**Mota-Engil Africa N.V.**

(a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its corporate seat (*statutaire zetel*) at Amsterdam, the Netherlands**)**

Admission to listing and trading of Shares on Euronext in Amsterdam

This prospectus (the "**Prospectus**") is published in connection with the admission to listing and trading (the "**Listing**") on Euronext in Amsterdam, the regulated market operated by Euronext Amsterdam N.V. ("**Euronext Amsterdam**") of 100,000,000 ordinary shares (the "**Shares**") in the share capital of Mota-Engil Africa N.V. (the "**Company**") with a nominal value of €1.00 each.

THIS PROSPECTUS IS NOT PUBLISHED IN CONNECTION WITH AND DOES NOT CONSTITUTE AN OFFER OF SECURITIES BY OR ON BEHALF OF THE COMPANY IN THE EUROPEAN ECONOMIC AREA OR ANY OTHER JURISDICTION AND HAS BEEN PREPARED SOLELY FOR THE PURPOSE OF ADMITTING THE SHARES TO LISTING AND TRADING ON EURONEXT AMSTERDAM.

Prior to the Listing, there has been no public market for the Shares. Application has been made to list all of the Shares under the symbol "MEAFR" and with the ISIN Code NL0010969408 on Euronext Amsterdam.

Trading in the Shares on Euronext Amsterdam is expected to start on or about 24 November 2014. Settlement of trades on Euronext Amsterdam on the date of Listing is expected to take place on or about 26 November 2014, through the book-entry systems of Nederlands Centraal Insituut voor Giraal Effectenverkeer B.V ("**Euroclear Nederland**").

Investing in the Shares involves certain risks. Prospective investors should carefully read the entire document and, in particular, the section headed "*Risk Factors*", beginning on page 9 when considering an investment in the Shares.

This document constitutes a prospectus for the purpose of Article 3 of the Directive 2003/71/EC (as amended) ("**Prospectus Directive**") and has been prepared in accordance with Article 5:9 of the Dutch Financial Supervision Act and the rules promulgated thereunder (the "**Dutch Financial Supervision Act**"). This Prospectus has been approved by and filed with the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten)* (the "**AFM**").

The distribution of this Prospectus in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company to permit a public offering of the Shares. No action has been taken or will be taken to permit the possession or distribution of this Prospectus (or any other offering or publicity materials) in any jurisdiction other than the Netherlands where action for that purpose may be required. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE U.S. STATE OR LOCAL SECURITIES LAWS.

Prospectus dated 21 November 2014.

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## SUMMARY

*Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A—E (A.1- E.7). This summary contains all the Elements required to be included in a summary for this type of securities and the Company. Since some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and the Company, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".*

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| | | **Section A—Introductions and warnings** |
| A.1 | Introduction and warnings | The following information should be read as an introduction to the prospectus (the "**Prospectus**") relating to the admission to listing and trading on Euronext Amsterdam ("**Listing**") of 100,000,000 ordinary shares, with a nominal value of €1.00 each, in the capital of Mota-Engil Africa N.V. (the "**Shares**").<br><br>Any decision by a prospective investor to invest in the Shares should be based on a consideration of the Prospectus as a whole. Investors should therefore read the entire Prospectus and not rely solely on this summary.<br><br>Where a claim relating to the information contained in this Prospectus is brought before a court in a member state of the European Economic Area, the plaintiff may, under the national legislation of the Member State in which the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.<br><br>Civil liability attaches only to the Company in respect of this summary, including any translation hereof, but only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in Shares. |
| A.2 | Resale or final placement of Shares by financial intermediaries | Not applicable. |
| | | **Section B—Issuer** |
| B.1 | Legal and Commercial Name | Mota-Engil Africa N.V. (the "**Company**"). The Company together with its subsidiaries is referred to herein as the "Group". |
| B.2 | Domicile and legal form | The Company was incorporated on 31 October 2012 by a notarial deed of incorporation as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands. On 17 June 2014, the Company was converted into a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands. The Company has its corporate seat in Amsterdam, the Netherlands. |
| B.3 | Current operations and principal activities of the Group and the principal markets in which it operates | The Group is a leading provider of integrated engineering and construction services as well as a wide range of other services across its target markets in Sub-Saharan Africa. Its diversified portfolio of services ranges from Engineering and Construction (including infrastructure such as roads, railways, bridges and dams, mining services, civil construction works and real estate construction and services), Logistics (including ports and other infrastructure management) and |

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| | | Environment and Services (including waste management and collection and water treatment and distribution).<br><br>The Group currently operates in ten countries comprising its primary markets of Angola, Malawi and Mozambique as well as its other markets of Cape Verde, Ghana, São Tomé and Príncipe, South Africa, Uganda, Zambia and Zimbabwe. The Group's head office is in Johannesburg and, as at 30 June 2014, the Group had approximately 14,500 employees. The Group manages its business and reports its financial results according to the following business segments: Angola, Southern African Development Community ("**SADC**"), West Africa and East Africa. |
| B.4 | Significant recent trends | Africa has achieved significant growth in recent years driven by, amongst other things, the exploration and development of the region's natural resources and the high prices of commodities. In addition, the evolution of the economic and demographic landscape in many African countries has, and the Company believes will continue to, encourage economic growth. The Company believes that this growth has allowed the governments of Africa to adopt policies for investment in new infrastructure, an essential factor in fostering private investment and the development of other sectors of activity, such as agriculture, industry, commerce and tourism. The financing available in these markets has made it possible to support growth and the execution of large public and private investments, specifically in the oil and gas and mining sectors. The significant private investment in a number of African markets together with the ambitious public works programmes designed to meet the great scarcity of infrastructure provide significant opportunities for the Group.<br><br>In the Angola business segment, recent demand for the Group's service offerings has remained strong. In particular, recent significant growth in Angola's construction sector has contributed to significant landmark infrastructure and civil construction projects being awarded to the Group. The Group expects that this growth will continue and demand for its services will remain strong.<br><br>In the SADC business segment, with the discovery of significant coal resources in north-western Mozambique and with Malawi being the shortest route to market, emphasis on improving the region's transport infrastructure has increased. This is highlighted by the Group's on-going Nacala Corridor railway project, which involves constructing and refurbishing a railway line from Tete to Nacala. The Group expects growth in SADC and investments in infrastructure to continue as new mining and offshore natural gas exploration projects require an improved route to market.<br><br>In the West Africa business segment, the infrastructure sector, although one of the best in Sub-Saharan Africa, is expected to benefit from continued investment as addressing social structural issues remains a key focus. From a transport perspective, a number of projects are currently being considered across Ghana, Cameroon and Côte d'Ivoire, particularly aimed at rail and port infrastructure. Industrial growth is expected to be driven by increased investment into natural resources. For example, in Cameroon, the Group was recently awarded a US$3.5 billion project (conditional upon financing being secured), the largest project in its history, by Sundance Resources Limited to build port and rail infrastructure for the Mbalam-Nabeba iron ore project. The Group expects these growth opportunities to provide a platform for the Group's growth in this segment.<br><br>In the East Africa business segment, the Group has recently expanded into |

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| | | Uganda with the award of a new project and expects that, because of the region's strong natural resources sectors (particularly oil and gas), markets such as Tanzania, Rwanda and Kenya will provide significant future opportunities to the Group. For example, Kenya, South Sudan and Ethiopia have recently embarked on a new trade route from the new port of Lamu, Kenya (currently under construction), which is expected to include an oil pipeline and refinery when complete. The Company believes that initiatives such as this may provide significant opportunities for the Group in East Africa. |
| B.5 | Description of the Group and the position of the Company within the Group | The Company is a subsidiary of Mota-Engil S.G.P.S., S.A., a Portuguese company listed on the Euronext Lisbon stock exchange ("**ME SGPS**" or the "**Parent**"). In addition, the Company is the holding company of the Group. |
| B.6 | Relationship with major shareholders | Immediately following Listing, up to approximately 82.08 per cent. of the Shares will be held by the Parent. The Parent and the Company have entered into a Relationship Agreement which governs certain aspects of the relationship between the Parent and the Company.<br><br>*Special Dividend*<br><br>Shareholders of ME SGPS approved, at a general meeting of ME SGPS shareholders held on 27 December 2013, a special dividend payable by ME SGPS comprising Shares in the Company (the "**Special Dividend**"). Under the terms of the Special Dividend, investors who were registered as holders of ordinary shares of ME SGPS on 22 January 2014 (the "**Strip Out Date**") were conditionally attributed, pro-rata to their shareholding in ME SGPS at the Strip Out Date, 20 million Shares in the Company, representing 20 per cent. of the issued share capital of the Company at the Strip Out Date. Those investors received rights (the "**Special Dividend Rights**") that, should the Special Dividend become unconditional, entitle holders of Special Dividend Rights ("**Entitled ME SGPS Special Dividend Recipients**") to receive 0.10334084 Shares for each Special Dividend Right held. The Special Dividend is conditional upon certain events that have already materialised, and Listing. The Special Dividend is expected to be payable through the book-entry systems of Euroclear Nederland on the date of Listing. If Listing does not occur and the Shares are not otherwise admitted to trading on any regulated market of a European Union member state by 31 December 2014, then the Special Dividend Rights will lapse. Delivery of the Special Dividend will be subject to applicable taxation (including in the form of withholding tax, where applicable). |
| B.7 | Selected historical key financial information | Except for the financial information in respect of the six months ended 30 June 2014, the selected historical key financial information of the Group set out in the tables below was extracted from the Group's combined consolidated audited historical financial statements for the years ended 31 December 2011, 2012 and 2013 and from the combined consolidated unaudited interim financial statements for the six months ended 30 June 2013. The unaudited interim consolidated financial information for the six months ended 30 June 2014 in the tables below were extracted from the Group's interim consolidated financial information. |

## Income Statement

| | Year ended 31 December | | | Six months ended 30 June (Unaudited) | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | | | (€ thousands) | | |
| **Sales and services rendered** | **590,525** | **727,167** | **1,005,306** | **432,850** | **556,747** |
| Other revenues | 34,970 | 42,681 | 19,328 | 9,726 | 17,940 |
| Cost of goods sold, material consumption and subcontractors | (298,698) | (333,209) | (409,055) | (161,256) | (208,065) |
| Third party supplies and services | (104,217) | (146,909) | (216,395) | (100,509) | (148,172) |
| Wages and salaries | (84,938) | (121,233) | (147,766) | (67,042) | (79,126) |
| Other operating expenses, net | (9,526) | (10,480) | (8,563) | 1,424 | 1,639 |
| Depreciation and amortisation | (30,811) | (38,537) | (49,295) | (22,887) | (41,170) |
| Provisions and impairment losses | (2,909) | (3,215) | (1,773) | (3,259) | (2,412) |
| **Operating profit** | **94,395** | **116,266** | **191,787** | **89,047** | **97,381** |
| Financial income | 8,860 | 5,547 | 12,227 | 1,174 | 6,798 |
| Financial costs | (21,260) | (39,846) | (69,175) | (33,947) | (29,855) |
| Gains in associates and jointly controlled companies | 5,000 | 8,958 | 121 | 106 | (27) |
| Income tax | (6,728) | (12,291) | (30,008) | (8,101) | (11,834) |
| **Consolidated net profit for the year** | **80,267** | **78,633** | **104,950** | **48,279** | **62,463** |
| Attributable to: | | | | | |
| non-controlling interests | 28,053 | 30,788 | 28,783 | 14,679 | 8,173 |
| the Group | 52,214 | 47,845 | 76,167 | 33,600 | 54,290 |

## Statement of Financial Position

| | As at 31 December | | | As at 30 June (Unaudited) |
|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 |
| | | (€ thousands) | | |
| **Assets** | | | | |
| Non-current | 201,638 | 341,359 | 399,732 | 390,877 |
| Current | 953,644 | 1,052,016 | 1,241,333 | 1,222,687 |
| **Total assets** | **1,155,282** | **1,393,376** | **1,641,065** | **1,613,564** |
| **Total shareholders' equity** | **312,223** | **288,380** | **355,631** | **368,888** |
| **Liabilities** | | | | |
| Non-current | 110,916 | 160,749 | 189,651 | 198,499 |
| Current | 732,143 | 944,246 | 1,095,783 | 1,046,178 |
| **Total liabilities** | **843,059** | **1,104,995** | **1,285,433** | **1,244,676** |
| **Total equity and liabilities** | **1,155,282** | **1,393,376** | **1,641,065** | **1,613,564** |

## Statement of Cash Flows

| | Year ended 31 December | | | Six months ended 30 June (Unaudited) | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | | | (€ thousands) | | |
| Net cash from operating activities | 16,518 | 88,139 | 30,831 | 50,388 | 59,783 |
| Net cash from investing activities | 33,738 | (52,380) | (30,228) | (12,471) | (34,412) |
| Net cash from financing activities | (11,482) | (40,264) | 41,200 | (41,676) | (50,329) |
| Variation of cash and cash equivalents | 38,774 | (4,504) | 41,803 | (3,759) | (24,959) |

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| Variations caused by changes to the perimeter | 5 | 402 | 1,470 | 1,598 | 0 |
| Exchange rate effect | 1,868 | 494 | (9,464) | (193) | 835 |
| Cash and cash equivalents at the beginning of the year | 79,665 | 120,312 | 116,704 | 116,704 | 150,513 |
| **Cash and cash equivalents at the end of the year** | **120,312** | **116,704** | **150,513** | **114,349** | **126,389** |

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| B.8 | Selected historical key pro forma financial information | Not applicable. No pro forma financial information has been included in the Prospectus. |
| B.9 | Profit forecast/estimate | Not applicable. No profit forecast or estimate has been included in the Prospectus. |
| B.10 | Audit Report—qualifications | Not applicable. Deloitte & Associados, SROC S.A.'s (the "**Auditors and Reporting Accountants**") auditors' report on the historical combined financial information does not include any qualification. |
| B.11 | Explanation if Insufficient Working Capital | Not applicable. The Company is of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the 12 months following the date of publication of the Prospectus. |
| | | **Section C—Securities** |
| C.1 | Type and class, security identification number | The Shares are ordinary shares in the capital of the Company.<br><br>When admitted to trading, the Shares will be registered under the symbol "MEAFR" with the ISIN Code NL0010969408. |
| C.2 | Currency of the securities issue | The Shares are denominated in euro and will trade in euro. |
| C.3 | Shares in issue and nominal value | As at the date of the Prospectus, 100,000,000 Shares, with a nominal value of €1.00 each, have been issued and are outstanding. |
| C.4 | Rights attaching to the securities | The Shares will, on Listing, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.<br><br>Each Share entitles the holder (a "**Shareholder**") to one vote at a general meeting of Shareholders (the "**General Meeting**"). There are no restrictions on voting rights. Each Shareholder has a pre-emptive right in proportion to the aggregated nominal value of its shareholding upon the issue of new Shares. Exceptions to the pre-emptive rights include the issue of Shares (i) to employees of the Company or another member of the Group and (ii) against payment in kind. The General Meeting may resolve to restrict or exclude the pre-emptive rights, which resolution requires a majority of at least two-thirds of the votes cast if less than half of the issued share capital is represented at the General Meeting.<br><br>The General Meeting may delegate its authority to issue Shares to the Company's board of directors (the "**Board**") for a specific period not exceeding five years. Any pre-emptive right may also be restricted or excluded by the Board if the Board is designated and authorised to do so pursuant to a resolution of the General Meeting with such designation not exceeding a period of five years. The Board has been authorised to resolve to issue Shares, to grant rights to subscribe for Shares and to limit or exclude pre-emptive rights in relation to Shares. The latter |

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| | | designation has been granted for an eighteen month period starting on the date following the date of completion of the admission of all of the issued ordinary shares in the share capital of the Company to listing and trading on Euronext in Amsterdam and is limited to up to 10 per cent. of the number of issued and outstanding Shares on such date. Pursuant to such designation (and to a delegation agreement dated 14 November 2014 between the Parent, the Company, and the Directors), the Board is bound to, in the event of any issuance of (rights to subscribe for) Shares during such term, provide qualified investors as defined in article 1:1 of the Dutch Financial Supervision Act residing in the European Economic Area that hold Shares the opportunity to subscribe for such (rights to subscribe for) Shares for at least their respective pro rata interest in the capital of the Company. |
| C.5 | Restrictions on the free transferability of the Shares | The Shares will be freely transferable under the Company's articles of association. |
| C.6 | Admission to trading | Application has been made to list all the Shares under the symbol "MEAFR" on Euronext Amsterdam. Prior to the Listing, there has been no public market for the Shares. Trading in the Shares on Euronext Amsterdam is expected to start on or about 24 November 2014. |
| C.7 | Dividend Policy | As a holding company, the ability of the Company to pay dividends and make distributions primarily depends upon the receipt of dividends and distributions from its subsidiaries. The payment of dividends and distributions by the Company's subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves and other possible restrictions on the ability of the subsidiaries to make dividend payments and distributions to the Company.<br><br>The Board intends to follow a progressive dividend policy to remunerate shareholder capital by assessing a set of conditions including the Company's future operations and profitability, capital expenditure requirements, general financial condition, legal and contractual restrictions and other factors that it may deem relevant. By considering the medium term projections of the Group's performance, the Board intends to provide an appropriate degree of stability in dividend payments. The Company expects to target a minimum payout ratio of 50 per cent. with a maximum of 75 per cent. The payout ratio is calculated by using the net income adjusted for significant non-recurring and extraordinary items. If applied, this adjustment will be separately explained in the Company's annual report. |
| | | **Section D—Risks** |
| D.1 | Key risks that are specific to the Group or its industry | The Group's operations in emerging markets on the African continent expose the business to risks associated with social, economic and political conditions in those markets which could have a material adverse effect on the Group's business, financial condition and results of operations.<br><br>The Group's results of operations depend on the award of new contracts and the timing of such awards and the failure to secure awards of new contracts or delays in the timing of project awards could have a material adverse effect on the Group's business, financial condition and results of operations.<br><br>The construction industry is highly competitive, which may impact the Group's revenue and margins and, in turn, could have a material adverse effect on the Group's business, financial condition and results of operations. |

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| | | The Group's backlog, Pending Bids and Projects (being potential projects for which the Group has submitted proposals and tenders which are pending and projects the Group has been awarded for which either a contract or a memorandum of understanding has been signed but where the client is yet to secure the requisite funding) and Pre-qualification Tenders (being projects for which the Group has pre-qualified to tender) are not necessarily indicative of its future revenue or results of operations and any adverse changes in backlog and/or Pending Bids and Projects and/or Pre-qualification Tenders could have a material adverse effect on the Group's business, financial condition and results of operations.<br><br>The Group is dependent on the investment policies of supranational entities and public authorities and changes in such policies could have a material adverse effect on the Group's business, financial condition and results of operations.<br><br>The Group's operations in certain jurisdictions are dependent on public sector clients and subject to related risks which could have a material adverse effect on the Group's business, financial condition and results of operations.<br><br>The Group bids for large, long-term projects for which it assumes completion, technical, cost-related and other unforeseen risks which could have a material adverse effect on the Group's business, financial condition and results of operations.<br><br>The Group's results of operations are affected by the cyclical nature of the construction industry and any cancellations or delays due to such cyclicality could have a material adverse effect on the Group's business, financial condition and results of operations.<br><br>The Group relies on its partners to perform under its contracts and any failure by them to perform could have a material adverse effect on the Group's business, financial condition and results of operations.<br><br>The Group depends on suppliers and other third parties for the operation of its business and any failures or shortcomings by those suppliers or third parties could have a material adverse effect on the Group's business, financial condition and results of operations.<br><br>The Group is exposed to counterparty risks and may incur losses because of such exposure which could have a material adverse effect on the Group's business, financial condition and results of operations.<br><br>The Group's business depends on its ability to attract and retain key personnel and any inability to continue to attract and retain such key employees could have a material adverse effect on the Group's business, financial condition and results of operations. |
| D.3 | Key risks that are specific to the securities | The Shares have not previously been publicly traded, and there can be no assurance that an active and liquid market for the Shares will develop. The Company's share price may fluctuate significantly, and investors could lose all or part of their investment. Future sales of Shares by the Company's existing Shareholders could depress the price of the Shares.<br><br>Shareholders outside of the Netherlands may not be able to exercise pre-emption rights in the event of an increase in the Company's share capital or granting of |

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| | | rights to subscribe for Shares.<br><br>The Parent is in a position to exert substantial influence on the Company. The interests pursued by the Parent could differ from the interests of the Company's other Shareholders. |
| | | **Section E—Offer** |
| E.1 | Net proceeds and estimated expenses of the offer | Not applicable. No Shares will be offered by the Company on Listing. |
| E.2 | Reasons for the offer and use of proceeds | Not applicable. No Shares will be offered by the Company on Listing. |
| E.3 | Terms and conditions of the offer. | Not applicable. No Shares will be offered by the Company on Listing |
| E.4 | Description of any interest material to the offer | Not applicable. |
| E.5 | Selling Shareholders and lock-up agreements | Not applicable. |
| E.6 | Dilution resulting from the offer. | Not applicable. |
| E.7 | Estimated expenses charged to investors | Not applicable. There will be no charge to investors for the Listing of the Shares on Euronext Amsterdam. |

## RISK FACTORS

*Before investing in the Shares, prospective investors should carefully consider the following risk factors in addition to the other information contained in this Prospectus. If any of the risks described below were to occur, it could have a material adverse effect on the Group's business, financial condition and results of operations. If these events occur, the trading prices of the Shares could decline, and investors may lose all or part of their investment. Although the Company believes that the risks and uncertainties described below are material risks and uncertainties facing the Group's business and the Shares, they are not the only ones relating to the Group and the Shares. Additional risks and uncertainties not presently known or currently deemed immaterial may also have a material adverse effect on the Group's business, financial condition or results of operations or prospects and could negatively affect the price of the Shares.*

*Prospective investors should read and carefully review the entire Prospectus and should reach their own views before making an investment decision with respect to any Shares. Furthermore, before making an investment decision with respect to any Shares, investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Shares and consider such an investment decision in light of their personal circumstances.*

*This Prospectus contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Prospectus. See "Forward-Looking Statements".*

### RISKS RELATING TO THE GROUP'S BUSINESS AND OPERATIONS

***The Group's operations in emerging markets on the African continent expose the business to risks associated with social, economic and political conditions in those markets.***

The Group operates in emerging markets of Africa which present political, economic, fiscal, legal, regulatory and social risks that are not encountered in countries with well-established economic and political systems, including those related to:

- political uncertainty and turmoil;
- logistical challenges (supply chain, provision of energy, infrastructure);
- corruption;
- lack of skilled labour force;
- general economic and business conditions;
- high interest rates;
- changes in exchange rates;
- high levels of inflation;
- exchange controls;
- wage and price controls;
- foreign currency reserves;
- current account deficits;
- changes in economic or tax policies;

- changes in fiscal regimes;
- the imposition of trade barriers;
- changes in investor confidence;
- poverty, labour tensions, unemployment, crime, societal health risks and social inequality;
- negative economic or financial developments in other emerging market countries;
- perceived or actual security issues and political changes;
- higher volatility and limited liquidity; and
- legal and regulatory uncertainties.

The Group's operations are currently exposed to the political and economic conditions of Angola, Malawi and Mozambique as well as Cape Verde, Ghana, São Tomé and Príncipe, South Africa, Uganda, Zambia and Zimbabwe. These conditions also relate to the fact that structural improvements are still needed in many sectors in these markets, including transport, energy, agriculture and mineral sectors as well as land, social and fiscal reforms. Certain of these markets, and other countries in Africa into which the Group may expand in the future, may also suffer from geopolitical conflict and a number of African states have unresolved political differences both internally, with surrounding countries and/or internationally. For example, expected municipal elections in Angola in 2015 could give rise to political uncertainty and any changes in government could result in significant policy changes which might affect the Group's operations in these countries. In addition, the Group's operations in these markets may involve protracted negotiations with host governments, national companies and third parties and may be subject to economic and political considerations such as the risks of war, boundary disputes, activism by non-governmental organisations, organised crime, community disturbances, military repression, nationalisation, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, renegotiation, forced change or nullification of existing contracts or royalty rates, changes in laws regarding repatriation of income, unenforceability of contractual rights, imposition of export or import controls, changing taxation policies or interpretations, adverse changes to laws or the interpretation thereof, currency fluctuations or exchange restrictions, inflation, changing political conditions, favour or require the awarding of contracts to local contractors, necessitate foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or require providing subsidies for the development of land infrastructure or other social assistance. Any of the factors detailed above or similar factors could adversely affect the Group's business, financial condition and results of operations.

***The Group's results of operations depend on the award of new contracts and the timing of such awards.***

As a substantial portion of the Group's revenue is generated from large-scale projects and medium- to large-scale engineering and construction projects, and the timing of project awards is unpredictable, the Group's results of operations and cash flow may be subject to significant periodic fluctuations that impact liquidity. Worldwide resource constraints, escalating material and equipment prices, and on-going supply chain pricing pressures may cause delays in awards being granted and, in some cases, cancellations of major projects. In addition, the Group is reliant on the award to it of large-scale infrastructure projects to maintain and achieve growth in its margins (given that such projects are generally more profitable for the Group than its smaller projects). It is therefore imperative for the Group to maintain, and be awarded, a balanced mix of large scale infrastructure projects with larger margins in addition to smaller- and medium-sized projects. In general, it is also very difficult to predict whether or when the Group will receive such project awards as these contracts frequently involve a lengthy, complex and competitive bidding and selection process, which is affected by a number of factors, such as market conditions, financing arrangements, commodity prices, governmental approvals and environmental matters. To secure these contracts, the Group must make a significant commitment of resources, in terms of workforce, management time and operational and financial resources, as well as commit to bidding in a complex and competitive bidding process with lengthy award procedures. If after the competitive bidding process the Group does not succeed in winning a contract for a new project, the bidding costs incurred would not be recoverable and the Group could fail to increase or even maintain its volume of order intake and income. Some of these contracts are subject to financing contingencies and, as a result, the Group is subject to the risk that the customer will not be able to secure the necessary financing for the project which could result in projects being delayed or cancelled. Any of these factors, alone or in combination, could adversely affect the Group's business, financial condition and results of operations.

***The construction industry is highly competitive, which may impact the Group's revenue and margins.***

The Group operates in the highly fragmented construction industry in each of the markets in which it operates. For the six months ended 30 June 2014, the Engineering and Construction business area comprised 96 per cent. of the Group's sales. The Group competes with other companies ranging from small independent firms servicing local markets to larger companies servicing regional and national markets. The barriers to entry and the Group's key competitive strengths, including its local and regional knowledge, awareness and presence in Sub-Saharan Africa, brand recognition (particularly in its primary markets of Angola, Malawi and Mozambique) and technological proficiency, may limit, but do not prevent, any other company with adequate financial resources and access to technical expertise and skilled personnel from becoming a competitor. For example, companies with substantial financial resources from emerging markets, such as Brazil and China, are able to offer highly competitive pricing in respect of projects on which the Group also submits proposals. Often, in the case of certain companies, proposals are submitted pursuant to national geo-political policy considerations and therefore such companies (and the clients to whom they submit proposals) are able to rely on substantial financial and other support from state institutions which are unavailable to the Group. In addition, competition could intensify because of new companies entering the market and the consolidation of the industries in which the Group operates.

Factors that could affect the Group's ability to compete successfully in the construction industry include: quality, performance, price, reliability, mix and market acceptance of products and services, market acceptance of competitors' products and services, efficiency and quality of production, construction and customer support and reputation. The failure to respond to evolutions in industry standards or client requirements could lead to a loss of business. If competitors are better able to meet competitive challenges or to react to changes in the factors that affect competition in the construction industry, the Group may experience a loss of market share, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's backlog, Pending Bids and Projects and Pre-qualification Tenders are not necessarily indicative of its future revenue or results of operations.***

The Group defines backlog to include projects for which contracts have been signed or awarded and for which the client has secured the funding.

As part of its backlog calculation policy, the Group assumes that each party will satisfy all of its respective obligations under the contract and that payments to it under the contract will be made on a timely basis consistent with historical experience. For contracts that are not for a fixed price or lump sum, the Group estimates and updates the related backlog based upon the estimated amount of work to be completed through periodic consultation with the client. For projects in which the Group acts as the lead contractor within a consortium, in calculating backlog the Group only includes its scope of work in connection with such projects. For projects related to unconsolidated joint ventures, the Group only includes its percentage ownership of the joint venture's backlog.

The Group's customers may have the right, upon payment of certain penalties or reimbursement of certain costs and damages or other consequences, to cancel, reduce or defer firm orders that the Group has in its backlog. If the Group's clients cancel, reduce or defer firm orders, it may be protected from certain costs and losses, but the Group's revenue or results of operations might nevertheless be affected. Further, there can be no assurance that the Group will secure contracts equivalent in scope and duration to replace the current backlog or that the current backlog will perform as expected.

In addition to backlog, this Prospectus also contains information in respect of (i) potential projects for which the Group has submitted proposals and tenders which are pending and projects the Group has been awarded for which either a contract or a memorandum of understanding has been signed but where the client is yet to secure the requisite funding (together, "Pending Bids and Projects"), and (ii) potential projects for which the Group has pre-qualified to tender (together, "Pre-qualification Tenders"). As at 30 September 2014, the Group had 19 Pending Bids and Projects with a total value of more than US$7 billion which included one project in respect of which a contract has been signed but requisite financing is yet to be secured (being the US$3.5 billion project in Cameroon to build port and rail infrastructure for the Mbalam-Nabeba iron ore project) and one further project (with a contract value of approximately US$1.0 billion) in respect of which a memorandum of understanding has been signed but requisite financing is also yet to be secured. The Group's Pre-qualification Tenders would, as at 30 September 2014 and according to Management estimates, together result in the Group being awarded additional contracts with a potential aggregate value of more than US$3 billion.

Whether the Group will be asked to submit proposals for projects it has been pre-qualified to tender for, whether the Group will be awarded the contracts for projects it has submitted proposals and tenders for and whether funding will be secured for projects it has been awarded is subject, in each case, to a number of factors and uncertainties including general market and economic conditions, the strength of any competing proposals and tenders, budgetary constraints and spending priorities (in the case of public sector clients), governmental approvals and investment policies of supranational and public authorities. Accordingly, there can be no assurance that the Group will be asked to submit proposals for projects it has been pre-qualified to tender for, awarded the contracts for projects it has submitted proposals and tenders for and/or whether funding will be secured for projects it has been awarded and that therefore any of the Group's Pending Bids and Projects and Pre-qualification Tenders will be recorded as backlog going forward.

Furthermore, the value attributed to the Group's Pre-qualification Tenders above has been extrapolated by Management from, where available, existing operating data of the Group and is based on Management's own estimates and judgment, taking into account factors such as the historical conversion of Pre-qualification Tenders to Pending Bids and Projects. No assurance can be given as to when (if at all) any Pre-qualification Tenders can or will be converted to Pending Bids and Projects or backlog. The Group's methodology for attributing a monetary value to its Pre-qualification Tenders may not be comparable to or consistent with any methodology used by its competitors to assemble or compute such information. Accordingly, this information is inherently predictive and subject to uncertainty and not necessarily indicative of the Group's future backlog, Pending Bids and Projects, revenue, cash flows or results of operations.

The Company believes that the Group's figures for backlog, Pending Bids and Projects and Pre-qualification Tenders are indicators of its short- to medium-term sustainability. However, since such figures are subject to substantial fluctuations and uncertainties, neither backlog, Pending Bids and Projects nor Pre-qualification Tenders are necessarily indicative of the Group's revenue, cash flows or results of operations. Unforeseen events or circumstances, including, for example, termination, delay, scope reduction or adjustments, increased time requirements to complete the work, delays in commencing work, disruption of work, irrecoverable cost overruns or other unforeseen events or difficulties may affect projects comprising backlog, projects comprising the Group's Pending Bids and Projects may not be awarded to the Group, may fail to secure funding and/or may face other difficulties and the Group may not be asked to submit proposals for projects comprising its Pre-qualification Tenders. Any such factors which, alone or in combination, lead to a substantial decrease in the Group's backlog or projects awarded to it could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is dependent on the investment policies of supranational entities and public authorities.***

Contracts with financial support from supranational entities (such as the European Union and the World Bank) and contracts with public sector clients (such as ministries of infrastructure) together represented, for the six months ended 30 June 2014, approximately 38 per cent. of the Group's sales. As a result, the Group's activities are heavily dependent on such entities' programmes and funding policies with respect to investments in transport, civil and social infrastructure. As financiers evaluate opportunities, an increased degree of uncertainty and relative political fragility, particularly in election years, remains a concern. Malawi's and Mozambique's construction industries face funding risks as supranational entity investment flows could be adversely impacted should misappropriation of funds or corruption occur.

The Group also relies on infrastructure development programs currently planned and backed by supranational entities and public sector clients in various markets to generate a significant amount of its business. Future changes and/or reductions by such clients in their plans or policies of infrastructure development, delay in the awarding of major projects or postponement of previously awarded projects could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's operations in certain jurisdictions are dependent on public sector clients and subject to related risks.***

The Group's projects may involve contracts with governments across a number of jurisdictions and public sector clients (or state-owned entities) that represent the interests of governments. Such arrangements with public sector clients are subject to various regulations, potentially onerous obligations and commercial requirements which may result in additional project execution risk. For example, governments in those countries in which the Group operates may unilaterally terminate, amend or expropriate the projects in the public interest.

The Group's operations will also be impacted by public sector infrastructure spending priorities as certain of the Group's activities relate to governments' and local public authorities' programmes and funding policies with respect to investments in transport, civil and social infrastructure. Public sector clients may not be obliged to maintain funding at any specific level and funds for any programme may even be eliminated. Future changes in spending and investment priorities, which can occur for a number of reasons including changes in governments or government policies or priorities, are unpredictable and may affect the Group's Pending Bids and Projects, backlog, revenue and profitability, particularly if such changes result in a decrease in infrastructure investment or if infrastructure investment is shifted to types of projects in which the Group is not a participant. Governments and authorities could also change their procurement methodologies, which could have an adverse impact on the Group, if the new methodologies entail additional commercial risks or involve reduced margins. In addition, such changes in investment policies or in the allocation of public funds may result in the delay in awarding of major projects or postponement of previously awarded projects which could have a material adverse effect on the Group's business, financial condition and results of operations.

***Foreign companies wishing to invest in many African countries can be required to obtain prior clearance and approvals from the regulatory authorities in those countries.***

If the Group cannot obtain or maintain the necessary permits, authorisations or agreements to implement planned projects or continue its existing operations under conditions or within time-frames that make such projects and operations economically feasible, or if legal or fiscal regimes or the governing political authority change materially, the Group may not be able to achieve its objectives. Prior to the Group making any new investment or expanding a business into a new country in Africa, it may need to apply for an investment certificate pursuant to applicable central bank regulations and/or foreign investment agency requirements. These processes are usually administrative in nature and require delivering corporate records and business plans in order to secure authorisation and proceed with the foreign investment. There is no guarantee that the Group will be successful in obtaining such approvals and clearance or that any existing approvals and clearances will not be revoked or withdrawn or amended in a manner which could have a material adverse effect on the Group's business, financial condition and results of operations.

***Legal systems in certain parts of Africa are less developed than other regions of the world and, accordingly, it may be difficult to obtain swift and equitable enforcement of rights.***

A number of the countries in Africa, including certain countries in which the Group operates, have less developed legal systems than those of more established economies, which may result in risks such as:

- potential difficulties in obtaining effective legal redress in their courts, whether in respect of a breach of law or regulation, or in an ownership dispute;
- international arbitration awards may not be easily enforceable, if at all;
- inability to conduct an efficient or comprehensive search of threatened, pending, or past suits against any entity (as searches may require a manual search of the records or docket of each court individually);
- a higher degree of discretion on the part of governmental authorities;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions;
- new laws may be applied retroactively or retrospectively;

- the enactment of new laws or directives is often unpredictable;
- the courts have broad discretion in dealing with violations of law and regulations, including levying fines, and/or revoking business and other licences; or
- relative inexperience of the judiciary and courts in certain matters.

In addition, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business which may be susceptible to revision or cancellation, as a result of which legal redress may be uncertain or delayed. There can be no guarantee that the Group's joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of, and enforcement of, such arrangements in these jurisdictions cannot be assured, which may impact negatively on the Group's financial condition and results of operations.

***Events beyond the Group's control may result in additional costs, reductions in revenue, claims or disputes.***

The Group's engineering and construction projects generally involve complex design and engineering, significant procurement of equipment and supplies entailing considerable logistical challenges, and extensive construction management. Certain of the Group's projects or contracts may require that customers provide the Group with design or engineering information or with equipment or materials to be used on the relevant project. In some cases, the customer may provide a deficient design or engineering information, equipment or materials or may provide such information, equipment or materials later than required by the project schedule. The customer may also determine, after commencement of the project, to change various elements of the project. In addition, the customer may be responsible for delivery on site of certain key raw materials. The Group's project contracts generally require the customer to provide compensation for additional work or expenses incurred due to customer requested change orders or failure of the customer to provide a specified design or engineering information or equipment or materials. The Group is subject to the risk that it may be unable to obtain, through negotiation, arbitration, litigation or otherwise, adequate amounts to compensate for the additional work or expenses it has incurred and such additional expenses will reduce the Group's margins. As a result, customer related delays or requests that impact estimated timing and costs could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group operates in capital-intensive businesses, and a significant increase in capital costs could have a material adverse effect on the Group's business, financial condition or results of operations.***

The Group has significant capital expenditure requirements in its businesses and the recovery of the capital investment occurs over an extended period of time. For the years ended 31 December 2011, 2012 and 2013, the Group incurred capital expenditures in the amounts of €29.7 million, €76.2 million and €110.0 million, respectively, and for the six months ended 30 June 2014, the Group incurred capital expenditure in the amount of €35.9 million. Capital expenditure is required to build warehouses to store inventory and stock, for training centres, compounds to house employees and facilities for the maintenance of plant and equipment. The capital investment required to develop, construct and maintain facilities and equipment in order to offer products and services generally varies based on the cost of the necessary fixed assets. The price of equipment and/or construction works may increase, or continue to increase, if the market demand for such equipment or works is greater than the available supply, or if the prices of key component commodities and raw materials used to build such equipment and/or facilities increases albeit, in certain contracts, the customer assumes such additional costs. A significant increase in the costs of developing or operating the Group's facilities and equipment or a decrease in the demand for products or services related to such facilities and equipment could have a material adverse effect on the Group's ability to achieve its targets and its business, financial condition or results of operations.

***The Group bids for large, long-term projects for which it assumes completion, technical, cost-related and other unforeseen risks.***

Protections provided in the Group's contracts, such as exceptions to consequential damages, price escalation clauses, change order provisions and force majeure clauses may not be sufficient to protect from changes encountered on any particular project. Portions of the Group's business involve orders related to long-term projects that can take many months to years to complete. In certain projects, the Group also assumes the project's technical risk, meaning that it must tailor its products and systems to satisfy the technical requirements of a project even though, at the time the project is awarded, the Group may not have previously produced such a product or system. In addition, if the amount the Group is required to pay for subcontractors or equipment and supplies exceeds what the Group has estimated it may suffer losses on these contracts. Whilst the majority of the Group's contracts provide for payment on a unit price basis, certain contracts entered into by the Group provide for payment on a lump sum basis. Lump sum contracts which are awarded on a competitive bidding basis are inherently risky because of the possibility that the Group may have underbid for such contracts and because it assumes the risks associated with completing the project and the post-completion warranty obligations.

The Group generally bears the risk of cost over-runs, operating cost inflation, variation of the exchange rate, labour availability and productivity, and supplier and subcontractor pricing and performance. Pricing on these contracts is established in part on cost and scheduling estimates that are based on a number of assumptions, including those about future economic conditions, prices, the availability of labour, equipment and materials, and other exigencies. The revenue, cost and profit realised on such contracts can vary, sometimes substantially, from original projections because of various factors, including but not limited to:

- unanticipated technical problems with the equipment being supplied or developed, which may require that the Group must remedy the problem or obtain alternate equipment at additional cost;
- difficulties with the design or engineering which may impact the Group's ability to complete a project in accordance with original schedule and specifications;
- difficulties in obtaining required permits or approvals;
- project modifications creating unanticipated costs not borne by the customer;
- delays caused by weather or other natural events; or
- suppliers' failure to perform or difficulty in engaging third-party suppliers.

Whilst most of the Group's contracts contain price escalation clauses, such provisions do not entirely remove the risks described above and such risks are exacerbated if the duration of the project is long-term because there is an increased risk that the circumstances upon which the Group originally bid and developed a price will change in a manner that increases its costs. In addition, the Group sometimes bears the risk of delays caused by unexpected conditions or events (in circumstances not covered by force-majeure clauses in the Group's contracts). The Group may be subject to penalties if it cannot complete portions of long-term projects in accordance with agreed-upon time limits. Further, some of the contracts provide for payments upon completion of certain milestones in relation to the project which have to be met and approved by third parties or the customer. Any failure to meet such milestones or obtain any required approval could result in the Group being required to pay penalties and/or lose its right to payment in respect of such milestones. If the project is significant, or there are one or more issues that impact multiple projects, cost overruns could have a material adverse impact on the Group's business, financial condition and results of operations.

***The Group may be exposed to fluctuations in the price and problems with the supply of raw materials.***

The primary raw materials the Group uses in its projects are cement, steel, stainless steel, reinforcing bars, stone and sand aggregate, bitumen, iron and copper. The Group's raw materials suppliers vary in each market in which it operates due to the market-specific requirements of its projects. Diesel, gasoline and oil are the main consumable energy sources in the Group's activities since most of its construction equipment consumes significant amounts of gasoline and oil and, where electricity is not available, certain types of fuel are used to power generators on construction sites. Although the Group includes raw material and energy cost estimates in its tender estimates, these costs are subject to price fluctuations. In addition, the supply of essential raw materials may be delayed or interrupted due to factors beyond the Group's control, which could result in project delays and increased costs if alternative suppliers are unable to provide replacement raw materials and energy at competitive prices or at all. Whilst in many of its contracts the Group is able to pass on certain costs that run above tender estimates, the Group may be unable to pass on any or all of the increased raw material or energy costs to its customers. Such price fluctuations or supply interruptions could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's results of operations are affected by the cyclical nature of the construction industry.***

The demand for the Group's Engineering and Construction services has and is expected to continue to be cyclical in nature and vulnerable to general economic downturns as well as localised downturns in markets where it has operations. The construction sector is cyclical by nature and largely dependent on both public and private sector investments. The level of investment by the public and private sectors is in turn connected to general economic conditions. Investment generally increases in times of economic growth and decreases during a recession. For example, the Angolan economy has experienced substantial growth in recent years leading to increased projects being awarded to the Group, particularly in Luanda where the real estate sector has experienced significant growth. A downturn in the Angolan economy, or a downturn in the economies of the Group's other markets, would impact the Group's business given that during an economic downturn, slowdowns in real estate, fluctuations in commodity prices and decreased demand by end-customers impact capital expenditure plans. At such times, the Group's customers may not have the ability to fund capital expenditures for infrastructure and construction, or may have difficulty in obtaining financing, which may result in cancellations of projects or deferrals of projects to a later date. If there are cancellations or deferrals and conditions limit investment by the public and private construction sectors the Group's business, financial condition and results of operations may be adversely affected.

***The Group's business may be affected by seasonal adverse weather conditions and the expenditure patterns of its customers.***

Certain of the Group's customers reduce their expenditures and work order requests during certain periods in the year. There are also certain times of the year when adverse weather conditions affect the Group's ability to perform certain outdoor services in certain geographic regions in which it operates. Natural catastrophes could also have a negative impact on the economy overall and on the Group's ability to perform outdoor services in affected regions or utilise equipment and crews stationed in those regions and, as a result, the Group's business, financial condition and results of operations may be adversely affected.

***The Group relies on its partners to perform under its contracts.***

As is customary in the construction industry, the Group often operates through partnerships, joint ventures and consortia and, for the six months ended 30 June 2014, projects on which the Group worked with partners generated 12 per cent. of the Group's total sales. For example, the Group commonly partners with Soares da Costa (a Portuguese construction company) in Angola and Mozambique as well as the Edivisa Group ("**Edivisa**") (a subsidiary of a Portuguese construction company) in Mozambique. The Group relies on its partners to fulfil its obligations towards it and/or its clients. However, the Group's partners may also be unable or unwilling to provide the required levels of financial support they have pledged to the partnerships. If these circumstances occur, the Group may be required to pay financial penalties or liquidated damages, provide additional services, or make additional investments to ensure adequate performance and delivery of the contracted services. Some of the Group's clients may require the issuance of guarantees by the parent company of the entity being awarded the relevant contract. These guarantees could be enforced against the Company, in its capacity as parent company of the Group, in the event of a contractual breach by the company being awarded the contract. In the event of a contractual breach by any of the Group's subsidiaries, the Company's guarantees may be enforced and this could have a material adverse effect on the Group's business, financial condition and results of operations.

As is also customary in the construction industry and as is required in the tender process, many of the Group's agreements provide for joint and several liability with its partners. If, therefore, there is a breach of an agreement by one of the Group's partners, the Group could be held liable for their obligations in the event of their failure to perform as required. The Group may also be dependent on the expertise of its partners in assessing costs for certain contracts. Should such partners provide inaccurate advice, the Group may be unable to perform the obligations under the contract or may be subject to unexpected increased costs. Further, any disagreements as to the terms or procedures or management of any project may determine the inability on the Group's side to complete the development of certain projects on time.

Failure by the Group's partners to carry out their obligations, including failure to comply with applicable laws, regulations or client requirements, could lead to disputes and litigation with the Group's partners or clients, all of which could have a material adverse effect on the Group's reputation, business, financial condition and results of operations. In addition, if any such failure arises with respect to government clients, it could result in fines, penalties, suspension or even debarment imposed on the Group, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group works in conjunction with local partners in many geographic regions, which may limit its ability to successfully execute the Group's business strategy and means the Group may not have complete control of certain subsidiaries operating in such countries or access to the full amount of cash flows generated by its operations.***

The Group operates in conjunction with partners in certain locations who have been brought into the business for local, technological or risk sharing reasons. These partners may be involved in sourcing new projects and carrying out various support or technical activities. The Group generally enters into such partnerships where it believes it is able to benefit from the support brought by these partners, their strong local insight and experience, technological support, market expertise or sharing of the business risk. For example, in bidding for the rehabilitation of the Sena Corridor project in Mozambique, the Group formed and bid in a consortium with Edivisa given that Edivisa had a licence to explore quarries and was able to supply the inerts and ballasts in the rail stocks in respect of the project. In addition, in Angola, one of the Group's key partners is Sonangol, Angola's national oil company. Depending on the share in the partnership, the Group may not be able to successfully or fully execute its business strategy with respect to assets, projects or subsidiaries that it does not fully own or control. Furthermore, if a disagreement or difference in opinion with other shareholders and investors or local partners were to occur, or if one or more of these shareholding arrangements or partnerships were to terminate, the Group could be deprived of a significant driver of its development opportunities, which could have a material adverse effect on its business, financial condition or results of operations.

***The Group depends on suppliers and other third parties for the operation of its business.***

The Group relies on third-party manufacturers and suppliers to provide much of the equipment and raw materials, respectively, used for the Group's projects. If the Group is unable to find reliable suppliers, its ability to successfully complete its projects could be impaired. Furthermore, if a supplier fails to provide equipment or raw materials, in each case, as required under a contract for any reason, the Group may be required to source such services, equipment or raw materials at a higher price than anticipated, which could negatively impact its profitability, as there can also be no assurance that it will be able to pass on any or all of such increased costs to the Group's customers. In some cases, the equipment purchased for a project does not perform as expected, and these performance failures may result in delays in completion of the project, additional costs for the Group or the customer to complete the project and, in some cases, may require the Group to obtain alternate equipment at additional cost. Although contracts with suppliers generally provide for indemnification to cover their failure to perform their obligations satisfactorily, such indemnification may not fully cover the Group's financial losses in attempting to mitigate their failures and fulfil the relevant contract with the Group's client. Furthermore, delivery by the Group's suppliers of faulty equipment or raw materials could also negatively impact the Group's overall project, resulting in claims against it for failure to meet required project specifications and it may be unable to successfully obtain compensation from its suppliers. In addition, in the case of government contracts, a failure by a supplier to comply with applicable laws, rules or regulations could result in the Group facing fines, penalties, suspension or even debarment by the relevant governmental authority. Any such failures by a supplier could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group has goodwill with underlying businesses based on contracts awarded for short-to-medium periods.***

The majority of the goodwill that the Group has recognised is related to Environment and Services in Angola (in particular waste management and collection and water treatment and distribution), supported by underlying businesses with short- and medium-period contracts. The Group's goodwill as at 30 June 2014 amounted to €37.5 million. Even though the Group carries out annual tests to determine whether goodwill has suffered any impairment (see "*Part VII: Operating and Financial Review—Key accounting policies—Goodwill impairment*"), the goodwill recoverable amount may be affected, in its entirety or partially, by circumstances where the existing business may not be able to generate sufficient future cash flows. Any such events could generate impairment in respect of the

Group's goodwill and, consequently, would have an adverse impact on the Group's financial condition and results of operations.

***The Group is exposed to counterparty risks and may incur losses because of such exposure.***

Certain of the Group's customers, either in the private or in the public sector, may become insolvent or default under their contracts, or have or may become significantly late in performing under their payment obligations to the Group. In the case of default in payment obligations, the Group may be unable to collect any receivables, in which case some or all of such outstanding amounts would need to be written off and the Group would need to seek alternative sources of funding for its working capital requirements. As at 30 June 2014, the Group had outstanding current trade receivables of €702.2 million and other receivables of €159.2 million. In its Angola segment only, and principally to fund its working capital requirements in the country, the Group monetises outstanding invoices from its clients in a manner akin to traditional factoring, albeit with certain differences including the fact that the Group retains the risk of non-payment by clients under these invoices (see "*Part VII: Operating and Financial Review—Liquidity and Capital Resources—Trade Debtors*"). In the case of a delay in a customer's payment obligation, the Group would be exposed to the risk of bearing in advance the costs and amounts necessary to complete the projects. Furthermore, should a counterparty become insolvent or otherwise unable to meet its obligations in connection with a particular project, the Group would need to find a replacement to carry out that party's obligations or, alternatively, fulfil the obligations itself, which could increase costs and cause delays. Any such events could increase the Group's costs or liabilities, which would have an adverse effect on the Group's business, financial condition and results of operations.

***Failure to meet contractual deadlines and quality or quantity benchmarks could harm the Group's results of operations.***

The Group may encounter difficulties in engineering, designing and equipment and supply delivery for its projects given the logistical challenges of operating in Africa, schedule changes, and other factors, some of which are beyond its control, that could impact its ability to complete a project in accordance with the original delivery schedule. The industries in which the Group operates are highly schedule-driven, and failure to meet contractual deadlines and, in some projects, the contractual quantity and quality benchmarks, may adversely affect the Group's financial success. For example, a substantial number of the Group's construction contracts are subject to specific completion schedule requirements and/or quantity and quality benchmarks. Failure to meet such contractual deadlines and quality or quantity benchmarks could expose the Group to additional costs and result in contractual penalties that may reduce its profit margins and, in extreme cases, result in the termination of the contract. For larger projects, the risks associated with agreed milestones for the performance and completion of services are inherently greater. Furthermore, any delays or underperformance in the Group's projects may lead to conflicting demands on resources allocated to be used in other projects. Failure to meet contractual deadlines or quality and quantity benchmarks may have a materially adverse effect on the Group's business, financial condition and results of operations.

***The nature of the Group's activities and operations may expose it to liability and reputational risks.***

The Group provides, amongst other things, professional design and construction services for large-scale and complex projects. If a catastrophic event, such as the collapse of a bridge, tunnel or building, or a derailment, occurred at one of its projects, the Group may be held liable if such an event is found to be caused by its professional negligence or that of the Group's partners. The Group may have increased liability if such negligence results in the personal injury or death or where there is an environmental harm, and/or extensive damage to third-party property. Such catastrophic incidents could expose the Group to claims for personal injury, wrongful death, property damage or claims by customers, subcontractors, governments, employees or members of the public, which could lead to the payment of extensive damages, and result in significant adverse publicity and reputational harm, which could lead to a loss of business and could have a material adverse effect on the Group's financial condition and results of operations.

The occurrence of a force majeure or other unpredictable event that affects a project on which the Group is working may cause delays, suspensions and cancellations or otherwise prevent the Group from completing and/or operating such project. Although the Group typically accounts for these events in the contractual terms with its customers and under its insurance policies, the occurrence of a force majeure event could have a material adverse effect on its business, financial condition and results of operations.

***The Group is exposed to risks connected to the quantification and cashing of claims.***

The Group has in the past and may occasionally in the future bring claims against its clients for additional costs exceeding the contract price or for amounts not included in the original contract price. These types of claims can often occur due to matters such as owner-caused delays or changes from the initial project scope, which result in additional cost, both direct and indirect. From time to time, these claims can be the subject of lengthy and costly arbitration or litigation proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, the Group may incur financial charges pending the resolution of the relevant claims. Although any favourable court decision would also likely lead to the full or partial reimbursement of interest as financial charges, a failure to promptly recover on these types of claims or to recover the full amount expected could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may suffer uninsured losses or material losses in excess of its insurance coverage.***

While the Group's insurance policies include public liability, equipment, sites, projects and workers' accidents, these policies are subject to limits and exclusions, including in the following instances; situations of war, invasion, an act of a foreign enemy, civil war, military or usurped power, nuclear reaction, nuclear radiation or radioactive contamination and the wilful act or wilful negligence of the insured. There can be no assurance that its insurance policies would be sufficient to cover all potential losses (including those resulting from earthquakes, floods, hurricanes, environmental hazards or terrorist acts), that the Group will be able to obtain sufficient levels of insurance coverage in the future or that such coverage will be available on terms acceptable to it. Currently, the Group's insurance coverage for material damages in the case of contract works is 100 per cent. of the amount of the relevant contract and for contract escalation, when applicable, is 15 per cent. of the amount of the relevant contract. The insurance coverage for material damage to plant and machinery is 100 per cent. of the assets mobilised and the coverage on public liability is unlimited. However, the Group may nevertheless suffer an uninsured or underinsured loss and, in such cases, its business, financial condition and/or results of operations could be materially affected. See also "*Part II: Information on the Group—Insurance*".

***The Group may be exposed to legal proceedings with unfavourable outcomes.***

The Group may from time to time be involved in certain legal, regulatory and arbitration proceedings involving claims by and against the Group in the ordinary course of business. Since the Group engages in, amongst other things, engineering and construction activities for large projects where design, construction or systems failures can result in substantial injury or damage to employees or others, it is exposed to the risk of substantial claims and litigation if there is a failure at any such project. Such claims could relate to, amongst other things, personal injury, loss of life, business interruption, property damage, pollution and environmental damage, and be brought by the Group's clients or third parties, such as those who use or reside near the clients' projects. The Group can also be exposed to claims if it agreed that a project will achieve certain performance standards or satisfy certain technical requirements and those standards or requirements are not met. Any of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations.

***Risk of challenges to the pricing of arrangements within the Group.***

The territories in which the Group operates generally have transfer pricing regulations in place that require transactions involving related parties to be effected at arm's length. It is the Group's policy, therefore, that any pricing of transactions between Group members, such as the intra-Group provision of services, is carried out on an arm's length basis. However, if the tax authorities in the relevant jurisdictions determine that any intra-Group transaction or arrangement was not effected at arm's length and successfully challenges it, the amount of tax payable in connection with such transaction (effected either in current or previous years) may increase materially and penalties and/or interest may also be payable thereon. Furthermore, no specific transfer pricing studies have been commissioned by the Group to demonstrate that such transactions were carried out on an arm's length basis. Any successful challenge and the imposition of a corresponding tax charge or penalty in connection with the pricing of any intra-Group transactions and arrangements could have a material adverse impact on the Group's business, financial condition and results of operations, although Management believes that the likelihood of the foregoing would be remote and would not result in any tax contingency that may be material in the context of the Group's financial statements.

***The Group may be exposed to the implementation of economic empowerment legislation or, in some cases, market practice, requiring minimum local shareholder participation.***

Countries in Africa in which the Group operates and may operate have either already introduced or are proposing to introduce legislation with the intention of economically empowering local citizens. The legislation typically requires minimum percentage participation by local shareholders in the equity of the businesses operated in those countries. In certain other countries in which the Group operates, minimum percentage participation by local shareholders has developed, and is observed, through market practice. If legislation is fully implemented in the countries in Africa in which the Group may operate, or if the existing framework in countries in which Group currently operates is made more onerous, the Group may be unable to retain majority control of businesses, which may jeopardise its strategy and adversely affect its financial position. In addition any majority owned investments by the Group could be subject to forced sale or confiscation in order to achieve compliance with the foreign ownership limitations contained in any applicable legislation.

Whilst legislation of this type has not had a material adverse effect on the Group to date and it is not aware of any current proposals which might materially and adversely impact the Group, the Group is aware that policies of this type are considerations for any business carrying on activities within emerging markets in Africa and elsewhere and could negatively impact the Group's business, financial condition and results of operations.

***Infrastructure in certain parts of Africa where the Group operates is in a poor state and there are numerous interruptions to power and communication systems.***

The state of infrastructure in certain parts of Africa where the Group operates falls considerably below the standard of more developed countries. Roads are generally in a poor state of repair, power and communications sectors are subject to frequent and prolonged outages, have numerous problems such as poor infrastructure, low connection rates, inadequate power generation capacity, lack of capital for investment, and inappropriate industry and market structure. The periodic and routine maintenance of the poor infrastructure, especially in the power sector, has led to an increase in the cost of doing business in Africa. Most organisations incur high costs investing in the acquisition of power facilities which are used to ensure a steady supply of electricity, in an attempt to minimise the losses resulting from the frequent power outages and diesel shortages. Consequently, the Group may incur costs to maintain and secure the infrastructure necessary to conduct its operations which may impact negatively on the Group's financial condition and results of operations.

***The Group's business depends on its ability to attract and retain key personnel.***

The Group's continued success is dependent on the efforts and abilities of experienced and qualified executive officers and other key employees and the ability to continue to attract, motivate and retain highly qualified personnel. If the Group is unable to attract and retain a sufficient number of affordable trained engineers and other skilled workers, the ability to pursue projects may be adversely affected, costs may increase and the rate of growth will be confined by resource limitations as competitors and customers compete for increasingly scarce resources. Specifically, the Group relies on a small number of senior executives (described in "*Part III: Directors, Senior Managers and Corporate Governance*"), led by its CEO, to seek, negotiate, price and obtain new contracts. Senior personnel have key industry and market knowledge and experience which they rely on to correctly anticipate technical and support issues and execute projects (see "*Part III: Directors, Senior Managers and Corporate Governance*" for background information on the Group's senior personnel). Such personnel are in short supply, especially those with experience of working in Sub-Saharan Africa. The loss of the CEO and/or other senior personnel may have a particularly severe impact on the business. Expatriate manpower constitutes a portion of the Group's work force and it is required to obtain work visas for its expatriate workers in a timely manner, and any delay in obtaining or the refusal of work visas would constrain the Group's growth. In addition, if the Group is unable to retain key personnel, it faces the risk of loss of its know-how and intellectual property to its competitors. The demand for trained engineers and other skilled workers is currently high, particularly in new technology areas. The loss of such personnel or the failure to attract and motivate such personnel could have a material and adverse effect on the Group's business, financial condition or results of operations.

In addition, continued growth in African markets is also dependent on the Group's ability to continue to attract, motivate and retain highly skilled local personnel with strong local insights, experience, technological and market expertise. Some countries in Africa in which the Group operates or may operate in the future experience critical shortages in the supply of skilled labour. Such shortages may impact both current business and investments or acquisitions made by the Group. The inability to retain, recruit or adequately compensate skilled employees may result in delays in projects, costs exceeding the project's budget or the project being abandoned and, consequently, may have a material adverse effect on the Group's business, financial condition and results of operations.

***Mota-Engil Engenharia e Construção África, S.A. ("MEEC Africa"), a member of the Group, may be liable for debts and other obligations incurred by Mota-Engil Engenharia e Construção, S.A. ("MEEC") prior to the Pre-Listing Reorganisation.***

Prior to the Pre-Listing Reorganisation, the Group's activities in Sub-Saharan Africa were carried on by MEEC, a wholly-owned subsidiary of the Parent. As part of the Pre-Listing Reorganisation and pursuant to a demerger-merger operation effected pursuant to the Portuguese Companies Code, all of the businesses in Sub-Saharan Africa previously operated by MEEC were split and subsequently incorporated into MEEC Africa, a wholly-owned subsidiary of the Company (see "*Part V: Relationship with the Major Shareholder*" for a further description of the process under which the Pre-Listing Reorganisation was effected). Notwithstanding the Pre-Listing Reorganisation, MEEC Africa may, under the Portuguese Companies Code, be jointly and severally liable for the debts and other obligations incurred by MEEC prior to the Pre-Listing Reorganisation up to the amount of the net assets that were transferred to it under the demerger-merger operation. The net assets that were transferred to MEEC Africa under the demerger-merger operation amount to approximately €213.5 million. Accordingly, whilst the precise application of the provisions of the Portuguese Companies Code under which such joint and several liability may arise is uncertain, MEEC Africa may be liable for the debts and other obligations incurred by MEEC prior to the Pre-Listing Reorganisation up to the amount of approximately €213.5 million. Under the Portuguese Companies Code, if a claim were made by a creditor of MEEC against MEEC Africa in respect of such debts and/or other obligations, MEEC Africa would be entitled to claim compensation from MEEC in respect of the full amounts it was required to pay to discharge such obligations. Notwithstanding the foregoing, if MEEC defaults in payment under these obligations (particularly in respect of amounts up to, in aggregate, approximately €213.5 million) and MEEC Africa was deemed to be liable for such obligations, this may result in the Group suffering significant losses and, furthermore, MEEC may be unable or unwilling to compensate MEEC Africa for any such amounts paid. In addition, such circumstances could lead to the Group suffering significant reputational damage. Any of these matters, alone or in combination, could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's business depends on its relationship with its Parent for certain resources.***

The Group relies on its Parent for the provision of certain services and strategic support (see "*Part V: Relationship with the Major Shareholder*"). The services which have been, and will continue to be, provided by the Parent to the Group include (i) human resources, (ii) finance and accounting and (iii) controlling and IT services. The Company believes that it has taken reasonable steps to establish and maintain adequate procedures, systems and controls to carry out its operations as part of the Group's on-going implementation of its revised organisational model which is aimed at restricting the shared services arrangements with the Parent. In conjunction with the shared services arrangements, the Group has taken and will continue to take steps to enhance its financial reporting and internal control environment. While further improvements are planned to be implemented, the Group's reporting procedures, practices and internal controls are not yet, on a stand-alone basis, comparable to those of companies that have been listed for some time. Once the revised organisational model is implemented, the Group may determine that its procedures should be adjusted. In addition, a control system, no matter how well designed and operated, can only provide reasonable, not absolute assurances. There can be no guarantee that the Parent will provide the services pursuant to the existing service level agreements or that the services will be available to the Group on terms (including as to scope, service level and price) acceptable to the Group. In addition, there can be no guarantee that the services provided by the Parent will not be subject to interruption or periods of unavailability. For example, service level agreements in respect of most non-information technology-related services typically have a term of one or three years, are automatically renewable for periods of one year at the end of the relevant term and generally contain one of the following two termination provisions: either that (i) the agreement may be terminated at any time by either party with a minimum of 90 days' prior notice; or (ii) either party may terminate the agreement by objecting to its renewal with a minimum of 60 days' prior notice, before the relevant agreement's termination date. Any such unavailability or interruption could result in business interruptions for the Group. In addition, whilst the Group has established the scope and estimated cost of the services it requires, if further services have to be obtained and/or corporate functions fulfilled, or if cost estimates are incorrect, the Group may need to incur further, potentially significant, expenses in order to implement its business objectives. Changes in the Group's cost base may have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to fluctuations in currency exchange rates.***

The Group's activities are exposed to foreign currency exchange risks. The exposure to exchange rate risks relate to payments made on international markets due to the acquisition of materials and revenues from works that are calculated in a currency other than the functional currency of the company that has carried out the works. The Group's shareholdings in companies that use a functional currency other than the Euro are subject to a risk of exchange rate fluctuation in the conversion of the companies' financial statements during the consolidation process. Although the Group seeks to mitigate such exposure to foreign currency exchange risk by ensuring a large portion of its contracts are denominated in USD, managing the level of cash inflows and outflows denominated in foreign currencies and, where appropriate, through hedging instruments, sharp fluctuations in exchange rates in the short to medium-term may cause an increase in costs, which could have an adverse effect on the Group's business, financial condition and results of operations.

***Interest rate fluctuations may lead to an increase in the Group's financing costs.***

Certain of the Group's existing financing arrangements bear floating interest rates. Although the Group aims to control and mitigate the risk of incurring losses as a result of variations in the interest rates that its financial debt is indexed to, most of which is denominated in the Euro and US dollar, it does not have in place any financial instruments to hedge against interest rate movements as it expects interest rates to remain at the same level for the expected term of the Group's loans. In addition, the cost at which the Group can obtain financing depends on general market conditions, particularly on the development of interest rates and the assessment of creditworthiness of the Group. In the case of deteriorating general market conditions or deteriorating creditworthiness of the Group, only debt financing with higher premiums than are currently in place may be available. A fluctuation in the interest rates that the Group's existing financing is subject to or the inability to secure financing at current interest rates could have an adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to changes in tax rules or the outcome of tax assessments and audits.***

The Group operates in many jurisdictions with varied tax regimes, and is subject to tax rates that are computed according to local legislation and practice. The imposition of additional taxes or increases in the rate of corporate and other taxes may affect the Group's profitability. In addition, the removal or expiry of any tax incentives from which the Group currently benefits in any of the jurisdictions in which it operates (such as Mota-Engil Angola's eight year tax exemption which ends in December 2018), may affect the Group's profitability if the Group is unable to renew or extend such tax incentives. Changes in tax legislation or its interpretation in any of these jurisdictions or changes to accounting rules in the jurisdictions in which the Group operates could also have an effect on its operational results in the future.

The application and interpretation of laws by governmental authorities may in some cases be uncertain and difficult to predict. In this context, the position the Group takes on taxation-related matters is subject to possible review and investigation by tax authorities. If governmental authorities were to successfully challenge the tax positions the Group takes, substantial fines, penalties and interest charges may be imposed on it. This could have a material adverse impact on the Group's business, financial condition and results of operations.

***Crime, bribery and corruption could significantly disrupt the Group's ability to conduct its business.***

The Group's continued expansion, development of commercial partnerships worldwide and the employment of local agents in the countries in which the Group operates increases the risk of violations of anti-corruption laws and regulations, economic sanctions, money laundering laws and restrictions on terrorism financing. Whilst the Group maintains an anti-corruption and bribery policy and has implemented other safeguards and programmes across its business, it may not be able to detect or prevent every instance of crime, bribery and corruption in every jurisdiction in which its employees, agents, subcontractors or joint venture partners are located. The Group operates and conducts business in countries which have in the past experienced and are currently experiencing corruption and other criminal activity. The operations of the Group may also be subject to the influences of criminal elements or other forms of corruption. The Group may have to cease or alter certain activities or liquidate certain investments as a result of criminal threats or activities. Legal rights may be difficult to enforce in the face of corruption. In its primary markets, as well as in other countries in which the Group operates, corruption levels remain high when compared to other geographies and a threat to local and foreign investment. Prospective counterparties to the Group may seek to structure transactions in an irregular fashion, to evade fiscal or legal requirements. They may also deliberately conceal information from the Group and its advisers or provide inaccurate or misleading information. As with any entity involved with large public financed infrastructure projects, the Group may in the future be the subject of press speculation, government investigations and other accusations of corrupt practices or illegal activities, including improper payments to individuals of influence. The Group's competitors may bribe customers in order to be awarded contracts resulting in lost opportunities for the Group and/or an unequal operating environment. The Group's policy mandates strict compliance with internal policies and applicable laws which prohibit improper payments to government officials or other businesses or persons. In addition, as a result of the anti-corruption safeguards adopted by the Group, there is a risk that it could be at a commercial disadvantage and may fail to secure contracts, notably within jurisdictions that have been allocated a low score on anti-corruption indices to the benefit of other companies who may not have or comply with such anti-corruption safeguards. There can be no assurance that the Group's policies and procedures will be followed at all times or effectively detect and prevent violations of the applicable laws by one or more of the Group's employees, consultants, agents or partners. Any breach of such policies or the mere perception of a breach may have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is subject to restrictive debt covenants.***

Some members of the Group are subject to affirmative and negative covenants contained in financing arrangements entered into by them. The most significant covenants applicable to the Group are contained in the 2013 Bonds; under the 2013 Bonds, MEEC Africa must (i) maintain a ratio of total net debt to EBITDA that is no more than 3.5 for each relevant period tested, and (ii) ensure that its total shareholders' equity as a proportion of its total assets is, at all times, greater than 18 per cent. (please see "*Part VII: Operating and Financial Review—Liquidity and Capital Resources—Indebtedness—Floating Rate Bonds issued by MEEC Africa*" for a further description of the covenants which apply to the Group under the 2013 Bonds). In addition, certain other covenants apply to members of the Group (including in the context of finance leases entered into by them) such as restrictions on the payment of dividends and other amounts, albeit the Group does not consider that any such covenants materially impact its ability to use its capital resources. Nevertheless, if there were an event of default as a result of the breach of any of these covenants, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. The Company believes that companies within the Group are substantially in compliance with the material covenants and other similar requirements of its outstanding indebtedness and believes that it has sufficient headroom, cash reserves and access to liquidity such that a breach of any such restrictive covenant, and accordingly any event of default or acceleration of indebtedness, is unlikely to have a material adverse effect for at least the 12 months following the date of this Prospectus. In the event of any such acceleration after that period, there can be no assurance that the Group's assets or cash flow would be sufficient to fully repay borrowings under its then outstanding financing arrangements. Further, if the Group is unable to repay, refinance or restructure its indebtedness under its secured debt, the holders of such debt could proceed against any collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of the Group's other debt instruments. The occurrence of any such event could result in a material adverse impact on the Group's business, financial condition and results of operations.

**RISKS RELATING TO THE SHARES AND THE SHAREHOLDER STRUCTURE**

***The Shares have not previously been publicly traded, and there can be no assurance that an active and liquid market for the Company's shares will develop.***

Prior to the Listing, there has been no public market for the Shares. On Listing, the Parent will directly own up to approximately 82.08 per cent. of the Shares of the Company and approximately 94.66 per cent. of the Shares will be indirectly held by FM—Sociedade de Controlo, S.G.P.S., S.A. ("FM"), the ultimate majority shareholder of the Parent. There can be no assurance that following the Listing, liquid trading in the Shares will develop and become established, nor can there be assurance with regard to the prices at which the Shares will trade. Investors may not be in a position to sell their Shares quickly or at the market price if there is no active trading in the Shares.

***The Company's share price may fluctuate significantly, and investors could lose all or part of their investment.***

The price of the Shares will be affected primarily by supply and demand for such Shares, as well as other factors including, but not limited to, fluctuations in the actual or projected operating results, changes in projected earnings or failure to meet securities analysts' earnings expectations, changes in trading volumes in the Shares, changes in macroeconomic conditions, the activities of competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception of the Company or its industry, changes in the statutory framework in which the Company operates and other factors, and can therefore be subject to substantial fluctuations.

In addition, general market conditions and fluctuations of share prices and trading volumes generally, could lead to pricing pressures on the Shares. From the week commencing 6 July 2014, shares in one of Portugal's largest financial institutions were suspended from trading following a material decline in their market value over a number of days, which subsequently led to a downgrade in the relevant financial institution's credit rating. This, together with a reduction in investor confidence in the financial stability of a number of other banks and corporations, led to a decline in investor confidence in equity markets across Europe. There can be no assurance that investor confidence will improve in such markets or that analogous events will not occur in the future. Furthermore, a decline in such markets could impact other equity markets globally, including Euronext Amsterdam. This could have a material adverse impact on the market price of shares traded on Euronext Amsterdam including, following Listing, the Shares, even though there may not necessarily be a reason for this in the Company's business or earnings outlook.

***The payment of future dividends will depend on the Company's financial condition and results of operations, as well as on the Company's operating subsidiaries' distributions to the Company.***

The distribution of future dividends depends upon, amongst other things, the Company's results of operations, financing and investment requirements, as well as the availability of distributable retained earnings or distributable reserves. The Company's ability to pay dividends also depends directly on the profits distributed or transferred to it by its operating subsidiaries. The amount and timing of such distributions will depend on the laws of the operating companies' respective jurisdictions and the terms of the relevant intercompany financing arrangements. As a result, there can be no assurance that the Company will in the future receive sufficient distributions from its subsidiaries to pay dividends.

The payment of dividends by the Company must also comply with Dutch law. Under Dutch law and the Articles, the Company may make distributions to Shareholders and other persons entitled to distributable profits only up to the amount of the part of the Company's equity which exceeds the nominal value of the issued share capital of the Company, plus the reserves that are required to be maintained by Dutch law. See "*Part IX: Additional Information—Articles of Association—Shares Rights—Dividends*".

***Future offerings of debt or equity securities by the Company may adversely affect the market price of the Shares, and future capitalisation measures could lead to substantial dilution of existing Shareholders' interests in the Company.***

The Company may require additional capital in the future to finance its business operations and growth. In the future, it may seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible debentures and option debentures, could potentially reduce the market price of the Shares and would dilute the economic and voting rights of existing Shareholders if made without granting subscription rights to existing Shareholders. Because the timing and nature of any future offering would depend on market conditions at the time of such an offering, the Company cannot predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued shares in the Company, as well as the exercise of stock options by the Company's employees in the context of possible future stock option programmes or the issuance of Shares to employees in the context of possible future employee stock participation programmes, could lead to a dilution of the economic and voting rights of existing Shareholders. The existing Shareholders thus bear the risk that such future offerings could reduce the market price of the Shares and/or dilute their shareholdings.

***The Parent is in a position to exert substantial influence on the Company. The interests pursued by the Parent could differ from the interests of the Company's other Shareholders.***

On Listing, the Parent will own approximately up to 82.08 per cent. of the Shares of the Company. Due to this interest in the Company, the Parent is in a position to exert substantial influence at General Meetings and, consequently, on matters decided by General Meetings such as the distribution of dividends, appointments to the Board or the approval of major transactions or any proposed capital measure. This concentration of share ownership could delay, postpone or prevent certain major corporate actions, including a change of control in the Company, and could thus deter mergers, consolidations, acquisitions or other forms of combination that might be advantageous for investors.

***If securities or industry analysts do not publish research or reports about the Company's business, or if they change their recommendations regarding the Shares adversely, the market price of the Shares or volume of the Shares traded could decline.***

The trading market for the Shares may be influenced by the research and reports that industry or securities analysts publish about the Company or its industry. If one or more of the analysts who cover the engineering and construction industry downgrades the Shares or reports negatively on the industry, the market price of the Shares would likely decline. If one or more of these analysts ceases to cover the Company or fails to regularly publish reports on it, the Company could lose visibility in the financial markets, which could cause the market price or liquidity of the Shares to decline.

***Future sales of Shares by the Parent or other significant Shareholders, or the perception that such sale could occur, could depress the price of the Company's Shares.***

On Listing, the Parent will continue to be the Company's largest Shareholder, holding approximately up to 82.08 per cent. of the Company's issued and outstanding Shares. If the Parent or one or more other Shareholders effect a sale or sales of a substantial number of Shares in the stock market or if the market believes that such sales might take place, the market price of the Shares could decline.

***Shareholders whose principal currency is not Euros may be subject to exchange rate risk.***

The Shares are denominated in Euros. Any dividends to be paid in respect of the Shares are expected to be denominated in Euros. Accordingly, any investor whose principal currency is not the Euro is exposed to foreign currency exchange rate risk, which may reduce the value of the Shares as well as that of any dividends paid by the Company.

***Shareholders outside of the Netherlands may not be able to exercise pre-emption rights and may suffer dilution.***

In the event of an increase in the Company's share capital or granting of rights to subscribe for the Shares, Shareholders are generally entitled under Dutch law to full pre-emption rights, unless these rights are limited or excluded either by a resolution of the General Meeting or by a resolution of the Board if such Board has been granted such authority by the General Meeting or the Articles of Association of the Company. Certain Shareholders outside the Netherlands may not be able to exercise pre-emption rights unless local laws have been complied with and the Company may not be able, or may choose not to take steps necessary, to make rights available for exercise by Shareholders outside the Netherlands in compliance with local laws. In particular, there can be no assurance that the Company will be able to establish an exemption from registration under the Securities Act, and it is under no obligation to file a registration statement with respect to any such pre-emptive rights or underlying securities or to endeavour to have a registration statement declared effective under the Securities Act. Shareholders in jurisdictions outside the Netherlands who are not able or permitted to exercise their pre-emptive rights in the event of a future pre-emptive rights offering may suffer dilution of their shareholdings.

***Certain investors outside of the Netherlands may be restricted from purchasing shares under applicable law.***

The distribution of this Prospectus is only addressed to persons to whom it may lawfully be made and may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus comes must inform themselves about and observe any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, due to the restrictions under the securities laws of certain countries, some investors resident in such countries, including the United States, Canada Australia, Japan and South Africa, may not be able to purchase the shares.

***The ability of a Shareholder outside of the Netherlands to bring an action against the Company may be limited under law.***

The Company is a limited liability company incorporated under Dutch law. The rights of Shareholders are governed by Dutch law and by the Company's Articles of Association. These rights differ from the rights of shareholders in other non-Dutch entities.

It might be difficult for a Shareholder outside of the Netherlands to prevail in a claim against the Company or to enforce liabilities predicated upon non-Dutch laws. A Shareholder outside of the Netherlands may not be able to enforce a judgement against the Company or some or all of the Directors. In addition, it may not be possible to enforce against the Company or the Directors judgements of courts of any such Shareholder's country of residence based on civil liabilities under that country's laws. There can be no assurance that a Shareholder outside of the Netherlands will be able to enforce any judgements in any matters or any judgements under the laws of other countries. In addition, Dutch courts may not impose civil liability on the Directors or the Company based solely on the foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in the Netherlands.

## FORWARD-LOOKING STATEMENTS

This Prospectus, and in particular the sections entitled "*Summary*", "*Risk Factors*", "*Part I: Country and Industry Overview*", "*Part II: Information on the Group*" and "*Part VII: Operating and Financial Review*" contain forward- looking statements which relate to, without limitation, the Group's results of operations, financial position, liquidity, prospects, growth, strategies (including development plans relating to the Group's products and growth in its core markets and geographies) and expectations of the markets in which the Group operates. These forward-looking statements are characterised by words such as "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar expressions, but these expressions are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industries in which the Group operates, which may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. Factors that could cause the Group's actual results, performance or achievement expressed or implied by the forward-looking statement to be materially different from those expressed or implied by the forward-looking statement include, but are not limited to:

- political and economic turmoil and corruption in the markets in which the Group operates;
- the availability and price of raw materials;
- competition from other companies in the industry and the Group's ability to retain or increase market share;
- the Group's exposure to exchange and interest rate fluctuations;
- the Group's dependence on certain suppliers;
- the Group's ability to forecast changes and trends in the markets in which it operates and the market opportunities for the Group's products;
- the Group's business strategies, plans and objectives for growth and future operations;
- the Group's ability to convert Pre-qualification Tenders and Pending Bids and Projects into backlog and backlog into revenue;
- general local and global economic conditions; and
- the Group's financial performance.

The forward-looking statements contained in this Prospectus speak only as at the date of this Prospectus. Subject to any obligations under applicable law, the Company undertakes no obligation to update publicly or to review any forward-looking statement, whether as a result of new information, future developments or otherwise. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

The forward-looking statements contained in this Prospectus are based on the beliefs of the Company, as well as the assumptions made by and information currently available to the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward looking statements. Important factors that could cause actual results to differ materially from the Company's expectations are contained in cautionary statements in this Prospectus, including, without limitation, in conjunction with the forward-looking statements included in this Prospectus and specifically under the section entitled "*Risk Factors*". In addition, under no circumstances should the inclusion of such forward-looking statements in this Prospectus be regarded as a representation or warranty by the Company, the Directors or any other person with respect to the achievement of the results set out in such statements. If any of these risks and uncertainties materialises, or if any of the Company's underlying assumptions prove to be incorrect, the Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected.

The Company and the Directors expressly disclaim any obligations or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law.

# IMPORTANT INFORMATION

## GENERAL

This Prospectus does not constitute an offer of securities by or on behalf of the Company and has been prepared solely in connection with the Listing. The distribution of this Prospectus in certain jurisdictions may be restricted by law. No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this document or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and any restrictions in connection with the Shares. Any failure to comply with these restrictions may constitute a violation of the securities or companies laws of any such jurisdiction.

The Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States, absent registration under the Securities Act or pursuant to an applicable exemption from the registration requirements under the Securities Act and in compliance with all other applicable U.S. legal regulations.

This communication is directed only at (i) persons outside the United Kingdom to whom it may lawfully be communicated or (ii) persons having professional experience in matters relating to investments falling within the definition "investment professionals" in article 19(5) of the Order or (iii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in article 49(2) of the Order. Any investment or investment activity to which this communication relates is only available to and will only be engaged in with such persons and persons within the United Kingdom who receive this communication (other than persons falling within (ii) and (iii) above) should not rely on or act upon this communication.

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Company, the Group, the Shares or the Listing, other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Directors. Without prejudice to any obligation of the Company to publish a supplementary prospectus, the delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date.

This Prospectus is made available by the Company. The Company accepts responsibility for the information contained in this Prospectus. The Company declares that it has taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

This Prospectus is not intended to provide the basis of any credit evaluation and should not be considered as a recommendation by any of the Company or, the Directors or any of their representatives that any recipient of this Prospectus should purchase the Shares. Prior to making any decision as to whether to purchase the Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus carefully and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Prospectus, including the risks involved. The contents of this Prospectus are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult his, her or its own legal, financial, tax or other adviser for legal, financial, tax or other advice.

Investors who purchase Shares will be deemed to have acknowledged that they have relied on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Directors.

None of the Company, the Directors or any of their representatives is making any representation to any purchaser of the Shares regarding the legality of an investment by such purchaser.

The Listing Agent does not accept any responsibility whatsoever for the contents of this Prospectus or for any other statements made or purported to be made by it in connection with the Company, the Shares and the Listing. Accordingly, the Listing Agent disclaims, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which it might otherwise be found to have in respect of this Prospectus and/or any such statement.

**FINANCIAL DATA**

Unless otherwise indicated, the financial information included in this document is based on International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). IFRS as adopted by the European Union differs in certain aspects from International Financial Reporting Standards as issued by the International Accounting Standards Board.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. Please refer to "*Part VII: Operating and Financial Review—Key accounting policies*". It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in the notes to the financial information set out in "*Part VIII: Historical Financial Information*".

The Company is a consolidated subsidiary of the Parent and, prior to the Pre-Listing Reorganisation, the operations currently carried on in Sub-Saharan Africa by the Group were carried on by the Parent Group (see "*Part V: Relationship with the Major Shareholder*"). For the purposes of, *inter alia*, affording greater operational efficiency to the Parent Group, enhancing its ability to obtain financing in each of its markets and in order to support the growth of international activities, the Parent Group's board approved a new organisational model in April 2012 which, *inter alia*, resulted in the Parent Group reporting segmentally on a geographical basis (rather than by business area). This served as the preface to the establishment of the Company; to implement the organisational model, the Parent Group carried out the Pre-Listing Reorganisation under which, *inter alia*, the Company was established and through which all the Parent Group's operations in Sub-Saharan Africa have been, and will be, conducted (See "*Part V: Relationship with the Major Shareholder*").

The financial information included in this document for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 is based on the non-statutory combined consolidated financial statements which reflect the assets, liabilities, revenues, expenses and cash flows of the Group for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 (the "**Combined Audited Financial Statements**"). The Combined Audited Financial Statements represent an aggregation of the financial information of the Group and records have been derived from the accounting of the Company and its subsidiaries using principles consistent with IFRS by aggregating the historical results of operations, and the historical basis of assets and liabilities, of the Group. The aggregation assumes that the Group in its current form was maintained over the last three reporting years. In preparing the Combined Audited Financial Statements, the Company has elected to apply the same accounting policies as those applied in the historical reporting of financial information of the Parent Group and has, in addition, made certain assumptions as more fully set out in "*Part VIII: Historical Financial Information—Section B: Combined Audited Consolidated Historical Financial Information for the years ended 31 December 2011, 2012 and 2013*", in particular, the fact that (i) certain expenses, as well as debt and related interest expense, have been allocated by the Parent to the Company, (ii) external supplies and services charged by the Group that are related to the rental of equipment used in the African business entities have been reclassified to tangible assets depreciations, computed in accordance with their useful lives, on a consistent basis with the inclusion of such tangible assets in the combined balance sheets from 1 January 2011 and up to 31 December 2013, (iii) external supplies and services charged by the Group that are related to personnel and labour costs allocated to the African business have been classified in the combined income statement as payroll costs per the related actual payroll costs incurred, and (iv) income tax expense has been recomputed and recorded in the Combined Audited Financial Statements taking into consideration the actual income tax rates in each of the African countries where the operations occurred and are taxable. Whilst the Combined Audited Financial Statements are not, and cannot be considered to be, consolidated financial statements of a stand-alone company that has operated as an independent entity for the periods presented, the Company considers that the Combined Audited Financial Statements reasonably reflect what the Group's combined results of operations, financial position and cash flows would have been had that been the case.

The interim financial information contained in this document for the six months ended 30 June 2013 and the six months ended 30 June 2014 is based on the information contained in "*Part VIII: Historical Financial Information—Section C: Unaudited Interim Consolidated Financial Information for the six months ended 30 June 2014* (the "Interim Financial Statements" and, together with the Combined Audited Financial Statements, the "**Historical Financial Information**"). The financial information for the six months ended 30 June 2013 contained within the Interim Financial Statements were prepared on a combined basis using substantially the same assumptions as those used in the preparation of the Combined Audited Financial Statements, as more particularly explained in the paragraph above. Given that the Pre-Listing Reorganisation was completed prior to 1 January 2014, the same assumptions and basis of preparation were not required to be applied in preparing the financial information for the six months ended 30 June 2014 contained within the Interim Financial Statements. Furthermore, whilst the financial information for the six months ended 30 June 2013 has not been derived from consolidated financial statements of a stand-alone company that operated as an independent entity for that period, the Company considers that such financial information reasonably reflects what the Group's combined results of operations, financial position and cash flows would have been for that period had that been the case. Accordingly, the Company believes that there is a reasonable basis of comparison between the financial information for the six months ended 30 June 2013 and the financial information for the six months ended 30 June 2014, in each case contained within the Interim Financial Statements. For further information on the basis of preparation of the Interim Financial Statements, please refer to the section entitled "*Basis of Preparation*" in the Interim Financial Statements contained in "*Part VIII: Historical Financial Information—Section C: Unaudited Interim Consolidated Financial Information for the six months ended 30 June 2014*". The Interim Financial Statements were prepared in accordance with IAS – "Interim Financial Reporting".

The Company's financial year runs from 1 January to 31 December. The financial information included in this Prospectus is not intended to comply with the applicable accounting requirements of the Securities Act and the related rules and regulations that would apply if the Shares were to be registered in the United States. Compliance with such requirements would require the modification or exclusion of certain information included in this Prospectus and the presentation of certain information which is not included in this Prospectus.

The financial information presented in this document was not prepared in accordance with US Generally Accepted Accounting Principles ("US GAAP") or audited in accordance with US Generally Accepted Auditing Standards ("US GAAS") or the standards of the Public Company Accounting Oversight Board ("PCAOB Standards"). No opinion or any other assurance with regard to any financial information was expressed under US GAAP, US GAAS or PCAOB Standards and the financial information is not intended to comply with SEC reporting requirements. Compliance with such requirements would require the modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information. In particular, no reconciliation to US GAAP is provided.

## MARKET, ECONOMIC AND INDUSTRY DATA

To the knowledge of the Board, given the specialised nature of most markets in which the Group operates, there exist only limited relevant and reliable third-party sources for much of the information about these markets presented in this Prospectus. Unless otherwise stated, information regarding markets, market position and other industry data contained in this Prospectus are based on the Group's own estimates. In certain cases, there is limited readily available external information (whether from trade associations, government bodies, other industry organisations or competitors) to validate market-related analyses and estimates, resulting in the Group relying on its own internally-developed estimates. The Group's estimates are based on a number of factors which include, but are not limited to, the following:

- the Group's regular discussions with customers across its segments in respect of current and future market trends;

- the Group's local and global assessment of its competitors' positions; and

- the Group's knowledge of the segments and geographies in which it operates.

The Group's methodology for determining market position may not be comparable to or consistent with the methodology used by the Group's competitors to assemble, analyse or compute market data. The Group's competitors may also define their markets differently. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

The Company confirms that all third party information contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has been identified.

**ROUNDING**

Percentages and certain amounts contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this document may not conform exactly to the total figure given for that column or row.

