Management Report and Accounts
2012

LISNAVE
ESTALEIROS NAVAIS, S.A.

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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 N.º 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

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

Board Of Directors

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

Executive Committee

Chief Executive Officer:
Eng. Frederico José Ferreira de Mesquita Spranger
Members of the Committee:
Eng. Peter Luijckx
Dr. João Rui Carvalho dos Santos

Auditing Committee

President:
Mr. Francisco José da Silva
Committee Members:
Dra. Maria Isabel Louro Caria Alcobia
"Patrício, Moreira, Valente & Associados, SROC"
– represented by Dr. Joaquim Patrício da Silva
Alternate:
Dr. José Carlos Nogueira Faria Matos - ROC

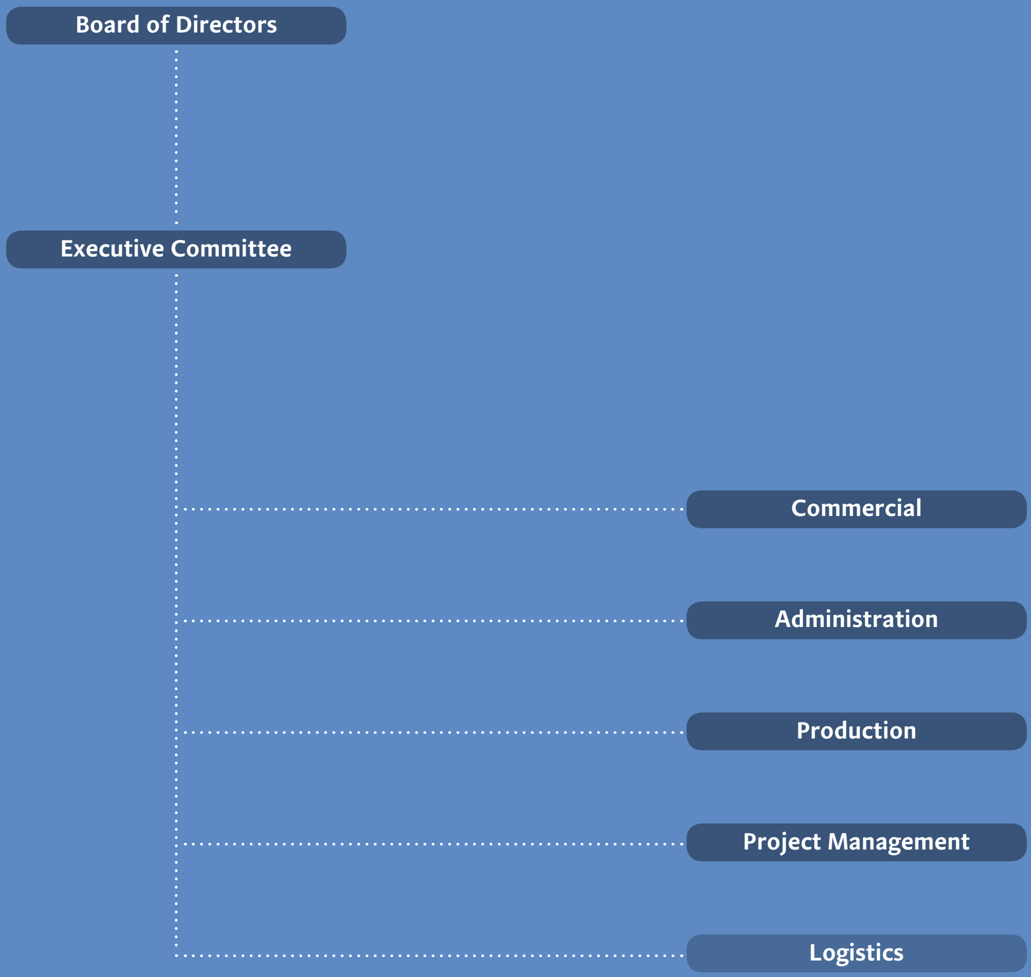
Company Secretary

Dr. Carlos Fernando Soares Pinheiro

Remuneration Committee

President:
Dr. Luís Miguel Nogueira Freire Cortes Martins
Secretary:
Dr. 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 22nd 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 2012 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;
5º – Election of Members of the Bodies Corporate for the 2013– 2016 Four-Year periods.

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

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

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

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

Setúbal, 18th February 2013
The President of the Shareholders General Assembly
Dr. Luís Miguel Nogueira Freire Cortes Martins


ATLANTIC BREEZE
SNAVE


ELKA GLORY


IMO 9344019
SEAEXPRESS
MANILA

BOARD OF DIRECTORS REPORT

1 | Introduction

During 2012, LISNAVE, ESTALEIROS NAVAIS, S.A., whose business continues to be very considerably affected by the crisis of the international economy that has been progressively felt by this industry since 2009, faced the worst situation of the century.

Indeed, demand as measured by number of enquiries stood at its lowest level, with only 483 enquiries received, a situation paralleled only in the year in which the industry sector began to feel the effects of the global crisis, though even worse for in 2009 the figure stood at 520.

Despite this adverse situation, LISNAVE returned good overall performance in 2012.

In fact, although demand fell sharply, LISNAVE was successful in offsetting the downturn by a bid success rate up by two percentage points over the previous year, allowing the company to maintain the same number of ships repaired.

It should be noted that this performance confirms once again the correctness of the strategic options adopted, demonstrating that LISNAVE is better prepared to face the increasing challenges of the highly competitive market in which it operates.

As in previous years and given the importance of the business indicators in both regional and, above all, national terms, the Board of Directors points out that as from the second half of 1997, when the Restructuring Plan began, up to the end of the current year LISNAVE has carried out repair and/or maintenance of 1.940 ships from over 50 countries around the world, which resulted in sales €1.69 billion, of which an impressive €1.6 billion were for export.

This volume of business allowed payment of wages totalling €967 million and payments to the State for Social Security contributions, personal income tax (IRS) and other taxes totalling €171 million.

2012

Despite facing particularly adverse market conditions, LISNAVE achieved a generally good performance during the year under review.

As a result of the of commercial activity directed at customer satisfaction, which allowed it to secure a significant amount of “Repeat Business”, LISNAVE managed to mitigate the effect of the deterioration of the market by increasing the success rate in negotiating orders, up 2 percentage points at 20%. The average content of work per ship, for various reasons inherent in the ship owners, continued to decline, the average invoice standing at €792,000, down slightly from the €800 000 achieved the year before, but far below the figure of more than €1 million in 2008 or 2009.

Indeed, in carrying on their business, ship owners are facing, in addition to other constraints, a growing difficulty as a result of the reduction of their liquidity caused by increased difficulty in obtaining credit, by higher cost of financing investment in new ships and by scarcity of loans for working-capital.

Of these constraints, the value of average daily freight rates stands out, which, among other reasons – notably as a result of increased supply resulting from the huge amount of new ships that have been put into operation year after year – remained dramatically low and continued to fall for the third straight year.

In fact, the average freight rate of a "Modern Suezmax" tanker stood at about US$ 16,200, less than the US$ 19,600 /day the previous year and about a third of the average daily rate of US$ 47,500 of a 2008 charter party.

The rates for a "Capesize" bulk carrier have performed even worse, their average annual rates sinking to an unthinkable figure of around US$11,400 per day, little more than a third of the US$ 32,000/ day recorded in 2010, though only about 11.5% of the average of around US$ 100,000 per day that these vessels achieved in 2007 and 2008.

In this context of significant deterioration of the market, also influenced by the high price of the euro against the US dollar, Lisnave concluded 2012 with a volume of Ship Repair Sales of €79.9 million, or just about €1 million less than the previous year, but about €38 million less than in 2009.

Total Operating Income stood at €85.35 million, that is, about €1.65 million more than in 2011, but total Operating Costs increased by around €2 million. Consequently, the Net Profit for the Year fell slightly, to stand at €4.985 million.

Equity increased slightly to €31.2 million, a figure six times greater than the Equity Capital.

On the other hand, Lisnave maintained its traditional characteristics as a highly export-oriented company, having sold abroad €79.4 million in Maintenance and Repair services, while it repaired no ships flying the Portuguese flag.

With regard to Fixed Assets and taking into account the conditions that led to a lower cash flow for the year, Investments totalled just €174.000. It should be pointed out, however, that the total amount of Investments made since 2000 now stands at €30.2 million.
One should note, on the other hand, the very significant costs incurred during the year with major repairs of infrastructure and equipment, totalling €1.99 million.

While it is the responsibility of the Concessionaire, Lisnave Naval Infraestruturas Navais, mention is made, on the other hand, of the investments related to rehabilitation of the Yard's electricity network and of the Pier 3 Rehabilitation Project, in which around €290 million were invested. It should also be noted that investments in the rehabilitation of the Shipyard, which began in 2008, with particular emphasis on the profound structural repair of Dock 20, now total €11.6 million.

With regard to volume of work, Lisnave maintained its customary high employment rate, slightly higher than in previous years, providing employment equivalent to about €47.3 million, corresponding to an average of just under 2,000 people per day.

Also underscored is the fact that the year came to an end with no overdue debt, either to workers or to the State, to which the sum of about €6.4 million was paid by way of personal income tax, Social Security contributions and other taxes, including about €2.8 million of corporation tax for the year.

With regard to Human Resources, mention is made of the fact that, in the wake of approval by the Annual General Meeting, a Balance-Sheet Bonus was awarded to the Company's workers as a whole last April.

It should be recalled, however, that as the Board of Directors mentioned at the time, and given the unwillingness of the workers' representatives to conclude a Company Agreement suited to the characteristics of the business, Lisnave decided to redirect its Human Resources strategy, which now receives close co-operation from LisnaveYards, a company incorporated within the scope of the Equity holder.

This company, whose corporate object is similar to that of LISNAVE, began to provide services in February 2009, and now has 140 workers in its service, most of whom direct labour, and 131 of them are already part of the permanent workforce.

Regarding Social Responsibility, LISNAVE continued its policy of support, partnering with various entities and organisations, mainly directed at the social area, through donations that, during the year, amounted to €85,000.

During the year LISNAVE retained its ISO 9001:2008 Certification, and also the International Ship and Port Facility Security (ISPS) Code Certificate and the Environmental Licensing of the Mitrena Shipyard, having made a start to the procedures leading to obtaining Environmental Certification.

The Equity holder Structure following the transfer of 29.666 shares previously held by the Portuguese State to Parpública was as follows as of December 31, 2012:

Navivessel, Estudos e Projectos Navais, S.A.	72,83%
Thyssenkrupp Industrial Solutions AG	20,00%
Parpública, S.A.	2,97%
Other Equity Holders	4,20%

Before concluding its general appraisal of the year, the Board of Directors wishes to express its satisfaction that it was possible, following approval by the 2011 General Meeting, to remunerate, for the seventh straight year, the capital invested by the more than 200 Equity holders of the Company .

The Outlook for 2013

The outlook for the business in 2013 is not good.

Indeed, despite the expectation of some recovery from the significant decline of trade seen since 2009, it can be expected that the effects of the situation of little economic growth that has been seen may well continue in 2013 and that, in view of the little profitability of their business during the past four years, ship owners will be forced to continue to restrain their maintenance budgets.

Aware that, exacerbated by the coming into operation of several hundred new ships scheduled for 2013 (increases of 8% and 15% of the tonnage of the current tanker and dry-bulk fleets respectively), this situation will lead to a continuation of a buyer's market for Ship Repair business and of aggressive competition, and despite the quality, responsibility and involvement both of Management and of all Employees, the Board of Directors expresses moderate concern as to the outlook for the business of LISNAVE for 2013.

2 | General Comments About The Market

The Economy Situation

After the recovery seen following the recession of 2009, a large number of developed countries saw their economies decline again in 2012, causing increased unemployment, which in turn caused a decrease in domestic demand for goods and services, a reduction of taxes, increased spending by states and hence increasing their deficits, the global economy continuing, four years later, to struggle for recovery.

