Management Report and Accounts
2009

LISNAVE
ESTALEIROS NAVAIS, S.A.

Management Report and Accounts
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LISNAVE | ESTALEIROS NAVAIS, S.A.
Share Capital: 5 000 000 Euros
Registered Office: Mitrena – 2910-738 Setúbal
Setúbal Commercial Registration Office
Matrícula Nº 503 847 151
Company Number 503 847 151

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MEMBERS OF CORPORATE BODIES

TERM OF OFFICE: 2009 - 2012 FOUR-YEAR PERIODS

Shareholders General Assembly

Chairman:
Luís Miguel Nogueira Freire Cortes Martins
Vice-President:
Carlos Fernando Soares Pinheiro
Secretary:
Manuel Joaquim Rodrigues

Board Of Directors

Chairman:
José António Leite Mendes Rodrigues
Directors:
Nelson Nunes Rodrigues
Aloísio Fernando Macedo da Fonseca
Frederico José Ferreira de Mesquita Spranger
Marcus Schwaeppe
João Rui Carvalho dos Santos
Manuel Serpa Leitão

Executive Committee

Chief Executive Officer:
Frederico José Ferreira de Mesquita Spranger
Members of the Committee:
Marcus Schwaeppe
João Rui Carvalho dos Santos

Auditing Committee

President:
Francisco José da Silva
Committee Members:
Maria Isabel Louro Caria Alcobia
"Patrício, Moreira, Valente & Associados, SROC"
Represented by Joaquim Patrício da Silva
Alternate:
Alberto Arnauth Ribeiro - ROC

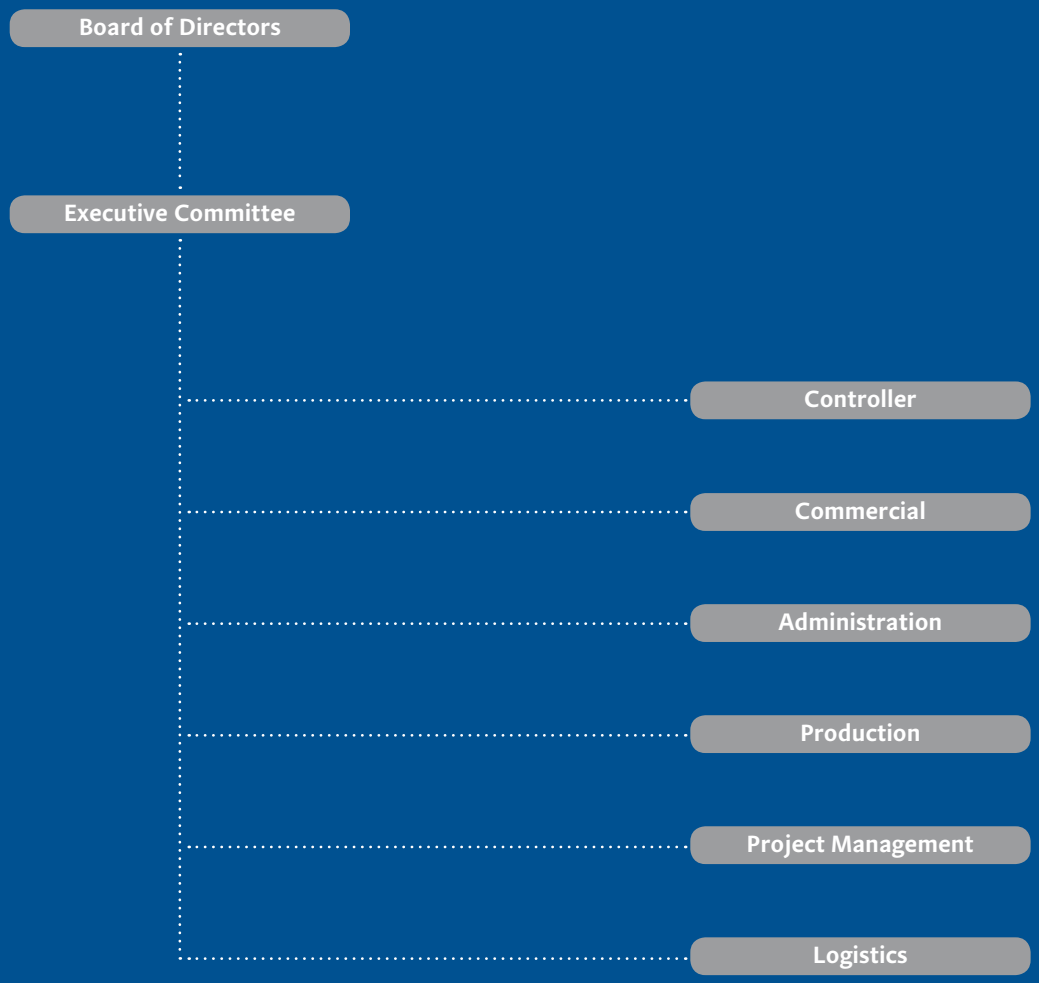
Company Secretary

Carlos Fernando Soares Pinheiro

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 25th 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 2009 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 notarized 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, 8th February 2010
The Chairman of the Board of the General Meeting
Dr. Luís Miguel Nogueira Freire Cortes Martins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BOARD OF DIRECTORS REPORT

1 | Introduction

Lisnave, Estaleiros Navais, S.A., returned a Net Profit for 2009 similar to that of the previous year, successfully overcoming the market difficulties with which it was faced.

This is of particular importance considering that, as a result of the crisis seen in the international economy, the market underwent a sharp downturn, the consequence of which was a significant reduction of the number of ships repaired, 22 less than in 2008.

Indeed, the performance level confirmed that, even under these circumstances and taking into account the recovery that the Company has undergone in recent years, the strategic goals established at the beginning of the decade and implemented in subsequent years were appropriate and made Lisnave far better prepared to confront adversity, particularly situations of economic recession and market crisis such as the current one.

On closing the year that marks a decade since the transfer of the business to the Mitrena Yard, and given the importance of the matter in both regional and national terms, the Board of Directors would like to reveal that, between the start of the Restructuring Plan – second half of 1997 – and the end of the year under review, Lisnave repaired 1.624 ships from 56 countries around the world, generating sales of €1,43 billion, of which an impressive €1,36 billion for export.

As a result of this business, which involved a Domestic Added Value of more than 95%, Lisnave paid a total wage bill of €818 million and paid to the State by way of Social Security Contributions, Income Tax and other Taxes more than €142 million.

Financial Year of 2009

Though returning remarkable performance Lisnave faced a number of difficulties during 2009, difficulties that were already visible the previous year, the effects of which were to be felt with particular intensity in 2009.

Indeed, as a result of the global economic downturn, there was a sharp decline of global trade and, consequently, a significant reduction of demand for shipping, leading, in turn, to a downturn of the Ship Repair market.

In parallel, the effect of this downturn was aggravated by an "increase in supply of repair services" induced by the fall in demand. This also had a negative effect on the commercial success rate in negotiating orders, which fell to 19% during the year. From a standpoint of the number of Enquiries Received, this meant a reduction of demand of about 8,5% from 2008 and 25% taking 2007 as the reference.

On the other hand, average daily charter rates fell dramatically during the period to which this report refers, with average figures unmatched since 2005.

In fact, though with sharp variations, a "Modern Suezmax" tanker chartered for an average figure of US$ 70.000/day in 2008, had to operate in 2009 with an average of less than half that sum, of US$ 30.000, and that after charter rates had fallen to an unthinkable minimum of US$ 12.500/day in the middle of the year.

The rates for a "Capesize" Bulk-carrier performed similarly, with average rates standing at around US$ 30.000/day, compared to a comfortable figure of about US$ 90.000 per day in 2008.

Against this background of sharp deterioration of the markets, LISNAVE closed 2009 with Ship Repair Sales in the sum of €118 million, about €27,5 million less than the previous year, in respect of the repair and/or maintenance of 116 ships.

Total Operating Income amounted to €122,9 million or €32,5 million less than in 2008.

Net Profit for the year, however, stood at €14,93 million (€400.000 less than 2008), the result of an Operating Profit of €20,7 million, generating a Gross Cash Flow of about €26,6 million. This was the result of the benefits brought about by the Shipyard's Rent scheme renegotiated with the Concessionaire during the preceding year, the positive effects of which were felt to a greater extent in 2009.

In this way, though aware of the effects mentioned above, the Board of Directors considers that in returning a Net Profit similar to the previous year's in a year of extreme market difficulty – the best Net Profit of its history – LISNAVE was remarkably successful.

It should also be pointed out that Equity stood at a figure seven times greater than the Equity Capital.

As far as Fixed Assets are concerned, investments during the year under review amounted to about €1,4 million. In accumulated terms, investment in fixed assets amounts to around €28,8 million since 2000.

We would also point out the very significant costs incurred during the year with major repair of infrastructure and equipment, totalling €2,4 million, as well as the costs of implementing the integration of the operating and human resources systems with the SAP software and of the introduction of the new Accounting Standardisation System, together amounting to €0,75 million.

On the other hand, mention is made of the investment in the rehabilitation of the Shipyard, the responsibility of the Concessionaire, LISNAVE INFRAESTRUTURAS NAVAIS, which amounted to €4,7 million during the year under review, to which must be added €0,9 million spent the previous year, with particular emphasis on the major structural repairs to Dock 20.

On the other hand, during the year under review the Company retained its traditional characteristics as a major exporter, having generated sales abroad in the sum of €114 million in respect of Maintenance & Repair services, and it also repaired two ships flying the Portuguese flag.

LISNAVE also kept up its high employment figures, involving a wage bill of more than €61 million in respect of an average of around 2.500 people.

It should also be pointed out that the year came to a close with no past-due debt, either to Workers or to the State, having paid to the latter in Personal Income Tax, Social Security Contributions and other Taxes about €15,6 million, to which must be added another €6,9 million in respect of Corporate Income Tax for the year.

In respect of Vocational Training of Young Workers, the Board of Directors is pleased to note that, despite the difficulties in recruiting and retaining personnel, about a hundred Youths are now working as Trainees, at various professional levels, some of whom have started a professional career in the meantime.

As it did not prove possible to continue to postpone decisions as to the future and given the fact that it had not been possible to close the Company Agreement, LISNAVE decided to redirect its Human Resources strategy, which will come to involve close co-operation with a Company set up in the meantime within the scope of the Equity holders.

The Company, called LisnaveYards, its corporate purpose similar to that of Lisnave, made a start to its Provision of Services business during February 2009, and, as of the year-end, it already has about forty Workers in its service.

In the field of Human Resources, mention is also made of the fact that Lisnave took on 16 Young Engineers and, following approval by the General Meeting, it granted a Balance-sheet bonus to the Company's Workers as a whole, totalling €1,115 million.

With regard to Social Responsibility, Lisnave continued its policy of support, joining up with several Entities and Organisations in the Social, Cultural and Sports areas through donations amounting to €177.000 during the year.

Lisnave retained its ISO 9001:2008 Certification and also the Protection Certificate of the International Ship and Port Facility Security (ISPS) Code, and the Mitrena Yard's Environmental Licence.