**CURRENCY PRESENTATION**

The Group's financial statements are published in Euros. In this Prospectus:

- "Euro", "euro", "Euros", "euros" or "€" means the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;

- "US dollars", "US dollar", "USD" or "US$" means the lawful currency of the United States.

- "AUD" means the lawful currency of Australia.

- "Angolan Kwanzas", "Angolan Kwanza", "AOA" or "KZ" means the lawful currency of the Republic of Angola.

- "Malawian Kwachas", "Malawian Kwacha" or "MWK" means the lawful currency of the Republic of Malawi.

- "Mozambique Meticais", "Mozambican Metical" or "MZN" means the lawful currency of the Republic of Mozambique.

- "South African Rand", "Zar" or "R" means the lawful currency of the Republic of South Africa.

**EXCHANGE RATE INFORMATION**

The following tables show, for the periods indicated, certain information regarding the exchange rates between the Euro and US dollars and between the Euro and British pounds sterling, based on the reference rates published by the European Central Bank. The average rate means the daily average of exchange rates during the applicable period. The average rates are calculated using the average of the exchange rates on the last business day of each month during the relevant period.

| | "US$" per €1.00 | | | |
|---|---|---|---|---|
| **Year** | **High** | **Low** | **Period Average** | **Period End** |
| 2011 | 1.49 | 1.29 | 1.39 | 1.29 |
| 2012 | 1.35 | 1.21 | 1.28 | 1.32 |
| 2013 | 1.38 | 1.28 | 1.33 | 1.38 |

| Month | | | | |
|---|---|---|---|---|
| January 2014 | 1.37 | 1.35 | 1.36 | 1.35 |
| February 2014 | 1.38 | 1.35 | 1.37 | 1.38 |
| March 2014 | 1.39 | 1.37 | 1.38 | 1.38 |
| April 2014 | 1.39 | 1.37 | 1.38 | 1.39 |
| May 2014 | 1.40 | 1.36 | 1.37 | 1.36 |
| June 2014 | 1.37 | 1.35 | 1.36 | 1.37 |
| July 2014 | 1.37 | 1.34 | 1.35 | 1.34 |
| August 2014 | 1.34 | 1.32 | 1.33 | 1.32 |
| September 2014 | 1.32 | 1.26 | 1.29 | 1.26 |
| October 2014 | 1.28 | 1.25 | 1.27 | 1.25 |
| November 2014 (through 17 November 2014) | 1.25 | 1.24 | 1.25 | 1.25 |

These rates may differ from the actual rates used in the preparation of the financial information appearing in this Prospectus. No representation is made that the Euro or US dollar amounts referred to herein could have been or could be converted into Euros or US dollars, as the case may be, at these rates, at any particular rate or at all.

## NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Company's website do not form part of and are not, and nor is any other document, incorporated by reference into this Prospectus.

## REFERENCES TO DEFINED TERMS

Certain terms used in this Prospectus, including certain capitalised terms and certain technical and other terms, are defined in "*Part X: Definitions*".

## PART I: COUNTRY AND INDUSTRY OVERVIEW

*The information presented in this section reflects information and estimates, including expectations as to future developments, derived from industry sources and from internal surveys. To the extent that there are forecasts, estimates, predictions or other forward-looking statements in this section prospective investors should not place undue reliance on such statements, or on the Group's ability or any third party to accurately predict future industry trends or performance. The following discussion should be read in conjunction with "Forward-Looking Statements", "Risk Factors" and "Important Information".*

### OVERVIEW

The Group currently operates in ten countries comprising its primary markets of Angola, Malawi and Mozambique as well as its other markets of Cape Verde, Ghana, São Tomé and Príncipe, South Africa, Uganda, Zambia and Zimbabwe. The Group manages its business and reports its financial results according to the following business segments: Angola, SADC, West Africa and East Africa. Angola and SADC, specifically Mozambique and Malawi, generated the greatest portion of the Group's revenue at 50.4 per cent. and 47.3 per cent. for the year ended 31 December 2013, and 41 per cent. and 58 per cent. for the six months ended 30 June 2014, respectively. A description of the principal market and industry dynamics affecting these countries and the other business segments are discussed below.

### AFRICA

Africa's collective GDP is expected to reach USD 2.6 trillion in 2020 and its consumers are expected to spend USD 1.4 trillion in the same year. In 2020, 128 million African households are expected to have discretionary income to spend. Looking further ahead, 50 per cent. of Africans are expected to be living in cities in 2030 and 1.1 billion Africans are expected to be at working age in 2040.[1] Africa's collective GDP is expected to grow at a CAGR of 4.4 per cent. per annum between 2012 and 2040, while over the same period Latin America, Europe, Asia and the United States are expected to grow at 4.3 per cent., 3.9 per cent., 2.5 per cent. and 1.8 per cent., respectively.[2] Sub-Saharan African countries also have substantially lower public debt levels which are currently at 32.9 per cent. as opposed to the United States and the EU at 102.7 per cent. and 93.0 per cent. respectively.[3,4]

The forecast growth of the African economy and Africa's population is expected to require considerable infrastructure investment in order to support this growth. The Africa Investor is forecasting that more than USD 5 trillion is expected to be spent on infrastructure in Africa between 2013 and 2030 across oil and gas (approximately USD 3.6 trillion), water (approximately USD 700 billion), infrastructure (greater than USD 400 billion), power (approximately USD 200 billion), manufacturing (approximately USD 200 billion) and agriculture (approximately USD 50 billion).[5]

In addition, the Programme for Infrastructure Development in Africa ("**PIDA**"), is an initiative led by the African Union Commission, the NEPAD Planning and Coordinating Agency, African Development Bank, United Nations Economic Commission for Africa and Regional Economic Communities. PIDA is a vision and framework for the development of regional and continental infrastructure in Africa between 2010 and 2040 which requires approximately USD 360 billion of investment. The infrastructure which is planned to be developed by 2040 comprises:

- approximately 37,300 kilometres of modern highways;
- approximately 30,200 kilometres of modern railways;
- approximately 1.3 billion tons of port capacity;

1 McKinsey Global Institute 2010—Lions on the Move.
2 HIS Global Insight.
3 Public debt defined as general government gross debt.
4 International Monetary Fund.
5 African Investor (September—October 2013).

- approximately 54,150 megawatts of hydroelectric power production;
- approximately 16,500 kilometres of interconnecting power lines; and
- approximately 20,100 cubic hectometres of water storage.

As part of PIDA, the Priority Action Plan envisages 51 specific projects being completed by 2020 at a total cost of approximately USD 68 billion, across energy, transport, water resources and other sectors.[6]

The US is also contributing to the development of African infrastructure. Firstly, through the Power Africa initiative that aims to double the number of people in Sub-Saharan Africa with access to electricity. Currently 70 per cent. of people in Sub-Saharan Africa, or 600 million people, do not have access to electricity. Launched in June 2013, the Power Africa initiative involves both governments and the private sector, starting in six priority countries, namely Ethiopia, Ghana, Kenya, Liberia, Nigeria and Tanzania, to add 30,000 megawatts ("**MW**") of electricity generation. The US government has committed over USD 7 billion to the initial 5 year first phase and Power Africa's financial partners have committed in excess of USD 20 billion in various forms.[7] Secondly, the inaugural US-Africa Leaders Summit in August 2014, held by the US, brought together 50 African heads of state and government and hundreds of officials and CEOs. The summit was viewed as a significant shift in US foreign policy in that aid is not viewed as the primary form of US-African partnership any longer, a shift which is highlighted by a USD 14 billion investment pledge from US companies operating in Africa.[8]

Infrastructure in Africa is expected to produce revenue of USD 200 billion by 2020, an increase of USD 130 billion on the 2008 total revenue of USD 70 billion. Over this 12 year period, infrastructure revenue is expected to grow at a CAGR of 9 per cent. per annum.[9]

Due to inefficiencies in local and regional transport modes in Sub-Saharan Africa, which is a result of the lack of high capacity modes and resilient and efficient supply chains, the export and import costs in Sub-Saharan Africa hamper the development of small to medium scale ventures. The development of transport infrastructure in Sub-Saharan Africa is expected to improve the competitiveness of these entities by reducing import and export costs and driving economic growth. Additionally, it is expected that with the creation of an efficient transport network, further areas in the region will be unlocked for further economic development. As a result, there is the opportunity for a paradigm shift where African countries evolve from exclusively import economies to export-oriented economies by enabling regional trade in addition to increasing trade flows with other continents.[10]

## ANGOLA

### *Country overview*

Angola, which is located in south-west Africa and had a population of approximately 21.5 million people as at 2013, is fast becoming one of Africa's strongest economies as a result of its burgeoning oil sector.[11] Post-independence from Portugal in 1975, Angola experienced continued civil war between the ruling Movimento Popular de Libertação de Angola ("**MPLA**") and the rebel União Nacional para a Independência Total de Angola ("**UNITA**"). The civil war ended in February 2002, after the death of the UNITA leader, following which the first national election took place in 2008, which resulted in a comprehensive victory for the MPLA. A new constitution was approved in January 2010, under which the presidential election has been abolished and instead the head of the largest parliamentary party is automatically president.[12]

6 Programme for Infrastructure Development in Africa: Interconnecting, integrating and transforming a continent.
7 USAID Power Africa September 2014.
8 Forbes August 2014.
9 McKinsey Global Institute 2010—Lions on The Move.
10 IFC Doing Business Report 2013.
11 EIU Angola Country Forecast Report August 2014.
12 EIU Angola Country Forecast Report August 2014.

The economy is primarily driven by oil exports which, according to The Economist Intelligence Unit ("**EIU**") Angola Country Forecast Report August 2014, comprised 96.6 per cent. of exports in 2010 and are forecast to preserve Angola's trade surplus until 2016. Oil production is expected to increase from approximately 1.72 million barrels per day in 2013 to approximately 2.13 million barrels per day in 2018, representing a CAGR of 4.4 per cent. This increase in oil sector output, supplemented by an anticipated increase in investment, is expected to drive average GDP growth of 5.8 per cent. between 2014 and 2018. It is expected that a cautious monetary policy and currency stability should keep the average annual inflation rate in single digits. The inflation rate in June 2014 was 6.9 per cent. and it is expected to average 7.6 per cent. between 2014 and 2018.

Angola's foreign policy aims are to diversify its access to international finance and consolidate relationships with strategic partners, namely, China, Portugal, Brazil and the US. The success of this is highlighted by the World Bank providing a loan of USD 512 million in July 2013 as part of the funding for a hydropower plant project.[13] The Angolan government's policy remains focused on the promotion of more stable and inclusive growth and formal job creation, including social and infrastructure programmes. Fiscal policy remains fairly expansionary in the near term, however forecast GDP growth faces downside risk should oil prices weaken substantially.[14]

***Industry dynamics***

At the end of the civil war, approximately two-thirds of Angola's road network was wholly or partly destroyed, the country's three main railroads were inoperative, and its water treatment and distribution systems, as well as key hydroelectric power facilities, were substantially destroyed.

Angola's construction sector is currently experiencing substantial growth as the Angolan government focuses on addressing both social and economic infrastructure issues. In December 2013, parliament approved the FY2014 national budget of USD 55 billion (a 10 per cent. increase on FY2013), of which one-third (or approximately USD 18 billion) has been allocated to infrastructure and social projects. In addition, the 2013-2017 National Development Plan ("**NDP**") focuses on targeting the shortage of social infrastructure and basic utilities. The NDP prioritises investment in water and electricity, as well as healthcare, education and access to housing.

The Business Monitor International ("**BMI**") forecasts that the Angolan construction industry will grow at a real CAGR of 9.3 per cent. from 2014 to 2018. This growth is expected to be driven by investment across the housing and utility sectors and is expected to peak in 2015 (a 10.7 per cent. increase from 2014). Long term construction growth is expected to grow at a real CAGR of 6.9 per cent. from 2018 to 2023.[15]

Angolan construction expansion is expected to be funded via a combination of government investment (in its bid to support economic diversification) and continued investment from China, Brazil and Portugal. Angolan government funding is expected to be driven by crude oil revenues, as well as a potential USD 500 million Eurobond which the Angolan government is considering issuing in the short term. If successfully issued, the capital will be applied across sectors, including infrastructure. Furthermore, the sovereign wealth fund introduced by the Angolan government in October 2012 of USD 5.0 billion is focused on investment in infrastructure, hotels and high-growth projects. Additionally, in July 2014, the African Development Bank signed an agreement for USD 1 billion towards the reform of Angola's energy sector. The first tranche of USD 600 million will be utilised to improve the efficiency and sustainability of the sector.[16]

Infrastructure project funding is one of the most critical considerations in Sub-Saharan Africa. With the expansion of public-private partnership ("**PPP**") programmes some of the public sector infrastructure shortfall is being addressed. In particular, the emergence of the 'build your own' model, where mining and resource companies develop infrastructure (for example, railways) required to deliver product to market themselves, has resulted in increased project spend but also raised new risks by linking infrastructure projects to commodity price performance.[17]

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13 EIU Angola Country Forecast Report August 2014.

14 EIU Angola Country Report September 2014.

15 BMI Angola Infrastructure Report Q4 2014.

16 BMI Angola Infrastructure Report Q4 2014.

17 BMI Angola Infrastructure Report Q4 2014.

After three years of stagnation, the Angolan real estate market is starting to show signs of recovery. The global financial crisis, and resulting slowdown in price escalation and private promotion, resulted in a more mature market with higher quality standards and more demanding construction specifications which, together with the recent upturn in demand, has resulted in new challenges and a positive outlook for construction companies. Projects like the rehabilitation of Luanda Bay and other new developments that are emerging in Luanda illustrate this trend. Although prices (sales and lease values) are stable, there is demand for new buildings driving the construction of new office and residential projects which are, in the majority of cases, pre-let or sold upfront.

***Industry opportunities***

BMI forecasts the Angolan construction industry to grow from USD 10.8 billion in 2013 to USD 20.9 billion in 2018, representing a CAGR of 14.1 per cent. Over the same period, total capital investment is anticipated to grow from USD 21.4 billion to USD 41.7 billion, representing a CAGR of 14.3 per cent.[18]

The Angolan government is working with foreign participants on various projects to reconstruct destroyed roads and railways. The road network has been rapidly rebuilt. According to the Angolan Roads Institute, the country's road network increased from 300 km in 2006 to almost 16,000 km by the end of 2011. In addition, 470 bridges are currently being built or repaired nationwide.

Major infrastructure projects, both underway and in the pipeline, include an electricity expansion programme which is set to increase power production from the current 1,800 MW to 9,000MW by 2025 through the construction of 15 power plants. According to BMI, there are four oil and gas pipeline projects set to begin in the near future, with one of these projects having a value of USD 110 million, and seven of the power plant projects are worth USD 7.5 billion in aggregate. In addition to the continuing interest in the country's energy sector, there are several projects underway in the transport and the housing sectors that are expected to support sustained growth in the country's construction industry.[19]

Other major projects focused on the transport sector, either recently completed, underway or in the pipeline include, *inter alia*:

- Ports: total investment of USD 1.3 billion across two projects and three further projects with an undisclosed value;
- Airports: total investment of USD 300 million in one project and three further projects with an undisclosed value;
- Railway: total investment of USD 3.3 billion in one project and one further project with an undisclosed value; and
- Roads and bridges: total investment of USD 2.6 billion in one project and four further projects with an undisclosed value.[20]

***Competitive landscape***

The Angolan construction industry had 44 major international contractors in 2011, however the industry is dominated by companies from Portugal, Brazil and China. Portuguese and Brazilian companies (or companies with ties to Portugal and Brazil) have leveraged strong cultural ties to build an established presence in the country with the Group, Teixeira Duarte, Somague Engenharia and Soares de Costa from Portugal and Odebrecht and Camargo Correa from Brazil winning the majority of new projects up for tender. In respect of Chinese firms, the model is slightly different, where China has acquired Angolan resources in exchange for infrastructure investment.

18 BMI Angola Infrastructure Report Q4 2014.
19 BMI Angola Infrastructure Report Q4 2014.
20 BMI Angola Infrastructure Report Q4 2014.

Furthermore, extensive credit lines have been extended to Angola, although these are specifically to fund projects built by Chinese companies. As of 2011, there were 22 Chinese construction companies present in Angola.[21]

**SADC**

The primary markets in the Group's SADC business segment are Malawi and Mozambique and its other SADC markets comprise South Africa, Zimbabwe and Zambia.

***Country overviews***

*Malawi*

Malawi is located along the western shores of Lake Malawi, situated between Zambia, Tanzania and Mozambique. Despite it being one of the smaller countries in Sub-Saharan Africa by area, it had an estimated population of 15 million as at mid-2013. Its economy is reliant on agriculture, specifically the tobacco industry, which drove growth to approximately 5.2 per cent. in 2013, up from 1.9 per cent. in 2012. Real GDP growth is expected to moderate to 4.1 per cent. in 2014 before accelerating to 4.7 per cent. in 2015 and reaching 5.2 per cent. by 2018. This growth is expected to leverage improved macroeconomic stability, improved political stability following the recent elections and stronger investor sentiment following anticipated expansion in the construction, manufacturing and services sectors. Malawi moved to a floating exchange rate in May 2012 causing significant depreciation in the local Kwacha. This, coupled with the removal of fuel and electricity subsidies and food shortages, caused inflation to increase to 28.6 per cent. in 2013. The EIU expects this to decrease to 20.3 per cent. in 2014 before further decreasing to 7.7 per cent. by 2018.[22]

On 20 May 2014, Malawi held general elections in which Mr. Peter Mutharika was elected Malawi's fifth president, beating former President Joyce Banda. Although some concerns were raised regarding irregularities in the process, the Malawi Electoral Commission has confirmed the elections were held in a free, fair and credible manner and Joyce Banda has confirmed she has accepted the result.

*Mozambique*

Mozambique, which is located on the coast of south-east Africa and had a population of approximately 23.5 million as at 2013, was a Portuguese colony, gaining independence in 1975. Post-independence, Mozambique experienced a 15 year long civil war. In 1992, the first formal election took place with the Frente de Libertação de Moçambique ("**Frelimo**") defeating the Resistência Nacional Moçambicana ("**Renamo**"), Frelimo also won the national polls in 2014. Since democracy, Mozambique has made consistent progress to reach the level of investment flows currently being experienced. Driven by recent natural resources discoveries, in particular offshore natural gas and coal reserves together with investment in new transport infrastructure, real GDP growth is expected to increase from 7.3 per cent. in 2014 to 7.8 per cent. in 2016, before moderating to 7.5 per cent. in 2018. Inflation is lower in Mozambique than most African countries and was 2.5 per cent. in June 2014. It is expected to average 3.9 per cent. for 2014 before trending down from 4.6 per cent. in 2015 to 4.2 per cent. in 2018.[23]

*Zambia, Zimbabwe and South Africa*

Zambia, which is located in central southern Africa and had a population of approximately 14 million as at 2013, has gradually and, for the most part peacefully, reached the state it is in today. With the first multi-party elections being held in 1991, the country has embraced a number of economic reforms which have led to renewed investment, specifically in its mining industry. The Central African Copperbelt runs from Zambia into the Democratic Republic of Congo and has attracted a large number of global mining companies due to the rare high grade ore found in the area. Zambia's real GDP growth is forecast to average 6.5 per cent. from 2014 to 2018, supported by significant

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21 BMI Angola Infrastructure Report Q4 2014.

22 EIU Malawi Country Report September 2014.

23 EIU Mozambique Country Report September 2014.

investment in infrastructure and mining, robust growth in manufacturing and services and an increase in copper production. It is expected that inflation will increase to 7.8 per cent. in 2014 before easing from 2015 to 2018.[24]

Zimbabwe, which is located in southern Africa and had a population of approximately 13 million as at 2013, has experienced a challenging period since the late 1990s and early 2000s. The EIU forecasts real GDP growth of 3.2 per cent. for 2014, increasing to an average of 3.5 per cent. from 2015 to 2018, well below the country's potential should political stability materialise. The current account deficit is expected to increase to 38 per cent. of GDP in 2014 before reducing to 26.8 per cent. of GDP over 2017 and 2018.[25] In February 2014, the European Union announced that it had suspended sanctions on eight of Zimbabwe's military and political figures, but kept sanctions on President Robert Mugabe and his wife. The European Union imposed sanctions on Zimbabwe's President, his inner circle and selected firms in 2002.

South Africa, which is located on the southern tip of Africa and had a population of approximately 53 million people as at 2013, is one of the most developed and stable countries in the SADC region. South Africa moved into democracy peacefully after the end of Apartheid in 1990. Since then the African National Congress has remained in power, winning 62.2 per cent. in the May 2014 elections. The EIU forecasts that South Africa will achieve real GDP growth of 2.0 per cent. in 2014, owing to strikes and electricity shortages, after which growth is expected to improve to 4.5 per cent. by 2017, driven by consumption and investment, before slowing down to 4.0 per cent. on the back of increased interest rates in 2018. It is anticipated that inflation will remain within the South African Reserve Bank's target range of 3.0 per cent. to 6.0 per cent. from 2014 to 2018.[26]

***Industry dynamics and opportunities***

*SADC*

The SADC region, excluding South Africa, has a fairly similar level of development of infrastructure, as well as similar key drivers resulting in investment in the sector.[27] The expansion of the SADC region's mining and oil and gas sectors has resulted in significant investment in infrastructure with the vast majority of projects targeting railways, ports and power stations. This is due to both the need to get commodities to market, where in many cases greenfield infrastructure is required, and the need to enhance power supply in order to extract minerals. In order to implement infrastructure projects, the SADC region has seen both mining and power companies funding infrastructure projects privately as a consequence of the public sector not always having the resources required to promptly implement these projects.[28]

Investment has increased significantly in recent years and currently the SADC region is targeting a range of new projects which are expected to be developed in the medium term. The SADC member states unveiled the SADC Regional Infrastructure Development Master Plan in 2012, which aims to address the infrastructure deficit between 2013 and 2027. The initial phase is expected to raise USD 64 billion for investment in the region over the next five years. These funds will target six pillars consisting of energy, transport, information and communication technologies ("ICT"), meteorology, trans-boundary water resources and tourism, across 106 projects in total. The funding and project split across key sectors of interest to the Group is expected to be:

- Energy: USD 12.7 billion across 16 projects;
- Transport: USD 16.7 billion across 32 projects; and
- Water resources: USD 13.5 billion across eight projects.[29]

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24 EIU Zambia Country Report September 2014.
25 EIU Zimbabwe Country Report September 2014.
26 EIU South Africa Country Report September 2014.
27 SADC region includes all 15 member states as opposed to the SADC business segment in relation to the operating division of the Group.
28 BMI Mozambique Infrastructure Report Q4 2014.
29 SADC Regional Infrastructure Development Master Plan: Executive Summary August 2012.

*Malawi*

Malawi has a significant infrastructure deficit, which is one of the major contributors to the country's relatively low growth. However, with the discovery of significant coal resources in neighbouring Mozambique, and Malawi being the shortest route-to-market, emphasis on improving the country's transport infrastructure has increased. This is highlighted by the on-going Nacala Corridor railway project, which involves constructing and refurbishing a railway line from Tete to Nacala, through Malawi. Financing for infrastructure projects is expected to come from foreign aid flows, although corruption allegations against the Malawian government have resulted in a temporary suspension by some aid providers. However, this is expected to normalise in the near term. Following recent economic policy reforms, Malawi signed a three year agreement with the IMF worth USD 157 million.[30]

*Mozambique*

Mozambique's construction sector is forecast to grow at a real CAGR of 6.7 per cent. for the next ten years. This is expected to be driven by investment in infrastructure as new mining and offshore natural gas exploration projects require an improved route-to-market. Mozambique is expected to reduce its dependency on foreign aid as mining royalty revenue and private investment increase and strong ties with Portugal and South Africa remain in place. A significant change in the industry dynamic in Mozambique is the introduction of the PPP model where mining and oil and gas companies are financing their own transport projects, securing the land required and concessional use for 30 years before the infrastructure is transferred to the Mozambique government's control. BMI has estimated that Mozambique's infrastructure pipeline stands at USD 30 billion, of which approximately USD 20 billion is focused on transport projects and the remainder is expected to be invested in power projects. In addition, the state-owned Mozambique Ports and Railways estimates it will need investment of approximately USD 20 billion to USD 25 billion to implement all of the coal and natural gas infrastructure construction projects currently planned.[31,32]

Mozambique's housing sector and property market is experiencing considerable growth. Currently aimed at the medium to high end residential markets, investment is expected to move into more medium to low end housing in a bid to address structural issues. Currently, only 40 per cent. of Mozambique's population resides in urban areas, presenting further opportunities in the housing construction sector as urbanisation increases. Investment into the capital, Maputo, has been significant, with further growth expected in both residential and commercial property. From a commercial property perspective, offices are expected to continue to experience robust growth whilst retail property is expected to increase due to the current limited availability.[33]

*Competitive landscape*

Chinese companies are one of the major competitors in the SADC region, through the use of cheap credit to gain market share, however issues with quality and service have reduced this threat. New entrants in the form of Indian, South Korean and Japanese firms are beginning to apply the same strategy as China, exchanging infrastructure investment for access to mineral rights and resources. Other firms competing in the region include those from countries with historical or cultural ties to the region such as Portugal and Brazil (or companies with ties to Portugal and Brazil), and these include the Group, Teixeira Duarte and Soares da Costa which are particularly strong in Mozambique. Additionally, but on a less aggressive scale, expansion from South African firms is being experienced as their local market continues to stagnate. However, with the exception of Group Five – a construction, infrastructure concessions and related services group – South African companies have struggled to make significant headway north of South Africa.[34] In Malawi specifically, the Company believes that due to the size of the Group's operations there are no relevant competitors in the country.

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[30] EIU Malawi Country Report September 2014.

[31] BMI Mozambique Infrastructure Report Q4 2014.

[32] African Investor (September—October 2013).

[33] Prime Yield Mozambique Property Market 2014.

[34] BMI Mozambique Infrastructure Report Q4 2014.

**WEST AFRICA**

The primary markets in the Group's West Africa business segment are Cameroon, Cape Verde, Ghana and São Tomé and Príncipe.

***Country overviews***

Cameroon is located on Nigeria's eastern border and had a population of 21 million people as at 2013. The EIU expects GDP to grow by 5.1 per cent. in 2014 and 5.5 per cent. in 2018, supported by significant investment in large infrastructure projects and new oil wells. The inflation rate is expected to remain subdued at an average of 2.3 per cent. between 2014 and 2018.[35]

Cape Verde, which is a collection of islands situated off the coast of Dakar, Senegal and had a population of 500,000 people as at 2013, has strong ties with Angola and Portugal. The EIU expects Cape Verde's GDP to grow by 2.5 per cent. and 2.7 per cent. over 2014 and 2015, on the back of a European recovery likely to improve foreign investment and growth in tourism. The economy is largely services driven, with a strong dependence on its tourism industry.[36]

Ghana is located on the southern coast of the bulge of Africa, between Côte d'Ivoire and Togo, and had a population of approximately 26 million people as at 2013. Ghana is one of the fastest growing economies in Sub-Saharan Africa due to recent oil and gas discoveries and the sustained performance of its gold sector. After a difficult year in 2013, real GDP growth is expected to range between 5.7 per cent. and 9.3 per cent. over the next five years, peaking in 2017 at 9.3 per cent. The inflation rate is expected to increase to 14.6 per cent. in 2014 before decreasing to 9.0 per cent. by 2018.[37]

São Tomé and Príncipe are two islands located in the Gulf of Guinea, south of Nigeria and west of Gabon, and had a population of 190,000 people as at 2013. Angola has recently opened a credit line of approximately USD 180 million for São Tomé, which is expected to improve public investment. Real GDP is expected to grow by 4.3 and 4.8 per cent. in 2014 and 2015, respectively.[38]

***Industry dynamics and opportunities***

West Africa's infrastructure sector, although one of the best in Sub-Saharan Africa, is expected to benefit from continued investment as addressing social structural issues remains a key focus. From a transport perspective, a number of projects are currently being considered across Ghana, Cameroon and Côte d'Ivoire, particularly aimed at rail and port infrastructure. A number of transport projects are focussed on providing support infrastructure to the oil and gas and mining sectors in West Africa.

In Cameroon, for example, the Company is focused on being part of the future infrastructure development related to the mining sector. In terms of power infrastructure, considerable underinvestment has resulted in old infrastructure having insufficient capacity to cater for economic growth. In terms of the building sector, it is expected that industrial and residential projects will be the main driver of growth. Industrial growth is expected to be driven by increased investment into natural resources. Housing deficits in the region are unlikely to be resolved in the short term. However, this should provide a platform for considerable investment in the longer term.[39]

Projects are increasingly being funded via PPP programmes, threatening China's dominant position as an infrastructure financier to West Africa. The 'build your own' model is increasingly being applied, despite weakening commodity prices. The latest application of this model is Sundance Resources Limited's Mbalam-Nabeba iron ore project in Cameroon, which will include the construction of 510 kilometres of greenfield railway linking the mine to the coast at Kribi, where a new deep-water port is planned to be built. Additionally, increased interest in West Africa from Japan, India and Brazil, in an attempt to replicate the Chinese model of exchanging resources for infrastructure

35 EIU Cameroon Country Report September 2014.

36 EIU Cape Verde Country Report September 2014.

37 EIU Ghana Country Report September 2014.

38 EIU São Tomé and Príncipe Country Report September 2014.

39 BMI Angola Infrastructure Report Q4 2014.

development, is expected to result in additional funding availability. Furthermore, supranational entities such as the World Bank, the International Finance Corporation and the African Development Bank have committed to providing funding for infrastructure projects.[40]

In Ghana, the construction industry is expected to grow at a real rate of 4.5 per cent. and 7.0 per cent. in 2014 and 2015, respectively, due to current macroeconomic issues weakening investor confidence and government focusing on debt reduction. It is expected that construction sector real growth will average 9.0 per cent. from 2016 to 2018, reaching USD 6.9 billion by 2018, driven by energy and utilities investment. It is anticipated that funding revenues will be increased on the back of oil production, which is expected to be applied to social and economic infrastructure projects required to address transport, housing and utility shortages. The Ghana Infrastructure Fund, officially launched by the passing of the Ghana Infrastructure Fund Bill in July 2014, and increased PPPs are expected to fund infrastructure spend.[41] The government of Ghana has designed an infrastructure development plan to be completed by 2017 at a total investment of USD14.0 billion. Projects in the plan include:

- increasing power generation by 1,876MW (USD2.0 billion);
- increasing transmission and distribution (USD1.9 billion);
- rehabilitation, upgrade and construction of new roads (USD5.5 billion);
- rehabilitation and construction of new railways (USD2.8 billion);
- urban and rural water and sanitation projects (USD1.1 billion); and
- rehabilitation and expansion of ports (USD674 million).[42]

In Cameroon, it is expected that infrastructure investment will follow iron ore investment, as considerable resources have been discovered recently. From a transport perspective, the government of Cameroon has a National Railway Master Plan to connect the country to Chad, the Central African Republic, DRC, Equatorial Guinea, Nigeria and Angola. It is expected that construction will begin imminently and be completed by 2020, with a total investment of USD 29.9 billion over this period.[43]

The Company does not expect the infrastructure industry in Cape Verde and São Tomé and Príncipe to be a major driver of growth for the Group going forward, however the Group will continue to leverage its established presence in both countries in order to compete for the projects that go to tender.

***Competitive landscape***

Although there are some competitive local contractors in West Africa, insufficient capacity and lack of expertise in-country has resulted in foreign contractors dominating the competitive landscape. Companies leveraging cultural ties are evident in the region, particularly French companies in Francophone West Africa, as well as Italian, Spanish, Portuguese and Brazilian companies. In addition, Chinese contractors play a significant role in West Africa as they continue to leverage their ability to provide cheap funding to projects.[44]

**EAST AFRICA**

The primary markets of focus in the Group's East Africa business segment are Uganda, Kenya, Rwanda and Tanzania.

[40] BMI Angola Infrastructure Report Q4 2014.
[41] BMI Ghana Infrastructure Report Q4 2014
[42] Ghana Infrastructure Plan.
[43] The National Railway Master Plan in Cameroon.
[44] BMI Angola Infrastructure Report Q4 2014.

***Country overviews***

Uganda is located directly west of Kenya and had a population of 37 million people as at 2013. The country has seen significant socioeconomic development over the past twenty years and this is expected to accelerate following the recent discovery of oil. Real GDP is expected to grow at a CAGR of 6.7 per cent. from 2014 to 2017, before increasing to 15.6 per cent. in 2018 when oil production begins. In addition to investment in oil and related industries, it is expected that growth will be driven by the construction, transport, telecommunications and financial services sectors. The inflation rate is expected to average 7.0 per cent. over the next two years, before increasing to 15.4 per cent. in 2016 due to pre-election spending.[45]

Kenya is located on the East African coast and had an estimated population of 44 million people as at 2013. It is widely considered the regional financial hub of East Africa, having the most developed commercial market of the region. The EIU expects real GDP growth to increase from 5.0 per cent. in 2014 to 6.3 per cent. in 2018, assisted by rapid expansion of consumer services, a growing middle class, increased integration within the East African Community ("**EAC**") and significant investment in infrastructure. The inflation rate is expected to peak at 6.8 per cent. in 2014, before reducing to a range of 4.5 to 5.2 per cent. between 2016 and 2018.[46]

Rwanda is located to the south of Uganda and west of Tanzania and had a population of 11.6 million people as at 2013. The EIU expects that real GDP growth will average 6.3 per cent. a year in 2014-15, driven by foreign and public investment, and an improved power supply. The government has ambitious investment plans but its ability to implement them is expected to be limited by lower than expected aid inflows. The inflation rate is expected to reduce from 4.2 per cent. in 2013 to 2.9 per cent. in 2014, before increasing to 3.8 per cent. in 2015.[47]

Tanzania, which is Kenya's neighbour to the south and also located on the coast, had a population of 49 million people as at 2013. The EIU expects annual real GDP to grow at a CAGR of 7.1 per cent. between 2014 and 2018, supported by growing investment in the natural gas sector and private consumption. Additionally, the services and manufacturing sectors are expected to see consistent growth. The inflation rate is anticipated to average 6.2 per cent. for 2014 and then to be in a range of 7.3 per cent. and 8.4 per cent. over 2015 to 2018.[48]

***Industry dynamics and opportunities***

The East African construction industry is expected to be positively impacted and shaped by the formation of the EAC, which is a regional intergovernmental organisation comprising Kenya, Tanzania, Uganda, Rwanda and Burundi. The energy sector in East Africa is one of the key focus areas of the EAC and requires significant investment into new electricity generation as well as improved grid infrastructure. Across East African countries, approximately 126 million people do not have access to electricity. This is expected to be addressed by improved collaboration and by the connecting of national grids across borders, through the East African Power Pool. According to the BMI's Key Project Database, there is in excess of USD 17 billion worth of power plants either under construction or in the pipeline in the region which will provide more than 7 gigawatts of capacity.[49]

In Kenya, the Multilateral Investment Guarantee Agency, a member of the World Bank Group, has stated that it will guarantee investment in the country's power sector. Through its lending and guarantee instruments, the World Bank Group has assisted in raising nearly USD 1 billion in financing required to add 600 megawatts to the national grid through independent power producers. Additionally, the United States' previously mentioned 'Power Africa' plan will initially focus on a select number of countries over the next 5 years, including Kenya, Tanzania and Uganda. Additionally, in Tanzania the government passed the 2009 Electricity Act which has opened the country's electricity sector to some private companies, with a few independent power producers already present in the country, which is expected to assist with meeting demand.[50]

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45 EIU Uganda Country Report September 2014.
46 EIU Kenya Country Report September 2014.
47 EIU Rwanda Country Report September 2014.
48 EIU Tanzania Country Report September 2014.
49 BMI Kenya Infrastructure Report Q4 2014.
50 BMI Kenya Infrastructure Report Q4 2014.

In terms of the transport sector, the EAC's common market necessitates a well-integrated transport network, which is expected to cost approximately USD 20 billion to achieve. These funds will be utilised for a complete overhaul of the main transport corridors, with an initial focus on railways and ports. Some of the challenges facing these projects have been disagreements between member countries and funding constraints, both of which the member states are trying to resolve amicably. Projects focused on the main regional transport corridors, the Central Corridor from the port of Dar es Salaam to Burundi and Rwanda and the Northern Corridor from the port of Mombasa to Rwanda via Uganda, are expected to require investment of USD 2.0 billion and USD 2.1 billion, respectively. Additionally, Kenya, South Sudan and Ethiopia have embarked on a new trade route from a new port of Lamu, Kenya (currently under construction) which is expected to include an oil pipeline and refinery at Lamu and is expected to cost USD 23 billion in total.[51]

Transport infrastructure is a major issue for the EAC, and an equally large opportunity for construction firms, particularly in countries like Uganda where only 15 per cent. of its 20,000 kilometre national road network is tarmac and Kenya, where the government plans to construct 10,000 kilometres of roads in the next three years. Additionally, the Tanzanian government spent USD 470 million on building roads, railways, bridges and ports in 2013, a trend which is expected to continue in the short to medium term. Kenya, Uganda and Rwanda are also considering the construction of a super-highway from Mombasa, Kenya to Kigali, Rwanda which is intended to have six lanes, with construction planned to begin in 2016.[52]

From a construction perspective, there is considerable long term potential offered by Kenya, Uganda and Tanzania. This growth is anticipated to be underpinned by robust population fundamentals, growing commercial and industrial bases, significant investment into mineral and hydrocarbon wealth and governments committed to addressing current housing shortages. The opportunity presented by these three countries in particular is expected to be similar in both the residential and non-residential building sectors.[53]

Funding remains a key constraint to the implementation and success of the EAC's infrastructure plans. The region has been the beneficiary of significant levels of Chinese funding. Similar to most Sub-Sahara African countries, East African nations have introduced PPPs to encourage private investment as a means to raise financing. In addition, a number of international financiers have looked to assist East Africa including, *inter alia*, the African Development Bank, the World Bank, International Finance Corporation, Development Bank of South Africa, Agence Française de Développement and Asian Development Bank.[54]

From a Kenyan perspective, BMI expects the construction industry to grow from USD 2.1 billion in 2014 to USD 3.3 billion in 2018, at a real CAGR of 7.3 per cent., being negatively affected in 2014 and 2015 as investor confidence has been impacted by growing insecurity. The Kenyan government recently passed legislation covering the PPP model which is expected to result in increased use of the model and an increased ability for government to provide funding. In addition, the successful issuance of Kenya's debut Eurobond, which raised USD 2.0 billion, will be used to fund infrastructure projects post settlement of a USD 600 million syndicated loan due in May 2014.[55]

***Competitive landscape***

Although East Africa's construction market is limited in scale, the considerable lack of infrastructure in the region offers large opportunities for construction companies. A number of international firms are already present in the region with Chinese companies having the largest presence, representing approximately 47 per cent. of international contractors, and most of these are involved in the construction and financing of projects. Local companies focus primarily on residential buildings and roads, and are smaller and less technically proficient than international firms. Brazil and India have looked to implement the same model as China in order to gain access to resources and market share, and increasingly Japan has been focusing on the region. The competitive edge of technically capable European companies provides a good entry point in the region, with Vinci, BAM International and Bouygues being potential competitors in East Africa.

[51] BMI Kenya Infrastructure Report Q4 2014.

[52] BMI Kenya Infrastructure Report Q4 2014.

[53] BMI Kenya Infrastructure Report Q4 2014.

[54] BMI Kenya Infrastructure Report Q4 2014.

[55] BMI Kenya Infrastructure Report Q4 2014.

## PART II: INFORMATION ON THE GROUP

*Investors should read this "Part II: Information on the Group" in conjunction with the more detailed information contained in this document including the financial and other information appearing in "Part VII: Operating and Financial Review".*

### OVERVIEW

The Group is a leading provider of integrated engineering and construction services as well as a wide range of other services across its target markets in Sub-Saharan Africa. Its diversified portfolio of services ranges from Engineering and Construction (including infrastructure such as roads, railways, bridges and dams, mining services, civil construction works and real estate construction and services), Logistics (including ports and other infrastructure management) and Environment and Services (including waste management and collection and water treatment and distribution).

The Group currently operates in ten countries comprising its primary markets of Angola, Malawi and Mozambique as well as its other markets of Cape Verde, Ghana, São Tomé and Príncipe, South Africa, Uganda, Zambia and Zimbabwe. The Group's head office is in Johannesburg and, as at 30 June 2014, the Group had approximately 14,500 employees. The Company believes that the Group's unique focus on Sub-Saharan African markets, its long history in the region, its understanding of local culture and practices, its strong, long-lasting relationships, its fully integrated service offering and its broad geographic footprint ensures that it is well-positioned to take advantage of the significant opportunities in the region.

Through its long-standing, on-the-ground presence in Sub-Saharan Africa, the Group has developed substantial expertise and experience in working on and completing a broad range of large and technically complex projects across the region. Throughout the 1950's and 1960's, the Group completed numerous large infrastructure projects in Angola, where it began operations in 1946, including the construction of Luanda airport in 1952 (the Group's first major project in the country). In subsequent years, as the Group expanded its geographical and operational footprint, it completed other landmark projects throughout Sub-Saharan Africa, including the construction of the Dreihuk Dam in Namibia in 1975, the rehabilitation of N'Toum-Cocobeach R10 road in Gabon in 1982, the rehabilitation and construction of over 1,000 kilometres of roads in Malawi since 1990 (including the 131 km Dwangwa-Nkata Bay Road in Malawi in 1991), the construction of the 54 bedroom Hotel Tropico in Cape Verde and the Awaso-Bediakukrom Road in Ghana in 1996, the construction of the Ngaoundere-Moundou (lot 3) Road in Chad in 2001, the construction of the new Praia Airport in Cape Verde in 2004 and the rehabilitation of 358 km of national road in Dassa-Savé-Parakouberoubouay in Benin in 2004.

More recently, the Group has completed the following in its primary markets of Angola, Malawi and Mozambique:

- in Angola, where the Group has been present since 1946 and where it enjoys considerable brand recognition:
    - the recently completed rehabilitation of Luanda Bay, a significant urban infrastructure project which has provided the coastline of the city of Luanda with modern road infrastructure, green spaces, sports and shopping areas;
    - the rehabilitation and extension of the 230 kilometre Saurimo to Muconda road, which was completed in 2007; and
    - the construction of Luanda Towers, which comprise three 21 storey tower blocks designed for mixed residential, office and retail use and which was completed in September 2014;
- in Malawi, where the Group has been present since 1990:
    - the award of two sections of the Nacala Corridor railway project (comprising 245 kilometres in total), a significant infrastructure project which will link the Moatize coal mine in Tete Province, Mozambique, via Malawi, to Nacala Port, Mozambique, over a total distance of 906 kilometres which is expected to be completed in December 2014;

- in Mozambique, where the Group has been present since 1993:
  - the 2.3 kilometre bridge over the Zambezi river between Caia and Chimura including two kilometres of related access roads, which was completed in 2009;
  - the Olympic Village and Olympic Pool in Maputo comprising 27 buildings and 848 apartments, as well as road access, public areas and infrastructure, parking lots and Olympic swimming pools, which was completed in 2012, only ten months after the project commenced; and
  - the design and rehabilitation of 236 kilometres of road between Milange and Mocuba, which was completed in 2013.

The Group manages its business and reports its financial results according to the following business segments: Angola, SADC, West Africa and East Africa. The following tables set forth sales and Adjusted EBITDA for each of the Group's business segments for the periods indicated:

| Sales by business segment | Year ended 31 December | | | | | | Six months ended 30 June (Unaudited) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | | 2012 | | 2013 | | 2013 | | 2014[(2)] | |
| | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | |
| Angola | 421,201 | 71.3 | 468,363 | 64.4 | 506,821 | 50.4 | 235,606 | 54.4 | 225,817 | 40.6 |
| SADC | 158,307 | 26.8 | 250,138 | 34.4 | 475,806 | 47.3 | 187,236 | 43.3 | 322,400 | 57.9 |
| West Africa | 10,293 | 1.7 | 10,261 | 1.4 | 14,673 | 1.5 | 7,206 | 1.7 | 8,571 | 1.5 |
| East Africa | — | 0.0 | — | 0.0 | — | 0.0 | — | 0.0 | — | 0.0 |
| Other, eliminations and intercompany[(1)] | 723 | 0.1 | (1,595) | (0.2) | 8,006 | 0.8 | 2,802 | 0.6 | (41) | (0.0) |
| **Total** | **590,525** | **100** | **727,167** | **100** | **1,005,306** | **100** | **432,850** | **100** | **556,747** | **100** |

(1) Other, eliminations and intercompany mainly comprises sales of materials to partners and other third-parties.

(2) Unaudited figures extracted from the Group's records, prepared under the same assumptions and criteria used for the compilation of the combined audited historical financial information for the three years ended 31 December 2011, 2012 and 2013.

| Adjusted EBITDA | Year ended 31 December | | | | | | Six months ended 30 June (Unaudited) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | | 2012 | | 2013 | | 2013 | | 2014[(2)] | |
| | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | |
| Angola | 88,121 | 68.8 | 100,388 | 63.5 | 94,426 | 38.9 | 48,909 | 42.5 | 41,852 | 29.7 |
| SADC | 22,032 | 17.2 | 41,461 | 26.2 | 120,416 | 49.6 | 50,592 | 43.9 | 92,834 | 65.9 |
| West Africa | 417 | 0.3 | (248) | (0.2) | (1,284) | (0.5) | (41) | 0.0 | (182) | (0.1) |
| East Africa | — | 0.0 | — | 0.0 | (161) | (0.1) | — | 0.0 | (106) | (0.1) |
| Other, eliminations and intercompany[(1)] | 17,546 | 13.7 | 16,417 | 10.4 | 29,458 | 12.1 | 15,733 | 13.7 | 6,565 | 4.7 |
| **Total** | **128,116** | **100** | **158,018** | **100** | **242,855** | **100** | **115,193** | **100** | **140,963** | **100** |

(1) Other, eliminations and intercompany mainly comprises Adjusted EBITDA generated from sales of materials to partners and other third-parties.

(2) Unaudited figures extracted from the Group's records, prepared under the same assumptions and criteria used for the compilation of the combined audited historical financial information for the three years ended 31 December 2011, 2012 and 2013.

The Group has achieved significant growth in recent years, particularly in SADC. The Group achieved sales growth of 23.1 per cent. and 38.2 per cent. for the years ended 31 December 2012 and 2013, respectively, whilst generating Adjusted EBITDA of €158.0 million and €242.9 million, for the years ended 31 December 2012 and 2013, respectively. The Group's sales and Adjusted EBITDA CAGR for the period 2011 to 2013 was 30.5 per cent. and 37.7 per cent., respectively. The Group's Adjusted EBITDA margin for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 was 21.7 per cent., 21.7 per cent. and 24.2 per cent., respectively. The Group's Adjusted EBITDA margin for the six months ended 30 June 2014 was 25.3 per cent. compared to an Adjusted EBITDA margin of 26.6 per cent. for the six months ended 30 June 2013. Total Adjusted EBITDA grew from €115.2 million in the six months ended 30 June 2013 to €141.0 million in the six months ended 30 June

2014.This increase was principally attributable to the Group's sales growth of 28.6 per cent. in the six months ended 30 June 2014 compared to the six months ended 30 June 2013.

At 31 December 2013 and 30 June 2014, the Group's backlog amounted to €1,621 million and €1,495 million, respectively. In addition, as at 30 September 2014, the Group had 19 Pending Bids and Projects with a total value of more than US$7 billion. The Group's Pending Bids and Projects included, as at 30 September 2014, one project in respect of which a contract has been signed but requisite financing is yet to be secured (being the US$3.5 billion project in Cameroon to build port and rail infrastructure for the Mbalam-Nabeba iron ore project) and one further project (with a contract value of approximately US$1.0 billion) in respect of which a memorandum of understanding has been signed but requisite financing is also yet to be secured. Furthermore, the Group's Pre-qualification Tenders would, as at 30 September 2014 and according to Management estimates, together result in the Group being awarded additional contracts with a potential aggregate value of more than US$3 billion. As at 30 September 2014, the Group's Pending Bids and Projects, together with the value attributed to its Pre-qualification Tenders by Management, amounted to more than US$10 billion in aggregate.

***Background on the Parent Group***

The Company is a subsidiary of the Parent and, prior to the Pre-Listing Reorganisation, the operations currently carried on in Sub-Saharan Africa by the Group were carried on by the Parent Group (see "*Part V: Relationship with the Major Shareholder*"). The Parent Group is headquartered in Porto, Portugal and is a leading provider of engineering and construction, environment and services, transport concessions and mining services and has operations in 21 countries globally across Africa (through the operations of the Group), Latin America and Europe. The Parent Group is listed on Euronext Lisbon with a market capitalisation of approximately € 0.8 billion as at 17 November 2014. The Parent Group has approximately 28,000 employees worldwide. Whilst the Parent Group's operations in Africa initially focused on Lusophone countries (particularly Angola), it has subsequently broadened its geographic footprint across Sub-Saharan Africa and its operations in Africa, now conducted by the Group, are of increasing importance to it. For the six months ended 30 June 2014, the Parent Group's African operations (conducted by the Group) generated 49.6 per cent., 72.4 per cent. and 38.9 per cent. of the Parent Group's total sales, EBITDA and backlog, respectively.

The Parent Group traces its roots back to 1946 when Manuel António da Mota founded Mota & Companhia which, until 1974, focused on providing construction and public works services almost exclusively in Angola. In 1977, Manuel António da Mota and his four children acquired substantially all of the issued share capital of Mota & Companhia. In addition, since 2000, Manuel António da Mota's son, António Manuel Queirós Vasconcelos da Mota, has been, and will continue to be following Listing, the Chairman of the Parent. As at Listing, it is expected that the Mota family will continue to hold, directly and indirectly, approximately 56 per cent. of the issued share capital of the Parent.

The following represents the key milestones in the Parent Group's history:

1946—Incorporation of Mota & Companhia, which operated exclusively in Africa until 1974;

1952—Incorporation of Engil, which operated exclusively in Portugal until 1978;

1952—Completion of the first major project completed by the Parent Group in Sub-Saharan Africa, the construction of the Luanda International Airport in Angola;

1974—Expansion into Sub-Saharan countries other than Angola;

1976—Mota & Companhia commences operations in Portugal;

1987—Initial public offering of Mota & Companhia on the Lisbon Stock Exchange;

1994—Mota & Companhia diversifies its service offering and starts to provide transport concessions, water and waste services;

2000—Creation of the Parent Group, through the merger of Mota & Companhia and Engil;

2005—Parent enters Euronext Lisbon's main share index, becoming, at that date, the only engineering and construction group in the Portuguese Stock Index 20;

2006—Parent Group enters the logistics sector through the acquisition of the Tertir Group in Portugal;

2012—Parent Group restructured its organisational model to, *inter alia*, support the autonomous growth of the Parent Group's geographic business segments;

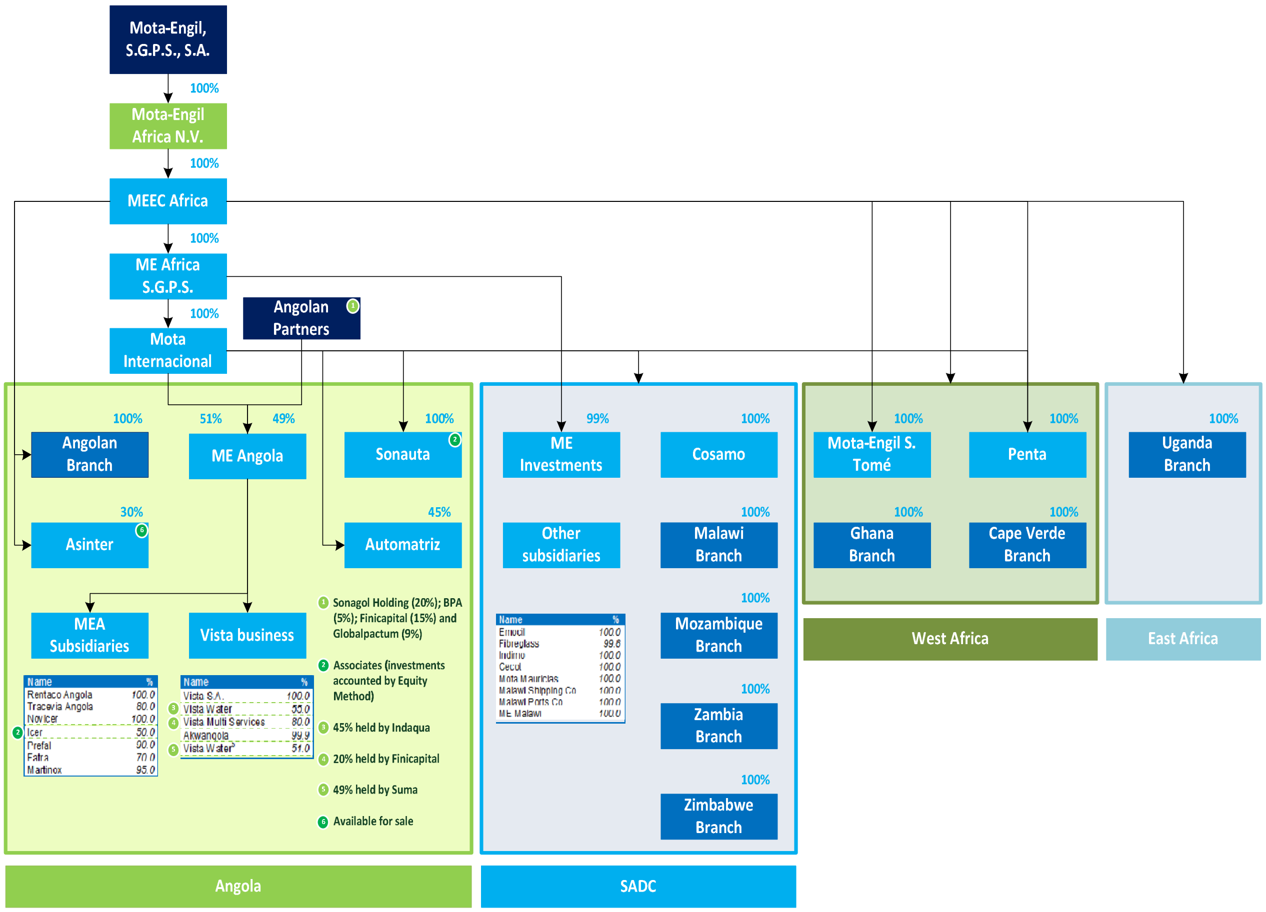
2012—The Company is awarded two sections of the Nacala Corridor railway project, a significant infrastructure project which will link the Moatize coal mine in Tete Province, Mozambique, via Malawi, to Nacala Port, Mozambique;

2013—Parent issues €175 million of listed medium-term retail bonds; and

2014—The Company is awarded a US$3.5 billion project, the largest in its history, by Sundance Resources Limited to build port and rail infrastructure for the Mbalam-Nabeba iron ore project.

The Parent Group was historically managed and conducted its financial reporting based on three main business segments: engineering & construction, environment and services, and transport concessions. For the purposes of, amongst other things, affording greater operational efficiency to the Parent Group, enhancing its ability to obtain financing in each of its markets and in order to support the growth of international activities, the Parent Group's board approved a new organisational model in January 2012 which, *inter alia*, resulted in the Parent Group reporting segmentally on a geographical basis (rather than by business area). This served as the preface to the establishment of the Company; to implement the organisational model, the Parent Group carried out the Pre-Listing Reorganisation under which, *inter alia*, the Company was established and through which all the Parent Group's operations in Sub-Saharan Africa have been, and will be, conducted (see "*Part V: Relationship with the Major Shareholder*").

## GROUP STRUCTURE




## STRENGTHS

The Company believes that the Group's competitive strengths include:

***Established track record of operating across Sub-Saharan Africa***

The Company believes that, through its long-standing presence in, and exclusive focus on, Sub-Saharan Africa, the Group has developed a deep understanding of the Sub-Saharan African markets in which it operates. This deep understanding now extends beyond Lusophone African countries (where the Parent Group's operations began), as demonstrated by the Group's strong presence and history in countries such as Malawi. With this deep understanding, the Group has been able to identify and respond to key requirements of its clients in the region, particularly their demand for fully integrated and comprehensive solutions to their engineering and construction needs (which the Group has been able to respond to by adopting a solutions-driven approach). This in turn has resulted in the Group forging key and long-lasting relationships with its broad client base ranging from private multinational companies to public entities (such as governments and agencies), as well as supranational entities (such as the European Union and the World Bank) and development agencies (such as the African Development Bank and the Multilateral Investment Guarantee Agency) which provide financial and other support for many of the Group's projects. By developing these relationships, and in turn gaining the trust and confidence of its broad client and stakeholder base, the Group has been able to differentiate itself from its competitors and establish a strong reputation in the markets in which it operates.

In addition, the Company believes that its long-standing presence in Sub-Saharan Africa has enabled it to gain an extensive knowledge of local and regional industry requirements and that this, together with the Group's technical expertise, familiarity with the local legal and regulatory landscape, broad service portfolio, operational capabilities (including the capabilities to address the significant logistical challenges which exist in its markets) and experience in dealing with the particular complexities of executing large scale projects in its primary markets, have enabled it to take advantage of the significant opportunities which exist in the region. Furthermore, the Group, and its employees, actively engage with the local communities in which they are based and are encouraged to forge lasting relationships. The Company believes that this culture has resulted in the Mota-Engil brand being a leading brand in the Group's primary markets.

***Extensive expertise and experience developed through strong track record of project execution***

Having developed its project-related skills and abilities executing over 160 projects in Sub-Saharan Africa, where the Group has operated for 68 years, the Group has developed substantial expertise and experience in each of its business areas. In particular, the Group's project managers have the experience and specialist technical expertise required to manage and execute a range of complex large infrastructure and other projects across Sub-Saharan Africa, where the terrain and infrastructure present significant engineering and logistical challenges. As a result of the extensive expertise that the Group has developed, it has successfully completed large and technically complex projects across the region, in diverse and challenging environments. For example, in the construction sector in the last ten years, the Group has constructed approximately 1,530,000 square metres of civil construction and 2,500 kilometres of roads. Furthermore, the Group has developed the expertise to provide fully-integrated solutions to satisfy its client's requirements, from the design and engineering stage through to facilitating discussions between clients and potential financiers and other stakeholders and ultimately executing the projects.

The Company believes that the Group's extensive expertise and experience has consistently allowed it to complete large and technically complex landmark projects to a high standard, on time and within budget. The Group further believes that clients recognise its extensive expertise, experience and strong track record, as well as its deep local industry and cultural knowledge, and that these factors give the Group a strong competitive advantage when bidding on projects.

***Significant local resources***

The Group currently operates in ten countries comprising its primary markets of Angola, Malawi and Mozambique as well as its other markets of Cape Verde, Ghana, São Tomé and Príncipe, South Africa, Uganda, Zambia and Zimbabwe. Within these markets, the Group has approximately 14,500 employees, of which approximately 1,500 are expatriates and include highly skilled personnel (including the Group's project managers), and approximately 4,500 items of heavy equipment, which substantially reduces the Group's transport costs thereby making it more competitive. The Company believes that this broad, on-the-ground footprint across Sub-Saharan Africa and the significant resources which the Group has dedicated to the region have been integral to its success in winning competitive tenders for a wide range of projects. In particular, the Company believes that these factors have facilitated the Group's expansion by ensuring that the Group has the resources and ability to respond to new opportunities as and when they arise, both in its existing markets and markets in which the Group does not currently operate.

In addition, the significant local resources the Group has dedicated to the region have enabled it to effectively respond to the logistical challenges of operating in Sub-Saharan Africa. For example, in its largest market of Angola, the Group mitigates supply risk associated with operating in this market by maintaining prudent levels of stocks of key raw materials, equipment and components it requires for its operations across the country through a purpose built warehouse (which stocks over 250,000 items) in Viana, near Luanda and a specially designed software programme. The Viana facility also services all of the Group's equipment (including all vehicles and machinery) across the country thereby reducing the Group's reliance on third-party dealers and suppliers. The Group also has the resources and capability to ensure, to a large degree, the self-reliance of its operations in remote and challenging environments. For example, to support its construction of part of the Nacala Corridor railway project from Kachaso on the Malawi-Mozambique border to Nkaya Junction in Balaka District, Malawi, the Group built, within a six month period, precast factories which have the capacity to produce bridge beams, pipe and box culverts and concrete railway sleepers to service all of the Group's requirements for the railway project (which logistical sites and facilities will be used by the Group for the purposes of servicing operations in SADC following completion of the Nacala project) as well as large stand-alone camps to house and cater for the significant workforce required for the project. The Group has invested approximately €300 million to acquire machinery and equipment in the region. In addition, the Group owns 16 quarries and 19 batching plants. In Angola, it owns seven plants with an aggregate installed capacity of 1,030 tons per hour, in SADC it owns ten plants with an aggregate installed capacity of 1,750 tons per hour and in West Africa it owns two plants with an aggregate installed capacity of 160 tons per hour. The Group intends to replicate its Angola infrastructure, specifically Viana, across its other business segments and will use its precast factories site in Malawi, which has excellent railway connections, as the infrastructure site to service the SADC business segment.

***Large and balanced backlog and significant Pending Bids and Projects and Pre-qualification Tenders***

As at 30 June 2014, the Group had a backlog of €1,495 million across more than 80 projects, of which €525 million was attributable to Angola, €821 million was attributable to its SADC business segment, €81 million was attributable to its West Africa business segment and €67 million was attributable to its East Africa business segment. Based on the Group's ability to win new orders, it has been able to maintain a strong backlog. The Group's Angola backlog is composed of multi year contracts with an average life of approximately one and a half years, its SADC backlog is composed of multi year contracts with an average life of approximately two years and its West Africa backlog is composed of contracts with an average life of approximately one year. The Group's backlog is diverse and is indicative of the Group's broad project mix and ranges from large infrastructure projects such as railways and roads to much smaller civil construction projects such as schools and hospitals. Furthermore, the Group's backlog comprises contracts at different stages of the project cycle and projects attributable to both the public and private sector; as at 30 June 2014, 39.0 per cent. of the Group's backlog was attributable to private sector projects and 61.0 per cent. of the Group's backlog was attributable to public sector projects. According to the Group's conservative backlog calculation policy, only projects where contracts have been signed, are ready to begin and where the client has secured the funding are included in its backlog. Consequently, until all of these criteria are met, the Group does not record any contracts in its backlog.

In addition, as at 30 September 2014, the Group had 19 Pending Bids and Projects with a total value of more than US$7 billion, being potential projects for which the Group has submitted proposals and tenders which are pending and projects awarded to the Group for which either a contract or a memorandum of understanding has been signed but where the client is yet to secure the requisite funding. The Group's Pending Bids and Projects included, as at 30 September 2014, one project in respect of which a contract has been signed but requisite financing is yet to be secured (being the US$3.5 billion project in Cameroon to build port and rail infrastructure for the Mbalam-Nabeba iron ore project) and one further project (with a contract value of approximately US$1.0 billion) in respect of which a memorandum of understanding has been signed but requisite financing is also yet to be secured.

The Group also had, as at 30 September 2014, Pre-qualification Tenders (being potential projects for which the Group has pre-qualified to tender) which would, according to Management estimates, together result in the Group being awarded additional contracts with a potential aggregate value of more than US$3 billion. As at 30 September 2014, the Group's Pending Bids and Projects, together with the value attributed to its Pre-qualification Tenders by Management, amounted to more than US$10 billion in aggregate.

The Group's backlog, Pending Bids and Projects and Pre-qualification Tenders provide, the Company believes, useful trend information and are indicators of the Group's short- to medium-term sustainability. However, since such figures are subject to substantial fluctuations and uncertainties, neither backlog, Pending Bids and Projects nor Pre-qualification Tenders are necessarily indicative of the Group's revenue, cash flows or results of operations. See "*Risk Factors—Risks Relating to the Group's Business and Operations—the Group's backlog, Pending Bids and Projects and Pre-qualification Tenders are not necessarily indicative of its future revenue or results of operations*".

***Strong financial performance***

The Group has a sustained record of financial growth whilst generating strong margins, which are underpinned by efficient project management, and significant cash flow. The Group achieved year-on-year sales growth of 23.1 per cent. and 38.2 per cent. for the years ended 31 December 2012 and 2013, respectively, whilst generating Adjusted EBITDA of €128.1 million, €158.0 million and €242.9 million, for the years ended 31 December 2011, 2012 and 2013, respectively. The Group's revenue and Adjusted EBITDA grew at a CAGR of 30.5 per cent. and 37.7 per cent., respectively, between 2011 and 2013. The Group's Adjusted EBITDA margin for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 was 21.7 per cent., 21.7 per cent. and 24.2 per cent., respectively. The Company believes that its sustained financial growth and strong margins have resulted in the Group having a strong balance sheet which positions the Group to win new business.

***Highly qualified and experienced senior and regional management team and project managers***

The Group has experienced senior and regional management teams (which operate as integrated local teams in each of the Group's markets) with strong industry credentials and many years of experience in Sub-Saharan Africa. Through their extensive and specialised knowledge of local and regional industry requirements, their strong relationships with stakeholders in each of the Group's markets and their understanding of the particular complexities of operating in Sub-Saharan Africa, the Company believes that its senior and regional management have been integral to the Group's success. Their specialised industry and market knowledge has enabled the Group to consistently bid for, and win, key strategic contracts enabling the Group to continue to expand. The Company also believes that the Group's project managers, who are highly skilled and possess the necessary experience and specialist technical expertise to manage and execute the Group's large and complex infrastructure and other projects, have been key to the Group's success. The Group believes that its focus on skills transfer to local employees plays a significant role in ensuring the success of the Group. The Group's culture and ethos has generated significant loyalty amongst such key personnel resulting in low staff turnover, enabling the Group to effectively plan and implement its long-term strategy.

**STRATEGY**

The following are the key elements of the Group's strategy:

***Maintain a leading position in primary markets***

The Group will seek to maintain and reinforce its leading position in its primary markets of Angola, Malawi and Mozambique by continuing to offer a diverse portfolio of services and leveraging the strong relationships it has developed with its key stakeholders. It will further leverage the depth and breadth of its presence, substantial expertise and experience in these primary markets to pursue large, cash-generative infrastructure projects, particularly those where funding is ensured from the outset by supranational entities such as the European Union and the World Bank, which reduces counter-party risk for the Group and those projects where there are significant advance payments and where customers settle their debt obligations in shorter timeframes. The Group intends to move from being a traditional construction firm to being an EPC solutions-provider, targeting unit price contracts where the client assumes the risk of price escalation. The Group will also look to increase its activity in business areas which provide recurring revenue streams, such as waste, logistics, water and energy.

***Grow in existing markets and expand into new geographies***

Africa has achieved significant growth in recent years driven by, amongst other things, the exploration and development of the region's natural resources and the high prices of commodities. In addition, the evolution of the economic and demographic landscape in many African countries has, and the Company believes will continue to, encourage economic growth. The Company believes that this growth has allowed the governments of Africa to adopt policies for investment in new infrastructure, an essential factor in fostering private investment and the development of other sectors of activity, such as agriculture, industry, commerce and tourism. The financing available in these markets has made it possible to support growth and the execution of large public and private investments, specifically in the oil and gas and mining sectors. The significant private investment in a number of African markets together with the ambitious public works programmes designed to meet the great scarcity of infrastructure provide significant opportunities for the Group. The Group aims to respond to this demand for infrastructure in Sub-Saharan Africa and target larger contracts with higher margins, thereby reducing its reliance on its primary markets and pursuing targeted expansion into new geographies with high economic growth potential and with strong natural resources sectors. The Company believes that economies with significant natural resources (particularly oil and gas) present considerable opportunities for the Group, including opportunities to contract with public and private clients operating within those sectors and to take advantage of the economic growth enjoyed by these markets by developing the exploration of their significant natural resources. For these reasons, the Company believes that markets such as Cameroon, Kenya, Tanzania and Rwanda provide significant opportunities for the Group in the near term and the Group is actively considering expansion into these markets.

***Diversify revenue streams***

Whilst Engineering and Construction has traditionally been the Group's core business area and the key source of revenue for the Group, the Company considers that the diversification of the Group's revenue streams is a key strategic objective. The Group is therefore focused on leveraging its existing core competencies to diversify into new business areas, particularly those with strong potential for cash flow generation and which provide a recurring and long term revenue stream (in contrast to its project-based business areas). The Group is able to do this by leveraging the skills developed by the Parent Group which has experience in successfully offering such services. For example, in the area of waste services, the Group currently leverages the experience and know-how of Suma—Serviços Urbanos e Meio Ambiente, S.A. ("**SUMA**"), a subsidiary of the Parent, which is a waste management company in Portugal, to provide the full spectrum of waste collection and management services in markets such as Angola and Mozambique. The Group will also focus on expansion into business areas which have the potential to receive backing from inter-governmental organisations and development agencies, such as waste services, water management, treatment and distribution services (both in cities and for agricultural purposes), energy services and the construction of schools and low cost housing. The Group also plans on increasing activity in the Logistics business area as a way to obtain greater exposure to the infrastructure management sector. For example, the Group is currently contracted to manage four ports around Lake Malawi for a period of 35 years and also currently manages ten vessels operating freight services to Tanzania, Mozambique and Malawi.

***Attract, train and retain highly-skilled personnel***

The Group has approximately 14,500 highly-skilled personnel based on-the-ground in the markets in which it operates, of which approximately 1,500 are expatriates (from Portugal and other countries), with significant experience in the Group's business areas and the markets in which the Group operates (given that many of the expatriates employed by the Group have prior experience with the Parent Group). The Company believes that the Group's ability to attract, train and retain highly-skilled personnel and its low staff turnover has been, and will continue to be, integral to its success and growth. It therefore has invested, and will continue to invest, in the training and development of its workforce. For example, it recently completed its training centre in Luanda, Angola which will provide training facilities to the Group's regional workforce. The Group also has the resources and capability to train large numbers of local workers for individual projects where required, often in remote locations, such as the on-going Nacala Corridor railway project in Malawi. Another key component of the Group's strategy is to increase the number of local skilled and senior personnel employed (as opposed to expatriates), thereby reducing risks associated with employing expatriates for such positions (such as government pressure to employ locals, eventual desire to relocate and risks associated with expatriates being unable to adapt to local markets).

## BUSINESS AREAS

The Group's diversified portfolio of services ranges from Engineering and Construction (including infrastructure such as roads, railways, bridges and dams, mining services, civil construction works and real estate construction and services), Logistics (including ports and other infrastructure management) and Environment and Services (including waste management and collection and water treatment and distribution).

The Group's Engineering and Construction activities range from the design and construction of large-scale infrastructure projects such as roads, railways, bridges and dams, airports, ports and industrial projects to civil construction works including residential and office complexes, health centres and hospitals, sports and leisure facilities, schools and cultural buildings, shopping malls, building refurbishment projects, factories and industrial warehouses. The Group leverages its long standing experience and expertise in civil construction and earthmoving projects to provide mining support infrastructure and services to its customers, including some of the largest mining companies in the world. For example, the Group was contracted to provide earthmoving, construction and mining services (comprising rock-blasting, drilling, dynamiting and loading and transport of extracted minerals) for Paladin Energy Limited at the Kayelekera uranium mine in Malawi for a project that began in 2007. The notable Engineering and Construction projects completed by the Group include the construction of the Olympic Village and Olympic Pool for the Pan-African games in Mozambique, the renovation and realignment of the Luanda Coastline road and the rehabilitation and expansion of the 124 kilometre Dundo-Lucapa road in Angola, the renovation and improvement of the Milange-Mocuba road and the renovation of the NR260 highway in Mozambique and the Malawi leg of the on-going Nacala Corridor railway project.

The Group's activities in Environment and Services range from waste collection, street cleaning, water treatment, water distribution and upkeep of urban furniture. In the area of waste management, the Group leverages from the experience and know-how of SUMA, a subsidiary of the Parent, which is a waste management company in the private sector in Portugal, to provide the full spectrum of waste collection and management services in its markets. The Group's notable activities in the area of waste include its contract for the provision of urban services in Sumbe, Angola (under which it undertakes the sweeping of streets and pavements and serves approximately 100,000 residents), its contract for the provision of waste collection services in Luanda and Benguela, Angola (under which it serves approximately 900,000 residents) and its contract for the collection of waste in the city centre of Maputo (including the collection of containers and door-to-door waste collection serving approximately 500,000 residents and producing approximately 46,000 tons of municipal solid waste annually).

The Group's activities in Logistics range from the operation, maintenance and management of infrastructure such as ports and roads. As far as infrastructure management is concerned, the Group has been responsible for the management of four ports around Lake Malawi (through its subsidiary, Malawi Ports Company), the concession of which continues for a 35 year period. In addition, the Company is in the process of concluding the acquisition of (and has to date made an advance payment of €1.2 million in respect of) a 40 per cent. stake in the project company responsible for the permanent maintenance of a 700 kilometre stretch of road, including across the New Tete Bridge (being constructed by a consortium comprising the Group, Sociedade de Construções Soares da Costa, S.A. and Opway—Engenharia, S.A. in Mozambique) for a 30-year period as part of the Estradas do Zambeze concession.

The Group has developed substantial expertise and experience in each of its business areas. In particular, the Group has developed the expertise to provide fully-integrated solutions to satisfy its client's requirements, allowing it to provide the full spectrum of project-related services its clients require, from the design and engineering stage through to facilitating discussions with clients and potential financiers and eventually carrying out the works. As a result, and unlike many other large construction companies, the Group is largely self-reliant and does not typically seek to engage sub-contractors. As a result of this extensive expertise, the Group has successfully completed, and is currently engaged on several, large and technically complex projects across the region. Set out below is a table of the Group's primary projects across its markets as at 30 June 2014:

| Country | Project | Contract value[(1)] | Completion percentage[(2)] | Backlog[(3)] | Public/private sector[(4)] | Completion year[(5)] |
|---|---|---|---|---|---|---|
| | | (€ millions) | | (€ millions) | (€ millions) | |
| Zimbabwe | Hwange Colliery Mining Contract Services | 188.5 | — | 188.5 | Private | 2018 |
| Mozambique | Rehabilitation of the Sena Corridor | 162.7 | 31 | 111.8 | Public | 2016 |
| Malawi | Nacala Corridor Railway Project | 691.0 | 85 | 104.3 | Private | 2014 |
| Zambia | Rehabilitation of the Great East Road | 111.5 | 8 | 101.9 | Public | 2015 |
| Malawi | Upgrading the Lirangwe-Chingale-Machinga Road | 96.7 | — | 96.7 | Public | TBD |
| Angola | Calueque Dam | 172.1 | 54 | 79.8 | Public | 2015 |
| Ghana | Maritime Protection | 70.0 | — | 70.0 | Public | TBD[(6)] |
| Uganda | Capacity improvement of Kampala Northern Bypass | 67.4 | — | 67.4 | Public | 2016 |
| Mozambique | Rehabilitation of the Cuamba—Lichinga Railway | 62.2 | 5 | 59.3 | Private | 2016 |
| Mozambique | Rehabilitation of the Chimoio—Espungabera Road | 155.0 | 68 | 50.1 | Public | 2015 |
| Angola | Estrada Nacional—Xaua Catata Road | 124.2 | 61 | 49.0 | Public | 2014 |
| Angola | Special Economic Zone | 40.0 | 11 | 35.5 | Private | 2016 |
| Angola | Luanda Bay | 33.2 | | 33.2 | Private | 2015 |
| Mozambique | Mocuba Phase 2 Lote II | 32.3 | 2 | 31.5 | Public | 2018 |

(1) Represents the Group's share of the contract total value.

(2) Represents the percentage of the work executed during the contract term, calculated by applying the cost-to-cost method pursuant to

IAS 11.

(3) Represents the aggregate value of invoices yet to be issued by the Group in respect of the relevant project.

(4) Projects financed by supranational entities and development agencies are categorised as public/private according to whether the relevant client itself is a public or private entity.

(5) Reflects the delivery date as set forth under the relevant contract, taking into consideration any amendment agreed upon with the relevant customer.

(6) Dependent on Ghanaian Government financing.

### *Angola*

*Overview*

The Group's operations in Angola are carried out through Mota-Engil Angola, S.A. ("**Mota-Engil Angola**") (which also indirectly owns Vista Waste Management, Lda. ("**Vista Waste**") and Vista Water, Lda ("**Vista Water**"), companies through which the Group provides waste management and water treatment services). The Group holds 51 per cent. of the issued share capital of Mota-Engil Angola. The remaining 49 per cent. of Mota-Engil Angola was acquired by a consortium controlled by Sonangol, Angola's national oil company, in 2010 for a total cash consideration of US$159.25 million. The consortium also includes Banco Privado Atlântico S.A ("**BPA**") and Finicapital S.A. and Globalpactum S.A., both of which are shareholders in BPA. Mota-Engil Angola has been granted a tax exemption which will end in December 2018.

Given its presence in the country since 1946, Angola has historically been the Group's main market and the Group is one of the largest companies operating in the Angolan construction sector. The first major project undertaken by the Group in Angola was the landmark construction of the Luanda International Airport in 1952. Since then, the Group has developed several other landmark infrastructure and civil construction projects in the country ranging from airports, roads, bridges, offices and residential buildings. These projects include the rehabilitation of Luanda Bay (which provided the coastline of Luanda with modern road infrastructure, green spaces, sports and shopping areas) for a total contract value of €118.6 million, the 230 kilometre rehabilitation and extension of the Saurimo to Muconda Road and related bridge construction for Instituto Nacional de Estradas de Angola ("**INEA**") with a total contract value of €124 million and the construction of the 483 metre long 4th of April Bridge in Catumbela for INEA with a total contract value of €27 million in 2007. Some of the Group's significant completed civil construction projects include the construction, remodelling and extension of the Cabinda Air Terminal in 2003 which improved the functionality and serviceability of the terminal and had a total contract value of €43.7 million and the Atlantico Towers in 2004, a development of three distinct blocks in Luanda comprising office, residential and leisure facilities, for a total contract value of US$122 million.

The Group is also active in the area of waste collection and urban services in Angola, comprising the collection and management of solid urban waste, street cleaning, drainage and sewer maintenance. The Group is currently contracted, through Vista Waste, for the provision of urban services in Sumbe, Angola, under which it undertakes the sweeping of streets and pavements and serves approximately 100,000 residents as well as the collection of waste in the Luanda city centre. Vista Waste produced sales of €20.0 million and Adjusted EBITDA of €8.1 million for the six months ended 30 June 2014[(1)]. The Group also provides environmental services through Vista Water which offers consulting services to the Ministry of Water and Energy in Angola as well as training programmes for operators of water treatment systems in rural locations. Vista Water produced sales of €2.1 million and Adjusted EBITDA of €(0.1) million for the six months ended 30 June 2014 [(1)] .

The Group is also involved in logistics with projects by its subsidiary, Sonauta—Sociedade de Navegação, Lda. ("**Sonauta**"), involving cargo barges from the Port of Luanda to the Port of Cabinda and freight forwarding and clearing. Sonauta produced sales of €0.6 million and Adjusted EBITDA of €(0.3) million for the six months ended 30 June 2014[(1)]. Another Group subsidiary, Rentaco Angola - Equipamentos e Transportes, Lda. ("**Rentaco**"), provides trucking operations to service the Group's operations in the country and produced sales of €0.6 million and Adjusted EBITDA of €0.0 million for the six months ended 30 June 2014[(1)].

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[(1)] Amounts relate to the separated accounts of the Group subsidiaries before consideration of intercompany transactions, eliminations and other consolidation adjustments.

As part of the Group's efforts to diversify its business areas and increase its activity in business areas which provide recurring and long-term revenue streams, Mota-Engil Angola is also in the process of forming two new industrial companies, one for the re-treading and recycling of tyres and the other linked with the construction and assembly of high and low-voltage grids. In addition, certain of the Group's subsidiaries in Angola support the Group's core engineering and construction activity in the country while also pursuing other non-core businesses; these include Sonauta (which provides maritime cabotage services between major ports in Angola and dispatch services for imports and exports by sea and air), Rentaco (which provides equipment rental, transport and logistics services), Tracevia-Angola, Sinalização, Segurança e Gestão de Tráfego, Lda. (which undertakes traditional road-marking and signposting of highways and streets as its main activity and produced sales of €2.1 million and Adjusted EBITDA of €0.5 million for the six months ended 30 June 2014), Novicer—Cerâmicas de Angola, Lda. (which provides ceramics, principally for the civil construction industry and produced sales of €1.4 million and Adjusted EBITDA of €0.1 million for the six months ended 30 June 2014), Prefal—Pré Fabricados de Luanda, Lda. (which provides prefabricated concrete modules, both for infrastructures and for civil construction and produced sales of €2.2 million and Adjusted EBITDA of €0.3 million for the six months ended 30 June 2014), Martinox, S.A. (which provides metal construction services and produced sales of €2.8 million and Adjusted EBITDA of €0.5 million for the six months ended 30 June 2014) and Automatriz, S.A. (which undertakes vehicle maintenance and produced sales of €10.0 million and Adjusted EBITDA of €0.7 million for the six months ended 30 June 2014)(1) .

In addition, as part of the Group's on-going presence and participation in the development of Angola, it holds a 3 per cent. stake in Banco Angolano de Investimentos, recorded at approximately €40.4 million as at 30 June 2014.

*Angola business segment results of operations and backlog*

The following table sets out the sales and backlog generated by the Angola business segment in the periods indicated:

| | **Angola** | | | | |
|---|---|---|---|---|---|
| | **For the year ended 31 December** | | | **For the six months ended 30 June (Unaudited)(2)** | |
| | **2011** | **2012** | **2013** | **2013** | **2014** |
| | **(in € thousands)** | | | | |
| Sales | 421,201 | 468,363 | 506,821 | 235,606 | 225,817 |
| Adjusted EBITDA(1) | 88,121 | 100,388 | 94,426 | 48,909 | 41,852 |
| Backlog(2) | 811,054 | 671,862 | 518,284 | 720,017 | 524,841 |

(1) Adjusted EBITDA is a non IFRS metric. The Group defines Adjusted EBITDA as consolidated net profit before depreciation and amortisation, provision and impairment losses, financial income and costs, gains/losses in associates and jointly controlled companies and income tax. The Board believes that Adjusted EBITDA is frequently used by security analysts, investors and other interested parties in evaluating companies in its industry. This is not a measure of operating performance derived in accordance with IFRS, and should not be considered a substitute for gross profit, operating profit, profit before tax, cash flow from operating activities or other income or cash flow statement data as determined in accordance with IFRS, or as a measure of profitability or liquidity. Adjusted EBITDA is included herein as a supplemental disclosure, because the Board believes that this measure provides useful comparative information to an investor and helps investors evaluate the performance of the underlying business. However, the Group's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

(2) Unaudited figures extracted from the Group's records.

*Recent projects*

Below is a brief description of the Group's most notable projects which are on-going in Angola:

| **Project** | **Calueque Dam** |
|---|---|
| Project description | The reconstruction of the hydro-electric Calueque Dam on the Cunene River Basin in southern Angola. The project includes the rehabilitation and completion of the Calueque Dam with the addition of a hydroelectric plant and the installation of pumps and water pipes for irrigation water in Angola and Namibia. |

| | |
|---|---|
| | The project has been awarded to a consortium consisting of the Group and Lyon. The Group leads the consortium and is responsible for the civil works and electromechanical installations. |
| Estimated completion date | June 2015 |
| Customer | GABHIC: Gabinete para a Administração da Bacia Hidrográfica do rio Cunene |
| Contractor | Mota-Engil Angola, Lyon |
| Financier | Ministry of Energy |
| Total contract value | Approximately €172.1 million |
| Backlog as at 30 June 2014 | Approximately €79.8 million |

| **Project** | **Estrada Nacional—Xaua Catata Road** |
|---|---|
| Project description | Refurbishment of a 100 kilometre long road between Xaua and Catata. It includes the construction of five concrete bridges and all ancillary work comprising, *inter alia*, drainage and road markings. |
| Estimated completion date | March 2015 |
| Customer | INEA |
| Contractor | Mota-Engil Angola |
| Financier | INEA |
| Total contract value | Approximately €124.2 million |
| Backlog as at 30 June 2014 | Approximately €49.0 million |

| **Project** | **Special Economic Zone** |
|---|---|
| Project description | The Group was awarded the contract for the development of two "zones" in the Special Economic Zone in Luanda, the first of which has been completed.<br>The second zone comprises an area of 111.5 hectares and the contract includes infrastructure works for preparing and shaping the land and the delivery of technical networks to build manufacturing units in the zone. |
| Estimated completion date | September 2014 (first zone) and March 2016 (second zone) |
| Customer | Society for Development of Special Economic Zone Luanda-Bengo EP |
| Contractor | Mota-Engil Angola |
| Financier | Sonangol |
| Total contract value | Approximately €147.0 million (first zone) and €40.0 million (second zone) |
| Backlog as at 30 June 2014 | Approximately €3.9 million (first zone) and €35.5 million (second zone) |

| **Project** | **Luanda Bay** |
|---|---|
| Project description | Refurbishment of the "Parcela A" area of land on Luanda Bay. |
| Estimated completion date | 2015 |
| Customer | Sociedade baía de Luanda |
| Contractor | Mota-Engil Angola |
| Financier | Sociedade baia de Luanda |
| Total contract value | Approximately €33.2 million |
| Backlog as at 30 June 2014 | Approximately €33.2 million |

### *SADC*

*Overview*

The Group's operations in Malawi, Mozambique, South Africa, Zambia and Zimbabwe fall within its SADC business segment. In addition, the Group is actively considering expanding into Botswana, Lesotho and Namibia.

*Malawi*

The Group's operations in Malawi are carried out through a branch of MEEC Africa, Malawi Ports Company Limited and Malawi Shipping Company Limited. Cosamo (Proprietary) Limited, a South African company wholly-owned by the Group, supports the Group's operations in SADC, including in Malawi.

The Group has been present in Malawi since 1990 and, during that time, has been involved in the construction and rehabilitation of a large part of the country's transport infrastructure, including for the Malawi Roads Authority the construction of the 132 kilometre Lilongwe-Nsipe Road (contract value of €18.7 million), the 50 kilometre Nsanje-Bangula Road (contract value of €37.9 million), the 50 kilometre Chikwawa-Bangula Road (contract value of €45.3 million) and the Presidential Highway (contract value of €3.9 million). The Group was awarded sections three and five (comprising 245 kilometres) of the Nacala Corridor railway project, a logistics corridor from the Moatize Mine in Tete, Mozambique, to the port of Nacala, Mozambique which goes through Malawi.

In the first years of operation in Malawi, the Group was primarily focused on road infrastructure, particularly in construction works and rehabilitation of the national road network. This strategy has now been changed, as the Group has been awarded works for private multinational companies, mainly from the mining sector such as Paladin and Vale.

The Group is also active in the area of port management and logistics. The Group is currently contracted to manage four ports around Lake Malawi for a period of 35 years and also currently manages ten vessels operating freight services to Tanzania, Mozambique and Malawi.

*Mozambique*

The Group's operations in Mozambique are carried out through a branch of MEEC Africa and Emocil—Empresa Moçambicana de Construção e Promoção Imobiliária, Lda. ("Emocil"), a Mozambique incorporated company wholly-owned by the Group which provides real estate services.

The Group has been present in Mozambique since 1993 and, since then, has completed significant infrastructure and civil construction projects in the country including the construction of the Armando Emilio Guebuza Bridge across the Zambezi River at Sofala in 2006 (contract value of €65.9 million), the rehabilitation of approximately 56.7 kilometres of national road between Massinga and Nhachengue in Mozambique (contract value of €26.7 million), the construction of a 2.3 kilometre bridge over the Zambezi River completed in 2009 (contract value of €69.6 million) and the rehabilitation of approximately 268 kilometres of railway linking Beira to Tete in Mozambique (contract value of €33.9 million). The Group is currently in the process of concluding the acquisition of (and has to date made an advance payment of €1.2 million in respect of) a 40 per cent. stake in the project company responsible for the permanent maintenance of a 700 kilometre stretch of road, including across the New Tete Bridge (being constructed by a consortium comprising the Group, Sociedade de Construções Soares da Costa, S.A. and Opway—Engenharia, S.A. in Mozambique) for a 30 year period as part of the Estradas do Zambeze concession. Some of the Group's significant completed civil construction projects include the construction of the Olympic Village and Olympic Pool for the 2011 All-Africa Games (contract value of €114.0 million), the Central Pharmaceutical Store in Zimpeto (contract value of €5.4 million), the Tete Regional Hospital (contract value of €5.1 million) and two new primary schools in Inhambane province.

Through Emocil, a company with a well-established brand in the Mozambique real estate sector, the Group is involved in the design, construction and promotion of residential and non-residential real estate. Some of Emocil's significant projects include the design and construction of "24 de Julho", a 14 floor residential building in Maputo containing 26 apartments which was completed in April 2014 and was developed and marketed by Emocil (contract value of €5.4 million) and the design and construction of "Tilweni", a 20 floor residential building in Maputo containing 46 apartments which is due to be completed in July 2014 and also developed and marketed by Emocil (contract value of €8.0 million). In addition, construction is underway on "Platinum", a 26 floor mixed luxury residential, office and commercial building in Maputo which is due to be completed in December 2015 that MEEC Africa was contracted to construct by a third party developer.