According to the United Nations in its annual "World Economic Situation and Prospects 2013" report, global economic growth weakened further during 2012 to stand at 2.2%, following increases of 2.7% in 2011 and 4 0% in 2010.

In the European Union, where several economies are in recession, it is estimated that during 2012 the economy decreased by of 0.3%, while in the Euro Area, the decrease was even greater, standing at 0.5% .

In the United States the economy continues to grow at a very slow pace despite the incentives provided by the Federal Reserve, the estimate is that in 2012 it grew by 2.1%, even so a growth greater than in 2011 when it stood at 1.8%.

In Japan, mainly due to repairing the damage caused by the 2011 tsunami and the measures taken by the government to stimulate domestic consumption, the economy is estimated to have grown by 1.5%, after having fallen 0.7% in 2011.

So far, the developing economies have not been much affected, but the reduction in demand in the developed countries is causing a decline of imports from the former countries, adversely affecting their economies.

In the developing countries of Asia, the engines of which have been China and India, the decline in exports and of domestic investment meant that the growth rate fell to 5.5% in 2012 following growths of , 8% in 2011 and 9.0% in 2010. The Chinese economy grew by 7.7% following a growth of 9.2% in 2011, while the Indian economy grew 5.5% after a 6.9% increase in 2011.

As a result, too, of the decline of exports the economies of Latin America and the Caribbean saw a reduction in their growth rate amounting, in 2012, to 3.1%, after a 4.3% growth in 2011.

As a result of the foregoing economic climate, the growth rate of world trade fell sharply during 2012, mainly due to the sharp decline of European imports and weak demand in the economies of the United States and Japan, standing at 3.3% following a figure of 7.0% in 2011.

Evolution of the World's Merchant Fleet and Freight Rates

According to Clarkson, as regards bulk fleets of over 10,000 dwt, the tanker fleet grew during 2012 by 1.6% by number of ships, following a growth of about 3 7% in 2011. At the end of 2012 this fleet totalled at 492.7 million dwt, a growth of 3.5% compared to 2011, a year in which it had grown by 5.2%.

In terms of new-construction deliveries, 263 were handed over, having a total carrying capacity of about 32.3 million dwt, or about 6.6% of the present capacity of the fleet.

With regard to scrapping, 131 ships with a capacity of 11.8 million dwt were sold or 2.4% of the capacity of the present fleet.

In 2012, the dry bulk fleet returned a 6.8% growth by number of ships and of 11.1% in dwt terms, to stand at the year-end at 679.2 million dwt, 1,185 ships having been handed over with a capacity of about 97.8 million dwt or some 14.4% of the current capacity of the fleet, while 557 ships with a capacity of 32.9 million dwt were sold for scrap corresponding to about 4, 8% of the current capacity of this fleet.

The value of steel sold for scrap on the Indian market during 2012 fell by about 12% compared to 2011, to stand at US$ 420 per ton for tankers and US$ 405 per tonne for dry-bulk carriers.

At the end of 2012, the order book for new tankers stood at 534, totalling 58.0 million dwt, or 11.8% of the tonnage of the present fleet. Of these 58.0 million dwt, 40.0 million dwt – or 8.1% of the current fleet – are scheduled for delivery during 2013.

In the dry-bulk carrier fleet, the order book for new ships comprised 1 711 ships of 136.2 million dwt, or 32.9% of the present fleet. Of these, 138.9 million dwt – 22.7% of the present fleet – are scheduled for delivery in 2013.

Despite the estimate that demand for global shipping has grown by about 4.1%, with tanker traffic set to grow by about 2.6% and dry-bulk traffic set to grow by about 4.8% – owing to the increase of the supply of shipping – about 1.3% in the tanker fleet and about 1 1.1% in the dry-bulk carrier fleet – 2012, in keeping with what had happened the previous year, was once again a year of very poor returns for ship owners.

In the case of the Modern Suezmax, the average freight rate for long-term charter in 2012 was about US$16,200 per day, a reduction of about 17% from the average for 2011.

Freight Rates for Oil Tankers
Modern Suexmax

Monthly average
Source: Platou

In the case of the dry-bulk carrier fleet, the reduction was even greater. Thus, in the case of a one-year Capesize charter, the average rate was about US$ 11,400 per day, a reduction of about 29% compared to the 2011 average figures.

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

Monthly average
Source: Platou


CASTILLO DE GUADALUPE

As a result of the reduction of the growth rate of world trade, which fell from 7.0% in 2011 to around 3.3% in 2012, of the rejuvenation of fleets due to the large volume of deliveries of new construction in recent years and the reduction of the rate of use of the fleets, the demand for ship repair services by Lisnave, whose market is world-wide, measured by the number of enquiries, has been significantly reduced.

The said reduction of freight rates meant that the reduction of operator liquidity, already seen in recent years, increased even more during 2012, which led them to seek to reduce the operating costs of their fleets through postponement of their maintenance and selection of cheaper and possibly less-qualified ship repairers.

Thus, negotiations on enquiries received in 2012 led to 96 orders, about 11.9% fewer than in 2011, while the rate of commercial success rose from 18% to 20%, due both to the commercial activity undertaken by Lisnave and the level of satisfaction expressed by its customers

Headings	2012	2011	2010	2009	2008
Enquires	483	617	571	520	568
Orders	96	109	114	107	135
Success Rate (%)	20	18	20	19	22

The Business

In 2012, 101 ships completed their repair at Lisnave, 94 of which in dock, and, in terms of workload, the routine-repair segment was, on average, very similar to that of the previous year.

In the major repairs segment, Lisnave repaired a dry-bulk carrier involving major steel repairs in which about 470 tonnes were replaced.

Also in terms of significant replacement of steel, two other ships were repaired during 2012: a dredger, involving replacement of about 160 tonnes and a tanker, where due to bottom damage, about 250 tonnes were replaced.

Years	National	Foreign	Total	In Dock
2012	0	101	101	94
2011	0	101	101	92
2010	1	113	114	106
2009	2	114	116	112
2008	1	137	138	130

As in previous years, Lisnave business was centred on its traditional market segments – tankers and dry-bulk carriers. By number, they account for about 77% of the business. Attention is drawn to the move into other market segments, such as container ships, accounting for 10% of the ships repaired, and gas carriers, which account for 7%.

Given the globalisation of Lisnave market, the ships repaired during 2012 belonged to 60 customers located in 23 countries, those of greater significance, in terms of numbers being Singapore with 22 ships, Greece 15, Cyprus 10 and Japan 9.

4 | Investments/Others

Lending continuity to its policy of investment and renovation of infrastructure Lisnave, with the aim of maintaining the necessary operating conditions of the Shipyard, has, as in previous years, invested both in new resources and in major repairs to existing infrastructure and equipment, with a focus on the cumulative amounts of investments since 2000, now amounting to about €30.2 million, of which €20.1 million in new investments and about €10.1 million invested in major repairs to existing infrastructure and equipment.

During the year under review, Lisnave also bore further costs of €1.9 million in major repairs of infrastructure and equipment.

Of the new investments, and besides the maintenance and recuperation of several buildings and in particular the main canteen, attention is drawn to the acquisition of sundry IT equipment and of new equipment and tools in the production area, to the progressive renovation of the electricity network, to the construction of new building-stocks and to the manufacture of scaffolding.

In terms of major repairs, attention is drawn to the repairs carried out on the intermediate and outer gates of Dock 21 and on the Hydrolift Lock Gate, to the dredging of the Quays and Hydrolift, to the replacement of steel in 3 activity-support barges, to the repair of the cabs of 18 cranes and to the implementation of an Energy Consumption Management and Monitoring System.

Mention is made, on the other hand, of Investments related to the electrical rehabilitation of the Shipyard , the rehabilitation projects involving pier 3 and the highway-access viaduct to the Shipyard, involving an investment of about €330,000, which, despite being the responsibility of Concessionaire Lisnave INFRAESTRUTURAS NAVAIS, must be add to the investments made in previous years, particularly in the structural repair of Dock 20 and the electrical rehabilitation of the Shipyard, totalling over €11.6 million.

Environmental Protection

In environmental terms and besides fulfilling the obligations stemming from its Environmental Licence, LISNAVE has continued to improve its environmental practices on a systematic basis.

To this end, in 2012 LISNAVE began the process of implementing an Environmental Management System according to ISO 14001, the aim being to obtain certification during 2013.

In this connection, it should be pointed out that, with a view to going ahead with the programme of elimination of the residual blasting material at the Yard, an amount estimated at more than 245,000 tonnes has already been sent to the cement companies under the agreements signed with them. During 2012, and besides all the blasting material produced during the year, another 4,978 tonnes were also sent.

Information Technologies

Within the scope of continuous updating and improvement of its IT system, LISNAVE has gradually restructured it, implementing several new ongoing improvement projects, particularly in relation to the Central Management Servers and Management of the SAP Systems.

The Company has increased the available bandwidth, thus allowing substantially improved access to the Internet, both by in-house users and by customers.

On the other hand, in terms of hardware renewal attention is drawn to the replacement of the existing remote access system (SSL Explorer), by VMware View, the most modern, effective and safe system available.

Certification

Lisnave has assumed Quality as a factor of success, continually improving the effectiveness of its Quality Management System and the skills of the Company.

During 2012 Lisnave maintained its ISO 9001:2000 Certification and also the International Ship & Port Facility Security Code Protection Certificate, the Environmental Licence and the Calibration Laboratory Accreditation.

Research & Development

Lisnave concluded its involvement in several European projects begun in previous years and is awaiting, within the framework of its R&D policy, definition of new projects to be developed under the 7th Framework Programme.

5 | Human Resources

Reaffirming once again its conviction that it must rejuvenate the Company and render the conditions of the Employment Contract more flexible as a means of survival in view of the conditions extant at its more direct competitors, Lisnave has been making adjustments to its Human Resources strategy following the reiterated rejection by the workers' representative bodies of the Company Agreement proposals submitted in the meantime.

It was in this context that, between 2006 and 2009 Lisnave decided to make a start to a first Youth Training Programme, in order to provide them with the technical skills indispensable for future productivity challenges and for the inevitable process of rejuvenation of its personnel, given the high average age of its employees, which is a limiting factor due to the physical effort demanded by this activity.

However, this stance of the workers' representative bodies led Lisnave to make a start, with the co-operation of equity holder Navivessel, to legal procedures leading to the incorporation of a new company which, having a corporate objective similar to its own and operating under the Provision of Services mechanism, would, in an initial stage and in keeping with requirements, come to be the company that would hire all future workers.

This new company, whose name is "LisnaveYards – Naval Services, LDA", was legally incorporated and has been providing services to Lisnave, since February 2009. In keeping with this strategy, LisnaveYards has recruited most of the youths that successfully passed out of the Training Programme organised by Lisnave.

In pursuing this strategy, Lisnave decided, during 2012, to continue the investment, organising a new Youth Training Plan, with an average duration of 418 hours, involving about 50 young men between the ages of 26 and 37.

The aim of this plan, like that of the plan implemented between 2006 and 2009, was to select and prepare a group of young men for those productive sectors having a greater need of human resources, providing them with the essential basic skills needed in anticipation of them being hired by LisnaveYards, provided they obtained good results.

At the end of 2012 LisnaveYards had a total of 140 Workers in the various professions of the business, 100 of whom direct employees, while during the year, another young engineer was hired.

Remuneration Charges

In recent years, Lisnave has implemented a strict policy of cost containment and control, which has allowed a major recovery of the Company, progressively providing it with competitive advantages, enabling it to face a very competitive open-market framework in a very unfavourable international economic outlook.

In this context of increasing market difficulty, the Board of Directors, in a responsible attitude of prudence and deliberation, decided, in the light of the prospects, that it would not be possible to implement wage increases in 2012.

Nevertheless, following the approval by the General Meeting of the Board of Directors' proposal, all permanent employees were granted a Balance-sheet Bonus, comprising a fixed part equal to 100% of the fixed monthly remuneration, and two variable parts, one on the basis of absenteeism, the other dependent on a performance assessment, the aggregate total of which corresponds to a total maximum bonus of 200% of the fixed monthly remuneration.