The Shareholder Structure as at December 31, 2009, was as follows:

Navivessel, Estudos e Projectos Navais, S.A.	72,83 %
ThyssenKrupp Marine Systems AG	20,00 %
Portuguese Government	2,97 %
Others Shareholders	4,20 %

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 2009 Annual General Meeting, it has proved possible, for the fourth straight year, to remunerate the capital invested by the Company's Equity holders as a whole.

The Outlook for 2010

The Outlook for the business in 2010 is not promising, rather the contrary.

Indeed, though some indicators suggest a reversal of the sharp downturn of global trade seen in 2009, it can be expected that the effects of the recession that affected the developed countries in 2008 will last throughout 2010, and that in view of the little profitability of their business last year, Shipowners, unless forced by the action of the statutory authorities, will continue to contain their budgets in 2010.

Aware of this, a situation further aggravated by the coming into operation of a number of new ships scheduled for delivery in 2010 that will maintain the seller market and, in this way, ongoing aggressiveness among the competition, the Board of Directors expresses to the Equity holders its concern as to the outlook for Lisnave's Business in 2010, despite the high quality, responsibility and involvement demonstrated by Management and by all Personnel.

Against this particularly adverse background, the Board of Directors intends to maintain the strategy of rigour that has been followed, giving redoubled attention to the need, now more imperative given the context in which the business will presumably be carried on in 2010, to make production-factor costs more flexible and to redimension them to the extent possible, suiting them to the volume of invoicing predicted for 2010, expected to be lower than in the year under review.

It will therefore continue its policy of considerable commercial combativeness and of ensuring customer loyalty, and cost-management control, particularly in respect of fixed labour costs, while strengthening its policy directed at developing partnership relations with the traditional Service Providers and continuing the search to launch new business initiatives.

Lastly, since, despite every effort, it did not succeed in closing a new Labour Relations Collective Bargaining Agreement, a goal that is becoming increasingly indispensable in the present context of global and market crisis, the Board of Directors, while continuing to be open to negotiations with the Entities Representing the Workers, will decisively increase the use of services provided by LisnaveYards, which will take on new Workers, bringing the total up to more than a hundred during 2010.

2 | General Comments About The Market

The Economy

According to the World Bank, following growths of 3,9% in 2007 and of 1,7% in 2008, the global economy is thought to have declined by 2,2% in 2009. The biggest fall in terms of global growth was in the developed countries, where the decline stood at 3,3%. Japan was the country most severely hit, with a drop of 5,4%.

In the developing countries, the economic crisis mainly affected industrial activity owing to a profound cut in investment plans and to the sharp reduction of inventories, the result of the uncertainty surrounding the future of the supply side. Having grown by 8,1% in 2007 and 5,6% in 2008, the developing countries saw their growth reduced to 1,2%. Excluding China and India, it can be seen that the economies of the other developing countries contracted by 2,2%.

On the other hand, of the developing countries of Europe and Central Asia, the most affected by the crisis declined by 6,2%, with the Russian Federation down by 8,7%. Between 2008 and 2009, in the Asia-Pacific region growth is expected to have declined by 1.2 p.p., down from 8,0% in 2008 to 6,8% in 2009. In China growth is estimated to have fallen from 9,0% in 2008 to 8,4% in 2009.

As a result of a long period of growth of the global economy, prices of non-energy products doubled between 2003 and 2008, while energy products rose by 170%.

However, the global crisis and the downturn of economic activity caused a sharp reduction of demand for goods, causing energy prices in US dollars to fall by some 65%, those of metals by about 50% and those of farm produce by more than 30% from their peak.

Given the situation of the economy referred to above, the World Bank believes that global trade fell by 14,4% in volume in 2009, fundamentally the result of the reduction of imports by the developed economies.

Given the depth of the crisis and the need to continue to restructure the world's banking system, the World Bank predicts that recovery will be slow and will take a long time, with a growth of the global economy of about 2,7% in 2010 and 3,2% in 2011. It predicts that, following the 14,4% drop in 2009, global trade will grow by 4,3% in 2010 and by 6,2% in 2011, and it can therefore be expected that by the end of 2011 global trade, by volume of goods and services, will still be 5,0% lower than in 2008.

Despite the seriousness of the recession and the uncertainties that continue to surround the future, the world appears to be beginning to recover from the serious financial crisis seen at the end of 2008. Indeed, industrial output and world trade, following drops never before seen, are again growing, the financial markets have recouped a large part of the losses incurred towards the end of 2008 and early 2009, and the developing countries are again beginning to attract the interest of international investors.

Changes in the World Merchant Fleet and Freight Rates

According to Fearnleys, the merchant tanker fleet above 25.000 GT, by number of ships, grew again in 2009, up by about 9%, following growths of some 6% in 2008 and 5% in 2007. In the dry-bulk carrier fleet, also above 25.000 GT, growth stood at about 6%, higher than the 2008 and 2007 figure of 5%.

Following the sharp downturn seen in the second half of 2008, the price of steel sold for scrap started a trend of growth and, at the end of 2009, it stood between

US$ 300 and 350 per tonne, some 25% higher than the figures at the end of 2008.

As a result of the sharp reduction of global trade and of the high price of steel, sales for demolition doubled compared to 2008, involving 19.81 million GT, compared to 9.82 million in 2008.

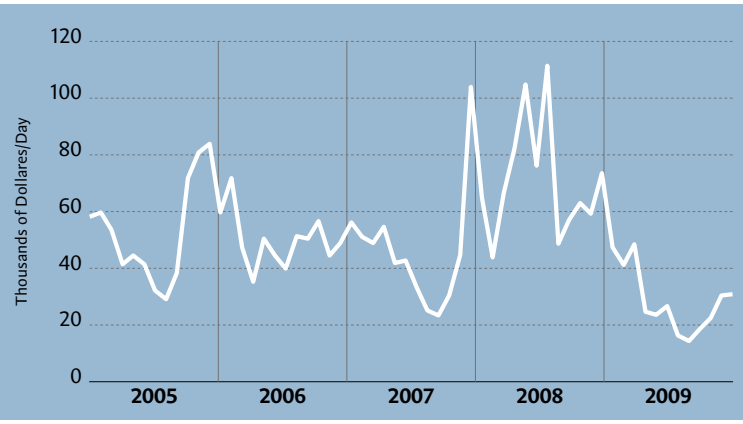
With regard to the number of ships delivered in 2009, it can be seen that, in tankers, 384 ships were handed over, which corresponds to 10% of the fleet in existence at the end of 2009, while 465 dry-bulk carriers were delivered, or about 8% of the fleet in existence at the end of 2009.

At the end of 2009, on the other hand, the order book for tankers equalled about 25% of the existing fleet, while for dry-bulk carriers the figure was about 47%. In tankers, the greater percentage of ships in the order book, as a percentage of the existing ships, was in the "VLCC" range, accounting for 35%, while the figure for the "Suezmax" range stood at 33%, and for the "Aframax" range 21%. In dry-bulk carriers, the greater percentage of ships in the order book was in the "Handymax" range, at 96%, followed by the "Capesize", at 77% and the "Panamax" at 42%.

At the end of 2008, the International Energy Agency expected a growth of demand for crude of around 0,5%. A year later preliminary estimates suggest a decline of about 1,6%.

This decrease of demand, allied to the increase of the fleet, caused tanker charter rates to drop throughout the first half of the year, falling, in the case of the "Suezmax" on the West Africa to USA run, from about US$ 45.000 per day at the start of the year to around US$ 12.500 in August, when they began to recover, to stand at the end of 2009 at about US$ 30.000.

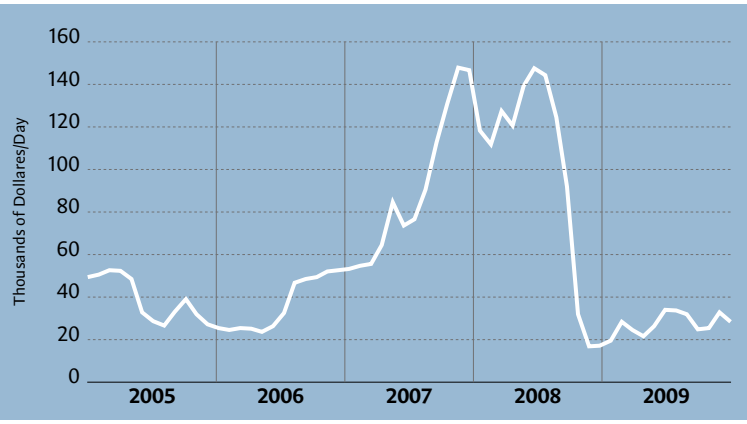
Freight Rates for Oil Tankers
Modern Suexmax (W. Africa - U.S.A.)



Monthly average
Source: Fearnleys

Having fallen to historic lows at the end of 2008, charter rates for dry-bulk carriers fluctuated during 2009, though the trend was one of growth at all times. In the case of a one-year "Capesize" charter, the figures started the year at about US$ 20.000 per day and rose to around US$ 30.000 per day at the year-end.

Freight Rates for Bulk Carriers
Capesize – 12 months T/C



Monthly average
Source: Fearnleys

3 | Ship Repair/Maintenance Activity

Demand

As a result of the economic and financial situation described above, the trends of negative growth of demand for ship repair continued, a trend that had started in 2008 and led at the end of 2009 to a reduction of about 8,5% compared to 2008.

The reduction of the number of enquiries received, down from 568 in 2008 to 520 in 2009, was felt mainly in the bulk-cargoes segment, more so for dry-bulk carriers, down 30%, while for tankers the decrease was about 8%, about half that seen in 2008.

There was a reversal of the downward trend seen over the past four years for other types of ships, with a return of demand to growth in 2009, up by about 2%.

Headings	2009	2008	2007	2006	2005
Requested for Estimates	520	568	694	661	644
Orders	107	135	148	146	128
Success Rate %	19	22	22	21	21

The negotiation of Enquiries during 2009 led to 107 Orders, some 20% less than in 2008, the Commercial Success Rate falling from 22% to 19%.

This Success Rate was driven by the large level of demand during the first half, when, for lack of docking capacity, LISNAVE was obliged not to accept potential orders.

2009 Activity

During 2009 LISNAVE repaired 116 ships, 112 of which in dock, a decline of the volume of work of about 16% compared to 2008, though, in terms of volume of work per ship, activity was roughly the same as in 2008.

Years	National	Foreign	Total	In Dock
2009	2	114	116	112
2008	1	137	138	130
2007	4	131	135	127
2006	1	137	138	132
2005	2	121	123	118

In terms of market segments, LISNAVE's business centred on its traditional segments - tankers and dry-bulk carriers – the latter accounting by number for about 72% of the business.

Nevertheless, the ongoing penetration into other market segments should be underscored, involving repairs to 14 container ships, 8 gas tankers, 3 dredgers, 2 Ro-Ro ships and 1 passenger liner.

Since LISNAVE is a real global market, it should be mentioned that the ships repaired during the year belonged to 63 Shipowners located in 23 Countries, and in this context Singapore is of particular importance in ship repair, with 19 ships, followed by Germany 14, Greece 13, Denmark 11 and Norway 9.

