



# ANNUAL REPORT 2011

**MARTIFER**  
GROUP



**4 // MANAGEMENT REPORT**

**6 01 | MARTIFER GROUP**

7 Message from the Board

8 Highlights

10 Key Financial Indicators

10 Main Events

**12 02 | GUIDELINES**

13 Activity

16 International Presence

18 History

20 Market Environment

**28 03 | FINANCIAL PERFORMANCE**

29 Results Overview

29 Revenues

30 EBITDA and Net Profit

31 Capex

32 Financial Position and Capital Structure

**34 04 | ANALYSIS BY SEGMENT**

35 Metallic Constructions

38 Solar

41 Other Areas

**42 05 | INDIVIDUAL FINANCIAL INFORMATION**

**44 06 | SHARE PERFORMANCE**

**48 07 | FUTURE PROSPECTS**

**52 08 | MAIN RISKS**

53 Price Risk

53 Currency Risk

54 Interest Rate Risk

54 Liquidity Risk

55 Credit Risk

**56 09 | PROPOSAL OF RESULTS ALLOCATION**

**58 10 | OTHER INFORMATION**

**60 // MANDATORY INFORMATION**

**66 // CONSOLIDATED FINANCIAL INFORMATION**

68 **11 | CONSOLIDATED FINANCIAL STATEMENTS**

76 **12 | NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**156 // INDIVIDUAL FINANCIAL INFORMATION**

158 **13 | INDIVIDUAL FINANCIAL STATEMENTS**

164 **14 | NOTES TO INDIVIDUAL FINANCIAL STATEMENTS**

**186 // AUDIT AND FISCAL REPORTS**



# MANAGEMENT REPORT

## 01

MARTIFER  
GROUP

## Message from the Board

Leading in a time of uncertainty and turbulence, the multiple obstacles in our path have only served to redouble our dedication and focus on design strategy.

Despite the global economic uncertainty, there were several goals we managed to achieve during the year: We are increasingly more focused strategically on core activities – Construction and Solar. We altered the geography mix that contributes to total revenues. We reduced the weight of Iberia and increased the weight of emerging markets, such as Brazil, and at the same time, we continue to reinforce the weight of mature markets in Central Europe;

In the metallic construction area, we were awarded with significant projects, demonstrating the Group's competitive advantage on the global market, and simultaneously affording us the opportunity to deepen our experience, providing us with the know how to consistently provide quality and innovative solutions. From the awarded projects, we highlight the following: Scotland's National Arena (Glasgow, Scotland), Birmingham New Street (England), King Abdullah Financial District (Saudi Arabia), BBVA headquarters (Spain), Lille Stadium (France) and finally in Brasil, the projects of the stadiums: Castelão (Fortaleza), Fonte Nova (Salvador) and Grêmio (Porto Alegre).

In the solar energy area, which has already more than 200 MW installed worldwide, we highlight some of the most important projects in 2011, such as the first project in India (25 MWp), the construction in Portugal of 22 MWp for the BNP Paribas Infrastructure Fund, the installation of 5 MWp in Normandy in an old World War II military field, and finally the creation and launching of MPrime Brand, the specialized distributor in Martifer Solar. Currently, Martifer Solar is present in Europe (Portugal, Spain, Italy, Greece, Belgium, France, Czech Republic, Slovakia and UK), North and Latin America (USA, Canada, Brazil, Mexico, Peru and Chile), Africa (Cape Verde, Mozambique and South Africa) and Asia (India, United Arab Emirates and Singapore), and its order book totals 250 million euros.

The Group's non-core asset selling plan is still being implemented, and as planned for 2011, the sale of some farms (54 MW) in operation and ready-to-build, in Poland, totaling 87.3 million Euros was concluded. It is the Martifer Group's objective to have a debt level between 230 million euro and 250 million euro by the end of 2013. Considering the present debt level (330 M€), it is our goal to pursue further debt reduction of 80 million euro up to 100 million euro in the next two years (2012 and 2013) by the sale of non-core assets, mainly wind farms, solar projects and, residually, from the sale of real estate projects. The Group's target is to achieve the Net Debt/EBITDA ratio of 4x.

From the operating performance point of view, with the implementation of the New Step Program, it is expected to achieve better levels of competitiveness in the industrial units and increase the shareholders returns.

In summary, 2011 was the year of the turnaround concerning the internal organization of the Group, with the focus on the implementation of the program for the improvement of industrial competitiveness. We are conscious we will face obstacles, but Martifer is today more solid and concentrated on the coming challenges.

Today we have more accumulated experience, we are stronger internationally and the value of innovation is present in our spirit and actions. We believe in the future. Come conquer it with us!

Dear Stakeholder, thank you for your trust!

## 01

MARTIFER  
GROUP

## Highlights

- Operating Revenues of 550 M€; Strong growth internationally
- EBITDA of 8.9 M€ and EBIT of -20.8 M€
- Weak operational performance at Metallic Constructions impacted by the restructuring plan under implementation during 2011 and from impairment loss related to the sale of the partnership in the US (Martifer – Hirschfeld Energy Systems)
- Net reported Profit attributable to shareholders of -49.6M€
- Sustainable order books give good visibility for 2012: in Metallic Construction 290 M€ and Solar 192 M€. Good commercial momentum in Brazil should offset Iberian market depression in the Construction sector

# Key financial indicators

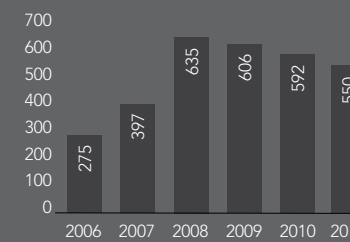
01

MARTIFER GROUP

€M – IFRS	YEAR		YEAR		Var. %
	2011	Margin	2011 R	Margin	
Revenues	550.1		591.6		-7.0%
EBITDA	8.9	1.6%	56.6	9.6%	-84.2%
EBIT	-20.8	-3.8%	-21.7	-3.7%	-4.3%
Financial Results	-26.4		-20.2		30.4%
Profit Before Tax	-47.1		-41.9		-12.4%
Income tax	0.4		10.4		-96.0%
Consolidated Net Profit	-47.5	-8.6%	-52.3	-8.8%	-9.1%
Attributable					
to non-controlling interests	2.1		2.5		-17.5%
to shareholders	-49.6		-54.8		-9.5%

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

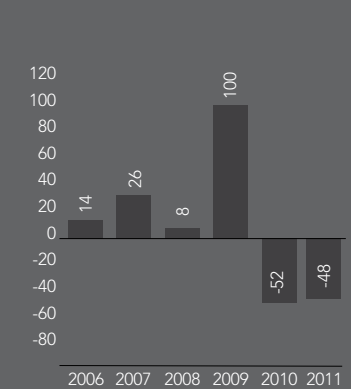
REVENUES  
2006-2011 (€M)



EBITDA  
2006-2011 (€M)



NET PROFIT  
2006-2011 (€M)



## Main events

FEBRUARY  
2011

### // Martifer sold its participation in REpower Portugal and Powerblades

Martifer sold its 50 % share in the REpower Portugal joint venture to REpower Systems AG, which is now the sole owner of the company. In addition, Martifer also sold its 10 % share in the rotor blade manufacturer joint venture Powerblades to REpower Systems AG.

### // Competency Authority authorizes the sale of Home Energy to EDP

On the 21<sup>st</sup> of February the Competency Authority approved, without any conditions or obligations, the sale of Home Energy to EDP Serviços. The Home Energy sale contract was signed on the 30<sup>th</sup> of December 2010, conditioned by the aforementioned authorization.

SEPTEMBER  
2011

### // Martifer sold wind farms in Poland

Martifer Renewables has sold its wind farms projects in Poland: Leki Dukielskie (10 MW) and Bukowsko (18 MW), both already under operation, and has settled the sale of Rymanow (26 MW), which is ready-to-build, for the total amount of 385 M PLN (approximately 87.3 M € at the current exchange rate) to the IKEA Group.

OCTOBER  
2011

### // Martifer Solar signs an EPC contract for the construction of 22 MWp in Portugal

Martifer Solar signed an agreement with a company managed by BNP Paribas Clean Energy Partners for the construction of a 22 MWp photovoltaic solar installation in Portugal.

### // Martifer Metallic Constructions signs contracts for the construction of three football stadiums in Brazil

Metallic Constructions was awarded, between September and October 2011, the contracts for the construction of three football stadiums in Brazil: Arena Fonte Nova, in Salvador da Bahia; Castelão Stadium, in Fortaleza; and Grêmio Stadium, in Porto Alegre. The total amount of the three stadiums is 109.6 BRL million.

## Subsequent events

JANUARY  
2012

### // Martifer decides to close Benavente factory

The Board of Martifer Metallic Constructions has taken the decision to close, in August 2012, the steel structures' unit in Benavente. This is due to an internal re-adjustment of the response capacity at the industrial level, due to the decreasing demand in the Iberian construction sector.

MARCH  
2012

### // Martifer wins the award of two hotel-boats

Martifer has gained the award of two hotel-boats of approximately 22 million euros total amount from Douro Azul. The work will be done by its subsidiary Navalria by 2013.

# 02

## GUIDELINES

### Activity

Martifer began its activity in 1990, in the steel structures sector. Since 2011, as a consequence of the strategy focus of business, Martifer concentrated its activity in two main areas - Metallic Construction and Solar.

Other activities and financial participations are the RE Developer – Promotion and Development of wind farms (Martifer Renewables) and the 49 % financial participation in Prio Energy and Nutre (previously Prio Foods).

#### HOLDING

Martifer SGPS SA is the holding company of the Group, responsible for the guidelines, policies and the strategic orientation of the entire Group.

The business areas act independently, although following the strategic orientations defined at holding level, with the annual budget and business plan approved by Martifer's Board of Directors.

All the business areas use the corporate centre which acts as the shared administrative service provider, contributing to all business area competitiveness. The average number of employees was 118 people in 2011.

#### METALLIC CONSTRUCTION

This activity is at the forefront of the market in the Iberian Peninsula and a reference player in the sector at European level. It has industrial facilities in Portugal, Poland, Romania, Australia and Angola and since December 2011, in Brazil. The company's core competence is in the execution of projects with a high level of complexity, using in-house design and engineering, complemented by a vast on-site construction team. It executes projects with a high level of steel structure, aluminium façades and glass and stainless steel solutions.

Since 2011, this business area also includes Energy Equipment – components for wind power turbines, steel tower manufacturing, oil and gas and offshore components. It is also present in the construction of solutions for industrial units (e.g., extraction and biodiesel facilities) and in naval engineering (Navalria).

The company has focused its strategy in the high growth countries of Central Europe and Angola. In Portugal, Spain and other countries, such as Ireland, it seeks recognition from the quality of its engineering and the ability to execute complex projects. In 2010 the company entered the UK and French markets, where it already has a backlog. By the end of the year the company decided to branch out to Brazil, a market the company believes in for future success.

This activity recorded operating revenues of 240.2 million euros in 2011 and employed an average of 2,604 people. This activity (industrial and commercial) is present in 12 countries. The total installed capacity is currently above 80,000 tonnes per year.

# 02

GUIDELINES

## SOLAR

In the Solar segment, through Martifer Solar, the focus of the activity is on the development of photovoltaic projects, installation of turnkey or EPC PV plants, development of building integrated photovoltaic and micro generation.

Through its subsidiary MPrime, Martifer Solar also manufactures and distributes PV modules, in a fully automated and robotized facility with 50 MW of installed capacity.

Operating since 2007 it continues to expand internationally, initiating activity in new countries. It has increased its geographical spread from 12 countries in 2010 to more than 20 countries in 2011.

Martifer Solar has participated in the implementation of 200 MW PV energy worldwide.

The business area recorded operating revenues of 293.2 million euros in 2011, and employed 400 people by end of year

## RE DEVELOPER

In this business segment, Martifer Renewables acts as a developer of renewable energy, mainly wind farm projects. More than accumulating MWs under operation, Martifer Renewables' strategy is focused on the rigorous use of capital in the development and construction of projects. The Group currently has 62 MW of wind farms and solar plants under operation, in Portugal, Spain, Poland and Brazil. At the end of 2010 the wind farms in Germany were sold, a total of 53.1 MW, and in 2011 : Leki Dukielskie (10 MW) and Bukowsko (18 MW) projects, both in operation, and the sale of Rymanow (26 MW) was agreed.

This activity recorded revenues of 14.5 million euros in 2011 and employed 59 people by the end of the year. This activity is present in 4 countries.

In summary, the group is organized as follows:



# International presence

02

GUIDELINES



- Portugal
- Spain
- Italy
- Ireland
- Slovakia
- Cape Verde
- Belgium
- Germany
- Czech Republic
- Poland
- Canada
- Brazil
- Australia
- France
- Romania
- Morocco
- Greece
- USA
- Bulgaria
- Angola
- United Kingdom
- Mozambique
- Mexico
- Saudi Arabia

# History

## 02

GUIDELINES

// Martifer is founded  
18 Employees

// Spain marks the beginning of the internationalization process

// Creation of Metallic Constructions plant in Poland, the 1st outside Portugal

// Initiated activity in the areas of Agriculture and Biofuels, and the Development of Wind Farms  
// Acquisition of a 25.4 % participation in REpower Systems AG

// Public Offer on Repower Systems, together with Suzlon  
// Ventiveste Consortium wins Stage B of the National Wind Tender (400 MW)  
// Initial Public Offering (IPO)  
// 1,800 Employees

// Establishment of a Joint Venture with Hirschfeld for the production of wind energy components in the USA  
// Martifer Renewables exceeds 100 MW of installed capacity  
// Martifer Renewables wins 217 MW in the first wind tender in Brazil  
// Sale of participation in Repower Systems AG

// Beginning of the construction of the steel structures factory in Pindamonhangaba, São Paulo, Brazil  
// Martifer Solar awarded with its first PV project in India  
// Sale of Martifer's share in Repower Portugal

1990

1998

// Engil (Mota-Engil) becomes a shareholder

// Martifer participates in several projects for the Expo 98 (e.g.: Vasco da Gama Tower)  
100 Employees

1999

2002

// Construction of stadiums for the Euro 2004  
// Second plant in Portugal (in Benavente)

2003

2004

// Launch of activity in the Renewable Energy Equipments (Wind) sector  
900 Employees

2005

2006

// Launch of activity in the Solar PV sector  
// Creation of the Ventiveste Consortium, in partnership with Galp, for the National Wind Tender

2007

2008

// Start of operation of several industrial units: components for wind farms, photovoltaic modules, assembly of wind turbines  
// Acquisition of Navalria, specialized in Naval Construction and Repair

2009

2010

// Sale of 11% participation of Prio Foods and Prio Energy, reducing its ownership to 49% of its share capital  
// Construction of the two largest PV Plants in the African Continent, in Cape Verde

2011

2012

// ~3.000 employees  
// Present in more than 20 countries  
// 16 Industrial Units

## 02

GUIDELINES

## Market environment

### ECONOMIC GROWTH...

The global economic growth prospects dimmed along the year 2011 at the same time that risks sharply escalated, during the fourth quarter 2011, as the situation of the euro zone economy entered in a new phase, reflecting the intense sovereign debt crisis, and affecting in particular most peripheral countries (see on page 24 the time-line of events).

Although Greece, Ireland and Portugal (who negotiated a financial support program with the International Monetary Fund, the European Union and the European Central Bank) were the most severely hit, Spain and Italy were also penalized at certain times due to imbalances in their public accounts.

According to the International Monetary Fund (IMF) WEO report Update of January, the world output should grow by 3.8% YoY (versus 5.2 % in FY10) in 2011, with Euro area growing by 1.6 % YoY (versus 1.9 % in FY10) and the US by 1.8 % YoY (versus 3.0% in FY10). The Emerging and Developing Economies should grow by 6.3 % YoY in 2011, thus slowing more than forecasted, possibly due to a great-than-expected effects of macroeconomic policy tightening or weaker underlying growth.

Concerning the future, several economic data sources agree that global recovery is threatened by intensifying strains in Europe.

The Global output is projected to expand by 3.25 % in 2012, according to the IMF. Growth in Emerging and developing economies is also expected to slow; During 2012/13, growth is expected to average 5.75%, which shows a significant showdown from the 6.75 % growth registered during 2010-11.

Struggling with the high levels of indebtedness in some member countries and with the inherent political uncertainty, the euro zone economy is now expected to enter into a mild recession during 2012. This recession is the combined result of the rise in sovereign yields, the process of bank deleveraging on the real economy and the impact of additional fiscal consolidation announced by the euro area governments.

The most important challenge is to restore confidence and put a final end to the crisis in the euro area by supporting growth, while sustaining adjustment, containing deleveraging, and providing more liquidity and monetary accommodation. These measures are likely to require greater convergence of economic policies as embodied by the recent European Treaty (known as the "Golden Rule Treaty").

### ...AND INFLATION LEVELS

The consumer prices in advanced economies should be at 2.7 % in 2011, comparing with 1.6% in 2010 and Emerging and Developing Economies should present in 2011 an IPC of 7.2 %, according the IMF data. Nevertheless, the global consumer price inflation is projected to ease as demand softens and commodity prices stabilize or recede. It is projected to fall to roughly 1.5 % in the course of 2012. The emerging and developing economies pressures are also expected to drop, as both growth and food price inflations slow.

Greece's GDP level has been isolated since 2010, and Ireland, Portugal, Spain and Italy continue to have strong correlation. The level of convergence of these economies in what concerns the level of unemployment is yet far from happening, if compared, for instance, with the unemployment rate in Germany.

## INDICATORS

	2006	2007	2008	2009	2010	2011e	2012e
<b>GDP, Var. % annual</b>							
US	2.7%	2.1%	0.4%	-2.6%	3.0%	1.7%	1.8%
Euro Zone	3.0%	2.8%	0.5%	-4.1%	1.9%	1.6%	-0.5%
Germany	3.2%	2.5%	1.0%	-4.7%	3.6%	3.0%	0.3%
Portugal	1.4%	1.9%	0.0%	-2.6%	1.4%	-1.7%	-2.8%
<b>IPC, Var. % annual</b>							
US	3.2%	2.9%	3.9%	-0.4%	1.6%	3.0%	2.2%
Euro Zone	2.2%	2.1%	3.3%	0.3%	1.6%	2.8%	2.0%
Germany	1.8%	2.3%	2.8%	0.3%	1.2%	2.4%	1.7%
Portugal	2.7%	3.0%	2.4%	-1.0%	1.4%	3.5%	3.0%
<b>Rate of Unemployment, Var. % annual</b>							
US	4.6%	4.6%	5.8%	9.3%	9.4%	8.7%	8.5%
Euro Zone	8.3%	7.5%	7.5%	9.5%	10.0%	10.0%	10.0%
Germany	9.8%	8.4%	7.3%	7.7%	7.1%	6.1%	6.0%
Portugal	7.7%	8.1%	7.7%	9.6%	10.8%	12.6%	13.4%
<b>Deficit Weight, % GDP</b>							
US	-2.0%	-2.7%	-4.8%	-10.3%	-8.7%	-8.6%	-7.0%
Euro Zone	-1.3%	-0.6%	-2.0%	-6.3%	-6.2%	-4.1%	-3.4%
Germany	-1.6%	-0.3%	-0.1%	-3.0%	-4.3%	-1.3%	-1.0%
Portugal	-3.9%	-2.6%	-2.6%	-10.1%	-9.8%	-5.9%	-4.5%
<b>Oil Price</b>							
USD per Barrel	61.6	93.9	45.6	80.0	84.0	112.0	105.0
<b>Interest Rates, year end (%)</b>							
<b>Interest rates</b>							
- Fed (Fed Funds)	5.25%	4.25%	0.75%	0.25%	0.25%	0.25%	0.25%
- BCE	3.50%	4.00%	2.50%	1.00%	1.00%	1.00%	0.75%
- BoE	5.00%	5.50%	2.00%	0.50%	0.50%	0.50%	0.50%
<b>Long-Term Rates (10 y Bonds)</b>							
US	4.70%	4.00%	2.20%	3.80%	3.30%	2.20%	2.80%
Euro Zone	3.90%	4.30%	2.95%	3.40%	2.95%	2.20%	2.80%
UK	4.75%	4.50%	3.02%	4.00%	3.40%	2.40%	3.20%
<b>FX EUR DOLAR, Year end</b>							
EUR/US	1.32	1.46	1.40	1.43	1.33	1.35	1.4

Source: Reuters, Reports from IMF, OCDE, and INE

### DOWNSIDE RISKS

Throughout 2011 some of the downside risks have risen sharply.

Firstly, the most immediate risk is the intensification of the adverse feedback loops between sovereign and bank funding pressures in the euro area, resulting in much larger and more protracted bank deleveraging and sizable contractions in credit and output.

Secondly, bank asset quality can further deteriorate owing to higher losses on sovereign debt holding and on loans to private sector.

Thus, in the scenario that the economic crisis intensifies, the risks of financial contagion to the rest of the world are more intense.

Furthermore, another downside risk arises from insufficient progress in developing medium-term fiscal consolidation plans in the US and Japan. In the short term, this risk might be mitigated by the turbulence in the euro zone. However, as long as public debt levels are expected to rise over the medium term, the absence of well-defined and credible fiscal consolidation strategies increase the possibility of turmoil in global bond and currency markets.

The risks related to a possible hard landing in key emerging economies, especially in this context of uncertainty, are not to be ignored. Moreover, in recent years, a number of major economies experienced buoyant credit and asset price growth as well as raising other financial vulnerabilities.

Last but not least, the geopolitical risks associated with oil supply increased again.

# 02

GUIDELINES

## MONETARY AND FISCAL POLICY

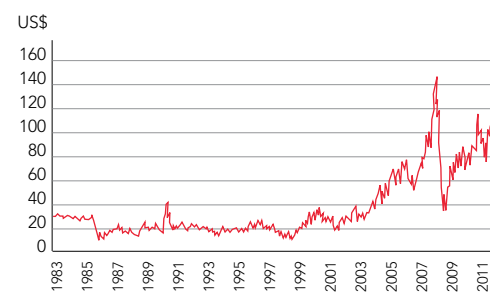
While fiscal consolidation proceeds in the advanced economies, monetary policy should continue to support growth, as long as inflation expectations remain stable and under control and unemployment stays high. If even downside risks to growth materialize, further monetary stimulus might become necessary. In the euro zone, it is critical to break the adverse feedback loops between subpar growth, deteriorating fiscal positions, and weakening bank balance sheets, which may lead to a prolonged period of asset and consumer price deflation.

In order to address these problems, strong action is required on several fronts:

- Additional and timely monetary easing by the ECB, consistent with mandate to ensure the level of prices in a stable path;
- The ECB should continue to provide liquidity and stay fully engaged in securities purchases to help maintain confidence in euro;
- Sufficient funding must be also available through the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM)
- The bank deleveraging must be carried out with all the attention and supervisors must do whatever possible to avoid excessively fast deleveraging that could lead to a devastating credit crunch.

## COMMODITIES

### CRUDE PRICES TREND



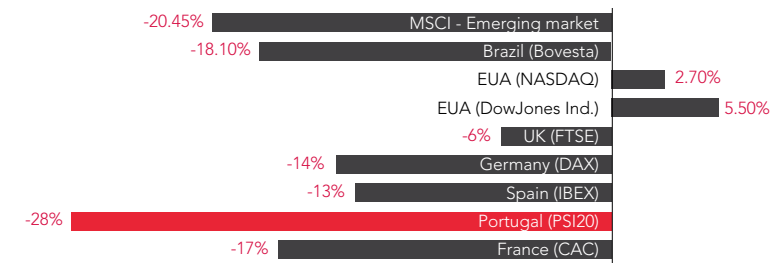
Source: Reuters

Commodity prices generally declined in 2011, in response to weaker global demand. However, oil prices have held up in recent months, largely because of supply developments. Adding to this, the geopolitical risks concerning oil prices have risen again. The IMF's baseline petroleum price projection for 2012 is broadly unchanged at \$99 a barrel.

## FINANCIAL MARKETS AND CONFIDENCE

The equity financial markets behavior during 2011 was negative in most of the stock indexes, namely Bovesta and MSCI – Emerging Market which dropped by 18.10 % and 20.5 %, respectively. The exceptions were the Dow Jones Industrial and Nasdaq in the US, that outperform by 5.5 % and 2.7 % YoY.

## STOCK MARKETS INDEXES IN 2011



Source: Reuters

In the economy, the austerity programs introduced by governments to ensure compliance with the corresponding Adjustment Programs have ultimately generated greater pessimism about short/medium-term economic growth, not only in countries directly involved but also at a global level.

The European financial sector was one of the most penalized by investors' greater aversion risk. This is firstly because it was greatly exposed to euro zone's peripheral countries sovereign debt, notably Greece, to which European leaders agreed on a significant "haircut" that involved an agreement with private investors. Furthermore, new regulatory requirements for the financial sector were approved with the aim of strengthening investors' confidence and this implies greater core capital requirements.

To restore confidence in the viability of the euro zone will require deeper financial and fiscal integration overtime as well as further commitment on the implementation of structural reforms to help resolve internal imbalances.

The strength of Germany's economy and benefit it takes from the existence of the Euro is, of course, a factor that must be taken into account for the outcome of the present crisis. Ongoing market tensions has, to date, affected German banks less than peers in other euro area countries, as German banks benefit from the deep domestic savings market and investor confidence in the German sovereign risk which has driven the financing costs of the country's financial system to a record low. This is the result of investor's perception that German Bunds are a safeguard against debt market turmoil.

According to the Zew Survey indicator, the level of confidence of analyst and investors has strongly improved, has the values for the next six months have advanced significantly in February 2012, entering into positive territory for the first time since May 2011, i.e., from -21.6 to 5.4 points.

## TRADE INDICATORS

### BALTIC EXCHANGE'S MAIN SEA FREIGHT INDEX



Source: Reuters

The world trade volume revealed an enormous cut, as can also be seen in the Baltic Exchange's main sea freight index, which measures the cost of shipping dry commodities. This indicator, which is regarded as a lead indicator of global trade activity, has shed more than 50 % in just one month and is plumbing to a 3yr low.

## Economic environment in 2011

### 02

GUIDELINES

#### MARCH

Euro zone leaders agree that the capacity of the European Financial Stability Facility (EFSF) should be raised to its full nominal value of 440 billion euros from the current 250 billion. The increase is to be achieved by euro zone countries increasing their guarantees for the EFSF's borrowing.

Prime Minister José Socrates resigns and warns of grave consequences for the country after parliament rejects his government's latest austerity measures aimed at avoiding a bailout.

European leaders agree a new package of anti-crisis measures at a two-day summit, but are forced to delay increasing their rescue fund and acknowledge they face new threats from the government collapse in Portugal.

#### APRIL

Portuguese bank stocks rally after the caretaker government decides to seek European financial aid but it is unclear how quickly a deal can be negotiated in the midst of an election campaign. Lisbon will have to agree to tough austerity targets to obtain the euro zone's third bailout after Greece and Ireland.

#### JUNE

Greek Prime Minister George Papandreou appoints Evangelos Venizelos as new finance minister in a reshuffle to muster support for harsh economic reforms that have stoked violent unrest and split his ruling party. The reforms are a condition for Greece receiving an international bailout to save it from a debt default that could unleash global economic turmoil.

#### JULY

The 17 euro zone ministers agree that the fifth tranche of the 110-billion-euro bailout agreed with Greece in May 2010 will be paid by July 15, as long as the IMF's board signs off on the disbursement. The IMF is expected to meet on July 8 to approve it.

Italy's parliament gives definitive approval to a 48 billion euro austerity package aimed at averting a full scale

financial crisis. With a crushing debt burden equal to 120 percent of gross domestic product and chronically weak growth, which has held back efforts to cut back the debt, Italy faces a long, grinding battle to return to economic health.

Euro zone leaders agree on a second rescue package for Greece that risks triggering a temporary default. An emergency summit of leaders of the 17-nation currency area pledges to conduct a second bailout of Greece with an extra 109 billion euros (\$157 billion) of government money, plus a contribution by private sector bondholders estimated to total as much as 50 billion euros by mid-2014.

#### AUGUST

The euro sheds early gains against the dollar and fell versus other currencies as initial relief over European Central Bank purchases of Spanish and Italian government bonds fizzle out in the face of a further selloff of risky assets. European financial stocks open weaker despite the introduction of a ban on short-selling by four countries, highlighting concerns about the ability of such measures to restore market confidence. France, Italy, Spain and Belgium impose the ban, which comes into effect on Aug. 12, but will vary in detail depending on the country, the European Securities and Markets Authority (ESMA) says.

#### SEPTEMBER

The leaders of France and Germany told Greek Prime Minister George Papandreou that it was vital to implement reforms and meet fiscal goals set under a July 21 bailout plan. Patience is wearing thin among core euro zone countries with Greece's failure to meet fiscal and structural reform targets.

U.S. Treasury Secretary Timothy Geithner "encouraged" European leaders to "act decisively," and to speak with one voice" in order to solve Europe's debt crisis, the Treasury Department says. At a meeting with euro zone finance ministers in Poland, Geithner did not "advocate or oppose any specific policy prescriptions".

Standard and Poor's cuts its unsolicited ratings on Italy by one notch, warning of a deteriorating growth outlook and damaging political uncertainty, in a move that takes markets by surprise and adds to pressure on the debt-stressed euro zone. S&P's downgrades its unsolicited ratings on Italy to A/A-1 from A+/A-1+ and keeps its outlook on negative, sending the euro more than half a cent lower against the dollar.

Greek Prime Minister George Papandreou says his country needs to implement a new series of painful austerity measures or face bankruptcy. Greek workers stage a 24-hour strike in protest against the government's intensified austerity drive. Greece had agreed on Sept. 21 to bring forward belt-tightening reforms as part of a deal to continue receiving funding from its international lenders.

#### OCTOBER

Europe again averted disaster in its debt crisis as German lawmakers rally behind Chancellor Angela Merkel to approve a stronger euro zone bailout fund. The Bundestag (lower house) overwhelmingly approved new

## 02

GUIDELINES

powers for the 440-billion-euro EFSF fund to make precautionary loans, help recapitalize banks and buy distressed countries' bonds in the secondary market. The measure was part of a July 21 agreement by euro zone leaders meant to solve the crisis by providing a second bailout for debt-stricken Greece.

Police fires tear gas at stone-throwing youths in Athens, where thousands of striking state sector workers marched against cuts the government says are needed to save the nation from bankruptcy. Greece's announcement this week that it would not meet its 2011 deficit target has put in doubt the viability of a 109 billion euro bailout agreed in July. If that deal must be renegotiated, European banks that hold Greek debt could suffer a heavy blow. EU officials are scrambling to protect banks from a repeat of the crisis that froze the world financial system in 2008.

Slovakia finally ratifies new powers for the euro zone's rescue fund, the last country to do so. Parliament approved the plan to bolster the European Financial Stability Facility (EFSF) after voting to hold early general election as demanded by the opposition after a week of haggling.

Greece approves a painful set of austerity measures, defying violent protests in central Athens and a general strike which shut down much of the country. The mix of deep pay and pension cuts, tax hikes and changes to collective bargaining agreements has been bitterly opposed and at least 70,000 people join protests in Athens' Syntagma Square in front of parliament.

European Union leaders make some progress towards a strategy to fight the euro zone's sovereign debt crisis, nearing agreement on bank recapitalization and on how to leverage their rescue fund to try to stop bond market contagion. But final decisions are deferred until a second summit on Oct. 26 and sharp differences remain over the size of losses private holders of Greek government bonds will have to accept.

Euro zone leaders strike a deal with private banks and insurers for them to accept a 50 percent loss on their Greek government bonds under a plan to lower Greece's debt burden. The agreement was reached after more than eight hours of hard-nosed negotiations involving bankers, heads of state, central bankers and the IMF. Euro zone leaders also agreed to scale up the EFSF from the current 440 billion euro bailout fund to around 1 trillion euros. European banks will also be recapitalized.

## NOVEMBER

Former European Central Bank vice-president Lucas Papademos takes office to save Greece from bankruptcy, heading a coalition cabinet filled with many of the same politicians who led the nation into crisis and pushed the euro zone to the brink of collapse. It has to push Greece's second bailout deal through parliament -- a plan that includes fighting tax evasion, selling off state companies and cutting the public sector -- to get hold of 130 billion euros (\$179 billion) in long term funds.

Mario Monti is sworn in as Italy's prime minister. He brings credentials from a decade as a European commissioner, a credit that his technocrat government will need as it faces a financial crisis threatening to spin out of control.

A "disastrous" sale of German benchmark bonds sparks fears the debt crisis is beginning to threaten Germany, with the Bundesbank forced to hold on to record amounts to ensure the auction did not fail. In one of the least successful debt sales, the low returns offered -- just 2 percent annually over 10 years -- deterred investors made uneasy by the escalating cost of the crisis to Germany. That meant the central bank had to pick up 39 percent of the 6 billion euros of debt Germany had hoped to sell after commercial banks bought just 3,644 billion euros of the issue.

Italy's borrowing costs hit a euro lifetime high of nearly 8 percent. Italy had to offer a record 7.89 percent yield to sell 3-year bonds - a stunning leap from the 4.93 percent it paid in late October- and 7.56 percent for 10-year bonds, compared with 6.06 percent at that time. The yields were above the levels at which Greece, Ireland and Portugal applied for international bailouts, but European stocks and bonds rallied in apparent

relief at the strong demand, with the maximum 7.5 billion euros sold.

Central banks around the world announce steps to prevent a credit crunch among banks in Europe which are struggling with the region's debt crisis, boosting global share prices and the euro. The U.S. Federal Reserve, the European Central Bank and the central banks of Canada, Britain, Japan and Switzerland say they have agreed to lower the cost of existing dollar swap lines among other measures.

## DECEMBER

Both Italy and Ireland present austerity budgets. Prime Minister Mario Monti presents a 30 billion euro package of austerity measures to parliament designed to shore up Italy's strained public finances. The package, dubbed a "Save Italy" decree by Monti, aims to raise more than 10 billion euros from a new property tax, impose a new tax on luxury items like yachts, raise value added tax, crack down on tax evasion and bring forward measures to increase the pension age.

Standard & Poor's has warned it may carry out an unprecedented mass downgrade of euro zone countries, including Germany and France, if EU leaders fail to deliver a convincing agreement on how to solve the region's debt crisis in the Dec. 9 summit. President Nicolas Sarkozy and Chancellor Angela Merkel say their plan, to be discussed at the summit, includes automatic penalties for states that fail to keep deficits under control, and an early launch of a permanent bailout fund for euro states in distress. They want treaty change to be agreed in March and ratified after France wraps up presidential and legislative elections in June.

Europe secures an historic agreement to draft a new treaty for deeper economic integration in the euro zone on Dec. 9, but Britain, the region's third largest economy, refuses to join the other 26 countries in a fiscal union and is left isolated. The outcome of a two-day European Union summit leaves financial markets uncertain whether and when more decisive action would be taken to stem a debt crisis that began in Greece in 2009, spreading to Portugal, Ireland, Italy and Spain.

In middle December 2011, Euro zone ministers agreed to boost IMF resources by 150 billion euros to ward off the debt crisis and win support for more money from EU allies, but it was unclear if the bloc would reach its 200 billion euro target after Britain bowed out. Fitch concludes on Dec. 16 that a 'comprehensive solution' to the crisis was technically and politically beyond reach. Fitch warns that six euro zone economies, including Italy and Spain, could be hit with credit downgrades in the near future.

## 03

FINANCIAL  
PERFORMANCE

## Results overview

M€	YEAR 2011	YEAR 2010 RESTATED	VAR. %	YEAR 2010 REPORTED
Revenues	550.1	591.6	-7.0%	602.1
Earnings before depreciation, amortization and provisions & impairment losses (EBITDA)	8.9	56.6	-84.2%	59.0
EBITDA margin	1.6%	9.6%	-7.9 pp	9.8%
Depreciation & Amortization	19.6	24.5	-20.2%	26.1
Provisions & Impairment Losses	10.2	53.8	-81.1%	53.9
Operating Income (EBIT)	-20.8	-21.7	-4.3%	-21.0
EBIT margin	-3.8%	-3.7%	-0.1 pp	-3.5%
Financial Results	-26.4	-20.2	30.4%	-20.9
Profit before taxes	-47.1	-41.9	-12.4%	-41.9
Income tax	0.4	10.4	-96.1%	10.5
Net Profit	-47.5	-52.3	-9.1%	-52.4
Attributable to non-controlling interests	-49.6	-54.8	-9.5%	-54.9
Attributable to shareholders	2.1	2.5	-17.5%	2.5
per share €	-0.5019	-0.5484		-0.549

Note: Results presented according to the consolidated financial statements audited. In 2011, The Group altered the method of consolidation of its financial interests in joint arrangements (from the proportional consolidation method to the equity method), thus changing the reported values of 2010.

## REVENUES

In 2011, Operating Revenues decreased by 7 % YoY to 550.1 million euro. The outstanding growth performance of Martifer Solar revenues was not sufficient to compensate the reduction of revenues in the Metallic Construction business area.

On the back of the lower activity in the wind segment, the reduced activity in Iberia and Eastern Europe and the abrupt hold ups in some projects in backlog, the Metallic Construction business area presented a decrease in the period of 31 % YoY, in Revenues. Stronger markets such as the UK, France and Brazil should gradually compensate for the weak performance in the Iberian market. Brazil is living a good momentum with the coming up of important events such as the next World Cup and the Olympic Games.

The Solar business ended 2011 with a strong revenue growth, approximately 32.8 % YoY, to 293.2 million euro. This impressive growth was achieved as a result of the strategy implemented during 2010, by which Martifer Solar successfully diversified its activity to several geographies throughout 2011, taking advantage of the current buoyancy of the photovoltaic sector. By the end of 2011 Martifer Solar was already present in more than 20 countries; compared with 2010 which had only the contribution of 12 countries.

REVENUES	FY 2011		FY 2010 RESTATED		VAR. %
	M€	WEIGHT	M€	WEIGHT	
<b>Martifer Consolidated</b>	<b>550.1</b>		<b>591.6</b>		<b>-7.0%</b>
Metallic Construction	240.2	43.7%	348.1	58.8%	-31.0%
Solar	293.2	53.3%	220.8	37.3%	32.8%
Others	16.7	3.0%	22.7	3.8%	-26.6%

Note: Others include RE Developer, Holding and Shared Services

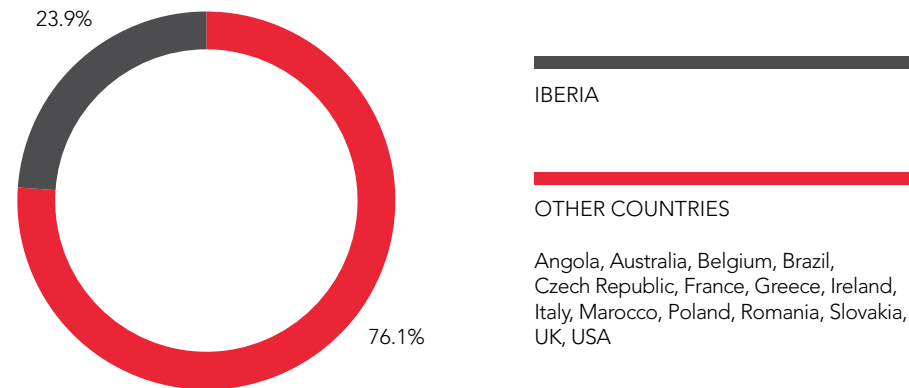
This way the increase of the international exposure of the Group in 2011 was remarkable, reducing its business risk in Iberia and, at the same time, preparing to take advantage of the future growth expected in other

developing economies as well as in some mature European markets. The contribution of Iberia Peninsula for the total value of revenues is only 23.9%. The remaining value is dispersed by more than 20 countries (the most important can be seen below).

**REVENUES BREAKDOWN**  
IBERIA vs. INTERNATIONAL

**03**

FINANCIAL PERFORMANCE



**EBITDA AND NET PROFIT**

In 2011, consolidated EBITDA registered 8.9 M€, with a margin of 1.6%, mostly due to the weak operational performance in Metallic Constructions impacted by lower activity, consequence of the poor sector environment and by the restructuring plan under implementation, and due to the lower margin in the solar projects, as well as the internationalization efforts and the entrance costs associated.

In particular, this weak operational performance in Metallic Constructions is explained by the negative margins in 2011 in Eastern Europe and Australia and by the impact of the integration of the wind cluster in Portugal, which presented a reduced level of activity with the consequent inability to dilute fixed costs. In the Solar segment, the EBITDA margin is lower than the previous year mainly due to the tougher competitive environment and to the internationalization effort and the associated costs of entry, despite the signs of improvement in the last quarter. This positive trend is expected to continue until the end of the year.

REVENUES	FY 2011		FY 2010 RESTATED		VAR. %
	M€	WEIGH	M€	WEIGHT	
<b>Martifer Consolidated</b>	<b>8.9</b>	<b>1.6%</b>	<b>56.6</b>	<b>9.6%</b>	<b>-84.2%</b>
Metallic Construction	-20.1	-8.4%	16.3	4.7%	s.s.
Solar	20.1	6.8%	22.2	10.0%	-9.4%
Others	9.0	-	18.1	-	-50.3%

Nota: Outras inclui a area de RE Developer, Holding e Serviços de Suporte

The Amortizations & Depreciations dropped by 22.2%, from 24.5 million euro to 19.6 million euro, which is mostly explained by the sale of fixed assets in the RE developer.

The consolidated Earnings Before Interest and Taxes (EBIT) reached a negative 20.8 million euro, which compares with negative 21.7 million euro in 2010, and which reflects the accounted provision for the impairment loss with the sale of 50% in the JV company, Martifer – Hirschfeld Energy Systems in the US.

Net Financial Expenses totaled 26.4 million euro (more 30.4% than in 2010), including a 4.9 M€ net capital gain, mostly from the sale of the shareholdings in Home Energy, REpower Portugal, Arestalfer and in the Polish wind farms Leki Dukielskie and Bukowsko.

Net foreign exchange result was negative in 2011, reaching a 2.3 M€ loss, consequence of the Zloty and Angolan Kwanza against the Euro depreciation, which is exactly the same reported value in 2010.

Net interest expense was 19.3 million euro in the period, slightly above the 16.6 million euro, achieved in the year 2010.

The net contribution from the application of the Equity Method to the subsidiaries Prio Energy and Prio Foods (accounted at 49%) was negative in 1.6 M€. The new companies that started the consolidation by the equity method contributed with negative 1.1 million euro.

The Net Profit attributable to shareholders in 2011 amounted to -49.6 million euro.

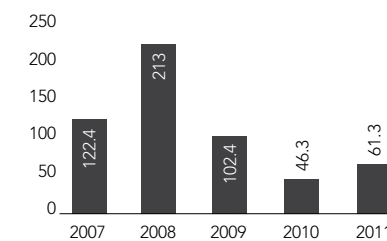
**CAPEX**

The amount of investment in fixed assets and goodwill reached 61.3 million euro, mostly applied as follows: (i) construction of RE Developer's wind farms in Romania (19.7 million euro), which the Group expects to dispose of in the medium term; (ii) development of solar projects in the USA and France by Martifer Solar (27.9 million euro), (iii) construction of Metallic Construction's new facility in Brazil and varied maintenance capex (13.7 million euro).

The capital expenditure of Metallic Constructions in 2011 results from a strategic long term decision of entering a new market, Brazil. The investments made by Solar and RE Developer are short term investments, necessary to complete renewable energy projects under development or already under construction that the Group expects to sell by 2013, in line with its net debt reduction plan.

**INVESTMENT IN FIXED ASSETS AND GOODWILL**

TREND (2007 – 2011) - €M



## FINANCIAL POSITION AND CAPITAL STRUCTURE

### FINANCIAL POSITION

€M	YEAR 2011	YEAR 2010 RESTATED	VAR. %	YEAR 2010	VAR. %
Fixed Assets (including Goodwill)	363.1	372.5	-2.5%	416.8	-12.9%
Other non-current assets	181.4	168.2	7.8%	136.7	32.7%
Inventory and Receivables	415.5	480.3	-13.5%	495.8	-16.2%
Cash and cash equivalents	77.9	74.7	4.2%	76.7	1.6%
<b>Total Assets</b>	<b>1,037.8</b>	<b>1,095.7</b>	<b>-5.3%</b>	<b>1,126.1</b>	<b>-7.8%</b>
Shareholders Equity	251.5	308.5	-18.5%	309.3	-18.7%
Non-controlling interests	31.8	31.9	-0.3%	31.0	2.6%
<b>Total Equity</b>	<b>283.3</b>	<b>340.4</b>	<b>-16.8%</b>	<b>340.2</b>	<b>-16.7%</b>
Non-current debt and leasings	233.3	179.2	30.2%	198.8	17.4%
Other non-current liabilities	38.9	36.4	7.0%	38.4	1.3%
Current debt and leasings	174.4	216.4	-19.4%	221.2	-21.2%
Other current liabilities	307.8	323.3	-4.8%	327.3	-6.0%
<b>Total Liabilities</b>	<b>754.5</b>	<b>755.3</b>	<b>-0.1%</b>	<b>785.8</b>	<b>-4.0%</b>

Total assets on the 31st of December 2011 amounted to 1,037.8 million euro, while non-current assets reached 544.1 million euro, compared to 1,095.7 million euro and 540.7 million euro respectively at the end of 2010.

Total Equity decreased by 57.0 million euro to 283.3 million euro at the end of 2011. The negative variation is mostly explained by the Net Loss present in 2011.

However, Martifer showed a robust capital structure with a financial autonomy ratio of approximately 27 %.

