



SEDE SOCIAL - *REGISTERED OFFICE*: MITRENA - 2910-738 SETÚBAL  
CAPITAL SOCIAL - *SHARE CAPITAL*: 5 000 000 EUROS  
MATRICULADA NA CONSERVATÓRIA DO REGISTO COMERCIAL DE SETÚBAL  
*REGISTERED AT THE SETÚBAL COMMERCIAL REGISTRATION OFFICE*  
SOB O N.º 503 847 151 - *UNDER NUMBER 503 847 151*  
PESSOA COLECTIVA N.º 503 847 151 - *COMPANY NUMBER 503 847 151*

**RELATÓRIO  
DE GESTÃO E CONTAS**

**MANAGEMENT REPORT  
AND ACCOUNTS**

**2007**



# Relatório de Gestão e Contas Management Report and Accounts 2007

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## Members of Corporate Bodies

Term of Office: 2005/2008 Four Year Period

### Shareholder's General Assembly:

**Chairman:**

Luís Miguel Nogueira Freire Cortes Martins

**Secretary:**

Manuel Joaquim Rodrigues

Carlos Fernando Soares Pinheiro

### Board of Directors:

**Chairman:**

José António Leite Mendes Rodrigues

**Directors:**

Nelson Nunes Rodrigues

Aloísio Fernando Macedo da Fonseca

Frederico José Ferreira de Mesquita Spranger

Jürgen Peters

João Rui Carvalho dos Santos

Manuel Serpa Leitão

### Executive Committee:

**Chief Executive Officer:**

Frederico José Ferreira de Mesquita Spranger

**Members of the Committee:**

Jürgen Peters

João Rui Carvalho dos Santos

### Auditing Committee:

**President:**

Francisco José da Silva

**Committee Members:**

Maria Isabel Louro Caria Alcobia

"Patrício, Mimoso & Mendes Jorge, SROC"

-representada por Joaquim Patrício da Silva

**Alternate:**

Alberto Arnauth Ribeiro - ROC

### Company Secretary:

**Effective:**

Carlos Fernando Soares Pinheiro

**Alternate:**

Otilia Carrega Pires

### Remuneration Committee:

**President:**

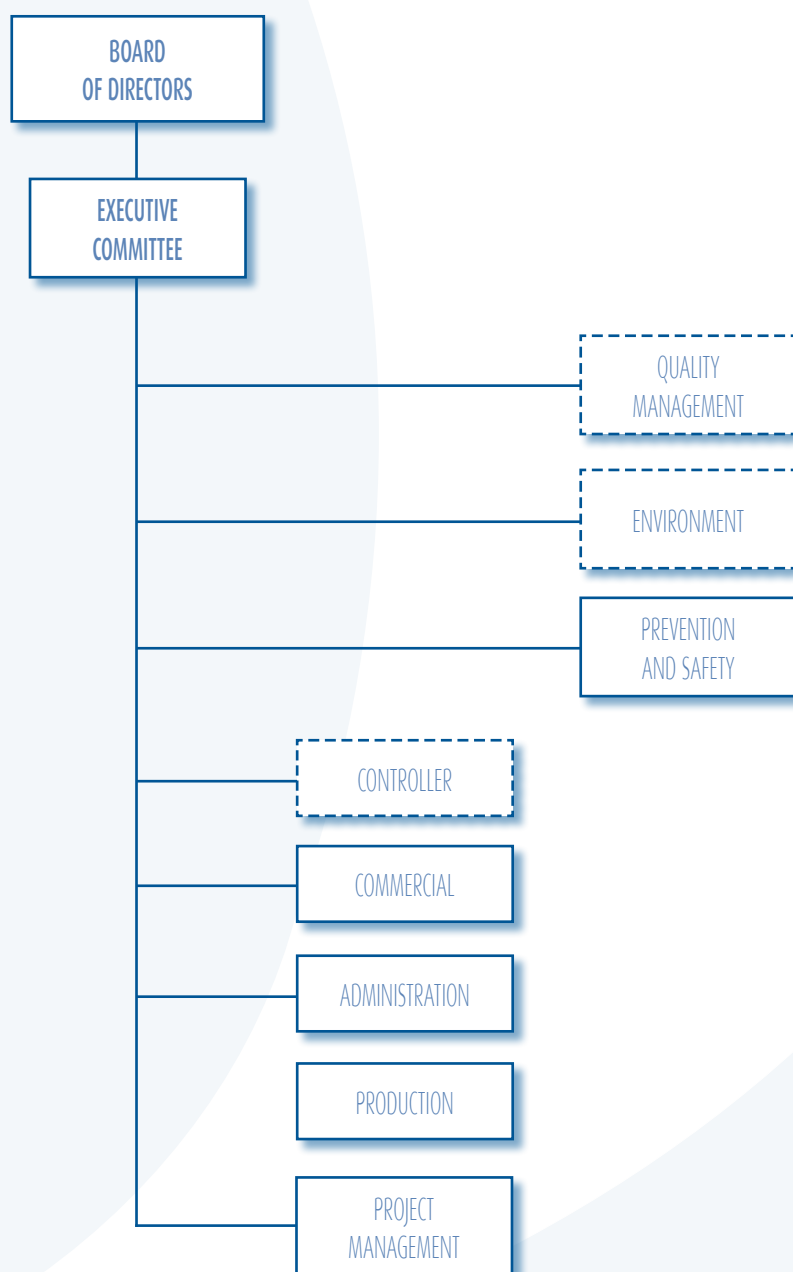
Luís Miguel Nogueira Freire Cortes Martins

**Secretary:**

Walter Klausmann



## Company Structure



## Annual General Meeting of Shareholders

### Notice

Under the terms of the Law and of the Bylaws of the Company, notice is hereby given for the Annual General Meeting of the Shareholders of LISNAVE, ESTALEIROS NAVAIS, S.A., to be held on 19th March at 11:00 hours, at the Registered Office of the Company, Mitrena Shipyard, Setúbal, with the following Agenda:

- 1º - Discussion of the Management Report and Accounts for the 2007 Financial Year;**
- 2º - Discussion of the Report of the Auditing Committee;**
- 3º - Discussion of the Proposal for the Appropriation of Profits;**
- 4º - General Assessment of the management and supervision of the Company.**

The information referred to in Article 289 of the Code of Commercial Companies relating to the single item on the Agenda is at the disposal of the Shareholders at the Registered Office of the Company and in the Website during the time required by law.

Under the terms of the Law and of the Bylaws of the Company, Shareholders with the right to vote, holding at least one hundred shares duly registered in their name no later than ten days before the date of the General Meeting of Shareholders may attend the meeting. Each group of one hundred shares carries one vote.

For that purpose, Shareholders wishing to attend that Meeting shall advise accordingly the Chairman of the General Meeting of Shareholders, by letter, with the respective signature duly notarised or certified by the Company and, in this case, shall request the financial institutions where the shares are registered to confirm to the Chairman of the Table of the General Meeting of Shareholders the existence of such registration, no later than five business days before the date of the General Meeting of Shareholders.

The General Meeting of Shareholders can only be held on a first call if Shareholders representing at least fifty per cent of the share capital are either present or represented. Shareholders without the right to vote cannot attend the General Meeting of Shareholders.

Setúbal, 07th February 2008

The Chairman of the Board of the General Meeting

Dr. Luís Miguel Nogueira Freire Cortes Martins

# Board of Directors Report

## 1. Introduction

For the third consecutive time LISNAVE, ESTALEIROS NAVAIS, S.A., exceeded the established goals and it returned its best profit in 2007.

This is undoubtedly exceptional and, besides confirming the trend of great improvement shown by previous years' indicators, it is all the more relevant taking into account the fact that the Restructuring Plan agreed by its shareholders and the State in 1997 was finalised during the year under review.

Indeed, the recovery implemented at LISNAVE, making it less vulnerable to the vicissitudes of the global market in which it operates and, more importantly, far better prepared to face the challenges of the 21st century, has shown that despite the difficulties faced in overcoming the constraints of the Restructuring Plan itself, the decisions taken in the wake of the Shareholder alterations during 2000 and implemented to a greater extent between 2000 and 2004 were the right ones.





In this connection, the Board of Directors considers that, with the performance achieved during the last third of the ten-year Restructuring Plan, a start has been made to the consolidation of the trend towards achieving the balance of the Company. Through strict management and following the path that had been set out, both the Company and the Companies that Provide Industrial Services that have been set up around it – and together represent a true cluster of naval activity on the Setúbal Peninsula – are beginning to see a sustainable future.

### Financial Year of 2007

Aware of the need to confront the threats and, if possible, to transform them into opportunities there was, as the Board of Directors had foreseen for 2007, a need for LISNAVE to continue with the progressive reduction of the “Critical Sales Point” in order to ensure a level of competitiveness that would not leave it vulnerable if faced with a probable downturn of demand.

In fact, the effects induced by the traditional factors of market instability were added to by a new and serious set of threats, particularly the coming into service of a large number of new ships during 2007, as well as the progressive affirmation of the skills that have been acquired by the old shipyards of Eastern Europe which, during the nineties, came into the commercial market.



Nevertheless, as the Board of Directors had foreseen and despite the more moderate growth of global trade – in the order of 8.7%, or about 1% less than the previous year – several small improvements in the market began to be seen. Either as a result of the condition of their fleets or through conscious investment decisions, several Shipowners decided, as a result, too, of the profitability of their business in previous Years, to make a start to maintenance operations involving their ships, of greater scope than had been seen in recent years. The evolution seen in freight rates during 2007 must also have played a part in this.

Indeed, there began to be seen tenuous signs of a slight growth in demand in the Ship Repair market, measured by the number of enquiries received, notwithstanding the fact that customary, and critical, factors such as the instability of the oil markets and the fluctuations of the dollar exchange rate and of freight rates, clearly continued to condition Shipowners' decisions.

In fact, though not as unfavourable as in some previous periods, the market was conditioned by the high oil prices and by the very high average exchange rate of the Euro.

Average daily charter rates varied a great deal during the Year under review, differing very considerably.







Thus, despite falling sharply in the middle of the 2nd Quarter, nearly to the lowest level seen in 2003, the rates for a “Modern Suezmax” ended the year significantly higher, to stand in the order of 100,000 dollars per day, that is, some five times the year’s low.

Bulk Carriers, in turn, had a considerably better year, with daily rates varying between a minimum of about 50,000 dollars and a maximum, at the year-end, of more than 140,000 dollars, with an average of about 85,000 dollars for the year, or about twice the average of previous years.

Consequently, the Ship Repair market in general underwent interesting growth in the order of 5%, enquiries received having risen from 661 to 694. It should be pointed out that the success rate in securing orders increased by 1 percentage point to 22%.

In this connection, LISNAVE was remarkably successful during the Year under review, having concluded 2007 with a volume of Ship Repair Sales of 118.3 million Euros, about 8 million more than the previous year, in respect of the repair and/or maintenance of 135 ships owned by 86 customers located in 23 countries.

Total operating income stood at 126.6 million Euros, or about 12.3 million more than in 2006.

Net Profit for the Year amounted to 10.20 million Euros, with an Operating Profit of 10.13 million Euros, a Gross Cash Flow of about 17 million Euros and accumulated cash and balances in the sum of 29.7 million Euros.

Attention is drawn to the fact that Shareholders' Equity is more than four times the Share Capital.

A special word is also due to the fact that Assets grew by some 8 million Euros, compared to an increase of Liabilities of just some 0.6 million.

The considerable sum under Rents for the Year is another factor that must be underscored. Indeed, the overall amount of rent that LISNAVE is to pay the Concessionaire, LISNAVE - Infraestruturas Navais, S.A., is 26.3 million Euros.

Indeed, as stated by the Board of Directors in recent years this sum definitively confirms the adequacy of the rent scheme in force during the 2003-07 period in that, through the exponential effect of the two components of the variable rent, it has allowed the Concessionaire to recover and to bring forward the satisfaction of a substantial part of the financial liabilities assumed in the wake of the Restructuring Plan.





In this way, the Board of Directors, while welcoming the fact, considers that as from 2008 the rent scheme agreed with LISNAVE - Infraestruturas Navais, S.A., should be redefined in a manner more consistent with the present situation.

As far as Fixed Assets during the Year are concerned, attention is drawn to the relevance of the liabilities for Investments, amounting to some 3.6 million Euros, of which 1.3 million in new investments and about 2.3 million in major repairs of infrastructure and equipment, the accumulated amount of which, since 2000, now stand at about 25 million Euros.

During the period under review LISNAVE maintained its traditional characteristics as a Company heavily engaged in exports, having sold 117.2 million Euros of Repair Services abroad, that is, some 95% of the total. It repaired just four ships flying the Portuguese flag.

On the other hand, the Company also maintained high employment, having provided jobs earning total remuneration of 56 million Euros, providing an average of more than 2,500 people equivalent.

It should also be pointed out that the Year ended with no past-due debt either to the Workers or to the State, the latter having received by way of IRS (Personal Income Tax), Social Security Contributions and other Taxes about 7.9 million Euros, to which must be added a further 3.47 million in respect of Income Tax for the Year.



As far as Vocational Training of Young Workers is concerned, the Board of Directors is pleased to note that, despite the underlying recruiting difficulties, 85 Youths are currently undergoing training, while another 74, having successfully concluded their courses, are already making a start to their professional careers as Apprentices.

This Training Plan, as stated by the Board of Directors in last Year's Management Report, is budgeted at about 6 million Euros. During this stage it covers the recruiting and training of about 250 youths. It has given rise to a Candidature Process that was submitted to the API (Portuguese Agency for Investment) and unfortunately, despite having the characteristics of "highly qualified training", it received only maximum financial support in the sum of 1 million Euros. The greater part of the Plan will therefore have to be borne by LISNAVE itself.

Also underscored is the effort made with a view to maximising the volume of Provision of Services by Gestnave, though with recourse to buying in services lying outside the scope of the ship-repair business. This, however, was insufficient to allow the use of the whole of the 260,000 hours contracted and paid for 2007.

