revenues in the period in which they occur, in accordance with the accrual principle, regardless of the moment in which the transactions are invoiced. The expenses and revenue, of which the true value is not known, are estimated.

Expenses and revenue which are attributable to the current period, but in which the underlying inflows and outflows shall only occur in the future, are registered under the other creditors and other debtors, in the accrued expenses and accrued revenue accounts. Expenses and revenue which have occurred, but are related to future periods, and which shall be attributed to the results of each one of these periods by their corresponding values, are registered in the deferred accounts.

x) CONTINGENT ASSETS AND LIABILITIES

Contingent assets are possible assets that appear from passed events, and the existence of which can only be confirmed by the occurrence, or not, of one or more uncertain future events, and which are not entirely under the control of the Company.

The contingent assets are not recognised in the Company's financial statements, but are the objects of disclosure, when the existence of a future economic benefit is likely.

Contingent liabilities are defined as: (i) possible obligations arising from past events and the existence of which can only be confirmed by the occurrence, or not, of one or more uncertain future events, and which are not entirely under the control of the Company; or (ii) present obligations arising from past events, but which are not recognised, because it is unlikely that a flow of resources, that implies in economic benefits, shall be needed to sell the debt, or that the amount of debt cannot be measured with sufficient reliability.

The contingent liabilities are not recognised in the Company's financial statements, only disclosed, unless the likelihood of an outflow of funds affecting future economic benefits is remote, case in which they are not even objects of disclosure.

y) JUDGEMENTS AND ESTIMATES

In the setting up of the financial statements, the Company adopted certain assumptions and estimates which affect assets and liabilities, and reported revenue and expenses. All estimates and assumptions made by the Board of Directors were made based on its best existing knowledge, at the financial statements' approval date of the events and ongoing transactions.

The main accounting estimates reflected in the financial statements include: i) useful life of the tangible and intangible fixed assets; ii) impairment analysis, mainly of goodwill and accounts receivable; iii) provision registry; (iv) deferred tax asset recognition; and (v) estimated gains and revenue of construction contracts, for their result recognition effect, taking into consideration the percentage of completion.

The estimates were determined based on the best available data, at the date of the financial statements preparation, and also based on the best knowledge and experience of past and/or current events. However, situations which may occur in subsequent periods, and which are not foreseeable at the date, were not considered in these estimates. The changes to these estimates, which occur following the date of the financial statements, shall be corrected in the income statement in a prospective manner.

It is worthy of note that the estimate of costs and income of the construction contracts is very complex, and involves a great number of variables, some of which are out of the Company's control.

z) POST BALANCE SHEET DATE EVENTS

Events following the balance sheet date, which present additional data regarding conditions existing at the date of the balance sheet, are reflected in the financial statements. Events following the balance sheet date, which present data regarding conditions existing after the balance sheet date, are reflected in the financial statements, if considered to be materially relevant.

4. CASH FLOWS

The balance shown as cash and bank deposits, as at 31st December 2010 and 2009, can be detailed as follows:

Description	Amounts available for use	31.12.2010 Amounts not available for use	Total	Amounts available for use	31.12.2009 Amounts not available for use	Total
Cash						
Bank notes/coins	191,270.76		191,270.76	104,401.73		104,401.73
Subtotal	191,270.76		191,270.76	104,401.73		104,401.73
Bank deposits						
Current accounts	6,256,088.18		6,256,088.18	180,051.37		180,051.37
Deposit accounts	19,609,166.75		19,609,166.75	10,522,953.88		10,522,953.88
Subtotal	25,865,254.93		25,865,254.93	10,703,005.25		10,703,005.25
Total cash and bank deposits	26,056,525.69		26,056,525.69	10,807,406.98		10,807,406.98
Other cash equivalents						
Overdrafts (Note 36)	-72,039,338.26		-72,039,338.26	-65,997,828.37		-65,997,828.37
Subtotal	-72,039,338.26		-72,039,338.26	-65,997,828.37		-65,997,828.37
Total	-45,982,812.57		-45,982,812.57	-55,190,421.40		-55,190,421.40

Market interest charged in similar operations is levied on overdrafts.

5. CONSOLIDATION PERIMETER

The companies which constitute the consolidation perimeter of the MSF Group, data on their headquarters, activities and proportion of capital held, as at 31st December 2010 and 2009, are as follows:

Entity	Headquarters	2010 % of Effective Ownership	2009 % of Effective Ownership	Consolidation method
MSF SGPS, S.A.		Parent Company	Parent Company	Parent Company
MSF Engenharia, S.A.	Lisbon	100.00%	100.00%	Full
Neocivil - Construções do Algarve, S.A.	Lagos	100.00%	100.00%	Full
MSF Engenharia Angola, Lda.	Luanda	100.00%	100.00%	Full
MSF Polska, SP Zoo	Warsaw	100.00%	100.00%	Full
MSF Bulgaria, Ltd	Sofia	100.00%	100.00%	Full
MSF Empreiteiros Cabo Verde, S.A.	Mindelo	100.00%	100.00%	Full
Indubel - Indústrias de Betão, S.A.	Lisbon	49.99(9)%	49.9(9)%	Proportional
Infratúnel, ACE	Oporto	45.00%	45.00%	Proportional
LOC Litoral Oeste Construtores, ACE	Lisbon	37.50%	37.50%	Proportional
ZMT - Zagope/MSF/Tâmega, ACE	Lisbon	29.00%	29.00%	Proportional
ZTM - Zagope, Tâmega/MSF, ACE	Lisbon	28.00%	28.00%	Proportional
Venda Nova III, ACE.	Lisbon	28.34%	(a)	Proportional
Aeroestações, ACE.	Lisbon	26.50%	(a)	Proportional
Obras Civas L.N.2.1., ACE	Paço de Arcos	27.50%	27.50%	Proportional
LACE - Litoral Atlântico Construtores, ACE	Outeiro do Lourçal	25.00%	25.00%	Proportional
LMNS Atlântico, ACE	Lisbon	25.00%	25.00%	Proportional
Interpaço, ACE	Lisbon	24.50%	24.50%	Proportional
Aerómetro, ACE	Lisbon	22.00%	22.00%	Proportional
Conbate, ACE	Oeiras	17.50%	17.50%	Proportional
TACE, ACE	Lisbon	16.67%	16.67%	Proportional
Acmetro, ACE	Lisbon	16.27%	16.27%	Proportional
NHBraga, ACE	Oporto	12.50%	12.50%	Proportional
Nova Estrada, ACE	Amadora	10.76%	10.76%	Proportional
MSF TUR. IM. SGPS, S.A,	Lisbon	87.49975%	87.49975%	Full
Marlagos – Iniciativas Turísticas, S.A.	Lagos	87.49975%	87.49975%	Full
MSF Activos Imobiliários, S.A.	Lisbon	87.49975%	87.49975%	Full
Ceramitur, Sociedade Turística da Fábrica da Cerâmica, S.A.	Lagos	87.49975%	87.49975%	Full
Royal Óbidos, Gestão Imobiliária e Turística, S.A.	Óbidos	87.49975% (b)	43.75%	Full
MSF Condomínios, S.A.	Lagos	87.49975%	87.49975%	Full
MSF TUR. IM. Cabo Verde, S.A.	Mindelo	87.49975%	87.49975%	Full
MSF/Lena SGPS, S.A.	Castelo Branco	43.75%	43.75	Full
MSF Concessões, SGPS, S.A.	Lisbon	100.00%	100.00%	Full
MSF Oeste, SGPS, S.A.	Lisbon	100.00% (c)		Full
Neofutur – Promoção e Conservação de Imóveis, S.A.	Lagos	51.00%	51.00%	Proportional
AEO – Auto Estradas do Oeste, S.A.	Torres Vedras	50.00%	25.00%	Equity method
TDM – Túnel do Marão Operadora, S.A.	Oporto	45.00%	45.00%	Equity method
AEM – Auto Estradas do Marão Operadora, S.A.	Oporto	45.00%	45.00%	Equity method

SMLN Concessões Rodoviárias, S.A.	Torres Vedras	25.00%	25.00%	Equity method
Geira, S.A.	Torres Vedras	12.50%	12.50%	Equity method
CDP-SI, S.A.	Lisbon	100.00%	100.00%	Full

(a) These joint ventures were established during the 2010 financial year.

(b) In 2010, MSF TUR.IM acquired the 50% remnants of its capital, with the Group holding an effective percentage of 87.49975%.

(c) Company established in 2010.

The referred companies were included in the consolidation perimeter of MSF Sociedade Gestora de Participações Sociais, S.A., as this entity holds at least 20% of voting rights, having the capacity, either through direct or indirect ownership, in influencing the decisions regarding management of the above mentioned companies, therefore complying with #1 of article 6 of Decree-Law 159/2009. Joint ventures (CGC's/ACE's), Indubel – Indústrias de Betão, S.A. and Neofutur are proportionally consolidated, in accordance with paragraph 30 of the Accounting and Financial Reporting Standards #13 – Interests in Joint Ventures and Investments in Associates.

It is worth mentioning that Auto-Estradas do Oeste holds 50% of Auto-Estradas do Atlântico, S.A. and 65% of AELO – Auto-Estradas do Litoral Oeste, S.A.

The Board of Directors of MSF Group decided not to include in the consolidation perimeter, the following companies/joint ventures:

Company	Headquarters	2010	2009
		% of Ownership	% of Ownership
Trakia Motorway AD	Sofia	21.00%	21.00%
ABT – Auto Estradas do Baixo Tejo, S.A.	Carnaxide	7.87498%	7.87498%
Asterion, ACE	Lisbon	4.00%	4.00%
BIG – Banco de Investimento Global, S.A.	Lisbon	2.5%	5.00%
Onetier Partners, SGPS, S.A.	Lisbon	15.60%	15.60%

These companies were not included due to the fact that the Board of Directors understood that the inclusion is immaterial for the financial statements.

6. SALES AND SERVICES RENDERED

The sales and services rendered during the financial years, ending at 31st December 2010 and 2009, can be presented, by geographical location, as follows:

Description	31.12.2010			31.12.2009		
	Sales	Services rendered	Total	Sales	Services rendered	Total
Portugal	2,361,672.67	277,666,280.32	280,027,952.99	2,907,353.63	190,303,563.99	193,210,917.62
Poland	2,518.50	22,361,732.87	22,364,251.37	6,037.46	2,337,820.99	2,343,858.45
Equatorial Guinea	1,060.20	25,356,977.14	25,358,037.34	3,501.11	14,552,339.76	14,555,840.87
Ghana	585.20	16,512,969.05	16,513,554.25	402.12	15,930,393.69	15,930,795.81
Senegal	1,235.36	18,370,768.63	18,372,003.99	2,742.33	49,337,162.01	49,339,904.34
Angola	1,885.60	41,189,176.74	41,191,062.34		28,141,378.98	28,141,378.98
Cape Verde	8,946.88	21,119,931.25	21,128,878.13	191.97	12,535,359.86	12,535,551.83
Total	2,377,904.41	422,577,836.00	424,955,740.41	2,920,228.62	313,138,019.28	316,058,247.90

The sales and services rendered during the financial years, ending at 31st December 2010 and 2009, can be presented, per type, as follows:

Description	31.12.2010			31.12.2009		
	Sales	Services rendered	Total	Sales	Services rendered	Total
Construction Contracts	0	415,455,652.91	415,455,652.91		305,640,393.63	305,640,393.63
Tourism and Real Estate	2,154,359.79	5,811,813.99	7,966,173.78	2,697,611.45	5,807,644.84	8,505,256.29
IT Consulting	223,544.62	295,458.19	519,002.81	222,617.17	726,343.37	948,960.54
Concessions		982,910.19	982,910.19		963,637.44	963,637.44
Other Services		32,000.72	32,000.72			
Total	2,377,904.41	422,577,836.00	424,955,740.41	2,920,228.62	313,138,019.28	316,058,247.90

7. GAINS/LOSSES FROM SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The gains/losses from affiliates during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010			31.12.2009		
	Attributed gains	Attributed losses	Total	Attributed gains	Attributed losses	Total
Equity method						
Auto-Estradas do Oeste, SA	1,726,617.37		1,726,617.37	0.00	4,436,914.91	-4,436,914.91
Túnel do Marão, S.A.		2,058.66	-2,058.66	4,257.02	0.00	4,257.02
AE Marão, S.A.	27,305.62		27,305.62	0.00	400,947.53	-400,947.53
Asterion, ACE		24,228.75	-24,228.75	0.00	0.00	0.00
SMLN, S.A.		1,791,717.75	-1,791,717.75	0.00	3,749,705.52	-3,749,705.52
Geira, S.A.	8,263.63	0.00	8,263.63	20,031.02	0.00	20,031.02
	1,762,186.62	1,818,005.16	-55,818.54	24,288.04	8,587,567.96	-8,563,279.92
Other methods						
B.I.G., S.A. (a)	284,602.50	0.00	284,602.50	218,925.00	0.00	218,925.00
Auto Estradas do Baixo Tejo, S.A.					0.00	0.00
Total	2,046,789.12	1,818,005.16	228,783.96	243,213.04	8,587,567.95	-8,344,354.92

(a) Concerns dividends received.