### NET DEBT

€M	METALLIC CONSTRUCTION	SOLAR	RE DEVELOPER	HOLDING	MARTIFER CONSOLIDATED
Corporate Net Debt allocated to operating activities	79	46	13	151	288
Corporate Net Debt allocated to non-operating activities	28				28
Non-Recourse Net Debt			14		14
<b>Total Net Debt</b>	<b>107</b>	<b>46</b>	<b>27</b>	<b>151</b>	<b>330</b>
Holding debt allocated to business units	46		84	-130	

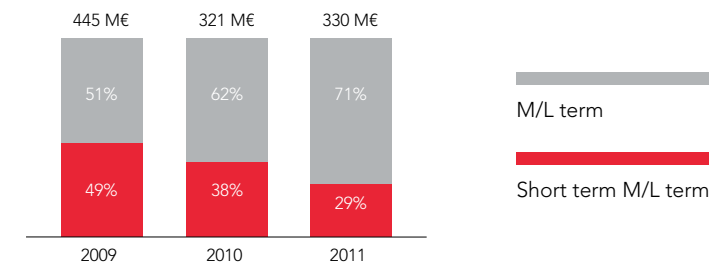
Note: Net Debt = Borrowings + Financial Leases (+/-) Derivatives – Cash and Cash Equivalents

The Group's Consolidated Net Debt on the 31st December 2011 totaled 330.3 million euro, decreasing 71 million euro from the net debt of 401.3 million euro registered in the first semester of 2011 (this reduction is mostly due to the divestment in the wind farms in Poland, Leki Dukielskie and Bukowsko), and remain stable when compared with the end of the year 2010, when registered 321.3 million euro.

It is Martifer Group's objective to have a debt level between 230 million euro and 250 million euro by the end of 2013. Considering the present debt level (330 M€), it is our goal to pursue further debt reduction of 80 million euro up to 100 million euro in the next two years (2012 and 2013) by the sale of non-core assets, mainly wind farms, solar projects and, residually, from the sale of real estate projects.

### NET DEBT STRUCTURE

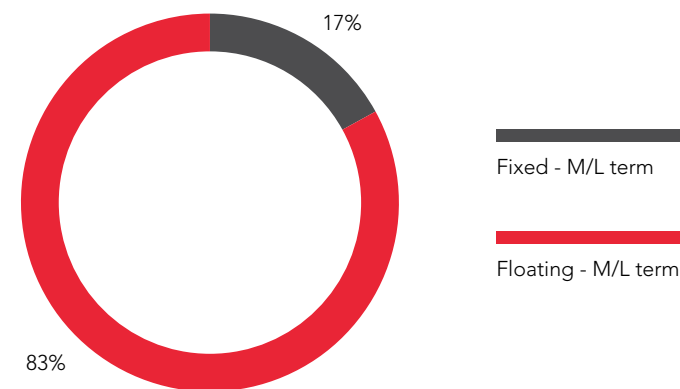
FY2009 e FY2010 vs. FY2011



In 2011 the debt structure of M/L and Short Term was 71 % and 29 % respectively, which compares with 62 % M/L Term and 38% Short Term structure in 2010. As for the type of rate, at the end of 2011, 17 % was fixed and 83 % floating.

### NET DEBT STRUCTURE

FIXED VS. FLOATING - 2011



# 04

## ANALYSIS BY SEGMENT

### Metallic Constructions



#### SECTOR TRENDS

Metallic construction sector performance worsened QoQ in 2011; In general, the international peers led to deterioration in order margins, resulting from the fiercer competitive environment as the greatest risk factor. The intensified sovereign debt crisis throughout 2011 prompted most of the European Community to revise their GDP estimates, and due to the dramatic tightening of budgetary policies and downturn in confidence some of the projects have been delayed or even frozen.

Civil Engineering and non-residential construction are particularly vulnerable to the budgetary austerity plans put in place by the countries most exposed to the debt crisis. The Euroconstruct pointed a 0.6% drop in the total construction output in Europe.

Only Emerging markets have been driving economic growth and there has been significant demand for metallic structure, mostly in Asia and South America.

Steel prices rose during 2011, the European Steel price index is up by 16.8 % YoY. The wide-flange and the hot-rolled steel plate prices were up by 6.6 % YoY. The declining prices make steel more competitive versus other building materials.

#### ACTIVITY

The order book which amounts 290 million euros in the end of 2011 accumulates projects in 12 different countries. From the last awarded projects, the most significant are the three football stadiums in Brazil, that amount to 109.6 BRL million. We would like to highlight that the 18.6 % weight of the Brazilian order book already exceeds Iberia, which only represents 17.3 % of the total works in backlog.

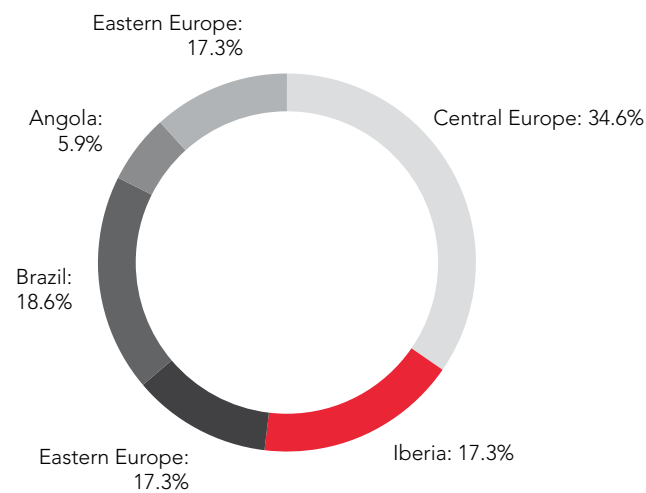
04

ANALYSIS BY SEGMENT

ORDER BACKLOG – FEATURED PROJECTS

PROJECT	LOCATION	TOTAL VALUE	BEGINNING YEAR	END YEAR
Artenius PTA plant	Sines, Portugal	Euro 27.5 M	2008	2012
Galp Petrogal (conversion of refinery)	Sines, Portugal	Euro 29.5 M	2009	2012
Ulla Bridge	Corunna, Spain	Euro 20.8 M	2009	2014
Amiens Hospital	Amiens, France	Euro 7.4 M	2010	2012
Office Building – ZAC Victor Hugo	Paris, France	Euro 3.1 M	2010	2012
CHU D'Orleans	Paris, France	Euro 9.6 M	2010	2013
Lille Stadium (locksmiths)	Lille, France	Euro 6.4 M	2011	2012
Carfi	Siedlce, Poland	PLN 11.7 M	2010	2012
Canberra Airport Terminal	Canberra, Australia	AUD 10.6 M	2009	2012
18 Bridges in the new A1Highway	Torun, Poland	PLN 66.5M	2010	2012
Cement Plan	Ghent, Belgium	Euro 4.4m	2010	2012
Alstom – Mannheim 9	Mannheim, Germany	Euro 20.9 M	2010	2012
Office Building in Luanda	Luanda, Angola	Euro 13.3 M	2010	2012
“Financial City”	Luanda, Angola	Euro 13.6 M	2010	2012
Edinburgh International Conference Centre	Edinburgh, Scotland	GBP 7.0 M	2010	2012
Scotland's National Arena	Glasgow, Scotland	GBP 12.9 M	2011	2012
Birmingham New Street	Birmingham, England	GBP 8.2 M	2011	2012
Nissan Battery Plant	Cacia, Portugal	Euro 5.4 M	2011	2012
BBVA Headquarters	Madrid, Spain	Euro 11.8 M	2011	2012
King Abdullah Financial District	Riad, Saudi Arabia	Euro 20.8 M	2011	2012
Deva Bridge	Deva, Romania	RON 28.1 M	2011	2012
Vale Verde Shopping	São Paulo, Brazil	BRL 13.0 M	2011	2012
Fonte Nova Stadium	Salvador, Brazil	BRL 37.5	2011	2012
Castelão Stadium	Fortaleza, Brazil	BRL 39.5	2011	2012
Grémio de Porto Alegre, Stadium	Porto Alegre, Brazil	BRL 32.6	2011	2012

ORDER BOOK BREAKDOWN IN 2011



RESULTS

Metallic Construction Revenues reached 240.2 million euro in 2011. On a YoY comparison, there was a decrease justified by lower activity and unfavorable sector environment, particularly in Iberia and Eastern Europe, not yet compensated by the new strategic geographies.

We call to mind that the Group had taken the decision to increase its position outside Iberia, strengthening its presence in mature markets with a higher consumption of steel and aluminium constructions, such as the UK and France.

At the same time, the company is increasing its presence in emerging countries such as Brazil, where it is starting activities this year, with an industrial plant already under construction in Pindamonhangaba, São Paulo region. This facility will have a production capacity of 12,000 tons/year of metallic structures.

The EBITDA in 2011 amounted to a negative 20.1 million euro, corresponding to a -8.4 % margin. Besides the previously mentioned unfavorable sector environment, three main factors are contributory to this negative performance: (i) negative margins in Eastern Europe and Australia; (ii) the integration of the wind cluster into metallic constructions and (iii) the abrupt hold ups in some of the backlog projects, which occasioned a reduction in the level of activity and productivity with the consequent inability to dilute fixed costs.

As a consequence of the sector trends previously mentioned, namely the reductions in margins and the lower demand for projects, Metallic Constructions is implementing the New Step Programme, announced on the FY 2010 results presentation, to enhance its operational efficiency and reduce the capital employed. Nevertheless, the results of this restructuring programme will only be evident in 2012.

Net Financial Expenses amounted to 12.8 million euro, which compares to 11.0 million euro in 2011, mostly justified by the depreciation in Angolan Kwanza relative to the euro (1.2 M€) and increase in shareholder loans in the period, due to the negative results of this business area.

Net Profit totaled -43.0 million euro, of which 0.6 million euro attributable to non-controlling interests from Martifer Angola.

Net Financial Debt in Metallic Constructions on the 31<sup>st</sup> of December 2011 reached 107 million euro, less 6.0 million euro than in the FY 2010 (on a comparable basis). Added to this is more 46.0 million euro of debt from the Holding. Of the total Net Debt, 28 million euro is allocated to projects in the Retail area, not considered core business.

Total capex was 13.7 million euro, showing an increase when compared to the same period in 2010, which is explained by investment in the new plant located in São Paulo, Brazil.

METALLIC CONSTRUCTION	2011	2010	VAR. %
€M		RESTATED	
Revenues	240,2	348,1	-31,0%
EBITDA	-20,1	16,3	s.s.
EBITDA Margin	-8,4%	4,7%	s.s.
EBIT	-35,8	0,6	s.s.
EBIT Margin	-14,9%	0,2%	s.s.
Net Financial Expenses	12,8	11,0	16,2%
Income tax	-5,6	2,4	s.s.
Net Profit	-43,0	-12,7	>100%
Attributable to non-controlling interests	0,6	1,1	s.s.
Attributable to shareholders	-43,6	-13,8	>100%

# Solar

## 04

ANALYSIS BY SEGMENT



### SECTOR TRENDS

2011 turned out to be another boom year for the PV installations. According to EPIA (European Photovoltaic Industry Association) the volume of new grid-connected PV capacities world-wide grew from 16.6GW in 2010 to 27.7 GW in 2011, i.e. +67 % YoY. Approximately 21 GW (75 %) of this growth came from Europe.

In 2011 the top 3 markets were Italy, Germany and China. Most notably; Germany installed 3GW in December alone, 7.5 GW in the whole year; The US, France and Japan follow, each with over 1 GW of new capacity. The 48 % average decline in module prices had a strong effect on demand.

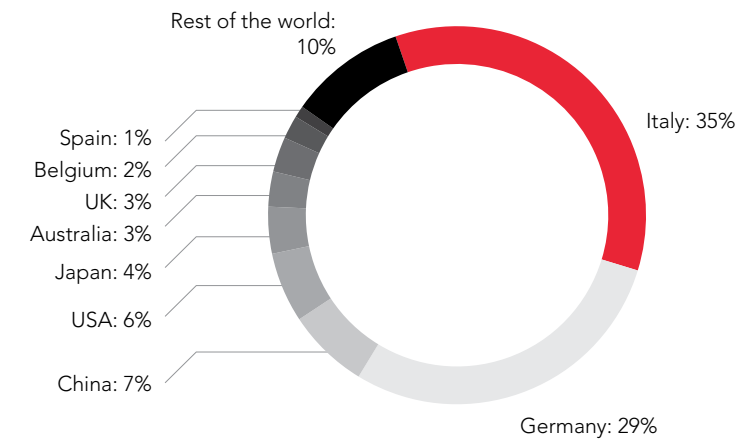
According the NEF (New Energy Finance) 2012 should see a sharp growth in new market and crashes in the major old ones; It is likely to be a bad year for manufacturers but should be a very exciting one for project developers, engineering contractors, financiers and service companies; The 1<sup>st</sup> Half 2012 should be better than 1<sup>st</sup> Half 2011 due to sharp feed-in-tariff reduction in Germany, Italy and UK. 2<sup>nd</sup> Half will be more flat. US, China and Japan will be the principal drivers for 2012 overall demand.

It should be possible to observe strong demand from markets in the Middle East, Africa, South America, and southeast Asia/India;

In the coming years, the pronounced decline in Europe should be mitigated by the stronger growth of other markets.

The nuclear crisis in Japan, last year, has contributed to the resurgence of the debate on the world's future energy mix and security of energy supply and with the evolution of PV systems' costs; it is increasingly an alternative to conventional electricity sources

### MARKET SHARE OF THE WORD'S TOP 10 MARKET

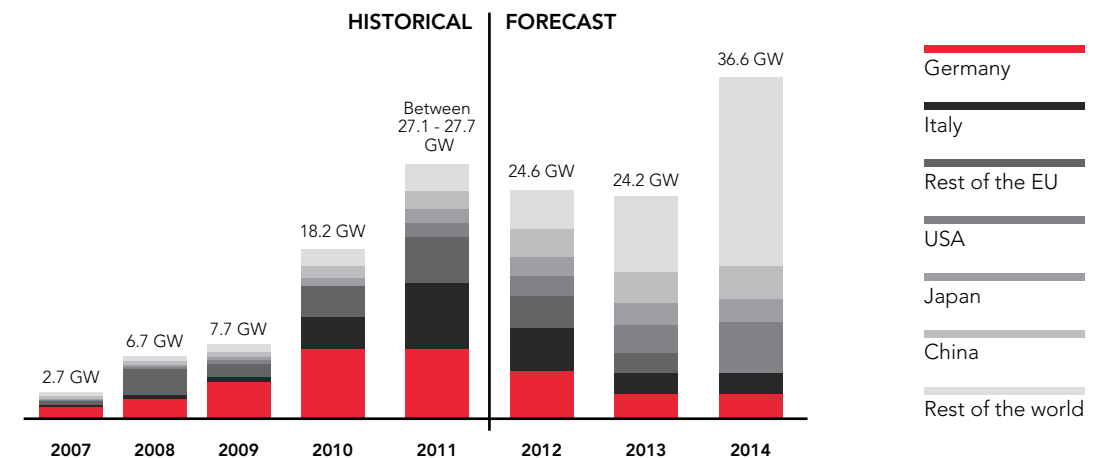


Source:EPIA e NEF

	2010		2011	
	EU	WORLD	EU	WORLD
Newly connected PV (GW)	13.3	16.6	20.9	27.7
EU share	80%		75%	
Cumulative inst. Capacity (GW)	29.4	39.7	50.3	67.4
% electricity demand	1.15%	0.25%	2%	0.5%

Source:EPIA e NEF

### TREND – PV SOLAR INSTALLATIONS



### ACTIVITY

The backlog of turnkey contracts (signed) is 192 million euro, with Portugal, US, France and Belgium as the geographies with the most significant contributions.

**RESULTS**

Solar Revenues grew by 32.8 % YoY in 2011, totaling 293.2 million euro, as a consequence of the intense growth strategy implemented, based on the increased level of internationalization.

The geographies with higher contribution in terms of Revenue in the period were France, Italy, USA, Portugal and Belgium. In Portugal, the weight of the Distribution business increased significantly, already representing in 2011, a contribution to the consolidated Revenues of 46.0 million euro.

The company's strategic position is to concentrate on mature countries which have a favorable regulatory framework, and emerging countries with good solar potential for the execution of on-grid and off-grid solutions. However, it is important to note that margins in the solar segment have been reduced along the value chain due to significant reductions in government support and to an increase in competition.

The Solar business area presented an EBITDA of 20.1 million euro, with the EBITDA margin reaching 6.8 %, representing less 3.2 percentage points, comparing 2010, and that is due to three main issues: i) tougher competitive environment; ii) internationalization effort and its associated costs of entry; iii) increased weight of the distribution business with lower margins.

Net Financial Expenses recorded 3.1 million euro in 2011, which remained stable when compared with 2010, and justified by Martifer Solar's robust capital structure and tight working capital control.

Net Profit totaled 9.5 million euro that compared with 10.4 million euro last year.

The level of capex in 2011 totaled 27.9 million euro. This value is explained by the investment in project development, mostly in the USA and France, expected to be sold until 2013.

Net Financial Debt on the 31<sup>st</sup> December 2011 stood at 46.1 million euro, an increase of 16.3 million euro from FY 2010. This variation is explained by capex and financial investments made in the period.

SOLAR	2011	2010	VAR. %
€M		RESTATED	
Revenues	293.2	220.8	32.8%
EBITDA	20.1	22.2	-9.4%
EBITDA Margin	6.8%	10.0%	-3.2 pp.
EBIT	18.1	18.1	-0.2%
EBIT Margin	6.2%	8.2%	-2.0 pp.
Net Financial Expenses	3.1	3.2	-0.3%
Income tax	5.4	4.5	19.8%
Net Profit	9.5	10.4	-8.9%
Attributable to non-controlling interests	1.7	2.6	n.m.
Attributable to shareholders	7.8	7.8	33,3%

Other areas



**RESULTS**

The results of the 'Others' segment groups the activity of 'RE Developer', the Holding and Shared Services. From the total amount of Revenues, RE Developer contributed in 2011 with 14.5 million euro.

Total EBITDA of RE Developer reached 7.0 million euro in 2011, representing an EBITDA margin of 48.0 %. Net Profit at the end of 2011 was 13.3 million euro negative, suffering from the impact of net financial expenses that amounted to 10.9 million euro.

Total net capex of RE developer in the period reached 19.7 million euro, mostly in the construction of the wind farm in Romania (Babadag), that is planned to be sold in 2012.

Net Financial Debt of RE Developer amounted to 27 million euro, a reduction of 3 million euros versus the net debt at the final year 2010. To this debt we should add 83.8 million euro of debt at the Holding level allocated to the business area, a lower amount when compared to the FY 2010. The reduction in the financial debt was possible due to the sale of the wind farms in Poland.

RE DEVELOPER	2011	2010	VAR. %
€M		RESTATED	
Revenues	14.5	21.4	-32.4%
EBITDA	7.0	15.8	-56.0%
EBITDA Margin	48.0%	73.8%	-25.8 pp
EBIT	-3.1	-39.8	-92.2%
EBIT Margin	-21.4%	-	-
Net Financial Expenses	10.9	17.8	-39%
Income tax	-0.7	2.6	>-100%
Net Profit	-13.3	-60.2	-78.0%
Attributable to non-controlling interests	-0.2	-1.2	-81.1%
Attributable to shareholders	-13.0	-59.1	-77.9%

04

ANALYSIS BY SEGMENT

# 05

## INDIVIDUAL FINANCIAL INFORMATION

The Net Profit of Martifer, SGPS, SA, the holding company of the Group, was negative amounting to 21,227,710 euro, comparing with a negative Net Profit of 70,836,538 euro in the previous year. This result has the impact of 18 million euros impairment loss registered for the participation in Martifer Renewables, SGPS, SA. The reinforcement of the impairment loss at this financial asset is essentially due to the negative results recorded by that company mostly influenced by the net financial expenses, the impairment losses in some of the affiliate companies and the accounting of provisions for risks and expenses.

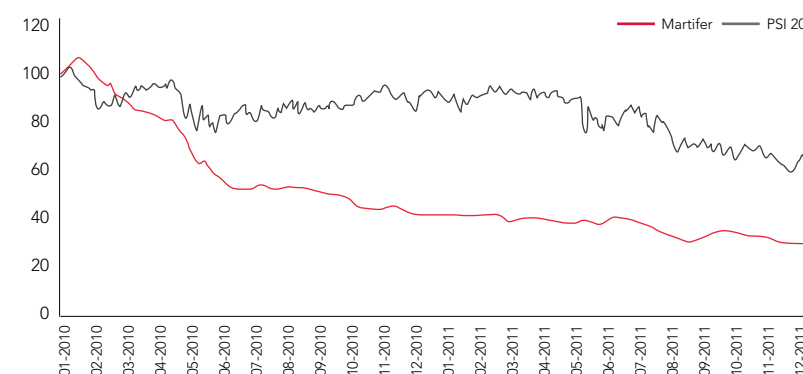
Moreover, were recorded impairment losses of 2 million euros for the participation and loans granted to the subsidiary company Eviva Hidro, s.r.l. due to the uncertainties about the recoverability of this amount, 1.6 million euro for the Martifer Inovação e Gestão participation, as well as, 0.8 million euro loss of the net value to be received from Martifer Renewables Electricity LLC, sold in the first semester 2011.

The Financial Results, including gains and losses in financial assets, amount to 1.6 million euros in 2011, comparing with 6 million euros in 2010. The loss registered in 2010 was due to the sale of the 11 % participation held in Prio Energy, SGPS, SA and Nutre, SGPS and SA (previously Prio Foods, SGPS, SA) in the second semester 2010.

# 06

## SHARE PERFORMANCE

### SHARE PRICE PERFORMANCE



Source: Reuters

Martifer's share price performance at the end of 2011 was negative 26.3 %, which compares with the PSI-20, major Euronext Lisbon market index which decreased 22.4 % in 2011.

Martifer's share price ended 2011 at 1.09 €/share; the highest price achieved was 1.60 €/share and the lowest price was 0.95 €/share. The average volume of stock traded during the period was 34,838 shares.

The increase of negative news during 2011, with the sovereign crisis intensified the growing concerns about the situation in Greece and the contagion to other European countries. The fear of the euro zone's sustainability grew day after day, and led to chaotic performance of the European markets and in the general emerging markets - Dax (-14.1 %); IBEX (-13.1 %); CAC (-17.0 %); FTSE (5.6 %); Euro Stoxx 50 (17.1 %); MSCI - Mercados emergentes (-20.4 %) and Bovesta (-18.1 %)

During the year, the positive spotlight was on Dow Jones Industrial (+5.5 %) and the Nasdaq (+2.7 %).

Martifer stock was penalized by this occurrence and by the poor performance of the Construction and Solar sectors.

Overall, Martifer share price performance was totally driven by the negative conjecture, and the end 2011, Martifer's market capitalization totaled 106 million euro.

### PURCHASE OF OWN SHARES

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

DATE	MARKET / TRANSACTION	SIZE (SHARES)	PRICE (€)	NUMBER HOLD
03-Jan-11	Euronext Lisbon - Purchase	5,350	1.46	560,241
06-Jan-11	Euronext Lisbon - Purchase	250	1.46	560,491
07-Jan-11	Euronext Lisbon - Purchase	10,000	1.37	570,491
10-Jan-11	Euronext Lisbon - Purchase	5,000	1.38	575,491
11-Jan-11	Euronext Lisbon - Purchase	9,500	1.45	584,991
12-Jan-11	Euronext Lisbon - Purchase	8,250	1.47	593,241
13-Jan-11	Euronext Lisbon - Purchase	2,934	1.5	596,175

06

SHARE PERFORMANCE

DATE	MARKET / TRANSACTION	SIZE (SHARES)	PRICE (€)	NUMBER HOLD
14-Jan-11	Euronext Lisbon – Purchase	12,000	1.47	608,175
17-Jan-11	Euronext Lisbon – Purchase	2,300	1.46	610,475
18-Jan-11	Euronext Lisbon – Purchase	7,053	1.46	617,528
19-Jan-11	Euronext Lisbon – Purchase	14,000	1.47	631,528
20-Jan-11	Euronext Lisbon – Purchase	900	1.48	632,428
21-Jan-11	Euronext Lisbon – Purchase	17,300	1.49	649,728
24-Jan-11	Euronext Lisbon – Purchase	2,000	1.48	651,728
25-Jan-11	Euronext Lisbon – Purchase	8,516	1.47	660,244
26-Jan-11	Euronext Lisbon – Purchase	15,100	1.46	675,344
27-Jan-11	Euronext Lisbon – Purchase	2,000	1.46	677,344
28-Jan-11	Euronext Lisbon – Purchase	350	1.46	677,694
31-Jan-11	Euronext Lisbon – Purchase	1,900	1.46	679,594
01-Feb-11	Euronext Lisbon – Purchase	6,400	1.47	685,994
02-Feb-11	Euronext Lisbon – Purchase	6,457	1.46	692,451
03-Feb-11	Euronext Lisbon – Purchase	1,350	1.46	693,801
04-Feb-11	Euronext Lisbon – Purchase	8,507	1.47	702,308
07-Feb-11	Euronext Lisbon – Purchase	2,615	1.47	704,923
08-Feb-11	Euronext Lisbon – Purchase	4,000	1.46	708,923
09-Feb-11	Euronext Lisbon – Purchase	8,398	1.47	717,321
10-Feb-11	Euronext Lisbon – Purchase	6,450	1.46	723,771
11-Feb-11	Euronext Lisbon – Purchase	4,500	1.45	728,271
25-Feb-11	Euronext Lisbon – Purchase	18,999	1.36	747,270
28-Feb-11	Euronext Lisbon – Purchase	20,184	1.40	767,454
01-Mar-11	Euronext Lisbon – Purchase	7,932	1.40	775,386
02-Mar-11	Euronext Lisbon – Purchase	5,200	1.40	780,586
03-Mar-11	Euronext Lisbon – Purchase	4,424	1.40	785,010
04-Mar-11	Euronext Lisbon – Purchase	3,000	1.40	788,010
07-Mar-11	Euronext Lisbon – Purchase	2,700	1.39	790,710
08-Mar-11	Euronext Lisbon – Purchase	300	1.38	791,010
09-Mar-11	Euronext Lisbon – Purchase	4,000	1.40	795,010
10-Mar-11	Euronext Lisbon – Purchase	950	1.39	795,960
11-Mar-11	Euronext Lisbon – Purchase	2,744	1.38	798,704
14-Mar-11	Euronext Lisbon – Purchase	2,928	1.39	801,632
15-Mar-11	Euronext Lisbon – Purchase	99,400	1.50	901,032
16-Mar-11	Euronext Lisbon – Purchase	21,000	1.50	922,032
17-Mar-11	Euronext Lisbon – Purchase	27,739	1.49	949,771
18-Mar-11	Euronext Lisbon – Purchase	10,400	1.48	960,171
21-Mar-11	Euronext Lisbon – Purchase	27,000	1.45	987,171
22-Mar-11	Euronext Lisbon – Purchase	8,600	1.40	995,771
23-Mar-11	Euronext Lisbon – Purchase	6,970	1.39	1,002,741
24-Mar-11	Euronext Lisbon – Purchase	1,000	1.36	1,003,741
25-Mar-11	Euronext Lisbon – Purchase	1,178	1.40	1,004,919
28-Mar-11	Euronext Lisbon – Purchase	12,200	1.42	1,017,119
29-Mar-11	Euronext Lisbon – Purchase	2,150	1.40	1,019,269
30-Mar-11	Euronext Lisbon – Purchase	1,500	1.39	1,020,769
31-Mar-11	Euronext Lisbon – Purchase	684	1.41	1,021,453
01-Apr-11	Euronext Lisbon – Purchase	1,355	1.40	1,022,808
04-Apr-11	Euronext Lisbon – Purchase	1,160	1.39	1,023,968
05-Apr-11	Euronext Lisbon – Purchase	2,000	1.38	1,025,968
06-Apr-11	Euronext Lisbon – Purchase	1,850	1.34	1,027,818
07-Apr-11	Euronext Lisbon – Purchase	2,480	1.39	1,030,298
08-Apr-11	Euronext Lisbon – Purchase	700	1.37	1,030,998
11-Apr-11	Euronext Lisbon – Purchase	841	1.35	1,031,839
12-Apr-11	Euronext Lisbon – Purchase	100	1.35	1,031,939
13-Apr-11	Euronext Lisbon – Purchase	300	1.37	1,032,239
14-Apr-11	Euronext Lisbon – Purchase	900	1.35	1,033,139
15-Apr-11	Euronext Lisbon – Purchase	890	1.33	1,034,029
20-Apr-11	Euronext Lisbon – Purchase	1,763	1.30	1,035,792
21-Apr-11	Euronext Lisbon – Purchase	3,500	1.28	1,039,292
26-Apr-11	Euronext Lisbon – Purchase	3,200	1.24	1,042,492
27-Apr-11	Euronext Lisbon – Purchase	1,750	1.26	1,044,242
29-Apr-11	Euronext Lisbon – Purchase	2,000	1.42	1,046,242
02-May-11	Euronext Lisbon – Purchase	3,600	1.38	1,049,842
03-May-11	Euronext Lisbon – Purchase	1,750	1.39	1,051,592
04-May-11	Euronext Lisbon – Purchase	6,100	1.38	1,057,692
05-May-11	Euronext Lisbon – Purchase	800	1.37	1,058,492
06-May-11	Euronext Lisbon – Purchase	2,000	1.38	1,060,492

DATE	MARKET / TRANSACTION	SIZE (SHARES)	PRICE (€)	NUMBER HOLD
20-May-11	Euronext Lisbon – Purchase	4,300	1.32	1,064,792
23-May-11	Euronext Lisbon – Purchase	13,210	1.32	1,078,002
24-May-11	Euronext Lisbon – Purchase	11,200	1.33	1,089,202
25-May-11	Euronext Lisbon – Purchase	10,930	1.34	1,100,132
26-May-11	Euronext Lisbon – Purchase	15,836	1.34	1,115,968
27-May-11	Euronext Lisbon – Purchase	19,796	1.38	1,135,764
30-May-11	Euronext Lisbon – Purchase	15,881	1.41	1,151,645
31-May-11	Euronext Lisbon – Purchase	39,113	1.41	1,190,758
01-Jun-11	Euronext Lisbon – Purchase	23,600	1.43	1,214,358
02-Jun-11	Euronext Lisbon – Purchase	14,090	1.40	1,228,448
03-Jun-11	Euronext Lisbon – Purchase	12,742	1.43	1,241,190
06-Jun-11	Euronext Lisbon – Purchase	20,500	1.45	1,261,690
07-Jun-11	Euronext Lisbon – Purchase	28,614	1.50	1,290,304
08-Jun-11	Euronext Lisbon – Purchase	36,000	1.45	1,326,304
09-Jun-11	Euronext Lisbon – Purchase	4,476	1.45	1,330,780
09-Aug-11	Euronext Lisbon – Purchase	292	1.08	1,331,072
16-Aug-11	Euronext Lisbon – Purchase	142	1.04	1,331,214
17-Aug-11	Euronext Lisbon – Purchase	10,000	1.10	1,341,214
10-Oct-11	Euronext Lisbon – Purchase	2118	1.20	1,343,332
11-Oct-11	Euronext Lisbon – Purchase	5,612	1.18	1,348,944
12-Oct-11	Euronext Lisbon – Purchase	4,151	1.22	1,353,095
13-Oct-11	Euronext Lisbon – Purchase	3,249	1.20	1,356,344
14-Oct-11	Euronext Lisbon – Purchase	2,000	1.20	1,358,344
17-Oct-11	Euronext Lisbon – Purchase	100	1.19	1,358,444
18-Oct-11	Euronext Lisbon – Purchase	1,156	1.19	1,359,600
19-Oct-11	Euronext Lisbon – Purchase	4,491	1.18	1,364,091
20-Oct-11	Euronext Lisbon – Purchase	6,652	1.16	1,370,743
21-Oct-11	Euronext Lisbon – Purchase	1,752	1.16	1,372,495
21-Oct-11	Euronext Lisbon – Purchase	348	1.16	1,372,843
24-Oct-11	Euronext Lisbon – Purchase	2,642	1.18	1,375,485
25-Oct-11	Euronext Lisbon – Purchase	7,241	1.17	1,382,726
26-Oct-11	Euronext Lisbon – Purchase	2,700	1.16	1,385,426
27-Oct-11	Euronext Lisbon – Purchase	2,398	1.16	1,387,824
28-Oct-11	Euronext Lisbon – Purchase	5,000	1.15	1,392,824
31-Oct-11	Euronext Lisbon – Purchase	3000	1.13	1,395,824
02-Nov-11	Euronext Lisbon – Purchase	1,290	1.09	1,397,114
03-Nov-11	Euronext Lisbon – Purchase	6,063	1.08	1,403,177
04-Nov-11	Euronext Lisbon – Purchase	1,723	1.08	1,404,900
18-Nov-11	Euronext Lisbon – Purchase	17,000	1.03	1,421,900
21-Nov-11	Euronext Lisbon – Purchase	30,001	1.05	1,451,901
22-Nov-11	Euronext Lisbon – Purchase	100	1.03	1,452,001
22-Nov-11	Euronext Lisbon – Purchase	22,000	1.06	1,474,001
23-Nov-11	Euronext Lisbon – Purchase	8,500	1.05	1,482,501
24-Nov-11	Euronext Lisbon – Purchase	8,350	1.05	1,490,851
25-Nov-11	Euronext Lisbon – Purchase	17,198	1.03	1,508,049
28-Nov-11	Euronext Lisbon – Purchase	10,100	1.05	1,518,149
29-Nov-11	Euronext Lisbon – Purchase	39,000	1.05	1,557,149
30-Nov-11	Euronext Lisbon – Purchase	15200	1.07	1,572,349
01-Dec-11	Euronext Lisbon – Purchase	13,460	1.08	1,585,809
02-Dec-11	Euronext Lisbon – Purchase	7,425	1.08	1,593,234
02-Dec-11	Euronext Lisbon – Purchase	2,175	1.10	1,595,409
05-Dec-11	Euronext Lisbon – Purchase	550	1.08	1,595,959
06-Dec-11	Euronext Lisbon – Purchase	9,440	1.07	1,605,399
07-Dec-11	Euronext Lisbon – Purchase	2,220	1.07	1,607,619
09-Dec-11	Euronext Lisbon – Purchase	50	1.07	1,607,669
12-Dec-11	Euronext Lisbon – Purchase	28,124	1.07	1,635,793
13-Dec-11	Euronext Lisbon – Purchase	13,534	1.07	1,649,327
13-Dec-11	Euronext Lisbon – Purchase	500	1.07	1,649,827
14-Dec-11	Euronext Lisbon – Purchase	8,750	1.06	1,658,577
14-Dec-11	Euronext Lisbon – Purchase	2,000	1.07	1,660,577
15-Dec-11	Euronext Lisbon – Purchase	18,250	1.06	1,678,827
16-Dec-11	Euronext Lisbon – Purchase	20,551	1.07	1,699,378
19-Dec-11	Euronext Lisbon – Purchase	9,200	1.07	1,708,578
20-Dec-11	Euronext Lisbon – Purchase	11,679	1.07	1,720,257
21-Dec-11	Euronext Lisbon – Purchase	6,027	1.06	1,726,284
23-Dec-11	Euronext Lisbon – Purchase	1,121	1.08	1,727,405
27-Dec-11	Euronext Lisbon – Purchase	460	1.08	1,727,865
29-Dec-11	Euronext Lisbon – Purchase	7,110	1.08	1,734,975
30-Dec-11	Euronext Lisbon – Purchase	12,676	1.08	1,747,651

Following these transactions Martifer holds 1,747,651 own shares representing 1.75 % of its share capital.

# 07

## FUTURE PROSPECTS

### 2011 and future prospects

2011 results were mainly affected by the weak operational performance in Metallic Constructions caused by:

- Depressed Iberia
- One-off effects in Australia
- Negative results in Eastern Europe
- Impact of the integration of the wind cluster
- In Metallic Constructions Impairment loss accounted with the sale of the partnership in the US (Martifer – Hirschfeld Energy Systems)

In order to solve the problems, along 2011, implemented a rigorous plan with a set of measures of internal reorganization in the Metallic Construction area and putting in place the New Step Program:

- Carlos Martins reassumed operation control as CEO of the business area
- Focus on complex projects with a strong engineering component and higher margins
- Balanced expansion: successful entry in Brazil, UK and France
- Increase in operational efficiency by reducing cash costs
- Strong Training policy with the creation of an engineering school

Consequently, it should be possible to see improvements in operating performance during 2012. In the Solar business area the same path of performance growth is expected, as seen in 2010, consequence of the projects won in 2011 and strategy implemented with continued operating flexibility and weak dependence in terms of geographic concentration of the projects.

At the group level, despite the increase of external risks and the current economic conjuncture, we chose to maintain the Strategic Plan present in February 2010, as it continues to run well and still in execution until the end of 2013, and is achievable.

It is the Martifer Group's objective to have a debt level between 230 million euro and 250 million euro by the end of 2013. The Martifer Group still has approximately 187 million euro of non-core assets, 85 % of it are renewable energy projects. To achieve this level it was decided to sell approximately 60 % of the total value, which we believe will be possible to achieve in the next two years (2012 and 2013), despite the environment of economic recession. In 2012, the main objective will be the disposal of the Babadag wind farm in Romania (42 MW) and the continuing the process of sale of the solar licenses in Portugal.

Finally, below, we can see the strategic plan follow up. As we can see, some of the goals have already been met.

2011-2013 PLAN FOLLOW UP

07

FUTURE PROSPECTS

2011-2013 PLAN	COMMENTS	FY10	FY11
FOCUS IN THE TWO CORE BUSINESS AREAS	<ul style="list-style-type: none"> <li>- Metallic Constructions</li> <li>- Solar</li> </ul>	Weight 85%	Weight 97%
STRENGTHEN THE INTERNATIONAL PRESENCE IN MARKETS WITH STRONG GROWTH	<ul style="list-style-type: none"> <li>- Reduction of dependence on Iberia</li> <li>- Focus on three core geographies (Europe, Angola and Brazil)</li> </ul>	Weight 53%	Weight 24%
GENERATE CASH FLOW THROUGH ASSETS SALE AND OPTIMIZATION OF BOTH CASH COSTS AND WORKING CAPITAL	<ul style="list-style-type: none"> <li>- Sale of non core assets: 100-120 M€</li> <li>- Optimization of cash costs: 20-25 M€</li> <li>- Reduction of working capital levels: 25-30 M€</li> </ul>		On the way 44 M€
STRONG REDUCTION OF THE GROUP'S CURRENT DEBT LEVELS	<ul style="list-style-type: none"> <li>- Reduction of Net Debt/EBITDA ratio: 5,8x (2010) vs &lt;4,0x (2013)</li> <li>- Net Debt Reduction = 90-110 M€</li> </ul>		By 2013
INCREASE SHAREHOLDER RETURN	<ul style="list-style-type: none"> <li>- Increase in RoE: -15 % (2010); vs &gt;10 % (2013)</li> </ul>		By 2013



# 08

## MAIN RISKS

The uncertainty that currently influences the capital markets includes a variety of risks to which Martifer Group is exposed to, as price risk, currency risk, interest rate risk, liquidity risk and credit risk.

### FINANCIAL RISKS

#### a) Price risk

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

#### b) Currency risk

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

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

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

Certain operational activities of the Group are exposed to changes in foreign exchange rates vis-à-vis their local currency.

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

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

## 08

## MAIN RISKS

**c) Interest rate risk**

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

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

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

**d) Liquidity risk**

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

The Group manages its liquidity risk in two main ways:

– On the one hand, it seeks to ensure that its financing structure adequately reflects the nature of its obligations. Investments in fixed assets, including financial investments, are funded through long-term facilities (equity and long-term loans) whilst short-term obligations are funded through short-term loans. Long-term loans are generally contracted for periods of 5 to 7 years, generally with a grace period of the principal of 1 to 2 years.

– On the other hand, subsidiaries have contracted, with financial institutions, short-term facilities for amounts that assure their liquidity. Subsidiaries also have adequate amounts of cash to cover their short-term commitments.

**e) Credit risk**

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

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

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

# 09

## PROPOSAL OF RESULTS ALLOCATION

The Board proposes to the General Meeting of Shareholders that the net loss, resulting from the Individual Financial Information in the total 21,227,709.94 euro, registered in 2011, to be is allocated to Retained Earning.

# 10

## OTHER INFORMATION

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

In addition to incorporating Martifer SGPS, SA's Board of Directors, each non-executive board member integrates, at least, one of the nominated Committees by the Board (Committee for Corporate Governance, Committee for Ethics and Conduct or Committee for Risk), for which the rules are published in the Group's website and which functions and activities developed throughout 2011 are outlined in the chapter of Corporate Governance. Throughout the year, the non-executive members of the Board have shared and expressed relevant opinions regarding specific business segments, based on its performance, the risks associated and outlook, keeping regular communication with the executive Board Members, and the Board Members and Directors of the business units.

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

Throughout the financial year of 2011, no business transactions or significant economic operations occurred between the company and Board of Directors or the Supervisory Board. In what concerns the company and companies under direct control of the Group, all the business transaction were made at normal market conditions, and had the approval of the Supervisory Board.

### **OTHER INFORMATION**

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



**MANDATORY  
INFORMATION**

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

In accordance with article 447 of the Portuguese Companies Code, the securities issued by Martifer SGPS, SA and companies dominated by it, held by members of the governing bodies in the period from 1 January 2011 through to 31 December 2011, are the following:

HOLDER	GOVERNING BODY	NUMBER OF SHARES HELD ON 31/12/2011
Carlos Manuel Marques Martins	Board of Directors	70.030
Jorge Alberto Marques Martins	Board of Directors	131.760
I'M – SGPS, S.A. *	Board of Directors	42.640.723
Arnaldo José Nunes da Costa Figueiredo	Board of Directors	3.000
Luís Filipe Cardoso da Silva	Board of Directors	2.000
MOTA-ENGIL, SGPS, S.A. **	Board of Directors	37.500.000
Mário Jorge Henriques Couto	Board of Directors	-
Luís Valadares Tavares	Board of Directors	-
Jorge Bento Ribeiro Barbosa Farinha	Board of Directors	-
Manuel Simões de Carvalho e Silva	Supervisory Board	-
Carlos Alberto da Silva e Cunha	Supervisory Board	-
João Carlos Tavares Ferreira de Carreto Lages ***	Supervisory Board	-
Américo Augstinho Martins Pereira	Statutory Auditor	-
José Carreto Lages	Chairman of the General Meeting	-

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

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

\*\*\* Due to the resignation of Mr Carlos Alberto de Oliveira e Sousa, due to his retirement, he was substituted, in terms of and for the purposes foreseen in no. 3 of article 415 of the CSC, by the alternate member, Mr João Carlos Tavares Ferreira de Carreto Lages, with effect from 1 September 2011.

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

MEMBER OF THE GOVERNING BODIES	SHARES HELD ON 31.12.10	SHARE TRANSACTIONS DURING 2011				SHARES HELD ON 31.12.2011
		DATE	PURCHASE	SALE	AVERAGE PRICE	
Carlos Manuel Marques Martins	70.030	-	-	-	-	70.030
Jorge Alberto Marques Martins	131.760	-	-	-	-	131.760
Arnaldo José Nunes da Costa Figueiredo	3.000	-	-	-	-	3.000
Luís Filipe Cardoso da Silva	2.000	-	-	-	-	2.000

Directors Carlos Manuel Marques Martins and Jorge Alberto Marques Martins, respectively Chairman and Vice-Chairman of the Board of Directors, besides the shares held as described above, are sole equal shareholders of I'M SGPS, SA, that, on 31 December 2011, held a total of 42.640.723 shares of Martifer SGPS, S.A.