Total staff costs stood at €14.1 million, as detailed in the following table.

The reduction under "Remuneration" is the result, primarily, of the natural wastage of personnel throughout the year, while the reduction of "Overtime", is related with the unwillingness of many workers to carry on this type of work during the second half of the year.

Personnel Costs

Headings	2012	2011
Remunerations	8.705.715	8.881.153
Overtime	669.303	840.982
Bonuses, Subsidies and Other Remunerations	736.092	770.892
Subtotal	**10.111.110**	**10.493.028**
Social Security Contributions	4.069.685	3.874.242
Total	**14.180.795**	**14.367.270**

(Amounts in €)

Training & Development

Several Vocational Training Courses were organised during 2012, involving 971 employees and covering areas considered fundamental to the Company, both for their technical component and also in behavioural and management terms.

External Training | 2012

Areas of Training	Total Hours	Number of Participants
Personal Development	5.771	111
Qualifications /Retraining of Productions Techniques	20.115	317
Quality, Safety, Environment and Protection	5.679	475
Hardware and Software	1.245	51
Financial, Tax and Accountancy Management	338	17
Total	**33.148**	**971**

Health, Hygiene and Safety

During the year LISNAVE maintained its customary concern as to worker health.

From this standpoint, besides occasional interventions, a total of 588 examinations were performed, 165 of which involving LISNAVEYARDS employees, subdivided into 63 Induction, 363 Periodic, and 162 Occasional and Complementary examinations.

In the matter of Safety, 2012 was marked by a downward trend in the Accident Indices. The Frequency Index stood at 28.74 and the Severity Index at 0.77, figures that attest to the correctness of the policies implemented and constitutes one of LISNAVE best years in terms of accidents. This data reflects not only the fact that there have been fewer accidents but also that they have caused fewer days lost.

During 2012, 612 employees of service providers received induction information and training in safety. In an area of greater focus on the Prevention and Safety Sector, training was provided to 152 people, including managers of the Company and other collaborating companies, line managers, trainees, visitors and personnel of firms working for customers, on the basis of dissemination of "safety". As part of the collaboration with external entities, a special mention is due to the courses involving safety and hygiene technicians, two of whom under training under a work-environment protocol entered into with the Bento de Jesus Caraça Vocational School and one to the Azeitão Basic Education School, three leaders of the National School of Fire-fighters and two managers of Lloyd's, one of whom safety manager for Southwest Europe. Also noteworthy are the courses that involved 16 students and teachers of the Naval Engineering Course of the Instituto Superior Técnico and 29 students of the Solisform Mechanical Fitters/ Boilermakers Courses.

Attention is also drawn to the basic safety information and rules that continued to be distributed to all non-company personnel entering the Company premises, including sales personnel, technicians and external visitors, involving 2,246 people.

Lastly, within the scope of this policy and with a view to safeguarding health, Lisnave organised the customary vaccination campaign against seasonal flu, given to 51 employees.

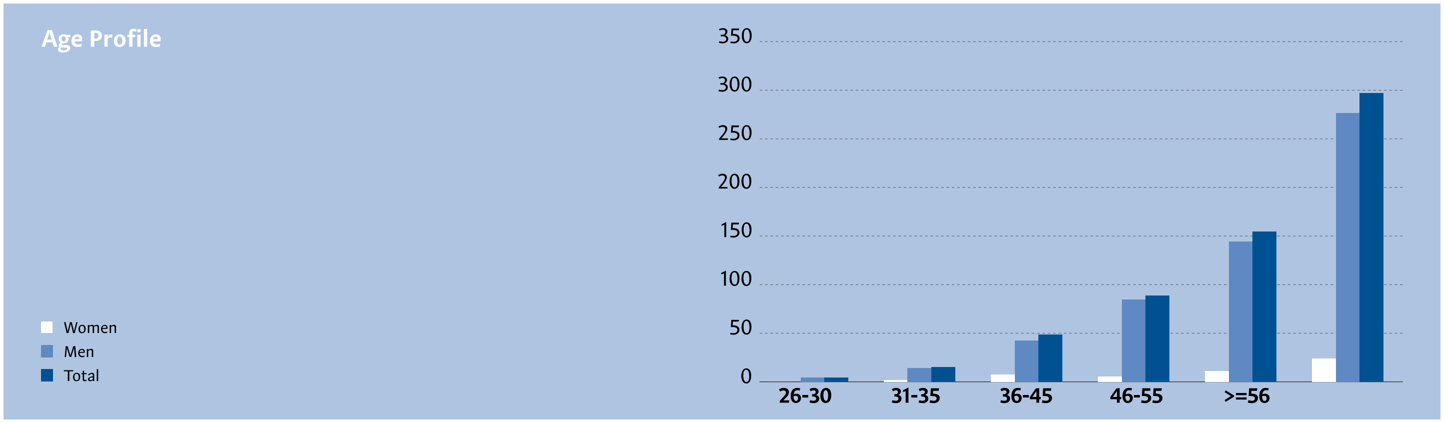
Other Indicators

Compared to the indicators at the end of 2011, Lisnave personnel fell by about 4.47%, due, in most cases, to the number of employees who, pursuant to the law, took early retirement, a mechanism that was suspended on April 6 until 2014.

As at December 31, 2012, Lisnave total personnel amounted to 299, their average age having risen to 53.

Contrary to the trend the previous year, there was a significant reduction in personnel absenteeism at Lisnave.

The breakdown of Lisnave personnel by age as of that date is provided in the following table.



6 | Economic and Financial Situation

As mentioned earlier, LISNAVE repaired 101 ships during 2012, generating total billing in the sum of about €80 million.

As shown in the following table, in 2012 the number of ships repaired was maintained but there was a 1,1% reduction of the value of Sales compared to the previous year. Average billing per ship declined in the year under review, at €792 thousand, reflecting the same reduction in the work-equivalent content, when compared to the previous year.

Number of Ships and Invoicing

Headings	2012	2011	2010	2009	2008
Number of Repaired Ships	101	101	114	116	138
Total Invoicing	79,9	80,8	89,6	118,0	145,5
Average Invoicing per Ship	0,792	0,800	0,786	1,018	1,054

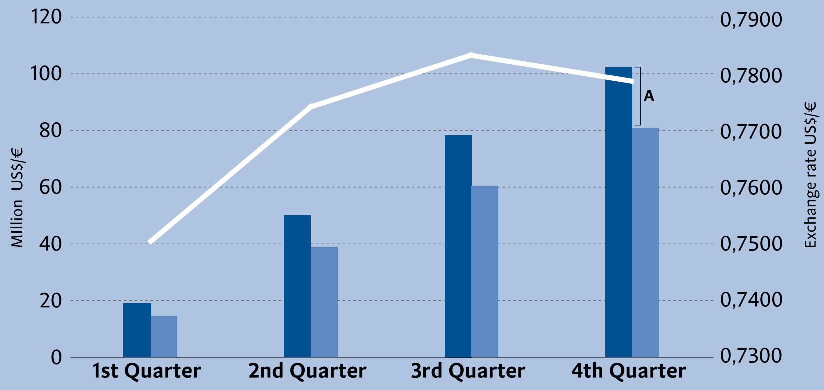
(Amounts in Millions of €)

Of the external factors affecting the business, one must not neglect the performance of the US dollar. Although it appreciated in the year under review, it has continued to exert strong pressure on the Company's competitiveness, obliging it to bring forward corrective measures and actions essential to its adaptation to the global market in which it does business, in that the Company's main customers mainly continue to use the dollar in their commercial transactions.

The dollar, which began to depreciate heavily in 2004, falling to an average annual rate of €0.8014, has been extremely volatile over the past years, standing at an average of €0.7792 in 2012.

The following table shows the impact of the depreciation of the dollar during 2012. Indeed, in annual terms, sales had to total US$ 102.6 million to generate €79.9 million.

Accumulated Sales and Exchange Rate US$/€ Year 2012



	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales US$ 2012	18,7	50,0	77,2	102,6
Sales € 2012	14,0	38,8	60,5	79,9
Exchange rate US$ / € 2012	0,7490	0,7759	0,7838	0,7792

A = More 22,7 Millions US$

As a preliminary note to the economic and financial review for 2012 and in order to provide a better understanding of the tables that we shall appraise hereunder, it should be said that a start was made in 2010 to implementation of the Accounting Standardisation System (SNC) that has replaced the Official Accounting Plan (POC). Therefore, the SNC has introduced significant changes to the accounting practices employed up to 2009, that is, a new plan of accounts, a new presentation structure for the financial statements and, above all, application of the new Accounting and Financial Reporting Standards (AFRS).

As a result of this change, the structure of the tables showed in this section of the report shows in the first four columns the 2009 to 2012 comparison in SNC, while the last column provide the 2008 Exercise comparison in POC.

Bearing the foregoing in mind at all times, we now return to the economic review of 2012, with a presentation of the following table that shows the evolution of total sales and services rendered.

Sales and services rendered

Headings	2012	2011	2010	2009	2008
Ships Repairs	79,945	80,809	89,619	118,032	145,484
Revenue of Ships in Progress (SNC)	-61	-5,150	4,540	-7,550	
Other Activities	1,474	2,818	6,862	7,288	3,824
Services Rendered	1,249	1,398	1,489	948	1,234
Total	**82,607**	**79,874**	**102,510**	**118,717**	**150,542**

(Amounts in Thousands of €)

This table shows the evolution of Sales & Services Rendered for the 2008-12 five-year periods. By virtue of the application of the SNC guidelines, or more specifically the determinations of the Income Standard (AFRS 20) for the purpose of material comparison, the table itself shows the effects of the accounting alteration introduced (recognition at the close of 2009 to 2012 of the income corresponding to the degree of finishing of works in progress).

The income generated by work in progress on ships reflects the difference between the income generated by work on ships that transited to 2013 (€ 0.35 million) less the amount of income generated by work on ships that transited from 2011 to 2012 (€ 0.41 million).

The total value of Ship Repairs and of Income from Ships in Progress accounted for 96,7 % of the total value of Sales and Services Rendered, while Other Activities and Services Rendered together amounted to € 2.7 million, that is, about 3,3 % of that total.

It should also be pointed out that the figure for Other Activities is lower than the previous year's figure owing to the decline of this kind of services demand.