8. VARIATIONS IN PRODUCTION INVENTORIES

The statement of the variations in production inventories, during the financial years ending at 31st December 2010 and 2009, can be presented as follows:

Description		31.12.2010			31.12.2009		
		Finished and Semi-Finished Goods	Products and Works in Progress	Total	Finished and Semi-Finished Goods	Products and Works in Progress	Total
Opening balances (Note 29)	-	24,632,762.44	5,707,797.82	30,340,560.26	17,114,612.35	9,470,015.68	26,584,628.03
Changes in the Consolidation Perimeter			-4,217,881.23	-4,217,881.23			
Regularisation	+/-	4.59	434.93	439.52		-26,544.13	-26,544.13
Reclassifications	+/-		-360,497.26	-360,497.26	-8,613,935.96	11,721,846.56	3,107,910.6
Ending balances (Note 29)	+	24,525,746.24	13,163,643.59	37,689,389.83	24,632,762.44	5,707,797.82	30,340,560.26
Variations in production inventories	=	-107,011.61	2,877,902.21	2,770,890.60	-1,095,785.87	7,933,084.57	6,837,298.70

The reclassifications during the financial year ending at 31st December 2009, essentially include the amount of 2,570,165.98 Euros which concern expenses incurred with the construction of a parking lot in Lagos, which during the 2009

financial year, was transferred to "Investment Properties", as one expects that its economic benefit shall arise from the collection of parking rental fees (Note 23).

9. IN HOUSE WORKS

The In house works performed during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010	31.12.2009
Touristic development at the "Royal Óbidos SPA & Golf, Resort" Project (Note 22)	9,900,147.55	1,705,918.36
Real estate development at Natura Towers	3,268,739.40	20,145,336.24
Expansion of the industrial area and storage area of prefabricated concrete products	622,786.70	215,773.44
Real estate development		4,640,755.18
Great repairs	971.39	
Software development	36,119.18	245,929.95
Total	13,828,764.22	26,953,713.17

10. COST OF GOODS SOLD

The cost of goods sold recognised during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description		31.12.2010			31.12.2009		
		Goods	Raw material, subsidiary raw mat. and consumables	Total	Goods	Raw material, subsidiary raw mat. and consumables	Total
Opening balances (Note 29)	+	499,016.43	8,269,843.52	8,768,859.47	3,562,168.46	5,197,671.01	8,744,834.95
Purchases	+	1,211,166.28	64,691,786.70	65,902,963.61	497,606.75	63,762,900.16	64,245,789.28
Reclassifications	+/-	-42,699.40		-42,699.40	-3,560,758.78	3,560,758.78	29,721.67
Ending balances (Note 29)	-	730,491.78	7,315,750.21	8,046,241.99	499,016.43	8,269,843.52	8,768,859.47
Cost of goods sold and material consumed	=	936,991.53	65,645,880.01	66,582,871.54	998,032.86	64,251,486.43	64,251,486.43

11. THIRD PARTY SUPPLIES & SERVICES

The expenses incurred during the financial years ending at 31st December 2010 and 2009 with third party supplies and services can be presented as follows:

Description	31.12.2010	31.12.2009
Subcontracts	226,105,837.03	141,256,155.33
Specialised works	31,159,595.37	32,214,330.19
Travel and lodging	3,852,157.12	4,134,008.10
Council Licences	3,759,273.46	1,057,029.00
Fuel	1,851,694.61	257,286.84
Leases and Rents	1,154,693.24	1,703,437.88
Electricity	858,889.96	1,051,640.14
Transport of goods	786,423.41	96,369.63
Maintenance and repairs	464,186.59	393,290.04
Office material	387,233.63	525,697.30
Fees	279,995.51	447,623.64
Condominiums	234,842.31	165,065.33
Cleanup, hygiene and comfort	174,844.72	233,027.06
Surveillance and security	173,792.19	158,854.63
Communication	136,825.35	153,823.59
Water	128,042.58	231,163.35
Insurance	124,271.48	112,417.18
Publicity and Propaganda	105,951.93	121,379.05
Other fluids	63,905.78	54,802.29
Commissions	61,224.23	257,362.53
Litigation and notaries	42,978.65	8,576.46
Tolls and parking	42,544.37	32,237.62
Representation expenses	22,238.80	17,387.20
Articles on offer	20,645.52	98,500.13
Post and couriers	2,857.66	3,441.62
Tools and appliances	2,080.41	1,832.37
Technical literature and documentation	841.21	1,073.23
Miscellaneous	5,939,565.85	5,744,112.11
Total	277,937,432.97	190,531,923.84

The increase of the "Subcontract" and "Specialised works" is due to the activity increase of the Group companies, which occurred during the financial year of 2010.

12. EXPENSES WITH PERSONNEL

The expenses with personnel during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010	31.12.2009
Remuneration of governing bodies	4,085,945.04	3,374,022.46
Payroll	38,485,111.28	37,796,668.14
Payroll charges	7,421,003.45	6,591,369.82
Insurance of occupational accidents and illnesses	567,659.13	622,188.42
Expenses with social action	93,223.46	147,576.72
Other expenses with personnel (a)	6,079,704.13	7,048,284.15
Total	56,732,646.49	55,580,109.71

(a) The other expenses with personnel refer, essentially, to the payment of overtime, bonuses and incentives.

During the financial years ending at 31st December 2010 and 2009, the number of collaborators rendering services to the Company, per level of qualification, was as follows:

Levels of qualification	31.12.2010	31.12.2009	Average	
			2010	2009
Upper	162	158	164	164
Middle	148	148	155	152
Intermediate	753	365	755	365
Highly qualified professionals	717	849	812	941
Semi-qualified professionals	537	682	698	804
Non-qualified professionals	183	346	268	386
Total	2,500	2,548	2,852	2,812

13. ACCOUNTS RECEIVABLE IMPAIRMENT

The impairment of accounts receivable (losses or reversals), recognised during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010			31.12.2009		
	Increase	Reversal	Total	Increase	Reversal	Total
Impairment of trade debtors (Note 30)	104,500.19	16,329.79	88,170.40	524,307.76	3,257.63	521,050.13
Impairment of other debtors (Note 28)	414,140.86	19,213.35	394,927.51		2,495.34	-2,495.34
Total	518,641.05	35,543.14	483,097.91	524,307.76	5,752.97	518,554.79

14. IMPAIRMENT OF NON-DEPRECIABLE INVESTMENTS

The “Impairment of non-depreciable investments” account during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	Loss	31.12.2010 Reversal	Total	Increase	31.12.2009 Reversal	Total
Financial investments		200,000.00	200,000.00		25,000.00	25,000.00
Investment properties						
Total		200,000.00	200,000.00		25,000.00	25,000.00

The reversals recognised during the financial years ending at 31st December 2009 and 2010 resulted from the appreciation of the share value of B.I.G., S.G.P.S., S.A.

15. VARIATIONS OF FAIR VALUE

The “Increase/reduction of fair value” account” during the financial year ending at 31st December 2010, refers to the fair value of the derivative contracted to hedge the interest rate risk, which in not complying with the hedge requirements defined in the NCRF 27 – Financial Instruments, its fair value is recognised in the results of the financial year (Note 40).

16. OTHER REVENUE AND GAINS

The other revenue and gains obtained during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010	31.12.2009
Sale of financial investments (a)	1,837,853.00	
Additional Revenue (b)	1,410,980.53	4,668,076.57
Differences of exchange rates	439,160.86	760,679.63
Invoicing of management costs and bids for third party concessions	406,800.02	3,221,532.56
Reimbursement of water, light and phone bills of rented stores	119,121.03	114,653.51
Sale of tangible fixed assets	62,162.31	93,209.60
Cash discounts obtained	31,211.45	126,321.22
Corrections concerning prior financial years	30,889.90	344,538.31
Investment subsidies	17,598.47	17,598.00
Lease agreements	6,782.88	32,779.26
Overestimated tax provisions		10,078.44
Gains with Inventories		8,283.60
Others	28,732.41	692,315.90
Total	4,391,292.86	10,090,066.60

- (a) This amount refers to gains generated by sales of Banco Big stock to shareholders in 2010.
- (b) Additional revenue concerns invoicing issued by assignment of resources, consortium adjustments, among others, and which being of a different nature of invoicing issued to the customers, is classified as additional revenue to the main activity.

17. OTHER EXPENSES AND LOSSES

The other expenses and losses incurred during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010	31.12.2009
Indemnities	2,350,011.48	
Stamp Duty	1,980,319.42	1,301,212.31
Indirect taxes	1,608,841.27	1,575,827.36
Expenses with expropriations	1,562,128.56	
Value Added Tax	554,597.08	4,807,196.30
Corrections concerning previous financial years	422,647.69	92,049.14
Underestimated Tax Provisions	300,089.17	201,928.40
Fees	288,970.75	277,230.97
Municipal Property Tax	236,915.81	117,565.30
Unfavourable exchange rate differences	91,899.81	1,921,230.30
Confidential expenses	74,286.09	183,865.00
Contributions	35,729.99	21,330.81
Donations	22,800.24	21,050.00
Fines and penalties	9,402.02	
Municipal Real Estate Transfer Tax		302,080.00
Other expenses and losses	2,569,575.52	4,212,121.17
Total	12,108,214.90	15,034,687.06

18. EXPENSES/REVERSALS OF DEPRECIATION AND AMORTISATION

The expenses/reversals of depreciation and amortisation incurred during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010			31.12.2009		
	Expense	Reversal	Total	Expense	Reversal	Total
Tangible fixed assets :						
Buildings and other constructions	1,407,573.74		1,407,573.74	1,199,043.48		1,199,043.48
Basic equipment	11,815,143.44		11,815,143.44	14,122,685.08		14,122,685.08
Transport equipment	764,423.94		764,423.94	1,201,654.96		1,201,654.96
Office equipment	868,049.35		868,049.35	622,640.64		622,640.64
Other fixed assets	870,474.47		870,474.47	184,427.41		184,427.41
Subtotal	15,725,664.94		15,725,664.94	17,330,451.57		17,330,451.57
Concessioned tangible fixed assets						
Land and natural resources	7,494.99		7,494.99	7,492.81		7,492.81
Buildings and other constructions	352,583.27		352,583.27	389,616.79		389,616.79
Basic equipment	3,544.75		3,544.75	3,805.97		3,805.97
Transport equipment	1,414.23		1,414.23	1,579.23		1,579.23
Office equipment	2,283.04		2,283.04	3,819.96		3,819.96
Other fixed assets	12,991.36		12,991.36	10,704.39		10,704.39
Subtotal	380,311.64		380,311.64	417,019.15		417,019.15
Subtotal Tangible fixed assets (Note 22)	16,105,976.58		16,105,976.58	17,747,470.72		17,747,470.72
Intangible Assets:						
Industrial property and others (patent)	698,212.49		698,212.49	368,641.76		368,641.76
Subtotal Intangible Assets (Note 25)	698,212.49		698,212.49	368,641.76		368,641.76
Investment Properties						
Surface Rights	49,580.47		49,580.47	24,790.23		24,790.23
Buildings and other constructions	701,088.65		701,088.65	272,097.06		272,097.06
Subtotal investment properties (Note 23)	750,669.12		750,669.12	296,887.29		296,887.29
Total	17,554,858.19		17,554,858.19	18,412,999.77		18,412,999.77

19. INTEREST AND SIMILAR REVENUE OBTAINED

The interest and similar revenue obtained during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010	31.12.2009
Interest obtained	4,934,951.55	5,942,275.46
Interest on shareholders' loans	258,781.00	
Other financial revenue	225,369.51	104,605.42
Total	5,419,102.06	6,046,880.88

20. INTEREST AND SIMILAR EXPENSES INCURRED

The interest and similar expenses incurred during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010	31.12.2009
Interest on loans	10,096,295.54	13,854,203.65
Interest on financial leasing	15,544.00	
Interest on factoring	648,563.85	
Interest on late payments	4,207.79	37.39
Banking services	1,097,467.97	203,286.42
Other loan expenses and losses	1,350,425.28	869,253.63
Total	13,212,504.43	14,926,781.09

21. INCOME TAX

The Company is subject to Corporate Income Tax (I.R.C.), with the following tax rates presently being calculated, in function of the tax base: (i) when this is lower than € 12,500, the levy is determined by charging a 12.5% rate on the tax base; (ii) when this is higher than € 12,500, the levy is determined by the sum of the calculated value in (i) added by the calculated amount, applying a rate of 25% on the exceeding portion between the tax base and the € 12,500, defined as the first echelon of taxation, which can be added by the Municipal Surcharge, up to a maximum of 1.5% of the taxable income, resulting in a maximum aggregate tax rate of 26,5%. Additionally, as of 1st January 2010, taxable income which exceeds 2,000,000 Euros is subject to the State Surcharge at the rate of 2.5%, according to article 87-A of the Corporate Income Tax Code. Furthermore, as per article 88 of the same Code, the Company is subject to stand-alone taxation on a set of charges, at the rates foreseen in the mentioned article.