The share transactions of I'M SGPS, SA during 2011 are the following:

Date	Purchase	Sale	Average Price
22-Jan	5,000		3.38 €
26-Feb	5,000		2.95 €
26-Feb	10,000		2.96 €
26-Feb	4,985		2.99 €
26-Feb	5,015		3.00 €
30-Mar	2,099		2.78 €
30-Mar	2,800		2.79 €
30-Mar	6,001		2.80 €
31-Mar	7,400		2.78 €
31-Mar	16		2.80 €
01-Apr	830		2.79 €
01-Apr	835		2.80 €
06-Apr	3,000		2.80 €
07-Apr	2,700		2.76 €
07-Apr	3,300		2.75 €
16-Apr	4,213		2.74 €
16-Apr	1,287		2.75 €
19-Apr	10		2.67 €
19-Apr	10		2.68 €
19-Apr	30		2.69 €
19-Apr	10		2.70 €
20-Apr	10		2.69 €
21-Apr	2500		2.57 €
22-Apr	447		2.52 €
22-Apr	53		2.54 €
23-Apr	501		2.57 €
23-Apr	250		2.56 €
23-Apr	250		2.55 €
23-Apr	20,000		2.48 €
23-Apr	20,000		2.47 €
27-Apr	10		2.46 €
27-Apr	5,080		2.32 €
27-Apr	10,010		2.39 €
28-Apr	3,500		2.22 €
28-Apr	2,500		2.20 €
25-May	10		1.83 €
26-May	350		1.83 €
22-Set	3.886		1.64€
22-Set	5.000		1.65€
22-Set	4.442		1.66€
22-Set	10		1.67€
23-Set	10,000		1.63€
24-Set	1,500		1.61€
24-Set	1,451		1.63€
24-Set	5,154		1.62€
27-Set	4.301		1.60€
27-Set	1,102		1.61€
06-Oct	2,197		1.18 €
07-Oct	57		1.17
07-Oct	1,963		1.18
07-Oct	1,207		1.19
10-Oct	3,700		1.19
10-Oct	2,208		1.2
10-Oct	210		1.21
11-Oct	851		1.17
11-Oct	4,561		1.18
11-Oct	520		1.19
11-Oct	130		1.2
11-Oct	2,020		1.21
11-Oct	30		1.22
12-Oct	280		1.9
12-Oct	1,090		1.2
12-Oct	4,181		1.22

Date	Purchase	Sale	Average Price
12-Oct	80		1.23
12-Oct	50		1.24
13-Oct	1,000		1.19
13-Oct	2,249		1.21
13-Oct	3,456		1.22
13-Oct	100		1.23
14-Oct	3,050		1.2
14-Oct	1,550		1.21
14-Oct	50		1.22
17-Oct	100		1.19
17-Oct	114		1.2
17-Oct	2,050		1.21
18-Oct	156		1.18
18-Oct	3,098		1.19
18-Oct	2		1.2
19-Oct	1,458		1.17
19-Oct	2,090		1.18
19-Oct	2,443		1.19
19-Oct	100		1.2
19-Oct	100		1.21
20-Oct	4,652		1.16
20-Oct	2,000		1.17€
20-Oct	600		1.19€
21-Oct	2,000		1.16€
21-Oct	100		1.17
21-Oct	500		1.18
21-Oct	50		1.21
24-Oct	942		1.17
24-Oct	1,300		1.18
24-Oct	1,750		1.19
24-Oct	360		1.2
24-Oct	40		1.21
25-Oct	1,000		1.16
25-Oct	6,641		1.17
25-Oct	200		1.19
26-Oct	1,000		1.15
26-Oct	1,700		1.16
26-Oct	120		1.17
26-Oct	65		1.18
26-Oct	45		1.19
27-Oct	61		1.14
27-Oct	900		1.15
27-Oct	1,600		1.16
27-Oct	1,237		1.18
27-Oct	20		1.15
28-Oct	4,806		1.15
28-Oct	3,756		1.16
28-Oct	55		1.17
31-Oct	611		1.1
31-Oct	2,900		1.12
31-Oct	1,960		1.13
31-Oct	52		1.14
31-Oct	552		1.15
01-Nov	530		1.12
02-Nov	2,000		1.08
02-Nov	650		1.1
03-Nov	500		1.07
03-Nov	1,080		1.08
03-Nov	78		1.09
03-Nov	5,510		1.1
03-Nov	42		1.11
04-Nov	42		1.11
04-Nov	2,050		1.07

Date	Purchase	Sale	Average Price
04-Nov	500		1.08
04-Nov	20		1.09
04-Nov	230		1.1
18-Nov	6,395		1.03
18-Nov	1,050		1.05
18-Nov	1,225		1.06
18-Nov	6,920		1.07
18-Nov	10		1.08
21-Nov	3,000		0.98
21-Nov	4,000		1.01
21-Nov	1,929		1.03
21-Nov	3,000		1.04
21-Nov	1,048		1.05
21-Nov	9,023		1.06
22-Nov	1,050		1.01
22-Nov	1,050		1.05
22-Nov	1,719		1.04
22-Nov	1,281		1.05
23-Nov	2,000		1.06
23-Nov	2,050		1.05

Date	Purchase	Sale	Average Price
23-Nov	8,000		1.07
24-Nov	380		1.04
24-Nov	120		1.07
25-Nov	4,190		1.04
25-Nov	4,620		1.06
25-Nov	11,190		1.07
28-Nov	10,500		1.07
30-Nov	5,200		1.08
01-Dec	100		1.09
02-Dec	461		1.1
02-Dec	39		1.11
06-Dec	992		1.07
07-Dec	120		1.1
09-Dec	104		1.1
12-Dec	2		1.07
15-Dec	7		1.07
16-Dec	6		1.07
20-Dec	282		1.08
20-Dec	530		1.09

## HOLDERS OF QUALIFYING SHAREHOLDINGS

According to paragraph 1b) of article 8 of CMVM regulation number 5/2008, and fulfilling article 448 of the Portuguese Companies Code, the following is the list of qualifying shareholders, with an indication of number of shares and percentage of voting rights held, calculated according to article 20 of the Securities Code (CMVM), as of 31 December 2011:

SHAREHOLDERS	NUMBER OF SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS 1
<b>I'M – SGPS, SA</b>	42,640,723	42.64%	43.40%
Carlos Manuel Marques Martins *	70,030	0.07%	0.07%
Jorge Alberto Marques Martins *	131,760	0.13%	0.13%
<b>Total imputável à I'M – SGPS, SA</b>	<b>42,842,513</b>	<b>42.84%</b>	<b>43.60%</b>
<b>Mota-Engil – SGPS, SA</b>	37,500,000	37.50%	38.17%
Arnaldo José Nunes da Costa Figueiredo **	3,000	0.00%	0.00%
Luís Filipe Cardoso da Silva **	2,000	0.00%	0.00%
<b>Total Imputável à Mota-Engil – SGPS, SA</b>	<b>37,505,000</b>	<b>37.51%</b>	<b>38.17%</b>

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

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

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

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

Dear Shareholders,

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

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

Oliveira de Frades, 1 March 2012

### The Board of Directors

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

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


Luís Filipe Cardoso da Silva  
(Member of the Board of Directors)

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

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

Luís Valadares Tavares  
(Member of the Board of Directors)

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



**CONSOLIDATED  
FINANCIAL  
INFORMATION**



# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated income statements for the years and quarters ended 31 december 2011 and 2010

(Amounts expressed in Euro)

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

	NOTES	FY 2011 (AUDITED)	FY 2010 RESTATED (AUDITED)	FY 2010 (AUDITED)	4th QUARTER 2011 (NOT AUDITED)	4th QUARTER 2010 RESTATED (NOT AUDITED)	4th QUARTER 2010 (NOT AUDITED)
Sales and services rendered	3 and 4	531,852,146	576,689,220	587,225,838	191,354,624	177,834,498	180,151,343
Other income	5	18,260,097	14,950,118	14,901,834	(2,541,052)	5,839,144	5,839,266
Cost of goods sold	6	(286,814,244)	(236,521,027)	(240,723,509)	(100,207,664)	(80,181,614)	(81,193,889)
Subcontractors	6	(101,667,505)	(142,735,342)	(142,792,905)	(27,954,774)	(46,224,549)	(46,231,785)
Gross profit		161,630,494	212,382,968	218,611,258	60,651,134	57,267,479	58,564,935
External supplies and services	7	(78,334,663)	(82,465,839)	(84,772,625)	(21,225,475)	(24,379,505)	(24,773,799)
Staff costs	8	(78,151,769)	(76,229,479)	(77,634,943)	(20,293,322)	(19,354,062)	(19,763,235)
Other operational gains and losses	9	3,804,067	2,896,048	2,762,295	(5,296,657)	3,231,786	3,098,833
	3	8,948,129	56,583,698	58,965,985	13,835,680	16,765,698	17,126,735
Amortizations	3, 17 and 18	(19,564,718)	(24,524,720)	(26,068,965)	(4,903,069)	(5,592,795)	(6,231,174)
Impairment losses	3 and 10	(3,034,335)	(12,259,419)	(12,332,046)	(3,001,048)	(10,979,342)	(11,064,472)
Provisions	3 and 10	(7,116,008)	(41,510,629)	(41,532,476)	(7,415,878)	(26,369,049)	(26,390,896)
Operating income	3	(20,766,932)	(21,711,069)	(20,967,502)	(1,484,315)	(26,175,487)	(26,559,808)
Financial income	11	32,204,248	40,777,175	40,296,864	11,856,080	9,257,789	9,102,969
Financial expenses	11	(55,948,842)	(56,232,338)	(57,350,161)	(19,859,990)	(27,287,435)	(27,828,401)
Gains / (losses) on associate companies and joint arrangements	3 and 12	(2,609,114)	(4,752,277)	(3,847,936)	(899,727)	(3,297,431)	(2,299,115)
Income tax	13	(408,830)	(10,371,119)	(10,515,530)	(3,072,356)	(4,896,689)	(4,909,535)
Profit after tax	3	(47,529,470)	(52,289,627)	(52,384,265)	(13,460,308)	(52,399,254)	(52,493,890)
Attributable to:							
non-controlling interests		2,070,878	2,509,792	2,509,792	1,416,103	(883,347)	(886,288)
owners of Martifer		(49,600,348)	(54,799,419)	(54,894,057)	(14,876,411)	(51,515,907)	(51,607,604)
Earnings per share:							
Basic	15	(0.5019)	(0.5484)	(0.5493)	(0.1494)	(0.5163)	(0.5173)
Diluted	15	(0.5019)	(0.5484)	(0.5493)	(0.1494)	(0.5163)	(0.5173)

The accompanying notes are part of these financial statements

## Consolidated statements of comprehensive income for the years ended 31 december 2011 e 2010

(Amounts expressed in Euro)  
(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 43)

	FY 2011 (AUDITED)	FY 2010 RESTATED (AUDITED)	FY 2010 (AUDITED)
Profit for the year	(47,529,470)	(52,289,627)	(52,384,265)
Fair value of cash flow hedges (derivatives), net of tax	(69,323)	(88,838)	(82,005)
Fair value of available for sale financial assets, net of tax	-	-	-
Exchange differences arising on (i) translating foreign operations; (ii) net investment in subsidiaries and (iii) goodwill	(4,570,119)	1,342,905	2,889,706
Gains on revaluation of tangible fixed assets, net of tax	867,524	(288,468)	(288,468)
Income recognized directly in equity	(3,771,917)	965,600	2,519,233
<b>Total comprehensive income for the period</b>	<b>(51,301,387)</b>	<b>(51,324,027)</b>	<b>(49,865,032)</b>
Attributable to:			
non-controlling interests	2,005,285	2,962,675	2,962,675
owners of Martifer	(53,306,673)	(54,286,702)	(52,827,707)

The accompanying notes are part of these financial statements

## Consolidated statements of financial position at 31 december 2011 and 2010

(Amounts expressed in Euro)  
(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 43)

	NOTES	31 DECEMBER 2011 (AUDITED)	31 DECEMBER 2010 RESTATED (AUDITED)	31 DECEMBER 2010 (AUDITED)
<b>ASSETS</b>				
Non-current assets				
Goodwill	16	18,136,268	18,236,652	20,689,425
Intangible assets	17	40,000,945	22,390,048	28,658,371
Tangible assets	18	304,939,148	331,900,013	367,482,823
Investment property	19	17,274,846	14,981,893	14,981,893
Financial assets under the equity method	3 and 20	14,867,827	30,021,125	11,954,290
Available for sale investments	21	2,179,021	20,138,045	20,186,393
Other non-current receivables	23	135,575,300	97,199,052	83,172,197
Deferred tax assets	13	11,490,963	5,867,238	6,446,069
		<b>544,464,318</b>	<b>540,734,067</b>	<b>553,571,462</b>
Current assets				
Inventories	22	31,152,897	48,382,946	56,367,267
Trade receivables	23	191,107,588	212,366,789	218,884,487
Other receivables	23	43,066,127	34,127,966	34,394,644
Income tax	24	2,366,787	811,385	914,149
Current tax assets	24	19,670,837	19,221,604	19,865,363
Other current assets	25	128,118,298	165,340,373	165,387,543
Cash and cash equivalents	26	77,886,483	74,712,521	76,666,431
		<b>493,369,017</b>	<b>554,963,585</b>	<b>572,479,884</b>
<b>Total assets</b>	<b>3</b>	<b>1,037,833,335</b>	<b>1,095,697,651</b>	<b>1,126,051,346</b>
<b>EQUITY</b>				
Issued capital	27	50,000,000	50,000,000	50,000,000
Reserves	27	251,133,360	313,283,296	314,153,874
Profit for the year		(49,600,348)	(54,799,419)	(54,894,057)
Equity attributable to owners of Martifer		251,533,012	308,483,877	309,259,817
Non-controlling interests	27	31,783,623	31,876,822	30,988,178
<b>Total equity</b>		<b>283,316,635</b>	<b>340,360,699</b>	<b>340,247,995</b>
<b>LIABILITIES</b>				
Non-current liabilities				
Borrowings	28	215,440,560	163,366,801	167,443,037
Obligation under finance leases	29	17,902,006	15,786,906	31,398,405
Other non-current liabilities	30	17,458,625	5,750,207	11,520,910
Provisions	31	13,383,765	20,325,242	16,588,337
Deferred tax liabilities	13	8,106,346	10,328,339	10,334,013
		<b>272,291,302</b>	<b>215,557,495</b>	<b>237,284,703</b>
Current liabilities				
Borrowings	28	167,209,008	209,684,891	212,654,519
Obligation under finance leases	29	7,209,061	6,747,569	8,573,620
Trade payables	30	202,293,996	193,279,249	197,532,331
Other payables	30	38,281,720	69,698,469	63,621,163
Income tax	33	5,051,259	3,944,070	4,201,347
Current tax liabilities	33	23,232,579	15,139,914	17,677,247
Other current liabilities	34	38,470,309	40,902,147	43,884,568
Derivatives	35	477,465	383,149	373,852
		<b>482,225,397</b>	<b>539,779,457</b>	<b>548,518,648</b>
<b>Total liabilities</b>	<b>3</b>	<b>754,516,699</b>	<b>755,336,952</b>	<b>785,803,351</b>
<b>Total equity and liabilities</b>		<b>1,037,833,335</b>	<b>1,095,697,651</b>	<b>1,126,051,346</b>

The accompanying notes are part of these financial statements

11

CONSOLIDATED  
FINANCIAL  
STATEMENTS

## Consolidated statements of changes in equity for the years ended 31 december 2011 and 2010

(Amounts expressed in Euro)  
(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 43)

	ISSUED CAPITAL	TREASURY STOCK	SHARE PREMIUM	FAIR VALUE RESERVES			FOREIGN CURRENCY TRANSLATION RESERVES	STOCK OPTIONS RESERVES	OTHER RESERVES	NET PROFIT OF THE YEAR	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
				REVALUATION OF FIXED ASSETS	AVAILABLE FOR SALE INVESTMENTS	CASH FLOW HEDGE DERIVATIVES							
Balance at 1 January 2010	50,000,000	-	186,500,000	17,549,418	8,261,660	(2,889,017)	(21,479,368)	17,347	41,405,109	107,705,245	387,070,394	50,957,635	438,028,029
Changes in the consolidated method (Note 1)	-	-	-	-	-	(6,833)	(1,546,801)	-	683,058	94,638	(775,938)	888,645	112,707
	50,000,000	-	186,500,000	17,549,418	8,261,660	(2,895,850)	(23,026,169)	17,347	42,088,167	107,799,882	386,294,454	51,846,280	438,140,734
Appropriation of the profit of 2009	-	-	-	-	-	-	-	-	107,705,245	(107,705,245)	-	-	-
Comprehensive income for the year:	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	(54,894,057)	(54,894,057)	2,509,792	(52,384,265)
Exchange differences arising on (i) translating foreign operations and (ii) net investment in subsidiaries	-	-	-	-	-	-	84,308	-	-	-	84,308	501,770	586,078
Exchange differences arising on goodwill	-	-	-	-	-	-	2,306,488	-	-	-	2,306,488	(2,860)	2,303,628
Gains on revaluation of properties	-	-	-	(288,468)	-	-	-	-	-	-	(288,468)	-	(288,468)
Other changes in equity of subsidiaries	-	-	-	-	-	(35,978)	-	-	-	-	(35,978)	(46,027)	(82,005)
Total comprehensive income for the year	-	-	-	(288,468)	-	(35,978)	2,390,796	-	-	(54,894,057)	(52,827,707)	2,962,675	(49,865,032)
Distribution of dividends	-	-	-	-	-	-	-	-	(10,000,000)	-	(10,000,000)	(107,252)	(10,107,252)
Acquisition of treasury stock	-	(852,587)	-	-	-	-	-	-	-	-	(852,587)	-	(852,587)
Stock options	-	-	-	-	-	-	-	96,147	-	-	96,147	-	96,147
Sales of available for sale investments	-	-	-	-	(8,261,660)	-	-	-	-	-	(8,261,660)	-	(8,261,660)
Share capital increase in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	8,750,000	8,750,000
Non-controlling interests transactions	-	-	-	-	-	-	-	-	(13,247,046)	-	(13,247,046)	(7,685,704)	(20,932,750)
Other changes in equity of subsidiaries	-	-	-	-	-	-	-	-	328,522	-	328,522	4,100,230	4,428,752
Changes in the consolidation perimeter	-	-	-	(1,333,700)	-	2,696,240	5,591,214	-	-	-	6,953,754	(27,989,408)	(21,035,654)
Balance at 31 December 2010	50,000,000	(852,587)	186,500,000	15,927,250	-	(235,589)	(15,044,159)	113,494	126,874,887	(54,799,419)	308,483,877	31,876,822	340,360,699
Balance at 1 January 2011	50,000,000	(852,587)	186,500,000	15,927,250	-	(235,589)	(15,044,159)	113,494	126,874,887	(54,799,419)	308,483,877	31,876,822	340,360,699
Appropriation of the profit of 2010	-	-	-	-	-	-	-	-	(54,799,419)	54,799,419	-	-	-
Comprehensive income for the year:	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	(49,600,348)	(49,600,348)	2,070,878	(47,529,470)
Exchange differences arising on (i) translating foreign operations and (ii) net investment in subsidiaries	-	-	-	-	-	-	(4,691,693)	-	-	-	(4,691,693)	(53,701)	(4,745,394)
Exchange differences arising on goodwill	-	-	-	-	-	-	172,241	-	-	-	172,241	3,035	175,276
Gains on revaluation of properties	-	-	-	867,524	-	-	-	-	-	-	867,524	-	867,524
Other changes in equity of subsidiaries	-	-	-	-	-	(54,397)	-	-	-	-	(54,397)	(14,926)	(69,323)
Total comprehensive income for the year	-	-	-	867,524	-	(54,397)	(4,519,452)	-	-	(49,600,348)	(53,306,673)	2,005,285	(51,301,387)
Acquisition of treasury stock	-	(1,563,042)	-	-	-	-	-	-	-	-	(1,563,042)	-	(1,563,042)
Stock options	-	-	-	-	-	-	-	85,484	-	-	85,484	-	85,484
Other changes in equity of subsidiaries	-	-	-	-	-	-	-	-	(1,393,495)	-	(1,393,495)	315,090	(1,078,405)
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	(721,063)	-	(721,063)	(2,181,640)	(2,902,704)
Non-controlling interests transactions	-	-	-	-	-	-	-	-	(52,076)	-	(52,076)	(231,934)	(284,010)
Balance at 31 December 2011	50,000,000	(2,415,630)	186,500,000	16,794,774	-	(289,985)	(19,563,611)	198,979	69,908,833	(49,600,348)	251,533,012	31,783,623	283,316,635

The accompanying notes are part of these financial statements

11

CONSOLIDATED  
FINANCIAL  
STATEMENTS

## Consolidated statements of cash flows for the years and quarters ended 31 december 2011 and 2010

(Amounts expressed in Euro)  
(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 43)

11

CONSOLIDATED  
FINANCIAL  
STATEMENTS

	FY 2011 (AUDITED)	FY 2010 RESTATED (AUDITED)	FY 2010 (AUDITED)	4th QUARTER 2011 (NOT AUDITED)	4th QUARTER 2010 RESTATED (NOT AUDITED)	4th QUARTER 2010 (NOT AUDITED)
<b>OPERATING ACTIVITIES</b>						
Receipts from customers	673,709,807	627,726,665	634,120,891	207,730,010	236,226,573	236,802,688
Payments to suppliers	(580,656,428)	(510,930,372)	(516,387,963)	(189,576,735)	(190,844,116)	(191,324,095)
Payments to employees	(77,680,803)	(77,460,273)	(77,530,472)	(21,240,854)	(21,576,826)	(21,615,113)
Cash generated from operations	15,372,575	39,336,020	40,202,457	(3,087,580)	23,805,632	23,863,481
Income tax paid	1,070,218	(4,956,412)	(5,181,829)	(2,959,054)	(809,011)	(873,702)
Other receipts/(payments) relating to operating activities	(6,514,758)	(3,735,702)	(2,838,758)	20,494,087	(17,169,512)	(17,802,138)
Cash generated from other operating activities	(5,444,539)	(8,692,114)	(8,020,587)	17,535,034	(17,978,523)	(18,675,840)
<b>Net cash generated by operating activities (1)</b>	<b>9,928,036</b>	<b>30,643,907</b>	<b>32,181,870</b>	<b>14,447,454</b>	<b>5,827,109</b>	<b>5,187,641</b>
<b>INVESTING ACTIVITIES</b>						
Receipts arising from:						
Financial assets	32,784,004	92,637,708	92,637,708	19,520,931	59,210,051	57,445,178
Tangible assets	9,369,500	16,972,536	17,051,550	6,453,925	328,695	275,452
Intangible assets	22,730,843	-	21,493	(19,530)	(3,047)	18,446
Investment grants	192,652	27,979	27,979	192,652	27,979	27,979
Interest and similar income	3,708,695	4,749,612	4,756,821	1,572,722	3,652,391	3,654,763
Dividends	-	2,743,689	2,743,689	-	-	-
Others	247,915	252,399	252,399	247,915	131,410	131,410
	69,033,608	117,383,923	117,491,639	27,968,615	63,347,480	61,553,228
Payments arising from:						
Financial assets	(6,136,940)	(14,251,582)	(14,251,582)	(898,190)	(16,537,907)	(11,252,500)
Tangible assets	(43,805,920)	(42,272,079)	(44,383,600)	(25,413,264)	(37,349,065)	(35,803,283)
Intangible assets	(18,000,966)	(7,161,714)	(7,161,714)	10,768,654	(7,240,351)	(3,057,002)
Others	-	(644,051)	(214,425)	-	(641,380)	(12,024)
	(67,943,826)	(64,329,425)	(66,011,321)	(15,542,800)	(61,768,703)	(50,124,809)
<b>Net cash generated by investing activities (2)</b>	<b>1,089,783</b>	<b>53,054,498</b>	<b>51,480,318</b>	<b>12,425,815</b>	<b>1,578,777</b>	<b>11,428,418</b>
<b>FINANCING ACTIVITIES</b>						
Receipts arising from:						
Borrowings	797,004,730	967,859,625	1,000,282,100	117,562,214	262,403,293	274,076,425
Issue of equity shares, supplementary capital and share premiums	4,967,093	-	-	(911,412)	532,450	-
Grants and donations	1,045,800	-	-	338,507	-	-
Others	168,038	(128,766)	456,632	168,038	(175,200)	6,236
	803,185,661	967,730,859	1,000,738,732	117,157,347	262,760,544	274,082,661
Payments arising from:						
Borrowings	(787,406,854)	(946,916,218)	(977,824,478)	(143,512,378)	(240,355,356)	(262,511,959)
Leasings	-	(16,630,048)	(17,905,092)	-	(2,446,259)	(3,087,656)
Interest and similar costs	(22,260,838)	(20,927,801)	(22,145,615)	(4,720,924)	(8,270,881)	(8,603,693)
Dividends	-	(9,403,336)	(10,000,000)	-	-	-
Acquisition of treasury stock	(2,415,630)	(850,004)	(850,004)	(437,475)	(780,304)	(780,304)
Others	(257,035)	(1,193,789)	(1,193,789)	756,663	(129,415)	(153,689)
	(812,340,357)	(995,896,166)	(1,029,918,977)	(147,914,113)	(251,982,215)	(275,137,301)
<b>Net cash generated by financing activities (3)</b>	<b>(9,154,696)</b>	<b>(28,165,307)</b>	<b>(29,180,245)</b>	<b>(30,756,766)</b>	<b>10,778,329</b>	<b>(1,054,640)</b>
Net increase in cash and cash equivalents (4)=(1)+(2)+(3)	1,863,123	55,533,098	54,481,943	(3,883,497)	18,184,215	15,561,419
Changes in the consolidation perimeter and others	(3,162,022)	(6,236,413)	(5,240,384)	(2,100,064)	-	(1,063,378)
Effect of foreign exchange currencies	4,472,861	1,861,934	2,580,662	8,121,759	-	718,728
Cash and cash equivalents at the beginning of the year	74,712,521	23,553,902	24,844,210	75,748,285	56,528,307	61,448,661
Cash and cash equivalents at the end of the year	77,886,483	74,712,521	76,666,431	77,886,483	74,712,521	76,666,431

The accompanying notes are part of these financial statements

# 12

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Introductory note

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

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

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

At 31 December 2011, the Group has developed its activity in Portugal, Spain, Poland, Slovakia, Romania, Czech Republic, Angola, Brazil, Greece, United States of America, Australia, Mozambique, Ireland, Italy, Belgium, Bulgaria, Netherlands, France, Thailand, Morocco, United Kingdom, Canada, Mexico, Saudi Arabia and Germany.

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION

These accompanying consolidated financial statements relate to the consolidated financial statements of the Martifer Group and were prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union, in force at the beginning of the economic period started 1 January 2010. These are the International Financial Reporting Standards, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), that have been endorsed by the European Union.

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

The accounting policies adopted are consistent with those considered in the financial statements for the year ended as of 31 December 2010 and disclosed in the corresponding notes, prepared under the International Financial Reporting Standards (IFRS) approved by the EU, except in respect of the standards and interpretations entering into force on or after 1 January 2011, the adoption of which have not had an impact on the Group's profits or financial position and with exception of the referred in the following paragraph. The IAS 31 establishes two options to the record of financial interests in joint arrangements: proportionate method, or equity method.

# 12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In 2011, so as to transmit a more reliable and relevant information about the financial situation of Martifer Group, as well as of the results of its operations, the Group proceeded to the change of consolidation method applicable to financial interests in joint arrangements (from proportionate method to equity method). This understanding is consistent with the recent changes introduced by IASB (International Accounting Standard Board), with the issuance of a new standard for the accounting of joint-ventures, which eliminates the alternative of using the proportionate method to joint-ventures, based on the fact that, in these situations, the participating entities have not severally had effective control of their share of the assets or are not responsible for their share of the responsible liabilities (IFRS 11).

Martifer Group shares the grounds set out that are in the basis of the elimination of the option of using the proportionate method, currently allowed by IAS 31, so that it decided to change the form of consolidation of its joint arrangements with effect as from January 1, 2011, and for the purpose, it has restated its financial statements for prior periods, in accordance with the provisions of IAS 8.

The entities considered joint arrangements, whose interests of Martifer Group are accounted for by equity method, its head offices and the proportion of share capital, are the following:

COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD		
			DIRECTLY	INDIRECTLY	TOTAL
Promoquatro – Investimentos Imobiliários, Lda.	Oliveira de Frades	Promoquatro	-	50.00%	50.00%
Martifer – Hirschfeld Energy Systems LLC	San Angelo TX	Martifer Energy Systems USA	-	50.00%	50.00%
M City Bialystok Sp. Zo.o	Gliwice	M City Bialystok	-	50.00%	50.00%
M City Radom Sp. Zo.o	Gliwice	M City Radom	-	50.00%	50.00%
Ventinveste, S.A.	Lisbon	Ventinveste SA	5.00%	41.00%	46.00%
Ventinveste Eólica, SGPS, S.A.	Lisbon	Ventinveste Eólica	-	46.00%	46.00%
Parque Eólico de Torrinhelas, S.A.	Lisbon	PE Torrinhelas	-	46.00%	46.00%
Parque Eólico do Douro Sul, S.A.	Lisbon	PE Douro Sul	-	46.00%	46.00%
Parque Eólico do Pinhal do Oeste, S.A.	Lisbon	PE Pinhal do Oeste	-	46.00%	46.00%
Parque Eólico de Vale Grande, S.A.	Lisbon	PE Vale Grande	-	46.00%	46.00%
Parque Eólico de Vale do Chão, S.A.	Lisbon	PE Vale do Chão	-	46.00%	46.00%
Parque Eólico do Cabeço Norte, S.A.	Lisbon	PE Cabeço Norte	-	46.00%	46.00%
Parque Eólico da Serra do Oeste, S.A.	Lisbon	PE Serra do Oeste	-	46.00%	46.00%
Parque Eólico do Planalto, S.A.	Lisbon	PE Planalto	-	46.00%	46.00%
Eviva Dunowo, Sp. Z o.o.	Gliwice	Eviva Dunowo	-	50.00%	50.00%
SPEE 3 – Parque Eólico do Baião, S.A.	Lisbon	SPEE 3	-	50.00%	50.00%
SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A.	Oliveira de Frades	SPEE 2	-	50.00%	50.00%
Macquarie Capital Wind Fund Pty Limited	Sidney	Macquarie	-	50.00%	50.00%
Silverton Wind Farm Holding	Sidney	Silverton	-	25.00%	25.00%
Parque Eólico da Penha da Gardunha, Lda.	Oliveira de Frades	PE Penha da Gardunha	-	50.00%	50.00%
MS – Participações Societárias, S.A.	Fortaleza	MS (ex-Faixa Biomassa)	-	16.58%	16.58%
Eólica Embuaca, Ltda.	Fortaleza	Embuaca	-	16.58%	16.58%
Eólica Mar e Terra, Ltda.	Fortaleza	Mar e Terra	-	16.58%	16.58%
Eólica Bela Vista, Ltda.	Fortaleza	Bela Vista	-	16.58%	16.58%
Eólica Icarai, Ltda.	Fortaleza	Icarai	-	16.58%	16.58%

The main impacts in consolidated financial statements resulting from the change in the consolidation method of joint arrangements (from proportionate method to equity method) might be summarized as follows:

	FY 2010	CHANGE OF CONSOLIDATION METHOD (AUDITED)	FY 2010 RESTATED
Assets			
Non-current	553,571,462	(12,837,395)	540,734,067
Current	572,479,884	(17,516,299)	554,963,585
<b>Total Assets</b>	<b>1,126,051,346</b>	<b>(30,353,694)</b>	<b>1,095,697,651</b>
Liabilities			
Non-current	237,284,703	(21,727,208)	215,557,495
Current	548,518,648	(8,739,191)	539,779,457
<b>Total Liabilities</b>	<b>785,803,351</b>	<b>(30,466,399)</b>	<b>755,336,952</b>
Equity			
Attributable to owners of Martifer	309,259,817	(775,940)	308,483,877
Attributable to non-controlling interests	30,988,178	888,644	31,876,822
<b>Total Equity</b>	<b>340,247,995</b>	<b>112,704</b>	<b>340,360,699</b>

	FY 2010	CHANGE OF CONSOLIDATION METHOD (AUDITED)	FY 2010 RESTATED
Sales and services rendered	587,225,838	(10,536,618)	576,689,220
EBITDA	58,965,985	(2,382,287)	56,583,698
EBIT	(20,967,502)	(743,567)	(21,711,069)
Financial results	(20,901,234)	693,794	(20,207,439)
Consolidated net profit	(52,384,266)	94,639	(52,289,627)

Considering the low impact of this change in the consolidation method of joint arrangements, in equity and in consolidated net profit of 2010, the Group does not present restated financial statements as of 1 January 2010.

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

The following standards, interpretations, amendments and revisions endorsed by the European Union and with mandatory effects from 1 January 2011, have been adopted in the current year:

	EFFECTIVE DATE
IFRS 1 – First-time Adoption of International Financial Reporting Standards (Amendments)	01-07-10
IFRS 7 – Financial Instruments: Disclosures (Amendments)	01-07-10
IAS 24 – Related Party Disclosures (Revised)	01-01-11
IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01-01-11
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	01-07-10
IAS 32 – Financial Instruments: Presentation – classification of rights issues	01-01-11
Improvements to IFRSs	01-01-11

The adoption of the standards, interpretations, amendments and revisions mentioned above had no significant impact on the 2011 Group's consolidated financial statements.

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

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

	EFFECTIVE DATE
IFRS 7 – Financial Instruments: Disclosures (transfers of financial assets)	01-07-11

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

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

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

	EFFECTIVE DATE
IFRS 9 – Financial Instruments: classification and measurement	01-01-15
IFRS 1 – First-time Adoption of International Financial Reporting Standards (Amendments)	01-07-11
IAS 12 – Income Taxes (Amendments)	01-01-12
IFRS 10 – Consolidated financial statements	01-01-13
IFRS 11 – Joint arrangements	01-01-13
IFRS 12 – Disclosure of interest s in other entities	01-01-13
IFRS 13 – Fair value measurement	01-01-13
IAS 19 – Employee benefits	01-01-13
IAS 1 – Presentation of financial statements	01-07-12

At this date, it isn't possible to estimate the effects that implementation of these standards could have on the financial statements of the Group.

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

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

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

The accompanying consolidated financial statements were prepared for appreciation and approval by the Shareholder's General Meeting. The Board of Directors has approved them for issuance, on March 1, 2012, and believes that those will be approved without any changes.

#### **BASIS OF CONSOLIDATION**

The Group's consolidation methods are as follows:

##### **a) Group companies**

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

Equity and net profit attributable to minority shareholders are shown separately, under the captions non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 2. In business combinations occurred after 1 January 2004, assets and liabilities of each subsidiary (including contingent liabilities) are measured at fair value at the date of acquisition as established in IFRS 3. Any excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets

and liabilities acquired is recognized as Goodwill or, when identified, added to the asset that originated such difference. Any excess of the Group's share in the fair value of the identifiable assets acquired over the cost of the business combination is recognized as income badwill in the profit or loss statement for the year, after reassessment of the estimated fair value. Non-controlling interests include the proportion of the fair value of net identifiable assets and liabilities recognized on the acquisition of Group companies.

In business combinations occurred after 1 January 2010 (IFRS 3R), any excess of the cost of the business combination, of the fair value of any investment held before the acquisition of control and the value of non-controlling interests, over the fair value of assets, liabilities and identifiable contingent liabilities is recognized as Goodwill. If the cost of the business combination, the fair value of any shares held before the acquisition of control and the value of non-controlling interest, is less than the fair value of net assets of the subsidiary acquired, the difference is recognized in the profit or loss statement for the year. The transaction costs regarding business combinations that occur after this date, are recognized as an expense when incurred.

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

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

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

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

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt their accounting policies to those used by the Group. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on the consolidation process. Whenever the Group has, in substance, control over other entities incorporated for a specific purpose, even if no share capital interest is directly held in those entities, those are consolidated by the full consolidation method. At 31 December 2011, there are no entities in this situation.

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

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

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

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

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

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

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

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

## MAIN ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

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

### i) Goodwill

For business combinations occurred after 1 January 2004, the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of subsidiaries, associate companies or jointly controlled companies at the date of acquisition, is recorded in the caption 'Goodwill' (in the case of the investments in Group companies) or in the caption 'Investments in associate companies and joint arrangements' (in the case of investments in associate companies or jointly controlled companies).

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

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

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

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

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

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

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

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

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

### iii) Intangible assets

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

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

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

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

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

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

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

### iv) Land and buildings held for use

Land and buildings held for use are stated in the statement of financial position by their revalued amount, being this the fair value at the date of revaluation, less any subsequent accumulated depreciation or impairment losses. Revaluations are performed on a regular basis by independent appraisers, in order that the carrying amount of such assets does not differ materially from the one that would be determined using the fair value at the balance sheet date.

Any adjustments arising on the revaluation of such land and buildings are recorded against equity. When a tangible fixed asset which has been subject to a positive revaluation, in subsequent years is subject to a negative revaluation, the adjustment is recorded in an equity caption to the extent of the corresponding previous positive revaluation, net of amortizations. The remaining amount is recorded as a cost in the income statement for the year. Depreciation is calculated on a straight line basis during the buildings useful life, which nowadays is ranging 20 to 60 years, while land is not subject to depreciation.

**v) Other tangible assets**

Other tangible assets acquired until 1 January 2004 (transition date to IFRS) are recorded at their deemed cost, which corresponds to their acquisition cost or their revalued acquisition cost, in accordance with the generally accepted accounting principles in force in Portugal at that date, net of depreciation and accumulated impairment losses.

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

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

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

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

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

**vi) Leasings**

Leases are classified as (i) finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as (ii) operating leases. Whether a lease is classified as finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

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

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

**vii) Investment properties**

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

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, and gains or losses arising from changes in its fair value

of investment property are included in profit or loss for the period in which they arise.

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

**viii) Financial assets and liabilities**

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

**a) Financial instruments**

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

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

- Financial assets at fair value through profit or loss: this category is divided into two: 'financial assets classified as held for trading' and 'financial assets designated by the Group at fair value through profit or loss'. A financial asset is classified under this category, namely, if it is acquired for the purpose of selling it in the short term. Derivatives are also classified as instruments held for trading, except if designated as an effective hedging instrument. Financial instruments in this category are classified as current if they are held for trading or if it is expectable that they are going to be realized within twelve months of the end of reporting period.
- Held-to-maturity financial assets: this category includes financial assets, non-derivatives, with fixed or variable reimbursements with fixed maturity, and whose intention of the Board of Directors is to maintain them till its maturity.
- Available-for-sale financial assets: here, are included the financial assets, non-derivatives, that are designated as available-for-sale and those that are not classified as 'borrowings and receivables', 'held-to-maturity investments' or 'financial assets at fair value through profit or loss'. This category is classified as non-current, unless the Board of Directors has the intention to sell the investment within 12 months from the end of reporting period.

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

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

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

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

## 12

NOTES TO  
CONSOLIDATED  
FINANCIAL  
STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

**b) Trade receivable and other receivables**

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

**c) Borrowings**

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

**d) Trade payables and other payables**

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

**e) Financial liabilities and equity instruments**

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

**f) Derivatives**

The Group uses derivative instruments to manage its exposure to financial risks. Derivative instruments are only used for hedge accounting purposes with the appropriate approvals by the Group's Board of Directors. The derivative instruments used by the Group, classified as cash flows hedges, are exclusively related to the hedging of interest rates from loans obtained. The loan's amount, the interest's maturity and the loan's reimbursement plans inherent to the hedging instrument are in all respects similar to the established conditions for the contractual loans, which configures a totally effective correlation.

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

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

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

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

**g) Notes receivable and factoring**

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

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

**ix) Cash and cash equivalents**

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

**x) Inventories**

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

Impairments are recognized when it is estimated that its net realizable value is lower than its carrying amount.

**xi) Accrual basis**

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

**xii) Revenue recognition**

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

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

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

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

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

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

**b) Short-term construction contracts**

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

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

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

At 31 December 2011, the caption 'Inventories' doesn't include an amount of borrowing costs associated with loans obtained to finance several real estate projects (Euro 107,869 at 31 December 2010). Borrowing costs are only capitalized if the project is in progress, if it is waiting for licenses from local authorities, or if it is under construction. In all other cases, it is considered to be suspended and no capitalization of borrowing costs is performed.

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

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

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

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

**xiii) Own worked capitalized**

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

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

Own work capitalized during 2011 corresponds, mainly, to the construction of metallic structures facility in Brazil.

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

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

**xv) Balances and transactions in foreign currency****Individual financial statements:**

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

**Consolidated financial statements:**

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

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

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

1 € equals:	CLOSING RATE			AVERAGE RATE		
	31 DECEMBER 2011	31 DECEMBER 2010	VARIATION IN %	FY 2011	FY 2010	VARIATION IN %
Australian Dollar	1.272	1.314	-3.1%	1.344	1.442	-6.8%
Bulgarian Lev	1.956	1.956	-	1.956	1.956	-
Czech Koruna	25.787	25.061	2.9%	24.590	25.284	-2.7%
Polish Zloty	4.458	3.975	12.2%	4.121	3.995	3.2%
New Romanian Leu	4.323	4.262	1.4%	4.239	4.212	0.6%
US Dollar	1.294	1.336	-3.2%	1.392	1.326	5.0%
South African Rand	10.483	8.863	18.3%	10.097	9.698	4.1%
Brazilian Real	2.416	2.218	8.9%	2.327	2.331	-0.2%
Thai Bath	40.991	40.170	2.0%	42.429	42.014	1.0%
Angolan Kwanza	122.850	126.470	-2.9%	131.746	125.436	5.0%
Moroccan Dirham	11.094	11.241	-1.3%	11.206	11.250	-0.4%
Pound Sterling	0.835	0.861	-3.0%	0.868	0.858	1.2%
Canadian Dollar	1.322	1.332	-	1.376	1.365	-
Mozambique Metical	34.317	-	-	40.031	-	-
Mexican Peso	18.093	-	-	17.087	-	-

#### xvi) Income tax

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

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

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

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

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

#### xvii) Borrowing costs

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

#### xviii) Provisions

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

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

##### i) Construction guarantees

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

##### ii) Onerous contracts

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

##### iii) Legal claims in progress

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

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

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

#### xix) Government grants

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

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

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

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

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

**xxi) Employee benefits****RETIREMENT BENEFITS**

As stated in Note 37, the Group hired a specific insurance policy (in effect a capitalization fund) as a retirement complement benefit attributable to the Group's employees.

The cash contributions (equivalent to a monthly salary by employee) to that insurance policy, hired with 'Companhia de Seguros Global', are performed in an annually basis subject to a decision by the Board of Directors, and are recorded in the income statement in the caption 'Staff costs'. Additionally, the right to receive such benefit at the retirement date will only occur if the employee ends its labour activity in the Group, if not, such benefit will be lost.

**STOCK OPTIONS**

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

**xxii) Statement of financial positions presentation**

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

**xxiii) Contingent assets and liabilities**

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

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

**xxiv) Consolidated statement of cash flow**

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

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

**xxv) Subsequent events**

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

**xxvi) Judgements and estimates**

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

The most significant accounting estimates reflected in the consolidated financial statements for the years ended at 31 December 2011 and 2010 include:

- Fair value and useful lives of the tangible assets, namely land and buildings;
- Impairment analysis of goodwill;
- Recognition of provisions and impairment losses;
- Revenue recognition on construction contracts and guarantees;
- Recognition of deferred tax assets arising from tax losses;
- Fair value of derivatives.

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

**xxvii) Financial risk management**

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

**a) Price Risk**

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

**b) Currency Risk**

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

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

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

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

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

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

	ASSETS			LIABILITIES		
	FY 2011	FY 2010 RESTATE	FY 2010	FY 2011	FY 2010 RESTATE	FY 2010
New leu (Romania)	191,321,342	184,470,569	184,470,569	101,097,446	101,593,126	101,593,126
Zloty (Poland)	79,254,371	167,373,298	171,742,898	77,595,036	163,259,129	168,886,764
US Dollar (U.S.A.)	89,790,128	65,750,284	78,012,779	79,106,652	34,766,119	36,111,992
Kwanza (Angola)	48,753,961	61,491,755	61,491,755	38,910,355	49,399,625	49,399,625
Real (Brazil)	61,303,650	58,095,144	58,095,144	38,433,779	30,164,765	30,164,765
Moroccan dirham (Morocco)	2,385,409	24,530,513	24,530,513	2,656,239	23,031,876	23,031,876
Australian dollar (Australia)	13,061,187	13,074,190	14,386,480	10,086,541	11,631,852	11,648,413
Czech koruna (Czech Republic)	442,593	4,225,015	4,225,015	279,793	3,993,186	3,993,186
Canadian dollar (Canada)	206,557	3,980,095	3,980,095	116,501	3,988,297	3,988,297
Pound sterling (United Kingdom)	5,483,005	526,248	526,248	5,629,925	521,246	521,246

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

	LOCAL CURRENCY CHANGE AGAINST EURO	FY 2011		FY 2010 RESTATE		FY 2010	
		IMPACT ON PROFITS	IMPACT ON EQUITY	IMPACT ON PROFITS	IMPACT ON EQUITY	IMPACT ON PROFITS	IMPACT ON EQUITY
New leu (Romania)	1%	49,374	(893,306)	167,127	(820,569)	222,075	167,127
Zloty (Poland)	1%	63,810	(16,429)	103,168	(40,734)	147,867	105,501
US Dollar (U.S.A.)	1%	73,559	(105,777)	61,269	(306,774)	4,181	61,269
Kwanza (Angola)	1%	1,327	1,455	(156)	(50)	(50)	(156)
Real (Brazil)	1%	193	(1,612)	(2,045)	(2,295)	(2,295)	(2,045)
Moroccan dirham (Morocco)	1%	17,495	2,681	(14,728)	(14,838)	(14,838)	(14,728)
Australian dollar (Australia)	1%	18,147	(29,452)	465	(14,281)	(22,210)	1,295
Czech koruna (Czech Republic)	1%	(7,067)	(97,461)	(65,478)	(119,724)	(78,711)	(65,478)
Canadian dollar (Canada)	1%	10,525	(226,434)	(41)	(276,538)	(276,538)	(41)
Pound sterling (United Kingdom)	1%	2,292	(892)	17	81	81	17

#### c) Interest rate risk

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

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

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

The Group interest rate sensitivity analysis to changes more or less than 1% is shown in Note 28 'Borrowings'.

#### d) Liquidity risk

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

The Group manages its liquidity risk in two main ways:

- On the one hand, it seeks to ensure that its financing structure adequately reflects the nature of its obligations. Investments in fixed assets, including financial investments, are funded through long term facilities (equity and long term loans) whilst short term obligations are funded through short term loans. Long term loans are generally contracted for periods of 5 to 7 years, generally with a grace period of the principal of 1 to 2 years.
- On the other hand, subsidiaries have contracted, with financial institutions, short term facilities for amounts that assure their liquidity. Subsidiaries also have adequate amounts of cash to cover their short term commitments. The amount of unused short term facilities at the end of 2011 reached approximately 5.7 million Euro. Subsidiaries have also adequate amounts of cash to cover their short term commitments.

The liquidity risk is analysed in Note 28 'Borrowings'.

#### e) Credit risk

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

Aware of this reality, the Group seeks to evaluate all its clients' credit risks in order to establish credit limits, with the ultimate purpose of ensuring the collection of the amounts due within the periods negotiated. With this objective in mind, the Group uses credit rating agencies, regularly analyses risk and credit control, and collects from and manages cases in litigation, procedures which are all considered essential to manage the credit given and to minimize the risk of credit default.