Continuing to characterise the evolution of the Company's economic situation, the following table provides the Profit & Loss Accounts for 2012/2008, showing, on the one hand, the evolution of the 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

		2012		2011		2010		2009
Headings	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Sales and Services Rendered	82,607		79,874		102,510		118,717	
Variation in Production	0		0		0		0	
Works for the Company	0		3		0		4	
Other Income and Gains	2,747		3,829		3,706		4,996	
Total Operating Income	**85,355**	**100**	**83,706**	**100**	**106,216**	**100**	**123,717**	**100**
Costs of row materials consumed	5,248	6.1	3,739	4.5	5,347	5.0	5,563	4.5
Supplies and External Services	55,421	64.9	53,657	64.1	67,051	63.1	75,900	61.3
Personal Costs	14,181	16.6	14,367	17.2	14,783	13.9	15,344	12.4
Depreciations, Impairments and Provision	1,899	2.2	2,980	3.6	935	0.9	3,883	3.1
Taxes	104	0.1	62	0.1	186	0.2	188	0.2
Other Costs and Losses	652	0.8	691	0.8	470	0.4	4,516	3.7
Total Operating Expenses	**77,506**	**90.8**	**75,496**	**90.2**	**88,772**	**83.6**	**105,393**	**85.2**
Operating Profits	**7,849**	**9.2**	**8,210**	**9.8**	**17,444**	**16.4**	**18,323**	**14.8**
Financing Results	0	0.0	0	0.0	0	0.0	0	0.0
Profits before Taxes	**7,849**	**9.2**	**8,210**	**9.8**	**17,444**	**16.4**	**18,323**	**14.8**
Taxes on Income for the Period (-)	-2,864	-3.4	-2,996	-3.6	-5,474	-5.2	-6,179	-5.0
Net Income for the Period	**4,985**	**5.8**	**5,214**	**6.2**	**11,970**	**11.3**	**12,144**	**9.8**

(Amounts in Thousands of €)

Statement of Profit and Loss

	2008	
Headings	**Valor**	**%**
Sales and Services Rendered	150.542	
Variation in Production	3.600	
Works for the Company	4	
Other Incomes	1.263	
Total Operating Income	**155.409**	**100**
Costs of row materials consumed	9.284	6,0
Supplies and External Services	106.234	68,4
Personal Costs	12.706	8,2
Depreciation and Provisions	2.975	1,9
Taxes	175	0,1
Other Costs	331	0,2
Total Operating Costs	**131.705**	**84,7**
Operating Profits	**23.703**	**15,3**
Financial Profits	2.008	1,3
Current Profits	**25.711**	**16,5**
Exceptional Profits	-4.575	-2,9
Profits before Taxes	**21.136**	**13,6**
Taxes of Profits (-)	-5.815	-3,7
Net Profit for the Financial Year	**15.321**	**9,9**

(Amounts in Thousands of €)

As an overall appraisal of the Profit & Loss Account, it can be seen that in 2012 the Company's economic situation worsened, although in a non - significant way, compared to the previous year, returning a Net Profit of € 4.99 million

The cost-to-income ratio, which measures the relative weight of "Total Operating Costs" as a proportion of "Total Operating Income", has deteriorated again compared to the previous year, to stand at 90,8 %, as a result of the continuation and strengthening of the policy of more rational use of production factors, the result of a management by objectives implemented at all levels of the Company.

Lisnave does not carry any amount to "Funding Results", since Lisnave had no need for Bank Loans.

One must continue to underscore that the exchange-rate risks related with the volatility of the dollar were eliminated in good time as a result of the decision taken by the Company's management in the end of 2003 to replace the US Dollar with the Euro in billing its customers. Therefore, the currency-translation differences recorded in 2012 are not materially relevant.

To complete the review of the economic evolution of the Company over the 2012 to 2008 period, the following table provides a set of the more relevant economic indicators and ratios:

Economic Aggregates

Headings	2012	2011	2010	2009	2008
Overall Aggregates					
Gross Value of Production (GVP)	82,607	79,877	102,510	118,721	154,146
Gross Value Added (GVA)	24,720	25,485	34,385	41,177	64,502
Personnel Costs	14,181	14,367	14,783	15,344	12,706
"Gross Cash flow"	9,748	11,190	18,379	22,207	24,111
Average number of Emplyees	**306**	**322**	**334**	**337**	**312**
Ratios					
GVP per Capita	270.0	248.1	306.9	352.3	494.1
Personnel Costs per Capita	46.3	44.6	44.3	45.5	40.7
GVA / GVP	30%	32%	34%	35%	42%
Personnel Costs / GVA	57%	56%	43%	37%	20%

(Amounts in Thousands of €)

An observation thereof leads to the conclusion that, in 2012, the Company's performance indicators and ratios, taken together, mixed performances by comparison with the previous year.

The Gross Production Value (GPV) aggregate grew 3,4 % compared to the previous year, that is, a performance in line with the changes of Sales and Services Rendered.

On the other hand, the amount carried under "Gross Cash Flow" shows a negative trend, compared with the previous year. This downturn is directly linked with the reduction of gross margins.

However, it should also be said that, generally speaking, the Company's performance ratios performed positively when compared to last year and at a level that allows us to state that the Company continues to be prepared to face a market characterised by great unpredictability.

Equity during the period under review is shown in the following table.

Shareholder's Funds

Headings	2012	2011	2010	2009	2008
Share Capital	5,000	5,000	5,000	5,000	5,000
Shareholders Loans	0	0	0	0	0
Legal Reserves and Profits C. Forward	21,231	20,016	18,546	18,402	14,701
Net Profit of the Financial Year	4,985	5,214	11,970	12,144	15,321
Total Shareholders Funds	**31,216**	**30,231**	**35,516**	**35,546**	**35,022**

(Amounts in Thousands of €)

Equity on December 31, 2012, amounted to € 31.2 million, an increase of € 0.99 million compared to the figure at the end of last year. The book-value per share at the year-end was € 31.20, an appreciation of 524,3 % over the par value.

The main balance-sheet headings for the past five years, referred to December 31, 2012, as shown in the following table, provide an appraisal of the evolution of the Company's financial structure.

Comparative Summ. Balance Sheet

Headings	2012	2011	2010	2009	2008
Assets					
Non-current Assets	11,137	12,085	13,923	15,226	14,202
Inventories	2,097	2,379	2,251	2,447	8,144
Clients C/A (Net Prepayment)	13,099	4,737	15,498	7,892	23,245
Other receivables	3,870	4,470	9,329	3,366	3,444
Cash and Banks	30,969	32,346	30,857	37,827	40,749
Deferrals	149	104	187	73	1,201
Total Assets	**61,322**	**56,121**	**72,045**	**66,830**	**90,985**
Liabilities					
Provisions	5,802	5,173	3,481	4,157	1,717
Other non-current payables	2,573	3,094	4,161	5,361	0
Non-current loans obtained	0	0	0	0	0
Financing obtained	0	0	0	0	0
Suppliers C/A (Net Prepayment)	13,272	10,834	19,614	12,980	30,822
Other payables	8,458	6,789	9,272	8,785	4,670
Deferrals	0	0	0	0	18,754
Total Liabilities	**30,106**	**25,890**	**36,528**	**31,283**	**55,963**
Shareholders Funds	**31,216**	**30,231**	**35,516**	**35,546**	**35,022**

(Amounts in Thousands of €)

In order to assess the Company's Liquidity and Debt Capacity at the end of the year under review we have used a set of indicators that help to characterise the structure of the balance sheet. Thus, with regard to:

Liquidity

With a Working Capital in the order of € 28 million and a very comfortable Quick Ratio of 2.31 and a Cash Ratio of 2.21 respectively, it can be said that the Company's short-term financial structure continues to be very solid.

A contribution continued to be made to this by the following factors: absence of short-term bank debt owing to non-use of bank loans to meet day-to-day cash-management requirements, as a result of the cash flow generated during the year, and the increase of cash-in-hand and bank balances, which together amounted to € 30.97 million at the year-end.

Debt Capacity

With a fixed-asset financing ratio of 2.80, despite the fact this Ratio has reduced and financial independence and self-financing ratios of 103,7 % and 50,9 % respectively, the conclusion is that Lisnave debt capacity is very comfortable and adequate to its core business, characterised as being highly unpredictable.

Lastly, and in keeping with legal requirements, it is hereby declared that, as at December 31, 2012, Lisnave held no treasury shares and there was no past-due debt to the State Public Sector, including Social Security.

7 | Business Outlook for 2013

For the global economy, which in recent years has grown at low rates, the World Bank expects that, following an estimate of 2.2% growth in 2012, the same trend will continue, with growth of 2.4% in 2013 and 3.2% in 2014, although there are major risks that even this small increase of the growth rate will not come about.

In the European Union, where, following the recovery from the 2009 recession, a large part of the countries went back into recession in 2012, some of these countries are expected to remain in recession during 2013 – causing an increase of unemployment, greater State spending on social security and hence an increase of taxes, reducing income available for domestic consumption – with an expected growth of 0.6% in 2013, while in the Euro Areas growth is expected to stand at just 0.3%.

In the wake of an increase of their growth rates between 2011 and 2012, the United Nations expects a slowdown of their growth in 2013, predicting growth rates of 1.7% for the United States and 0.6% for Japan, following on the heels of a 2.1% and 1.5% respectively, in 2012.

Given these forecasts for global economic growth, the United Nations estimate that the growth rate of world trade will increase slightly, up from and estimated 3.3% for 2012 to 4.3% in 2013.

Thus, as the combined result:

▸ of the expected low rate of growth rate of world trade and of the substantial increase of capacity, both by number and by carrying capacity of the world's merchant fleets;

▸ of the effects induced, among others, by the "Shipbuilding Bubble" – resulting from easy credit and low prices of new ships built in China – which has resulted in a reduction of ship prices of between 5 and 10% compared to 2012 and a consequent reduction in prices of second-hand ships which, in 2012, in the case of five-year-old ships fell by between 10% and 15% for bigger ones and between 20% and 30% for smaller ones;

▸ of the expected deterioration of the rate of use of the fleet due to the large volume of deliveries of new ships particularly during the first half of 2013, which will predictably keep freight rates, under downward pressure;

▸ but, on the other hand, taking into account the strong pressure being exerted on ship owners by high fuel costs and by measures to reduce greenhouse-gas emissions by the shipping industry;

it can be expected that there will start to be a trend of increased scrapping of less-efficient ships, which may contribute to an increase of fleet-use rates and, in this way, reach the trough of the freight-rate decrease curve in 2013, though there are no expectations that, due to the other factors mentioned above, the results of this trend will be enough to ensure for ship owners an increase in the profitability of their operations allowing them to generate sufficient resources to encourage them to invest in the maintenance of their fleets.

Against this background, it can be expected that 2013 will still be subject to sharp competitive pressure on ship-repair business, though towards the end of the year there could be a trend of recovery of freight rates, which, should it come about, will usher in the beginning of a recovery of demand to levels that will allow balanced occupation of the capacity of the shipyards in the near future.

Human Resources

It is expected that 2013, in particular for reasons pertaining to the legislative changes that have taken place, may be a year of actual transition to more flexible Employment-Contract conditions.

Regardless of these legal alterations, it is the intention of the Board to continue the co-operation established with LisnaveYards, in order to promote, through the latter, the creation of conditions that will ensure the future sustainability of this industry in Portugal.

With this in view, Lisnave aims to explore new and broader forms of co-operation with LisnaveYards in an endeavour to get it to assume greater responsibilities in carrying on its business, in the light of the size of its staff, particularly with regard to the number of its direct employees.

8 | Proposal for the Appropriation of Profits

Since the Company's performance in 2012 generated a profit that warrants granting the Workers a bonus, the Board of Directors has decided to award a Balance-sheet Bonus.