According to current legislation, the income tax returns are liable to revisions and corrections on the part of the Tax Authorities, during a period of four years (five years for Social Security), except when tax losses occur, or when tax benefits have been granted, or when inspections, complaints and rebuttals are taking place, cases in which, depending on the circumstances, these periods can be increased or suspended.

Thus, the Company's tax returns regarding 2007 through 2010 can be subject to revision. The Board of Directors understands that eventual corrections, resulting from revisions or inspections made by the Tax Authorities, shall not have a significant impact on the attached financial statements.

The Company is taxed regarding the IRC, by the special taxation regime for group of companies, and heads the Fiscal Group which also includes MSF Engenharia, S.A., Neocivil-Construções do Algarve S.A., MSF Concessões, S.G.P.S., S.A.,

MSF Oeste, S.G.P.S., S.A. CDP-SI, Consultoria em Organização e Sistemas de Informação, S.A. Consequently, the taxable income is calculated by the dominant company, and levied through the algebraic sum of the taxable incomes.

The financial year's income tax, registered in the financial statements, was levied in accordance with the NCRF 25. In calculating this tax, apart from the current tax being levied based on income before tax and adjusted as per tax legislation, the effects of the temporary differences between income before tax and the taxable income originated during the financial year, is also considered.

The reconciliation of the financial year's tax and the current tax can be presented as follows:

Description	31.12.2010			31.12.2009		
	Income Statement	Equity	Total	Income Statement	Equity	Total
Income tax	2,282,090.05	5,030.51	2,287,120.56	2,690,015.90	5,343.50	2,695,359.40
Expenses (revenue) of financial year's taxes recognised in this financial year and previously recognised as deferred taxes						
Deferred taxes through the reversal of temporary differences	383,531.21	5,030.51	388,561.72	792,065.05	5,343.50	797,408.55
Expenses (revenue) of taxes not previously recognised as deferred taxes						
Deferred taxes originating from temporary differences	-947,370.15		-947,370.15	-608,739.46		-608,739.46
Deferred tax	-563,838.94	5,030.51	-558,808.43	183,325.59	5,343.50	188,669.09
Current tax	2,845,928.95		2,845,928.95	2,506,690.31		2,506,690.31

The detail of assets and liabilities relating to deferred taxes, per type of difference, as at balance sheet date, is presented as follows:

Description	31.12.2010			31.12.2009		
	Income Statement	Equity	Total	Income Statement	Equity	Total
Temporary differences which originate deferred tax assets						
Tax losses carried forward	3,085,361.96		3,085,361.96	3,128,376.15		3,128,376.15
Transition adjustments to the SNC	468,396.38		468,396.38		507,153.02	507,153.02
Percentage of completion	19,554.72		19,554.72	25,910.50		25,910.50
Liquidation margin generated within the group	2,920,579.71		2,920,579.71			
Total	6,493,892.77		6,493,892.77	3,154,286.65	507,153.02	3,661,439.67

Description	31.12.2010			31.12.2009		
	Income Statement	Equity	Total	Income Statement	Equity	Total
Temporary differences which originate deferred tax liabilities						
Revaluation of tangible fixed assets	-57.04	3,684,340.94	3,684,283.90	-57.04	3,634,642.70	3,634,585.66
Investment subsidies		318,017.25	318,017.25		335,615.72	335,615.72
Percentage of completion	1,130,047.66		1,130,047.66	1,412,502.53		1,412,502.53
Total	1,129,990.62	4,002,358.19	5,132,348.81	1,412,445.49	3,970,258.42	5,382,703.91
Values reflected in the balance sheet						
Deferred tax assets	1,720,881.90		1,720,881.90	835,497.32	134,395.65	969,860.22
Deferred tax liabilities	299,447.51	1,060,624.92	1,360,072.43	374,305.93	1,052,118.48	1,426,424.41

The composition of taxes relating to the net results of the financial year and the components of equity can be presented as follows:

Description		31.12.2010		31.12.2009	
		Income Statement	Equity	Income Statement	Equity
Profit and equity before taxes (accounting)		5,051,365.60	5,051,365.60	-1,349,693.69	-1,349,693.69
Adjustments for taxable income	Definite differences	1,688,002.23	1,688,002.23	3,471,725.14	3,471,725.14
	Temporary differences	-177,320.73	-177,320.73	2,521,183.08	2,521,183.08
Profit and equity before taxes (fiscal)		6,562,047.11	6,562,047.11	4,643,214.53	4,643,214.53
Deduction of tax losses					
Tax base		6,562,047.11	6,562,047.11	4,643,214.53	4,643,214.53
Income tax		-1,806,404.27	-	-2,080,840.86	-2,080,840.86
Stand-alone taxation		-467,328.67	-467,328.67	-425,849.45	-425,849.45
State surcharge		-312,585.78	-312,585.78		
Municipal surcharge		-259,610.25	-259,610.25		
Current tax		-2,845,928.97	-	-2,506,690.31	-2,506,690.31
Deferred tax		563,838.94	563,838.94	-183,325.59	-183,325.59
Financial year's tax		-2,282,090.05	2,282,090.05	-2,690,015.90	-2,690,015.90
Average tax (current tax/taxable income)		-43.37%	-43.37%	-54.27%	-54.27%
Effective tax (current tax/accounting profit)		-56.34%	-56.34%	235.59%	235.59%

22. TANGIBLE FIXED ASSETS

The movement in tangible fixed assets, their depreciation and deferred impaired losses during the financial years ending at 31st December 2010 and 2009, can be presented as follows:

		Land and natural resources	Buildings and other constructions		Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Ongoing tangible fixed assets	Total
			Land	Buildings						
As at 01.01.2009	Accounted gross amounts	6,749,156.37	2,846,024.21	40,615,840.98	105,611,831.95	6,835,330.18	8,380,297.38	2,244,371.38	22,509,062.67	195,791,915.12
	Depreciation and deferred impaired losses	72,430.50		14,667,905.02	66,324,393.41	4,192,957.47	5,664,747.41	1,396,117.55		92,318,551.36
	Net book value	6,676,725.87	2,846,024.21	25,947,935.96	39,287,438.54	2,642,372.71	2,715,549.97	848,253.83	22,509,062.67	103,473,363.76
Additions			31,671.06	411,653.77	3,641,446.82	671,244.94	501,117.13	617,840.25	21,434,974.27	27,309,948.24
Transferrals		-122,754.10		384,566.61	74,945.90	4,396.49			-2,609,161.49	-2,268,006.59
Sales, claims and write-offs		1,666.65		21,986.35	1,773,424.43	98,669.95	85,253.56	48,984.40	1,714,540.06	3,744,525.40
Depreciation during financial year (Note 18)		7,492.81		1,588,660.27	14,126,491.05	1,203,234.19	626,460.60	195,131.80		17,747,470.72
Depreciation reversal due to sale, claims and write-offs				21,986.35	1,096,429.67	95,926.56	63,207.17	1,954.57		1,279,504.32
As at 31.12.2009	Accounted gross amounts	6,624,735.62	2,877,695.27	41,390,075.01	107,554,800.24	7,412,301.66	8,796,160.95	2,813,227.23	39,620,335.39	217,089,331.37
	Depreciation and deferred impaired losses	79,923.31	0.00	16,234,578.94	79,354,454.79	5,300,265.10	6,228,000.84	1,589,294.78	0.00	108,786,517.76
	Net book value	6,544,812.31	2,877,695.27	25,155,496.07	28,200,345.45	2,112,036.56	2,568,160.11	1,223,932.45	39,620,335.39	108,302,813.61
Perimeter changes					2,369.50		10,534.09		7,391,754.02	7,404,657.61
Additions				10,671.33	3,997,020.06	998,749.46	470,635.31	392,375.29	4,054,551.44	9,924,002.89
In House Works (Note 9)									10,111,505.00	10,111,505.00
Revaluations									-1,950.00	-1,950.00
Transferrals		-307.79		517,900.62	94,557.38				-612,150.21	
Transferrals to investment properties			3,426,456.20	13,365,158.45					-31,878,240.79	-15,086,626.14
VAT credits									-4,464,388.89	-4,464,388.89
Sales, claims and write-offs				45,746.88	1,377,291.25	45,003.53	321,810.76			1,789,852.42
Depreciation during financial year (Note 18)		7,494.99		1,760,157.01	11,818,688.19	765,838.17	870,332.39	883,465.83		16,105,976.58
Depreciation reversal due to sale, claims and write-offs				45,746.88	1,346,426.84	45,003.53	316,602.86			1,753,780.11
As at 31.12.2010	Accounted gross amounts	6,624,427.83	6,304,151.47	55,238,058.53	110,271,455.93	8,366,047.59	8,955,519.59	3,205,602.52	24,221,415.96	223,186,679.42
	Depreciation and deferred impaired losses	87,418.30	0.00	17,948,989.07	89,826,716.14	6,021,099.74	6,781,730.37	2,472,760.61	0.00	123,138,714.23
	Net book value	6,537,009.53	6,304,151.47	37,289,069.46	20,444,739.79	2,344,947.85	2,173,789.22	732,841.91	24,221,415.96	100,047,965.19

The increase in tangible fixed assets during the financial years ending at 31st December 2010 and 2009, basically concern the following investments:

CONSTRUCTION SECTOR

During the 2010 financial year, the investment made in equipment used within the international area continued, more specifically in subsidiaries of a company within the Group operating in Ghana, Equatorial Guinea, Senegal, countries in which subcontracting is reduced and therefore the works to be made are effected through own resources, implying in the need for higher investments.

TOURISM AND REAL ESTATE SECTOR

The increase in the current tangible fixed assets concerns the capitalisation, via in House works, of the construction costs of the "Natura Towers" Buildings, (later partially reclassified as investment properties) and of the "Royal Óbidos SPA & Golf Resort" project.

In accordance with the Company's accounting policy regarding the measurement of the tangible fixed assets, as described in Note 2, financial charges are included in the costs of these assets and which are related to the contracted loan used for their construction. Therefore, during the 2010 financial year, 1,104,975.26 Euros of financial charges were capitalised, bringing the total capitalised value to 3,323,716.60 Euros.

Within the context of long term loan agreements which were signed to back the construction of the "Natura Towers" and "Royal Óbidos SPA & Golf Resort" projects, mortgages on these enterprises were given, thus encumbering these buildings (Note 42).

Considering the globalisation process of some companies belonging to the Group, mainly in the construction sector, part of the tangible fixed assets is geographically relocated. Therefore, the value of tangible fixed assets per country can be presented as follows:

Country	31.12.2010			31.12.2009		
	Accounted gross amounts	Depreciation and deferred impaired losses	Accounted net amounts	Accounted gross amounts	Depreciation and deferred impaired losses	Accounted net amounts
Portugal	151,055,237.52	65,254,524.60	85,800,712.92	142,503,750.47	58,933,909.56	83,569,840.91
Ghana	15,055,298.32	11,495,547.89	3,559,750.43	12,849,560.00	8,291,101.38	4,558,458.62
Equatorial Guinea	26,773,297.99	21,418,860.63	5,354,437.36	24,823,282.93	16,116,496.12	8,706,786.81
Senegal	4,871,126.30	3,359,235.42	1,511,890.88	18,526,825.45	10,672,343.16	7,854,482.29
Cape Verde	19,791,645.92	16,652,628.42	3,139,017.50	13,604,238.97	10,794,572.79	2,809,666.18
Poland	5,606,302.80	4,924,705.17	681,597.63	3,971,198.55	3,505,211.28	465,987.27
Angola	33,770.57	33,212.10	558.47	810,475.00	472,883.47	337,591.53
Total	223,186,679.42	123,138,714.23	100,047,965.19	217,089,331.37	108,786,517.76	108,302,813.61

Of the values presented as tangible fixed assets, there is a part, acquisition of which is financed through financial leasing contracts. The main agreements during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	Timeframe	31.12.2010		31.12.2009	
		Net book value of leased assets as at 31.12.2010	Operational leasing payments recognised as expenses in the financial year	Net book value of leased assets as at 31.12.2009	Operational leasing payments recognised as expenses in the financial year
Basic equipment	48 months	10,717,173.23	4,752,920.10	12,286,343.69	5,978,248.67
Transport equipment	48 months	536,593.43	408,524.04		
Total		11,253,766.66	5,161,444.14	12,286,343.69	5,978,248.67

It is also worth noting that within the value of the tangible fixed assets, the assets held under concession basis are included. Their registry is the result of the signing with the Portos do Barlavento do Algarve Independent Board ("JAPBA"), on the 29th September 1991, of a concession agreement for the construction and exploration of the Lagos Marina, in which the Company received the concession for the right to build and explore a port destined for pleasure craft and its support facilities within the Port of Lagos area. The concession agreement has the duration of 75 years, with the right to be renewed for periods of 10 years, by agreement of the parties, and establishes a set of duties and rights.