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

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

COMPANIES CONSOLIDATED THROUGH THE FULL CONSOLIDATION METHOD

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

COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD		
			DIRECTLY	INDIRECTLY	TOTAL
Martifer Solar Sistemas Solares, S.A.	Madrid	Martifer Solar Sistemas Solares	-	75.00%	75.00%
Solar Parks Construcción Parques Solares ETVE, S.A.	Madrid	Solar Parks	-	75.00%	75.00%
Parque Solar Seseña II, S.L.	Madrid	Seseña II	-	75.00%	75.00%
Parque Solar Segovia, S.L.	Madrid	Segovia	-	75.00%	75.00%
Parque Solar Quintanar, S.L.	Madrid	Quintanar	-	75.00%	75.00%
Parque Solar Seseña III, S.L.	Madrid	Seseña III	-	75.00%	75.00%
MTS Solar Sistemas Solares, S.A.	Mexico city	Martifer Solar México	-	74.25%	74.25%
Inovsun, Lda.	Oliveira de Frades	Inovsun	-	75.00%	75.00%
Martifer Solar S.R.L.	Milan	Martifer Solar Itália	-	75.00%	75.00%
MTS1 S.R.L.	Syracuse	MTS1	-	75.00%	75.00%
MTS2 S.R.L.	Syracuse	MTS2	-	75.00%	75.00%
MTS3 S.R.L.	Syracuse	MTS3	-	75.00%	75.00%
MTS4 S.R.L.	Syracuse	MTS4	-	75.00%	75.00%
MTS5 S.R.L.	Syracuse	MTS5	-	75.00%	75.00%
Martifer Solar Inc.	S. Francisco CA	Martifer Inc.	-	75.00%	75.00%
Martifer Solar USA, Inc.	Santa Monica CA	AEM 1)	-	47.63%	47.63%
Martifer Aurora Solar, LLC	Santa Monica CA	Solar Aurora 1)	-	47.14%	47.14%
MT Silverado Fund LLC	S. Francisco CA	Silverado 1)	-	38.25%	38.25%
Martifer Solar Hellas, A.T.E.	Athens	PVI	-	50.58%	50.58%
Martifer Solar Angola	Luanda	Martifer Solar Angola	-	56.25%	56.25%
Martifer Solar N.V.	Deerlijk	Martifer Solar Bélgica	-	75.00%	75.00%
Martifer Solar UK Limited	London	Martifer Solar UK	-	75.00%	75.00%
Martifer Solar S.A.S.	Lyon	Martifer Solar França	-	75.00%	75.00%
Martifer Solar CZ	Prague	Martifer Solar República Checa	-	75.00%	75.00%
Home Energy France SAS	Lyon	Home Energy França	-	75.00%	75.00%
PVGlass, S.A.	Oliveira de Frades	PVGlass	-	52.50%	52.50%
PVGLASS S.r.l	Milan	PVGlass Itália	-	52.50%	52.50%
MPrime Solar Solutions, S.A.	Oliveira de Frades	Mprime	-	75.00%	75.00%
MPrime Italia S.r.l	Oliveira de Frades	MPrime Itália	-	75.00%	75.00%
MPrime GMBH	Munich	MPrime GMBH	-	75.00%	75.00%
Sol Cativante, Lda.	Sever do Vouga	Sol Cativante 2)	-	6.83%	6.83%
Sol Cativante V, Lda.	Viseu	Sol Cativante V	-	6.83%	6.83%
Sol Cativante VI, Lda.	Viseu	Sol Cativante VI	-	6.83%	6.83%
Martifer Solar Investments, B.V.	Amsterdam	Martifer Solar Holanda	-	75.00%	75.00%
Martifer Solar Canadá, Ltd.	Toronto	Martifer Solar Canadá	-	75.00%	75.00%
MTS6 S.R.L.	Syracuse	MTS6	-	63.75%	63.75%
Martifer Solar SK s.r.o.	Dolny Kubin	Martifer Solar Eslováquia	-	75.00%	75.00%
Ginosa Solar Farm, S.R.L.	Rome	Ginosa Solar Farm	-	75.00%	75.00%
Solar Spritehood S.R.L.	Rome	Solar Spritehood	-	75.00%	75.00%
MTS7, S.R.L.	Rome	MTS7	-	75.00%	75.00%
Sol Cativante II, S.A.	Sever do Vouga	Sol Cativante II	-	75.00%	75.00%
Sol Cativante IV, S.A.	Sever do Vouga	Sol Cativante IV	-	75.00%	75.00%
Canopy - Naos	Paris	Canopy Naos	-	75.00%	75.00%
Eviva Mepe	Athens	Eviva Grécia	-	75.00%	75.00%
Martifer Solar MZ, S.A.	Maputo	Martifer Solar Moçambique	-	38.25%	38.25%
Greencoverage Unipessoal, Lda.	Oliveira de Frades	Greencoverage	-	75.00%	75.00%
<b>Martifer Renewables SGPS, S.A.</b>	<b>Oliveira de Frades</b>	<b>Martifer Renewables SGPS</b>	<b>100.00%</b>	<b>-</b>	<b>100.00%</b>
Martifer Renewables, S.A.	Oliveira de Frades	Martifer Renewables SA	-	100.00%	100.00%
Martifer Renovables ETVE, S.A.U.	Madrid	Martifer Renovables	-	100.00%	100.00%
Eurocab FV 1 S.L.	Madrid	Eurocab 1	-	100.00%	100.00%
Eurocab FV 2 S.L.	Madrid	Eurocab 2	-	100.00%	100.00%
Eurocab FV 3 S.L.	Madrid	Eurocab 3	-	100.00%	100.00%
Eurocab FV 4 S.L.	Madrid	Eurocab 4	-	100.00%	100.00%
Eurocab FV 5 S.L.	Madrid	Eurocab 5	-	100.00%	100.00%
Eurocab FV 6 S.L.	Madrid	Eurocab 6	-	100.00%	100.00%
Eurocab FV 7 S.L.	Madrid	Eurocab 7	-	100.00%	100.00%

12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD		
			DIRECTLY	INDIRECTLY	TOTAL
Eurocab FV 8 S.L.	Madrid	Eurocab 8	-	100.00%	100.00%
Eurocab FV 9 S.L.	Madrid	Eurocab 9	-	100.00%	100.00%
Eurocab FV 10 S.L.	Madrid	Eurocab 10	-	100.00%	100.00%
Eurocab FV 11 S.L.	Madrid	Eurocab 11	-	100.00%	100.00%
Eurocab FV 12 S.L.	Madrid	Eurocab 12	-	100.00%	100.00%
Eurocab FV 13 S.L.	Madrid	Eurocab 13	-	100.00%	100.00%
Eurocab FV 14 S.L.	Madrid	Eurocab 14	-	100.00%	100.00%
Eurocab FV 15 S.L.	Madrid	Eurocab 15	-	100.00%	100.00%
Eurocab FV 16 S.L.	Madrid	Eurocab 16	-	100.00%	100.00%
Eurocab FV 17 S.L.	Madrid	Eurocab 17	-	100.00%	100.00%
Eurocab FV 18 S.L.	Madrid	Eurocab 18	-	100.00%	100.00%
Eurocab FV 19 S.L.	Madrid	Eurocab 19	-	100.00%	100.00%
Eurocab FV 20 S.L.	Madrid	Eurocab 20	-	100.00%	100.00%
Eviva Energy S.R.L.	Bucharest	Eviva Roménia	-	100.00%	100.00%
Eviva Nalbant S.R.O.	Bucharest	Eviva Nalbant	-	99.00%	99.00%
Eviva Agighiol S.R.L.	Bucharest	Eviva Agighiol	-	99.00%	99.00%
Eviva Casimcea S.R.O.	Bucharest	Eviva Casimcea	-	99.00%	99.00%
Premium Management Consulting, S.R.L.	Bucharest	Premium Management	-	85.00%	85.00%
MW Topolog, S.R.L.	Bucharest	MW Topolog	-	99.00%	99.00%
Martifer Renewables, S.A.	Gliwice	Eviva Polónia	-	100.00%	100.00%
Martifer Renewables Pty, Ltd.	Sidney	Eviva Austrália	-	100.00%	100.00%
Eviva Beteiligungsverwaltungs GmbH	Wien	Eviva GmbH	-	100.00%	100.00%
Eviva Hidro S.R.L.	Bucharest	Eviva Hidro	1.00%	99.00%	100.00%
Martifer Deutschland GmbH	Berlin	Martifer Deutschland	-	100.00%	100.00%
Martifer Renewables Bippen GmbH	Berlin	Eviva Bippen	-	100.00%	100.00%
Eviva Energy SGPS, S.A.	Oliveira de Frades	Enerpetra	-	100.00%	100.00%
Wind Farm Odrzechowa Sp. Zo.o	Gliwice	Wind Odrzechowa	-	100.00%	100.00%
Energia Wiatrowa Sp. Zo.o	Gliwice	Energia Wiatrowa	-	100.00%	100.00%
Eviva Gizalki Sp. Zo.o	Miastko	Eviva Gizalki	-	72.00%	72.00%
Wind Farm Bukowsko Sp. Zo.o	Gliwice	Wind Farm Bukowsko	-	100.00%	100.00%
Wind Farm Markowa Sp. Zo.o	Gliwice	Wind Farm Markowa	-	100.00%	100.00%
Wind Farm Lada Sp. Zo.o	Gliwice	Wind Farm Lada	-	100.00%	100.00%
Wind Farm Jawornik Sp. Zo.o	Gliwice	Wind Farm Jawornik	-	100.00%	100.00%
Wind Farm Piersno Sp. Zo.o	Gliwice	Wind Farm Piersno	-	100.00%	100.00%
Wind Farm Oborniki Sp. Zo.o	Gliwice	Wind Farm Oborniki	-	100.00%	100.00%
Martifer Renewables Brazil B.V.	Amsterdam	Renewables Holanda	-	100.00%	100.00%
Vesto EAD	Varna	Vesto	-	100.00%	100.00%
DVP1 Limited	Varna	DVP1	-	100.00%	100.00%
DVP2 Limited	Varna	DVP2	-	100.00%	100.00%
Martifer Renewables Investments ETVE, S.A.	Madrid	Eurocab 21	-	100.00%	100.00%
Martifer Renewables Italy BV	Amsterdam	Renewables Italy Holanda	-	100.00%	100.00%
Martifer Renewables Brasil Participações LTDA	Fortaleza	Martifer Renewables Brasil	-	100.00%	100.00%
Martifer Renováveis - Geração de Energia e Participações S.A.	Fortaleza	Ventania	-	55.00%	55.00%
Eólica Cajueiro da Praia, Ltda.	Fortaleza	Cajueiro	-	55.00%	55.00%
Eólica Cacimbas, Ltda.	Fortaleza	Cacimbas	-	55.00%	55.00%
SBER – Sociedade Brasileira de Energias Renováveis, Ltda.	Fortaleza	SBER 1)	-	41.25%	41.25%
Melosa – Geração de Energia e Participações, Ltda.	Fortaleza	Melosa	-	55.00%	55.00%
Eólica Paraipaba, Ltda .	Fortaleza	Paraipaba	-	55.00%	55.00%
Eólica Chapadão, Ltda.	Fortaleza	Chapadão	-	55.00%	55.00%
Rosa dos Ventos - Geração e Comercialização de Energia, S.A	Fortaleza	Rosa dos Ventos	-	52.25%	52.25%
Prio Agriculture, B.V.	Delft	Prio Holanda	-	100.00%	100.00%
Porthold Project Development BV	Amsterdam	Porthold	-	55.00%	55.00%
Ventinveste Indústria SGPS, S.A.	Oliveira de Frades	Ventinveste Indústria 3)	-	46.00%	46.00%

- 1) The full consolidation of these companies is justified as the Group has ultimate control.
- 2) The consolidation of this company through the full consolidation method results from Group having full control, namely to govern the financial and operating policies of the entity.
- 3) The consolidation of this company through the full consolidation method results from shareholder agreements that regulate the control of the investee.

COMPANIES CONSOLIDATED THROUGH THE EQUITY METHOD

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

COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD		
			DIRECTLY	INDIRECTLY	TOTAL
<b>Metallic Constructions</b>					
<i>Associate companies:</i>					
Proempar	Porto	Proempar	-	24.00%	24.00%
Parque Tecnológico do Tâmega	Felgueiras	PTT	-	19.40%	19.40%
Liszki Green Park, Sp. Zo.o	Gliwice	Liszki Green Park	-	45.00%	45.00%
<i>Jointly controlled companies:</i>					
Promoquatro – Investimentos Imobiliários, Lda.	Oliveira de Frades	Promoquatro	-	50.00%	50.00%
Martifer – Hirschfeld Energy Systems LLC	San Angelo TX	Martifer Energy Systems USA	-	50.00%	50.00%
M City Bialystok Sp. Zo.o	Gliwice	M City Bialystok	-	50.00%	50.00%
M City Radom Sp. Zo.o	Gliwice	M City Radom	-	50.00%	50.00%
<b>Solar</b>					
<i>Associate companies:</i>					
Parque Solar Seseña I, S.L.	Madrid	Seseña I	-	28.11%	28.11%
Canaverosa Renovables, SL	Madrid	Canaverosa	-	49.00%	49.00%
<b>Others</b>					
<i>Associate companies:</i>					
Nutre SGPS, S.A.	Oliveira de Frades	Prio SGPS	49.00%	-	49.00%
Nutre, S.A.	Oliveira de Frades	Prio Foods	-	49.00%	49.00%
Prio Foods - Industrias Alimentares, S.A.	Oliveira de Frades	Prio Alimentar	-	49.00%	49.00%
Prio Agricultura. S.A.	Maputo	Prio Agricultura Moçambique	-	49.00%	49.00%
Prio Agricultura. S.R.L.	Bucharest	Prio Agricultura Roménia	-	49.00%	49.00%
Prio Agromart S.R.L.	Bucharest	Prio Agromart	-	49.00%	49.00%
Prio Balta S.R.L.	Bucharest	Prio Balta	-	49.00%	49.00%
Prio Facaieni S.R.L.	Bucharest	Prio Facaieni	-	49.00%	49.00%
Prio Ialomita S.R.L.	Bucharest	Prio Ialomita	-	49.00%	49.00%
Prio Rapita S.R.L.	Bucharest	Prio Rapita	-	49.00%	49.00%
Prio Terra Agricola S.R.L.	Bucharest	Prio Terra Agricola	-	49.00%	49.00%
Prio Turism Rural S.R.L.	Bucharest	Prio Turism Rural	-	49.00%	49.00%
Agromec Balaciu	Bucharest	Agromec Balaciu	-	42.60%	42.60%
Miharox S.R.L.	Bucharest	Miharox	-	40.47%	40.47%
Zimbrul. S.A.	Bucharest	Zimbrul	-	49.00%	49.00%
Agrozootehnica. S.A.	Bucharest	Agrozootehnica	-	48.98%	48.98%
Prio Agrotrans S.R.L.	Bucharest	Prio Agrotrans	-	49.00%	49.00%
Prio Agricultura e Extração LTDA	S. Luís do Maranhão	Prio Agricultura e Extração	-	49.00%	49.00%
Prio Extractie S.R.L.	Bucharest	Prio Extractie	-	49.00%	49.00%
Prio Agro Industries. Sp. Z o.o.	Gliwice	Prio Polónia	-	49.00%	49.00%
Prio Biocombustibil S.R.L.	Bucharest	Prio Biocombustibil	-	49.00%	49.00%
Prio Meat S.R.L.	Bucharest	Prio Meat	-	49.00%	49.00%
Prio Foods – AJFS Construções, ACE	Lisbon	Prio Foods ACE	-	24.50%	24.50%
Prio Energy SGPS. S.A.	Oliveira de Frades	Prio EnergySGPS	49.00%	-	49.00%
Prio Biocombustíveis. S.A.	Oliveira de Frades	Prio Biocombustíveis	-	49.00%	49.00%
Prio Energy. S.A.	Oliveira de Frades	Prio Energy	-	49.00%	49.00%

# 12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

COMPANY	HEAD OFFICE	DESIGNATION	PERCENTAGE OF SHARE CAPITAL HELD		
			DIRECTLY	INDIRECTLY	TOTAL
Mondefin	Coimbra	Mondefin	-	49.00%	49.00%
Veiga & Seabra, S.A.	Aguada de Baixo	Veiga & Seabra	-	49.00%	49.00%
Prio Parque de Tanques de Aveiro, S.A.	Oliveira de Frades	Prio Tanques	-	49.00%	49.00%
Prio Energy II, S.A.	Oliveira de Frades	Prio Energy II	-	49.00%	49.00%
Park Charge-Energy Systems, Lda	Oliveira de Frades	Park Charge	-	39.20%	39.20%
<i>Jointly controlled companies:</i>					
Ventinveste, S.A.	Lisbon	Ventinveste SA	5.00%	41.00%	46.00%
Ventinveste Eólica, SGPS, S.A.	Lisbon	Ventinveste Eólica	-	46.00%	46.00%
Parque Eólico de Torrinheiras, S.A.	Lisbon	PE Torrinheiras	-	46.00%	46.00%
Parque Eólico do Douro Sul, S.A.	Lisbon	PE Douro Sul	-	46.00%	46.00%
Parque Eólico do Pinhal do Oeste, S.A.	Lisbon	PE Pinhal do Oeste	-	46.00%	46.00%
Parque Eólico de Vale Grande, S.A.	Lisbon	PE Vale Grande	-	46.00%	46.00%
Parque Eólico de Vale do Chão, S.A.	Lisbon	PE Vale do Chão	-	46.00%	46.00%
Parque Eólico do Cabeço Norte, S.A.	Lisbon	PE Cabeço Norte	-	46.00%	46.00%
Parque Eólico da Serra do Oeste, S.A.	Lisbon	PE Serra do Oeste	-	46.00%	46.00%
Parque Eólico do Planalto, S.A.	Lisbon	PE Planalto	-	46.00%	46.00%
Eviva Dunowo, Sp. Z o.o.	Glivice	Eviva Dunowo	-	50.00%	50.00%
SPEE 3 – Parque Eólico do Baião, S.A.	Lisbon	SPEE 3	-	50.00%	50.00%
SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A.	Oliveira de Frades	SPEE 2	-	50.00%	50.00%
Macquarie Capital Wind Fund Pty Limited	Sidney	Macquarie	-	50.00%	50.00%
Silverton Wind Farm Holding	Sidney	Silverton 1)	-	25.00%	25.00%
Parque Eólico da Penha da Gardunha, Lda.	Oliveira de Frades	PE Penha da Gardunha	-	50.00%	50.00%
MS – Participações Societárias, S.A.	Fortaleza	MS (ex-Faixa Biomassa)	-	11.91%	11.91%
Eólica Embuaca, Ltda.	Fortaleza	Embuaca	-	11.91%	11.91%
Eólica Mar e Terra, Ltda.	Fortaleza	Mar e Terra	-	11.91%	11.91%
Eólica Bela Vista, Ltda.	Fortaleza	Bela Vista	-	11.91%	11.91%
Eólica Icarai, Ltda.	Fortaleza	Icarai	-	11.91%	11.91%

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

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

3) The consolidation of this company through the full consolidation method results from shareholder agreements that regulate the control of the investee.

During 2011 and 2010 the changes occurred in the consolidation perimeter were as follows:

## INCORPORATED COMPANIES:

### In 2011:

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

### In 2010:

Martifer Gestione Si Servicii, S.R.L. (Martifer Inovação Roménia)  
 MTS6 S.R.L. (MTS6)  
 Ginosa Solar Farm S.R.L. (Ginosa Solar Farm)  
 Solar Spritehood S.R.L. (Solar Spritehood)  
 Martifer - Construções Metálicas, Ltda (Martifer Brasil)  
 Martifer Solar SGPS, S.A. (Martifer Solar SGPS)  
 MT Silverado Fund LLC (Silverado)  
 Home Energy France S.A.S. (Home Energy França)  
 MPrime Solar Solutions, S.A. (MPrime)  
 Martifer Solar Canadá, Ltd. (Martifer Solar Canadá)  
 Eólica Faisa I, Ltda (Faisa I)  
 Eólica Faisa II, Ltda (Faisa II)  
 Eólica Faisa III, Ltda (Faisa III)  
 Eólica Faisa IV, Ltda (Faisa IV)  
 Eólica Faisa V, Ltda (Faisa V)  
 Eólica Icarai, Ltda. (Icarai)  
 Martifer Renewables Italy BV (Renewables Italy Holanda)  
 Martifer Constructions, S.A.S. (Martifer França)  
 Martifer Solar SK s.r.o. (Martifer Solar Eslováquia)  
 Canopy – Apollo S.A.S. (Canopy)  
 Parque Solar Segovia, S.L. (Segovia)  
 Parque Solar Quintanar, S.L. (Quintanar)  
 Parque Solar Seseña III, S.L. (Seseña III)  
 Inovsun, Lda. (Inovsun)  
 Prio Parque de Tanques de Aveiro, S.A. (Prio Tanques)

## ACQUIRED COMPANIES:

### In 2011:

Canaverosa Renovables, SL (Canaverosa)

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

**In 2010:**

Gargano Solar Park, SRL (Gargano Solar Park)  
MTSK1 s.r.o. (MTSK1)  
Porthold Project Development BV (Porthold)

**SOLD COMPANIES:****In 2011:**

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

**In 2010:**

Wind Hidro Sun Energy Services, Lda. (WHS Energy Services)  
Ground Investment Corp, S.R.L. (Ground Investment)  
Nova Eco LLC (Nova Eco LLC)  
Eviva Red cin Sp. Z o.o. (Eviva Redecin)  
Eviva Rumsko Sp. Z o.o. (Eviva Rumsko)  
Windpark Bippen GmbH & Co. KG (Bippen KG)  
Windpark Holleben GmbH & Co. KG (Holleben KG)  
Pro Wind LLC (Pro Wind)  
Eviva Zebowo SP (Eviva Zebowo)  
Eviva Gac SP (Eviva Gac)  
Eviva Drzezewo SP (Eviva Drzezewo)

Clean Energy Solutions (Clean Energy Solutions)  
Total Natural SRL (Total Natural)  
Eviva S.R.O. (Eviva Eslováquia)

**CHANGES IN THE CONSOLIDATION METHOD:****In 2011:**

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

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

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

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

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

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

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

Change in the consolidation method of financial interests in joint arrangements (from proportionate method to equity method), as explained in Note 1 above.

**In 2010:**

Parque Solar Seseña I, S.L. (Seseña I) – from full consolidation method to equity method due to the changes in the percentage held by the Group

Parque Eólico da Penha da Gardunha, Lda. (PE Penha da Gardunha) – from full to proportionate consolidation method resulting from changes in the percentage of control that became joint

Nutre SGPS, S.A. (Prio SGPS)<sup>1)</sup>

Nutre, S.A. (Prio Foods)<sup>1)</sup>

Prio Agricultura, S.A. (Prio Agricultura Moçambique)<sup>1)</sup>

Prio Agricultura, S.R.L. (Prio Agricultura Roménia)<sup>1)</sup>

Prio Agromart S.R.L. (Prio Agromart)<sup>1)</sup>

Prio Balta S.R.L. (Prio Balta)<sup>1)</sup>

Prio Facaeni S.R.L. (Prio Facaeni)<sup>1)</sup>

Prio lalomita S.R.L. (Prio lalomita)<sup>1)</sup>

Prio Rapita S.R.L. (Prio Rapita)<sup>1)</sup>

Prio Terra Agricola S.R.L. (Prio Terra Agricola)<sup>1)</sup>

Prio Turism Rural S.R.L. (Prio Turism Rural)<sup>1)</sup>

Agromec Balaciu (Agromec Balaciu)<sup>1)</sup>

Miharox S.R.L. (Miharox)<sup>1)</sup>

Zimbrul, S.A. (Zimbrul)<sup>1)</sup>

Agrozootehnica, S.A. (Agrozootehnica)<sup>1)</sup>

Prio Agrotrans S.R.L. (Prio Agrotrans)<sup>1)</sup>

Prio Agricultura e Extração LTDA (Prio Agricultura e Extração)<sup>1)</sup>

Prio Extractie S.R.L. (Prio Extractie)<sup>1)</sup>

Prio Agro Industries, Sp. Z o.o. (Prio Polónia)<sup>1)</sup>

Prio Biocombustibil S.R.L. (Prio Biocombustibil)<sup>1)</sup>

Prio Advanced Fuels SGPS, S.A. (Prio AF SGPS)<sup>1)</sup>

Prio Biocombustíveis, S.A. (Prio Biocombustíveis)<sup>1)</sup>

Prio Energy, S.A. (Prio Energy)<sup>1)</sup>

12

NOTES TO  
CONSOLIDATED  
FINANCIAL  
STATEMENTS

Mondefin (Mondefin)<sup>1)</sup>  
Veiga & Seabra, S.A. (Veiga & Seabra)<sup>1)</sup>

1) The change in the consolidation method of these companies from full consolidation method to equity method results from the loss of economic control.

## 12

NOTES TO  
CONSOLIDATED  
FINANCIAL  
STATEMENTS

### 3. INFORMATION BY BUSINESS SEGMENTS

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

As previously referred in the 2010 Annual Report, and as a natural consequence of the strategic focus on the main businesses, Martifer has changed the reporting segments. From the beginning of 2011, the Group started to present its accounts with the activity divided in two main segments: 'Metallic Construction' and 'Solar'. The other activities and subsidiary companies are included in the 'Others' segment. This is the case of Martifer Renewables (or the 'RE Developer' segment).

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

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

In order to enable the comparability, the amounts related to 2010 were reclassified in accordance with the new division of Group's activities by operational segments.

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

At 31 December 2011 and 2010, the breakdown of sales and services rendered by primary segments is as follows:

	SALES TO EXTERNAL CUSTOMERS			INTERSEGMENT SALES		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Metallic Construction	223,600,054	339,180,647	347,672,732	66,440,677	116,038,573	116,511,106
Solar	290,082,512	213,380,354	213,380,354	72,727,548	97,385,192	97,385,192
Others	18,169,580	24,128,218	26,172,752	27,959,452	17,907,469	18,339,090
	531,852,146	576,689,220	587,225,838	167,127,677	231,331,234	232,235,388

	TOTAL		
	FY 2011	FY 2010 RESTATED	FY 2010
Metallic Construction	290,040,731	455,219,220	464,183,838
Solar	362,810,060	310,765,546	310,765,546
Others	46,129,032	42,035,687	44,511,842
	698,979,823	808,020,453	819,461,226
Intersegment eliminations	(147,637,850)	(215,220,784)	(216,124,937)
Own work capitalized (Note 5)	(19,489,826)	(16,110,450)	(16,110,450)
Sales and services rendered to external customers	531,852,146	576,689,220	587,225,838

The sales and services rendered decreased in the year, when compared with the same period of previous year. The Metallic Construction business presented a decreased of 34.1%, in result of the lower activity of wind power division, the lower activity in Iberia and Eastern Europe, and the abrupt hold ups in some projects in backlog. Stronger markets such as the UK, France and Brazil should gradually compensate for the weak performance in the Iberian market.

The Solar business presented a strong growth of 35.9%, when compared with the same period from 2010, as a consequence of the strategy implemented during 2010, by which Martifer Solar diversified its activity to several geographies with positive results throughout 2011.

At 31 December 2011 and 2010, the earnings before interest, taxes, amortizations, provisions and impairment losses (EBITDA), earnings before interest and taxes (EBIT) and profit after tax by primary segments are as follows:

	EBITDA			EBIT		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Metallic Construction	(20,108,840)	16,327,685	16,657,894	(35,783,547)	645,760	76,926
Solar	20,075,287	22,168,079	22,168,079	18,051,531	18,086,772	18,086,772
Others	8,981,682	18,087,934	20,140,012	(3,034,916)	(40,443,601)	(39,131,200)
	8,948,129	56,583,698	58,965,985	(20,766,932)	(21,711,069)	(20,967,502)

	PROFIT AFTER TAX		
	FY 2011	FY 2010 RESTATED	FY 2010
Metallic Construction	(42,965,113)	(12,694,790)	(12,823,865)
Solar	9,483,084	10,404,086	10,404,086
Others	(14,047,441)	(49,998,923)	(49,964,486)
	(47,529,470)	(52,289,627)	(52,384,265)

Earnings before interest and taxes (EBITDA) reached 8.9 million euro, as a consequence of the weaker performance in Metallic Construction business area, affected by the lower activity in the sector in general, and by the restructuring plan in progress and also due to the tougher competitive environment and to the internationalization effort, with the associated costs of entry.

In particular, this weaker operational performance in Metallic Construction business area in 2011 was due to the negative margins in markets such as Eastern Europe and Australia and by the impact of the integration of the wind cluster in Portugal, which presented a reduced level of activity with the consequent inability to dilute fixed costs.

In the Solar segment, the EBITDA margin is lower than the one of the previous year mainly due to the tougher competitive environment and to the internationalization effort and the associated costs of entry.

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

	LOSSES IN ASSOCIATE COMPANIES			GAINS IN ASSOCIATE COMPANIES		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Metallic Construction	3,001,056	1,351,827	-	986,729	165,206	-
Solar	253,187	-	-	262,902	-	-
Others	4,111,886	5,472,390	4,958,910	3,507,384	1,906,734	1,110,974
	7,366,129	6,824,217	4,958,910	4,757,015	2,071,940	1,110,974

# 12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	CARRYING AMOUNT OF THE FINANCIAL ASSETS RECORDED UNDER EQUITY METHOD		
	FY 2011	FY 2010 RESTATED	FY 2010
Metallic Construction	2,012,779	15,575,985	-
Solar	23,961	5,458,396	5,458,396
Others	12,831,087	8,986,744	6,495,894
	14,867,827	30,021,125	11,954,290

	PROVISIONS AND IMPAIRMENT LOSSES RECORDED IN THE YEAR			REVERSALS OF PROVISIONS AND IMPAIRMENT LOSSES RECORDED IN THE YEAR		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Metallic Construction	6,376,810	5,652,248	5,652,248	263,369	-	-
Solar	1,916,289	1,768,487	1,768,487	2,095,687	-	-
Others	4,236,427	46,349,313	46,443,787	20,127	-	-
	12,529,526	53,770,048	53,864,522	2,379,183	-	-

The Group's net assets and liabilities by operating segments at 31 December 2011 and 2010 are as follows:

	ASSETS			LIABILITIES		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Metallic Construction	422,316,180	511,595,743	522,950,636	313,526,187	436,923,401	449,415,250
Solar	316,051,710	248,776,546	248,776,546	238,252,385	180,667,686	180,667,686
Others						
RE Developer	245,416,809	264,093,587	287,128,703	104,138,288	203,102,475	233,772,689
Holding e MIGs	551,616,966	511,288,018	511,288,018	165,041,863	151,012,332	151,012,332
Intra-group eliminations	(497,568,330)	(440,056,243)	(444,092,557)	(66,442,024)	(216,368,943)	(229,064,607)
	1,037,833,335	1,095,697,651	1,126,051,346	754,516,699	755,336,952	785,803,351

The Group's capital expenditures (acquisition of tangible and intangible assets) and amortizations, by operating segments, till 31 December 2011 and 2010, are as follows:

	CAPITAL EXPENDITURES			AMORTIZATIONS		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Metallic Construction	13,720,635	7,194,856	12,027,285	9,572,328	10,124,151	10,928,719
Solar	27,878,864	11,758,640	11,758,640	2,422,225	2,312,821	2,312,821
Others	19,655,340	27,370,195	31,029,581	7,570,165	12,087,748	12,827,425
	61,254,840	46,323,691	54,815,505	19,564,718	24,524,720	26,068,965

The increase in capital expenditure during 2011, when compared with the same period of previous year, is essentially justified with the construction of solar plants at Martifer Solar, mainly France and United States, with the development and construction of RE Developer's wind farms, mainly the construction of the wind farm Babadag in Romania, which is expected to be sold in a medium term, and also with the construction of Metallic Construction's new facilities in Brazil (Notes 17 and 18).

Sales and services rendered by geographical segments are as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Iberian Peninsula	131,459,157	224,839,497	227,157,197
European Union	256,730,493	203,250,799	211,264,359
Other markets	143,662,495	148,598,924	148,804,282
	531,852,146	576,689,220	587,225,838

In 2011, the proportion of Iberian Peninsula on total sales and services rendered of the group decreased to 24.7 % (2010: 39 %).

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

	ASSETS			CAPITAL EXPENDITURES		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Iberian Peninsula	554,487,125	980,678,023	1,007,412,861	12,308,657	5,786,604	10,068,538
European Union	310,540,782	32,608,464	33,324,039	23,724,187	29,758,685	29,855,861
Other markets	172,805,428	82,411,164	85,314,446	25,221,996	10,778,402	14,891,106
	1,037,833,335	1,095,697,651	1,126,051,345	61,254,840	46,323,691	54,815,505

## 4. SALES AND SERVICES RENDERED

At 31 December 2011 and 2010, the breakdown of sales and services rendered is as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Revenue from the sale of merchandise	143,766,817	120,998,709	116,918,673
Revenue from the sale of goods	184,513	258,926,636	271,698,085
Services rendered	203,572,201	196,763,875	198,609,081
	531,852,146	576,689,220	587,225,838

## 5. OTHER INCOME

At 31 December 2011 and 2010, the breakdown of the caption 'Other income' is as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Change in production	(1,229,729)	(1,160,333)	(1,208,616)
Own work capitalized	19,489,826	16,110,450	16,110,450
	18,260,097	14,950,118	14,901,834

The increase in 'Own work capitalized', during 2011, is connected with the construction of solar park in Italy, in the Solar segment, as well as of beginning of the construction of Metallic Construction's new facility in Brazil, and with the construction of wind farms in Romania, in 'RE Developer segment'.

## 6. COST OF GOODS SOLD AND SUBCONTRACTORS

At 31 December 2011 and 2010 the cost of goods sold and subcontractors is as follows:

YEAR 2010	MERCHANDISE	RAW-MATERIALS, SUBSIDIARIES AND OTHER CONSUMABLES	TOTAL
Opening balance	16,954,342	21,017,753	37,972,094
Purchases	8,357,207	247,404,188	255,761,396
Changes in the consolidation perimeter, currency exchange differences, transfers and others	(6,446,408)	(687,980)	(7,134,389)
Closing balance	(10,824,027)	(35,051,566)	(45,875,592)
	<b>8,041,114</b>	<b>232,682,395</b>	<b>240,723,509</b>
<b>Subcontractors</b>			<b>142,792,905</b>

12

NOTES TO  
CONSOLIDATED  
FINANCIAL  
STATEMENTS

YEAR 2010 RESTATED	MERCHANDISE	RAW-MATERIALS, SUB-SIDIARIES AND OTHER CONSUMABLES	TOTAL
Opening balance	16,954,342	21,017,753	37,972,094
Change in consolidation method	(4,094,558)	(2,337,398)	(6,431,956)
Purchases	8,239,362	242,440,129	250,679,492
Changes in the consolidation perimeter, currency exchange differences, transfers and others	(6,579,073)	(84,892)	(6,663,966)
Closing balance	(6,478,958)	(32,555,678)	(39,034,637)
	<b>8,041,114</b>	<b>228,479,913</b>	<b>236,521,027</b>
<b>Subcontractors</b>			<b>142,735,342</b>

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

## 7. EXTERNAL SUPPLIES AND SERVICES

At 31 December 2011 and 2010 the external supplies and services are as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Specialized works	26,225,835	28,527,236	30,239,857
Leases and rents	15,821,094	17,298,452	16,820,952
Transportation of goods	14,251,035	13,914,114	13,946,385
Service Fees	5,612,011	7,750,352	7,865,977
Travelling expenses	5,348,475	6,249,835	6,378,779
Electricity and Fuel	5,152,551	5,875,384	6,004,251
Insurance	4,235,809	4,216,818	4,451,660
Maintenance and repairs	3,149,374	3,765,562	3,944,135
Communications	1,944,874	1,859,570	1,920,288
Security	1,702,007	1,676,363	1,716,167
Tools and devices	1,273,699	1,372,251	1,388,690
Advertising	1,212,540	1,166,352	1,168,193
Legal and notarial fees	965,930	1,274,109	1,322,073
Commissions	792,158	1,107,643	1,108,177
Cleaning, health and safety	786,045	1,032,988	1,052,638
Other supplies and services	5,947,621	6,518,578	7,801,772
Intra-group eliminations	(16,086,395)	(21,139,770)	(22,357,369)
	<b>78,334,663</b>	<b>82,465,839</b>	<b>84,772,625</b>

## 8. STAFF COSTS

At 31 December 2011 and 2010, staff costs are as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Salaries	61,839,837	59,616,057	60,715,628
Social contributions:			
Pensions and other benefits	46,543	58,006	59,192
Other staff costs	16,265,389	16,555,416	16,860,123
	<b>78,151,769</b>	<b>76,229,479</b>	<b>77,634,943</b>

The caption 'Pensions and other benefits' includes the cash contributions performed in the respective years to a capitalization fund managed by an insurance company ('Companhia de Seguros Global'), as described in Notes 1.xx) and 37, as well as the fair value of services rendered related to stock options plan (Notes 1.xxi) and 27).

At 31 December 2011 and 2010, the caption 'Other staff costs' includes, essentially, the social security contributions, the food and health subsidies and insurance costs.

### AVERAGE STAFF

During 2011 and 2010, the Group's average staff was as follows:

	FY 2011	FY 2010
Directors	15	17
Employees	1,985	2,242
Workers	1,124	1,034
	<b>3,124</b>	<b>3,293</b>
Portuguese	1,792	2,170
Portuguese in foreign countries and foreigners	1,332	1,123
	<b>3,124</b>	<b>3,293</b>

## 9. OTHER OPERATIONAL GAINS AND LOSSES

At 31 December 2011 and 2010, the caption 'Other operational gains and losses' is as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Taxes	(1,967,548)	(3,975,271)	(4,046,440)
Impairment losses and reversals of impairment losses:			
- Trade debtors	(4,232,218)	1,565,988	1,565,988
- Other impairment losses	269,790	19	27,143
Supplementary income	2,280,806	1,504,839	1,524,504
Capital Gains/ (Losses) in non-financial assets	1,290,329	-	-
Operating subsidies (Note 38)	760,452	386,879	436,007
Investment subsidies	315,540	-	-
Other operational gains/ losses	5,086,916	3,413,594	3,255,094
	<b>3,804,067</b>	<b>2,896,048</b>	<b>2,762,295</b>

In the year ended at 31 December 2011, this caption includes the effect of the capitalization of development costs of wind farms, in 'RE Developer segment', as well as an income related to the recoverability of a con-

tractual penalty charged and recorded in profit and loss in 2010, amounting to Euro 1.4 million, in 'Metallic Construction' segment, which was claimed and had favourable decision by the Court.

During 2011, the Group increased the impairment losses, mainly to trade debtors and other debtors, estimated according to the experience held by the Group and with basis in its evaluation of the economic context and environment. These impairment losses affected mainly the 'Metallic Construction' business area, which increased the impairment losses in Euro 2.7 million. Please note that, in 2010, the record of impairment losses to trade debtors was presented in caption 'Provisions and impairment losses', according to the next section.

## 12

NOTES TO  
CONSOLIDATED  
FINANCIAL  
STATEMENTS**10. PROVISIONS AND IMPAIRMENT LOSSES**

At 31 December 2011 and 2010, the caption 'Other operational gains and losses' is as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Goodwill impairment (Note 16)	790,190	20,371,745	20,371,745
Financial assets impairment	6,106,747		
Intangible assets impairment	-	4,851,537	4,851,537
Tangible assets impairment	219,071	12,518,916	12,518,916
Trade and other receivables impairment	-	3,768,430	3,790,278
	7,116,008	41,510,628	41,532,476
Provisions arising from the use of the equity method	1,177,299		
Provisions for quality guarantees	(402,731)		
Other provisions	2,259,767	12,259,419	12,332,046
	3,034,335	12,259,419	12,332,046

The change occurred in 'Impairment losses' was due mainly to the fact that 'RE Developer' business area recognized, during 2010, Euro 44,803,164 of non-recurring impairment losses, due to the incorporation, in future perspectives of the projects in progress, of the latest trend of behaviour in the world financial markets. In the 4th quarter of 2011, it was recorded an impairment loss on financial assets, anticipating the effect of the potential sale of 50% of share capital interest held in Martifer – Hirschfeld Energy Systems, in the United States of America.

**11. NET FINANCIAL RESULTS**

The net financial results for the years ended at 31 December 2011 and 2010 can be analysed as follows:

FINANCIAL INCOME	FY 2011	FY 2010 RESTATED	FY 2010
Loans and accounts receivable (including bank deposits)			
Interest income	3,605,978	5,430,156	4,941,294
Available for sale financial assets			
Dividend income	-	2,745,389	2,745,389
Gains on the sale of financial assets	-	3,004,041	3,004,041
Held for sale financial assets			
Gains on the sale of financial assets	7,188,806	13,062,857	13,062,857
Other financial income related to other financial assets			
Foreign exchange gains	20,146,656	16,112,492	16,118,003
Financial discounts received	-	152,381	152,886
Other financial income	1,262,808	269,860	272,394
	32,204,248	40,777,175	40,296,864

FINANCIAL EXPENSES	FY 2011	FY 2010 RESTATED	FY 2010
Loans and accounts payable			
Interest expenses in bank loans and in finance leases	24,163,100	21,877,423	22,884,203
of which included in the acquisition cost of assets in progress	(1,594,710)	(240,654)	(240,654)
Interest expenses of Swaps	306,874	418,101	418,101
Available for sale financial assets			
Losses on the sale of financial assets	2,247,336	15,231,922	15,231,922
Other financial expenses related to other financial liabilities			
Foreign exchange losses	22,444,986	13,854,587	13,866,171
Financial discounts granted	-	50,767	50,767
Other financial expenses	8,381,256	5,040,192	5,139,652
	55,948,842	56,232,338	57,350,161

The decrease in 'Financial Income', when compared with the same period of 2010, is due mainly to loss of control of the subsidiaries of Nutre (formerly named Prio Foods) and Prio Energy Groups, which originated a gain in 2010 of Euro 13.1 million.

The 'gains on held for sale financial assets' and 'losses on held for sale financial assets', in 2011, refers to the financial gains and losses related to the sale of 50% of share capital interest in Repower Portugal to Repower Systems AG, to the sale of Home Energy to EDP Serviços, to the sale of two wind parks in Poland – Leki Dukieslskie (10MW) and Bukowsko (18MW) – both in activity – and to the sale of the share capital interest in Arestalfer.

The captions 'Foreign exchange gains / (losses)' are related with exchange variations registered in foreign subsidiaries, particularly in Romania, Poland and Angola, and the changes in 2011 compared with the year of 2010 are mainly due to the valorisation of local currencies towards Euro, particularly due to the depreciation of Kwanza (Angola) and Polish Zloty (Poland) against the Euro.

At 31 December 2011 and 2010, an average interest rate of 8.41% and 2.31%, respectively, was used in the capitalization of borrowing costs.

The 'Interest expenses included in the acquisition cost of assets in progress' increased, when compared to the previous year, resulting from the capitalization of borrowing costs to the construction of qualified assets, which it began after the implementation of IAS 23 Reviewed. These values are mainly related to the borrowing costs capitalized in the construction of wind farms in Romania and solar plants in United States of America.

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

At 31 December 2011 and 2010, the gains and losses on associate companies and joint-ventures are as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Nutre Group (formerly named Prio Foods)	(4,005,476)	(4,957,673)	(4,957,673)
Prio Energy Group	2,449,092	1,110,974	1,110,974
Martifer – Hirschfeld Energy Systems LLC	(2,669,655)	(607,560)	-
SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A.	589,221	574,390	-
Ventinveste, S.A.	-	(394,510)	-
Gebox, S.A.	152,423	(267,326)	-
Parque Eólico da Penha da Gardunha, Lda.	-	(34,114)	-
SPEE 3 – Parque Eólico do Baião, S.A.	190,790	221,369	-
Canaverosa Renovables, SL	9,715	-	-
Parque Solar Seseña I, S.L.	278,282	(1,237)	(1,237)
Promoquatro – Investimentos Imobiliários, Lda.	(186,546)	(247,074)	-
M City Bialystok Sp. Zo.o	834,306	-	-
M City Radom Sp. Zo.o	(144,855)	(105,577)	-
Repower Portugal - Sistemas Eólicos, SA	-	(122,563)	-
Ventipower, SA	-	165,206	-
Others	(106,410)	(86,583)	-
	(2,609,114)	(4,752,277)	(3,847,936)

In 2011, the Group proceeded to the change of consolidation method applicable to financial interests in joint arrangements (from proportionate method to equity method). The gains and losses recognized in the year related to this change are included in this caption.

## 13. INCOME TAXES

The detail of the assets and liabilities that originate deferred taxes at 31 December 2011 and 2010 is as follows:

DEDUCTIBLE TEMPORARY DIFFERENCES	FY 2011		FY 2010 RESTATED		FY 2010
	BASIS	DEFERRED TAX	BASIS	BASIS	
With impact in Net Profit					
Provisions not accepted for tax purposes	3,103,473	862,077	3,299,192	3,299,192	
Tax losses	36,068,914	9,420,512	21,316,700	23,096,596	
Accruals not accepted for tax purposes	-	-	-	-	
Others	2,749,738	1,081,846	2,887,013	2,887,013	
With impact in Equity					
Fair value of derivatives	366,141	97,027	383,148	383,148	
Tax benefits	(851)	-	1,108,489	1,108,489	
Others	111,324	29,500	-	-	
	42,398,739	11,490,962	28,994,542	30,774,437	

TAXABLE TEMPORARY DIFFERENCES	FY 2011		FY 2010 RESTATED	FY 2010
	BASIS	DEFERRED TAX	BASIS	BASIS
With impact in Net Profit				
Fixed assets revaluation	13,769,309	4,091,754	22,940,358	22,940,358
Deferral of capital gains taxation	60,565	325	92,668	92,668
Accruals not accepted for tax purposes	8,958,432	2,776,032	17,135,420	17,152,934
Others	1,687,586	103,861	965	965
With impact in Equity				
Fair value on the acquisition of subsidiaries	5,800,770	1,102,146	-	-
Fair value of derivatives	-	-	-	9,297
Others	143,499	32,229	1,290,738	1,281,441
	30,420,161	8,106,346	41,460,149	41,477,663

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

	DEFERRED TAX ASSETS			DEFERRED TAX LIABILITIES		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Australia	689,623	203,239	203,239	689,623	445,525	445,525
Brazil	378,696	-	-	-	-	-
Canada	103,297	-	-	-	-	-
Slovakia	76,803	9,311	9,311	-	-	-
Spain	3,069,007	1,180,724	1,180,724	-	-	-
United States	-	-	489,184	1,091,930	-	-
France	-	260,168	260,168	-	-	-
Italy	454,667	396,698	396,698	-	2,719,717	2,719,717
Mexico	34,163	-	-	-	-	-
Mozambique	19,293	-	-	-	-	-
Poland	654,750	443,318	443,318	1,326,353	1,515,445	1,515,445
Portugal	5,402,300	2,776,194	2,865,841	4,998,440	5,647,652	5,653,326
United Kingdom	111,725	-	-	-	-	-
Romania	496,639	597,586	597,586	-	-	-
	<b>11,490,963</b>	<b>5,867,238</b>	<b>6,446,069</b>	<b>8,106,346</b>	<b>10,328,339</b>	<b>10,334,013</b>

From the amount of deferred tax assets related to tax losses booked at 31 December 2011, of Euro 9,420,512, approximately 51% were generated in Portugal, and its time limit is 2015. The Group recognized these values with basis in projections realized to the each business activity, demonstrating that there will be positive taxable net profits to ensure its recoverability.