It therefore proposes to Equity holders that:

1 The Board's decision be ratified to award a Balance Sheet Bonus be awarded to the Company's workers as a whole, in the sum of € 1.000.000,00 (One million Euros), already included in the Net Profit for the year, and that

2 The Net Profit for the year in the sum of € 4.985.207,39 (Four million, nine hundred and eighty five thousand, two hundred seven Euros and thirty nine Cents) be appropriated as follows:

Dividends	4.000.000,00 Euros
Retained earnings	985.207,39 Euros

9 | Closing Remarks

Lastly, in closing the Management Report in respect of the business in 2011, 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 maintained 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, 21th February 2013

The Board of Directors

Chairman
Eng. José António Leite Mendes Rodrigues

Members of the Board
Dr. Nelson Nunes Rodrigues
Dr. Aloísio Fernando Macedo da Fonseca
Eng. Frederico José Ferreira de Mesquita Spranger
Eng. Peter Luijckx
Dr. João Rui Carvalho dos Santos
Eng. Manuel Serpa Leitão

Balance

Statement of Changes in Equity

Statement of Profit and Loss by Activity

Cash Flow Statement

Annex

Auditing Committee Report and Advice

Legal Certification of Accounts

Extract of the Minute of the Annual General Meeting of Shareholders held on 22th March 2013 relating to the Approval of Documents reporting the Accounts for the 2012 Financial Year

BALANCE

Headings	Notes	31-DEC-2012	31-DEC-2011
Assets			
Non-current Assets			
Tangible Assets	8	4,936,442.22	5,202,186.35
Imvestment properties	7	2,567,100.00	2,567,100.00
Other financial Assets	15.2	2,874,347.89	3,403,527.89
Deferred tax Assets	14	759,036.71	912,612.83
		11,136,926.82	**12,085,427.07**
Current Assets			
Inventories	10	2,097,436.66	2,378,743.05
Costumers	15.1	13,961,604.15	5,473,334.96
Advances to Suppliers	15.3	335,148.21	546,160.75
State and other public entities	17.1	2,752,191.13	2,536,876.35
Other accounts receivable	15.2	1,117,911.35	1,932,920.19
Deferrals	17.2	149,309.92	104,025.04
Cash and short-term deposits	4	30,968,883.66	32,345,748.36
		51,382,485.08	**45,317,808.70**
Total Assets		**62,519,411.90**	**57,403,235.77**

(Valores em Euros)

Headings	Notes	31-DEC-2012	31-DEC-2011
Equity and Liabilities			
Equity			
Issued capital	15.5	5.000.000,00	5.000.000,00
Legal reserves	17.3	1.398.173,26	1.398.173,26
Retained earnings	17.3	19,832,615.74	18,618,258.78
		26,230,789.00	25,016,432.04
Net Profit / Loss for the period	17.3	4,985,207.39	5,214,356.96
Total Equity		**31,215,996.39**	**30,230,789.00**
Liabilities			
Non-current Liabilities			
Provisions	12	5,802,427.77	5,173,317.24
Other accounts payable	15.4	2,573,005.81	3,093,602.81
		8,375,433.58	**8,266,920.05**
Current Liabilities			
Suppliers	15.3	13,607,233.69	11,380,023.54
Advances to costumers	15	862,625.76	736,565.43
State and other public entities	17.1	750,481.97	361,345.51
Other accounts payable	15.4	7,707,640.51	6,427,592.24
		22,927,981.93	**18,905,526.72**
Total Liabilities		**31,303,415.51**	**27,172,446.77**
Total Equity and Liabilities		**62,519,411.90**	**57,403,235.77**

(Amounts in €)

STATEMENT OF CHANGES IN EQUITY

Description	Issued Capital	Legal Reserves	Earnings	Net Income	Total Equity
Position at 01/01/2011 - POC	**5,000,000.00**	**1,398,173.26**	**17,148,100.76**	**11,970,158.02**	**35,516,432.04**
Remainder of the distribution of the Net Income for the Period.			11,970,158.02	-11,970,158.02	0.00
Changes for the period					
		0,00	**0,00**	**0,00**	**0,00**
Net income for the period				**5,214,356.96**	**5,214,356.96**
Operations with equity owners					
Dividends			-10,500,000.00		-10,500,000.00
	0.00	**0.00**	**-10,500,000.00**	**5,214,356.96**	**-5,285,643.04**
Position at the end of 2011	**5,000,000.00**	**1,398,173.26**	**18,618,258.78**	**5,214,356.96**	**30,230,789.00**
Position at 01/01/2012	**5,000,000.00**	**1,398,173.26**	**18,618,258.78**	**5,214,356.96**	**30,230,789.00**
Remainder if the distribution of the Net Income for the Period			5,214,356.96	-5,214,356.96	0.00
Changes for the period					
		0,00	**0,00**	**0,00**	**0,00**
Net income for the period				**4,985,207.39**	**4,985,207.39**
Operation with equity owners					
Dividends			-4,000,000.00		-4,000,000.00
	0.00	**0.00**	**-4,000,000.00**	**4,985,207.39**	**985,207.39**
Position at the end of 2012	**5,000,000.00**	**1,398,173.26**	**19,832,615.74**	**4,985,207.39**	**31,215,996.39**

(Amount in €)

PROFIT AND LOSS STATEMENT

Income and Services	Notes	2012	2011
Sales of goods and rendering of services	11	82,607,431.50	79,874,385.76
Grants received		33,574.82	37,457.00
Works for the Company		0.00	2,549.22
Cost of Sales	10	(5,248,386.15)	(3,738,902.63)
Supplies and external services	17.4	(55,421,404.12)	(53,656,983.68)
Payroll expenses	16	(14,180,795.26)	(14,367,269.79)
Impairment of inventories (losses/reversions)	10	(124,932.96)	(14,195.17)
Accounts receivable impairments (losses/reversions)	15.1	(219,276.16)	(2,908.00)
Provisions (increases/reductions)	12	(865,852.02)	(2,252,544.87)
Other income and gains	17.5	2,713,577.20	3,791,321.46
Other expenses and losses	17.6	(756,303.48)	(752,944.43)
Profit before Depreciations, Financial Income and Taxes		**8,537,633.37**	**8,919,964.87**
Expenses/Reversions of depreciation and amortisation	17.7	(688,826.42)	(709,875.73)
Operational Result (before Financing Costs and Taxes)		**7,848,806.95**	**8,210,089.14**
Profit before Tax		**7,848,806.95**	**8,210,089.14**
Income Tax for the Period	14	(2,863,599.56)	(2,995,732.18)
Profit for the Period	**17.3**	**4,985,207.39**	**5,214,356.96**

(Amounts in €)

CASH FLOW STATEMENT

	Period – SNC	
Headings	**2012**	**2011**
Cash Flow from Operating Activities		
Receivable from Costumers	74,442,898.44	101,406,203.52
Payments to Suppliers	-67,410,195.95	-83,762,675.82
Payments to Employees	-10,561,472.73	-10,869,355.25
Cash Generated by Operations	**-3,528,770.24**	**6,774,172.45**
Income Tax Payments	-633,751.02	-2,362,571.18
Other Payments / Receivable related to operating activities	5,494,395.15	6,842,497.92
	1,331,873.89	11,254,099.19
Flow from Operating Activities (1)	**1,331,873.89**	**11,254,099.19**
Payments Related with:		
Tangible Assets	-174,025.33	-211,859.61
Receivables Related with:		
Interests and Similar Incomes	1,519,712.45	1,008,120.00
Dividends		
Flow from Investment Activities (2)	**1,345,687.12**	**796,260.39**
Payments Related with:		
Interests and Similar Incomes	-52,211.51	-58,309.34
Dividends	-4,000,000.00	-10,500,000.00
Flow from Financing Activities (3)	**-4,052,211.51**	**-10,558,309.34**
Changes in Cash and Cash Equivalent (4) = ((1) + (2) + (3))	**-1,374,650.50**	**1,492,050.24**
Net Foreign Exchange Difference	**2,214.20**	**3,378.98**
Cash and Cash Equivalents at Beginnings of Period	**-32,345,748.36**	**-30,857,077.10**
Cash and Cash Equivalents at End of Period	**30,968,883.66**	**32,345,748.36**
	-1,374,650.50	**1,492,050.24**

(Amounts in €)

ANNEX

(Amounts are stated in Euros unless specifically indicated otherwise)

1. Corporate Information

The Company was incorporated on March 12th 1997 under the business name of Navenova – Estaleiros Navais, S.A., its name subsequently being altered by a public deed dated July 31st 1997 to Lisnave - Estaleiros Navais, S.A.

Its main corporate purpose is the operation of shipyards for the construction and repair of ships relating to the exercising of the industry, trade as well the development of activities related with the latter or similar.

Its registered offices are situated in Mitrena, 2910 - 738 SETUBAL.

The Company capital is held mainly by Navivessel - Estudos e Projectos Navais, S.A., which holds 72,83%, by ThyssenKrupp Industrial Solutions AG, which holds 20,00% of capital, by the Portuguese State with 2,97% and by Public (OPT) with 4,2%.

2. General Accounting Policies used in the preparation of the Financial Statements

With the publication of Statute Law nº. 158 enacted on July 13th 2009, the Official Chart of Accounts (POC) and the Accounting Guidelines were revoked as from January 1st 2010. Hence, for the financial year which was commenced from this date, the Company started carrying out the accounting report on its accounts in accordance with the NCRF – Normas de Contabilidade e Relato Financeiro (AFRS - Accounting and Financial Reporting Standards) which form an integral part of the SNC – Sistema de Normalização Contabilística (ASS - Accounting Standardisation System).

There have been no derogations with a view to the presentation of a true, appropriate picture.

3. Accounting Policies

3.1 Measurement bases used in the preparation of the financial statements

On the preparation of the financial statements, the Company adopted:

- The Bases stated in the annex to Statute Law no. 158 enacted on July 13th 2009 which instituted the SNC;
- The NCRF in force on the present date with those exemptions described in Note 2.

Hence, the financial statements were drawn up in line with the bases of continuity, the accruals regime, the consistency of presentation, materiality and aggregation, non-compensation and comparative information.

Being based on the provisions of the NCRF, the accounting policies adopted by the Company were as follows:

a. Tangible Fixed Assets

Tangible Fixed Assets refer to assets used in production, in the rendering of services or in administrative use.

With the exception of the Lands that are not depreciable, Tangible Fixed Assets are depreciated during the expected economic period of life and evaluated in terms of impairment whenever there is an indication that the asset may be in an impairment situation. Depreciations are calculated on a duodecimal basis as from that time when the assets are available for use for the desired purpose, using the straight line method.

The depreciation rates have been defined with a view to wholly depreciating the assets until the end of their anticipated working lives and they are as follows:

	2012	2011
Buildings and Other Constructions	2,50% - 5,00%	2,50% - 5,00%
Basic Equipment	5,00% – 12,50%	5,00% – 12,50%
Transport Equipment	33,33%	33,33%
Administrative Equipment	6,25% - 33,33%	6,25% - 33,33%
Other Tangible Assets	16,67%	16,67%

It is assumed that the residual value is zero meaning that the depreciable value concerning the depreciations coincides with the cost.

The depreciation methods, estimated working life and residual value, are revised at the end of each year and the effects of the alterations are treated as alterations to estimates i.e. the effect of alterations is treated in prospective fashion.

The depreciation cost is recognised in the profit-and-loss account under the item Expenses / Reversions of Depreciation and Amortisation.

The standard repair and maintenance costs are recognised as expenses in the period during which they occur.

Any gain or loss deriving from the derecognising of a tangible asset (calculated as the difference between the sale value minus sales costs and the book value) is included in the result for the financial year in the year in which the asset is derecognised.

Tangible Fixed Assets in Progress relate to assets which are still at a construction or development stage and are measure at the cost of acquisition, only being depreciated when they are available for use.

Impairment

The Company evaluates whether there is any indicator that an asset may be impaired at the end of the year. Should there be any indicator, the Company estimates the recoverable amount of the asset (which is the highest between the fair value of the asset or of a cash generating unit minus the selling costs and its value in use) and they recognise the impairment in the results for the financial year whenever the recoverable amount is lower than the book value.
When evaluating whether there is an indicator of impairment, the following situations are considered:

- During the period the market value of an asset reduced significantly more than that would be expected as a result of the passage of time or normal usage;
- During the period major alterations occurred – or will occur in the near future – with an adverse effect on the Company as regards the technological, market, economic or legal environment in which the Company operates or on the market to which the asset is dedicated;
- The market interest rates or other investment return market rates increased during the period and these increases will probably effect the discount rate used to calculate the value in use of an asset and will materially reduce the recoverable amount of the asset;
- The carrying amount of the net assets of the entity is greater than its market capitalisation;
- Evidence is available of the obsolescence of or physical damage to an asset;
- Major improvements with an adverse effect on the entity occurred during the period, or it is expected they will occur in a near future to the extent that, or in the way in which, an asset is used it is expected to be used. These alterations include an asset which has become idle, plans to discontinue or restructure the operating unit to which the asset belongs, plans to dispose of an asset before the date expected previously;
- There is evidence in the internal reports that indicate that the economic performance of an asset is, or will be, worse than that expected.

Regardless of whether there are indicators of their being impaired any assets which is still not available for use is tested annually.

Impairment reversions are recognised under results and are only carried out up to the limit which would result if the asset had never been subject to impairment.

b. Deferred Tax Assets and Liabilities and Income tax for the Period

b.1 Deferred Tax Assets and Liabilities

Deferred Tax Assets and liabilities derive from the calculating of timing differences between the accounting base and the fiscal base of the assets and liabilities of the Company.