Lastly, it should be pointed out that, as a result of recognition by its Customers of its very considerable "know-how", during 2009 LISNAVE undertook three major repair jobs involving the repair and maintenance of two Belgian dredgers and of a tanker from Venezuela.

4 | Investments

As in recent years and to provide and keep up the necessary operating conditions for the Shipyard, Lisnave has implemented a policy of investment and infrastructure renovation in respect both of new means and of major repairs of existing infrastructure and equipment. Emphasis is given to the fact that total accumulated investment as from 2000 now stands at about €28,8 million, of which €18,7 million are accounted for by new investment and about €10,1 million by major repairs of existing infrastructure and equipment.

During the year under review, Lisnave also spent about €2,4 million on major repairs of infrastructure and equipment. Besides this, the costs incurred with the integration of the Operations Management and Human Resources systems into the SAP, as well as the introduction of the new Accounting Standardisation System, were also of particular importance, together amounting to €0,75 million.

Mention should be made, on the other hand, of the investments related with the rehabilitation of the Shipyard which, though the responsibility of the Concessionaire, Lisnave Infraestruturas Navais, amounted in 2009 to €4,7 million, to which must be added another €0,9 million spent the previous year. In this connection, particular attention is drawn to the extensive structural repairs undertaken at Dock 20 where, besides the lifting gear runway beams, major work was carried out on improvement of the galleries. Also underscored both for the costs involved and for the implications of planning the dockings, is the in-depth renovation of the dock bottom and base of the dock walls of the Dock, including the reinforcement cages.

Environment Policy

In environmental terms and in addition to fulfilling obligations stemming from its Environmental Permit, Lisnave has continued to improve its environmental practices on a systematic basis.

In this connection it should be pointed out that, with a view to continuing the programme to eliminate the residual grit existing at the Shipyard, an estimated 225.000 tonnes have already been sent to the Cement Companies under the terms of the Agreements entered into. During 2009, in addition to all the grit produced during the year, about 11.000 tonnes of the said residual grit were also sent.

Other Investments and Large Repairs

Of the new investments, we would underline, besides the maintenance and rehabilitation of several buildings, the acquisition of sundry items of hardware, as well as new machines and tools, and, in the production area, the progressive renovation of the electricity network, the construction of new docking blocks and the manufacture of several gangways.

In addition, in terms of major repairs attention is also drawn to the repairs and improvements undertaken at Docks 20 and 21, still under way, the overhaul of the Hydrolift, the repairs to the lifting and handling gear, and the further dredging of the access to the quays and docks.

Information Technologies

Within the scope of the updating and ongoing improvement of its IT system, Lisnave has introduced several improvement projects to the SAP software, and it has also integrated the operating and human resources systems into the SAP.

In this field, and besides having lent continuity to the "Wireless" project, the Access and Presence Control System has been modernised, involving the replacement of the existing employee time clocks with new Millennium time clocks, cards having a more modern technology and a new layout have been introduced, and the SAP System has been adapted to the new Accounting Standardisation System.

In addition, continuity was given to hardware renovation, involving the acquisition of new equipment, namely a new Server, Operating System and Installation Services.

Quality Certification

In view of the revision of standard ISO 9001:2008 in December 2008, LISNAVE developed several processes and implemented this standard during the first half of the year, having been granted the respective Certification by LRQA – Lloyd's Register Quality Assurance.

In adition, besides having maintained its Accreditation in keeping with standard ISO 17025:2005, the LISNAVE Calibration Laboratory secured recognition and its extension to Calibration in Single- and Three-Phase Power, through an audit performed by IPAC (Portuguese Accreditation Institute).

Research and Development

During 2009, LISNAVE went ahead with its R&D policy, lending continuity to its involvement in European Research & Development Projects financed by the European Union.

Attention is drawn to the conclusion, during the year, of the SAFE OFFLOAD Project (Safe Offloading from Floating LNG Platforms) and of the SAFECRAFTS Project (Safe abandoning of ships Improvement of current Life Saving Appliances Systems).

The CAS Project (Condition Assessment of ageing ships for real-time structural maintenance decision) and the SHIPMATES Project (Ship Repair to Maintain Transport which is Environmentally Sustainable), as well as the MARSTRUCT (Network of Excellence on Marine Structures) and BAWAPLA (Sustainable Ballast Water Management Plant) Projects will continue during 2010.

5 | Human Resources

Continuing in the conviction that it is essential that the Company be rejuvenated and its Working Conditions made more flexible than those of its more direct competitors as a means of survival, Lisnave has had to adjust itsHuman Resources strategy, following the rejection by the Workers' Representative Bodies of the Company Agreement proposals submitted in the meantime.

It was against this background that a decision was taken to develop a long Youth Training Programme with a view to providing youths with the technical skills required to meet future productivity challenges and to allow the inevitable rejuvenation of the personnel, in that the average age of its Workers now means that there are major limitations in view of the physical characteristics of this activity.

In this, Training could not but play a fundamental role.

Indeed, it is through the development of an ongoing training policy that, since its Human Resources are the most valuable aspect of its activity, Lisnave provides its Workers with more and better technical competences and skills, thus optimising their performance and ensuring better, faster and more effective response to the requirements of its Customers.

On the other hand, taking into account the rejection by the Workers' Representatives, and aware that decisions as to its future could no longer be postponed, Lisnave decided to make a start, with the co-operation of Equity holder Navivessel, to the legal procedures require to set up a new Company which, having a corporate purpose similar to its own and operating as a Service Provider, will be the Company that, in the future and in keeping with requirements, will hire all Workers in the future, no matter what their origin.

This Company, which took the name "LisnaveYards – Naval Services, Lda.", and whose Internal Regulations were drawn up on the basis of the Proposed Company Agreement, in due time presented to the Worker's Representative Bodies, has been legally incorporated and began its Provision of Services to Lisnave in February 2009.

During 2009 the Training Programme referred to above was concluded, comprising 10 Training Courses for Boilermakers, 5 for Mechanical Fitter, 2 for Machine and Tool Operators, 2 for Machine, Lifting-Gear and Transport Operators, and 3 for Naval Firemen.

It should be noted that despite the small percentage of trainees successfully concluding the course and the subsequent difficulties in retaining them on conclusion of their training, 108 young Trainees were working for Lisnave in various professions at the end of 2009, part of whom, following their appraisal, will be invited to joint LisnaveYards's permanent staff.

In parallel with this Programme Lisnave went ahead with its Staff rejuvenation policy, having altered the contractual conditions of a group of 16 Young Engineers who joined the Company's staff at the beginning of the year, and having later contracted through LisnaveYards another 2 Young Engineers.

Remuneration Costs

In recent years the Lisnave Board of Directors has implemented a Policy of strict cost containment and control, allowing a considerable recovery of the Company and providing it progressively with the competitive skills required to confront an open, very competitive market in which the international economic prospects are quite poor.

In this context of growing market difficulties, in an attitude of responsibility, ponderation and prudence the Company's Board of Directors decided that the year's wage increase would not be in excess of 2,5%, an increase that in due course came to be accepted by the Workers' Representatives.

Meanwhile, in the wake of the General Meeting's approval of the Board of Director's proposal, all Workers on permanent contract on the date of the General Meeting were awarded a Balance-sheet Bonus comprising a fixed part equal to 100% of the Fixed Monthly Wage and two variable parts, one calculated on the basis of Absenteeism and the other dependent on Performance Assessment, together amounting to a maximum bonus equal to 200% of the Fixed Monthly Wage.

The total Wage Bill amounted to €13,8 million, as shown in the following table, which reflects the significant level of activity during the first half and, in particular, the costs of taking on 16 Young Engineers for areas considered fundamental to the Company and of some Personnel on Secondment.

Personnel Costs

Headings	2009	2008
Remunerations	8.633.748	7.038.566
Overtime	1.264.541	1.546.140
Bonuses, Subsidies and Other Remunerations	376.964	401.213
Subtotal	**10.275.254**	**8.985.919**
Social Security Contributions	3.541.465	3.719.875
Total	**13.816.719**	**12.705.795**

(Amount in €)

Training and Development

During 2009, besides the Youth Training Programme, various Vocational Training Courses were organised, covering 1.030 Employees, directed at areas considered fundamental to the Company both for their technical component and in comportmental and management terms.

External Training | 2009

Areas of Training	Total Hours	Number of Participants
Personal Development – Officers and Managers	5.454	97
Qualifications / Retraining of Production Techniques	23.477	576
Quality, Safety, Environment and Protection	2.247.5	207
Hardware and Software	3.540	110
Financial, Tax and Accountancy Management	1.014	40
Total	**35.732.5**	**1.030**

Health, Hygiene and Safety

As customary, Lisnave maintained its concern as to the health of its Workers.

From this standpoint, in addition to episodic cases, 645 Examinations were performed, of which 60 involved LisnaveYards Workers, subdivided into 360 Periodic and 285 Occasional and Complementary.

It was against this background of promoting the health of its Workers that Lisnave decided, in mid August and with a view to preventing the effects of a possible H1N1 Swine flu pandemic, to issue information and advice calling the attention of all its employees.

Within the scope of this prevention policy and in keeping with medical opinion, the Board decided to organise a campaign of vaccination against seasonal flu for all workers having regular access to the Yard.

In the field of Prevention and Safety, the year was again marked by a trend of decreasing Accident Rates and a reversal of what had happened in 2008 with the Seriousness Index. The Frequency Index continued the downward trend begun in 2005 to stand at 33,72, while the Seriousness Index, following the increase seen in 2008, returned to its downward trend to stand at 0,93.

Pursuing the goal of ongoing improvement of these indicators and to maintain the downward trend, ongoing efforts will continue to be directed at incorporating safety into the production process, involving prior determination of hazards and assessment of risks, as well as creating awareness of the use of the appropriate, recommended Individual and Collective Protection Equipment, use of the job authorisation system, and providing information and training for the workers, particularly Foremen and Charge Hands, 84 of whom again underwent Training during the year.