At 31 December 2011, the deferred tax assets and liabilities are, respectively, Euro 11,490,962 and Euro 8,106,346 (2010: Euro 5,867,238 and Euro 10,328,339, respectively), with a positive impact in the income statement of Euro 7,707,672 (2010: negative impact of Euro 2,950,182).

At 31 December 2011 and 2010, taking into consideration the Portuguese tax legislation applicable to dividends, no deferred tax liabilities were recorded for the temporary differences arising from the appropriation of results of affiliated companies, due to the fact that such effect is not material to the accompanying financial statements.

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

	FY 2011	FY 2010 RESTATED	FY 2010
Current tax	8,116,501	7,420,937	7,895,555
Deferred tax - generated by temporary differences	(2,634,553)	(758,977)	(758,977)
Deferred tax - reversal of temporary differences	(2,213,312)	4,272,731	4,272,731
Effect of changes in the income tax rate	-	-	-
Deferred tax - tax losses recognition	(2,859,807)	(563,572)	(893,778)
Deferred tax	(7,707,672)	2,950,182	2,619,975
Income tax	408,830	10,371,119	10,515,530

At 31 December 2011 and 2010, the reconciliation between the current and effective tax rate is as follows:

	FY 2011	FY 2010 RESTATE	FY 2010
Profit before tax	(47,120,640)	(41,918,508)	(41,868,736)
Income tax rate (nominal rate of 26.5%)	(12,486,970)	(11,108,405)	(11,095,215)
Non-taxable gains and losses:			
Sale of financial assets	(1,358,718)	(57,326)	(57,326)
Costs not accepted for tax purposes:			
Depreciations on revalued fixed assets			
Impairment losses	1,885,742	12,091,824	12,091,824
Others	562,187	-	-
Results of associates using equity method	450,998	1,071,173	1,089,139
Tax benefits	(182,288)	(1,345,239)	(1,878,325)
Not recognized deferred tax assets arising from losses of current year	12,284,021	9,727,107	10,088,237
Different tax rates	321,489	506,949	598,206
Excess/ Insufficiency of income tax estimate	(463,760)	-	-
Other adjustments	(603,871)	(514,965)	(321,011)
<b>Effective income tax</b>	<b>408,830</b>	<b>10,371,119</b>	<b>10,515,530</b>

Martifer SGPS and its companies located in Portugal are individually taxed and are subject to a tax rate of 25 %, in terms of corporate income tax ('Imposto sobre o Rendimento das Pessoas Colectivas' or IRC), with the first € 12,500 of taxable income being subject to a rate of 12.5%. Depending on the geographical localization of the headquarters of its affiliated companies, the common tax rate is increased by a municipal tax surcharge that can reach 1.5 % of the taxable profit, and, when taxable profits exceed € 2,000,000.00 a state surcharge of 2.5% applies.

Since January 2011, Martifer SGPS, SA is covered by the special taxation of groups of companies' mechanism ("RETGS"), which comprises companies in which it holds, directly or indirectly, at least 90 % of its capital and meet simultaneously with the other conditions set by that mechanism.

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

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

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

Portuguese Tax Authorities can review the income tax returns of Martifer SGPS and of its Portuguese subsidiaries for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in course, under which circumstances, the periods are extended or suspended. Therefore, all annual tax returns from year 2007 till 2010 (inclusive) are still subject to such review.

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

As corroborated and supported by our lawyers, there are no material assets or liabilities associated to possible or probable tax contingencies that should be disclosed in the notes to the consolidated financial statements as of 31 December 2011 and 2010.

## 14. DIVIDENDS

The Board of Directors of Martifer SGPS proposes, to the Shareholder's General Meeting, that the loss for the year generated in the individual financial statements, in the amount of Euro 21,227,709.94 be transferred to retained earnings.

In 2011, the Group did not pay dividends. During 2010 the Group paid Euro 10,000,000 of dividends, corresponding to a dividend of EUR 0.10 per common share.

## 15. EARNINGS PER SHARE

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

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

Once the average market price of Martifer's shares, in the period between 1 January 2011 and 31 December 2011, was Euro 1.29, lower than the exercise price of the stock options (Euro 3.84), these stock options are non-diluted because, if the options were exercised, the number of shares outstanding would be reduced.

Therefore, at 31 December 2011 there were no differences between the basic earnings per share and the diluted earnings per share calculation.

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

The weighted average number of shares outstanding is deducted of 1,180,942 treasury stocks acquired by Martifer SGPS, during 2010 and 2011, corresponding to 1,747,651 shares.

At 31 December 2011 and 2010, the basic and diluted earnings per share can be summarised as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Profit for the year (I)	(49,600,348)	(54,799,419)	790,190
Weighted average number of shares outstanding (II)	98,819,058	99,929,092	28,000
Basic and diluted earnings per share (I) / (II)	(0.5019)	(0.5484)	(0.5493)

## 16. GOODWILL

The relevant information regarding the companies acquired by the Group during the year ended at 31 December 2011 can be summarised as follows:

ACQUIRED COMPANY	BUSINESS ACTIVITY	ACQUISITION DATE	% ACQUIRED	ACQUISITION COST
Eviva Wiatrowa	RE Developer	June 2008	-	790,190
M PRIME GMBH	Trading of solar Energy systems	December 2011	75%	28,000
			<b>818,190</b>	<b>(0.5493)</b>

In relation to the financial investment in Eviva Wiatrowa, in 2011 there were three payments by milestones, in

# 12

NOTES TO  
CONSOLIDATED  
FINANCIAL  
STATEMENTS

accordance to the initial purchase contract, and correcting the acquisition price. This respected the international standard IFRS 3, applicable on the acquisition date.

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

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

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

	CARRYING AMOUNTS OF ACQUIRED ASSETS AND LIABILITIES BEFORE THE ACQUISITION	FAIR VALUE ALLOCATION	FAIR VALUE
Net assets acquired			
Cash and cash equivalents	25,000	-	25,000
	<b>25,000</b>	<b>-</b>	<b>25,000</b>
Goodwill			793,190
Total acquisition cost			818,190
Acquisition cost to be liquidated in kind			-
<b>Acquisition cost paid in cash</b>			<b>818,190</b>
Cash flows generated by the acquisitions:			
Cash and cash equivalents paid			818,190
Cash and cash equivalents in the acquired companies			(25,000)
			<b>793,190</b>

The contribution of the acquired companies to the revenues and to the profit for the year ended 31 December 2011, between the companies' acquisition date and 31 December 2011, is immaterial. Additionally, the effect of the consolidation result of the acquired companies since 1 January 2011, both in revenues and profit, is also immaterial, and is therefore not disclosed.

Since the acquisitions of companies between 31 December 2011 and the date of approval of these financial statements were immaterial, the Board of Directors did not disclose them.

At 31 December 2011 and 2010, the movement occurred in the caption 'Goodwill' is as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Cost			
Opening balance	43,073,211	67,513,979	67,513,979
Acquisition of subsidiaries	793,190	1,927,961	1,927,961
Changes arising from the loss of control of the subsidiaries:			
- Parque Eólico Penha da Gardunha	-	(1,698,870)	(1,698,870)
Sale of subsidiaries	(278,659)	(7,255,986)	(7,255,986)
Reclassifications resulting from the change in consolidation method (joint arrangements):			
- Parque Eólico Penha da Gardunha	-	(1,974,515)	-
- Ventinveste	-	(473,525)	-
- M City Bialystok	-	(4,733)	-
- Macquarie	-	(16,850,087)	-
- Silverton	-	(249,875)	-
Effect of foreign currency exchange differences	175,276	2,293,143	2,293,143
Write-off of goodwill fully impaired	(24,836,560)	-	-
Others	-	(154,280)	(154,280)
<b>Closing balance</b>	<b>18,926,458</b>	<b>43,073,211</b>	<b>62,625,947</b>
<b>Accumulated impairment losses</b>			
Opening balance	24,836,559	27,018,396	27,018,396
Impairment losses recognized in the year	790,190	20,371,745	20,371,745
Sale of subsidiaries	-	(5,453,620)	(5,453,620)
Reclassifications resulting from the change in consolidation method (joint arrangements):			
- Macquarie	-	(16,850,087)	-
- Silverton	-	(249,875)	-
Write-off of goodwill fully impaired	(24,836,560)	-	-
Others	-	-	-
<b>Closing balance</b>	<b>790,190</b>	<b>24,836,559</b>	<b>41,936,522</b>
<b>Carrying amount at the beginning of the period</b>	<b>18,236,652</b>	<b>40,495,583</b>	<b>40,495,583</b>
<b>Carrying amount at the end of the period</b>	<b>18,136,269</b>	<b>18,236,652</b>	<b>20,689,425</b>

At 31 December 2011 and 31 December 2010, the breakdown of 'Goodwill' is as follow:

	FY 2011		FY 2010 RESTATED		FY 2010
	COST	ACCUMULATED IMPAIRMENT LOSSES	CARRYING AMOUNT	CARRYING AMOUNT	CARRYING AMOUNT
Martifer Construções	5,448,792	-	5,448,792	5,448,792	5,448,792
Sassall Glass & Joinery	4,994,727	-	4,994,727	4,837,691	4,837,691
Martifer Metallic Constructions	3,898,809	-	3,898,809	4,127,466	4,127,466
Navalria	1,618,675	-	1,618,675	1,618,675	1,618,675
Martifer Solar	1,493,776	-	1,493,776	1,493,776	1,493,776
Martifer Solar USA	383,467	-	383,467	371,328	371,328
Sassall Aluminium	194,040	-	194,040	187,940	187,940
Martifer Solar Hellas	72,205	-	72,205	72,205	72,205
Gargano Solar Park	-	-	-	50,002	50,002
Porthold	14,379	-	14,379	14,379	14,379
MGI	8,373	-	8,373	8,373	8,373
Martifer GmbH	6,026	-	6,026	6,026	6,026
Parque Eólico Penha da Gardunha	-	-	-	-	1,974,515
Ventinveste	-	-	-	-	473,525
M City Bialystok	-	-	-	-	4,733
Eviva Wiatrowa	790,190	(790,190)	-	-	-
M Prime GmbH	3,000	-	3,000	-	-
	<b>18,926,459</b>	<b>(790,190)</b>	<b>18,136,269</b>	<b>18,236,652</b>	<b>20,689,425</b>

The changes occurred in Reporting segments did not generate the relocation of the goodwill.

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

The Group performs annual impairment tests to Goodwill, as disclosed in the section 'Main accounting policies, judgements and estimates' of the notes to the consolidated financial statements of 2011. At 31 December 2011, an impairment loss in relation to goodwill in an amount of Euro 790,190 was recorded in the RE Developer segment. These impairment losses are recorded under the caption 'Provisions and impairment losses' in the income statements.

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

At 31 December 2011, the methods and assumptions used in the identification, or not, of any impairment losses on the main amounts of goodwill recorded in the accompanying financial statements were as follows:

## METALLIC CONSTRUCTION

	MARTIFER CONSTRUÇÕES	MARTIFER METALLIC CONSTRUCTIONS	SASSAL ALUMINIUM	NAVALRIA
Goodwill	5,448,792	3,898,809	4,994,727	1,618,675
Period used	5 years cash flow projection	5 years cash flow projection	5 years cash flow projection	5 years cash flow projection
Growth rate (g) <sup>1</sup>	0.00%	0.00%	0.00%	0.00%
Discount rate <sup>2</sup>	8.70%	9.27%	10.27%	9.29%

1 Growth rate used to extrapolate cash flows beyond the business plan period

2 Discount rate applied to the projected cash flows

The Board of Directors at 31 December 2011 concluded that, based on the discounted value of the provisional cash flows of the cash generating units of this business segment, discounted at the applicable rate, the carrying amount of the net assets, including goodwill, did not exceed the recoverable amount.

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

## SOLAR

	MARTIFER SOLAR
Goodwill	1,493,776
Period used	5 years cash flow projection
Growth rate (g) <sup>1</sup>	0.00%
Discount rate <sup>2</sup>	9.76%

1 Growth rate used to extrapolate cash flows beyond the business plan period

2 Discount rate applied to the projected cash flows

The cash flow projections were based on historic performance and expected efficiency improvements. At 31 December 2011, the Board of Directors concluded that, based on the discounted value of the provisional cash flows discounted at the applicable rates, the carrying amount of the remaining cash generating units, including goodwill, did not exceed the recoverable amount. The people in charge of this segment believe that (in a scenario of normality) a change in the main assumptions used in the calculation of the recoverable amount will not result in impairment losses, apart from the loss already recorded.

## 17. INTANGIBLE ASSETS

This caption is analysed as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Cost			
Software and other rights	30,057,374	16,532,351	16,624,051
Intangible assets in progress	17,841,232	12,066,914	12,493,653
Advances for the acquisition of intangible assets	687,015	26,672	5,874,994
	48,585,621	28,625,938	34,992,699
Accumulated depreciation and impairment losses			
Software and other rights	8,584,677	6,235,890	6,334,328
Intangible assets in progress	-	-	-
Advances for the acquisition of intangible assets	-	-	-
	8,584,677	6,235,890	6,334,328
<b>Carrying amount</b>	<b>40,000,945</b>	<b>22,390,048</b>	<b>28,658,371</b>

At 31 December 2011 and 2010, the gross amount of 'Intangible assets' can be analysed as follows:

YEAR 2010	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PRO- GRESS	ADVANCES FOR THE ACQUISI- TION OF INTAN- GIBLE ASSETS	TOTAL
Opening balance at 1 January 2010	46,579,990	13,461,339	4,785,551	64,826,880
Additions	1,707,107	3,507,309	1,976,113	7,190,528
Sales, disposals and write-offs	(17,299)	(4,194)	-	(21,493)
Effect of foreign currency exchange differences	229,655	918,696	-	1,148,351
Changes in the consolidation perimeter	(31,876,378)	(783,961)	(836,670)	(33,497,008)
Impairments	-	(4,851,537)	-	(4,851,537)
Transfers and other movements	976	246,001	(50,000)	196,977
<b>Closing balance at 31 December 2010</b>	<b>16,624,051</b>	<b>12,493,653</b>	<b>5,874,994</b>	<b>34,992,699</b>

YEAR 2010 RESTATED	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PRO- GRESS	ADVANCES FOR THE ACQUISI- TION OF INTAN- GIBLE ASSETS	TOTAL
Opening balance at 1 January 2010	46,579,990	13,461,339	4,785,551	64,826,880
Change in Consolidation method	(965,242)	(257,679)	(3,898,881)	(5,121,803)
Additions	1,712,717	3,417,307	26,672	5,156,696
Sales, disposals and write-offs	(17,299)	-	(50,000)	(67,299)
Effect of foreign currency exchange differences	1,097,587	918,696	-	2,016,283
Changes in the consolidation perimeter	(31,876,378)	(935,714)	(836,670)	(33,648,762)
Impairments	-	(4,851,537)	-	(4,851,537)
Transfers and other movements	976	314,503	-	315,479
<b>Closing balance at 31 December 2010</b>	<b>16,532,351</b>	<b>12,066,914</b>	<b>26,672</b>	<b>28,625,938</b>

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

The change in capital expenditure in 2011, compared with the same period of 2010, relates essentially with the development of solar projects in Portugal (Euro 34.2 million), mainly by the subsidiary Sol Cativante, which was acquired during the 1st half of 2011.

The sale of intangible assets in the 4th quarter of 2011 is related to licences for the construction of solar plants.

The additions in 2011 are due, mainly, to the development of solar projects in the USA, in the Solar segment.

At 31 December 2011 the amount of borrowing costs capitalized in intangible assets was Euro 1,053,120 related to borrowings obtained to the construction of solar projects in United States.

At 31 December 2011 and 2010, the accumulated depreciation and impairment losses of 'Intangible assets' can be analysed as follows:

YEAR 2010	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	ADVANCES FOR THE ACQUISITION OF INTANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2010	9,511,639	-	-	9,511,639
Additions	3,859,662	-	-	3,859,662
Sales, disposals and write-offs	(5,848)	-	-	(5,848)
Effect of foreign currency exchange differences	10,381	-	-	10,381
Changes in the consolidation perimeter	(7,041,507)	-	-	(7,041,507)
<b>Closing balance at 31 December 2010</b>	<b>6,334,328</b>	<b>-</b>	<b>-</b>	<b>6,334,328</b>

YEAR 2010 RESTATED	SOFTWARE AND OTHER RIGHTS	INTANGIBLE ASSETS IN PROGRESS	ADVANCES FOR THE ACQUISITION OF INTANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2010	9,511,639	-	-	9,511,639
Change in Consolidation method	(65,524)	-	-	(65,524)
Additions	3,826,749	-	-	3,826,749
Sales, disposals and write-offs	(14,345)	-	-	(14,345)
Effect of foreign currency exchange differences	10,381	-	-	10,381
Changes in the consolidation perimeter	(7,041,507)	-	-	(7,041,507)
Transfers and other movements	8,497	-	-	8,497
<b>Closing balance at 31 December 2010</b>	<b>6,235,890</b>	<b>-</b>	<b>-</b>	<b>6,235,890</b>

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

CARRYING AMOUNT				
<b>2010</b>	<b>10,289,724</b>	<b>12,493,653</b>	<b>5,874,994</b>	<b>28,658,371</b>
<b>2010 RESTATED</b>	<b>10,296,461</b>	<b>12,066,914</b>	<b>26,672</b>	<b>22,390,048</b>
<b>2011</b>	<b>21,472,697</b>	<b>17,841,232</b>	<b>687,015</b>	<b>40,000,944</b>

## 18. TANGIBLE ASSETS

This caption is analysed as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
<b>Cost</b>			
Land and buildings	129,908,354	117,193,493	140,190,155
Equipments	109,719,941	104,163,423	109,916,789
Tangible assets in progress	91,880,914	90,998,086	98,459,577
Other tangible assets	62,919,117	99,396,513	101,512,453
	<b>394,428,326</b>	<b>411,751,515</b>	<b>450,078,974</b>
<b>Accumulated depreciation and impairment losses</b>			
Land and buildings	30,329,493	26,791,627	27,582,922
Equipments	49,806,980	45,332,305	46,224,782
Other tangible assets	9,352,706	7,727,570	8,788,447
	<b>89,489,179</b>	<b>79,851,502</b>	<b>82,596,151</b>
<b>Carrying amount</b>	<b>304,939,148</b>	<b>331,900,013</b>	<b>367,482,823</b>

At 31 December 2011 and 2010, the gross amount of land and buildings, equipments, tangible assets in progress and other fixed assets can be analysed as follows:

YEAR 2010	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2010	129,925,778	159,500,917	97,441,061	92,638,317	479,506,073
Additions	3,617,418	8,201,954	26,975,876	8,829,729	47,624,977
Sales, disposals and write-offs	(174,926)	(2,346,930)	(574,608)	(945,700)	(4,042,164)
Effect of foreign currency exchange differences	828,371	2,943,686	883,575	364,592	5,020,225
Changes in the consolidation perimeter	(1,016,001)	(60,641,566)	(1,617,206)	(62,206)	(63,336,979)
Impairment losses	-	-	(12,518,916)	-	(12,518,916)
Transfers and other movements	7,009,515	2,258,727	(12,130,205)	687,720	(2,174,243)
<b>Closing balance at 31 December 2010</b>	<b>140,190,155</b>	<b>109,916,789</b>	<b>98,459,577</b>	<b>101,512,453</b>	<b>450,078,974</b>

YEAR 2010 RESTATED	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2010	129,925,778	159,500,917	97,441,061	92,638,317	479,506,073
Change in Consolidation method	(11,565,304)	(2,392,191)	(23,717,289)	(14,267,578)	(51,942,361)
Additions	2,546,378	4,452,352	25,338,535	8,829,729	41,166,994
Sales, disposals and write-offs	(174,926)	(2,298,544)	(574,608)	(935,763)	(3,983,841)
Effect of foreign currency exchange differences	828,371	2,943,686	883,575	364,592	5,020,225
Changes in the consolidation perimeter	(1,016,001)	(60,641,566)	(1,617,206)	(62,206)	(63,336,979)
Impairment losses	0	0	(12,518,916)	-	(12,518,916)
Transfers and other movements	(3,350,804)	2,598,769	5,762,934	12,829,421	17,840,321
<b>Closing balance at 31 December 2010</b>	<b>117,193,493</b>	<b>104,163,423</b>	<b>90,998,086</b>	<b>99,396,513</b>	<b>411,751,515</b>

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

The increase in capital expenditure in 2011, compared with the same period of 2010, is justified, essentially, by to the development of solar projects in United States and Italy by Martifer Solar (Euro 5,809,053 and Euro 3,406,743), by the construction of RE Developer's wind farm Babadag in Romania (Euro 15,914,804) and the construction of the new metallic construction facility located in São Paulo, Brazil (Euro 6,639,967).

The 'Changes in the consolidation perimeter' are mostly justified by the disposal of the wind farms projects in Poland, Leki Dukielskie (10 MW) and Bukowsko (18 MW), in the third quarter of 2011.

At 31 December 2011, the amount of borrowing costs capitalized was Euro 541,590 related, mainly, to borrowings obtained to the construction of wind farms in Romania.

At 31 December 2011 and 2010, the accumulated depreciation and impairment losses of land and buildings, equipments, tangible assets in progress and other fixed assets can be analysed as follows:

YEAR 2010	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2010	22,979,302	54,239,347	-	4,095,579	81,314,229
Additions	4,910,206	12,603,471	-	4,695,625	22,209,303
Sales, disposals and write-offs	-	(1,054,389)	-	(2,309)	(1,056,697)
Effect of foreign currency exchange differences	81,877	346,225	-	51,691	479,793
Changes in the consolidation perimeter	(43,862)	(19,910,926)	-	(46,658)	(20,001,446)
Transfers and other movements	(344,601)	1,053	-	(5,482)	(349,029)
<b>Closing balance at 31 December 2010</b>	<b>27,582,922</b>	<b>46,224,782</b>	<b>-</b>	<b>8,788,447</b>	<b>82,596,151</b>

YEAR 2010 RESTATED	LAND AND BUILDINGS	EQUIPMENTS	TANGIBLE ASSETS IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
Opening balance at 1 January 2010	22,979,302	54,239,347	-	4,095,579	81,314,229
Change in Consolidation method	(362,326)	2,542,810	-	(348,125)	1,832,360
Additions	4,490,080	12,224,838	-	3,983,053	20,697,971
Sales, disposals and write-offs	(8,773)	(4,111,744)	-	(2,309)	(4,122,825)
Effect of foreign currency exchange differences	81,807	346,926	-	51,510	480,243
Changes in the consolidation perimeter	(43,862)	(19,910,926)	-	(46,658)	(20,001,446)
Transfers and other movements	(344,601)	1,053	-	(5,482)	(349,029)
<b>Closing balance at 31 December 2010</b>	<b>26,791,627</b>	<b>45,332,305</b>	<b>-</b>	<b>7,727,570</b>	<b>79,851,502</b>

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

CARRYING AMOUNT					
<b>2010</b>	<b>112,607,233</b>	<b>63,692,008</b>	<b>98,459,577</b>	<b>92,724,006</b>	<b>367,482,823</b>
<b>2010 RESTATED</b>	<b>90,401,866</b>	<b>58,831,118</b>	<b>90,998,086</b>	<b>91,668,943</b>	<b>331,900,013</b>
<b>2011</b>	<b>99,578,861</b>	<b>59,912,961</b>	<b>91,880,914</b>	<b>53,566,411</b>	<b>304,939,148</b>

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

Land and buildings are recorded at their fair value based on independent appraisals, performed taking into consideration similar market transactions. Those appraisals were performed in accordance with the international valuation standards and were performed by American Appraisal, Lda.

The valuation method used by the appraisers, in Portugal, Poland and Romania in order to determine the fair value of the land and buildings of the Group was the depreciated replacement cost. All the appraisals were performed in accordance with International Standards. The fair value of the land and buildings does not include any tax or acquisition cost bearable by the buyer and it was determined based on current market prices for similar assets for land and on the actual cost of replacement for buildings. Land and buildings location, size and shape were also considered when determining their fair value.

The cost of Tangible fixed assets held by the Group, acquired under financial leases, at 31 December 2011 was Euro 39,653,618, and its carrying amount Euro 33,044,256.

At 31 December 2011 and 2010, there were no tangible fixed assets pledged or mortgaged to financial institutions as guarantee for loans granted, except for the ones acquired through financial lease contracts or through Project Finance and those mentioned in Note 36.

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

The assessment of impairments in tangible and intangible assets of the Group was based on the business plans of the companies with the assumptions described in Note 16. The applicable discount rates used varied between 8.7 % and 10.50 %, reflecting both country and activity risks. From this analysis, there was no need to recognize in the period impairment losses to tangible fixed assets.

## 19. INVESTMENT PROPERTIES

At 31 December 2011, the caption 'Investment property' relates to the following investment properties held by Martifer Group: Benavente Shopping Centre, Warehouses in Albergaria-a-velha (Portugal) and Aricesti land (Romania), both held by the Martifer Group to earn rental income and the real estate project of Szczecin (Poland), held for capital appreciation.

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

At 31 December 2011 and 2010, the movement occurred in the caption 'Investment properties' is as follows:

	FY 2011	FY 2010
Opening balance	14,981,893	57,013,000
Transfers	1,891,036	5,476,893
Changes in fair value	835,252	-
Effect of foreign currency exchange differences	(433,334)	-
Sales	-	(47,508,000)
	<b>17,274,846</b>	<b>14,981,893</b>

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

12

NOTES TO  
CONSOLIDATED  
FINANCIAL  
STATEMENTS

	FAIR VALUE	INDEPENDENT APPRAISAL
Benavente Shopping Centre (Portugal)	9,505,000	9,335,600
Warehouses in Albergaria-a-velha (Portugal)	1,477,300	1,423,700
Land in Aricesti (Romania)	1,891,036	6,670,000
Real estate project of Szczecin (Poland)	4,401,511	4,543,000
	17,274,847	21,972,300

The movement occurred in the caption 'Investment properties' refers to the reclassification of the land in Aricesti (Romania) from 'Inventories' to this caption, as a consequence of it has been rented. At the end of 2011, this land, as well as other investment properties, was submitted to an independent appraisal, realized by Accento, which attributes a market value of Euro 6.67 million, much higher than its cost of acquisition. However, given the existence of a process which is in progress in the Court, to claim the ownership of the land, Group decided to maintain the land's value unchanged, basing in a principle of prudence.

## 20. FINANCIAL ASSETS UNDER THE EQUITY METHOD

At 31 December 2011 and 2010, financial assets under the equity method are as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Prio Energy	9,568,760	6,495,894	6,495,894
Macquarie	1,504,455	1,247,886	-
Martifer – Hirschfeld Energy Systems LLC	1,445,591	9,702,662	-
SPEE 2 - Parque eólico de Vila Franca de Xira, SA	771,854	873,250	-
MS Participações Societárias, SA	718,373	-	-
Promoquatro - Investimentos Imobiliários, Lda	567,188	752,968	-
SPEE 3 - Parque eólico de Baião, SA	291,607	369,714	-
MTSK1	-	4,250,462	4,250,462
Home Energy	-	1,207,934	1,207,934
Repower Portugal - Sistemas Eólicos, SA	-	5,036,441	-
Others	-	83,914	-
	<b>14,867,827</b>	<b>30,021,125</b>	<b>11,954,290</b>

At 31 December 2011 and 2010, the movement occurred in this caption is as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Opening balance	30,021,125	90,469	90,469
Application of the equity method	(571,881)	(315,411)	1,260,726
Increase in share capital	399,567	-	-
Sales	(10,494,837)	(1,968)	(1,968)
Change in Consolidation method for joint arrangements	-	19,876,318	-
Changes resulting from the loss of control in subsidiaries			
MS Participações Societárias	1,372,159	-	-
Prio Energy	-	5,235,168	5,235,168
MTSK1	-	4,250,462	4,250,462
Home Energy	-	1,207,934	1,207,934
Impairment losses	(6,106,747)	-	-
Effect of foreign currency exchange differences	347,392	-	-
Other changes	(99,352)	(321,847)	(88,501)
<b>Closing balance</b>	<b>14,867,827</b>	<b>30,021,125</b>	<b>11,954,290</b>

At 31 December 2010, the group transferred the subsidiaries MTSK1 and Home Energy to 'Investments in associate companies', by the amount of their contribution to the Group consolidation. The basis for this transference was the sale and purchase agreements entered into with Origis and EDP, respectively, which imposes significant limitations to the management of these companies, by Martifer Group. The sale of Home Energy occurred on February 2011 and the sale of MTSK1 occurred in May 2011.

In addition, the change of this caption, is also justified by the change, in 2011, of the consolidation method applicable to the financial interests in joint arrangements, as mentioned in Note 1 above, as well as the sale of Repower Portugal, which occurred in the first quarter of 2011, and by the low performance of the joint arrangement Martifer – Hirschfeld Energy Systems LLC in the year, which resulted in a decrease of the value of financial investment.

## 21. AVAILABLE FOR SALE INVESTMENTS

At 31 December 2011 and 2010, available for sale investments are as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Non-current financial investment	1,739,039	20,000,000	20,030,000
Others	439,982	138,045	156,393
	2,179,021	20,138,045	20,186,393

At 31 December 2011 and 2010, the movement occurred in the caption 'Available for sale investments' is as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Opening balance	20,138,045	55,046,568	55,046,568
Additions	1,306	20,000,000	20,030,000
Sales	(20,000,000)	(55,011,600)	(55,011,600)
Changes in fair value	(2,047)	-	-
Other changes	2,041,717	103,077	121,425
	2,179,021	20,138,045	20,186,393

The decreases during 2011 are related with the end of a saving account that was blocked. In 2010, the decreases were due to the sold of the shares that the Group held of EDP – Energias de Portugal, S.A.. The available for sale investments do not have a determined maturity.

## 22. INVENTORIES

At 31 December 2011 and 2010, inventories are as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Raw-materials, subsidiaries and other consumables	14,492,572	19,984,102	22,479,990
Work in progress	6,279,712	6,446,845	7,590,210
Merchandise	7,959,678	19,050,534	23,395,603
Finished goods	2,420,934	2,901,464	2,901,464
	<b>31,152,897</b>	<b>48,382,946</b>	<b>56,367,267</b>

The main change in 'inventories' refers to the transfer of wind turbines acquired during 2010, in the 'RE Developer' segment, initially recorded in merchandize, to tangible fixed assets.

During the year ended at 31 December 2011, the Group recorded impairment losses in inventories by the amount of Euro 325,941, in 'Metallic Construction' segment, and recorded a reversal of impairment losses by the amount of Euro 595,730.

At 31 December 2011, the caption 'Work in progress' includes Euro 5,628,584, related, to real estate projects in progress developed by the Group under finance leases (within the Metallic Construction segment, more specifically in the real estate activity) and includes, among others, the following projects:

- Amarante Gran Plaza;
- Taveiro Gran Plaza.

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

## 23. OTHER FINANCIAL ASSETS

At 31 December 2011 and 2010, financial assets, other than those described in Notes 20 and 21 above, are the followings.

The detail of the caption 'trade and other receivables', for the periods ended at 31 December 2010 and 2011 is as follows:

	NON-CURRENT			CURRENT		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Cost:						
Trade receivables:						
Trade receivables	34,868,752	2,838,433	2,838,433	173,654,448	197,211,997	203,726,089
Notes receivables	-	-	-	17,453,139	14,268,562	14,268,562
Doubtful trade receivables	-	-	-	10,776,302	9,111,833	9,242,706
<b>Total 'trade receivables'</b>	<b>34,868,752</b>	<b>2,838,433</b>	<b>2,838,433</b>	<b>201,883,889</b>	<b>220,592,393</b>	<b>227,237,358</b>
Other receivables:						
Related companies	95,520,254	94,475,216	80,447,533	13,470,752	2,629,842	2,897,353
Advances to suppliers	89,247	5,702	5,702	9,540,641	15,034,350	15,180,108
Others	5,208,083	58,343	59,171	22,856,433	19,786,894	19,640,303
<b>Total 'other receivables'</b>	<b>100,817,584</b>	<b>94,539,260</b>	<b>80,512,405</b>	<b>45,867,826</b>	<b>37,451,087</b>	<b>37,717,764</b>
<b>TOTAL</b>	<b>135,686,336</b>	<b>97,377,693</b>	<b>83,350,838</b>	<b>247,751,715</b>	<b>258,043,479</b>	<b>264,955,122</b>

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

At 31 December 2011 and 2010, impairment losses in accounts receivables are as follows:

	NON-CURRENT			CURRENT		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Accumulated impairment losses:						
Doubtful trade receivables	-	-	-	10,776,302	8,225,604	8,352,871
Other receivables	111,036	178,641	178,641	2,801,698	3,323,120	3,323,120
	<b>111,036</b>	<b>178,641</b>	<b>178,641</b>	<b>13,578,000</b>	<b>11,548,724</b>	<b>11,675,990</b>
<b>Carrying amount - trade receivables</b>	<b>34,868,752</b>	<b>2,838,433</b>	<b>2,838,433</b>	<b>191,107,587</b>	<b>212,366,789</b>	<b>218,884,487</b>
<b>Carrying amount - other receivables</b>	<b>100,706,548</b>	<b>94,360,619</b>	<b>80,333,764</b>	<b>43,066,127</b>	<b>34,127,966</b>	<b>34,394,644</b>

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

	TRADE RECEIVABLES			OTHER RECEIVABLES		
	FY 2011	FY 2010 RESTATED	FY 2010	FY 2011	FY 2010 RESTATED	FY 2010
Opening balance	8,225,604	7,817,020	7,817,020	3,501,761	7,711,365	7,711,365
Change in consolidation method	-	(105,418)	-	-	(101,781)	-
Additions (notes 9 and 10)	4,443,067	2,004,780	2,026,647	1,634,617	1,763,630	1,763,630
Reductions (note 10)	887,565	1,488,216	1,488,216	957,901	77,772	77,772
Changes of consolidation perimeter, foreign currency exchange rate difference and transfers	(1,004,804)	(2,562)	(2,580)	(1,265,743)	(5,793,681)	(5,895,462)
	<b>10,776,302</b>	<b>8,225,604</b>	<b>8,352,871</b>	<b>2,912,734</b>	<b>3,501,761</b>	<b>3,501,761</b>

At 31 December 2011 and 2010, the ageing of accounts receivables, before accumulated impairment losses, is as follows:

YEAR 2010	TOTAL	NOT DUE	UNTIL 90 DAYS	PAST DUE		
				90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	206,564,523	97,119,149	65,141,561	19,730,978	7,238,076	17,334,758
Notes receivables	14,268,562	14,265,118	-	-	3,444	-
Doubtful trade receivables	9,242,706	1,888,188	188,224	238,527	422,631	6,505,136
Other receivables	118,230,169	112,344,534	212,416	105,231	5,291,367	276,620
	<b>348,305,960</b>	<b>225,616,990</b>	<b>65,542,202</b>	<b>20,074,736</b>	<b>12,955,518</b>	<b>24,116,514</b>

YEAR 2010 RESTATED	TOTAL	NOT DUE	UNTIL 90 DAYS	PAST DUE		
				90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade receivables	200,050,431	88,459,076	65,141,561	20,846,397	8,268,639	17,334,758
Notes receivables	14,268,562	14,265,118	-	-	3,444	-
Doubtful trade receivables	9,111,833	1,741,908	188,224	241,402	422,631	6,517,668
Other receivables	131,990,347	126,072,892	244,236	105,231	5,291,367	276,620
	<b>355,421,172</b>	<b>230,538,994</b>	<b>65,574,022</b>	<b>21,193,029</b>	<b>13,986,081</b>	<b>24,129,046</b>

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

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

At 31 December 2011, the accounts receivables recorded as 'Doubtful trade debtors' are all considered to be impaired.

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

The average collection period for the Group accounts receivables during 2011 was 199 days, being the main factor the current economic environment. Nevertheless this unfavourable environment, the Group is committed with the compliance of the Group's credit risk policy, namely in what concerns to the selection of debtors (in quality and amounts), as well as the effectiveness of the collections process.

The Board of Directors believes that the amount recorded in the caption 'Loans and accounts receivables' is very similar to its fair value.

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

At 31 December 2011 and 2010 the non-current balances with related companies refer mainly to supplementary capital granted which bear no interest and there is no reimbursement date.

At 31 December 2011 and 2010, the Group does not have any 'held-to-maturity' financial assets or 'financial assets at fair value through profit or loss'.

## 24. INCOME TAX AND CURRENT TAX ASSETS

At 31 December 2011 and 2010, current tax assets are as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
<b>Income tax</b>	<b>2,366,787</b>	<b>811,385</b>	<b>914,149</b>
Value added tax	17,661,598	17,078,561	17,719,888
Tax in other countries	1,549,516	1,675,400	1,675,502
Other taxes	459,723	467,643	469,973
<b>Current tax assets</b>	<b>19,670,837</b>	<b>19,221,604</b>	<b>19,865,363</b>

## 25. OTHER CURRENT ASSETS

At 31 December 2011 and 2010, the breakdown of the caption 'Other current assets' is as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
<b>Accrued income</b>			
Production not invoiced (construction contracts)	119,390,752	158,844,792	158,844,792
Interest to be received	164,393	267,110	215,323
Other accrued income	4,139,138	1,929,413	1,940,445
	<b>123,694,283</b>	<b>161,041,315</b>	<b>161,000,560</b>
<b>Prepayments</b>			
Insurances	1,573,546	732,670	791,921
Financial expenses	285,218	-	-
Rents	1,068,010	1,679,377	1,679,377
Other prepayments	1,497,242	1,887,010	1,915,685
	<b>4,424,016</b>	<b>4,299,057</b>	<b>4,386,983</b>
	<b>128,118,298</b>	<b>165,340,373</b>	<b>165,387,543</b>

The change in the caption "Accrued income – Production not invoiced" relates mainly to a decrease in volume activity of 'Metallic Construction' segment.

At 31 December 2011, the caption 'Other prepayments' includes, essentially, the prepayments related to specialized works, that will be rendered/performed during 2012.

At 31 December 2011 and 2010, information regarding construction contracts in progress is as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
<b>Total costs incurred with construction contracts in progress:</b>			
- Metallic Construction	964,365,580	806,189,486	806,854,563
- Solar	185,842,143	207,006,492	207,006,492
<b>Costs incurred with construction contracts in progress in the year:</b>			
- Metallic Construction	233,609,628	383,504,039	383,868,132
- Solar	143,048,361	116,723,694	116,723,694
<b>Total revenue incurred with construction contracts in progress:</b>			
- Metallic Construction	973,965,515	864,080,337	864,833,704
- Solar	200,868,003	239,664,986	239,664,986
<b>Revenue incurred with construction contracts in progress in the year:</b>			
- Metallic Construction	287,385,231	350,226,860	350,658,685
- Solar	146,080,528	141,436,412	141,436,412
<b>Advanced payments received from customers of construction contracts in progress:</b>			
- Metallic Construction	3,958,021	489,218	489,218
<b>Retentions performed by customers in construction contracts in progress:</b>			
- Metallic Construction	12,777,593	4,454,688	4,454,688
- Solar	34,587	-	-
<b>Guarantees provided to customers in relation to construction contracts in progress:</b>			
- Metallic Construction	65,463,618	69,338,307	78,163,784
- Solar	5,875,767	5,779,855	5,779,855
<b>Accrued income and accounts receivables related with construction contracts in progress:</b>			
- Metallic Construction	73,610,088	108,845,764	108,845,764
- Solar	45,780,664	49,999,028	49,999,028
<b>Total of Production not invoiced (construction contracts)</b>	<b>119,390,752</b>	<b>158,844,792</b>	<b>158,844,792</b>
<b>Deferred income and accounts payable related with construction contracts in progress:</b>			
- Metallic Construction	18,656,413	14,061,818	14,872,828
- Solar	2,768,133	511,417	511,417
<b>Total of Production invoiced and not yet performed (construction contracts) – Note 34</b>	<b>21,424,546</b>	<b>14,573,235</b>	<b>15,384,245</b>

The guarantees provided to customers, disclosed in Note 36, include both construction contracts in progress and finished construction contracts. The average period of the guarantees is five years.

At 31 December 2011 and 2010, the Group's main construction contracts in progress that justify the outstanding balance of the caption 'Production not invoiced - construction contracts' are as follows:

	FY 2011	FY 2010
AVALADES 14MW Solar Park (Martifer Solar)	13,280,696	-
Scotland's National Arena (Martifer Construções)	7,498,486	-
LÛE - 2,846MWp Solar Park (Martifer Solar França)	4,947,157	-
FERREIRAS - 6 MW Solar Park (Martifer Solar)	4,944,888	-
Ulla Bridge (Martifer Construções)	4,600,640	4,699,931
Edinburgh International Conference Centre (Martifer Construções)	4,171,913	-
Sisk - Poland Bridges (Martifer Construções)	3,320,986	-
Conversion of Sines Refinery-Fase 2 (Martifer Construções)	3,070,156	-
Alstom - Mannheim 9 (Martifer Construções)	2,969,196	6,919,056
Kanhangulo (Martifer Angola)	2,939,689	-
Building Marine Baía - Luanda (Martifer Construções)	2,911,667	-
Hertz Corporation (AEM)	2,354,336	-
Stadium Arena Fonte Nova (Martifer Construções)	2,226,487	-
Renault Tangier Mediterranee Plant (Martifer Construções)	-	21,422,891
Extraction Plant (Martifer Constructii e Martifer Energia Roménia)	-	14,540,599
Borox Solar Park (Martifer Solar)	-	9,889,830
Repsol YPF Head Quarters (Martifer Construções)	-	5,601,144
Fideco Ambiente Solar Park (Martifer Solar Itália)	-	3,452,565
Transtejo Ferry (Navalria)	-	2,780,787
Monreale Solar Park (Martifer Solar Itália)	-	2,457,785
Riablades Plant (Martifer Energia)	-	2,331,721
Fideco Ambiente II Solar Park (Martifer Solar Itália)	-	1,697,298
Pozzo D'Adda Solar Park (Martifer Solar Itália)	-	1,579,198
Artenius Mega PTA (Martifer)	-	1,384,430

## 26. CASH AND CASH EQUIVALENTS

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

	FY 2011	FY 2010 RESTATE	FY 2010
Cash and cash equivalents:			
Bank deposits	77,679,280	72,297,121	74,250,903
Cash	207,203	396,232	396,359
Investments in money market instruments	-	2,019,169	2,019,169
	<b>77,886,483</b>	<b>74,712,521</b>	<b>76,666,431</b>

'Cash and cash equivalents' includes cash on hand and in banks, maturing in no less than 3 months, which are subject to insignificant risk of change in value. At 31 December 2011 and 2010, no restrictions exist to the usage of the amounts recorded in the caption 'Cash and cash equivalents'.

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

### SHARE CAPITAL

Martifer SGPS, SA share capital, fully subscribed and paid at 31 December 2011, amounts to Euro 50,000,000 and it is represented by 100,000,000 bearer shares with a nominal value of 50 cents each. All shares have the same rights, including one vote per share. During 2011 and 2010, no movements occurred in the number of shares of the Group.

During 2011, Martifer SGPS, S.A. acquired on stock exchange 1,187,410 treasury shares (2010: 560,241 treasury shares were acquired). After these acquisitions, the Group held 1,747,651 treasury shares, corresponding to 1.75 % of its capital.

At 31 December 2011, the share capital of Martifer SGPS, S.A. was held in 42.64 % by I'M SGPS, S.A., in 37.5 % by Mota-Engil SGPS, S.A and 1.75% are treasury shares. The remaining 18.11 % represents free-float listed in Euronext Lisbon.

### STOCK OPTIONS

There is one stock options plan attributed to some employees of the Group, as approved by the General Shareholders' Meeting, applicable to some employees with the aim of motivating the value creation. The stock options attributed will automatically expire, whenever the employee is no longer working in any of the Group companies.

All active plans in force at 31 December 2011 will be settled with shares of the company.

The movements in the stock options plan are as follows:

	MOVEMENTS IN THE STOCK OP- TIONS	AVERAGE EXERCISE PRICE PER SHARE
Opening balance at 1 January 2011	339,857	3.84
Exercised options	-	
Granted options	-	
Expired options	(84,964)	3.84
<b>Closing balance at 31 December 2011</b>	<b>254,893</b>	<b>3.84</b>

Stock options outstanding at the end of the year have the following expiry date and exercise price:

	EXERCISE PRICE	OPTIONS
2012	3.84	84,964
2013	3.84	169,929
		<b>254,893</b>

The cost of Euro 46,543 has been charged in 'Staff costs' in the income statement.

### RESERVES

#### Share premium

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

**Legal reserve**

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

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

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

Tangible assets revaluation reserve cannot be distributed to shareholders, except if it is fully depreciated or if the assets subject to revaluation have been sold.

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

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

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

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

**Foreign currency translation reserves**

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

**Stock options reserves**

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

In accordance with the Portuguese legislation, the distributable reserves amount is determined taking into consideration the individual financial statements of Martifer SGPS, S.A. which have been prepared in accordance with IFRS. Therefore, Martifer SGPS, S.A. distributable reserves amount to Euro 20,217,077 related to the retaining earnings. However, they are necessary to balance with the negative net profit.

**NON-CONTROLLING INTERESTS**

Movements in the non-controlling interests are as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Opening balance	31,876,822	50,957,635	50,957,635
Net profit of the year	2,070,878	2,509,792	2,509,792
Other changes in equity of subsidiaries	315,090	4,988,873	4,100,230
Increase in the share capital of subsidiaries	-	8,750,000	8,750,000
Changes in the consolidation perimeter	(2,181,640)	(27,989,408)	(27,989,408)
Transactions with non-controlling interests	(231,934)	(7,685,704)	(7,685,704)
Other	(65,593)	345,634	345,634
	<b>31,783,623</b>	<b>31,876,822</b>	<b>30,988,178</b>

The 'Changes in the consolidation perimeter' refers mainly to the selling of the companies of Martifer Renewables in the USA (Euro 1.8 million), Home Energy, Martinox Angola and Martifer II Inox and to the acquisition of 15% of shares Gebox and 8 % of Martifer Aluminios Angola. In 2010 the amount was related to Prio (currently Prio Energy and Nutre).