In the meantime it was obtained the Environmental Licence to the Mitrena Shipyard and it was successfully renewed the ISO 9001:2000 certification, while also maintaining its Protection Certificate under the International Ship and Port Facility Security Code – ISPS.





The Shareholder Structure as at December 31, 2007, was as follows:

NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A.	72,82%
THYSSENKRUPP MARINE SYSTEMS AG	20,00%
PORTUGUESE GOVERNMENT	2,97%
OTHERS SHAREHOLDERS	4,21%

In closing, the Board of Directors would like to express its satisfaction for the fact that, in the wake of the approval given by the 2007 Annual General Meeting, it proved possible, for the second consecutive time, to remunerate the capital invested by the Company's Shareholders as a whole.

Lastly, at the conclusion of the Restructuring Plan, the Board of Directors cannot fail to point out, given its importance both in regional terms and, above all, in national terms, that during these ten years of execution of the Plan, LISNAVE repaired 1,370 ships from countries around the world, generating Sales in the sum of 1,154 million Euros (of which exports accounted for 1,099 million), providing National Added Value totalling some 95% of that figure, involving a total wage bill of more than 692 million and payments to the State in Social Security contributions, IRS and other Taxes in the sum of about 120 million Euros.

## The Outlook for 2008

In projecting the future, the Board of Directors reaffirms, yet again, its firm conviction that the terms and conditions of the Company's Employment Contracts must be rendered more flexible so as to bring them into line with the practices of its direct competitors.

With this in mind, it intends to contact, again, the Unions Representing the LISNAVE Workers, affirming, once more, the imperative need for this change, a change it considers essential to the hiring of the new-generation Workers who have undergone training under the Youth Training Programme.

In general management terms, the Board of Directors intends to maintain the strategy of rigour that has been adopted, paying particular attention to the imperative need to implement, where possible, flexibility and redimensioning of the production factor costs, matching them constantly with the budgeted volume of revenues.

In pursuing this goal, it will continue its policy of strong commercial combativeness and of ensuring Customer loyalty, of management and cost control, particularly in connection with the labour-factor costs, while strengthening its policy of developing partnership relations with the traditional Service Providers and continuing to foster the launch of new corporate initiatives.





On the other hand, the Board of Directors continues firm in its conviction that the Year's economic and financial indicators under review demonstrate the ability to adapt that LISNAVE has progressively developed in recent years. Allied to the recruitment of Youths having know-how in various areas and flexibility, this will ensure that LISNAVE will continue to be in a position to overcome the vulnerabilities that have characterised the Company in the past.

In this way, though fully aware of the very considerable risk associated with the unpredictability that marks LISNAVE's business, the Board of Directors believes, given the implementation of tighter rules on Environmental Protection at Sea established by the international regulatory bodies, that Merchant Navy operators will pay more attention to the maintenance of their vessels, and that this will give rise to the required increase of work.

In this connection – while conscious that the specialists continue to be careful as to the evolution of the global economy since critical factors such as the instability of the oil markets and the fluctuation of the dollar exchange rate or of freight rates could continue to condition Shipowners' decisions – the Board of Directors, supported by the excellent quality, responsibility and involvement demonstrated by Management and other Employees at every level, would like to express its optimism in respect of the outlook for LISNAVE's performance in Fiscal 2008.



## 2. General Comments about the Ship Repairing Market

### The Economy

Following four years of sustained growth, both of the economy and of global trade, the world's financial markets have moved into a period of profound uncertainty and volatility owing to the subprime crisis in the United States of America, this uncertainty having been mirrored, deeply, in the equity market, in raw material prices and in exchange rates.

According to the World Bank's Annual Report, despite this climate of uncertainty, the economic growth of the developing countries in 2007 remained firm, at an average annual rate of 7.4%, following on the heels of an equally strong growth of 7.5% in 2006, thanks to the economic growth of China where, following the 11.1% growth seen in 2006, the growth rate in 2007 stood at 11.3%.

Also according to the said Report, the global economy slowed, down from 3.9% in 2006 to 3.6% in 2007. This slowdown was headed by the OECD countries, where the 2007 growth rate was 2.5% compared to 2.8% in 2006.

On the other hand, the economy of the United States of America also slowed, the growth rate falling from 2.9% in 2006 to 2.2% in 2007, as did that of the Euro Area, where economic growth fell by 0.1 percentage points, down from 2.8% in 2006 to 2.7% in 2007, while in Japan there was a 0.2 percentage point fall from 2.2% in 2006 to 2.0% in 2007.

As a result of the slowdown of growth, the World Bank estimates that the growth rate of global trade stood at 8.7%, contrasting with the 2006 figure of 9.8%.

## Changes in the World Merchant Fleet and Freight Rates

According to Fearnleys, the world's fleet of bulk carriers of over 25,000 GT grew by about 5%. It should be noted that both in the tanker and in the dry-bulk carrier fleets, the biggest growth was seen in the segment involving ships of the "Panamax" type, where a growth of 15% as recorded.

Despite the high price of steel sold for scrap, about US\$ 530, the number of ships sold for scrap was very small – about 2.1 million GT in total – in keeping with the trend seen in recent years.

With regard to the number of ships delivered during 2007, about 285 were handed over in the tanker segment, or 9% of the number in existence at the end of the year, while 275 dry-bulk carriers were handed over, corresponding to around 5% of the fleet in existence at the year-end.

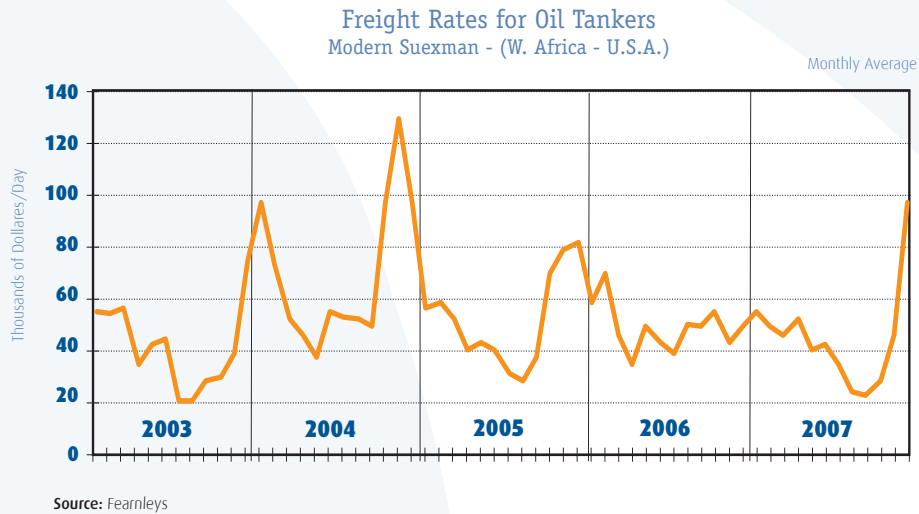
The order book in respect of both fleets at the end of 2007 represented about 38% – by number of ships – of the existing fleet. It should, however, be noted that, in the tanker fleet, despite the greater percentage, 47% of the ships in the order book were in the band of up to "Panamax" size, the order book for ships of greater size amounting to about 36% of the fleet of this bigger size.

On the other hand, since the world' economy is becoming increasingly globalised – and despite the fact that the higher growth rates both of the economy and of commerce were to be found in the developing countries of the Far East – this evolution was also reflected in the Atlantic basin, where LISNAVE attracts most of its business. It has been estimated that shipping in this region will have grown by some 3%, influencing freight rates in this area, in turn.

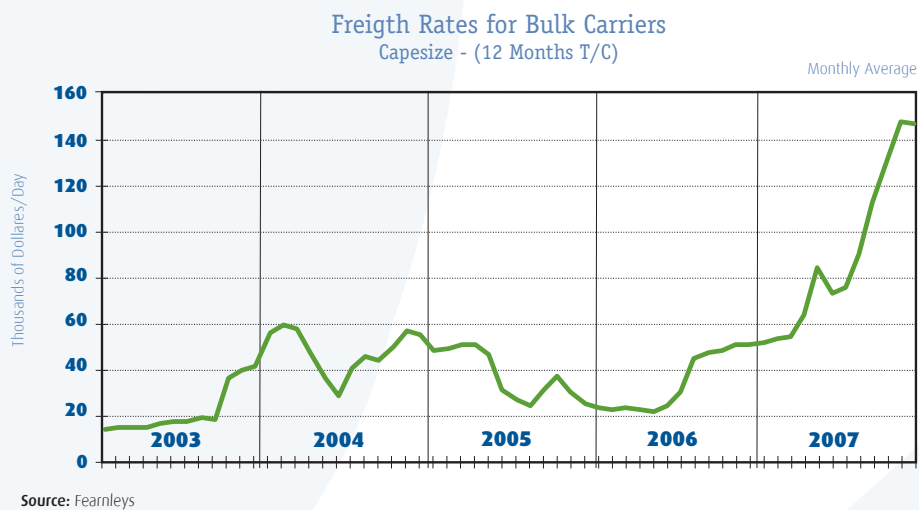
Therefore, 2007 was a year in which Shipowners were able to further consolidate the gains seen in previous years.

In the tanker fleet, 2007 began with rates similar to those seen during the second half of 2006. At the beginning of the second half rates fell sharply, though only during a short period, an example of this being the Suezmax in LISNAVE's area of influence – West Africa to the USA, where the charter rate, after dropping to 21,700 dollars per day, recovered by the end of the year to around 102,600 dollars per day.





In the case of the dry-bulk carriers, the upward trend seen throughout the whole of the second half of 2006 continued and, by the end of 2007, the rates rose to levels unthinkable about a year ago. In the case of "Capesize", ships sailing on inter-ocean routes – Atlantic/Pacific – the rates for one-year charters, on average, rose to around 146,000 dollars per day which, compared to the figures of 52,300 dollars and 26,700 dollars per day at the end of 2006 and 2005 respectively, showing us the true dimension of the evolution of this market.



In this market segment, too – "Capesize" Dry-bulk Carriers – in the case of the "round" route in the Atlantic, the charter in US dollar terms, rose from 33,200 at the end of 2005 to 216,900 at the end of 2007.

### 3. Ship Repair Activity

#### Demand for Ship Repairs

The differing evolution of freight rates, the commercial patterns and compliance with the regulations of the Classification Societies and of the Flag States are the main factors that influenced the demand structure for ship repairs during 2007.

Thus, demand, felt already in 2006, continued to grow and we received the biggest number of enquiries since 2001, a total of 694, a growth of 5.25% over the figure of 661 received in 2006. Emphasis is given to the significant 16.3% growth of the number of enquiries for repairs of tankers and LNG- and LPG-ships, the highest figure since 2000.

With regard to Dry-bulk Carriers there was an 8.9% decline of overall demand for ships of this type, fundamentally the result of the differing evolution of charter rates in LISNAVE's two main markets. Whereas in the liquid-bulk shipping market demand for Repairs increased, given the slowdown of charter rates during the first half of 2007, Shipowners having taken the opportunity to carry out the repairs that they had put off, in the dry-bulk market demand for Repairs stabilised at the level seen in 2006, when Shipowners took advantage of the good times as far as charter rates were concerned.

Rubricas	2007	2006	2005	2004	2003
Request for Estimates	694	661	644	653	609
Orders	148	146	128	135	113
Success Rate %	22	21	21	20	19

The number of enquiries brought to a successful conclusion in 2007, up 5%, stood at 148, the biggest since 2000, the success rate standing at 22%, one percentage point more than in 2006.

## Ship Repair Activity

During 2007 Ship Repair Business involved repairs to a total of 135 ships. Though slightly less than in 2006, the fact that the amount of work per ship was greater meant that the volume increased by 7% compared to 2006, a significant increase of business in line with the growth of demand.

Years	National	Foreign	Total	In Dock
2007	4	131	135	127
2006	1	137	138	132
2005	2	121	123	118
2004	2	123	125	112
2003	6	108	114	104

More significant, however, was the 9.7% increase of the average value per ship repaired, leading to a 7.3% increase of sales. The larger part of the repairs involved steel repairs, in which repairs to 31 ships involved billing of more than 1 million euro each, 12 of them jointly in excess of 40 million Euros.

In the wake of what had been seen in 2006, LISNAVE's business was centred on traditional market segments. There was a continuation of repairs of Tankers and Dry-bulk Carriers, which made a significant contribution to total business, accounting for 72% of the business in both years, meeting the established goals in respect of Customer loyalty in the traditional segments of liquid- and dry-bulk carriers.

Nevertheless, it must be pointed out that, on the basis of the strategy directed at the development of other markets, there was a substantial growth of the number of other types ships repaired, with a 90% growth of LNG/LPG ships and a 50% increase of the number of passenger ships. During 2007, 8 LPG, 7 LNG, 6 Passenger and 8 Container ships were repaired.

Lastly, we would point out, for its importance, that of the 135 ships repaired, owned by 87 Customers located in 23 countries, 22 were from Greece, 18 from Germany, 16 from Singapore and 16 from Norway, clearly demonstrating LISNAVE's competitiveness in the global Ship Repair market.



## 4. Special Projects

LISNAVE did not fail to keep its attention focused on the opportunities of this market. It submitted tenders in response to international calls for tender, of which the more important were the upgrading of two FSO's operating Offshore along the Western Coast of Africa. In one case, the operator decided to replace the unit, while a decision is still awaited in respect of the second.

## 5. Investments

With a view to ensuring the ongoing operationally of the Ship Yard, LISNAVE, as in previous years, has continued to invest in and to renew its infrastructures, involving both new investments and also major repairs to existing infrastructures and equipment. Emphasis is given to the accumulated amount of investments made since 2000, on more than 25 million Euros, of which over 16 million involved new investments and about 9 million in major repairs to existing infrastructure and equipment.

During the Year under review, 3.6 million Euros were invested, of which 1,3 were new investments and about 2.3 million involved major repairs of infrastructure and equipment. Of particular importance was the acquisition of sundry production equipment and protection and safety equipment, in addition to the Environmental Licensing of the Mitrena Shipyard, reflecting the significant improvement of environmental practices that has been implemented.