In Mozambique, the Group is also active in the area of waste collection (having been contracted for the collection of waste in the city centre of Maputo for approximately 500,000 residents and being responsible for the collection of 46,000 tons of municipal solid waste annually) and mining services.

*South Africa, Zambia and Zimbabwe*

Cosamo (Proprietary) Limited, a South African company wholly-owned by the Group ("**Cosamo**"), supports the Group's operations in SADC, including in Malawi. The Group operates in each of South Africa, Zambia and Zimbabwe through distinct local branches of MEEC Africa. The Company believes that these markets present growth opportunities for the Group. In Zimbabwe, a new market for the Group, the Group was awarded in December 2013 a mining services contract by Hwange Colliery Company Limited with a contract value of approximately €188.5 million in which Zimbabwe Power Company is the final client of a "take or pay" contract. The Group will carry out drilling works, detonation, loading and transportation of the minerals in connection with the contract. The contract is expected to commence in the final quarter of 2014 and will be for a period of five years. Hwange Colliery Company Limited explores, mines, processes and markets coal, coke and associated by-products and is listed on the London, Johannesburg and Harare Stock Exchanges. In Zambia, the Group has recently been awarded contracts for the rehabilitation of the Great East Road, the 98.9 kilometre section from Luangwa Bridge to Nyimba which is expected to be completed in 2015, the 95.5 kilometre section from Sinda to Katete to Mtenguleni and the 50.4 kilometre section from Mtenguleni to the Mwami Border (with a total contract value of approximately €118.6 million).

*SADC business segment results of operations and backlog*

The following table sets out the sales and backlog generated by the SADC business segment in the periods indicated:

| | SADC | | | | |
|---|---|---|---|---|---|
| | For the year ended 31 December | | | For the six months ended 30 June (Unaudited)(2) | |
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | (in € thousands) | | | | |
| Sales | 158,307 | 250,138 | 475,806 | 187,236 | 322,400 |
| Adjusted EBITDA(1) | 22,032 | 41,461 | 120,416 | 50,592 | 92,834 |
| Backlog(2) | 855,522 | 779,598 | 1,013,980 | 850,311 | 821,323 |

(1) Adjusted EBITDA is a non IFRS metric. The Group defines Adjusted EBITDA as consolidated net profit before depreciation and amortisation, provision and impairment losses, financial income and costs, gains/losses in associates and jointly controlled companies and income tax. The Board believes that Adjusted EBITDA is frequently used by security analysts, investors and other interested parties in evaluating companies in its industry. This is not a measure of operating performance derived in accordance with IFRS, and should not be considered a substitute for gross profit, operating profit, profit before tax, cash flow from operating activities or other income or cash flow statement data as determined in accordance with IFRS, or as a measure of profitability or liquidity. Adjusted EBITDA is included herein as a supplemental disclosure, because the Board believes that this measure provides useful comparative information to an investor and helps investors evaluate the performance of the underlying business. However, the Group's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

(2) Unaudited figures extracted from the Group's records.

*Recent projects*

Below is a brief description of the Group's most notable on-going projects in the SADC:

| Project | Hwange Colliery Mining Services Contract |
|---|---|
| Project description | Five year mining services contract at the Hwange Colliery in Zimbabwe. Work to be provided includes, *inter alia*, drilling works, detonation, load and transportation of coal. It is a "take or pay" contract where the final client is Zimbabwe Power Company. The project is set to begin in the second half of 2014. |
| Estimated completion date | 2018 |
| Customer | Hwange Colliery Company Limited |

| | |
|---|---|
| Contractor | MEEC Africa branch |
| Financier | Hwange Colliery Company Limited |
| Total contract value | Approximately €188.5 million |
| Backlog as at 30 June 2014 | Approximately €188.5 million |

| Project | Rehabilitation of the Sena Corridor |
|---|---|
| Project description | Rehabilitation of Sena railway which links the city of Beira, in Sofala province, and the city of Tete, in Tete province and involves the rehabilitation of 575 km of railway lines, which will increase the transportation capacity on the line by up to 20 million tons per year. The line is primarily used for coal transportation and as a passenger line. The project also involves maintenance and conservation work in respect of 40 larger bridges and 28 smaller bridges across the line. |
| Estimated completion date | 2016 |
| Customer | CFM (Railways of Mozambique) |
| Contractor | MEEC Africa and Edivisa |
| Financier | CFM (Railways of Mozambique) |
| Total contract value | Approximately €162.7 million |
| Backlog as at 30 June 2014 | Approximately €111.8 million |

| Project | Nacala Corridor Railway Project |
|---|---|
| Project description | The Nacala Corridor railway project will link the Moatize coal mine in Tete Province, Mozambique, via Malawi, to Nacala Port, Mozambique over a total distance of 906 km. The Group has been awarded both sections of the project in Malawi, comprising 245 km (Sections 3 and 5).<br>One section of the project entails the construction and renovation of 100 km of existing railway and the other section entails construction of a new railway of line 145 km from Kachaso on the Malawi-Mozambique border to Nkaya Junction in Balaka District, Malawi. |
| Estimated completion date | December 2014 |
| Customer | Vale Logistics Limited, a wholly-owned subsidiary of Vale S.A. |
| Contractor | MEEC Africa branch |
| Financier | Vale S.A. |
| Total contract value | Approximately €618.1 million (Section 3) and approximately €73.0 million (Section 5) |
| Backlog as at 30 June 2014 | Approximately €86.7 million (Section 3) and approximately €17.7 million (Section 5) |

| Project | Rehabilitation of the Great East Road |
|---|---|
| Project description | Rehabilitation of three sections of the Great East Road in Zambia. The whole project covers 244.8 km of road, comprising a 98.9 kilometre section from Luangwa Bridge to Nyimba, a 95.5 km section from Sinda to Katete to Mtenguleni and a 50.4 kilometre section from Mtenguleni to the Mwami Border. |
| Estimated completion date | 2015 |
| Customer | National Authorising Officer of the European Development Fund, Ministry of Finance |
| Contractor | MEEC Africa branch |
| Financier | European Union |
| Total contract value | Approximately €111.5 million |
| Backlog as at 30 June 2014 | Approximately €101.9 million |

| Project | Upgrading the Lirangwe-Chingale-Machinga Road |
|---|---|
| Project description | Rehabilitation and upgrading of 62 km of the Lirangwe-Chingale-Machinga Road to a Class II—Bitumen road. |
| Estimated completion date | 2018 |

| | |
|---|---|
| Customer | Malawi Roads Authority |
| Contractor | MEEC Africa, Malawi branch |
| Financier | Roads Authority of the Government of Malawi |
| Total contract value | Approximately €96.7 million |
| Backlog as at 30 June 2014 | Approximately €96.7 million |

| **Project** | **Rehabilitation of the Cuamba—Lichinga Railway** |
|---|---|
| Project description | Rehabilitation of a 262 kilometre section of the Cuamba—Lichinga Railway located in the north of Mozambique in Niassa Province. This project connects with the Nacala Corridor at Cuamba. |
| Estimated completion date | 2016 |
| Customer | Vale S.A. |
| Contractor | MEEC Africa branch |
| Financier | Vale S.A. |
| Total contract value | Approximately €62.2 million |
| Backlog as at 30 June 2014 | Approximately €59.3 million |

| **Project** | **Rehabilitation of the Chimoio—Espungabera Road** |
|---|---|
| Project description | Design and rehabilitation of two sections of the Espungabera road (together comprising 260 km) in Manica province, Mozambique. The project includes the rehabilitation of three existing reinforced concrete bridges with a deck area of approximately 2,000 $m^2$, 15 over-bridges and 12 hydraulic crossings and all finishing works such as guardrails, road signs and markings. |
| Estimated completion date | 2015 |
| Customer | ANE (Mozambique National Road Administration) |
| Contractor | MEEC Africa branch |
| Financier | Portuguese concessional line |
| Total contract value | Approximately €155.0 million |
| Backlog as at 30 June 2014 | Approximately €50.1 million |

| **Project** | **Mocuba Phase 2 Lote II** |
|---|---|
| Project description | Design and rehabilitation of the main road, N11 Geral – Alto Benfica section, and upgrading and rehabilitation of rural road, R653 Mocuba-Lugela. |
| Estimated completion date | 2018 |
| Customer | ANE (Mozambique National Road Administration) |
| Contractor | MEEC Africa branch |
| Financier | European Union |
| Total contract value | Approximately €32.3 million |
| Backlog as at 30 June 2014 | Approximately €31.5 million |

### *West Africa*

*Overview*

The Group has been present in West Africa since 2000 and operates in each of Ghana and Cape Verde through distinct local branches of MEEC Africa. The Group operates in São Tomé and Príncipe through Mota-Engil S.Tomé e Principe, Lda. ("Mota-Engil S.Tomé"), a company which is wholly-owned by the Group.

In São Tomé and Príncipe and Cape Verde, the Group principally focuses on providing infrastructure and civil construction services. In Cape Verde, the Group has recently finished the maritime project "Porto Palmeira Port" in Ilha do Sal, the third biggest port in the Cape Verde islands. The Group is also involved in the São Nicolau Dam which will allow for the retention of 400,000 cubic meters of water for irrigation purposes. For the past three years, the Group has had four on-going projects relating to a governmental resettlement involving building 625 apartments. The Group also currently provides waste collection services in Cidade da Praia in Cape Verde. In 2011, the Group completed a water supply system in São Tomé and Principe and has recently been working on a project related to the upgrading of local airport runways.

The Group was awarded a US$3.5 billion project in Cameroon in June 2014 by Sundance Resources Limited, the largest project in its history, to build port and rail infrastructure for the Mbalam-Nabeba iron ore project. The Group's role will include the design, construction, testing and commissioning of a 510 kilometre railway from the Mbarga Mine in Cameroon to the Mineral Terminal Facility at Lolabe on the west coast of Cameroon, a 70 kilometre spur rail line from the Nabeba Mine in the Republic of Congo and a 35 Mtpa deep water port terminal, including stock yards, capable of loading Chinamax ships. Whilst the project is subject to financing being secured, Sundance Resources Limited recently announced that it had progressed that process by securing an investment of AUD40 million (by way of an equity increase to secure the initial project design and other costs).

*West Africa business segment results of operations and backlog*

The following table sets out the sales and backlog generated by the West Africa business segment in the periods indicated:

| | West Africa | | | | |
|---|---|---|---|---|---|
| | For the year ended 31 December | | | For the six months ended 30 June (Unaudited)[(2)] | |
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | (in € thousands) | | | | |
| Sales | 10,293 | 10,261 | 14,673 | 7,206 | 8,571 |
| Adjusted EBITDA[(1)] | 417 | (248) | (1,284) | (41) | (182) |
| Backlog[(2)] | 20,641 | 27,938 | 89,209 | 22,463 | 81,357 |

(1) Adjusted EBITDA is a non IFRS metric. The Group defines Adjusted EBITDA as consolidated net profit before depreciation and amortisation, provision and impairment losses, financial income and costs, gains/losses in associates and jointly controlled companies and income tax. The Board believes that Adjusted EBITDA is frequently used by security analysts, investors and other interested parties in evaluating companies in its industry. This is not a measure of operating performance derived in accordance with IFRS, and should not be considered a substitute for gross profit, operating profit, profit before tax, cash flow from operating activities or other income or cash flow statement data as determined in accordance with IFRS, or as a measure of profitability or liquidity. Adjusted EBITDA is included herein as a supplemental disclosure, because the Board believes that this measure provides useful comparative information to an investor and helps investors evaluate the performance of the underlying business. However, the Group's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

(2) Unaudited figures extracted from the Group's records.

*Recent projects*

Below is a brief description of the Group's most notable project in West Africa:

| Project | Maritime Protection |
|---|---|
| Project description | Construction of a 300 metre sea defence in Accra, Ghana. The project start date is currently dependent on Ghanaian Government financing. |
| Estimated completion date | Project length expected to be 18 months |
| Customer | Water Resources Housing and Coastal Protection Ministry |
| Contractor | MEEC Africa branch |
| Financier | Water Resources Housing and Coastal Protection Ministry |
| Total contract value | Approximately €70 million |
| Backlog as at 30 June 2014 | Approximately €70 million |

***East Africa***

The Group recently began its operations in the East Africa segment. The Group's operations in Uganda and its expansion into Kenya, Tanzania and Rwanda fall within its East Africa business segment. The Group's operations in East Africa are carried out through distinct local branches of MEEC Africa. The Company believes that, because of their strong natural resources sectors (particularly oil and gas), markets such as Uganda and Kenya will provide significant future opportunities for the Group and the Group is actively considering expanding into such geographies. For example, Kenya, South Sudan and Ethiopia have recently embarked on a new trade route from the new port of Lamu, Kenya (currently under construction) which is expected to include an oil pipeline and refinery at Lamu. The Company believes that initiatives such as this may provide significant opportunities for the Group in

East Africa. The Group recently received an invitation from Rift Valley Railways for development of works in Kenya and Uganda. In Tanzania, a pre-qualification was given by Reli Assets Holding Company of Tanzania for a closed tender for the construction of the railway network in Dar es Salaam. The Group was awarded a €67.4 million project in Uganda in May 2014 to upgrade the dual carriageway of the Kampala Northern Bypass which links Kenya, Rwanda, South Sudan and the eastern part of the Democratic Republic of Congo.

*Recent projects*

Below is a brief description of the Group's most notable project in East Africa:

| Project | Capacity improvement of Kampala Northern Bypass |
|---|---|
| Project description | Recently awarded the upgrade to the Kampala Northern Bypass in Uganda to a dual carriageway. |
| Estimated completion date | 2016 |
| Customer | Ministry of Finance, Planning and Economic Development |
| Contractor | MEEC Africa, Uganda Branch |
| Financier | European Union |
| Total contract value | Approximately €67.4 million |
| Backlog as at 30 June 2014 | Approximately €67.4 million |

## CLIENTS AND TYPES OF CONTRACTS

### *Clients*

The Group's clients consist of private companies and public sector entities. The Group's private clients include companies such as Vale, Sonangol, Chevron, Paladin, Hwange Colliery, Estradas do Zambeze, Bechtel, Sociedade Baía de Luanda, DP World and several other private developers. The Group's public sector clients include ministries of infrastructure, transport, health, defence and agriculture, municipalities, local governments and public authorities (such as road authorities, railway authorities and airport authorities) and supranational entities and development agencies (such as EU, ADB, World Bank, DFID, KFW and the Development Bank of Southern Africa). For the year ended 31 December 2013, private and public sector clients accounted for approximately 59 per cent. and 41 per cent. of the Group's sales, respectively, as compared to 62 per cent. and 38 per cent., respectively, for the year ended 31 December 2012 and 32 per cent. and 68 per cent., respectively, for the year ended 31 December 2011. For the six months ended 30 June 2014, private and public sector clients accounted for approximately 63 per cent. and 37 per cent. of the Group's sales, respectively, as compared to 62 per cent. and 38 per cent., respectively, for the six months ended 30 June 2013. For the year ended 31 December 2013 and the six months ended 30 June 2014, approximately 70.1 per cent. and 71.6 per cent. of the Group's sales were generated from its top ten clients, respectively.

### *Types of Contracts*

Other than with respect to project-specific terms, general provisions in the Group's contracts tend to be based on industry accepted forms (including, in particular, FIDIC (the International Federation of Consulting Engineers) contract templates from the Red and Yellow Books). Services provided under the Group's construction contracts generally include performance of general and executive design, as well as construction works.

The Group's contracts typically provide for payment on a unit price basis (although certain of the Group's contracts provide for payment on a lump sum basis). Unit price contracts establish a price per unit of work for each constituent element of the project, such as per cubic meter of earth or rock excavated or per cubic meter of concrete poured. Such contracts include estimated volumes for each unit price element, and the Group's bid price reflects its estimate of the costs that it expects to incur in respect of each work unit. In these contracts, the Group is generally entitled to payment based on actual volumes required to perform the work to contractual specifications. The client therefore assumes the risk that the volume of units required for the project will exceed the volumes estimated in the contract (that is, that the number of units of work exceeds estimates). In addition, the client also bears the cost of any increase in raw material prices or energy costs as the Group typically seeks to include price escalation formulas in its contracts. The Group assumes, on Yellow Book led projects, the risk that its actual cost per unit of actual work may exceed the estimate it used to calculate its bidding price (namely, the Group retains the risk). Lump sum contracts provide for pricing to be established on cost and scheduling estimates that are based on a number of assumptions, including those about future economic conditions, prices, the availability of labour, equipment and materials, and other exigencies. As at 30 June 2014, approximately 57.1 per cent. of the Group's contracts provided for payment on a unit price basis.

***Procurement, Budgeting and Monitoring***

When the Group is awarded a new project it prepares, for budgeting purposes, a detailed budget which supports the final agreed contractual position in relation to that particular project. This budget serves as a "sense check" against the initial budget prepared at the bid stage for the relevant project and a contingency margin of between 5 to 10 per cent. of the total project cost is included within the budget, which reduces as the project progresses.

Once the initial budget for a particular project has been prepared, the Group plans key procurement and capital expenditure requirements in respect of the relevant project. The key decisions at this stage of the process relate to the selection of the main subcontractors for the project, preferential suppliers and the availability of internal resources (principally equipment and qualified personnel), albeit, a number of key procurement activities for a new project are carried out during the bidding process. The Group has two main procurement centres (one located in Portugal and the other in South Africa) that are used for international procurement of significant equipment and materials.

On an on-going basis, the Group reviews its actual costs against estimated costs (contained in bid submissions) for each of its projects regularly and, when approved, evaluates its budget baseline on a monthly basis. The Group's budget baseline for each of its projects is also reviewed annually. In the event of any differences attributable directly or indirectly to the client, the Group generally attempts to recover such costs by relying on protections it seeks to include in its contracts. For example, contracts with supranational entities and public entities typically include certain automatic adjustment mechanisms that allow the Group to pass on changes in construction costs, such as changes in the compensation base of workers and costs of raw materials, particularly when caused by currency fluctuations or inflation.

***Completion and Payment***

Upon completion of a project or of a phase thereof by the Group, the client typically issues a provisional receipt acknowledging completion. During the 60 to 180 days that follow, works completed are tested, and the Group may be required, if necessary, to make repairs or modifications to bring the works into compliance with contract specifications. When the counterparty is satisfied with this process, it issues a definitive certificate that acknowledges its acceptance of the completed project. The Group is generally required to guarantee its workmanship for a certain period after definitive acceptance of the project. In the geographies in which the Group operates, contracts generally provide for a one to three year warranty period following completion and testing.

In general, payments under the Group's contracts are made by the client accepting the executed work on a monthly basis. In certain contracts, periodically and upon meeting certain pre-agreed milestones, there will be an entitlement for the Group to receive further additional payments (and the same applies on completion of the relevant project). Upon completion of a project or a phase thereof, the client typically issues a Substantial Completion Certificate acknowledging completion. At this stage, the client will release any retention monies against a bond guarantee of equivalent value. Thereafter, during the contract defects liability period, the works completed are monitored, and the Group may be required, if necessary, to make repairs or modifications to bring the works into compliance with contract specifications. When the client is satisfied with this process, it issues a Final Completion Certificate acknowledging its acceptance of the completed project and consequently releases all bond guarantees.

## BIDDING PROCESS AND PROJECT EXECUTION

***Routes to market***

The Group's Engineering and Construction business has three principal routes to market which comprise the following:

- limited or direct invitations—this is more common in the private sector and refers to where the Group is directly approached by a client or a financing institution that is already familiar with the Group (either from its credentials or previous projects);

- public tenders—this is more common in the public or governmental sector and refers to public tenders which are received by the Group directly from clients; and
- identifying and presenting opportunities directly to clients—this refers to the Group identifying particular opportunities for potential clients. If successful, this approach will generally not involve a competitive tender and will typically result in higher project margins.

To identify new opportunities, the Group leverages its networks in relevant markets, uses local market intelligence from other entities (principally financial institutions) that finance large construction projects in Sub-Saharan Africa and engages with potential clients that may be considering projects but require the services of a construction company and/or financing. In addition, due to their specific development and funding activities in Sub-Saharan Africa, the Group initiates and maintains contacts with the EU and other supranational entities, who are often involved in financing large construction projects in the region.

***Selection***

Although the Group continually seeks to identify new business opportunities, the decision to enter into a bidding process, in either the Group's primary markets or for opportunities in new geographies, is determined based on guidance from the Board of Directors and local management. The selection procedure follows a risk analysis which considers the following key factors:

- the size and contract value of the relevant project;
- whether funding has been arranged for the relevant project and the creditworthiness of any relevant guarantors;
- the Group's experience in the country or market concerned and its relationship with relevant stakeholders;
- the country's political and economic stability;
- the absence of significant barriers to entry; and
- the availability of adequate insurance coverage.

***Bidding Strategy***

In its primary markets and geographies, the Group primarily bids for projects on its own (as opposed to bidding as part of a consortium or joint venture arrangement). However, in line with the Group's strategy, it also bids for projects with local businesses or partners in the following cases; in markets where the Group has not done previously done business or does not operate on a regular basis, where it can leverage a potential partner's technical expertise, credentials and/or experience and where there is otherwise additional commercial leverage in doing so. In such cases, the Group considers which partner(s) would be most suitable for the project given their geographic location and market position, available resources, experience, specialised skills, financial and technical capability and past performance on similarly executed projects with the Group. When the Group bids in conjunction with partners, it adjusts its bidding strategy according to the requirements of the particular bid and the agreements made with the relevant partners. As the Group is one of the most significant participants in its primary segments of Angola and SADC, the vast majority of its bids in these segments are submitted on a standalone basis.

***Awarding Criteria and Process***

The Group is generally awarded contracts for new projects primarily through competitive bidding processes which typically follow industry best practices and include solicitations by supranational and public entities, public announcements by private-sector entities, invitations when short-listed for private projects and, to a lesser extent, through direct negotiation. The volume of work generally available in the market at the time of the bid, the size of the Group's backlog at the time, the location and complexity of the project to be executed, the level of competition for the project and proposed payment terms for the particular project are all factors that may affect the Group's competitiveness in a particular bidding process.

*Private Sector*

Whilst contracts in the private sector are normally awarded by means of limited invitations to tender and subsequent contract negotiations, brand recognition and client relationships are also important. Contracts for private sector projects tend to be awarded not only on bid prices and relevant experience, but also based on relationships with the client. If the pre-contract phase takes the form of a direct negotiation between the Group and the client without other competitors, the time to award the contract diminishes significantly.

*Public Sector*

In the public sector, contracts are generally awarded through a competitive bidding process. In some instances, participation in the bidding process is only permitted following a prequalification procedure, where the bidder's eligibility to carry out the project is determined on the basis of certain parameters such as financial capability, experience, personnel and equipment. Due to the Group's size, experience and capabilities, it is normally able to satisfy pre-qualification requirements for the most complex infrastructure projects.

***Financing***

As part of the Group's strategy, it targets large, cash-generative infrastructure projects where funding is ensured from the outset by supranational entities such as the European Union and the World Bank or reputable private companies, which reduces counter-party risk for the Group.

In public contracts or contracts with supranational entities, where allowed by applicable law, projects are initially financed through advances on the contract price, which support the beginning of the works. After such initial phase, the works are then primarily financed through cash flows generated from the Group's projects. The Group's strategic objective is to focus on projects which are cash flow generative and which involve reputable clients.

In the ordinary course of the Group's Engineering and Construction business, and as customary, it is required to provide customers with commercial guarantees (including advance bonds, performance bonds, tender bonds, retention money bonds or others) in order to participate in competitive tenders, enter into contracts with clients or guarantee the Group's performance thereunder.

## BACKLOG, PENDING BIDS AND PROJECTS AND PRE-QUALIFICATION TENDERS

The Group defines backlog to include projects for which contracts have been signed or awarded and for which the client has secured the funding.

In determining whether to include the amount of expected revenue from a contract in its backlog, the Group assumes that each party will satisfy all of its respective obligations under the relevant contract and payments to it will be made on a timely basis consistent with historical experience. The Group estimates its backlog on an on-going basis and regularly (typically monthly) updates its backlog based upon the estimated amount of work to be completed through periodic consultation with the relevant client. For projects in which the Group acts as project manager, it only includes its scope of work in connection with each project in calculating backlog. For projects related to unconsolidated joint ventures, the Group only includes its percentage ownership of the joint venture's backlog.

In addition to backlog, this Prospectus also contains information on the Group's (i) Pending Bids and Projects, being potential projects for which the Group has submitted proposals and tenders which are pending and projects awarded to the Group for which either a contract or a memorandum of understanding has been signed but where the client is yet to secure the requisite funding, and (ii) Pre-qualification Tenders, being potential projects for which the Group has pre-qualified to tender.

The Group believes that its backlog, Pending Bids and Projects and Pre-qualification Tenders are indicators of its short- to medium-term sustainability. However, neither backlog, Pending Bids and Projects nor Pre-qualification Tenders are measured under IFRS. In addition, although the Group's internal accounting systems update backlog data on a consolidated basis monthly, backlog is not necessarily indicative of the Group's future operating results, as backlog estimates are subject to substantial fluctuations. See "*Risk Factors—Risks Relating to the Group's Business and Operations—the Group's backlog, Pending Bids and Projects and Pre-qualification Tenders are not necessarily indicative of its future revenue or results of operations*".

For more information on the Group's backlog, Pending Bids and Projects and Pre-qualification Tenders, see "*Part VII: Operating and Financial Review—Backlog, Pending Bids and Projects and Pre-qualification Tenders*".

## ENERGY, RAW MATERIALS AND SUPPLIERS

The primary raw materials used by the Group in its projects are cement, steel, stainless steel, stone and sand aggregate, bitumen, reinforcing bars, iron, copper, glass, aluminium and nickel. These products and components are subject to raw material availability (particularly copper and iron) and commodity price fluctuations, which the Group monitors on a regular basis. As is customary for construction companies, the Group enters into agreements for the provision of raw materials directly with local and international suppliers. The availability of these products, components and raw materials, however, may vary significantly from year to year due to factors such as customer demand, producer capacity, market conditions and specific material shortages. The Group maintains a preferred suppliers list and has access to numerous global supply sources and does not foresee any supply constraints in the near term. To mitigate supply risk the Group maintains prudent levels of stocks of the raw materials, equipment and components it requires for its operations and, in Angola, the Group has built a specially designed software programme and a purpose built warehouse in Viana, near Luanda for this purpose which stocks more than 250,000 items and which services the Group's requirements across the country. The total storage area is 18,200 square metres of which 9,300 square metres are covered and the total stock as at 30 June 2014 was €25.7 million (comprising €18.6 million in equipment parts and €7.1 million in construction materials). The Group has considerable experience in managing the long lead time and logistical chain for its raw materials.

Diesel, gasoline and oil are the main consumable energy sources in the Group's activities since most of its construction equipment consumes significant amount of gasoline and oil and, where electricity is not available, certain types of fuel are used to power generators on construction sites.

The Group includes cost estimates for raw materials and energy in the overall estimate provided during the tender process which are based on records of historic costs incurred for past works.

## HEALTH AND SAFETY

The Group has policies and procedures in place which aim to:

- ensure the Group's on-going compliance with its internal health and safety policies and practices and those which must be mandatorily observed in compliance with international standards (including OHSAS 18001);
- promote a culture of occupational safety for its workforce through relevant training for all employees;
- ensure the Group periodically evaluates its health and safety performance; and
- raise awareness among all the Group's employees of their respective duties and responsibilities in respect of health and safety compliance.

The Group's commitment to health and safety has been reflected in its lost time injury ("LTI") frequency rate across its projects, which refers to the rate of occurrence of workplace incidents that resulted in an employee's inability to work the next full work day. For example, in relation to the Kayelekera uranium mine project in Malawi, the Group achieved 3,500,000 hours without LTI and, in relation to the on-going Nacala project (which has a dedicated workforce of approximately 4,000), the Group recently achieved 17,189,668 hours without LTI.

## INTELLECTUAL PROPERTY

The Group implements intellectual property ("IP") protection policies and procedures. The measures taken by the Group to protect its IP include the entry into confidentiality, non-disclosure and/or non-compete agreements by employees, service providers and counterparties, as appropriate, and the dissemination throughout the Group of an internal code of conduct. In order to prevent third parties from being able to use and benefit from their names or internet domains, the Group's policy is for all affiliates and subsidiaries to: (i) register and protect their names in accordance with local legislation, (ii) register their names as commercial brands in the relevant product areas, and (iii) register their internet domains.

**INSURANCE**

The Group maintains the following types of insurance: (i) construction (all risks), (ii) third party insurance, (iii) employer's liability insurance, and (iv) plant and equipment insurance. The Group's insurance coverage is reviewed on a periodic basis in order to adapt to changing conditions and to ensure appropriate.

Currently, the Group's insurance coverage for material damages in the case of contract works is 100 per cent. of the amount of the relevant contract and for contract escalation, when applicable, is 15 per cent. of the amount of the relevant contract. The insurance coverage for material damage to plant and machinery is 100 per cent. of the assets mobilised and the coverage on public liability is unlimited. See also "*Risk Factors—Risks Relating to the Group's Business and Operations—The Group may suffer uninsured losses or material losses in excess of its insurance coverage*".

**EMPLOYEES**

As at 30 June 2014, the Group had approximately 14,500 employees in ten countries, of which approximately 1,500 were expatriates from Portugal and other countries. The following table sets out the total number of persons employed by the Group as at the dates indicated by country:

| | As at 31 December | | | As at 30 June (unaudited) |
|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** |
| Angola | 4,612 | 5,277 | 6,307 | 6,326 |
| Cape Verde | 27 | 21 | 23 | 23 |
| Ghana | — | — | 2 | 2 |
| Malawi | 1,123 | 2,929 | 5,225 | 4,631 |
| Mozambique | 898 | 1,283 | 1,588 | 1,737 |
| São Tomé and Príncipe | 57 | 75 | 151 | 151 |
| Uganda | — | 2 | 3 | 7 |
| South Africa | — | 20 | 36 | 69 |
| Zambia | — | 3 | 93 | 626 |
| Zimbabwe | 1 | 1 | 3 | 3 |
| Other | — | — | 822 | 922 |
| **Total** | **6,718** | **9,611** | **14,253** | **14,497** |

The use of labour varies in accordance with the project phase and the work plan, which may require the use of direct labour, with the consequent commitment of the Group's materials and workforce, or reliance on third parties. It is the Group's policy to hire the labour force necessary for the execution of individual projects and for the time needed to complete those projects. Therefore, the number of Group employees varies according to the nature and volume of work in a given period, as well as the requirements associated with the individual projects.

Staffing on the projects works as follows:

- Bid phase—a first pool of professionals led by a proposal manager is deployed from different departments to study the project and prepare the proposal document;

- After award—once the Group has been awarded the project, it appoints a project manager (who can either be the proposal manager or another qualified professional with specific skills required by the relevant project), chosen from professionals within the Group or sometimes from outside the Group. Generally, the team which worked during the tender phase also provides support in the start-up phase of the project; and

- Management phase—managers can be either locals, expatriates from Portugal or from other countries.

The Group's workforce is mainly local and is hired, wherever possible, on a temporary basis related to the duration of the project or to some specific phase thereof. The Group's expatriate workers are highly mobile and, to the extent necessary, on completion of a project, may be reassigned to new projects in different locations.

**LEGAL PROCEEDINGS**

There were no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the previous 12 months which may have or have had in the recent past significant effects on the Company's and/or the Group's financial position or profitability.

**DIVIDEND POLICY**

As a holding company, the ability of the Company to pay dividends and make distributions primarily depends upon the receipt of dividends and distributions from its subsidiaries. The payment of dividends and distributions by the Company's subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves and other possible restrictions on the ability of the subsidiaries to make dividend payments and distributions to the Company.

The Board intends to follow a progressive dividend policy to remunerate shareholder capital by assessing a set of conditions including the Company's future operations and profitability, capital expenditure requirements, general financial condition, legal and contractual restrictions and other factors that it may deem relevant. By considering the medium-term projections of the Group's performance, the Board intends to provide an appropriate degree of stability in dividend payments. The Company expects to target a minimum payout ratio of 50 per cent. with a maximum of 75 per cent. The payout ratio is calculated by using the net income adjusted for significant non-recurring and extraordinary items. If applied, this adjustment will be separately explained in the Company's annual report (see "*Part IX: Additional Information*").

Dividends on the Shares will be paid to Shareholders through the book-entry systems of Euroclear Nederland and credited automatically to the Shareholders' accounts.

## PART III: DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

### DIRECTORS

The Board has been constituted as a one-tier management board, comprising executive members ("Executive Directors") and non-executive members ("Non-Executive Directors"). The Company currently has nine Directors, five of whom are Executive Directors and four of whom are Non-Executive Directors. Two of the Non-Executive Directors are considered by the Board to be independent within the meaning of the Dutch Corporate Governance Code. As at the date of this Prospectus, the Directors are as follows:

| Name | Date of birth | Position |
|---|---|---|
| Gonçalo Moura Martins | 26 October 1965 | Chairman, Non-Executive Director |
| Gilberto Rodrigues | 2 July 1971 | Chief Executive Officer, Executive Director |
| Pedro Antelo | 24 April 1965 | Chief Financial Officer, Executive Director |
| Paulo Pinheiro | 27 August 1959 | Executive Director |
| Carlos Pascoal | 4 June 1953 | Executive Director |
| Bruno Machado | 4 July 1971 | Executive Director |
| David Hobley | 9 December 1946 | Senior Independent Non-Executive Director |
| Francisco Seixas da Costa | 28 January 1948 | Independent Non-Executive Director |
| Maria Paula Mota | 14 March 1958 | Non-Executive Director |

The management expertise and experience of each Director is set out below:

Mr. Gonçalo Nuno Gomes de Andrade Moura Martins was appointed Chairman of the Company in June 2014 and his term will expire in the annual General Meeting of the Company to be held in 2018. He began his career as a lawyer at the Engil group in January 1990 and has since held a number of roles in the Engil group and, since 2003, in the Parent Group. He is currently Chief Executive Officer and Vice-Chairman of the Board of Directors of ME SGPS and holds positions in other related companies. Mr. Moura Martins has a degree in Law from the Law University of Lisbon, a post-graduate degree in Management from Instituto Superior de Gestão as well as Advanced Management training from the Catholic University of Portugal and the University of Northwestern—Kellogg School of Management.

Mr. Gilberto Silveira Rodrigues was appointed Chief Executive Officer of the Company in June 2014 and his term will expire in the annual General Meeting of the Company to be held in 2018. He began his career at Mota e Companhia S.A. as a civil engineer in March 1994 and moved to Africa as Production Manager in Malawi with MEEC in 2001. He has held a number of roles in Africa with the Parent Group, including Coordinator of External Markets in Africa Austral before becoming director of MEEC in 2009 and Chairman of the Board of Mota-Engil Angola from 2010 to 2012. In 2012, he was appointed Chief Executive Officer of MEEC and is currently a member of the Board of Directors of ME SGPS. Mr. Rodrigues is also Honorary Consul to Malawi and Chairman of the Board of the Portuguese Association in Malawi. He has a Civil Engineering degree from the Instituto Superior de Engenharia do Porto, University of Porto and a post-graduate qualification in Advanced Management from the Catholic University of Portugal and the University of Northwestern—Kellogg School of Management. Mr. Rodrigues also has a qualification from the Executive Education programme at Harvard Business School.

Mr. Pedro Manuel Teixeira Rocha Antelo was appointed Chief Financial Officer in June 2014 and his term will expire in the annual General Meeting of the Company to be held in 2018. Mr. Antelo began his career as an auditor at Moore Stephens in 1987 before joining Portugal Telecom International as Group Financial Controller and later becoming Director of Finance. He was also the Director of Finance and Planning at Maxitel Services and Telecommunications from 1996 to 2001. In addition, Mr. Antelo has served as CFO of Tecnipublicaciones España, S.L. and as General Manager and CFO of Germinus S.A. In March 2006, he joined the Parent Group and has held a number of roles, including CFO of MEEC and a member of the Board of Directors of ME SGPS and Ascendi Group S.G.P.S., S.A. Mr. Antelo has a degree in Organisation and Management from INP and a PAFE in Finance from CIFAG.

Mr. Paulo José Ferreira de Sousa Dias Pinheiro was appointed as an Executive Director of the Company in June 2014 and his term will expire in the annual General Meeting of the Company to be held in 2018. Mr. Pinheiro is also the Chairman of the Board of Directors of Mota-Engil Angola and heads the Angola business segment. He began his career at ENGIL Sociedade de Construção Civil, S.A. in October 1983 where he became a Director and Chairman of the Board of Directors of Engil Investimentos, S.G.P.S., S.A. in 2001. Mr. Pinheiro was also the General Manager of MEEC. and held several managerial and director positions within the Parent Group before becoming Deputy Director at Monte Adriano S.G.P.S., S.A. in 2006. Prior to joining the Company, he was President of the Board of Directors of Indaqua—Indústria e Gestão de Águas, S.A. Mr. Pinheiro also held managerial and director positions of various Indaqua group companies and was the Chairman of the Board of Directors of several Indaqua entities. He holds a Civil Engineering degree from the University of Porto.

Mr. Carlos Alberto Grilo Pascoal was appointed as an Executive Director of the Company in June 2014 and his term will expire in the annual General Meeting of the Company to be held in 2018. He began his career as an engineer at Direcção de Edifícios dos C.T.T. in 1977. From 1981, he worked at Construções Técnicas S.A. as Site Manager, Production Manager, Coordinating Manager, and Manager at Censul—Centro de Exploração Autónomo do Centro e Sul. Mr. Pascoal then joined the Parent Group in October 1991 and held the positions of Production Manager and Production Director at Engil S.A. Following the merger between Mota e Companhia S.A. and Engil S.A., Mr. Pascoal was the General Manager of Production at MEEC. He is currently a Director of Sedengil—Sociedade Imobiliária, S.A., Grossiman S.L., Sociedade Unipersonal and Maprel—Empresa de Pavimentos e Materiais Pré-Esforçados Lda. Mr. Pascoal graduated with a degree in Civil Engineering from the Superior Technical Institute and holds a post-graduate qualification in the Advanced Executive Management Programme from the Portuguese Catholic University. He is also a Senior Member of the Order of Engineers.

Mr. Bruno de Almeida Matos Monteiro Machado was appointed as an Executive Director of the Company in June 2014 and his term will expire in the annual General Meeting of the Company to be held in 2018. He started his career as an engineer in the Planning Department at Engil S.A. in 1994 and later served as a Site Manager for the Post-Tension Department and Project Manager. From 2001, Mr. Machado was the Production Manager for waste management at Serub S.A. before becoming Executive Director at Gintegral S.A. in 2003. Mr. Machado served as Director for Procurement, Planning, Controlling and Balance Score Card Implementation at Adrianos ACE. From 2005 to 2007, he was the Country Manager at the Romanian branch of MonteAdriano Engenharia & Construção S.A., and, from 2007 to 2009, the Managing Director of Real Estate Development at Öböl XI. Ingatlanhasznosítási Beruházó És Szolgáltató Kft and Bergamon A.S. Mr. Machado joined the Parent Group in August 2009 and is a member of the Board of Directors of Mota-Engil Angola. He has a degree in Civil Engineering from the University of Porto.

Mr. David Hobley was appointed as an Independent Non-Executive Director of the Company in June 2014 and his term will expire in the annual General Meeting of the Company to be held in 2018. He has spent 40 years in investment banking with SG Warburg & Co (now UBS) and Deutsche Bank, London from which he retired in 2011. For part of his time at Warburg, Mr. Hobley was seconded to the Overseas Advisory Division which advised a number of governments in the developing world on certain financial issues in Africa and Asia. He has also helped with the execution of various privatisations in Portugal including with Portugal Telecom and Brisa. He has been visiting Portugal on business primarily in a banking capacity since 1982. He has held numerous directorships with companies such as Orange S.A. in Paris, France, Mobinil, S.A. in Cairo, Egypt, incadea PLC in Munich, Germany and Sonaecom S.A. in Porto, Portugal. Mr. Hobley qualified as a chartered accountant with Deloitte in the UK in 1968 and worked for the firm until 1970. Mr. Hobley is a Fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Francisco Seixas da Costa was appointed as an Independent Non-Executive Director of the Company in June 2014 and his term will expire in the annual General Meeting of the Company to be held in 2018. He started his career as a diplomat for the Portuguese Ministry of Foreign Affairs. In 1995, he became Secretary of State for European Affairs where he held a number of roles including Portuguese chief negotiator of the European Union Amsterdam Treaty and President of the Council of Ministers of the European Union Internal Market. Mr. da Costa has served as Permanent Representative to the United Nations in New York from 2001 to 2002. He was also the Permanent Representative to the Organisation for Security and Cooperation in Europe. From 2004 until 2012, he served as Ambassador to Brazil and France and was a Permanent Representative to UNESCO. Since 2013 he has been member of the Consultative Council of Fundação Calouste Gulbenkian and member of the Strategic Council of the Parent. He holds a degree in Political and Social Sciences from the Universidade Técnica of Lisbon.

Mrs. Maria Paula Queirós Vasconcelos Mota de Meireles was appointed as a Non-Executive Director of the Company in June 2014 and her term will expire in the annual General Meeting of the Company to be held in 2018.

She began her career at Mota-Engil in December 1983 as a manager and is currently a member of the Board of Directors of ME SGPS. She is also a member of the Board of Directors of FM—Sociedade de Controlo, S.G.P.S., S.A. and holds positions in other related companies. Mrs. Mota de Meireles is also part of the Board of Trustees of Fundação Manuel António da Mota. She holds a Civil Engineering degree from the University of Porto.

The business address of each of the Directors is Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

**SENIOR MANAGEMENT**

The Senior Managers listed below are considered relevant to establishing that the Group has the appropriate expertise and experience for the management of its business. Each Senior Manager holds such position under a formal employment contract or employment terms of reference, as applicable, with no defined term. Across the Group, succession plans have been put in place to ensure the seamless continuation of the management of its business.

| Name | Date of appointment to present function | Function |
|---|---|---|
| Gilberto Rodrigues | June 2014 | Chief Executive Officer |
| Pedro Antelo | June 2014 | Chief Financial Officer |
| Paulo Pinheiro | June 2014 | Executive Director |
| Carlos Pascoal | June 2014 | Executive Director |
| Bruno Machado | June 2014 | Executive Director |
| Pedro Gonçalves | May 2012 | Financial Controller |
| Vasco Reis | September 2009 | Head of the Commercial Department |
| António Vieira | March 2011 | Managing Director, Aggregates and Mining Services |
| Roberto Vidal Ferreira | June 2012 | Head of Business Development |
| Cameron Beverley | May 2012 | Company Secretary and Senior Legal Counsel |
| João Vermelho | April 2014 | Head of Investor Relations |
| João David e Silva | May 2012 | Business Development Manager / Heavy Infrastructure |
| Helder Amaro | July 2013 | Head of Planning and Control |
| Bernard Ochieng | September 2012 | Head of IT |
| Noloyiso Mhlongo | January 2013 | Head of Human Resources |
| José Mangueira | April 2011 | Director, Angola |
| Luís Leite | May 2013 | Financial Manager, Angola |
| António Pereira da Silva | May 2013 | Procurement and Equipment Manager |
| Mário Pereira | April 2008 | Production Manager |
| Bruno Tomé | January 2014 | Managing Director, Ghana |
| Jose Dinis da Silva | September 2012 | Managing Director, Malawi |
| Aníbal Leite | May 2012 | Managing Director, Mozambique |
| David Santos | October 2005 | Managing Director, São Tomé and Príncipe |
| Fernando Cardão | June 2013 | Managing Director, Zambia |
| Blake Mhatiwa | November 2013 | Managing Director, Zimbabwe |
| Francisco Franca | March 2013 | Country Manager, Uganda |
| Carlos Cunha | January 2014 | Branch Coordinator, Cape Verde |
| João Neto | April 2011 | Project Manager |

The profiles of Mr. Rodrigues, Mr. Antelo, Mr. Pinheiro, Mr. Pascoal and Mr. Machado are set out above under "*Directors*".

Mr. Pedro Gonçalves joined the Parent Group in 1995 and has been working in Africa since 2012. He was previously the Financial Controller for the Parent Group's operations in Africa and Latin America and is currently on the Board of Directors of several companies in Africa. He has a degree in Financial Accounting and Management from the Instituto Militar Pupilos do Exército, a post-graduate qualification in Fiscal Management from the Catholic University of Portugal and a post-graduate qualification in Advanced Management from AESE—Escola de Direcção e Negócios.

Mr. Vasco Reis joined the Parent Group in 1988. He was previously a project manager in Africa and, since 1991, was the head of the commercial division for Africa. He has a degree in Civil Engineering from the University of Porto.

Mr. António Vieira joined the Parent Group in 1992 and has been working in Africa since 2011. He was previously the Technical Director for Quarrying and Blasting with the Parent Group. Prior to joining the Parent Group, Mr. Vieira worked in mining and underground construction for 12 years. He has a degree in Geo-technical Engineering from the Instituto Superior de Engenharia do Porto and a doctorate in Geological Engineering from the University of Coimbra.

Mr. Roberto Vidal Ferreira joined the Parent Group in 2005 and has been working in Africa since 2007. Previously with the Parent Group, he was the Manager for Major Oil Companies in Angola. Mr. Ferreira has a degree in Civil Engineering from the University of Porto and an MBA from Instituto de Empresa Business School.

Mr. Cameron Beverley joined the Parent Group in 2008 and has been focusing on Africa since 2012. He has 15 years of experience as a multijurisdictional legal adviser and has worked in law firms in England and Portugal. He is a solicitor of England and Wales and registered with the Portuguese Bar Association. Mr. Beverley has an honours degree in Law from the University of East London.

Mr. João Vermelho joined the Parent Group in 2002 and was previously Head of Equity Sales and Head of Research. Prior to his current position, he was also Head of Capital Markets at Portuguese bank and the Chief Executive Officer of a Portuguese stockbrokerage. Mr. Vermelho has a degree in Economics from the Universidade Nova de Lisboa and an MBA from the HEC School of Management.

Mr. João David e Silva joined the Parent Group in 1984 and has been working in Africa since 2009. He has previously served as a Site Manager and Project Manager as well as a General Manger for the Parent Group in Peru and Mozambique. Mr. Silva has a degree in Civil Engineering from the University of Porto.

Mr. Helder Amaro joined the Parent Group in 2009. He has 12 years of experience in the construction industry and spent eight years in various management positions working on oil and gas, mining and civil and public works projects with a focus on estimating, planning and project control. Mr. Amaro has a degree in Civil Engineering from the University of Porto.

Mr. Bernard Ochieng joined the Parent Group in 2008. He has 13 years of experience and previously worked for MalawiNet, ADRA and Africa Online. Mr. Ochieng has an honours degree in Information Technology Systems Management from Staffordshire University.

Ms. Noloyiso Mhlongo joined the Parent Group in 2012. She has 16 years of generalist human resources experience in various companies with previous roles at Nike and Nedbank. Prior to joining the Parent Group, Ms. Mhlongo was the Divisional HR Executive for Primedia Out of Home. Ms. Mhlongo holds a bachelor's degree and a post-graduate diploma in Education from the University of Natal and has an Executive Human Resources Certificate from Stellenbosch University.

Mr. José Mangueira joined ME Angola in 2011. He has 32 years of experience in the oil industry and spent the first 13 years with Petrofina where he served as an operations manager. From 1992 to 2008, he was the National Director in the Ministry of Petroleum in Angola. In 2008, he became a member of the board of Sopor in Lisbon. Mr. Mangueira has a degree in Mining Engineering from the Universidade Agostinho Neto and a master's degree in Engineering and Technology Management.

Mr. Luís Leite joined ME Angola in 2013. He has 30 years of experience in the corporate finance sector. He currently also serves as the Chief Financial Officer of Mota-Engil Angola and was previously the Chief Financial Officer of Indaqua—Indústria e Gestão de Águas, S.A. Mr. Leite has a degree in Economics with a post-graduate diploma in Finance from the Instituto Superior Economia e Gestão.

Mr. António Pereira da Silva joined the Parent Group in 1981. He has 33 years of experience and previously served as project manager and the Head of Procurement at Mota-Engil Portugal and has been a Director of Mota-Engil Angola since 2013. Mr. da Silva has a degree in Civil Engineering from the Instituto Superior Técnico.

Mr. Mário Pereira joined the Parent Group in 2009 and has 37 years of experience in the construction industry with 25 years in management positions in Angola. Since 2008 he has served as a member of the Board of Directors of Mota-Engil Angola. Mr. Pereira has a degree in Civil Engineering from the University of Porto.

Mr. Bruno Tomé joined the Parent Group in 1999 and has been working in Africa since 2002. He has been involved in several construction projects and first worked in Cape Verde before moving to Ghana. Mr. Tomé has a degree in Civil Engineering from the Instituto Superior Técnico.

Mr. Jose Dinis da Silva joined the Parent Group in 1983 and has been working in Malawi since 2012. He was previously based in Portugal and involved in the construction of several road and railway projects. Mr. Silva has a degree in Civil Engineering from the Instituto Superior Técnico.

Mr. Aníbal Leite joined the Parent Group in 1982 and has been the Managing Director of Mota-Engil Mozambique since 2012. Prior to this he was Managing Director of Mota-Engil Betão e Pré-Fabricados, Sociedade Unipessoal, Lda., Maprel—Empresa de Pavimentos e Materiais Pré-Esforçados Lda. and Qualibetão—Comercialização de Betões, Lda. as well as Concrete Manager at MEEC and a Member of the Administration Board of Maprel—Empresa de Pavimentos e Materiais Pré-Esforçados Lda. and Mota-Engil Indústria e Inovação. Mr. Leite has a degree in Civil Engineering from the Instituto Superior de Engenharia do Porto and post-graduate qualifications in Advanced Management from AESE—Escola de Direcção e Negócios and EGP—University of Porto Business School.

Mr. David Santos joined the Parent Group in 2005 and was previously a project manager in the construction sector. Mr. Santos has a degree in Civil Engineering from the University of Porto.

Mr. Fernando Cardão joined the Parent Group in 2009. He has had 30 years of experience in several markets including in Europe, Australia, the United States as well as Africa. Mr. Cardão has a degree in Civil Engineering from the Instituto Superior Técnico, a post-graduate qualification in Building Project Management from Footscray Institute of Technology and an MBA from Florida International University.

Mr. Blake Mhatiwa joined the Parent Group in 2008 first in Malawi and since 2013 in Zimbabwe. He has 15 years of experience in the mining and construction industry. Prior to joining Mota-Engil, he was a Project Manager in the mining sector in Malawi. Mr. Mhatiwa has a degree in Mining Engineering from the University of Zimbabwe and an MBA from the National University of Science and Technology.

Mr. Francisco Franca joined the Parent Group in 1993 and has been working in Africa since 2013. He has 20 years of experience in the construction, real estate and banking sectors. Prior to his current position he was the Country Manager for the Parent Group in Ireland. Mr. Franca has a degree in Civil Engineering from the Instituto Superior Técnico and a post-graduate qualification in Advanced Management from AESE—Escola de Direcção e Negócios.

Mr. Carlos Cunha joined the Parent Group in 1995 and was previously the Regional Office Coordinator for the Madeira Islands region. Mr. Cunha has a degree in Civil Engineering from the University of Coimbra.

Mr. João Neto joined the Parent Group in 1999 and has been working in Africa since 2007. Previously he was General Manager of a Parent Group company in Portugal with branches in Angola and Brazil. Prior to joining the Parent Group, he was a Project Manage at the Portuguese Road Administration. Mr. Neto has a degree in Civil Engineering from the Instituto Superior Técnico, a post-graduate qualification in Advanced Management from the Universidad Complutense de Madrid and two Management Development Programme qualifications from AESE—Escola de Direcção e Negócios.

The business address of Mr. Rodrigues, Mr. Antelo, Mr. Pinheiro, Mr. Pascoal and Mr. Machado is Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

The business address of Mr. Gonçalves, Mr. Vieira, Mr. Ferreira, Mr. e Silva, Mr. Beverley, Mr. Amaro, Mr. Ochieng and Ms. Mhlongo is the World Trade Centre 11th Floor, Cnr West South Road and Lower Road, 2196 Sandton, Johannesburg, South Africa.

The business address of Mr. Reis is Rua Rego Lameiro, No. 38, 4300-454 Porto, Portugal.

The business address of Mr. Vermelho is Rua Mário Dionísio, 2, 2799-557 Linda-A-Velha, Portugal.

The business address of Mr. Mangueira, Mr. Luis Leite, Mr. Pereira da Silva and Mr. Pereira is Rua Joaquim Cordeiro da Mata, No. 61 a 63, Municipio da Maianga, Luanda, Angola.

The business address of Mr. Tomé is Movenpick Ambassador Hotel, 7th Floor, Suite 709, Independence Avenue, Accra, Ghana.

The business address of Mr. da Silva is Nasra House, City Centre, Lilongwe 3, Malawi.

The business address of Mr. Leite is Avenida Vladimir Lenine, No. 179, 14th/15th floor, 2284 Maputo, Mozambique.

The business address of Mr. Santos is Avenida Marginal 12 de Julho, 1011 CP 167, São Tomé, São Tomé and Príncipe.

The business address of Mr. Cardão is Incito Office Complex, 45 / 5 (B) Reedbuck Road, Kabulonga, Lusaka, Zambia.

The business address of Mr. Mhatiwa is No. 7 Routledge Road, Milton Park, Harare, Zimbabwe.

The business address of Mr. Franca is 4, Upper Kololo Terrace, P.O. Box 8453, Kololo, Kampala, Uganda.

The business address of Mr. Cunha is Rua São Vicente, No. 63, 1º Andar, Cidade da Praia, Cape Verde.

The business address of Mr. Neto is P.O. Box 31397, Lilongwe 3, Malawi.

## CORPORATE GOVERNANCE

### *Dutch Corporate Governance Code*

Upon Listing, the Company will be required to comply with the Dutch Corporate Governance Code. The Dutch Corporate Governance Code applies to all Dutch companies listed on a regulated market, whether in the Netherlands or elsewhere. The Dutch Corporate Governance Code contains principles and best practice provisions for the board of directors, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. It is based on a "comply or explain" principle. Under Dutch law, the Company will be required to disclose in its annual reports whether or not it applies the provisions of the Dutch Corporate Governance Code and the reasons for its deviations from these provisions.

The Company acknowledges the importance of good corporate governance. The Company has made an effort in drawing up internal corporate governance regulations that comply, to the highest extent possible, with the Dutch Corporate Governance Code. Where deviations from the Dutch Corporate Governance Code have been made, these are indicated below and will furthermore be disclosed in the Company's annual report.

The Company has not applied a limited number of principles and best practice provisions from the Dutch Corporate Governance Code, as it has not considered them to be in the interests of the Company and its stakeholders. The Company will or may not comply with the following principles and best practice provisions of the Dutch Corporate Governance Code:

- Principle III.5 which requires the establishment of separate remuneration, audit and nomination and selection committees. The Company believes that the Board can operate most efficiently if it limits the number of Board committees. Accordingly, the Company has combined the remuneration and nomination and selection matters in one single committee, while still establishing a separate audit committee.

- Best practice provision III.8.4 which requires that the majority of the Directors are Non-Executive Directors and who are independent within the meaning of the Dutch Corporate Governance Code. Only two of the four Non-Executive Directors will be independent. The Company believes that there is a satisfactory balance for the purposes of decision-making at the Board level which is in line with the aims of the Dutch Corporate Governance Code.

### *Company policies*

As part of its commitment to conducting its business with honesty, professionalism and integrity, the Company has put in place a Code of Ethics and Business Conduct, an Anti-Corruption and Bribery Policy and Whistleblower Rules which contain broad principles which should be observed by the Group and others as well as specific best practice provisions in relation to, amongst other things, the acceptance of gifts and hospitality, dealing with public officials, the making of political and charitable donations and lobbying and advocacy. These polices also contain provisions around the notification and whistle-blowing of breaches of the Group's policies in addition to provisions regarding any consequent disciplinary action.

## BOARD

### *Powers, responsibilities and functioning*

The Board is responsible for the day-to-day management, strategy and operations of the Company. The Board may perform all acts necessary or useful for achieving the Company's corporate objectives, except for actions and resolutions expressly attributed to the General Meeting as a matter of Dutch law or pursuant to the Articles.

The Directors have joint powers and responsibilities. The Directors share responsibility for all decisions, resolutions and acts of the Board and for the acts of each Director. Each Director has a duty towards the Company to properly perform the duties assigned to him or her. Furthermore, each Director has a duty to act in the interest of the Company and its business. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees and other stakeholders.

Pursuant to Dutch law, an Executive Director may not be allocated the tasks of: (i) serving as chairman of the Board; (ii) fixing the remuneration of the Executive Directors; or (iii) nominating Directors for appointment. An Executive Director may further not participate in the adoption of resolutions (including any deliberations in respect of such resolutions) related to the remuneration of Executive Directors.

At any time, the Board, as a whole, is entitled to represent and act on behalf of the Company. Additionally, two Executive Directors acting jointly are authorised to represent and act on behalf of the Company.

On 14 November 2014, the Board adopted certain internal rules (the "Board Rules"). In addition to Dutch law and the Articles, the Board Rules provide rules, amongst other things, on how Board meetings are conducted and how the Board may pass resolutions.

The Board meets regularly throughout the year. Each Director has full access to all relevant information required to enable the Board to perform its duties. In each Board meeting and with respect to any proposed resolution submitted to the Board, each Director holds the right to cast one vote provided such Director does not have a conflict of interest with respect to the proposed resolution. Where the Articles or the Board Rules do not prescribe a larger majority, all resolutions submitted to a Board meeting may only be adopted by a majority of the votes cast in such a meeting. In the event of a tie, the proposed resolution will be deemed to have been rejected.

Pursuant to the Board Rules, the following resolutions of the Board cannot be delegated to one or more Directors and can only be adopted by the Board by an absolute majority of the votes cast, provided that the majority of the Non-Executive Directors must have voted in favour of the relevant proposal:

(a) the proposal by the Board to the General Meeting to issue Shares or grant rights to subscribe for Shares, as well as a proposal to limit or exclude the pre-emption rights or, in the case of delegation by the General Meeting of such authorities to the Board, a resolution by the Board concerning the issuance of Shares, the granting of rights to subscribe for Shares and the limitation or exclusion of the pre-emptive rights pertaining to Shares unless such proposal or resolution has, prior to such issuance, granting of rights, limitation or exclusion, been delegated to one or more Directors by a resolution of the Board adopted with an absolute majority of the votes cast and with a majority of the Non-Executive Directors voting in favour of such delegation;

(b) the acquisition or alienation of Shares in its own capital or depositary receipts thereof;

(c) the proposal by the Board to the General Meeting to make a dividend payment on Shares wholly or partly in shares in the Company; and

(d) such other resolutions as determined and clearly defined by the Board.

In the event of a conflict of interest between the Company and a Director with respect to a proposed Board resolution, that Director may not participate in the deliberation and decision-making process within the Board relating to that Board resolution. If, as a consequence of the preceding sentence, a resolution cannot be adopted by the Board, the resolution will be adopted by the General Meeting or one or more persons appointed by the General Meeting to adopt such resolutions. Such person or persons may be one or more Directors having the relevant conflict of interest, in which case the first sentence of this paragraph shall not apply.

***Composition, appointment, term, suspension and dismissal***

Pursuant to the Articles, the Board must consist of at least one Executive Director and one Non-Executive Director. The General Meeting determines the total number of Directors and appoints, suspends and dismisses each Director. Each Executive Director may at all times be suspended by the Board. The General Meeting determines the term of appointment for each Director, which may not end sooner than on the date of the annual General Meeting held in the first year after the year of the Director's appointment and not later than on the date of the annual General Meeting held in the fourth year after the year of the Director's appointment. A Director's appointment may be renewed by the General Meeting with due observance to the rules and regulations as applicable to the Company.

***Resolutions requiring prior approval***

The Articles provide that Board resolutions on a major change of the identity or the character of the Company or its business require the prior approval of the General Meeting, including in any case:

- transfer of the business or substantially all of the business to a third party;
- entry into or termination of a long term cooperation of the Company or any of its subsidiaries with another legal entity or company or as fully liable partner in a general partnership, in case the entry into or termination of such cooperation will or is likely to be of material importance to the Company; and
- taking or disposing by the Company or a subsidiary of the Company of a participation in the capital of a company worth at least one-third of the value of the assets of the Company in accordance with the balance sheet with explanatory notes or, in case the Company will draw up a consolidated balance sheet, in accordance with the consolidated balance sheet with explanatory notes as laid down in the most recently adopted annual accounts of the Company.

***Committees***

The Board has established a Nomination and Remuneration Committee and an Audit Committee, currently composed as described below, with formally delegated duties and responsibilities and with written charters. From time to time, separate committees may be established by the Board to consider specific issues when the need arises. It is intended that, with the exception of a maximum of one member per committee, all members of the Nomination and Remuneration Committee and the Audit Committee will be independent Non-Executive Directors within the meaning of the Dutch Corporate Governance Code.

*Nomination and Remuneration Committee*

The Nomination and Remuneration Committee comprises a minimum of three Non-Executive Directors and will meet (following Listing) at least twice each financial year. The Nomination and Remuneration Committee is chaired by Francisco Seixas da Costa and the other members are Maria Paula Mota and David Hobley. The responsibilities of the Nomination and Remuneration Committee include the preparation of, amongst other matters, the decision of the Board relating to the remuneration of the Directors and senior management reporting to the Board and any incentive plans of the Company. Under Dutch law and the Articles, the General Meeting must determine the principal guidelines of the remuneration of the Executive Directors and Non-Executive Directors. In addition, pursuant to Dutch law and the Articles, the General Meeting has to approve the individual remuneration of all the

Directors within such guidelines, including but not limited to granting of options and share incentive plans to such Directors. The Remuneration Committee prepares an annual report on the remuneration policies of the Company. No Executive Director may be involved in any discussions or decisions as to the remuneration of Executive Directors. Furthermore, the responsibilities of the Nomination and Remuneration Committee include preparing selection criteria and appointment procedures for Directors and reviewing on a regular basis the structure, size and composition of the Board. In undertaking this role, the Nomination and Remuneration Committee should refer to the skills, knowledge and experience required of the Board given the Company's stage of development and make recommendations to the Board as to any changes. The Nomination and Remuneration Committee should also consider future appointments in respect of the Board's composition.

*Audit Committee*

The Audit Committee comprises a minimum of three Non-Executive Directors and will meet (following Listing) at least four times each financial year. The Audit Committee is chaired by David Hobley and the other members are Francisco Seixas da Costa and Gonçalo Moura Martins. The Audit Committee must consider, amongst other matters: (i) the integrity of the financial statements of the Company, including its annual and interim accounts, the effectiveness of the Company's internal controls and risk management systems; (ii) auditors' reports; and (iii) the terms of appointment and remuneration of the auditor. The Audit Committee supervises, monitors and advises the Board on risk management and control systems and the implementation of codes of conduct. In addition, the Audit Committee supervises the submission by the Company of financial information and a number of other audit-related issues.

**BOARD REMUNERATION POLICY**

The Board remuneration policy is prepared in accordance with all relevant Dutch legal requirements.

The Board remuneration policy intends to facilitate that the Company attracts, motivates and retains qualified and expert individuals who possess both the necessary background and experience in the areas of the Company's business activities and who will perform senior positions within the Group to the benefit of the Company.

Under the Board remuneration policy, the remuneration of the Directors is based on each Director's experience and responsibility. This is achieved through alignment of a Director's remuneration package with the responsibilities, relevant experience, required competences and performance of the Director. Consequently, there may be substantial differences in remuneration between Directors, especially between Executive Directors and Non-Executive Directors.

The remuneration package of each Director consists of a fixed component base pay. In addition, the remuneration package of Executive Directors may further consist of a variable pay component comprising a short term incentive (annual cash bonus).

The criteria for the amount and structure of the remuneration of the Directors are predefined in clear, assessable and influenceable quantitative and qualitative objectives. Examples of quantitative objectives for Directors are: economic profit and operational result. Examples of qualitative objectives for Directors are compliance to code of conduct and leadership/employee engagement of the Director. Factors to be taken into consideration in determination of the amount and structure of the remuneration of the Directors include: the trend in results, the development of the Share price and other measures of performance relevant to the Company. The specific annual performance targets will not be disclosed as they are considered competitively sensitive.

To provide a consistent review of the amount and structure of the total remuneration to the Board, the Board remuneration policy focuses on positioning the remuneration package at a competitive level in the European and African markets for directors of boards of companies of comparable size and complexity.

# PART IV: THE LISTING

## THE LISTING

Application has been made to list all the Shares under the symbol "MEAFR" and with the ISIN Code NL0010969408 on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V. Prior to the Listing there has been no public market for the Shares.

No application has been made for the Shares to be admitted to listing on any other stock exchange.

## EXPECTED TRADING

On 21 November 2014, the reference price of the shares will be provided to Euronext Amsterdam. Trading of the Shares on Euronext Amsterdam is expected to start at or about 9:00 (Amsterdam time) on or about 24 November 2014. All dealings in the Shares prior to the Listing are at the sole risk of the parties concerned. The Company, Euronext Amsterdam N.V. and the Listing Agent do not accept any responsibility or liability with respect to any person as a result of the withdrawal of the Listing.

When admitted to trading on Euronext Amsterdam the Shares will trade in euros. The Shares will, on Listing, rank pari passu in all respects with each other and will rank in full.

## SETTLEMENT

Settlement of trades on Euronext Amsterdam on the date of Listing is expected to take place on or about 26 November 2014, through the book-entry systems of Nederlands Centraal Insituut voor Giraal Effectenverkeer B.V ("**Euroclear Nederland**"), in accordance with its normal trading and settlement procedures applicable to equity securities. Application has been made for the Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland. Euroclear Nederland has its offices at Herengracht 459-469, 1017 BS Amsterdam, The Netherlands (Chamber of Commerce registration number 34216825).

## USE OF PROCEEDS

Not applicable. No Shares will be offered by the Company on Listing.

## PART V: RELATIONSHIP WITH THE MAJOR SHAREHOLDER

### OVERVIEW

As at the date of this document, the Company is a wholly-owned subsidiary of ME SGPS. Historically, the operations carried on and owned by the companies now comprising the Group formed part of the African business of MEEC, a company then wholly-owned by ME SGPS.

During 2012, ME SGPS restructured its organisational model and refined its strategy to, amongst other things, increase its operational efficiency, enhance its ability to obtain financing in each of its markets and support the growth of its international activities. The revised strategy was further intended to facilitate the autonomous growth of ME SGPS's geographical segments through supporting four strategic pillars: (i) financial sustainability, (ii) international expansion, (iii) diversification and (iv) organisation and human capital. The focus on strategising the Parent Group's business on geographic regions rather than business areas (as was previously the case) was to enable the respective regional management to operate autonomously to:

- expand activity in Angola, Malawi and Mozambique in areas such as Environment and Services and Logistics;
- focus on infrastructure connected to large mining-related projects for private multinational groups; and
- grow the share of backlog generated from private customers and projects financed by multinational entities.

To implement this new strategic focus, the operations of ME SGPS were reorganised into a separate corporate group pursuant to the Pre-Listing Reorganisation, and the Company is now the holding company of other companies that together comprise the Group (see "*The Pre-*Listing *Reorganisation*" below).

To further give effect to the revised strategic focus and to provide its shareholders with the benefits associated with attaining direct exposure to its operations in the African continent, ME SGPS convened a meeting of its shareholders, which was held on 27 December 2013, where shareholders of ME SGPS approved, amongst other things, a special dividend comprising Shares in the Company (the "**Special Dividend**") (see "*Special Dividend*" below).

The Parent's shareholders include free float of 44 per cent. and family holding 56 per cent. as at 17 November 2014. Immediately following Listing and assuming the simultaneous payment of the Special Dividend (expected to occur on the date of Listing, subject to certain conditions, including Listing occurring no later than 31 December 2014), it is expected that the Parent will hold up to approximately 82.08 per cent. of the voting rights attached to the issued share capital of the Company. The Parent has entered into a Relationship Agreement with the Company which is set out in "*Part IX: Additional Information—Material Contracts—Relationship Agreement*".

In addition to being the majority Shareholder, the Parent will continue to provide a number of services to the Group. These arrangements between members of the Group and the Parent's Group are summarised in "*Shared Services and Intercompany Arrangements"* below.

### THE PRE-LISTING REORGANISATION

Prior to the Pre-Listing Reorganisation, the Group's activities in Sub-Saharan Africa were housed within MEEC. As part of the Pre-Listing Reorganisation, all of the businesses carried out in Sub-Saharan Africa by MEEC were split and subsequently incorporated into MEEC Africa.

The Pre-Listing Reorganisation was effected through:

(i) the creation of Mota-Engil Africa B.V. (now Mota-Engil Africa N.V.) as the new holding company for African operations;

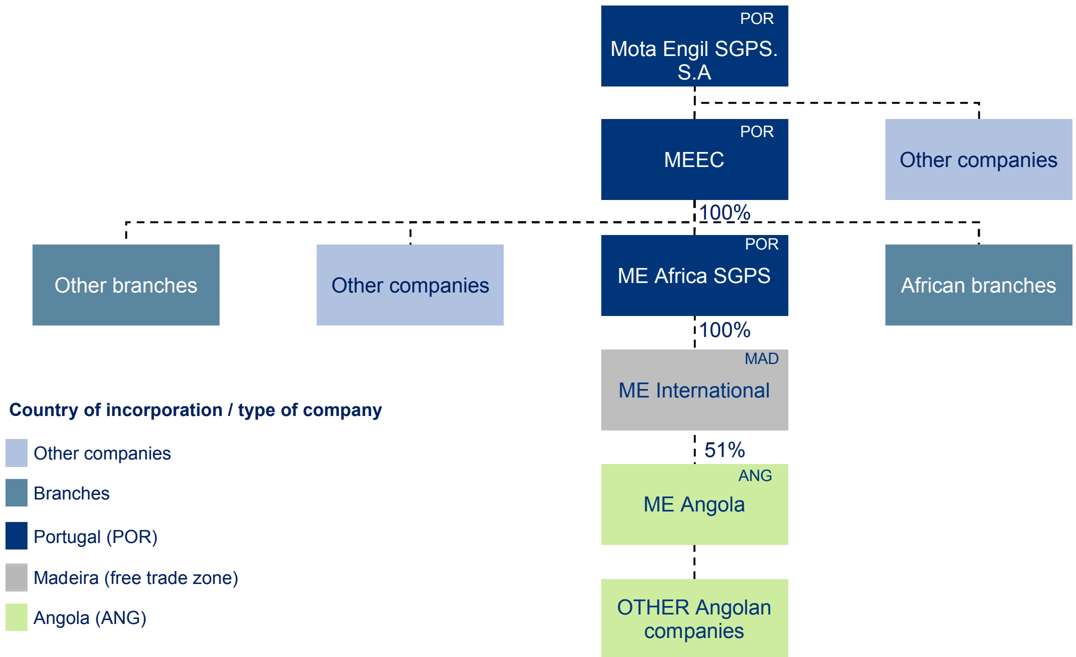
(ii) a demerger-merger transaction which transferred all of the civil construction and public works businesses that MEEC developed in Sub-Saharan Africa (specifically Angola, Cape Verde, Malawi, Mauritius, Mozambique, South Africa, São Tomé e Príncipe and Zimbabwe), other than MEEC's support and expertise centres in Portugal (which provides certain engineering know-how to the African business), to the Company's subsidiary, MEEC Africa. The assets and liabilities transferred include shareholdings, movable and immovable assets (which are located outside of Portugal), other tangible and intangible assets (with or without accounting entries), inventories, deposits, credits, guarantees, licenses, industrial or intellectual property rights, other rights and obligations, other legal procedural and contractual positions (including employees) and all financial obligations formerly attributable to operations in Sub-Saharan Africa. However, in line with article 12(3), (5) and (6) of the Sixth Council Directive 82/891/EEC of 17 December 1982 based on Article 54 (3) (g) of the Treaty establishing the European Economic Community, concerning the division of public limited liability companies, the Portuguese Companies Code provides that MEEC will remain jointly and severally liable for the debts that, by virtue of the demerger-merger transaction, were assigned to MEEC Africa, which, in turn, may also be liable on the same terms, up to the amount of the net assets that were transferred to it in the merger, for MEEC's debts prior to the registration of the demerger-merger. Net assets that were transferred to MEEC Africa in the merger amount to approximately €213.5 million. If either MEEC or MEEC Africa would be required to pay any amounts under these provisions, either entity would then have the right to claim compensation from the primary debtor (see "*Risk Factors—Risks Relating to the Group's Business and Operations—Mota-Engil Engenharia e Construção África, S.A. ("MEEC Africa"), a member of the Group, may be liable for debts and other obligations incurred by Mota-Engil Engenharia e Construção, S.A. ("MEEC") prior to the Pre-Listing Reorganisation*");

(iii) facilitating the acquisition by Mote-Engil Angola of certain of the Parent Group's investments in Africa, namely 50 per cent. of Vista Energy Environment & Services S.A. ("**Vista S.A.**"), which is the holding company of Vista Waste and Vista Water. The remaining shares of Vista S.A. were also acquired by Mota-Engil Angola, which is now the sole shareholder of this company; and

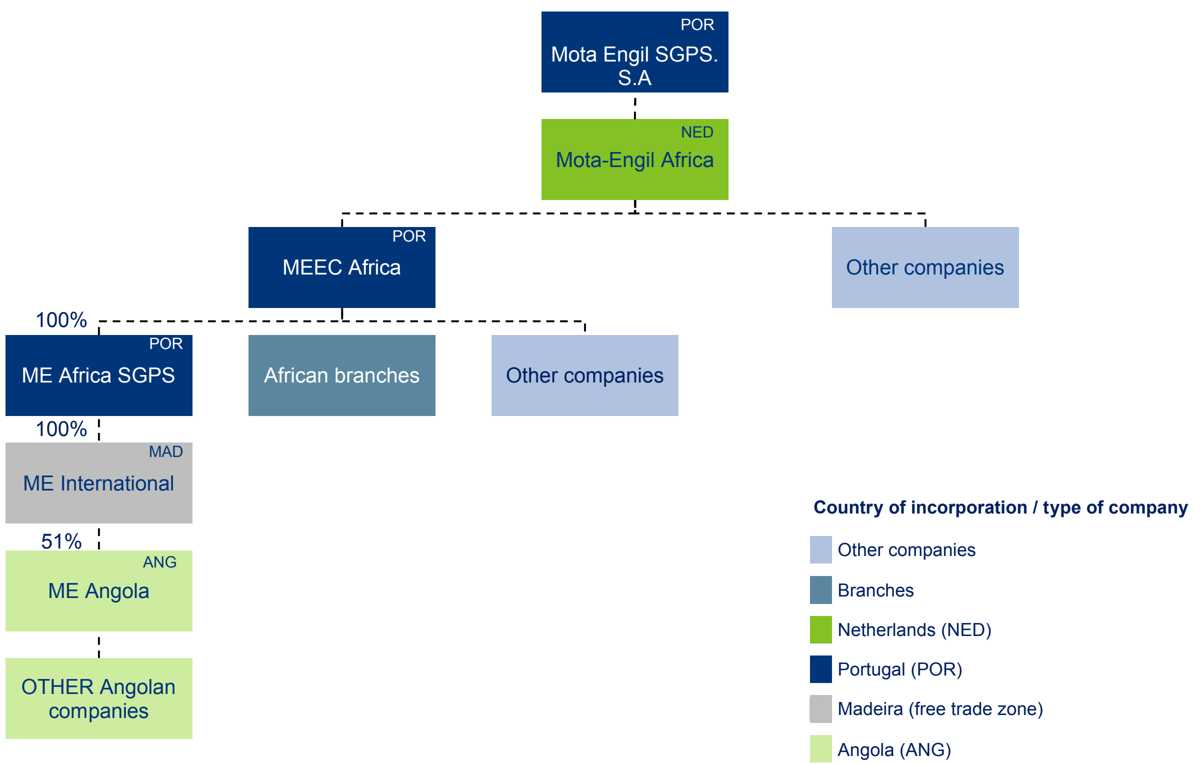
(iv) a non-cash contribution (consisting of the total shares in MEEC Africa) by the Parent to the Company.

The partial demerger of MEEC, undertaken pursuant to the terms of article 118(1)(c) of the Portuguese Companies Code, resulted in the splitting of the assets of MEEC (the "Split Company") into two parts in order for one of those parts to be merged into MEEC Africa (the "Incorporating Company"). MEEC's demerged assets, which comprised the assets and liabilities related to the Parent Group's civil construction and public works activities in Angola, Cape Verde, Malawi, Mauritius, Mozambique, Zimbabwe, São Tomé e Príncipe and South Africa were transferred by way of merger to MEEC Africa. Pursuant to the option provided under article 119(i) of the Portuguese Companies Code and under article 74(3) of the Portuguese Corporation Tax Code, from a tax and accounting standpoint, the demerger-merger, including the transfer to the Incorporating Company of the assets of the Split Company, took place on 1 January 2013.

**SIMPLIFIED OVERVIEW OF THE AFRICA BUSINESS BEFORE PRE-LISTING REORGANISATION**




**SIMPLIFIED OVERVIEW OF THE AFRICA BUSINESS FOLLOWING THE PRE-LISTING REORGANISATION**




Please also refer to the detailed Group structure diagram contained in "*Part II: Information on the Group—Group Structure*".

## SHARED SERVICES AND INTERCOMPANY ARRANGEMENTS

The Parent has and will continue, through its wholly-owned subsidiary Mota-Engil Serviços Partilhados Administrativos e de Gestão, S.A. ("**MESP**"), to provide certain services to companies within the Parent Group in respect of the operation of their respective businesses. The rationale for this arrangement is, among other things, to optimise back-office functions within the Parent Group, take advantage of potential synergies across the Parent Group by providing a common support infrastructure, share common knowledge, cut bureaucracy, ensure effective circulation of information within the Parent Group, accelerate decision and approval processes and provide Parent Group companies access to best practices and technological platforms at low cost. On and from Listing, the Parent, through MESP, will continue to provide services to the Group in respect of the operation of its business.

### *Services*

The services which have been, and will continue to be, provided by MESP to companies within the Group fall within the following service areas: (i) Human Resources (including services in connection with the development and motivation of the workforce, recruitment, strategic planning, payroll processing, handling changes in employee terms and conditions, registration of employee transfers and exits and integration of time sheets), (ii) Finance and Accounting (including debt management, cash-flow management, credit control and payments to suppliers), and (iii) Controlling & IT (including preparation of internal reporting, supporting and controlling the IT operating budget and IT budget control, hardware and software supply, technology maintenance and assistance, management of the e-mail system and information technology infrastructure services). In addition, MEEC provides specialist engineering support and know how (particularly in the areas of rail and port construction) to members of the Group through its support and expertise centres based in Portugal. SUMA, another company within the Parent Group, also provides certain services (principally relating to the supply of materials and expatriate personnel) to Vista Waste, a Group company.

The Parent Group's shared services model allows companies within the Parent Group, including members of the Group, to elect the nature and extent of the services they require from MESP, bearing in mind their individual operational needs and requirements. As such, companies within the Group may elect to take direct or greater responsibility in respect of certain of its processes where required by its local business and operational environment.

### *Service Level Agreements*

The services provided to Group companies are rendered by MESP pursuant to service level agreements entered into with each relevant Group company ("SLA"). Each SLA is based on a template formulated by the Parent Group which is adapted to the particular type and recipient of services and sets out the detailed scope of services to be provided by MESP to the relevant Group company. SLAs in respect of most non-information technology-related services typically have a term of one or three years, are automatically renewable for periods of one year at the end of the relevant term and generally contain one of the following two termination provisions: either that (i) the agreement may be terminated at any time by either party with a minimum of 90 days' prior notice; or (ii) either party may terminate the agreement by objecting to its renewal with a minimum of 60 days' prior notice, before the relevant SLA's termination date. SLAs generally have a fixed price which is established based on expected transactional volumes and revisited upon renewal of the relevant contract, taking into account expected inflation. It may also be updated by means of an amendment to the relevant SLA. Certain of the SLAs entered into by Group companies are based on variable prices such as SLAs in respect of information technology related services (where a fixed price per unit is established, but the monthly fee depends on periodic counting of certain variables (for example, active e-mail accounts)) and SLAs in respect of certain other services (for example, help desk and administrative support services), where a variable nominal fee is charged depending on the level of activity performed by MESP.

Where any company within the Group requires services not specifically contemplated under an existing SLA, these can be provided by MESP on an ad-hoc basis which is usually the case with small Group companies which do not require a full spectrum of services.

### *Shared Services strategy*

As part of the Group's on-going implementation of its revised organisational model, referred to above, the Parent is currently pursuing an internal project aimed at restructuring the current shared services arrangements described above which is expected to be concluded within 12 to 18 months of Listing. The main drivers of this process are to: (i) reduce the need of centralised services from the Parent and ultimately aim for the Group to be self-reliant; (ii) develop the capability of local teams; and (iii) adapt the services to be localised rather than centrally concentrated. As part of this restructuring, the Group expects that the shared services arrangements entered into by Group companies summarised above will be restructured in the following key respects:

1. the current services described above and provided in whole or in part by MESP will be provided by companies within the Group;

2. only consolidation and Group reporting services will be provided at the Parent level; and

3. SLAs will be adjusted or, if necessary, put in place.

**SPECIAL DIVIDEND**

To further give effect to the revised strategic focus of ME SGPS described above and to provide its shareholders with the benefits associated with attaining direct exposure to its operations in Sub-Saharan Africa, a general meeting of ME SGPS shareholders was held on 27 December 2013 where, amongst other things, the Special Dividend was approved. Under the terms of the Special Dividend, investors who were registered as holders of ordinary shares of ME SGPS on 22 January 2014 (the "**Strip Out Date**") were conditionally attributed, pro-rata to their shareholding in ME SGPS at the Strip Out Date, 20 million Shares in the Company, representing 20 per cent. of the issued share capital of the Company at the Strip Out Date. Those investors received rights (the "**Special Dividend Rights**") that, should the Special Dividend become unconditional, entitle holders of Special Dividend Rights ("**Entitled ME SGPS Special Dividend Recipients**") to receive 0.10334084 Shares for each Special Dividend Right held. The Special Dividend is conditional upon certain events that have already materialised and Listing. The Special Dividend is expected to be payable through the book-entry systems of Euroclear Nederland on the date of Listing. If Listing does not occur and the Shares are not otherwise admitted to trading on any regulated market of a European Union member state by 31 December 2014, then the Special Dividend Rights will lapse. Delivery of the Special Dividend will be subject to applicable taxation (including in the form of withholding tax, where applicable).

## PART VI: SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables set out selected historical financial and other information of the Group. Save for the financial information in respect of the six months ended 30 June 2014, the selected historical financial information of the Group set out in the tables below were extracted from the Group's combined consolidated audited historical financial statements for the years ended 31 December 2011, 2012 and 2013 and from the combined consolidated unaudited interim financial statements for the six months ended 30 June 2013. The unaudited interim consolidated financial information for the six months ended 30 June 2014 in the tables below were extracted from the Group's consolidated financial statements, which appear elsewhere in this Prospectus.

The financial information below includes certain non-IFRS measures used to evaluate the Group's economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered as an alternative measure to evaluate the performance of the Group. See "*Important Information*".

The Group encourages you to read the information contained in this section in conjunction with the sections entitled "*Part VII: Operating and Financial Review*" (including, in particular, the section entitled "*Basis of Preparation of Financial Information*") and the historical financial information, including the notes thereto, appearing elsewhere in this Prospectus.

### INCOME STATEMENT

| | Year ended 31 December | | | Six months ended 30 June (Unaudited) | |
|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2013** | **2014** |
| | | | **(€ thousands)** | | |
| Sales and services rendered | 590,525 | 727,167 | 1,005,306 | 432,850 | 556,747 |
| Other revenues | 34,970 | 42,681 | 19,328 | 9,726 | 17,940 |
| Cost of goods sold, material consumption and subcontractors | (298,698) | (333,209) | (409,055) | (161,256) | (208,065) |
| Third party supplies and services | (104,217) | (146,909) | (216,395) | (100,509) | (148,172) |
| Wages and salaries | (84,938) | (121,233) | (147,766) | (67,042) | (79,126) |
| Other operating expenses, net | (9,526) | (10,480) | (8,563) | 1,424 | 1,639 |
| Depreciation and amortisation | (30,811) | (38,537) | (49,295) | (22,887) | (41,170) |
| Provisions and impairment losses | (2,909) | (3,215) | (1,773) | (3,259) | (2,412) |
| **Operating profit** | **94,395** | **116,266** | **191,787** | **89,047** | **97,381** |
| Financial income | 8,860 | 5,547 | 12,227 | 1,174 | 6,798 |
| Financial costs | (21,260) | (39,846) | (69,175) | (33,947) | (29,855) |
| Gains in associates and jointly controlled companies | 5,000 | 8,958 | 121 | 106 | (27) |
| Income tax | (6,728) | (12,291) | (30,008) | (8,101) | (11,834) |
| **Consolidated net profit for the year** | **80,267** | **78,633** | **104,950** | **48,279** | **62,463** |
| Attributable to: | | | | | |
| non-controlling interests | **28,053** | **30,788** | **28,783** | **14,679** | **8,173** |
| the Group | **52,214** | **47,845** | **76,167** | **33,600** | **54,290** |

## STATEMENT OF FINANCIAL POSITION

| | As at 31 December | | | As at 30 June (Unaudited) |
|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 |
| | | | (€ thousands) | |
| **Assets** | | | | |
| Non-current | 201,638 | 341,359 | 399,732 | 390,877 |
| Current | 953,644 | 1,052,016 | 1,241,333 | 1,222,687 |
| **Total assets** | **1,155,282** | **1,393,376** | **1,641,065** | **1,613,564** |
| **Total shareholders' equity** | 312,223 | 288,380 | 355,631 | 368,888 |
| **Liabilities** | | | | |
| Non-current | 110,916 | 160,749 | 189,651 | 198,499 |
| Current | 732,143 | 944,246 | 1,095,783 | 1,046,178 |
| **Total liabilities** | **843,059** | **1,104,995** | **1,285,433** | **1,244,676** |
| **Total equity and liabilities** | **1,155,282** | **1,393,376** | **1,641,065** | **1,613,564** |

## STATEMENT OF CASH FLOWS

| | Year ended 31 December | | | Six months ended 30 June (Unaudited) | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | | | (€ thousands) | | |
| Net cash generated from operating activities | 16,518 | 88,139 | 30,831 | 50,388 | 59,783 |
| Net cash used in investing activities | 33,738 | (52,380) | (30,228) | (12,471) | (34,412) |
| Net cash used in financing activities | (11,482) | (40,264) | 41,200 | (41,676) | (50,329) |
| Variations of cash and cash equivalents | 38,774 | (4,504) | 41,803 | (3,759) | (24,959) |
| Variations caused by changes to the perimeter | 5 | 402 | 1,470 | 1,598 | - |
| Exchange rate effect | 1,868 | 494 | (9,464) | (193) | 835 |
| Cash and cash equivalents at beginning of the period | 79,665 | 120,312 | 116,704 | 116,704 | 150,513 |
| **Cash and cash equivalents at end of the year** | **120,312** | **116,704** | **150,513** | **114,349** | **126,389** |

## ADJUSTED EBITDA

The following financial information for the years ended 31 December 2011, 2012 and 2013 has been extracted from the Combined Audited Financial Statements. The following financial information for the six months ended 30 June 2013 and 30 June 2014 has been extracted from the Interim Financial Statements. The items set out in the footnotes of the tables below are extracted from the underlying accounting records supporting the Historical Financial Information.

| | Year ended 31 December | | | Six months ended 30 June (Unaudited) | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | | | (€ thousands) | | |
| Consolidated net profit | 80,267 | 78,633 | 104,950 | 48,279 | 62,463 |
| Depreciation and amortisation | (30,811) | (38,537) | (49,295) | (22,887) | (41,170) |
| Provisions and impairment losses | (2,909) | (3,215) | (1,773) | (3,259) | (2,412) |
| Financial income | 8,860 | 5,547 | 12,227 | 1,174 | 6,798 |
| Financial costs | (21,260) | (39,846) | (69,175) | (33,947) | (29,855) |
| Gains in associates and jointly controlled companies | 5,000 | 8,958 | 121 | 106 | (27) |
| Income tax | (6,728) | (12,291) | (30,008) | (8,101) | (11,834) |
| **Adjusted EBITDA[(1)]** | **128,116** | **158,018** | **242,855** | **115,193** | **140,963** |

(1) Adjusted EBITDA is a non-IFRS metric. The Group defines Adjusted EBITDA as consolidated net profit before depreciation and amortisation, provision and impairment losses, financial income and costs, gains in associates and jointly controlled companies and income tax. The Board believes that Adjusted EBITDA is frequently used by security analysts, investors and other interested parties in evaluating companies in its industry. This is not a measure of operating performance derived in accordance with IFRS, and should not be considered a substitute for gross profit, operating profit, profit before tax, cash flow from operating activities or other income or cash flow statement data as determined in accordance with IFRS, or as a measure of profitability or liquidity. Adjusted EBITDA is included herein as a supplemental disclosure, because the Board believes that this measure provides useful comparative information to an investor and helps investors evaluate the performance of the underlying business. However, the Group's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

## PART VII: OPERATING AND FINANCIAL REVIEW

*The following is a discussion of the Group's results of operations and financial condition. Prospective investors should read the following discussion, together with the whole of this Prospectus, including "Important Information—Financial Data", "Risk Factors", the historical financial information included in "Part VIII: Historical Financial Information" and should not just rely on the key or summarised information contained in this "Part VII: Operating and Financial Review".*

*Unless otherwise stated, the financial information in this "Part VII: Operating and Financial Review" relates to financial information that has been extracted without material adjustment from the historical financial information contained in "Part VIII: Historical Financial Information". The Combined Audited Financial Statements and the Interim Financial Statements have been prepared by the Company using certain accounting policies and assumptions. Please see "Part VII: Operating and Financial Review—Basis of Preparation of Financial Information" below.*

*Unless otherwise indicated, the financial information included into this document is based on IFRS and International Financial Reporting Interpretations Committee interpretations. IFRS differs in certain aspects from international financial reporting standards as published by the International Accounting Standards Board.*

*This section contains "forward-looking statements". Those statements are subject to risks, uncertainties and other factors that could cause the Group's future results of operations or cash flows to differ materially from the results of operations or cash flows expressed or implied in such forward-looking statements. See the section entitled "Forward-looking Statements".*

### Overview

The Group is a leading provider of integrated engineering and construction services as well as a wide range of other services across its target markets in Sub-Saharan Africa. Its diversified portfolio of services ranges from Engineering and Construction (including infrastructure such as roads, railways, bridges and dams, mining services, civil construction works and real estate construction and services), Logistics (including ports and other infrastructure management) and Environment and Services (including waste management and collection and water treatment and distribution).