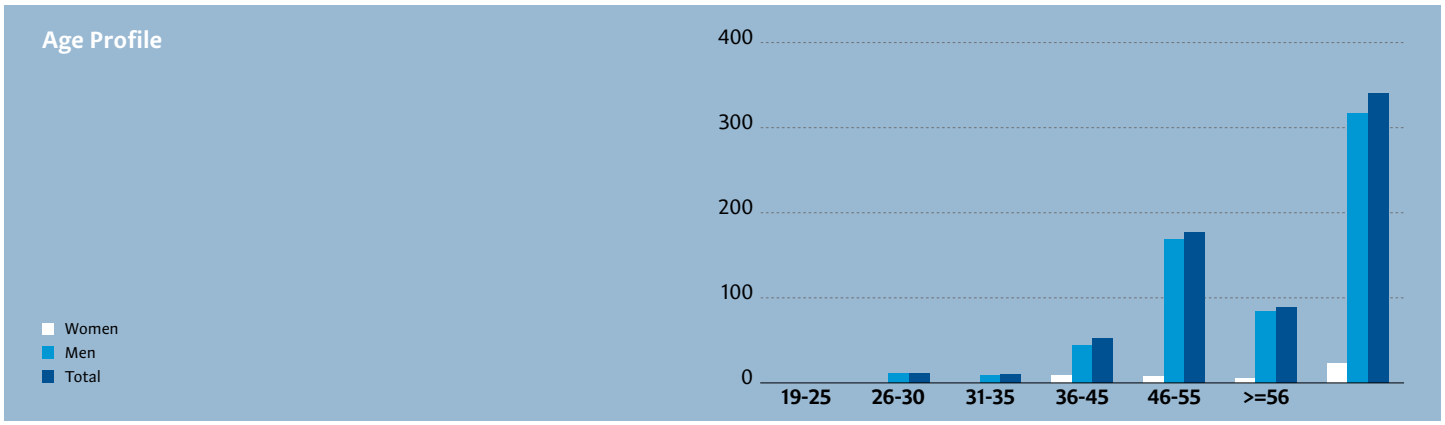
A total of 1.081 Workers of Service-provider Companies also underwent Training in Safety, as did 1 Lisnave Trainee and 10 Trainees and other Personnel from External Companies and from Equity holder Navivessel Associates. Specific training was also given to 260 Workers in the field of Surface Treatment and to 33 Lisnave Management Staff linked to Project Management, including Senior Management.

Besides class-room Training, attention is also drawn to the general information provided, especially the Basic Safety Rules given to all other personnel entering the Company's premises, such as salesmen, external technicians and other visitors, involving 2.893 people.

Other Indicators

As at December 31, 2009, LISNAVE had a total of 340 Workers, their average age 50,13.

The age pyramid of LISNAVE's staff as of that date is shown in the following chart, which reflects the appearance of a small group of Workers in the 26-30 age brackets.




SPARTO

6 | Economic and Financial Situation

As mentioned elsewhere in this Report, during 2009 LISNAVE repaired 116 ships, generating invoicing in the sum of €118 million.

As shown in the following table, there was a 19% downturn of the value Sales in 2009 compared to the preceding year, the result of a like reduction in the number of ships repaired. It therefore proved possible to maintain the average invoice per ship at the level seen the previous year, around €1 million, reflecting an equivalent amount of work per ship repaired.

Number of Ships and Invoicing

Headings	2009	2008	2007	2006	2005
No. of Repaired Ships	116	138	135	138	123
Total Invoicing	118,0	145,5	118,3	110,4	100,6
Average Invoicing per Ship	1,018	1,054	0,876	0,800	0,818

(Amounts in millions of €)

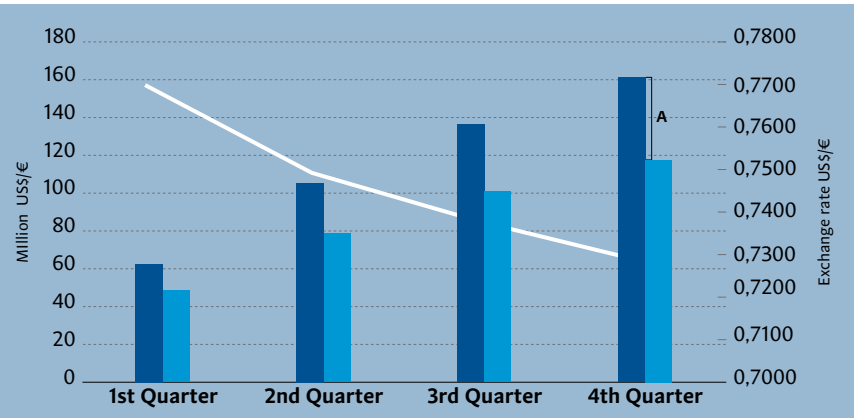
In this way the year under review was marked by a halt in the growth trend of Ship-repair Sales seen in previous years, reflecting the deterioration of the growth indices of the global economy, the abrupt fall in international trade, the extremely volatile performance of the US dollar exchange rate and the sharp downturn of freight rates.

Of these exogenous factors, one must not neglect in this chapter the performance of the US dollar, which has continued to exert great pressure on the Company's Management, obliging it to bring forward corrective measures and actions essential to its adaptation to the new competitive conditions of the global market of which it is a part, in that its major Customers continue to use mainly the dollar in their commercial transactions.

Thus, the start to the sharp depreciation of the Dollar in 2004 led to an average rate for the year of € 0,8014, a trend that has continued over the past five years to stand at an average of € 0,7280 in 2009.

The following table shows the impact of the depreciation of the Dollar throughout 2009. In annual terms, sales in dollars had to amount to 162,1 million to generate € 118 million.

Accumulated Sales and Exchange Rate US$/€ Year 2009



	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales US$/€ 2009	62,8	105,8	136,9	162,1
Sales € 2009	48,3	79,2	101,0	118,0
Exchange Rate US$/€ 2009	0,7696	0,7488	0,7374	0,7280

A = More 44,1 millions US$

The following table shows the evolution of total Sales and Services Rendered for the 2005-09 periods.

Sales and Services Rendered

Headings	2009	2008	2007	2006	2005
Ships Repairs	118.032	145.484	118.255	110.433	100.617
O. Activities	7.913	3.824	2.960	677	618
Services Rendered	785	1.234	2.059	1.012	955
Total	**126.730**	**150.542**	**123.274**	**112.122**	**102.190**

"Sales and Services Rendered" during 2009, in the sum of €126,7 million, were 15,8% less than for the preceding year, the result of the reasons detailed earlier, but even so, it was the second-best year ever recorded by Lisnave, Estaleiros Navais.

The "Ship Repairs" heading accounted for 93% of the total figure for "Sales and Services Rendered", while "Other Activities" and "Services Rendered" together accounted for €8,7 million, or about 7% of the total.

However, the growth of "Other Activities" was very significant when compared to the previous year, essentially the result of the Provision of Services to Lisnave Infraestruturas Navais, related with the Shipyard rehabilitation Investment Plan.

With regard to the evolution of the Company's economic situation, the following table reflects the Profit & Loss Accounts from 2005 to 2009, showing, on the one hand, the performance of returns on Sales and, on the other, the evolution of the relative weight of production factors as a proportion of total Operating Income.

Statement of Profit and Loss

	2009		2008		2007		2006		2005	
Headings	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Sales and Services Rendered	126.730		150.542		123.274		112.123		102.190	
Variation in Production	-4.571		3.600		1.821		262		-1.029	
Works for the Company	4		4		55		97		434	
Other incomes	759		1.263		1.485		1.851		2.263	
Total Operation Revenue	**122.922**	**100**	**155.409**	**100**	**126.635**	**100**	**114.334**	**100**	**103.858**	**100**
Costs of Row Material Cunsumed	5.563	4,5	9.284	6,0	7.108	5,6	6.626	5,8	4.637	4,5
Supplies and External Services	77.467	63,0	106.234	68,4	92.446	73,0	80.274	70,2	70.396	67,8
Personal Costs	13.817	11,2	12.706	8,2	13.201	10,4	15.226	13,3	15.420	14,8
Depreciation and Provisions	4.804	3,9	2.975	1,9	3.331	2,6	3.455	3,0	3.276	3,2
Taxes	188	0,2	175	0,1	180	0,1	174	0,2	164	0,2
Other Costs	345	0,3	331	0,2	242	0,2	113	0,1	259	0,2
Total Operating Costs	**102.183**	**83,1**	**131.705**	**84,7**	**116.508**	**92,0**	**105.869**	**92,6**	**94.153**	**90,7**
Operating Profits	**20.739**	**16,9**	**23.703**	**15,3**	**10.127**	**8,0**	**8.465**	**7,4**	**9.705**	**9,3**
Finacial Profits	1.512	1,2	2.008	1,3	1.226	1,0	674	0,6	1.011	1,0
Current Profits	**22.251**	**18,1**	**25.711**	**16,5**	**11.353**	**9,0**	**9.139**	**8,0**	**10.716**	**10,3**
Exceptional Profits	-405	-0,3	-4.575	-2,9	2.322	1,8	393	0,3	-4.801	-4,6
Profits before Taxes	**21.846**	**17,8**	**21.136**	**13,6**	**13.675**	**10,8**	**9.533**	**8,3**	**5.914**	**5,7**
Taxes of Profits(-)	-6.916	-5,6	-5.815	-3,7	-3.476	-2,7	-1.427	-1,2	-149	-0,1
Net Profit for the Financial Year	**14.930**	**12,1**	**15.321**	**9,9**	**10.199**	**8,1**	**8.105**	**7,1**	**5.766**	**5,6**

(Amounts in thousands of €)

An overall appraisal shows that the Company's economic situation worsened in 2009, though not to a great extent, when compared to the previous year, returning a "Net Profit" of €14,93 million despite the very significant decline of Sales.

The positive impact of the significant reduction of the Shipyard rents paid to Lisnave Infraestruturas Navais, the result of the alteration of the rent scheme negotiated with the concessionaire effective as from July 1, 2008, was decisive to the Company's economic performance.

Besides this cost reduction, the continuity of the policy of more rational use of production factors was also important, the result of management by objectives implemented at every level of the organisation.

Thus, the figure of 83,1% for the Cost-to-Income Ratio in 2009, which measures the relative weight of "Total Operating Costs" as a proportion of "Total Operating Income", improved slightly over the previous year, despite the significant drop seen under "Total Operating Income".

"Financial Results" continued to make a major contribution to "Current Profits" for the year under review, making a positive contribution of €1,5 million. This sum is considerably lower than the previous year's figure, the result of the reduction of the banks' interest rates throughout the year caused by the ECB's monetary policies designed to reactivate the European economies.

This heading mainly comprises interest on Short-term Financial Placements, involving Cash surpluses generated during the period.

Also related with this Heading, emphasis continues to be given to the fact that the exchange-rate risks associated with the volatility of the US Dollar were eliminated some time ago. This was the result of the decision taken by the Company's Management at the end of 2003 to replace the US Dollar with the Euro when billing Customers. Consequently, the currency translation differences recorded during 2009 were not materially relevant.

To complete the review of the economic evolution of the Company for the period 2005 to 2009, the following table provides the more relevant Economic Indicators and Ratios:

Economic Aggregates

Headings	2009	2008	2007	2006	2005
Overall Aggregates					
Gross Value of Productions (GVP)	122.163	154.146	125.150	112.483	101.595
Gross Value Added (GVA)	44.862	64.502	51.898	44.950	39.789
Personnel Costs	13.817	12.706	13.201	15.226	15.420
Operating Cash Flow	25.138	22.103	15.780	12.313	8.180
"Gross Cash Flow"	26.650	24.111	17.006	12.988	9.191
Average Number of Employees	**337**	**312**	**360**	**437**	**535**
Ratios					
GVP per Capita	362.5	494.1	347.6	257.4	189.9
Personnel Costs per Capita	41.0	40.7	36.7	34.8	28.8
GVA / GVP	37%	42%	41%	40%	39%
Personnel Costs / GVA	31%	20%	25%	34%	39%

(Amounts in thousand of €)

Their observation leads to the conclusion that in 2009 the conduct of the Company's Performance Indicators and Ratios differed from that of the previous year.