### Environment Policy

In environmental terms LISNAVE has systematically implemented profound improvement of its practices, and attention is drawn to the Environmental Licensing of the Mitrena Shipyard during 2007.

In the field of good environmental practice, we would underscore the fact that, with a view to eliminating all the residual shot-blasting grit from the Shipyard, a quantity estimated at more than 188,000 tonnes had already been sent to Cement Manufacturing facilities under Agreements entered into with these companies, besides all the residual grit produced during the Year, totalling some 58,000 tonnes.

Lastly, we would point out the construction of a new Grit Park at the end of Dock 22, as well as the conclusion and coming into service of the new Solid Waste Park and the impermeable Park for mobile wastewater tanks.

### Other Investments and Large Repairs

As far as new investments are concerned, emphasis is given to the renovation of the Company's Canteen, a socially important job that has significantly improved its conditions, to the acquisition of sundry IT equipment and equipment in the production area, to the overhaul of the electricity network and to the construction of new docking blocks and gangway manufacture facility.

On the other hand, in terms of major repairs, we must underscore the conclusion of the docking and major repair of the Dock 21 gates, the repair of the concrete structure of the access steps to the inside of Dock 21, and the restoration of the concrete structures inside the Pump Houses of Docks 20, 21 and 22.

### Information Technologies

With a view to the updating and ongoing improvement of its IT system and in addition to an analysis of improvements to be introduced during 2008, LISNAVE has provided secure access to its applications, particularly e-mail, via the Internet (Webmail), and lent continuity to the "Wireless" project, providing the Information Technology Centre with new Information Technologies.

In this connection, and in addition to the overhaul of the "Outsourcing" in this sector, the SAP system "Support Packages" have been updated, the Human Resources software, the System of Training in Security and Control of Unauthorised Persons have been developed, and the active equipment of the network has been renewed, allowing the passage through the various parts of the Shipyard of the 10/100 Mbs data network, besides the upgrade of the VMware Servers, complete with Memory, Disk and Redundant Storage.

On the other hand, in terms of renovation of the installed "hardware", the command of the "Hydrolift" system has been remodelled, obsolete printers have been replaced and all PII and PIII computers have been replaced by PIV computers, the memory of all the workstations having been "upgraded" to 1 GB, new equipment has been installed in the Pumping Plants, an HP 1055 plotter have been acquired for the Design Centre, and watertight cupboards have been installed for the clocking-in machines at the second Gate House and the external readers of the time-clocks at the pedestrian gate have been transformed to internal readers.

## Research and Development

During 2007 LISNAVE continued with its R&D policy, lending continuity to its involvement in seven European Research & Development projects financed by the European Union, which put up part-funding in the sum of 64,619 Euros.

During the Year, we would underscore the conclusion of the ShipMates (Ship Repair to Maintain Transport which is Environmentally Sustainable) project and to the close of the accounts in respect of the FasdHTS (High Tensile Steel 690 in Fast Ship Structures) and Eftcor (Environmental Friendly and Cost-Effective Technology for Coating Removal) projects, while the conclusion of the Saferelnet (Safety and Reliability of Industrial Products, Systems and Structures) project is scheduled for 2008.

The coming year is also expected to see the conclusion of the CAS (Condition assessment of aging ships for real-time structural maintenance decision), Safecrafts (Safe abandoning of ships Improvement of current Life Saving Appliances Systems), Marstruct (Network of Excellence on Marine Structures) and ALERT (Assessment of Life-Cycle Effect of Repairs in Tankers) Projects, while the BawaPla (Sustainable Ballast Water Management Plant) Project will remain in execution.



## 6. Human Resources

As is generally known, Ship Repair is an industrial activity that is undertaken worldwide and is therefore of a global nature.

This global dimension, given the competition by LISNAVE's most direct competitors, imposes flexibility of employment Contract Conditions as a central element of the business, making it absolutely imperative.

In was against this background that, following the lack of success of its Company Agreement Proposal, in 2005, LISNAVE presented to the Unions involved, at the start of 2007, a proposed Collective Bargaining Agreement, also subscribed by Companies, Tecor S.A., Gaslimpo, S.A. and Rebocalis, Lda., it enshrined a number of rules considered essential to LISNAVE's sustained viability and to that of its departmental activities underlying the hiring of new Workers.

Despite the technical and economic grounds provided and the consequent receptivity by some of the Sectorial Unions, once again a substantial part of the Unions representing the Workers of these companies rejected this new proposal. This obliged the Company to deviate from its Human Resources Strategy and to seek alternative forms of hiring.

In the expectation that, in the near future, it may prove possible to secure an agreement with the Unions, an extensive Youth Training Programme is currently under way. The aim is to provide trainees with the technical skills required to face the future challenges of the business and, at the same time, to allow the indispensable rejuvenation of the Company, since the average age of its Workers, taking into account the physical characteristics of the activity, involves some relevant limitations.

### Youth Training

The Youth Training Programme, involving an estimated cost of 5.9 million Euros, comprises 22 Courses involving 246 Trainees.

The Candidature process, submitted to the Portuguese Agency for Investment on March 1, 2006, subsequently suffered several alterations and was finally approved on September 3, 2007, though the approval covered just one-third of the Total Programme, or just 9 Courses.



Despite this setback, the Company decided to implement the Original programme in full.

From March 13, 2006, the start date of the 1st Mechanical Metalworker Course, to date, a start has been made to 17 Training Courses – 5 Mechanical Metalworkers Courses, 7 Boilermakers Courses, 2 Naval Firemen Courses, 2 Machine and Lifting and Transport Equipment Operator Courses and 1 Machine and Tool Operator Course – involving a total of 219 youths.

Of the total number of Trainee Youths covered by the 10 Courses that have been concluded who passed, 74% accepted to invitation made directly by the LISNAVE Board to make a start to a professional career in this industrial activity.

One should point out, however, the major financial effort made by LISNAVE, not only for the fact, as stated above, that the public grant covered little more than one-third of the Programme, but also for the costs incurred with training 60 youths who failed to continue, with no benefit at all for the Company.

Indeed, the recruiting difficulties can be seen in the fact that, to date, of the 219 Trainees taken on, only 159 have now passed in the Course, of whom 74 are already starting their professional career as Apprentices, following completion of their courses, while the remaining 85 are still undergoing Training.

Seven Courses are currently under way and, by the end of 2008, another 5 are expected to begin, involving a total of 154 youths. The whole of the original Programme is scheduled for conclusion in 2009.

LISNAVE, however, has continued with its Company rejuvenation programme and has taken on another seven Young Engineers, one of whom early in 2008.

### Remuneration Costs

Given the known limitations of an external nature, experienced already in previous years, and since, once again, it did not prove to be possible to close a Wage Revision Agreement with the unions and Workers' Representatives, LISNAVE simply decided to keep in step with the wage revision implemented by Gestnave.

In the meantime, in the wake of the Board of Directors' proposal and of the respective approval by the General Meeting, all the Company's Workers on permanent contract as of the date of the General Meeting were awarded an Extraordinary Bonus, comprising a fixed part equal to 100% of the fixed monthly wage and a variable part in the light of the absences from work of each Worker during 2006, the total amount equal to half the Company's fixed- remuneration wage bill.

Total staff costs amounted to 13.2 million Euros, as detailed in the following table. The total amount reflects the reduction of the number of Workers during the year, as a result of the Early-Retirement system that was instituted.

### Personnel Costs

(Amounts in Euros)

Rubricas	2007	2006
Remunerations	7.347.758	8.549.924
Overtime	1.510.413	1.298.144
Bonus, Subsidies and Other Remunerations	644.730	1.514.148
<b>Subtotal</b>	<b>9.502.901</b>	<b>11.362.217</b>
Social Security Contributions	3.698.316	3.864.197
<b>Total</b>	<b>13.201.218</b>	<b>15.226.414</b>

### Training and Development

In addition to the Youth Training Programme, several Vocational Training Courses were organised during 2007, attended by 158 employees, covering areas considered fundamental to the Company both for their technical matter and also in comportmental and management terms.

On the other hand, as there is now a considerable amount of hiring under the provision of services scheme, LISNAVE endeavoured, as in previous years, to involve the companies in question in the Training. Thus, of the total number of training hours provided by LISNAVE (6,109 H) 20% involved training courses directed at service providers, while the remainder involved other Company Employees.

### External Training – 2007

Areas of Training	Hours Total	Number of Participants
Personal Development - Officers and Managers	2.720	54
Qualifications / Retraining of Production Techniques	1.952	49
Quality, Safety, Environment and Protection	40.5	8
Hardware and Software	945	27
Financial, tax and Accountancy Management	451.5	20
<b>Total</b>	<b>6.109</b>	<b>158</b>

## Health, Hygiene and Safety

As customary, LISNAVE continued to have a concern for the health of its Workers. In this connection, and in addition to episodic measures, a total of 516 Medical Examinations were performed, of which 280 Periodic and 236 Occasional or complementary.

In the field of Safety, 2007 was marked by a continuation of declining accident rates at the Company. The frequency index, which had worsened up to 2004, maintained the downward trend begun in 2005 to stand at 41.21, while the seriousness index was lower than that of the previous year – 0.77 – in keeping with the trend that started in 2004.

With a view to ensuring the continuation of the improvement of these indicators, LISNAVE will continue to enhance safety in the production processes, creating awareness of the need for use of the proper, recommended Personal Protection Equipment and for compliance with the safety rules and procedures. The Company has provided more information and training in respect of the risks of the business, particular for Managers and Foremen.

Training in Safety was also provided to 2,051 Workers of the Service-provider Companies, 86 youths of the Industrial-Multidisciplinary Vocational Training Courses, 6 LISNAVE Trainees and 50 other persons, leading to a very significant increase of Training when compared to the previous year.



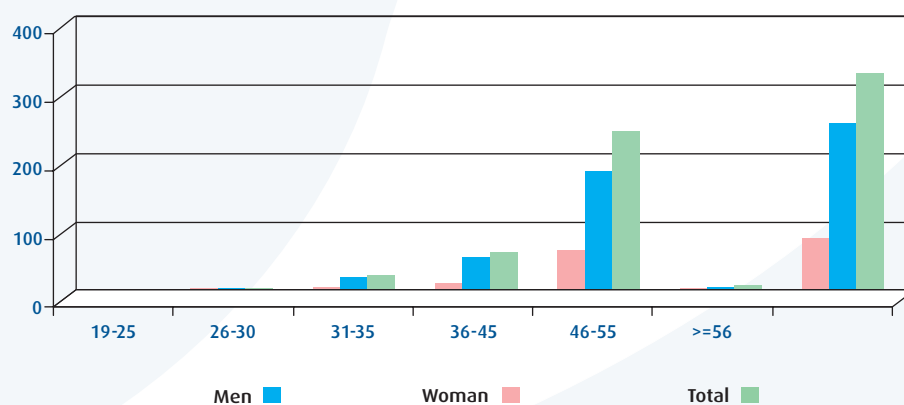


## Other Indicators

The total number of LISNAVE Staff as at December 31, 2007, stood at 314.

With the Early-retirement of the Workers covered by the Social Plan at the end of 2007, there was a significant reduction of the average age to 48.35, the age breakdown being shown in the following figure.

### Age Profile





## 7. Economic and Financial Situation

As mentioned elsewhere in this Report, LISNAVE provided ship repair services during 2007 involving a total of 135 ships, generating total billing in the sum of 118.3 million Euros.

As shown in the following table, the value of Sales increased 7.1% in 2007 compared to the previous Year, despite the slight reduction of the number of ships repaired. As a result of this the average billing per ship rose by 9.5% compared to the previous year, to stand at 876,000 Euros, reflecting, on average, a greater content of work per ship repaired.

Number of Ships and Invoicing

(Amounts in thousands of Euros)

Headings	2007	2006	2005	2004	2003
No. of Repaired Ships	135	138	123	125	114
Total Invoicing	118,3	110,4	100,6	87,7	77,3
Average Invoicing per Ship	0,876	0,800	0,818	0,701	0,678

As a result, the trend of growth of ship repair Sales seen over the past five years continued in 2007. However, the past two years have seen a slight slowdown of the rate of growth, with rates of 7.1% and 9.8% in 2007 and 2006 respectively, whereas in 2005 and 2005 there was two-digit growth (14.8% and 13.3% respectively).

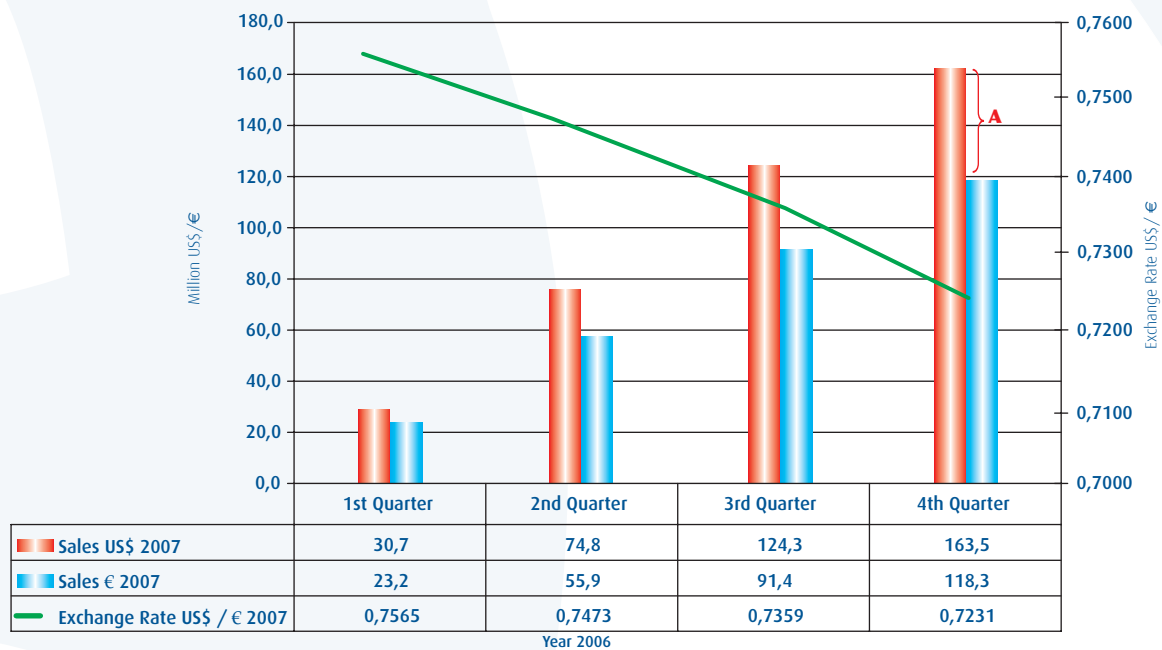
One should also underscore the fact that this performance of Sales was achieved in a year in which both the global economy and international trade were highly unstable as a result of the very volatile performance of oil prices, of the US dollar exchange rate and of freight rates.