The 'transactions with non-controlling interests' relate to the acquisition of 12 % of shares in the subsidiary Eviva Gizalki Sp. Zo.o, increasing our stake to 72 % of that company, and to the acquisition of 10 % shares

in the subsidiary Park Logistyczny Biskupice Sp. Z.o.o, increasing our stake to 100 % of that company, to the acquisition of 8 % of shares in the subsidiary Martifer Aluminios Angola, increasing our stake to 100 % of that company, and to the sale of 25 % of shares in Eviva MEPE, decreasing our stake to 75 % of that company. As they were acquisitions of further equity interest from non-controlling interests, no Goodwill and no gains or losses were recognized.

At 31 December 2011 and 2010, information regarding non-controlling interests is as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Martifer Solar, SA	15,614,942	14,773,729	14,773,729
Martifer Renováveis – Geração de Energia e Participações	2,974,849	4,012,979	4,012,979
Martifer Solar Itália	2,375,789	1,895,431	1,895,431
Rosa dos Ventos	2,110,961	1,668,708	1,668,708
Martifer Solar França	748,232	(113,720)	(113,720)
Martifer Construções Angola	697,033	739,908	739,908
M Prime	649,536	179,232	179,232
Martifer Solar Belgica	642,320	161,054	161,054
AEM	633,812	196,034	196,034
Martifer Solar Sistemas Solares	508,503	(612,190)	(612,190)
Solarparks	43,347	1,122,843	1,122,843
Martifer Inox	-	935,096	935,096
Other	4,784,299	6,917,718	6,029,074
	<b>31,783,623</b>	<b>31,876,822</b>	<b>30,988,178</b>

**28. BORROWINGS**

At 31 December 2011 and 2010, borrowings can be analysed as follows:

31 DECEMBER 2010	UNTIL 1 YEAR	BETWEEN 1 AND 3 YEARS	BETWEEN 3 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Financial institutions borrowings:					
Bank loans	25,303,626	38,320,395	58,019,128	14,072,851	135,716,000
Bank overdrafts	30,239,050	-	-	-	30,239,050
Authorized overdrafts	94,660,204	-	-	-	94,660,204
Other borrowings:					
Commercial paper	60,500,000	14,250,000	22,500,000	-	97,250,000
Other borrowings	1,951,639	826,944	2,381,024	17,072,695	22,232,303
	<b>212,654,519</b>	<b>53,397,339</b>	<b>82,900,152</b>	<b>31,145,546</b>	<b>380,097,556</b>

31 DECEMBER 2010 RESTATED	UNTIL 1 YEAR	BETWEEN 1 AND 3 YEARS	BETWEEN 3 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Financial institutions borrowings:					
Bank loans	24,649,441	37,012,025	57,203,312	14,072,851	132,937,628
Bank overdrafts	30,239,050	-	-	-	30,239,050
Authorized overdrafts	92,437,704	-	-	-	92,437,704
Other borrowings:					
Commercial paper	60,500,000	14,250,000	22,500,000	-	97,250,000
Other borrowings	1,858,696	826,944	2,381,024	15,120,646	20,187,310
	<b>209,684,891</b>	<b>52,088,969</b>	<b>82,084,336</b>	<b>29,193,496</b>	<b>373,051,692</b>

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

At 31 December 2011, the Group's net debt amounts Euro 330,351,617. We call your attention to the fact that the net debt calculation, includes, besides the borrowings mentioned above, the 'finance leases', 'derivatives' and 'cash and cash equivalents'.

In relation to the structure of the debt of the Group, the Board of Directors believes that, during 2012, the borrowings necessary to the financing of working capital will be renegotiated, an amount of approximately Euro 120 million, and it is expectable that the liquidation of the remaining short term borrowings be realized with the sale of assets, as the sale of wind farms in Romania and the remaining licences of solar parks in Portugal.

#### OTHER BORROWINGS

The change in 2011, in the caption 'other borrowings' with maturity beyond 5 years, comparing with 2010, refers to the transfer to finance lease of pre-financial contracts related with Benavente Shopping Centre, by the amount of Euro 6.4 million, and with the plant of Gebox, amounting Euro 3.9 million, as a consequence of the end of its construction, and also to the sale of Gargano Solar, which doesn't belong to the perimeter at 31 December 2011, and whose borrowings amounted Euro 4 million.

At 31 December 2011 the caption 'Other borrowings' includes approximately Euro 4 million of obligations under finance leases (related to the financing of the real-estate projects recorded as 'Advances for the purchase of inventories' – Note 22) which, in case of sale of the referred projects, will be settled at that moment and not in accordance with the established reimbursement plan. The reimbursement of these loans is predicted to occur after 2011.

The caption 'Other borrowings' includes also the loans obtained from two Portuguese governmental agencies (Agência Portuguesa para o Investimento (API) and from Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento (IAPMEI)) as a support for the investment performed by the Group, amounting Euro 5.6 million. Except for API's borrowing to Martifer Construções, which has a grace period of 4 semesters and bears interest at the 6 months Euribor plus a 0.95% spread, the other API and IAPMEI borrowings bear no interest.

At 31 December 2011 and 2010, the outstanding borrowings are denominated in the following currencies:

FY 2010	FINANCIAL INSTITUTIONS BORROWINGS	OTHER BORROWINGS	TOTAL
Euro	219,699,645	119,482,303	339,181,948
Brazilian Real	20,657,939	-	20,657,939
Zlotys	8,947,285	-	8,947,285
US dollar	5,030,251	-	5,030,251
New Leu	4,506,567	-	4,506,567
Australian dollar	1,773,566	-	1,773,566
	<b>260,615,253</b>	<b>119,482,303</b>	<b>380,097,556</b>

FY 2010 RESTATED	FINANCIAL INSTITUTIONS BORROWINGS	OTHER BORROWINGS	TOTAL
Euro	214,806,988	117,437,311	332,244,299
Brazilian Real	20,657,939	-	20,657,939
Zlotys	8,854,942	-	8,854,942
US dollar	5,014,379	-	5,014,379
New Leu	4,506,567	-	4,506,567
Australian dollar	1,773,566	-	1,773,566
	<b>255,614,381</b>	<b>117,437,311</b>	<b>373,051,692</b>

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

The average interest rates on borrowings are as follows:

FY 2010	AVERAGE RATES	RANGE OF INTEREST RATES (%)
Financial institutions borrowings:		
Bank loans	4.89%	[ 3.29% to 10.00% ]
Bank overdrafts	5.31%	2.33% to 7.55% ]
Authorized overdrafts	4.04%	[ 1.23% to 14.00% ]
Other borrowings:		
Commercial paper	3.13%	[ 2.10% to 5.64% ]
Other borrowings	2.76%	[ 1.89% to 4.89% ]

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

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

COUNTRY	INDEX	SPREAD
Australia	BBSY	[ 2.00 to 5.73 ]
Brazil	CDI	[ 9.00 to 9.00 ]
Spain	Euribor	[ 0.30 to 6.00 ]
Italy	Euribor	[ 3.91 to 3.91 ]
Portugal	Euribor	[ 0.38 to 5.85 ]
Poland	Wibor	[ 2.00 to 2.80 ]
Romania	Euribor	[ 2.00 to 4.50 ]
USA	Libor	[ 0.36 to 3.25 ]

At 31 December 2011, the major bank borrowings of the Group are as follows:

	CONTRACT CURRENCY	VALUE (EUROS)	CONTRACT DATE	PERIOD	GRACE PERIOD OF CAPITAL	INSTALMENT PAYMENTS	FIRST INSTALMENT AMOUNT	LAST INSTALMENT AMOUNT
Martifer SGPS	EUR	26,250,000	Aug/10	5 Years	1 Year	Quarterly	1,640,625	1,640,625
Martifer Construções SA	EUR	2,150,000	May/11	5 Years	4 Months	Monthly	32,673	44,253
Martifer Construções SA	EUR	1,000,000	May/10	4 Years	1 half annually	Quarterly	71,429	71,429
Martifer Aluminios SA	EUR	1,500,000	May/11	5 Years	4 Months	Monthly	22,795	20,853
Martifer Metallic Construction SGPS	EUR	20,000,000	Sept/10	5 Years	1 Year	Quarterly	1,250,000	1,250,000
Gebox SA	EUR	6,500,000	Feb/08	7 Years	2 Years	Quarterly	325,000	325,000
Martifer Construções SA	EUR	5,250,000	Nov/05	7 Years	2 Years	Quarterly	262,500	262,500
Martifer Energy Systems SGPS	EUR	5,250,000	Sept/10	5 Years	-	Quarterly	76,924	99,568
Martifer Solar	EUR	18,500,000	Oct/08	7 Years	2 Years	Quarterly	792,986	792,986
Martifer Renewables Investments ETVE, S.L.	EUR	11,500,000	Dec/11	4 Years	-	Quarterly	718,750	718,750
Martifer Renewables Investments ETVE, S.L.	EUR	10,400,000	Feb/09	3 Years	3 Years	Half annually	5,400,000	5,000,000
Martifer Constructii Srl	RON	1,354,219	Aug/08	6 Years	-	Quarterly	64,487	64,487
Martifer Constructii Srl	RON	4,103,694	Aug/08	6 Years	-	Quarterly	195,414	195,414
Eviva Nalbant	RON	19,050,000	Apr/11	7 Years	0.5 Years	Half annually	1,360,714	1,360,714
Martifer Aluminium Pty Ltd	AUD	1,689,853	Aug/09	3 Years	-	Quarterly	117,897	471,587

At 31 December 2011, the major Project Finances obtained by the Group are as follows:

	CONTRACT CURRENCY	VALUE (EUROS)	CONTRACT DATE	PERIOD	GRACE PERIOD OF CAPITAL	INSTALMENT PAYMENTS	FIRST INSTALMENT AMOUNT	LAST INSTALMENT AMOUNT
Rosa dos Ventos Geração e Comercialização de Energia S.A.	BRL	13,453,629	June/08	20 Years	1 Year	Monthly	39,359	86,343

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

At 31 December 2011, the major commercial paper programmes that possibly will be renewed are as follows:

	MAXIMUM AMOUNT (EUROS)	CONTRACT DATE	PERIOD	AMOUNT USED
Martifer SGPS	50,000,000	Sept/08	5 Years	50,000,000
Martifer SGPS	14,250,000	Nov/10	3 Years	14,250,000
Martifer SGPS	15,000,000	May/10	5 Years	15,000,000
Martifer SGPS	5,000,000	Sept/10	5 Years	5,000,000
MMC SGPS	5,100,000	Mar/12	5 Years	5,100,000
MMC SGPS	7,500,000	Apr/10	5 Years	7,500,000
	<b>96,850,000</b>			<b>96,850,000</b>

For some of the borrowings above, and in accordance with the interest rate risk management policy, the Group contracted several derivatives instruments, which are described in Note 35, to convert the variable rates in force into fixed rates.

At 31 December 2011, the Group interest rate sensitivity analysis can be summarized as follows:

	ESTIMATED IMPACT 2011
Change in financial results due to a 1 p.p. alteration of the interest rate applied to the entire debt	4,077,606
Fixed-rate hedging	366,406
Interest rate derivatives instruments hedging	290,378
Sensitivity of financial results due to interest rate changes	3,420,822

The interest rate risk management policy aims to reduce the Group's exposure to variable interest rates using interest rate swaps. During 2011 and as a consequence of the evolution of interest rates in financial markets, this policy ended in the loss expressed in the table below:

COMPANY	HEDGE INSTRUMENT	NET INTEREST	BORROWING INTEREST	GAINS/(LOSSES) FROM THE HEDGE INSTRUMENT
Martifer SGPS	Interest Rate SWAP	914,566	842,720	(71,846)
Martifer - Construções Metalomecânicas SA	Interest Rate SWAP	272,729	186,818	(85,911)
Martifer Solar	Interest Rate SWAP	470,464	321,348	(149,116)
				<b>(306,874)</b>

## 29. OBLIGATIONS UNDER FINANCIAL LEASES

At 31 December 2011, the major finance leases contracts are as follows:

ASSET DESCRIPTION	PERIOD	CONTRACT AMOUNT	PURCHASE PERIOD	PURCHASE OPTION AMOUNT	GUARANTEES
Martifer Energia head-office	72 months	8,850,000	End of contract	177,000	Blank promissory note
Martifer equipments	72 months	6,000,000	End of contract	120,000	Blank promissory note
Metallic structure	72 months	5,185,415	End of contract	103,708	Blank promissory note
Various pieces of equipments	84 months	5,090,531	Before end of contract	101,811	Blank promissory note
Benavente shopping center	96 months	6,366,458	End of contract	124,911	Blank promissory note
Land and building (Gebbox)	180 months	3,901,356	End of contract	78,027	Blank promissory note
Various pieces of equipments (stripping camera, cutting table, Calandra)	48 months	2,192,058	End of contract	43,841	Blank promissory note
Equipment for the line of production (Pvglass)	60 months	1,850,000	Before end of contract	37,000	Blank promissory note

At 31 December 2011 and 2010, obligations under finance leases contracts are as follows:

	MINIMUM LEASE PAYMENTS			PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
	FY 2011	FY 2010 RE-STATED	FY 2010	FY 2011	FY 2010 RE-STATED	FY 2010
No later than 1 year	8,209,916	9,156,654	9,601,096	7,209,061	6,747,569	8,573,620
Later than 1 year and not later than 5 years	14,660,321	24,141,653	25,390,154	12,695,446	15,692,885	23,538,086
Later than 5 years	6,027,402	7,860,637	8,498,578	5,206,560	94,020	7,860,319
	28,897,639	41,158,944	43,489,828	25,111,067	22,534,475	39,972,025
Future finance charges	(3,786,572)	(18,624,469)	(3,517,803)			
Present value of minimum lease payments	25,111,067	22,534,475	39,972,025	25,111,067	22,534,475	39,972,025
Included in the financial statements as:						
Current borrowings				7,209,061	6,747,569	8,573,620
Non-current borrowings				17,902,006	15,786,906	31,398,405
				25,111,067	22,534,475	39,972,025

Additionally, at 31 December 2011 and 2010, rentals associated with operational leases contracts were as follows:

	FY 2011	FY 2010
No later than 1 year	869,575	441,153
Later than 1 year and not later than 5 years	925,883	606,221
Later than 5 years	-	-
	<b>1,795,458</b>	<b>1,047,374</b>

At 31 December 2011 and 2010, the caption 'External supplies and services' amounted to Euro 1,390,195 and Euro 954,636, respectively, related with operational leases rentals.

### 30. TRADE PAYABLES AND OTHER PAYABLES

At 31 December 2011 and 2010, trade payables and other payables can be analysed as follows:

	NON-CURRENT			CURRENT		
	FY 2011	FY 2010 RE- STATED	FY 2010	FY 2011	FY 2010 RE- STATED	FY 2010
<b>Trade payables</b>	<b>10,747,650</b>	<b>4,392</b>	<b>33,442</b>	<b>202,293,996</b>	<b>193,279,249</b>	<b>197,532,331</b>
<b>Other payables:</b>						
Fixed assets suppliers	-	-	-	965,889	1,873,641	1,913,028
Related companies and other shareholders	6,457,200	5,189,011	10,930,665	2,070,540	13,696,494	7,199,520
Advanced payments received from customers	-	-	-	14,171,560	32,145,416	32,062,114
Other creditors	253,774	556,804	556,804	21,073,731	21,982,919	22,446,502
<b>Total</b>	<b>6,710,974</b>	<b>5,745,815</b>	<b>11,487,469</b>	<b>38,281,720</b>	<b>69,698,469</b>	<b>63,621,164</b>

The balance of non-current 'Trade payables' is related, mainly, with retentions in works performed by external parties, which will be released after the period of guarantee.

At 31 December 2011 and 2010, this caption includes accounts payable to suppliers as a result of the Group's operating activity, as well as from tangible and intangible assets acquisitions. The Board of Directors believes that the carrying amount of these balances is very similar to its fair value and the effect of the financial discount of those amounts is not material.

At 31 December 2011 and 2010, the ageing of accounts payable in captions 'Trade payables' and 'Other payables' is as follows:

FY 2010	PAST DUE					
	TOTAL	NOT DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	197,565,772	147,739,456	26,744,034	11,418,460	2,173,339	9,490,484
Other payables	75,108,633	33,505,528	33,827,875	6,023,530	1,045,485	706,215
	<b>272,674,405</b>	<b>181,244,984</b>	<b>60,571,908</b>	<b>17,441,990</b>	<b>3,218,824</b>	<b>10,196,699</b>

FY 2010 RESTATED	PAST DUE					
	TOTAL	NOT DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	193,283,641	145,168,346	25,565,773	11,062,451	1,996,587	9,490,484
Other payables	75,444,284	34,067,660	33,734,310	5,982,622	953,478	706,215
	<b>268,727,925</b>	<b>179,236,006</b>	<b>59,300,083</b>	<b>17,045,073</b>	<b>2,950,064</b>	<b>10,196,699</b>

FY 2011	PAST DUE					
	TOTAL	NOT DUE	UNTIL 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Trade payables	213,041,646	76,002,807	82,379,778	37,725,114	11,598,645	5,335,301
Other payables	44,992,694	27,759,270	5,603,367	1,858,745	1,206,508	8,564,804
	<b>258,034,340</b>	<b>103,762,077</b>	<b>87,983,145</b>	<b>39,583,860</b>	<b>12,805,153</b>	<b>13,900,105</b>

The average payment period of the Group has increased to 158 days.

At 31 December 2011 and 2010, the non-current balances due to related companies and other shareholders refer to loans obtained from companies consolidated by the proportionate method, which bear interest at Euribor 3M increased by a 4% spread.

Besides the financial liabilities disclosed above and in Notes 28 and 29, the Group does not have any other financial liabilities.

### 31. PROVISIONS

The information related with 'Provisions' as of 31 December 2011 and 2010 can be detailed as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
Quality guarantees	3,166,533	5,390,108	5,390,108
Legal claims in progress	225,203	322,556	322,556
Provisions arising from the use of the equity method	3,880,288	4,298,074	505,388
Onerous contracts	-	1,393,000	1,393,000
Others	6,111,741	8,921,504	8,977,285
	<b>13,383,765</b>	<b>20,325,242</b>	<b>16,588,337</b>

The change in the Provisions, compared with 2010, is as follows:

	OPENING BAL- ANCE	ADDITIONS NOTE 10	REDUCTIONS NOTE 10	APPLICATIONS	CHANGE OF CONSOLIDATION PERIMETER, EXCHANGE RATE DIFFERENCES, TRANSFERS	CLOSING BAL- ANCE
Quality guarantees	5,390,108	515,317	(918,048)	-	(1,820,843)	3,166,534
Legal claims in progress	322,556	-	-	-	(97,352)	225,204
Provisions arising from the use of the equity method	4,298,074	1,177,299	-	-	(1,595,085)	3,880,288
Onerous contracts	1,393,000	-	-	(1,393,000)	-	-
Others	8,921,504	3,731,755	(1,471,988)	(8,013,124)	2,943,592	6,111,739
	<b>20,325,242</b>	<b>5,424,371</b>	<b>(2,390,036)</b>	<b>(9,406,124)</b>	<b>(569,688)</b>	<b>13,383,765</b>

Quality guarantee provisions were recorded to meet potential quality problems resulting from the Group operating activities. In average quality guarantees have a 5 year life period. The provisions are recorded by a percentage of the construction value, which varies between 0.05 % and 0.5 %, depending on the business segment and company.

During the year, the Group reduced the quality guarantee provisions by the amount of Euro 918,048, associated to end of the period of guarantee of the projects.

The increase in 'other provisions' is due, mainly to the record of provisions to legal claims, by the amount of Euro 1 million, associated to corrections of income tax of previous years, in 'RE Developer' segment, and to the record of a provision of Euro 1.5 million in solar parks in Spain, in the same business segment.

The application of the provision in 'Others' caption, is mostly related to the amount of loss that RE Developer segment, recorded during the first quarter of 2011, with the abandon of the United States market, that had been provisioned during 2010.

The group did not record provisions for the decommissioning of the wind and solar parks, since it does not currently have any legal or contractual obligation to decommission those assets.

Taking into consideration the uncertainties surrounding these provisions as well as their nature, the Group did not perform the financial discount of those amounts.

## 32. CONTINGENT LIABILITIES

At 31 December 2011, the contingent liabilities are as follows:

**a)** On 29 October 2009, Martifer Polska, in consortium with 'Ocekon Engineering s.r.o.' (Slovakia), concluded with Energomontaz – Południe S.A. an agreement for the works, whose object was to make the fabrication, execution, delivery and installation of steel roof of the Baltic Arena Stadium in Gdańsk (Poland), in the amount of approximately Euro 11.3 million. On the 2nd of September 2010, Martifer received, from Energomontaz – Południe S.A., a notice of immediate termination of the agreement without notice. As the main reason for the termination was alleged delays in execution, which in the opinion of the Martifer is totally unfounded, and ultimately ineffective. Despite attempts at amicable settlement of the matter, Martifer has been forced to submit to the court a motion. On 17th of December, 2010, an official lawsuit has been delivered to the Court in Katowice, against Energomontaz. The amount of lawsuit is approximately Euro 12.6 million, which includes interests, cost of capital involved and full damage caused to Martifer by lack of cooperation. On 18 January 2012, the Energomontaz - Południe SA started a legal claim against Martifer, involving Euro 5.8 million.

Additionally, the same company moved a legal claim against Budimex Dromex SA, claiming the payment of Euro 1.3 million, in which it was recognized, in previous years, an impairment loss by this value. At the same time, Budimex Dromex SA is claiming penalties amounting Euro 3.9 million, value refused by the company.

**b)** Eviva Energy SRL (Romania) requested the Value Added Tax reimbursement, amounting to Euro 3.53 million, which was refused by the Romanian Tax Authorities and is currently in the process of contestation of the decision in order to recover the full VAT amount.

The Group's expectation is that there will not incur in losses from these processes, so no provision was recorded for that purpose.

## 33. INCOME TAX AND CURRENT TAX LIABILITIES

At 31 December 2011 and 2010, 'Income Tax' and 'Current tax liabilities' are made up as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
<b>Income Tax</b>	<b>5,051,259</b>	<b>3,944,070</b>	<b>4,201,347</b>
Value added tax	19,445,055	11,525,548	11,582,094
Social security contributions	1,814,090	1,530,330	1,530,330
Personnel income tax withheld	1,650,474	1,344,696	1,420,385
Other taxes	322,960	662,685	662,971
Tax in other countries	-	76,654	2,481,467
<b>Current tax liabilities</b>	<b>23,232,579</b>	<b>15,139,914</b>	<b>17,677,247</b>

## 34. OTHER CURRENT LIABILITIES

At 31 December 2011 and 2010, other current liabilities are made up as follows:

	FY 2011	FY 2010 RESTATED	FY 2010
<b>Accrued expenses</b>			
Holiday pay and bonuses	6,747,389	6,276,423	6,177,510
Interest borne but not yet overdue	2,235,754	1,336,110	1,683,749
Production performed by third parties not yet invoiced	1,520,772	11,441,138	11,441,138
Other accrued expenses	4,472,736	5,272,475	6,254,874
	<b>14,976,651</b>	<b>24,326,146</b>	<b>25,557,271</b>
<b>Deferred income</b>			
Production invoiced and not yet performed (related to construction contracts) (note 25)	21,424,546	14,573,235	15,384,245
Subsidies / Government grants (note 38)	1,279,308	1,086,656	1,725,855
Other deferred income	789,805	916,109	1,217,196
	<b>23,493,659</b>	<b>16,576,001</b>	<b>18,327,297</b>
	<b>38,470,309</b>	<b>40,902,147</b>	<b>43,884,568</b>

The increase in the caption 'Production invoiced and not yet performed (related to construction contracts)' reflects essentially the advance billing of Martifer Construções Brazil, carried out on behalf of the new projects are started.

At 31 December 2011 and 2010, the Group's main construction contracts in progress that justify the outstanding balance of the caption 'Production invoiced and not yet performed (related to construction contracts)' are as follows:

	FY 2011	FY 2010
Fonte Nova Stadium (Martifer Construções Brazil)	5,539,753	-
Castelão Stadium (Martifer Construções Brazil)	1,592,759	-
Parque Fotovoltaico de Inti (Reunion) - 3,485MWp (Martifer Solar França)	1,498,293	-
Birmingham New Street (Martifer Aluminios UK)	1,219,373	-
"Financial City" (Martifer Construções Angola)	1,148,939	-
Cement Plan Belgium (Martifer Construções)	-	1,831,548
Barão de S. João Wind Farm (Repower)	-	1,343,523
Douro Spirit (Navalria)	-	1,339,613
Mingorubio Wind Farm (Repower)	-	443,171

## 35. DERIVATIVES

The Group uses derivatives to manage its exposure to interest rate risk in order to reduce the Group's exposure to variable interest rates using interest rate swaps. At 31 December 2011 and 2010, the following derivative contracts were in force:

31 December 2010

DERIVATIVE	COMPANY	COUNTERPART	NOCIONAL	TYPE	EXPIRY DATE	FAIR VALUE
Interest Rate Swap	Martifer Construções Metalomecânicas, SA	Banco Espírito Santo	100,000	Pays fixed rate [3.45%] and receives Euribor 3M	21/mar/11	(606)
Interest Rate Swap	Martifer Construções Metalomecânicas, SA *	Banco Espírito Santo	2,100,000	Pays fixed rate [4.390%] + Sell Cap [Fixed rate 4.650%] and receives Euribor 3 M	16/nov/12	(132,064)
Interest Rate Swap	Martifer Solar SA	Santander Totta	18,500,000	Pays fixed rate [2.24%] and receives Euribor 3M	21/oct/15	(250,479)
Interest Rate Swap	Vale Grande Wind Farm **	Banco Espírito Santo	5,040,000	Pays fixed rate [2.19%] and receives Euribor 6M	30/jun/15	9,297
						<b>(373,852)</b>

\* Formerly named Martifer Energia - Equipamentos para Energia SA

\*\* With the change in the consolidation method of joint arrangements, Vale Grande wind farm began to be consolidated by the equity method.

31 December 2011

DERIVATIVE	COMPANY	COUNTERPART	NOCIONAL	TYPE	EXPIRY DATE	FAIR VALUE
Interest Rate Swap	Martifer Construções Metalomecânicas, SA	Banco Espírito Santo	1,050,000	Pays fixed Rate 4.39% + Sell Cap 4,65% and receives Euribor 3M	16/nov/12	(18,705)
Interest Rate Swap	Martifer Construções Metalomecânicas, SA	Millennium BCP	1,050,000	Pays fixed Rate 3.58% and receives Euribor 3M	16/nov/12	(15,725)
Interest Rate Swap	Martifer, SGPS, SA	Barclays	14,250,000	Pays fixed Rate 1.91% and receives Euribor 6M	22/nov/13	(111,324)
Interest Rate Swap	Martifer Solar, SA	Santander Totta	14,800,000	Pays fixed rate of 2,24% and receives Euribor 3M	21/oct/15	(331,711)
						<b>(477,465)</b>

The fair value of the derivative contracts above has been valued by the counterparties and as these derivatives qualify as cash flow hedges, the fair value has been recorded against an entry in the equity caption 'Fair value reserves – Derivatives' and in 'Derivatives' in Liabilities.

Fair value valuation of the derivatives hired by the Group (essentially interest rate swaps) was performed by the respective financial institutions acting as counterparty. The fair value valuation model used by the counterparty is based on the discounted cash flows, using the swaps par rates, listed in the interbank market, and available on Reuters and/or Bloomberg terminals for the negotiated periods, which are used to calculate the forward interest rates and discount factors. Then, the present value of the fixed cash flows (fixed leg) and the present value of the variable cash flows (floating leg) is calculated. From the addition of the two legs results the NPV (Net Present Value or discounted value of future cash flows or fair value of derivatives).

36. COMMITMENTS

FINANCIAL GUARANTEES

At 31 December 2011 and 2010, the financial guarantees (bank guarantees and credit insurances) provided by the Group to third parties, namely to customers whose civil works have been performed by group companies, can be detailed by currency as follows:

	FY 2011	FY 2010
Euro	130,384,011	134,452,381
Zloty	22,392,677	4,806,124
New Leu	28,450	1,278,293
US Dollar	32,636,624	6,438,962
Australian Dollar	6,230,111	1,356,053
Moroccan dirham	81,059	160,197
Czech crown	748,988	-
Metical	59,591	-
Pound Sterling	1,851,083	-
Tunisian Dinar	-	89,917
	<b>194,412,594</b>	<b>148,581,927</b>

The breakdown by Group Company is as follows:

	FY 2011	FY 2010
Martifer Construções	49,181,381	45,402,126
Martifer Solar Sistemas Solares	40,826,704	5,646,601
Martifer Solar	16,799,169	8,568,505
Martifer Renewables SGPS	16,262,898	-
Martifer Metallic Constructions SGPS	15,742,647	15,656,545
Martifer Alumínios	14,803,238	6,239,411
Martifer Solar Srl	14,751,686	13,889,203
Martifer Solar NV	12,188,936	4,317,183
Martifer Polska	4,212,885	3,807,602
Martifer Construcciones Metalicas Espanha	1,568,156	4,523,749
Navalria	1,494,486	7,014,207
Sassal Aluminium PTY LTD	1,435,644	1,356,053
Martifer Constructii	1,397,625	3,725,477
Martifer Konstrukcje	1,264,395	892,128
Mprime Solar Solutions SA	1,000,000	-
Martifer Aluminios Espanha	502,088	836,517
PV Glass SA	450,000	-
Promoquatro	192,072	192,073
Martifer Energia Srl	102,752	1,456,256
Martifer Solar Hellas	100,000	-
EUROCAB FV 1 SL	28,792	27,378
Eviva Nalbant SRL	28,450	-
EUROCAB FV 8 SL	11,227	11,227
EUROCAB FV 9 SL	11,227	11,227
EUROCAB FV 10 SL	11,227	11,227
EUROCAB FV 11 SL	11,227	11,227
EUROCAB FV 12 SL	11,227	11,227
EUROCAB FV 17 SL	11,227	11,227
EUROCAB FV 18 SL	11,227	11,227
Solar Parks Construccion Parques Solares	-	3,000,000
Parque Solar Seseña I, S.L.	-	2,448,200
Martifer Renovables ETVE SA	-	1,100,000
Eviva Nalbant SRL	-	28,880
Companies that left the consolidation perimeter in 2011	-	18,375,244
	<b>194,412,594</b>	<b>148,581,927</b>

At 31 December 2011, the commitments related to import documentary credits are as follows:

	FY 2011
Martifer Solar SA	43,805,985
Martifer Solar Sistemas Solares	12,677,905
	<b>56,483,890</b>

Additionally, the most significant operating warranties in force are as follows:

	FY 2011	FY 2010
Martifer SGPS	88,898,000	135,131,204
Martifer Metallic Constructions SGPS	-	64,913,176
Martifer Solar	35,110,414	32,643,218
	<b>124,008,414</b>	<b>232,687,598</b>

The amount for Martifer SGPS includes a guarantee pledged in favour of BP Portugal to cover payments resulting from the acquisition of fuels by Prio Energy, S.A. as well as other guarantees assumed under contracts to build solar parks. In February 2011 guarantees, amounting Euro 40.8 million were cancelled, as the final acceptance certificates were signed for four solar parks in Spain.

As EPC contracts entered by Martifer Solar to build solar parks oblige it or associate companies to assume certain responsibilities regarding quality of equipment and design, photovoltaic facilities construction performance ratios and power output of the installed photovoltaic modules, Martifer SGPS has agreed to cover those needs of Martifer Solar and its associate companies regarding the responsibilities assumed under these contracts. Martifer Solar is presently considered to have the capacity to support its own commitments without recourse to the Holding Company.

The amount for Martifer Solar relates to the commitments assumed under contracts to build solar parks in Spain.

## PLEDGES OR MORTGAGES

At 31 December 2011, the assets pledged or mortgaged to financial institutions are as follows:

COMPANY	GUARANTEE	ASSET VALUE	DEBT AMOUNT
Martifer Metallic Constructions SGPS	Share pledge of Martifer Aluminios SA	225,000	18,750,000
Martifer SGPS	Share pledge of Martifer Solar SA	37,500,000	24,609,375
Martifer Renewables SGPS	Share pledge of Martifer Renewables ETVE, S.A.U *	65,100	-
Martifer Polska	Mortgage of lands and building	13,770,000	1,701,236
		<b>51,560,100</b>	<b>45,060,611</b>

\* associated with a bank guarantee amounting to 72,500,000 zloty for the IKEA

\*\* is also associated with PLN 4,748,756.29 guarantees in force in Martifer Polska.

In addition, in respect to the acquired fixed assets, the Group has entered into the following commitments: Within the scope of the agreement for attribution of energy injection capacity to the national electric grid for electric energy produced through wind parks, established between Ventinveste S.A. and the Portuguese Authorities, the consortium to which the Group belongs, was obliged to contribute an amount of Euro 41,833,493 to the financing (through the Innovation Fund) of research activities to be selected by the Economy Minister, which will be under the orientation and supervision of a public entity. From this amount, Euro 12,173,546 is already paid (note 17). The Group's responsibility regarding this situation is limited to the maximum of 46 % of the amount that was not yet paid.

## 37. RETIREMENT BENEFITS

The Group has not assumed any responsibilities regarding pension plans. However, the group hired a specific insurance policy with 'Companhia de Seguros Global', in effect a capitalization fund, aimed at providing a post-employment benefit to the employees of the Group.

This fund covers all employees with a permanent labour contract. Subject to a decision by the Board of Directors, a cash contribution equivalent to a monthly salary by employee is realized in an annual basis to that insurance policy in the name of that employee. The right to receive such benefit occurs at the retirement date. At that time, each employee can choose the conversion of the benefit into a monthly pension, or into receiving 50 % of the benefit amount and converting the remaining in a monthly pension.

## 38. SUBSIDIES AND GOVERNMENT GRANTS

At 31 December 2011, investment subsidies and government grants attributed to the Group are as follows:

	INVESTMENT AMOUNT	SUBSIDIES GRANTED	DEFERRED IN-COME (NOTE 34)	AMOUNT RECORDED IN INCOME STATEMENT
Buildings and other constructions	19,357,657	4,280,005	932,469	164,500
Basic equipments	1,996,723	1,992,023	346,690	149,875
Office equipments	89,387	89,387	150	1,117
Other investment subsidies	56,296	55,314	-	48
	<b>21,500,062</b>	<b>6,416,729</b>	<b>1,279,308</b>	<b>315,540</b>

At 31 December 2011, operational subsidies and government grants attributed to the Group recorded in the income statement caption 'Other gains and losses' are as follows:

COMPANY	DESIGNATION	AMOUNT RECORDED IN INCOME STATEMENT
Martifer SA	Staff hiring grant	333,972
Martifer Aluminios SA	Staff hiring grant	3,402
Martifer Solar, SA	Staff hiring grant	3,411
Martifer Inovação e Gestão, SA	Staff hiring grant	199,855
Martifer Inovação e Gestão, SA	Training grant	79,709
Navalria	Dismantling of ships	140,103
		<b>760,452</b>

## 39. RELATED PARTIES

### a) Balances and transactions

Group companies have commercial relationships between them that qualify as related parties transactions. All of these transactions are performed on an arm's length basis.

Therefore, all of these transactions have been eliminated, since the consolidated financial statements disclose information regarding the holding company and its subsidiaries as a unique company.

The balances and transactions performed with associate companies (accounted through the equity method) are not eliminated, and they amounted to the following:

12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	COSTS		REVENUES		ACCOUNTS RECEIVABLE		ACCOUNTS PAYABLE	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Associate companies:								
Nutre SGPS, SA	-	-	302,371	292,081	50,934,119	51,899,159	-	5,967,102
Liszki Green Park Sp z o.o.	-	1,154	572,024	358,012	1,215	10,835,937	-	-
Prio Energy SGPS, SA	-	-	-	-	2,891,000	5,341,000	-	-
Parque Solar Seseña I, SL	-	-	-	-	8,486,913	1,445,250	-	-
Prio Biocombustíveis, SA	-	20,043	392,071	456,390	29,073	761,672	-	64,287
Prio Biocombustibil s.r.l.	-	7,389	142,611	-	1,051,004	462,841	81,310	18,078
Prio Agricultura s.r.l	-	-	73,065	-	359,780	399,542	1,179,626	1,196,592
Nutre, SA	156	12,868	257,894	330,828	626,184	372,484	192	919,469
Prio Energy, SA	557,101	643,784	587,119	979,434	102,036	246,287	310,559	2,326,797
Prio Extractie s.r.l.	-	-	8,636,767	10,211,224	3,529,430	72,249	375	377
Agrozooteknia Facaeni, SA	-	-	-	-	59,732	54,400	-	-
Prio Agricultura, SA (Mozambique)	-	-	-	-	41,845	41,845	-	-
Veiga & Seabra, SA	-	-	5,000	5,525	472	17,440	-	-
Mondefin, SA	-	-	5,640	23,016	1,707	7,881	-	-
Prio Agricultura e Extração, Ltda	-	-	-	-	1,768	1,768	-	-
Agromec Balaciu, SA	-	-	27,865	957	38,548	-	-	-
Prio Biopaliwa	-	5,714	-	2,544	-	-	-	25,808
Canaverosa, s.l.	-	-	-	-	14,147,930	-	-	-
Parkcharge - Energy Systems, Lda	-	-	65	-	80	-	-	-
Prio Agrottrans s.r.l.	-	-	3,355	-	5,561	-	-	-
Prio Agroalimentar, S.A.	-	-	1,812	-	6,475	-	206,036	-
Prio Agro Industries Sp. Z o.o.	367	-	16,955	-	5,096	-	-	-
Prio Parque de Tanques de Aveiro, S.A.	-	-	61,899	-	7,228	-	-	-
Zimbrul, S.A.	-	-	105,903	-	99,537	-	19,485	-
	<b>557,624</b>	<b>690,952</b>	<b>11,192,416</b>	<b>12,660,011</b>	<b>82,426,733</b>	<b>71,959,755</b>	<b>1,797,583</b>	<b>10,518,510</b>
Joint Ventures:								
Proempar	-	-	-	-	-	-	-	5,000
Parque Tecnológico Tâmega	-	-	-	-	-	-	-	5,000
Eólica Belavista, Ltda.	-	-	-	-	1,095	-	-	-
Eólica Embuaca, Ltda.	-	-	-	-	1,301	-	-	-
Eviva Dunowo	-	-	-	-	754	-	-	-
MS Participações Societárias, S.A.	-	-	-	-	7,179	-	-	-
Eólica Icarai, Ltda.	-	-	-	-	3,861	-	-	-
Eólica Mar e Terra, Ltda.	-	-	-	-	2,394	-	-	-
M City Bialystok Sp. Z o. o.	-	-	345,435	-	6,523,334	-	-	-
M City Radom Sp. Z o. o.	-	-	266,659	-	4,962,496	-	-	-
Martifer Hirschfeld Energy Systems LLC	-	-	245,263	-	466,993	-	-	-
Parque Eólico Penha da Gardunha, Lda	-	-	261,687	-	6,649,749	-	-	-
Promoquatro	77,179	-	10,516	-	217,217	-	1,895,548	-
SPEE2	4,754	-	13,947	-	156,151	-	-	-
SPEE3	4,754	-	7,298	-	116,814	-	-	-
Ventinveste, S.A.	-	-	454,559	-	11,715,320	-	15,571,831	-
	<b>86,687</b>	<b>-</b>	<b>1,605,364</b>	<b>-</b>	<b>30,824,658</b>	<b>-</b>	<b>17,467,379</b>	<b>10,000</b>

The accounts receivable from Nutre, SGPS, SA (formerly named Prio Foods, SGPS, S.A.), are related with the supplementary capital, which do not bear interest and has not defined reimbursement period. This amount is deducted from Euro 8,695,327 related to the Equity Method application in 2010 and 2011.

Beyond the balances and transactions described in the tables above and below, no other balances or transactions were performed with related parties.

The balances and transactions with shareholders and companies with which same are linked, are as follows:

	COSTS		REVENUES		ACCOUNTS RECEIVABLE		ACCOUNTS PAYABLE	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Almina-Minas do Alentejo, S.A.	-	-	49,616	-	39,497	-	-	-
APCL Financeira SGPS SA	390,506	-	-	-	-	-	10,224,051	-
Creative Centers	-	-	-	-	74,552	-	-	-
EPDM - Empresa de Perfuração e Desenvolvimento Mineiro, S.A.	-	-	8,175	-	5,627	-	-	-
Estia Development, Lda.	323,113	6,141	12,974	8,240	357,185	6,108	288,450	547,714
Estia Living Residência de Viana	-	-	890	-	1,095	-	-	-
Estia R&W, SRL	-	1,099	-	24,984	3,352	10,009	3,640	3,692
Estia RO, SRL	-	114	-	4,566	4,943	5,952	-	-
Estia SGPS, S.A.	-	-	-	-	50,000	88,343	146,702	185,044
Exclusipolis SGPS	8,441	-	-	-	-	-	-	-
Gesto Energia	-	-	19,716	-	12,121	-	627,575	-
GIG	-	-	2,488	-	-	-	-	-
GreenVouga	-	3,500	-	-	-	2,217,309	-	-
HSF SGPS, SA	-	3,719	-	-	-	-	4,694,000	9,170,106
I'M Serviços de Gestão, Lda.	-	-	15,345	-	16,744	-	-	-
I'M SGPS, SA	-	8,979	47,778	-	199,279	-	-	402,013
Kozielska Sp. z o.o.	25	-	2,786	-	3,139	-	-	-
Leszek Swedrowski	5,359	-	-	-	-	-	31,647	-
LusoLisboa - Auto-Estradas da Grande Lisboa, S.A.	-	-	-	20,798	-	-	-	-
Lusoscut - Auto-Estradas do Grande Porto, S.A.	-	-	-	-	-	-	-	-
Lusoscut - Auto-Estradas do Grande Porto, S.A.	-	-	-	-	-	-	-	-
Lusoscut - Auto-Estradas das Beiras Litoral e Alta, S.A.	-	-	-	-	-	-	-	-
Magnum Cap	-	-	70	-	-	-	-	-
Mamaia Investments, SRL	-	-	-	5,136	3,082	4,064	-	-
Manvia, S.A.	-	-	-	-	-	-	-	2,102
M-City Szczecin, Sp. z o.o.	-	-	-	2,067	-	211	-	-
Mota-Engil Angola, S.A.	15,163	-	8,641,781	-	3,046,018	-	16,261	-
Mota-Engil Betão e Pré-Fabricados, Sociedade Unipessoal, Lda.	41,147	56,405	-	-	-	-	93,620	60,764
Mota-Engil Central Europe SGPS, S.A.	13,450	37,305	74,812	-	4,175	4,683	5,635	14,536
Mota-Engil Engenharia e Construção, S.A.	106,541	729,740	10,386,668	15,443,348	9,425,998	14,771,967	1,007,412	1,477,587
MTO GMBH	-	1,078	-	-	-	-	-	1,305
Nana Fundulea Project Dev., BV	-	-	-	-	-	-	-	-
Operimo SGPS	-	-	-	-	-	-	372,495	-
Pawel Prondzynski	-	-	-	-	-	-	2,467	-
PowerBlades	-	71,587	-	6,809	-	219,669	-	-
Promodois, S.A.	-	-	118	2,021	145	-	-	-
Promodoze, S.A.	-	-	-	-	-	-	-	-
Promoleden, S.A.	-	74	-	18,111	-	1,077	-	-
Promoleden, Sp z.o.o.	29	-	14,412	-	24,371	-	-	-
Promoquinze	-	-	18,818	-	2,032,434	-	-	-
Quartzolita, S.A.	-	-	-	-	-	-	-	-
Rentaco, Lda.	-	1,046	-	-	-	-	-	-
Ria Blades	-	96,602	-	8,995,123	-	7,445,541	-	371,454
RO Sud, SRL	-	-	-	4,566	2,919	3,899	-	-
Rumo Soberano, Unipessoal, S.A.	-	-	-	-	-	-	63,217	-
Severis SGPS, S.A.	-	-	-	-	3,750,000	3,750,000	-	-
SOSEL - Correctores de Seguros, S.A.	-	-	-	-	-	-	-	-
Suma, S.A.	-	-	-	-	-	267,209	-	-
Tavira Gran-Plaza, S.A.	130,295	-	29,117	-	143,902	6,228	82,809	-
Ventipower S.A.	-	-	589	-	-	-	-	-
Vicaima GMBH	-	68	-	-	-	-	-	1,254
VIC SGPS Armental	-	-	-	-	-	-	212,716	-
	<b>1,034,069</b>	<b>1,017,459</b>	<b>19,326,153</b>	<b>24,535,771</b>	<b>19,200,578</b>	<b>28,802,269</b>	<b>17,872,697</b>	<b>12,237,572</b>

Accounts receivable and payable with related parties will be cash settled and are not covered by any guarantees. At 31 December 2011 and 2010 no impairment losses were recognized in connection with the above mentioned accounts receivable.

#### b) Board of Directors and key management staff remuneration

At 31 December 2011 and 2010, the Board of Directors and the key management staff remuneration amounted to Euro 3,238,596 and Euro 3,038,469, respectively.

These remunerations are determined by the Remuneration Committee, taking into consideration the individual performance and evolution of this kind of labour market.

Remunerations assigned to the Board of Directors and to the key management staff by remuneration grade can be summarized as follows:

	FY 2011	FY 2010
Fixed remuneration	2,657,428	2,631,099
Variable remuneration	331,336	177,500
Post-employment benefits (Note 37)	96,368	133,723
	<b>3,085,131</b>	<b>2,942,322</b>

The statement on the remuneration policy for the management and supervisory bodies of Martifer SGPS, approved in accordance with Law 28/2009, as well as the total sums of remuneration attributed to them in 2011, individually and aggregated, is presented in the Corporate Governance Report.