"Gross Production Value" (GPV) fell by 20,7% from the previous year's figure, in line with the downturn of Repair Sales. The performance of "Gross Value Added" (GVA) was also negative, more sharply so as a result of Sales and of the reduction of the gross margins.

The performance of "Operating Cash Flow" and "Gross Cash Flow" was otherwise, up by €3 million and €2,5 million respectively when compared to the previous year. These increases were intimately connected with the reduction of the rent paid for the Yard.

On the other hand, it should be mentioned that, in general, the Company's performance Ratios were worse than the previous year's as a result of the foregoing, though still at a level that allows us to state that the Company continues to be fully prepared to confront a market characterised by very considerable unpredictability.

Lastly, 2009 shows that the "Per Capita Staff Costs" Ratio again increased, though slightly, contradicting the tendency already seen in the previous years.

The following table shows the evolution of the Company's "Equity" during the period under review.

Shareholder´s Funds

Headings	2009	2008	2007	2006	2005
Share Capital	5.000	5.000	5.000	5.000	5.000
Shareholders Loans	0	0	0	0	0
L. Reserves and Profits C. Forward	16.907	14.701	12.502	6.897	2.321
Net Profit of the Financial Year	14.930	15.321	10.199	8.105	5.766
Total Shareholders Funds	**36.837**	**35.022**	**27.701**	**20.002**	**13.087**

(Amounts in thousand of €)

The fact should be underlined at as at December 31, 2009, "Equity" stood at €36,8 million, an increase of €1,8 million over the figure at the end of the previous year. Thus, the book value per Share at the year-end amounted to €36,84, 637% higher than their par value.

A review of the main Balance-sheet Headings referred to December 31, for the past five years, as set out in the following table, provides a view of the evolution of the Company's financial structure.

Comparative Summarised Balance Sheets

Headings	2009	2008	2007	2006	2005
Assets					
Total Net Fixed Assets	13.904	14.202	9.805	9.216	9.251
Stocks	3.832	8.144	4.334	2.429	2.083
Clients C/A (Net Prepayment)	7.892	23.245	15.552	17.311	10.381
Others Debtors	1.343	3.444	3.230	3.842	4.830
Cash and Banks	37.827	40.749	29.655	20.596	18.435
Accruals and Prepayments	1.795	1.201	192	1.461	1.186
Total Assets	**66.593**	**90.985**	**62.766**	**54.855**	**46.165**
Liabilities					
Provisions	4.157	1.717	938	720	763
Medium and Long Term Credits	0	0	0	0	7.713
Bank Loans	0	0	0	125	125
Suppliers C/A (Net Prepayment)	12.980	30.822	22..591	20.450	13.759
Others Creditors	2.045	4.670	2.974	4.737	3.027
Accruals and Payments	10.574	18.754	8.563	8.820	7.691
Total Liabilities	**29.756**	**55.963**	**35.065**	**34.853**	**33.078**
Shareholders Funds	**36.837**	**35.022**	**27.701**	**20.002**	**13.087**

(Amounts in thousand of €)

For the purpose of assessment of the Company in respect of its Liquidity and Debt Capacity at the end of the year under review, we have used a set of indicators that help to characterise the Balance-sheet structure in respect of:

Working Capital

With Working Capital in the order of € 27 million and very comfortable Current and Quick Ratios standing at 2,06 and 1,91 respectively, it can be stated that the Company's Short-term Financial Structure has improved and is now stronger.

A contribution to this was made by the following factors: lack of Short-term Bank Debt since recourse to bank loans to meet current Cash-management requirements was not necessary owing to the Cash Flow generated and to the increase of Balances under Cash & Banks, standing at € 37,8 million at the year-end.

Indebtedness Capacity

With a Fixed-asset Financing Ratio of 2,65 and Financial Independence and Self-financing Ratios of 123,8% and 55,3% respectively, the conclusion is that that LISNAVE's debt capacity continues to be consolidated and shows a trend of a better match between its Balance sheet and its core business.

Lastly, in keeping with legal requirements, LISNAVE declares that it held no treasury Shares as at December 31, 2009, and that there was no Past-due Debt to the State Public Sector, Social Security included.

7 | Prospects for the Activity in 2010

The global economy would appear to be coming out of the crisis in which it had been buried since mid 2008.

Indeed, according to available figures, the equity markets of the developed and developing countries have recovered, interbank rates are back to normal performance and the exchange rates of those countries most affected by the crisis that struck the US dollar have regained their pre-crisis levels. The real economy also seems to be recovering, following the decline of the global industrial output index to its lowest level of the crisis period in the first quarter of 2009.

The recovery, initially seen in the developing countries and then extending to the developed countries, slowed as inventories came to be built up again, and at the end of the third quarter of 2009 the industrial output index was still about 5% below the figure prior to the crisis.

Global trade, which declined drastically at the beginning of the crisis, is also growing, though at a rate lower than before the crisis.

Having fallen during three straight quarters, the global economy came to recover during the second half of 2009 and is expected to continue to do so in 2010.

Consequently, the World Bank estimates that, following the unheard of 2,2% drop, the global economy will grow by 2,7% during 2010 and by 3,2% in 2011, and, as a result of this, it also predicts that trade, by volume, which fell 14,4% in 2009, will return to growth in 2010 and 2011, up by 4,3% and 6,2% respectively.

Shiprepair/Maintenence

As a result of the situation of the global economy described above, the global shipping market is also at the beginning of a recovery.

Tanker market charter rates, which, during the first quarter of 2009, provided Shipowners with a return on their investment, then entered into depression, falling in August, as mentioned earlier, to levels never before seen, with 10-year old VLCC charter rates from the Persian Gulf to the USA falling to US$ 2.800 per day. This trend was then reversed, although at the year-end they were still 10-20% below the point of equilibrium of a return on investment.

In the dry-bulk carrier market the year began with charter rates that did not allow Shipowners to secure a return on their investment, though a recovery began to be seen as from April, with a further improvement during the second quarter of the year, now providing a return.

If this trend continues and if a substantial part of the deliveries of ships scheduled for 2010 comes to be postponed, as was the case in 2009, thus avoiding an excessive increase of the supply of transport, charter rates can be expected to continue to rise, though slowly, allowing Shipowners to secure a return on their investment.

Nevertheless, if Shipowners are consequently to decide to undertake adequate maintenance and repair of their ships, the recent tendency to postpone this work will have to be counteracted by the international organisations responsible for their control.

Against this background, which continues to be fraught with uncertainty, demand for ship repair during the first half of 2010 is expected to remain depressed.

However, should the positive effects of the concerted action referred to above come about, it could be that, as from the second half, there will be a tendency of the business to recover, progressively providing Shipyards, Lisnave in particular, with balanced use of their installed capacity, the effects of which will, however, not be especially noteworthy during 2010.

Human Resources

The coming year can be expected to mark the beginning of a transition to the indispensable flexibility of the labour organisation and remuneration systems.

With the persistence of the impossibility of entering into a new Collective Bargaining Agreement with the Unions, the intention of the Board of Directors is to continue along the path of close co-operation that it has established with LisnaveYards, helping to promote its structural consolidation and size to enable it to increasingly complement and make a contribution to the future of the business.

The Youth Training Plan concluded in 2009 will make a decisive contribution to the development of the Process of Rejuvenation. Lisnave intends to complement it during 2010 through several more Training Courses for Youths, though this time the target will be to fill the 30-35 age brackets in which there is a greater need for workers.

Besides Training Youths as mentioned above, Lisnave will continue its Employee Training programme. For the purpose, the External Training Plan approved early in 2010, includes 43 Courses, divided into 112 Sessions, involving 945 Trainees and a total of 43.012 Training Hours.

8 | 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 2009 Financial Year;
- The Net Profit, amounting to Euros (profit) to be appropriated as follows:

Dividends	12.000.000,00 €
A Profit Share Bonus to the Employees	1.527.000,00 €
Profits Carried Forward	1.402.705,87 €

9 | Closing Remarks

Lastly, in closing the Management Report in respect of the business in 2009, the Board of Directors would like to express its profound gratitude and appreciation to the many people and entities that have directly or indirectly supported it in the pursuit of the established goals, in particular:

- The Customers and Suppliers, for the preference and confidence with which they have continued to distinguish Lisnave;
- The Shareholders, for the support, co-operation and interest that they have always displayed in their monitoring of the more relevant aspects of the management of the Company;
- The Authorities in general and those of the Port of Setúbal in particular for their understanding and co-operation in resolving issues inherent in the working of the Shipyard;
- The Credit Institutions for the excellent relations they have established with Lisnave;
- The Audit Committee and the External Auditors for the participative way in which they have performed their duties;
- To all the Company's Employees and their Representative Bodies for their willingness commitment and very considerable professionalism.

Setúbal, 23rd February 2010

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
Marcus Schwaeppe
João Rui Carvalho dos Santos
Manuel Serpa Leitão


EAGLE BOSTON


EAGLE AUGUSTA


EAGLE BEAUMONT


EAGLE ATLANTA
LISNAVE

Analytical Balance Sheet

Statement of Profit and Loss

Statement of Profit and Loss by Activity

Cash Flow Statement

Appendix to the Cash Flow Statement

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

Auditing Committee Report and Advice

Legal Certification of Accounts

Extract of the Minute of the Annual General Meeting of Shareholders held on 25th March 2010 relating to the Approval of Documents reporting the Accounts for the 2009 Financial Year

ANALYTICAL BALANCE SHEET

Financial Years			2009	2008
Assets	Gross Assets	Adjustments & Depreciat.	Net Assets	
Fixed				
Intangible Fixed Assets:				
Start-up Costs	251.279,54	146.730,20	104.549,34	146.429,25
Tangible Fixed Resources:				
Land and Natural Resources	2.567.100,00		2.567.100,00	2.567.100,00
Building and Other Constructions	2.140.947,35	635.839,88	1.505.107,47	2.073.402,95
Basic Equipment	6.550.891,55	3.694.071,70	2.856.819,85	3.511.543,46
Transport Equipment	291.094,31	291.094,31	0,00	51.793,05
Tools and Utensils	6.308.437,01	5.436.494,19	871.942,82	437.697,32
Office Equipment	1.115.190,88	836.832,83	278.358,05	378.955,11
Other Tangible Fixed Assets	0,00	0,00	0,00	0,00
Fixed Assets in Progress	359.570,64		359.570,64	969.064,85
	19.333.231,74	**10.894.332,91**	**8.438.898,83**	**9.989.556,74**
Financial Investments:				
Shareholdings in Affiliates and Subs	5.360.954,89	0,00	5.360.954,89	4.066.486,58