Of this set of exogenous factors the performance of the US dollar unquestionably exerted greatest pressure on Management to bring forward the measures required to adapt the Company to the competitive conditions of the global market in which it is involved, since, in the main, Customers continue to use the Dollar in their commercial transactions.

The sharp depreciation of the Dollar that began in 2004, leading to an average annual rate of 0.8014 Euros, continued during subsequent years, to stand at 0.7231 Euros in 2007.

The following table clearly shows the impact of the depreciation of the Dollar during 2007. Thus, in annual terms, the Company was obliged to obtain sales of 163.5 million dollars to generate 118.3 million Euros.

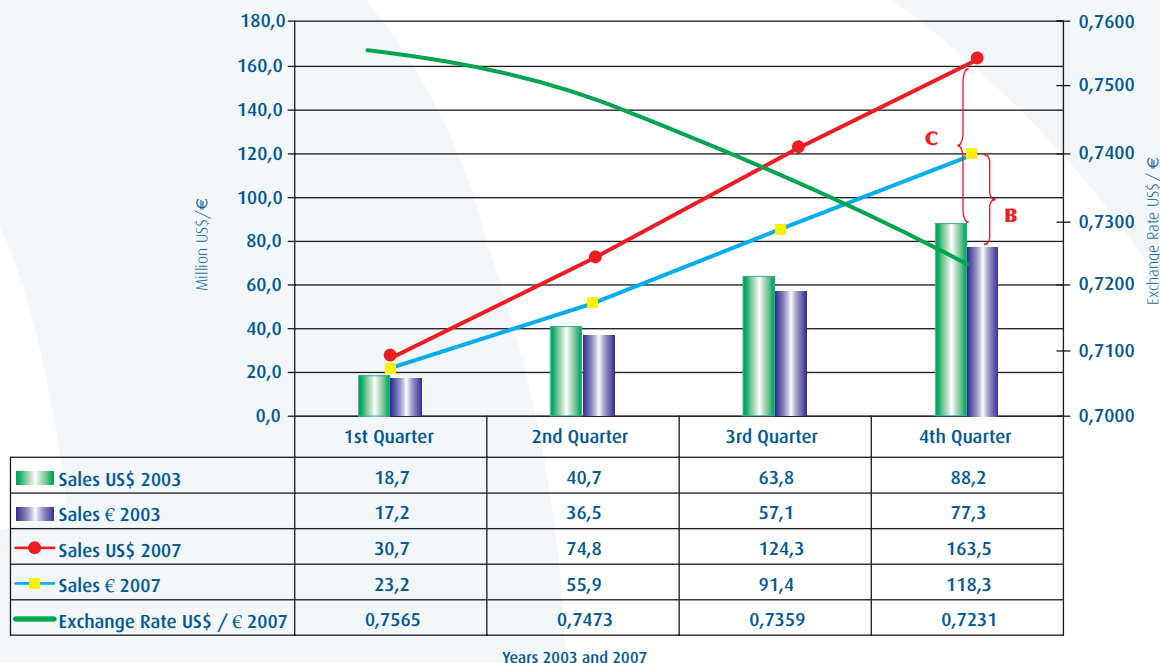
Accumulated Ship Repairs Sales and Exchange Rate US\$/€



A = 45,3 million US\$

On comparing the 2007 Sales with those of 2003, when the average US\$/€ exchange rate stood at 0.8765, the dimension of the commercial effort made to offset the unfavourable exchange-rate effect during the period is clear to see; that is, to be able to increase sales over the 2003 figure by 40.9 million Euros, the Company's sales had to increase by 75.3 million dollars.

### Accumulated Ship Repairs Sales and Exchange Rate US\$/€



B = more 40,9 millions € US\$  
C = more 75,3 millions US\$

Against this background of very adverse conditions, the good performance returned by the Company during the years under review was mainly the result of the implementation and consolidation of a proactive commercial, policy and of a project management focused on customer satisfaction.

The following table shows the evolution of total Sales and Provision of Services related with the ship repair business for the 2003/07 periods.

### Sales and Services Rendered

(Amounts in thousands of Euros)

Headings	2007	2006	2005	2004	2003
Ships Repairs	118.255	110.443	100.617	87.650	77.335
O. Activities	2.960	677	618	261	427
Services Rendered	2.059	1.012	955	1.227	1.324
<b>Total</b>	<b>123.274</b>	<b>112.123</b>	<b>102.190</b>	<b>89.138</b>	<b>79.086</b>

"Sales and Provision of Services" in 2007 in the sum of 123.3 million Euros were almost all generated by sales related with Ship Repairs.

The value of “Other Activities” and “Provision of Services” was not very significant, accounting for just 4.1% of the total though up considerably over the previous Year. This was the result of the sale of support services related with the manufacture of components for ships.

With regard to the Company’s economic situation, a review of the Income Statements for 2003 to 2007, provided in the following table, shows the evolution of the return on Sales as well as of the relative weight of production factors as a proportion of total Operating income during the period.

### Statement of Profit and Loss

(Amounts in thousands of Euros)

Headings	2007		2006		2005		2004		2003	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Sales and Services Rendered	123.274		112.123		102.190		89.138		79.086	
Variation in Production	1.821		262		-1.029		1.152		94	
Works for the Company	55		97		434		271		191	
Others Incomes	1.485		1.851		2.263		2.611		1.418	
<b>Total Operating Revenue</b>	<b>126.635</b>	<b>100</b>	<b>114.334</b>	<b>100</b>	<b>103.858</b>	<b>100</b>	<b>93.172</b>	<b>100</b>	<b>80.789</b>	<b>100</b>
Costs of Raw Material Consumed	7.108	5,6	6.626	5,8	4.637	4,5	6.482	7,0	4.146	5,1
Supplies and External Services	92.446	73,0	80.274	70,2	70.396	67,8	54.923	58,9	48.010	59,4
Personal Costs	13.201	10,4	15.226	13,3	15.420	14,8	18.584	19,9	20.925	25,9
Depreciation and Provisions	3.331	2,6	3.455	3,0	3.276	3,2	7.333	7,9	5.774	7,1
Taxes	180	0,1	174	0,2	164	0,2	214	0,2	275	0,3
Other Costs	242	0,2	113	0,1	259	0,2	49	0,1	46	0,1
<b>Total Operating Costs</b>	<b>116.508</b>	<b>92,0</b>	<b>105.869</b>	<b>92,6</b>	<b>94.153</b>	<b>90,7</b>	<b>87.586</b>	<b>94,0</b>	<b>79.176</b>	<b>98,0</b>
<b>Operating Profits</b>	<b>10.127</b>	<b>8,0</b>	<b>8.465</b>	<b>7,4</b>	<b>9.705</b>	<b>9,3</b>	<b>5.586</b>	<b>6,0</b>	<b>1.613</b>	<b>2,0</b>
Financial Profits	1.226	1,0	674	0,6	1.011	1,0	-666	-0,7	-2.039	-2,5
<b>Current Profits</b>	<b>11.353</b>	<b>9,0</b>	<b>9.139</b>	<b>8,0</b>	<b>10.716</b>	<b>10,3</b>	<b>4.920</b>	<b>5,3</b>	<b>-426</b>	<b>-0,5</b>
Exceptional Profits	2.322	1,8	393	0,3	-4.801	-4,6	-4.298	-4,6	378	0,5
<b>Profits Before Taxes</b>	<b>13.675</b>	<b>10,8</b>	<b>9.533</b>	<b>8,3</b>	<b>5.914</b>	<b>5,7</b>	<b>621</b>	<b>0,7</b>	<b>-48</b>	<b>-0,1</b>
Taxes (-)	-3.476	-2,7	-1.427	-1,2	-149	-0,1	-51	-0,1	-55	-0,1
<b>Net Profit for the Financial Year</b>	<b>10.199</b>	<b>8,1</b>	<b>8.105</b>	<b>7,1</b>	<b>5.766</b>	<b>5,6</b>	<b>570</b>	<b>0,6</b>	<b>-103</b>	<b>-0,1</b>

An overall appraisal shows that the economic situation of the Company improved significantly in 2007, returning an “Operating Profit” of 10.1 million Euros, or 8.0% of “Total Operating Income”. The “Operating Profit” was therefore up by about 1.7 million Euros compared to the previous Year, thus maintaining the positive trend seen during the period under review. It should be pointed out that during this period an “Operating Profit” was always returned, its growth in line with that of “Total Operating Income”.



The more rational use of production resources was decisive to the Company's good economic performance, the result of systematic management-by-objectives practice at every level of the organisation. This has contributed to a continuous reduction of the cost-to-income ratio, which measures the relative of "Total Operating Costs" and a proportion of "Total Operating Income".

At the Year-end, this ratio stood at 92%, slightly lower than the figure for 2006. However, if we eliminate from "Total Operating Costs" for both these years the costs incurred with the annual Rents of the Sub-concession Agreement, adjusting the indicators appropriately, the ratios are quite different, 71.2% and 75.7% for 2006 and 2007 respectively.

The "Financial Profit & Loss Account" made a very important contribution to "Current Profits" for the Year under review, showing a gain of 1.226 million Euros. This sum is largely the result of interest on short-term financial placements and prompt-payment discounts granted by suppliers as a result of the cash surpluses generated.

Under this Heading, one should also emphasise that exchange-rate risks related with the volatility of the US Dollar were fully eliminated as a result of the decision taken at the end of 2003 to alter the traditional commercial policy of billing in American Dollars. Therefore, the currency-translation differences booked in 2007 had no materially relevant effect.

The "Extraordinary Profit & Loss Account" also exerted significant influence on "Profit before tax", showing a gain of 2.3 million Euros. Of the factors that led to this result emphasis is given to the reimbursement of an additional Income Tax (IRC) assessment in respect of 1998 in the sum of 591,000 Euros.

Lastly, one must also underscore, for its significance, the sum of 3.5 million Euros booked as the estimated amount of Income Tax and that the Year under appraisal was the first in which there was no deduction for the taxable income related with tax losses brought forward.

To complete the review of the economic evolution of the Company during the 2003-07 periods, the following table provides a number of the more relevant economic Indicators and Ratios:

### Economic Aggregates

(Amounts in thousands of Euros)

Headings	2007	2006	2005	2004	2003
<b>Overall Aggregates</b>					
Gross Value of Productions (GVP)	125.150	112.483	101.595	90.561	79.371
Gross Value Added (GVA)	51.898	44.950	39.789	34.863	27.754
Personnel Costs	13.201	15.226	15.420	18.584	20.925
Operating Cash Flow	15.780	12.313	8.180	8.621	7.765
Gross Cash Flow	17.006	12.988	9.191	7.955	5.727
<b>Average Number of Employees</b>	<b>360</b>	<b>437</b>	<b>535</b>	<b>655</b>	<b>791</b>
<b>Ratios</b>					
GVP per Capita	347,6	257,4	189,9	138,3	100,3
Personnel Costs per Capita	36,7	34,8	28,8	28,4	26,5
GVA/ GVP	41%	40%	39%	38%	35%
Personnel Costs / GVA	25%	34%	39%	53%	75%

The table clearly shows that, in 2007, all the Company's performance Indicators and Ratios improved significantly compared to the previous year, maintaining the upward trend of the past four years.

Of the overall Aggregates, attention is drawn to the performance of "Gross Cash Flow", up by 4 million Euros, or 31%, over the previous Year, improving and strengthening the financial structure of the Company's Balance Sheet. This allows leverage of the growth of the ship-repair business and the financing of the heavy investment costs related with the recuperation of the Shipyard's infrastructure.

On the other hand, emphasis is given to the "Staff Costs/GVA" ratio which, having improved in 2007 continues to show that the Company has gradually become more flexible and that it is better prepared to face a market characterised by great unpredictability.

Lastly, Fiscal 2007 shows that the "Per Capita Staff Costs" Ratio again improved, confirming the positive evolution seen the previous Year.

The evolution of "Shareholders' Equity" for the past five Years is provided in the following table:

#### Shareholder's Funds

(Amounts in thousands of Euros)

Headings	2007	2006	2005	2004	2003
Share Capital	5.000	5.000	5.000	5.000	5.000
L. Reserves and Profits C. Forward	12.502	6.897	2.321	1.751	1.854
Net Profit of the Financial Year	10.199	8.105	5.766	570	-103
<b>Total Shareholders Funds</b>	<b>27.701</b>	<b>20.002</b>	<b>13.087</b>	<b>7.321</b>	<b>6.751</b>

Shareholders' equity as at December 31, 2007, stands at 27.7 million Euros, an increase of 7.7 million compared to the figure at the end of the previous year. As a result, the book value per Share at the Year-end amounted to €27.70, an appreciation of 454% over their par value.

A review of the main Balance Sheet Headings as at December 31 over the past five Years, as set out in the following table, reveals the evolution of the financial situation of the Company.