The Group currently operates in ten countries comprising its primary markets of Angola, Malawi and Mozambique as well as its other markets of Cape Verde, Ghana, São Tomé and Príncipe, South Africa, Uganda, Zambia and Zimbabwe. The Group's head office is in Johannesburg and, as at 30 June 2014, the Group had approximately 14,500 employees. The Company believes that the Group's unique focus on Sub-Saharan African markets, its long history in the region, its understanding of local culture and practices, its strong, long-lasting relationships, its fully integrated service offering and its broad geographic footprint ensures that it is well-positioned to take advantage of the significant opportunities in the region.

Through its long standing, on the ground presence in Sub-Saharan Africa, the Group has developed substantial expertise and experience in working on and completing a broad range of large and technically complex projects across the region. Throughout the 1950's and 1960's, the Group completed numerous large infrastructure projects in Angola, where it began operations in 1946, including the construction of Luanda airport in 1952 (the Group's first major project in the country). In subsequent years, as the Group expanded its geographical and operational footprint, it completed other landmark projects throughout Sub-Saharan Africa, including the construction of the Dreihuk Dam in Namibia in 1975, the rehabilitation of N'Toum-Cocobeach R10 road in Gabon in 1982, the rehabilitation and construction of over 1,000 kilometres of roads in Malawi since 1990 (including the 131 km Dwangwa-Nkata Bay Road in Malawi in 1991), the construction of the 54 bedroom Hotel Tropico in Cape Verde and the Awaso-Bediakukrom Road in Ghana in 1996, the construction of the Ngaoundere-Moundou (lot 3) Road in Chad in 2001, the construction of the new Praia Airport in Cape Verde in 2004 and the rehabilitation of 358 km of national road in Dassa-Savé-Parakouberoubouay in Benin in 2004.

More recently, the Group has completed the following in its primary markets of Angola, Malawi and Mozambique:

- in Angola, where the Group has been present since 1946 and where it enjoys considerable brand recognition:

- the recently completed rehabilitation of Luanda Bay, a significant urban infrastructure project which has provided the coastline of the city of Luanda with modern road infrastructure, green spaces, sports and shopping areas;
- the rehabilitation and extension of the 230 kilometre Saurimo to Muconda road, which was completed in 2007; and
- the construction of Luanda Towers, which comprise three 21 storey tower blocks designed for mixed residential, office and retail use and which was completed in September 2014;

- in Malawi, where the Group has been present since 1990:
  - the award of two sections of the Nacala Corridor railway project (comprising 245 kilometres in total), a significant infrastructure project which will link the Moatize coal mine in Tete Province, Mozambique, via Malawi, to Nacala Port, Mozambique, over a total distance of 906 kilometres which is expected to be completed in December 2014;
- in Mozambique, where the Group has been present since 1993:
  - the 2.3 kilometre bridge over the Zambezi river between Caia and Chimura including two kilometres of related access roads, which was completed in 2009;
  - the Olympic Village and Olympic Pool in Maputo comprising 27 buildings and 848 apartments, as well as road access, public areas and infrastructure, parking lots and Olympic swimming pools, which was completed in 2012, only ten months after the project commenced; and
  - the design and rehabilitation of 236 kilometres of road between Milange and Mocuba, which was completed in 2013.

The Group manages its business and reports its financial results according to the following business segments: Angola, SADC, West Africa and East Africa. The following tables set forth sales and Adjusted EBITDA for each of the Group's business segments for the periods indicated:

| Sales by business segment(1) | Year ended 31 December | | | | | | Six months ended 30 June (Unaudited) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | | 2012 | | 2013 | | 2013 | | 2014(3) | |
| | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | |
| Angola | 421,201 | 71.3 | 468,363 | 64.4 | 506,821 | 50.4 | 235,606 | 54.4 | 225,817 | 40.6 |
| SADC | 158,307 | 26.8 | 250,138 | 34.4 | 475,806 | 47.3 | 187,236 | 43.3 | 322,400 | 57.9 |
| West Africa | 10,293 | 1.7 | 10,261 | 1.4 | 14,673 | 1.5 | 7,206 | 1.7 | 8,571 | 1.5 |
| East Africa | — | 0.0 | — | 0.0 | — | 0.0 | — | 0.0 | — | 0.0 |
| Other, eliminations and intercompany(2) | 723 | 0.1 | (1,595) | (0.2) | 8,006 | 0.8 | 2,801 | 0.6 | (41) | (0.0) |
| **Total** | **590,525** | **100** | **727,167** | **100** | **1,005,306** | **100** | **432,850** | **100** | **556,747** | **100** |

(1) Refers to sales and services rendered by each business segment.

(2) Other, eliminations and intercompany mainly comprises sales of materials to partners and other third-parties.

(3) Unaudited figures extracted from the Group's records, prepared under the same assumptions and criteria used for the compilation of the combined audited historical financial information for the three years ended 31 December 2011, 2012 and 2013.

| Adjusted EBITDA[(1)] | Year ended 31 December | | | | | | Six months ended 30 June (Unaudited) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | | 2012 | | 2013 | | 2013 | | 2014[(3)] | |
| | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | | € thousands / per cent. | |
| Angola | 88,121 | 68.8 | 100,388 | 63.5 | 94,426 | 38.9 | 48,909 | 42.5 | 41,852 | 29.7 |
| SADC | 22,032 | 17.2 | 41,461 | 26.2 | 120,416 | 49.6 | 50,592 | 43.9 | 92,834 | 65.9 |
| West Africa | 417 | 0.3 | (248) | (0.2) | (1,284) | (0.5) | (41) | 0.0 | (182) | (0.1) |
| East Africa | — | 0.0 | — | 0.0 | (161) | (0.1) | — | 0.0 | (106) | (0.1) |
| Other, eliminations and intercompany[(2)] | 17,546 | 13.7 | 16,417 | 10.4 | 29,458 | 12.1 | 15,733 | 13.7 | 6,565 | 4.7 |
| **Total** | **128,116** | **100** | **158,018** | **100** | **242,855** | **100** | **115,193** | **100** | **140,963** | **100** |

(1) Adjusted EBITDA is a non IFRS metric. The Group defines Adjusted EBITDA as consolidated net profit before depreciation and amortisation, provision and impairment losses, financial income and costs, gains/losses in associates and jointly controlled companies and income tax. The Board believes that Adjusted EBITDA is frequently used by security analysts, investors and other interested parties in evaluating companies in its industry. This is not a measure of operating performance derived in accordance with IFRS, and should not be considered a substitute for gross profit, operating profit, profit before tax, cash flow from operating activities or other income or cash flow statement data as determined in accordance with IFRS, or as a measure of profitability or liquidity. Adjusted EBITDA is included herein as a supplemental disclosure, because the Board believes that this measure provides useful comparative information to an investor and helps investors evaluate the performance of the underlying business. However, the Group's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

(2) Other, eliminations and intercompany mainly comprises Adjusted EBITDA generated from sales of materials to partners and other third-parties.

(3) Unaudited figures extracted from the Group's records, prepared under the same assumptions and criteria used for the compilation of the combined audited historical financial information for the three years ended 31 December 2011, 2012 and 2013.

The Group has achieved significant growth in recent years, particularly in SADC. The Group achieved sales growth of 23.1 per cent. and 38.2 per cent. for the years ended 31 December 2012 and 2013, respectively, whilst generating Adjusted EBITDA of €158.0 million and €242.9 million, for the years ended 31 December 2012 and 2013, respectively. The Group's sales and Adjusted EBITDA CAGR for the period 2011 to 2013 was 30.5 per cent. and 37.7 per cent., respectively. The Group's Adjusted EBITDA margin for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 was 21.7 per cent., 21.7 per cent. and 24.2 per cent., respectively. The Group's Adjusted EBITDA margin for the six months ended 30 June 2014 was 25.3 per cent. compared to an Adjusted EBITDA margin of 26.6 per cent. for the six months ended 30 June 2013. Total Adjusted EBITDA grew from €115.2 million in the six months ended 30 June 2013 to €141.0 million in the six months ended 30 June 2014. This increase was principally attributable to the Group's sales growth of 28.6 per cent. in the six months ended 30 June 2014 compared to the six months ended 30 June 2013.

**Basis of Preparation of Financial Information**

The Company is a consolidated subsidiary of the Parent and, prior to the Pre-Listing Reorganisation, the operations currently carried on in Sub-Saharan Africa by the Group were carried on by the Parent Group (see "*Part V: Relationship with the Major Shareholder*"). For the purposes of, *inter alia*, affording greater operational efficiency to the Parent Group, enhancing its ability to obtain financing in each of its markets and in order to support the growth of international activities, the Parent Group's board approved a new organisational model in April 2012 which, *inter alia*, resulted in the Parent Group reporting segmentally on a geographical basis (rather than by business area). This served as the preface to the establishment of the Company; to implement the organisational model, the Parent Group carried out the Pre-Listing Reorganisation under which, *inter alia*, the Company was established and through which all the Parent Group's operations in Sub-Saharan Africa have been, and will be, conducted (See "*Part V: Relationship with the Major Shareholder*").

The Combined Audited Financial Statements on which this "*Part VII: Operating and Financial Review*" is based are non-statutory combined consolidated financial statements which reflect the assets, liabilities, revenues, expenses and cash flows of the Group. The Combined Audited Financial Statements represent an aggregation of the financial information of the Group and records have been derived from the accounting of the Company and its subsidiaries using principles consistent with IFRS by aggregating the historical results of operations, and the historical basis of assets and liabilities, of the Group. The aggregation assumes that the Group in its current form was maintained over the last three reporting years, including the impact of acquired operations regardless of the date of acquisition. In preparing the Combined Audited Financial Statements, the Company has elected to apply the same accounting policies as those applied in the historical reporting of financial information of the Parent Group and has, in addition, made certain assumptions as more fully set out in "*Part VIII: Historical Financial Information—Combined Audited Consolidated Historical Financial Information for the years ended 31 December 2011, 2012 and 2013*", in particular, the fact that (i) certain expenses, as well as debt and related interest expense, have been allocated by the Parent to the Company, (ii) external supplies and services charged by the Group that are related to the rental of equipment used in the African business entities have been reclassified to tangible assets depreciations, computed in accordance with their useful lives, on a consistent basis with the inclusion of such tangible assets in the combined balance sheets from 1 January 2011 and up to 31 December 2013, (iii) external supplies and services charged by the Group that are related to personnel and labour costs allocated to the African business have been classified in the combined income statement as payroll costs per the related actual payroll costs incurred, and (iv) income tax expense has been recomputed and recorded in the Combined Audited Financial Statements taking into consideration the actual income tax rates in each of the African countries where the operations occurred and are taxable. Whilst the Combined Audited Financial Statements are not, and cannot be considered to be, consolidated financial statements of a stand-alone company that has operated as an independent entity for the periods presented, the Company considers that the Combined Audited Financial Statements reasonably reflect what the Group's combined results of operations, financial position and cash flows would have been had that been the case.

The interim financial information contained in this "*Part VII: Operating and Financial Review*" is based on the information contained in "*Part VIII: Historical Financial Information—Section C: Unaudited Interim Consolidated Financial Information for the six months ended 30 June 2014*". The financial information for the six months ended 30 June 2013 contained within the Interim Financial Statements were prepared on a combined basis using substantially the same assumptions as those used in the preparation of the Combined Audited Financial Statements, as more particularly explained in the paragraph above. Given that the Pre-Listing Reorganisation was completed prior to 1 January 2014, the same assumptions and basis of preparation were not required to be applied in preparing the financial information for the six months ended 30 June 2014 contained within the Interim Financial Statements. Furthermore, whilst the financial information for the six months ended 30 June 2013 has not been derived from consolidated financial statements of a stand-alone company that operated as an independent entity for that period, the Company considers that such financial information reasonably reflects what the Group's combined results of operations, financial position and cash flows would have been for that period had that been the case. Accordingly, the Company believes that there is a reasonable basis of comparison between the financial information for the six months ended 30 June 2013 and the financial information for the six months ended 30 June 2014, in each case contained within the Interim Financial Statements. For further information on the basis of preparation of the Interim Financial Statements, please refer to the section entitled "*Basis of Preparation*" in the Interim Financial Statements contained in "*Part VIII: Historical Financial Information—Section C: Unaudited Interim Consolidated Financial Information for the six months ended 30 June 2014*". The Interim Financial Statements were prepared in accordance with IAS – "Interim Financial Reporting".

**Key factors affecting the Group's results of operations and financial condition**

The Company believes that the following factors have significantly affected the Group's results of operations and/or financial condition during the periods under review, and may continue to affect the Group's results of operations and financial condition in the future.

***Awards of large infrastructure contracts***

During the periods under review, a substantial portion of the Group's revenues were generated from large-scale infrastructure projects, many of which are dependent on governmental support in the countries in which the Group operates. In particular, the award of two sections of the Nacala Corridor railway project (which is scheduled to be completed in late 2014) in Malawi in 2012 significantly affected Group sales attributable to the SADC business segment in 2013. The Company's ten largest projects contributed approximately 59.7 per cent. and 70.6 per cent. of the Group's total sales and services rendered for the year ended 31 December 2013 and the six months ended 30 June 2014, respectively. The award of large scale new projects, such as the Nacala Corridor railway project, have a significant impact on the Group's margins and cash flows. This is particularly the case given that the Group's margins on large scale infrastructure projects are generally higher than, for example, margins on smaller civil construction projects. They are also more profitable than contracts in the Group's other business areas such as Logistics, given the contract values are generally much higher. A number of factors affect the timing of tenders for large scale infrastructure projects on which the Group can bid; worldwide resource constraints, escalating material and equipment prices, financing availability and on-going supply chain pricing pressures may cause delays in tenders and awards and, in some cases, cancellations of major projects. The award of contracts also often depends on a lengthy, complex and competitive bidding and selection process which, in turn, is affected by a number of factors, such as infrastructure requirements, market conditions, financing arrangements, governmental budgets, governmental approvals and environmental matters. In addition, the project mix in the Group's backlog as well as the diversification of its service offering and revenue streams has a significant effect on the Group's results of operations and financial condition.

***Geographic diversification***

Angola has traditionally been the Group's primary market and generated the majority of the Group's sales. In the year ended 31 December 2011, the Group generated 71.3 per cent. of its sales from the Angola business segment, 26.8 per cent. of its sales from the SADC segment and 1.7 per cent. of its sales from the West Africa segment. As part of its on-going diversification strategy, the Group has sought to reduce its reliance on the Angolan market and increase sales generated from its other markets whilst also expanding into new geographies. As part of this strategy, the Group sold 49 per cent. of Mota-Engil Angola to a consortium controlled by Sonangol, Angola's national oil company, for a total cash consideration of US$159.25 million in 2010. Since 31 December 2010, the Group's sales generated from markets other than Angola have increased proportionally year-on-year. In the year ended 31 December 2013, the Group generated 50.4 per cent. of its sales from the Angola business segment (representing an increase in sales of 20.3 per cent. since 31 December 2011), 47.3 per cent. of its sales from the SADC segment (representing an increase in sales of 200.6 per cent. since 31 December 2011) and 1.5 per cent. of its sales from the West Africa segment (representing an increase in sales of 42.6 per cent. since 31 December 2011). In the six months ended 30 June 2014, the Group generated 40.6 per cent. of its sales from the Angola business segment, 57.9 per cent. of its sales from the SADC segment and 1.5 per cent. of its sales from the West Africa segment. As well as increasing its sales in its existing markets, the Company's strategy contemplates pursuing targeted expansion into new geographies with high economic growth potential and with strong natural resources sectors, particularly Cameroon, Kenya, Tanzania and Rwanda. Whilst expanding its operations in its other markets has contributed to the Group's costs increasing in the reporting period, diversifying the geographic sources of the Group's revenue has led to sales being less concentrated in any one business segment allowing for more stable operations that are less exposed to the economic and political cycles of any one country (particularly Angola). The Group's ability to further diversify its revenue streams is likely to continue to affect its results of operations and financial condition going forward.

***Macroeconomic conditions***

The Group's revenue in markets in which it operates is affected by macroeconomic trends and economic cycles, particularly the local GDPs of such markets. The construction industry in the markets the Group operates in are cyclical by nature and depend on public and private sector investments and the availability of financing from, amongst others, international development agencies. The level of investment in both the public and private sectors is driven by general economic conditions, generally increasing in times of economic growth and decreasing during downturns or recessions. During the periods under review, the markets in which the Group operates have achieved significant growth driven by, amongst other things, the exploration and development of the region's natural resources and high prices of commodities. In addition, the evolution of the economic and demographic landscape in many African countries has, and the Company believes will continue to, encourage economic growth. The Company believes that this growth has allowed the governments of the region to adopt policies for investment in new infrastructure, an essential factor in fostering private investment and the development of other sectors of activity, such as agriculture, industry, commerce and tourism. The financing available in these markets has made it possible to support growth and the execution of large public and private investments, specifically in the oil and gas and mining sector. This growth has, the Company believes, contributed to the Group's sales growth during the period under review, and will continue to be a key factor affecting its financial performance.

***Pricing of key contracts and cost increases***

The availability and costs of, amongst others, raw materials, labour and third-party supplies and services form the basis upon which estimated margins for contracts are determined and upon which the Group prices its services to its customers. These factors may fluctuate during the period of a contract and may be impacted by unforeseen events. Events such as changes in general economic conditions, capacity limitations, commodity price fluctuations, the availability of raw materials or complementary and substitute materials and changes in regulatory requirements may impact the cost and availability of materials and labour. If costs are greater than the Group has estimated, it will not be able to obtain the margins and profits it had anticipated on any given project. In order to mitigate these effects, the Group has implemented measures to deal with logistics and supply issues that are often the cause of price increases after a contract is signed. For instance, the Group maintains large stocks of raw materials in Angola, with its purpose built warehouse in Viana, and has established a factory in Malawi to manufacture railway sleepers for the Nacala Corridor rail project. The Group is also able to mitigate these effects by including impairment provisions in its cost estimates to cover inflation risk and the risk of fluctuations in the prices of raw materials and commodities. The Group also enters into framework agreements with its suppliers for the raw materials required at the bidding stage and does not rely on any single supplier by having access to a wide range of suppliers. In addition, to mitigate the effect of price fluctuations of raw materials and energy costs, the Group relies on automatic adjustment mechanisms or price escalation formulas in certain of its contracts.

***Construction capital expenditures***

Significant capital expenditure is required by the construction industry including for investments in property, plant and equipment as well as setting up the logistical infrastructure needed to carry out projects. The capital investment required to develop and construct facilities and projects and offer products and services generally varies based on the cost of the necessary fixed assets and has had an effect on the Group's results of operations and financial condition. In the majority of large scale projects where significant capital expenditure is required, such expenses are factored into the contract price at the bidding phase. This has an impact on the group's cash flow however, as there can be time lags between when the capital expenditure is made in preparation for a project or at various stages of the relevant project and when payments are received from clients. In addition, where the Group is able to reduce capital expenditure by using available equipment and assets, earnings increase and have a favourable effect on the Group's results of operations and financial condition.

***Currency fluctuations***

The Group's reported results of operations and financial condition are affected by currency and exchange rate fluctuations. Whilst the Group's financial statements are presented in Euro, a portion of revenue in foreign markets is denominated in the relevant foreign currencies. The Group has historically been exposed to translational and, to a lesser extent, transactional fluctuations in foreign currency exchange rates. In the year ended 31 December 2013, approximately 14 per cent. of the Group's sales were denominated in Euro, approximately 42 per cent. in Angolan Kwanza and approximately 44 per cent. in US dollar and the remainder in other currencies.

Assets, liabilities and transactions for certain of the Group's reporting entities are measured in the currency of the primary economic environment in which the entity operates (the entity's functional currency) and are then translated into Euros for presentation of the Group's consolidated operating results. As currency exchange rates fluctuate, translation of the operating results of the Group's subsidiaries that have a functional currency other than the Euro affects the Group's reported results of operations. Translation of intra-Group borrowings is affected by currency exchange rate fluctuations. The Group is primarily exposed to movements in the Euro against the Angolan Kwanza, USD, Malawian Kwacha, Mozambique Metical and South African Rand. The Group does not currently hedge these translational exposures.

The Group is also exposed to transactional foreign exchange rate fluctuations when a Group subsidiary enters into a transaction in a currency other than the subsidiary's functional currency. In particular, there has been an increasing trend in Angola for contracts to be denominated in Angolan Kwanza. The Group generally seeks to mitigate such exposure by attempting to have each Group subsidiary match its purchasing and sales predominantly in its functional currency, and this has been the case with Mota-Engil Angola. In addition, as certain transactions with suppliers and other third-parties are denominated in the same currency as customer invoices, this mitigates the impact of transactional currency issues.

See also "*Important Information—Exchange Rate Information*" and "*Risk Factors—Risks Relating to the Group's Business and Operations—The Group is exposed to fluctuations in currency exchange rates*".

***Interest rate fluctuations***

The Group incurs indebtedness as a result of the cost of financing its operations and the interest charges on such financing is dependent on the financing terms established at the beginning of a debt transaction and subsequent interest rate fluctuations. As at 30 June 2014, the Group's debt that incurs floating interest rate charges comprises approximately 95 per cent. of the Group's overall debt, thereby exposing it to the risks of interest rate fluctuations. The Group does not have in place any financial instruments to hedge against interest rate movements as the Group expects interest rates to remain stable for the expected term of its loans.

***Seasonality***

The Group's business is seasonal and projects in certain regions are subject to seasonal fluctuations with changes in weather which can have an impact on operating results. Certain of the Group's customers reduce their expenditures and work order requests during certain periods of the year when there are unfavourable weather conditions. In addition, adverse weather also negatively impacts the Group's ability to perform outdoor services, utilise equipment and have its crews perform in affected areas. However, the diversity of the Group's projects in different markets helps to mitigate the effects of seasonal and weather conditions on its revenue. As many of the projects are long term, it is possible to anticipate and take into account possible adverse weather conditions when planning and scheduling operations to further mitigate the impact of seasonal fluctuations.

**Key Income Statement Items**

The following is a description of certain of the line items in the Group's income statements.

***Sales and services rendered***

The Group generates revenue from rendering services and the sale of merchandise and products in its business areas of Engineering and Construction (including infrastructure such as roads, railways, bridges and dams, mining services, civil construction works and real estate construction and services), Logistics (including ports and other infrastructure management) and Environment and Services (including waste management and collection and water treatment and distribution). For the year ended 31 December 2013, private sector clients accounted for 59 per cent. and public sector clients accounted for 41 per cent. of sales and services rendered, respectively. For the six months ended 30 June 2014, private sector clients accounted for 63 per cent. and public sector clients accounted for 37 per cent. of sales and services rendered, respectively. Revenue is recorded at the fair value of the assets received or receivable, net of discounts and expected returned products.

The Group recognises the net income of the works of each contract in accordance with the percentage of completion method, which is defined as being the ratio between the costs incurred in each work up to a given date and the total estimated costs to complete the work. The differences obtained between the values resulting from the application of the percentage of completion to the estimated income and the invoiced values are stated under the subheadings "Production not invoiced" or "Advance billing", included under the headings "Other current assets" and "Other current liabilities". Variation in the work relative to the amount of revenue agreed in the contract is recognised through profit or loss in the year when it is expected that the customer will approve the amount of revenue arising from the variation and it may be reliably measured. Claims for reimbursement of costs not covered in the contract price are included in the revenue of the contract when the negotiations reach an advanced stage and can be reliably measured. In order to meet the costs to be incurred during a project's warranty period, a liability is recognised on an annual basis which is calculated based on the annual volume of sales in that year and the historical costs incurred during prior warranty periods. When it is expected that the total costs set out in the construction contract exceed the income, the expected loss is recognised immediately in the income statement for the relevant year.

For civil construction works and public works of short duration, the Group recognises the income and costs as they are invoiced or incurred, respectively. Relevant costs incurred with real estate undertakings are based on direct construction costs and all costs related to the preparation of projects and licensing works. Costs imputable to the funding, supervision and inspection of the undertaking are also added to the cost of a real estate undertaking, provided that it is still underway including if awaiting decision of the authorities involved or it is under construction.

Revenue arising from sales and all other business is recognised at the time of its realisation or with reference to the completion stage of the transaction as at the reporting date, provided that all of the following conditions are met: (i) the amount of revenue can be measured reliably; (ii) it is likely that the Group will receive future economic benefits associated with the transaction; (iii) the costs incurred or to be incurred with a transaction can be measured reliably; and (iv) the completion stage of the transaction as at the reporting date can be measured reliably.

***Other revenues***

The Group's other income includes revenue generated from the re-allocation of project costs between consortium members, the re-invoicing of costs to third-parties (such as subcontractors) outside of the Group and revenue based on the values relative to the net change of production and inventories.

***Costs of goods sold, materials consumed and subcontractors***

The Group's cost of goods sold, materials consumed and subcontractors consists of merchandise costs, raw materials costs and the cost of consumables as well as costs incurred in connection with the engagement of subcontractors.

***Third-party supplies and services***

The Group's third-party supplies and services costs primarily consist of leases and rental costs (which include lease payments for equipment, machines, vehicles and rentals for premises) as well as costs associated with specialised works and transport, travel, board and lodging costs.

***Wages and salaries***

The Group's staff costs consist primarily of remuneration as well as social security and other benefits granted such as meal allowances, cash sickness benefits, occupational accident insurance and indemnities.

***Other net operating expenses***

The Group's other net operating expenses includes donations, gains or losses on the sale of fixed assets, taxes (other than income tax) and own work capitalised. Own work capitalised corresponds to construction and improvement work as well as major repair of equipment and includes costs related to materials, direct labour and general expenses such as works in Angola related to the completion of the rehabilitation of the head office and works in the central construction yard. These expenses are capitalised only when the following requirements are met: (i) the assets developed are identifiable; (ii) there is a strong probability that the assets will generate future economic benefits; and (iii) the development costs are measurable in a reliable manner.

**Current Trading and Prospects**

Since the end of the last financial year, the Group has continued to perform in line with management expectations. The Group experienced strong sales growth in the six months ended 30 June 2014, with sales of €556.7 million, an increase of 28.6 per cent. as compared to €432.9 million recorded for the six months ended 30 June 2013. This growth was principally due to increased operations in SADC driven by the Nacala Corridor railway project in Malawi, the Chimoio—Espungabera Road project in Mozambique and the Great East Road project in Zambia. In the six months ended 30 June 2014, the Group's third party supplies and services expenses increased by 47.4 per cent., following the Group's increased operations. These expenses amounted to €148.2 million in the six months ended 30 June 2014, as compared to €100.5 million for the six months ended 30 June 2013. This increase was principally due to an increase in specialised works for civil construction projects and increased leases and rents for the Nacala Corridor railway project and the rehabilitation of the Sena Corridor.

Since 30 June 2014, the Nacala Corridor railway project in Malawi and the Chimoio—Espungabera Road project in Mozambique have continued to drive sales, given the usual seasonality of the Group's outdoor projects which allows for an acceleration in activities during the third quarter of each year. The Group's third party supplies and services expenses have remained consistent since 30 June 2014 due to the continued specialised works for civil construction projects and increased leases and rents for the Nacala Corridor railway project, the Great East Road project in Zambia and the rehabilitation of the Sena Corridor.

The Group expects the Nacala Corridor railway project in Malawi and the Chimoio—Espungabera Road project in Mozambique to continue to drive sales growth in the current financial year until each project's expected completion in December 2014 and March 2015, respectively. In addition, the Group has recently started work on the rehabilitation of the Great East Road, the 98.9 kilometre section from Luangwa Bridge to Nyimba in Zambia which it expects to complete in 2015, the 95.5 kilometre section from Sinda to Mtenguleni via Katete and the 50.4 kilometre section from Mtenguleni to the Mwami Border (with a total contract value of approximately €112 million).

The Group has also recently been awarded the following significant projects:

- in Angola, a contract by Sociedade Cooperativa de Habitação (a special purposes vehicle owned by the Ministry of Finance) under which the Group will carry out the construction of 296 houses in Camama, Luanda - Angola. The project has a contract value of approximately €45 million, is funded by the client, works in connection with the project will commence in November 2014 and the project will be for a period of 2 years;

- in Zimbabwe, a contract by Hwange Colliery Company Limited under which the Group will carry out drilling works, detonation, loading and transportation of minerals. The project has a contract value of approximately €188.5 million, works in connection with the project commenced in August 2014 and the project will be for a period of five years. The project is funded by the client and has the benefit of a payment guarantee from the Zimbabwe Power Company, which is in turn supported by the United Bank for Africa;

- in Uganda, a contract worth €67.4 million under which the Group will upgrade the Kampala Northern Bypass. The project was financed in part directly by the European Union with the balance of the financing being provided by a European development fund (through the Bank of Uganda). The works in connection with the project commenced in September 2014 and the project will be for a period of 30 months. The project is designed to decongest traffic in the city by diverting traffic to and from the north and western parts of the country and reduce pollution in the city centre; and

- in Cameroon, a contract by Sundance Resources Limited under which the Group will be responsible for the design and construction of a 510 kilometre railway from the Mbarga Mine in Cameroon to the Mineral Terminal Facility at Lolabe on the west coast of Cameroon, a 70 kilometre spur rail line from the Nabeba Mine in the Republic of Congo and a 35 Mtpa deep water mineral terminal facility. Whilst the project is conditional upon financing being secured, the contract value of the project is approximately US$3.5 billion and is the Group's largest single contract award to date.

The Company will continue to seek opportunities for new projects in the segments in which it operates and markets into which it may expand, in each case in line with the Company's strategy, See "*Part II: Information on the Group—Strategy*".

**Backlog, Pending Bids and Projects and Pre-qualification Tenders**

***Backlog***

The Group defines backlog to include projects for which contracts have been signed or awarded and for which the client has secured the requisite funding. Although not a financial measure, the Group believes that its backlog is a relevant indicator of the Group's short to medium-term sustainability and is therefore closely monitored to anticipate current and future business needs and expectations, budgets and forecasts.

At 31 December 2013, the Group's backlog amounted to €1,621 million. The Group's backlog at 30 June 2013 and 30 June 2014 amounted to €1,592.8 million and €1,495 million, respectively. The Group's decrease in backlog at 30

June 2014 compared to 31 December 2013 was principally due to the significant progress made and works completed on existing projects in the period. This trend is also in line with management expectations and reflects the Group's conservative backlog calculation policy which, as described above, requires contracts to have been signed or awarded and requisite funding to have been secured for any given project to be included in the Group's backlog.

The following table presents the Group's backlog by business segment for the period set forth below:

| | Year ended 31 December (Unaudited) | | | Six months ended 30 June (Unaudited)[1] | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | | | (€ thousands) | | |
| ***Business segments*** | | | | | |
| Angola | 811,054 | 671,862 | 518,284 | 720,017 | 524,841 |
| SADC | 855,522 | 779,598 | 1,013,980 | 850,311 | 821,322 |
| West Africa | 20,641 | 27,938 | 89,209 | 22,463 | 81,358 |
| East Africa | — | — | — | — | 67,395 |
| **Total Backlog** | **1,687,217** | **1,479,398** | **1,621,473** | **1,592,791** | **1,494,916** |

| | Backlog by sector | | | | |
|---|---|---|---|---|---|
| | Civil works | Mining | Railways | Roads | Waste Management |
| | | | (€ millions) | | |
| Private | 183 | 189 | 164 | 52 | — |
| Public | 290 | — | 112 | 447 | 60 |
| Total | 473 | 189 | 276 | 499 | 60 |

(1) Source: Unaudited figures extracted from the Group's records.

The following table presents the Group's backlog by client sector as at 30 June 2014:

The Group's backlog comprises contracts attributable to both the public and the private sectors. As at 31 December 2011, 70 per cent. of the Group's backlog was attributable to private sector projects and 30 per cent. of the Group's backlog was attributable to public sector projects. As at 31 December 2012, 53 per cent. of the Group's backlog was attributable to private sector projects and 47 per cent. of the Group's backlog was attributable to public sector projects. As at 31 December 2013, 46 per cent. of the Group's backlog was attributable to private sector projects and 54 per cent. of the Group's backlog was attributable to public sector projects. As at 30 June 2014, 39 per cent. of the Group's backlog was attributable to private sector projects and 61 per cent. of the Group's backlog was attributable to public sector projects, although this was primarily attributable to the significant progress made by the Group on the Nacala Corridor railway project in the six months ended 30 June 2014.

### *Pending Bids and Projects*

As at 30 September 2014, the Group had 19 Pending Bids and Projects with a total value of more than US$7 billion, being potential projects for which the Group has submitted proposals and tenders which are pending and projects the Group has been awarded for which either a contract or a memorandum of understanding has been signed but where the client is yet to secure the requisite funding. As at 30 September 2014, 7 per cent. of the Group's Pending Bids and Projects were attributable to its Angola business segment, 7 per cent. of the Group's Pending Bids and Projects were attributable to its SADC business segment, 63 per cent. of the Group's Pending Bids and Projects were attributable to its West Africa business segment and 23 per cent. of the Group's Pending Bids and Projects were attributable to its East Africa business segment. As at 30 September 2014, 86 per cent. of the Group's Pending Bids and Projects by value were attributable to infrastructure projects, 13 per cent. of the Group's Pending Bids and Projects by value were attributable to civil construction projects and the remaining Pending Bids and Projects by value were attributable to mining projects. As at 30 September 2014, 49 per cent. of the Group's Pending Bids and Projects by value were attributable to projects where the relevant client operated in the mining infrastructure sector, 37 per cent. of the Group's Pending Bids and Projects by value were attributable to projects where the relevant client operated in the infrastructure sector, 13 per cent. of the Group's Pending Bids and Projects by value were attributable to projects where the relevant client operated in the civil construction sector and the remaining 1 per cent. of the Group's Pending Bids and Projects by value were attributable to projects where the relevant client operated in the mining sector. As at 30 September 2014, 73 per cent. of the Group's Pending Bids and Projects were attributable to private sector projects and 27 per cent. of the Group's Pending Bids and Projects were attributable to public sector projects

Included in the Group's Pending Bids and Projects as at 30 September 2014 is one contract which has been signed with Sundance Resources Limited under which the Group will be responsible for the design and construction of a 510 kilometre railway from the Mbarga Mine in Cameroon to the Mineral Terminal Facility at Lolabe on the west coast of Cameroon, a 70 kilometre spur rail line from the Nabeba Mine in the Republic of Congo and a 35 Mtpa deep water mineral terminal facility. The project is the Group's largest single contract award to date. The Group's Pending Bids and Projects as at 30 September 2014 included one further project (with a contract value of approximately US$1.0 billion) in respect of which a memorandum of understanding has been signed but requisite financing is also yet to be secured.

***Pre-qualification Tenders***

In addition to the Group's backlog and Pending Bids and Projects, the Group had, as at 30 September 2014, Pre-qualification Tenders (being potential projects for which the Group has pre-qualified to tender) which Management estimates would together result in the Group being awarded additional contracts with a potential aggregate value of more than US$3 billion.

As at 30 September 2014, the Group's Pending Bids and Projects, together with the value attributed to its Pre-qualification Tenders by Management, amounted to more than US$10 billion in aggregate.

Neither backlog, Pending Bids and Projects nor Pre-qualification Tenders are measured under IFRS. The Group bases the calculation of backlog figures on, amongst other assumptions and estimates, assumptions as to exchange rates between the Euro and other currencies and estimates as to the timing and costs of completing contracts. In addition, although the Group's internal systems update backlog data on a consolidated basis monthly, backlog is not necessarily indicative of the Group's future operating results, as backlog estimates are subject to substantial fluctuations. Furthermore, the Group's Pending Bids and Projects and Pre-qualification Tenders are subject to a number of factors, uncertainties, estimates and assumptions and are not necessarily indicative of the Group's future revenue or results of operations. See "*Risk Factors—Risks Relating to the Group's Business and Operations—The Group's backlog, Pending Bids and Projects and Pre-qualification Tenders are not necessarily indicative of its future revenue or results of operations*".

**Results of Operations**

The following table sets out the Group's income statements for the periods indicated.

| | Year ended 31 December | | | Six months ended 30 June (Unaudited)(1) | |
|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2013** | **2014** |
| | | | (€ thousands) | | |
| Sales and services rendered | 590,525 | 727,167 | 1,005,306 | 432,850 | 556,747 |
| Other revenues | 34,970 | 42,681 | 19,328 | 9,726 | 17,940 |
| Cost of goods sold, material consumption and subcontractors | (298,698) | (333,209) | (409,055) | (161,256) | (208,065) |
| Third-party supplies and services | (104,217) | (146,909) | (216,395) | (100,509) | (148,172) |
| Wages and salaries | (84,938) | (121,233) | (147,766) | (67,042) | (79,126) |
| Other operating expenses, net | (9,526) | (10,480) | (8,563) | 1,424 | 1,639 |
| Depreciation and amortisation | (30,811) | (38,537) | (49,295) | (22,887) | (41,170) |
| Provisions and impairment losses | (2,909) | (3,215) | (1,773) | (3,259) | (2,412) |
| **Operating profit** | **94,395** | **116,266** | **191,787** | **89,047** | **97,381** |
| Financial income | 8,860 | 5,547 | 12,227 | 1,174 | 6,798 |

| | | | | | |
|---|---|---|---|---|---|
| Financial costs | (21,260) | (39,846) | (69,175) | (33,947) | (29,855) |
| Gains/(losses) in associates and jointly controlled companies | 5,000 | 8,958 | 121 | 106 | (27) |
| Income tax | (6,728) | (12,291) | (30,008) | (8,101) | (11,834) |
| **Consolidated net profit for the period** | **80,267** | **78,633** | **104,950** | **48,279** | **62,463** |

(1) Source: Unaudited figures extracted from the Group's records.

**Adjusted EBITDA**

The following table reconciles operating profit to Adjusted EBITDA.

| | Year ended 31 December | | | Six months ended 30 June (Unaudited)[(2)] | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | | | (€ thousands) | | |
| Consolidated net profit | 80,267 | 78,633 | 104,950 | 48,279 | 62,463 |
| Depreciation and amortisation | (30,811) | (38,537) | (49,295) | (22,887) | (41,170) |
| Provisions and impairment losses | (2,909) | (3,215) | (1,773) | (3,259) | (2,412) |
| Financial income | 8,860 | 5,547 | 12,227 | 1,174 | 6,798 |
| Financial costs | (21,260) | (39,846) | (69,175) | (33,947) | (29,855) |
| Gains in associates and jointly controlled companies | 5,000 | 8,958 | 121 | 106 | (27) |
| Income tax | (6,728) | (12,291) | (30,008) | (8,101) | (11,834) |
| **Adjusted EBITDA[(1)]** | **128,116** | **158,018** | **242,855** | **115,193** | **140,963** |

(1) Adjusted EBITDA is a non-IFRS metric. The Group defines Adjusted EBITDA as consolidated net profit before depreciation and amortisation, provision and impairment losses, financial income and costs, gains/losses in associates and jointly controlled companies and income tax. The Board believes that Adjusted EBITDA is frequently used by security analysts, investors and other interested parties in evaluating companies in its industry. This is not a measure of operating performance derived in accordance with IFRS, and should not be considered a substitute for gross profit, operating profit, profit before tax, cash flow from operating activities or other income or cash flow statement data as determined in accordance with IFRS, or as a measure of profitability or liquidity. Adjusted EBITDA is included herein as a supplemental disclosure, because the Board believes that this measure provides useful comparative information to an investor and helps investors evaluate the performance of the underlying business. However, the Group's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

(2) Unaudited figures extracted from the Group's records.

***Comparison of the six months ended 30 June 2014 and 2013***

The following table sets out the Group's consolidated income statements for the six months ended 30 June 2014 and 2013.

| | Six months ended 30 June (Unaudited)[(1)] | |
|---|---|---|
| | 2013 | 2014 |
| | (€ thousands) | |
| Sales and services rendered | 432,850 | 556,747 |
| Other revenues | 9,726 | 17,940 |
| Cost of goods sold, material consumption and subcontractors | (161,256) | (208,065) |
| Third-party supplies and services | (100,509) | (148,172) |
| Wages and salaries | (67,042) | (79,126) |
| Other operating expenses, net | 1,424 | 1,639 |
| Depreciation and amortisation | (22,887) | (41,170) |
| Provisions and impairment losses | (3,259) | (2,412) |
| **Operating profit** | **89,046** | **97,381** |
| Financial income | 1,174 | 6,798 |

| | | |
|---|---|---|
| Financial costs | (33,947) | (29,855) |
| Gains in associates and jointly controlled companies | 106 | (27) |
| Income tax | (8,101) | (11,834) |
| **Consolidated net profit for the period** | **48,279** | **62,463** |

(1) Unaudited figures extracted from the Group's records.

***Sales and services rendered***

The following table presents the Group's sales by business segment for the six months ended 30 June 2014 and 2013.

| | Six months ended 30 June (Unaudited)(2) | |
|---|---|---|
| | 2013 | 2014 |
| | (€ thousands) | |
| **Sales by business segment** | | |
| Angola | 235,606 | 225,817 |
| SADC | 187,236 | 322,400 |
| West Africa | 7,206 | 8,571 |
| East Africa | — | — |
| Other, eliminations and intercompany(1) | 2,802 | (41) |
| **Total sales and services rendered** | **432,850** | **556,747** |

(1) Other, eliminations and intercompany mainly comprises of sales of materials to partners and other third-parties.

(2) Unaudited figures extracted from the Group's records.

The Group's sales for the six months ended 30 June 2014 were €556.7 million, as compared to €432.9 million for the six months ended 30 June 2013, representing an increase of €123.8 million, or 28.6 per cent. This increase was principally due to increased operations in the SADC segment driven by the Nacala Corridor railway project in Malawi, the Chimoio—Espungabera Road project in Mozambique and the Great East Road project in Zambia.

Sales for the Angola business segment for the six months ended 30 June 2014 were €225.8 million and remained stable, albeit slightly lower than the €235.6 million for the six months ended 30 June 2013. Sales were underpinned by continued progress on the Calueque Dam and Luanda coastline projects and the Estrada Nacional Xaua Catata project.

Sales for the SADC business segment for the six months ended 30 June 2014 were €322.4 million, as compared to €187.2 million for the six months ended 30 June 2013, representing an increase of €135.2 million, or 72.2 per cent. This increase was principally due to the award of new projects in Mozambique and Zambia, and the on-going development of the Nacala Corridor railway project, which is currently scheduled to be completed in December 2014.

Sales for the West Africa business segment for the six months ended 30 June 2014 were €8.6 million, as compared to €7.2 million for the six months ended 30 June 2013, representing an increase of €1.4 million, or 18.9 per cent. This increase was principally due to increased operations in the Airport Runway project in São Tomé and Príncipe.

There were no sales recorded in the East Africa business segment for the six months ended 30 June 2014 and 30 June 2013, as the Group had not yet commenced operations in East Africa.

***Other revenues***

The Group's other revenues for the six months ended 30 June 2014 were €17.9 million, as compared to €9.7 million for the six months ended 30 June 2013, representing an increase of €8.2 million, or 84.5 per cent. This increase was principally due to increased invoicing and resulting revenues in respect of projects for which the Group is part of a consortium, such as the rehabilitation of the Sena Corridor and the Tete Bridge project in Mozambique.

***Costs of goods sold, materials consumed and subcontractors***

The Group's cost of goods sold, materials consumed and subcontractors for the six months ended 30 June 2014 was €208.1 million, as compared to €161.3 million for the six months ended 30 June 2013, representing an increase of €46.8 million, or 29.0 per cent. This increase is commensurate with the increase in sales in this period but is also due to a 41 per cent. increase in costs attributable to subcontractors in the period and an 18 per cent. increase in costs of goods sold and materials consumed in the period.

The Group's costs of goods sold, materials consumed and subcontractors as a percentage of sales remained stable for the six months ended 30 June 2014 at 37.4 per cent., compared to 37.3 per cent. for the six months ended 30 June 2013.

***Third-party supplies and services***

The Group's third-party supplies and services expenses for the six months ended 30 June 2014 were €148.2 million, as compared to €100.5 million for the six months ended 30 June 2013, representing an increase of €47.7 million, or 47.4 per cent. This increase was principally due to an increase in specialised works for civil construction projects and increased leases and rents for the Nacala Corridor railway project, the rehabilitation of the Sena Corridor and the Great East Road project in Zambia.

The Group's third-party supplies and services expenses as a percentage of sales increased for the six months ended 30 June 2014, at 26.6 per cent., compared to the six months ended 30 June 2013, at 23.2 per cent., due to the increase in specialised works for civil construction projects in the period.

***Wages and salaries***

The Group's wages and salaries expenses for the six months ended 30 June 2014 were €79.1 million, as compared to €67.0 million for the six months ended 30 June 2013, representing an increase of €12.1 million, or 18.0 per cent. This increase was principally due to an increase in the number of personnel working for the Group to support the Group's growth in operations during this period.

The Group's wages and salaries expenses as a percentage of sales decreased for the six months ended 30 June 2014, to 14.2 per cent., compared to the six months ended 30 June 2013, at 15.5 per cent., due to an increase in third-party supplies and services, namely specialised external services.

***Other operating expenses***

The Group's other operating net expenses for the six months ended 30 June 2014 were €1.6 million, as compared to €1.4 million for the six months ended 30 June 2013, representing a residual increase of €0.2 million, or 15.1 per cent.

***Depreciation and amortisation***

The Group's depreciation and amortisation for the six months ended 30 June 2014 was €41.2 million, as compared to €22.9 million for the six months ended 30 June 2013, representing an increase of €18.3 million, or 79.9 per cent. This increase was principally due to the acquisition of additional plant and equipment as a result of increased capital expenditure in Malawi and Mozambique (mainly attributable to the acquisition of new equipment and machinery) and increased capital expenditure in Angola (mainly attributable to substituting existing equipment and machinery), thereby leading to higher depreciation in the period.

In addition, the Group's logistical sites used to support the Nacala project were allocated to be used for the purposes of servicing operations in SADC following completion of that project. Accordingly, such sites were reclassified as "Property, Plant and Equipment" in the period resulting in the corresponding amortisation attributable to these assets being recorded as, and further contributing to, the increased "Depreciation and Amortisation" in the period.

***Provisions and impairment losses***

The Group's provisions and impairment losses for the six months ended 30 June 2014 were €2.4 million, as compared to €3.3 million for the six months ended 30 June 2013, representing a decrease of €0.8 million, or 26.0 per cent. This decrease was principally due to lower provisions for bad debt in this period.

***Financial income***

The Group's financial income for the six months ended 30 June 2014 was €6.8 million, as compared to €1.2 million for the six months ended 30 June 2013, representing an increase of €5.6 million, or 479.0 per cent. This increase was principally due to an increase in exchange gains in the period.

***Financial costs***

The Group's financial costs for the six months ended 30 June 2014 were €29.9 million, as compared to €33.9 million for the six months ended 30 June 2013, representing a decrease of €4.0 million, or 13.4 per cent. This decrease was principally due to a decrease in interest expense and other costs relating to banking services incurred in the period.

***Income tax***

The Group's income tax expense for the six months ended 30 June 2014 was €11.8 million, as compared to €8.1 million for the six months ended 30 June 2013, representing an increase of €3.7 million, or 45.7 per cent. This increase was principally due to an increase in the Group's effective tax rate from 14 per cent. in the six months ended 30 June 2013 to 16 per cent. in the six months ended 30 June 2014 (caused primarily by the reduction in the limit for financial costs' fiscal deduction in 2014) and the Group's growth in operations during this period.

***Comparison of the years ended 31 December 2013 and 2012***

The following table sets out the Group's combined consolidated income statements for the years ended 31 December 2013 and 2012.

| | **Year ended 31 December** | |
|---|---|---|
| | **2012** | **2013** |
| | **(€ thousands)** | |
| Sales and services rendered | 727,167 | 1,005,306 |
| Other revenues | 42,681 | 19,328 |
| Cost of goods sold, material consumption and subcontractors | (333,209) | (409,055) |
| Third-party supplies and services | (146,909) | (216,395) |
| Wages and salaries | (121,233) | (147,766) |
| Other operating expenses, net | (10,480) | (8,563) |
| Depreciation and amortisation | (38,537) | (49,295) |
| Provisions and impairment losses | (3,215) | (1,773) |
| **Operating profit** | **116,266** | **191,787** |
| Financial income | 5,547 | 12,227 |
| Financial costs | (39,846) | (69,175) |
| Gains in associates and jointly controlled companies | 8,958 | 121 |
| Income tax | (12,291) | (30,008) |
| **Consolidated net profit for the year** | **78,633** | **104,950** |

***Sales and services rendered***

The following table presents the Group's sales by business segment for the years ended 31 December 2012 and 2013.

| | Year ended 31 December | |
|---|---|---|
| | **2012** | **2013** |
| | (€ thousands) | |
| **Sales by business segment** | | |
| Angola | 468,363 | 506,821 |
| SADC | 250,138 | 475,806 |
| West Africa | 10,261 | 14,673 |
| East Africa | — | — |
| Other, eliminations and intercompany[(1)] | (1,595) | 8,006 |
| **Total sales and services rendered** | **727,167** | **1,005,306** |

(1) Other, eliminations and intercompany mainly comprises of sales of materials to partners and other third-parties.

The Group's sales for the year ended 31 December 2013 were €1.0 billion, as compared to €727.2 million for the year ended 31 December 2012, representing an increase of €278.1 million, or 38.2 per cent. This increase was principally due to an increase in backlog and consequent increase in sales in Angola and Malawi and the Group's expansion into new geographies.

Sales for the Angola business segment for the year ended 31 December 2013 were €506.8 million, as compared to €468.4 million for the year ended 31 December 2012, representing an increase of €38.5 million, or 8.2 per cent. This increase was principally due to progress on the Calueque Dam project as well as the Luanda coastline, Dundo-Lucapa road and the Estrada Nacional Xaua Catata.

Sales for the SADC business segment for the year ended 31 December 2013 were €475.8 million, as compared to €250.1 million for the year ended 31 December 2012, representing an increase of €225.7 million, or 90.2 per cent. This increase was principally due to the award of new projects in Mozambique, such as the rehabilitation of the Sena Corridor, and the development of the Nacala Corridor railway project.

Sales for the West Africa business segment for the year ended 31 December 2013 were €14.7 million, as compared to €10.3 million for the year ended 31 December 2012, representing an increase of €4.4 million, or 43.0 per cent. This increase was principally due to the growth in operations in São Tomé and Príncipe.

There were no sales recorded in the East Africa business segment in the years ended 31 December 2013 and 31 December 2012, as the Group had not yet commenced operations in East Africa.

***Other revenues***

The Group's other revenues for the year ended 31 December 2013 was € 19.3 million, as compared to €42.7 million for the year ended 31 December 2012, representing a decrease of €23.4 million, or 54.7 per cent. This decrease was principally due to reduced invoicing and resulting revenues in respect of projects for which the Group is part of a consortium.

***Costs of goods sold, materials consumed and subcontractors***

The Group's cost of goods sold, materials consumed and subcontractors for the year ended 31 December 2013 was €409.1 million, as compared to €333.2 million for the year ended 31 December 2012, representing an increase of €75.8 million, or 22.8 per cent. This increase was principally due to an increase in expenditure on materials in this period to service growth in operations.

The Group's costs of goods sold, materials consumed and subcontractors as a percentage of sales decreased for the year ended 31 December 2013, at 40.7 per cent., compared to the year ended 31 December 2012, at 45.8 per cent., due to an increase in third-party supplies and services and the related decrease in supplies and services being provided by subcontractors.

***Third-party supplies and services***

The Group's third-party supplies and services expenses for the year ended 31 December 2013 were €216.4 million, as compared to € 146.9 million for the year ended 31 December 2012, representing an increase of €69.5 million, or 47.3 per cent. This increase was principally due to an increase in specialised works for civil construction projects and increased leases and rents for the Nacala Corridor railway project and Linha do Sena projects.

The Group's third-party supplies and services expenses as a percentage of sales increased for the year ended 31 December 2013, at 21.5 per cent., compared to the year ended 31 December 2012, at 20.2 per cent., due to a decrease in supplies and services being provided by subcontractors and the consequential increase of supplies and services from third-parties.

***Wages and salaries***

The Group's wages and salaries expenses for the year ended 31 December 2013 were €147.8 million, as compared to €121.2 million for the year ended 31 December 2012, representing an increase of €26.5 million, or 21.9 per cent. This increase was principally due to an increase in the number of personnel working for the Group commensurate with the Group's growth in operations during this period.

The Group's wages and salaries expenses as a percentage of sales decreased for the year ended 31 December 2013, at 14.7 per cent., compared to the year ended 31 December 2012, at 16.7 per cent., as the higher costs and overheads were offset by the growth in sales.

***Other operating expenses***

The Group's other operating expenses for the year ended 31 December 2013 were €8.6 million, as compared to €10.5 million for the year ended 31 December 2012, representing a decrease of €1.9 million, or 18.3 per cent. This decrease was principally due to the completion of rehabilitation of the head office and works in the central construction yard in Angola.

***Depreciation and amortisation***

The Group's depreciation and amortisation for the year ended 31 December 2013 was €49.3 million, as compared to €38.5 million for the year ended 31 December 2012, representing an increase of €10.8 million, or 27.9 per cent. This increase was principally due to the Group acquiring additional assets to service growth in operations and the related depreciation attributable to those additional assets.

***Provisions and impairment losses***

The Group's provisions and impairment losses for the year ended 31 December 2013 were €1.8 million, as compared to €3.2 million for the year ended 31 December 2012, representing a decrease of € 1.4 million, or 44.8 per cent. This decrease was principally due to a decrease in trade and other debtors in the Angola business segment as well as a decrease of provisions attributable to that segment, principally due to increased precaution in the year ended 31 December 2012 and a more thorough analysis of other debtors undertaken in the year ended 31 December 2013 revealing less provision was required.

***Financial income***

The Group's financial income for the year ended 31 December 2013 was €12.2 million, as compared to €5.5 million for the year ended 31 December 2012, representing an increase of €6.7 million, or 120.4 per cent. This increase was principally due to gains on sales of financial investments of the Group in the period.

*Financial costs*

The Group's financial costs for the year ended 31 December 2013 were €69.2 million, as compared to €39.8 million for the year ended 31 December 2012, representing an increase of €29.3 million, or 73.6 per cent. This increase was principally due to increased costs attributable to interest, losses on sales of financial investments and guarantees in the period.

*Income tax*

The Group's income tax expense for the year ended 31 December 2013 was €30.0 million, as compared to €12.3 million for the year ended 31 December 2012, representing an increase of €17.7 million, or 144.1 per cent. This increase was principally due to the taxation incurred in Portugal for Mota & Companhia Maurícias, Lda.

*Comparison of the years ended 31 December 2012 and 2011*

The following table sets out the Group's combined consolidated income statements for the years ended 31 December 2012 and 2011.

| | Year ended 31 December | |
|---|---|---|
| | 2011 | 2012 |
| | (€ thousands) | |
| Sales and services rendered | 590,525 | 727,167 |
| Other revenues | 34,970 | 42,681 |
| Cost of goods sold, material consumption and subcontractors | (298,698) | (333,209) |
| Third-party supplies and services | (104,217) | (146,909) |
| Wages and salaries | (84,938) | (121,233) |
| Other operating expenses, net | (9,526) | (10,480) |
| Depreciation and amortisation | (30,811) | (38,537) |
| Provisions and impairment losses | (2,909) | (3,215) |
| **Operating profit** | **94,395** | **116,266** |
| Financial income | 8,860 | 5,547 |
| Financial costs | (21,260) | (39,846) |
| Gains in associates and jointly controlled companies | 5,000 | 8,958 |
| Income tax | (6,728) | (12,291) |
| **Consolidated net profit for the year** | **80,267** | **78,633** |

*Sales and services rendered*

The following table presents the Group's sales by business segment for the years ended 31 December 2012 and 2011.

| | Year ended 31 December | |
|---|---|---|
| | 2011 | 2012 |
| | (€ thousands) | |
| **Sales by business segment** | | |
| Angola | 421,201 | 468,363 |
| SADC | 158,307 | 250,138 |
| West Africa | 10,293 | 10,261 |
| East Africa | — | — |
| Other, eliminations and intercompany[(1)] | 723 | (1,595) |
| **Total sales and services rendered** | **590,525** | **727,167** |

(1) Other, eliminations and intercompany mainly comprises of sales of materials to partners and other third-parties.

The Group's sales for the year ended 31 December 2012 were €727.2 million, as compared to €590.5 million for the year ended 31 December 2011, representing an increase of €136.6 million, or 23.1 per cent. This increase was principally due to beginning contract work on the Nacala Corridor railway Project as well as smaller projects in Mozambique.

Sales for the Angola business segment for the year ended 31 December 2012 were €468.4 million, as compared to €421.2 million for the year ended 31 December 2011, representing an increase of €47.2 million, or 11.2 per cent. This increase was principally due to the continued execution works for the Special Economic Zone works as well as on the Luanda coastline and Dundo-Lucapa road in addition to works carried out by the Group on the improvements to Avenida Murtala Mohamed.

Sales for the SADC business segment for the year ended 31 December 2012 were €250.1 million, as compared to €158.3 million for the year ended 31 December 2011, representing an increase of €91.8 million, or 58.0 per cent. This increase was principally due to the beginning of construction works on the Nacala Corridor railway project in Malawi in this period as well as smaller projects in Mozambique.

Sales for the West Africa business segment for the year ended 31 December 2012 were €10.3 million and remained stable as compared to €10.3 million for the year ended 31 December 2011. This stability was principally due to the fact that no significant projects were added to the backlog for this business segment in this period.

There were no sales recorded in the East Africa business segment in the years ended 31 December 2012 and 31 December 2011, as the Group had not yet commenced operations in East Africa.

***Other revenues***

The Group's other revenues for the year ended 31 December 2012 was €42.7 million, as compared to €35.0 million for the year ended 31 December 2011, representing an increase of €7.7 million, or 22.1 per cent. This increase was principally due to an increase in the costs re-allocated to consortium partners and the re-invoicing of costs to third-parties (such as subcontractors) outside the Group.

***Costs of goods sold, materials consumed and subcontractors***

The Group's cost of goods sold, materials consumed and subcontractors for the year ended 31 December 2012 was €333.2 million, as compared to €298.7 million for the year ended 31 December 2011, representing an increase of €34.5 million, or 11.6 per cent. This increase was principally due to an increase in expenditure on materials in this period to service growth in operations.

The Group's costs of goods sold, materials consumed and subcontractors as a percentage of sales decreased for the year ended 31 December 2012 at 45.8 per cent. compared to the year ended 31 December 2011 at 50.6 per cent. due to an increase in third-party supplies and services and the related decrease in supplies and services being provided by subcontractors.

***Third-party supplies and services***

The Group's third-party supplies and services expenses for the year ended 31 December 2012 were €146.9 million, as compared to €104.2 million for the year ended 31 December 2011, representing an increase of €42.7 million, or 41.0 per cent. This increase was principally due to higher leases and rent costs as well as the increased cost of transport, travel and lodging.

The Group's third-party supplies and services expenses as a percentage of sales increased for the year ended 31 December 2012 at 20.2 per cent. compared to the year ended 31 December 2011 at 17.6 per cent. as equipment leases and accommodation costs increased.

***Wages and salaries***

The Group's wages and salaries expenses for the year ended 31 December 2012 were €121.2 million, as compared to €84.9 million for the year ended 31 December 2011, representing an increase of €36.3 million, or 42.7 per cent. This increase was principally due to an increase in the number of personnel working for the Group.

The Group's wages and salaries expenses as a percentage of sales increased for the year ended 31 December 2012 at 16.7 per cent. compared to the year ended 31 December 2011 at 14.4 per cent. as the revised organisational model implemented in 2012 resulted in the Group utilising a higher number of expatriate workers to support the expansion of the Group's activities.

***Other operating expenses***

The Group's other operating expenses for the year ended 31 December 2012 were €10.5 million, as compared to €9.5 million for the year ended 31 December 2011, representing an increase of €1.0 million, or 10.5 per cent. This increase was principally due to rising tax expenses (other than income tax).

***Depreciation and amortisation***

The Group's depreciation and amortisation for the year ended 31 December 2012 was €38.5 million, as compared to €30.8 million for the year ended 31 December 2011, representing an increase of €7.7 million, or 25.1 per cent. This increase was principally due to acquiring additional assets to service growth in operations and the related deprecation attributable to these additional assets.

***Provisions and impairment losses***

The Group's provisions and impairment losses for the year ended 31 December 2012 were €3.2 million, as compared to €2.9 million for the year ended 31 December 2011, representing an increase of €0.3 million, or 10.5 per cent. This increase was principally due to the booking of provisions and impairment losses in Angola.

***Financial income***

The Group's financial income for the year ended 31 December 2012 was €5.5 million, as compared to €8.9 million for the year ended 31 December 2011, representing a decrease of €3.3 million, or 38.2 per cent. This decrease was principally due to a decrease in the Group's income attributable to interest in the period.

***Financial costs***

The Group's financial costs for the year ended 31 December 2012 were €39.8 million, as compared to €21.3 million for the year ended 31 December 2012, representing an increase of €18.6 million, or 87.4 per cent. This increase was principally due to an increase in interest expense and costs attributable to guarantees in the period.

***Income tax***

The Group's income tax expense for the year ended 31 December 2012 was €12.3 million, as compared to €6.7 million for the year ended 31 December 2011, representing an increase of €5.56 million, or 83.6 per cent. This increase was principally due to the taxation incurred in Portugal for Mota & Companhia Maurícias, Lda.

**Liquidity and Capital Resources**

The Group's liquidity requirements arise primarily from the need to fund capital expenditures for the continued growth of its business, for working capital and to repay debt. For the year ended 31 December 2013, working capital attributed to trade and other creditors, trader and other debtors and inventories was €527 million, €898 million and €80 million, respectively. The Group's principal source of funding is its cash from operations and borrowings. As at 31 December 2013, the Group had current financial borrowings of €223.7 million, non-current financial borrowings of €129.8 million and cash and cash equivalents—current of €150.5 million, resulting in net borrowings of €203.0 million.

The Company is currently considering its liquidity needs and may, following Listing, seek to refinance some or all of its existing indebtedness to, *inter alia*, seek more favourable financing terms. The Company has made no decisions in this regard and continues to explore its options bearing in mind its liquidity and operational requirements.

*Cash flows*

The following table sets out information on the Group's cash flows for the periods indicated.

| | Year ended 31 December | | | Six months ended 30 June (Unaudited)[(1)] | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | | | (€ thousands) | | |
| **Cash flows from operating activities** | | | | | |
| Cash generated from operating activities | 16,289 | 62,857 | 26,266 | 51,396 | 85,510 |
| Income tax paid | (3,595) | (5,838) | (2,528) | (1,312) | (26,548) |
| Other receipts generated by operating activities | 3,824 | 31,120 | 7,093 | 304 | 822 |
| Net cash from operating activities | 16,518 | 88,139 | 30,831 | 50,388 | 59,783 |
| **Cash flows from investing activities** | | | | | |
| Cash receipts from financial investment, property, plant and equipment, dividends and others | 53,339 | 23,295 | 66,955 | 30,063 | 2,517 |
| Cash paid in respect of financial investment | (1,573) | (1,837) | — | — | — |
| Cash paid in respect of intangible assets | (245) | (1,931) | (245) | — | (1,019) |
| Cash paid in respect of property, plant and equipment | (17,781) | (71,907) | (96,937) | (42,534) | (35,910) |
| Net cash from investing activities | 33,738 | (52,380) | (30,228) | (12,471) | (34,412) |
| **Cash flows from financing activities** | | | | | |
| Cash receipts from loans obtained and supplementary capital | 129,302 | 204,611 | 193,501 | 39,324 | 21,018 |
| Cash paid in respect of loan repayments | (103,962) | (160,863) | (72,766) | (44,049) | (37,285) |
| Cash paid in respect of amortisation of finance lease contracts | (652) | (640) | (765) | (504) | (11,541) |
| Cash paid in respect of interest and similar expense | (21,751) | (34,089) | (42,000) | (10,955) | (20,182) |
| Cash paid in respect of dividends | (14,419) | (49,282) | (36,771) | (25,493) | (2,340) |
| Net cash from financing activities | (11,482) | (40,264) | 41,200 | (41,676) | (50,329) |
| **Net increase in cash and cash equivalents** | | | | | |
| Variation of cash and cash equivalents | 38,774 | (4,504) | 41,803 | (3,759) | (24,959) |
| Variations caused by changes to the perimeter | 5 | 402 | 1,470 | 1,598 | — |
| Exchange rate effect | 1,868 | 494 | (9,464) | (193) | 835 |
| Cash and cash equivalents at the beginning of the year | 79,665 | 120,312 | 116,704 | 116,704 | 150,513 |
| **Cash and cash equivalents at the end of the period** | **120,312** | **116,704** | **150,513** | **114,349** | **126,389** |

(1) Unaudited figures extracted from the Group's records.

*Net cash from operating activities*

Net cash from operating activities consists of receipts from customers, payments to suppliers, payments to staff and other items related to operating activity.

For the six months ended 30 June 2014, the Group's net cash generated from operating activities was a cash inflow of €59.8 million, compared to a cash inflow of €50.4 million for the six months ended 30 June 2013, an increase in cash inflow of €9.4 million. This increased net inflow was principally due to a significant increase in cash received from customers principally attributable to the receipt in the period of payments made by certain customers who were in arrears, partially offset by a lower increase in the cash paid to suppliers and employees and income tax paid in the period

For the year ended 31 December 2013, the Group's net cash generated from operating activities was a cash inflow of €30.8 million, compared to a cash inflow of €88.1 million for the year ended 31 December 2012, a decrease in cash inflow of €57.3 million. This decreased net inflow was principally due to an increase in payments to suppliers and a decrease in other receipts generated by operating activities.

For the year ended 31 December 2012, the Group's net cash generated from operating activities was a cash inflow of €88.1 million, compared to a cash inflow of €16.5 million for the year ended 31 December 2011, an increase in cash inflow of €71.6 million. This increased net inflow was principally due to a significant increase in other receipts generated by operating activities in this period.

### *Net cash from investing activities*

Net cash from investing activities includes acquisitions and disposals of investments in subsidiaries and receipts and payments arising from the purchase and sale of fixed assets. See "*Part VII: Operating and Financial Review—Capital expenditure*" below for a further discussion of the Group's capital expenditure.

For the six months ended 30 June 2014, the Group's net cash generated from investing activities was a cash outflow of €34.4 million, compared to a cash outflow of €12.5 million for the six months ended 30 June 2013, an increase in outflow of cash of €21.9 million. This increased net outflow was principally due to significantly reduced cash receipts from financial investments, despite a decrease in cash paid in respect of equipment purchased in the period.

For the year ended 31 December 2013, the Group's net cash generated from investing activities was a cash outflow of €30.2 million, compared to a cash outflow of €52.4 million for the year ended 31 December 2012, a decrease in the outflow of cash of €22.2 million. This decreased net outflow was principally due to an increase in cash receipts from financial investments as a result of asset disposals in Angola.

For the year ended 31 December 2012, the Group's net cash generated from investing activities was a cash outflow of €52.4 million, compared to a cash inflow of €33.7 million for the year ended 31 December 2011, a change of €86.1 million. This change to a net cash outflow was principally due to reduced receipts from the disposal of financial assets and an increase in cash paid to acquire equipment.

### *Net cash from financing activities*

Net cash from financing activities includes payments and receipts relative to loans received, finance lease contracts and payment of dividends.

For the six months ended 30 June 2014, the Group's net cash generated from financing activities was a cash outflow of €50.3 million, compared to a cash outflow of €41.7 million for the six months ended 30 June 2013, an increase in cash outflow of €8.6 million. This increased net outflow was principally due to the increase in principal repayments in respect of finance lease contracts and the higher amounts of dividends and interest paid in this period.

For the year ended 31 December 2013, the Group's net cash generated from financing activities was a cash inflow of €41.2 million, compared to a cash outflow of €40.3 million for the year ended 31 December 2012, a change of €81.5 million. This change to a net cash inflow was principally due to the lower amount of loan repayments.

For the year ended 31 December 2012, the Group's net cash generated from financing activities was a cash outflow of €40.3 million, compared to a cash outflow of €11.5 million for the year ended 31 December 2011, an increase on cash outflow of €28.8 million. This increased net outflow was principally due to the higher amounts of dividends and interest paid in this period.

### *Cash flow summary*

The Group prepares its statement of cash flows contained within the Historical Financial Information and set out above in accordance with IAS 7 and the "direct method". The following table reconciles the Group's Adjusted EBITDA to its net operating cash flows as determined under IFRS. Whilst the Board believes that the following reconciliation may be useful in allowing security analysts, investors and other interested parties to further evaluate the Group's cash flows for the periods indicated, the following is not a measure of operating performance in accordance with IFRS, and should not be considered a substitute for the cash flow statement data as determined in accordance with IFRS, or as a measure of profitability or liquidity.

| | Year ended 31 December | | Six months ended 30 June |
|---|---|---|---|
| | 2012 | 2013 | 2014 |
| | | (€ thousands) | |
| **Adjusted EBITDA**[1] | **158,017** | **242,855** | **140,963** |
| Other profits and losses[2] | (22,532) | (63,850) | (11,782) |
| Change in balance sheet items[3] | (47,347) | (148,174) | (69,398) |
| Dividend payment offset | - | - | 61,990 |
| **Net cash from operating activities** | **88,139** | **30,831** | **121,773** |
| Disposals of financial investments | 15,172 | 55,182 | - |
| Capital expenditure[4] | (72,581) | (95,584) | (36,363) |
| Principal repayments of finance lease contracts | (640) | (765) | (11,541) |
| Interest and similar expenses, net of interest and similar income | (31,418) | (37,514) | (19,118) |
| Dividends | (49,282) | (36,771) | (64,330)[5] |
| Other | 4,497 | (3,547) | 1,722 |
| **Net cash from other activities** | **(134,252)** | **(118,999)** | **(129,631)** |
| Net change in debt | 42,506 | 121,977 | (16,266) |
| **Changes in cash and cash equivalents**[6] | **(3,609)** | **33,808** | **(24,126)** |

(1) Adjusted EBITDA is a non IFRS metric. The Group defines Adjusted EBITDA as consolidated net profit before depreciation and amortisation, provision and impairment losses, financial income and costs, gains/losses in associates and jointly controlled companies and income tax. The Board believes that Adjusted EBITDA is frequently used by security analysts, investors and other interested parties in evaluating companies in its industry. This is not a measure of operating performance derived in accordance with IFRS, and should not be considered a substitute for gross profit, operating profit, profit before tax, cash flow from operating activities or other income or cash flow statement data as determined in accordance with IFRS, or as a measure of profitability or liquidity. Adjusted EBITDA is included herein as a supplemental disclosure, because the Board believes that this measure provides useful comparative information to an investor and helps investors evaluate the performance of the underlying business. However, the Group's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

(2) Includes income tax, financial results other than interest and income and other comprehensive income.

(3) Includes changes in working capital, cash and cash equivalents, changes in the Group's perimeter and differences between dividends attributed and paid. There are certain items included in "changes in perimeter" which are not operational cash flow in nature. Change in perimeter is estimated considering the change in fixed assets balances, summation of depreciation for the period and deducting the payments related to the acquisition of fixed assets (as per cash flow under the "direct method").

(4) Capital expenditure includes payments made in respect of property, plant and equipment and intangible assets.

(5) Includes dividend payment offset. As part of the dividend paid in the six months ended 30 June 2014 did not comprise cash, the amount of €62 million was not accounted for as "cash receipt from customers" or a dividend payment in "net cash from financing activities" in the Group's cash flow statement (contained in the Historical Financial Information) prepared according to the "direct method".

(6) The Group classifies investments falling due in less than three months and for which the risk of alteration of value is insignificant, as well as deposits given in guarantee under contractual clauses, under the heading "cash and cash equivalents" and therefore cash and cash equivalents presented in the cash flow statement does not include the balance of cash presented as non-current in the balance sheet.

The Group's cash flow summary above demonstrates in particular, for the six months ended 30 June 2014:

- that the Group's net cash generated from operating activities was lower than its Adjusted EBITDA, primarily due to investments in working capital of €31.2 million as a result of a decrease in other payables and trade receivables remaining stable despite the increase in sales;

- a capital expenditure outflow of €36 million, primarily attributable to the acquisition of equipment for new projects in Mozambique and Zambia; and

- a €27 million increase in dividend payment compared to the corresponding period in the previous year.

### *Capital expenditure*

The primary objective of the Group's capital expenditure programme is to provide a framework to support continued growth. The Group's capital expenditure requirements consist of investments in property, plant and equipment necessary for engineering and construction activities as well as logistical infrastructure which are typically driven by specific project needs. For example the Group has invested in a purpose built warehouse in Viana, Angola, light vehicles, production equipment, accommodation and training facilities as well as quarries and aggregates batching plants in Angola, Malawi, Mozambique, Zambia, Cape Verde and São Tomé and Príncipe. The Group's aim is to achieve this objective through maintenance, growth and project capital expenditure.

For the years ended 31 December 2011, 2012 and 2013, the Group incurred capital expenditures in the amount of €29.7 million, €76.2 million and €110.0 million, respectively. The following table provides a breakdown of the Group's capital expenditure during the periods indicated.

| | Year ended 31 December | | | Six months ended 30 June (Unaudited)(1) | |
|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2013** | **2014** |
| | | | **(€ thousands)** | | |
| Land and buildings | 10,835 | 4,261 | 11,907 | 1,314 | 15,007 |
| Equipment | 14,618 | 69,751 | 84,454 | 31,388 | 20,612 |
| Tangible fixed assets in progress | 4,281 | 2,195 | 13,571 | 9,779 | 279 |
| Other assets | (3) | 34 | 60 | 14 | 12 |
| **Total** | **29,731** | **76,241** | **109,992** | **42,495** | **35,910** |

(1) Unaudited figures extracted from the Group's records.

The Group invested a total of €35.9 million in capital expenditure for the six months ended 30 June 2014 compared to €42.5 million for the six months ended 30 June 2013, a decrease of €6.6 million. This consisted primarily of expenditure on heavy equipment and transport equipment (attributable to growth and maintenance capital expenditure).

The Group invested a total of €110.0 million in capital expenditure for the year ended 31 December 2013 compared to €76.2 million for the year ended 31 December 2012, an increase of €33.8 million. Capital expenditure related primarily to equipment, such as production equipment and light vehicles, by MEEC Africa to rent to its subsidiaries and branches in Angola and the SADC as well as increased expenditure on equipment bought directly by these entities.

Capital expenditure for the year ended 31 December 2012 was €76.2 million, compared to €29.7 million for the year ended 31 December 2011, an increase of €46.5 million. This consisted primarily of expenditure for projects in the SADC, particularly for the Nacala Corridor railway project and expenditure on precast factories and stand-alone camps to house and cater for the project's workforce.

***Indebtedness***

The Group has a wide range of debt financing arrangements in place which are comprised of short and medium term loan facilities, bonds, finance leases, overdrafts and current account facilities. The funds raised by such borrowings have principally been used by the Group for general corporate purposes, to expand its operations in its existing markets and to fund required capital expenditure in connection with its on-going projects. The terms and conditions of such financing arrangements contain customary representations, information covenants, undertakings and events of default. For a further description of the covenants applicable to the Group in respect of its indebtedness, see "*Risk Factors—Risks Relating to the Group's Business and Operations—The Group is subject to restrictive debt covenants*". The Group considers that no covenants and/or undertakings and/or any other terms contained within its financings arrangements would be breached as a consequence of the Listing. In the interests of maintaining good relationships with its creditors, however, the Group sought and has received confirmation from lenders and/or bondholders (as the case may be) under its material existing financing arrangements that the Listing would not in any way contravene or otherwise give rise to any additional rights, obligations or liabilities for the relevant obligor under those arrangements.

The Group's most significant non-current debt financing arrangements in place as at 31 December 2013 were as follows:

*Floating Rate bonds issued by MEEC Africa*

In December 2013, MEEC Africa issued €75 million floating rate notes (the "2013 Bonds"). The sole subscriber and bondholder in respect of the 2013 Bonds is Caixa Geral de Depósitos, S.A. The funds raised by the issuance of the 2013 Bonds were used for general corporate purposes. The terms of the 2013 Bonds provide for principal and accrued interest thereon to be paid bi-annually, with the final interest payment date falling in December 2018. The terms and conditions of the 2013 Bonds contain customary representations, information and financial covenants, undertakings and events of default, and, in particular, provide that MEEC Africa must (i) maintain a ratio of total net debt to EBITDA that is no more than 3.5 for each relevant period tested and (ii) ensure that its total shareholders' equity as a proportion of MEEC Africa's total assets is, at all times, greater than 18 per cent. In addition, the 2013 Bonds provide for early redemption of the principal amount outstanding and accrued interest thereon in certain circumstances, including where (i) there is non-compliance with obligations arising from other loans, credit facilities, or other financial commitments within the Portuguese financial system, (ii) Mr. António Vasconcelos da Mota, Mrs. Maria Manuela Vasconcelos Mota, Mrs. Maria Teresa Vasconcelos Mota, Mrs. Maria Paula Vasconcelos Mota and their respective spouses, together with Mota Gestão e Participações, SGPS, S.A., cease to own, directly or indirectly, at least 51 per cent. of the issued share capital and/or voting rights of ME SGPS, and (iii) ME SGPS ceases to own, directly or indirectly, the majority of the issued share capital and/or voting rights of MEEC Africa. The 2013 Bonds carry a floating rate of interest.

*Commercial Paper Programme*

In December 2010, MEEC Africa issued €44.8 million floating rate notes under a commercial paper programme (the "Notes"). The sole subscriber and noteholder in respect of the Notes is Novo Banco S.A. The funds raised by the issuance of the Notes were used for general corporate purposes. The Notes are due to mature in January 2016. The terms and conditions of the Notes contain customary representations, covenants, undertakings and events of default. In particular, the Notes provide for early redemption of the principal amount outstanding and accrued interest thereon in certain circumstances, including where (i) MEEC Africa, or another other company in which MEEC Africa holds the majority of the issued share capital and/or voting rights, does not comply with their respective obligations arising from other loans, credit facilities, or other financial commitments within the Portuguese financial system, and (ii) ME SGPS ceases to hold, directly or indirectly, at least 50.1 per cent. of the issued share capital and/or voting rights of MEEC Africa and/or Mota-Engil, Ambiente e Serviços, SGPS, S.A. and/or Ascendi Group, SGPS, S.A. The Notes carry a floating rate of interest.

The Group's debt financing arrangements were, as at 30 June 2014, comprised as follows:

| Type of debt facility | Coupon | Payment schedule | Currency | Loan amount | Amount outstanding as at 30 June 2014 (Unaudited)[(1)] |
|---|---|---|---|---|---|
| | (per cent.) | | | (€'000) | |
| **Bond** | | | | | |
| MEEC Africa | 8.1 | 10 biannual instalments | EUR | 75,000 | 71,413 |
| **Commercial paper** | | | | | |
| MEEC Africa | 4.4 | Bullet | EUR | 44,800 | 44,298 |
| MEEC Africa | 6.1 | Bullet | EUR | 40,000 | 14,764 |
| **Current account facilities** | | | | | |
| MEEC Africa, Angola | 12.0 | Revolving | AOA | 10,651 | 10,628 |
| MEEC Africa, Mozambique | 7.9 | Revolving | EUR | 5,000 | - |
| MEEC Africa, Mozambique | 19.2 | Revolving | MZN | 6,967 | 4,643 |
| MEEC Africa | - | Revolving | EUR | 15,000 | - |
| Mota-Engil Angola | 14.5 | Revolving | AOA | 84,701 | 65,877 |
| Vista Waste (Angola) | 13.4 | Revolving | AOA | 7,788 | 7,788 |
| Other | | | | | 7,188 |
| **Overdraft** | | | | | |
| Cosamo | 9.5 | Revolving | ZAR | 6,916 | 6,846 |
| MEEC Africa | 8.0 | Revolving | EUR | 17,000 | 11,376 |

| Type of debt facility | Coupon | Payment schedule | Currency | Loan amount | Amount outstanding as at 30 June 2014 (Unaudited)(1) |
|---|---|---|---|---|---|
| | (per cent.) | | | (€'000) | |
| **Bond** | | | | | |
| Mota-Engil Angola | 10.5 | Revolving | AOA | 3,760 | 2,484 |
| MEEC Africa, Malawi | - | Revolving | USD | 10,462 | 10,462 |
| Other | | | | | 6,153 |
| **Other loans** | | | | | |
| MEEC Africa | 6.5 | 10 biannual instalments | USD | 7,322 | 7,322 |
| Mota-Engil Angola | 12.4 | Monthly amortisation, bullet and revolving | AOA | 44,864 | 31,023 |
| Mota-Engil Angola | 13.9 | Monthly amortisation | AOA | 20,863 | 20,863 |
| Other | | | | | 14,103 |
| | | | | | **337,232** |
| | | | | **Leasing** | 62,757 |
| | | | | | **399,989** |

(1) Unaudited figures extracted from the Group's records.

The Group's debt financing arrangements were, as at 30 June 2014, comprised of the following types of indebtedness:

| Key debt facilities per type | Facility limit | Amounts outstanding at 30 June 2014(1) | Short term | Medium to long term | Interest | Average annual costs | Total (per cent.) |
|---|---|---|---|---|---|---|---|
| | | (€ thousands) | | | | (per cent.) | |
| Bonds | 71,413 | 71,413 | 5,000 | 66,413 | 5,739 | 8.0 | 18 |
| Current account | 191,685 | 96,124 | 96,124 | 0 | 13,146 | 13.7 | 24 |
| Medium to long term commercial paper | 84,800 | 59,062 | 0 | 59,062 | 2,877 | 4.9 | 15 |
| Overdraft | 41,422 | 37,321 | 37,321 | 0 | 2,227 | 6.0 | 9 |
| Other loans | 98,643 | 73,312 | 61,440 | 11,872 | 8,775 | 12.0 | 18 |
| **Subtotal** | **487,963** | **337,232** | **199,885** | **137,347** | **32,764** | **9.7** | **84** |
| Leasing | 64,237 | 62,757 | 24,295 | 38,462 | 5,018 | 8.0 | 16 |
| **Total** | **552,200** | **399,989** | **224,180** | **175,809** | **37,782** | **9.4** | **100** |
| **Total (per cent.)** | **100** | **72** | **50** | **39** | | | |

(1) Unaudited figures extracted from the Group's records.

The geographical spread of the Group's debt financing arrangements was, as at 30 June 2014, as follows:

| Key debt facilities per country | Facility limit | Amounts outstanding at 30 June 2014(1) | Short term | Medium to long term | Interest | Average annual costs | Total per cent. |
|---|---|---|---|---|---|---|---|
| | | € thousands / | | | | per cent. | |
| Angola | 194,300 | 154,588 | 71,111 | 83,477 | 21,197 | 13.7 | 39 |
| Portugal | 318,941 | 216,195 | 123,863 | 92,332 | 13,831 | 6.4 | 54 |
| Malawi | 11,641 | 11,637 | 11,637 | 0 | 461 | 4.0 | 3 |
| Mozambique | 13,431 | 5,258 | 5,258 | 0 | 920 | 17.5 | 1 |
| Zambia | 2,435 | 2,435 | 2,435 | 0 | 365 | 15.0 | 1 |
| Others | 11,452 | 9,876 | 9,876 | 0 | 1,002 | 10.2 | 2 |
| **Total** | **552,200** | **399,989** | **224,180** | **175,809** | **37,781** | **9.4** | **100** |

(1) Unaudited figures extracted from the Group's records.

For the periods indicated, average interest rates paid by the Group in respect of its total financial indebtedness were as follows:

| | Year ended 31 December | | | Six months ended 30 June (Unaudited)(1) | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | Average Rates (per cent.) | | | | |
| Non-convertible bonds | — | 6.20 | 7.37 | 7.32 | 8.07 |
| **Amounts owed to credit institutions** | | | | | |
| Bank loans | 7.18 | 9.56 | 11.06 | 10.44 | 10.86 |
| Overdraft facilities | 8.57 | 9.38 | 14.50 | 11.28 | 11.73 |
| Current account facilities | 7.74 | 9.67 | 8.87 | 9.72 | 11.61 |
| **Other loans obtained** | | | | | |
| Commercial paper issues | 5.81 | 6.20 | 6.21 | 6.40 | 4.86 |
| Other loans | 6.02 | 6.20 | 19.54 | - | - |

(1) Unaudited figures extracted from the Group's records.

As at 30 June 2014, the Group's total financial indebtedness had the following maturity profile:

| | 30 June 2014 (Unaudited)(1) |
|---|---|
| | (€ thousands) |
| Due within one year(2) | 199,885 |
| Due within two years | 14,488 |
| Due within three to five years | 122,859 |
| Non-current | 137,347 |
| **Total** | **337,232** |

(1) Unaudited figures extracted from the Group's records.

(2) Includes €31.1 million attributable to the "factoring" of Angolan invoices, which local banks accept as collateral for short term facilities. See "*Liquidity and Capital Resources- Trade Debtors"* below.

As at 30 June 2014, the Group's total financial indebtedness was denominated in the following currencies:

| | 30 June 2014 (Unaudited) (1) | |
|---|---|---|
| | (€ thousands) | per cent. |
| Euro | 227,135 | 52 |
| Angolan Kwanza | 153,687 | 35 |
| US Dollar | 37,204 | 9 |
| Other currencies(2) | 17,224 | 4 |
| **Total** | **435,250** | **100** |

(1) Unaudited figures extracted from the Group's records.

(2) Includes Malawian Kwacha, Mozambique Metical and South African Rand.

***Finance leases***

Lease contracts are classified as finance leases when the leases substantially transfer all the risks and advantages inherent to possession of the leased asset. The Group's finance leases are principally for land, buildings, vehicles and machinery. The lease liabilities are effectively self-secured as the rights to the leased assets revert to the lessors in the event of default. In most cases, the Group has an option to purchase the relevant asset at the end of the lease at a pre-determined price.

| | 31 December | | | 30 June (Unaudited)(1) | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | | | (€ thousands) | | |
| Gross amounts payable under finance leases | | | | | |
| Within one year | 13,661 | 28,062 | 24,007 | 30,125 | 27,059 |
| Within two years | 9,536 | 31,496 | 19,637 | 19,928 | 21,740 |
| Within three years | 201 | — | 12,632 | 10,813 | 11,280 |
| After four years | — | — | 2,400 | 2,458 | 7,579 |
| | 23,398 | 59,558 | 58,674 | 63,324 | 67,658 |
| Less: interest included in rents | (1,332) | (1,688) | (4,391) | (1,434) | (4,901) |
| **Total** | **22,066** | **57,870** | **54,283** | **61,890** | **62,757** |

(1) Unaudited figures extracted from the Group's records.