The Company effected a study regarding the applicability of the International Financial Reporting Interpretations Committee 12 ("IFRIC 12") and concluded that this would not be the case, as the referred concession is not destined to the general public, therefore it was understood that it is not a concession agreement involving a public service. In this context, the Company decided not to apply the IFRIC 12 in the appreciation of assets involved in the concession agreement of the management and exploration services of the Lagos Marina.

Therefore, and considering that the concessioned activity is directly related to the mooring of vessels, the Group continues to recognise as tangible fixed assets, the assembly of goods related to this activity. The net amounts, by nature, of the concessioned tangible fixed assets, as at 31st December 2010 and 2009 are as follows:

		Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Total
As at 01.01.2009	Accounted gross amounts	562,101.15	14,767,381.88	30,887.20	33,853.39	104,127.33	325,849.45	15,824,200.40
	Depreciation and deferred impaired losses	72,430.50	6,878,291.52	10,214.72	19,283.33	94,306.93	268,683.76	7,343,210.76
	Net book value	489,670.65	7,889,090.36	20,672.48	14,570.06	9,820.40	57,165.69	8,480,989.64
Additions								
Sales, claims and write-offs								
	Depreciation during financial year (Note 18)	7,492.81	389,616.79	3,805.97	1,579.23	3,819.96	10,704.39	417,019.15
	Depreciation reversal due to sale, claims and write-offs							
As at 31.12.2009	Accounted gross amounts	562,101.15	14,767,381.88	30,887.20	33,853.39	104,127.33	325,849.45	15,824,200.40
	Depreciation and deferred impaired losses	79,923.31	7,267,908.31	14,020.69	20,862.56	98,126.89	279,388.15	7,760,229.91
	Net book value	482,177.84	7,499,473.57	16,866.51	12,990.83	6,000.44	46,461.30	8,063,970.49

		Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Total
As at 01.01.2010	Accounted gross amounts	562,101.15	14,767,381.88	30,887.20	33,853.39	104,127.33	325,849.45	15,824,200.40
	Depreciation and deferred impaired losses	79,923.31	7,267,908.31	14,020.69	20,862.56	98,126.89	279,388.15	7,760,229.91
	Net book value	482,177.84	7,499,473.57	16,866.51	12,990.83	6,000.44	46,461.30	8,063,970.49
Additions				815.64		158.67	2,010.56	2,984.87
Revaluations								
Depreciation during financial year (Note 18)		7,494.99	352,583.27	3,544.75	1,414.23	2,283.04	12,991.36	380,311.64
Depreciation reversal due to sale, claims and write-offs								
As at 31.12.2010	Accounted gross amounts	562,101.15	14,767,381.88	31,702.84	33,853.39	104,286.00	327,860.01	15,827,185.27
	Depreciation and deferred impaired losses	87,418.30	7,620,491.58	17,565.44	22,276.79	100,409.93	292,379.51	8,140,541.55
	Net book value	474,682.85	7,146,890.30	14,137.40	11,576.60	3,876.07	35,480.50	7,686,643.72

Revaluation as considered cost:

The detail of the tangible fixed assets' historic acquisition costs and corresponding revaluation amounts as at 31st December 2010 and 2009, included in the considered cost of MSF Activos Imobiliários, S.A., Marlagos – Iniciativas Turísticas, S.A. and Indubel – Indústria de Betão, S.A., net of deferred depreciation, is the following:

Description	31.12.2010			31.12.2009		
	Historic cost	Revaluation surplus	Revalued net amount	Historic cost	Revaluation surplus	Revalued net amount
Tangible fixed assets						
Land and natural resources	16,377,009.22	3,535,848.22	12,841,161.00	21,220,486.92	3,543,130.92	17,677,356.00
Buildings and other constructions	38,195,339.51	660,113.88	37,535,225.63	16,630,327.45	693,780.48	15,936,546.97
Basic equipment	20,444,740.49	0.7	20,444,739.79	28,200,346.64	1.19	28,200,345.45
Transport equipment	2,345,344.75	396.9	2,344,947.85	2,112,469.83	433.27	2,112,036.56
Office equipment	2,173,822.73	33.51	2,173,789.22	2,568,307.27	147.16	2,568,160.11
Other fixed assets	733,762.22	920.31	732,841.91	1,224,910.54	978.09	1,223,932.45
Ongoing fixed assets	24,199,297.22		24,199,297.22	40,584,436.07		40,584,436.07
Total	104,469,316.14	4,197,313.52	100,272,002.62	112,541,284.72	4,238,471.11	108,302,813.61

As the revaluations at MSF Activos Imobiliários, S.A. and Marlagos Iniciativas Turísticas, S.A. occurred prior to the transition to the SNC, the revalued amount is registered, at transition date, as a considered cost.

As a result of the effected revaluations, the depreciations during the financial year ending at 31st December 2010 were increased in 39,381.00 Euros. Of this amount, 40% was not considered as a cost for determining the taxable income, in what concerns Corporate Income Tax.

As mentioned, in some companies of the Group, revaluations of their tangible fixed assets were effected in past years, taking into account: (i) an evaluation carried out by an independent entity in 1988; (ii) the applicable legislation in force, namely, Decree-Law 31/98 of 11th February.

23. INVESTMENT PROPERTIES

The movement of the amounts accounted for as investment properties, measured by the cost model as at 31st December 2010 and 2009, can be presented as follows:

		31.12.2010				31.12.2009			
		Surface rights	Land and natural resources	Buildings and other constructions	Total	Surface rights	Land and natural resources	Buildings and other constructions	Total
As at beginning of financial year	Accounted gross amounts	991,609.30	430,846.17	11,419,254.54	12,841,710.02		103,696.87	311,090.59	414,787.46
	Depreciation and deferred impaired losses	24,790.22		290,762.50	315,552.72			18,665.43	18,665.43
	Net book value	966,819.08	430,846.17	11,128,492.04	12,526,157.30		103,696.87	292,425.16	396,122.03
Additions	Through purchases					991,609.30		8,742,393.15	9,734,002.45
	Through ongoing works								
	Through business combinations								
	Subtotal					991,609.30		8,742,393.15	9,734,002.45
Transferrals	From/To inventories (Note 8)						204,395.18	2,365,770.80	2,570,165.98
	From/To tangible fixed assets		3,507,685.26	10,521,590.99	14,029,276.25		122,754.12		122,754.12
	From/To assets held for sale								
	Subtotal		3,507,685.26	10,521,590.99	14,029,276.25		327,149.30	2,365,770.80	2,692,920.10
Impairment losses	Additions								
	Reversals								
	Subtotal								
Depreciation during financial year (Note 18)		49,580.47		701,088.65	750,669.12	24,790.22		272,097.06	296,887.28
Sales									
As at end of financial year	Accounted gross amounts	991,609.30	3,938,531.43	21,940,845.53	26,870,986.27	991,609.30	430,846.17	11,419,254.54	12,841,710.01
	Depreciation and deferred impaired losses	74,370.69		991,851.15	1,066,221.84	24,790.22		290,762.49	315,552.71
	Net book value	917,238.61	3,938,531.43	20,948,994.38	25,804,764.43	966,819.08	430,846.17	11,128,492.05	12,526,157.30

The amounts accounted for as investment properties refer to:

- a plot of land in Poland;
- a parking lot in Lagos;
- the South Tower of the "Natura Towers" project

These assets are held for capital valuation purposes and not for service rendering within the activity sphere of the Company.

24. GOODWILL

During the financial years ending at 31st December 2010 and 2009, the movement in the accounted value of goodwill, as well as in the respective deferred impaired losses, can be presented as follows:

	Balance as at 01.01.2009	Recognised Goodwill	Derecognised Goodwill	Impairment losses	Balance as at 31.12.2009	Recognised Goodwill	Derecognised Goodwill	Impairment losses	Balance as at 31.12.2010
Gross amounts	640,421.30				640,421.30	11,614,594.78			12,255,016.08
Impairment									
Net amounts	640,421.30				640,421.30	11,614,594.78			12,255,016.08

Goodwill as at 31st December 2010 and 2009 has the following composition:

Entity	Year of acquisition	31.12.2010			31.12.2009		
		Gross value	Deferred impaired losses (Note14)	Net book value	Gross value	Deferred impaired losses (Note14)	Net book value
Royal Óbidos – Promoção e Gestão Imobiliária e Turística, S.A.	2010	762,428.18		762,428.18			
Indubel – Indústria de Betão, S.A.	2007	135,420.32		135,420.32	135,420.32		135,420.32
Auto-Estradas do Oeste, SA..	2006	505,000.98		505,000.98	505,000.98		505,000.98
Auto-Estradas do Oeste, SA..	2010	10,852,166.60		10,852,166.60			
Total		12,255,016.08		12,255,016.08	640,421.30		640,421.30

During the 2010 financial year, an additional holding of 25% in AEO, and of 50% in Royal Obidos was acquired, generating a goodwill of 10,852,166.60 and 764,428.18 Euros, respectively.

Throughout the financial years ending at 31st December 2010 and 2009, the Company evaluated the goodwill's recoverable value, not identifying situations in which impairment losses occurred.

PROCEDURES UNDERLYING THE ESTIMATES USED TO MEASURE RECOVERABLE VALUES

For impairment test and goodwill allocation purposes, each of the Companies generating goodwill was considered as being a cash generating unit.

The recoverable value of each cash generating unit was determined based on its use value, calculated on cash flow projections supported by the most recent models accepted and validated by the financing institutions, covering the contractually defined timeframe for the Auto Estradas do Atlântico and Auto Estradas do Litoral Oeste concessions.

The following assumptions were used to define the 7.78% discount rate:

- Risk-free interest rate indexed to 5 year Sovereign Bonds with reference to 31.12.2010 (5.73%)
- Market risk premium of around 5%;
- Weight relative to third party capital of 56.5%

25. INTANGIBLE ASSETS

The movement in intangible fixed assets, their amortisation and deferred impaired losses during the financial years ending at 31st December 2010 and 2009, can be presented as follows:

		Development Projects	Computer programmes	Industrial property- licenses	Other intangible fixed assets	Ongoing intangibles	Total
As at 01.01.2009	Accounted gross amounts	6,182,138.50	2,788.88		70,775.97	329,297.63	6,585,000.98
	Depreciation and deferred impaired losses	5,938,578.08	2,022.19		61,171.86		6,001,772.13
	Net book value	243,560.42	766.69		9,604.11	329,297.63	583,228.85
	Additions	511,299.00	458.12			757,687.07	1,269,444.19
	Revaluations						
	Transferrals	241,339.80				(241,339.80)	
	Reclassification of non-current assets held for sale						
	Sales, claims and write-offs	114,942.49	726.42		1,600.74	1,542.23	118,811.88
	Depreciation during financial year (Note 18)	361,053.48	566.04		7,022.24		368,641.76
	Depreciation reversals	114,942.49	566.04				115,508.53
	Impairment losses						
As at 31.12.2009	Accounted gross amounts	6,819,834.81	2,520.58		69,175.23	332,345.55	7,223,876.17
	Depreciation and deferred impaired losses	6,184,689.07	2,022.19		68,194.10		6,254,905.36
	Net book value	635,145.74	498.39		981.13	332,345.55	968,970.81
	Additions	1,060,516.14	4,005.71		3,232.47	15,684.86	1,083,439.18
	Revaluations						
	Transferrals	348,030.41				(348,030.41)	
	Reclassification of non-current assets held for sale						
	Sales, claims and write-offs	183,324.82			64,250.00		247,574.82
	Depreciations (Note 18)	697,079.77	1,132.72				
	Depreciation reversal due to sale, claims and write-offs	183,324.82			62,111.29		
	Impairment losses						
As at 31.12.2010	Accounted gross amounts	8,045,056.54	6,526.29		8,157.71		8,059,740.54
	Depreciation and deferred impaired losses	6,698,444.02	3,154.90		6,082.81		6,707,681.73
	Net book value	1,346,612.52	3,371.39		2,074.90		1,352,058.81

The value shown as development projects, concerns application developments made at some companies of the Group's request, in order to treat specific situations within the construction sector, contributing significantly to its activity.