In addition to the companies included in the consolidated financial statements (Note 2), the list of the Martifer Group related parties is disclosed below:

Águas de S. João, E.M., S.A.  
 Akwangola, S.A.  
 Almina - Minas do Alentejo, S.A.  
 Ambigere, S.A.  
 Ambilital – Investimentos Ambientais no Alentejo, EIM.  
 Aqualevel - Gestão de Sistemas de informação, Soc. Unipessoal, Lda.  
 Áreagolfe - Gestão, Construção e Manutenção de Campos de Golf, S.A.  
 Ascendi - Concessões de Transportes, SGPS, S.A.  
 Ascendi - Serviços de Assessoria, Gestão e Operação, S.A.  
 Ascendi Beiras Litoral e Alta - Auto-Estradas das Beiras Litoral e Alta, S.A.  
 Ascendi Costa de Prata – Auto-Estradas da Costa de Prata, S.A.  
 Ascendi Douro - Estradas do Douro Interior, S.A.  
 Ascendi Grande Lisboa - Auto-Estradas da Grande Lisboa, S.A.  
 Ascendi Grande Porto – Auto-Estradas do Grande Porto, S.A.  
 Ascendi Group, SGPS, S.A.  
 Ascendi International Holding, B.V.  
 Ascendi México, S.A. de C.V.  
 Ascendi Norte – Auto-Estradas do Norte, S.A.  
 Ascendi O&M, S.A.  
 Ascendi Operadora BLA – Operação e Manutenção Rodoviária, S.A.  
 Ascendi Operadora CP – Operação e Manutenção Rodoviária, S.A.  
 Ascendi Operadora DI - Operação e Manutenção Rodoviária, S.A.  
 Ascendi Operadora GL - Operação e Manutenção Rodoviária, S.A.  
 Ascendi Operadora GP – Operação e Manutenção Rodoviária, S.A.  
 Ascendi Operadora NT – Operação e Manutenção Rodoviária, S.A.  
 Ascendi Operadora PI - Operação e Manutenção Rodoviária, S.A.  
 Ascendi Pinhal Interior - Estradas do Pinhal Interior, S.A.

Asinter – Comércio Internacional, Lda.  
 Aurimove – Sociedade Imobiliária, S.A.  
 Auto Sueco Angola, S.A.  
 Bay 6.3 Kft.  
 Bay Office, Kft.  
 Bay Park, Kft.  
 Bay Tower, Kft.  
 Bay Wellness, Kft.  
 Berd - Projecto Investigação e Engenharia de Pontes, SA  
 Bergamon, A.S.  
 Bicske Plaza Kft.  
 Bohdalecká Project Development s.r.o.  
 Calçadas do Douro - Sociedade Imobiliária, Lda.  
 Carlos Augusto Pinto dos Santos & Filhos S.A.  
 Cecot - Centro de Estudos e Consultas Técnicas, Lda.  
 CGR Catanduva - Centro de Gerenciamento de Resíduos, Ltda.  
 CGR Guataparã - Centro de Gerenciamento de Resíduos, Ltda.  
 CGR Jardinópolis - Centro de Gerenciamento de Resíduos, Ltda.  
 CGR Participações S.A.  
 Chinalog - Serviços Logísticos e Consultadoria, Lda.  
 Cimertex & Companhia- Comércio Equip. e Ser. Técnicos, Lda.  
 Cimertex Angola – Sociedade de Máquinas e Equipamentos, Lda.  
 Citrave - Centro Integrado de Resíduos de Aveiro, S.A.  
 Citrup – Centro Integrado de Resíduos, Lda.  
 City Profit - Inv. Imobiliários e Turísticos, Lda.  
 Companhia Portuguesa de Trabalhos Portuários e Construções, S.A.  
 Concessionaria Autopista Perote Xalapa, S.A. DE C.V.  
 Construcciones Crespo, SA  
 Corgimobil - Empresa Imobiliária das Corgas, Lda.  
 Correia & Correia, Lda.  
 Detalhes Urbanos, S.A.  
 Devonská Project Development A.S.  
 Dmowskiego Project Development  
 Domínio Reservado, Lda.  
 Ecoléziria - Empresa Intermunicipal para o Tratamento de Resíduos Sólidos, E. I. M.  
 Edifício Mota Viço – Soc. Imobiliária, Lda.  
 Edipainel – Utilidades, Equipamentos e Investimentos Imobiliários, Lda.  
 Ekosrodowisko Spólka z.o.o.  
 Eitor, S.A.  
 Emocil – Empresa Moçambicana de Construção Imobiliária  
 EMSA – Empreendimentos e Exploração de Estacionamentos, S.A.  
 Engber Kft.  
 Engber Kft.  
 Enviroil – Resíduos e Energia, Lda.  
 EPDM - Empresa de Perfuração e Desenvolvimento Mineiro, S.A.  
 Estia Development, Lda.  
 Estia R&W, SRL  
 Estia RO, SRL  
 Estia SGPS, S.A.  
 Estialiving Residência Aveiro, S.A.  
 Estialiving Residência Porto, S.A.  
 Estialiving Residência Viana S.A.  
 Estialiving, S.A.  
 Estradas do Zambeze, S.A.  
 Expertooption, SGPS S.A.

## 12

NOTES TO  
CONSOLIDATED  
FINANCIAL  
STATEMENTS

Fatra - Fábrica de Trefilaria de Angola, S.A.  
 Ferreiros & Almeida, S.A.  
 Ferrovias e Construções, S.A.  
 Fibreglass Sundlete (Moç), Lda  
 Finibanco Holding SGPS, SA  
 Geo Vision, Soluções Ambientais e Energia, S.A.  
 Gestiponte - Operação e Manutenção das Travessias do Tejo, S.A.  
 Glan Agua, Ltd  
 Grossiman, S.L.  
 GT - Investimentos Internacionais SGPS, SA  
 Haçor, Conc. Edifício do hospital da ilha terceira, SA  
 HEPP - Hidroenergia de Penacova e Poiães, Lda.  
 HL - Sociedade Gestora do Edifício, S.A.  
 HSF SGPS, SA  
 Hungária Hotel Kft. Achat  
 Ibercargo Rail, S.A.  
 Icer – Indústria de Cerâmica, Lda.  
 I'M Mining SGPS, SA  
 I'M Serviços de Gestão, Lda.  
 I'M SGPS, SA  
 Immo Park, Sp. z.o.o.  
 Impulsora de Desarrollo Integral, S.A de C.V.  
 Indaqua – Indústria e Gestão de Águas, S.A.  
 Indaqua Fafe – Gestão de Águas de Fafe, S.A.  
 Indaqua Feira - Indústria de Águas de Santa Maria da Feira, S.A.  
 Indaqua Matosinhos - Gestão de Águas de Matosinhos, S.A.  
 Indaqua Santo Tirso – Gestão de Águas de Santo Tirso, S.A.  
 Indaqua Vila do Conde - Gestão de Águas de Vila do Conde, S.A.  
 Invespor Holding, BV  
 InvestAmbiente - Recolha de Resíduos e Gestão de Sistemas de Saneamento Básico, S.A.  
 Jeremiasova Project Development, s.r.o.  
 Kili skiego Project Development Sp. z o.o.  
 Kordylewskiego Project Development Sp. z o.o.  
 Kozielska, Sp. z o.o.  
 Largo do Paço – Investimentos Turísticos e Imobiliários, Lda.  
 Leão Ambiental, S.A.  
 Liscont - Operadores de Contentores, S.A.  
 Logz - Atlantic Hub, S.A.  
 Lokemark - Soluções de Marketing  
 Luma - Limpeza Urbana e Meio Ambiente, Ltda.  
 Lusoponte - Concessionária para a Travessia do Tejo, S.A.  
 Mamaia Investments, SRL  
 Mamaia Investments, SRL  
 Manvia - Manutenção e Exploração de Instalações e Construção, S.A.  
 Manvia II Conduatas, Lda.  
 M-City Szczecin, Sp. z o.o.  
 Mercado Urbano - Gestão Imobiliária, S.A.  
 MESP - Mota Engil , Serviços Partilhados, Administrativos e de Gestão, S.A.  
 MESP Central Europe Sp. z o. o.  
 Metroepszolg, Zrt  
 Mil e Sessenta – Sociedade Imobiliária, Lda.  
 M-Invest Bohdalec, A.S., v likvidaci  
 M-Invest Devonska, s.r.o.  
 M-Invest Slovakia Mierova , s.r.o.  
 M-Invest Slovakia Trnavska, s.r.o.

M-Invest, sro  
 MK Contractors, LLC  
 Mota Internacional – Comércio e Consultadoria Económica, Lda.  
 Motadómus - Sociedade Imobiliária, Lda.  
 Mota-Engil África, SGPS, S.A.  
 Mota-Engil Angola, S.A.  
 Mota-Engil Betão e Pré-Fabricados, Sociedade Unipessoal, Lda.  
 Mota-Engil Brand Management B.V.  
 Mota-Engil Brasil Participações, Ltda.  
 Mota-Engil Central Europe Ceska Republika  
 Mota-Engil Central Europe Hungary Beruházási és Épít ipari Kft.  
 Mota-Engil Central Europe Romania S.R.L.  
 Mota-Engil Central Europe Slovenská Republika  
 Mota-Engil Central Europe, S.A.  
 Mota-Engil Central Europe, SGPS, S.A.  
 Mota-Engil Colômbia, S.A.S  
 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 Investitii AV s.r.l.  
 Mota-Engil Ireland Construction Limited  
 Mota-Engil Ireland Services Ltd.  
 Mota-Engil Magyarország Zrt.  
 Mota-Engil México, S.A. de C.V.  
 Mota-Engil Pavimentações, S.A.  
 Mota-Engil Peru, S.A.  
 Mota-Engil Project 1 Kft.  
 Mota-Engil Property Investments Sp. z o.o.  
 Mota-Engil Real Estate Hungary Kft  
 Mota-Engil Real Estate Management  
 Mota-Engil Real Estate Portugal, S.A.  
 Mota-Engil S.Tomé e Principe  
 Mota-Engil Srodowisko, Sp. z.o.o.  
 Mota-Engil, Ambiente e Serviços, SGPS, S.A.  
 Mota-Engil, Brands Development Limited  
 Mota-Engil, SGPS, S.A., Sociedade Aberta  
 Mota-Engil-Opway Mexicana, S.A. De C.V.  
 MTO GmbH  
 Multiterminal - Soc. De Estiva e Tráfego, S.A.  
 Nádor Öböl Kft.  
 Nádor Öböl, Kft.  
 Nana Fundulea Project Dev., BV  
 NGA - Núcleo de Gerenciamento Ambiental, Ltda.  
 NGA Jardimópolis - Núcleo de Gerenciamento Ambiental, Ltda.  
 NGA Ribeirão Preto - Núcleo de Gerenciamento Ambiental, Ltda.  
 Nortedómus, Lda.  
 Nova Beira - Gestão de Resíduos, S.A.  
 Novaflex - Técnicas do Ambiente, S.A.  
 Novicer-Cerâmicas de Angola, Lda.  
 Öböl Invest Kft.  
 Öböl Invest, Kft.  
 Öböl XI Kft.  
 Öböl XI, Kft.  
 Operadora das Estradas do Zambeze, S.A.

Operestiva - Empresa de Trabalho Portuário de Setúbal, Lda.  
 Padrão Invulgar, Lda.  
 Park Charge - Energy Systems, Lda.  
 Parquegil - Planeamento e Gestão de Estacionamento, S.A.  
 Pentele-Alisca Autópálya - Uzemeleto Kft.  
 Piastowska Project Development Sp. z o.o.  
 Planinova – Sociedade Imobiliária, S.A.  
 Plaza Center, S.A.  
 Prefal – Préfabricados de Luanda, Lda.  
 Probigalp Ligantes Betuminosos, S.A.  
 Proempar - Promoção e Gestão de Parques Empresariais e Tecnológicos, S.A.  
 Promodois, S.A.  
 Promodoze, S.A.  
 Promojeden, S.A.  
 Promovinte, S.A.  
 Przedsiębiorstwo Robót Drogowo - Mostowych w Lublinie Sp z o.o.  
 PTT - Parque Tecnológico do Tâmega  
 Quartzolita - Minas, Geotecnia e Construções, S.A.  
 Real Verde - Técnicas de Ambiente, S.A.  
 Reciclax - Reciclagem de Resíduos da Construção Civil Ltda.  
 Rentaco - Equipamentos de Construção, Transportes, Combustíveis e Serviços, Sociedade Unipessoal, Lda.  
 Rentaco Angola  
 Resiges - Gestão de Resíduos Hospitalares, Lda.  
 Resilei – Tratamento de Resíduos Industriais, Lda  
 Rima – Resíduos Industriais e Meio Ambiente, S.A.  
 RO Sud, SRL  
 RTA - Rio Tâmega, Turismo e Recreio, S.A.  
 Rumo Soberano, Unipessoal Lda.  
 Sadoport - Terminal Marítimo do Sado, S.A.  
 Sampaio Kft.  
 Sampaio, Kft.  
 Sealine - Navegação e Afretamentos  
 Sedengil – Sociedade Imobiliária, Lda.  
 Serurb Brasil Participações Ltda.  
 Severis SGPS, S.A.  
 SGA – Sociedade de Golfe de Amarante, S.A.  
 SIGA - Serviço Integrado Gestão Ambiental  
 Símbolo Abstracto, Lda.  
 SLPP - Serviços Logísticos de Portos Portugueses, S.A.  
 Socarpor - Soc. Cargas Port. (Aveiro), S.A.  
 Socarpor - Soc. Gestora de Participações Sociais (Douro e Leixões) S.A.  
 Sociedade de Terminais de Moçambique, Lda  
 Sol-S Internacional, Tecnologias de Informação, S.A.  
 Soltysowska Project Development Sp. z o.o.  
 Soltysowska, Sp. z o.o.  
 Sonauta - Sociedade de Navegação, Lda.  
 SOSEL - Correctores de Seguros, S.A.  
 Sotagus - Terminal de Contentores de Santa Apolónia, S.A.  
 SRI - Gestão de Resíduos, Lda  
 Steinerova Project Development A.S.  
 Suma – Serviços Urbanos e Meio Ambiente, S.A.  
 Suma Brasil Participações Ltda.  
 Suma Douro  
 Suma Esposende  
 Suma Matosinhos

Suma Porto  
 Száz - Invest Project Development Kft.  
 Tabella Holding, BV  
 Takargo-Trasporte de Mercadorias, S.A.  
 Tavira Gran-Plaza, S.A.  
 TCL - Terminal de Contentores de Leixões, S.A.  
 Tecnocarril – Sociedade de Serviços Industriais e Ferroviários, Lda.  
 Terminais Portuários Euroandinos  
 Ternor - Sociedade de Exploração de Terminais, S.A.  
 Tersado - Terminais Portuários do Sado, S.A.  
 Tertir - Concessões Portuárias, SGPS, S.A.  
 Tertir - Terminais de Portugal, S.A.  
 Tetenyi Project Development Kft  
 Tracevia – Sinalização, Segurança e Gestão de Tráfego, Lda.  
 Tracevia Angola - Sinalização, Segurança e Gestão de Tráfego, Lda.  
 Transitex - Trânsitos de Extremadura, S.A.  
 Transitex - Trânsitos de Extremadura, S.L.  
 Transitex do Brasil Serviços e Logística, Ltda.  
 Transitex México, S.A. de C.V.  
 Transitex Moçambique, Lda  
 Transitos de Extremadura S.L. Transitex Lietuvos filialas  
 Tratofoz - Sociedade de Tratamento de Resíduos, S.A.  
 Traversofer - Industrie et Services Ferroviaires SARL  
 Triu - Técnicas de Resíduos Industriais e Urbanos, S.A.  
 TTRM, Transferência e Triagem de Resíduos da Madeira ACE  
 Turalgo-Sociedade de Promoção Imobiliária e Turística do Algarve, S.A.  
 VBT - Projectos e Obras de Arquitectura Paisagística, Lda  
 Via Verde Portugal, S.A.  
 Vibeiras – Sociedade Comercial de Plantas, S.A.  
 Vic, GmbH  
 Vicaima, GmbH  
 Vista Energy Environment & Services  
 Vista Waste Management, Lda  
 Vista Water, Lda.  
 Vortal – Comércio Electrónico, Consultadoria e Multimédia, S.A.  
 Wideland Vision, Lda.  
 Wilanów PD, Sp. z o.o.  
 Wilanow Project Development SP. z.o.o.  
 Wilenska Project Development Sp. z.o.o.  
 Zöld-Project 2 Kft.  
 Zsombor Utcai Kft.

Martifer SGPS, S.A. Board of Directors are as follows:

- i. Carlos Manuel Marques Martins
- ii. Jorge Alberto Marques Martins
- iii. Arnaldo José Nunes da Costa Figueiredo
- iv. Luís Filipe Cardoso da Silva
- v. Mário Jorge Henriques Couto
- vi. Luís Valadares Tavares
- vii. Jorge Bento Ribeiro Barbosa Farinha

## 40. SUBSEQUENT EVENTS

### Martifer has taken the decision to close the factory in Benavente

The Group's Board of Directors has taken the decision to close, in August 2012, the steel structures' unit in Benavente. This is due to an internal re-adjustment of the response capacity at the industrial level, due to the decreasing demand in the Iberian construction sector.

### Martifer wins a contract to build two new hotel-ships

Martifer wins a contract to build two hotel-ships for the Douro Azul tourism group. The ships will be built till 2013 in its shipbuilding unit Navalria, in a contract of approximately Euro 22 million.

## 41. CASH RECEIVABLES / CASH PAYMENTS RELATED TO FINANCIAL ASSETS

Cash receipts and cash payments related to financial assets in 2011 and 2010, are as follows:

	FY 2011	FY 2010
Cash receipts:		
Sale of Bukowsko wind farm	692,395	-
Sale of Repower	10,000,000	-
Sale of IWP wind farm	2,749,526	-
Reduction of the economic interest in MS Participações societárias (Faisas)	2,054,147	-
Sale of Gargano Solar	877,573	-
Advance for Wiatrowa	16,324,784	-
Sale of financial stake in EDP	-	45,202,282
Sale of Holleben wind farm	-	15,711,000
Sale of Bippen wind farm	-	10,639,000
Reduction of the economic interest in Prio	-	10,000,000
Sale of 50% of Penha da Gardunha Wind Farm	-	5,149,002
Sale of Home Energy	-	2,050,814
Sale of GreenVouga	-	1,750,000
Others	85,578	2,135,610
	<b>32,784,004</b>	<b>92,637,708</b>
Cash Payments:		
Acquisition of 12% of Gizalki	330,000	-
Milestones Wiatrowa	790,190	1,624,082
Acquisition of Martifer Alumínios	4,988,750	11,250,000
Milestones SPEE2	-	1,375,000
Others	28,000	2,500
	<b>6,136,940</b>	<b>14,251,582</b>

In the case of receipts and payments of financial assets, there are no differences between the figures reported in 2010 and its restatement due to the change in consolidation method of joint arrangements.

## 42. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 1 March 2012. Nevertheless, they are still subject to approval by the annual Shareholder's General Meeting. The Board of Directors believes that these will be approved with no significant changes.

## 43. EXPLANATION ADDED FOR TRANSLATION OF THE FINANCIAL STATEMENTS

These financial statements are a translation of the consolidated financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by European Union. In the event of discrepancies, the Portuguese version prevails.

Oliveira de Frades, 1 March 2012

### The Chief Accountant

Isabel Cristina Loureiro Silva

### The Board of Directors

Carlos Manuel Marques Martins

Jorge Alberto Marques Martins

Arnaldo José Nunes da Costa Figueiredo

Luís Filipe Cardoso da Silva

Mário Jorge Henriques Couto

Luís Valadares Tavares

Jorge Bento Ribeiro Barbosa Farinha



**INDIVIDUAL  
FINANCIAL  
INFORMATION**

## 13

INDIVIDUAL  
FINANCIAL  
STATEMENTSIndividual income statements for the years ended  
december 31, 2011 and 2010

(TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 27)

	NOTES	FY 2011 IFRS (AUDITED)	FY 2010 IFRS (AUDITED)
Sales and services rendered	2	4,083,346	4,139,631
Supplies and external services	3	(1,138,198)	(972,859)
Staff costs	4	(2,024,767)	(2,047,753)
Impairment of accounts receivables (losses/reversals)	5	(826,362)	-
Other revenue and gains		82,681	104,634
Other expenses and losses		(17,448)	(38,952)
<b>Earnings before depreciation, interest and taxes</b>		<b>159,253</b>	<b>1,184,701</b>
Depreciation	10 and 11	(51,470)	(47,480)
Provisions and impairment losses	5	(21,680,643)	(65,776,190)
<b>Operational earnings</b>		<b>(21,572,860)</b>	<b>(64,638,969)</b>
Interest and similar revenue	6	10,630,299	6,895,828
Interest and similar expenses	6	(9,054,472)	(4,271,434)
Gains/losses in financial investments	7	-	(7,990,165)
<b>Earnings before taxes</b>		<b>(19,997,033)</b>	<b>(70,004,740)</b>
Corporate income tax	8	(1,230,677)	(831,798)
<b>Net income for the period</b>		<b>(21,227,710)</b>	<b>(70,836,538)</b>
Earnings per share			
Basic	9	(0.2148)	(0.7089)
Diluted	9	(0.2148)	(0.7089)

The accompanying notes are part of these financial statements

## Individual statements of comprehensive income for the years ended december 31, 2011 and 2010

(TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 27)

# 13

INDIVIDUAL  
FINANCIAL  
STATEMENTS

	FY 2011 IFRS (AUDITED)	FY 2010 IFRS (AUDITED)
<b>Net income for the year</b>	<b>(21,227,710)</b>	<b>(70,836,538)</b>
Fair value of cash flow hedges (derivatives), net of tax	(81,823)	-
Fair value of available for sale financial assets, net of tax	-	-
Gains on revaluation of properties, net of tax	-	-
<b>Income recognised directly in equity</b>	<b>(81,823)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>(21,309,533)</b>	<b>(70,836,538)</b>

The accompanying notes are part of these financial statements

## Individual statements of financial position at 31 december 2011 and 2010

(TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 27)

	NOTES	31 DECEMBER 2011 IFRS (AUDITED)	31 DECEMBER 2010 IFRS (AUDITED)
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible fixed assets	10	20,594	4,061
Tangible assets	11	50,407	98,529
Financial Investments – other methods	12	360,261,725	180,348,429
Group companies	13	1,178,460	129,876,000
Deferred tax assets	8	133,697	1,304,196
		<b>361,644,883</b>	<b>311,631,215</b>
<b>Current assets</b>			
Trade receivables	14	2,089,423	2,024,835
Advances to trade creditors		4,594	-
Corporate income tax	15	830,178	295,533
Group companies	13	25,000,351	64,773,283
Other accounts receivable	14	4,034,252	4,617,604
Deferred expenses		1,278,585	1,280,225
Cash and cash equivalents	16	937,405	235,312
		<b>34,174,788</b>	<b>73,226,793</b>
<b>Total Assets</b>		<b>395,819,670</b>	<b>384,858,008</b>
Equity			
Share capital	17	50,000,000	50,000,000
Treasury Stock	17	(2,415,630)	(852,587)
Share premiums	17	186,500,000	186,500,000
Legal reserves	17	7,696,844	7,696,844
Other reserves	17	2,614,609	966,082
Retained earnings	17	20,217,077	92,616,657
Other changes in equity	17	(81,823)	-
Net profit for the year		(21,227,710)	(70,836,538)
<b>Total Equity</b>		<b>243,303,367</b>	<b>266,090,458</b>
Liabilities			
Non-current			
Borrowings	18	91,796,875	53,859,375
		<b>91,796,875</b>	<b>53,859,375</b>
Current			
Trade payables	19	672,661	345,028
State and other public entities	15	52,615	207,753
Group companies		108,131	
Borrowings	18	58,460,703	63,310,625
Other accounts payable	19	1,313,995	1,044,769
Derivatives	20	111,324	
		<b>60,719,428</b>	<b>64,908,175</b>
<b>Total Liabilities</b>		<b>152,516,303</b>	<b>118,767,550</b>
<b>Total Equity and Liabilities</b>		<b>395,819,670</b>	<b>384,858,008</b>

The accompanying notes are part of these financial statements

## Individual statements of changes in equity for the years ended december 31, 2011 and 2010

(TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 27)

13

INDIVIDUAL  
FINANCIAL  
STATEMENTS

	SHARE CAPITAL	TREASURY STOCK	SHARE PREMIUMS	LEGAL RESERVES	OTHER RESERVES	RETAINED EARNINGS	OTHER CHANGES IN EQUITY	NET PROFIT FOR THE YEAR	TOTAL
<b>Balance at the beginning of 2010</b>	<b>50,000,000</b>	<b>-</b>	<b>186,500,000</b>	<b>2,713,238</b>	<b>17,347</b>	<b>(8,847,106)</b>	<b>-</b>	<b>117,299,956</b>	<b>347,683,436</b>
Appropriation of the profit of 2009	-	-	-	4,983,606	-	112,316,350	-	(117,299,956)	-
Comprehensive income for the year:	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	(70,836,538)	(70,836,538)
Fair value of cash flow hedges (derivatives)	-	-	-	-	-	-	-	-	-
Fair value of available for sale financial assets	-	-	-	-	-	-	-	-	-
Gains on revaluation of properties	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	(70,836,538)	(70,836,538)
Distribution of dividends	-	-	-	-	-	(10,000,000)	-	-	(10,000,000)
Acquisition of treasury stock	-	(852,587)	-	-	852,587	(852,587)	-	-	(852,587)
Stock options	-	-	-	-	96,147	-	-	-	96,147
Sales of available for sale financial assets	-	-	-	-	-	-	-	-	-
Share capital increase in subsidiaries	-	-	-	-	-	-	-	-	-
Other operations	-	-	-	-	-	-	-	-	-
<b>Balance at the end of 2010</b>	<b>50,000,000</b>	<b>(852,587)</b>	<b>186,500,000</b>	<b>7,696,844</b>	<b>966,082</b>	<b>92,616,657</b>	<b>-</b>	<b>(70,836,538)</b>	<b>266,090,458</b>
<b>Balance at the beginning of 2011</b>	<b>50,000,000</b>	<b>(852,587)</b>	<b>186,500,000</b>	<b>7,696,844</b>	<b>966,082</b>	<b>92,616,657</b>	<b>-</b>	<b>(70,836,538)</b>	<b>266,090,458</b>
Appropriation of the profit of 2010	-	-	-	-	-	(70,836,538)	-	70,836,538	-
Comprehensive income for the year:	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	(21,227,710)	(21,227,710)
Fair value of cash flow hedges (derivatives)	-	-	-	-	-	-	(81,823)	-	(81,823)
Fair value of available for sale financial assets	-	-	-	-	-	-	-	-	-
Gains on revaluation of properties	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	(81,823)	(21,227,710)	(21,309,533)
Distribution of dividends	-	-	-	-	-	-	-	-	-
Acquisition of treasury stock	-	(1,563,042)	-	-	1,563,042	(1,563,042)	-	-	(1,563,042)
Stock options	-	-	-	-	85,484	-	-	-	85,484
Sales of available for sale financial assets	-	-	-	-	-	-	-	-	-
Share capital increase in subsidiaries	-	-	-	-	-	-	-	-	-
Other operations	-	-	-	-	-	-	-	-	-
<b>Balance at the end of 2011</b>	<b>50,000,000</b>	<b>(2,415,630)</b>	<b>186,500,000</b>	<b>7,696,844</b>	<b>2,614,609</b>	<b>20,217,077</b>	<b>(81,823)</b>	<b>(21,227,710)</b>	<b>243,303,367</b>

The accompanying notes are part of these financial statements

## Individual cash flow statements for the periods ended december 31, 2011 and 2010

(TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 27)

	31 DECEMBER 2011 IFRS (AUDITED)	31 DECEMBER 2010 IFRS (AUDITED)
<b>OPERATING ACTIVITIES</b>		
Receipts from customers	3,918,171	9,164,543
Payments to suppliers	(836,003)	(817,100)
Payments to employees	(2,085,495)	(1,959,712)
Cash generated from operations	996,673	6,387,731
Income tax paid	(221,377)	397,606
Other receipts/(payments) relating to operating activities	(347,091)	683,361
Cash generated from other operating activities	(568,468)	1,080,967
<b>Net cash generated by operating activities (1)</b>	<b>428,205</b>	<b>7,468,697</b>
<b>INVESTING ACTIVITIES</b>		
Receipts arising from:		
Financial assets	343,495,303	209,491,821
Tangible assets	29,435	72,298
Intangible assets	-	-
Interest and similar income	1,004,250	1,776,753
Dividends	-	-
Others	-	-
	344,528,987	211,340,872
Payments arising from:		
Financial assets	(367,180,135)	(244,212,600)
Tangible assets	(663)	(108,153)
Intangible assets	(25,789)	(624)
Others	-	-
	(367,206,587)	(244,321,376)
<b>Net cash generated by investing activities (2)</b>	<b>(22,677,600)</b>	<b>(32,980,505)</b>
<b>FINANCING ACTIVITIES</b>		
Receipts arising from:		
Borrowings	337,534,800	350,909,904
Issue of equity shares, supplementary capital and share premiums	-	-
Grants and donations	-	-
Others	-	-
	337,534,800	350,909,904
Payments arising from:		
Borrowings	(304,447,222)	(310,041,771)
Leasing	-	-
Interest and similar costs	(8,573,048)	(5,272,984)
Dividends	-	(9,871,178)
Acquisition of treasury stock	(1,563,042)	(850,004)
Others	-	-
	(314,583,312)	(326,035,937)
<b>Net cash generated by financing activities (3)</b>	<b>22,951,488</b>	<b>24,873,967</b>
Net increase in cash and cash equivalents (4)=(1)+(2)+(3)	702,093	(637,840)
Effect of foreign exchange currencies	-	-
Cash and cash equivalents at the beginning of the year	235,312	873,152
Cash and cash equivalents at the end of the year	937,405	235,312

The accompanying notes are part of these financial statements

# 14

## NOTES TO INDIVIDUAL FINANCIAL STATEMENTS

### Introductory note

Martifer SGPS, S.A. ("Company") is a limited company, with its registered office at Zona Industrial, Apartado 17, Oliveira de Frades - Portugal, incorporated on October 29, 2004 and having as its principal activities the management of shareholdings held and the rendering of support services to the Group companies.

From June 2007, and following the successful an Initial Public Offer (IPO), Martifer SGPS, S.A. started trading on the Portuguese Stock Exchange, Euronext Lisbon.

The Company is obliged, in terms of Article 4 of Regulation no. 1606/2002, of the European Parliament and Council, of July, 19, to prepare its consolidation financial statements in conformity with the International Financial Reporting Standards as adopted by the European Union in terms of Article 3 of the said regulation. The company adopted for the first time, in the 2010 economic period, the International Financial Reporting Standards, as adopted by the European Union.

All the amounts presented in these notes are expressed in Euro, unless otherwise indicated.

### 1. ACCOUNTING POLICIES

#### BASIS OF PREPARATION

The attached financial statements relate to the individual financial statements of Martifer SGPS, SA and were prepared in accordance with the International Financial Reporting Standards ('IFRS'), as adopted by the European Union, which came into effect at the beginning of the economic period started 1 January 2011.

These are the International Financial Reporting Standards, issued by the International Accounting Standards Board ('IASB'), and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') or by the previous Standing Interpretations Committee ('SIC'), that have been endorsed by the European Union.

The attached financial statements have been prepared on a going concern basis from the accounting records of the Company and have been prepared under the historical cost convention, except for the revaluation of certain non-current assets and certain financial instruments, which are stated at fair value.

In preparing the financial statements in conformity with IAS/IFRS, the Board of Directors of the Company adopted certain assumptions and estimates that affect the assets and liabilities reported, as well as the revenue and costs incurred relating to the periods reported upon (Note 1 xvii). All the estimates and assumptions made by the Board of Directors in respect of events and transactions underway were made with the best knowledge existing at the date of the approval of the financial statements.

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

The following standards, interpretations, amendments and revisions endorsed by the European Union and with mandatory effects from 1 January 2011, have been adopted in the current year:

# 14

NOTES TO INDIVIDUAL FINANCIAL STATEMENTS

	EFFECTIVE DATE
IFRS 1 – First-time Adoption of International Financial Reporting Standards (Amendments)	01-07-10
IFRS 7 – Financial Instruments: Disclosures (Amendments)	01-07-10
IAS 24 – Related Party Disclosures (Revised)	01-01-11
IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01-01-11
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	01-07-10
IAS 32 – Financial Instruments: Presentation – classification of rights issues	01-01-11
Improvements to IFRSs	01-01-11

The adoption of the standards, interpretations, amendments and revisions mentioned above had no significant impact on the 2011 Group's consolidated financial statements.

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

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

	EFFECTIVE DATE
IFRS 7 – Financial Instruments: Disclosures (Transfers of financial assets)	01-07-11

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

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

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

	EFFECTIVE DATE
IFRS 9 – Financial Instruments: classification and measurement	01-01-15
IFRS 1 – First-time Adoption of International Financial Reporting Standards (Amendments)	01-07-11
IAS 12 – Income Taxes (Amendments)	01-01-12
IFRS 10 – Consolidated financial statements	01-01-13
IFRS 11 – Joint arrangements	01-01-13
IFRS 12 – Disclosure of interest s in other entities	01-01-13
IFRS 13 – Fair value measurement	01-01-13
IAS 19 – Employee benefits	01-01-13
IAS 1 – Presentation of financial statements	01-07-12

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

## MAIN ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

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

### i) Non-current assets held for sale

Non-current assets are classified as held for sale when their value is recovered through a sales transaction as opposed to through their continued use or when the Company loses control over a significant operational unit. However, such classification requires that the sale transaction be highly probable, that the asset is available for immediate sale, that the Board of Directors is committed to its sale and that it occurs in the short period (normally, but not exclusively, in the space of one year).

Non-current assets classified as held for sale are recorded at the lower of their carrying value or realisable value net of selling expenses, and the depreciation of fixed assets affected to an operational unit held for sale is interrupted during the related period.

### ii) Intangible assets

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

Intangible assets comprise mainly software and other industrial property rights, which are depreciated on a straight-line basis over a 3 year period.

### iii) Tangible fixed assets

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

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

Transportation equipment	4 years
Office equipment	3 to 5 years

Maintenance and repair costs that neither increase the useful life nor create significant improvements in tangible fixed assets are recognized as costs in the year in which they are incurred.

### iv) Financial assets and liabilities

Financial assets and liabilities are recognized in the balance sheet when the Company is a contractual party to the instrument.

#### a) Financial instruments:

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

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

- Financial assets at fair value through profit or loss: this category is divided into two sub-categories: 'financial assets classified as held for trading' and 'financial assets designated at fair value through profit or loss'. A financial asset is classified under this category, namely, if it is acquired for the purpose of selling it in the short term. Derivatives are also classified as instruments held for trading, except if designated as an effective hedging instrument. Financial instruments in this category are classified as current if they are held for trading or if it is expected that they are going to be realized within twelve months from the balance sheet date.
- Held-to-maturity investments: this category includes financial assets, non-derivative, with fixed or variable reimbursements with a fixed maturity, and which the Board of Directors intends to hold to maturity
- Available-for-sale financial assets: these include financial assets, non-derivative, that are designated as available-for-sale or those that are not and cannot be classified in the preceding categories. This category is classified as non-current, unless the Board of Directors has the intention to sell the investment within 12 months from the balance sheet date.

Held-to-maturity investments are classified as non-current investments, unless their maturity is less than a year from the balance sheet date. Financial assets designated by the Group at fair value through profit or loss are classified as current.

All purchases and sales of financial instruments are recognized on the trade date, irrespective of the date of the financial settlement.

These financial assets are initially measured at cost, which is the consideration paid for them, and include transaction costs in the case of available-for-sale investments.

After the initial recognition, financial assets valued at fair value through profit or loss and the available-for-

sale investments are re-valued at their fair values with reference to their market value at the balance sheet date (measured by their quoted price or through an independent valuation), without regard for any transaction costs that may be incurred until their sale. Financial assets not quoted and in respect of which it is not possible to reliably estimate their fair value, are maintained at acquisition cost less impairment losses.

Gains and losses resulting from a change in the fair value of the 'available-for-sale financial assets' are recognized directly in equity, under the caption Fair value reserves until the investment is sold, received or in any way alienated, or until the fair value of the investment falls below the acquisition cost and this corresponds to an imparity, at which moment the accumulated gain or loss is recognized in the income statement.

Gains and losses resulting from changes in the fair value of 'Financial assets at fair value through profit or loss' are recognized in the income statement, under the caption 'Gains/losses in financial assets'.

'Held-to-maturity investments' are recorded at their amortized cost using the effective interest rate method, net of capital repayments and interest received.

Investments in subsidiaries and associated companies, as laid down by IAS 27, are valued at acquisition cost net of impairment losses.

#### **b) Trade and other receivables**

Trade and other receivable amounts have no implicit interest and are recorded at their nominal value less any impairment losses, recognized in the allowance account 'Accumulated Impairment losses', in order to reflect their net realization value.

#### **c) Borrowings**

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

#### **d) Trade and other payables**

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

#### **e) Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified based on their contractual substance. The Company classifies as equity instruments those contracts that evidence a residual interest of the Group in a group of assets after deducting a group of liabilities.

#### **f) Derivatives**

The Company uses derivative instruments solely to manage its exposure to financial risks by hedging these, and not with a trading objective. The use of derivative instruments has been approved by the Company's Board of Directors.

The derivative instruments used by the Company, classified as cash-flows hedges, are exclusively related to the hedging of interest rates on loans obtained. The loan amount, interest maturity and loan reimbursement plans inherent to the hedging instrument are in all respects similar to the established conditions for the contracted loans, resulting in perfect hedges.

Interest rate derivatives (Cash-flow hedges) are initially recorded at cost, if any, and subsequently re-valued at their fair value. The portion of the changes in the fair value of derivatives effectively covered are deferred to the statement of comprehensive income in the caption 'Fair value reserves – Derivatives', being transferred to the income statement in the same period that the hedge instrument affects the income statement. The gain or loss relating to the ineffective portion is recognized immediately in the income statement, when determined.

Hedge accounting is discontinued when the hedging instrument expires or is sold. When a hedging instrument no longer qualifies for hedge accounting the cumulative gain or loss that was deferred in the statement of comprehensive income in the caption 'Fair value reserves – Derivatives' is transferred to the income statement for the period and the subsequent revaluations of the derivative are also recorded in the income statement.

#### **v) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury operations with a maturity under three months and which are subject to insignificant value changes.

#### **vii) Revenue recognition and accrual based accounting**

Revenue and expenses are recorded in the period to which they relate, regardless of their date of payment or receipt. The captions of 'Other accounts receivable', 'Deferred expenses' and 'Other accounts payable' include expenses and income relating to the current period, where payment and receipt will occur in future periods, as well as payments and receipts in the current period but which relate to future periods.

Dividends from investments are recognized when the Company's right to receive them has been established.

Interest revenue is accrued on a time basis, with reference to the principal outstanding and the effective interest rate applicable for the operations.

#### **vii) Balances and transactions expressed in foreign currency**

All the assets and liabilities expressed in foreign currencies are translated to the functional currency, using the official exchange rate at the reporting date. The exchange differences, favourable or unfavourable, originating from the differences between the exchange rates at the transaction dates and those used at the collection, payment or at the balance sheet date, are recognized at their gross amount as gains and losses in the income statement.

#### **viii) Income Taxes**

The Income tax charge for the period includes current and deferred tax, in accordance with IAS 12. Current tax is calculated based on the taxable profit, in accordance with the local tax laws applicable to the location where the Company has its registered office.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of taxable profit as well as in respect of some fiscal credits attributed to the Company, and it is accounted for using the balance sheet liability method.

Deferred tax assets and liabilities are measured at the tax rates and based on the tax legislation expected to apply in the period in which the differences reverse, and evaluated annually using tax rates (and tax laws) that have been enacted or substantively enacted at each balance sheet date.

Deferred tax assets are generally recognized to extent that there is a reasonable probability that taxable profits will be available against which to offset them. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The deferred tax amount that results from transactions or events recognized directly in equity is registered directly in equity as well, not affecting the net income for the period.

#### **ix) Interest charges on borrowings**

Borrowing costs incurred with borrowings are recorded in the income statement on the accrual basis.

#### **x) Provisions**

Provisions are recognized when, and only when, the Group has an existing obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable

## 14

NOTES TO  
INDIVIDUAL  
FINANCIAL  
STATEMENTS

estimate can be made of the amount of the said obligation. These provisions are reviewed at each balance date and are adjusted to reflect the best estimate at that date, taking into consideration all the risks and uncertainties inherent to such estimates. When a provision is determined using the future cash flows estimated to settle the existing obligation, its carrying amount is the present value of those cash flows.

**xi) Impairment of assets**

The Company reviews the carrying amounts of its assets at each balance sheet date or whenever there is any indication (an event or alteration of circumstances) that these assets may have suffered an impairment loss.

When the asset carrying amount is greater than its recoverable amount an impairment loss is recognized and recorded in the caption 'Provisions and impairment losses'. The recoverable amount is the higher of fair value less selling costs and value in use. The fair value less selling costs is the amount that can be obtained in an arms-length transaction. Value in use is calculated by assessing the estimated future cash flows to be generated by the asset and its residual value, all discounted to their present value. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

**xii) Employee benefits****Retirement benefits**

As stated in Note 22, the Company acquired a specific insurance policy, in effect a capitalization fund, as a retirement complement benefit attributable to the Company's employees.

The cash contributions (equivalent to a month's salary per employee) to that insurance policy, contracted with 'Companhia de Seguros Global', are made annually, subject to the Board of Directors' favourable decision, and are recorded in the income statement under the caption 'Staff costs'. Additionally, the right to receive such benefit at the retirement date will only occur if the employee retires in the Company's employ; if not, such benefit will be lost.

**Stock options**

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

**xiii) Statement of financial positions presentation**

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

**xiv) Contingent assets and liabilities**

Contingent liabilities are not recorded in the financial statements. Instead, they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote.

Contingent assets are not recorded in the financial statements but are disclosed in the notes to the financial

statements when future economic benefits are probable.

**xv) Cash Flow Statement**

The cash flow statement is prepared, using the direct method, in accordance with IAS 7. The Company classifies as 'Cash and cash equivalents' treasury operations which mature in less than three months and which are subject to insignificant value changes.

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

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

**xvi) Subsequent events**

Events occurring after the balance sheet date that provide additional information about conditions existing at the balance sheet date (adjusting events), are recognized in the financial statements. Events occurring after the balance sheet date that provide information on conditions occurring after the balance sheet date (non-adjusting events), if material, are disclosed in the notes to the financial statements.

**xvii) Judgements and estimates**

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

The most significant accounting estimates reflected in the financial statements for the periods ended at 31 December 2011 and 2010 include:

- Impairment analysis of financial assets;
- Recording of provisions and impairment losses;
- Fair value of financial instruments; and
- Recognition of deferred tax assets in respect of reportable tax losses.

Estimates used are based on the best information available during the preparation of the financial statements. However, events may occur in subsequent periods that, not being foreseeable, were not considered in these estimates. Changes to the estimates that occur after the date of these financial statements, will be recognized in net income, in accordance with IAS 8, using the prospective methodology.

**xviii) Financial risk management**

Uncertainty, a characteristic of the financial markets, translates into a number of risks to which the activities of the Martifer Group are exposed, namely price risk, currency risk, interest rate risk, liquidity risk and credit risk.

**a) Currency risk**

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

The currency risk management policy of the Company aims to reduce the sensitivity of its income statement to foreign exchange rate variations.

**b) Interest rate risk**

Interest rate risk reflects the possibility of changes in future interest charges in loans borrowings obtained as a result of changes in market interest rate levels.

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

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

## 14

NOTES TO  
INDIVIDUAL  
FINANCIAL  
STATEMENTS**c) Liquidity risk**

Liquidity risk reflects the prospect of the Company not satisfying its financial responsibilities with the available financial resources.

The Company seeks to ensure that the structure of its funding matches the nature of its obligations. Investments in fixed assets, including financial investments, are funded by long term financing (equity and long term loans), whilst short term obligations are funded through short term loans. Long term loans are usually arranged for periods ranging from 5 to 7 years, mostly with a grace period in respect of the start of the principal's repayment schedule ranging from 1 to 2 years.

Liquidity risk is more fully described in Note 18.

**d) Credit risk**

The Company's credit risk results fundamentally from its relationship with financial institutions, occurring within the scope of its normal activity, associated with the potential default, by the financial institutions, with which it has contracted, in the regular course of business, term deposits, current accounts and derivatives. To mitigate this risk, the Company diversifies its counterparties, to avoid an excessive concentration of credit risk, and privileges the contracting of less complex financial instruments in detriment of instruments which structure is not fully known.

**2. SALES AND SERVICES RENDERED**

Sales and service rendered for the periods ended 31 December 2011 and 2010 refer, essentially, to management fees charged to Group companies:

	FY 2011	FY 2010
Services rendered	4,083,346	4,139,631
	<b>4,083,346</b>	<b>4,139,631</b>

The level of support services that provided to other companies Holding Group, during 2011, remained relatively stable.

**3. SUPPLIES AND EXTERNAL SERVICES**

The breakdown of supplies and external services for the periods ended 31 December 2011 and 2010 is as follows:

	FY 2011	FY 2010
Specialized services	586,669	412,788
Rents	195,853	190,001
Fees	129,607	166,771
Travel and accommodation	67,348	58,885
Fuel	22,072	19,588
Insurance	80,082	73,838
Communication	27,881	18,116
Repairs and maintenance	10,014	11,969
Stationery	4,990	9,196
Legal and notarial fees	1,166	1,775
Gifts	1,424	1,385
Public relations expenses	1,291	405
Publicity and propaganda	609	386
Other	9,190	7,755
	<b>1,138,198</b>	<b>972,859</b>

**4. STAFF COSTS**

Staff costs for the periods ended 31 December 2011 and 2010 can be analysed as follows:

	FY 2011	FY 2010
Remuneration	1,657,664	1,719,417
Social charges:		
Other	367,103	328,335
	<b>2,024,767</b>	<b>2,047,753</b>

At 31 December 2011 and 2010, the caption 'Other' includes, essentially, costs supported with social security, social responsibility costs, training costs, medical expenses and with labour accident insurance.