As at 31 December 2013, the most significant finance lease contracts were as follows:

**31 December 2013**

| Contracting party | Amount (€ thousands) | Asset | Lease term (years) | Purchase option (€ thousands) |
|---|---|---|---|---|
| Mota-Engil Angola | 5,950 | Sundry equipment | 4 | 290 |
| MEEC Africa | 82,269 | Sundry equipment | 4 | 1,268 |

As at the dates indicated, the net book value of assets under finance lease contracts were as follows:

| Finance lease obligations | 31 December 2011 | 2012 | 2013 |
|---|---|---|---|
| | | (€ thousands) | |
| Land and buildings | — | — | 17 |
| Equipment | 22,636 | 51,636 | 55,137 |
| Transport equipment | — | 6,572 | 6,365 |
| **Total** | **22,636** | **58,208** | **61,519** |

***Operating leases***

Leases are classified as operating leases when the leases do not substantially transfer all the risks and advantages inherent to possession of the leased asset. The Group's operating leases include the rental of premises and the lease of vehicles and information technology equipment. The total amount of lease payments that the Group made under non-cancellable operating leases for the year ended 31 December 2013 was €64.5 million.

***Contractual obligations and commercial commitments***

In the normal course of business, the Group makes various commitments to purchase goods and services from specific suppliers, including commitments to contractors, service providers and suppliers related to capital expenditure. As part of its capital expenditure programme, as at 30 June 2014, the Group had contractually committed €6.8 million to its capital expenditure programme. The principal future investments for which firm commitments have been made relate to machinery that will be used by the Group in the fulfilment of its contracts and includes tipper trucks in Zambia, a dump truck, diesel truck and excavator in Zimbabwe and bulldozers, excavators and other equipment in Mozambique. The Group's anticipated sources of funds for its committed capital expenditure are incoming cash flows from its on-going projects as described in "*Part II: Information on the Group—Business Areas*".

*Off balance sheet arrangements*

The Group's off-balance sheet arrangements are comprised of guarantees given in the ordinary course of its Engineering and Construction activities in respect of its workmanship. The following table sets out the amounts attributable to guarantees provided by the Group as at the dates indicated:

| | 31 December | | |
|---|---|---|---|
| | 2011 | 2012 | 2013 |
| | | € thousands | |
| US Dollar | 84,895 | 323,751 | 332,158 |
| Euro | 12,570 | 49,162 | 100,151 |
| Other | 8,791 | 22,207 | 27,041 |
| **Total** | **106,257** | **395,121** | **459,350** |

(1) Unaudited figures extracted from the Group's records.

The following table sets out guarantees provided by the Group attributable to each of its primary markets as at the dates indicated:

| | 31 December | | |
|---|---|---|---|
| | 2011 | 2012 | 2013 |
| | | € thousands | |
| Mota-Engil Angola and MEEC Africa, Angola branch | 94,625 | 211,012 | 181,085 |
| MEEC Africa, Malawi branch | 3,934 | 159,738 | 164,644 |
| MEEC Africa, Mozambique branch | 2,367 | 21,214 | 30,215 |
| Other | 5,332 | 3,157 | 83,405 |
| **Total** | **106,257** | **395,121** | **459,350** |

(1) Unaudited figures extracted from the Group's records.

*Trade Debtors*

The following table sets out the Group's trade debtors by business segment as at the dates indicated:

| | 31 December | | | 30 June (Unaudited)[(1)] | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | | | € thousands | | |
| Angola | 420,843 | 491,912 | 599,037 | 562,391 | 517,751 |
| SADC | 98,190 | 67,241 | 122,901 | 112,784 | 217,876 |
| West Africa | 7,607 | 6,631 | 8,818 | 6,545 | 9,630 |
| Intercompany adjustments | 136 | (221) | 8 | 370 | 11,116 |
| **Total trade debtors** | **526,776** | **565,563** | **752,924** | **682,090** | **756,373** |
| Accumulated impairments | (41,149) | (44,444) | (49,137) | (35,974) | (54,018) |
| **Net total trade debtors** | **485,627** | **521,119** | **703,787** | **646,116** | **702,355** |

(1) Unaudited figures extracted from the Group's records.

Net total trade debtors as a percentage of sales for the twelve months ended 30 June 2014 was 62 per cent. Net total trade debtors as a percentage of sales for the years ended 31 December 2011, 2012 and 2013 was 82 per cent., 72 per cent. and 70 per cent., respectively. Excluding Angola, the increase in total debtors is linked to the increased activity in the SADC business segment. In Angola, despite the fact that revenues are relatively stable, there was a significant year-on-year increase in trade debtors (with an increase of 16.9 per cent. from 2011 to 2012, a 21.8 per cent. increase from 2012 to 2013, albeit a 7.9 per cent. decrease from the first six months of 2013 to the first six months of 2014). This is primarily due to the fact that the Group has sovereign debt exposure in Angola, which generally takes four months at the earliest to be repaid therefore resulting in an increased debtors balance. As a result, in its Angola segment, and principally to fund its working capital requirements in the country, the Group monetises outstanding invoices from its clients in a manner akin to traditional factoring (albeit with certain differences). Under these arrangements, the Group obtains short term loans (typically with tenures of less than 12 months) from local lenders and uses its outstanding invoices as collateral for those loans. In contrast to traditional factoring arrangements, the Group retains the risk of non-payment by clients under these invoices. See also "*Risk Factors—Risks Relating to the Group's Business and Operations—The Group is exposed to counterparty risks and may incur losses because of such exposure*". In other business segments, the projects may be financed by development finance institutions and supranational entities to reduce credit risk. Previously, the only significant bad debts the Group were exposed to was from certain private mining companies in Angola to which the Group is no longer exposed.

***Tax expense***

For the year ended 31 December 2013, the Company paid an effective tax rate of 22.2 per cent. while actual corporate tax rates were 35 per cent. in Angola, 32 per cent. in Mozambique and 35 per cent. in Malawi. The following table sets out the Group's tax expense schedule for the year ended 31 December 2013.

| | Accounting profit before taxes | Tax expense | Effective tax rate |
|---|---|---|---|
| | € thousands | | per cent. |
| **Tax Expense Schedule (year ended 31 December 2013)** | | | |
| Angola | 52,914 | 451 | 0.9 |
| SADC | 109,734 | 28,543 | 26.0 |
| West Africa | (1,807) | 30 | — |
| East Africa | (161) | — | — |
| Portugal/other | (25,720) | 984 | — |
| **Total** | **134,959** | **30,008** | **22.2** |

For the six months ended 30 June 2014, the Company paid an effective tax rate of 15.9 per cent. while actual corporate tax rates were 35 per cent. in Angola, 32 per cent. in Mozambique and 30 to 35 per cent. in Malawi. The following table sets out the Group's tax expense schedule for the six months ended 30 June 2014.

| | Accounting profit before taxes | Tax expense | Effective tax rate |
|---|---|---|---|
| | € thousands | | per cent. |
| **Tax Expense Schedule (six months ended 30 June 2014)** | | | |
| Angola | 14,239 | 404 | 2.8 |
| SADC | 76,023 | 12,115 | 15.9 |
| West Africa | (433) | 27 | — |
| East Africa | (172) | — | — |
| Portugal/other | (15,361) | (713) | — |
| **Total** | **74,297** | **11,834** | **15.9** |

For the year ended 31 December 2013 and the six months ended 30 June 2014, the effective tax rate for the Angola business segment was 0.9 per cent. and 2.8 per cent., respectively, due to an eight year tax exemption for MEEC Africa's Angola branch which ended in July 2014, a four year tax exemption for Vista Waste which ends in December 2014 and an eight year tax exemption for Mota-Engil Angola ending in December 2018. For the year ended 31 December 2013 and the six months ended 30 June 2014, SADC's effective tax rate was 26.0 per cent. and 15.9 per cent., respectively, due to different tax holiday and capital expenditure incentives in certain subsidiaries and projects. For the year ended 31 December 2013, taxes were also incurred in Portugal due to MEEC Africa's incorporation in that jurisdiction. However, for subsequent fiscal years, only MEEC Africa, not its branches, will incur tax in Portugal as the branches will be taxed in each respective country. There is no withholding tax between Portugal and the Netherlands.

**Qualitative and quantitative disclosures about market risk**

The Group's activities expose it to a variety of financial risks, in particular risks related to interest rates, foreign exchange rates for transactions and conversion and liquidity. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the uncertainty characteristic of financial markets on its financial performance.

Financial risk management is carried out under policies approved by the Company's Board and with the advisory interventions of the Audit Committee, as delegated by the Board. The Company's Board provide the written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and liquidity risk.

***Interest rate risk***

The Group's reported results of operations and financial condition may be affected by interest rate fluctuations. Financing arrangements with certain external sources of financing in Euro and other foreign currencies bear floating interest rates. The Group aims to control and mitigate the risk of incurring losses as a result of variations in the interest rates that its financial debt is indexed to, most of which is denominated in the Euro, Angolan Kwanza and US dollar, through natural hedging. The Group does not have in place any financial instruments to hedge against interest rate movements as it expects interest rates to remain at the same level for the expected term of the Group's loans. To the extent the measures the Group takes do not mitigate its exposure to interest rate fluctuations, the Group's results of operations will be affected by such fluctuations.

***Exchange risk***

The Group is exposed to currency exchange-rate fluctuations primarily with respect to the US Dollar, the Angolan Kwanza, Malawian Kwacha, the Mozambique Metical and the South African Rand against the Euro, the Group's reporting currency. See "*Risk Factors—Risks Relating to the Group's Business and Operations—The Group is exposed to fluctuations in currency exchange rates*".

The Group is exposed to translational foreign exchange fluctuations. The Group reports in Euros but operates internationally in ten countries. Assets, liabilities and transactions for certain of the Group's reporting subsidiaries are measured in the entity's functional currency and are then translated into Euros for presentation of the Group's consolidated results of operations. As currency exchange rates fluctuate, translation of the operating results of the Group's subsidiaries that have a functional currency other than Euro affect its reported results of operations. The Group is predominately exposed to movements in the Euro against the US Dollar, the Angolan Kwanza and Malawian Kwacha and to a lesser extent the Mozambique Metical and the South African Rand.

Whilst it does not currently hedge transactional exposures, the Group as a whole seeks to mitigate its exposure by attempting to have each business subsidiary match its purchasing and sales and raise its required debt financing predominantly in its functional currency.

***Liquidity risk***

The Group may not be able to generate sufficient cash flows from its operations to meet its financial obligations arising from contracts and from its short-term financial commitments. The Group's liquidity risk is based on the financial resources generated by or used in operating and investing activities, the characteristics of debt maturity and the use of cash, as well as contingent cash terms of financial markets.

The Group aims to maintain sufficient cash margins and opens and maintains surplus short-term lines of credit that serve as liquidity reserves that are readily available. By creating, and periodically revising, cash budgets, the Group's financial planning makes it possible to forecast and anticipate future cash surpluses or deficits. By monitoring rolling forecasts of its liquidity requirements, the Group is able to ensure that it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

When refinancing medium and long term loans due within a year, the negotiation process is started at least six months in advance of the relevant maturity date. Debt for subsidiaries is also structured with 60 to 70 per cent. of financing being medium to long term financing in order to reduce dependency on more volatile short-term funds. Sources of financing are also diversified across geographies in the various markets where the Group operates and across debt instruments to capture funds from alternative sources.

**Key accounting policies**

The preparation of the Historical Financial Information of the Group necessitates the use of estimates and assumptions that affect the items reported. Such estimates and assumptions are based on management's best knowledge of current facts, circumstances and future events. The estimates and assumptions are re-evaluated on an on-going basis and are based on historical experience and various other assumptions considered to be reasonable under the circumstances, the results of which form the basis for making judgments not readily available from other sources. Actual results may differ, possibility significantly, from those estimates under different assumptions or conditions. The areas requiring a high degree of judgment or where assumptions and estimates are significant to the combined consolidated Historical Financial Information are discussed below. As at 17 November 2014, being the latest practicable date prior to the publication of this Prospectus, material changes to the underlying assumptions and estimates are not expected.

***Goodwill impairment***

The Group carries out annual tests to determine whether goodwill has suffered any impairment. The recoverable amounts have been based on the highest value between net sales price and the value in use. The net sales value is the amount which would be obtained with the disposal of the asset in a transaction within the reach of the parties involved less the costs directly attributable to the disposal. The value in use is the present value of the estimated future cash flow that is expected to arise from the continued use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each asset, individually or, where this is not possible, for the cash generating unit to which the asset belongs. As a result, the determination of the recoverable amounts require the use of estimates and assumptions which are subject to change.

***Income taxes***

The Group is subject to income taxes in numerous jurisdictions. The amount of income tax included in the income statement is determined in accordance with the rules established by the different domestic tax authorities, based on which income taxes are payable or recoverable. Deferred tax assets and liabilities, arising from temporary differences between the carrying amounts of assets and liabilities and the tax base of assets and liabilities, are calculated using the substantively enacted tax rates expected to apply when they are realised or settled. Deferred tax assets are recognised if it is probable that they will be realised. Deferred tax assets and liabilities where a legally enforceable right to offset exists and within the same tax group are presented net in the balance sheet. As deferred taxes assets are only recognised when there are reasonable expectations of sufficient future tax profits for their use, a change to these expectations could result in a different recognition outcome.

***Recent accounting pronouncements***

The Group has elected to apply the same accounting policies as those applied in the historical reporting of financial information of ME SGPS.

In the six months ended 30 June 2014, the following standards, interpretations, alterations and revisions endorsed by the European Union became effective which have not been applied by the Group in preparing the Interim Financial Statements:

| EU Regulation | IASB Standard or IFRIC Interpretation by the European Union | Issued in | Mandatory for financial years beginning on or after |
|---|---|---|---|
| Regulation no. 1254/2012............ | IFRS 10 Consolidated Financial Statements, | May 2011 | 1 January 2014 |
| Regulation no. 1254/2013............ | IFRS 11 Joint Arrangements | May 2011 | 1 January 2014 |

| | | | |
|---|---|---|---|
| Regulation no. 1254/2012............ | IFRS 12 Disclosure of Interests in Other Entities | May 2011 | 1 January 2014 |
| Regulation no. 1254/2012............ | IAS 27 Separate Financial Statements | May 2011 | 1 January 2014 |
| Regulation no. 1254/2012............ | IAS 28 Investment in Associates and Joint Ventures | May 2011 | 1 January 2014 |
| Regulation no. 1256/2012............ | IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendment) | December 2011 | 1 January 2014 |
| Regulation no. 313/2013............. | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) | June 2012 | 1 January 2014 |
| Regulation no. 1174/2013............ | IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities (Amendment) | October 2012 | 1 January 2014 |
| Regulation no. 1374/2013............ | IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets (Amendment) | May 2013 | 1 January 2014 |
| Regulation no. 1375/2013............ | IAS 39 Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting (Amendment) | June 2013 | 1 January 2014 |

The following standards, interpretations and amendments are still pending for endorsement by the European Union:

| **IASB Standard or IFRIC Interpretation** | **Issued in** | **Expected application for financial years beginning on or after** |
|---|---|---|
| IFRS 9—Financial Instruments (new)................................................ | November 2009 | To be determined |
| IFRS 14 Regulatory Deferral Accounts (new) | January 2014 | July 1, 2014 |
| IFRS 15 Revenue From Contracts with Customers | May 2014 | July 1, 2014 |
| IFRIC 21—Levies (New).................................................................... | May 2013 | January 1, 2014 |
| IAS 19 Employee Benefits: Defined Benefit Plans—Employee Contributions (Amendment)............................................................... | November 2013 | July 1, 2014 |
| Annual Improvements to IFRS's 2010-2012 Cycle: IFRS 2 Share-Based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets (Amendment)............................................. | December 2013 | July 1, 2014 |
| Annual Improvements to IFRS's 2011-2013 Cycle: IFRS 1 First-time Adoption of IFRS, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property (Amendment) ........... | December 2013 | July 1, 2014 |

Since they are not mandatory, the Group has not applied any of the standards referred to above, and the effects of their application have not yet been fully estimated at the present date.

# PART VIII: HISTORICAL FINANCIAL INFORMATION

## SECTION A: ACCOUNTANTS' REPORT ON THE COMBINED AUDITED HISTORICAL FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2012 AND 2013

Deloitte.

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23 June 2014

The Board of Directors
Mota-Engil Africa N.V.
Prins Bernhardplein 200
1097JB Amsterdam
Netherlands

Dear Sirs

**Mota-Engil Africa N.V.**

*Introduction*

1. We report on the financial information relating to Mota Engil Africa N.V. (the "Company", formerly Mota Engil Africa, B.V.) and its subsidiaries (together with the Company, the "Group") set out in Part VIII: "Historical Financial Information" of the prospectus prepared in connection with the Company's admission to listing and trading on Euronext in Amsterdam of the ordinary shares of the Company (the "Prospectus"). The Historical Financial Information comprises the Company's combined consolidated statements of financial position as of 31 December 2013, 2012 and 2011, combined consolidated income statements, statements of comprehensive income, changes in equity and cash flows for the years then ended and the related notes to the combined consolidated financial statements. This report is required by item 20.1 of Annex I of Commission Regulation (EC) 809/2004 and is given for the purpose of complying with that item and for no other purpose.

*Responsibility for the Combined Financial Statements*

2. The Directors of the Company are responsible for the preparation and fair presentation of the Company's combined consolidated financial statements in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information and in accordance with the International Financial Reporting Standards (the "IFRS") as issued by the International Accounting Standards Board (the "IASB") and adopted by the European Union ("EU").

*Auditor's Responsibility*

3. It is our responsibility to form an opinion as to whether the Historical Financial Information present fairly, in all material respects, the combined financial position of the Group as of 31 December 2013, 2012 and 2011 and its combined consolidated financial performance and its combined cash flows for the years then ended for purposes of the Prospectus and to report our opinion to you. Our opinion is based on our audits, which were conducted in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Historical Financial Information are free from material misstatement.

Deloitte.

Deloitte & Associados, SROC S.A.
Inscrição na OROC nº 43
Registo na CMVM nº 231



4. Our work involved performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected were based upon the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Our work also included evaluating the appropriateness of accounting policies used and whether such policies are consistently applied and adequately disclosed and the reasonableness of accounting estimates and judgments made by those responsible for preparation of the Historical Financial Information, as well as evaluating the overall presentation of the Historic Financial Information.

5. We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company's combined consolidated financial statements are free from material misstatement, whether caused by fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

6. In our opinion, the Company's combined consolidated financial statements referred to in paragraph 1 above, for purposes of the Prospectus, present fairly, in all material respects, the combined financial position of the Group as of 31 December 2013, 2012 and 2011 and its combined consolidated financial performance and its combined cash flows for the years then ended in accordance with the basis of presentation set out in Note 2 to the Historical Financial Information.

*Emphasis of a Matter*

7. The combined consolidated financial statements referred to in paragraph 1 above have been prepared from separate accounts and records maintained by the Company and its subsidiaries and include certain allocation of assets and liabilities, revenues and costs which may not necessarily be indicative of the financial condition and the results of operations that would have existed if the Group had been operating as a separate entity for the three years ended 31 December 2013, 2012 and 2011.

Yours faithfully,

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

# Combined Consolidated Financial Statements
# Mota-Engil Africa B.V.
# 2013, 2012 and 2011

## Index

## Combined consolidated statements of financial position

| | Notes | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | | €'000 | €'000 | €'000 |
| **Assets** | | | | |
| Non-current | | | | |
| Goodwill | 5 | 37,526 | 37,526 | 37,526 |
| Intangible assets | 6 | 1,901 | 2,101 | 392 |
| Property, plant and equipment | 7 | 261,650 | 193,453 | 134,128 |
| Financial investments under the equity method | 8 | 712 | 33,085 | 26,180 |
| Available for sale financial assets | 9 | 43,085 | 13,026 | 292 |
| Trade and other receivables | 10 | 1,272 | 3,178 | 2,992 |
| Other non-current assets | | — | 228 | 128 |
| Deferred tax assets | 30 | 34 | 45 | — |
| Cash and cash equivalents | 13 | 53,552 | 58,716 | — |
| | | **399,732** | **341,359** | **201,638** |
| Current | | | | |
| Inventories | 11 | 80,195 | 53,200 | 45,811 |
| Trade receivables | 10 | 703,635 | 521,061 | 485,573 |
| Other receivables | 10 | 193,449 | 228,250 | 212,623 |
| Taxes receivable | 10 | 18,441 | 19,760 | 3,037 |
| Other current assets | 12 | 95,101 | 113,041 | 86,289 |
| Cash and cash equivalents—demand deposits | 13 | 119,083 | 116,704 | 120,312 |
| Cash and cash equivalents—term deposits | 13 | 31,430 | — | — |
| | | **1,241,333** | **1,052,016** | **953,644** |
| **Total Assets** | | **1,641,065** | **1,393,376** | **1,155,282** |
| **Liabilities** | | | | |
| Non-current | | | | |
| Borrowings | 14 | 129,783 | 63,057 | 57,447 |
| Other payables | 15 | 54,004 | 93,283 | 48,965 |
| Provisions | 16 | 3,864 | 3,408 | 4,504 |
| Deferred tax liabilities | 30 | 2,000 | 1,000 | — |
| | | **189,651** | **160,749** | **110,916** |
| Current | | | | |
| Borrowings | 14 | 223,715 | 168,464 | 131,568 |
| Trade payables | 15 | 147,546 | 187,403 | 118,936 |
| Other payables | 15 | 325,414 | 283,012 | 195,172 |
| Taxes payable | 15 | 51,329 | 22,335 | 8,389 |
| Other current liabilities | 17 | 347,778 | 283,032 | 278,078 |
| | | **1,095,783** | **944,246** | **732,143** |
| **Total Liabilities** | | **1,285,433** | **1,104,995** | **843,059** |
| **Shareholders' equity** | | | | |
| Group equity before net profit for the year | 18 | 190,855 | 152,517 | 178,835 |
| Consolidated net profit for the year | | 76,167 | 47,845 | 52,214 |
| **Own funds attributable to the Group** | | **267,022** | **200,362** | **231,049** |
| Non-controlling interests | 19 | 88,610 | 88,018 | 81,174 |
| **Total shareholders' equity** | | **355,631** | **288,380** | **312,223** |
| **Total shareholders' equity and liabilities** | | **1,641,065** | **1,393,376** | **1,155,282** |

To be read with the Notes to the combined financial statements

## Combined consolidated income statements

| | Notes | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | | €'000 | €'000 | €'000 |
| Sales and services rendered | 20 | 1,005,306 | 727,167 | 590,525 |
| Other revenues | 21 | 19,328 | 42,681 | 34,970 |
| Cost of goods sold, materials consumption and subcontractors | 22 | (409,055) | (333,209) | (298,698) |
| Third-party supplies and services | 23 | (216,395) | (146,909) | (104,217) |
| Wages and salaries | 24 | (147,766) | (121,233) | (84,938) |
| Other operating expenses, net | 25 | (8,563) | (10,480) | (9,526) |
| Depreciation and amortization | 6, 7 and 26 | (49,295) | (38,537) | (30,811) |
| Provisions and impairment losses | 27 | (1,773) | (3,215) | (2,909) |
| Financial income | 28 | 12,227 | 5,547 | 8,860 |
| Financial costs | 28 | (69,175) | (39,846) | (21,260) |
| Gains/(losses) in associates and jointly controlled companies | 29 | 121 | 8,958 | 5,000 |
| **Consolidated net profit before income tax** | | **134,959** | **90,924** | **86,996** |
| Income tax | 30 | (30,008) | (12,291) | (6,728) |
| **Consolidated net profit for the year** | | **104,950** | **78,633** | **80,267** |
| Attributable: | | | | |
| to non-controlling interests | 19 | 28,783 | 30,788 | 28,053 |
| to the Group | | 76,167 | 47,845 | 52,214 |

To be read with the Notes to the combined financial statements

## Combined consolidated statements of comprehensive income

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| Consolidated net profit for the year | 104,950 | 78,633 | 80,267 |
| **Other comprehensive income that might be recognized in the income statement** | | | |
| Exchange differences stemming from translation of financial statements expressed in foreign currencies | (14,110) | (6,019) | 11,170 |
| Other comprehensive income/(expense) in investments in associates using the equity method | (298) | (1,341) | 21 |
| **Total comprehensive income for the year** | **90,543** | **71,273** | **91,458** |
| Attributable: | | | |
| to non-controlling interests | 24,246 | 29,353 | 26,234 |
| to the Group | 66,296 | 41,919 | 65,224 |

To be read with the Notes to the combined financial statements

## Combined consolidated statements of changes in equity

| | Currency translation reserve | Other reserves | Net Profit | Own funds attributable to the Group | Own funds attributable to non-controlling interests | Shareholders' equity |
|---|---|---|---|---|---|---|
| **Balance as at January 1, 2011** | **(7,452)** | **131,399** | **57,313** | **181,260** | **37,147** | **218,407** |
| Total comprehensive income for the period | 8,804 | 4,206 | 52,214 | 65,224 | 26,234 | 91,458 |
| Dividend distribution | — | (14,419) | — | (14,419) | — | (14,419) |
| Transfers for other reserves | — | 57,313 | (57,313) | — | — | — |
| Changes to the consolidation perimeter and in the ownership interest in subsidiaries | — | (1,015) | — | (1,015) | 17,793 | 16,778 |
| **Balance as at December 31, 2011** | **1,352** | **177,483** | **52,214** | **231,049** | **81,174** | **312,223** |
| **Balance as at January 1, 2012** | **1,352** | **177,483** | **52,214** | **231,049** | **81,174** | **312,223** |
| Total comprehensive income for the period | (3,892) | (2,033) | 47,845 | 41,919 | 29,353 | 71,273 |
| Dividend distribution | — | (73,207) | — | (73,207) | (22,490) | (95,697) |
| Transfers for other reserves | — | 52,214 | (52,214) | — | — | — |
| Changes to the consolidation perimeter and in the ownership interest in subsidiaries | — | 601 | — | 601 | (20) | 581 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Balance as at December 31, 2012** | **(2,540)** | **155,057** | **47,845** | **200,362** | **88,018** | **288,380** |
| **Balance as at January 1, 2013** | **(2,540)** | **155,057** | **47,845** | **200,362** | **88,018** | **288,380** |
| Total comprehensive income for the period | (9,805) | (66) | 76,167 | 66,296 | 24,246 | 90,543 |
| Dividend distribution | — | — | — | — | (23,965) | (23,965) |
| Transfers for other reserves | — | 47,845 | (47,845) | — | — | — |
| Changes to the consolidation perimeter and in the ownership interest in subsidiaries | — | 364 | — | 364 | 310 | 674 |
| **Balance as at December 31, 2013** | **(12,345)** | **203,199** | **76,167** | **267,022** | **88,610** | **355,631** |

To be read with the Notes to the combined financial statements

### Combined consolidated statements of cash flows

| | Notes | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | | €'000 | €'000 | €'000 |
| **OPERATING ACTIVITY** | | | | |
| Cash received from customers | | 610,222 | 533,944 | 420,122 |
| Cash paid to suppliers | | (482,273) | (381,850) | (337,421) |
| Cash paid to employees | | (101,683) | (89,237) | (66,412) |
| **Cash generated from operating activities** | | **26,266** | **62,857** | **16,289** |
| Income tax paid | | (2,528) | (5,838) | (3,595) |
| Other receipts generated by operating activities | | 7,093 | 31,120 | 3,824 |
| **Net cash from operating activities (1)** | | **30,831** | **88,139** | **16,518** |
| **INVESTING ACTIVITY** | | | | |
| **Cash receipts from:** | | | | |
| Financial investment | 34 | 55,182 | 17,009 | 48,048 |
| Property, plant and equipment | | 1,598 | 1,257 | — |
| Interest and similar income | | 4,486 | 2,671 | 4,155 |
| Dividends | | 5,689 | 1,395 | 1,040 |
| Other | | — | 964 | 96 |
| | | **66,955** | **23,295** | **53,339** |
| **Cash paid in respect of:** | | | | |
| Financial investment | 34 | — | (1,837) | (1,573) |
| Intangible assets | | (245) | (1,931) | (245) |
| Property, plant and equipment | | (96,937) | (71,907) | (17,781) |
| | | **(97,182)** | **(75,675)** | **(19,600)** |
| **Net cash from investing activities (2)** | | **(30,228)** | **(52,380)** | **33,738** |
| **FINANCING ACTIVITY** | | | | |
| **Cash receipts from:** | | | | |
| Repayments of loans obtained | | 193,501 | 204,611 | 112,754 |
| Supplementary capital | | — | — | 16,548 |
| | | **193,501** | **204,611** | **129,302** |
| **Cash paid in respect of:** | | | | |
| Loans obtained | | (72,766) | (160,863) | (103,962) |
| Amortization of finance lease contracts | | (765) | (640) | (652) |
| Interest and similar expense | | (42,000) | (34,089) | (21,751) |
| Dividends | | (36,771) | (49,282) | (14,419) |
| | | **(152,302)** | **(244,875)** | **(140,785)** |
| **Net cash from financing activities (3)** | | **41,200** | **(40,264)** | **(11,482)** |
| Variation of cash & cash equivalents (4)=(1)+(2)+(3) | | 41,803 | (4,504) | 38,774 |
| Variations caused by changes to the perimeter | | 1,470 | 402 | 5 |
| Exchange rate effect | | (9,464) | 494 | 1,868 |
| Cash & cash equivalents at the beginning of the year | | 116,704 | 120,312 | 79,665 |
| **Cash & cash equivalents at the end of the year** | | **150,513** | **116,704** | **120,312** |

To be read with the Notes to the combined financial statements

**Notes to the combined financial statements**

## 1. General information and background

Mota-Engil Africa B.V. (hereafter also referred to as "the Company") is a private company with limited liability incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its principal place of business at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the Dutch trade register of the Chamber of Commerce under file number 56382057.

These combined consolidated financial statements as at 31 December 2013, 2012 and 2011 were issued to disclose consolidated historical financial information of the Company and are non-statutory financial statements and, therefore, do not intend to comply with financial reporting requirements in any specific jurisdiction.

The Company was incorporated on October, 2012 by Mota-Engil SGPS, S.A. (hereafter also referred to as "the Parent Company"), a public limited company incorporated under the laws of Portugal, having its official seat in Porto, Portugal, and its principal place of business at Rua do Rego Lameiro 38, parish of Campanhã, municipality of Porto, Portugal, registered with the Porto Registry of Companies under file number 502 399 694. Mota-Engil SGPS, S.A. is listed on the PSI-20, the main stock market index of Euronext Lisbon.

The principal activities of the Parent Company and its subsidiaries (collectively, the "Parent Group") are public and private construction work, transport concessions and environment and services in the following regions: Africa (hereafter also referred to as "Africa Business"), Europe and Latin America.

In 2012 the Parent Company started a process of internal reorganisation of shareholding stakes it owned in several companies of Africa Business, such as:

- In October 2012 the Company was incorporated. to be the holding company for the African Business, with an outstanding share capital of EUR 18,000.

- In December 2013, the Parent Company performed a breakup-merger of Mota-Engil Engenharia e Construção, S.A. (hereafter also referred to as "MEEC"), until then holding all engineering and construction companies of the Parent's Group, into Mota-Engil Engenharia e Construção África, S.A. (hereafter also referred to as "MEEC Africa"), a company headquartered in Portugal. This operation allowed the detachment of part of the assets of the former, some of which were already allocated to the different existing branches, corresponding to the civil construction and public works activities MEEC had been conducting in the African Continent and integrating it, through a merger, in the latter company. The assets and liabilities of that company include all civil construction and public works activities that were conducted in South Africa, Angola, Cape Verde, Malawi, Mauritius, Mozambique, Zimbabwe and S. Tomé and Príncipe and are described in the demerger and merger by incorporation project approved by the companies involved in the process, together with the balance sheet of the merger as of 31 December 2012.

- In January 2014, the Parent Company, acting as the holder of the entire share capital of Mota-Engil Africa B.V. and Mota-Engil, Engenharia e Construção África, S.A., proceeded to transfer its shares in MEEC Africa to Mota-Engil Africa B.V. This operation was performed as an issuance of new shares of the Company against the non-cash contribution of the Parent Company, consisting in the contribution of the total shares of MEEC Africa.

The principal activity of the Company and its subsidiaries (collectively, "the Group") is public and private construction work and related activities in Africa.

These combined Consolidated Financial Statements are presented in euros (thousand) which is the presentation currency of the Group.

**Notes to the combined financial statements**

## 2. Accounting policies

### Basis of preparation

These non-statutory special purpose combined consolidated Financial Statements reflect the assets, liabilities, revenues, expenses and cash flows of the Group. Certain income, expenses, assets and liabilities of certain non-operating companies in the Group have not been included in these combined financial statements because the activities did not relate to the operating activities of the Group and the assets and liabilities will be transferred out of the non-operating company to the Parent prior to any disposal.

These combined consolidated financial statements represent an aggregation of the financial information of the Group. These combined consolidated financial statements have been derived from the accounting records of the Company and its subsidiaries and are prepared in Euros ("Euro") using principles consistent with International Financial Reporting Standards as adopted by the European Union ("IFRS") by aggregating the historical results of operations, and the historical basis of assets and liabilities, of the Group. Euro is the reporting and functional currency of the Group. The combined consolidated financial statements are presented in thousands of euro, except when otherwise indicated. Rounding differences might occur.

The combined financial statements have been prepared on a going concern basis.

These combined consolidated financial statements may not be indicative of the Group's financial performance and do not necessarily reflect what the Group's combined results of operations, financial position and cash flows would have been had the Group operated as an independent entity during the periods presented. The list of individual legal entities included within these combined consolidated financial statements, which together with assets and liabilities of MEEC branches and other assets and liabilities form the Africa business, is provided in Appendix A. Companies included in the Combined Historical Financial Information. These entities have been classified as subsidiary or associate undertakings as described in Appendix A.

All transactions and balances between entities included within the combined Group have been eliminated. Transactions and balances with the Parent, or other non-Group entities controlled by the Parent are classified as related party transactions.

To the extent that an asset, liability, revenue or expense is directly associated with the Group, it is reflected in the accompanying combined consolidated financial statements. Certain expenses, as described below, as well as debt and related interest expense have been allocated by the Parent to the Group. Management believes that such allocations are reasonable; however, they may not be indicative of either the actual results of the Group had the Group been operating as an independent entity for the periods presented or the amounts that will be incurred by the Group in the future.

External suppliers and services charged by Mota-Engil Africa that are related to rental of equipment used in the African business entities have been reclassified to tangible assets depreciations, computed in accordance with their useful lives, on a consistent basis with the inclusion of such tangible assets in the combined balance sheets since 1 January 2011 up to 31 December 2013;

External suppliers and services charged by Mota Engil Africa that are related to personnel and labour costs allocated to the African business, have been classified in the combined income statement as payroll costs per the related actual payroll costs incurred;

Income tax expense has been recomputed and recorded in each of the three year combined financial statements taking into consideration the actual income tax rates in each of the African countries where the operations occurred and are taxable.

The combined consolidated statement of financial position as of January 1, 2011 is the following:

**Notes to the combined financial statements**

| | January 1, 2011 |
|---|---|
| **Non-Current Assets** | |
| Goodwill | 36,086 |
| Property, plant and equipment | 136,203 |
| Financial investments under the equity method | 20,910 |
| Other non-current assets | 498 |
| | 193,696 |
| **Current Assets** | |
| Inventories | 40,688 |
| Trade and other receivables | 640,067 |
| Other current assets | 49,374 |
| Cash and cash equivalents | 79,665 |
| | 809,794 |
| **Total Assets** | **1,003,490** |
| **Non-current liabilities** | |
| Borrowings | 55,794 |
| Other payables | 42,895 |
| Provisions | 4,835 |
| | 103,524 |
| **Current liabilities** | |
| Borrowings | 107,881 |
| Trade payables | 119,587 |
| Other payables | 241,263 |
| Other current liabilities | 212,829 |
| | 681,559 |
| **Total Liabilities** | **785,083** |
| **Shareholders' equity** | |
| Own funds attributable to the Group | 181,260 |
| Non-controlling interests | 37,147 |
| **Total shareholders' equity** | **218,407** |
| **Total shareholders' equity and liabilities** | **1,003,490** |

The following debt was transferred in 2011 and 2012 to MEEC Africa, for the purpose of preparation of these consolidated combined financial statements and following the breakup-merger which occurred in 2013:

| | Current 1 year | 2 years | 3 to 5 years | Over 5 years | Total Non-Current | Total |
|---|---|---|---|---|---|---|
| **2012** | | | | | | |
| **Non-convertible bond loans** | 1,761 | 1,758 | 22,855 | | 24,613 | 26,373 |
| **Amounts owed to credit institutions** | | | | | | |
| Bank loans | 21,695 | 6,110 | 6,422 | | 12,532 | 34,228 |
| Overdraft facilities | 21,569 | | | | — | 21,569 |
| Current Account facilities | 63,811 | | | | — | 63,811 |
| **Other loans obtained** | | | | | | |
| Commercial paper issues | 1,160 | 3,481 | 19,705 | | 23,186 | 24,346 |
| Other loans | 139 | 225 | 233 | | 458 | 597 |

| | Current 1 year | 2 years | 3 to 5 years | Over 5 years | Total Non-Current | Total |
|---|---|---|---|---|---|---|
| | **110,135** | **11,574** | **49,215** | **—** | **60,789** | **170,924** |
| **2011** | | | | | | |
| **Amounts owed to credit institutions** | | | | | | |
| Bank loans | 13,577 | 1,798 | 2,621 | | 4,419 | 17,996 |
| Overdraft facilities | 28,739 | | | | — | 28,739 |
| Current Account facilities | 21,075 | | | | — | 21,075 |
| **Other loans obtained** | | | | | | |
| Commercial paper issues | 12,550 | 20,041 | 24,928 | | 44,970 | 57,520 |
| Other loans | 1,320 | 95 | 207 | | 302 | 1,622 |
| | **77,262** | **21,935** | **27,757** | **—** | **49,691** | **126,953** |

**Application of new and revised IFRSs in issue but not yet effective**

The Group has elected to apply the same accounting policies as those applied in the historical reporting of financial information of Mota-Engil S.G.P.S., S.A.

The following amendments to standards are effective for annual periods beginning on or after January 1, 2014, and have not been applied in preparing these consolidated financial statements. None of these amendments is expected to have a significant impact on the Group's Consolidated Financial Statements (any other standard not listed below has been applied in this historical financial information):

| EU Regulation | IASB Standard or IFRIC Interpretation endorsed by European Union | Issued in | Mandatory for financial years beginning on or after |
|---|---|---|---|
| Regulation no. 1256/2012 | IAS 32 Financial Instruments: Presentation—Offsetting Financial Assets and Financial Liabilities (Amendment) | December 2011 | January 1, 2014 |
| Regulation no. 1174/2013 | IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities (Amendment) | October 2012 | January 1, 2014 |
| Regulation no. 1374/2013 | IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets (Amendment) | May 2013 | January 1, 2014 |
| Regulation no. 1375/2013 | IAS 39 Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting (Amendment) | June 2013 | January 1, 2014 |

The following standards, interpretations and amendments are still pending for endorsement by the European Union:

| IASB Standard or IFRIC Interpretation | Issued in | Expected application for financial years beginning on or after |
|---|---|---|
| IFRS 9—Financial Instruments (new) | November 2009 | To be determined |
| IFRIC 21—Levies (New) | May 2013 | January 1, 2014 |
| IAS 19 Employee Benefits: Defined Benefit Plans—Employee Contributions (Amendment) | November 2013 | July 1, 2014 |

| | | |
|---|---|---|
| Annual Improvements to IFRS's 2010-2012 Cycle: IFRS 2 Share-Based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets (Amendment) ............................................................................ | December 2013 | July 1, 2014 |
| Annual Improvements to IFRS's 2011-2013 Cycle: IFRS 1 First-time Adoption of IFRS, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property (Amendment).............................................................. | December 2013 | July 1, 2014 |

Since they are not mandatory, the Group has not applied any of the standards referred to above, and the effects of their application have not yet been fully estimated at the present date.

The assets and liabilities of the business have not historically been held by a single legal entity or consolidated group, and accordingly, these combined financial statements have been prepared on a combined basis to reflect the assets, liabilities, revenues, expenses and cash flows of the African business. In addition, the combined financial statements also include those income and expenses, assets and liabilities and cash flows from Mota-Engil African entities which can be allocated to the African business. Management believes that such allocations have been made on a reasonable basis.

IFRS does not provide guidance for the preparation of combined financial statements, and accordingly, in preparing such financial statements certain accounting conventions commonly used for the preparation of historically financial statements have been applied.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**Business combinations**

Acquisitions of subsidiaries and businesses other than those under common control are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

**Goodwill**

Differences between the acquisition price of the financial investments in Group companies (subsidiaries), plus the value of non-controlling interests, and the amount attributed at fair value of the identifiable assets and liabilities of these companies on the date of their acquisition, when positive, are recorded under the heading "Goodwill" and, when negative, after revaluation of their calculation, are recorded directly in the income statement. Differences between the acquisition price of financial investments in associates and joint ventures, and the amount attributed at fair value of the identifiable assets and liabilities of these companies, on the date of their acquisition, when positive, are maintained under the heading "Financial investments stated through the equity method" and when negative, after revaluation of their calculation, are recorded directly in the income statement.

Furthermore, differences between the acquisition cost of investments in subsidiaries based abroad and the fair value of the identifiable assets and liabilities of these subsidiaries on the date of their acquisition are recorded in the reporting currency of these subsidiaries, and converted to the Group's reporting currency (Euro) at the exchange rate in force on the reporting date. Any currency conversion differences created during this conversion are recorded under the heading "Currency conversion reserve".

For each business combination the Group measures any non-controlling interest in the acquired entity in proportion to the non-controlling interest in the identifiable net assets of the acquired entity.

Transactions of purchase or sale of interests in entities that are already controlled, without such resulting in loss of control, are treated as transactions between equity holders affecting only the equity headings, without there being impact under the "Goodwill" heading or in the income statement.

Furthermore, when a sale transaction results in a loss of control, the assets and liabilities of the entity are derecognised, and any interest retained in the disposed entity is remeasured at fair value, where any loss or gain calculated with the disposal is recorded through profit or loss.

On an annual basis and with reference to the accounts closing date, the Company carries out formal tests of impairment of goodwill. Whenever the amount at which the positive consolidation difference is recorded is higher than its recoverable amount, an impairment loss is recognised, recorded in the income statement under the heading "Other operating costs". The recoverable amount is the highest value between net sales price and the value in use. The net sales value is the amount which would be obtained with the disposal of the asset in a transaction within the reach of the parties involved, minus the costs directly attributable to the disposal. The value in use is the present value of the estimated future cash flow that is expected to arise from the continued use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each asset, individually or, where this is not possible, for the cash generating unit (CGU) to which the asset belongs.

An impairment loss is recognised for a CGU if, and only if, its recoverable amount is less than its carrying amount. The impairment loss is allocated to reduce the carrying amount of the assets of the unit or group of units in the following order:

- first, to goodwill allocated to the CGU; and
- then, to the other assets of the unit or group on a pro rata basis based on the carrying amount of each asset in the unit or group of units.

Impairment losses on goodwill cannot be reversed.

**Intangible assets**

Intangible assets are recorded at acquisition or production cost, minus amortisations and any accumulated impairment losses, and recognised only if it is likely that they will generate future economic benefits for the Group, and if their value can be reasonably measured and if the Group has control over them.

Brands and patents without defined useful life are recorded at their acquisition cost, and are not subject to amortisation, with their value being subject to impairment tests on an annual basis and whenever there are indications of impairment.

Software and development costs are amortised through the straight-line method over a period between three to six years.

Research expenses are recognised as a cost for the year when they are incurred.

**Property, plant and equipment**

Property, plant and equipment are recorded at acquisition cost minus any subsequent accumulated depreciation and any accumulated impairment losses. Construction in progress represent assets still under construction/development, and are recorded at acquisition cost minus any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the asset's useful life..Depreciation begins as long as the underlying asset is available for use and in the necessary conditions, in terms of quality and technical reliability, to operate as intended by the Group's Board of Directors. Useful life is determined by management based on the asset's expected use term; wear out rate, technical obsolescence and the residual value. Residual value attributable to the asset is estimated based on the residual value prevailing at the date of estimate of a similar asset which has reached the end of its useful life and has been operating under conditions similar to those in which the asset will be used.

Depreciation rates used correspond to the following years of estimated useful lives:

| | |
|---|---|
| Buildings | 20 to 50 |
| Equipment | |
| Basic equipment | 3 to 10 |
| Administrative equipment | 4 to 10 |
| Transport equipment | 3 to 10 |
| Tools and utensils | 3 to 6 |
| Other tangible assets | 3 to 10 |

Expenses related to replacement of property plant and equipment components are added to the respective asset, with the net value of the replaced component written off and recorded at "Other operating costs" line.

Maintenance and repair costs that neither increase useful life nor give rise to significant improvements of the asset are expensed when they occur.

Depreciation and amortisation of the tangible and intangible assets are recorded on a monthly basis under the heading "Amortisation", in the income statement. Any changes to the period of estimated useful life of the tangible assets are carried out prospectively.

At each balance sheet date, the Group reviews carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

**Leasing**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

The classification of leasing into finance or operating is undertaken based on the substance and not the form of the contract.

Tangible assets acquired under finance lease contracts are recorded as property, plant and equipment and their corresponding accumulated depreciation and any outstanding debts is stated in accordance with the contractual financial plan. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

In leases considered as operating, the lease payments owed are recognised as an expense in the income statement on a linear basis during the lease period.

**Financial assets and liabilities**

Financial assets and liabilities are recognised in the statement of the financial position when the Group becomes a contracting party of the respective financial instrument.

a) Financial instruments

The Group classifies financial investments into the following categories: "Investments recorded at fair value through profit or loss", "Loans and accounts receivable", "Investments held to maturity", "Investments available for sale" and "Loans and accounts payable". The classification depends on the intention underlying the acquisition of the investment.

The classification is defined at the time of the initial recognition and reappraised on a half-year basis.

Investments recorded at fair value through profit or loss are divided into two subcategories: "Financial assets held for trading" and "Investments recorded at fair value through profit or loss". A financial asset is classified into this category, particularly, when acquired for the purpose of its sale in the short term or if the adoption of valuation through this method eliminates or significantly reduces an accounting lag. Derivative instruments are also classified as held for trading, unless they are assigned to hedging operations. Assets of this category are classified as current assets if they are held for trading or if expected to be realised within 12 months of the reporting date.

Loans and accounts receivable are non-derivative financial assets, with fixed or variable repayment, which are not listed in active markets. These financial investments arise when the Group provides cash, products or services directly to a debtor with no intention to negotiate the debt. "Loans and accounts receivable" are classified as current assets, except in cases where their maturity is longer than 12 months after the reporting date, in which case they are classified as non-current assets. In both cases, this category appears in the statement of the financial position, included under the headings "Customers" and "Other debtors".

Investments available for sale include non-derivative financial assets intended to be sold or those that do not fall under the previous categories. This category is included in non-current assets unless the Board of Directors intends to sell the investment within 12 months as of the reporting date.

Investments held to maturity are classified as non-current investments, unless they fall due within 12 months as of the reporting date.

All purchases and sales of these investments are recognised on the date of the signing of the respective purchase and sale contracts, regardless of the financial settlement date.

These investments are initially recorded at their acquisition value, which is the value paid on the acquisition date and corresponds to their fair value on that date, including transaction costs.

After initial recognition, investments recorded at fair value through profit or loss and investments available for sale are revalued at their fair values as marked to market as at the reporting date, with no deduction relative to any transaction costs which might occur up to their sale.

Gains or losses arising from a change in the fair value of investments available for sale are recorded in the consolidated statement of comprehensive income, under the heading "Fair value reserves—investments available for sale" until the investment is sold, received or disposed of in any form, or in situations where the fair value of the investment is lower than its acquisition cost and this situation is considered a significant or permanent impairment loss, at which time the accumulated gain or loss is recorded separately in the income statement.

Gains or losses arising from a change in the fair value of the investments held for trading are recorded in the income statement for the year.

Gains and losses realised or not arising from a change in the fair value of "Investments recorded at fair value through profit or loss" are recorded in the income statement for the year.

Fair value of investments is based on current market prices. If the market to which the investments belong is not an active market (unlisted investments), the Group records them at acquisition cost minus any accumulated impairment losses. The fair value of listed investments is calculated based on the closing price of the respective market as at the reporting date.

The Group performs valuations as at each reporting date whenever there is an evidence that a financial asset might be impaired. In case equity instruments classified as available for sale demonstrate a significant or long decline in fair value to the level below their cost that indicates impairement. For all other assets, objective indications of impairment may include:

- significant financial difficulties by the counterparty in settling its debts;
- failure to meet payments in due time by the counterparty relative to credit extended by the Group; and
- high probability that the counterparty might enter into bankruptcy or debt restructuring proceedings.

For financial assets recognised at amortised cost, the amount of the impairment is calculated as the difference between their book value and the present value of future cash flow discounted at the initial effective interest rate.

The book value of financial assets is reduced directly by any detected impairment losses, with exception of the accounts receivable from customers and other debtors for which the Group constitutes a specific account of "Accumulated impairment losses". When an account receivable from customers and other debtors is considered unrecoverable, it is written-off against the "Accumulated impairment losses" account. Amounts received subsequently relative to written-off accounts receivable and other debtors are credited to the income statement for the year. Changes to "Accumulated impairment losses" are recorded in the income statement for the year.

Gains or losses arising from a change in fair value of available for sale investments are recognized directly in equity, until the investment is sold or otherwise disposed, of or until it is determined to be impaired. Cumulative gain or loss previously recognized in equity is transferred to net profit or loss at that time.

Investments held to maturity are recorded at amortised cost through the effective interest rate method, net of amortisation of principal and interest received if any.

Dividends received relative to equity instruments classified as "Investments available for sale" are recognised in the income statement in the year when the right to receive them was established.

b) Trade and other receivables

"Trade and other debtors" are recorded at their nominal value less any accumulated impairment losses, so that they reflect their net realisable value.

c) Borrowings

Borrowings are recorded at amortised cost. Any costs incurred with the issue of loans are recorded as a deduction to the debt and recognised, over the lifetime of these loans, in accordance with the effective interest rate method.

d) Accounts payable

Accounts payable, included under the headings "trade and other payables" which do not incur interest, are recorded at their nominal value, which is substantially equivalent to their fair value, since the effect of any discount is considered immaterial due to short-term period of settlement.

e) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified in accordance with the contractual substance of the transaction. The Group defines equity instruments as those where the underlying contract of the transaction shows that the Group holds a residual interest in a set of assets after deduction of a series of liabilities.

**Cash and cash equivalents**

The amounts included under the heading "Cash and cash equivalents" correspond to cash, bank sight and term deposits and other cash investments falling due within less than three months, that are repayable on demand and have an insignificant risk of change of value.

**Inventories**

Merchandise and raw materials and consumables are valued at the lowest value between the average acquisition cost and the respective market value (estimate of their sales price minus the costs to be incurred with their disposal). Finished and semi-finished products, by-products, and products and work in progress are valued at production cost, which is lower than their market value. Production costs include the cost of raw material, direct labour and general factory costs.

Inventory obsolescence provision is recorded to reflect the difference between the cost value of the inventories and their respective net realisation value, in cases where the latter is lower than the cost as at the reporting date.

**Accrual accounting**

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

"Other current assets" and "Other current liabilities" include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses in future years, thus being recorded in the income statement of the future period.

**Revenue**

Revenue is recorded at the fair value of the assets received or receivable, net of discounts and expected returned products.

a) Production and services rendered that have not been invoiced

The Group recognises the net income of the works of each contract in accordance with the percentage completion method, which is defined as being the ratio between the costs incurred in each work up to a given date and the sum of these costs with the costs estimated to complete the work. The differences obtained between the values resulting from the application of the percentage completion to the estimated income and the invoiced values are stated under the subheadings "Production not invoiced" or "Advance billing", included under the headings "Other current assets" and "Other current liabilities" respectively.

Variation in the work relative to the amount of revenue agreed in the contract is recognised through profit or loss for the year when it is probable that the customer will approve the amount of revenue arising from the variation and it may be measured reliably.

Claims for reimbursement of costs not included in the contract price are included in the revenue of the contract when the negotiations reach an advanced stage, indicating that it is likely that the customer will accept the claim and it can be measured reliably.

In order to meet costs to be incurred during the works' warranty period, the Group recognises a liability on an annual basis to meet this legal obligation, which is calculated taking into account the annual volume of production and the historical records of costs incurred in the past with works during the warranty period.

When it is likely that the total costs foreseen in the construction contract exceed the income defined therein, the expected loss is recognised immediately in the income statement for the year.

b) Civil construction works and public works of short duration

In these service contracts, the Group recognises the income and costs as they are invoiced or incurred, respectively.

c) Recognition of costs and income in real estate business

Relevant costs incurred with real estate undertakings are calculated taking into account the direct construction costs as well as all the costs related to the preparation of projects and licensing of works. Costs imputable to the funding, supervision and inspection of the undertaking are also added to the cost of real estate undertakings, provided that they are still underway.

For the effect of capitalisation of financial costs and costs related to the supervision and inspection of the undertaking, it is considered that it is underway if awaiting decision of the authorities involved or if it is under construction. Should the undertaking not be at either of these stages, it is considered stopped and the capitalisation referred to above is suspended.

Pursuant to IFRIC 15, sales generated by the real estate business are recognised when all the risks associated to the asset are substantially transferred to the buyer (that is, at the time of the signing of the property deed).

d) Sales and all other businesses

Revenue arising from sales and all other business is recognised at the time of its realisation or with reference to the completion stage of the transaction as at the reporting date, provided that all of the following conditions are met:

- the amount of the revenue can be measured reliably;
- it is probable that future economic benefits associated to the transaction will flow into the Group;
- the costs that have or will be incurred with the transaction can be measured reliably; and
- the completion stage of the transaction as at the reporting date can be measured reliably.

**Other income**

Interest income is recognised using the effective interest rate method, provided that it is likely that Group will receive economic benefits and their amount can be measured reliably.

Revenue derived from dividends is recognised when the Group's right to receive the corresponding amount is established.

### Costs related to the preparation of proposals

Costs incurred with the preparation of proposals for various tenders are recognised in the income statement for the year when they are incurred, since the outcome of the proposal is not controllable.

### Own work capitalised

Own work capitalised basically corresponds to construction and improvement work, carried out by the actual companies, as well as major repair of equipment and includes costs related to materials, direct labour and general expenses.

These expenses are capitalised only when the following requirements are met:

- the assets developed are identifiable;
- there is strong probability that the assets will generate future economic benefits; and
- the development costs are measurable in a reliable manner.

### Foreign currency translation

All transactions in foreign currency are recorded in the functional currency at the time of their initial recognition through the application, to the amount in foreign currency, of the spot exchange rate between the functional currency and the foreign currency as at the transaction date.

At the end of each reporting period: a) monetary items in foreign currency are converted at the closing rate; b) non-monetary items which are measured in terms of historical cost in a foreign currency are converted through use of the exchange rate as at the transaction date; and c) non-monetary items which are measured at fair value in a foreign currency are converted at the exchange rates as at the date when the fair value was determined.

Currency conversion differences arising from the settlement of monetary items or from the conversion of monetary items at rates which are different from those used to convert them in the initial recognition during the period or in previous financial statements are recognised through profit or loss for the period when they occur, unless they arise from a monetary item which is part of a net investment in a foreign operating unit. In this case, these currency conversion differences are initially recognised in other comprehensive income and reclassified from equity to profit or loss at the time of the disposal of the net investment.

In preparing the combined consolidated financial statements, the net income and financial position of entities belonging to the combination perimeter, whose functional currencies are not the currency of a hyperinflationary economy, are converted into Euro, which is the presentation currency of the Group, using the following procedures: a) the assets and liabilities of each statement of the financial position presented are converted at the closing rate as at the reporting date; b) the income and costs of each comprehensive income statement or separate income statement that is presented are converted at the annual average rates; and c) all the resulting currency translation differences are recognised under other comprehensive income, affecting the equity heading “Currency translation reserve”. At the time of the disposal of these foreign entities, the accumulated currency translation differences are recorded in the income statement for the year.

The information on the functional currencies (primary economic environment) of the main subsidiaries is broken down as follows:

| Subsidiary | Head Office | Business segment | Country/foreign currency | Functional currency |
|---|---|---|---|---|
| Mota-Engil Engenharia e Construção África, S.A. | Portugal | Holding | Euro (EUR) | Euro (EUR) |
| Mota-Engil Angola, S.A. | Angola | Angola | Angolan kwanza (AOA) | US Dollar (USD) |
| Vista Waste Management, Lda | Angola | Angola | Angolan kwanza (AOA) | Angolan kwanza (AOA) |
| Angola branch of Mota-Engil Engenharia e Construção África, S.A. | Angola | Angola | Angolan kwanza (AOA) | US Dollar (USD) |
| Malawi branch of Mota-Engil Engenharia e Construção África, S.A. | Malawi | SADC | Malawian kwacha (MWK) | Euro (EUR) |
| Mozambique branch of Mota-Engil Engenharia e Construção África, S.A. | Mozambique | SADC | Mozambican metical (MZN) | Euro (EUR) |
| Cosamo (Proprietary) Limited | South Africa | SADC | South African rand (ZAR) | South African rand (ZAR) |

Consolidation differences and adjustments to fair value of the assets and liabilities of foreign entities are treated as assets and liabilities in foreign currency and are converted into Euro using the exchange rates as at the reporting date.

The financial statements of subsidiaries and branches expressed in foreign currency are converted into Euro.

The exchange rates used to convert the accounts of the Group's foreign companies, joint ventures and associates into Euro were as follows:

| | | Year end | | | Average | | |
|---|---|---|---|---|---|---|---|
| **Currency exchange** | | **2013** | **2012** | **2011** | **2013** | **2012** | **2011** |
| US Dollar | EUR / USD | 1.38 | 1.32 | 1.29 | 1.33 | 1.29 | 1.40 |
| Angola Kwanza | EUR / AOK | 134.59 | 126.85 | 133.93 | 128.16 | 122.84 | 132.42 |
| S. Tomé and Príncipe Dobra | EUR / STD | 24,500.00 | 24,500.00 | 24,500.00 | 24,500.00 | 24,500.00 | 24,500.00 |
| Cape Verde Escudo | EUR / CVE | 110.27 | 110.27 | 110.27 | 110.27 | 110.27 | 110.27 |
| Malawian Kwacha | EUR / MWK | 593.01 | 427.49 | 212.34 | 491.70 | 322.24 | 219.91 |
| Mozambique Metical | EUR / MZN | 41.24 | 39.24 | 34.96 | 39.67 | 36.49 | 40.28 |
| South Africa Rand | EUR / ZAR | 14.57 | 11.17 | 10.48 | 13.01 | 10.57 | 10.14 |

### Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income.

The Group is subject to income taxes in numerous jurisdictions. The amount of income tax included in the income statement is determined in accordance with the rules established by the different domestic tax authorities, based on which income taxes are payable or recoverable.

Deferred tax assets and liabilities, arising from temporary differences between the carrying amounts of assets and liabilities and the tax base of assets and liabilities, are calculated using the substantively enacted tax rates expected to apply when they are realised or settled. Deferred tax assets are recognised if it is probable that they will be realised. Deferred tax assets and liabilities where a legally enforceable right to offset exists and within the same tax group are presented net in the balance sheet.

Portuguese companies which are members of an economic group may opt to be taxed under the special tax regime of group taxation (RETGS). In this regime companies are subject to overall taxation on the mathematical sum of their respective taxable profits, whether positive or negative. Since January 2010 the Parent Company is covered by the referred regime and covers all the subsidiaries held directly or indirectly by the Parent Company through at least 90% (this threshold was reduced to 75% as of January 1 2014) of the share capital and which are resident in Portugal and subject to Corporate Income Tax. MEEC Africa is included in this tax group.

According to the Portuguese Controlled Foreign Corporations (CFC) rules, in force until 31 December 2013, profits of companies resident outside Portugal and subject to a more favourable taxation regime are imputed to the Portuguese resident shareholders. This provision is applicable where the Portuguese resident shareholders hold, directly or indirectly, at least 25% of the non-resident company or where more than 50% of the non-resident company is held, directly or indirectly, by Portuguese residents, each holding 10%. In this context profits obtained by Mota & Companhia Maurícias, an entity tax resident in Mauritius, should be allocated to MEEC Africa in Portugal, in light of the fact that Mauritius is currently listed as a more favourable tax regime by Portuguese Tax Authorities.

However, as of January 1, 2014, CFC rules as described above were changed and profits of companies resident outside Portugal and subject to a more favourable tax regime should not be imputed to the Portuguese resident shareholders provided that certain conditions are met. In essence, these conditions demand that at least 75% of the income derived by the non-resident entity originates from an operational activity (be it (i) agricultural or industrial; or (ii) commercial or rendering of professional services, not predominantly directed to the Portuguese market). As such, in so far that Mota & Companhia Maurícias derives at least 75% of its income from the rendering of services, profits obtained by the Company afterwards should not be imputed to MEEC Africa. Notwithstanding, future dividends from Mota & Companhia Maurícias paid to MEEC Africa, that arises from profits not yet imputed for taxation in Portugal, will be subject to Portuguese corporate income tax.

Permanent establishment (PE) of a Portuguese resident company and according to Portuguese tax rules in force until 31 December 2013, profits and losses from a PE of a Portuguese resident company are mandatorily included on the basis for corporate taxation. Additionally, Portugal grants a foreign tax credit to be offset against corresponding Portuguese tax, capped at the lower of (i) the tax liability corresponding to the foreign income, net of costs directly or indirectly incurred, or (ii) the foreign tax paid. In both cases, it is limited to the foreign tax as foreseen in the applicable double-taxation treaty. In this context profits that arose from MEEC Africa PEs were included in the basis for corporate taxation in Portugal and the correspondent foreign tax credits were offset.

As of January 1, 2014, Portuguese tax resident entities can opt to disregard, income derived from their non-resident Permanent Establishments, for Portuguese corporate income tax purposes. In this sense, provided that certain conditions are met, MEEC Africa can opt to disregard income derived from its PEs, effectively excluding them from the basis of its corporate taxation in Portugal. We also note that, if opted, this regime must be left in place for at least 3 years.

The Company has been granted exemption of Corporate Income Tax for MEEC Africa Angola branch (8 years, starting in fiscal year of 2007 and ending in fiscal year of 2014), for Mota-Engil Angola (for 8 years, starting in fiscal year 2011 and ending in fiscal year 2018) and for Vista Waste (for 4 years, starting in fiscal year 2011 and ending in fiscal year 2014).

**Borrowing costs**

Financial costs related to loans received are generally recognised as an expense, in accordance with the accrual accounting principle.

Financial costs related to loans received that are directly related to the acquisition, construction or production of fixed assets, or associated to real estate projects classified under inventories, are capitalised, thus being incorporated in the cost of the asset. Borrowing costs capitalisation starts after the beginning of preparation to the construction or development of the asset and is interrupted after the beginning of its use, the end of production or construction of the asset, or when the project in question is suspended.

**Provisions**

Provisions are recognised when, and only when, the Group has a present obligation (legal or implicit) arising from a past event, it is likely that in order to resolve this obligation there will be an outflow of funds and the amount of the obligation can be estimated reasonably. Provisions are reviewed on each reporting date and adjusted so as to reflect the best estimate on that date, taking into account the risks and uncertainties inherent to such estimates. When a provision is calculated in view of the future cash flow required to settle this obligation, it is recorded at the current values of this future cash flow.

Provisions for restructuring costs are recognised by the Group whenever there is a formal and detailed restructuring plan and it has been disclosed to the parties involved.

**Impairment of assets other than goodwill**

Impairment is assessed as at each reporting date and whenever an event or alteration in circumstances is identified which indicates that the amount at which an asset is stated might not be recovered. Whenever the amount at which an asset is recorded is higher than its recoverable amount, an impairment loss is recognised, recorded in the income statement under the heading “Other operating costs”. Recoverable amount is the highest value between the net sales price and the value in use. Net sales price is the amount which would be obtained with the disposal of the asset in a transaction within the reach of the parties involved, minus any costs directly attributable to the disposal. The value in use is the present value of the estimated future cash flow which would be expected to arise from the continued use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each asset, individually or, if this is not possible, for the cash generating unit to which the asset belongs.

The reversal of impairment losses recognised in previous years is recorded when the factors which led to its recording no longer exist and, consequently, the asset is no longer impaired. The reversal of impairment losses is recognised in the income statement as net operating income. However, the reversal of an impairment loss is undertaken up to the limit of the amount that would have been recognised (either through its historical cost or through its revalued amount, net of amortisation or depreciation), if the impairment loss had not been recorded in previous years.

Evidence of the existence of impairment in the accounts receivable arises when:

- the counterparty is in significant financial difficulty;
- there are significant delays in the payment of interest and other important payments by the counterparty; and
- it becomes likely that the debtor will enter into liquidation or financial restructuring.

Any reductions in net realisable value of inventories are calculated based on market values and various inventory rotation indicators.

For “Goodwill” and “Financial investments”, the recoverable amount is essentially determined based on the latest financial projections on these assets.

**Classification of the statement of the financial position**

Assets that are realisable and liabilities that are payable more than one year after the reporting date are classified, respectively, as non-current assets and non-current liabilities.

**Contingencies**

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in the Notes, unless the possibility of an outflow of funds is remote.

A contingent asset is not recognised in the financial statements, but is disclosed in the Notes whenever it is likely that there will be a future economic benefit.

**Subsequent events**

Events occurring after the reporting date that provide additional information on conditions that existed as at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the reporting date that provide information on conditions that occur after the reporting date (non-adjusting events), if material, are disclosed in the Notes to the consolidated financial statements.

**Judgements and estimates**

In preparing the consolidated financial statements, the Group's Board of Directors based its work on its best knowledge and experience of past and current events, considering certain assumptions relative to future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended on 31 December 2013, 2012 and 2011 include:

- impairment tests performed on goodwill and intangible assets;
- recording of provisions and impairment losses for accounts receivable and inventories;
- recognition of income and costs for works in progress; and
- outcome of legal and tax proceedings underway filed against the Group and possible need of provision.

The estimates were determined based on the best information available as at the date of preparation of the consolidated financial statements. However, situations might occur in subsequent periods which, due to not being predictable at the moment, were not considered in these estimates. Any changes to these estimates which occur after the date of the consolidated financial statements will be corrected profit or loss in a prospective manner, pursuant to IAS 8.

**Cash flow statement**

The combined consolidated cash flow statement is prepared in accordance with IAS 7, through the direct method. The Group classifies investments falling due in less than three months and for which the risk of alteration of value is insignificant, as well as deposits given in guarantee under contractual clauses, under the heading "Cash and cash equivalents".

The cash flow statement is classified into operating, financing and investment activities. Operating activities comprise receipts from customers, payments to suppliers, payments to staff and others related to operating activity. The cash flow involved in investment activities includes, in particular, acquisitions and disposals of investments in subsidiaries and receipts and payments arising from the purchase and sale of fixed assets.

The cash flow related to financing activities includes, namely, payments and receipts relative to loans received, finance lease contracts and payment of dividends.

**Financial risk management**

The Group is exposed to a variety of financial risks, in particular risks related to interest rates, foreign exchange rates for transactions and conversions, liquidity and credit. This series of financial risks arises from the development of business activity and leads to uncertainties regarding the capacity to generate cash flows and returns that are adequate for the remuneration of equity. The Group's financial risk management policy seeks to minimise the adverse impacts and effects resulting from the uncertainty characteristic of financial markets. This uncertainty, reflected in various aspects, requires special attention and specific and effective management measures.

The financial risk management activity is coordinated by Corporate Finance Department, with the assistance and support of Department of Planning and Corporate Management Control Department, and is carried on pursuant to the guidelines approved by the Board of Directors, with the advisory interventions of the Audit, Investment and Risk Committee, as delegated by the Board, without ever ceasing to be the responsibility of the management bodies of each of the business units of the Group.

The Group's position in relation to financial risk management is cautious and conservative, resorting, when advisable, to derivative instruments for hedging, always from the perspective that these are related to the normal and daily business activity of the Company, never assuming positions in derivatives or other financial instruments of a speculative nature.

The different types of financial risk are interrelated and the various management measures, even if specific to each risk, are to a large extent interconnected, where this integration contributes to the pursuit of the same objective, which is the reduction of the volatility of cash flow and expected levels of profitability.

*Interest rate risk*

The objective of the interest rate risk management policy is the optimisation of the cost of debt and achievement of a low level of volatility in financial costs, and to control and mitigate the risk of incurring losses as a result of variations in the interest rates to which the Group's financial debt is indexed, most of which is denominated in USD and EUR. The Group does not have in place any financial instruments to hedge against interest rate movements as the Group expects interest rates to remain at the same level for the expected term of the loans.

*Exchange rate risk*

The policy of foreign exchange rate risk management seeks to reduce the volatility in investments and operations expressed in foreign currency (currency other than the Euro), contributing towards the results being less sensitive to fluctuations in the foreign exchange rate. The exposure of the Group to foreign exchange rate risk results, primarily, from the fact that its main subsidiaries are located in African countries. In terms of foreign exchange rate risk management, the intent is to, whenever possible, carry out the natural hedging of exposed amounts, by resorting to financial debt assumed in the foreign currency in which the amounts at risk are expressed.

*Liquidity risk*

The policy of liquidity risk management seeks to guarantee that there are funds available at all times in the Group and its subsidiaries, sufficient for them to meet all the financial obligations assumed in a timely manner. The objective, therefore, is to ensure that the Group has the necessary financial means (balances and financial revenue flows) to meet commitments (financial expenditure flows) when they fall due. The achievement of high levels of financial flexibility, fundamental for the management of this risk, has been accomplished through the following management measures: establishment of partnerships with financial entities, ensuring their financial support to the Group in a long-term perspective, under the best or worst economic and financial circumstances that affect all businesses on a cyclical basis; opening and maintenance of surplus short-term lines of credit, that serve as liquidity reserves, available for use at any moment; strict financial planning by company, accomplished through the creation and periodic revision of cash budgets, enabling the early prediction of future cash surpluses or deficits, and the integrated management and optimisation of financial flows between the Group's subsidiaries; financing of medium-long term investments, adapting the debt maturity dates and the payment plan on the liabilities arising from the financing of each project or company's capacity to generate cash flows; maintenance of a debt structure in the companies with levels of medium and long-term financing situated between 60 and 70%, thereby reducing their dependence on more volatile short-term funds and creating a certain immunity to circumstantial factors in the financial markets; lagging the maturity dates of the financial debt over time, seeking to extend the average debt maturity so as to make it coincide better with the degree of permanence of some long-term assets held by the Group; search for new sources of financing and new financers, with the objective of: geographic diversification—capture of resources in the different markets where the Group operates; diversification of debt instruments—capture of funds from alternative sources.

The effective management of liquidity risk is closely tied to the appropriate management of the remaining financial risks that contribute simultaneously to the accomplishment of this objective, ensuring the obtaining of cash flows at the planned times and in the planned amounts.

## 3. Companies included in the consolidation

After completion of the break-up-merger of MEEC into MEEC Africa in 2013 and the transfer of MEEC Africa to Mota-Engil Africa B.V. in 2014, the Company became the holding company of the Group that includes the following material subsidiaries and foreign branches (held directly or indirectly by the Company), all of which are engaged in the Company's business, including the ownership of trademarks and licences related to the Company's business:

| Name | Country of incorporation | Business segment | Percentage held by the Company (directly or indirectly)(*) |
|---|---|---|---|
| Mota-Engil Africa B.V. | Netherlands | Holding | 100.00% |
| Mota-Engil Engenharia e Construção África, S.A. | Portugal | Holding | 100.00% |
| Mota-Engil Angola, S.A. | Angola | Angola | 51.00% |
| Vista Waste Management, Lda. | Angola | Angola | 26.01% |
| Angola branch of Mota-Engil Engenharia e Construção África, S.A. | Angola | Angola | 100.00% |
| Malawi branch of Mota-Engil Engenharia e Construção África, S.A. | Malawi | SADC | 100.00% |
| Mozambique branch of Mota-Engil Engenharia e Construção África, S.A. | Mozambique | SADC | 100.00% |
| Cosamo (Proprietary) Limited | South Africa | SADC | 100.00% |

(*) The percentage of ownership total represents the total direct and indirect percentage on the share capital held by the Group. The Group assumes control in a subsidiary taking into consideration the following control indicators: held the majority of voting rights, held by Management control. The control is assumed by the Group, even in the circumstances where that control is obtained indirectly.

The companies included in this combination and respective consolidation methods, effective percentage and holding are presented in Appendix A. Companies. The main changes to the consolidation perimeter during 2013, 2012 and 2011 are referred to in Note 33. Changes in perimeter.

## 4. Business and geographical segments

Management has determined operating segments based on the monthly management reporting package reviewed by them, which is used to assess business performance and to allocate resources within the Group. Operating and reportable segments of the Group, whose results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available, are primarily based on the following geographical areas:

- Angola;
- Southern African Development Community (SADC)—Mozambique, Malawi, Zimbabwe, South Africa, Zambia and Mauritius;

**Notes to the combined financial statements**

- Western Africa—Cape Verde, Sao Tome and Principe and Ghana;
- Eastern Africa—Uganda.

The statement of consolidated net profit by operating segment is broken down as follows:

| 2013 | Angola | SADC | Western Africa | Eastern Africa | Other, eliminations and intercompany | Total |
|---|---|---|---|---|---|---|
| Sales and services rendered | 506,821 | 475,806 | 14,673 | — | 8,006 | 1,005,306 |
| Operating profit before depreciation and amortization and provisions and impairment losses | 94,426 | 120,416 | (1,284) | (161) | 29,458 | 242,855 |
| Depreciation and amortization | (22,171) | (6,346) | (276) | — | (20,503) | (49,295) |
| Provisions and impairment losses | (1,773) | — | — | — | — | (1,773) |
| Operating profit/(loss)(*) | 70,482 | 114,070 | (1,560) | (161) | 8,955 | 191,787 |
| Net financial result | (17,689) | (4,337) | (248) | — | (34,675) | (56,949) |
| Gains in associates and jointly controlled companies | 121 | — | — | — | — | 121 |
| Income tax | (451) | (28,543) | (30) | — | (984) | (30,008) |
| Consolidated net profit attributable: | | | | | — | |
| to non-controlling interests | 28,783 | — | — | — | — | 28,783 |
| **to the Group** | **23,679** | **81,191** | **(1,838)** | **(161)** | **(26,704)** | **76,167** |

| 2012 | Angola | SADC | Western Africa | Eastern Africa | Other, eliminations and intercompany | Mota-Engil Africa |
|---|---|---|---|---|---|---|
| Sales and services rendered | 468,363 | 250,138 | 10,261 | — | (1,595) | 727,167 |
| Operating profit/(loss) before depreciation and amortization and provisions and impairment losses | 100,388 | 41,461 | (248) | — | 16,417 | 158,018 |
| Depreciation and amortization | (20,428) | (1,723) | (265) | — | (16,121) | (38,537) |
| Provisions and impairment losses | (3,215) | — | — | — | — | (3,215) |
| Operating profit/(loss)(*) | 76,745 | 39,739 | (514) | — | 296 | 116,266 |
| Net financial result | (16,776) | (1,139) | (168) | — | (16,216) | (34,299) |
| Gains in associates and jointly controlled companies | 8,958 | — | — | — | — | 8,958 |
| Income tax | (785) | (10,685) | (102) | — | (719) | (12,291) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Consolidated net profit attributable: | | | | | — | |
| to non-controlling interests | 30,788 | — | — | — | — | 30,788 |
| **to the Group** | **37,353** | **27,914** | **(783)** | **—** | **(16,639)** | **47,845** |

| **2011** | **Angola** | **SADC** | **Western Africa** | **Eastern Africa** | **Other, eliminations and intercompany** | **Mota-Engil Africa** |
|---|---|---|---|---|---|---|
| Sales and services rendered | 421,201 | 158,307 | 10,293 | — | 723 | 590,525 |
| Operating profit before depreciation and amortization and provisions and impairment losses | 88,121 | 22,032 | 417 | — | 17,546 | 128,116 |
| Depreciation and amortization | (18,222) | (818) | (34) | — | (11,738) | (30,811) |
| Provisions and impairment losses | (2,909) | — | — | — | — | (2,909) |
| Operating profit(*) | 66,990 | 21,214 | 384 | — | 5,807 | 94,395 |
| Net financial result | (2,746) | (2,580) | 109 | — | (7,183) | (12,400) |
| Gains in associates and jointly controlled companies | 5,000 | — | — | — | — | 5,000 |
| Income tax | (717) | (2,445) | (123) | — | (3,442) | (6,728) |
| Consolidated net profit attributable: | | | | | — | |
| to non-controlling interests | 28,053 | — | — | — | — | 28,053 |
| **to the Group** | **40,474** | **16,189** | **369** | **—** | **(4,818)** | **52,214** |

(*) "Operating profit" corresponds to the "Consolidated net profit before income tax before Gains / (losses) in associates", "Financial costs and losses" and "Financial income and gains".

The net profit of column "Other, eliminations and intercompany" includes mainly financial results (interest expense) of MEEC Africa. The caption "Operating profit before depreciation and amortisation and provisions and impairment losses" of this column includes mainly the amounts debited by MEEC Africa to its subsidiaries and branches in Angola and SADC regarding the rental of equipment. The caption "Depreciation and amortisation" of this column refers essentially to depreciation of MEEC Africa's equipment. The pricing of intercompany transactions is made at arm's length.

The breakdown of the Group's total net assets and liabilities by business segments is as follows:

| | **Net assets** | | | **Liabilities** | | |
|---|---|---|---|---|---|---|
| | **2013** | **2012** | **2011** | **2013** | **2012** | **2011** |
| Angola | 970,643 | 961,345 | 882,574 | 757,921 | 702,285 | 566,632 |
| SADC | 560,742 | 332,917 | 173,183 | 408,000 | 261,665 | 126,330 |
| Western Africa | 35,145 | 30,731 | 26,601 | 36,313 | 30,804 | 25,546 |
| Eastern Africa | 1,141 | — | — | 1,302 | — | — |
| Other, Eliminations and Intercompany | 73,394 | 68,383 | 72,924 | 81,897 | 110,241 | 124,551 |
| | **1,641,065** | **1,393,376** | **1,155,282** | **1,285,433** | **1,104,995** | **843,059** |

**Notes to the combined financial statements**

The caption "Other, eliminations and intercompany" includes mainly: (i) intercompany balances of MEEC Africa with its subsidiaries and branches in Angola and SADC; (ii) equipment of MEEC Africa rented to subsidiaries and branches in Angola and SADC; (iii) debt of MEEC Africa.

The Group's investments and amortisation by business segments are as follows:

| | Net investment | | | Depreciation & Amortization | | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| Angola | 49,549 | 21,993 | 13,339 | 22,171 | 20,428 | 18,222 |
| SADC | 43,791 | 50,951 | 4,501 | 6,346 | 1,723 | 818 |
| Western Africa | 2,222 | (363) | 187 | 276 | 265 | 34 |
| Eastern Africa | — | — | — | — | — | — |
| Other, Eliminations and Intercompany | 23 | — | — | 20,503 | 16,121 | 11,738 |
| | **95,585** | **72,581** | **18,027** | **49,295** | **38,537** | **30,811** |

The heading "Other, eliminations and intercompany" of "Depreciation and amortization" refers essentially to depreciation of MEEC Africa's equipment, which is rented to subsidiaries and branches in Angola and SADC.

## 5. Goodwill

Goodwill as of 31 December 2013, 2012 and 2011, is broken down as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Angola** | | | |
| Vista Waste | 33,508 | 33,508 | 33,508 |
| Vista Water | 2,435 | 2,435 | 2,435 |
| | 35,943 | 35,943 | 35,943 |
| **SADC** | | | |
| Cecot | 1,440 | 1,440 | 1,440 |
| | 1,440 | 1,440 | 1,440 |
| **Western Africa** | | | |
| Mota-Engil S. Tomé | 143 | 143 | 143 |
| | 143 | 143 | 143 |
| | **37,526** | **37,526** | **37,526** |

Differences between the consideration transferred on the acquisition of the financial investments in Group companies (subsidiaries), plus the amount of non-controlling interest, and the fair value of the identifiable net assets of these companies at the date of their acquisition, when positive, is recorded under the heading "Goodwill" and, when negative is recorded directly in the income statement. The Group is still in the process of estimating the purchase price allocation of the consideration paid, which will be finalized until the end of 2014.

Vista Waste and Vista Water were acquired in 2013 but for the purpose of these combined financial statements the referring goodwill has been recognised as if the acquisition was made on 1 January, 2011. As at 31 December 2013, the amount still due is recorded as a liability (see Note 15. Accounts payable).

The goodwill was determined as follows:

| | | Vista Waste | Vista Water |
|---|---|---|---|
| Consideration transferred | (1) | 42,573 | 2,632 |
| % acquired | | 26.01% | 28.05% |
| Fair value of the share of the identifiable net assets acquired | (2) | 9,065 | 197 |
| | Goodwill (1) − (2) | **33,508** | **2,435** |

Goodwill impairment tests are performed on an annual basis, as defined in note 2. Accounting policies. As at 31 December 2013, the methods and assumptions used in the appraisal of the existence, or not, of impairment tests are as follows:

| Assumptions | Vista Waste | Vista Water |
|---|---|---|
| Method used | Discounted Cash Flow model | Discounted Cash Flow model |
| Basis used | Forecasts | Forecasts |
| Period used | 5 years | 5 years |
| Growth rate of cash-flows in perpetuity | 3% | 3% |
| Discount rate used | 13.5% | 12.7% |

The value in use corresponds to the estimated present value of future dividend, calculated based on budgets and business plans duly approved by the Group's Board of Directors, which cover, on average, a period of five years. Dividend cash flow projections beyond five years were extrapolated by applying a fixed growth rate in perpetuity, which does not exceed the average rate of future growth of revenue of the business area in which the Company operates.

The main assumptions used in the calculation of the value in use include, mainly: (i) the subsidiary's market share; (ii) growth prospects of the market in which the subsidiary operates; (iii) regulatory changes which might influence the subsidiary's business in the future; (iv) the necessary level of investment, etc. These assumptions were quantified based on historical data, as well as on the experience of the Group's Board of Directors. However, these assumptions might be affected by phenomena of political, economic or legal nature which are unpredictable at this moment in time.

## 6. Intangible assets

Net values of the intangible assets by segment as of 31 December 2013, 2012 and 2011 comprised the following amounts:

| | Angola | SADC | Western Africa | Eastern Africa | Other, eliminations and | Total |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| Development costs | 98 | 0 | — | — | — | 98 |
| Software and other rights | 1,335 | 20 | — | — | — | 1,355 |
| Intangible assets in progress | 247 | — | — | — | — | 247 |
| Other intangible assets | 200 | 1 | — | — | — | 201 |
| | **1,880** | **21** | **—** | **—** | **—** | **1,901** |
| **2012** | | | | | | |
| Development costs | 121 | 5 | — | — | — | 126 |
| Software and other rights | 1,617 | 27 | — | — | — | 1,645 |
| Intangible assets in progress | 101 | — | — | — | — | 101 |
| Other intangible assets | 229 | — | — | — | — | 229 |
| | **2,069** | **33** | **—** | **—** | **—** | **2,101** |
| **2011** | | | | | | |
| Development costs | 80 | 10 | — | — | — | 90 |
| Software and other rights | 198 | — | — | — | — | 198 |
| Intangible assets in progress | 103 | — | — | — | — | 103 |
| | **381** | **10** | **—** | **—** | **—** | **392** |

The caption "software and other rights" includes mainly leasehold rights in Angola.

Movement in gross value of intangible assets for the years ended 31 December 2013, 2012 and 2011, was as follows:

**Notes to the combined financial statements**

| | Development costs | Software and other rights | Concession Operation Licenses | Intangible assets in progress | Other intangible assets | Total |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| Opening balance | 255 | 1,983 | — | 101 | 267 | 2,606 |
| Increases | 18 | 37 | — | 150 | — | 205 |
| Write-offs | — | (253) | — | — | — | (253) |
| Exchange differences | (7) | (33) | — | — | (1) | (41) |
| Variation of perimeter | 9 | — | — | 10 | — | 18 |
| Transfers and other movements | (27) | (15) | — | (14) | 31 | (25) |
| | **248** | **1,718** | **—** | **247** | **297** | **2,511** |
| **2012** | | | | | | |
| Opening balance | 133 | 362 | — | 103 | — | 598 |
| Increases | 19 | 1,626 | — | — | 267 | 1,912 |
| Exchange differences | 4 | (0) | — | — | — | 4 |
| Variation of perimeter | 101 | 1 | — | — | — | 102 |
| Other movements | (2) | (7) | — | (2) | — | (11) |
| | **255** | **1,983** | **—** | **101** | **267** | **2,606** |
| **2011** | | | | | | |
| Opening balance | 120 | 307 | — | — | — | 427 |
| Increases | 97 | 45 | — | 103 | — | 245 |
| Write-offs | (92) | — | — | — | — | (92) |
| Exchange differences | 6 | 10 | — | — | — | 16 |
| Variation of perimeter | 0 | 1 | — | — | | 1 |
| Other movements | 1 | — | — | — | — | 1 |
| | **133** | **362** | **—** | **103** | **—** | **598** |

Accumulated depreciation and impairment losses of intangible assets for the years ended 31 December 2013, 2012 and 2011, were as follows:

| | Development costs | Software and other rights | Concession Operation Licenses | Intangible assets in progress | Other intangible fixed assets | Total |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| Opening balance | (129) | (338) | — | — | (37) | (504) |
| Increases (Note 26) | (34) | (56) | — | — | (20) | (110) |
| Write-offs | — | 1 | — | — | — | 1 |
| Exchange differences | 3 | 7 | — | — | 1 | 11 |
| Variation of perimeter | (9) | — | — | — | (2) | (11) |
| Transfers and other movements | 18 | 22 | — | — | (38) | 3 |
| | **(150)** | **(363)** | **—** | **—** | **(96)** | **(610)** |
| **2012** | | | | | | |
| Opening balance | (43) | (164) | — | — | — | (207) |
| Increases (Note 26) | (39) | (183) | — | — | (18) | (240) |
| Exchange Differences | (0) | 0 | — | — | — | 0 |
| Variation of perimeter | (45) | 1 | — | — | — | (44) |
| Transfers and other movements | (2) | 8 | — | — | (19) | (13) |
| | **(129)** | **(338)** | **—** | **—** | **(37)** | **(504)** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **2011** | | | | | | |
| Opening balance | (68) | — | — | — | — | (68) |
| Increases (Note 26) | (23) | (149) | — | — | — | (172) |
| Write-offs | 58 | — | — | — | — | 58 |
| Exchange Differences | (6) | (0) | — | — | — | (6) |
| Variation of perimeter | (0) | (1) | — | — | — | (1) |
| Other movements | (3) | (14) | — | — | — | (18) |
| | **(43)** | **(164)** | **—** | **—** | **—** | **(207)** |
| **Net asset** | | | | | | |
| **2013** | **98** | **1,355** | **—** | **247** | **201** | **1,901** |
| **2012** | **126** | **1,645** | **—** | **101** | **229** | **2,101** |
| **2011** | **90** | **198** | **—** | **103** | **—** | **392** |

## 7. Property, Plant and Equipment

Property, Plant and Equipment by segment as of 31 December 2013, 2012 and 2011 comprised the following amounts:

| | **Angola** | **SADC** | **Western Africa** | **Eastern Africa** | **Other, eliminations and** | **Total** |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| Land and buildings | 64,164 | 20,260 | 4 | — | 515 | 84,944 |
| Equipment | 71,122 | 27,382 | 1,491 | — | 55,895 | 155,890 |
| Construction in progress | 2,086 | 13,682 | 748 | — | 3,685 | 20,201 |
| Other fixed assets | 565 | 3 | 47 | — | (0) | 615 |
| | **137,937** | **61,328** | **2,290** | **—** | **60,095** | **261,650** |
| **2012** | | | | | | |
| Land and buildings | 65,470 | 11,178 | 4 | — | 342 | 76,994 |
| Equipment | 45,452 | 5,240 | 488 | — | 60,282 | 111,462 |
| Construction in progress | 338 | 2,233 | 675 | — | 1,100 | 4,346 |
| Other fixed assets | 627 | 4 | 20 | — | — | 651 |
| | **111,887** | **18,656** | **1,186** | **—** | **61,724** | **193,453** |
| **2011** | | | | | | |
| Land and buildings | 46,721 | 10,522 | 4 | — | 1,247 | 58,493 |
| Equipment | 40,335 | 3,379 | 142 | — | 27,455 | 71,312 |
| Construction in progress | 1,071 | 2,145 | 375 | — | — | 3,591 |
| Other fixed assets | 714 | 15 | 3 | — | — | 732 |
| | **88,841** | **16,061** | **524** | **—** | **28,702** | **134,128** |

Other, Eliminations and Intercompany included essentially the equipment owned by MEEC Africa and rented to subsidiaries and branches in Angola and SADC segments.