During the 2010 financial year, the Project "AXIS4ALL" was concluded and which contributed decisively to the increase in intangible assets, through the transferral of ongoing fixed assets. With the implementation of this Project, the previous Work management application was gradually discontinued, prompting the Board of Directors, as it did in the past, to write it off, which translated into the significant amount verified in write offs and in depreciation reversals.

26. FINANCIAL INVESTMENTS

The financial investments as at 31st December 2010 and 2009 can be presented as follows:

31 st December 2010										
Denomination	% held	Equity	Net income	BS ownership value	Additional paid-in capital	Impairment losses	Financial investments	Provisions for financial investment losses (Note 35)	Gains / (losses) in companies (Note 7)	Adjustment of capital shares
Equity method:										
Auto-Estradas do Oeste, SA.	50	54,388,605.35	3,453,234.74	18,423,490.68	8,770,812.00		27,194,302.68		1,726,617.37	4,935.00
Túnel do Marão, S.A.	44.99	52,714.35	-4,575.81	23,716.19			23,716.19		-2,058.66	
AE Marão, S.A.	45	4,690,812.45	60,679.16		2,250,000.00		2,250,000.00	-139,134.40	27,305.62	
Asterion, ACE	4	-2,382,168.67	-605,718.67				0.00	-95,286.75	-24,228.75	
SMLN, S.A.	25	908,533.00	-7,166,871.00		10,000,000.00	-9,777,454.87	222,545.13	-102,300.26	-1,791,717.75	
Geira, S.A.	12.5	308,315.00	66,109.00	38,538.90			38,538.90		8,263.63	
				18,485,745.76	21,020,812.00	-9,777,454.87	29,729,102.89			
Other methods:										
B.I.G., S.A.	2.5			3,084,789.31			3,084,789.31			
B.I.G. Capital, SGPS,S.A.	15.6			2,500,000.00		-175,000.00	2,325,000.00		284,602.50	
Auto Estradas do Atlântico				16.87			16.87			
TDM – Túnel do Marão Operadora				5.00			5.00			
Lisgrante				15,000.00			15,000.00			
Catim				1,000.00			1,000.00			
Brisal				1.00			1.00			
Aelo				0.02			0.02			
Treasuries				2,256.60			2,256.60			
Others				5,005.00			5,005.00			
Auto Estradas do Baixo Tejo, S.A.	7.87498							-3,937.49		
				5,608,073.80		-175,000.00	5,433,073.80			
Total										
				24,093,819.56	21,020,812.00	-9,952,454.87	35,162,176.69	-340,658.90	228,783.96	4,935.00
										-50,883.54

31st December 2009

Denomination	% held	Equity	Net income	BS ownership value	Additional paid.in capital	Impairment losses	Financial investments	Provisions For financial Investment losses (Note 35)	Gains / (losses) in companies (Note 7)	Financial investment changes	Financial year provisions
Equity method:											
Auto-Estradas do Oeste, S.A.	25	44,573,089.35	-17,747,659.65	8,353,900.93	2,789,371.41		11,143,272.34		(4,436,914.91)	(4,436,914.91)	
Túnel do Marão, S.A.	44.99	57,290.16	9,462.15	25,774.84			25,774.84		4,257.02	4,257.02	
AE Marão, S.A.	45	130,133.26	-890,994.50		225,000.00	(78,949.20)	146,050.80	(87,490.83)	(400,947.53)	(400,947.53)	
Asterion, ACE	4	(1,776,450.00)	(1,239,083.00)					(71,058.00)			(49,563.32)
SMLN, S.A.	25	8,075,403.82	(14,998,822.06)		10,000,000	(7,981,149.05)	2,018,850.96		(3,749,705.52)	(3,749,705.52)	
Geira, S.A.	12.5	252,277.00	160,248.12	31,534.63			31,534.63		20,031.02	20,031.02	
				8,411,210.40	13,014,371.41	(8,060,098.25)	13,365,483.56				
Other methods:											
B.I.G., S.A.	5			5,625,622.81			5,625,622.81				
B.I.G. Capital, SGPS, S.A.	15.6			2,500,000.00		(375,000.00)	2,125,000.00		218,925.00		
Auto Estradas do Atlântico				15.87			15.87				
TDM – Túnel do Marão Operadora				5.00			5.00				
Catim				1,000.00			1,000.00				
Brisal				1.00			1.00				
Aelo				0.02			0.02				
Treasuries				2,256.60			2,256.60				
Others				4,504.94			4,504.94				
Auto Estradas do Baixo Tejo, S.A.	7.87498							(3,937.49)			
				8,133,406.24		(375,000.00)	7,758,406.24				
Total				16,544,616.64	13,014,371.41	(8,435,098.25)	21,123,889.80	(162,486.32)	(8,344,354.92)	(8,563,279.92)	(49,563.32)

During the 2010 financial year, the Group acquired an additional 25% of the capital of Auto Estradas do Oeste, S.A..

27. SHAREHOLDERS AND GROUP COMPANIES

The detailed receivable/ payable amounts to shareholders and companies belonging to the Group as at 31st December 2010 and 2009 can be presented as follows (Note 41):

Entity	31.12.2010	31.12.2009
Non-Current assets:		
Auto-Estradas do Oeste, S.A.	13,042,382.69	3,757,582.05
SMLN - Concessões Rodoviárias, S.A.	2,897,272.98	1,837,272.98
Asterion, ACE.	120,548.00	117,748.00
Geira, S.A.		12,500.00
Alepu 2003, Ltd.	46,221.82	46,221.82
Royal Luxury Évora Resort, S.A.		472,847.32
MSF/ LENA – Investimentos nos Balcãs, S.A.	7.00	7.00
Royal Óbidos – Promoção e Gestão Imobiliária e Turística, S.A.		3,389,454.77
Others	8,189.44	1,886.31
Subtotal	16,114,621.93	9,635,520.25
Current assets		
Other Grouped companies of LMNS Atlântico, ACE.	93,750.00	
Other Grouped companies of LACE – Litoral Atlântico Construtores, ACE.	124,537.65	
Other Grouped companies of Nova Estrada, ACE.	32,470.81	
Other Grouped companies of ZTM - Zagope, Tâmega/MSF, ACE.	24,040.61	
Subtotal	274,799.07	
Total	16,389,421.00	9,635,520.25

Entity	31.12.2010	31.12.2009
Non-current liabilities		
BIG Capital, S.A.	2,692,398.15	2,569,861.90
Royal Luxury Évora Resort, S.A.	0	570,142.02
Royal Óbidos – Promoção e Gestão Imobiliária e Turística, S.A.	0	960,099.39
MSF Empreiteiros Cabo Verde, S.A.	2.90	2.90
MSF/ LENA – Investimentos nos Balcãs, S.A.	7.00	7.00
Subtotal	2,692,408.05	4,100,113.21
Current liabilities:		
Shareholder loans	7,000,000.00	
Other Grouped companies of LOC – Litoral Oeste Construtores, ACE.	131,961.34	
Other Grouped companies of Infratúnel, ACE.	82,513.25	
Other Grouped companies of ZTM - Zagope, Tâmega/MSF, ACE.	56,447.97	
Other Grouped companies of ZTM-Zagope/MSF/Tâmega, ACE.	14,016.65	
Other Grouped companies of Acmetro, ACE.	951.06	
Other Grouped companies of Civil Works – LN2.1., ACE.	18,719.97	
Others	35,599.78	
Subtotal	7,340,210.02	
Total	10,032,618.07	4,100,113.21

28. OTHER ACCOUNTS RECEIVABLE

As at 31st December 2010 and 2009, the detailed position of other accounts receivable is as follows:

Description	31.12.2010			31.12.2009		
	Gross Value	Accrued Impairment	Net Value	Gross Value	Accrued Impairment	Net Value
Other non-current debtors	17,560,517.52		17,560,517.52	17,460,517.52		17,460,517.52
Subtotal	17,560,517.52		17,560,517.52	17,460,517.52		17,460,517.52
Other current debtors	21,152,942.42	673,414.94	20,479,527.48	15,994,458.38	278,487.43	15,715,970.95
Other debtors by accrued income	64,071,669.50		64,071,669.50	77,841,329.84		77,841,329.84
Subtotal	85,224,611.92	673,414.94	84,551,196.98	93,835,788.22	278,487.43	93,557,300.79
Total	102,785,129.40	673,414.94	102,111,714.50	111,296,305.74	278,487.43	111,017,818.31

The impairment adjustments made to the balance of other debtors during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	Deferred impaired losses	
	31.12.2010	31.12.2009
Opening balance	278,487.43	607,769.45
Transferrals (Note 30)		-326,786.68
Additions (Note 13)	414,140.86	
Reversals (Note 13)	-19,213.35	-2,495.34
Total	673,414.94	278,487.43

As at 31st December 2010 and 2009, the gross amounts of other accounts receivable, by entity and nature, are as follows:

Description	31.12.2010	31.12.2009
Non-current assets:		
Other debtors		
SGAL - Sociedade Gestão da Alta de Lisboa	17,560,517.52	17,460,517.52
Non-current total	17,560,517.52	17,460,517.52
Current assets:		
Debtors by accrued income		
Accrued income of construction contracts (NCRF 19)	60,123,115.82	75,192,168.98
Interest receivable	870,030.06	143,412.60
Invoicing to third parties	34,062.03	124,860.00
Reimbursement of part of the 2009 Municipal Property Tax	32,674.32	
Contribution excess for the condominium's management	16,257.18	
Reinvoicing of 17% of the Greenfest fair to Sapa Portugal, S.A.		1,164.33
Other accrued income	2,995,530.09	2,379,723.93
Subtotal	64,071,669.50	77,841,329.84
Other debtors:		
SOECO	10,764,063.34	
Shareholders of Indubel - Indústrias de Bestão, S.A.	1,495,004.65	1,281,735.27
Novopca - Construtores associados, S.A.	1,033,949.77	655,374.09
Infratúnel - Construtores do Túnel do Marão, A.C.E.	611,587.87	324,706.25
Royal Luxury Evora Resort, S.A.	475,345.25	63,596.95
African Business	137,257.63	216,323.92
Oceanico Lusoirlandes Inv. Imob. Tur., SA	35,406.10	17,703.05
Security deposit	17,999.00	17,999.00
Auto Estradas do Atlântico, S.A.	4,975.00	
MSF TUR. IM. Cabo Verde, S.A.	3,128.83	3,128.83
Motion Estrat. Integradas de Design, SA	195.76	97.88
Savka Tzvetanova Dimitrova	65.87	65.87
Opway Engenharia, S.A.		2,563,419.28
Gabinete de Reconstrução Nacional de Angola		6,370,473.59
Other debtors	6,573,963.35	4,479,834.40
Subtotal	21,152,942.42	15,994,458.38
Current total	85,224,611.92	93,835,878.22

29. INVENTORIES

The details of inventories accounted for as at 31st December 2010 and 2009, can be presented as follows:

Description	31.12.2010			31.12.2009		
	Gross amount	Impaired losses	Net accounted amount	Gross amount	Impaired losses	Net accounted amount
Goods (Note 10)	730,491.78		730,491.78	499,016.43		499,026.58
Raw material, subsidiary raw mat. and consumables (Note 10)	7,315,750.21		7,315,750.21	8,269,843.52		8,269,832.89
Finished and semi-finished products (Note 8)	24,525,746.24		24,525,746.24	24,632,762.44		24,632,762.44
Products and Works in progress (Note 8)	13,163,643.59		13,163,643.59	5,707,797.82		5,707,797.82
Total	45,735,631.82		45,735,631.82	39,109,420.21		39,109,420.21

The amounts of the finished and semi-finished products mirror the real estate promotion effected by some of the companies within the group. The real estate wealth is made up essentially of: (i) shops at the Lagos Marina shopping area; (ii) housing subdivisions and parking lots for sale at the Lagos Marina; (iii) subdivisions available for sale at the “A Fábrica – Marina Lofts & Apartments” project, being that a medium and long term loan was taken out for its construction. Within this context, the mortgage on this project is the actual collateral given to the financing institution; (iii) Plots of land in Lagos to be used for building; and (iv) Subdivisions of the Café Project in Lagos, which are mortgaged for loan collateral purposes.