#### Comparative Summarised Balance Sheets

(Amounts in thousands of Euros)

Headings	2007	2006	2005	2004	2003
<b>Assets</b>					
Total Net Fixed Assets	9.805	9.216	9.251	20.116	21.794
Stocks	4.334	2.429	2.083	2.962	4.352
Clients C/A (net prepayment)	15.552	17.311	10.381	10.735	9.555
Others Debtors	3.230	3.842	4.830	4.422	4.847
Cash and Banks	29.655	20.596	18.435	14.232	2.211
Accruals and Prepayment	192	1.461	1.186	843	893
<b>Total Assets</b>	<b>62.766</b>	<b>54.855</b>	<b>46.165</b>	<b>53.311</b>	<b>43.652</b>
<b>Liabilities</b>					
Provisions	938	720	763	4.643	1.106
Medium and Long Term Credits	0	0	7.713	12.873	2.927
Bank Loans	0	125	125	125	12.895
Suppliers C/a (Net of prepayment)	22.591	20.450	13.759	15.131	14.112
Others Creditors	2.974	4.737	3.027	4.525	1.262
Accruals and Prepayments	8.563	8.820	7.691	8.692	4.599
<b>Total Liabilities</b>	<b>35.065</b>	<b>34.853</b>	<b>33.078</b>	<b>45.990</b>	<b>36.901</b>
<b>Shareholders Funds</b>	<b>27.701</b>	<b>20.002</b>	<b>13.087</b>	<b>7.321</b>	<b>6.751</b>

To evaluate the Company from a liquidity and debt-capacity standpoint at the end of the Year under review we use a set of indicators that help to characterise the Balance Sheet structure. So, with regard to:

### Working Capital

With Working Capital in the order of 19 million Euros and with the Quick and Current Ratios standing at 1.55 and 1.42 respectively, it can be said that the Company's Short-term Financial Structure has been improved and strengthened.

The following factors contributed to this: Short-term Bank Debt almost negligible owing to the absence of need for recourse to bank loans to meet current Cash management as a result of the amount of Cash-flow generated during the Year; and the increase of Cash and balances at Banks, standing at 29.7 million Euros at the end of the Year.

### Indebtedness Capacity

With a Fixed-asset Financing Ratio of 2.8 and Financial independence and Self-financing Ratios of 79% and 44% respectively, the conclusion is that LISNAVE's debt capacity continues to be consolidated and to show signs of a trend of greater adequacy of the Balance Sheet to its "core business".

Lastly, and in accordance with legal requirements, we declare that as at December 31, 2007, LISNAVE held no treasury Shares and had no Past-due Debt to the State Public Sector, including Social Security.



## 8. Prospects for the Activity in 2008

For 2008, economic growth can be expected to continue moderate since weak domestic demand in the United States of America is set to keep growth below 2%, while appreciation of the currencies in Europe and Japan will mean that economic growth will be maintained.

It can therefore be expected that the growth rate of global trade will again decline, down from 8.7% in 2007 to 7.4% in 2008, though higher, nevertheless, than the average figure for 2000-05, which stood at 5.7%.

### Shiprepair

Bearing the foregoing presuppositions in mind, economic growth in 2008 is expected to remain moderate, leading to a slowdown of the growth rate of global trade.

Nevertheless, given the implementation of tighter Environmental Protection at Sea rules introduced by the international regulatory bodies, Merchant Navy operators, particularly those operating in the Atlantic (LISNAVE's catchment area), will have to pay more attention to the maintenance of their ships and this will give rise to an increase of the amount of work required of the ship-repair yards.

Since Shipowners now have the means to maintain their vessels, it can be expected that 2008, in terms of ship repairs in LISNAVE's catchment area, will be a year of ongoing increase of demand and that the activity of the yards will be conditioned by their capacity to respond to demand.

### Special Projects

Keeping its attention focused in the evolution of the market, LISNAVE will not fail to take advantage of every new opportunity that arises.

## Human Resources

It can be hoped that 2008 will come to be the year of transition to the necessary flexibility of the labour organisation and remuneration systems and, consequently, the year marking the start of the process of adjustment of the size of the Company.

Indeed, on the assumption that it will be possible to close a Collective Bargaining Agreement with the Unions, bringing greater flexibility to the labour legislation covering this Industry, it can be expected that the Youth Training Plan under way will come to make a decisive contribution to the start to the Process of Rejuvenation of the Company.

In addition to the Youth Training referred to earlier, LISNAVE will go ahead with its training of employees. Therefore, the External Training Plan approved for 2008 includes 23 Measures, corresponding to 29 Courses involving about 200 Trainees, providing a total of 10,196 training hours.



## 9. Proposal for the appropriation of profits

The Board of Directors of LISNAVE, ESTALEIROS NAVAIS, S.A. proposes:

- The approval of this Management Report and Accounts for the 2007 Financial Year;
- The Net Profit, amounting to 10.199.158,89 Euros (profit) to be appropriated as follows:
  - Legal Reserve 509.957,94 Euros;
  - Dividends 7.000.000,00 Euros;
  - Profits Share Bonus to the Employees 1.000.000,00 Euros;
  - Profits Carried Forward 1.689.200,95 Euros;



## 10. Closing Remarks

Lastly, to conclude the 2007 Management Report, the Board of Directors wishes to express its profound gratitude and appreciation to the many people and entities that directly or indirectly supported our pursuit of the established goals, especially:

- To our Clients and Suppliers, for the preference and confidence they have continued to place upon ourselves;
- To the Shareholders, for the support, co-operation and interest shown in following up the most relevant aspects of the activity of LISNAVE;
- To Gestnave Direction, by the rendered services and specially by the positive contribution shown to the pursuit of the Reestructuring Plan goals, during its period of execution;
- To the Port of Setúbal Authorities, for their understanding and for the co-operation given to the resolution of the logistic needs of the Shipyard;
- To the Financial Institutions, for the excellent relationship and for the funds made available to the Company;
- To the Auditing Committee and to the External Auditors, for the positive way in which they carried out their duties;
- To all Employees of the Company and their Representative Structures, for the willingness and high professionalism shown.

Setúbal, 19th February 2008

### **The Board of Directors**

#### **Chairman**

José António Leite Mendes Rodrigues

#### **Members of the Board**

Nelson Nunes Rodrigues

Aloísio Fernando Macedo da Fonseca

Frederico José Ferreira de Mesquita Spranger

Jürgen Peters

João Rui Carvalho dos Santos

Manuel Serpa Leitão

# Analytical Balance Sheet

(Amounts in Euros)

ASSETS	2007			2006
	GROSS ASSETS	ADJUSTMENTS & DEPRECIAT.	NET ASSETS	
<b>FIXED</b>				
<b>INTANGIBLE FIXED ASSETS:</b>				
START-UP COSTS	573.822,11	440.599,30	133.222,81	174.925,09
<b>TANGIBLE FIXED ASSETS:</b>				
LAND AND NATURAL RESOURCES	2.567.100,00		2.567.100,00	2.567.100,00
BUILDING AND OTHER CONSTRUCTIONS	5.945.807,72	4.676.931,75	1.268.875,97	1.107.694,90
BASIC EQUIPMENT	14.145.075,48	10.447.095,89	3.697.979,59	3.591.644,58
TRANSPORT EQUIPMENT	376.397,08	257.453,70	118.943,38	79.434,73
TOOLS AND UTENSILS	5.530.421,19	5.090.833,19	439.588,00	308.997,82
OFFICE EQUIPMENT	4.198.434,47	3.777.783,91	420.650,56	325.431,56
OTHER TANGIBLE FIXED ASSETS	0,00	0,00	0,00	0,00
FIXED ASSETS IN PROGRESS	1.158.385,48		1.158.385,48	1.060.398,28
	<b>33.921.621,42</b>	<b>24.250.098,44</b>	<b>9.671.522,98</b>	<b>9.040.701,87</b>
<b>FINANCIAL INVESTMENTS:</b>				
SHAREHOLDINGS IN AFFILIATES AND SUBSIDIARIES	0,00	0,00	0,00	0,00
<b>CURRENT</b>				
<b>THIRD PARTY MEDIUM AND LONG-TERM RECEIVABLES:</b>				
CLIENTS, CURRENT ACCOUNT	0,00		0,00	0,00
OTHER DEBTORS	0,00		0,00	0,00
	<b>0,00</b>		<b>0,00</b>	<b>0,00</b>
<b>STOCKS:</b>				
RAW MATERIALS, SUBSIDIARY AND CONSUMABLES	2.159.686,07	182.319,12	1.977.366,95	1.894.208,55
GOODS AND WORK IN PROGRESS	2.356.188,77	0,00	2.356.188,77	535.225,96
	<b>4.515.874,84</b>	<b>182.319,12</b>	<b>4.333.555,72</b>	<b>2.429.434,51</b>
<b>THIRD PARTY SHORT-TERM DEBTORS:</b>				
CLIENTS, CURRENT ACCOUNT	15.551.615,72		15.551.615,72	17.316.311,74
CLIENTS RECEIVABLES	0,00		0,00	0,00
CLIENTS DOUBTFUL DEBTS	182.885,70	182.885,70	0,00	0,00
PREPAYMENT TO SUPPLIERS	721.892,34		721.892,34	323.188,94
GOVERNMENT AND OTHER PUBLIC SECTOR	3.115.795,14		3.115.795,14	3.711.850,97
OTHER DEBTORS	113.910,09		113.910,09	130.433,22
	<b>19.686.098,99</b>	<b>182.885,70</b>	<b>19.503.213,29</b>	<b>21.481.784,87</b>
<b>NEGOTIABLE SECURITIES:</b>				
OTHER NEGOTIABLE SECURITIES	0,00		0,00	0,00
<b>BANK DEPOSITS AND CASH:</b>				
BANK DEPOSITS	29.602.946,39		29.602.946,39	20.537.553,61
CASH	51.927,49		51.927,49	58.426,34
	<b>29.654.873,88</b>		<b>29.654.873,88</b>	<b>20.595.979,95</b>
ACCUEUED INCOME	103.322,48		103.322,48	79.444,35
DEFERRED COSTS	88.314,52		88.314,52	1.381.144,77
	<b>191.637,00</b>		<b>191.637,00</b>	<b>1.460.589,12</b>
<b>TOTAL DEPRECIATION</b>		<b>24.690.697,74</b>		
<b>TOTAL PROVISIONS</b>		<b>365.204,82</b>		
<b>TOTAL ASSETS</b>	<b>88.543.928,24</b>	<b>25.055.902,56</b>	<b>63.488.025,68</b>	<b>55.183.415,41</b>



# Analytical Balance Sheet

(Amounts in Euros)

SHAREHOLDERS' FUNDS AND LIABILITIES	FINANCIAL YEARS	
	2007	2006
<b>SHAREHOLDERS' FUNDS</b>		
SHARE CAPITAL	5.000.000,00	5.000.000,00
SHAREHOLDERS' LOANS	0,00	0,00
LEGAL RESERVE	888.215,32	482.950,54
FREE RESERVE	0,00	0,00
PROFITS CARRIED FORWARD	116.613.708,66	6.413.677,77
NET PROFIT FOR THE FINANCIAL YEAR	10.199.158,89	8.105.295,67
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>27.701.082,87</b>	<b>20.001.923,98</b>
<b>PROVISIONS</b>		
OTHER PROVISIONS	937.525,90	720.461,43
<b>CREDITORS - MEDIUM AND LONG TERM</b>		
DEBTS TO FINANCIAL INSTITUTIONS	0,00	0,00
SUPPLIERS, CURRENT ACCOUNT	0,00	0,00
OTHER LOANS RAISED	0,00	0,00
	<b>0,00</b>	<b>0,00</b>
<b>CREDITORS - SHORT TERM</b>		
DEBTS TO FINANCIAL INSTITUTIONS	0,00	125.358,35
SUPPLIERS, CURRENT ACCOUNT	19.945.399,31	17.217.224,06
SUPPLIERS, INVOICES UNDER VERIFICATION	2.471.633,79	2.654.371,95
SUPPLIERS BILLS PAYABLE	895.621,59	901.616,98
PREPAYMENT FROM CLIENTS	0,00	5.499,84
OTHER LOANS RAISED	0,00	4.087.174,69
SUPPLIERS OF FIXED ASSETS CURRENT ACCOUNT	0,00	0,00
GOVERNMENT AND OTHER PUBLIC SECTOR INSTITUTIONS	2.635.049,39	407.926,51
OTHER CREDITORS	338.532,00	242.242,15
	<b>26.286.236,28</b>	<b>25.641.414,57</b>
<b>ACCRUALS AND PREPAYMENT</b>		
ACCRUED COSTS	7.644.977,42	8.171.601,09
DEFERRED INCOME	918.203,21	648.014,34
	<b>8.563.180,63</b>	<b>8.819.615,43</b>
<b>TOTAL LIABILITIES</b>	<b>35.786.942,81</b>	<b>35.181.491,43</b>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>	<b>63.488.025,68</b>	<b>55.183.415,41</b>

# Statement of Profit an Loss

(Amounts in Euros)