**Notes to the combined financial statements**

Movement in gross values of the Property, plant and equipment for the years ended 31 December 2013 2012 and 2011 was as follows:

| | Land and buildings | Equipment | Property, Plant and Equipment in progress | Other fixed assets | Total |
|---|---|---|---|---|---|
| **2013** | | | | | |
| Opening balance | 85,780 | 215,238 | 4,346 | 987 | 306,352 |
| Increases | 11,907 | 84,454 | 13,571 | 60 | 109,992 |
| Disposals | — | (2,799) | (40) | (3) | (2,843) |
| Write-offs | (25) | (2,131) | (17) | (1) | (2,173) |
| Exchange differences | (387) | (1,812) | (12) | (12) | (2,223) |
| Variation of perimeter | 2,736 | 6,136 | 2,700 | 1 | 11,572 |
| Transfers | (179) | 520 | (347) | 6 | — |
| | **99,832** | **299,605** | **20,201** | **1,038** | **420,676** |
| **2012** | | | | | |
| Opening balance | 63,112 | 141,082 | 3,591 | 1,033 | 208,818 |
| Increases | 4,261 | 69,751 | 2,195 | 34 | 76,241 |
| Disposals | (228) | (2,163) | — | — | (2,391) |
| Write-offs | — | (4,149) | (853) | (118) | (5,120) |
| Revaluations | — | (183) | — | — | (183) |
| Exchange differences | (5) | 1,027 | 20 | 14 | 1,055 |
| Variation of perimeter | 18,641 | 9,873 | (607) | 25 | 27,931 |
| | — | — | — | — | — |
| | **85,780** | **215,238** | **4,346** | **987** | **306,352** |
| **2011** | | | | | |
| Opening balance | 50,171 | 125,294 | 2,154 | 1,366 | 178,985 |
| Increases | 10,835 | 14,618 | 4,281 | (3) | 29,730 |
| Disposals | — | (38) | — | — | (38) |
| Write-offs | (82) | (956) | (350) | — | (1,388) |
| Exchange differences | 1,062 | 529 | (59) | (3) | 1,529 |
| Variation of perimeter | — | 0 | 0 | — | 0 |
| Transfers | 1,127 | 1,635 | (2,435) | (327) | — |
| | **63,112** | **141,082** | **3,591** | **1,033** | **208,818** |

Increases relate mainly to equipment acquired by MEEC Africa to rent to its subsidiaries and branches in Angola and SADC segments.

In 2013 and 2012, the values recorded in perimeter variation refers, almost entirely, to Novicer (2012) and Malawi Shipping Company (2013), which were consolidated for the first time through the full consolidation method in those years.

Increase in land and building for 2011 mainly comprised of self-construction of Nsanje Port in Malawi amounted to 9,838 thousand euros (Note 25).

Accumulated depreciation and impairment losses in Property, Plant and Equipment for the years ended 31 December 2013, 2012 and 2011 were as follows:

| | Land and buildings | Equipment | Property, Plant and Equipment in progress | Other fixed assets | Total |
|---|---|---|---|---|---|
| **2013** | | | | | |
| Opening balance | (8,786) | (103,776) | — | (337) | (112,899) |
| Increases (Note 26) | (4,986) | (44,102) | — | (96) | (49,185) |

| | | | | | |
|---|---|---|---|---|---|
| Disposals | 2 | 1,287 | — | 2 | 1,291 |
| Write-offs | — | 1,571 | — | 0 | 1,571 |
| Exchange differences | 96 | 1,173 | — | 8 | 1,277 |
| Variation of perimeter | (368) | (714) | — | (0) | (1,082) |
| Transfers | (846) | 846 | — | 0 | — |
| | **(14,888)** | **(143,716)** | **—** | **(423)** | **(159,026)** |
| **2012** | | | | | |
| Opening balance | (4,619) | (69,770) | — | (301) | (74,690) |
| Increases (Note 26) | (3,141) | (35,055) | — | (101) | (38,297) |
| Disposals | 9 | 1,125 | — | — | 1,134 |
| Write-offs | — | 1,520 | — | 115 | 1,636 |
| Exchange differences | 2 | (373) | — | (8) | (379) |
| Variation of perimeter | (1,037) | (1,224) | | (42) | (2,303) |
| | — | — | — | — | — |
| | **(8,786)** | **(103,776)** | **—** | **(337)** | **(112,899)** |
| **2011** | | | | | |
| Opening balance | (2,536) | (39,817) | — | (430) | (42,783) |
| Increases (Note 26) | (2,109) | (28,521) | — | (9) | (30,639) |
| Disposals | — | 11 | — | — | 11 |
| Write-offs | 53 | 627 | — | — | 680 |
| Exchange Differences | (35) | (83) | — | 6 | (113) |
| Variation of perimeter | — | 0 | — | — | 0 |
| Transfers and other movements | 9 | (1,986) | — | 132 | (1,845) |
| | **(4,619)** | **(69,770)** | **—** | **(301)** | **(74,690)** |
| **Net asset** | | | | | |
| **2013** | **84,944** | **155,890** | **20,201** | **615** | **261,650** |
| **2012** | **76,994** | **111,462** | **4,346** | **651** | **193,453** |
| **2011** | **58,493** | **71,312** | **3,591** | **732** | **134,128** |

In 2013, 2012 and 2011 the Group has no significant amounts of restriction on title and property, plant and equipment pledged as security for liabilities. Additionally, the Group has no significant commitments for the acquisition of property, plant and equipment.

The most significant components of construction in progress comprised of the following:

| **Description** | **2013** | **2012** | **2011** |
|---|---|---|---|
| Installation of the mobile crushing plant (MEEC Africa) | 2,585 | — | — |
| Installation of the mobile crushing plant (Zambia) | 3,038 | — | — |
| Shipyard and social facilities (Malawi) | 3,504 | — | — |
| Central asphalt (MEEC África) | 1,795 | — | — |
| Crushing central (MECC África) | 1,244 | — | — |
| “24 de Julho” Condominium (Emocil) | — | 922 | 2,720 |
| | **12,165** | **922** | **2,720** |

The adopted valuation criteria, the depreciation rates used and the residual values defined are referred to Note 2. Accounting policies.

## 8. Financial investments under the equity method

As at 31 December 2013, 2012 and 2011 the financial investments stated through the equity method were as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Angola** | | | |
| Cimertex and C[a] | — | 13,870 | 10,364 |
| Asinter | — | 359 | 442 |
| Novicer | — | — | 36 |
| Cimertex Angola | — | 5,166 | 2,646 |
| Icer | — | — | 18 |
| Auto Sueco Angola | — | 13,527 | 12,675 |
| Automatriz | 712 | 163 | — |
| | **712** | **33,085** | **26,180** |

During the years ended 31 December 2013, 2012 and 2011, the following movements occurred in the amount of financial investments stated through the equity method:

| 2013 | Opening balance | Effect on profit and loss | Effect on reserves(1) | Transfers and variation of perimeter | Acquisitions/ Disposals | Closing balance |
|---|---|---|---|---|---|---|
| **Angola** | | | | | | |
| Cimertex and C[a] | 13,870 | — | — | — | (13,870) | — |
| Asinter | 359 | — | — | (359) | — | — |
| Cimertex Angola | 5,166 | — | — | — | (5,166) | — |
| Icer | — | (375) | — | 375 | — | — |
| Auto Sueco Angola | 13,527 | — | — | (2,724) | (10,803) | — |
| Automatriz | 163 | 496 | 53 | — | — | 712 |
| | **33,085** | **121** | **53** | **(2,707)** | **(29,840)** | **712** |

(1) Essentially includes currency conversions.

| 2012 | Opening balance | Effect on profit and loss | Effect on reserves(1) | Transfers and variation of perimeter | Acquisitions / Disposals | Closing balance |
|---|---|---|---|---|---|---|
| **Angola** | | | | | | |
| Cimertex and C[a] | 10,364 | 3,775 | (268) | — | — | 13,870 |
| Asinter | 442 | 69 | (153) | — | — | 359 |
| Novicer | 36 | — | — | (36) | — | — |
| Cimertex Angola | 2,646 | 3,077 | (557) | — | — | 5,166 |
| Icer | 18 | (210) | — | 192 | — | — |
| Auto Sueco Angola | 12,675 | 2,361 | (1,509) | — | — | 13,527 |
| Automatriz | — | (115) | — | 278 | — | 163 |
| | **26,180** | **8,958** | **(2,487)** | **434** | **—** | **33,085** |

(1) Essentially includes currency conversions.

| 2011 | Opening balance | Effect on profit and loss | Effect on reserves(1) | Transfers and variation of perimeter | Acquisitions / Disposals | Closing balance |
|---|---|---|---|---|---|---|
| **Angola** | | | | | | |
| Cimertex and C[a] | 10,060 | 1,640 | (1,337) | — | — | 10,364 |
| Asinter | 398 | 204 | (159) | — | — | 442 |
| Novicer | — | 31 | — | 5 | — | 36 |
| Cimertex Angola | 1,362 | 978 | 306 | — | — | 2,646 |
| Icer | 4 | 23 | (9) | — | — | 18 |

**Notes to the combined financial statements**

| | | | | | | |
|---|---|---|---|---|---|---|
| Auto Sueco Angola | 9,085 | 2,125 | 1,465 | — | — | 12,675 |
| | **20,910** | **5,000** | **266** | **5** | **—** | **26,180** |

(1) Essentially includes currency conversion variations and other variations in equity of associates.

In 2013 the Group sold the equity holdings in the companies Cimertex & Cª, Cimertex Angola and Auto Sueco Angola (the referred sales resulted in a gain of 459 thousand euros, a loss of 2,818 thousand euros and a gain of 3,377 thousand euros, respectively). The Group has not sold its entire participation on Auto Sueco Angola but retained a 5% share (the investment was transferred to "Available-for-sale financial assets"—see Note 9. Available for sale financial assets as of 31 December 2012).

As at 31 December 2013, 2012 and 2011, the main information on the most relevant financial investments stated through the equity method was as follows:

| 2013 | Share | Assets | Equity | Sales and services rendered | Net profit |
|---|---|---|---|---|---|
| Icer | 26% | 6,618 | (1,858) | 1,304 | (1,471) |
| Automatriz | 45% | 11,677 | 1,358 | 9,695 | 1,101 |

| 2012 | Share | Assets | Equity | Sales and services rendered | Net profit |
|---|---|---|---|---|---|
| Cimertex and Cª | 50% | 47,109 | 27,741 | 36,721 | 7,549 |
| Asinter | 30% | 2,708 | 1,196 | 1,983 | 231 |
| Cimertex Angola | 50% | 47,184 | 8,202 | 35,878 | 6,155 |
| Icer | 26% | 8,540 | (458) | 2,047 | (692) |
| Auto Sueco Angola | 26% | 110,109 | 47,998 | 27,976 | 9,259 |
| Automatriz | 45% | 3,172 | 119 | 2,447 | (256) |

| 2011 | Share | Assets | Equity | Sales and services rendered | Net profit |
|---|---|---|---|---|---|
| Cimertex and Cª | 50% | 38,465 | 20,727 | 26,159 | 3,281 |
| Asinter | 30% | 2,226 | 1,474 | 3,162 | 679 |
| Novicer | 20% | 35,903 | 176 | 5,381 | 151 |
| Cimertex Angola | 50% | 33,455 | 5,292 | 21,605 | 1,956 |
| Icer | 26% | 6,523 | 224 | 1,310 | 88 |
| Auto Sueco Angola | 26% | 107,363 | 49,707 | 96,809 | 8,333 |

Provisions were recognized for financial investments with negative contribution (see Note 16. Provisions).

## 9. Available-for-sale financial assets

Available-for-sale financial assets as of 31 December 2013, 2012 and 2011 comprised of the following:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Investments in equity instruments** | | | |
| BAI—Banco Angolano de Investimentos | 39,904 | — | — |
| Cosamo | — | 152 | 152 |
| Martinox | — | 1,837 | — |
| Auto Sueco Angola (Note 8) | 2,724 | — | — |
| Other | 457 | 136 | 140 |
| | **43,085** | **2,124** | **292** |

**Notes to the combined financial statements**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Securities** | | | |
| Other | — | 10,901 | — |
| | **—** | **10,901** | **—** |
| **Financial investments available for sale** | **43,085** | **13,026** | **292** |

As at 31 December 2013, the investment in BAI—Banco Angolano de Investimentos refers to the acquisition from Mota-Engil SGPS, SA of a 3% stake in this financial institution incorporated and with operations in Angola. The referred acquisition actually took place in 2014; nonetheless and for the purpose of these combined consolidated financial statements the acquisition was registered back as at 31 December 2013. The amount due is recorded as a liability (see Note 15. Accounts payable).

As at 31 December 2013, the amount of Auto Sueco Angola relates to the 5% shareholding retained in Auto Sueco Angola at deemed cost that resulted of the valuation in accordance with the equity method prior to the sale of the 21% stake.

The change under the heading "Securities" refers to a promissory note of the Malawian Government, sold during 2013 (the referred sale resulted in a loss of 2,235 thousand euros—Note 28. Financial results).

## 10. Accounts receivable

Trade receivables as of 31 December 2013, 2012 and 2011, comprised of the following:

| | Non-current | | | Current | | |
|---|---|---|---|---|---|---|
| **Trade receivables** | **2013** | **2012** | **2011** | **2013** | **2012** | **2011** |
| Gross value: | | | | | | |
| Angola | — | — | — | 599,037 | 491,912 | 420,843 |
| SADC | 94 | — | — | 122,807 | 67,241 | 98,190 |
| Western Africa | 58 | 58 | 58 | 8,760 | 6,573 | 7,549 |
| Eastern Africa | — | — | — | — | — | — |
| Other, eliminations and intercompany | — | — | — | 22,167 | (222) | 136 |
| | **152** | **58** | **58** | **752,772** | **565,505** | **526,718** |
| Accumulated impairment losses | — | — | (3) | (49,137) | (44,444) | (41,146) |
| | **152** | **58** | **56** | **703,635** | **521,061** | **485,573** |

The Government and other Public Institutions of Angola and Sonangol (Angolan state oil firm and business partner and shareholder of Mota-Engil Angola) are the most significant debtors of Angola segment and each customer balance approximates 30% of total segment's receivable. SADC balances are mainly receivable from public and private entities in Malawi and Mozambique.

As of 31 December 2013, 2012 and 2011, the trade debtors that, individually, represented more than 10% of the Group revenue were three, two and one, respectively.

Increase in trade debtors, essentially in 2013, reflects the increase of the Group activity as shown in Note 20.

Other receivables as of 31 December 2013, 2012 and 2011 comprised of the following amounts:

| | Non-current | | | Current | | |
|---|---|---|---|---|---|---|
| **Other receivables** | **2013** | **2012** | **2011** | **2013** | **2012** | **2011** |
| **Associates and related companies** | | | | | | |
| Gross value | 893 | 2,791 | 2,936 | 116 | 859 | 546 |
| Accumulated impairment losses | — | — | — | — | — | — |
| | **893** | **2,791** | **2,936** | **116** | **859** | **546** |

**Notes to the combined financial statements**

| | | | | | | |
|---|---|---|---|---|---|---|
| **Advances to suppliers** | — | — | — | 3,539 | 10,233 | 6,503 |
| **Other** | | | | | | |
| Gross value | 227 | 329 | — | 189,838 | 217,159 | 205,576 |
| Accumulated impairment losses | — | — | — | (44) | (1) | (1) |
| | **227** | **329** | **—** | **189,794** | **217,159** | **205,575** |
| | **1,120** | **3,120** | **2,936** | **193,449** | **228,250** | **212,623** |
| **Trade and other receivables** | **1,272** | **3,178** | **2,992** | **897,083** | **749,311** | **698,196** |

Associates and related companies included balances receivable from companies consolidated through the equity method.

Gross value of other advances to suppliers included the following amounts: integration of incorporated joint ventures, assignment of materials in works under consortium, the amount to be received following the disposal of 49% of the share capital of Mota-Engil Angola (20,706 thousand euros in 2012 and 37,715 thousand euros in 2011).

The exposure of the Group to credit risk is attributable, above all, to the accounts receivable of its operating activity. Accumulated impairment losses were estimated by the Group, in accordance with its experience and based on its appraisal of overall economic and financial circumstances.

The Board of Directors believes that the value at which these assets are recorded in the balance sheet is close to their fair value.

As at 31 December 2013, 2012 and 2011 the age structure of the commercial balances relative to financial assets not impaired was as follows:

| Age in the balance sheet 2013 | Trade debtors | Other Debtors (Other) |
|---|---|---|
| **Overdue amounts** | | |
| [0 ; 3] months | 174,558 | 146,642 |
| [3 ; 12] months | 205,484 | 21,059 |
| [1 ; 3] years | 170,266 | 11,991 |
| Over 3 years | 70,818 | 4,395 |
| | **621,126** | **184,087** |
| **Not overdue amounts** | 82,661 | 5,934 |
| **Total** | **703,787** | **190,021** |

| Age in the balance sheet 2012 | Trade debtors | Other Debtors (Other) |
|---|---|---|
| **Overdue amounts** | | |
| [0 ; 3] months | 138,460 | 98,333 |
| [3 ; 12] months | 97,079 | 56,311 |
| [1 ; 3] years | 213,244 | 42,329 |
| Over 3 years | 21,911 | 3,094 |
| | **470,694** | **200,067** |
| **Not overdue amounts** | 50,425 | 17,420 |
| **Total** | **521,119** | **217,488** |

| Age in the balance sheet 2011 | Trade debtors | Other Debtors (Other) |
|---|---|---|
| **Overdue amounts** | | |
| [0 ; 3] months | 205,866 | 108,844 |
| [3 ; 12] months | 150,755 | 33,837 |
| [1 ; 3] years | 42,141 | 34,171 |
| Over 3 years | 2,521 | 3,139 |
| | **401,282** | **179,991** |

| | | |
|---|---|---|
| **Not overdue amounts** | 84,346 | 25,585 |
| **Total** | **485,628** | **205,575** |

The Group exposure net of accumulated impairment losses, to balances aged over one year primarily arises from: (i) confirmed debts of public entities (mainly Angolan public bodies), (ii) withheld amounts by customers during the period of guarantee and (iii) customer balances with debt settlement agreements. The Group's Board of Directors believes that these accounts receivable are not impaired.

Adjustments to accounts receivable due to impairment losses are recorded when there is objective indication that the Group will not receive the full amounts to which it was entitled pursuant to the original terms of established contracts. The adjustments are calculated considering the age of the accounts receivable, the risk profile of the debtor and its financial conditions.

State and other public entities as at 31 December 2013, 2012 and 2011 comprised of following amounts:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Corporate Income tax | 8,249 | 16,331 | 2,556 |
| Value added tax | 9,970 | 3,324 | 403 |
| Other | 221 | 105 | 78 |
| | 18,441 | 19,760 | 3,037 |

The movement of the impairment losses in accounts receivable is as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Trade accounts receivable:** | | | |
| Opening balance | 44,444 | 41,148 | 38,165 |
| Increase (see Note 27. Provisions and impairment losses) | 517 | 4,617 | 3,279 |
| Reduction (see Note 27. Provisions and impairment losses) | (1,825) | — | (258) |
| Transfers and perimeter variation | 6,001 | (1,321) | (38) |
| | **49,137** | **44,444** | **41,148** |
| **Other receivables** | | | |
| Opening balance | 1 | 1 | 1 |
| Transfers and perimeter variation | 44 | 0 | (0) |
| | **44** | **1** | **1** |

## 11. Inventories

Inventories as of 31 December 2013, 2012 and 2011 comprised the following:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Gross amount:** | | | |
| Raw materials and consumables (Note 22) | 48,567 | 32,220 | 22,347 |
| Products and work in progress | 11,237 | 3,197 | 6,372 |
| Finished goods | 8,865 | 10,101 | 4,653 |
| Goods for resale (Note 22) | 1,083 | 416 | 643 |
| Prepaid expenses | 13,656 | 7,359 | 11,877 |
| | **83,409** | **53,294** | **45,891** |
| **Accumulated adjustments** | | | |
| Raw materials and consumables | (2,451) | — | (6) |
| Finished goods | (88) | (92) | (74) |
| Goods for resale | (674) | (2) | — |
| | **(3,214)** | **(94)** | **(80)** |

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| | **80,195** | **53,200** | **45,811** |

Raw materials and consumables, Finished products and Prepaid expenses were located in Angola. Products and work-in-progress were real estate projects in Mozambique.

The movement in the accumulated adjustments to inventories, for the years ended on 31 December 2013, 2012 and 2011, were as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Opening balance | 94 | 80 | 640 |
| Increase (see Note 27. Provisions and impairment losses) | 3,157 | 9 | — |
| Reduction (see Note 27. Provisions and impairment losses) | (322) | (6) | (537) |
| Transfers and variation of perimeter | 284 | 11 | (23) |
| | **3,214** | **94** | **80** |

## 12. Other current assets

Other current assets comprised of:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Accrued income** | | | |
| Production not invoiced: | | | |
| Angola | 961 | 34,411 | 48,013 |
| SADC | 72,944 | 65,678 | 25,510 |
| Western Africa | 2,089 | 966 | 899 |
| Other, Eliminations and Intercompany | 0 | (400) | — |
| Other accrued income | 1,007 | 453 | 3,851 |
| | **77,001** | **101,108** | **78,273** |
| **Deferred costs** | | | |
| Insurance | 751 | 871 | 917 |
| Other deferred costs | 17,349 | 11,062 | 7,099 |
| | **18,100** | **11,933** | **8,016** |
| | **95,101** | **113,041** | **86,289** |

Other accrued income included costs related to maintenance contracts concluded and other payments made in advance.

The information on construction contracts in progress is broken down as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Construction costs incurred to date | 1,767,795 | 1,496,131 | 1,312,707 |
| Construction costs incurred during the year | 796,779 | 603,125 | 500,356 |
| Income recognized to date | 2,121,268 | 1,702,194 | 1,473,149 |
| Income recognized during the year | 959,014 | 691,421 | 561,279 |
| Customers prepayments | 144,074 | 198,313 | 57,145 |
| Sums withheld by customers | 76,027 | 40,714 | 30,083 |
| Guarantees given by customers | 126,549 | 130,728 | 46,637 |
| Accrued income—excess of production over billing | 75,994 | 100,655 | 74,422 |
| Deferred income—shortfall of production over billing (Note 17) | 35,242 | 98 | 7,988 |

## 13. Cash and cash equivalents

Cash and cash equivalents as of 31 December 2013, 2012 and 2011 comprised of as follows:

| | Demand Deposits | | | Term Deposits(1) | | | TOTAL | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| **Other applications** | 9,751 | 1,557 | — | — | — | — | 9,751 | 1,557 | — |
| **Bank dep. and cash in hand** | | | | | | | | | |
| Bank deposits | 105,647 | 111,606 | 119,527 | 84,982 | 58,716 | — | 190,629 | 170,321 | 119,527 |
| Cash on hand | 3,685 | 3,541 | 785 | — | — | | 3,685 | 3,541 | 785 |
| | **119,083** | **116,704** | **120,312** | **84,982** | **58,716** | **—** | **204,065** | **175,420** | **120,312** |

(1) Includes the amount of 53,552 thousand euros booked as non-current in 2013 and 58,716 thousand euros in 2012.

Cash and cash equivalents included cash held by the Group and short-term bank deposits with original maturity equal to or less than three months, for which the risk of alteration of value is insignificant. The value at which this group of assets is recorded is close to its fair value.

As at 31 December 2013 and 2012, there were 84,982 thousand euros and 58,716 thousand euros, respectively, in Mauritius and Malawi, recorded under cash and cash equivalents not immediately available, due to restricted access under contracts with financial institutions.

## 14. Borrowings

The amounts of debt as of 31 December 2013, 2012 and 2011 were as follows:

| | Current 1 year | 2 years | 3 to 5 years | over 5 years | Total Non-Current | Total |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| **Non-convertible bond loans** | 5,000 | 5,000 | 63,754 | — | 68,754 | **73,754** |
| **Amounts owed to credit institutions** | | | | | | |
| Bank loans | 60,487 | 9,740 | 6,490 | — | 16,229 | **76,716** |
| Overdraft facilities | 23,708 | — | — | — | — | **23,708** |
| Current account facilities | 133,629 | — | — | — | — | **133,629** |
| **Other loans obtained** | | | | | | |
| Commercial paper issues | — | 44,800 | — | — | 44,800 | **44,800** |
| Other loans | 892 | — | — | — | — | **892** |
| | **223,715** | **59,540** | **70,244** | **—** | **129,783** | **353,498** |
| **2012** | | | | | | |
| **Non-convertible bond loans** | 1,761 | 1,758 | 22,855 | — | 24,613 | **26,373** |

**Notes to the combined financial statements**

| | Current 1 year | 2 years | 3 to 5 years | over 5 years | Total Non-Current | Total |
|---|---|---|---|---|---|---|
| **Amounts owed to credit institutions** | | | | | | |
| Bank loans | 46,755 | 7,452 | 7,349 | — | 14,801 | **61,556** |
| Overdraft facilities | 37,233 | — | — | — | — | **37,233** |
| Current account facilities | 81,417 | — | — | — | — | **81,417** |
| **Other loans obtained** | | | | | | |
| Commercial paper issues | 1,160 | 3,481 | 19,705 | — | 23,186 | **24,346** |
| Other loans | 139 | 225 | 233 | — | 458 | **597** |
| | **168,464** | **12,916** | **50,141** | **—** | **63,057** | **231,521** |
| **2011** | | | | | | |
| **Non-convertible bond loans** | — | — | — | — | — | **—** |
| **Amounts owed to credit institutions** | | | | | | |
| Bank loans | 17,480 | 5,797 | 5,254 | 1,124 | 12,175 | **29,655** |
| Overdraft facilities | 37,037 | — | — | — | — | **37,037** |
| Current account facilities | 62,722 | — | — | — | — | **62,722** |
| **Other loans obtained** | | | | | | |
| Commercial paper issues | 12,550 | 20,041 | 24,928 | — | 44,970 | **57,520** |
| Other loans | 1,779 | 95 | 207 | — | 302 | **2,082** |
| | **131,568** | **25,933** | **30,390** | **1,124** | **57,447** | **189,015** |

Although the commercial paper issues fall due at one year, they are covered by medium and long-term programmes which ensure their automatic renewal over time. In view of these circumstances, and since the Group's Board of Directors intends to continue to use the said issues in the long-term, these debts were recorded as a non-current liability.

As at 31 December 2013, 2012 and 2011, the amounts of borrowings were denominated in the following currencies:

| | Bonds | Credit institutions | Commercial paper | Other loans | Total |
|---|---|---|---|---|---|
| **2013** | | | | | |
| Angola Kwanza | — | 124,454 | — | — | 124,454 |
| Euros | 73,754 | 46,680 | 44,800 | — | 165,234 |
| Malawian Kwacha | — | 3,040 | — | — | 3,040 |
| Mozambique Metical | — | 679 | — | — | 679 |
| South Africa Rand | — | 6,318 | — | — | 6,318 |
| US Dollar | — | 52,881 | — | 892 | 53,773 |
| | **73,754** | **234,053** | **44,800** | **892** | **353,498** |
| **2012** | | | | | |
| Angola Kwanza | — | 61,228 | — | — | 61,228 |
| Euros | 26,373 | 92,952 | 24,346 | 597 | 144,268 |
| Malawian Kwacha | — | 4,015 | — | — | 4,015 |
| Mozambique Metical | — | 12,473 | — | — | 12,473 |
| US Dollar | — | 9,537 | — | — | 9,537 |

| | | | | | |
|---|---|---|---|---|---|
| | **26,373** | **180,205** | **24,346** | **597** | **231,521** |
| **2011** | | | | | |
| Angola Kwanza | — | 15,705 | — | 459 | 16,164 |
| Euros | — | 80,809 | 57,520 | 1,622 | 139,952 |
| Malawian Kwacha | — | 11,066 | — | — | 11,066 |
| Mozambique Metical | — | 1,588 | — | — | 1,588 |
| US Dollar | — | 20,246 | — | — | 20,246 |
| | **—** | **129,413** | **57,520** | **2,082** | **189,015** |

The average interest rates paid for borrowings for the years ended 31 December 2013, 2012 and 2011 are as follows:

| | **2013** | | **2012** | | **2011** | |
|---|---|---|---|---|---|---|
| | **Average Rates (%)** | **Rates Interval (%)** | **Average Rates (%)** | **Rates Interval (%)** | **Average Rates (%)** | **Rates Interval (%)** |
| Non-convertible bond loans | 7.37 | [7,37 ; 7,37] | 6.20 | [6,2 ; 6,2] | — | — |
| Amounts owed to credit institutions: | | | | | | |
| Bank Loans | 11.06 | [5,57 ; 38,75] | 9.56 | [6,2 ; 25,73] | 7.18 | [5,81 ; 19,25] |
| Overdraft facilities | 14.50 | [6,17 ; 38] | 9.38 | [6,2 ; 25,32] | 8.57 | [5,81 ; 22,58] |
| Current Account facilities | 8.87 | [6,02 ; 17,2] | 9.67 | [6,2 ; 18,81] | 7.74 | [5,81 ; 20,64] |
| Other loans obtained: | | | | | | |
| Commercial paper issues | 6.21 | [6,21 ; 6,21] | 6.20 | [6,2 ; 6,2] | 5.81 | [5,81 ; 5,81] |
| Other loans | 19.54 | [19,54 ; 19,54] | 6.20 | [3,5 ; 6,2] | 6.02 | [5,81 ; 20,75] |

The main debenture loans and commercial paper programmes obtained by the Group outstanding as at 31 December 2013, were as follows:

| **2013 Type of issue /Issuer** | **Date of emission** | **Date of expiration** | **Indexation** | **Reimbursement Condition** | **Amount** | **Maturity** |
|---|---|---|---|---|---|---|
| **Bonds:** | | | | | | |
| Mota-Engil Engenharia e Construção África | Dec 13 | Dec 18 | EURIBOR 6 M+6.75% | i) | 75,000,000 | |
| **Commercial paper programmes:** | | | | | | |
| Mota-Engil Engenharia e Construção África | Dec 10 | Dec 15 | EURIBOR 3 M+6.35% | | 44,800,000 | Direct placement: From 90 to 181 days/ Auctioning: From 3,4,5 or 6 months |

i) capital reimbursment in 10 biannual instalments

The main other debt contracts and outstanding amounts as at 31 December 2013 were broken down as follows:

| 2013<br>Debtor | Type of debt | Loan Amount | Amount outstanding |
|---|---|---|---|
| **Other Operations:** | | | |
| Mota-Engil Angola | Current Account Facilities | 62,410,841 | 47,199,939 |
| Mota-Engil Angola | Short term loan | 29,461,562 | 29,461,562 |
| Mota-Engil Engenharia e Construção África | Current Account Facilities | 69,448,009 | 69,448,009 |
| Mota-Engil Engenharia e Construção África | Short term loan | 18,000,000 | 18,000,000 |
| Mota-Engil Engenharia e Construção África | Overdraft facilities | 15,000,000 | 7,472,073 |

## 15. Accounts payable

Trade and other accounts payable as of 31 December 2013, 2012 and 2011 comprised the following:

| | Non-current | | | Current | | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| **Trade payables** | | | | | | |
| Angola | 3,612 | 258 | — | 131,131 | 105,647 | 84,637 |
| SADC | — | — | — | 118,729 | 67,697 | 27,055 |
| Western Africa | 554 | 549 | 549 | 22,699 | 16,065 | 8,887 |
| Eastern Africa | — | — | — | 1,302 | — | — |
| Other, Eliminations and Intercompany | 0 | — | — | (126,316) | (2,005) | (1,643) |
| | **4,165** | **807** | **549** | **147,546** | **187,403** | **118,936** |
| **Payables for fixed assets** | — | — | — | 24,936 | 16,127 | 6,898 |
| **Financial leasing** | 33,087 | 31,478 | 9,570 | 21,196 | 26,393 | 12,496 |
| **Associates** | 1,256 | 330 | — | 25,412 | 50,235 | 459 |
| **Customer prepayments received** | 15,495 | 60,668 | 38,846 | 126,248 | 123,511 | 43,418 |
| **Other** | — | — | — | 127,622 | 66,746 | 131,902 |
| | **49,838** | **92,476** | **48,416** | **325,414** | **283,012** | **195,172** |
| | **54,004** | **93,283** | **48,965** | **472,960** | **470,416** | **314,108** |

These amounts refer mainly to debts derived from subcontracting during the implementation of contract work awarded to the Group.

The amounts recorded under the heading "Associates" include balances owed by Group to companies integrated through the equity method.

Other, Eliminations and Intercompany included intercompany balances of MEEC Africa with its subsidiaries and branches in Angola and SADC.

As at 31 December 2013, 2012 and 2011 Other current creditors included: (i) 40,412 thousand euros concerning to the purchase of holding in companies Vista (see Note 5. Goodwill and Appendix A. Companies); and as of 31 December 2013 (ii) 39,904 thousand euros concerning to the purchase of BAI—Banco Angolano de Investimentos (see Note 9. Available for sale financial assets).

The Board of Directors believes that the book value of these liabilities in the balance sheet is close to their fair value.

As at 31 December 2013, 2012 and 2011, the residual contractual maturity of trade payables was as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Outstanding contractual maturity:** | | | |
| [0 ; 1] month | 118,189 | 155,038 | 13,988 |
| [1 ; 3] months | 20,139 | 20,192 | 18,404 |
| [3 ; 12] months | 9,217 | 12,174 | 86,544 |
| [1 ; 3] years | 2,220 | 113 | 549 |
| Over 3 years | 1,945 | 694 | — |
| | **151,711** | **188,211** | **119,486** |

As at 31 December 2013, 2012 and 2011, the residual contractual maturity of ther creditors was as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Outstanding contractual maturity:** | | | |
| [0; 1] month | 127,597 | 26,262 | 80,116 |
| [1; 3] months | — | 19 | 9,960 |
| [3; 12] months | 25 | 40,464 | 41,825 |
| | **127,622** | **66,746** | **131,902** |

As at 31 December 2013, 2012 and 2011, the Group had liabilities payable to lessors, recorded under the heading "Fixed asset suppliers", relative to lease payments, payable in the future, of finance lease contracts to the values of 58,674 thousand euros, 59,558 thousand euros and 23,398 thousand euros, respectively, with the following maturity periods:

| | Outstanding rents on lease contracts | | | Current value of lease contracts | | |
|---|---|---|---|---|---|---|
| **Lease contracts** | **2013** | **2012** | **2011** | **2013** | **2012** | **2011** |
| 1 year | 24,007 | 28,062 | 13,661 | 21,196 | 26,393 | 12,496 |
| 2 years | 19,637 | 31,496 | 9,536 | 18,464 | 31,478 | 9,387 |
| 3 years | 12,632 | — | 201 | 12,262 | — | 183 |
| 4 or more years | 2,400 | — | — | 2,361 | — | — |
| | **58,674** | **59,558** | **23,398** | **54,283** | **57,870** | **22,066** |
| Interests included in the rents | (4,391) | (1,688) | (1,332) | — | — | — |
| **Current value of lease contract rents** | **54,283** | **57,870** | **22,066** | **54,283** | **57,870** | **22,066** |

As at 31 December 2013, the most significant finance lease contracts were as follows:

| **2013**<br>**Contracting party** | **Amount** | **Asset** | **Lease life (years)** | **Purchase option** |
|---|---|---|---|---|
| Mota-Engil Angola | 5,950 | Sundry Equipment | 4 | 290 |
| Mota-Engil Engenharia e Construção África | 82,269 | Sundry Equipment | 4 | 1,268 |

As at 31 December 2013, 2012 and 2011 the net book value of assets under finance lease contracts was broken down as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Land and buildings | 17 | — | — |
| Basic equipment | 55,137 | 51,636 | 22,636 |
| Transport equipment | 6,365 | 6,572 | — |
| | **61,519** | **58,208** | **22,636** |

As at 31 December 2013, 2012 and 2011, the balances of State and other public entities were detailed as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Income tax | 49,129 | 21,364 | 8,359 |
| Value added tax | 232 | 405 | — |
| Social security | 641 | 201 | 12 |
| Personal income tax | 1,327 | 348 | 12 |
| Other taxes | 1 | 18 | 6 |
| | **51,329** | **22,335** | **8,389** |

## 16. Provisions

Provisions as of 31 December 2013, 2012 and 2011, comprised the following:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Provisions for investments valued using the equity method (Note 8) | 474 | 117 | — |
| Other contingencies | 3,390 | 3,291 | 4,504 |
| | **3,864** | **3,408** | **4,504** |

Movement of provisions for years ended 31 December 2013, 2012 and 2011 is as follows:

| 2013 | Opening balance | Increase(1) | Reduction(1) | Usage | Transfers and perimeter variation | Closing balance |
|---|---|---|---|---|---|---|
| Other contingencies | 3,291 | 341 | (95) | — | (148) | 3,390 |
| | **3,291** | **341** | **(95)** | **—** | **(148)** | **3,390** |
| Provisions for investments valued using the equity method | 117 | 357 | — | — | — | 474 |
| | **3,408** | **698** | **(95)** | **—** | **(148)** | **3,864** |

(1) See Note 27. Provisions and impairment losses and Note 8

| 2012 | Opening balance | Increase(1) | Reduction(1) | Usage | Transfers and perimeter variation | Closing balance |
|---|---|---|---|---|---|---|
| Other contingencies | 4,504 | 664 | (2,069) | — | 193 | 3,291 |
| | **4,504** | **664** | **(2,069)** | **—** | **193** | **3,291** |
| Provisions for investments valued using the equity method | — | 117 | — | — | — | 117 |
| | **4,504** | **781** | **(2,069)** | **—** | **193** | **3,408** |

(1) See Note 27. Provisions and impairment losses and Note 8

| 2011 | Opening balance | Increase(1) | Reduction(1) | Usage | Transfers and perimeter variation | Closing balance |
|---|---|---|---|---|---|---|
| Other contingencies | 4,835 | 497 | (72) | — | (756) | 4,504 |
| | **4,835** | **497** | **(72)** | **—** | **(756)** | **4,504** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Provisions for investments valued using the equity method | — | — | — | — | — | — |
| | **4,835** | **497** | **(72)** | **—** | **(756)** | **4,504** |

(1) See Note 27. Provisions and impairment losses and Note 8

Provisions registered refer mainly to provisions for taxes in Vista Waste and provisions for other contingencies in Angola.

As at 31 December 2013, 2012 and 2011 investments valued through the equity method for which provisions were accrued comprised as follows (see Note 8. Financial investments under the equity method):

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Icer (Ang) | 474 | 117 | — |
| | **474** | **117** | **—** |

## 17. Other current liabilities

Other current liabilities as of 31 December 2013, 2012 and 2011 comprised as following:

| Other current liabilities | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Accrued costs** | | | |
| Vacation and bonus to be paid | 8,841 | 5,334 | 432 |
| Interest payable | 1,579 | — | — |
| Accrued expenses—construction work in progress | | | |
| Angola | 187,496 | 247,772 | 248,933 |
| SADC | 86,508 | 14,077 | — |
| Western Africa | — | 361 | — |
| Other, eliminations and intercompany | — | 0 | — |
| Other accrued costs | 26,331 | 6,261 | 7,381 |
| | **310,755** | **273,804** | **256,746** |
| **Deferred income** | | | |
| Deferred revenue (Note 12) | 35,242 | 98 | 7,988 |
| Other deferred income | 1,782 | 9,130 | 13,343 |
| | **37,024** | **9,228** | **21,332** |
| | **347,778** | **283,032** | **278,078** |

Accrued expenses—construction work in progress are mainly costs related to works-in-progress which have not yet been invoiced by suppliers, as well as provisions for costs which may be incurred during the period of guarantee of construction works.

The value recorded under the heading "Deferred revenue" refers to the application of the policy described in Note 2. Accounting policies, for recognition of revenue in construction contracts.

Other deferred income as of 31 December 2012 and 2011 relates to deferred income in Vista Waste, which was transferred to impairment of accounts receivable in 2013.

## 18. Group equity before net profit for the year

Equity attributable to the shareholders consists of share capital of Mota-Engil Africa BV as at January 2014, fully registered and paid in amount of 100,000,000 euros, represented by 100,000,000 shares (ordinary) with the nominal value of one euro each, and all the capital reserves accumulated by the Group.

The currency conversion reserves reflect net changes in the currency conversion of the financial statements of branch offices and subsidiaries stated in a currency other than the euro and cannot be distributed or used to absorb losses.

## 19. Non-controlling interests

As at 31 December 2013, 2012 and 2011, the equity attributable to non- controlling interests comprised as below:

| Own funds attributable to non-controlling interests | 2013 | 2012 | 2011 |
|---|---|---|---|
| Mota-Engil Angola | 73,168 | 72,765 | 73,458 |
| Vista Waste | 9,600 | 12,449 | 5,294 |
| Other | 5,841 | 2,804 | 2,423 |
| | **88,610** | **88,018** | **81,174** |

During 2013, 2012 and 2011, net income attributable to non-controlling interests is broken down as presented below:

| Consolidated net profit of the year attributable to non-controlling interests | 2013 | 2012 | 2011 |
|---|---|---|---|
| Mota-Engil Angola | 23,188 | 23,325 | 22,880 |
| Vista Waste | 4,973 | 6,919 | 4,744 |
| Other | 622 | 544 | 430 |
| | **28,783** | **30,788** | **28,053** |

## 20. Sales and services rendered

Sales and services rendered for the years ended 31 December 2013, 2012 and 2011 comprised the following:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Sales of merchandise | 1,540 | 2,029 | 1,388 |
| Sales of products | 9,693 | 8,967 | 5,158 |
| Services rendered | 994,073 | 716,171 | 583,979 |
| | **1,005,306** | **727,167** | **590,525** |

Breakdown by business and geographical segments is described in note 4 above.

During 2013, 2012 and 2011 there was no significant discontinuation in the Group's business activities. The increase which occurred in 2013 and 2012 was essentially due the growth in business in Malawi and Mozambique.

## 21. Other revenues

Other revenue for the years ended 31 December 2013, 2012 and 2011, comprised the following:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Supplementary revenues | 5,073 | 18,862 | 19,449 |
| Other revenues | 14,255 | 23,819 | 15,521 |
| | **19,328** | **42,681** | **34,970** |

Other revenue includes mainly amounts of net change of production and inventories, debits arising from consortium balances and the re-invoicing of costs to companies outside the Group.

## 22. Cost of goods sold, material consumption and subcontractors

Cost of merchandise and raw materials and consumables, and subcontracts for the years ended 31 December 2013, 2012 and 2011 comprised following amounts:

| 2013 | Goods | Raw materials and consumables | Total |
|---|---|---|---|
| **Opening stocks** | 416 | 32,220 | 32,636 |
| Transfers | (41) | (2,351) | (2,392) |
| Regularizations | (552) | (851) | (1,403) |
| Variation of perimeter | (6,144) | (3,422) | (9,566) |
| Purchases | 52,657 | 185,476 | 238,134 |
| **Closing stocks (Note 11)** | (1,083) | (48,567) | (49,651) |
| | **45,254** | **162,505** | **207,759** |
| Subcontracts | | | 201,296 |
| **Cost of Goods Sold, Materials Consumed and Subcontracts** | | | **409,055** |

| 2012 | Goods | Raw materials and consumables | Total |
|---|---|---|---|
| **Opening stocks** | 643 | 22,347 | 22,989 |
| Transfers | (39) | 48 | 9 |
| Regularizations | (562) | 1,542 | 980 |
| Variation of perimeter | 233 | (212) | 21 |
| Purchases | 1,465 | 171,012 | 172,477 |
| **Closing stocks (Note 11)** | (416) | (32,220) | (32,636) |
| | **1,323** | **162,517** | **163,840** |
| Subcontracts | | | 169,369 |
| **Cost of Goods Sold, Materials Consumed and Subcontracts** | | | **333,209** |

| 2011 | Goods | Raw materials and consumables | Total |
|---|---|---|---|
| **Opening stocks** | 560 | 25,426 | 25,986 |
| Transfers | (79) | 3,294 | 3,215 |
| Regularizations | (662) | — | (662) |
| Purchases | 1,253 | 75,763 | 77,015 |
| **Closing stocks (Note 11)** | (643) | (22,347) | (22,989) |
| | **429** | **82,136** | **82,565** |
| Subcontracts | | | 216,133 |
| **Cost of Goods Sold, Materials Consumed and Subcontracts** | | | **298,698** |

## 23. Third-party supplies and services

Third party supplies and services for the years ended 31 December 2013, 2012 and 2011 comprised the following:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Leases and rent | 77,833 | 58,565 | 28,274 |
| Specialised works | 57,659 | 17,325 | 25,761 |
| Transport, travel and board and lodging | 38,206 | 24,947 | 15,535 |
| Fuel and other fluids | 2,830 | 1,848 | 1,190 |
| Maintenance and repairs | 2,904 | 13,499 | 8,705 |
| Insurance | 5,594 | 5,143 | 2,245 |
| Water and electricity | 1,014 | 960 | 672 |
| Vigilance and security | 2,793 | 3,021 | 2,574 |
| Communications | 3,711 | 2,682 | 1,935 |
| Commissions and fees | 490 | 178 | 860 |

| | | | |
|---|---|---|---|
| Office equipment | 2,015 | 2,442 | 1,840 |
| Advertising and publicity | 401 | 777 | 1,072 |
| Other supplies and services | 20,944 | 15,522 | 13,555 |
| | **216,395** | **146,909** | **104,217** |

Third party supplies and services by operating segment consisted of following amounts:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Angola | 111,349 | 82,215 | 68,581 |
| SADC | 109,647 | 77,821 | 46,784 |
| Western Africa | 7,969 | 6,729 | 4,087 |
| Eastern Africa | 161 | — | — |
| Other, Eliminations and Intercompany | (12,731) | (19,856) | (15,235) |
| | **216,395** | **146,909** | **104,217** |

## 24. Wages and salaries

Wages and salaries for the years ended 31 December 2013, 2012 and 2011 were as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Remuneration | 117,711 | 95,281 | 73,643 |
| Other | 30,055 | 25,952 | 11,295 |
| | **147,766** | **121,233** | **84,938** |

Other remuneration included costs paid in relation to Social Security or other similar contribution systems in each country, meals allowances and cash sickness benefits, occupational accident insurance and indemnities.

Allocation of wages and salaries by operating segments is presented below:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Angola | 89,631 | 90,931 | 58,666 |
| SADC | 30,224 | 26,435 | 23,433 |
| Western Africa | 694 | 1,673 | 1,317 |
| Eastern Africa | — | — | — |
| Other, Eliminations and Intercompany | 27,216 | 2,193 | 1,523 |
| | **147,766** | **121,233** | **84,938** |

As of 31 December 2013, 2012 and 2011, the number of personnel working for the Group were as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Management | 12 | 9 | 1 |
| Employees | 2,633 | 1,830 | 1,762 |
| Workers | 11,608 | 7,772 | 4,955 |
| | **14,253** | **9,611** | **6,718** |

## 25. Other operating expenses, net

Other operating expenses for the years ended 31 December 2013, 2012 and 2011 comprised following amount:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Donations | (50) | (514) | (58) |
| Gains/(losses) on the sale of fixed assets | (49) | 156 | (428) |
| Taxes other than income tax | (10,893) | (8,366) | (4,054) |

| | | | |
|---|---|---|---|
| Own work capitalised | 4,308 | 7,107 | 9,114 |
| Other expenses | (1,880) | (8,863) | (14,099) |
| | **(8,563)** | **(10,480)** | **(9,526)** |

Taxes other than income tax are mainly the amounts of stamp tax in Angola.

Own work capitalised essentially included the values of works in Angola related to the completion of the rehabilitation of the head office and works in the central construction yard.

### 26. Depreciation and amortisation

The depreciation and amortisation for the years ended 31 December 2013, 2012 and 2011 were as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Amortization of intangible assets for the year:** | | | |
| Development costs | 34 | 39 | 23 |
| Software and other rights | 56 | 183 | 149 |
| Other intangible fixed assets | 20 | 18 | — |
| | **110** | **240** | **172** |
| **Depreciation of tangible fixed assets for the year:** | | | |
| Land and buildings | 4,986 | 3,141 | 2,109 |
| Equipment | | | |
| Angola | 19,472 | 17,894 | 16,240 |
| SADC | 4,029 | 1,326 | 679 |
| Western Africa | 270 | 263 | 33 |
| Other and eliminations | 20,332 | 15,572 | 11,569 |
| Other tangible fixed assets | 96 | 101 | 9 |
| | **49,185** | **38,297** | **30,639** |
| | **49,295** | **38,537** | **30,811** |

Other and eliminations of property plant and equipment depreciation refer mainly to depreciation of MEEC Africa's equipment, which is rented to subsidiaries and branches in Angola and SADC.

### 27. Provisions and impairment losses

Provisions and impairment losses for the years ended 31 December 2013, 2012 and 2011 consisted of following amounts:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Provisions** | | | |
| Angola (see Note 16. Provisions) | 341 | 664 | 497 |
| | **341** | **664** | **497** |
| **Adjustments and Impairment Losses** | | | |
| **Inventories obsolescence** | | | |
| Angola (see Note 11. Inventories) | 3,157 | 9 | — |
| | **3,157** | **9** | **—** |
| **Customers and other debtors** | | | |
| Angola (see Note 10. Accounts receivable) | 517 | 4,617 | 3,279 |
| | **517** | **4,617** | **3,279** |
| **Reversal of provisions and impairment losses** | | | |
| Angola (see Notes 10. Accounts receivable, 11. Inventories and 16. Provisions) | (2,242) | (2,075) | (867) |

| | | | |
|---|---|---|---|
| | **(2,242)** | **(2,075)** | **(867)** |
| **Total of provisions and impairment losses** | **1,773** | **3,215** | **2,909** |

## 28. Financial results

Financial results for the years ended 31 December 2013, 2012 and 2011 comprised following amounts:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Financial income and gains** | | | |
| **Loans and accounts receivable:** | | | |
| Interest income | 5,850 | 2,979 | 7,658 |
| Payments discounts received | 256 | 163 | 0 |
| Net exchange gains | 1,104 | 2,026 | 1,099 |
| **Gains on sales of financial investments** | 5,018 | — | — |
| **Other financial assets and liabilities:** | | | |
| Other financial income | — | 378 | 102 |
| | **12,227** | **5,547** | **8,860** |
| **Financial costs and losses** | | | |
| **Loans and accounts payable:** | | | |
| Interest expenses | 42,841 | 30,087 | 19,509 |
| Payments discounts given | 1,324 | 1,271 | 3 |
| **Losses on sales of financial investments** | 5,053 | — | — |
| **Other financial assets and liabilities:** | | | |
| Other financial expenses | 19,957 | 8,487 | 1,748 |
| | **69,175** | **39,846** | **21,260** |
| | **(56,949)** | **(34,299)** | **(12,400)** |

Gains on sales of financial investments essentially refer to the gain on the disposal of Cimertex & C[a], Cimertex África and Auto Sueco Angola. Losses on sales of financial investments refer to loss on the disposal of Cimertex Angola and a promissory note of the Malawian Government.

Other financial costs and losses include costs related to loan guarantees and other financial institutions' fees and costs.

Interest expenses for 2013, 2012 and 2011 comprised as following:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Non-convertible bond loans** | 5,497 | 165 | — |
| Loans for participation in securities | — | — | — |
| **Amounts owe to credit institutions:** | | | |
| Bank loans | 6,474 | 5,206 | 2,920 |
| Overdraft facilities | 3,734 | 6,986 | 6,432 |
| Guaranteed accounts | 21,550 | 12,408 | 5,286 |
| **Other loans obtained:** | | — | — |
| Commercial paper issues | 2,768 | 3,445 | 3,984 |
| Other | 584 | 34 | 192 |
| | **40,608** | **28,245** | **18,814** |
| **Other interest expense (leasing and others)** | 2,233 | 1,842 | 695 |
| | **42,841** | **30,087** | **19,509** |

Sensitivity to alterations in the interest rate would have the following effect for 2013, 2012 and 2011:

| | Estimated impact | | |
|---|---|---|---|
| | **2013** | **2012** | **2011** |
| Variation of financial profit and loss on a 1 p.p. alteration of the interest rate applied to the entire debt (excluding leasing) | 1,494 | 561 | 687 |
| Fixed-rate hedging | (506) | (26) | (41) |
| **Sensitivity of financial profit and loss to interest-rate variations:** | **988** | **535** | **646** |

## 29. Gains/(losses) in associates and jointly controlled companies

Gains in associates for the years ended 31 December 2013, 2012 and 2011 were as follows:

| **Gains in associates and jointly controlled companies** | **2013** | **2012** | **2011** |
|---|---|---|---|
| Cimertex and Cª | — | 3,775 | 1,640 |
| Asinter | — | 69 | 204 |
| Novicer | — | — | 31 |
| Cimertex Angola | — | 3,077 | 978 |
| Icer | — | — | 23 |
| Auto Sueco Angola | — | 2,361 | 2,125 |
| Automatriz | 496 | — | — |
| | **496** | **9,283** | **5,000** |

Losses in associates for the years ended 31 December 2013, 2012 and 2011 were as follows:

| **Losses in associates and jointly controlled companies** | **2013** | **2012** | **2011** |
|---|---|---|---|
| Icer | 375 | 210 | — |
| Automatriz | — | 115 | — |
| | **375** | **325** | **—** |
| **Gains in associates and jointly controlled companies** | **121** | **8,958** | **5,000** |

## 30. Income tax

Income tax for the years ended 31 December 2013, 2012 and 2011 comprised of:

| | **2013** | **2012** | **2011** |
|---|---|---|---|
| Current tax | 28,997 | 11,337 | 6,728 |
| Deferred tax | 1,012 | 955 | — |
| | **30,008** | **12,291** | **6,728** |

The reconciliation between the nominal and effective income tax rates for 2013, 2012 and 2011 is presented as follows:

| **2013** | **Angola** | **SADC** | **Western Africa** | **Eastern Africa** | **Portugal/ Other** | **Total** |
|---|---|---|---|---|---|---|
| **Accounting profit before taxes** | 52,914 | 109,734 | (1,807) | (161) | (25,720) | **134,959** |
| Tax at the domestic rates applicable to profits in the country concerned | (2) | 35,481 | (464) | — | (7,141) | **27,874** |
| Tax related to associate companies | (174) | — | — | — | — | **(174)** |
| Tax losses for which no deferred taxes were recognized | 791 | 57 | 495 | — | 157 | **1,500** |
| Current year utilization of previously unrecognized tax losses | — | (433) | — | — | — | **(433)** |

**Notes to the combined financial statements**

| | | | | | | |
|---|---|---|---|---|---|---|
| Autonomous taxation | — | — | — | — | 881 | **881** |
| Tax effect of expenses/(gains) that are not relevant for tax purposes | (164) | (6,562) | (0) | — | 7,087 | **361** |
| **Tax expense** | **451** | **28,543** | **30** | **—** | **984** | **30,008** |

| **2012** | **Angola** | **SADC** | **Western Africa** | **Eastern Africa** | **Portugal/ Other** | **Total** |
|---|---|---|---|---|---|---|
| **Accounting profit before taxes** | 68,926 | 38,600 | (681) | — | (15,920) | 90,924 |
| Tax at the domestic rates applicable to profits in the country concerned | 3,752 | 12,093 | (170) | — | (3,749) | 11,926 |
| Tax related to associate companies | (3,135) | — | — | — | — | (3,135) |
| Tax losses for which no deferred taxes were recognized | 132 | 218 | 310 | — | — | 659 |
| Tax effect of expenses/(gains) that are not relevant for tax purposes | 36 | (1,625) | (37) | — | 4,468 | 2,841 |
| **Tax expense** | **785** | **10,685** | **102** | **—** | **719** | **12,291** |

| **2011** | **Angola** | **SADC** | **Western Africa** | **Eastern Africa** | **Portugal/ Other** | **Total** |
|---|---|---|---|---|---|---|
| **Accounting profit before taxes** | 69,245 | 18,634 | 493 | — | (1,376) | 86,996 |
| Tax at the domestic rates applicable to profits in the country concerned | 2,204 | 6,171 | 123 | — | (3,414) | 5,085 |
| Tax related to associate companies | (1,750) | — | — | — | — | (1,750) |
| Tax losses for which no deferred taxes were recognized | 266 | 106 | — | — | — | 372 |
| Tax effect of expenses/(gains) that are not relevant for tax purposes | (2) | (3,831) | — | — | 6,856 | 3,022 |
| **Tax expense** | **717** | **2,445** | **123** | **—** | **3,442** | **6,728** |

The Company has been granted exemption of Corporate Income Tax for MEEC Africa Angola branch (8 years, starting in fiscal year of 2007 and ending in fiscal year of 2014), for Mota-Engil Angola (for 8 years, starting in fiscal year 2011 and ending in fiscal year 2018) and for Vista Waste (for 4 years, starting in fiscal year 2011 and ending in fiscal year 2014).

There are no tax positions claimed by the group that have resulted in any liabilities or reductions to assets recorded in the financial statements or should be disclosed in these Notes.

**Deferred tax assets**

As at 31 December 2013 and 2012 the deferred tax assets are related to tax losses.

As at 31 December 2013 and 2013 the Group had the amount of 317 thousand euros and 37 thousand euros, respectively, related to tax losses for which no deferred taxes assets were recognized.

**Deferred tax liabilities**

As at 31 December 2013 and 2012 the deferred tax liabilities were related to temporary differences resulting from exchange differences in Mozambique, which were relevant for tax purposes only in the moment of its realization.

## 31. Commitments

As at 31 December 2013, 2012 and 2011, the guarantees provided by the Group to third parties relative to bank guarantees and fidelity insurance provided to owners of works whose contracts are under various companies of the Group, detailed by currency, were as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Angolan Kwanza | 17,562 | 11,762 | 3,000 |
| Cape Verde Escudos | 1,528 | — | — |
| Euros | 100,151 | 49,162 | 12,570 |
| Malawi Kwashas | 4,833 | 8,216 | 3,549 |
| Mozambican Meticais | 3,118 | 2,229 | 2,242 |
| US Dollars | 332,158 | 323,751 | 84,895 |
| | 459,350 | 395,121 | 106,257 |

As at 31 December 2013 the Group had no capex, forward sales or purchases commitments.

Details by companies of the Group are as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Emocil (Moç) | 8,251 | 3,010 | 5,031 |
| Mota-Engil Angola | 79,061 | 115,705 | 20,458 |
| Mota-Engil Engenharia e Construção África | 26,014 | — | — |
| Branch ME Eng. e Const. África Angola | 102,024 | 95,307 | 74,167 |
| Branch ME Eng. e Const. África Cabo Verde | 1,528 | — | — |
| Branch ME Eng. e Const. África Malawi | 164,644 | 159,738 | 3,934 |
| Branch ME Eng. e Const. África Moçambique | 30,215 | 21,214 | 2,367 |
| Branch ME Africa Zambia | 47,438 | — | — |
| Other | 174 | 147 | 300 |
| | 459,350 | 395,121 | 106,257 |

### 32. Transactions with related parties

Balances and transaction with associates and joint ventures, stated through the equity method, are not eliminated, and were as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Accounts receivable | 9,148 | 14,832 | 33,091 |
| Accounts payable | 3,416 | 9,283 | 4,391 |
| Loans granted | — | 1,064 | 1,086 |
| | — | — | — |
| Sales & services rendered | 193 | 485 | 650 |
| Cost of merchandise sold | — | 1 | 148 |
| Interest gains | — | 68 | — |

Balances and transactions with shareholders of the Group with qualifying holdings or with other companies held by the Group comprised the following amounts:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Trade and other receivables | 90,712 | 87,860 | 72,780 |
| Trade and other payables | 114,883 | 106,964 | 75,452 |
| Loans granted | 29 | 574 | 543 |
| Loans obtained | 2,205 | 1,337 | 145 |
| Sales and services rendered | 12,657 | 14,067 | 1,697 |
| Cost of merchandise sold | 31,600 | 24,524 | 26,028 |
| Third-party supplies and services | 26,252 | 34,634 | 36,440 |

Balances and transactions were carried out with the following companies with shareholders that are common to the Group:

**Notes to the combined financial statements**

**2013**

Aqualevel—Gestão de Sistemas de informação, Soc. Unipessoal, Lda.

Ascendi—Serviços de Assessoria, Gestão e Operação,S.A.

Ascendi Group, SGPS

Estradas do Zambeze, SA

Imolap—Sociedade Imobiliária Lar do Patriota, Lda

Indaqua—Indústria e Gestão de Águas, S.A.

Manvia—Manutenção e Exploração de Instalações e Construção, S.A.

Manvia Condutas II, Lda

Manvia II Condutas, Lda.

Martifer Sgps, SA, Sociedade Aberta

MESP—Mota Engil, Serviços Partilhados, Administrativos e de Gestão, S.A.

Mota-Engil Brand Management B.V

Mota-Engil Central Europe, S.A.

Mota-Engil Central Europe, SGPS, S.A

Mota-Engil Energia, S.A.

Mota-Engil Engenharia e Construção, S.A.

Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, S.A.

Mota-Engil Indústria e Inovação, SGPS, S.A.

Mota-Engil Minerals & Mining Investments BV

Mota-Engil Mining Management (Proprietary) Limited

Mota-Engil, Ambiente e Serviços, SGPS, S.A.

Mota-Engil, SGPS, S.A., Sociedade Aberta

Novaflex—Técnicas do Ambiente, S.A.

STM—Sociedade de Terminais de Moçambique

Suma—Serviços Urbanos e Meio Ambiente, S.A.

Tertir—Terminais Portuários, SGPS, S.A.

Transitex—Trânsitos de Extremadura, S.A

Transitex Global Logistics Operations

Transitex Moçambique, Lda

Vibeiras—Sociedade Comercial de Plantas, S.A.

**<u>2012</u>**

Aqualevel—Gestão de Sistemas de informação, Soc. Unipessoal, Lda.

Ascendi—Serviços de Assessoria, Gestão e Operação,S.A.

Ascendi Group, SGPS

Estradas do Zambeze, SA

Imolap—Sociedade Imobiliária Lar do Patriota, Lda

Indaqua—Indústria e Gestão de Águas, S.A.

Manvia—Manutenção e Exploração de Instalações e Construção, S.A.

Manvia Condutas II, Lda

Manvia II Condutas, Lda.

Martifer Sgps, SA, Sociedade Aberta

MESP—Mota Engil, Serviços Partilhados, Administrativos e de Gestão, S.A.

Mota-Engil Brand Management B.V

Mota-Engil Central Europe, S.A.

Mota-Engil Central Europe, SGPS, S.A

Mota-Engil Energia, S.A.

Mota-Engil Engenharia e Construção, S.A.

Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, S.A.

Mota-Engil Indústria e Inovação, SGPS, S.A.

Mota-Engil Minerals & Mining Investments BV

Mota-Engil Mining Management (Proprietary) Limited

Mota-Engil, Ambiente e Serviços, SGPS, S.A.

Mota-Engil, SGPS, S.A., Sociedade Aberta

Novaflex—Técnicas do Ambiente, S.A.

STM—Sociedade de Terminais de Moçambique

Suma—Serviços Urbanos e Meio Ambiente, S.A.

Tertir—Terminais Portuários, SGPS, S.A.

Transitex—Trânsitos de Extremadura, S.A

Transitex Global Logistics Operations

Transitex Moçambique, Lda

Vibeiras—Sociedade Comercial de Plantas, S.A.

**2011**

Aqualevel—Gestão de Sistemas de informação, Soc. Unipessoal, Lda.

Ascendi Group, SGPS

Estradas do Zambeze, SA

Indaqua—Indústria e Gestão de Águas, S.A.

Manvia—Manutenção e Exploração de Instalações e Construção, S.A.

Manvia II Condutas, Lda.

Martifer Sgps, SA, Sociedade Aberta

MESP—Mota Engil, Serviços Partilhados, Administrativos e de Gestão, S.A.

Mota-Engil Central Europe, SGPS, S.A

Mota-Engil Energia, S.A.

Mota-Engil Engenharia e Construção, S.A.

Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, S.A.

Mota-Engil Latin America BV

Mota-Engil, Ambiente e Serviços, SGPS, S.A.

Mota-Engil, SGPS, S.A., Sociedade Aberta

STM—Sociedade de Terminais de Moçambique, Lda

Suma—Serviços Urbanos e Meio Ambiente, S.A.

Tertir—Terminais Portuários, SGPS, S.A.

Transitex—Trânsitos de Extremadura, S.A

Transitex Moçambique, Lda

VBT—Projectos e Obras de Arquitectura Paisagística, Lda

Vibeiras—Sociedade Comercial de Plantas, S.A.

As at December 31, 2013 the Board of Directors of Mota-Engil Africa BV (Parent) was the following:

- Ismael Antunes Hernandez Gaspar;

- Gilberto Silveira Rodrigues;
- Pieter Oosthoek;
- Jurjen Edward Hardeveld.

As at December 31, 2013 the Board of Mota-Engil Engenharia e Construção África, S.A. (MEEC Africa) was the following:

- Ismael Antunes Hernandez Gaspar
- Gilberto Silveira Rodrigues
- Paulo José Ferreira de Sousa Dias Pinheiro
- Carlos Alberto Grilo Pascoal
- Aníbal José Morais Leite

The following remunerations of the above referred members are included in these combined consolidated financial statements: 1,245 thousand euros in 2013 and 1,211 thousand euros in 2012.

The directors of the holding Mota-Engil SGPS, S.A., which holds Mota-Engil Africa BV are as follows:

- António Manuel Queirós Vasconcelos da Mota;
- Arnaldo José Nunes da Costa Figueiredo;
- Gonçalo Nuno Gomes de A. Moura Martins;
- Maria Manuela Queirós V. Mota dos Santos;
- Maria Teresa Queirós V. Mota Neves da Costa;
- Maria Paula Queirós V. Mota de Meireles;
- Ismael Antunes Hernandez Gaspar;
- Luís Filipe Cardoso da Silva;
- Maria Isabel da Silva Ferreira Rodrigues Peres;
- Pedro Manuel Teixeira Rocha Antelo;
- Carlos António Vasconcelos Mota dos Santos;
- José Pedro Matos Marques Sampaio de Freitas;
- Luís Valente de Oliveira;
- António Bernardo A. da Gama Lobo Xavier;
- António Manuel da Silva Vila Cova.

## Notes to the combined financial statements

Balances and transactions between members of the Group and shareholders of Mota-Engil Angola comprised the following amounts as at the dates indicated:

| Balances - 31 December 2013 | Accounts receivable (1) | Accounts payable(2) | Shareholders (3) | Supplementary capital |
|---|---|---|---|---|
| | | € thousands | | |
| BPA | - | 1,622 | 1,816 | 2,537 |
| FINICAPITAL | 33,038 | 26,028 | 5,449 | 8,031 |
| GLOBALPACTUM | - | - | 3,269 | 4,818 |
| SONANGOL GROUP | 97,400 | 1,491 | 7,303 | 10,701 |
| **Total** | **130,438** | **29,141** | **17,838** | **26,087** |

(1) Balances from the Group's ordinary course activity and made at arm's length. Balance with Finicapital relates primarily to the Financial City project in Luanda. Balance with Sonangol Group relates mainly to the Special Economic Zone project in Luanda and with the Gas Stations expansion projects in Luanda, Huambo and Lundas.

(2) Balance from Finicapital includes 23 million euros regarding the acquisition of Vista Waste and Vista Water stakes of Finicapital at market value. The remaining amounts arose from Group's ordinary course activity and were made at arm's length.

(3) Balances regarding dividends not yet paid.

| Balances - 31 December 2012 | Accounts receivable (1) | Accounts payable | Shareholders | Supplementary capital |
|---|---|---|---|---|
| | | € thousands | | |
| BPA | 23 | 3,401 | 2,281 | 2,652 |
| FINICAPITAL | 8,295 | 637 | 6,842 | 8,394 |
| GLOBALPACTUM | - | - | 4,105 | 5,036 |
| SONANGOL GROUP | 85,959 | 1,676 | 9,123 | 11,185 |
| **Total** | **94,276** | **5,715** | **22,351** | **27,268** |

(1) Balances from the Group's ordinary course activity and made at arm's length. Balance with Sonangol Group relates mainly to the Special Economic Zone project in Luanda, Aldeia Solar project (housing construction) and Gas Stations projects.

| Balances - 31 December 2011 | Accounts receivable (1) | Accounts payable | Shareholders | Supplementary capital |
|---|---|---|---|---|
| | | € thousands | | |
| BPA | 23 | - | - | 3,609 |
| FINICAPITAL | 7,167 | 254 | - | 10,828 |
| GLOBALPACTUM | - | - | - | 6,497 |
| SONANGOL GROUP | 26,931 | 3,748 | - | 14,437 |
| **Total** | **34,121** | **4,002** | **-** | **35,371** |

(1) Balances from the Group's ordinary course activity and made at arm's length.

| Transactions – year ended 31 December 2013 | Services rendered (1) | Other income | Purchases (1) | Third-party supplies & services (1) | Other expenses |
|---|---|---|---|---|---|
| | | € thousands | | | |
| BPA | - | - | - | - | - |
| FINICAPITAL | 35,194 | - | - | 729 | - |
| GLOBALPACTUM | - | - | - | - | - |
| SONANGOL GROUP | 117,799 | - | 8,500 | - | - |
| **Total** | **152,993** | **-** | **8,500** | **729** | **-** |

(1) Transactions from the Group's ordinary course activity and made at arm's length.

| Transactions – year ended 31 December 2012 | Services rendered (1) | Other income | Purchases (1) | Third-party supplies & services (1) | Other expenses |
|---|---|---|---|---|---|
| | | € thousands | | | |
| BPA | - | - | - | - | - |
| FINICAPITAL | 9,413 | 613 | - | 1,616 | - |
| GLOBALPACTUM | - | - | - | - | - |
| SONANGOL GROUP | 145,025 | 2 | 5,890 | 2 | - |
| **Total** | **154,438** | **615** | **5,890** | **1,618** | **-** |

(1) Transactions from the Group's ordinary course activity and made at arm's length.

| Transactions – year ended 31 December 2011 | Services rendered (1) | Other income | Purchases (1) | Third-party supplies & services (1) | Other expenses |
|---|---|---|---|---|---|
| | | € thousands | | | |
| BPA | 21 | - | - | - | - |
| FINICAPITAL | 26,951 | 2,023 | - | - | - |
| GLOBALPACTUM | - | - | - | - | - |
| SONANGOL GROUP | 27,587 | - | 2,068 | - | - |
| **Total** | **54,559** | **2,023** | **2,068** | **-** | **-** |

(1) Transactions from the Group's ordinary course activity and made at arm's length.

## 33. Changes in perimeter

In 2013 there were no significant changes to the perimeter; hence the effects are not presented under the main headings of the statement of the financial position and income statement.

In 2013 the changes which occurred in the combination perimeter, in terms of companies entering and leaving, were as follows:

Companies consolidated for the first time

Cosamo

Malawi Ports Company

Malawi Shipping Company

Martinox

Vista Multi Services

Leaving of companies

Asinter (available for sale)

Sale of 20.37% of Auto Sueco Angola holding (the remaining 5.13% is classified available for sale)

Sale of holding in Cimertex & Companhia

Sale of holding in Cimertex Angola

In 2012 changes in combination perimeter in terms of companies entering and leaving were as follows:

Companies consolidated for the first time

Automatriz (consolidated using equity method)

Indimo

Mota Maurícias

ME Malawi

ME Investments Malawi

Penta

Changes to the consolidation method

**Change in consolidation method from equity method to global integration of the following companies:**

Novicer

In 2011 changes in consolidation perimeter in terms of companies entering and leaving were as follows:

Acquisition of companies

Acquisition by MEEC África the whole of the Cecot equity capital, the Group now also owning the whole of Emocil.

Companies consolidated for the first time

Akwangola SA ("Akwangola")

Corporate reorganisation and alterations of percentage holding

Reorganisation of the firms Rentaco Angola, Angola Tracevia, Prefal, Fatra, Icer and Novicer.

## 34. Notes to the combined cash flow statement

In 2013, 2012 and 2011 amounts paid for the acquisition of financial investments were as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Cecot | — | — | 1,573 |
| Martinox | — | 1,837 | — |
| | **—** | **1,837** | **1,573** |

In 2013, 2012 and 2011 amounts received from the disposal of financial investments were as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Auto Sueco Angola | 14,191 | — | — |

**Notes to the combined financial statements**

| | | | |
|---|---|---|---|
| Malawi Promissory note | 10,956 | — | — |
| Cimertex and Cª | 8,641 | — | — |
| Cimertex Angola | 2,389 | — | — |
| Cimertex África | 1,150 | — | — |
| Sale of 49% holding in Mota-Engil Angola | 17,856 | 17,009 | 48,048 |
| | **55,182** | **17,009** | **48,048** |

## Appendix A. Companies included in the Combined Historical Financial Information

**Investments in subsidiaries included in combined financial statements** using the full consolidation method, their registered offices, the percentage of share capital held, their business and their constitution date as at **December 2013** were as follows:

| Name | Head Office | Effective Percentage of Holding | Activity | Date Founded | Acquisition Date |
|---|---|---|---|---|---|
| **Parent Company of Group and Connected Activities** | | | | | |
| **Mota-Engil África, B.V. ("ME África BV")** | Netherlands | **100.00** | Holding Company | Oct-12 | — |
| Through Mota-Engil, SGPS | (Amsterdam) | 100.00 | | | |
| **Mota-Engil Engenharia e Construção África, S.A. ("MEEC África")** | Portugal | **100.00** | Execution of works | Aug-12 | — |
| Through ME África BV | (Oporto) | 100.00 | | | |
| **Mota-Engil África, SGPS, S.A. ("Mota-Engil África")** | Portugal | **100.00** | Management of company administration | May-10 | — |
| Through MEEC África | (Oporto) | 100.00 | | | |
| **Mota Internacional—Comércio e Consultadoria Económica, Lda. ("Mota Internacional")** | Portugal | **100.00** | Management of company administration | Sep-97 | Dec-98 |
| Through Mota—Engil África | (Funchal) | 100.00 | | | |
| **Cosamo (Proprietary) Limited ("Cosamo")** | Johannesburg | **100.00** | Trading | Dec-76 | — |
| Through Mota International | (South Africa) | 100.00 | | | |
| **Angola** | | | | | |
| **Fatra—Fábrica de Trefilaria de Angola, S.A. ("Fatra")** | Angola | **35.70** | Manufacture of iron by-products | — | Nov-10 |
| Through Mota-Engil Angola | (Luanda) | 35.70 | | | |
| **Martinox, SA ("Martinox")** | Angola | **48.45** | Construction of stainless steel | Feb-08 | Dec-11 |
| Through Mota-Engil Angola | (Benguela) | 48.45 | | | |
| **Mota-Engil Angola, S.A. ("Mota-Engil Angola")** | Angola | **51.00** | Civil Construction and public and private works | May-10 | — |
| Through Mota International | (Luanda) | 51.00 | | | |
| **Novicer-Cerâmicas de Angola, Lda. ("Novicer")** | Angola | **51.00** | Manufacture and trading of clay materials | Sep-07 | — |
| Through Mota Engil Angola | (Luanda) | 51.00 | | | |
| **Prefal—Préfabricados de Luanda, Lda. ("Prefal")** | Angola | **45.90** | Manufacture of pre-stressed materials | Dec-93 | — |
| Through Mota-Engil Angola | (Luanda) | 45.90 | | | |
| **Rentaco Angola—Equipamentos e Transportes, Lda. ("Rentaco Angola")** | Angola | **51.00** | Rental of construction equipment | Jan-08 | — |
| Through Mota-Engil Angola | (Luanda) | 51.00 | | | |
| **Sonauta—Sociedade de Navegação, Lda. ("Sonauta")** | Angola | **100.00** | Maritime Transport, excluding Coastal Shipping | Nov-94 | — |
| Through Mota International | (Luanda) | 100.00 | | | |
| **Tracevia Angola—Sinalização, Segurança e Gestão de Tráfego, Lda. ("Tracevia Angola")** | Angola | **40.80** | Highway Signage | — | Sep-07 |
| Through Mota-Engil Angola | (Luanda) | 40.80 | | | |
| **Akwangola, S.A. ("Akwangola")** | Angola | **28.03** | Market-related water services and sanitation | Dec-10 | Dec-13 |
| Through Vista Water | (Luanda) | 28.03 | | | |

## Notes to the combined financial statements

| Name | Head Office | Effective Percentage of Holding | Activity | Date Founded | Acquisition Date |
|---|---|---|---|---|---|
| **Vista Energy Environment & Services (“Vista SA”)** | Angola | **51.00** | Holding Company | Jul-08 | Dec-13 |
| Through Mota-Engil Angola | (Luanda) | 51.00 | | | |
| **Vista Waste Management, Lda (“Vista Waste”)** | Angola | **26.01** | Waste collection | Dec-09 | Dec-13 |
| Through Vista SA | (Luanda) | 20.91 | | | |
| Through Mota-Engil Angola | | 5.10 | | | |
| **Vista Multi Services, Lda (“Vista Multi Services”)** | Angola | **40.80** | Urban services | May-09 | Dec-13 |
| Through Mota-Engil Angola | (Luanda) | 40.80 | | | |
| **Vista Water, Lda. (“Vista Water”)** | Angola | **28.05** | Market-related water services and sanitation | May-09 | Dec-13 |
| Through Vista SA | (Luanda) | 21.68 | | | |
| Through Mota-Engil Angola | | 6.38 | | | |
| **SADC** | | | | | |
| **Cecot—Centro de Estudos e Consultas Técnicas, Lda. (“Cecot”)** | Mozambique | **100.00** | Civil Construction Projects and Inspection | Sep-98 | Apr-11 |
| Through MEEC África | (Maputo) | 100.00 | | | |
| **Fibreglass Sundlete (Moç), Lda. (“Fibreglass”)** | Mozambique | **100.00** | Trading | Aug-62 | Mar-99 |
| Through MEEC África | (Maputo) | 100.00 | | | |
| **Emocil—Empresa Moçambicana de Construção e Real Estate Promotion, Lda. (“Emocil”)** | Mozambique | **100.00** | | Jul-94 | — |
| Through MEEC África | (Maputo) | 50.00 | Real Estate Promotion | | |
| Through Indimo | | 50.00 | | | |
| **Malawi Ports Company Limited (“Malawi Ports Company”)** | Malawi | **100.00** | Maritime Transport | Nov-10 | — |
| Through MEEC África | (Lilongwe) | 88.00 | | | |
| Through ME Malawi | | 12.00 | | | |
| **Malawi Shipping Company Limited (“Malawi Shipping Company”)** | Malawi | **100.00** | Maritime Transport | Nov-10 | — |
| Through MEEC África | (Lilongwe) | 88.00 | | | |
| Through ME Malawi | | 12.00 | | | |
| **Indimo, Lda. (“Indimo”)** | Mozambique | **100.00** | | — | Out-04 |
| Through Cecot | (Maputo) | 50.00 | Real Estate Promotion | | |
| Through MEEC África | | 50.00 | | | |
| **Mota & Companhia Maurícias, Lda. (“Mota Maurícias”)** | Maurícias | **100.00** | | May-10 | — |
| Through MEEC África | (Ebene) | 100.00 | Civil Construction | | |
| **Mota-Engil (Malawi) Limited (“ME Malawi”)** | Malawi | **99.99** | | Jul-11 | — |
| Through MEEC África | (Lilongwe) | 99.99 | Dormant entity | | |
| **Mota-Engil Investments (Malawi) Limited (“ME Investments Malawi”)** | Malawi | **99.00** | | Mar-11 | — |
| Through Mota Engil Africa SGPS | (Lilongwe) | 99.00 | Dormant entity | | |
| **Western Africa** | | | | | |
| **Mota-Engil S.Tomé e Principe, Lda. (“Mota-Engil S. Tomé”)** | S. Tomé and | **100.00** | Contractor for Public Works and/or Civil Construction | Dec-04 | — |
| Through Mota International | (S. Tomé) | 95.00 | | | |
| Through MEEC África | | 5.00 | | | |
| **Penta—Engineering e Construção, Lda. (“Penta”)** | Cape Verde | **100.00** | Civil Construction and public and private works | Apr-07 | — |
| Through MEEC África | | 96.00 | | | |
| Through Mota International | | 4.00 | | | |

The following branches were included in the operating segments:

**MEEC África Branches**

**Angola**

Angola Branch

**SADC**

Mozambique Branch

Malawi Branch

Zambia Branch

**Western Africa**

Cape Verde Branch

**MEEC África BV Branches**

**Eastern Africa**

Uganda Branch

**Investments in associates using equity method**

Group and associate companies included in the combination using the equity method, their registered offices and proportion of share capital held as at **December 2013** were as follows:

| Title | Office | Effective Percentage of Holding |
|---|---|---|
| **Angola** | | |
| Automatriz, SA ("Automatriz") | Angola | 45.00 |
| Icer—Indústria de Cerâmica, Lda. ("Icer") | Angola | 25.50 |

**Investments in subsidiaries included in combined financial statements** using the full consolidation method, their registered offices, the percentage of share capital held, their business and their constitution date as at **December 2012** were as follows:

| Name | Head Office | Effective Percentage of Holding | Activity | Date Founded | Acquisition Date |
|---|---|---|---|---|---|
| **Parent Company of Group and Connected Activities** | | | | | |
| **Mota-Engil África, B.V. ("ME África BV")*** | Netherlands | **100.00** | Holding Company | Oct-12 | — |
| Through Mota-Engil,SGPS | (Amsterdam) | 100.00 | | | |
| **Mota-Engil Engenharia e Construção África, S.A. ("MEEC África")** | Portugal | **100.00** | Execution of works | Aug-12 | — |
| Through ME África BV | (Oporto) | 100.00 | | | |
| **Mota-Engil África, SGPS, S.A. ("Mota-Engil África")** | Portugal | **100.00** | Management of company administration | May-10 | — |
| Through MEEC África | (Oporto) | 100.00 | | | |

## Notes to the combined financial statements

| Name | Head Office | Effective Percentage of Holding | Activity | Date Founded | Acquisition Date |
|---|---|---|---|---|---|
| **Mota Internacional—Comércio e Consultadoria Económica, Lda. (“Mota Internacional”)** | Portugal | **100.00** | Management of company | Sep-97 | Dec-98 |
| Through Mota-Engil África | (Funchal) | 100.00 | administration | | |
| **Angola** | | | | | |
| **Fatra—Fábrica de Trefilaria de Angola, S.A. (“Fatra”)** | Angola | **35.70** | Manufacture of iron by- | — | Nov-10 |
| Through Mota-Engil Angola | (Luanda) | 35.70 | products | | |
| **Mota-Engil Angola, S.A. (“Mota-Engil Angola”)** | Angola | **51.00** | Civil Construction and | May-10 | — |
| Through Mota International | (Luanda) | 51.00 | public and private works | | |
| **Novicer-Cerâmicas de Angola, Lda. (“Novicer”)** | Angola | **51.00** | Manufacture and trading of | Sep-07 | — |
| Through Mota Engil Angola | (Luanda) | 51.00 | clay materials | | |
| **Prefal—Préfabricados de Luanda, Lda. (“Prefal”)** | Angola | **45.90** | Manufacture of pre-stressed | Dec-93 | — |
| Through Mota-Engil Angola | (Luanda) | 45.90 | materials | | |
| **Rentaco Angola—Equipamentos e Transportes, Lda. (“Rentaco Angola”)** | Angola | **51.00** | Rental of construction | Jan-08 | — |
| Through Mota-Engil Angola | (Luanda) | 51.00 | equipment | | |
| **Sonauta—Sociedade de Navegação, Lda. (“Sonauta”)** | Angola | **100.00** | Maritime Transport, | Nov-94 | — |
| Through Mota International | (Luanda) | 100.00 | excluding Coastal Shipping | | |
| **Tracevia Angola—Sinalização, Segurança e Gestão de Tráfego, Lda. (“Tracevia Angola”)** | Angola | **40.80** | Highway Signage | — | Sep-07 |
| Through Mota-Engil Angola | (Luanda) | 40.80 | | | |
| **Akwangola, S.A. (“Akwangola”)** | Angola | **28.03** | Market-related water | Dec-10 | — |
| Through Vista Water | (Luanda) | 28.03 | services and sanitation | | |
| **Vista Energy Environment & Services (“Vista SA”)** | Angola | **51.00** | Holding Company | Jul-08 | — |
| Through Mota-Engil Angola | (Luanda) | 51.00 | | | |
| **Vista Waste Management, Lda (“Vista Waste”)** | Angola | **26.01** | Waste collection | Dec-09 | — |
| Through Vista SA | (Luanda) | 20.91 | | | |
| Through Mota-Engil Angola | | 5.10 | | | |
| **Vista Water, Lda. (“Vista Water”)** | Angola | **28.05** | Market-related water | May-09 | — |
| Through Vista SA | (Luanda) | 21.68 | services and sanitation | | |
| Through Mota-Engil Angola | | 6.38 | | | |
| **SADC** | | | | | |
| **Cecot—Centro de Estudos e Consultas Técnicas, Lda. (“Cecot”)** | Mozambique | **100.00** | Civil Construction Projects | Sep-98 | Apr-11 |
| Through MEEC África | (Maputo) | 100.00 | and Inspection | | |
| **Fibreglass Sundlete (Moç), Lda. (“Fibreglass”)** | Mozambique | **100.00** | Trading | Aug-62 | Mar-99 |
| Through MEEC África | (Maputo) | 100.00 | | | |
| **Emocil—Empresa Moçambicana de Construção e Real Estate Promotion, Lda. (“Emocil”)** | Mozambique | **100.00** | | Jul-94 | — |
| Through MEEC África | (Maputo) | 50.00 | Real Estate Promotion | | |
| Through Indimo | | 50.00 | | | |
| **Indimo, Lda. (“Indimo”)** | Mozambique | **100.00** | | — | Out-04 |
| Through Cecot | (Maputo) | 50.00 | Real Estate Promotion | | |
| Through MEEC África | | 50.00 | | | |

| Name | Head Office | Effective Percentage of Holding | Activity | Date Founded | Acquisition Date |
|---|---|---|---|---|---|
| **Mota & Companhia Maurícias, Lda. ("Mota Maurícias")** | Maurícias | **100.00** | | May-10 | — |
| Through MEEC África | (Ebene) | 100.00 | Civil Construction | | |
| **Mota-Engil (Malawi) Limited ("ME Malawi")** | Malawi | **99.99** | | Jul-11 | — |
| Through MEEC África | (Lilongwe) | 99.99 | Dormant entity | | |
| **Mota-Engil Investments (Malawi) Limited ("ME Investments Malawi")** | Malawi | **99.00** | | Mar-11 | — |
| Through Mota Engil Africa SGPS | (Lilongwe) | 99.00 | Dormant entity | | |
| **Western Africa** | | | | | |
| **Mota-Engil S.Tomé e Principe, Lda. ("Mota-Engil S.Tomé")** | S. Tomé and | **100.00** | Contractor for Public | Dec-04 | — |
| Through Mota International | (S. Tomé) | 95.00 | Works and/or Civil | | |
| Through MEEC África | | 5.00 | Construction | | |
| **Penta—Engineering e Construção, Lda. ("Penta")** | Cape Verde | **100.00** | Civil Construction and | Apr-07 | — |
| Through MEEC África | | 96.00 | public and private works | | |
| Through Mota International | | 4.00 | | | |

* For consolidated combined financial statements purposes

The following branches were included in the operating segments:

### MEEC África Branches

### Angola

Angola Branch

### SADC

Mozambique Branch

Malawi Branch

### Western Africa

Cape Verde Branch

### Investments in associates using equity method

Group and associate companies included in the Group using the equity method, their registered offices and proportion of share capital held as at **December 2012**, were as follows:

| Title | Office | Effective Percentage of Holding |
|---|---|---|
| **Angola** | | |
| Asinter—Comércio Internacional, Lda. ("Asinter") | Angola | 30.00 |
| Auto Sueco Angola, S.A. ("Auto Sueco Angola") | Angola | 25.50 |
| Automatriz, SA ("Automatriz") | Angola | 45.00 |
| Cimertex & Companhia—Comércio Equip. e Ser. Técnicos, Lda. ("Cimertex & Companhia") | Angola | 50.00 |

**Notes to the combined financial statements**

| | | |
|---|---|---|
| Cimertex Angola—Sociedade de Máquinas e Equipamentos, Lda. ("Cimertex Angola") | Angola | 50.00 |
| Icer—Indústria de Cerâmica, Lda. ("Icer") | Angola | 25.50 |