In line with the Company’s accounting policy for inventory measurement, as described in Note 2, the financial charges which underlie the contracted loans needed for construction are included in inventory costs.

30. TRADE DEBTORS

As at 31st December 2010 and 2009, accounts receivables from trade debtors can be presented as follows:

Description	31.12.2010			31.12.2009		
	Gross Value	Accrued Impairment	Net Value	Gross Value	Accrued Impairment	Net Value
Current trade debtors	218,018,926.11		218,018,926.11	163,663,081.61		163,663,081.61
Doubtful trade debtors	1,123,234.54	1,098,386.35	24,848.19	1,035,772.62	1,010,215.95	25,556.67
Total	219,142,160.65	1,098,386.35	218,043,774.30	164,698,854.23	1,010,215.95	163,688,638.28

The impairment adjustments made to the balance of trade debtors can be presented as follows:

Description	Accrued impaired losses	
	31.12.2010	31.12.2009
Opening balance	1,010,215.95	162,379.14
Transferrals (Note 28)		326,786.68
Additions (Note 13)	104,500.19	524,307.76
Reversals (Note 13)	-16,329.79	-3,257.63
Total	1,098,386.35	1,010,215.95

The ageing of the balance of the trade debtors account as at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010			31.12.2009		
	Current trade debtors	Doubtful trade debtors	Total	Current trade debtors	Doubtful trade debtors	Total
Not matured	17,099,437.08		17,099,437.08	32,284,410.99		32,284,410.99
1-90 Days	120,099,923.60		120,099,923.60	78,958,882.19		78,958,882.19
Over 90 Days	80,819,565.43	1,123,234.54	81,942,799.97	52,419,788.43	1,035,772.62	53,455,561.05
Total	218,018,926.11	1,123,234.54	219,142,160.65	163,663,081.61	1,035,772.62	164,698,854.23

31. ADVANCES TO SUPPLIERS

As at 31st December 2010 and 2009, advances to suppliers values can be detailed per entity as follows:

Entity	31.12.2010	31.12.2009
Most Lobv	867,456.25	
Soeco,	301,007.94	1,557,020.18
João Artur Cornacho & Filhos, Lda.	173,350.00	
José Joaquim Cornacho & Filhos, Lda.	173,350.00	
Somoluz		57,816.07
Soplacas		132,743.98
Anselmo Santos		14,423.76
Prebesan		404,351.74
Other suppliers	2,351,539.06	696,784.71
Total	3,866,703.25	2,863,140.44

Under some circumstances, due to the Company's activities, advances are made to suppliers as an alternative to presenting a bank guarantee.

32. STATE AND OTHER PUBLIC ENTITIES

As at 31st December 2010 and 2009, the detailed position vis-à-vis the State and other public entities with which the Company maintains relationship, is as follows:

Tax	31.12.2010	31.12.2009
Balances due:		
Value Added Tax	15,480,776.41	9,098,174.73
Corporate Income Tax	1,794,530.55	402,323.09
Other taxes	893,213.21	228,572.88
Total	18,168,520.17	9,729,070.70

Tax	31.12.2010	31.12.2009
Credit balances:		
Social Security	753,284.75	694,591.09
Withholding income tax	506,308.84	545,053.52
Value Added Tax	520,601.50	1,066,668.83
Corporate Income Tax	3,419,639.65	1,696,725.16
Other taxes	1,296,901.26	782,603.14
Total	6,496,736.92	4,785,641.74

33. DEFERRALS

As at 31st December 2010 and 2009, the details of deferrals registered on the balance sheet can be as follows:

Description	31.12.2010	31.12.2009
Balances due:		
Deferred costs		
Expenses with prepaid interest	2,432,582.79	28,949.04
Expenses with prepaid concessions	1,068,752.07	1,005,445.37
Prepaid insurance	432,533.81	195,226.99
Expenses with prepaid issuance of commercial papers	169,581.46	165,788.80
Others	78,432.36	347,515.92
Stamp duty (concessions)		249,769.68
Other prepaid expenses	1,416,670.20	580,553.53
Total	5,598,552.69	2,573,249.33

Description	31.12.2010	31.12.2009
Credit balances:		
Deferred income		
Anticipated revenue due to building contracts (a)	23,795,065.30	29,688,517.23
Other deferred income (b)	7,949,244.37	24,218,427.30
Anticipated revenue -moorings	546,100.16	621,491.42
Anticipated invoiced revenue	165,852.39	165,852.36
Anticipated invoicing – space rentals	50,218.46	62,826.25
Total	32,506,480.68	54,757,114.56

(a) These deferred revenues are due to the recognition of the results of the construction contracts according to their percentage of completion, as per the NCRF 19 – Construction contracts.

(b) They comply with the revision of the invoiced prices, albeit not formalised.

34. EQUITY

As at 31st December 2010 and 2009, relevant data concerning equity accounts is the following:

Capital

As at 31st December 2010, the Company's capital, totally subscribed and paid-up, was made up of 9,000,000 shares with a nominal value of € 5 each.

During the fiscal year ending at 31st December 2009, the capital was increased by 5,000,000.00 Euros, totally subscribed and paid-up.

Own shares

Following a decision of the General Meeting, a tranche of own shares, with a nominal value of 85,000.00 was purchased. This purchase cost 118,201.50 Euros, generating a premium of 33,201.50 Euros.

Additional paid-in capital and other equity instruments

The additional paid-in capital was provided by the sole shareholder, at no interest and reimbursement deadline. As per applicable legislation, reimbursement can only be made following decision of the Shareholders' General Meeting, when following its payment; equity is not inferior to the sum of capital and legal reserve.

Share premium:

The value registered in this account, is the result of premium obtained from a capital increase made in previous financial years. As per current legislation, the use of the value in this account complies with the applicable standards concerning the legal reserve, that is, it cannot be distributed to the shareholders, however it can be used to cover part of the loss registered in the balance sheet, which cannot be offset by the use of other reserves; to cover part of the retained losses of the previous financial year which cannot be offset by the financial year's income and neither by the use of other reserves; or for capital incorporation.

Adjustments to financial assets:

The value registered in this account is related with the booking process of the financial investments by the equity method, namely with the variations in the equity of affiliated companies and with the accounting movements of the results, which were not distributed by the affiliates and associates. Furthermore, this account registers the effect of the exchange update concerning the translation of the subsidiaries' financial statements, which have a functional currency which differs from the reporting currency of the company, and which shall be translated when of capital repatriation and/or the closure of activities.

Legal reserve:

The commercial legislation establishes that at least 5% of the yearly net income be added to the legal reserve, until this represents at least 20% of the capital. According to Article 296 of the Companies Code, the legal reserve can only be used to/for:

- a) cover part of the losses registered in the balance sheet and which cannot be offset by the use of other reserves;
- b) cover part of the retained losses of the previous financial year which cannot be offset by the financial year's income and neither by the use of other reserves; or for capital incorporation;
- c) capital incorporation purposes.

Retained Earnings:

Retained earnings as at 31st December 2009, were affected by two accounting movements: (i) the transferral registered per contra entry of adjustment of capital shares, of the part of the assigned income not distributed during previous financial years and which implied in the decrease of retained earnings in 2,790,889.95 Euros; (ii) the distribution of the 2008 financial year's income, which as per General Meeting's decision, was the following:

Description	Amount
Retained earnings	2,488,414.98
Total	2,488,414.98

Retained earnings as at 31st December 2010, were affected by two accounting movements: (i) the transferral registered per contra entry of adjustment of capital shares, of the part of the assigned income not distributed during previous financial years and which implied in the decrease of retained earnings in 5,519,635.24 Euros; (ii) the distribution of the 2009 financial year's income, which as per General Meeting's decision, was the following:

Description	Amount
Retained earnings	950,078.25
Transition to the SNC (a)	2,972,128.71
Total	3,922,206.96

(a) This value refers to the adjustments made to the 2009 financial year due to the transition to the SNC.

35. PROVISIONS

The balances and movements of provisions during the financial years ending at 31st December 2010 and 2009 can be presented as follows:

Description	Accrued as at 01.01.2009	Increases	Reductions	Regularisations	Accrued as at 31.12.2009	Increases	Reductions	Regularisations	Accrued as at 31.12.2010
Guarantees/Trade debtors	7,053,849.06	155,674.34	810,792.20		6,398,731.20	799,072.96	515,020.76	338,238.89	7,021,022.29
Ongoing lawsuits	316,809.21	19,749.91	126,704.13		209,654.99	1,287,752.07	157,909.25		1,339,292.81
Provision for financial investments (Note 26)	33,249.24	129,237.08			162,486.32	178,172.58			340,658.90
Other provisions	626,592.81	428,960.57		-607,756.86	447,796.52	293,707.13			741,503.65
Total	8,030,300.32	733,621.90	937,496.33	-607,756.86	7,218,669.03	2,558,499.74	672,930.01	338,238.89	9,442,477.65

36. LOANS OBTAINED

As at 31st December 2010 and 2009, debts to credit institutions were as follows:

	31.12.2010		31.12.2009	
	Current	Non-Current	Current	Non-Current
Bank overdrafts (Note 4)	72,039,338.26		65,997,828.37	
Loans	15,927,385.94	99,438,229.34	714,298.91	63,804,074.02
Loans – Commercial Paper	10,700,000.00	56,450,000.00	5,000,000.00	63,322,581.84
Loans – Financial Leasing	286,041.25	11,278,375.05		12,503,364.81
Loans – Construction support		8,646,246.57		9,154,849.31
Other loans	351,991.26	527,949.65		1,231,848.55
Total	99,304,756.71	176,340,800.61	71,712,127.28	150,016,718.53

The Company is currently using approved bank overdrafts in the amount of 72,039,338.26 Euros. If the Company's future operations or the need to meet financial commitments require so, the amount of the mentioned overdrafts may reach a maximum ceiling of 79,955,000 Euros, without restriction.

These overdrafts are subject to the current market interest rates charged for similar operations.

The non-current loans refer mainly to:

(i) four commercial paper programmes subscribed by the Group, in the amount of 17,150,000 Euros, 30,000,000 Euros, 15,000,000 Euros and 5,000,000 Euros, maturities of which extend to 15th September 2012, 29th July 2013, 9th October 2013 and 13th February 2013 respectively, subject to the current market interest rates charged for similar operations.

(ii) financial leasing operations used for the financing of purchases of equipment, with an average maturity of 48 months, with the financial conditions being the same as those practiced in the market for operations of the same nature and maturity.