**5. PROVISIONS AND IMPAIRMENT LOSSES**

Provisions and impairment losses for the periods ended 31 December 2011 and 2010 are as follows:

	FY 2011	FY 2010
Impairment losses in accounts receivables (losses/reversals)	826,362	-
Impairment losses in financial assets (Note 12)	21,680,643	65,776,190

At the end of 2011, impairment losses on shares held in Martifer Renewables, SGPS, SA, amounting to Euro 18 million, were recorded, resulting from the impairment test performed on that asset. The reinforcement of the impairment loss for the year is mainly due to the negative net profit recorded by that subsidiary, resulting from the strong financial costs incurred, from impairment losses in certain subsidiaries and provisions for liabilities and charges. On the other hand it also reflects the loss on sale of shares in IWP Sp.zoo Wind Energy and Bukowski Sp.Z.o.o. (Wind farms Leki Dukielskie and Bukowski) that occurred in September 2011.

Also at the end of 2010, impairment losses had been recorded on shares held in Martifer Renewables, SGPS,

SA, reflecting the incorporation, in the future prospects of the projects underway, of the recent behavioural changes in the global financial markets, particularly in respect of projects in the USA, Poland, Romania and Australia.

In addition, the following impairment losses were recorded in 2011: Euro 2 million for the participation and loans to subsidiary Eviva Hidro, srl, for existing uncertainties about the recoverability of these amounts; Euro 1.6 million for participation in Martifer Inovação e Gestão; and a loss of Euro 0.8 million for the company's accounts receivable from Martifer Renewables Electricity LLC, sold during the first quarter of 2011.

Impairment tests for various financial assets of the company have been prepared in accordance with the Discounted Cash Flow evaluation model (DCF). The values of these evaluations are determined by past performance and the expectation of market development, with future cash-flow projections, for a five year period, being drawn up for each of the businesses, based on medium/long term plans approved by the Board of Directors.

These estimates were made considering a discount rate of 9.27 % for Portugal, between 8.74 % and 9.30 % for Romania, and 9.64 % for Brazil, and a perpetual growth rate between 0 % and 1 % for the various businesses.

## 6. FINANCIAL RESULTS

The financial results for the periods ended 31 December 2011 and 2010 may be analysed as follows:

	FY 2011	FY 2010
Interest and similar revenue		
Borrowings and accounts receivable (including bank deposits)		
Interest earned	10,630,299	6,895,828
Other revenue and financial gains relating to other financial assets		
Favourable Exchange differences	-	-
Other revenue and financial gains	-	-
<b>Total interest and similar revenue</b>	<b>10,630,299</b>	<b>6,895,828</b>
Interest and similar expenses		
Borrowings and accounts payable		
Interest charges on bank loans	6,522,674	3,053,899
Other expenses and financial losses relating to other financial liabilities		
Unfavourable Exchange differences	2,720	188
Other expenses and financial losses	2,529,078	1,217,347
<b>Total interest and similar expenses</b>	<b>9,054,472</b>	<b>4,271,434</b>

The 'Other expenses and financial losses' result, essentially, from the fees incurred in the issuance of commercial paper

	FY 2011	FY 2010
Tax losses carried forward	104,196	1,304,196
Fair value of derivatives	29,501	-
	<b>133,697</b>	<b>1,304,196</b>

## 7. GAINS / (LOSSES) ON FINANCIAL ASSETS

There were no gains or losses on financial assets in 2011. The losses recorded in 2010 relate to the sale of 11 % of the shareholdings held in Prio Energy, SGPS, SA and Nutre, SGPS, SA (formerly named Prio Foods, SGPS, SA), in the first quarter.

## 8. INCOME TAX

The breakdown of assets and liabilities giving rise to deferred taxes in the periods ended 31 December 2011 and 2010 may be analysed as follows:

	FY 2011	FY 2010
Tax losses carried forward	104,196	1,304,196
Fair value of derivatives	29,501	-
	<b>133,697</b>	<b>1,304,196</b>

At 31 December 2011, deferred tax assets amounted to Euro 133,697 (2010: Euro 1,304,196), with a negative impact on the income statement of Euro 1,200,000 (2010: negative impact of Euro 750,000). The decrease in the deferred tax asset relates, on one hand, to the utilisation of tax losses carried forward and, on the other hand, to the adjustment considered necessary so that it reflects solely expected future taxable profits against which it can be realized.

As at 31 December 2011, tax losses carried forward amounting to Euro 28,252,238 (Euro 25,646,376 as at 31 December 2010), have not originated deferred tax assets amounting to Euro 7,063,060 (Euro 6,411,594 as at 31 December 2010) for prudential reasons. Unrecognised deferred taxes on tax losses are as follow:

	TAX LOSSES CARRIED FORWARD	TIME LIMIT
Generated in 2008	25,598,500	2015
From which deferred tax assets are recognized:	(416,784)	2015
Generated in 2009	3,070,522	2016
<b>Tax losses carried forward that have not have not originated deferred tax assets</b>	<b>28,252,238</b>	

The reconciliation of the income tax charge for the period and the current tax charge may be analysed as follows:

	FY 2011	FY 2010
Current tax	33,879	81,798
Under / (over) taxation estimates	(3,202)	-
Deferred taxes relating to the reversal of timing differences	1,200,000	750,000
<b>Tax charge for the period</b>	<b>1,230,677</b>	<b>831,798</b>
Effective tax rate	-5.8%	-1.2%

At 31 December 2011 and 2010, the reconciliation between the normal and effective rate is as follows:

	FY 2011	FY 2010
Net income before taxes	(19,997,033)	(70,004,740)
Nominal income tax on results (nominal rate 25%)	(4,999,258)	(17,501,185)
Results not subject to taxation:		
Sale of financial investments	-	1,997,542
Costs not deductible for tax purposes:		
Impairment losses	5,420,161	16,444,047
Provisions not accepted	206,590	-
Other	(78,959)	-
Results of associated companies accounted for under the equity method		
Utilization of tax losses carried forward that did not give rise to deferred tax assets in prior years		(190,404)
Tax losses arising in this period in respect of which no deferred tax assets were recognised		
Reversal of deferred tax assets in the period	651,466	-
Under / (over) taxation estimates	(3,202)	
Autonomous taxation	10,114	8,281
Municipality tax	23,765	73,517
<b>Effective tax charge on income</b>	<b>1,230,677</b>	<b>831,798</b>

Martifer SGPS, S.A. and its subsidiaries are subject to corporate income tax (IRC) at the normal rate of 25 %, with the first € 12,500 of taxable income being subject to a rate of 12.5 %. In addition, a municipal surcharge, in this case of 1.5 %, is also applied as is a state surcharge of 2.5 % when taxable profits exceed € 2,000,000. In terms of article 88 of the Corporate Tax Code, the company is, additionally, subject to autonomous tax over a number of expenses, at the rates laid down in the said Code.

Since January 2011, Martifer SGPS, SA is covered by the special taxation of groups of companies' mechanism ("RETGS"), which comprises companies in which it holds, directly or indirectly, at least 90% of its capital and meet simultaneously with the other conditions set by that mechanism. The remaining Martifer Group companies, not covered by the special tax mechanism, are taxed individually, based on their taxable profit and at the applicable tax rates.

In accordance with the legislation in force, tax declarations remain subject to review and adjustment by the tax authorities during a period of four years (five years for social security), except when there are tax losses, fiscal benefits were conceded, or inspections, claims or impugnations are underway, in which cases, depending on the circumstances, the period is extended or suspended. Consequently, the tax declarations for the years 2007 through 2010 may be subject to review.

The Board of Directors believes that any adjustments resulting from reviews/inspections by the tax authorities will have no significant impact on the financial statements at 31 December 2011.

## 9. EARNINGS PER SHARE

Martifer SGPS has issued solely ordinary shares so there are no special dividends or voting rights. Martifer has a single type of potentially dilutive ordinary share: share options. To calculate the diluted earnings per share it is necessary to determine whether these options, regardless of whether they may or not be exercised, have a dilutive effect, which occurs when the option exercise price is lower than the quoted share price.

Considering that Martifer's quoted share price averaged Euro 1.29 between January 1, 2011 and December 31, 2011, which is lower than the option exercise price (Euro 3.84), the latter can be considered non-dilutive as their exercising would result in a reduction in the ordinary shares in circulation.

Hence, at 31 December 2011 there is no difference between the basic and diluted earnings per share calculation.

Martifer SGPS SA's share capital is represented by 100,000,000 ordinary shares, totally subscribed and realized, representing a share capital of Euro 50,000,000.

The weighted average number of shares in circulation is reduced in 1,180,942 shares, corresponding to own shares acquired by Martifer SGPS during 2011 and 2010 totalling 1,747,651 shares.

At 31 December 2011 and 2010, the calculation of earnings per share, basic and diluted, may be demonstrated as follows:

	FY 2011	FY 2010
Net profit for the period (I)	(21,227,710)	(70,836,538)
Weighted average number of shares in circulation (II)	98,819,058	99,929,092
Earnings per share, basic and diluted (I) / (II)	(0.2148)	(0.7089)

## 10. INTANGIBLE ASSETS

Gross intangible assets for the period ended 31 December 2011 and 2010 may be analysed as follows:

	SOFTWARE AND OTHER RIGHTS	OTHER INTANGIBLE ASSETS	ADVANCES ON ACCOUNT OF INTANGIBLES	TOTAL
31 December 2010				
Opening balance	1,265	9,586	-	10,851
Additions	84	540	-	624
	<b>1,349</b>	<b>10,126</b>	-	<b>11,475</b>
31 December 2011				
Opening balance	1,349	10,126	-	11,475
Additions	-	25,789	-	25,789
	<b>1,349</b>	<b>35,915</b>	-	<b>37,264</b>

Accumulated amortization and impairment losses for the period ended 31 December 2011 and 2010 may be analysed as follows:

	SOFTWARE AND OTHER RIGHTS	OTHER INTANGIBLE ASSETS	ADVANCES ON ACCOUNT OF INTANGIBLES	TOTAL
31 December 2010				
Opening balance	880	2,900	-	3,780
Additions	304	3,330	-	3,634
	<b>1,184</b>	<b>6,230</b>	-	<b>7,414</b>
31 December 2011				
Opening balance	1,184	6,230	-	7,414
Additions	165	9,090	-	9,255
	<b>1,349</b>	<b>15,320</b>	-	<b>16,669</b>
Net amount:				
<b>2010</b>	<b>165</b>	<b>3,896</b>	-	<b>4,061</b>
<b>2011</b>	-	<b>20,594</b>	-	<b>20,594</b>

## 11. TANGIBLE FIXED ASSETS

Gross amounts in respect of transportation and office equipment and other tangible fixed assets for the periods ended 31 December 2011 and 2010 may be analysed as follows:

	TRANSPORTATION EQUIPMENT	OFFICE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
31 December 2010				
Opening balance	103,516	17,984	-	121,500
Additions	38,613	13,732	-	52,345
Sales and write-offs	(21,347)	(2,192)	-	(23,539)
	<b>120,781</b>	<b>29,525</b>	-	<b>150,307</b>
31 December 2011				
Opening balance	120,781	29,525	-	150,307
Additions	-	1,637	-	1,637
Sales and write-offs	(29,435)	-	-	(29,435)
	<b>91,346</b>	<b>31,162</b>	-	<b>122,508</b>

Accumulated depreciation and impairment losses respecting transportation and office equipment and other tangible fixed assets for the periods ended 31 December 2011 and 2010 may be analysed as follows:

	TRANSPORTATION EQUIPMENT	OFFICE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
31 December 2010				
Opening balance	12,530	1,810	-	14,340
Additions	30,235	13,630	-	43,865
Sales and write-offs	(5,822)	(606)	-	(6,428)
	<b>36,943</b>	<b>14,833</b>	-	<b>51,777</b>
31 December 2011				
Opening balance	36,943	14,833	-	51,777
Additions	32,806	9,409	-	42,214
Sales and write-offs	(21,890)	-	-	(21,890)
	<b>47,859</b>	<b>24,242</b>	-	<b>72,101</b>
Net amount:				
<b>2010</b>	<b>83,838</b>	<b>14,692</b>	-	<b>98,529</b>
<b>2011</b>	<b>43,487</b>	<b>6,920</b>	-	<b>50,407</b>

14

NOTES TO INDIVIDUAL FINANCIAL STATEMENTS

## 12. FINANCIAL ASSETS

At 31 December 2011 and 2010, the breakdown of financial assets in subsidiaries and associated companies was as follows:

	% HELD	ACQUISITION VALUE	SUPPLEMENTARY CAPITAL	IMPAIRMENT LOSS	TOTAL
31 December 2010					
Nutre, SGPS, SA *	49%	-	56,459,000	-	56,459,000
Martifer Renewables, SGPS, SA	100%	99,765,635	69,601,173	(127,450,334)	41,916,474
Eviva Hidro, Srl	1%	47	2,006,564	-	2,006,611
Martifer Metallic Constructions, SGPS, SA	100%	12,228,848	1,544,359	-	13,773,207
Martifer Inovação e Gestão, SA	100%	101,291	8,187,941	-	8,289,232
Martifer GMBH	100%	21,800	101,011	-	122,811
Ventinveste SA	5%	2,500	-	-	2,500
Martifer Energy Systems, SGPS, SA	100%	6,079,142	14,826,000	-	20,905,142
Prio Energy, SGPS, SA	49%	5,235,168	5,341,000	-	10,576,168
Martifer Gestioni si Servicii	100%	1,265	-	-	1,265
Martifer Solar, SGPS, SA	100%	26,266,020	-	-	26,266,020
Powerblades	-	5,000	-	-	5,000
CEC	-	25,000	-	-	25,000
		<b>149,731,715</b>	<b>158,067,048</b>	<b>(127,450,334)</b>	<b>180,348,429</b>

\* Formerly named Prio Foods, SGPS, SA

	% HELD	ACQUISITION VALUE	SUPPLEMENTARY CAPITAL	IMPAIRMENT LOSS	TOTAL
31 December 2011					
Nutre, SGPS, SA *	49%	-	58,909,000	-	58,909,000
Martifer Renewables, SGPS, SA	100%	99,765,968	169,601,173	(145,461,088)	123,906,053
Eviva Hidro, Srl	1%	47	2,006,564	(2,006,611)	0
Martifer Metallic Constructions, SGPS, SA	100%	12,261,256	76,544,359	-	88,805,615
Martifer Inovação e Gestão, SA	100%	101,291	5,974,941	(1,663,277)	4,412,954
Martifer GMBH	100%	21,800	98,291	-	120,091
Ventinveste SA	5%	2,500	-	-	2,500
Martifer Energy Systems, SGPS, SA	100%	6,087,775	30,826,000	-	36,913,775
Prio Energy, SGPS, SA	49%	5,235,168	2,891,000	-	8,126,168
Martifer Gestioni si Servicii	100%	1,265	-	-	1,265
Martifer Solar, SGPS, SA	100%	26,280,763	12,758,540	-	39,039,303
CEC	-	25,000	-	-	25,000
		<b>149,782,833</b>	<b>359,609,868</b>	<b>(149,130,976)</b>	<b>360,261,725</b>

\* Formerly named Prio Foods, SGPS, SA

The main variations in this caption refer to:

- The reinforcement of supplementary capital contributions (which do not bear interest) to Martifer Renewables, SGPS, SA, Martifer Metallic Constructions, SGPS, SA, Martifer Energy Systems, SGPS, SA and Martifer Solar, SGPS, SA;
- The recognition of impairment losses in respect of the shareholdings in Martifer Renewables, SGPS, amounting to Euro 18 million, Eviva Hidro Srl, amounting to Euro 2 million and in Martifer Inovação e Gestão, amounting to Euro 1.6 million, as described in Note 5 above.

## 13. GROUP COMPANIES

At 31 December 2011 and 2010, shareholder loans and other financial operation balances are as follows:

	31 DECEMBER 2011			ACCOUNTS RECEIVABLE		
	NON CURRENT	CURRENT	TOTAL	NON CURRENT	CURRENT	TOTAL
Nutre, SGPS, SA *	-	2,514	2,514	-	2,514	2,514
Martifer Renewables, SGPS, SA	-	12,248,451	12,248,451	90,939,000	35,215,613	126,154,613
Martifer Metallic Constructions, SGPS, SA	-	10,717,771	10,717,771	25,000,000	15,944,495	40,944,495
Martifer Inovação e Gestão, SA	-	73,587	73,587	-	73,587	73,587
Martifer Energy Systems, SGPS, SA	1,178,460	1,865,544	3,044,003	1,178,460	6,683,976	7,862,435
Martifer Solar, SGPS, SA	-	1,959	1,959	12,758,540	6,532,765	19,291,305
Powerblades	-	-	-	-	212,216	212,216
Others	-	90,526	90,526	-	108,117	108,117
	<b>1,178,460</b>	<b>25,000,351</b>	<b>26,178,810</b>	<b>129,876,000</b>	<b>64,773,283</b>	<b>194,649,283</b>

\* Formerly named Prio Foods, SGPS, SA

The variation relates with the transfer of non-current and current loans to supplementary capital, as mentioned in the previous note.

These loans bear interest at a market rate.

## 14. OTHER ACCOUNTS RECEIVABLE

At 31 December 2011 and 2010, the other accounts receivable ageing analysis is as follows:

31 DECEMBER 2010	TOTAL	NOT OVERDUE	OVERDUE			
			LESS THAN 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Clients, current accounts	2,024,835	1,254,296	407,896	-	360,094	2,550
Other debtors	4,617,604	38,110	826,362	3,752,949	-	183
	<b>6,642,440</b>	<b>1,292,406</b>	<b>1,234,257</b>	<b>3,752,949</b>	<b>360,094</b>	<b>2,733</b>

31 DECEMBER 2011	TOTAL	NOT OVERDUE	OVERDUE			
			LESS THAN 90 DAYS	90 TO 180 DAYS	180 TO 360 DAYS	MORE THAN 360 DAYS
Clients, current accounts	2,089,423	665,423	341,034	159,542	499,183	424,242
Other debtors	4,034,252	3,884,069		150,000		183
	<b>6,123,676</b>	<b>4,549,492</b>	<b>341,034</b>	<b>309,542</b>	<b>499,183</b>	<b>424,426</b>

The Company considers that there has been no deterioration of the credit worthiness of the counterparts and that the overdue amounts are not at risk of becoming unrecoverable.

## 15. CORPORATE INCOME TAX AND STATE AND OTHER PUBLIC ENTITIES

At 31 December 2011 and 2010, the balances of the captions 'Corporate income tax' and 'State and other public entities' are as follows:

	31 DECEMBER 2011	31 DECEMBER 2010
<b>Corporate income tax</b>	<b>830,178</b>	<b>295,533</b>
Withholding taxes	(22,091)	(27,943)
Value added taxes	(10,643)	(150,425)
Social Security contributions	(19,881)	(29,386)
<b>State and other public entities</b>	<b>(52,615)</b>	<b>(207,753)</b>

## 16. CASH AND CASH EQUIVALENTS

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

	31 DECEMBER 2011	31 DECEMBER 2010
Bank deposits	937,405	235,312

Cash and its equivalents include short term bank deposits, with maturities not exceeding 3 months, for which the risk of value alteration is insignificant. At 31 December 2011 and 2010, there were no restrictions associated with the balances of the caption 'Cash and cash equivalents'.

## 17. SHARE CAPITAL, RESERVES AND OWN SHARES

### SHARE CAPITAL

Martifer SGPS's share capital, fully subscribed and realized at December 31, 2011, amounted to Euro 50,000,000 and is represented by 100,000,000 bearer shares with a par value of 50 cents each. All shares have the same rights, namely one share one vote. During the 2011 and 2010 economic periods there were no changes in the number of shares representing the Company's share capital.

During the 2011 economic period, Martifer SGPS acquired, through the stock exchange, 1,187,410 own shares (2010: 560,241 own shares were acquired). After these acquisitions, Martifer holds 1,747,651 own shares, corresponding to 1.75 % of its share capital. In accordance with Portuguese commercial legislation, company is required to keep unavailable a reserve by the same amount as the own shares amount.

At 31 December 2011, the Company's share capital is 42.64 % held by I'M SGPS, S.A., 37.5 % by Mota-Engil SGPS, S.A., 1.75 % are own shares, with the remaining 18,11 % dispersed on the Stock Exchange.

### STOCK OPTIONS

A stock option plan is in place, under the terms approved at the General Meeting, and applies to some employees as an incentive to create value.

Options attributed will automatically expire whenever an employee ceases being in the service at any of the Group companies.

All the options attributed at 31 December 2011 are considered as being equity settled.

### OTHER CHANGES IN EQUITY

Other changes in equity result from the fair value of derivative financial instruments, as explained in Note 20.

### RESERVES

#### Share premium

Share premiums correspond to excess amounts gained with the issue of or an increase in share capital. In accordance with Portuguese commercial legislation, the amounts included in this caption must comply with the regime applicable to 'legal reserves', that is, they are not distributable except in the event of liquidation, but they may be used to offset losses, after all the other reserves have been used up, and/or be incorporated in share capital.

#### Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net income must be used to increase the legal reserve until the latter represents at least 20% of the share capital. This reserve is non-distributable, except in the event of liquidation, but may be used to offset losses, after all the other reserves have been used up, and/or be incorporated in share capital.

#### Other reserves

Reserves relating to share options included in this caption amount to Euro 198,980 (2010: Euro 112,495) and reflect the fair value of the services rendered by employees adjusted, at each balance sheet date, by the impact of the review of the original estimate resulting from the recalculation of the number of options considered exercisable.

This caption also includes, a reserve, that is not available, amounting to Euro 2,415,630 (2010: Euro 852,587), related to the own shares amount.

Under Portuguese legislation, the amount of reserves considered distributable is determined based on the Company's individual financial statements, prepared in accordance with International Financial Reporting Standards (IFRS). Hence, the only reserves in Martifer SGPS, S.A., that could, by their nature, be considered distributable, are those relating to retained earnings in the amount of Euro 20,217,077. However, at the end of this economic period, these reserves are not available because they are needed to cover the loss.

## 18. BORROWINGS

The borrowings obtained, with reference to the periods ended 31 December 2011 and 2010, are as follows:

	UP TO 1 YEAR	BETWEEN 1 AND 3 YEARS	BETWEEN 3 AND 5 YEARS	OVER THAN 5 YEARS	TOTAL
31 December 2010					
Amounts due to financial institutions:					
Bank loans	1,640,625	13,125,000	11,484,375	-	26,250,000
Bank overdrafts	-	-	-	-	-
Authorized Overdrafts	1,170,000	-	-	-	1,170,000
Other loans obtained:					
Commercial paper	60,500,000	14,250,000	15,000,000	-	89,750,000
	<b>63,310,625</b>	<b>27,375,000</b>	<b>26,484,375</b>	-	<b>117,170,000</b>

	UP TO 1 YEAR	BETWEEN 1 AND 3 YEARS	BETWEEN 3 AND 5 YEARS	OVER THAN 5 YEARS	TOTAL
31 December 2011					
Amounts due to financial institutions:					
Bank loans	6,562,500	6,562,500	11,484,375	-	24,609,375
Bank overdrafts	11,940	-	-	-	11,940
Authorized Overdrafts	41,386,263	-	-	-	41,386,263
Other loans obtained:					
Commercial paper	10,500,000	58,750,000	15,000,000	-	84,250,000
	<b>58,460,703</b>	<b>65,312,500</b>	<b>26,484,375</b>	-	<b>150,257,578</b>

The financing of the Company, including authorized overdrafts, have renewal clauses, so that it is Board of Directors' expectation that, similarly to what has happened in the past and based on current negotiations with creditors, a part of this funding will be renewed at the period of its liquidation. The liquidation of the remaining funding is expected to occur with the sale of non-core assets by the subsidiaries, which will enable them to restore loans and supplementary capital to the company, namely the sale of wind farms in Romania.

At 31 December 2011, the Company's main renewable commercial paper programmes are as follows:

	MAXIMUM CONTRACT AMOUNT (EUROS)	CONTRACT DATE	CONTRACT TERM	AMOUNT UTILIZED
Martifer SGPS	50,000,000	Sep-08	5 Years	50,000,000
Martifer SGPS	14,250,000	Nov-10	3 Years	14,250,000
Martifer SGPS	15,000,000	May-10	5 Years	15,000,000
Martifer SGPS	5,000,000	Sep-10	5 Years	5,000,000
	<b>84,250,000</b>			<b>84,250,000</b>

The average interest rate on borrowings, during 2011, was 4.775 %.

## 19. TRADE PAYABLES AND OTHER ACCOUNTS PAYABLES

The information regarding trade and other accounts payable for the periods ended December 31, 2011 and 2010 may be analysed as follows:

	31 DECEMBER 2011	31 DECEMBER 2010
Trade payables	672,661	345,028
Other creditors	21,232	131,692
Expense accruals	1,286,981	909,854
Other	5,781	3,223
<b>Other accounts payables</b>	<b>1,313,995</b>	<b>1,044,769</b>

At 31 December 2011 and 2010, this caption includes amounts due to suppliers arising from the Company's operational activity and from the acquisition of tangible and intangible fixed assets. The Board of Directors believes that the fair value of these balances do not differ significantly from their carrying value and the impact of updating these amounts is not material.

## 20. DERIVATIVES

At 31 December 2011, an interest rate derivative contract was in force, in order to manage the exposure to movements in interest rates prevailing on a contract financing, setting interest rates.

DERIVATIVE	COUNTERPART	NOTIONAL	TYPE	EXPIRY DATE	FAIR VALUE
Interest Rate Swap	Barclays	14,250,000	Pays fixed rate [1.91%] and receives Euribor 6M	22/11/2013	(111,324)

The fair value of the derivative contracts above has been valued by the counterparties and as these derivatives qualify as cash flow hedges, the fair value has been recorded against an entry in the equity caption 'Fair value reserves – Derivatives'.

Fair value valuation of the derivatives hired by the Martifer, SGPS, SA was performed by the respective financial institutions acting as counterparty. The fair value valuation model used by the counterparty is based on the discounted cash flows, using the swaps par rates, listed in the interbank market, and available on Reuters and/or Bloomberg terminals for the negotiated periods, which are used to calculate the forward interest rates and discount factors. Then, the present value of the fixed cash flows (fixed leg) and the present value of the variable cash flows (floating leg) is calculated. From the addition of the two legs results the NPV (Net Present Value or discounted value of future cash flows or fair value of derivatives).

## 21. COMMITMENTS

### Financial Guarantees

At 31 December 2011 and 2010, the principal operating guarantees issued by the Company are as follows:

	31 DECEMBER 2011	31 DECEMBER 2010
Martifer SGPS	88,898,000	135,131,204

The amount indicated, in 2011 and 2010, includes a guarantee in favour of BP Portugal, to guarantee payment of fuel purchases made by Prio Energy, S.A., as well as other guarantees regarding solar park construction commitments. In February 2011, guarantees totalling Euro 40.8 million were cancelled following the signature of the final acceptance certificates of four solar parks in Spain.

Given that the EPC solar park construction contracts require Martifer Solar and/or companies it has shareholdings in to guarantee, amongst others, the quality of the materials and design, photovoltaic installations, the achievement of certain performance and wattage ratios with the photovoltaic modules, Martifer SGPS undertook to provide Martifer Solar and/or companies it has shareholdings in with the means necessary to guarantee full compliance with contractual obligations.

Martifer Solar is presently considered to have the capacity to support its own commitments without recourse to the Holding Company.

**Pledges or Mortgages**

At 31 December 2011 the collateral given by the Company may be summarized as follows:

COMPANY	GUARANTEE	ASSET VALUE	DEBT AMOUNT
Martifer SGPS	Share pledge of Martifer Solar SA	37,500,000	24,609,375

## 14

NOTES TO  
INDIVIDUAL  
FINANCIAL  
STATEMENTS

**22. RETIREMENT PENSION COMPLEMENT**

The Company has not assumed any responsibilities in respect of pension plans. However, an insurance policy contracted with Companhia de Seguros Global', that functions as a capitalization fund, provides a retirement pension complement to the Group's employees.

This policy covers all employees with a permanent employment contract. Annually, whenever the Board of Directors so determines, a cash contribution equivalent to a month's salary per employee is paid into the fund. The right to receive such benefit can only be exercised at the retirement date, at which time the employee can opt between transforming the fund into a monthly pension or alternatively, receive 50 % up front and the rest as a monthly pension.

**23. REMUNERATION PAID TO MANAGEMENT, THE SUPERVISORY BOARD AND THE CHARTERED ACCOUNTANT**

Remuneration attributed to the key management personnel, by remuneration category, can be summarized as follows:

	FY 2011	FY 2010
Fixed remuneration	581,500	693,627
Variable remuneration	-	-
Pension complements (Note 21)	-	-
	<b>581,500</b>	<b>693,627</b>

The remuneration attributed to the Supervisory Board in 2011 amounted to Euro 14,400 (2010: Euro 14,400) and the remuneration paid to the Chartered Accountant amounted to Euro 118,400 (2010: Euro 119,365).

The remuneration policy applicable to Martifer's management and supervisory bodies, approved in terms of Law 28/2009, as well as the annual remuneration received by the members of the said bodies, in total and individually, are presented in the Corporate Governance Report.

**24. RELATED PARTIES**

Beyond the balances and transactions described in the notes above, the balances or transactions performed with related parties are as follows:

	COSTS		REVENUES		ACCOUNTS RECEIVABLE		ACCOUNTS PAYABLE	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Parent company	-	-	46,408	-	197,593	-	-	-
Group and associated companies	811,951	363,538	14,476,226	11,036,936	1,962,321	2,742,480	762,936	100,965
	<b>811,951</b>	<b>363,538</b>	<b>14,522,634</b>	<b>11,036,936</b>	<b>2,159,914</b>	<b>2,742,480</b>	<b>762,936</b>	<b>100,965</b>

**25. SUBSEQUENT EVENTS**

There are no subsequent events to report.

**26. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Board of Directors on March 1, 2012. Additionally, the attached financial statements are pending approval at the Shareholders General Meeting. However, the Board of Directors of the Company believes these will be approved without significant alterations.

**27. EXPLANATION ADDED FOR TRANSLATION OF THE FINANCIAL STATEMENTS**

These financial statements are a translation of the individual financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese version prevails.

Oliveira de Frades, March 1, 2012

**The Chief Accountant**

Isabel Cristina Loureiro Silva

**The Board of Directors**

Carlos Manuel Marques Martins

Jorge Alberto Marques Martins

Arnaldo José Nunes da Costa Figueiredo

Luís Filipe Cardoso da Silva

Mário Jorge Henriques Couto

Luís Valadares Tavares

Jorge Bento Ribeiro Barbosa Farinha



# // // AUDIT AND FISCAL REPORTS

**MARTIFER**  
GROUP

Martifer SGPS S.A. - Sociedade Aberta  
Zona Industrial - Apartado 17  
3684-001 Oliveira de Frades  
Portugal

**MARTIFER**  
GROUP

Martifer SGPS S.A. - Sociedade Aberta  
Zona Industrial - Apartado 17  
3684-001 Oliveira de Frades  
Portugal

REPORT AND OPINION OF THE SUPERVISORY BOARD  
On the consolidated Accounts of 2011

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

Dear Shareholders,

1. In accordance with the law, statutes and our mandate, we enclose our report on our supervisory activity and our opinion on Martifer – SGPS, S.A. management report and consolidated accounts for the year ending December 31, 2011, as well as on the proposals presented by the Board of Directors.
2. We followed, as much as needed for such purpose, the activity of the company and of its major subsidiaries, having received from the executive members of the Board and from company officials all required explanations and support for the completion of our duties. Besides, we analysed the Risk Committee Regulation and the general principles of risk management.
3. Under paragraph 4 of article 397º of the Companies Commercial Code, we declare that were issued for the purposes of paragraph 2 of that article, favourable opinion to the purchase of shares representing 10% of PARK LOGISTYCZNY BISKUPICE SP. Z o.o., with headquarter in Gliwice and registered in the Polish National Court Register with the number 0000283273, by the subsidiary MARTIFER METALLIC CONSTRUCTIONS – SGPS, S.A. to the company EXCLUSIPOLIS – S.G.P.S., Lda., held in 60% by the company BLACK AND BLUE INVESTIMENTOS, S.A..
4. We noted that the Turnover of the Group decreased 7.8%, Total Assets decreased about 5.5%, Equity decreased about 16.8% and Liabilities also decreased about 0.1%. On the other hand, Gross profit decreased about 24% and Staff Costs grew 2.5%, in relation to 2010.
5. We accompanied the preparation of the consolidated accounts, the work of the statutory auditor, Dr. Américo Agostinho Martins Pereira, and we reviewed the Legal Certification of Consolidated Accounts, which have our agreement.
6. Within the scope of competence conferred upon us, we have found that:

- a) the consolidated financial position, the consolidated income statements, the consolidated cashflow statements and the consolidated statement of changes in shareholders' equity and respective accompanying notes give a true and fair view of the Company and its subsidiaries financial position and financial results;
  - b) the accounting policies and valuation criteria used are in accordance with the International Financial Reporting Standards;
  - c) the consolidated management report shows a clear picture of the most significant aspects of the evolution of the businesses and the position of the Company and its subsidiaries.
7. Therefore, taking into account the information received from the Board of Directors and the conclusions of the Legal Certification of Consolidated Accounts and the Auditor's Report on Consolidated Financial Statements issued by the external auditors, we are of the opinion that:
    - a) the Management Report should be approved;
    - b) the Consolidated Financial Statements should be approved.

Oliveira de Frades, 19 March 2012

The Supervisory Board,

---

Manuel Simões de Carvalho e Silva  
Chairman of the Supervisory Board

---

Carlos Alberto da Silva e Cunha  
Member of the Supervisory Board

---

João Carlos Tavares Ferreira de Carreto Lages  
Member of the Supervisory Board

**MARTIFER**  
GROUP

Martifer SGPS S.A. - Sociedade Aberta  
Zona Industrial - Apartado 17  
3684-001 Oliveira de Frades  
Portugal

REPORT AND OPINION OF THE SUPERVISORY BOARD  
On the individual Accounts of 2011

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

Dear Shareholders,

1. In accordance with the law, statutes and our mandate, we enclose our report on our supervisory activity and our opinion on Martifer – SGPS, S.A. management report and individual accounts for the year ending December 31, 2011, as well as on the proposals presented by the Board of Directors.
2. We followed, as much as needed for such purpose, the activity of the company and of its major subsidiaries, having received from the executive members of the Board and from company officials all required explanations and support for the completion of our duties. Besides, we analysed the Risk Committee Regulation and the general principles of risk management.
3. We accompanied the work of the statutory auditor, Dr. Américo Agostinho Martins Pereira, and we reviewed the Legal Certification of Accounts, which have our agreement.
4. Within the scope of competence conferred upon us, we have found that:
  - a) the management report and financial statements shows a clear picture of the financial position, financial results and cash flows of the Company;
  - b) the accounting policies and valuation criteria used, in accordance with the generally accepted accounting principles in Portugal, are appropriate to understanding the net worth of the Company at the end of the financial year and its results;
  - c) the proposal for the appropriation of net profit presented by the Board of Directors in its report is adequate.
6. Therefore, taking into account the information received from the Board of Directors and the conclusions of the Legal Certification of Accounts, we are of the opinion that:

- a) the Management Report should be approved;
- b) the Individual Financial Statements should be approved;
- c) the proposal for the appropriation of net profit presented by the Board of Directors in its report should be approved.

Oliveira de Frades, 19 March 2012

The Supervisory Board,

---

Manuel Simões de Carvalho e Silva  
Chairman of the Supervisory Board

---

Carlos Alberto da Silva e Cunha  
Member of the Supervisory Board

---

João Carlos Tavares Ferreira de Carreto Lages  
Member of the Supervisory Board

## MARTIFER GROUP

Martifer SGPS S.A. - Sociedade Aberta  
Zona Industrial - Apartado 17  
3684-001 Oliveira de Frades  
Portugal

### STATEMENT OF COMPLIANCE

(In the terms of article 245, number 1, paragraph C of the Securities Code)

Dear Shareholders,

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

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

ii) the information contained in the Management Report truthfully represents the operational performance and position of Martifer – SGPS, S.A. and the companies included in the consolidation perimeter, including a description of the main risks and uncertainties faced by the company.

Oliveira de Frades, 19 March 2012

The Supervisory Board,

---

Manuel Simões de Carvalho e Silva  
Chairman of the Supervisory Board

---

Carlos Alberto da Silva e Cunha  
Member of the Supervisory Board

---

João Carlos Tavares Ferreira de Carreto Lages  
Member of the Supervisory Board

## LEGAL CERTIFICATION OF CONSOLIDATED ACCOUNTS

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

### INTRODUCTION

1. We examined the consolidated financial statements of *MARTIFER - SGPS, S.A.*, which comprises the consolidated statement of financial position on the thirty first of December of two thousand and eleven (showing a total of 1,037,833,335 euros and a total equity of 283,316,635 euros, including a negative net profit of 49,600,348 euros), the consolidated statements of results, of comprehensive income, of changes in equity and of cash flows for the year then ended, and the corresponding notes.

### RESPONSABILITIES

2. It is the responsibility of the Board of Directors to prepare the single management report and the consolidated financial statements, which present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results and the comprehensive income of their operations, the changes in consolidated equity and their consolidated cash flows, as well as to adopt the adequate accounting criteria and policies and to maintain appropriate internal control systems.
3. Our responsibility is to express our professional and independent opinion, based on our auditing of the above mentioned financial statements.

### SCOPE

4. Our auditing has been carried out in accordance with the Technical Standards and Auditing Guidelines (“Normas Técnicas e Diretrizes de Revisão/Auditoria”) issued by the Portuguese Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”), which require that the auditing is planned and performed with the objective of obtaining an acceptable degree of assurance about whether the consolidated financial statements are free of materially relevant distortions. To this end, the auditing included the following:
  - the verification that the financial statements of the companies included in the consolidation have been appropriately examined and, for the significant cases where this has not been carried out, the verification on a sampling basis of the amounts and disclosures contained therein as well as the evaluation of the estimates used in their preparation, based on judgements and criteria defined by the Board of Directors;
  - the verification of the consolidation procedures and the application of the equity method;
  - the appraisal of the adequacy of the accounting policies adopted, of their uniform application, and of their disclosure, taking into account the circumstances;
  - the verification of the applicability of the going concern assumption;

Page 1/2

- and the appraisal of the adequacy, in overall terms, of the presentation of the consolidated financial statements.

5. Our auditing has also included the verification of the concordance of the information included in the single management report with that shown in the remaining reporting documents, as well as the provided certifications in numbers 4 and 5 of the article 451.º of the Commercial Societies Code (“Código das Sociedades Comerciais”).
6. We consider that our auditing provides an acceptable supporting basis for the formation of our opinion.

### OPINION

7. In our opinion, the referred consolidated financial statements truly and fairly present, in all materially relevant aspects, the consolidated financial situation of *MARTIFER - SGPS, S.A.* on the thirty first of December of two thousand and eleven, the consolidated results and the comprehensive income of its operations, the changes in equity and its consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS) as adopted in the European Union.

### ENPHASIS

8. Without affecting the opinion expressed in the previous paragraph we draw attention to the fact that, as mentioned in Note 1, the Group has changed the consolidation method of financial interests that it has in joint controlled entities from the proportional consolidated method to the equity method. As a result of this change the consolidated financial statements for the year 2010 were restated for the sake of comparability, having been disclosed in the referred Note 1 the respective effects.

### REPORT ON OTHER LEGAL REQUIREMENTS

9. It is also our opinion that the information included in the single management report agrees with the financial statements and the corporate governance report includes all required elements provided in article nº 245-A of the Securities Market Code (“Código dos Valores Mobiliários”).

Aveiro, March 19<sup>th</sup>, 2012

Américo Agostinho Martins Pereira  
Statutory Auditor no. 877

Page 2/2

## LEGAL CERTIFICATION OF ACCOUNTS

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN PORTUGUESE)

### INTRODUCTION

1. We examined the financial statements of *MARTIFER - SGPS, S.A.*, which comprises the statement of financial position on the thirty first of December of two thousand and eleven (showing a total of 395,819,670 euros and a total equity of 243,303,367 euros, including a negative net profit of 21,227,710 euros), the statements of results, of comprehensive income, of changes in equity and of cash flows for the year then ended, and the corresponding notes.

### RESPONSABILITIES

2. It is the responsibility of the Board of Directors to prepare the single management report and the financial statements that truly and fairly reflect the financial situation of the Company, the results and the comprehensive income of its operations, the changes in equity and its cash flows, as well as to adopt the adequate accounting criteria and policies, and to maintain an appropriate system of internal control.
3. Our responsibility is to express our professional and independent opinion, based on our auditing of the above mentioned financial statements.

### SCOPE

4. Our auditing has been carried out in accordance with the Technical Standards and Auditing Guidelines (“Normas Técnicas e Directrizes de Revisão/Auditoria”) issued by the Portuguese Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”), which require that the auditing is planned and performed in order to obtain an acceptable degree of assurance as to whether or not the financial statements are free of materially relevant distortions. To this end, the auditing included the following:
  - the verification of the documents underlying the amounts and disclosures contained in the financial statements, based on a sampling method, and an appraisal of the estimates used in their preparation, based on judgments and criteria defined by the Board of Directors;
  - the appraisal of the adequacy of the accounting policies adopted and their disclosure, taking into account the specific circumstances;
  - the verification of the applicability of the going concern assumption;
  - and the appraisal of the adequacy, in overall terms, of the presentation of the financial statements.
5. Our auditing has also included the verification of the concordance of the information included in the single management report with that shown in the remaining reporting documents, as well as the provided certifications in numbers 4 and 5 of the article 451.º of the Commercial Societies Code (“Código das Sociedades Comerciais”). ☒

Page 1/2

6. We consider that our auditing provides an acceptable supporting basis for the formation of our opinion.

### OPINION

7. In our opinion, the referred financial statements truly and fairly present, in all materially relevant aspects, the financial situation of *MARTIFER - SGPS, S.A.* on the thirty first of December of two thousand and eleven, the results and the comprehensive income of its operations, the changes in equity and its cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS) as adopted in the European Union.

### REPORT ON OTHER LEGAL REQUIREMENTS

8. It is also our opinion that the information included in the single management report agrees with the financial statements and the corporate governance report includes all required elements provided in article nº 245-A of the Securities Market Code (“Código dos Valores Mobiliários”).

Aveiro, March 19<sup>th</sup>, 2012

---

*Américo Agostinho Martins Pereira*  
Statutory Auditor no. 877

Page 2/2



## **Audit Report for Stock Exchange Regulatory Purposes on the Consolidated Financial Information**

*(Free translation from the original in Portuguese)*

### **Introduction**

1 As required by law, we present the Audit Report for Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached consolidated financial statements of **Martifer, S.G.P.S., S.A.**, comprising the consolidated statement of financial position as at December 31, 2011, (which shows total assets of Euro 1,037,833,335 and total shareholder's equity of Euro 283,316,635, including non-controlling interests of Euro 31,783,623 and a net loss of Euro 49,600,348), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the corresponding notes to the accounts.

### **Responsibilities**

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the consolidated financial statements which present fairly, in all material respects, the financial position of the Company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

### **Scope**

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the Company and its subsidiaries' financial statements have been appropriately examined and, for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness of the accounting principles used and their

*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.  
o'Porto Bessa Leite Complex, Rua António Bessa Leite, 1430 - 5º, 4150-074 Porto, Portugal  
Tel +351 225 433 000 Fax +351 225 433 499, [www.pwc.com/pt](http://www.pwc.com/pt)  
Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000*

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.  
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069 - 316 Lisboa, Portugal  
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na Comissão do Mercado de Valores Mobiliários sob o nº 9077

disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of **Martifer, S.G.P.S., S.A.** as at December 31, 2011, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

### **Report on other legal requirements**

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Market Code.

### **Emphasis of Matter**

9 Without qualifying our opinion expressed in paragraph n. 7 above, we draw attention to the fact, as referred in the Note 1 of the Notes to the accounts, the Group has changed the consolidation method of joint arrangements (from proportionate method to equity method) and restated the consolidated accounts of 2010 year, with the effects disclosed in the Note referred above.

March 19, 2012

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda.  
represented by:

Hermínio António Paulos Afonso, R.O.C.

Audit Report for Stock Exchange Regulatory Purposes  
December 31, 2011

Martifer, S.A.  
PwC 2 of 2



## **Audit Report for Stock Exchange Regulatory Purposes on the Individual Financial Information**

*(Free translation from the original in Portuguese)*

### **Introduction**

1 As required by law, we present the Audit Report for Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached financial statements of **Martifer, S.G.P.S., S.A.**, comprising the statement of financial position as at December 31, 2011 (which shows total assets of Euro 395,819,670 and total shareholder's equity of Euro 243,303,367, including a net loss of Euro 21,227,710), the statement of income by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the corresponding notes to the accounts.

### **Responsibilities**

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the financial statements which present fairly, in all material respects, the financial position of the Company, the results and the comprehensive income of its operations, the changes in equity and the cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an appropriate system of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

### **Scope**

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.  
o'Porto Bessa Leite Complex, Rua António Bessa Leite, 1430 - 5º, 4150-074 Porto, Portugal  
Tel +351 225 433 000 Fax +351 225 433 499, www.pwc.com/pt  
Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000*

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.  
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069 - 316 Lisboa, Portugal  
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na Comissão do Mercado de Valores Mobiliários sob o nº 9077

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of **Martifer, S.G.P.S., S.A** as at December 31, 2011, the results and the comprehensive income of its operations, the changes in equity and the cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

### **Report on other legal requirements**

8 It is also our opinion that the information included in the Directors' Report is consistent with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Market Code.

March 19, 2012

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda.  
represented by:

Hermínio António Paulos Afonso, R.O.C.

Audit Report for Stock Exchange Regulatory Purposes  
December 31, 2011

Martifer, S.G.P.S., S.A.  
PwC 2 of 2

[www.  
martifer.  
com](http://www.martifer.com)