Deferred Tax Assets reflect:

▶ Timing differences which are deductible insofar as the existence of future taxable profits is probable with regard to which the deductible difference may be used;
▶ Unused tax losses and tax credits insofar as it is probable that future taxable profits are available against which they can be used.

Deductible timing differences are timing differences resulting in amounts which are deductible when determining taxable profit/tax loss for future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred Tax Liabilities reflect taxable timing differences.

Taxable timing differences are timing differences resulting in amounts which are deductible when determining taxable profit/tax loss for future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred taxes are not recognised as regards the timing differences associated with investments in branches and associates and interests in joint ventures as it is assumed that the following conditions have been simultaneously met:

▶ The Company is capable of controlling the timing of the reversion of the timing difference; and
▶ It is probable that the timing differences will not revert in the foreseeable future.

The measurement of Deferred Tax Assets and liabilities:

▶ This is carried out in accordance with the rates which it is expected are applicable in the period during which the asset is realised or the liability settled based on the tax rates approved as at the date of the balance sheet and
▶ Reflects the tax impacts which follow and the Company expects, as at the date of the balance sheet, to recover or settle the carrying amount for its assets and liabilities.

b.2 Income tax

The Income tax for the Period encompasses the deferred and current taxes of the financial year.
Current Tax is determined in line with the accounting result adjusted in accordance with the tax legislation in force.

The Company is subject to income tax at the rate of 25%, plus the Municipal Surcharge up to the maximum rate of 1.5% on the Taxable Profit and the State Surcharge rate, resulting in a maximum aggregate rate of 29.5%.

Under the terms of prevailing legislation, the corresponding tax returns are subject to revision by the tax authorities for a period varying between 4 and 5 years which may be extended under certain circumstances, to wit when there are tax losses or inspections, claims or challenges or are in progress.

The Board of Directors, based on the positions of its tax consultants and bearing in mind the responsibilities recognised, understands that any revisions of said tax returns will not result in material corrections to the consolidated financial statements.

c. Inventories

The inventories include the raw materials which are valued at the cost of acquisition or net realisable value, the lower of the two, with the costing method being the average cost one.

The cost of the inventories includes:

- Purchasing costs (purchasing cost, import duties, non-recoverable taxes, transport costs, handling and other directly attributable to purchase, deducting any commercial discounts, rebates and other similar items);
- Any other costs incurred to ensure placement of inventories at its facilities and desired conditions;
- Variations in fair value should the inventories be associated with hedging derivative instruments (§37 b) of the NCRF 27).

Whenever the net realisable value is lower than the cost of acquisition or production, there is a reduction in the value of the inventories by way of the recognition of a loss owing to impairment which is reverted when the grounds which gave rise to it cease to exist.

To this end, the net realisable value is the estimated selling price during the ordinary course of business activity minus the estimated finishing costs and the costs required making the sale. The estimates take into account any variations related with events occurring after the end of the period insofar as said events confirm the existing conditions at the end of the period.

d. Financial assets not included in the above paragraphs

Financial assets are recognised when the Company is a party to the respective contractual relationship.

Financial assets not included in the aforementioned paragraphs and which are not valued at fair value are valued at the cost or at the depreciated cost net of losses due to impairment, where applicable.

At the end of the year the company valued the impairment of these assets. Whenever there was objective evidence of impairment, the company recognised a loss owing to impairment in the profit-and-loss account.

Objective evidence that a financial asset or a group of assets could be in impairment bore in mind observable data which related to the following loss events:

- Significant financial difficulty of the debtor;
- Breach of contract such as failure to pay or default as regards the payment of interest or depreciation of debt;
- The Company, for economic or legal reasons related with the financial difficulty of the debtor provides the debtor with concessions which it would otherwise not consider;
- It has become probable that the debtor will file for bankruptcy or any other financial reorganisation;
- Observable information indicating that there is a reduction in the measurement of the estimated future cash flows of a group of financial assets since their initial recognition.

Individual significant financial assets were valued individually for the purposes of impairment. The others were valued in line with similar credit risk characteristics.

The impairment ascertained under the aforementioned terms does not differ from that is arrived at using fiscal criteria and for tax purposes.

Some specific aspects related with each of the types of financial assets are set out below.

d.1 Clients

Accounts receivable from Clients are measured at the time of initial recognition in accordance with the measurement criteria for Sales and the Rendering of Services described in paragraph k), being subsequently measured at cost minus impairment.

Impairment is determined in line with the criteria defined in paragraph d).

d.2 Advances to Suppliers

These balances do not earn interest or do they imply any kind of interest and hence they are presented at the respective nominal value, deducting losses owing to impairment, where applicable, determined in line with the criteria defined in paragraph d).

d.3 Other Accounts Receivable

The other accounts receivable are valued in the manner set out below:

- Staff – at cost minus impairment;
- Debtors owing to income accruals – at cost minus impairment;
- Other debtors – at cost minus impairment.

In both cases impairment is determined based on the criteria defined in paragraph d).

d.4 Cash and Banks

The amounts included under the item Cash and Banks correspond to cash amounts and other deposits, falling due in under three months, and which may be mobilised immediately with an insignificant risk of any alteration to value.

These balances are measured at cost.

For the purposes of the cash flow statement, the item "Cash and cash equivalents" not only includes Cash and Banks but also, where applicable:

- The bank overdrafts included under the item Financing Obtained from the Balance Sheet; and
- The Cash and cash equivalents balances included under the item Non-Current Assets held for Sale.

e. State and Other Public Bodies

The assets and liabilities balances of this item are calculated in line with prevailing legislation.
As regards assets for which no impairment was recognised as it is considered that this is not applicable in view of the specific nature of the relationship.

f. Assets and liabilities Deferrals

This item reflects the transactions and other events with regard to which their total imputation to results in a single financial year is not appropriate.

g. Equity Items

g.1 Capital Realised

In compliance with the provisions of article 272 of the Trading Company Code (CSC) the memorandum of association indicates the timeframe for realising the capital subscribed and not paid up as at the date of the deed. During this timeframe the respective shareholders are not entitled to vote at General Meetings under the terms defined in article 384, also of the CSC.

g.2 Legal Reserves

According to article 295 of the CSC, at least 5% of the result must be set aside for the formation or strengthening of the legal reserve until the latter represents at least 20% of the Share capital.

The legal reserve may not be distributed except in the event of liquidation and it can only be used to soak up losses once all the other reserves have been used up, or for incorporation in Share capital (article296 of the CSC)

g.3 Results carried forward

This item does not include any gains owing to increases in Fair Value in Financial Instruments, Financial Investments and Investment Properties which, in accordance with no.2, article 32 of the CSC, would only be available for distribution when the elements or rights which gave rise thereunto have been disposed of, exercised, dissolved or settled.

h. Provisions

This item reflects the present obligations (legal or constructive) of the entity deriving from past events whose settlement is expected to result in an outflow of resources from the entity which incorporate economic benefits and whose timing and amount are uncertain, but whose value may be reliably estimated.
Provisions are measured by the best estimate of the expenditure required to settle the present obligation as at the date of balance sheet. Whenever the effect of the time value of money is material, the amount of a provision is the present value of the expenditure which it is expected will be necessary to settle the obligation using a pre-tax discount rate which reflects the current market valuations of the time value of money and the specific risks of the liabilities and which does not reflect risks with regard to which the estimates of future cash flows have been adjusted.

Some specific aspects relating to Provisions have been set out below.

h.1 Provisions for Court Proceedings

This item includes the provision for a court proceeding in progress with regard to IRC (corporation tax) from 2003.
It is measured by its present value.

h.2 Other Provisions

This item includes, inter alia, the following provisions:

- Provisions for commission payable related with the renderings of services provided by the Company, penalties and invoices discussing;
- Provisions for debt balance suppliers;
- Other miscellaneous items.

These provisions are recorded at their present value.

i. Other Financial Liabilities not included in the previous paragraphs

Financial liabilities are recognised when the Company is a party to the respective contractual relationship.
Financial liabilities not included in the aforementioned paragraphs are valued at cost or depreciated cost under the terms indicated in the paragraphs below.

i.1 Suppliers

The accounts payable to suppliers are initially recognised at the respective fair value and, subsequently, are measured at cost.

i.2 Client Advances

Client Advances do not earn interest nor involve any interest and are thus measured at cost.

i.3 Other Accounts Payable

The other accounts payable do not bear interest nor involve any interest and are thus measured at cost.

j. Effect of alterations to exchange rates

Transactions in a foreign currency are converted into Euros at the rates on the transaction dates.
Any balances still outstanding at year-end are converted at the closing rate and the differential is recognised under results.

k. Rendering of Services

The Rendering of Services is measured at the fair value of remuneration received or to be received, deducting any amounts relating to commercial discounts and other discounts granted.
When the rendering of the service includes subsequent services, that correspondent part of the revenue is deferred and recognised as revenue during the period in which the service is carried out.

Although revenue is only recognised when it is likely that the economic benefits associated with the transaction will flow into the Company, should any uncertainty arise about the collectability of an amount already included in the revenue, the bad debt amount – or the amount with regard to which recovery has ceased to be likely – is recognised as an impairment and not as an adjustment to the amount of revenue originally recognised.

Some specific aspects have been set out below about the recognition of Renderings of Services.

k.1 Rendering of Services

Revenue from the Rendering of Services is recognised when the outcome of the transaction can be reliably estimated which occurs when all the following conditions have been met:

- The revenue amount can be reliably measured;
- It is likely that the economic benefits associated with the transaction will flow to the Company;
- The transaction completion stage as at the date of the balance sheet can be reliably measured; and
- Any costs incurred by the transaction and the costs to complete the transaction can be reliably measured.

The percentage of completion is determined in line with the proportion which the costs incurred to date has of the total estimated costs of the rendering of services (relating to services carried out or being carried out).

Progressive payments and client advances are not borne in mind when determining the percentage of completion.

l. Payroll Expenses

Payroll expenses are recognised when the service provided by the employees regardless of their date of payment.

Some specific aspects have been set out below relating to each of the types of Payroll Expenses.

l.1 Holidays and Holiday Allowances

According to the employment legislation in force, employees are entitled to holidays and holiday allowance in the year subsequent to that when the service is provided. Hence, an increase in the amount to be paid in the following year was recognised in the results of the financial year, being reflected under the item “Other Accounts Payable”.

l.2 Distribution of Profits to Employees

Distributions of Profits to employees are recognised under Payroll Expenses in the period to which they relate and not as a distribution of Results. Hence, an increase in the amount to be paid in the following year was recognised in the results of the financial year, being reflected under the item “Other Accounts Payable”

l.3 Employment Severance Benefits

The Company recognises a liability and an expense for Employment Severance Benefits when it has already demonstrably committed to:

- Cease the employment of an employee or group of employees prior to the normal retirement date; or
- Provide severance benefits as a result of an offer made to encourage voluntary departure.

It is considered that the Company has already demonstrably committed when it has a detailed, formal plan as regards the severance and there is no realistic possibility of withdrawal and when the plan includes at least the following:

- The location, post and approximate number of employees whose services are to be severed;
- The severance benefit for each classification or post of employment; and
- The time when the plan is to be implemented.

Employment Severance Benefits are recognised as an expense immediately and whenever they fall due over 12 months after the balance sheet date they are measured at the discounted value.
In the case of offers made to encourage voluntary departure, the measurement of the Employment Severance Benefits is based on the number of employees who it is expected will accept the offer.

m. Interest and similar expenses paid

Financing expenses are recognised in the profit-and-loss account for the period to which they relate and include the interest paid determined in line with the effective interest rate method.

n. Contingent Assets and liabilities

A Contingent Asset is a possible asset deriving from past events and whose existence shall only be confirmed by the occurrence or otherwise of one or more uncertain future events not totally under the control of the entity.
Contingent Assets are not recognised in the financial statements so as not to result in the recognition of income which may never be realised. However, they are disclosed when the existence of a future inflow is likely.