ANALYTICAL BALANCE SHEET

Financial Years			2009	2008
Assets	**Gross Assets**	**Adjustments & Depreciat.**	**Net Assets**	
Current				
Third Party Medium and Long-term Receivables:				
Clients, Current Account	0,00		0,00	0,00
Other Debitors	0,00		0,00	0,00
	0,00		**0,00**	**0,00**
Stocks:				
Raw Materials, Subsidiary and Consumers	2.718.740,64	271.874,10	2.446.866,54	2.188.059,77
Goods and Work in Progress	1.385.125,67	0,00	1.385.125,67	5.955.821,35
	4.103.866,31	**271.874,10**	**3.831.992,21**	**8.143.881,12**
Third Party Short-term Debitors:				
Clients, Current Account	8.001.152,02		8.001.152,02	23.245.846,33
Clients Receivables	89.637,39		89.637,39	0,00
Clients Doubtful Debts	139.114,65	139.114,65	0,00	0,00
Prepayment to Suppliers	958.292,31		958.292,31	1.402.757,97
Goverment and Other Public Sector	968.052,56		968.052,56	3.199.552,06
Other Debitors	375.191,03		375.191,03	244.329,35
	10.531.439,96	**139.114,65**	**10.392.325,31**	**28.092.485,71**
Negotiable Securities:				
Other Negotiable Securities	0.00		0,00	0,00
Bank Deposits and Cash:				
Bank Deposits	37.745.930,45		37.745.930,45	40.680.151,25
Cash	80.681,48		80.681,48	68.425,99
	37.826.611,93		**37.826.611,93**	**40.748.577,24**
AI / DC				
Accreued Income	296.231,34		296.231,34	80.874,93
Deferred Costs	73.014,97		73.014,97	53.769,10
Assets for Deferred Taxes	1.425.735,37		1.425.735,37	1.066.847,52
	1.794.981,68		**1.794.981,68**	**1.201.491,55**
Total Depreciation		**11.041.063,11**		
Total Provisions		**410.988,75**		
Total Assets	**79.202.366,05**	**11.452.051,86**	**67.750.314,19**	**92.388.908,19**

(Amounts in €)

ANALYTICAL BALANCE SHEET

Financial Years	2009	2008
Shareholders Funds and Liabilities		
Shareholders Funds		
Share Capital	5.000.000,00	5.000.000,00
Shareholder's Loans	0,00	0,00
Legal Reserve	1.398.173,26	1.398.173,26
Free Reserve	0,00	0,00
Profit Carried Forward	15.508.752,20	13.302.909,61
Net Profit for Financial Year	14.929.705,87	15.320.842,59
Total Shareholders Funds	**36.836.631,33**	**35.021.925,46**
Liabilities		
PR.		
Other Provisions	4.157.498,32	1.717.239,41
MLP		
Depts to Financial Institutions	0,00	0,00
Suppliers, Current Account	0,00	0,00
Other Loans Raised	0,00	0,00
	0,00	**0,00**
Short Term AC/DI		
Depts to Financial Institutions	0,00	0,00
Suppliers, Current Account	13.014.991,32	29.640.888,03
Suppliers, Invoices under Verification	923.095,46	2.584.126,66
Suppliers Bills Payable	0,00	0,00
Prepayment from Clients	199.000,00	1.001,61
Other Loans Raised	0,00	0,00
Suppliers of Fixed Assets Current Account	0,00	0,00
Goverment and Other Public Sector Institutions	2.000.253,89	4.524.440,38
Other Creditors	45.172,42	145.284,27
	16.182.513,09	**36.895.740,95**
AC/DI		
Accrued Costs	10.573.671,45	17.596.111,78
Deferred Income	0.00	1.157.890,59
	10.573.671,45	**18.754.002,37**
Total Liabilities	**30.913.682,86**	**57.366.982,73**
Total Shareholders Funds and Liabilities	**67.750.314,19**	**92.388.908,19**

(Amounts in €)

STATEMENT OF PROFIT AND LOSS

Financial Years		2009		2008
Headings				
Costs and Losses				
Costs of Goods Sold and Material Consumed		5.562.986,98		9.283.534,26
Supplies and External Services		77.467.298,57		106.234.451,69
Personnel Costs:				
Remunerations	10.275.253,56		8.985.919,21	
Social Contributions:				
Pension	227.652,93		192.375,92	
Others	3,313,812.54	13,816,719.03	3,527,499.42	12,705,794.55
Depreciation of Tangible and Intangible Fioxed Assets	1,452,518.40		2,032,196.75	
Adjustments	32.284,78		92.824,38	
Provisions	3.318.831,95	4.803.635,13	850.000,00	2.975.021,13
Taxes	187.671,23		175.334,05	
Other Operations Costs	344.702,56	532.373,79	331.109,89	506.443,94
(A)		**102.183.013,50**		**131.705.245,57**
Interest and Similar Costs:				
Others		118.679,74		90.660,68
(C)		**102.301.693,24**		**131.795.906,25**
Exceptional Costs and Losses		4.052.568,43		5.772.377,03
(E)		**106,354,261.67**		**137,568,283.28**
Corporation Tax for the Financial Year		6,916,265.47		5,815,267.05
(G)		**113.270.527,14**		**143.383.550,33**
Net Profit for the Financial Year		**14.929.705,87**		**15.320.842,59**
		128.200.233,01		**158.704.392,92**

STATEMENT OF PROFIT AND LOSS

Financial Years		2009		2008
Headings				
Income and Gains				
Services Rendered		126.730.160,32		150.542.408,43
Variation in Production		-4.570.695,68		3.599.632,58
Work Undertaken for the Company		3.611,51		3.518,13
Additional Income	454.557,48		789.460,35	
Operating Subsidies	93.389,67		0,00	
Other Operation Profits	210.919,21		399.402,46	
Adjustments and Depreciations Reversions	0,00	758.866,36	74.142,24	1.263.005,05
(B)		**122.921.942,51**		**155.408.564,19**
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 Affiliate Companies	0,00		0.00	
Others	1.630.694,46	1.630.694,46	2.098.330,12	2.098.330,12
(D)		**124.552.636,97**		**157.506.894,31**
Exceptional Income and Gains		3.647.596,04		1.197.498,61
(F)		**128.200.233,01**		**158.704.392,92**
Sumary				
Operating Profit (B) - (A)		**20.738.929,01**		**23.703.318,62**
Financial Profit (D - B) - (C - A)		**1.512.014,72**		**2.007.669,44**
Current Profit (D) - (C)		**22.250.943,73**		**25.710.988,06**
Pre-Tax Profit (F) - (E)		**21.845.971,34**		**21.136.109,64**
Net Profit for the Financial Year (F) - (G)		**14.929.705,87**		**15.320.842,59**

(Amounts in €)

STATEMENT OF PROFIT AND LOSS BY ACTIVITY

Financial Years	2009	2008
Headings		
Sales and Services Rendered:		
Shipreparing	118.031.554,87	145.484.123,88
Conversions	0,00	0,00
Other Activities	7.913.135,41	3.824.126,56
Services Rendered	785.470,04	1.234.157,99
	126.730.160,32	**150.542.408,43**
Costs of Sales and Services Rendered	**-80.432.567,81**	**-102.940.691,19**
Gross Profit	**46.297.592,51**	**47,601,717.25**
Other Operating Income and Gains	6.040.768,37	4.562.351,91
Distribution Costs	-2.659.901,66	-3.710.494,45
Administration Costs	-14.269.194,44	-12.604.942,55
Other Operating Costs and Losses	-11.273.706,57	-9.590.662,11
Operating Profit	**24.135.558,21**	**26.257.970,05**
Net Costs of Financing	0,00	0,00
Gain (Losses) in Affiliated and Associated Companies	0,00	0,00
Gain (Losses) in other Investments	0,00	0,00
Special Situation	-2.289.586,87	-5.122.252,96
Current Profit	**21.845.971,34**	**21.135.717,09**
Taxes on Exceptional Profits	**-6.916.265,47**	**-5.815.267,05**
Current Profit After Tax	**14.929.705,87**	**15.320.450,04**
Exceptional Profits (Losses)	**0,00**	**0,00**
Taxes on Exceptional Profits	**0,00**	**0,00**
Net Profit of the Financial Year	**14.929.705,87**	**15.320.450,04**
Profit per Share	**14,93**	**15,32**
Ratios		
Gross Profit/Sales	**36,53%**	**31,62%**
Operating Profit/Sales	**19,04%**	**17,44%**
Current Profit/Sales	**17,24%**	**14,04%**
Profit before Tax/Sales	**17,24%**	**14,04%**
Net Profit for the Financial Year/Sales	**11,78%**	**10,18%**

(Amounts in €)

Financial Years		2009		2008
Headings				
Operating Activities				
Received from Clients	139.111.123,13		148.430.670,24	
Payments to Suppliers	-117.071.688,97		-121.800.147,32	
Payments to Employees	-12.525.068,47		-13.601.001,92	
Cash Flow Generated by Operations	**9.514.365,69**		**13.029.521,00**	
Payment/Receipt of Corporation Tax	-9.445.849,83		-5.052.652,51	
Other Receipts/Payments Relating to Operating Activities	9.589.884,89		15.070.591,62	
Cash Flow Generated before Exceptional Items	**9.658.400,75**		**23.047.460,11**	
Rceipt Relating to Exceptional Items	1.007.067,08		650.998,00	
Payments Relating to Exceptional Items	-193.919,81		-100.020,66	
Cash Flow of Operating Activities (1)		**10.471.548,02**		**23.598.437,45**
Investment Activities				
Receipts from:				
Financial Investments				
Tangible Fixed Assets	0,00			
Intangible Fixed Assets				
Subsidies for Investments				
Interests and Similar Income	1.252.550,30		303.287,84	
Dividends				
	1.252.550,30		**303.287,84**	
Payments Relating to:				
Financial Investements	-1.206.292,00		-4.066.486,58	
Tangible Fixed Assets	-1.361.930,43		-1.745.926,88	
Intangible Fixed Assets	0,00		0,00	
Cash Flow of Operating Activities (2)		**-1.315.672,13**		**-5.509.125,62**

CASH FLOW STATEMENT

Financial Years		2009		2008
Headings				
Financial Activities				
Receipts from:				
Loans Raised				
Interests and Similar Costs	0,00		0,00	
Payments Relating to:				
Loans Raised	0,00		0,00	
Interests and Similar Costs	-69.444,22		0,00	
Dividends	-12.000.000,00		-7.000.000,00	
Cash Flow of Financial Activities (3)		**-12.069.444,22**		**-7.000.000,00**
Variation in Cash and Cash Equivalents				
(4) = (1) + (2) + (3)		**-2.913.568,33**		**11.089.311,83**
Currency Translation Differences		8.396,98		-4.391,53
Cash and Cash Equivalents at the Beginning of the Year		-40.748.577,24		-29.654.873,88
Cash and Cash Equivalents at the End of the Year		37.826.611,93		40.748.577,24
		-2.913.568,33		**11.089.311,83**

(Amount in €)

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 2009.

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

Cash and cash equivalent components are as follows:

Headings	2009	2008
Cash	80.681,48	68.425,99
Readily Available Bank Deposits	2.095.930,45	980.151,25
Cash Equivalents	35.650.000,00	39.700.000,00
Cash and Banks recorded in the Balance Sheet	37.826.611,93	40.748.577,24

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, 12th January.

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, 12th January, with«exception for land, which were object of an economic revaluation during the year 2005 made on basis of are 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 31st December 2009, 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:

Curremcy Code	Name of Currency	Average Fixing
GBP	Pound Sterling	0,9040
NOK	Norwegian Crown	8,3220
USD	American Dollar	1,4338
PTE	Escudo	200,482

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 2006 to 2009 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 2009.