The amount presented as Other loans concerns the receipt of a refundable incentive of 2,500,000.00 Euros, obtained under the umbrella of the SIME – Incentive System for Economic Modernisation, at the IFT (Tourism Support Financing Institution), on the 30th July 2002. The incentive does not incur in interest and was granted for 10 years, being that its payback is made in successive and equal six-monthly instalments, following a grace period of 3 years. The payback plan is as follows:

Year	Opening balance	Instalments	Ending balance
2010	1,231,843.75	351,955.36	879,888.39
2011	879,888.39	351,955.36	527,933.03
2012	527,933.03	351,955.36	175,977.67
2013	175,977.67	175,977.67	

37. ADVANCES FROM TRADE DEBTORS

As at 31st December 2010 and 2009, values presented as advances from trade debtors can be detailed by geographical locations as follows:

Country	31.12.2010	31.12.2009
Non-current liabilities:		
Portugal (reserves of apartments and villas)	187,453.83	168,290.91
Equatorial Guinea		11,396,677.92
Ghana		5,425,457.77
Senegal		178,132.12
Capo Verde		1,832,523.47
Poland		711,592.54
Subtotal	187,453.83	19,712,674.73

Country	31.12.2010	31.12.2009
Current liabilities:		
Ghana	12,641,221.75	
Portugal	9,769,778.11	6,624,209.45
Cape Verde	7,256,626.38	
Equatorial Guinea	5,942,627.06	
Poland	2,605,424.66	
Subtotal	38,215,677.96	6,624,209.45
Total	38,403,131.79	26,336,884.18

38. OTHER ACCOUNTS PAYABLE

As at 31st December 2010 and 2009, the detailed position of other accounts payable is the following:

Entity/Account	31.12.2010	31.12.2009
Non-current liabilities:		
Equipment consignments	129,033.89	124,962.78
Total non-current liabilities	129,033.89	124,962.78
Current liabilities:		
Creditors by accrued expenses:		
Payroll	3,959,640.47	4,549,799.10
Payable counter invoicing of members of consortium	2,868,817.18	5,627,644.40
Payable interest on shareholders' loans	1,923,007.51	2,181,642.42
Payable subcontractors services	1,349,727.80	602,343.96
Payable interest on bank loans	1,077,074.42	602,721.39
Payable Municipal Property Tax	181,413.45	100,371.80
Third-party invoiced cost accruals	59,376.80	
Payable maintenance services	45,450.05	12,200.29
Indemnities	25,046.43	
Payable sewage maintenance fee	23,021.79	458.35
Payable bank charges	21,071.53	919.64
Payable approved subcontractors' invoices but not yet invoiced	20,456.64	47,641.87
Other payable expenses	2,026,719.42	4,518,855.65
Subtotal	13,580,823.49	18,244,598.87
Other creditors:		
Soeco, S.A.	8,656,363.04	
Oceânico Lusoirlandes Inv.Imob.Tur., S.A.	5,143,465.79	
Other Grouped companies of LACE - Litoral Atlântico Construtores, ACE	166,050.19	166,050.19
Other Grouped companies of LMNS Atlântico, ACE	125,000.00	
Payroll	100,001.40	7,978.38
Deposits and collateral	68,284.92	62,710.78
Other Grouped companies of TACE, ACE	60,000.00	58,697.40
Others	760,279.83	518,423.84
Sub-total	15,079,445.17	813,860.59

Entity/Account	31.12.2010	31.12.2009
Investment suppliers		
Vector Mais-Projetos de obras de interiores		389,707.66
Other Grouped companies of Aerómetro, ACE	113,558.21	
Moviter Equipamentos, Lda	52,877.00	51,969.50
Metalúrgica do Tâmega, Lda	37,570.50	
Urmi, S.A.	46,036.87	
Other investment suppliers	301,510.24	969,127.64
Subtotal	551,552.82	1,410,804.80
Total current liabilities	29,211,821.48	20,469,264.26
Total	29,340,855.37	20,594,227.04

39. SUPPLIERS

The timeframe of the balance of the accounts payable to suppliers as at 31st December 2010 and 2009 can be presented as follows:

Description	31.12.2010					31.12.2009			
	Suppliers/Current account	Suppliers/Notes payable	Suppliers/Invoices received and being processed	Withholdings to suppliers	Total	Suppliers/Current account	Suppliers/Invoices received being processed	Withholdings to suppliers	Total
Not due	63,130,145.70	397,962.01	86,584.13		63,614,691.84	46,219,545.51	-5,925.30		46,213,620.21
1-3 Years	63,201,325.80				63,201,325.80	26,607,372.07			26,607,372.07
Over 3 Years	3,011,065.48			265,494.83	3,276,560.31	2,856,018.14		178,448.03	3,034,466.17
Total	129,342,536.98	397,962.01	86,584.13	265,494.83	130,092,577.95	75,682,935.72	-5,925.30	178,448.03	75,855,458.45

40. DERIVATIVES

The Board of Directors identified the exposure to exchange risks, due to the globalised business activities, and the interest rate risks, due to loans taken out in the market, as significant risks to be added to those inherent to the company's business activities. As a manner to neutralise these, two derivatives were contracted- one non-deliverable forward and one interest rate swap – with the purpose of fixing the EUR/USD Exchange rate and the reference rate which remunerates the obtained loans, seeking in this manner to hedge the cash flow risk inherent to the receipt of amounts in US Dollars and the payment of the loan's interest, swapping the variable rate for the fixed one, respectively.

The open positions are as follows:

	Hedged items		Derivatives			Total Fair Value
	Description	Contracted amounts	Description	Fair value recognised in income statement (Note 15)	Fair value recognised in equity (Note 34)	
Interest rate risk of debt instrument measured at amortised cost						
Interest Rate SWAP	ML term loan	10,000,000	Interest rate swap	-262,512.38		-262,512.38
Interest Rate SWAP (a)	ML term loan	20,134,154	Interest rate swap			
Subtotal						
Exchange rate risk in firm commitments or in future high probability transactions						
Exchange rate EUR/USD SWAP	Net cash position	30,000,000	Flexible forward		-741,089.48	-741,089.48
Total		60,134,154		-262,512.38	-741,089.48	-1,003,601.86

(a) As at 31st December 2010, the fair value of this derivative is negative in 399,707 Euros.

41. RELATED PARTIES

Data regarding balances with companies within the group and with other related parties as at 31st December 2010, with the respective comparative values, is as follows:

31.12.2010							
Companies	Trade debtors and other accounts receivable	Shareholders (Note 27)	Accrued revenue	Balances Suppliers and other accounts payable	Shareholders (Note 27)	Shareholders tax restatement (Note 27)	Accrued expenses
MSF Oeste, S.A.	3,300,000.00	13,042,382.69	258,780.52				
SMLN Concessões, S.A.		2,897,272.98					
AEBT – AE Baixo Tejo, S.A.	2,178.00						
Auto Estradas do Litoral Oeste, S.A.	9,950.00						
Auto Estradas do Atlântico, S.A.	4,975.00						
TDM – Túnel do Marão	26,136.00						
BIG Capital, SGPS, S.A:					2,692,398.15		81,751.83
Geira, S.A.	26,658.72						
MSF/LENA – Investimentos nos							
Balcãs, S.A		7.00			7.00		
MSF Empreiteiros Cabo Verde, S.A.		2.90					
Asterion, ACE		120,548.00					
Alepu 2003 Ltd		46,221.82					
Other Grouped companies of CGC's		274,799.07			340,210.02		
Others		8,186.54			7,000,002.90		
Total	3,369,897.72	16,389,421.00	258,780.52	0.00	10,032,618.07	0.00	81,751.83

31.12.2009							
Companies	Trade debtors and other accounts receivable	Shareholders (Note 27)	Accrued revenue	Companies Suppliers and other accounts payable	Shareholders (Note 27)	Shareholders tax restatement (Note 27)	Accrued expenses
BIG Capital SGPS, S.A					2,569,861.90		122,536.25
Auto Estradas do Oeste, S.A..		3,757,582.05					
Royal Luxury Évora Resort, S.A.		472,847.32			570,142.02		
Royal Óbidos, S.A.	235,667.32	3,389,454.77	217,946.94	2,007.84	960,099.36		
SMLN Concessões, S.A		1,837,272.98					
Geira, S.A.		12,500.00					
Asterion, ACE		117,748.00					
Alepu 2003 Ltd		46,221.82					
MSF/LENA – Investimentos nos Balcãs, S.A.		7.00			7.00		
Others		1,886.31			2.93		
Total	235,667.32	9,635,520.25	217,946.94	2,007.84	4,100,113.21		122,536.25

Regarding relations between the companies above, the average payment timeframe is of thirty days which is generally complied with and which, consequently, does not call for any adjustments regarding debts receivable from related companies.

Data regarding transactions between companies within the group and with related parties as at 31st December 2010, and with their respective comparative values, is as follows:

31.12.2010							
Companies	Transactions						
	Sales and services rendered	Third party supplies and services	Interest and similar expenses	Interest and similar revenue	Loans Granted	Loans Obtained	Acquisition of tangible/intangible fixed assets
Auto Estradas do Oeste, S.A.				258,780.52	13,042,382.69		
SMLN Concessões, S.A.					1,060,000.00		
AEBT - AE Baixo Tejo, S.A.	12,060.00						
Auto Estradas do Litoral Oeste, S.A.	328,500.00						
Auto Estradas do Atlântico, S.A.	57,500.00						
TDM – Túnel do Marão	129,600.00						
BIG Capital SGPS, S.A.			81,751.83			122,536.25	
Geira, S.A.	22,032.00			825.21			
Total	549,692.00		81,751.83	259,605.73	14,102,382.69	122,536.25	

Companies	Sales and services rendered	Third party supplies and services	31.12.2009		Loans Obtained	Acquisition of tangible/intangible fixed assets
			Interest and similar expenses	Interest and similar revenues		
Big Capital, SGPS, S.A.			122,536.25			
Royal Luxury Évora Resort, S.A.	1,445.43					
Royal Óbidos, S.A.	235,692.95	5,354.24		217,946.93		
Total	237,138.38	5,354.24	122,536.25	217,946.93		

Furthermore, during the financial year ended at 31st December 2010, the Company sold to its shareholders 2,189,250 shares pertaining to B.I.G.S.A., generating a gain of 1,837,667 Euros.

42. BANK GUARANTEES AND OTHER COLLATERAL

Bank Guarantees:

As at 31st December 2010 and 2009, the Company assumed responsibilities for bank guarantees given in favour of third parties in the total sum of 260,321,785.41 Euros and 227,360,693.98 Euros, respectively. Details of these responsibilities, per type, are as follows:

Description	31.12.2010	31.12.2009
Advances for work performed guarantees	47,119,511.89	23,503,694.27
Contract performance guarantees	91,311,647.92	88,970,845.64
Tender guarantees	12,141,071.23	21,148,135.09
Energy/water collateral guarantees	95,335.44	104,632.92
Court guarantees	105,565.82	105,565.82
Payment guarantees	5,699,232.13	3,698,973.21
Capital subscription guarantees (concession contracts)	102,512,059.76	88,283,967.33
Miscellaneous guarantees	1,337,361.22	1,544,879.70
Total	260,321,785.41	227,360,693.98

Pledges:

In compliance with the guaranteed loan agreement signed between MSF Oeste and the Banco Português de Investimento, pledges of MSF Oeste's shares and of shares belonging to this company held with AEO, were given as loan collateral.

Mortgages:

As at 31st December 2010 and 2009, various mortgages were put up as loan collateral involving the following real estate assets:

- “A Fábrica” project
- Cafi
- Royal Óbidos Resort
- Neofutur
- Natura Towers

43. CONSTRUCTION CONTRACTS

As at 31st December 2010 and 2009, the breakdown of recognised income, costs and losses relating to construction contracts is as follows.

	31.12.2010		31.12.2009	
	Recognised in financial year	Accrued to date	Recognised in financial year	Accrued to date
Recognised income	281,901,255.69	753,666,043.85	234,138,489.24	705,278,202.34
Costs incurred	243,928,648.64	727,500,778.90	225,832,985.35	674,251,077.67
Cost plus attributed to CGC's	37,972,607.05	26,165,264.95	8,305,503.89	31,027,124.67

Within the works in progress, amounts of € 38,295,677.96 as at 31st December 2010, and of € 26,168,593.27 as at 31st December 2009, are recognised as advances received from trade debtors (Note 37).

As shown in note 22 and in the Management Report, some companies of the Group have intensified their internationalisation efforts and are currently operating in the following foreign markets: Poland, Angola, Equatorial Guinea, Senegal, Ghana and Cape Verde, where they are mainly involved in public works for the governments or public entities. In Equatorial Guinea, the contract has been substantially altered, with its formalisation being under negotiation, although the works in progress are abiding by the new framing, as well as the respective payments.

As at 31st December 2010, the Company has accounts receivables from trade debtors and other debtors and accrued income from works carried out in those markets, which are partially offset by advances from trade debtors and deferred income, as follows:

31.12.2010					
Country	Accrued income	Trade and other debtors	Advances from trade debtors	Deferred income	Notes
Poland	16,043,426.51	537,957.49	2,101,078.94		
Equatorial Guinea	24,804,008.89	20,818,370.49	5,942,627.06	7,516,910.22	(a)
Ghana	4,369,024.67	21,270,813.72	12,641,221.75		
Senegal	296,620.38	27,577,643.10			
Angola		87,721,883.53			
Cape Verde	5,871,192.61	5,529,623.00	7,256,626.38		
Total	51,384,273.06	163,456,291.33	27,941,554.13	7,516,910.22	

31.12.2009					
Country	Accrued income	Trade and other debtors	Advances from trade debtors	Deferred income	Notes
Poland	13,437,000.00	712,899.00		383,418.00	
Equatorial Guinea	17,572,886.00	8,083,912.00	11,396,678.00	7,779,666.00	(a)
Ghana	10,996,113.00	2,377,724.00	5,425,458.00	147,048.00	
Senegal	20,676,609.00	22,643,350.00	178,132.00	10,498,866.00	(a)
Angola		66,522,811.00		20,620,423.00	
Cape Verde	3,830,176.00	2,357,110.00	1,832,523.00		
Total	66,512,784.00	102,697,806.00	18,832,791.00	39,429,421.00	

a) Deferred amounts concerning price revisions and claims which were not formalised.

Some of the above mentioned trade debtors had difficulties in complying with the contractual payment deadlines, it being expected that in 2010 this situation will be progressively normalised.