**Investments in subsidiaries included in combined financial statements** using the full consolidation method, their registered offices, the percentage of share capital held, their business and their constitution date as at **December 2011**, were as follows:

| Name | Head Office | Effective Percentage of Holding | Activity | Date Founded | Acquisition Date |
|---|---|---|---|---|---|
| **Parent Company of Group and Connected Activities** | | | | | |
| **Mota-Engil África, B.V. ("ME África BV")*** | Netherlands | **100.00** | Holding Company | Oct-12 | — |
| Through Mota-Engil,SGPS | (Amsterdam) | 100.00 | | | |
| **Mota-Engil Engenharia e Construção África, S.A. ("MEEC África")*** | Portugal | **100.00** | Execution of works | Aug-12 | — |
| Through ME África BV | (Oporto) | 100.00 | | | |
| **Mota-Engil África, SGPS, S.A. ("Mota-Engil África")** | Portugal | **100.00** | Management of company administration | May-10 | — |
| Through MEEC África | (Oporto) | 100.00 | | | |
| **Mota Internacional—Comércio e Consultadoria Económica, Lda. ("Mota Internacional")** | Portugal | **100.00** | Management of company administration | Sep-97 | Dec-98 |
| Through Mota-Engil África | (Funchal) | 100.00 | | | |
| **Angola** | | | | | |
| **Fatra—Fábrica de Trefilaria de Angola, S.A. ("Fatra")** | Angola | **35.70** | Manufacture of iron by-products | — | Nov-10 |
| Through Mota-Engil Angola | (Luanda) | 35.70 | | | |
| **Mota-Engil Angola, S.A. ("Mota-Engil Angola")** | Angola | **51.00** | Civil Construction and public and private works | May-10 | — |
| Through Mota International | (Luanda) | 51.00 | | | |
| **Prefal—Préfabricados de Luanda, Lda. ("Prefal")** | Angola | **45.90** | Manufacture of pre-stressed materials | Dec-93 | — |
| Through Mota-Engil Angola | (Luanda) | 45.90 | | | |
| **Rentaco Angola—Equipamentos e Transportes, Lda. ("Rentaco Angola")** | Angola | **51.00** | Rental of construction equipment | Jan-08 | — |
| Through Mota-Engil Angola | (Luanda) | 51.00 | | | |
| **Sonauta—Sociedade de Navegação, Lda. ("Sonauta")** | Angola | **100.00** | Maritime Transport, excluding Coastal Shipping | Nov-94 | — |
| Through Mota International | (Luanda) | 100.00 | | | |
| **Tracevia Angola—Sinalização, Segurança e Gestão de Tráfego, Lda. ("Tracevia Angola")** | Angola | **40.80** | Highway Signage | — | Sep-07 |
| Through Mota-Engil Angola | (Luanda) | 40.80 | | | |
| **Akwangola, S.A. ("Akwangola")** | Angola | **28.03** | Market-related water services and sanitation | Dec-10 | — |
| Through Vista Water | (Luanda) | 28.03 | | | |
| **Vista Energy Environment & Services ("Vista SA")** | Angola | **51.00** | Holding Company | Jul-08 | — |
| Through Mota-Engil Angola | (Luanda) | 51.00 | | | |
| **Vista Waste Management, Lda ("Vista Waste")** | Angola | **26.01** | Waste collection | Dec-09 | — |
| Through Vista SA | (Luanda) | 20.91 | | | |
| Through Mota-Engil Angola | | 5.10 | | | |

| Name | Head Office | Effective Percentage of Holding | Activity | Date Founded | Acquisition Date |
|---|---|---|---|---|---|
| **Vista Water, Lda. ("Vista Water")** | Angola | **28.05** | Market-related water | May-09 | — |
| Through Vista SA | (Luanda) | 21.68 | services and sanitation | | |
| Through Mota-Engil Angola | | 6.38 | | | |
| **SADC** | | | | | |
| **Cecot—Centro de Estudos e Consultas Técnicas, Lda. ("Cecot")** | Mozambique | **100.00** | Civil Construction Projects | Sep-98 | Apr-11 |
| Through MEEC África | (Maputo) | 100.00 | and Inspection | | |
| **Fibreglass Sundlete (Moç), Lda. ("Fibreglass")** | Mozambique | **100.00** | Trading | Aug-62 | Mar-99 |
| Through MEEC África | (Maputo) | 100.00 | | | |
| **Emocil—Empresa Moçambicana de Construção e Real Estate Promotion, Lda. ("Emocil")** | Mozambique | **100.00** | | Jul-94 | — |
| | | | Real Estate Promotion | | |
| Through MEEC África | (Maputo) | 50.00 | | | |
| Through Indimo | | 50.00 | | | |
| **Western Africa** | | | | | |
| **Mota-Engil S.Tomé e Principe, Lda. ("Mota-Engil S.Tomé")** | S. Tomé and | **100.00** | Contractor for Public | Dec-04 | — |
| Through Mota International | (S. Tomé) | 95.00 | Works and/or Civil | | |
| Through MEEC África | | 5.00 | Construction | | |

* For consolidated combined financial statements purposes

The following branches were included in the operating segments:

### MEEC África Branches

### Angola

Angola Branch

### SADC

Mozambique Branch

Malawi Branch

### Western Africa

Cape Verde Branch

### Investments in associates using equity method

Group and associate companies included in the Group using the equity method, their registered offices and proportion of share capital held as at **December 2011** were as follows:

| Title | Office | Effective Percentage of Holding |
|---|---|---|
| **Angola** | | |
| Asinter—Comércio Internacional, Lda. ("Asinter") | Angola | 30.00 |
| Auto Sueco Angola, S.A. ("Auto Sueco Angola") | Angola | 25.50 |

**Notes to the combined financial statements**

| | | |
|---|---|---|
| Cimertex & Companhia- Comércio Equip. e Ser. Técnicos, Lda. ("Cimertex & Companhia") | Angola | 50.00 |
| Cimertex Angola—Sociedade de Máquinas e Equipamentos, Lda. ("Cimertex Angola") | Angola | 50.00 |
| Icer—Indústria de Cerâmica, Lda. ("Icer") | Angola | 25.50 |
| Novicer-Cerâmicas de Angola, Lda ("Novicer") | Angola | 20.40 |

## SECTION C: UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2014

# Consolidated Financial Statements for six months ended June 30, 2014

# Condensed Consolidated Statement of Financial Position as at 30 June 2014 and 31 December 2013

| | Notes | Jun-14 | Dec-13 |
|---|---|---|---|
| | | € '000 | € '000 |
| **Assets** | | (not audited) | (combined audited) |
| Non-current | | | |
| Goodwill | 5 | 37,526 | 37,526 |
| Intangible assets | | 2,728 | 1,901 |
| Property, plant and equipment | | 250,234 | 261,650 |
| Financial investments under the equity method | | 704 | 712 |
| Available for sale financial assets | 6 | 44,887 | 43,085 |
| Trade and other receivables | | 1,201 | 1,272 |
| Deferred tax assets | | 34 | 34 |
| Cash and cash equivalents | 7 | 53,564 | 53,552 |
| | | **390,877** | **399,732** |
| Current | | | |
| Inventories | | 77,143 | 80,195 |
| Trade receivables | | 702,203 | 703,635 |
| Other receivables | | 159,214 | 193,449 |
| Taxes receivable | | 28,615 | 18,441 |
| Other current assets | | 129,122 | 95,101 |
| Cash and cash equivalents – demand deposits | 7 | 101,824 | 119,083 |
| Cash and cash equivalents - term deposits | 7 | 24,565 | 31,430 |
| | | **1,222,687** | **1,241,333** |
| **Total Assets** | | **1,613,564** | **1,641,065** |
| | | | |
| **Liabilities** | | | |
| Non-current | | | |
| Borrowings | 8 | 137,347 | 129,783 |
| Other payables | | 56,762 | 54,004 |
| Provisions | | 1,303 | 3,864 |
| Deferred tax liabilities | | 3,086 | 2,000 |
| | | **198,499** | **189,651** |
| Current | | | |
| Borrowings | 8 | 199,885 | 223,715 |
| Trade payables | | 185,125 | 147,546 |
| Other payables | | 269,669 | 325,414 |
| Taxes payable | | 68,538 | 51,329 |
| Other current liabilities | | 322,960 | 347,778 |
| | | **1,046,178** | **1,095,783** |
| **Total Liabilities** | | **1,244,676** | **1,285,433** |
| | | | |
| **Shareholders' equity** | | | |
| Share capital | 9 | 100,000 | 18 |
| Other reserves | 9 | 133,197 | 190,837 |
| Consolidated net profit for the period | | 54,290 | 76,167 |
| **Own funds attributable to the Group** | | **287,487** | **267,022** |
| Non-controlling interests | | 81,401 | 88,610 |
| **Total shareholders' equity** | | **368,888** | **355,631** |
| **Total shareholders' equity and liabilities** | | **1,613,564** | **1,641,065** |

To be read with the Notes to the consolidated financial statements

## Condensed Consolidated income statements for the six months ended 30 June 2014 and 2013

| | Notes | 1H14 | 1H13 |
|---|---|---|---|
| | | € '000 | € '000 |
| | | (not audited) | (proforma non audited) |
| Sales and services rendered | 10 | 556,747 | 432,850 |
| Other revenues | | 17,940 | 9,726 |
| Cost of goods sold, materials consumption and subcontractors | | (208,065) | (161,256) |
| Third-party supplies and services | | (148,172) | (100,509) |
| Wages and salaries | | (79,126) | (67,042) |
| Other operating expenses, net | | 1,639 | 1,424 |
| Depreciation and amortization | | (41,170) | (22,887) |
| Provisions and impairment losses | | (2,412) | (3,259) |
| Financial income | 11 | 6,798 | 1,174 |
| Financial costs | 11 | (29,855) | (33,947) |
| Gains / (losses) in associates and jointly controlled companies | | (27) | 106 |
| **Consolidated net profit before income tax** | | **74,297** | **56,380** |
| Income tax | | (11,834) | (8,101) |
| **Consolidated net profit for the period** | | **62,463** | **48,279** |
| | | | |
| Attributable: | | | |
| to non-controlling interests | | 8,173 | 14,679 |
| to the Group | | 54,290 | 33,600 |

To be read with the Notes to the consolidated financial statements

# Consolidated statements of comprehensive income
# for the six months periods ended 30 June 2014 and 2013

| | 1H14 | 1H13 |
|---|---|---|
| | € '000 (not audited) | € '000 (proforma non audited) |
| **Consolidated net profit for the period** | 62,463 | 48,279 |
| **Other comprehensive income that might be recognized in the income statement** | | |
| Exchange differences stemming from translation of financial statements expressed in foreign currencies | 2,354 | 2,014 |
| Other comprehensive income/(expense) in investments in associates using the equity method | 1,636 | (2,847) |
| **Total comprehensive income for the period** | **66,453** | **47,447** |
| Attributable: | | |
| to non-controlling interests | 8,768 | 13,837 |
| to the Group | **57,685** | **33,609** |

To be read with the Notes to the consolidated financial statements

## Consolidated statements of changes in equity
## for the six months periods ended 30 June 2014 and 2013

| | Share capital | Other reserves | Net Profit | Own funds attributable to the Group | Own funds attributable to non-controlling interests | Shareholders' equity |
|---|---|---|---|---|---|---|
| **Balance as at January 1, 2013 (combined audited)** | 0 | 152,517 | 47,845 | 200,362 | 88,018 | 288,380 |
| Total comprehensive income for the period | - | 9 | 33,600 | 33,609 | 13,837 | 47,447 |
| Dividend distribution | - | - | - | - | (2,851) | (2,851) |
| Capital increase | 18 | - | - | 18 | - | 18 |
| Transfers for other reserves | - | 47,845 | (47,845) | - | - | - |
| Changes to the consolidation perimeter and in the ownership interest in subsidiaries | | 364 | - | 364 | 562 | 926 |
| **Balance as at June 30, 2013 (proforma not audited)** | **18** | **200,735** | **33,600** | **234,353** | **99,567** | **333,920** |
| | | | | | | |
| **Balance as at January 1, 2014 (combined audited)** | 18 | 190,837 | 76,167 | 267,022 | 88,610 | 355,631 |
| Total comprehensive income for the period | - | 3,395 | 54,290 | 57,685 | 8,768 | 66,453 |
| Dividend distribution | - | (37,220) | - | (37,220) | (15,977) | (53,197) |
| Capital increase | 99,982 | (99,982) | - | - | - | - |
| Transfers for other reserves | - | 76,167 | (76,167) | - | - | - |
| **Balance as at June 30, 2014 (not audited)** | **100,000** | **133,197** | **54,290** | **287,487** | **81,401** | **368,888** |

To be read with the Notes to the consolidated financial statements

# Consolidated statements of cash flows
# for the six months periods ended 30 June 2014 and 2013

| | Notes | 1H14 | 1H13 |
|---|---|---|---|
| | | € '000 (not audited) | € '000 (proforma not audited) |
| **OPERATING ACTIVITY** | | | |
| Cash received from customers | 13 | 463,647 | 287,688 |
| Cash paid to suppliers | | (313,293) | (180,212) |
| Cash paid to employees | | (64,844) | (56,080) |
| **Cash generated from operating activities** | | **85,510** | **51,396** |
| Income tax paid | | (26,548) | (1,312) |
| Other receipts generated by operating activities | | 822 | 304 |
| **Net cash from operating activities (1)** | | **59,783** | **50,388** |
| **INVESTING ACTIVITY** | | | |
| **Cash receipts from:** | | | |
| Financial investment | | - | 28,812 |
| Property, plant and equipment | | 566 | 189 |
| Interest and similar income | | 1,063 | 1,062 |
| Dividends | | 887 | - |
| | | **2,517** | **30,063** |
| **Cash paid in respect of:** | | | |
| Intangible assets | | (1,019) | - |
| Property, plant and equipment | | (35,910) | (42,534) |
| | | **(36,929)** | **(42,534)** |
| **Net cash from investing activities (2)** | | **(34,412)** | **(12,471)** |
| **FINANCING ACTIVITY** | | | |
| **Cash receipts from:** | | | |
| Loans obtained | | 21,018 | 39,324 |
| | | **21,018** | **39,324** |
| **Cash paid in respect of:** | | | |
| Loans obtained | | (37,285) | (44,049) |
| Amortization of finance lease contracts | | (11,541) | (504) |
| Interest and similar expense | | (20,182) | (10,955) |
| Dividends | 13 | (2,340) | (25,493) |
| | | **(71,348)** | **(81,000)** |
| **Net cash from financing activities (3)** | | **(50,329)** | **(41,676)** |
| | | | |
| Variation of cash & cash equivalents (4)=(1)+(2)+(3) | | (24,959) | (3,759) |
| Variations caused by changes to the perimeter | | - | 1,598 |
| Exchange rate effect | | 835 | (193) |
| Cash & cash equivalents at the beginning of the period | | 150,513 | 116,704 |
| **Cash & cash equivalents at the end of the period** | | **126,389** | **114,349** |

To be read with the Notes to the consolidated financial statements

# Notes to the consolidated financial statements

### 1. General information and background

Mota-Engil Africa N.V. (hereafter also referred to as "the Company") is a public limited liability company incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its principal place of business at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the Dutch trade register of the Chamber of Commerce under file number 56382057.

The Company was incorporated on October, 2012 by Mota-Engil SGPS, S.A. (hereafter also referred to as "the Parent Company"), a public limited company incorporated under the laws of Portugal, having its official seat in Porto, Portugal, and its principal place of business at Rua do Rego Lameiro 38, parish of Campanhã, municipality of Porto, Portugal, registered with the Porto Registry of Companies under file number 502 399 694. Mota-Engil SGPS, S.A. is listed on the PSI-20, the main stock market index of Euronext Lisbon.

The principal activities of the Parent Company and its subsidiaries (collectively, the "Parent Group") are public and private construction work, transport concessions and environment and services in the following regions: Africa (hereafter also referred to as "Africa Business"), Europe and Latin America.

In 2012 the Parent Company started a process of internal reorganisation of shareholding stakes it owned in several companies of Africa Business, such as:

- In October 2012 the Company was incorporated. to be the holding company for the African Business, with an outstanding share capital of 18,000 euros.

- In December 2013, the Parent Company performed a breakup-merger of Mota-Engil Engenharia e Construção, S.A. (hereafter also referred to as "MEEC"), until then holding all engineering and construction companies of the Parent's Group, into Mota-Engil Engenharia e Construção África, S.A. (hereafter also referred to as "MEEC Africa"), a company headquartered in Portugal. This operation allowed the detachment of part of the assets of the former, some of which were already allocated to the different existing branches, corresponding to the civil construction and public works activities MEEC had been conducting in the African Continent and integrating it, through a merger, in the latter company. The assets and liabilities of that company include all civil construction and public works activities that were conducted in South Africa, Angola, Cape Verde, Malawi, Mauritius, Mozambique, Zimbabwe and S. Tomé and Príncipe and are described in the demerger and merger by incorporation project approved by the companies involved in the process, together with the balance sheet of the merger as at 31 December 2012.

- In January 2014, the Parent Company, acting as the holder of the entire share capital of Mota-Engil Africa N.V. and Mota-Engil, Engenharia e Construção África, S.A., proceeded to transfer its shares in MEEC Africa to Mota-Engil Africa N.V. This operation was performed as an issuance of new shares of the Company against the non-cash contribution of the Parent Company, consisting in the contribution of the total shares of MEEC Africa. With this operation the Company's equity raised 255,270 thousand euros with the issuance of 99,982,000 new shares with a nominal value of 1 euro each and the correspondent recording of a share premium of 155,288 thousand euros. With this operation the Company was left with an outstanding share capital of 100,000,000 euros as at June 31, 2014.

The principal activity of the Company and its subsidiaries (collectively, "the Group") is public and private construction work and related activities in Africa.

These consolidated financial statements are presented in euros (thousand) which is the presentation currency of the Group. Rounding differences might occur.

## 2. Accounting policies

### Basis of preparation

<u>2013 and 1st Half 2013 combined consolidated Financial Statements</u>
These non statutory combined consolidated Financial Statements reflect the assets, liabilities, revenues, expenses and cash flows of the Group. Certain income, expenses, assets and liabilities of certain non operating companies in the Group have not been included in these combined financial statements because the activities did not relate to the operating activities of the Group and the assets and liabilities will be transferred out of the non operating company to the Parent prior to any disposal.

These combined consolidated financial statements represent an aggregation of the financial information of the Group. These combined consolidated financial statements have been derived from the accounting records of the Company and its subsidiaries and are prepared in Euros ("Euro") using principles consistent with International Financial Reporting Standards as adopted by the European Union ("IFRS") by aggregating the historical results of operations, and the historical basis of assets and liabilities, of the Group. Euro is the reporting and functional currency of the Group. The combined consolidated financial statements are presented in thousands of euro, except when otherwise indicated. Rounding differences might occur.

The combined financial statements have been prepared on a going concern basis. These combined consolidated financial statements may not be indicative of the Group's financial performance and do not necessarily reflect what the Group's combined results of operations, financial position and cash flows would have been had the Group operated as an independent entity during the periods presented.

All transactions and balances between entities included within the combined Group have been eliminated. Transactions and balances with the Parent, or other non Group entities controlled by the Parent are classified as related party transactions.

To the extent that an asset, liability, revenue or expense is directly associated with the Group, it is reflected in the accompanying combined consolidated financial statements. Certain expenses, as described below, as well as debt and related interest expense have been allocated by the Parent to the Group. Management believes that such allocations are reasonable; however, they may not be indicative of either the actual results of the Group had the Group been operating as an independent entity for the periods presented or the amounts that will be incurred by the Group in the future.

External suppliers and services charged by Mota-Engil Africa that are related to rental of equipment used in the African business entities have been reclassified to tangible assets depreciations, computed in accordance with their useful lives, on a consistent basis with the inclusion of such tangible assets in the combined balance sheet. External suppliers and services charged by Mota-Engil Africa that are related to personnel and labour costs allocated to the African business, have been classified in the combined income statement as payroll costs per the related actual payroll costs incurred. Income tax expense has been recomputed and recorded in the combined financial statements taking into consideration the actual income tax rates in each of the African countries where the operations occurred and are taxable.

Interim financial statements are presented quarterly, in accordance with IAS 34 – "Interim Financial Reporting".

The list of individual legal entities included within these consolidated financial statements is provided in Appendix A. Companies. These entities have been classified as subsidiary or associate undertakings as described in Appendix A.

All transactions and balances between entities included within the Group have been eliminated. Transactions and balances with the Parent, or other non-Group entities controlled by the Parent are classified as related party transactions.

**Application of new and revised IFRSs in issue but not yet effective**

The Group has elected to apply the same accounting policies as those applied in the historical reporting of financial information of Mota-Engil S.G.P.S., S.A.

In the six months period ending on the June 30, 2014 the following standards, interpretations, alterations and revisions endorsed by the European Union became effective:

| EU Regulation | IASB Standard or IFRIC Interpretation endorsed by European Union | Issued in | Mandatory for financial years beginning on or after |
|---|---|---|---|
| Regulation no. 1254/2012 | IFRS 10 Consolidated Financial Statements | May 2011 | January 1, 2014 |
| Regulation no. 1254/2012 | IFRS 11 Joint Arrangements | May 2011 | January 1, 2014 |
| Regulation no. 1254/2012 | IFRS 12 Disclosure of Interests in Other Entities | May 2011 | January 1, 2014 |
| Regulation no. 1254/2012 | IAS 27 Separate Financial Statements | May 2011 | January 1, 2014 |
| Regulation no. 1254/2012 | IAS 28 Investment in Associates and Joint Ventures | May 2011 | January 1, 2014 |
| Regulation no. 1256/2012 | IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendment) | December 2011 | January 1, 2014 |
| Regulation no. 313/2013 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) | June 2012 | January 1, 2014 |
| Regulation no. 1174/2013 | IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities (Amendment) | October 2012 | January 1, 2014 |
| Regulation no. 1374/2013 | IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets (Amendment) | May 2013 | January 1, 2014 |
| Regulation no. 1375/2013 | IAS 39 Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting (Amendment) | June 2013 | January 1, 2014 |

The effects of the adoption of the above mentioned standards, interpretations, alterations and revisions were not significant.

The following standards, interpretations and amendments are still pending for endorsement by the European Union:

| IASB Standard or IFRIC Interpretation | Issued in | Expected application for financial years beginning on or after |
|---|---|---|
| IFRS 9 - Financial Instruments (new) | November 2009 | To be determined |
| IFRS 14 - Regulatory Deferral Accounts (new) | January 2014 | January 1, 2016 |
| IAS 19 Employee Benefits: Defined Benefit Plans - Employee Contributions (Amendment) | November 2013 | July 1, 2014 |
| Annual Improvements to IFRS's 2010–2012 Cycle: IFRS 2 Share-Based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets (Amendment) | December 2013 | July 1, 2014 |
| Annual Improvements to IFRS's 2011–2013 Cycle: IFRS 1 First-time Adoption of IFRS, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property (Amendment) | December 2013 | July 1, 2014 |

Since they are not mandatory, the Group has not applied any of the standards referred to above, and the effects of their application have not yet been fully estimated at the present date.

**Business combinations**

Acquisitions of subsidiaries and businesses other than those under common control are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

**Goodwill**

Differences between the acquisition price of the financial investments in Group companies (subsidiaries), plus the value of non-controlling interests, and the amount attributed at fair value of the identifiable assets and liabilities of these companies on the date of their acquisition, when positive, are recorded under the heading "Goodwill" and, when negative, after revaluation of their calculation, are recorded directly in the income statement. Differences between the acquisition price of financial investments in associates and joint ventures, and the amount attributed at fair value of the identifiable assets and liabilities of these companies, on the date of their acquisition, when positive, are maintained under the heading "Financial investments stated through the equity method" and when negative, after revaluation of their calculation, are recorded directly in the income statement.

Furthermore, differences between the acquisition cost of investments in subsidiaries based abroad and the fair value of the identifiable assets and liabilities of these subsidiaries on the date of their acquisition are recorded in the reporting currency of these subsidiaries, and converted to the Group's reporting currency (Euro) at the exchange rate in force on the reporting date. Any currency conversion differences created during this conversion are recorded under the heading "Currency conversion reserve".

For each business combination the Group measures any non-controlling interest in the acquired entity in proportion to the non-controlling interest in the identifiable net assets of the acquired entity.

Transactions of purchase or sale of interests in entities that are already controlled, without such resulting in loss of control, are treated as transactions between equity holders affecting only the equity headings, without there being impact under the "Goodwill" heading or in the income statement.

Furthermore, when a sale transaction results in a loss of control, the assets and liabilities of the entity are derecognised, and any interest retained in the disposed entity is remeasured at fair value, where any loss or gain calculated with the disposal is recorded through profit or loss.

On an annual basis and with reference to the accounts closing date, the Company carries out formal tests of impairment of goodwill. Whenever the amount at which the positive consolidation difference is recorded is higher than its recoverable amount, an impairment loss is recognised, recorded in the income statement under the heading "Other operating costs". The recoverable amount is the highest value between net sales price and the value in use. The net sales value is the amount which would be obtained with the disposal of the asset in a transaction within the reach of the parties involved, minus the costs directly attributable to the disposal. The value in use is the present value of the estimated future cash flow that is expected to arise from the continued use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each asset, individually or, where this is not possible, for the cash generating unit (CGU) to which the asset belongs.

An impairment loss is recognised for a CGU if, and only if, its recoverable amount is less than its carrying amount. The impairment loss is allocated to reduce the carrying amount of the assets of the unit or group of units in the following order:

- first, to goodwill allocated to the CGU; and
- then, to the other assets of the unit or group on a pro rata basis based on the carrying amount of each asset in the unit or group of units.

Impairment losses on goodwill cannot be reversed.

**Intangible assets**

Intangible assets are recorded at acquisition or production cost, minus amortisations and any accumulated impairment losses, and recognised only if it is likely that they will generate future economic benefits for the Group, and if their value can be reasonably measured and if the Group has control over them.

Brands and patents without defined useful life are recorded at their acquisition cost, and are not subject to amortisation, with their value being subject to impairment tests on an annual basis and whenever there are indications of impairment.

Software and development costs are amortised through the straight-line method over a period between three to six years.

Research expenses are recognised as a cost for the year when they are incurred.

**Property, plant and equipment**

Property, plant and equipment are recorded at acquisition cost minus any subsequent accumulated depreciation and any accumulated impairment losses. Construction in progress represent assets still under construction/development, and are recorded at acquisition cost minus any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the asset's useful life. Depreciation begins as long as the underlying asset is available for use and in the necessary conditions, in terms of quality and technical reliability, to operate as intended by the Group's Board of Directors. Useful life is determined by management based on the asset's expected use term; wear out rate, technical obsolescence and the residual value. Residual value attributable to the asset is estimated based on the residual value prevailing at the date of estimate of a similar asset which has reached the end of its useful life and has been operating under conditions similar to those in which the asset will be used.

Depreciation rates used correspond to the following years of estimated useful lives:

| | |
|---|---|
| Buildings | 20 to 50 |
| Equipment | |
| Basic equipment | 3 to 10 |
| Administrative equipment | 4 to 10 |
| Transport equipment | 3 to 10 |
| Tools and utensils | 3 to 6 |
| Other tangible assets | 3 to 10 |

Expenses related to replacement of property plant and equipment components are added to the respective asset, with the net value of the replaced component written off and recorded at "Other operating costs" line.

Maintenance and repair costs that neither increase useful life nor give rise to significant improvements of the asset are expensed when they occur.

Depreciation and amortisation of the tangible and intangible assets are recorded on a monthly basis under the heading "Amortisation", in the income statement. Any changes to the period of estimated useful life of the tangible assets are carried out prospectively.

At each balance sheet date, the Group reviews carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

**Leasing**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

The classification of leasing into finance or operating is undertaken based on the substance and not the form of the contract.

Tangible assets acquired under finance lease contracts are recorded as property, plant and equipment and their corresponding accumulated depreciation and any outstanding debts is stated in accordance with the contractual financial plan. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

In leases considered as operating, the lease payments owed are recognised as an expense in the income statement on a linear basis during the lease period.

**Financial assets and liabilities**

Financial assets and liabilities are recognised in the statement of the financial position when the Group becomes a contracting party of the respective financial instrument.

a) Financial instruments

The Group classifies financial investments into the following categories: “Investments recorded at fair value through profit or loss”, “Loans and accounts receivable”, “Investments held to maturity”, “Investments available for sale” and “Loans and accounts payable”. The classification depends on the intention underlying the acquisition of the investment.

The classification is defined at the time of the initial recognition and reappraised on a half-year basis.

Investments recorded at fair value through profit or loss are divided into two subcategories: “Financial assets held for trading” and “Investments recorded at fair value through profit or loss”. A financial asset is classified into this category, particularly, when acquired for the purpose of its sale in the short term or if the adoption of valuation through this method eliminates or significantly reduces an accounting lag. Derivative instruments are also classified as held for trading, unless they are assigned to hedging operations. Assets of this category are classified as current assets if they are held for trading or if expected to be realised within 12 months of the reporting date.

Loans and accounts receivable are non-derivative financial assets, with fixed or variable repayment, which are not listed in active markets. These financial investments arise when the Group provides cash, products or services directly to a debtor with no intention to negotiate the debt. “Loans and accounts receivable” are classified as current assets, except in cases where their maturity is longer than 12 months after the reporting date, in which case they are classified as non-current assets. In both cases, this category appears in the statement of the financial position, included under the headings “Customers” and “Other debtors”.

Investments available for sale include non-derivative financial assets intended to be sold or those that do not fall under the previous categories. This category is included in non-current assets unless the Board of Directors intends to sell the investment within 12 months as at the reporting date.

Investments held to maturity are classified as non-current investments, unless they fall due within 12 months as at the reporting date.

All purchases and sales of these investments are recognised on the date of the signing of the respective purchase and sale contracts, regardless of the financial settlement date.

These investments are initially recorded at their acquisition value, which is the value paid on the acquisition date and corresponds to their fair value on that date, including transaction costs.

After initial recognition, investments recorded at fair value through profit or loss and investments available for sale are revalued at their fair values as marked to market as at the reporting date, with no deduction relative to any transaction costs which might occur up to their sale. In the absence of a determinable fair value, certain available for sale investments may be recorded at cost, less impairment (if any).

Gains or losses arising from a change in the fair value of investments available for sale are recorded in the consolidated statement of comprehensive income, under the heading “Fair value reserves – investments available for sale” until the investment is sold, received or disposed of in any form, or in situations where the fair value of the investment is lower than its acquisition cost and this situation is considered a significant or permanent impairment loss, at which time the accumulated gain or loss is recorded separately in the income statement.

Gains or losses arising from a change in the fair value of the investments held for trading are recorded in the income statement for the year.

Gains and losses realised or not arising from a change in the fair value of “Investments recorded at fair value through profit or loss” are recorded in the income statement for the year.

Fair value of investments is based on current market prices. If the market to which the investments belong is not an active market (unlisted investments), the Group records them at acquisition cost minus any accumulated impairment losses. The fair value of listed investments is calculated based on the closing price of the respective market as at the reporting date.

The Group performs valuations as at each reporting date whenever there is an evidence that a financial asset might be impaired. In case equity instruments classified as available for sale demonstrate a significant or long decline in fair value to the level below their cost that indicates impairment. For all other assets, objective indications of impairment may include:

- significant financial difficulties by the counterparty in settling its debts;
- failure to meet payments in due time by the counterparty relative to credit extended by the Group; and
- high probability that the counterparty might enter into bankruptcy or debt restructuring proceedings.

For financial assets recognised at amortised cost, the amount of the impairment is calculated as the difference between their book value and the present value of future cash flow discounted at the initial effective interest rate.

The book value of financial assets is reduced directly by any detected impairment losses, with exception of the accounts receivable from customers and other debtors for which the Group constitutes a specific account of “Accumulated impairment losses”. When an account receivable from customers and other debtors is considered unrecoverable, it is written-off against the “Accumulated impairment losses” account. Amounts received subsequently relative to written-off accounts receivable and other debtors are credited to the income statement for the year. Changes to "Accumulated impairment losses" are recorded in the income statement for the year.

Gains or losses arising from a change in fair value of available for sale investments are recognized directly in equity, until the investment is sold or otherwise disposed, of or until it is determined to be impaired. Cumulative gain or loss previously recognized in equity is transferred to net profit or loss at that time.

Investments held to maturity are recorded at amortised cost through the effective interest rate method, net of amortisation of principal and interest received if any.

Dividends received relative to equity instruments classified as "Investments available for sale" are recognised in the income statement in the year when the right to receive them was established.

b) Trade and other receivables

"Trade and other debtors" are recorded at their nominal value less any accumulated impairment losses, so that they reflect their net realisable value.

c) Borrowings

Borrowings are recorded at amortised cost. Any costs incurred with the issue of loans are recorded as a deduction to the debt and recognised, over the lifetime of these loans, in accordance with the effective interest rate method.

d) Accounts payable

Accounts payable, included under the headings "trade and other payables" which do not incur interest, are recorded at their nominal value, which is substantially equivalent to their fair value, since the effect of any discount is considered immaterial due to short-term period of settlement.

e) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified in accordance with the contractual substance of the transaction. The Group defines equity instruments as those where the underlying contract of the transaction shows that the Group holds a residual interest in a set of assets after deduction of a series of liabilities.

**Cash and cash equivalents**

The amounts included under the heading "Cash and cash equivalents" correspond to cash, bank sight and term deposits and other cash investments falling due within less than three months, that are repayable on demand and have an insignificant risk of change of value.

**Inventories**

Merchandise and raw materials and consumables are valued at the lowest value between the average acquisition cost and the respective market value (estimate of their sales price minus the costs to be incurred with their disposal). Finished and semi-finished products, by-products, and products and work in progress are valued at production cost, which is lower than their market value. Production costs include the cost of raw material, direct labour and general factory costs.

Inventory obsolescence provision is recorded to reflect the difference between the cost value of the inventories and their respective net realisation value, in cases where the latter is lower than the cost as at the reporting date.

**Accrual accounting**

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.
“Other current assets” and “Other current liabilities” include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses in future years, thus being recorded in the income statement of the future period.

**Revenue**

Revenue is recorded at the fair value of the assets received or receivable, net of discounts and expected returned products.

a) Production and services rendered that have not been invoiced

The Group recognises the net income of the works of each contract in accordance with the percentage completion method, which is defined as being the ratio between the costs incurred in each work up to a given date and the sum of these costs with the costs estimated to complete the work. The differences obtained between the values resulting from the application of the percentage completion to the estimated income and the invoiced values are stated under the subheadings "Production not invoiced" or "Advance billing”, included under the headings “Other current assets” and “Other current liabilities” respectively.

Variation in the work relative to the amount of revenue agreed in the contract is recognised through profit or loss for the year when it is probable that the customer will approve the amount of revenue arising from the variation and it may be measured reliably.

Claims for reimbursement of costs not included in the contract price are included in the revenue of the contract when the negotiations reach an advanced stage, indicating that it is likely that the customer will accept the claim and it can be measured reliably.

In order to meet costs to be incurred during the works’ warranty period, the Group recognises a liability on an annual basis to meet this legal obligation, which is calculated taking into account the annual volume of production and the historical records of costs incurred in the past with works during the warranty period.

When it is likely that the total costs foreseen in the construction contract exceed the income defined therein, the expected loss is recognised immediately in the income statement for the year.

b) Civil construction works and public works of short duration

In these service contracts, the Group recognises the income and costs as they are invoiced or incurred, respectively.

c) Recognition of costs and income in real estate business

Relevant costs incurred with real estate undertakings are calculated taking into account the direct construction costs as well as all the costs related to the preparation of projects and licensing of works. Costs imputable to the funding, supervision and inspection of the undertaking are also added to the cost of real estate undertakings, provided that they are still underway.

For the effect of capitalisation of financial costs and costs related to the supervision and inspection of the undertaking, it is considered that it is underway if awaiting decision of the authorities involved or if it is under construction. Should the undertaking not be at either of these stages, it is considered stopped and the capitalisation referred to above is suspended.

Pursuant to IFRIC 15, sales generated by the real estate business are recognised when all the risks associated to the asset are substantially transferred to the buyer (that is, at the time of the signing of the property deed).

d) Sales and all other businesses

Revenue arising from sales and all other business is recognised at the time of its realisation or with reference to the completion stage of the transaction as at the reporting date, provided that all of the following conditions are met:

- the amount of the revenue can be measured reliably;
- it is probable that future economic benefits associated to the transaction will flow into the Group;
- the costs that have or will be incurred with the transaction can be measured reliably; and
- the completion stage of the transaction as at the reporting date can be measured reliably.

**Other income**

Interest income is recognised using the effective interest rate method, provided that it is likely that Group will receive economic benefits and their amount can be measured reliably.

Revenue derived from dividends is recognised when the Group's right to receive the corresponding amount is established.

**Costs related to the preparation of proposals**

Costs incurred with the preparation of proposals for various tenders are recognised in the income statement for the year when they are incurred, since the outcome of the proposal is not controllable.

**Own work capitalised**

Own work capitalised basically corresponds to construction and improvement work, carried out by the actual companies, as well as major repair of equipment and includes costs related to materials, direct labour and general expenses.

These expenses are capitalised only when the following requirements are met:

- the assets developed are identifiable;
- there is strong probability that the assets will generate future economic benefits; and
- the development costs are measurable in a reliable manner.

**Foreign currency translation**

All transactions in foreign currency are recorded in the functional currency at the time of their initial recognition through the application, to the amount in foreign currency, of the spot exchange rate between the functional currency and the foreign currency as at the transaction date.

At the end of each reporting period: a) monetary items in foreign currency are converted at the closing rate; b) non-monetary items which are measured in terms of historical cost in a foreign currency are converted through use of the exchange rate as at the transaction date; and c) non-monetary items which are measured at fair value in a foreign currency are converted at the exchange rates as at the date when the fair value was determined.

Currency conversion differences arising from the settlement of monetary items or from the conversion of monetary items at rates which are different from those used to convert them in the initial recognition during the period or in previous financial statements are recognised through profit or loss for the period when they occur, unless they arise from a monetary item which is part of a net investment in a foreign operating unit. In this case, these currency conversion differences are initially recognised in other comprehensive income and reclassified from equity to profit or loss at the time of the disposal of the net investment.

In preparing the accompanying consolidated financial statements, the net income and financial position of entities belonging to the consolidation perimeter, whose functional currencies are not the currency of a hyperinflationary economy, are converted into Euro, which is the presentation currency of the Group, using the following procedures: a) the assets and liabilities of each statement of the financial position presented are converted at the closing rate as at the reporting date; b) the income and costs of each comprehensive income statement or separate income statement that is presented are converted at the annual average rates; and c) all the resulting currency translation differences are recognised under other comprehensive income, affecting the equity heading "Currency translation reserve". At the time of the disposal of these foreign entities, the accumulated currency translation differences are recorded in the income statement for the year.

The information on the functional currencies (primary economic environment) of the main subsidiaries is broken down as follows:

| Subsidiary | Head Office | Business segment | Country/foreign currency | Functional currency |
|---|---|---|---|---|
| Mota-Engil Engenharia e Construção África, S.A. | Portugal | Holdding | Euro (EUR) | Euro (EUR) |
| Mota-Engil Angola, S.A. | Angola | Angola | Angolan kwanza (AOA) | US Dollar (USD) |
| Vista Waste Management, Lda | Angola | Angola | Angolan kwanza (AOA) | Angolan kwanza (AOA) |
| Angola branch of Mota-Engil Engenharia e Construção África, S.A. | Angola | Angola | Angolan kwanza (AOA) | US Dollar (USD) |
| Malawi branch of Mota-Engil Engenharia e Construção África, S.A. | Malawi | SADC | Malawian kwacha (MWK) | Euro (EUR) |
| Mozambique branch of Mota-Engil Engenharia e Construção África, S.A. | Mozambique | SADC | Mozambican metical (MZN) | Euro (EUR) |
| Cosamo (Proprietary) Limited | South Africa | SADC | South African rand (ZAR) | South African rand (ZAR) |

Consolidation differences and adjustments to fair value of the assets and liabilities of foreign entities are treated as assets and liabilities in foreign currency and are converted into Euro using the exchange rates as at the reporting date.

The financial statements of subsidiaries and branches expressed in foreign currency are converted into Euro.

The exchange rates used to convert the accounts of the Group's foreign companies, joint ventures and associates into Euro were as follows:

| Currency exchange | | Period end | | Average | |
|---|---|---|---|---|---|
| | | 1H14 | 1H13 | 1H14 | 1H13 |
| US Dollar | EUR / USD | 1.37 | 1.31 | 1.37 | 1.31 |
| Angola Kwanza | EUR / AOK | 132.99 | 125.13 | 133.30 | 125.39 |
| S. Tomé and Príncipe Dobra | EUR / STD | 24,500.00 | 24,500.00 | 24,500.00 | 24,500.00 |
| Cape Verde Escudo | EUR / CVE | 110.27 | 110.27 | 110.27 | 110.27 |
| Malawian Kwacha | EUR / MWK | 538.81 | 426.41 | 556.07 | 476.76 |
| Mozambique Metical | EUR / MZN | 41.65 | 38.92 | 41.80 | 39.31 |
| Zambian Kwacha | EUR / ZMW | 8.61 | n.a. | 8.45 | n.a. |
| South Africa Rand | EUR / ZAR | 14.46 | 13.07 | 14.66 | 12.30 |

## Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income.

The Group is subject to income taxes in numerous jurisdictions. The amount of income tax included in the income statement is determined in accordance with the rules established by the different domestic tax authorities, based on which income taxes are payable or recoverable.

Deferred tax assets and liabilities, arising from temporary differences between the carrying amounts of assets and liabilities and the tax base of assets and liabilities, are calculated using the substantively enacted tax rates expected to apply when they are realised or settled. Deferred tax assets are recognised if it is probable that they will be realised. Deferred tax assets and liabilities where a legally enforceable right to offset exists and within the same tax group are presented net in the balance sheet.

Portuguese companies which are members of an economic group may opt to be taxed under the special tax regime of group taxation (RETGS). In this regime companies are subject to overall taxation on the mathematical sum of their respective taxable profits, whether positive or negative. Since January 2010 the Parent Company is covered by the referred regime and covers all the subsidiaries held directly or indirectly by the Parent Company through at least 90% (this threshold was reduced to 75% as at January 1 2014) of the share capital and which are resident in Portugal and subject to Corporate Income Tax. MEEC Africa is included in this tax group.

According to the Portuguese Controlled Foreign Corporations (CFC) rules, in force until 31 December 2013, profits of companies resident outside Portugal and subject to a more favourable taxation regime are imputed to the Portuguese resident shareholders. This provision is applicable where the Portuguese resident shareholders hold, directly or indirectly, at least 25% of the non-resident company or where more than 50% of the non-resident company is held, directly or indirectly, by Portuguese residents, each holding 10%. In this context profits obtained by Mota & Companhia Maurícias, an entity tax resident in Mauritius, should be allocated to MEEC Africa in Portugal, in light of the fact that Mauritius is currently listed as a more favourable tax regime by Portuguese Tax Authorities.

However, as at January 1, 2014, CFC rules as described above were changed and profits of companies resident outside Portugal and subject to a more favourable tax regime should not be imputed to the Portuguese resident shareholders provided that certain conditions are met. In essence, these conditions demand that at least 75% of the income derived by the non-resident entity originates from an operational activity (be it (i) agricultural or industrial; or (ii) commercial or rendering of professional services, not predominantly directed to the Portuguese market). As such, in so far that Mota & Companhia Maurícias derives at least 75% of its income from the rendering of services, profits obtained by the Company afterwards should not be imputed to MEEC Africa. Notwithstanding, future dividends from Mota & Companhia Maurícias paid to MEEC Africa, that arises from profits not yet imputed for taxation in Portugal, will be subject to Portuguese corporate income tax.

Permanent establishment (PE) of a Portuguese resident company and according to Portuguese tax rules in force until 31 December 2013, profits and losses from a PE of a Portuguese resident company are mandatorily included on the basis for corporate taxation. Additionally, Portugal grants a foreign tax credit to be offset against corresponding Portuguese tax, capped at the lower of (i) the tax liability corresponding to the foreign income, net of costs directly or indirectly incurred, or (ii) the foreign tax paid. In both cases, it is limited to the foreign tax as foreseen in the applicable double-taxation treaty. In this context profits that arose from MEEC Africa PEs were included in the basis for corporate taxation in Portugal and the correspondent foreign tax credits were offset.

As at January 1, 2014, Portuguese tax resident entities can opt to disregard, income derived from their non-resident Permanent Establishments, for Portuguese corporate income tax purposes. In this sense, provided that certain conditions are met, MEEC Africa can opt to disregard income derived from its PEs, effectively excluding them from the basis of its corporate taxation in Portugal. We also note that, if opted, this regime must be left in place for at least 3 years.

The Company has been granted exemption of Corporate Income Tax for MEEC Africa Angola branch (8 years, starting in fiscal year of 2007 and ending in fiscal year of 2014), for Mota-Engil Angola (for 8 years, starting in fiscal year 2011 and ending in fiscal year 2018) and for Vista Waste (for 4 years, starting in fiscal year 2011 and ending in fiscal year 2014).

**Borrowing costs**

Financial costs related to loans received are generally recognised as an expense, in accordance with the accrual accounting principle.

Financial costs related to loans received that are directly related to the acquisition, construction or production of fixed assets, or associated to real estate projects classified under inventories, are capitalised, thus being incorporated in the cost of the asset. Borrowing costs capitalisation starts after the beginning of preparation to the construction or development of the asset and is interrupted after the beginning of its use, the end of production or construction of the asset, or when the project in question is suspended.

**Provisions**

Provisions are recognised when, and only when, the Group has a present obligation (legal or implicit) arising from a past event, it is likely that in order to resolve this obligation there will be an outflow of funds and the amount of the obligation can be estimated reasonably. Provisions are reviewed on each reporting date and adjusted so as to reflect the best estimate on that date, taking into account the risks and uncertainties inherent to such estimates. When a provision is calculated in view of the future cash flow required to settle this obligation, it is recorded at the current values of this future cash flow.

Provisions for restructuring costs are recognised by the Group whenever there is a formal and detailed restructuring plan and it has been disclosed to the parties involved.

**Impairment of assets other than goodwill**

Impairment is assessed annually and whenever an event or alteration in circumstances is identified which indicates that the amount at which an asset is stated might not be recovered. Whenever the amount at which an asset is recorded is higher than its recoverable amount, an impairment loss is recognised, recorded in the income statement under the heading “Other operating costs”. Recoverable amount is the highest value between the net sales price and the value in use. Net sales price is the amount which would be obtained with the disposal of the asset in a transaction within the reach of the parties involved, minus any costs directly attributable to the disposal. The value in use is the present value of the estimated future cash flow which would be expected to arise from the continued use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each asset, individually or, if this is not possible, for the cash generating unit to which the asset belongs.

The reversal of impairment losses recognised in previous years is recorded when the factors which led to its recording no longer exist and, consequently, the asset is no longer impaired. The reversal of impairment losses is recognised in the income statement as net operating income. However, the reversal of an impairment loss is undertaken up to the limit of the amount that would have been recognised (either through its historical cost or through its revalued amount, net of amortisation or depreciation), if the impairment loss had not been recorded in previous years.

Evidence of the existence of impairment in the accounts receivable arises when:

- the counterparty is in significant financial difficulty;
- there are significant delays in the payment of interest and other important payments by the counterparty; and
- it becomes likely that the debtor will enter into liquidation or financial restructuring.

Any reductions in net realisable value of inventories are calculated based on market values and various inventory rotation indicators.

For “Goodwill” and “Financial investments”, the recoverable amount is essentially determined based on the latest financial projections on these assets.

**Classification of the statement of the financial position**

Assets that are realisable and liabilities that are payable more than one year after the reporting date are classified, respectively, as non-current assets and non-current liabilities.

**Contingencies**

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in the Notes, unless the possibility of an outflow of funds is remote.

A contingent asset is not recognised in the financial statements, but is disclosed in the Notes whenever it is likely that there will be a future economic benefit.

**Subsequent events**

Events occurring after the reporting date that provide additional information on conditions that existed as at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the reporting date that provide information on conditions that occur after the reporting date (non-adjusting events), if material, are disclosed in the Notes to the consolidated financial statements.

**Judgements and estimates**

In preparing the consolidated financial statements, the Group's Board of Directors based its work on its best knowledge and experience of past and current events, considering certain assumptions relative to future events.

The most significant accounting estimates reflected in the condensed consolidated financial statements for the period ended in June 2014 include:

- recording of provisions and impairment losses for accounts receivable and inventories;
- recognition of income and costs for works in progress; and
- outcome of legal and tax proceedings underway filed against the Group and possible need of provision.

The estimates were determined based on the best information available as at the date of preparation of the consolidated financial statements. However, situations might occur in subsequent periods which, due to not being predictable at the moment, were not considered in these estimates. Any changes to these estimates which occur after the date of the consolidated financial statements will be corrected profit or loss in a prospective manner, pursuant to IAS 8.

**Cash flow statement**

The accompanying consolidated cash flow statement is prepared in accordance with IAS 7, through the direct method. The Group classifies investments falling due in less than three months and for which the risk of alteration of value is insignificant, as well as deposits given in guarantee under contractual clauses, under the heading "Cash and cash equivalents".

The cash flow statement is classified into operating, financing and investment activities. Operating activities comprise receipts from customers, payments to suppliers, payments to staff and others related to operating activity. The cash flow involved in investment activities includes, in particular, acquisitions and disposals of investments in subsidiaries and receipts and payments arising from the purchase and sale of fixed assets.

The cash flow related to financing activities includes, namely, payments and receipts relative to loans received, finance lease contracts and payment of dividends.

**Financial risk management**

The Group is exposed to a variety of financial risks, in particular risks related to interest rates, foreign exchange rates for transactions and conversions, liquidity and credit. This series of financial risks arises from the development of business activity and leads to uncertainties regarding the capacity to generate cash flows and returns that are adequate for the remuneration of equity. The Group's financial risk management policy seeks to minimise the adverse impacts and effects resulting from the uncertainty characteristic of financial markets. This uncertainty, reflected in various aspects, requires special attention and specific and effective management measures.

The financial risk management activity is coordinated by Corporate Finance Department, with the assistance and support of Department of Planning and Corporate Management Control Department, and is carried on pursuant to the guidelines approved by the Board of Directors, with the advisory interventions of the Audit, Investment and Risk Committee, as delegated by the Board, without ever ceasing to be the responsibility of the management bodies of each of the business units of the Group.

The Group's position in relation to financial risk management is cautious and conservative, resorting, when advisable, to derivative instruments for hedging, always from the perspective that these are related to the normal and daily business activity of the Company, never assuming positions in derivatives or other financial instruments of a speculative nature.
The different types of financial risk are interrelated and the various management measures, even if specific to each risk, are to a large extent interconnected, where this integration contributes to the pursuit of the same objective, which is the reduction of the volatility of cash flow and expected levels of profitability.

Interest rate risk

The objective of the interest rate risk management policy is the optimisation of the cost of debt and achievement of a low level of volatility in financial costs, and to control and mitigate the risk of incurring losses as a result of variations in the interest rates to which the Group's financial debt is indexed, most of which is denominated in USD, AOA and EUR. The Group does not have in place any financial instruments to hedge against interest rate movements as the Group expects interest rates to remain at the same level for the expected term of the loans.

Exchange rate risk

The policy of foreign exchange rate risk management seeks to reduce the volatility in investments and operations expressed in foreign currency (currency other than the Euro), contributing towards the results being less sensitive to fluctuations in the foreign exchange rate. The exposure of the Group to foreign exchange rate risk results, primarily, from the fact that its main subsidiaries are located in African countries. In terms of foreign exchange rate risk management, the intent is to, whenever possible, carry out the natural hedging of exposed amounts, by resorting to financial debt assumed in the foreign currency in which the amounts at risk are expressed.

Liquidity risk

The policy of liquidity risk management seeks to guarantee that there are funds available at all times in the Group and its subsidiaries, sufficient for them to meet all the financial obligations assumed in a timely manner. The objective, therefore, is to ensure that the Group has the necessary financial means (balances and financial revenue flows) to meet commitments (financial expenditure flows) when they fall due. The achievement of high levels of financial flexibility, fundamental for the management of this risk, has been accomplished through the following management measures: establishment of partnerships with financial entities, ensuring their financial support to the Group in a long-term perspective, under the best or worst economic and financial circumstances that affect all businesses on a cyclical basis; opening and maintenance of surplus short-term lines of credit, that serve as liquidity reserves, available for use at any moment; strict financial planning by company, accomplished through the creation and periodic revision of cash budgets, enabling the early prediction of future cash surpluses or deficits, and the integrated management and optimisation of financial flows between the Group's subsidiaries; financing of medium-long term investments, adapting the debt maturity dates and the payment plan on the liabilities arising from the financing of each project or company's capacity to generate cash flows; maintenance of a debt structure in the companies with levels of medium and long-term financing situated between 60 and 70%, thereby reducing their dependence on more volatile short-term funds and creating a certain immunity to circumstantial factors in the financial markets; lagging the maturity dates of the financial debt over time, seeking to extend the average debt maturity so as to make it coincide better with the degree of permanence of some long-term assets held by the Group; search for new sources of financing and new financers, with the objective of: geographic diversification - capture of resources in the different markets where the Group operates; diversification of debt instruments - capture of funds from alternative sources.

The effective management of liquidity risk is closely tied to the appropriate management of the remaining financial risks that contribute simultaneously to the accomplishment of this objective, ensuring the obtaining of cash flows at the planned times and in the planned amounts.

## 3. Companies included in the consolidation

After completion of the break-up-merger of MEEC into MEEC Africa in 2013 and the transfer of MEEC Africa to Mota-Engil Africa N.V. in 2014, the Company became the holding company of the Group that includes the following material subsidiaries and foreign branches (held directly or indirectly by the Company), all of which are engaged in the Company's business, including the ownership of trademarks and licences related to the Company's business, the breakdown as at 30 June 2014 is as follows:

| Name | Country of incorporation | Business segment | Percentage held by the Company (directly or indirectly) (*) |
|---|---|---|---|
| Mota-Engil Africa B.V. | Netherlands | Holding | 100.00% |
| Mota-Engil Engenharia e Construção África, S.A. | Portugal | Holding | 100.00% |
| Mota-Engil Angola, S.A. | Angola | Angola | 51.00% |
| Vista Waste Management, Lda | Angola | Angola | 26.01% |
| Angola branch of Mota-Engil Engenharia e Construção África, S.A. | Angola | Angola | 100.00% |
| Malawi branch of Mota-Engil Engenharia e Construção África, S.A. | Malawi | SADC | 100.00% |
| Mozambique branch of Mota-Engil Engenharia e Construção África, S.A. | Mozambique | SADC | 100.00% |
| Cosamo (Proprietary) Limited | South Africa | SADC | 100.00% |

(*) The total percentage of ownership represents the total direct and indirect percentage on the share capital held by the Group. The Group assumes control in a subsidiary taking into consideration the following control indicators: held the majority of voting rights, held by Management control. The control is assumed by the Group, even in the circumstances where that control is obtained indirectly.

The companies included in these accompanying consolidated financial statements and respective consolidation methods, effective percentage and holding are presented in Appendix A. Companies. The main changes to the consolidation perimeter during 2014 are referred to in Note 12. Changes in perimeter.

## 4. Business and geographical segments

Management has determined operating segments based on the monthly management reporting package reviewed by them, which is used to assess business performance and to allocate resources within the Group. Operating and reportable segments of the Group, whose results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available, are primarily based on the following geographical areas:

- Angola;
- Southern African Development Community (SADC) – Mozambique, Malawi, Zimbabwe, South Africa, Zambia and Mauritius;
- West Africa – Cape Verde, Sao Tome and Principe and Ghana;
- East Africa – Uganda.

The statement of consolidated net profit by operating segment is broken down as follows:

## Notes to the combined financial statements

| 1H14 | Angola | SADC | West Africa | East Africa | Other, eliminations and intercompany | Total |
|---|---|---|---|---|---|---|
| Sales and services rendered | 225,817 | 322,400 | 8,571 | - | (41) | 556,747 |
| Operating profit before depreciation and amortization and provisions and impairment losses | 41,852 | 92,834 | (182) | (106) | 6,565 | 140,963 |
| Depreciation and amortization | (10,958) | (20,315) | (132) | (4) | (9,761) | (41,170) |
| Provisions and impairment losses | (2,412) | - | - | - | - | (2,412) |
| Operating profit/(loss) (*) | 28,482 | 72,519 | (314) | (110) | (3,196) | 97,381 |
| Net financial result | (14,216) | 3,505 | (119) | (62) | (12,165) | (23,057) |
| Gains /(Losses) in associates and jointly controlled companies | (27) | - | - | - | - | (27) |
| Income tax | (404) | (12,115) | (27) | - | 713 | (11,834) |
| Consolidated net profit attributable: | | | | | - | |
| to non-controlling interests | 8,173 | - | - | - | - | 8,173 |
| **to the Group** | **5,662** | **63,908** | **(460)** | **(172)** | **(14,648)** | **54,290** |

| 1H13 | Angola | SADC | West Africa | East Africa | Other, eliminations and intercompany | Mota-Engil África |
|---|---|---|---|---|---|---|
| Sales and services rendered | 235,606 | 187,236 | 7,206 | - | 2,801 | 432,850 |
| Operating profit/(loss) before depreciation and amortization and provisions and impairment losses | 48,909 | 50,592 | (41) | - | 15,733 | 115,193 |
| Depreciation and amortization | (10,394) | (2,151) | (125) | - | (10,218) | (22,887) |
| Provisions and impairment losses | (3,259) | - | - | - | - | (3,259) |
| Operating profit/(loss) (*) | 35,256 | 48,441 | (166) | - | 5,514 | 89,046 |
| Net financial result | (7,763) | (8,092) | (120) | - | (16,798) | (32,773) |
| Gains /(Losses) in associates and jointly controlled companies | 106 | - | - | - | - | 106 |
| Income tax | (249) | (11,119) | (17) | - | 3,285 | (8,101) |
| Consolidated net profit attributable: | | | | | - | |
| to non-controlling interests | 14,679 | - | - | - | - | 14,679 |
| **to the Group** | **12,671** | **29,230** | **(303)** | **-** | **(7,999)** | **33,600** |

(*) “Operating profit” corresponds to the “Consolidated net profit before income tax “before “Gains / (losses) in associates and jointly controlled companies”, “Financial costs and losses” and “Financial income and gains”.

The net profit of column “Other, eliminations and intercompany” includes mainly financial results (interest expense) of MEEC Africa. The caption “Operating profit before depreciation and amortisation and provisions and impairment losses” of this column includes mainly the amounts debited by MEEC Africa to its subsidiaries and branches in Angola and SADC regarding the rental of equipment. The caption “Depreciation and amortisation” of this column” refers essentially to depreciation of MEEC Africa’s equipment. The pricing of intercompany transactions is made at arm’s length.

During the first half of 2014 the Company decided that Nacala sites will continue to be used after the conclusion of the project as central yards of the region and SADC and, therefore, have been reclassified to “Property, Plant and Equipment”. Accordingly, “Operating profit before depreciation and amortization and provisions and impairment losses” of the first half of 2014 does not include the corresponding amortizations which have been registered in the caption “Depreciation and amortization”.

The breakdown of the Group's total net assets and liabilities by business segments is as follows:

| | Net assets | | Liabilities | |
|---|---|---|---|---|
| | Jun-14 | Dec-13 | Jun-14 | Dec-13 |
| Angola | 941,185 | 970,643 | 744,764 | 757,921 |
| SADC | 720,571 | 560,742 | 503,604 | 408,000 |
| West Africa | 36,821 | 35,145 | 38,449 | 36,313 |
| East Africa | 3,410 | 1,141 | 3,582 | 1,302 |
| Other, Eliminations and Intercompany | (88,424) | 73,394 | (45,724) | 81,897 |
| | 1,613,564 | 1,641,065 | 1,244,676 | 1,285,433 |

The caption "Other, eliminations and intercompany" includes mainly: (i) intercompany balances of MEEC Africa with its subsidiaries and branches in Angola and SADC; (ii) equipment of MEEC Africa rented to subsidiaries and branches in Angola and SADC; (iii) debt of MEEC Africa.

The Group's investments and amortisation by business segments are as follows:

| | Net investment | | Depreciation & Amortization | |
|---|---|---|---|---|
| | 1H14 | 1H13 | 1H14 | 1H13 |
| Angola | 14,166 | 24,701 | 10,958 | 10,394 |
| SADC | 21,514 | 16,192 | 20,315 | 2,151 |
| West Africa | - | 1,452 | 132 | 125 |
| East Africa | 63 | - | 4 | - |
| Other, Eliminations and Intercompany | 620 | - | 9,761 | 10,218 |
| | 36,363 | 42,345 | 41,170 | 22,887 |

The heading "Other, eliminations and intercompany" of "Depreciation and amortization" refers essentially to depreciation of MEEC Africa's equipment, which is rented to subsidiaries and branches in Angola and SADC.

## 5. Goodwill

Goodwill as at 30 June 2014 and 31 December 2013 is broken down as follows:

| | Jun-14 | Dec-13 |
|---|---|---|
| **Angola** | | |
| Vista Waste | 33,508 | 33,508 |
| Vista Water | 2,435 | 2,435 |
| | 35,943 | 35,943 |
| **SADC** | | |
| Cecot | 1,440 | 1,440 |
| | 1,440 | 1,440 |
| | | |
| **West Africa** | | |
| Mota-Engil S. Tomé | 143 | 143 |
| | 143 | 143 |
| | 37,526 | 37,526 |

Differences between the consideration transferred on the acquisition of the financial investments in Group companies (subsidiaries), plus the amount of non-controlling interest, and the fair value of the identifiable net assets of these companies at the date of their acquisition, when positive, is recorded under the heading "Goodwill" and, when negative is recorded directly in the income statement.

## 6. Available-for-sale financial assets

Available-for-sale financial assets as at 30 June 2014 and 31 December 2013 comprised of the following:

| | Jun-14 | Dec-13 |
|---|---|---|
| **Investments in equity instruments** | | |
| BAI - Banco Angolano de Investimentos | 40,435 | 39,904 |
| Auto Sueco Angola | 2,724 | 2,724 |
| Other | 1,728 | 457 |
| | **44,887** | **43,085** |

The investment in BAI – Banco Angolano de Investimentos refers to the acquisition from Mota-Engil SGPS, SA of a 3% stake in this financial institution incorporated and with operations in Angola.

The amount of Auto Sueco Angola relates to the 5% shareholding retained in Auto Sueco Angola at deemed cost that resulted of the valuation in accordance with the equity method prior to the sale of the 21% stake.

## 7. Cash and cash equivalents

Cash and cash equivalents as at 30 June 2014 and 31 December 2013 comprised of as follows:

| | Demand Deposits | | Term Deposits (1) | | TOTAL | |
|---|---|---|---|---|---|---|
| | Jun-14 | Dec-13 | Jun-14 | Dec-13 | Jun-14 | Dec-13 |
| **Other applications** | - | 9,751 | - | - | - | 9,751 |
| **Bank dep. and cash in hand** | | | | | | |
| Bank deposits | 98,188 | 105,647 | 78,129 | 84,982 | 176,317 | 190,629 |
| Cash on hand | 3,636 | 3,685 | - | - | 3,636 | 3,685 |
| | **101,824** | **119,083** | **78,129** | **84,982** | **179,953** | **204,065** |

(1) Includes the amount of 53,564 thousand euros booked as non-current in Jun-14 and 53,552 thousand euros in Dec-13.

Cash and cash equivalents included cash held by the Group and short-term bank deposits with original maturity equal to or less than three months, for which the risk of alteration of value is insignificant. The value at which this group of assets is recorded is close to its fair value.

As at 30 June 2014 and 31 December 2013, there were 78,129 thousand euros and 84,982 thousand euros, respectively, in Mauritius and Malawi, recorded under cash and cash equivalents not immediately available, due to restricted access under contracts with financial institutions.

## 8. Borrowings

The amounts of debt as at 30 June 2014 and 31 December 2013 were as follows:

**Notes to the combined financial statements**

| | Current 1 year | 2 years | 3 to 5 years | over 5 years | Total Non-Current | Total |
|---|---|---|---|---|---|---|
| **Jun-14** | | | | | | |
| **Non-convertible bond loans** | 5,000 | 5,000 | 61,413 | - | 66,413 | **71,413** |
| **Amounts owed to credit institutions** | | | | | | |
| Bank loans | 60,980 | 9,488 | 2,383 | - | 11,871 | **72,851** |
| Overdraft facilities | 37,321 | - | - | - | - | **37,321** |
| Current account facilities | 96,124 | - | - | - | - | **96,124** |
| **Other loans obtained** | | | | | | |
| Commercial paper issues | - | - | 59,062 | - | 59,062 | **59,062** |
| Other loans | 461 | - | - | - | - | **461** |
| | **199,885** | **14,488** | **122,859** | **-** | **137,347** | **337,232** |
| **Dec-13** | | | | | | |
| **Non-convertible bond loans** | 5,000 | 5,000 | 63,754 | - | 68,754 | **73,754** |
| **Amounts owed to credit institutions** | | | | | | |
| Bank loans | 60,487 | 9,740 | 6,490 | - | 16,229 | **76,716** |
| Overdraft facilities | 23,708 | - | - | - | - | **23,708** |
| Current account facilities | 133,629 | - | - | - | - | **133,629** |
| **Other loans obtained** | | | | | | |
| Commercial paper issues | - | 44,800 | - | - | 44,800 | **44,800** |
| Other loans | 892 | - | - | - | - | **892** |
| | **223,715** | **59,540** | **70,244** | **-** | **129,783** | **353,498** |

Although the commercial paper issues fall due at one year, they are covered by medium and long-term programmes which ensure their automatic renewal over time. In view of these circumstances, and since the Group's Board of Directors intends to continue to use the said issues in the long-term, these debts were recorded as a non-current liability.

## 9. Group equity before net profit for the year

In January 2014, the Parent Company, acting as the holder of the entire share capital of Mota-Engil Africa N.V. and Mota-Engil, Engenharia e Construção África, S.A., proceeded to transfer its shares in MEEC Africa to Mota-Engil Africa N.V. This operation was performed as an issuance of new shares of the Company against the non-cash contribution of the Parent Company, consisting in the contribution of the total shares of MEEC Africa. With this operation the Company's equity raised 255,270 thousand euros with the issuance of 99,982,000 new shares with a nominal value of 1 euro each and the correspondent recording of a share premium of 155,288 thousand euros. With this operation the Company was left with an outstanding share capital of 100,000,000 euros as at 30 June 2014.

Equity attributable to the shareholders consists of share capital of Mota-Engil Africa NV as at June 2014, fully registered and paid in amount of 100,000,000 euros, represented by 100,000,000 shares (ordinary) with the nominal value of one euro each, and all the capital reserves accumulated by the Group.

The currency conversion reserves reflect net changes in the currency conversion of the financial statements of branch offices and subsidiaries stated in a currency other than the euro and cannot be distributed or used to absorb losses.

## 10. Sales and services rendered

Sales and services rendered for the six months ended 30 June 2014 and 2013 comprised the following:

| | 1H14 | 1H13 |
|---|---|---|
| Sales of merchandise | 679 | 923 |
| Sales of products | 3,304 | 5,016 |
| Services rendered | 552,764 | 426,911 |
| | **556,747** | **432,850** |

Breakdown by business and geographical segments is described in note 4 above.

The increase which occurred in 2014 was essentially due to the growth in business in Malawi and Mozambique.

## 11. Net financial results

Financial results for the six months ended 30 June 2014 and 2013 comprised following amounts:

| | 1H14 | 1H13 |
|---|---|---|
| **Financial income and gains** | | |
| **Loans and accounts receivable:** | | |
| Interest income | 1,307 | 1,161 |
| Payments discounts received | 40 | 13 |
| Net exchange gains | 4,564 | - |
| | | |
| Other financial income | 887 | - |
| | **6,798** | **1,174** |
| **Financial costs and losses** | | |
| **Loans and accounts payable:** | | |
| Interest expenses | 19,084 | 21,356 |
| Payments discounts given | 71 | 672 |
| Exchange expenses | - | 772 |
| | | |
| **Other financial assets and liabilities:** | | |
| Other financial expenses | 10,700 | 11,146 |
| | **29,855** | **33,947** |
| | **(23,057)** | **(32,773)** |

Other financial costs and losses include costs related to loan guarantees and other financial institutions' fees and costs.

## 12. Changes in perimeter

In 2014 there were no significant changes to the perimeter.

## 13. Cash Flow – Dividends

Although in the first half of 2014 the value booked in the Cash Flow Statement under the caption "Cash paid in respect of dividends" is only 2,340 thousand euros, it is important to notice that the Company paid an additional amount of 61,990 thousand euros of dividends which was offsetted by "Cash received from customers". If this offset didn't occur the caption "Cash paid in respect of dividends" would be 64,330 thousand euros and the "Cash received from customers" would be 525,637 thousand euros, instead of 2,340 thousand euros and 463,647 thousand euros, respectively.

## 14. Related party transactions

***Parent Group***

Balances and transactions between members of the Group and any of their associates and joint ventures, stated through the equity method, are not eliminated, and were as follows for the periods indicated. The pricing of these transactions are made at arm's length and arise from ordinary course activity of the Group.

| | As at 30 June 2014 |
|---|---|
| | (€ thousands) |
| Accounts receivable | 9,706 |
| Accounts payable | 3,077 |

| | Six months ended 30 June 2014 |
|---|---|
| | (€ thousands) |
| Sales & services rendered | 7 |

Balances and transactions between members of the Group and any shareholders of Group companies with qualifying holdings or with other companies held by the Group comprised the following amounts for the periods indicated. The pricing of these transactions are made at arm's length and, except for the amounts payable regarding the purchase of BAI – Banco Angolano de Investimentos and Vista Waste, arise from the Group's ordinary course activity.

| | As at 30 June 2014 |
|---|---|
| | (€ thousands) |
| Accounts receivable | 27,026 |
| Accounts payable (1) | 122,834 |
| Loans granted | 29 |
| Loans obtained | 976 |

| | Six months ended 30 June 2014 |
|---|---|
| | (€ thousands) |
| Sales & services rendered | 5,145 |
| Cost of goods sold and subcontractors (2) | 36,701 |
| Third-party supplies & services | 26,112 |

(1) Includes the amount of 49 million euros regarding the acquisition of a 3% stake in BAI – Banco Angolano de Investimentos, 16 million euros concerning the acquisition of Vista Waste and Vista Water and 18 million euros concerning railway work in the Nacala Corridor Railway project.

(2) Mainly comprised of subcontractor related costs concerning the railway work in the Nacala Corridor Railway project.

### *Mota-Engil Angola*

Balances and transactions between members of the Group and shareholders of Mota-Engil Angola comprised the following amounts as at the dates indicated:

| Balances - 30 June 2014 | Accounts receivable [(1)] | Accounts payable[(2)] | Shareholders [(3)] | Supplementary capital |
|---|---|---|---|---|
| | | € thousands | | |
| BPA | - | 1,637 | 3,408 | 2,754 |
| FINICAPITAL | 51,100 | 23,120 | - | 8,064 |
| GLOBALPACTUM | - | - | 6,134 | 4,838 |
| SONANGOL GROUP | 87,274 | - | - | 10,686 |
| **Total** | **138,373** | **24,757** | **9,541** | **26,341** |

(1) Balances from the Group's ordinary course activity and made at arm's length. Balance with Finicapital relates mainly to the Financial City Project in Luanda, Angola. Balance with Sonangol Group relates mainly to the Special Economic Zone project in Luanda.

(2) Balance from Finicapital Includes 23 million euros regarding the acquisition of Vista Waste and Vista Water stakes of Finicapital at market value. The remaining amounts arose from Group's regular activity and were made at arm's length.

(3) Balances regarding dividends not yet paid.

| Transactions – six months ended 30 June 2014 | Services rendered [(1)] | Other income | Purchases [(1)] | Third-party supplies & services [(1)] | Other expenses |
|---|---|---|---|---|---|
| | | € thousands | | | |
| BPA | 4,382 | - | - | - | - |
| FINICAPITAL | 30,117 | - | - | 191 | - |
| GLOBALPACTUM | - | - | - | - | - |
| SONANGOL GROUP | 24,369 | 255 | 3,757 | 37 | - |
| **Total** | **58,868** | **255** | **3,757** | **228** | - |

(1) Transactions from Group's ordinary course activity and made at arm's length.

## Notes to the combined financial statements

## Appendix A. Companies included in the Interim Condensed Consolidated Financial Information

Investments in subsidiaries included in combined financial statements using the full consolidation method, their registered offices, the percentage of share capital held, their business and their constitution date as at 30 June 2014 were as follows:

| Name | Head Office | Effective Percentage of Holding | Activity | Date Founded | Acquisition Date |
|---|---|---|---|---|---|
| **Parent Company of Group and Connected Activities** | | | | | |
| **Mota-Engil África, N.V. ("ME África NV")** | Netherlands | **100.00** | Holding Company | Oct-12 | - |
| Through Mota-Engil,SGPS | (Amsterdam) | 100.00 | | | |
| **Mota-Engil Engenharia e Construção África, S.A. ("MEEC África")** | Portugal | **100.00** | Execution of works | Aug-12 | - |
| Through ME África NV | (Oporto) | 100.00 | | | |
| **Mota-Engil África, SGPS, S.A. ("Mota-Engil África")** | Portugal | **100.00** | Management of company administration | May-10 | - |
| Through MEEC África | (Oporto) | 100.00 | | | |
| **Mota Internacional – Comércio e Consultadoria Económica, Lda. ("Mota Internacional")** | Portugal (Funchal) | **100.00** | Management of company administration | Sep-97 | Dec-98 |
| Through Mota–Engil África | | 100.00 | | | |
| **Cosamo (Proprietary) Limited ("Cosamo")** | Johannesburg | **100.00** | Trading | Dec-76 | - |
| Through Mota International | (South Africa) | 100.00 | | | |
| **Angola** | | | | | |
| **Fatra - Fábrica de Trefilaria de Angola, S.A. ("Fatra")** | Angola | **35.70** | Manufacture of iron by-products | - | Nov-10 |
| Through Mota-Engil Angola | (Luanda) | 35.70 | | | |
| **Martinox, SA ("Martinox")** | Angola | **48.45** | Construction of stainless steel | Feb-08 | Dec-11 |
| Through Mota-Engil Angola | (Benguela) | 48.45 | | | |
| **Mota-Engil Angola, S.A. ("Mota-Engil Angola")** | Angola | **51.00** | Civil Construction and public and private works | May-10 | - |
| Through Mota International | (Luanda) | 51.00 | | | |
| **Novicer-Cerâmicas de Angola, Lda. ("Novicer")** | Angola | **51.00** | Manufacture and trading of clay materials | Sep-07 | - |
| Through Mota Engil Angola | (Luanda) | 51.00 | | | |
| **Prefal – Préfabricados de Luanda, Lda. ("Prefal")** | Angola | **45.90** | Manufacture of pre-stressed materials | Dec-93 | - |
| Through Mota-Engil Angola | (Luanda) | 45.90 | | | |
| **Rentaco Angola- Equipamentos e Transportes, Lda. ("Rentaco Angola")** | Angola | **51.00** | Rental of construction equipment | Jan-08 | - |
| Through Mota-Engil Angola | (Luanda) | 51.00 | | | |
| **Sonauta - Sociedade de Navegação, Lda. ("Sonauta")** | Angola | **100.00** | Maritime Transport, excluding Coastal Shipping | Nov-94 | - |
| Through Mota International | (Luanda) | 100.00 | | | |
| **Tracevia Angola - Sinalização, Segurança e Gestão de Tráfego, Lda. ("Tracevia Angola")** | Angola | **40.80** | Highway Signage | - | Sep-07 |
| Through Mota-Engil Angola | (Luanda) | 40.80 | | | |
| **Akwangola, S.A. ("Akwangola")** | Angola | **28.03** | Market-related water services and sanitation | Dec-10 | Dec-13 |
| Through Vista Water | (Luanda) | 28.03 | | | |
| **Vista Energy Environment & Services ("Vista SA")** | Angola | **51.00** | Holding Company | Jul-08 | Dec-13 |
| Through Mota-Engil Angola | (Luanda) | 51.00 | | | |
| **Vista Waste Management, Lda ("Vista Waste")** | Angola | **26.01** | Waste collection | Dec-09 | Dec-13 |
| Through Vista SA | (Luanda) | 20.91 | | | |
| Through Mota-Engil Angola | | 5.10 | | | |
| **Vista Multi Services, Lda ("Vista Multi Services")** | Angola | **51.00** | Urban services | May-09 | Dec-13 |
| Through Vista SA | (Luanda) | 40.80 | | | |
| Through Mota-Engil Angola | | 10.20 | | | |
| **Vista Water, Lda. ("Vista Water")** | Angola | **28.05** | Market-related water services and sanitation | May-09 | Dec-13 |
| Through Vista SA | (Luanda) | 21.68 | | | |
| Through Mota-Engil Angola | | 6.38 | | | |
| **SADC** | | | | | |
| **Cecot - Centro de Estudos e Consultas Técnicas, Lda. ("Cecot")** | Mozambique | **100.00** | Civil Construction Projects and Inspection | Sep-98 | Apr-11 |
| Through MEEC África | (Maputo) | 100.00 | | | |
| **Fibreglass Sundlete (Moç), Lda. ("Fibreglass")** | Mozambique | **100.00** | Trading | Aug-62 | Mar-99 |
| Through MEEC África | (Maputo) | 100.00 | | | |
| **Emocil – Empresa Moçambicana de Construção e Real Estate Promotion, Lda. ("Emocil")** | Mozambique | **100.00** | Real Estate Promotion | Jul-94 | - |
| Through MEEC África | (Maputo) | 50.00 | | | |
| Through Indimo | | 50.00 | | | |
| **Malawi Ports Company Limited ("Malawi Ports Company")** | Malawi | **100.00** | Maritime Transport | Nov-10 | - |
| Through MEEC África | (Lilongwe) | 88.00 | | | |
| Through ME Malawi | | 12.00 | | | |
| **Malawi Shipping Company Limited ("Malawi Shipping Company")** | Malawi | **100.00** | Maritime Transport | Nov-10 | - |
| Through MEEC África | (Lilongwe) | 88.00 | | | |
| Through ME Malawi | | 12.00 | | | |
| **Indimo, Lda. ("Indimo")** | Mozambique | **100.00** | Real Estate Promotion | - | Out-04 |
| Through Cecot | (Maputo) | 50.00 | | | |
| Through MEEC África | | 50.00 | | | |
| **Mota & Companhia Maurícias, Lda. ("Mota Maurícias")** | Maurícias | **100.00** | Civil Construction | May-10 | - |
| Through MEEC África | (Ebene) | 100.00 | | | |
| **Mota-Engil (Malawi) Limited ("ME Malawi")** | Malawi | **99.99** | Dormant entity | Jul-11 | - |
| Through MEEC África | (Lilongwe) | 99.99 | | | |
| **Mota-Engil Investments (Malawi) Limited ("ME Investments Malawi")** | Malawi | **99.00** | Dormant entity | Mar-11 | - |
| Through Mota Engil Africa SGPS | (Lilongwe) | 99.00 | | | |

**Notes to the combined financial statements**

| Name | Head Office | Effective Percentage of Holding | Activity | Date Founded | Acquisition Date |
|---|---|---|---|---|---|
| **West Africa** | | | | | |
| **Mota-Engil S.Tomé e Principe, Lda. ("Mota-Engil S.Tomé")** | S. Tomé and (S. Tomé) | **100.00** | Contractor for Public Works and/or Civil Construction | Dec-04 | - |
| Through Mota International | | 95.00 | | | |
| Through MEEC África | | 5.00 | | | |
| **Penta - Engineering e Construção, Lda. ("Penta")** | Cape Verde | **100.00** | Civil Construction and public and private works | Apr-07 | - |
| Through MEEC África | | 96.00 | | | |
| Through Mota International | | 4.00 | | | |

The following branches were included in the operating segments:

| | |
|---|---|
| **MEEC África Branches** | |
| **Angola** | |
| Angola Branch | |
| **SADC** | |
| Mozambique Branch | |
| Malawi Branch | |
| Zambia Branch | |
| **West Africa** | |
| Cape Verde Branch | |
| **East Africa** | |
| Uganda Branch | |
| **MEEC África NV Branches** | |
| **East Africa** | |
| Uganda Branch | |

## Investments in associates using equity method

Group and associate companies included in the combination using the equity method, their registered offices and proportion of share capital held as at 30 June 2014 were as follows:

| Title | Office | Effective Percentage of Holding |
|---|---|---|
| **Angola** | | |
| Automatriz, SA ("Automatriz") | Angola | 45.00 |
| Icer – Indústria de Cerâmica, Lda. (“Icer”) | Angola | 25.50 |

# PART IX: ADDITIONAL INFORMATION

## 1. GENERAL CORPORATE INFORMATION

The Company was incorporated in Amsterdam, the Netherlands, on 31 October 2012 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands, and was converted into a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on 17 June 2014. The principal legislation under which the company operates and under which the Shares have been created is the Dutch Civil Code (*Burgerlijk Wetboek*).

The statutory seat (*statutaire zetel*) of the Company is in Amsterdam, the Netherlands, and its registered office and principal place of business is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Company is registered with the trade register of the Chamber of Commerce in the Netherlands under the number 56382057. The telephone number of the Company is +31 (0)20 521 4777.

The General Meeting has adopted its relevant resolutions authorising the Listing on 14 November 2014. The Board has adopted its relevant resolutions authorising the Listing and relevant resolutions approving all the required actions and documents in connection with the Listing on 14 November 2014.

## 2. ARTICLES OF ASSOCIATION

The following is a summary of relevant information and certain provisions of (i) the Articles which were adopted pursuant to a resolution of the General Meeting passed on 17 June 2014 to convert the Company into a public limited liability company and to amend the Articles, and which Articles were most recently amended on 20 November 2014, and (ii) applicable Dutch law. This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles and the relevant provisions of Dutch law as in force on the date of this Prospectus. This summary does not constitute legal advice regarding those matters and should not be regarded as such. The full text of the Articles is available in Dutch and English on the Company's website, www.africa.mota-engil.com.

The Articles contain, amongst others, provisions to the following effect:

### *2.1 Objectives*

Pursuant to article 3 of the Articles, the corporate objectives of the Company are:

- the incorporation of, the financing of, the participation in, the management of and the supervision of partnerships/companies and other enterprises conducting their business directly or indirectly on the African continent;
- to obtain funds through bank loans, through the issuance of bonds and other debt instruments, or by taking out money loans in any other manner, the granting of money loans, the provision of guarantees and the granting of securities for debts of other parties or providing comfort for the performance thereof in any other manner, or binding itself severally beside or on behalf of others;
- the acquisition, disposal, management, operation, development or commercialisation in any other manner of immovable property, securities and other property, including but not limited to patents, licences, copyrights, trademark rights, licences, secret processes or formulas, designs and other industrial and intellectual property rights;
- the rendering of services in administrative, technical, financial, economic, commercial or managerial fields to partnerships/companies and other enterprises;
- the rendering of consultancy services, technical advice and support, as well as education related to the civil building industry, design, observation, quality, environment, hygiene and safety on the job, including the supply of the required personnel and technical and substantial resources; and
- the performance of any acts, whether or not in cooperation with others, that are directly or indirectly related to

the objectives mentioned herein before, everything in the broadest sense.

### *2.2 Share Capital*

Following the conversion of the Company into a public limited liability company and the amendment of the Articles on 17 June 2014 and as at the date of this Prospectus, the Company's authorised share capital amounts to €200,000,000 divided into 200,000,000 Shares each with a par value of €1.00 and the Company's issued and outstanding share capital amounts to €100,000,000 and is divided into 100,000,000 Shares. All Shares that are issued and outstanding at the date of this Prospectus are fully paid up.

At the date of incorporation and directly prior to the conversion of the Company into a public limited liability company, the articles of association of the Company (being a private company with limited liability) did not provide for an authorised share capital number. At the date of Company's incorporation the total issued and outstanding capital amounted to €1.00 divided into one ordinary share which was not paid up. Following a cash contribution by the Parent on 7 March 2013, the total issued and outstanding capital increased to €18,000 divided into 18,000 fully paid up Shares. Following a non-cash contribution by the Parent on 13 January 2014, the total issued and outstanding share capital was increased to €100,000,000 divided into 100,000,000 fully paid up Shares.

The Shares will, immediately following Listing, be freely transferable under the Articles of Association. Immediately following Listing, at least 5.34 per cent. of the Shares are expected to be held in public hands.

### *2.3 Form of the Shares*

The Shares are in registered form and are subject to, and have been created under, the laws of the Netherlands. The Company will not issue share certificates. The Shares will be entered into a collection deposit (*verzameldepot*) and/or giro deposit (*girodepot*) on the basis of the Dutch Securities Giro Act (*Wet Giraal Effectenverkeer*) by transfer to Euroclear Nederland or to any intermediary. The intermediaries, as defined in the Dutch Securities Giro Act, are responsible for the management of the collection deposit and Euroclear Nederland, being the central institute for the purposes of the Dutch Securities Giro Act, will be responsible for the management of the giro deposit.

When admitted to trading on Euronext Amsterdam, the Shares will trade in euros under the symbol "MEAFR" and with the ISIN code NL0010969408. The Shares will, on Listing, rank *pari passu* in all respects with each other.

### *2.4 Company's Shareholders Register*

Subject to Dutch law and the Articles, the Company must keep a shareholders register. The Company's shareholders register must be kept accurate and up-to-date. The Board keeps the Company's shareholders register up-to-date and records the names and addresses of all holders of Shares, showing the date on which the Shares were acquired, the date of the acknowledgement by or notification of the Company as well as the amount paid on each Share. The shareholders register also includes the names and addresses of those with a right of usufruct or pledge in respect of the Shares. The name and the address of Euroclear Nederland, being the holder of Shares, will be entered into the Company's shareholders register.

### *2.5 Share Rights*

#### *(a) Dividends*

Pursuant to the Articles and Dutch law, any distribution on Shares, whether a distribution of profits or a distribution of freely distributable reserves, may only be made up to the extent that the shareholders' equity exceeds the sum of the paid and claimed part of the Company's share capital and any reserves that must be maintained in accordance with Dutch law and the Articles.

A distribution of profits (other than an interim distribution) may only be made after the adoption of the Company's own (i.e. non-consolidated) annual financial statements. The information in such statements will be used as the basis for determining if the distribution of profits made with respect to the financial year in question is legally permitted.

If, with respect to any financial year, losses are incurred, no profits can be distributed for that financial year. Subject to Dutch law, the General Meeting, upon proposal of the Board, may, however, resolve to make distributions at the expenses of the Company's reserves up to an amount equal to the excess of the Company's equity over the sum of the nominal value of the issued share capital, plus the reserves as required to be maintained by Dutch law.

A distribution on Shares may also be made in the form of Shares.

Subject to Dutch law and the Articles, the Board may resolve to make an interim distribution provided that the Company prepares an interim statement of assets and liabilities evidencing sufficient distributable equity.

Shareholders are entitled to share in the profit *pro rata* to their shareholding. Any entitlement to a distribution by a Shareholder expires five years after the date those distributions were released for payment.

***(b) Voting Rights***

Each Share confers on its holder the right to cast one vote at a General Meeting. Resolutions of a General Meeting are passed by an absolute majority of the votes cast, unless Dutch law or the Articles prescribe a larger majority. For example, a resolution to reduce the issued share capital or a resolution to restrict or exclude pre-emptive rights, requires at least two-thirds of the votes cast in a General Meeting if less than half of the issued share capital is present or represented

***(c) Distribution of Assets on Winding Up***

The Articles provide that a resolution to dissolve the Company must be adopted by an absolute majority of the votes cast in the General Meeting on the basis of a specific proposal to that effect by the Board. In case of dissolution, the Company will be liquidated by the Directors, unless the General Meeting designates other persons for such purpose. If the Company is dissolved or wound up, any remaining liquidation surplus will be distributed amongst the Shareholders in proportion to the par value of their shareholdings. During liquidation, the provisions of the Articles will continue to be effective. All distributions referred to in this paragraph shall be made in accordance with Dutch law.

### *2.6 General Meetings*

Pursuant to the Articles, the annual General Meeting shall be held within six months after the end of the financial year. Extraordinary General Meetings may be held whenever deemed desirable by the Board. Pursuant to the Articles, extraordinary General Meetings may also be held pursuant to an authorisation of a court in the Netherlands in preliminary relief proceedings at the request of one or more Shareholders representing at least 10 per cent. of the Company's issued share capital. At least 42 days before any General Meeting, the Board will notify registered Shareholders in accordance with the laws and regulations applicable to the Company. As a prerequisite to attending the General Meeting and, to the extent applicable, casting of votes, the Shareholders will be required to notify the Board of their attendance in writing within the time frame mentioned in the convening notice, and such notice must be received by the Board on the day mentioned in the convening notice. The Board shall set a registration date on the 28$^{th}$ day prior to the date of the General Meeting. A General Meeting will be held in Amsterdam, Rotterdam, The Hague or in Haarlemmermeer (Schiphol Airport), the Netherlands. In a General Meeting held elsewhere, valid resolutions may only be adopted in the case the entire issued share capital of the Company is present or represented.

### *2.7 Agenda items for General Meetings*

Shareholders holding at least 3 per cent. of the Company's issued share capital may submit agenda item proposals for General Meetings. Provided the Board receives a reasoned request for such proposals no later than on the 60$^{th}$ day before the date of the relevant General Meeting, the Company will have the proposals included in the convening notice of that General Meeting.

### *2.8 Variation of Rights*

The rights of Shareholders may be changed by amending the Articles. The Articles provide that resolutions to amend the Articles may only be adopted by an absolute majority of votes cast at the General Meeting upon the proposal of the Board.