The Company has 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 situation in the Company due to time differences between the tax and the accounting base and that is understood as relevant to the reading of Financial Statements, run of the constitution of a Retiring Pension Insurance to the Company Employees namely in what concerns to the liability reflected on the Balance.

6.1 Financial Year Tax and Current Tax Renewal

			Operations in F.S.
Description		**2009**	**2008**
I	**Financial Year Tax**	**6.916.265,47**	**5.815.267,05**
II	**Costs (Income) of Financial Year Taxes Acceptable in this Financial Year and Previously Acceptable as Deferred Taxes Proceeding from:**		
1.	Deferred Taxes due to Time Differences	0,00	0,00
2.	Deferred Taxes by Reversion due to Time Diffrences	0,00	0,00
3.	As Sets Diminution due to Deferred Taxes		
		0,00	**0,00**
III	**Costs (Incomes) due to Taxes not Accepted previously as Deferred Taxes:**		
5.	Deferred Taxes due to Time Differences	358.887,85	1.066.847,52
	Other Differences not Accepted previously as		
6.	Deferred Taxes	0,00	0,00
		358.887,85	**1.066.847,52**
IV	**Deferred Tax (II ± III)**	**358.887,85**	**1.066.847,52**
V	**Current Tax (I ± IV)**	**7.275.153,32**	**6.882.114,57**

6.2 Assets and Liabilities Statement due to Deferred Taxes by class of differences the Balance date

		Operations in F.S.
Description	**2009**	**2008**
Assets by deferred Taxes due to Time Differences		
Provision not Accepted by Tax Authorities	0,00	0,00
Reform Benefits	1.354.293,76	4.025.839,71
Fiscal Damages	0,00	0,00
	1.354.293,76	**4.025.839,7**
Liabilities by Deferred Taxes due to Time Differences		
Fixed Assets Reavaluation	0,00	0,00
Positive Profits due to the Application of the Euqlity of Patrimonial Value Method	0,00	0,00
	0,00	**0,00**
Values Reflected in the Balance Sheet		
Assets due to Deferred Taxes (Total I x Taxa(s))	358.887,85	1.066.847, 52
Liabilities due to Deferred Taxes (Total II x Taxa(s))	0,00	0,00
Any Deferred Tax Accepted due to time Differences		
Fiscal Damages not Used	0,00	0,00
Provisions for Risk and Duties	4.157.498,32	1.717.239,41
Stocks Adjustments	271.874,10	243.117,75

6.3 Taxes Costs (Incomes) and accounting results and others patrimonial variations (evidencing the effective overage rate)

		Operations in F.S.
Description	**2009**	**2008**
1 Profits and other Patrimonial variations before Taxes	21.845.971,34	21.136.109,64
2 Taxes Rate(s)	26,49%	26,50%
3 Financial Year Tax	6.916.265,47	5.815.267,05
4 Taxable Profit	26.520.661,83	25.061.225,71
5 Tax on Income	7.026.412,89	6.641.224,81
6 Independent Contributions	248.740,43	240.889,76
7 Total Fax	7.275.153,32	6.882.114,57
8 Average Rate	27,43%	27,46%
9 Effective Rate	33,30%	32,56%

a) The 2008 normal rate of 25%, while in 2009 was the result of the application of 12,5% for the first amount of €12.500 and of 25% over the remaining amount, but now the Municipal Tax (Special Tax) corresponds to 1,5% of the Taxable Profit.

7 The average number of Employees during 2009 was 337 (2008 = 312).

8 The following table shows the position as at 31st December 2009 of expenditures considered to be Intangible Fixed Assets and the respective depreciation made during the Financial Year.

Headings	Value at 31.12.2008	Addictions in 2009	Regular. in 2009	Dep. During the Financ. Year
Insp. of Concrete Understructures	55.628,70	0,00	0,00	9.271,45
Dredging	345.043,26	0,00	168.221,69	29.470,25
Miscellaneous Costs	38.715,15	0,00	19.885,88	3.138,21
Capital Increase	190.063,70	0,00	190.063,70	0,00
Total	**629.450,81**	**0,00**	**378.171,27**	**41.879,91**

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

						Gross Assets
Headings	**Opening Balance**	**Increases**	**Disposals**	**Transfers**	**Write-Offs**	**Closing Balance**
Int. Fixed Assets						
Start-up Costs	629.450,81				378.171,27	251.279,54
	629.450,81		**378.171,27**	**251.279,54**		
Tang. Fixed Assets						
Land and Nat. Resources	2.567.100,00					2.567.100,00
Build. and O. Structures	7.263.526,02				5.122.578,67	2.140.947,35
Basic Equipment	15.029.513,66	694.143.47			9.172.765,58	6.550.891,55
Transport Equipment	370.719,13	0,00			79.624,82	291.094,31
Tools and Utensils	5.688.087,20	687.822,90			67.473,09	6.308.437,01
Office Equipment	4.159.586,65	33.400,24			3.077.778,01	1.115.190,88
Fixed Assets in Progress	969.064,85	1.361.930,43		1.415.366,61	556.058,03	359.570,64
	36.047.579,51	**2.777.297,04**	**0,00**	**1.415.366,61**	**18.076.278,20**	**19.333.231,74**
Financial Invest.						
O. Financ. Applications	4.066.486,58	1.294.468,31				5.360.954,89
	4.066.486,58	**1.294.468,31**				**5.360.954,89**
Total	**40.743.516,90**	**4.071.765,35**	**0,00**	**1.415.366,61**	**18.454.449,47**	**24.945.466,17**

10.2 Depreciation and provisions

	Depreciation and Provisions				
Headings	Opening Balance	Increase	Cancelation/ Reversion	Closing Balance	Net Value
Int. Fixed Assets					
Start-up Costs	483.021,56	41.879,91	378.171,27	146.730,20	104.549,34
	483.021,56	**41.879,91**	**378.171,27**	**146.730,20**	**104.549,34**
Tang. Fixed Assets					
Land and Nat. Resources					2.567.100,00
Build. and O. Structures	5.190.123,07	224.434,61	4.778.717,80	635.839,88	1.505.107,47
Basic Equipment	11.517.970,20	747.230,26	8.571.128,76	3.694.071,70	2.856.819,85
Transport Equipment	318.926,08	51.793,05	79.624,82	291.094,31	0,00
Tools and Utensils	5.250.389,88	253.577,40	67.473,09	5.436.494,19	871.942,82
Office Equipment	3.780.613,54	133.603,17	3.077.383,88	836.832,83	278.358,05
Fixed Assets in Progress					359.570,64
	26.058.022,77	**1.410.638,35**	**16.574.328,35**	**10.894.332,91**	**8.438.898,83**
Financial Invest.					
O. Financ. Applications					5.360.954,89
					5.360.954,89
Total	**26.541.044,33**	**1.452.518,40**	**16.952.499,62**	**11.041.063,11**	**13.904.403,06**

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.

Headings	Tangible Fixed Assets	Increase Tangible Fixed Assets		Fixed Assets in Progress
		Total	Build. and O. Structures	
	19.333.231,74	2.777.297,04	0,00	359.570,64

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:

Ajustments:

Headings	Opening Balance	Increases	Reversion	Closing Balance
Third Party Debtor:				
Clients C/A	138.563,43	551,22		139.114,65
Stocks				
RM, Subs. and for Consumption	243.117,75	31.733,56	2.977,21	271.874,10
Total	**381.681,18**	**32.284,78**	**2.977,21**	**410.988,75**

23 Doubtful debts amounting to 139.114,65 Euros are recorded under the heading "Doubtful Debtors", adjustment in the some amount (2008 = 138.563,43 €).

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	2009	2008
Debts from Personnel	149.599,99	179.445,30
Debts to Personnel	1.234.499,32	1.085.045,88

Debts to Personnel correspond to holidays and holiday's Subsidy, concerning to Financial Year 2009, which are paid during the Year 2010.

26 As at 31st December 2009, there are Bills of Exchange in the amount of € 89.637,39.

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 2009 no financial commitments other than those duly recorded in the Balance Sheet were known.

32 As at 31st December 2009, 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	Che. Serv. Fin. Setúbsl 1
MILLENNIUM/BCP	EUR	1.000.000,00	NMPC Nigerian Nat. P. Corp.
MILLENNIUM/BCP	EUR	55.660,96	Alfândega de Lisboa
MILLENNIUM/BCP	EUR	24.939,90	Alfândega de Lisboa

34 Variation in provisions:

Headings	Opening Balance	Increase	Reduction	Closing Balance
Other Provisions	1.717.239,41	3.318.831,95	878.573,04	4.157.498,32
Total	**1.717.239,41**	**3.318.831,95**	**878.573,04**	**4.157.498,32**

36 As at 31st December 2009 the Share Capital was divided into 1.000.000 shares of 5 Euros each.

37 As at 31st December 2008, the following Companies held at least 20% of the Share Capital:

	Direct Participation of the Capital	
Company	%	Amount
Navivessel, Estudos e Projectos Navais, S.A.	72,83	3.641.370,00
ThyssenKrupp Marine Systems AG	20,00	1.000.000,00

40 Summary of the accounts of Shareholders' Funds:

Headings	Opening Balance	Increase	Reduction	Closing Balance
Share Capital	5.000.000,00			5.000.000,00
Legal Reserves	1.398.173.26			1.398.173,26
Prof. C. Forward	13.302.909,61	15.320.842,59	13.115.000,00	15.508.752,20
Net Profit	15.320.842,59	14.929.705,87	15.320.842,59	14.929.705,87
Total	**35.021.925,46**	**30.250.548,46**	**28.435.842,59**	**36.836.631,33**

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:

Headings	2009	2008
Opening stocks	2.431.177,52	2.159.686,07
Purchases	5.850.550,10	9.555.025,71
Stocks Regularization	0,00	0,00
Closing Stocks	2.718.740,64	2.431.177,52
Cost of Sold / Lean Stocks	5.562.986,98	9.283.534,26

42 Statement of variations in production:

Variation in products and work in progress:

Headings	2009	2008
Closing Stocks	1.385.125,67	5.955.821,35
Opening Stocks	5.955.821,35	2.356.188,77
Increase / Reduction in Financial Year	-4.570.695,68	3.599.632,58

Statement of the Costs of Sales and Services Rendered:

	Services Rendered	
Headings	**2009**	**2008**
Opening Stocks	5.955.821,35	2.356.188,77
Receipts of Production	75.861.872,13	106.540.323,77
Closing Stocks	1.385.125,67	5.955.821,35
Costs of Sales and Rendered Services	80.432.567,81	102.940.691,19

43 Remunerations paid in 2009 to members of the Bodies Corporate in relation to their respective duties performed are the following:

Bodies Corporate	**2009**	**2008**
Board Directors	801.004,88	691.468,80
Auditing Comitee	43.968,00	41.415,00