A Contingent Liability is:

- A possible obligation which derives from past events and whose existence shall only be confirmed by the occurrence or otherwise of one or more uncertain future events not totally under the control of the entity,

  Or
- A present obligation which derives from past events but which is not recognised because:
  - It is not likely that an outflow of resources is required to settle the obligation or
  - The amount of the obligation cannot be measured with sufficient reliability.

Contingent Liabilities are not recognised in the financial statements so as not to result in the recognition of expenses which may never become effective. However, they are disclosed whenever there is a probability of future outflows which is not remote.

3.2 Judgements applied to the accounting policies

a. Useful lives of Tangible and Intangible Fixed Assets

The useful life of an asset is the period during which an entity expects that this asset will be available for its use and must be revised at least at the end of each financial year.

The amortisation/depreciation method to be applied and the estimated losses deriving from the replacement of equipment before the end of its useful life on the ground of technological obsolescence, is essential to determine the effective useful life of an asset.

These parameters are defined in accordance with the best management estimate for the assets and business in question, also considering the practices adopted by companies in those sectors in which the Company operates.

b. Deferred Tax Assets

Deferred Tax Assets are recognised for all recoverable losses if it is likely that there will be a taxable profit against which the losses can be used.
Bearing in mind the backdrop of the crisis and the impact it may have on future results, the Administration now needs to decide in order to determine the amount of deferred tax assets which may be recognised bearing in mind:

- The likely date and amount of future taxable profits and
- The future fiscal planning strategies.

c. Recognition of Rendering of Services

The Company deploys the percentage of completion method for the recognition of its Rendering of Services. The use of this method requires the Company to estimate the services carried out as a percentage of the total services to be carried out which must also be estimated.

d. Provisions for Taxes

The Company, supported by the positions of its tax consultants and bearing in mind the recognised responsibilities, believes that any revisions of said tax returns would not result in any material corrections to the consolidated financial statements which require the formation of any tax provision.

3.3 Main sources for the uncertainty of the estimates

The estimates are based on the best knowledge to be found at any time and on any actions which it is planned to carry out, being permanently revised in line with the information available. Alterations to any subsequent circumstances and facts may lead to a revision of the estimates in the future meaning that the actual results may differ from the present estimates.

a. Impairment of Non-financial Assets

Impairment occurs when the book value of an asset or a cash generating unit exceeds its recoverable amount which is the higher between the fair value minus the selling costs and its value in use.

The calculation of the fair value minus the selling costs is based on any information there is of contracts already signed in transactions of similar assets with entities in which there is no relationship between them or observable prices on the market minus incremental costs to sell the asset.

The value in use is calculated in line with a discounted cash flow model which considers a budget for the next five years which does not include restructuring activities with regard to which there is still no commitment to major future investments intended to improve future economic benefits which will derive from the cash generating unit which is being tested.

The recoverable amount is particularly sensitive to:

- The market share during the budget period
- Inflation in the price of raw materials
- Gross margin
- Rate of growth used to extrapolate the cash flows beyond 5 years
- Discount rates used to carry out the discount of future cash flows.

b. Impairment of accounts receivable

The credit risk of the balances of accounts receivable is evaluated at each reporting date, bearing in mind the historic information of the debtor and its risk profile as referred to in paragraph 3.1.

The accounts receivable are adjusted by the evaluation carried out of the estimated collection risks as at the balance sheet date which may diverge from the actual risk to be incurred in the future.

c. Provisions

The recognition of provisions has inherent therein the determination of the probability of the outgoing of future flows and their reliable measurement. These factors are very often dependent on future events and are not always under the control of the Company meaning that they may lead to major future adjustments, either by dint of a variation in the budgets used or by the future recognition of provisions previously disseminated as contingent liabilities.

4. Cash and short-term deposits

The Cash and Banks item on the Balance sheet can be broken down as follows:

	2012	2011
Cash on hands	40.629,20	117.558,16
Short-term deposits	928.254,46	3.128.190,20
Other Bank Deposits	30.000.000,00	29.100.000,00
	30.968.883,66	**32.345.748,36**

The Cash and Cash Equivalents balance stated in the Cash Flow Statement can be broken down as follows:

	2012	2011
Cash on hands	40.629,20	117.558,16
Short-term deposits	928.254,46	3.128.190,20
Other Bank Deposits	30.000.000,00	29.100.000,00
	30.968.883,66	**32.345.748,36**
Cash and Bank Deposits of a Discontinued Operation	-	-
	30.968.883,66	**32.345.748,36**
Bank Overdrafts	-	-
	30.968.883,66	**32.345.748,36**

5. Accounting policies, alterations to accounting estimates and errors

In the Financial Year 2011 no alterations occurred of accounting policies, accounting estimates or errors, passable to be reported in the present Note.

6. Related Parties

The Group to which the Company belongs is made up of the following entities:

				Nature of Relationship	
Name	Location	% Stake	% Votes	Services that Lisnave provides/ Transactions it carries out	Services that Lisnave receives/ Transactions it receives
Navivessel, Estudos e Projectos Navais, S.A.	Portugal	72,83%	72,83%	Dividends	Consultancy Services
ThyssenKrupp Marine Systems GmbH	Germany	20,00%	20,00%	Dividends	
Parpública, SGPS, S.A.	Portugal	2,97%	2,97%	Dividends	Member of the Statutory Audit Board and non-executive Director
Public (OPT)		4,20%	4,20%	Dividends	
Lisnave Infraestruturas	Portugal	-	-	Recovery of shipyard	Shipyard Rent
Repropel	Portugal	-	-	Support services to repair commissions and	Propeller repair services
Gaslimpo	Portugal	-	-	Support services	Gas research service
Rebocalis	Portugal	-	-	Support services	Seamanship service
Lisnave Internacional	Portugal	-	-		International Services
Tecor	Portugal	-	-	Support services	Technical support services to ships (stripping and painting)
NavalRocha	Portugal	-	-		
Navalset	Portugal	-	-		
LisnaveYards	Portugal	-	-	Support services	Providing of sub contract services for repairs
Dakarnave	Senegal	-	-	-	-

The parent Company is Navivessel, Estudos e Projectos Navais, S.A. whose registered offices are situated in Portugal.

The final controlling parent Company is Navalset – Serviços Industriais e Navais, S.A.

The amount of the transactions, outstanding balances, adjustments to bad debts related with outstanding balances and the expenses recognised during the period in terms of bad debts from related parties are those indicated in the table below:

Name	Year	Clients	Suppliers	Sales and Rend. of Serv.	Purchases	Supplies and External Serv.
Navivessel, Estudos e projectos Navais, S.A.	2012	50,00	311.887,74	-	-	294.269,04
	2011	-	317.450,32		-	291.627,36
ThyssenKrupp Marine Systems GmbH	2012	-	-	-	-	-
	2011	-	-	-	-	-
Parpública, S.A. | Estado Português	2012	-	-	-	-	-
	2011	-	-	-	-	-
Público (OPT)	2012	-	-	-	-	-
	2011	-	-	-	-	-
Lisnave Infraestruturas	2012	-	99.386,12	191.664,39	-	2.236.876,86
	2011	516.587,26	88.678,00	461.223,38	-	3.913.492,91
Repropel	2012	56.729,91	-	95.536,15	-	-
	2011	50.510,85	-	104.417,32	-	4.740,00
Gaslimpo	2012	3.790,78	241.883,63	14.953,06	84.393,35	561.742,23
	2011	3.756,32	131.287,06	36.769,44	92.684,45	476.542,42
Rebocalis	2012	27.044,10	346.476,31	61.787,49	-	1.250.331,08
	2011	13.364,64	188.131,48	115036,63	-	1.159.251,08
Lisnave Internacional	2012	3.280,75	25.909,38	6.203,76	-	195.586,47
	2011	2.549,67	42.187,93	15.787,37	-	241.493,35
Tecor	2012	37.359,31	2.227.897,63	118.113,20	-	6.906.753,30
	2011	13.690,72	1.008.476,16	135.438,65	-	6.305.405,33
NavalRocha	2012	-	-	-	-	-
	2011	-	-	-	-	-
Navalset	2012	326,40	5.535,00	-	-	18.000,00
	2011	85,00	3.690,00	-	-	3.000,00
LisnaveYards	2012	73,48	162.167,61	402.918,86		4.065.122,53
	2011	24.522,14	119.056,55	459.815,33	-	4.090.257,44
Dakarnave	2012	-	-	-	-	-
	2011	-	-	-	-	-

7. Investment Properties

The investment properties relate to the site of Quinta da Chanoca which is held for enhancement in the capital value. No movement occurred in the financial years of 2011 and 2012.

8. Tangible Fixed Assets

The gross carrying amount and accumulated depreciation and losses owing to impairment at the start and at the end of the period are as follows:

	Buildings and other constructions	Basic Equipment	Transport Equipment	Adminis. Equipment	Other Fixed Assets	Fixed Assets in Progress	Total Tangible Assets
Cost of acquisition							
January 1st 2011	**1.899.327,28**	**5.672.358,35**	**144.013,92**	**1.458.334,77**	**6.414.117,95**	**18.648,13**	**15.606.800,40**
Increases	-	-	-	-	-	211.859,61	211.859,61
Revaluations	-	-	-	-	-	-	-
Acquisition of the subsidiary	-	-	-	-	-	-	-
Transfers	-	58.245,21	-	30.985,81	88.170,27	(177.401,29)	-
Disposals	-	-		-	-	-	0,00
Write-Offs	(2.098,33)	(14.082,37)	(440,13)	(118.616,50)	-	-	(135.237,33)
Exchange differences	-	-	-	-	-	-	-
December 31st 2011	**1.897.228,95**	**5.716.521,19**	**143.573,79**	**1.370.704,08**	**6.502.288,22**	**53.106,45**	**15.683.422,68**
Increases	-	-	-	-	-	423.082,29	423.082,29
Revaluations	-	-	-	-	-	-	-
Acquisition of the subsidiary	-	-	-	-	-	-	-
Transfers	-	95.832,71	-	56.188,18	22.004,44	(174.025,33)	-
Disposals	-	-	-	-	-	-	-
Write-Offs	(24.043,49)	-	-	(4.504,71)	-		(28.548,20)
Exchange differences	-	-	-	-	-	-	-
December 31st 2012	**1.873.185,46**	**5.812.353,90**	**143.573,79**	**1.422.387,55**	**6.524.292,66**	**302.163,41**	**16.077.956,77**

	Buildings and other constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Fixed Assets in Progress	Total Tangibel Assets
Depreciations and Impairment							
January 1st 2011	**390.055,05**	**2.848.099,20**	**56.830,41**	**945.319,86**	**5.665.885,08**	**-**	**9.906.189,60**
Depreciations	112.926,71	255.456,98	34.061,17	73.186,07	234.244,80	-	709.875,73
Revaluations	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Write-Offs	(2.098,33)	(13.674,04)	(440,13)	(118.616,50)	-	-	(134.829,00)
Exchange differences	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
December 31st 2011	**500.883,43**	**3.089.882,14**	**90.451,45**	**899.889,43**	**5.900.129,88**	**-**	**10.481.236,33**
Depreciations	108.118,03	260.363,72	26.561,18	69.867,36	223.916,13	-	688.826,42
Revaluations	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Write-Offs	(24.043,49)	-	-	(4.504,71)	-	-	(28.548,20)
Exchange differences	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
December 31st 2012	**584.957,97**	**3.350.245,86**	**117.012,63**	**965.252,08**	**6.124.046,01**	**-**	**11.141.514,55**
Net Book Value:							
As at December 31st 2012	**1.288.227,49**	**2.462.108,04**	**26.561,16**	**457.135,47**	**400.246,65**	**302.163,41**	**4.936.442,22**
As at December 31st 2011	**1.396.345,52**	**2.626.639,05**	**53.122,34**	**470.814,65**	**602.158,34**	**53.106,45**	**5.202.186,35**
As at January 1st 2011	**1.509.272,23**	**2.824.259,15**	**87.183,51**	**513.014,91**	**748.232,87**	**18.648,13**	**5.700.610,80**

9. Impairment of assets

No imparities of Tangible Fixed Assets or in investment properties were recorded in the year.