HEADINGS	FINANCIAL YEARS			
	2007		2006	
<b>COSTS AND LOSSES</b>				
COST OF GOODS SOLD AND MATERIAL CONSUMED		7.108.058,46		6.625.629,97
SUPPLIES AND EXTERNAL SERVICES		92.445.896,05		80.274.377,32
PERSONNEL COSTS:				
REMUNERATIONS	9.502.901,35		11.362.217,12	
SOCIAL CONTRIBUTIONS:				
PENSION	1.688,94		1.503,38	
OUTHERS	3.696.627,21	13.201.217,50	3.862.693,61	15.226.414,11
DEPRECIATION OF TANGIBLE AND INTANGIBLE FIXED ASSETS	3.067.003,87		3.163.539,80	
ADJUSTMENTS	47.160,36		147.107,47	
PROVISIONS	217.064,47	3.331.228,70	144.419,49	3.455.066,76
TAXES	180.082,29		174.446,96	
OTHER OPERATIONS COSTS	241.506,63	421.588,92	112.845,35	287.292,31
(A)		<b>116.507.989,63</b>		<b>105.868.780,47</b>
INTERESTS AND SIMILAR COSTS:				
OTHERS		113.984,61		340.323,94
(C)		<b>116.621.974,24</b>		<b>106.209.104,41</b>
EXCEPTIONAL COSTS AND LOSSES		423.985,26		366.436,83
(E)		<b>117.045.959,50</b>		<b>106.575.541,24</b>
CORPORATION TAX FOT THE FINANCIAL YEAR		3.475.725,22		1.427.221,29
(G)		<b>120.521.684,72</b>		<b>108.002.762,53</b>
<b>NET PROFIT FOR THE FINANCIAL YEAR</b>		10.199.158,89		8.105.295,67
		<b>130.720.843,61</b>		<b>116.108.058,20</b>
<b>INCOME AND GAINS</b>				
SERVICES RENDERED		123.274.046,76		112.122.736,67
VARIATION IN PRODUCTION		1.820.962,81		262.385,40
WORK UNDERTAKEN FOR THE COMPANY		54.683,83		97.484,41
ADDITIONAL INCOME	1.083.867,25		977.819,27	
OPERATING SUBSIDIES	76.467,06		95.985,55	
OTHER OPERATING PROFITS	324.696,56		568.248,34	
	0,00	1.485.030,87	209.158,54	1.851.211,70
(B)		<b>126.634.724,27</b>		<b>114.333.818,18</b>
INCOME FROM SHAREHOLDINGS:				
FROM AFFILIATE COMPANIES	0,00		0,00	
INCOME FROM NEGOTIABLE SECURITIES/OTHER CASH PLACEMENTS				
OTHERS	0,00		0,00	
OTHER INTEREST AND SIMILAR INCOME				
FROM AFFILIATED COMPANIES	0,00		0,00	
OTHERS	1.340.461,47	1.340.461,47	1.014.675,93	1.014.675,93
(D)		<b>127.975.185,74</b>		<b>115.348.494,11</b>
EXCEPTIONAL INCOME AND GAINS		2.745.657,87		759.564,09
(F)		<b>130.720.843,61</b>		<b>116.108.058,20</b>
<b>SUMARY</b>				
-OPERATING PROFIT: (B) - (A)		<b>10.126.734,64</b>		<b>8.465.037,71</b>
-FINANCIAL PROFIT: (D - B) - (C - A)		<b>1.226.476,86</b>		<b>674.351,99</b>
-CURRENT PROFIT: (D) - (C)		<b>11.353.211,50</b>		<b>9.139.389,70</b>
-PRE-TAX PROFIT: (F) - (E)		<b>13.674.884,11</b>		<b>9.532.516,96</b>
-NET PROFIT FOR THE FINANCIAL YEAR: (F) - (G)		<b>10.199.158,89</b>		<b>8.105.295,67</b>

## Statement of Profit and Loss by Activity

(Amounts in Euros)

HEADINGS	2007	2006
SALES AND SERVICES RENDERED		
SHIP REPAIRING	118.254.724,97	110.961.036,87
CONVERSIONS	0,00	0,00
OTHER ACTIVITIES	2.960.249,46	677.273,45
SERVICES RENDERED	2.059.072,33	1.012.158,91
	<b>123.274.046,76</b>	<b>112.650.469,23</b>
COST OF SALES AND SERVICES RENDERED	-92.098.986,08	-84.996.814,30
<b>GROSS PROFIT</b>	<b>31.175.060,69</b>	<b>27.653.654,93</b>
OTHER OPERATING INCOME AND GAINS	5.625.834,04	3.195.203,57
DISTRIBUTION COSTS	-2.940.150,25	-2.740.495,22
ADMINISTRATION COSTS	-12.007.714,16	-11.296.893,07
OTHER OPERATING COSTS AND LOSSES	-8.178.106,33	-7.278.777,22
<b>OPERATING PROFIT</b>	<b>13.674.923,99</b>	<b>9.532.692,99</b>
NET COSTS OF FINANCING	-39,88	-176,03
GAINS (LOSSES) IN AFFILIATED AND ASSOCIATED COMPANIES	0,00	0,00
GAINS (LOSSES) IN OTHER INVESTMENTS	0,00	0,00
SPECIAL SITUATION	0,00	0,00
<b>CURRENT PROFIT</b>	<b>13.674.884,11</b>	<b>9.532.516,96</b>
TAXES ON EXCEPTIONAL PROFITS	-3.475.725,22	-1.427.221,29
<b>CURRENT PROFIT AFTER TAX</b>	<b>10.199.158,89</b>	<b>8.105.295,673</b>
<b>EXCEPTIONAL PROFITS (LOSSES)</b>	<b>0,00</b>	<b>0,00</b>
TAXES ON EXCEPTIONAL PROFITS	0,00	0,00
<b>NET PROFIT OF THE FINANCIAL YEAR</b>	<b>10.199.158,89</b>	<b>8.105.295,67</b>
<b>PROFIT PER SHARE</b>	<b>10,20</b>	<b>8,11</b>
<b>RATIOS:</b>		
<b>GROSS PROFIT/SALES</b>	<b>25,29%</b>	<b>24,19%</b>
<b>OPERATING PROFIT/SALES</b>	<b>11,09%</b>	<b>8,46%</b>
<b>CURRENT PROFIT/SALES</b>	<b>11,09%</b>	<b>8,46%</b>
<b>PROFIT BEFORE TAX/SALES</b>	<b>11,09%</b>	<b>8,46%</b>
<b>NET PROFIT FOR THE FINANCIAL YEAR/SALES</b>	<b>8,27%</b>	<b>7,20%</b>

# Cash Flow Statement

(Amounts in Euros)

HEADINGS	FINANCIAL YEAR 2007		FINANCIAL YEAR 2006	
<b>OPERATING ACTIVITIES:</b>				
RECEIVED FROM CLIENTS	129.667.948,19		108.468.987,72	
PAYMENTS TO SUPPLIERS	-109.493.053,90		-95.487.700,02	
PAYMENTS TO EMPLOYEES	-13.208.416,21		-13.978.573,48	
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>6.966.478,08</b>		<b>-997.285,78</b>	
PAYMENT/RECEIPT OF CORPORATION TAX	-2.290.583,61		-123.708,55	
OTHER RECEIPTS/PAYMENTS RELATING TO OPERATING ACTIVITIES	12.880.530,79		13.128.200,53	
<b>CASH FLOW GENERATED BEFORE EXCEPTIONAL ITEMS</b>	<b>17.556.425,26</b>		<b>12.007.206,10</b>	
RECEIPT RELATING TO EXCEPTIONAL ITEMS	615.098,00		137.664,00	
PAYMENTS RELATING TO EXCEPTIONAL ITEMS	-73.774,00		-25.860,00	
<b>CASH FLOW OF OPERATING ACTIVITIES (1)</b>		<b>18.097.749,26</b>		<b>12.119.010,10</b>
<b>INVESTMENT ACTIVITIES:</b>				
RECEIPTS FROM:				
FINANCIAL INVESTMENTS				
TANGIBLE FIXED ASSETS	12.250,00		-37.290,05	
INTANGIBLE FIXED ASSETS				
SUBSIDIES FOR INVESTMENTS				
INTEREST AND SIMILAR INCOME	199.821,60		0,00	
DIVIDENDS				
	212.071,60		-37.290,05	
PAYMENTS RELATING TO:				
FINANCIAL INVESTMENTS	0,00		0,00	
TANGIBLE FIXED ASSETS	-2.538.511,63		-3.311.931,61	
INTANGIBLE FIXED ASSETS	0,00		0,00	
<b>CASH FLOW FROM INVESTMENTS ACTIVITIES (2)</b>		<b>-2.236.440,03</b>		<b>-3.349.221,66</b>
<b>FINANCIAL ACTIVITIES:</b>				
RECEIPTS FROM:				
LOANS RAISED	0,00		0,00	
PAYMENTS RELATING TO:				
LOANS RAISED	-4.212.533,08		-6.108.372,66	
INTEREST AND SIMILAR COSTS	0,00		0,00	
DIVIDENDS	-2.500.000,00		-500.000,00	
<b>CASH FLOW GENERATED BY FINANCIAL ACTIVITIES (3)</b>		<b>-6.172.533,08</b>		<b>-6.608.372,66</b>
<b>VARIATION IN CASH AND CASH EQUIVALENTS (4) = (1) + (2) + (3)</b>		<b>9.058.776,15</b>		<b>2.161.415,78</b>
CURRENCY TRANSLATION DIFFERENCES		-177,78		0,00
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		-20.595.979,95		-18.434.564,17
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		29.654.873,88		20.595.979,95
		<b>9.058.776,15</b>		<b>2.161.415,78</b>

## Appendix to the Cash Flow Statement

Notes 1, 3, 4 and 5 of the Appendix to the Cash Flow Statement required by Accounting Directive number 14, approved by the General Council of the Accounting Standardisation Committee on 7th July 1993, are not applicable to the Financial Year ended on 31st December 2007.

In respect to note 2, it is hereby reported that:

Cash and cash equivalent components are as follows:

(Amounts in Euros)		
Headings	2007	2006
Cash	51.927,49	58.426,34
Readily Available Bank Deposits	352.946,39	770.710,65
Cash Equivalents	29.250.000,00	19.766.842,96
Cash and banks recorded in the Balance Sheet	29.654.873,88	20.595.979,95





## Appendix to the Balance Sheet and to the Statement of Profit And Loss

### Preliminary Note

LISNAVE, ESTALEIROS NAVAIS, S.A. with Registered Office Mitrena - Setúbal, was created by public deed executed on 12-03-1997 with the name Navenova – Estaleiros Navais, S.A., a name that was subsequently changed by public deed dated 31st July 1997 to LISNAVE, ESTALEIROS NAVAIS, S.A..

The objects of the Company are the operation of shipyards to build and repair ships, and the carrying out of industrial and commercial activities associated with, and similar to those operations.

The financial statements were prepared in accordance with the accounting principles set forth in the “Plano Oficial de Contabilidade” (POC) (Official Plan of Accounts). The financial statements were therefore prepared on the basis of historic cost accounting and as a going concern, in accordance with prudent accounting principles, the segregation of financial years, and consistency and substance of format and material relevance, respecting the qualitative characteristics of relevance, reliability and comparability.

The following notes are numbered in accordance with the sequence set forth in the Official Plan of Accounts. The notes of which numeration is not presented in this Appendix are not applicable to the Company or its presentation is not relevant to the knowledge of the financial statement in appendix. The amounts are presented in Euros.

**3.** The valuation criteria used were as follows:

#### **3.1 - Intangible Fixed Assets**

Valued at cost, net of depreciations made at legally established rates, and applying to such depreciations the concessions granted by Article 19 paragraph 2 of Regulatory Decree 2/90.

#### **3.2 - Tangible Fixed Assets**

The Tangible Fixed Assets are recorded at costs, net of depreciations made at legally established rates, and applying to such depreciations the concessions granted by Article 19 paragraph 2 of Regulatory Decree 2/90 with exception for land, which were object of an economic revaluation during the year 2005 made on basis of an independent entity study, of which resulted a decrease to the cost of Euros 7.606.105,82.

### **3.3 - Inventories**

Inventories are valued at cost, calculated as follows:

#### **Raw materials, subsidiary and for consumption:**

Average cost, including all costs incurred until delivery to the Company, for the raw materials with regular rotation.

In the cases of obsolete materials, physical deterioration, breach of prices, as well as the other similar factors that made that the market value be inferior to the acquisition and/or the production cost, the stocks value is adjusted in according of that (market value).

#### **Products and work in progress:**

Production costs, including raw materials, labour and the appropriate general industrial costs.

### **3.4 - Foreign currency debtors and creditors**

Transactions denominated in foreign currency were recorded at the exchange rates prevailing on the date of the respective transaction. Exchange differences, both favourable and unfavourable, caused by differences between the exchange rates prevailing on the dates of the transactions and the exchange rates prevailing at the time of collection and payment, or as at the balance sheet date, are recorded as income or costs in the profit and loss account for the financial year. As at 31st December, all balances denominated in foreign currency was adjusted using the rates of exchange prevailing on that date (official fixing of the Bank of Portugal).

### **3.5 - Cash balances in foreign currency**

Balances denominated in foreign currency are valued at the exchange rates prevailing as at 31-12-2007, mentioned in paragraph 4.

### **3.6 - Income Record**

The profit and loss of works in progress are recorded in accordance with the complete contract method, in according of the Accounting Directive Number 3.

In accordance with this method, the profit and respective costs are just recorded when the work is concluded or substantially completes.

### 3.7 - Third Party Debtors

The risks of collection identified in Third Party Debtors are admitted through an adjustment account, which will be reduced when their causes there are no more.

### 3.8 - Interest

The interest are admitted in a basis of time proportionality taking in consideration the effective income of assets, whenever be possible that the economic profits with the transaction run to the Company and when the credit amount be trustily measured.

### 3.9 - Dividends

The Dividends must be admitted when was settled the Shareholder right to the same.

4. The accounts included in the Balance Sheet and in the Statement of Profit and Loss originally denominated in foreign currency are valued as described in Notes 3.4 and 3.5. The exchange rates prevailing at the balance sheet date were as follows:

CURRENCY CODE	NAME OF CURRENCY	AVERAGE FIXING
BRL	REAL BRASILEIRO	2.5963
CAD	DÓLAR CANADIANO	1.4449
CHF	FRANCO SUÍÇO	1.6547
DKK	COROA DINAMARQUESA	7.4583
GBP	LIBRA ESTERLINA	0.7333
HUF	FLORIM HÚNGARO	253.73
ILS	SHEKEL-ISRAEL	5.6897
JPY	IENE JAPONÊS	164.93
MXN	PESO MEXICANO	16.051
NOK	COROA NORUEGUESA	7.9580
PEN	NUEVO SOL – PERU	4.4134
SEK	COROA SUECA	9.4415
USD	DÓLAR AMERICANO	1.4721
PTE	ESCUDO	200.482
ZAR	RAND SUL AFRICANO	10.0298
RUB	RUBLOS	35.986

5. The results of the Financial Year were not adjusted as a means of benefiting from tax concessions.

6. Pursuant to the applicable legislation, tax returns are subject to review and adjustment by the tax authorities during a period of four years. The tax returns of the Company in respect of the 2004 to 2007 Financial Years may still be subject to review. The Company is subject to review regarding Social Security for a period of five years. The Company however believes that eventual amendments resulting from the mentioned reviews will not have a significant impact on the financial statements as at 31st December 2007.