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

Headings	**2009**	**2008**
Domestic Market		
Services Rendered	12.608.899,76	6.152.470,55
Supplies and External Services	73.246.906,62	101.460.544,98
E.U. Market		
Services Rendered	72.212.777,95	69.358.543,60
Supplies and External Services	4.096.146,69	4.625.885,62
Out E.U. Market		
Services Rendered	41.908.482,61	75.031.394,28
Supplies and External Services	124.245,26	148.021,09
Grand Total		
Services Rendered	**126.730.160,32**	**150.542.408,43**
Supplies and External Services	**77.467.298,57**	**106.234.451,69**

45 The statement of Financial Profits and Losses is as follows:

Account		2009	2008
	Costs and Losses		
681	Interest Paid	41,49	392,55
685	Unfavourable Foreign Exchange Differences	22.198,84	11.947,14
688	Other Financial Costs and Losses	96.439,41	78.320,99
	Financial Profits/Losses	1.512.014,72	2.007.669,44
		1.630.694,46	**2.098.330,12**
	Income and Gains		
781	Interest Paid	1.487.667,30	1.720.764,81
785	Favourable Foreign Exchange Differences	19.934,39	33.947,03
786	Discounts Received for Payment at Sight	123.092,77	303.280,84
788	Reversions and O. Except. Income and Gains	0,00	40.337,44
		1.630.694,46	**2.098.330,12**

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

Account		2009	2008
	Costs and Losses		
691	Donations	178.300,00	143.860,00
692	Debits Unrecovered	37.400,00	14.632,97
693	Losses in Stocks	14.861,51	22.624,59
694	Losses in Fixed Assets	945.632,13	376,41
695	Fines and Penalties	7.288,00	84,94
696	Increase of Depreciations and Provisions	0,00	0,00
697	Adjustment to previous Financial Yearss	578.232,62	465.930,92
698	Other Exceptional Costs and Losses	2.290.854,17	5.124.867,20
	Exceptional Profits/Lossess	-404.972,39	-4.574.878,42
		3.647.596,04	**1.197.498,61**
	Income and Gains		
791	Restitution of Taxes	0,00	589.678,03
793	Gains in Stocks	161.362,79	102.674,49
794	Gains in Fixed Assets	0,00	600,00
796	Reduction in Depreciation and Provisions	878.573,04	70.286,49
797	Adjustment to previous Financial Years	2.605.574,24	426.937,79
798	Other Exceptional Income and Gains	2.085,97	7.321,81
		3.647.596,04	**1.197.498,61**

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 José António Leite Mendes Rodrigues and Nelson Nunes Rodrigues, Members of the Board of Directors of Lisnave, Estaleiros Navais, S.A., the Shareholders of Navivessel, Estudos e Projectos Navais, S.A., are entitled on 218.482 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 72,83% and 20,00% of the Share Capital of Lisnave:

Navivessel, Estudos e Projectos Navais, S.A.
Holder of 728.274 Shares.

ThyssenKrupp Marine Systems AG
Holder of 200.000 Shares.

3 As at 31st December 2009, the Shareholding Structure of Lisnave was as follows:

Shareholder	Shares Held	% Votes Rights	% Total
Navivessel, Estudos e Projectos Navais, S.A.	728.274	72,83	72,83
ThyssenKrupp Marine Systems AG	200.000	20,00	20,00
Portuguese Government	29.666	2,97	2,97
Veneral Public	42.060	4,20	4,20
Total	**1.000.000**	**100,00**	**100,00**

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

Directors	Companies	Position held
José António Leite Mendes Rodrigues	Navivessel, S.A.	Director
	Navalset, S.A.	Chairman B.D
	Lisnave Infraestruturas Navais, S.A.	Chairman B.D
	Lisnave Internacional, S.A.	Director
	LisnaveYards, Lda.	Manager
Nelson Nunes Rodrigues	Navivessel, S.A.	Director
	Navalset, S.A.	Director
	Lisnave Infraestruturas Navais, S.A.	Director
	Lisnave Internacional, S.A.	Chairman B.D
	Repropel, Lda	Manager
	LisnaveYards, Lda.	Manager
Aloísio Fernando Macedo da Fonseca	CPCOM, S.A.	Director
Frederico José Ferreira de Mesquita Spranger	Lisnave Internacional, S.A.	V/Chairman B.D
	Mecnavis, S.A.	Chairman B.D
	Dakarnave, S.A.	Chairman B.D
	A.I. Navais	Chairman
	Fename	V/Chairman
João Rui Carvalho dos Santos	Navivessel, S.A.	Director
	Lisnave Internacional, S.A.	Director
	NavalRocha, S.A.	Director
	Gaslimpo, S.A.	Director
	Mecnavis, S.A.	Director
	Dakarnave, S.A.	Director
	Tecor, S.A.	Director
	Fundenav	Chairman A.C.
	A.I. Navais	V/Chairman
	Fename	Chairman A.C.
	LisnaveYards, Lda.	Manager
Manuel Serpa Leitão	Navivessel, S.A.	Chairman Table G.M.
	Lisnave Infraestruturas Navais, S.A.	Manag. Director
	Gaslimpo, S.A.	Chairman B.D
	Tecor, S.A.	Chairman Table G.M
	Rebocalis, Lda.	Chairman
	Lisnave Internacional, S.A.	Director
	Fundenav	Chairman
	A.I. Navais	Chairman Table G.M

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 (-404.972,39 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" (Euros 4.052.568,43 and Euros 3.647.596,04 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 118.679,74 and Euros 1.630.694,46 respectively), equivalent to a reclassification of Euros 1.512.014,72.

Headings	By Source	Reclassifi.	By Activity
Operating Profits/Losses	20.738.929,01	3.396.629,20	24.135.558,21
Financial Profits/Losses	1.512.014,72	-1.512.014,72	0,00
Current Profits/Losses	0,00	-2.289.586,87	-2.289.586,87
Exceptional Profits/Losses	22.250.943,73	-404.972,39	21.845.971,34
Corporation Tax	-404.972,39	404.972,39	0,00
Net Profit/Loss for the Financial Year	-6.916.265,47	0,00	-6.916.265,47
Operating Profits/Losses	14.929.705,87	0,00	14.929.705,87

The amount of Euros 2.289.586,87 registered in the Heading "Profits/Losses not Usual or not Frequents" is correspondent to the cost of the Financial Year referring to the constitution of a Retiring Pension Insurance to the Company Employees.

AUDITING COMMITTEE REPORT AND ADVICE

2009 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 2009 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, characterizes the way in which the activity of the Company was carried out during the Financial Year 2009, in a context of great market difficulties as a result of the crisis seen in the international economy, the international market downturn and of the strong negative evolution of the average rates of the tankers and bulk carriers freights, with consequences in the shipping repair market.

6 Notwithstanding the adverse background referred in the previous item, the Lisnave activity has registered a good global performance, expressed by:

- the average level of work for a minor number of ships repaired (116 at 2009, 138 at 2008), of the same level than was recorded in the last year;
- well-balanced behaviour registered in the relation: requests for estimates/orders/success rate lightly lower than the value of the previous year (19/22%);

- a positive net profit of 14.930 thousand Euros;
- the maintenance of LISNAVE uppermost position in the Shiprepair market and of its vocation like a strongly export trader, expressed in sales to the external market of 114 millions Euros.

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 126,7 million Euros, about 15,8% lower than the correspondent value in 2008;
- the weight of Personnel Costs, about 13,8 million Euros, which now amounted to 13,5% of total Operating Costs;
- the value reached by the Operating Profits, about 20,7 million Euros, representing 16,9% of total Operation Revenue;
- the good performance recorded in overall financial activity, positive in 15 million Euros;
- the investments fulfilled during the Financial Year (financial and tangible assets), amounting to 4 million Euros approximately;
- the "Cash-flow" generated during the Financial Year, amounting to 19,7 million Euros;
- the generalized solidity 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 negative prospects for the activity in 2010, 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 €14.929.705,87, made by the Board of Directors, should be approved.

Lisbon, 26th February 2010

The Auditing Committee

Chairman
Francisco José da Silva

Member of the Auditing Committee
Maria Isabel Louro Caria Alcobia

Member of the Auditing Committee
Joaquim Patrício da Silva (Official Inspector of Accounts number 320)
For and on behalf of PATRÍCIO, MOREIRA, VALENTE & ASSOCIADOS, Firm of Official Inspectors of Accounts, number 21

LEGAL CERTIFICATION OF ACCOUNTS

Exercício de 2009

Introduction

1 We have examined the attached financial statements of «Lisnave - Estaleiros Navais, S.A.», which comprise the Balance Sheet as at 31st December 2009, (showing a balance sheet total of 67.750 thousand Euros and total Shareholders' Funds amounting to 36.837 thousand Euros, including a Net Profit of 14.930 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.

Responsabilities

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 Our responsability consists of expressing a professional and independent opinion based on my examination of those financial statements.

Scope

4 Our 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 Our examination had included too the verification of the concordance of the financial information constant of the management report with the financial demonstrations.

6 We consider that the examination carried out provides an acceptable basis for the issue of our 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 2009, 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, 26th February 2010

Joaquim Patrício da Silva (Official Inspector of Accounts number 320)
For and on behalf of PATRÍCIO, MOREIRA, VALENTE & ASSOCIADOS, Firm of Official Inspectors of Accounts number 21

EXTRACT OF THE MINUTE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD ON 25TH MARCH 2010 RELATING TO THE APPROVAL OF DOCUMENTS REPORTING THE ACCOUNTS FOR THE 2009 FINANCIAL YEAR

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 twenty five day of March two thousand and ten.
Luís Miguel Nogueira Freire Cortes Martins, Chairman of the Board of the General Meeting, chaired the meeting assisted by the Vice – Chairman Carlos Fernando Pinheiro and Secretary of the Board Manuel Joaquim Rodrigues.

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 Manuel Serpa Leitão, holder of seven hundred and twenty-eight thousand two hundred and seventy-four Shares (representing seventy-two point eighty-two percent of the votes);
- ThyssenKrupp Marine Systems AG, represented by Walter Klausmann and Herbert Aly, holder of two hundred thousand shares (representing twenty per cent of the votes);
- The Portuguese State, represented by Sofia Alexandra Dantas Figueiredo Costa, holder of twenty-nine thousand, six hundred and sixty-six shares (representing two point ninety-six per cent of the votes);
- Manuel Sousa Pereira, holder of one thousand one hundred shares (representing zero point eleven per cent of the votes);
- João Alexandre Dinis de Sousa, holder of ten thousand shares (representing one per cent of the votes).

All the members of the Board of Directors and of the Auditing Committee of the Company were present.

Item 1 To discuss and approve the 2009 Annual Management Report and Accounts
..., the Chairman of the General Meeting submitted the 2009 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 put the Auditing Committee Report to the vote of the Meeting, 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 2009 Annual Management Report and Accounts be approved; and
that the net profit in the sum of 14.929.705,87 Euros be appropriated as follows:

Dividends	12.000.000,00 Euros;
Balance Gratification to the Employees	1.527.000,00 Euros;
Retained Earnings	1.402.705,87 Euros.

Mitrena, March 10, 2010
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 2009, 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 25, 2010
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 minute having been written up which are to be signed by the Chairman and the Secretary of the Board of the General Meeting.

Mitrena, 25th March 2010

Carlos Pinheiro
(Company Secretary)

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