### *2.9 Reduction of Share Capital*

Under the Articles, a General Meeting may resolve to reduce the Company's issued share capital by cancelling Shares or amending the Articles to reduce the nominal value of the Shares. Under Dutch law, a resolution to reduce the Company's issued share capital must specifically identify the Shares concerned and the rules for the implementation of the resolution. A resolution to cancel any Shares may only concern (i) shares held by the Company or for which it holds depositary receipts, (ii) all the shares of a class which the Articles provide may be cancelled on redemption or (iii) balloted shares of a class which the Articles provide may be balloted for redemption. A resolution to reduce the Company's share capital requires a majority of at least two-thirds of the votes cast if less than half of the Company's issued share capital is present or represented at the General Meeting.

### *2.10 Issue of Shares*

The Articles provide that the General Meeting may resolve to issue Shares or grant rights to subscribe for Shares and determine the price and further terms and conditions with respect to such Shares or rights to subscribe for such Shares.

Alternatively, the General Meeting may resolve to designate to the Board the authority to resolve to issue Shares or grant rights to subscribe for Shares and determine the price and further terms and conditions with respect to such Shares or rights to subscribe for Shares. The delegation may be for any period of up to five years and must specify the number of Shares or rights to subscribe for Shares that the Board may resolve to issue. The delegation may be extended each time for a maximum period of five years by a resolution of the General Meeting. In an extension, the number of Shares or rights to subscribe for Shares that may be issued will be fixed. An extension granted in a resolution of the General Meeting may not be withdrawn, unless the relevant resolution provides otherwise.

Under Dutch law and the Articles, each Shareholder has a pre-emptive right in proportion to the aggregate nominal value of its shareholding upon the issue of new Shares or the granting of rights to subscribe for Shares. Exceptions to this pre-emptive right include the issue of new Shares (or the granting of rights to subscribe for Shares) (i) to employees of the Company or another member of its Group and (ii) against payment in kind (contribution other than in cash).

The General Meeting may resolve to limit or exclude the pre-emptive rights, which resolution requires a majority of at least two-thirds of the votes cast, if less than half of the issued share capital is present or represented at the General Meeting. The General Meeting may also designate the Board to resolve to limit or exclude the pre-emptive rights. Pursuant to Dutch law, this designation may be granted to the Board for a specified period of time of not more than five years and only if the Board has also been designated or is simultaneously designated the authority to resolve to issue Shares or grant rights to subscribe for Shares. Unless the resolution by which the designation is granted provides otherwise, the designation may not be withdrawn.

On 14 November 2014, the General Meeting designated the Board as the body authorised to resolve to issue Shares, to grant rights to subscribe for Shares and to limit or exclude statutory pre-emptive rights in relation to Shares. This designation is limited to up to 10 per cent. of the number of issued and outstanding Shares on the date following the date of completion of the admission of all of the issued ordinary shares in the share capital of the Company to listing and trading on Euronext in Amsterdam. Pursuant to such designation (and to a delegation agreement dated 14 November 2014 between the Parent, the Company, and the Directors), the Board is bound to, in the event of any issuance of (rights to subscribe for) Shares during such term, provide qualified investors as defined in article 1:1 of the Dutch Financial Supervision Act residing in the EEA that hold Shares (or depositary receipts representing such Shares) the opportunity to subscribe for such (rights to subscribe for) Shares for at least their respective pro rata interest in the capital of the Company. These authorisations have been granted for an eighteen month period starting on the date following the date of completion of the admission of all of the issued ordinary shares in the share capital of the Company to listing and trading on Euronext in Amsterdam. The General Meeting may not withdraw this delegation.

### *2.11 Financial assistance*

The Company (or its subsidiaries) may not provide security, give a price guarantee, warrant performance in any other way or bind itself (or themselves) severally or otherwise in addition to or for others in relation to the subscription or acquisition of Shares or depositary receipts for Shares in the Company. This prohibition shall not apply to Shares or depositary receipts for Shares subscribed for or acquired by employees of the Company or another member of the Group.

### *2.12 Purchase of Own Shares*

The Company may not subscribe for its own Shares on issue. The Company may acquire its own fully paid up Shares at any time for no consideration (*om niet*) or for consideration, subject to certain provisions of Dutch law and the Articles, if: (i) the shareholders' equity reduced by the purchase price for the acquisition does not fall below the sum of the paid and claimed portion of the share capital and the reserves that must be maintained in accordance with provisions of Dutch law and the Articles; (ii) thereafter, the Company and its subsidiaries would not hold Shares or hold a pledge over the Shares with an aggregate nominal value exceeding 50 per cent. of the Company's issued share capital; and (iii) the Board has been authorised thereto by the General Meeting. Such authorisation may be granted for a period not exceeding 18 months and shall specify the number of Shares, the manner in which Shares may be acquired and the price range within which Shares may be acquired. In the event that a financial year has lapsed for more than six months without the annual accounts being adopted, any acquisition in accordance with this paragraph will not be permitted.

No voting rights may be exercised in respect of any Share held by the Company or its subsidiaries nor will such Shares be counted for the purpose of calculating a voting quorum.

### *2.13 Transfer of Shares*

The Shares can be freely transferred. There are no contractual commitments in place that limit the transfer of Shares. Under the Articles, there are no disposal prohibitions or restrictions regarding the transferability of the Shares. As a result of the listing of the Shares on a regulated market as referred to in article 1:1 of the Dutch Financial Supervision Act, a transfer of a Share or a restricted right thereto requires a deed of transfer and the acknowledgement in writing by the Company of the transfer. Such acknowledgement is not required if the Company itself is party to the transfer.

If a registered Share is transferred for inclusion in a collection deposit, the transfer will be accepted by the intermediary concerned. If a registered Share is transferred for inclusion in a giro deposit, the transfer will be accepted by the central institute, being Euroclear Nederland. The transfer and acceptance of Shares in the collection deposit or giro deposit, respectively, can be effected without the cooperation of the other participants in the collection deposit or giro deposit, respectively.

Upon issue of a new Share to Euroclear Nederland or to an intermediary, respectively, the transfer in order to include the Share in the giro deposit or the collection deposit, respectively, will be effected without the cooperation of the other participants in the collection deposit or the giro deposit, respectively. Shares included in the collective depot or giro depot can only be delivered from a collective depot or giro depot with due observance of the related provisions of the Dutch Securities Giro Act. The transfer by a deposit shareholder of its book-entry rights representing such Shares shall be effected in accordance with the provisions of the Dutch Securities Giro Act. The same applies to the establishment of a right of pledge and the establishment or transfer of a usufruct on these book-entry rights.

### *2.14 Cross-Border Exercise of Shareholders' Rights*

There are no special restrictions in the Articles or under Dutch law that limit the right of Shareholders who are not citizens or residents of the Netherlands to hold or vote on the Shares.

### *2.15 Directors*

Please also refer to the information on the Board set out in "Part III: Directors, Senior Managers and Corporate Governance—Directors".

#### *2.15.1 Number, appointment and retirement of directors*

The Board consists of five Executive Directors and four Non-Executive Directors. The General Meeting appoints, suspends and dismisses the Directors.

The Articles provide that Directors will be appointed for a period of time to be determined by the General Meeting, provided that a Director's term of office ends no sooner than on the day of the General Meeting held in the first year after the year of such Director's appointment and not later than on the day of the General Meeting to be held in the fourth year after the year of such Director's appointment, unless such Director has resigned at an earlier date. A Director's appointment may be renewed by the General Meeting with due observance to the rules and regulations as applicable to the Company.

#### *2.15.2 Remuneration*

The general policy for the remuneration of Directors will be determined by the General Meeting in accordance with Dutch law and the Articles. The remuneration of each Director will be set by the General Meeting in accordance with the remuneration policy. However, the service agreements entered into between the Company and the Executive Directors do not currently provide for the payment of a salary. Salary is currently received by the relevant Executive Directors under their respective service or employment agreements with other entities within the Parent Group or the Group. Currently, only David Hobley and Francisco Seixas da Costa will receive a salary under their respective service agreements as Non-Executive Directors entered into with the Company itself. See also paragraph 6 of this "*Part IX: Additional Information*".

#### *2.15.3 Annual retirement*

The Articles do not provide for the retirement of Directors at a set age.

#### *2.15.4 Votes*

With due consideration of the voting restrictions set out below, each Director is entitled to cast one vote in meetings of the Board. Where unanimity cannot be reached and Dutch law, the Articles or the Board Rules do not prescribe a larger majority, all resolutions of the Board must be adopted by a majority of the votes cast.

#### *2.15.5 Voting Restrictions*

In the event that a Director has a direct or indirect personal interest that conflicts with the interests of the Company, that Director shall not participate in any deliberations and decision-making processes with respect to a proposed Board resolution. In the event that, as a consequence of the preceding circumstances, a Board resolution cannot be adopted, the resolution will be adopted by the General Meeting, unless the General Meeting has appointed one or more other persons to adopt the resolution. In the latter case, one or more Directors having a conflict of interest can be appointed for this purpose by the General Meeting, in which case the restriction reflected in the first sentence of this paragraph shall not apply.

#### *2.15.6 Directors' interests*

For information on any capital or voting interests of Directors in the Company, see paragraph 3 of this "*Part IX: Additional Information*".

There are no outstanding loans or guarantees granted by any member of the Group to any Director, nor has any guarantee been provided by any member of the Group for their benefit.

### *2.16 Borrowing Powers*

The Articles do not grant borrowing powers to individual Directors.

### *2.17 Indemnity of Directors*

Under Dutch law, the Directors may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Articles or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

The Articles provide that, to the extent permissible by the rules and regulations applicable to the Company, the following shall be reimbursed to current and former Directors:

(i) the reasonable costs of conducting a defence against claims for damages or of conducting defence in other legal proceedings;

(ii) any damages payable by them; and

(iii) the reasonable costs of appearing in other legal proceedings in which they are involved as current or former Directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf,

to the extent the costs or damages set out above are based on acts or failures to act by the current or former Director in the exercise of such Director's duties or any other duties currently or previously performed by that Director at the Company's request—in the latter situation only if and to the extent that these costs and damages are not reimbursed on account of these other duties.

There shall be no entitlement to reimbursement as referred to above and any Director concerned will have to repay the reimbursed amount if and to the extent that:

(i) a Dutch court, or in case of arbitration, an arbitrator, has established in a final and conclusive decision that the act or failure to act of the person concerned may be characterised as wilful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless the law provides otherwise or this would, in light of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness;

(ii) the costs or damages directly relate to or arise from legal proceedings between a current or former Director and the Company or the Group, with the exception of legal proceedings that have been brought by one or more Shareholders, under Dutch law or otherwise, on behalf of the Company; and/or

(iii) the costs or financial loss of the Director concerned are covered by an insurance and the insurer has paid out the costs or financial loss.

### *2.18 Other information in relation to the Directors or Senior Managers*

As at the date of this Prospectus, none of the Directors or Senior Managers at any time within at least the past five years:

(a) has any convictions in relation to fraudulent offences;

(b) save as disclosed below, has been a member of the administrative, management or supervisory bodies, a senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company or partnership) of, or held another executive function at, any company or partnership at the time of, or immediately preceding, any bankruptcy, receivership or liquidation of such company or partnership or has otherwise been associated with any such bankruptcy, receivership or liquidation; or

(c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including any designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company.

### *2.19 Potential conflicts of interest*

Save as set out in the paragraph below, none of the Directors or Senior Managers has any potential conflict of interest between their duties to the Company and their private interests or other duties and there is no family relationship between any of the Directors or Senior Managers.

Gonçalo Moura Martins is currently Chief Executive Officer and Vice-Chairman of the Board of Directors of the Parent, ME SGPS, which, following Listing, will continue to have voting rights in the Company. Gilberto Rodrigues and Maria Paula Mota are both members of the Board of Directors of ME SGPS which, following Listing, will continue to have voting rights in the Company. In addition, Gonçalo Moura Martins, Maria Paula Mota (as well as her husband, Antonio de Meireles), Pedro Antelo and Bruno Machado (as well as Mr. Machado's father, Paulino

Machado) as well as certain senior managers—João Vermelho, Jose Dinis da Silva and Francisco Franca—have shareholdings in ME SGPS. As ME SGPS will own up to approximately 82.08 per cent. of the Shares of the Company after Listing, it will be in a position to exert substantial influence at General Meetings and, consequently, on matters decided by General Meetings such as the distribution of dividends, appointments to the Board and the approval of major transactions or any proposed capital measure that may give rise to potential conflicts of interest for Gonçalo Moura Martins, Maria Paula Mota, Pedro Antelo, Bruno Machado, João Vermelho, Jose Dinis da Silva and Francisco Franca.

### *2.20 Works councils and collective labour agreements*

The Company does not have a works council.

### *2.21 Limitation of supervisory positions*

Dutch legislation came into force on 1 January 2013 limiting the number of supervisory positions to be occupied by executive directors of “large Dutch companies”. The term “large Dutch company” applies to any Dutch company or Dutch foundation that, if prepared on the basis of its consolidated financial results, meets at least two of the following criteria: (i) the value of its assets, as given in its balance sheet (together with explanatory notes) on the basis of their acquisition price and production costs, is more than EUR 17.5 million; (ii) its net turnover in the applicable financial year is more than EUR 35 million; and (iii) the average number of employees in the applicable financial year is at least 250.

The new rules provide that (i) a person cannot be appointed as a managing or executive director of a “large Dutch company” if he/she already holds more than two positions as a member of a supervisory board or non-executive director at another “large Dutch company” or if he/she is the chairman of the supervisory board or one-tier board of another “large Dutch company”; and (ii) a person cannot be appointed as a supervisory director or non-executive director of a large company if he/she already holds five or more positions as a member of a supervisory board or non-executive director at another “large Dutch company”, whereby the position of chairman of the supervisory board or one-tier board of another “large Dutch company” is counted twice.

An appointment in violation of these restrictions will result in that last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making.

These rules only apply when a company qualifies as a “large Dutch company” at two consecutive balance sheet dates. As the Company did not meet the criteria above on its last two consecutive balance sheet dates, it is not a “large Dutch company” at the date of this Prospectus but it is expected to qualify as a “large Dutch company” as at the end of this financial year (i.e. 31 December 2014).

### *2.22 Diversity policy*

Dutch legislation came into force on 1 January 2013 requiring large Dutch companies (see above for the explanation of this term) to pursue a policy of having at least 30 per cent. of the seats on both the board of directors and the supervisory board to be held by men and at least 30 per cent. of those seats to be held by women, insofar as the seats are designated for natural persons. This allocation of seats will be taken into account in connection with the following actions: (i) the appointment, or nomination for the appointment, of members of the board of directors; (ii) drafting the criteria for the size and composition of a supervisory board, as well as the designation, appointment, recommendation and nomination for appointment of members of the supervisory board (if any); and (iii) drafting the criteria for the non-executive directors, as well as the appointment, recommendation and nomination for appointment of non-executive directors. Pursuant to Dutch law, if a large Dutch company does not comply with the gender diversity rules, it will be required to explain in its annual report (i) why the seats are not allocated in a well-balanced manner; (ii) how it has attempted to achieve a well-balanced allocation; and (iii) how it aims to achieve a well-balanced allocation in the future. This rule is temporary and will cease to have effect on 1 January 2016.

## 3. DIRECTORS' AND OTHER INTERESTS

### *3.1 Directors' and Senior Managers' interests*

The table below sets out the Shares held, directly or indirectly, by the Directors and Senior Managers immediately prior to Listing and immediately following Listing, assuming simultaneous payment of the Special Dividend.

| | As at 17 November 2014 (being the latest practicable date prior to publication of this Prospectus) and immediately prior to Listing | | Immediately following Listing | |
|---|---|---|---|---|
| **Name** | **No. of Shares** | **Per cent. of voting rights in respect of issued share capital** | **No. of Shares** | **Per cent. of voting rights in respect of issued share capital** |
| *Directors* | | | | |
| Gonçalo Moura Martins .... | — | — | 925 | 0.001 |
| Gilberto Rodrigues ........... | — | — | — | — |
| Pedro Antelo..................... | — | — | 744 | 0.001 |
| Paulo Pinheiro .................. | — | — | — | — |
| Carlos Pascoal .................. | — | — | — | — |
| Bruno Machado ................ | — | — | 199 | 0.000 |
| Maria Paula Mota ............. | — | — | — | — |
| David Hobley ................... | — | — | — | — |
| Francisco Seixas da Costa................................ | — | — | — | — |
| *Senior Managers* | | | | |
| Pedro Gonçalves............... | — | — | — | — |
| Vasco Reis........................ | — | — | — | — |
| António Vieira.................. | — | — | — | — |
| Roberto Vidal Ferreira....... | — | — | — | — |
| Cameron Beverley............ | — | — | — | — |
| João Vermelho.................. | — | — | 744 | 0.001 |
| João David e Silva............ | — | — | 18 | 0.000 |
| Helder Amaro................... | — | — | — | — |
| Bernard Ochieng .............. | — | — | — | — |
| Noloyiso Mhlongo............ | — | — | — | — |
| José Mangueira................. | — | — | — | — |
| Luís Leite ......................... | — | — | — | — |
| António Pereira da Silva.... | — | — | — | — |
| Mário Pereira.................... | — | — | — | — |
| Bruno Tomé ..................... | — | — | — | — |
| Jose Dinis da Silva ........... | — | — | 69 | 0.000 |
| Aníbal Leite...................... | — | — | — | — |
| David Santos .................... | — | — | — | — |
| Fernando Cardão .............. | — | — | — | — |
| Blake Mhatiwa ................. | — | — | — | — |
| Francisco Franca .............. | — | — | 260 | 0.000 |
| Carlos Cunha .................... | — | — | — | — |
| João Neto.......................... | — | — | — | — |

### *3.2 Other interests*

So far as the Company is aware, the following entity held capital interest or voting rights (within the meaning of the Dutch Financial Supervision Act), directly or indirectly, in respect of 3 per cent. or more of the Company's issued share capital or will hold such rights immediately following Listing:

| | As at 17 November 2014 (being the latest practicable date prior to publication of this Prospectus) and immediately prior to Listing | | Immediately following Listing[2] | |
|---|---|---|---|---|
| **Name** | **No. of Shares** | **Per cent. of voting rights in respect of issued share capital** | **No. of Shares** | **Per cent. of voting rights in respect of issued share capital** |
| FM (indirectly through MGP and ME SGPS)[1] | 100,000,000 | 100 | Up to 94.656.938 | Up to 94.66 |

(1) Mota Gestão e Participações, S.G.P.S., S.A. ("**MGP**"), which is itself controlled by FM—Sociedade de Controlo, S.G.P.S., S.A. ("**FM**"), is the majority shareholder of ME SGPS and, according to publicly available information, approximately 67.74 per cent. of the issued share capital of ME SGPS was attributable to FM on the Strip Out Date.

(2) Assuming that all Entitled ME SGPS Special Dividend Recipients other than MGP will not be exempt from withholding tax (calculated at a rate of 28 per cent.).

Save as set out above, the Company is not aware of any person who holds or will immediately following Listing hold capital interest or voting rights (within the meaning of the Dutch Financial Supervision Act), directly or indirectly, in respect of 3 per cent. or more of the issued share capital of the Company.

None of the Shareholders referred to above has different voting rights from any other holder of Shares in respect of any Shares held by them.

Save as set out above, the Company is not aware of any person who immediately following Listing directly or indirectly, jointly or severally, will own or could exercise control over the Company. See "*Risk Factors—Risks Relating to the Shares and the Shareholder Structure—Following Listing, the Parent will be in a position to exert substantial influence on the Company. The interests pursued by the Parent could differ from the interests of the Company's other Shareholders*".

## 4. OTHER DIRECTORSHIPS

In addition to their directorships of the Company and the Group's companies, the following table shows, in respect of each Director and Senior Manager, the names of all companies and partnerships of which they have, at any time in the five years prior to the date of this document, been a director, a partner or a member of the administrative, management or supervisory bodies, as appropriate.

| Name | Current directorships/partnerships | Previous directorships/partnerships |
|---|---|---|
| ***Executive Directors*** | | |
| Gonçalo Moura Martins | Ascendi Beiras Litoral e Alta, Auto-Estradas das Beiras Litoral e Alta, S.A. | Aenor—Auto-Estradas do Norte, S.A. |
| | Ascendi Costa de Prata, Auto Estradas da Costa da Prata, S.A. | Aenor Douro—Estradas do Douro Interior, S.A. |
| | Ascendi Douro—Estradas do Douro Interior, S.A. | Ascendi, Concessões de Transportes, S.G.P.S., S.A. |
| | Ascendi Financing. B.V. | Asterion ACE |
| | Ascendi Grande Lisboa, Auto Estradas da Grande Lisboa, S.A. | Cogera—Sociedade de Produção de Energia por Cogeração, Lda. |
| | Ascendi Grande Porto, Auto Estradas do Grande Porto, S.A. | Consórcio Altavia |
| | Ascendi Group, S.G.P.S., S.A. | Covelas—Energia, Lda. |
| | Ascendi IGI, Inovação e Gestão de Infra-Estruturas, S.A. | E.A.Moreira—Agentes de Navegação, S.A. |
| | Ascendi México S.A. de C.V. (México) | EMSA—Empreendimentos e Exploração de Estacionamentos, S.A. |
| | Ascendi Norte, Auto-Estradas do Norte, S.A. | Equimetragem—Operação e Manutenção de Infra-estruturas de Transportes, S.A. |

| Name | Current directorships/partnerships | Previous directorships/partnerships |
|---|---|---|
| | Ascendi, O&M, S.A. | Gestiponte—Operação e Manutenção das Travessias do Tejo, S.A. |
| | Ascendi Operadora BLA—Operação e Manutenção Rodoviária, S.A. | GT—Investimentos Internacionais, S.G.P.S., S.A. |
| | Ascendi Operadora CP, Operação e Manutenção Rodoviária, S.A. | Indaqua—Indústria e Gestão de Água, S.A. |
| | Ascendi Operadora DI, Operação e Manutenção Rodoviária, S.A. | Logz—Atlantic Hub, S.A. |
| | Ascendi Operadora GL—Operação e Manutenção Rodoviária, S.A. | Lusoscut—Auto-Estradas das Beiras Litoral e Alta, S.A. |
| | Ascendi Operadora GP—Operação e Manutenção Rodoviária, S.A. | Lusoscut—Auto-Estradas da Costa da Prata, S.A. |
| | Ascendi Operadora NT- Operação e Manutenção Rodoviária, S.A. | Lusoscut—Auto-Estradas do Grande Porto, S.A. |
| | Ascendi Operadora PI, Operação e Manutenção Rodoviária, S.A. | Lusolisboa—Auto—Estradas da Grande Lisboa, S.A. |
| | Ascendi—Serviços de Assessoria, Gestão e Operação, S.A. | MESP—Mota-Engil Serviços Partilhados, Administrativos e de Gestão, S.A. |
| | Ascendi Pinhal Interior, Estradas do Pinhal Interior, S.A. | Mota-Engil Tecnologias de Informação, S.A. |
| | Concesionaria Autopista Perote-Xalapa, S.A. de C.V. (México) | Mota-Engil—Concessões de Transportes, S.G.P.S |
| | Fundação Manuel António da Mota | MTS—Metro Transportes do Sul, S.A. |
| | Liscont—Operadores de Contentores, S.A. | Operadora Lusoscut BLA—Operação e Manutenção de Auto- Estradas, S.A. |
| | Lokemark—Soluções de Marketing, S.A. | Operadora Lusoscut—Operação e Manutenção de Auto-Estradas, S.A. |
| | Lusoponte—Concessionária para a | Operadora Lusoscut GP—Operação e Manutenção de Auto- Estradas, S.A. |
| | Travessia do Tejo S.A. | Operadora GL—Operação e Manutenção de Auto-Estradas, S.A. |
| | ME Real Estate—Mota-Engil Real Estate Portugal, S.A. | Operyear—Operação e Manutenção de Auto-Estradas, S.A. |
| | Mota-Engil Ambiente e Serviços, S.G.P.S., S.A. | Operanor Douro Interior—Operação e Manutenção Rodoviária, S.A. |
| | Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, S.A. | Operport—Sociedade Portuguesa de Operadores Portuários, Lda. |
| | Mota-Engil S.G.P.S., S.A. | Sadomar—Agência de Navegação e Trânsitos, S.A. |
| | Multiterminal—Sociedade de Estiva e Tráfego, S.A. | TCL—Terminal de Contentores de Leixões, S.A. |
| | Sadoport—Terminal Marítimo do Sado, S.A. | Tergep, S.G.P.S., S.A. |
| | SLPP—Serviços Logisticos de Portos Portugueses, S.A. | Ternor—Sociedade de Exploração de Terminais, S.A. |
| | Sol—S Internacional, Tecnologias de Informação, S.A. | Transitiber—Logística e Transporte Internacional, S.A. |
| | Suma—Serviços UrbYears e Meio Ambiente, S.A. | |
| | Takargo—Transporte de Mercadorias, S.A. | |
| | Tertir—Concessões Portuárias, S.G.P.S., S.A. | |
| | Tertir—Terminais de Portugal, S.A. | |
| | Transitex—Transitos da Extremadura, S.A. | |
| Gilberto Rodrigues | Mota-Engil S.G.P.S., S.A. | — |
| | Mota-Engil Engenharia e Construção S.A. | |
| Pedro Antelo | Ascendi Group, S.G.P.S., S.A. | Mota-Engil Engenharia e Construção, S.A. |
| | Ascendi, Serviços de Assessoria, Gestão e Operação, S.A. | Mota-Engil S.G.P.S., S.A. |
| | Associação do Porto de Paralisia Cerebral | |
| | Aurimove—Sociedade Imobiliária, S.A. | |
| | Bergamon, a.s. | |
| | Calçadas do Douro—Sociedade Imobiliária, Lda. | |
| | Companhia Portuguesa de Trabalhos Portuários e Construções | |

| Name | Current directorships/partnerships | Previous directorships/partnerships |
|---|---|---|
| | Construtora Autopista Perote Xalapa, S.A. de C.V.<br>Corgimobil—Empresa imobiliária das Corgas, Lda.<br>Edifícios Mota-Viso, Sociedade Imobiliária, Lda.<br>Edipainel—Sociedade Imobiliária, Lda.<br>Empresa Agrícola Florestal Portuguesa, S.A.<br>Engil 4i—S.G.P.S., S.A.<br>Ferrovias e Construções, S.A.<br>Largo do Paço—Investimentos Imobiliários, Lda.<br>MEITS—Mota-Engil Imobiliária e Turismo, S.A.<br>ME Real Estate—Mota-Engil, Real Estate Portugal, S.A.<br>MESP—Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, S.A.<br>Mil e Sessenta, Sociedade Imobiliária, Lda.<br>MK Contractors LLC<br>Motadomus—Sociedade Imobiliária, Lda.<br>Mota-Engil, Central Europe, S.A.<br>Mota-Engil, Finance, B.V.<br>Mota-Engil, Ireland Construction Ltd.<br>Mota-Engil, Minerals & Mining Investments, B.V.<br>Mota-Internacional, Comércio e Consultadoria Económica, Lda.<br>Nortedomus—Sociedade Imobiliária, S.A.<br>Planinova—Sociedade Imobiliária, S.A.<br>Proempar—Promoção e Gestão de Parques Empresariais e Tecnológicos, S.A.<br>RTA—Rio Tâmega, Turismo e Recreio, S.A.<br>San Jacinto Investments, Ltd.<br>Sedengil—Sociedade Imobiliária, S.A.<br>SGA—Sociedade do Golfe de Amarante, S.A.<br>Tracevia—Sinalização, Segurança e Gestão de Tráfego, Lda.<br>Turalgo—Sociedade de Promoção Imobiliária e Turística do Algarve, S.A. | |
| Paulo Pinheiro | — | Águas de S. João E.M., S.A.<br>Aqualevel, Unipessoal, Lda.<br>Inadqua Fafe, S.A.<br>Indaqua Feira, S.A.<br>Indaqua—Indústria e Gestão de Água, S.A.<br>Indaqua Santo Tirso / Trofa, S.A.<br>Indaqua Matosinhos S.A.<br>Indaqua Vila do Conde S.A. |
| Carlos Pascoal | Grossiman S.L., Sociedade Unipersonal<br>Maprel—Empresa De Pavimentos E Materiais Pré-Esforçados Lda.<br>Mota-Engil Engenharia e Construção, S.A.<br>Sedengil—Sociedade Imobiliária, S.A. | Timoz—Transformadora Industrial De Mármores De Estremoz, Lda.<br>Tradelsu S.L. |
| Bruno Machado | — | Bergamon, A.S.<br>Öböl XI. Ingatlanhasznosítási Beruházó És Szolgáltató Kft.<br>VBT—Projectos e Obras de Arquitectura Paisagística, Lda. |
| ***Non-executive Directors*** | | |
| Maria Paula Mota | FM—Sociedade de Controlo, S.G.P.S., S.A.<br>António de Lago Cerqueira, S.A.<br>Casal Agrícola de Parada, Lda.<br>Edifícios Galiza—Sociedade Imobiliária, Lda.<br>Fundação Manuel António da Mota | — |

| Name | Current directorships/partnerships | Previous directorships/partnerships |
|---|---|---|
| | Largo do Paço—Investimentos Turísticos e Imobiliários, Lda.<br>Mineira do Jarmelo, Lda.<br>Mineira de Pensalvos, Lda.<br>Mota-Engil II, Gestão, Ambiente, Energia e Concessões de Serviços, S.A.<br>Mota-Engil S.G.P.S., S.A.<br>Mota Gestão e Participações, Sociedade Gestora de Participações Sociais, S.A.<br>Predimarão—Sociedade de Construções, Lda.<br>RTA—Rio Tâmega, Turismo e Recreio, S.A.<br>SGA—Sociedade do Golfe de Amarante, S.A.<br>Sociedade Agrícola Moura Basto, Lda.<br>Verotâmega—Sociedade Imobiliárias, Lda. | |
| David Hobley | Still Standing Too LLP<br>Westgate Hall Nominees Limited<br>SovGen Infrastructure Ltd<br>Ludlow Solar Limited<br>Strategic Reserve Power Ltd<br>Sovereign Solar 1 Ltd | incadea plc<br>Blue River Capital Management LLP<br>Deutsche Bank A.G., London Branch<br>Egyptian Company for Mobile Services S.A.<br>Mobinil S.A.<br>Nectar Capital LLC<br>Nectar Global Alpha Fund<br>Orange Brand Services Limited<br>Orange Romania S.A.<br>Still Standing Limited<br>Sonaecom, S.G.P.S., S.A.<br>Velti plc |
| Francisco Seixas da Costa | Fundação Calouste Gulbenkian<br>Jerónimo Martins S.G.P.S., S.A.<br>Mota-Engil S.G.P.S., S.A.<br>Warta—Retail and Services Investments B.V. | Beleggingsmaatschappij Tand B.V. |
| ***Senior Managers*** | | |
| João Vermelho | APAF—Associação Portuguesa de Analistas Financeiros<br>FIR—Forum de Investor Relations | |
| José Mangueira | Sonangalp Lda.<br>SOPOR—Sociedade Distribuidora de Combustíveis, S.A. | Sonangol E.P. |
| Luís Leite | — | Indaqua—Indústria e Gestão de Água, S.A. |
| António Pereira da Silva | — | Mota-Engil Engenharia e Construção, S.A. |
| Jose Dinis da Silva | — | DIACE—Construtoras das Auto-Estradas do Douro Interior, ACE |
| Aníbal Leite | — | Maprel—Empresa de Pavimentos e Materiais Pré-Esforçados Lda.<br>Mota-Engil, Betão e Pré-Fabricados, Sociedade Unipessoal, Lda.<br>Mota-Engil Industria e Inovação, S.A.<br>Qualibetão—Comercialização de Betões, Lda. |
| Francisco Franca | Glan Agua Ltd | Mota-Engil Ambiente e Serviços, S.G.P.S., S.A., Ireland branch |

## 5. DIRECTORS' SERVICE AGREEMENTS

Each Director has entered into a service agreement with the Company.

### *5.1 Term of service*

The Directors' respective service agreements end on the date of the General Meeting held in the fourth year after the date of their respective appointments as Director, upon termination of the relevant Director's membership of the Board, upon resignation by the relevant Director as member of the Board or by notice of either party. Termination of the service agreements by either party is possible with a three months' notice period. Notice does not have effect until the end of a calendar month.

### *5.2 Severance payments*

Directors are not eligible for severance payments under the terms of their service agreements with the Company.

### *5.3 Loans and guarantees*

The Company does not grant loans or guarantees, including mortgage loans, to the Directors.

## 6. COMPENSATION

### *6.1 Remuneration of Directors*

The table below provides remuneration information in Euros for the Directors:

| Year ended 31 December 2013 | Salary and fees | Bonus | Total |
|---|---|---|---|
| Gonçalo Moura Martins(1) | 369,096 | 69,800 | 438,896 |
| Gilberto Rodrigues(2) | 350,000 | 45,100 | 395,100 |
| Pedro Antelo(3) | 201,332 | 51,200 | 252,532 |
| Paulo Pinheiro(4) | 340,000 | 55,595 | 395,595 |
| Carlos Pascoal(2) | 297,000 | 20,000 | 317,000 |
| Bruno Machado(4) | 238,874 | 30,000 | 268,874 |
| Maria Paula Mota(1) | 251,000 | 50,000 | 301,000 |
| David Hobley | N/A | N/A | N/A |
| Francisco Seixas da Costa | N/A | N/A | N/A |

(1) The remuneration information refers to employment by ME SGPS prior to Listing.

(2) The remuneration information refers to employment by MEEC Africa prior to Listing.

(3) The remuneration information refers to employment by MESP prior to Listing.

(4) The remuneration information refers to employment by Mota-Engil Angola prior to Listing.

The Group does not have any pensions arrangements in place and accordingly does not set aside any amounts in respect of pension, retirement or similar benefits for Directors.

### *6.2 Remuneration of Senior Managers*

The Company compensates its executives in accordance with their respective positions within the Group, the financial performance of the Company and industry practice. The aggregate compensation paid to Senior Managers (excluding Mr. Rodrigues, Mr. Antelo, Mr. Pinheiro, Mr. Pascoal and Mr. Machado) for the year ended 31 December 2013 was € 3,267,455. The Group does not have any pensions arrangements in place and accordingly does not set aside any amounts in respect of pension, retirement or similar benefits for Senior Managers.

### *6.3 Termination benefits*

There are no existing or proposed service agreements between any Director and any member of the Group providing for benefits upon termination of employment.

## 7. CONSOLIDATED COMPANIES

The table below sets out the subsidiaries, associate companies and branches included in the Group's Interim Financial Statements as at and for the six months ended 30 June 2014, the percentage ownership and the nature of the holding of such consolidated companies.

| Name | Territory of Incorporation | Nature of Holding | Percentage Ownership |
|---|---|---|---|
| Akwangola, S.A. | Angola | Indirect | 28.03 |
| Fatra—Fábrica de Trefilaria de Angola, S.A. | Angola | Indirect | 35.70 |
| Martinox, S.A. | Angola | Indirect | 48.45 |

| Name | Territory of Incorporation | Nature of Holding | Percentage Ownership |
|---|---|---|---|
| Mota-Engil Angola, S.A. | Angola | Indirect | 51.00 |
| Novicer-Cerâmicas de Angola, Lda. | Angola | Indirect | 51.00 |
| Prefal—Préfabricados de Luanda, Lda. | Angola | Indirect | 45.90 |
| Rentaco Angola- Equipamentos e Transportes, Lda. | Angola | Indirect | 51.00 |
| Sonauta—Sociedade de Navegação, Lda. | Angola | Indirect | 100.00 |
| Tracevia Angola—Sinalização, Segurança e Gestão de Tráfego, Lda. | Angola | Indirect | 40.80 |
| Vista Energy Environment & Services, S.A. | Angola | Indirect | 51.00 |
| Vista Multi Services, Lda. | Angola | Indirect | 51.00 |
| Vista Waste Management, Lda. | Angola | Indirect | 26.01 |
| Vista Water, Lda. | Angola | Indirect | 28.05 |
| Automatriz, S.A. | Angola | Indirect | 45.00 |
| Icer—Indústria de Cerâmica, Lda. | Angola | Indirect | 25.50 |
| Penta—Engenharia e Construção, Lda. | Cape Verde | Indirect | 100.00 |
| Malawi Ports Company Limited | Malawi | Indirect | 100.00 |
| Malawi Shipping Company Limited | Malawi | Indirect | 100.00 |
| Mota-Engil (Malawi) Limited | Malawi | Indirect | 99.99 |
| Mota-Engil Investments (Malawi) Limited | Malawi | Indirect | 99.00 |
| Mota & Companhia Maurícias, Lda. | Mauritius | Indirect | 100.00 |
| Cecot—Centro de Estudos e Consultas Técnicas, Lda. | Mozambique | Indirect | 100.00 |
| Emocil—Empresa Moçambicana de Construção e Real Estate Promotion, Lda. | Mozambique | Indirect | 100.00 |
| Fibreglass Sundlete (Moç), Lda. | Mozambique | Indirect | 100.00 |
| Indimo, Lda. | Mozambique | Indirect | 100.00 |
| Mota-Engil Engenharia e Construção África, B.V., Uganda Branch | Uganda | Branch | — |
| Mota-Engil Engenharia e Construção África, S.A. | Portugal | Direct | 100.00 |
| Mota-Engil África, SGPS, S.A. | Portugal | Indirect | 100.00 |
| Mota Internacional—Comércio e Consultadoria Económica, Lda. | Portugal | Indirect | 100.00 |
| Mota-Engil Engenharia e Construção África, S.A., Angola Branch | Angola | Branch | — |
| Mota-Engil Engenharia e Construção África, S.A., Cape Verde Branch | Cape Verde | Branch | — |
| Mota-Engil Engenharia e Construção África, S.A., Malawi Branch | Malawi | Branch | — |
| Mota-Engil Engenharia e Construção África, S.A., Mozambique Branch | Mozambique | Branch | — |
| Mota-Engil Engenharia e Construção África, S.A., Zambia Branch | Zambia | Branch | — |
| Mota-Engil Engenharia e Construção África, S.A., Uganda Branch | Uganda | Branch | — |
| Mota-Engil S.Tomé e Principe, Lda. | São Tomé e Príncipe | Indirect | 100.00 |
| Cosamo (Proprietary) Limited | South Africa | Indirect | 100.00 |

## 8. DUTCH TAXATION

**The statements below represent a summary of current Dutch tax laws, regulations and judicial interpretations thereof. The description is limited to the material tax implications for a Shareholder who is not, or is not deemed to be and/or has not elected to be taxed as, a resident of the Netherlands for Dutch tax purposes (a "Non-resident Holder"). This summary does not address special rules that may apply to special classes of holders of shares in the Company and should not be read as extending by implication to matters not specifically referred to herein. As to individual tax consequences, each investor in Shares should consult his or her tax counsel.**

### *8.1 General*

The acquisition of Shares by a Non-resident of the Netherlands should not be treated as a taxable event for Dutch tax purposes. The income consequences in connection with owning and disposing of the Shares are discussed below.

### *8.2 Substantial interest*

A person who, alone or together with his or her partner (as defined in the Dutch Personal Income Tax Act 2001), (*inter alia*) directly or indirectly (i) owns, or holds certain rights in, five per cent. or more of the Company's share capital, (ii) owns, or holds certain rights in, profit participating rights that correspond to at least five per cent. of the Company's annual profits or to at least five per cent. of the liquidation proceeds, or (iii) holds options to, directly or indirectly, purchase five per cent. or more of the Company's share capital, is deemed to have a substantial interest in the Shares, or the options, as applicable. Specific rules apply in case certain family members of the Non-resident Holder hold a substantial interest. A deemed substantial interest also exists if, amongst other situations, (part of) a substantial interest is disposed of, or is deemed to be disposed of, in a transaction with no recognisable taxable gain. Special attribution rules exist for determining the presence of a substantial interest in the Shares, or the options, as applicable.

### *8.3 Income tax consequences for individual Non-resident Holders on owning and disposing of the Shares*

An individual Non-resident Holder will not be subject to Dutch tax on received income in respect of the Shares or capital gains derived from the sale, exchange or other disposition of the Shares, provided that such holder:

- does not derive and has not derived profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a Shareholder, which is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which the Shares are attributable;

- does not hold and has not held a (deemed) substantial interest in the Company's share capital or, in the event the Non-resident Holder holds or has held a (deemed) substantial interest in the Company's share capital, such interest is, or was, a business asset in the hands of the holder;

- does not share and has not shared directly in the profits of an enterprise, other than by way of securities, which is managed and controlled in the Netherlands and which enterprise (is deemed to) own(s), or has (or is deemed to have) owned, Shares;

- does not derive benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) carried on in the Netherlands in respect of the Shares, including, without limitation, activities which are beyond the scope of active portfolio investment activities; and such holder

- does not carry out and has not carried out employment activities, the income from which is taxable in the Netherlands, with which the holding of Shares is or was connected.

### *8.4 Corporate income tax consequences for corporate Non-resident Holders*

A corporate Non-resident Holder will be subject to Dutch tax on income derived from Shares or capital gains derived from the sale, exchange or disposition of Shares if such holder:

- derives profits from an enterprise, which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands (Dutch enterprise) and the Shares are attributable to this permanent establishment or permanent representative, unless the participation exemption (discussed below) applies; or

- has a (deemed) substantial interest in the Company's share capital, which is not attributable to its enterprise and (one of) the main purposes of the chosen ownership structure is the avoidance of Dutch income tax or dividend withholding tax;

- is a resident of Aruba, Curacao or the Dutch part of St. Martin (*Sint Maarten*) and derives profits from an enterprise which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in Bonaire, St. Eustatius or Saba to which the Shares are attributable, which permanent establishment or permanent representative would be considered to be established in the Netherlands pursuant to article 5.2 of the BES Tax Act (*Belastingwet BES*) if that permanent establishment was an entity (*lichaam*) or if the activities of the permanent representative would be transferred to an entity; or

- has certain assets deemed to be treated as a Dutch enterprise under Dutch tax law and the Shares are attributable to this Dutch enterprise.

To qualify for the Dutch participation exemption, a corporate Non-resident Holder must generally hold at least five per cent. of the Company's nominal paid capital and meet certain other requirements.

### *8.5 Dividend withholding tax*

In general, a dividend distributed by the Company in respect of Shares will be subject to a withholding tax imposed by the Netherlands at the statutory rate of 15 per cent. Generally, the Company is responsible for the withholding of Dutch dividend withholding tax at source. The Dutch dividend withholding tax is for the account of the Non-resident Holder.

Dividends include:

- dividends in cash and in kind;
- deemed and constructive dividends;
- consideration for the repurchase or redemption of Shares (including a purchase by a direct or indirect Company subsidiary) in excess of the qualifying average paid-in capital for Dutch dividend withholding tax purposes, unless such repurchase is made for temporary investment purposes or is otherwise exempt by law;
- stock dividends up to their nominal value, including an increase in the nominal value of Shares, unless distributed out of qualifying paid capital;
- liquidation proceeds in excess of the qualifying average paid capital for Dutch dividend withholding tax purposes; and
- any (partial) repayment of paid capital that is:
    - not recognised as capital for Dutch dividend withholding tax purposes, or
    - recognised for Dutch dividend withholding tax purposes, to the extent that the Company has net profits, unless: (i) the General Meeting has resolved in advance to make such repayment; and (ii) the nominal value of the shares concerned had been reduced with an equal amount by way of an amendment to the Articles.

A Non-resident Holder may obtain an exemption from or reduction of the Dutch dividend withholding tax if:

- the participation exemption applies and the Shares are attributable to a business carried out in the Netherlands;
- the dividends are distributed to a qualifying EU corporate holder satisfying the conditions of the EU Parent-Subsidiary Directive as implemented in article 4 (2) and article 4 (3) of the Dutch Dividend Withholding Tax Act 1965; or
- such holder is eligible for a partial or complete exemption or refund of all or a portion of the Dutch dividend withholding tax under a tax treaty that is in effect between the Netherlands and such holder's country of residence.

Under Dutch tax legislation regarding anti-dividend stripping, no exemption from, reduction in or refund of, Dutch dividend withholding tax is granted if the recipient of dividends paid by the Company is not considered the beneficial owner of such dividends.

### *8.6 Gift or inheritance taxes*

Dutch gift or inheritance taxes are not levied on the transfer of Shares by way of gift, or upon the death of a Non-resident Holder, unless the transfer is construed as an inheritance or as a gift made by or on behalf of a person who, at the time of the gift or death, is deemed to be a resident of the Netherlands.

Gift tax and inheritance tax are levied on the beneficiary. For purposes of Dutch gift and inheritance tax, an individual of Dutch nationality is deemed to be a resident of the Netherlands if he or she has been a resident thereof at any time during the 10 years preceding the time of the gift or death. For purposes of Dutch gift tax, a person not possessing Dutch nationality is deemed to be a resident of the Netherlands if he or she has resided therein at any time in the 12 months preceding the gift.

### *8.7 Value added tax*

No Dutch value added tax (*Omzetbelasting*) is imposed on dividends in respect of the Shares or on the transfer of the Shares.

### *8.8 Residence*

A Non-resident Holder will not become resident, or be deemed to be resident, in the Netherlands solely as a result of holding Shares or of the execution, performance, delivery and/or enforcement of rights in respect of the Shares.

## 9. PORTUGAL TAXATION

### *9.1 General*

The following is a general summary of certain tax consequences of the acquisition, ownership and disposition of Shares based on the tax laws of Portugal as in effect on the date of this Prospectus and is not intended to be considered as tax advice. Potentially applicable transitional rules have not been considered. This summary is subject to changes in Portuguese law, including changes that could have retroactive effect. It is not a complete analysis of all of the potential tax effects relevant to a decision to invest in the Shares. The following summary neither takes into account nor discusses investors' individual circumstances or the tax laws of any country other than Portugal, and it relates only to the position of persons who are absolute beneficial owners of the Shares. No representation with respect to the tax consequences to any particular holders is made below.

Investors are advised to consult their own tax advisors as to Portuguese or other tax consequences of the acquisition, ownership and disposition of the Shares. Tax consequences may differ according to the provisions of different double taxation treaties, as well as according to an investor's particular circumstances.

The following summary assumes that the Shares would be treated by the Portuguese tax authorities as Shares (*acções*), as defined under Portuguese law. The references to "investment income," "dividends" and "capital gains," respectively, in the paragraphs below mean "investment income," "dividends" and "capital gains" as understood in Portuguese tax law. The statements below do not take account of any different definitions of "investment income," "dividends" or "capital gains," respectively, that may prevail under any other country's laws or that may be created by the terms and conditions of the Shares or any related documentation.

**Residents and non-residents with a permanent establishment in Portugal**

### *9.2 Dividends*

#### *9.2.1 Individuals*

Dividends paid on the Shares by non-resident corporate entities, such as the Company, to an individual investor (whether resident or non-resident in Portugal for Portuguese tax purposes) generally will not be subject to Portuguese withholding tax. If, however, a dividend payment is made available (*colocado à disposição*) to a Portuguese-resident individual through a Portuguese-resident entity (whether or not specifically mandated by the Company or the investor), then such dividend will be subject to withholding tax (currently at a 28 per cent. final rate) unless an election for aggregation is made, in which case the withheld tax will be creditable against the recipient's final Portuguese tax liability. Dividends received by Portuguese-resident individuals generally will be subject to Portuguese taxation at an autonomous rate of 28 per cent., unless the individual elects to aggregate the dividends income and to be taxed on such dividends at progressive rates of up to 48 per cent., which is increased by a surcharge of 2.5 per cent. on income higher than Euro 80,000 and 5 per cent. on income higher than Euro 250,000. An additional 3.5 per cent. surtax is to be added in 2014. The 3.5 per cent. surcharge will be applicable also in 2015 if the Budget Bill for 2015 is approved as presented to Parliament on October 15, 2014.

If aggregation is chosen and the Company qualifies as an entity that fulfils the requirements and conditions established in article 2 of the EC Directive no 2011/96/EU ("EC Directive no. 2011/96/EU"), then only 50 per cent. of the value of the dividend will be subject to Portuguese taxation, and the withheld tax will become an advance payment of the final tax due. The investor will be required to provide proof (in the form of a duly confirmed and authenticated certificate issued by the Dutch tax authorities) that the Company fulfils the requirements and conditions established in article 2 of the aforementioned Directive.

The Company will fulfil the requirements and conditions established in article 2 of the EC Directive no. 2011/96/EU if (i) it takes one of the forms under Dutch law known as *naamloze vennootschap*, *besloten vennootschap met beperkte aansprakelijkheid*, *open commanditaire vennootschap*, *coöperatie*, *onderlinge waarborgmaatschappij*, *fonds voor gemene rekening*, *vereniging op coöperatieve grondslag*, *vereniging welke op onderlinge grondslag als verzekeraar of kredietinstelling optreedt* or that of other companies constituted under Dutch law subject to Dutch corporate tax; (ii) according to the tax laws of the Netherlands is considered to be resident in the Netherlands for tax purposes and, under the terms of a double taxation agreement concluded with a third State, is not considered to be resident for tax purposes outside the European Union; and (iii) is subject to *vennootschapsbelasting* in the Netherlands, without the possibility of an option or of being exempt.

### *9.2.2 Corporate entities*

Dividends paid on the Shares to legal persons (whether resident or non-resident in Portugal) treated as corporations for Portuguese tax purposes generally will not be subject to Portuguese withholding tax. Instead, dividends paid on the Shares to Portuguese-resident corporate entities or to non-Portuguese corporate entities with a permanent establishment in Portugal to which such income is attributable will be taxed in Portugal at the standard corporate tax rate of 23 per cent. tax rate (21 per cent. if the Budget Bill for 2015 is approved as presented to Parliament on October 15, 2014) or at 17 per cent. tax rate on the first Euro 15,000 in the case of small or small and medium-sized enterprises, to which it may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable profits. A state surcharge (*derrama estadual*) also applies at three per cent. on taxable profits in excess of Euro 1,500,000 and up to Euro 7,500,000, five per cent. on taxable profits in excess of Euro 7,500,000 and up to Euro 35,000,000 and seven per cent. on taxable profits in excess of Euro 35,000,000.

If the corporate entity: (i) is not subject to the fiscal transparency regime; (ii) directly (or directly and indirectly) holds at least five per cent. of the Company's share capital or voting rights; and (iii) has held the Shares continuously during the 24 months prior to the date when the dividends were made available (*colocado à disposição*) or will hold the Shares until that minimum holding period has elapsed, then the entire dividend received will not be considered for the purposes of determining the corporate entity's taxable profits, so long as the Company is subject and not exempt to *vennootschapsbelasting* in the Netherlands, as established in article 2 of the EC Directive no. 2011/96/EU, and the dividend payments does not give rise to a deduction against *vennootschapsbelasting* in the Netherlands.

## *9.3 Capital gains*

### *9.3.1 Individuals*

Capital gains arising on the sale of Shares are taxed at a rate of 28 per cent. levied on the positive difference between the capital gains and capital losses realised on the transfer of securities and certain derivatives of each year, which is the final tax on that income, unless the individual elects for aggregation to his taxable income, subject to tax at progressive rates of up to 48 per cent. which is increased by a surcharge of 2.5 per cent. on income higher than Euro 80,000 and 5 per cent. on income higher than Euro 250,000. An additional 3.5 per cent. surtax is to be added in 2014. The 3.5 per cent. surcharge will be applicable also in 2015 if the Budget Bill for 2015 is approved as presented to Parliament on October 15, 2014.

The net annual difference between taxable capital gains and capital losses arising from the sale of Shares will be taxed at the special rate of 28 per cent. unless the individual recipient elects to aggregate its capital gains and to be taxed on such gains at the applicable progressive rates. In determining this amount, losses incurred upon the sale of Shares to a purchaser that is subject to a more favourable taxation regime included in the list approved by Decree no. 150/2004, of 13 February ("Decree no. 150/2004") will not be considered.

### *9.3.2 Corporate entities*

There is no separate capital gains tax in Portugal. Capital gains are taxed at the standard corporate tax rate of a 23 per cent. (21 per cent. if the Budget Bill for 2015 is approved as presented to Parliament on October 15, 2014) or at 17 per cent. tax rate on the first Euro 15,000 in the case of small or small and medium-sized enterprises, to which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income. A state surcharge (*derrama estadual*) also applies at three per cent. on taxable profits in excess of Euro 1,500,000 and up to Euro 7,500,000, five per cent. on taxable profits in excess of Euro 7,500,000 and up to Euro 35,000,000 and seven per cent. on taxable profits in excess of Euro 35,000,000.

If the corporate entity: (i) is not subject to the fiscal transparency regime; (ii) directly (or directly and indirectly) holds at least five per cent. of the Company's share capital or voting rights; and (iii) has held the Shares continuously during the 24 months prior to the date when the transfer of Shares occurs, then the capital gains or losses derived from the transfer of the Shares will not be considered for purposes of determining the corporate entity's taxable profits, so long as the Company is subject and not exempt to *vennootschapsbelasting* in the Netherlands, as established in article 2 of the EC Directive no. 2011/96/CEE. Losses derived from the transfer of Shares other than those mentioned before, are deductible for computing the corporate entity taxable income, but subject to certain restrictions.

### *9.4 Stamp duty*

### *9.4.1 Individuals*

Stamp tax at 10 per cent. applies to the gratuitous acquisition through gift or inheritance of assets located in Portuguese territory by an individual who is domiciled in Portugal. If the Company does not have its registered office, place of effective management or a permanent establishment in Portugal, Shares are not deemed as an asset located in Portuguese territory. An exemption applies to transfers in favour of the spouse (or person living together as spouse), descendants and parents/grandparents.

There is neither wealth nor estate tax in Portugal.

### *9.4.2 Corporate entities*

Free transfers of Shares in favour of Portuguese-resident corporate entities subject to Portuguese income taxation are exempted from stamp duty; however, if such transfer gives rise to a positive net variation in worth (*variação patrimonial positiva*) for the said Portuguese-resident corporate entity, it is considered for the purposes of computing such entity's taxable income, subject to the standard 23 per cent. tax rate (21 per cent. if the Budget Bill for 2015 is approved as presented to Parliament on October 15, 2014) or at 17 per cent. tax rate on the first Euro 15,000 in the case of small or small and medium-sized enterprises, to which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income. A state surcharge (*derrama estadual*) also applies at three per cent. on taxable profits in excess of Euro 1,500,000 and up to Euro 7,500,000, five per cent. on taxable profits in excess of Euro 7,500,000 and up to Euro 35,000,000 and seven per cent. on taxable profits in excess of Euro 35,000,000.

**Non-resident individuals or legal person non-resident in Portugal for tax purposes without a permanent establishment therein**

Payments made by the Company of dividends to an individual or legal person non-resident in Portugal for tax purposes without a permanent establishment to which such income may be attributable are not subject to Portuguese income tax.

Capital gains obtained on the transfer of Shares by an individual or a legal person who is neither resident nor engaged in business through a permanent establishment in Portugal to which that gain is attributable are not subject to Portuguese income tax.

## 10. DIVIDEND RESTRICTIONS

As a holding company, the Company's ability to pay dividends is affected by its ability to receive funds for such purposes directly or indirectly from its operating company subsidiaries. See "*Risk Factors—Risks Relating to the Shares and the Shareholder Structure—The payment of future dividends will depend on the Company's financial condition and results of operations, as well as on the Company's operating subsidiaries' distributions to the Company*".

## 11. WORKING CAPITAL

The Company is of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the 12 months following the date of publication of this Prospectus.

## 12. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 30 June 2014, being the end of the last financial period for which financial information has been published.

## 13. CAPITALISATION AND INDEBTEDNESS

The Company's authorised share capital as at the date of this Prospectus amounts to €200,000,000 divided into 200,000,000 Shares, each with a par value of €1.00, and the Company's issued and outstanding share capital amounts to €100,000,000 and is divided into 100,000,000 Shares.

The following table shows the capitalisation of the Group as at 30 September 2014:

| **Capitalisation and indebtedness** | **As at 30 September 2014 (unaudited)** |
|---|---|
| | **(€ thousands)** |
| **Current debt** | |
| Guaranteed | 49,124 |
| Secured | 108,788 |
| Unguaranteed/unsecured | 38,074 |
| **Total current debt** | **195,986** |
| **Non-current debt** | |
| Guaranteed | 6,358 |
| Secured | 8,136 |
| Unguaranteed/unsecured | 136,150 |
| **Total non-current debt** | **150,644** |
| **Total indebtedness** | **346,630** |
| **Combined shareholders' equity** | |
| Share capital | 100,000 |
| Legal reserve | — |
| Other reserves | 149,412 |
| **Total capitalisation(1)** | **249,412** |
| **Total** | **596,042** |

(1) Does not include the dividend paid by MEEC Africa in respect of the financial year ended 31 December 2013 in the amount of €37,220,000.

The following table shows the net indebtedness of the Group as at 31 July 2014:

| Net Indebtedness | As at 30 September 2014 (unaudited) |
|---|---|
| | **(€ thousands)** |
| Cash | 5,538 |
| Cash equivalent | 165,681 |
| Trading securities | — |
| **Total liquidity** | **171,219** |
| **Current financial debt** | |
| Current bank debt | 128,041 |
| Bonds issued | 5,000 |
| Current portion of non-current debt | 61,818 |
| Other current financial debt | 1,127 |
| **Current financial debt** | **195,986** |
| **Net current financial indebtedness** | **24,767** |
| **Cash equivalent non current** | — |
| **Non-current financial debt** | |
| Non-current bank loans | 25,164 |
| Bonds issued | 66,439 |
| Other non-current loans | 59,041 |
| **Non-current financial indebtedness** | **150,644** |
| **Net non-current financial indebtedness** | **150,644** |
| **Net financial indebtedness** | **175,411** |

The above tables have been prepared in accordance with IFRS using policies which are consistent with those used in preparing the Group's combined historical financial information set out in "*Part VIII: Historical Financial Information—Section C: Unaudited Interim Consolidated Financial Information for the Six Months ended 30 June 2014*".

See "*Part VII: Operating and Financial Review—Liquidity and Capital Resources—Off balance sheet arrangements*" for information about the indirect indebtedness of the Group.

## 14. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this document which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

### *14.1 Relationship Agreement*

The Company and ME SGPS entered into the Relationship Agreement on 17 November 2014 which will, conditional upon Listing, regulate the degree of control that ME SGPS and entities under its control may exercise over the management of the Company. The principal purpose of the Relationship Agreement is to ensure that the Group is capable at all times of carrying on its business as an entity independent of ME SGPS.

The provisions of the Relationship Agreement will take effect on and from Listing and are conditional in all respects upon Listing becoming effective not later than the date which is three months after the date of the Relationship Agreement.

Under the Relationship Agreement, ME SGPS has undertaken that, without prejudice always to the full exercise, in compliance with the applicable laws, of its rights as a shareholder of the Company:

a. transactions and relationships between the Company and any other member of the Group on the one hand, and ME SGPS and any entity under the control of ME SGPS on the other, will be conducted at arm's length and on normal commercial terms;

b. it shall refrain from, and shall use its reasonable endeavours to procure that its associates shall refrain from:

   i. taking any action intended to prevent the Company from complying with its obligations under the listing rules applicable to companies whose shares are admitted to listing and trading on Euronext Amsterdam; and

   ii. proposing any shareholder resolution which is intended to circumvent the proper application of the Listing Rules applicable to companies whose shares are admitted to listing and trading on Euronext Amsterdam.

ME SGPS has agreed to provide to the Company, as soon as practicable after request, any information in its possession or control (to the extent that it is not restricted from doing so under applicable law or regulations) which the Company reasonably requests which are necessary to allow the Company to assess its obligations under the Listing Rules and under other applicable law. The Company has also, to the extent permitted by any applicable law or regulation, agreed to, and has agreed to use its reasonable endeavours to procure that each member of its Group shall, provide the employees, officers, agents and auditors of ME SGPS as soon as practicable after request with such information as is necessary for ME SGPS to assess and to comply with its obligations under applicable laws or regulations, including in relation to the preparation of its financial statements, its tax filings and for any regulatory purposes or filings.

Each of ME SGPS and the Company have agreed to maintain confidential information disclosed by either party to the other in accordance with the terms of the Relationship Agreement, and that such information may only be disclosed:

i. to a third party (except as otherwise provided in the Relationship Agreement) with the written consent of the other party;

ii. to such party's legal, accounting, insurance and other professional advisers;

iii. to the tax or VAT authorities, any regulatory authority, and any other governmental or public authority or officer;

iv. where required, in connection with any legal proceedings;

v. to the extent required to comply with any law or regulation or if required to obtain or maintain a listing of securities on any stock exchange; and

vi. where it ceases to be confidential, in particular due to disclosure to the market.

The Relationship Agreement will cease to have effect if ME SGPS ceases to hold, directly or indirectly, at least 50.1 per cent. of the Company's Shares or voting rights or if the Shares of the Company cease to be admitted to listing and trading on Euronext Amsterdam. Further, if the Relationship Agreement is not terminated earlier in accordance with its terms, then, at any time following its third anniversary, following the request of any party to it, the parties will review the Relationship Agreement and consider mutually acceptable terms for its continuation, following which the Relationship Agreement may be terminated by either party giving the other not less than three months notice.

ME SGPS has acknowledged that, for the duration of the Relationship Agreement, the Company intends to include in each annual financial report published by it a statement made by the Company's Board of Directors confirming either that the independence provisions contained in the Relationship Agreement have been complied with throughout the accounting period covered by such annual financial report or that such provisions have not been so complied with. The Relationship Agreement also provides that where any independent Non Executive Director of the Company disagrees with any such confirmation of compliance, that fact shall also be disclosed by the Company in its relevant annual financial report.

The Relationship Agreement provides that for so long as ME SGPS, together with any of its subsidiary undertakings, holds at least five per cent. of the Shares of the Company, the Company will, if ME SGPS notifies it in writing of its intention to dispose of its Shares of the Company, cooperate with and provide assistance reasonably requested by ME SGPS in connection with any proposed disposal by it of the Company's Shares (including, without limitation, participation by members of the Board of Directors of the Company or its senior management in the preparation of a prospectus, discussions with potential investors and roadshow presentations), provided that (i) the

Company's reasonable costs and expenses incurred in providing such assistance shall be reimbursed by ME SGPS upon written request, and (ii) the Company and its representatives are consulted by ME SGPS as to the timing, size, and manner of the proposed share disposal and ME SGPS complies, to the extent practicable, with all reasonable requirements of the Company in relation thereto. This provision shall survive termination of the Relationship Agreement.

The Relationship Agreement also contains non compete provisions pursuant to which, and subject to certain exceptions, for so long as ME SGPS, together with any of its subsidiary undertakings, holds at least 50.1 per cent. of the Shares of the Company, the parties agreed that (i) ME SGPS shall not, and shall use its reasonable endeavours to procure that its associates shall not, without the prior written consent of the Company, engage in a competing business carried on by the Company in Sub Saharan Africa, and (ii) the Company shall not, and shall use its reasonable endeavours to procure that its associates shall not, without the prior written consent of ME SGPS, engage in a competing business carried on by ME SGPS other than in Sub Saharan Africa. This provision shall survive termination of the Relationship Agreement.

The Company believes that the terms of the Relationship Agreement will enable the Company to carry on its business as an entity independent from ME SGPS and its affiliates, and ensure that all transactions and relationships between the Company and ME SGPS and its affiliates are, and will be, at arm's length and on a normal commercial basis.

## 15. RELATED PARTY TRANSACTIONS

***Parent Group***

Balances and transactions between members of the Group and any of their associates and joint ventures, stated through the equity method, are not eliminated, and were as follows for the periods indicated. The pricing of these transactions are made at arm's length and arise from ordinary course activity of the Group.

| | As at 31 December | As at 30 June |
|---|---|---|
| | 2013 | 2014 |
| | (€ thousands) | |
| Accounts receivable | 9,148 | 9,706 |
| Accounts payable | 3,416 | 3,077 |

| | Year ended 31 December | Six months ended 30 June |
|---|---|---|
| | 2013 | 2014 |
| | (€ thousands) | |
| Sales & services rendered | 193 | 7 |

Balances and transactions between members of the Group and any shareholders of Group companies with qualifying holdings or with other companies held by the Group comprised the following amounts for the periods indicated. The pricing of these transactions are made at arm's length and, except for the amounts payable regarding the purchase of BAI – Banco Angolano de Investimentos and Vista Waste, arise from the Group's ordinary course activity.

| | As at 31 December 2013 | As at 30 June 2014 |
|---|---|---|
| | (€ thousands) | |
| Accounts receivable | 90,712 | 27,026 |
| Accounts payable (1) | 114,883 | 122,834 |
| Loans granted | 29 | 29 |
| Loans obtained | 2,205 | 976 |

| | Year ended 31 December 2013 | Six months ended 30 June 2014 |
|---|---|---|
| | (€ thousands) | |
| Sales & services rendered | 12,657 | 5,145 |
| Cost of goods sold and subcontractors (2) | 31,600 | 36,701 |
| Third-party supplies & services | 26,252 | 26,112 |

(1) Includes the amount of 49 million euros regarding the acquisition of a 3% stake in BAI – Banco Angolano de Investimentos, 16 million euros concerning the acquisition of Vista Waste and Vista Water and 18 million euros concerning railway work in the Nacala Corridor Railway project.

(2) Mainly comprised of subcontractor related costs concerning the railway work in the Nacala Corridor Railway project.

***Mota-Engil Angola***

Balances and transactions between members of the Group and shareholders of Mota-Engil Angola comprised the following amounts as at the dates indicated:

| Balances - 31 December 2013 | Accounts receivable (1) | Accounts payable(2) | Shareholders (3) | Supplementary capital |
|---|---|---|---|---|
| | € thousands | | | |
| BPA | - | 1,622 | 1,816 | 2,537 |
| FINICAPITAL | 33,038 | 26,028 | 5,449 | 8,031 |
| GLOBALPACTUM | - | - | 3,269 | 4,818 |
| SONANGOL GROUP | 97,400 | 1,491 | 7,303 | 10,701 |
| **Total** | **130,438** | **29,141** | **17,838** | **26,087** |

(1) Balances from the Group's ordinary course activity and made at arm's length. Balance with Finicapital relates primarily to the Financial City project in Luanda. Balance with Sonangol Group relates mainly to the Special Economic Zone project in Luanda and with the Gas Stations expansion projects in Luanda, Huambo and Lundas.

(2) Balance from Finicapital includes 23 million euros regarding the acquisition of Vista Waste and Vista Water stakes of Finicapital at market value. The remaining amounts arose from Group's ordinary course activity and were made at arm's length.

(3) Balances regarding dividends not yet paid.

| Balances - 30 June 2014 | Accounts receivable (1) | Accounts payable(2) | Shareholders (3) | Supplementary capital |
|---|---|---|---|---|
| | € thousands | | | |
| BPA | - | 1,637 | 3,408 | 2,754 |
| FINICAPITAL | 51,100 | 23,120 | - | 8,064 |
| GLOBALPACTUM | - | - | 6,134 | 4,838 |
| SONANGOL GROUP | 87,274 | - | - | 10,686 |
| **Total** | **138,373** | **24,757** | **9,541** | **26,341** |

(1) Balances from the Group's ordinary course activity and made at arm's length. Balance with Finicapital relates mainly to the Financial City Project in Luanda, Angola. Balance with Sonangol Group relates mainly to the Special Economic Zone project in Luanda.

(2) Balance from Finicapital Includes 23 million euros regarding the acquisition of Vista Waste and Vista Water stakes of Finicapital at market value. The remaining amounts arose from Group's regular activity and were made at arm's length.

(3) Balances regarding dividends not yet paid.

| Transactions – year ended 31 December 2013 | Services rendered (1) | Other income | Purchases (1) | Third-party supplies & services (1) | Other expenses |
|---|---|---|---|---|---|
| | | € thousands | | | |
| BPA | - | - | - | - | - |
| FINICAPITAL | 35,194 | - | - | 729 | - |
| GLOBALPACTUM | - | - | - | - | - |
| SONANGOL GROUP | 117,799 | - | 8,500 | - | - |
| **Total** | **152,993** | **-** | **8,500** | **729** | **-** |

(1) Transactions from the Group's ordinary course activity and made at arm's length.

| Transactions – six months ended 30 June 2014 | Services rendered (1) | Other income | Purchases (1) | Third-party supplies & services (1) | Other expenses |
|---|---|---|---|---|---|
| | | € thousands | | | |
| BPA | 4,382 | - | - | - | - |
| FINICAPITAL | 30,117 | - | - | 191 | - |
| GLOBALPACTUM | - | - | - | - | - |
| SONANGOL GROUP | 24,369 | 255 | 3,757 | 37 | - |
| **Total** | **58,868** | **255** | **3,757** | **228** | **-** |

(1) Transactions from Group's ordinary course activity and made at arm's length.

Save for the above, related party transactions set out in note 32 to the Combined Audited Financial Statements contained in "*Part VIII: Historical Financial Information*" and "*Part V: Relationship with the Major Shareholder*" of this Prospectus, there are no related party transactions that were entered into during the period covered by the Combined Audited Financial Statements and during the period commencing on 1 January 2014 and ending on the date of publication of this Prospectus.

## 16. APPLICABLE DUTCH LAWS

### *16.1 Annual Accounts, Semi-annual Accounts and Quarterly Statements*

Pursuant to the Dutch Financial Supervision Act, the Company must prepare the annual accounts and make them publicly available within four months following each financial year. The annual accounts must be accompanied by an audit opinion, an annual report and certain other information required under Dutch law and a report of the Board. The annual accounts must be signed by the Directors.

The annual accounts, the annual report and the other information required under Dutch law must be made available to Shareholders for review as from the day of the notice convening the annual General Meeting. The annual accounts must be filed with the AFM within five days after adoption, together with the annual report and the other information relating to the annual accounts or the annual report as required under Dutch law.

As soon as possible but in any event within two months following the first six months of the financial year, the Company must prepare semi-annual financial reporting and make it publicly available. If the semi-annual financial reporting is audited or reviewed, the independent auditor's opinion must be made publicly available together with the semi-annual financial reporting.

The Company is required to publish interim statements (inter alia containing an overview of important transactions and their financial consequences) in the period starting ten weeks after the start of and six weeks before the end of the first and second half of each financial year. Such interim statements include an explanation of the important events and transactions that took place during the period between the start of the financial year and publication of the interim statements and the consequences for the financial position of the Company. The interim statements also include a general description of the financial position and the performance of the Company during that period. The obligation to publish interim statements may change depending on how the Netherlands will transpose the EU Directive 2013/50/EU which amends the EU Transparency Directive.

The Company must publish and simultaneously send the annual, semi-annual and interim statements to the AFM and comply with other reporting obligations, in accordance with the relevant Dutch laws.

### *16.2 Dutch Financial Reporting Supervision Act*

On the basis of the Dutch Financial Reporting Supervision Act, the AFM supervises the application of financial reporting standards by, amongst others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange.

Pursuant to the Dutch Financial Reporting Supervision Act, the AFM has an independent right to (i) request an explanation from the Company regarding its application of financial reporting standards if, based on publicly known facts or circumstances, the AFM has reason to doubt that the Company's financial reporting meets the applicable standards, and (ii) recommend to the Company the publication of further explanations in respect of its financial reporting. If the Company does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber of the Court of Appeal in Amsterdam (the "Enterprise Chamber") orders the Company to (i) provide an explanation of the manner in which it has applied the relevant financial reporting standards to its financial reports, or (ii) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

### *16.3 Identity of Shareholders*

Under the Dutch Securities Giro Act, the Company may request the central institute, associated institutions, intermediaries, institutions abroad, and management companies of collective investment schemes to give certain information on the identity of its Shareholders. Such request may only be made during a period of 60 days up to the day on which a General Meeting is held. No information will be given on Shareholders with an interest of less than 2% of the issued share capital. A Shareholder who, alone or together with other Shareholders, holds an interest of at least 10% of the issued share capital may request us to establish the identity of its Shareholders. This request may only be made during a period of 60 days until (and not including) the 42nd day before the day on which the General Meeting will be held.

### *16.4 Public offer rules*

In accordance with Directive 2004/25/EC, each Member State should ensure the protection of minority shareholders by obliging any person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price. The Directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. The laws of the Member State in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company.

Under Dutch law, the above percentage has been determined to be 30%. In accordance with Section 5:70 of the Dutch Financial Supervision Act, any person – whether acting alone or in concert with others – who, directly or indirectly, acquires 30% or more of the voting rights will be obliged to launch a public offer for all outstanding Shares. An exception is, inter alia, made for Shareholders who – whether alone or acting in concert with others – have an interest of at least 30% of the voting rights before the Shares are first admitted to trading on Euronext Amsterdam and who still have such an interest after the first admittance to trading. Considering that immediately after the first admittance to trading of the Shares on Euronext Amsterdam, the Parent will still be able to exercise 30% or more of the voting rights, such exception will apply to the Parent upon such first admittance and will continue to apply to the Parent for as long as its holding of Shares will remain at or over 30% of the voting rights.

Furthermore, in general, it is prohibited to launch a public offer for shares of a listed company unless an offer memorandum has been approved by the AFM. A public offer is launched by way of making the AFM approved offer memorandum publicly available.

### *16.5 Squeeze-out proceedings*

If a person or legal entity (the "Controlling Party") holds for its own account in total 95 per cent. of the Company's issued share capital by nominal value, Dutch law permits the Controlling Party to acquire the remaining Shares in the Company by initiating proceedings before the Enterprise Chamber against the remaining Shareholders. The Controlling Party can institute such proceedings by means of a writ of summons served upon each of the remaining Shareholders in accordance with the provisions of Dutch law. If the Enterprise Chamber grants the claim for the squeeze-out in relation to all remaining Shareholders, it will determine the price to be paid for such Shares. The Enterprise Chamber may appoint one or three experts who will provide an opinion on the value to be paid for the Shares of the remaining Shareholders. Following the determination of the price, the Controlling Party will be required to pay the remaining Shareholders the determined price with interest in exchange for the transfer of the remaining Shareholders' unencumbered Shares.

In addition, following a public offer by way of filing a claim with the Enterprise Chamber, a Controlling Party has the right to require the remaining Shareholders to sell their Shares to it and each remaining Shareholder has the right to require the Controlling Party to purchase its Shares, provided that such a claim is filed within three months after the end of the acceptance period of that public offer.

A Shareholder holding less than 95 per cent. of the Company's issued share capital by nominal value, but who in practice controls the General Meeting, may attempt to raise its holdings to 95 per cent.—or by other means to obtain full ownership of the business of the Company—through (i) a legal merger with another company, (ii) an acquisition of or a subscription for additional Shares (for example, in exchange for a contribution of part of its own business), or (iii) another form of restructuring.

### *16.6 Shareholding disclosure obligations*

Upon the Listing certain disclosure obligations for major shareholders and the Company become applicable.

#### *(a) The Company*

The Company must notify the AFM without delay (i.e. when the Company knows or should know that such obligation has arisen) of any change to its issued share capital or voting rights of more than 1 per cent. since the Company's previous notification. Any other change to its share capital or voting rights must be notified to the AFM quarterly, within eight days following the relevant quarter. Immediately following Listing, the Company must notify the AFM of its issued capital and voting rights.

#### *(b) The Shareholders*

Any person who, directly or indirectly, acquires or disposes of a capital interest and/or voting rights in the Company must immediately give written notice to the AFM of such acquisition or disposal by means of a standard form or by using the digital portal made available by the AFM if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below the following thresholds: 3 per cent., 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 40 per cent., 50 per cent., 60 per cent., 75 per cent. and 95 per cent. Each person whose holding of capital interest or voting rights amounts to 3 per cent. or more of the Company's issued share capital following Listing must immediately notify the AFM by means of a standard form or by using a web portal, being the digital portal made available by the AFM.

Notwithstanding the obligations pursuant to the EU Short Selling Regulation to disclose net short positions, any person must immediately give written notice to the AFM by means of a standard form or by using the digital portal made available by the AFM if he or she, directly or indirectly, acquires or disposes of financial instruments representing a gross short position, as expressed in the percentage of capital interest in the Company, with respect to shares in the Company, if such percentage reaches, exceeds or falls below the thresholds mentioned above. In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2 per cent. of the issued share capital of the Company is required to report it to the AFM. Each subsequent increase of this position by 0.1 per cent. above 0.2 per cent. will also need to be reported. Each net short position equal to 0.5 per cent. of the issued share capital of the Company and any subsequent increase of that position by 0.1 per cent. will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set-off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account: (i) Shares and/or voting rights directly held (or acquired or disposed of) by any person; (ii) Shares and/or voting rights held (or acquired or disposed of) by such person's controlled entities or by a third party for such person's account; (iii) voting rights held (or acquired or disposed of) by a third party with whom such person has concluded an oral or written voting agreement; (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; (v) Shares which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire Shares; (vi) Shares which determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vii) Shares that must be acquired upon exercise of a put option by a counterparty; and (viii) Shares which are the subject of another contract creating an economic position similar to a direct or indirect holding in those Shares. Special attribution rules apply to Shares and voting rights that are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of Shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote on the Shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the Shares.

For the same purpose, the following instruments qualify as "Shares": (i) Shares, (ii) depositary receipts for Shares (or negotiable instruments similar to such receipts), (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds), and (iv) options for acquiring the instruments under (i) or (ii).

Controlled entities (within the meaning of the Dutch Financial Supervision Act) do not themselves have notification obligations under the Dutch Financial Supervision Act as their direct and indirect interests in the Company's share capital or voting rights are attributed to their (ultimate) parent. If a person who has a 3 per cent. or larger interest in the Company's share capital or voting rights ceases to be a controlled entity it must immediately notify the AFM and all notification obligations under the Dutch Financial Supervision Act will become applicable to such former controlled entity.

If a person's capital interest and/or voting rights reach, exceed or fall below the above-mentioned thresholds as a result of a change in the Company's issued share capital or voting rights, such person is required to make a notification not later than on the fourth trading day after the AFM has published the Company's notification as described above in its public register.

Furthermore, every holder of 3 per cent. or more of the Company's share capital or voting rights which interest on 31 December at 24:00 hrs differs from a previous notification to the AFM must notify this interest to the AFM within four weeks following this date.

***(c) The Directors and Closely Associated Persons***

Each Director must notify the AFM: (a) immediately following Listing of the number of Shares he/she holds and the number of votes he/she is entitled to cast in respect of the Company's issued share capital, and (b) subsequently of each change in the number of Shares he/she holds and of each change in the number of votes he/she is entitled to cast in respect of the Company's issued share capital, immediately after the relevant change.

Pursuant to the Wft, each Director, and any other person who has managerial responsibilities within the Company and in that capacity is authorised to make decisions affecting the future developments and business prospects of the Company and who has regular access to inside information relating, directly or indirectly, to the Company (each, an "Insider"), must notify the AFM of all transactions, conducted or carried out for his/her own account, relating to the Shares or financial instruments, the value of which is (in part) determined by the value of the Shares.

In addition, persons designated by the Decree on Market Abuse pursuant to the Wft (*Besluit marktmisbruik Wft*) ("Market Abuse Decree") who are closely associated with Directors or any of the Insiders must notify the AFM of the existence of any transactions conducted for their own account relating to the Shares or financial instruments, the value of which is (in part) determined by the value of the Shares. The Market Abuse Decree designates the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date, and (iv) any legal person, trust or partnership, among other things, whose managerial responsibilities are discharged by a person referred to under (i), (ii) or (iii) above.

The AFM must be notified of transactions effected in either the Shares or financial instruments, the value of which is (in part) determined by the value of the Shares, no later than the fifth business day following the transaction date by means of a standard form or by using the digital portal made available by the AFM. Notification may be postponed until the date the value of the transactions carried out on that person's own account, together with the transactions carried out by the persons associated with that person, reach or exceed the amount of €5,000 in the calendar year in question.

If a Director has notified a transaction to the AFM under the Dutch Financial Supervision Act as described above under "*Shareholding Disclosure Obligations—The Shareholders*", such notification is sufficient for purposes of the Dutch Financial Supervision Act as described in this paragraph.

### *16.7 Register and sanctions*

The AFM does not issue separate public announcements of notifications received by it. It does, however, keep a public register of all notifications made pursuant to the Dutch Financial Supervision Act on its website, http://www.afm.nl. Third parties can request to be notified automatically by email of changes to the public register in relation to a particular company's shares or a particular notifying party.

Non-compliance with the shareholder disclosure obligations under the Dutch Financial Supervision Act set out above is an economic offence and may lead to criminal prosecution. The AFM may impose administrative penalties for non-compliance, and can order the publication thereof. In addition, a Dutch civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be notified. A claim requiring that such measures be imposed may be instituted by the Company, and/or by one or more shareholders who alone or together with others represent at least 3 per cent. of the issued share capital of the Company or are able to exercise at least 3 per cent. of the voting rights. The measures that the Dutch civil court may impose include:

- an order requiring the person with a duty to disclose to make the appropriate disclosure;
- suspension of the right to exercise the voting rights by the person with a duty to disclose for a period of up to three years as determined by the court;
- voiding a resolution adopted by the General Meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person with a duty to disclose, or suspension of a resolution adopted by the General Meeting until the court makes a decision about such voiding; and
- an order to the person with a duty to disclose to refrain, during a period of up to five years as determined by the court, from acquiring shares and/or voting rights in the Company.

### *16.8 Market abuse*

#### *(a) Insider trading and market manipulation*

The rules on preventing market abuse set out in the Dutch Financial Supervision Act are applicable to the Company, the Directors, other insiders and persons performing or conducting transactions in the securities of the Company. Certain important market abuse rules set out in the Dutch Financial Supervision Act that are relevant for investors are described hereunder.

It is prohibited for any person to use inside information within or from the Netherlands or a non-EU member state by conducting or effecting a transaction in the Shares. In addition, it is prohibited for any person to pass on inside information relating to the Company or the trade in its securities to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction in securities of the Company. Furthermore, it is prohibited for any person to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for or the price of the securities.

### *(b) Code of conduct and insiders lists*

Pursuant to the market abuse rules set out in the Dutch Financial Supervision Act, the Company has adopted rules governing the holding, reporting and carrying out of transactions in the Shares or in financial instruments the value of which is determined by the value of the Shares by Directors, as well as rules on compliance and suspected abuse for its employees. In addition, the Company shall draw up a list of persons who could have access to inside information on a regular basis and the Company shall inform the persons concerned of the rules against insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

### *(c) Non-compliance*

Non-compliance with the market abuse rules under the Dutch Financial Supervision Act could lead to criminal fines, administrative fines, imprisonment or other sanctions.

## 17. AUDITORS AND CONSENTS

Deloitte & Associados, SROC S.A. were the historical auditors of the Parent Group. Deloitte & Associados, SROC S.A., whose registered office is at Bom Sucesso, Trade Centre, Praça do Bom Sucesso, 61, 13.º, 4150-146 Porto, Portugal, is a member of the Institute of Chartered Accountants. Going forward, Deloitte Accountants B.V., whose registered office is at Orlyplein 10, P.O. Box 58110, 1040 HC Amsterdam the Netherlands and of which the partners and directors are a member of the Netherlands Institute of Chartered Accountants, will be the Company's independent auditors and they will be appointed as such for the year ending 31 December 2014.

Deloitte & Associados, SROC S.A. has given and has not withdrawn its written consent to the inclusion of its reports set out in "*Part VIII: Historical Financial Information*" and the references thereto in the form and context in which they appear and has authorised the contents of its reports.

## 18. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday, Sundays and public holidays excepted) at the offices of Houthoff Buruma for a period of 12 months following the date of Listing:

(a) the Articles of Association;

(b) the historical financial information as at and for the years ended 31 December 2011, 2012, and 2013 and the report thereon by Deloitte & Associados, SROC S.A. as set out in "*Part VIII: Historical Financial Information*"; and

(c) this Prospectus.

Dated: 21 November 2014

## PART X: DEFINITIONS

The following definitions apply throughout this Prospectus unless the context requires otherwise:

| | |
|---|---|
| **"AFM"** | the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) |
| **"Articles of Association"** or **"Articles"** | the articles of association of the Company as in force on the date of this Prospectus |
| **"Auditors and Reporting Accountants"** | Deloitte & Associados, SROC S.A. |
| **"Board"** | the board of directors of the Company (*bestuur*) |
| **"CAGR"** | Compound Annual Growth Rate |
| **"Combined Audited Financial Statements"** | the non-statutory combined consolidated financial statements of the Group for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 as set out in "*Part VIII: Historical Financial Information—Section B: Combined Audited Consolidated Historical Financial Information for the years ended 31 December 2011, 2012 and 2013*" |
| **"Company"** | Mota-Engil Africa N.V. |
| **"Directors"** | the directors of the Company, identified in "*Part III: Directors, Senior Managers and Corporate Governance*" under the heading "*Directors*" of this Prospectus |
| **"Dutch Financial Supervision Act"** | the Dutch financial supervision act *(Wet op het financieel toezicht)* |
| **"Dutch Financial Reporting Supervision Act"** | the Dutch financial reporting supervision act (*Wet toezicht financiële verslaggeving*) |
| **"EEA"** | the European Economic Area |
| **"Emocil"** | Emocil—Empresa Moçambicana de Construção e Promoção Imobiliária, Lda. |
| **"Entitled ME SGPS Special Dividend Recipients"** | holders of Special Dividend Rights |
| **"Euroclear Nederland"** | means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. trading as Euroclear Nederland |
| **"Exchange Act"** | the US Securities Exchange Act of 1934 |
| **"GAAP"** | generally accepted accounting principles |
| **"General Meeting"** | the general meeting of the Shareholders of the Company being the corporate body or, where the context so requires, the physical meeting of Shareholders |
| **"Group"** | the Company and its subsidiaries |
| **"Historical Financial Information"** | the Combined Audited Financial Statements and the Interim Financial Statements |

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|---|---|
| **"IAS"** | International Accounting Standards |
| **"IFRS"** | International Financial Reporting Standards as adopted by the European Union |
| **"Interim Financial Statements"** | the interim unaudited financial statements of the Group for the six months ended 30 June 2013 and the six months ended 30 June 2014 as set out in "*Part VIII: Historical Financial Information—Section C: Unaudited Interim Consolidated Financial Information for the six months ended 30 June 2014*" |
| **"Listing"** | admission of the Shares to listing on Euronext Amsterdam |
| **"Listing Agent"** | ING Bank N.V., a public company with limited liability incorporated and existing in accordance with the laws of the Netherlands and having its registered office at Bijlmerplein 888, 1102 MG Amsterdam, the Netherlands |
| **"MEEC"** | Mota-Engil Engenharia e Construção, S.A. |
| **"MEEC Africa"** | Mota-Engil Engenharia e Construção África, S.A. |
| **"Mtpa"** | million tons per annum |
| **"Mota-Engil Africa"** | Mota-Engil Africa N.V. or the Company |
| **"Mota-Engil Angola"** | Mota-Engil Angola, S.A. |
| **"Mota-Engil S.Tomé"** | Mota-Engil S.Tomé e Principe, Lda. |
| **"Euronext Amsterdam"** | Euronext Amsterdam, the regulated market operated by Euronext Amsterdam N.V. |
| **"Parent" or "ME SGPS"** | means Mota-Engil S.G.P.S., S.A. |
| **"Parent Group"** | means the Parent and its subsidiaries, including the Group |
| **"Pre-Listing Reorganisation"** | means the reorganisation of the Parent Group as described in "*Part V: Relationship with the Major Shareholder*" |
| **"Prospectus** | this document |
| **"Prospectus Directive"** | Directive 2003/71/EC, as amended (including through Directive 2010/73/EU) |
| **"Relationship Agreement"** | the relationship agreement entered into between the Company and ME SGPS as described in "*Part IX: Additional Information—Material Contracts—Relationship Agreement*" of this Prospectus |
| **"SADC"** | Southern African Development Community |
| **"Securities Act"** | the United States Securities Act of 1933, as amended |
| **"Shareholders"** | the holders of Shares in the capital of the Company |
| **"Shares"** | ordinary shares of €1.00 each in the capital of the Company |

**“Special Dividend”** ............................ the conditional distribution of 20 million Shares resolved in the general meeting of shareholders of the Parent held on 27 December 2013

**“Special Dividend Rights”** ................ the rights that were stripped from the ordinary shares of the Parent on the Strip Out Date and that, upon payment of the Special Dividend would grant Entitled ME SGPS Special Dividend Recipients the right to receive 0.10334084 Shares for each Special Dividend Right held

**“Strip Out Date”**................................ 22 January 2014

**“SUMA”** ............................................ Suma—Serviços Urbanos e Meio Ambiente, S.A.

**“UK”** or **“United Kingdom”** ............. the United Kingdom of Great Britain and Northern Ireland

**“US”** or **“United States”**.................... United States of America, its territories and possessions, any state of the United States and the District of Columbia

In this Prospectus, words denoting any gender include all genders (unless the context otherwise requires).

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**INDEPENDENT AUDITORS**

*Auditors to the Company going forward for the year ending 31 December 2014*
Deloitte Accountants B.V.
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1040 HC Amsterdam
The Netherlands

*Auditors to the Parent Group and to the Company in respect of the Historical Financial Information*
Deloitte & Associados, SROC S.A.
Bom Sucesso Trade Centre
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Portugal

**LISTING AGENT**

ING Bank N.V.
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The Netherlands