The Company has not accounted for the consequences due to time differences between the tax and the accounting base (deferred taxes), in accordance with Accounting Direct Number 28 – Corporation Taxes. The situations in the Company due to time differences between the tax and the accounting base run of the provisions and of the stocks adjustments and of third party debtors. The corresponding deferred tax was not recorded by the Company, because in its opinion that record was not relevant to the knowledge of the financial statements.

7. The average number of employees during 2007 was 360 (2006= 437).
8. The following table shows the position as at 31st December 2007 of expenditures considered to be Intangible Fixed Assets and the respective depreciation made during the Financial Year.

(Amounts in Euros)

Headings	Value at 31-12-2006	Additions in 2007	Regular. in 2007	Dep. During the Financ. Year
Dredging	343.726,62	1.316,64	0,00	45.415,06
Miscellaneous Costs	26.552,16	12.162,99	0,00	7.766,85
Capital Increase	190.063,70	0,00	0,00	0,00
<b>TOTAL</b>	<b>560.342,48</b>	<b>13.479,63</b>	<b>0,0</b>	<b>55.181,91</b>

9. During the Financial Year there were no situations covered by this note relating to the depreciation of 'Goodwill' over a period of more than 5 Years.

10. The variations recorded under the Heading of Fixed Assets and the respective depreciation and provisions were as follows:

### 10.1 - Fixed Assets

(Amounts in Euros)

Headings	Gross Assets				
	Opening Balance	Increases	Disposals	Transfers and Write-offs	Closing Balance
<b>INT. FIXED ASSETS</b>					
Start-up Costs	560.342,48	13.479,63			573.822,11
<b>TANG. FIXED ASSETS</b>					
Land an Nat. Resources	2.567.100,00				2.567.100,00
Build. and O. Structures	5.262.453,77	683.353,95			5.945.807,72
Basics Equipment	11.961.858,08	2.183.217,40			14.145.075,48
Transport Equipment	317.357,47	114.879,17	-55.839,56		376.397,08
Tools and Utensils	5.245.521,47	284.899,72			5.530.421,19
Office Equipment	3.920.128,84	278.305,63			4.198.434,47
Fixed Assets in Progress	1.060.398,28	3.721.094,32		-3.623.107,12	1.158.385,48
	<b>30.334.817,91</b>	<b>7.265.750,19</b>	<b>-55.839,56</b>	<b>-3.623.107,12</b>	<b>33.921.621,42</b>
<b>TOTAL</b>	<b>30.895.160,39</b>	<b>7.279.229,82</b>	<b>-55.839,56</b>	<b>-3.623.107,12</b>	<b>34.495.443,53</b>

### 10.2 - Depreciation and Provisions:

(Amounts in Euros)

Headings	Depreciation and Provisions				Net Value
	Opening Balance 31-12-2005	Increase	Cancellation / Reversion	Closing Balance 31-12-2006	
<b>INT. FIXED ASSETS</b>					
Start-up Costs	385.417,39	55.181,91		440.599,30	133.222,81
<b>TANG. FIXED ASSETS</b>					
Land and Nat. Resources					2.567.100,00
Build. and O. Structures	4.154.758,87	522.172,88		4.676.931,75	1.268.875,97
Basics Equipment	8.370.213,50	2.076.882,39		10.447.095,89	3.697.979,59
Transport Equipment	237.922,74	75.370,52	-55.839,56	257.453,70	118.943,38
Tools and Utensils	4.936.523,65	154.309,54		5.090.833,19	439.588,00
Office Equipment	3.594.697,28	183.086,63		3.777.783,91	420.650,56
Fixed Assets in Progress					1.158.385,48
	<b>21.294.116,04</b>	<b>3.011.821,96</b>	<b>-55.839,56</b>	<b>24.250.098,44</b>	<b>9.671.522,98</b>
<b>TOTAL</b>	<b>21.679.533,43</b>	<b>3.067.003,87</b>	<b>-55.839,56</b>	<b>24.690.697,74</b>	<b>9.804.745,79</b>



- 13.** With exception for Land in according of the above referred note 3.2.
- 14.** All Tangible Fixed Assets of the Company excluding Land and Natural Resources are located on properties belonging to others.
- 19.** Because of the legal valuation criteria and of the practices followed by the Company to account for items of current assets, there are no differences materially relevant between those costs and the costs equivalent to the respective market prices.
- 21.** Statement of variations occurred in current assets, were as follows:

**Adjustments:**

Headings	Opening Balance	Increase	Reversion	Close Balance
Third Party y Debtor: Client C/A	760.815,46	47.966,87	625.896,63	182.885,70
Stocks: RM, Subs. and for Consumption	210.467,62	0,00	28.148,50	182.319,12
<b>TOTAL</b>	<b>971.283,08</b>	<b>47.966,87</b>	<b>654.045,13</b>	<b>365.204,82</b>

- 23.** Doubtful debts amounting to 182.885,70 Euros are recorded under the heading “Doubtful Debtors”, adjustment in the some amount.
- 24.** No advances or loans have been made to members of the Board of Directors and of the Auditing Committee of the Company.
- 25.** Debts to and from Personnel on active service as at the end of the Financial Year, were as follows:

Headings	2007	2006
Debits from Personnel	67.143,57	71.435,39
Debits to Personnel	1.020.178,00	1.233.598,00

Debts to personnel correspond to holidays and holiday's subsidy, concerning to Financial Year 2007, which are paid during the Year 2008.

- 26.** As at 31st December 2007, there weren't accounted values in Bills of Exchange.
- 28.** There are no overdue debts to the “Government and Other Public Sector Institutions”.

29. At the end of the Financial Year there were no debts to third parties with more than five years to maturity.
30. As at the Balance Sheet date, no rights of third parties covered by pledged assets were known.
31. As at 31st December 2007 no financial commitments other than those duly recorded in the Balance Sheet were known.
32. As at 31st December 2007, the following contingent liabilities (Bank Guarantees and/or Performance Insurance Bonds) were recorded:

Institutions	Currency	Amount	Beneficiary
MILLENNIUM/BCP	EUR	100.000,00	ALFÂNDEGA DE SETÚBAL
MILLENNIUM/BCP	EUR	115.062,02	APL
MILLENNIUM/BCP	EUR	522.161,33	CH.SERV.FIN.SETUBAL 1
MILLENNIUM/BCP	USD	1.000.000,00	NNPC Nigerian Nat. P. Corp.
MILLENNIUM/BCP	EUR	55.660,96	ALFÂNDEGA DE LISBOA
MILLENNIUM/BCP	EUR	24.939,90	ALFÂNDEGA DE LISBOA
MILLENNIUM/BCP	EUR	5.856,00	APL

34. Variation in provisions:

(Amounts in Euros)

Headings	Opening Balance	Increase	Reduction	Closing Balance
Other provisions	720.461,43	217.064,47		937.525,90
<b>TOTAL</b>	<b>720.461,43</b>	<b>217.064,47</b>		<b>937.525,90</b>

36. As at 31st December 2007 the Share Capital was divided into 1.000.000 shares of 5 Euros each.
37. As at 31st December 2007, the following Companies held at least 20% of the Share Capital:

Company	Shareholding %
NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A.	72,82
THYSSENKRUPP MARINE SYSTEMS AG	20,00

#### 40. Summary of the accounts of Shareholders' Funds:

(Amounts in Euros)

Headings	Opening Balance	Increase	Reduction	Closing Balance
Share Capital	5.000.000,00			5.000.000,00
Legal Reserves	482.950,54	405.264,78		888.215,32
Prof. C. Forward	6.413.677,77	7.700.030,89	2.500.000,00	11.613.708,66
Net Profit	8.105.295,67	10.199.158,89	8.105.295,67	10.199.158,89
<b>Total</b>	<b>20.001.923,98</b>	<b>18.304.454,56</b>	<b>10.605.295,67</b>	<b>27.701.082,87</b>

The Legal Reserve: It is settled by the Commercial Law that at least 5% of the annual Net Profit must be appointed to the Legal Reserve reinforcement until this represents at least 20% of the Share Capital. This Reserve can't be shared unless in case of the liquidation of the Company, but it can be used to cover losses brought from previous years after the others reserves have been drained, or incorporated in the Share Capital.

#### 41. Statement of cost of goods sold and raw materials consumed:

##### Variation in raw materials, subsidiary and for consumption:

(Amounts in Euros)

Headings	2007	2006
Opening stocks	2.104.676,17	2.011.139,01
Purchases	7.163.068,36	6.719.167,13
Stocks Regularization	0,00	0,00
Closing Stocks	2.159.686,07	2.104.676,17
Cost as at 31-12-2006	7.108.058,46	6.625.629,97

#### 42. Statement of variations in production:

##### Variation in products and work in progress:

(Amounts in Euros)

Headings	2007	2006
Closing Stocks	2.356.188,77	535.225,96
Opening Stocks	535.225,96	272.840,56
Increase / Reduction in Financial Year	1.820.926,81	262.385,40

### Statement of the Costs of Sales and Services Rendered:

(Amounts in Euros)

Headings	Service Rendered	
	2007	2006
Opening Stocks	535.225,96	272.840,56
Receipts of Production	93.919.948,89	84.734.428,90
Closing Stocks	2.356.188,77	535.225,96
Costs of Sales and Rendered Services	92.098.986,08	84.996.814,30

43. Remunerations paid in 2007 to members of the Bodies Corporate in relation to their respective duties performed during the Financial Year:

(Amounts in Euros)

Board Directors	565.987,56
Auditing Committee	40.943,00

44. The net value of Sales and Services Rendered is broken-down as follows:

(Amounts in Euros)

Headings	2007	2006
<b>Domest Market</b>		
Ship Repairs	1.253.916,00	621.525,30
Other Activities	2.864.152,43	611.002,20
Services Rendered	2.059.072,33	1.012.158,91
	<b>6.177.140,76</b>	<b>2.244.686,41</b>
<b>Foreign Market</b>		
Ship Repairs	117.000.808,97	109.811.779,01
Other Activities	96.097,03	66.271,25
	<b>117.096.906,00</b>	<b>109.878.050,26</b>
<b>Total Geral</b>	<b>123.274.046,76</b>	<b>112.122.736,67</b>

45. The statement of financial profits and losses is as follows:

(Amounts in Euros)

Account	Costs and Losses	2007	2006
681	Interest Paid	39,88	176,03
685	Unfavourable Foreign Exchange Differences	47.460,91	268.116,66
688	Other Financial Costs and Losses	66.483,82	72.031,25
	Financial Profits/ Losses	1.226.476,86	674.351,99
		<b>1.340.461,47</b>	<b>1.014.675,93</b>
Account	Income and Gains		
781	Interest Received	1.015.322,69	603.670,34
785	Favourable Foreign Exchange Differences	51.514,32	155.507,84
786	Discounts Received for Payment at Sight	261.124,85	255.497,71
788	Other Exceptional Income and Gains	12.499,61	0,04
		<b>1.340.461,47</b>	<b>1.014.675,93</b>

46. The statement of Exceptional Profits and Losses is as follows:

(Amounts in Euros)

Account	Costs and Losses	2007	2006
691	Donations	138.400,00	69.860,00
692	Debits Unrecovered	0,00	0,00
693	Losses in Stocks	59.044,45	28.143,51
694	Losses in Fixed Assets	0,00	328,75
695	Fines and Penalties	3.874,00	0,00
696	Increase of Depreciations and Provisions	0,00	0,00
697	Adjustment to previous Financial Years	221.751,04	262.778,28
698	Other Exceptional Costs and Losses	915,77	5.326,29
	Exceptional Profits/Losses	2.321.672,61	393.127,26
		<b>2.745.657,87</b>	<b>759.564,09</b>
Account	Income and Gains		
791	Restitution of Taxes	591.136,45	0,00
793	Gains in Stocks	40.888,81	20.896,37
794	Gains in Fixed Assets	12.250,00	37.290,05
796	Reduction in Depreciation and Provisions	0,00	0,00
797	Adjustment previous Financial Years	2.077.506,74	697.968,65
798	Others Exceptional Income and Gains	23.875,87	3.409,02
		<b>2.745.657,87</b>	<b>759.564,09</b>



**47.** There is no other information required by law.

1. Under the terms and for the purposes of Article 447 of the Code of Commercial Companies, it is reported that Eng. José António Leite Mendes Rodrigues and Dr. Nelson Nunes Rodrigues, Members of the Board of Directors of LISNAVE, Estaleiros Navais, S.A., the only Shareholders of Navivessel, Estudos e Projectos Navais, S.A., are entitled on 728.255 shares.

As regards the Supervisory Body of the Company, it is stated that it is not in any of the situations set forth in the text of this Article.

2. Under the terms and for the purposes of paragraph 4 of Article 448 of the Code of Commercial Companies, it is reported that, according to the records of the Company, as at the closing date of the Financial Year, the following Shareholders held respectively 72,82% and 20,00% of the Share Capital of LISNAVE:

✓ **NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A.**

Holder of 728.255 Shares.

✓ **THYSSENKRUPP MARINE SYSTEMS AG**

Holder of 200.000 Shares.