44. RECONCILIATION BETWEEN INCOME STATEMENTS BY NATURE AND FUNCTIONS

As at 31st December 2010 and 2009, the reconciliation between the values presented in the income statements, which are an integral part of the financial, is as follows:

	31.12.2010		
	IS BY NATURE	RECLASSIFICATION	IS BY FUNCTIONS
Operating income	12,844,767.98	-1,447,509.45	11,397,258.53
Financial income	-7,793,402.37	1,447,509.45	-6,345,892.92
Income before taxes	5,051,365.61		5,051,365.61
Income tax of financial year	-2,282,090.03		-2,282,090.03
Net income of financial year	2,769,275.58		2,769,275.58
Net income attributed to the group	2,889,088.17		2,889,088.17
Net income attributed to minority interests	-119,812.59		-119,812.59

	31.12.2009		
	IS BY NATURE	RECLASSIFICATION	IS BY FUNCTIONS
Operating income	7,530,206.52	-991,401.78	6,538,804.74
Financial income	-8,879,900.22	991,401.78	-7,888,498.44
Income before taxes	-1,349,693.70		-1,349,693.70
Income tax of financial year	-2,690,015.90		-2,690,015.90
Net income of financial year	-4,039,709.59		-4,039,709.59
Net income attributed to the group	-3,922,206.96		-3,922,206.96
Net income attributed to minority interests	-117,502.63		-117,502.63

45. MINORITY INTERESTS

The minority interests during the financial years ending at 31st December 2010 and 2009, concern exclusively, 12.5% of the equity of MSF-TUR.IM, SGPS, S.A.

46. DISCLOSURES REQUIRED BY LAW

46.1 FEES INVOICED BY THE STATUTORY AUDITORS

	31.12.2010			31.12.2009		
	Fees invoiced	Accrual effects	Total	Fees invoiced	Accrual effects	Total
Statutory Audit	82,662.41	35,602.46	118,264.87	56,672.40	60,342.47	117,014.87
Total	82,662.41	35,602.46	118,264.87	56,672.40	60,342.47	117,014.87

47. OTHER INFORMATION

47.1 BUSINESS RESEARCH AND DEVELOPMENT TAX INCENTIVE SYSTEM

During 2007, 2008 and 2009 the Company incurred in Research and Development (R&D) expenses, which in its understanding can be eligible within the sphere of the Business Research and Development Tax Incentive System ("SIFIDE"), foreseen in Law 40/2005 of 3rd of August. In this sense, MSF Engenharia intends to present candidacy for the mentioned years, in order to obtain a confirmatory declaration that the performed activities effectively corresponded to R&D issues. However, to date the incurred R&D expense amount has not been calculated and consequently, the respective tax credit underlying the intended candidacy.

47.2 OTHERS

In December 2010, Aerometro ACE (with a 22% Group participation) was notified regarding the building owner's intention of applying two fines in the total value of, approximately € 20,750,000, by an alleged non-compliance with the contractual deadline of the Project. The Board of Directors, based on the opinion of the responsible parties and of the lawyers of that CGC, considers that there are no grounds for the charging of those fines, having denied them; therefore no provision was made to this effect. Furthermore, there are complaints against the customer, which are not considered in the CGC's accounts.

The Chartered Accountant

Paulo José Godinho da Silva Ribeiro

The Board of Directors

Engineer Joaquim Carlos Ramalhão Fortunato (Chairman)

Engineer José Manuel Ramalhão Fortunato

Engineer Carlos Pompeu Ramalhão Fortunato

Engineer José Manuel Brito da Mana Ramalhão Fortunato

Margarida Maria Corvelo Borges de Menezes

Engineer José Ernesto Cirilo Custódio dos Santos

Maria Carlos Ramalhão Fortunato Leça Ramada

Tiago Brito da Mana Ramalhão Fortunato

Ana Maria Louro de Aragão Teixeira de Sande e Lemos

AUDIT REPORT ON THE CONSOLIDATED ACCOUNTS

(Translation of a report originally issued in Portuguese)

Introduction

1. We have examined the accompanying consolidated financial statements of MSF – Sociedade Gestora de Participações Sociais, S.A. which comprise the consolidated balance sheet as of 31 December 2010, which reflects a total of 612,313,707 Euros and consolidated equity attributable to the majority shareholders of 77,427,135 Euros, including consolidated net profit of 2,889,088 Euros, the consolidated statements of profit and loss by nature and by functions, consolidated changes in equity and consolidated cash flows for the year then ended and the accompanying notes.

Responsibilities

2. The preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results of their operations and their consolidated cash flows, as well as the adoption of adequate accounting principles and criteria and maintenance of an appropriate system of internal control are the responsibility of the Board of Directors. Our responsibility is to express a professional and independent opinion on these consolidated financial statements based on our examination.

Scope

3. Except for the matter referred to in paragraph 4 below, our examination was performed in accordance with the auditing standards (“Normas Técnicas e as Directrizes de Revisão/Auditoria”) issued by the Portuguese Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Our examination also included verification of the consolidation procedures and that the financial statements of the companies included in the consolidation were adequately examined, application of the equity method, assessing the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the consolidated financial statements. Our examination also included verifying that the financial information included in the Directors’ Report is in agreement with the consolidated financial statements. We believe that our examination provides a reasonable basis for expressing our opinion.

Qualifications

4. The consolidated balance sheet as of 31 December 2010 includes accrued income relating to claims not yet accepted by the clients and significantly overdue accounts receivable in the amounts of approximately 17,929,000 Euros and 2,600,000 Euros, respectively (approximately 21,600,000 Euros and 2,600,000 Euros, respectively, at 31 December 2009). The Board of Directors believes, based on the legal arguments available for one of the claim processes and evolution of the corresponding arbitration process, relating to one job in Poland, the book value of which amounts to approximately 14,144,000 Euros (the amount claimed amounting to approximately 30,000,000 Euros), as well as the progress of the negotiations in question, the technical foundation and the reasonableness and prudence of the amounts claimed in the remaining cases and, as regards the accounts receivable, a favourable executory sentence having been issued, that the amounts will be fully accepted by the debtors. However, the information available at this time is insufficient to enable us to conclude as to the timing and realizable value of these amounts.
5. At 31 December 2010 the Company had a participation of 50% in the capital of Auto-Estradas do Oeste, S.A. ("AEO"), recorded in the consolidated balance sheet in accordance with the equity method which, in turn, had a 50% participation in Auto-Estradas do Atlântico, S.A. and a 65% participation in AELO - Auto-Estradas do Litoral Oeste, S.A. ("AELO"). We believe that in accordance with generally accepted accounting principles the group under AEO should have been consolidated, in the accompanying consolidated financial statements, in accordance with the proportional method as there is a shareholders' agreement under which AEO is jointly controlled. However, to date we have not seen the consolidated financial statements of AEO and so we are unable to quantify the impact of this matter on the consolidated financial statements of the Company as of 31 December 2010.
6. The companies in which MSF Oeste S.A. Concessões, SGPS, S.A. ("MSFO") (a fully owned subsidiary) has participations, AELO (32.5% participation), Auto-Estradas do Marão, S.A. ("AEDM") (effective participation of 45%) and Neofutur – Promoção e Conservação de Imóveis, S.A. ("Neofutur") (effective participation of 51%) have contracted derivative financial instruments to hedge the risk of changes in interest rates on their loans. The contracting of these instruments, in which the variable interest rates on amounts identical to that of the loans is exchanged for a fixed interest rate, is considered as a financial structure established under concession contracts, such subsidiaries not being able to liquidate the instruments before their maturity. At 31 December 2010 MSFO, AELO and AEDM did not autonomously value the derivative financial instruments at market value, recording the loan interest in the statement of profit and loss, in accordance with the fixed interest rates established in the derivatives, with a negative or positive effect, depending on the situation. On the other hand, the equity of the subsidiary SMLN (a 25% owned associated company) used to record the equity method does not include the effect of impairment losses recognized by Brisal - Auto-Estradas do Litoral, S.A., a 20% owned subsidiary of SMLN. If these matters had been considered by the Company in applying the equity method, reserves at 31 December 2010 and net profit for the year then ended would have decreased by approximately 23,060,000 Euros and 4,863,000 Euros, respectively.

Opinion

7. In our opinion, except for the effect of such adjustments as might have been noted in the absence of the limitation referred to in paragraph 4 above, and except for the effect of the matters referred to in paragraphs 5 and 6 above the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of MSF – Sociedade Gestora de Participações Sociais, S.A. as of 31 December 2010, and the consolidated results of its operations, the consolidated changes in its equity and its consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal (see paragraph 8 below).

Emphases

8. As explained in Note 47 to the consolidated financial statements as of 31 December 2010, a consortium (Agrupamento Complementar de Empresas -“ACE”) in which the Group has a 22% participation was notified by a client of its intention to apply fines totalling approximately 20,750,000 Euros for alleged delay in performing the work. Those responsible for the consortium believe, based on the opinion of their legal advisors, that the penalties have no basis, and so they have been contested, no provision having been recorded for them.
9. As explained in Note 43 to the consolidated financial statements as of 31 December 2010 the Group has been intensifying its efforts to become international, having as of that date works in Poland, Angola, Equatorial Guinea, Senegal, Ghana and Cape Verde. The consolidated balance sheet as of 31 December 2010 includes, in addition to the amounts referred to in paragraph 4 above, other accounts receivable and accrued income of approximately 163,456,000 Euros and 35,340,000 Euros, respectively, partly offset by advances received from clients and deferred income of 27,942,000 Euros and 7,517,000 Euros, respectively, relating to the works carried out in these geographical markets.
10. As explained in Note 2 to the consolidated financial statements the Company adopted, as from 1 January 2010, the Portuguese Accounting Standards System (Sistema de Normalização Contabilística) including the conceptual structure, financial statement models and Portuguese Accounting and Financial Reporting Standards (Normas Contabilísticas e de Relato Financeiro - “NCRF”). In the transition process from the previous accounting standards in accordance with the Official Chart of Accounts (Plano Oficial de Contabilidade - “POC”) to the NCRF, the Company followed the requirements of NCRF 3 – First Time adoption of Accounting and Financial Reporting Standards, the transition date being 1 January 2009. Consequently, the financial information for 2009, previously presented in accordance with POC was restated, for comparative purposes, in accordance with NCRF (Note 2).
11. The consolidated financial statements as of 31 December 2009, presented for comparative purposes, were not examined by us. The audit procedures carried out on these financial statements were only those necessary to enable us to express an opinion on the consolidated financial statements as of 31 December 2010, and so we express no opinion on these consolidated financial statements.

Report on other legal requirements

It is also our opinion that the financial information included in the Directors' Report is in agreement with the consolidated financial statements for the year.

Lisbon, 15 April 2011

Deloitte & Associados, SROC S.A.
Represented by Tiago Nuno Proença Esgalhado

REPORT AND OPINION OF THE AUDITOR

CONSOLIDATED ACCOUNTS

To the Shareholders of MSF – Sociedade Gestora de Participações Sociais, S.A.

In compliance with current legislation and the mandate entrusted to us, we hereby submit our Report and Opinion which covers the work carried out by us and the documents of accountability of MSF – Sociedade Gestora de Participações Sociais, S.A. (the Company) for the year ended 31 December 2010 which are the responsibility of the Board of Directors.

We accompanied with frequency and scope that we consider appropriate, the operations of the Company and its subsidiaries, the adequacy of the accounting records and compliance with the legal requirements and articles of association in force, having received from the Board of Directors and employees of the Company and its subsidiaries all the explanations and information requested.

During the course of our work we examined the consolidated balance sheet as of 31 December 2010, the consolidated statements of profit and loss by nature and by functions, changes in equity and cash flows for the year then ended and the corresponding notes. In addition, we examined the Directors' Report for 2010, prepared by the Board of Directors. As a result of the statutory audit performed, we issued our Audit Report as of this date, which includes three qualifications and four emphasis paragraphs which are here considered to be reproduced in full.

Considering the above, we believe that, except for the effect of the adjustments that could have been found to be necessary if the limitation referred to in paragraph 4 did not exist and except for the matters referred to in paragraphs 5 and 6 and considering the matters referred to in paragraphs 8 to 11, all included in the Audit Report, the consolidated financial statements referred to above and the Directors' Report are in accordance with the applicable accounting, legal and articles of association provisions and so they can be approved at the Shareholders' General Meeting.

We wish to thank the Company's Board of Directors and employees for their cooperation.

Lisbon, 15 April 2011

Deloitte & Associados, SROC S.A.
Represented by Tiago Nuno Proença Esgalhado



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