3. As at 31st December 2007, the Shareholding Structure of LISNAVE was as follows:

Shareholder	Shares Held	% Voting Rights	% Total
- NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A.	728.255	72.82	72.82
- THYSSENKRUPP MARINE SYSTEMS AG	200.000	20.00	20.00
- PORTUGUESE GOVERNAMENT	29.666	2.97	2.97
- GENERAL PUBLIC (OPT)	42.079	4.21	4.21
<b>Total</b>	<b>1.000.000</b>	<b>100.00</b>	<b>100.00</b>

4. Positions held by the Directors of LISNAVE in other Companies:

	Company	Position Held
José António Leite Mendes Rodrigues	NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A. LISNAVE INFRAESTRUTURAS NAVAIS, S.A. LISNAVE INTERNACIONAL, S.A. LISAPRO, LDA. NAVALSET, LDA.	Director Chairman B.D. Director Manager Manager
Nelson Nunes Rodrigues	NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A. LISNAVE INFRAESTRUTURAS NAVAIS, S.A. LISNAVE INTERNACIONAL, S.A. REPROPEL, LDA. NAVALSET, LDA.	Director Director Chairman B.D. Manager Manager
Aloísio Fernando Macedo da Fonseca	METROCOM, S.A. CPCOM	Director Director
Frederico José Ferreira de Mesquita Spranger	LISNAVE INTERNACIONAL, S.A. MECNAVIS, S.A. DAKARNAVE, S.A. A.I. MARÍTIMAS FENAME	V/ Chairman B.D. Chairman B.D. Chairman B.D. Chairman V/ Chairman
Jürgen Peters	DEUTSCHER SCHULSSCHIFF VEREIN BBV BREMER BOOTSBAU GMBH	Director Supervisory B. M.
João Rui Carvalho dos Santos	NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A. LISNAVE INTERNACIONAL, S.A. NAVALROCHA, S.A. GASLIMPO, S.A. MECNAVIS, S.A. DARKARNAVE, S.A. FUNDENAV A.I. MARÍTIMAS FENAME	Director Director Director Director Director Director Chairman A. C. V/ Chairman V/ Chairman A. C.
Manuel Serpa Leitão	NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A. LISNAVE INFRAESTRUTURAS NAVAIS, S.A. GASLIMPO, S.A. TECOR, S.A. LISNAVE INTERNACIONAL, S.A. FUNDENAV A. I. MARÍTIMAS REBOCALIS, LDA.	Chairman Table G. M. Manag. Director Chairman B. D. Chairman Table G. M. Director Chairman Chairm. Table G. M. Chairman

48. Other information considered relevant to better acknowledgement of financial position and profit and loss

### Profit and Loss Statement by Activity

The Statement of Profit and Loss by Activity was prepared according to Accounting Statement of Practice number 20, which is based on a concept of Exceptional Profits and Losses, and net Financing Costs different from that set forth in the Official Plan of Accounts (POC) for the preparation of the Statement of Profit and Loss by Activity. Consequently, the amount of Exceptional Results (-2.321.672,61 Euros) shown in the Statement of Profit and Loss by Activity was reclassified and transferred to the headings "Other Operating Costs and Losses" and "Other Operating Income and Gains" (423.985,26 and 2.745.657,87 Euros respectively), as well as the Costs and Losses and the Financial Income and Gains, that are not related with loans raised by the Company (Euros 113.944,73 and Euros 1.340.461,47 respectively), equivalent to a reclassification of Euros 1.226.516,74, which generates the following differences in the various sources of incomes:

(Amounts in Euros)

Headings	By Source	Reclassif.	By Activity
Operating Profits/Losses	10.126.734,64	3.548.189,35	13.674.923,99
Financial Profits/Losses	1.226.476,86	-1.226.516,74	-39,88
Current Profits/Losses	11.353.211,50	2.321.672,61	13.674.884,11
Exceptional Profits/Losses	2.321.672,61	-2.321.672,61	0,00
Corporation Tax	-3.475.725,22	0,00	-3.475.725,22
Net Profit/Loss for the Financial Year	10.199.158,89	0,00	10.199.158,89

# Auditing Committee Report And Advice

## - 2007 Financial Year -

### Shareholders,

1. In compliance with the law and with the bylaws of the Company, the Auditing Committee of «LISNAVE, ESTALEIROS NAVAIS, S.A.», in the exercise of its responsibilities and after having examined the Balance Sheet, the Statement of Profit and Loss and the other components of the report of accounts prepared by the Board of Directors, included in the Management Report and Accounts for the 2007 financial year, hereby issues its Report and Opinion about the aforementioned components of the report of accounts.
2. The Auditing Committee has followed up throughout the financial year, with the appropriate frequency, the activity of LISNAVE, by examining the documents produced, through contacts maintained with the Departments, through the working papers made available by the external auditors and through the information meetings held on a regular basis with the Board of Directors. The Auditing Committee has also made the verification and the analyses of the accounting information, inspecting the respective supporting documentation and records. In particular, the Auditing Committee has verified the accounting entries relating to the calculation of the results of the financial year.
3. It is the belief of the Auditing Committee that the technical procedures followed, leading to the preparation of the financial statements submitted and, in particular, taking into account the explanations included in the Appendix to the Balance Sheet and to the Statement of Profit and Loss, supplemented by the explanations given in the management report prepared by the Board of Directors, reflect the amounts shown in the respective documents of support and, as a whole, portray, in financial and economic terms, the true value of the assets of the company and the results recorded.
4. In a separate document, the Official Inspector of Accounts has prepared the Legal Certification of Accounts, and the Auditing Committee has concurred with his opinion that should be taken as part of this Report.
5. The Board of Directors, in the Management Report it has prepared, describes the way in which the activity of the company was carried out during the financial year characterized by an increase of the Shiprepair market demand about 5% that run of the globally conjugated effects of high oil prices, the high price of the Euro and the registered evolution of the average rate of the Tankers and Bulk Carriers freights.

6. During the year 2007, similarly to the recorded in the preceding Financial Years, the LISNAVE activity has registered again a good global performance essentially expressed by:

- The positive evolution in the well-balanced behaviour registered in the relation: requests for estimates/orders/success rate, higher than the value recorded in 2006;
- The number of ships repaired(135), of the same level than was recorded in the last year;
- the obtainment of a positive net profit of 10.199 thousand euros;
- the consolidation of LISNAVE position in the Shiprepair market and of its vocation like a strongly export trader, expressed in sales to the external market of 117,1 millions euros (95% of total production), going on to guarantee itself an uppermost position among the largest repair ship-yards in the world.

7. In respect of the amounts recorded in the statements for the financial year, the following indicators stand out:

- the total volume of sales and provision of services rendered, amounting 123,3 million euros, about 10% higher than the correspondent value in 2006;
- the weight of personnel costs, which now amounted to 11,3% of total operating costs;
- the value reached by the operating profits, about 10,1 million euros, representing 8% of total Operation Revenue;
- the good performance recorded in overall financial activity;
- the investments fulfilled during the financial year, amounting to 3,6 million euros approximately(increased of 3,7 million euros of fixed assets in progress);
- the “cash flow” generated during the financial year, amounting to 13,5 million euros;
- the generalised improvement obtained in the management, economic and financial indicators.

8. In view of the foregoing, and as a result of the analyses and of the supervisory activities carried out during the financial year, the Auditing Committee, grateful for the cooperation received from the employees of the company it needed to contact, and grateful to the Board of Directors for its cooperation and availability and for the references made in its report, and taking into account the foreseen prospects for the activity in 2008, concludes by issuing the following

#### ADVICE

- a) the Management Report and Accounts for the Financial Year should be approved;
- b) the proposal for the appropriation of the Net Result of the financial year, amounting to a positive figure of € 10.199.158,89, made by the Board of Directors, should be approved.

Lisbon, 25th February 2008

#### THE AUDITING COMMITTEE

Francisco José da Silva  
- Chairman -

Maria Isabel Louro Caria Alcobia  
- Member of the Auditing Committee -

Joaquim Patrício da Silva (ROC nº 320)  
-Member of the Auditing Committee -  
for and on behalf of

PATRÍCIO, MIMOSO E MENDES JORGE  
Firm of Official Inspectors of Accounts, number 42



# Legal Certification Of Accounts

## - 2007 Financial Year -

### INTRODUCTION

1. I have examined the attached financial statements of «LISNAVE, ESTALEIROS NAVAIS, S.A.», which comprise the Balance Sheet as at 31st December 2007, (showing a balance sheet total of 63.488 thousand euros and total shareholders' funds amounting to 27.701 thousand euros, including a net profit of 10.199 thousand euros), the Statement of profit and loss for the financial year and the respective Appendix to the balance sheet and to the statements of profit and loss, the cash flow statement and the respective appendix, and the statement of profit and loss by activity for the financial year ended on that date.

### RESPONSIBILITIES

2. The preparation of financial statements truly and appropriately portraying the financial situation of the Company and the result of its activities, the usage of adequate accounting policies and criteria, and the maintaining of an appropriate system of internal control, are of the responsibility of the Board of Directors.
3. My responsibility consists of expressing a professional and independent opinion based on my examination of those financial statements.

### SCOPE

4. My examination was carried out in accordance with the Rules and the Technical Guidelines of the Society of Official Inspectors of Accounts, which require the examination to be planned and performed with the purpose of obtaining an acceptable degree of safety as to whether or not the financial statements contain materially relevant distortions. To that end, the mentioned examination included:
  - a sample verification of the evidence for the amounts recorded in the financial statements and the assessment of the estimates, based on judgements and criteria set forth by the Board of Directors of the Company, used for the preparation of the financial statements;
  - the evaluation of the adequacy of the accounting policies followed and of their respective disclosure, taking into account the circumstances;

- the verification of the applicability of the going concern concept; and
  - the evaluation of the adequacy in overall terms, of the presentation of the financial statements;
5. My examination had included too the verification of the concordance of the financial information constant of the management report with the financial demonstrations.
6. I consider that the examination carried out provides an acceptable basis for the issue of my opinion.

#### OPINION

7. In our opinion, the financial information contained in the mentioned documents truly and appropriately portrays, in all materially relevant aspects, the financial situation of «LISNAVE, ESTALEIROS NAVAIS, S.A.» as at 31st December 2007, the result of its operations and the cash flows recorded in the Financial Year ended on that date, in accordance with the generally accepted accounting principles.

Lisbon, 25th February 2008

Joaquim Patrício da Silva  
(Official Inspector of Accounts number 320)  
for and on behalf of  
PATRÍCIO, MIMOSO E MENDES JORGE  
Firm of Official Inspectors of Accounts number 42

**Extract of the Minute of the Annual General Meeting  
of Shareholders held on 19th March 2008  
relating to the approval of documents reporting the accounts  
for the 2007 Financial Year**

**Minutes of Meeting N° 01/2008**

The Annual General Meeting of LISNAVE - ESTALEIROS NAVAIS, S.A., was held at the Company's Registered Offices at 11.00 a.m. on the nineteenth day of March two thousand and eight.

Dr. Luís Miguel Nogueira Freire Cortes Martins, Chairman of the board of the general meeting, chaired the meeting assisted by secretaries of the board Dr. Manuel Joaquim Rodrigues and Dr. Carlos Fernando Pinheiro.

.....

The Chairman also confirmed, through the respective attendance list, that the following Shareholders having voting rights were present or represented:

Navivessel, Estudos e Projectos Navais, S. A., represented by Eng. Manuel Serpa Leitão, holder of seven hundred and twenty-eight thousand two hundred and fifty-seven Shares (representing seventy-two point eighty-two percent of the votes);

- THYSSEN KRUPP MARINE SYSTEMS AG, represented by Dr. Walter Klausmann, holder of two hundred thousand shares (representing twenty per cent of the votes);
- The PORTUGUESE STATE, represented by Dra. Sara Alexandra Ribeiro Pereira Simões Duarte Ambrósio, holder of twenty-nine thousand, six hundred and sixty-six shares (representing two point ninety-six per cent of the votes);
- Mr. MANUEL SOUSA PEREIRA, holder of one thousand one hundred shares (representing zero point eleven per cent of the votes);
- Mr. NUNO FILIPE PEDRO BAPTISTA, holder of two hundred shares (representing zero point zero two per cent of the votes).
- Mr. JOÃO ALEXANDRE DINIS DE SOUSA, holder of ten thousand shares (representing one per cent of the votes).

**Item 1** – To discuss and approve the 2007 Annual Management Report and Accounts.

... the Chairman of the Board, in the scope of his intervention and among others essentials subjects, recognizing the important participation of the Portuguese State in the context of the Social Plan ended in the past 31th December 2007, emphasized the Principles Agreement made between The Portuguese Government and LISNAVE in the last 21th January.

..., the Chairman of the General Meeting submitted the 2007 Annual Report and Accounts to the vote, and these documents were unanimously approved.

**Item 2** – To discuss and approve the Audit Committee Report.

..., the Chairman submitted the Audit Committee Report to the vote, which was unanimously approved.

**Item 3** – To discuss and approve the Proposal for the Appropriation of Profits

..., the Chairman declared that the Table had received a Proposal for the Appropriation of Profits presented by the Board of Directors, which he read out, the contents of which were as follows:

**“Proposal for the Appropriation of Profits**

The Board of Directors of LISNAVE - ESTALEIROS NAVAIS, S.A., proposes:

- that this present 2007 Annual Management Report and Accounts be approved; and
- that the net profit in the sum of 10,199,158.89 Euros be appropriated as follows:

• Legal Reserve	509,957.94 Euros;
• Dividends	7,000,000.00 Euros;
• Balance Gratification to the Employees	1.000.000,00Euros;
• Retained Earnings	1,689,200.95 Euros.

Mitrena, 19th February, 2008

The Board of Directors”

..., the Chairman put it to the vote and it was likewise unanimously approved.

**Item 4** – To carry out a general appraisal of the management and supervision of the Company.

..., the Chairman stated that the Table had received a Proposal subscribed by Shareholder Navivessel, Estudos e Projectos Navais, S.A., which he read out, the contents of which were as follows:

**“Proposal**

Considering the competent and efficient way in which the Company’s Corporate Officers had performed their respective duties, especially during 2007, Navivessel, Estudos e Projectos Navais, S.A., proposes that the General Meeting approve a vote of praise for the Board of Directors and Audit Committee of LISNAVE - ESTALEIROS NAVAIS, S.A..

Caparica, March 4, 2008

The Representative of Shareholder Navivessel”

.....  
Submitted to the vote, this proposal was approved unanimously.

.....  
There being no further business to transact the Chairman declared the meeting closed, these present minutes having been written up which are to be signed by the Chairman and the two Secretaries of the Board of the General Meeting.

Mitrena, 19th March 2008

**Carlos Pinheiro**  
(Company Secretary)

## Delegations and Representative Offices

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E REPRESENTAÇÕES  
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