10. Inventories

The total inventories carrying amount and the carrying amount under appropriate classifications are set out in the table below:

	2012	2011
Raw materials and consumable supplies	2.097.436,66	2.378.743,05
	2.097.436,66	**2.378.743,05**

The inventory amounts recognised as an expense during the period are shown in the tables below.

Cost of sales:

	Consumable supplies
Inventories as at January 1st 2011	2.501.096,12
Purchases	3.880.854,34
Inventories as at December 31st 2011	2.643.047,83
	3.738.902,63
Inventories as at January 1st 2012	2.643.047,83
Purchases	5.092.012,74
Inventories as at December 31st 2012	2.486.674,40
	5.248.386,15

The inventory adjustment amount recognised as an expense for the period is shown in the table below:

	2012	2011
Impairment losses		
Raw materials	145.746,79	14.195,17
	145.746,79	**14.195,17**
Reversion of impairment losses		
Raw materials	20.813,83	-
	124.932,96	**14.195,17**

11. Revenue

Revenue is itemised as follows:

	2012	2011
Sale of Goods		
By-products, waste and scrap		
Portugal	426.065,02	613.030,61
	426.065,02	**613.030,61**
Rendering of Services		
Services		
Total Europe	**31.406.472,40**	**54.139.568,50**
Portugal	2.818.522,01	3.653.080,16
U.E.	25.383.577,14	47.814.611,74
Others	3.204.373,25	2.671.876,60
Total África	**5.470.697,99**	**-**
Total América	**17.319.564,00**	**4.689.841,00**
Total Ásia	**27.104.450,09**	**20.431.945,65**
Total Oceânia	**880.182,00**	**-**
	82.181.366,48	**79.261.355,15**
	82.607.431,50	**79.874.385,76**

12. Provisions

The movement in provisions, by each provision, has been shown in the table below:

	Provisions for Court Proceedings in progress	Provisions for credit notes	Provisions for debt balance suppliers	Provisions for Commissions / Claim	Other Provisions	Total
On January 1st 2011	**456.639,51**	**600.000,00**	**149.734,80**	**225.923,00**	**2.048.659,19**	**3.480.956,50**
Increases for the year	-	-	374.677,89	1.286.247,00	930.089,00	2.591.013,89
Utilisation for the year	-	(88.995,10)	(149.734,80)	(43.971,84)	(277.482,39)	(560.184,13)
Reversions for the year	-	(211.004,90)	-	(3.026,16)	(124.437,96)	(338.469,02)
On December 31st 2011	**456.639,51**	**300.000,00**	**374.677,89**	**1.465.172,00**	**2.576.827,84**	**5.173.317,24**
On January 1st 2012	**456.639,51**	**300.000,00**	**374.677,89**	**1.465.172,00**	**2.576.827,84**	**5.173.317,24**
Increases for the year	-	3.335,00	125.981,10	619.739,00	1.924.400,14	2.673.455,24
Utilisation for the year	-	(3.335,00)	-	(118.406,49)	(115.000,00)	(236.741,49)
Reversions for the year	-	-	(181.908,87)	(158.014,51)	(1.467.679,84)	(1.807.603,22)
On December 31st 2012	**456.639,51**	**300.000,00**	**318.750,12**	**1.808.490,00**	**2.918.548,14**	**5.802.427,77**

13. Effects of alterations to exchange rates

The amount of the exchange gains/losses recognised in the results is that indicated in the table below:

	2012	2011
Exchange gains included under:		
Other income and gains	-	-
Interest and similar gains	-	4.717,56
	-	**4.717,56**
Exchange losses included under:		
Other expenses and losses	-	-
Interest and similar expenses	12.608,86	1.826,19
	12.608,86	**1.826,19**

14. Income tax

The Expense (income) regarding current taxes is that shown in the table below:

	2012	2011
Current tax		
IRC (corporation tax) for the year	2.710.023,44	2.701.588,02
Deferred Tax		
Originating from, and the object of, reversion of timing differences	153.576,12	294.144,16
Other movements	-	-
	153.576,12	**294.144,16**
	2.863.599,56	**2.995.732,18**

The Adjustment recognised in the current tax period for previous periods is that shown in the table below.

	2012	2011
Excess Tax Estimate	3.023,91	479.507,90
Insufficient Tax Estimate	-	(165,00)
	3.023,91	**479.342,90**

During the financial year of 2011, no other alterations occurred to the taxation rates or new taxes posted and hence the amount of expenses (income) owing to deferred taxes did not undergo any alterations deriving from said situations.

The numerical reconciliation between the effective average rate of tax and the applicable rate of tax is that indicated in the table below.

	Tax Base		Rate of tax	
	2012	2011	2012	2011
Pre-tax result	7.848.806,95	8.210.089,14		
Rate of Income tax in Portugal	26,5%	26,5%		
Tax on profit at the nominal rate	**2.079.933,84**	**2.175.673,62**	**26,50%**	**26,50%**
Non-taxable income				
Accounting gains	-	-		
Tax losses	-	-		
Reversion of provisions taxed in previous years	2.068.260,54	908.153,15		
Excellentia Insurance Policy	1.227.737,00	1.200.000,00		
Excess tax estimate	3.023,91	479.507,90		
Negative equity variations	20.909,87	20.909,87		
Fiscal Benefits	56.986,74	130.732,28		
	3.376.918,06	**2.739.303,20**	**(11,40%)**	**(8,84%)**
Costs not deductible for tax purposes				
Donations	800,00	800,00		
Fines, administrative fines and compensatory interest	313,82	244,82		
Undocumented expenses	206.770,34	191.147,10		
Positive asset variations	-	-		
Depreciations not accepted for tax purposes	6.561,14	6.573,03		
Provisions beyond legal limits	2.673.455,24	2.591.013,89		
Recording of impairment losses	290.522,95	17.297,17		
Fixed asset write-offs	-	408,33		
Excellentia Insurance Policy	707.140,00	132.372,00		
Corrections on previous financial years	179.189,21	169.484,85		
Others	143.027,94	142.111,47		
	4.207.780,64	**3.251.452,66**	**14,21%**	**10,49%**

	Tax Base		Rate of tax	
	2012	2011	2012	2011
Taxable profit	8.679.669,53	8.722.238,60		
Rate of Income tax in Portugal	25,00%	25,00%		
Tax calculated	**2.169.917,38**	**2.178.997,15**	**29,31%**	**28,15%**
Autonomous taxation	194.520,93	223.701,33	2.48%	2.72%
Municipal Surcharge	130.195,04	130.833,58	1.66%	1.59%
State Surcharge	215.390,09	168.055,97	2.74%	2.05%
Effect of increase/ reversion of deferred taxes	153.576,12	294.144,16	1.96%	3.58%
	693.682,18	**816.735,03**	**8,84%**	**9,95%**
Income tax	**2.863.599,56**	**2.995.732,18**	**38,14%**	**38,10%**

Deferred taxes can be broken down as follows:

	Balance sheet accounts		Profit-and-loss account items		Other Equity Items	
	2012	2011	2012	2011	2012	2011
Deferred Tax Assets						
SNC transition adjustments	-	-	-	-	-	-
Others						
Excellentia Insurance Policy	759.036,71	912.612,83	(153.576,12)	(294.144,16)		
	759.036,71	**912.612,83**	**(153.576,12)**	**(294.144,16)**	**-**	**-**

15. Financial instruments

The disclosures of this note cover the following Balance sheet items:

	2012	2011
Assets		
Non current		
Other accounts receivable	2.874.347,89	3.403.527,89
Current		
Clients		
Gross amount	14.312.902,96	5.605.357,61
Impairment	(351.298,81)	(132.022,65)
Advances to Suppliers	335.148,21	546.160,75
Other accounts receivable	1.117.911,35	1.932.920,19
	15.414.663,71	**7.952.415,90**
Liabilities		
Non current		
Other accounts payable	2.573.005,81	3.093.602,81
Current		
Suppliers	13.607.233,69	11.380.023,54
Client advances	862.625,76	736.565,43
Other accounts payable	7.707.640,51	6.427.592,24
	22.177.499,96	**18.544.181,21**
Equity		
Share capital	5.000.000	5.000.000
	5.000.000	**5.000.000**

15.1 Clients

The clients aging can be broken down in the manner indicated in the table below:

	Gross Amount	Impairment	Net Balance
Clients 2012	14.312.902,96	351.298,81	13.961.604,15
Clients 2011	5.605.357,61	132.022,65	5.473.334,96

			Debt Due				
	Net Balance	Debt not due	< 30 Days	30-60 Days	60-90 Days	90-120 Days	> 120 Days
2012	13.961.604,15	2.562.873,79	3.302.143,11	5.048.724,55	502.168,82	970.000,00	1.575.693,88
2011	5.473.334,96	1.930.637,54	436.221,09	1.349.916,94	108.115,00	373.574,15	1.274.870,24

The movement in the item impairment of debts receivable can be broken down as follows:

	Opening balance	Impairment	Utilisation	Reversion	Closing Balance
Financial year of 2012					
Clients	132.022,65	224.776,16	-	(5.500,00)	351.298,81
	132.022,65	**224.776,16**	**-**	**(5.500,00)**	**351.298,81**
Financial year of 2011					
Clients	129.114,65	12.408,00	-	(9.500,00)	132.022,65
	129.114,65	**12.408,00**	**-**	**(9.500,00)**	**132.022,65**

15.2 Other accounts receivable

The other accounts receivable can be broken down as follows:

	2012	2011
Other non-current accounts receivable		
Capitalisation insurance	2.874.347,89	3.403.527,89
Other current accounts receivable		
Debtors from accrued income		
Revenue from orders in progress	497.707,43	420.428,43
Interest on Time Deposits	344.212,00	673.598,00
Others	21.782,29	561.620,18
Other debtors and creditors		
Staff	133.362,63	86.244,85
Others	120.847,00	191.028,73
	1.117.911,35	**1.932.920,19**

Capitalisation Insurance

In 2008 the Company took out an insurance policy involving a financial investment over 10 years with a view to maximising its financial profitability. In the current year this investment made financial income of 118.813,00 Euros, having used the amount of 648.004,00 Euros for transfer to the Insurance Policy (OEXL 103112068) to strengthen the hedging fund for responsibilities deriving from past services and for services in the subsequent year.

This policy earns interest of 3.5% a year. In addition, the policy has a return index to the profitability of the insurance policy itself.

15.3 Suppliers

The suppliers balance can be broken down as follows:

	2012	2011
Suppliers, current account		
National	12.751.707,41	10.101.061,89
Overseas	74.265,82	176.240,52
Parent Company	311.887,74	317.450,32
Suppliers: receiving and conferring	469.372,72	785.270,81
	13.607.233,69	**11.380.023,54**
Suppliers advance		
National	327.497,43	509.115,07
Overseas	7.650,78	37.045,68
	335.148,21	**546.160,75**

15.4 Other accounts payable

Other accounts payable can be broken down as follows:

	2012	2011
Other accounts payable – non current		
Other financial assets	2.573.005,81	3.093.602,81
Other accounts payable – current		
Creditors from accrued expenses		
Insurance Policies	5.049,52	-
Remunerations to be settled – holidays and holiday allowances	1.362.835,67	1.421.080,65
Rendering services	100.000,00	100.000,00
Specialized works	40.000,00	40.000,00
Commissions	2.005.292,76	2.144.863,98
Internal Works	1.212.921,04	734.810,80
Others	1.902.899,98	973.724,50
Agents	46.885,38	45.543,08
Other debtors and creditors		
Staff – balance sheet bonuses	1.000.000,00	940.000,00
Miscellaneous	31.756,16	27.569,23
	7.707.640,51	**6.427.592,24**

15.5 Share capital

The amount of nominal share capital and share capital to be paid up and respective period is indicated in the table below:

	2012	2011
Nominal share capital issued	5.000.000,00	5.000.000,00
Nominal share capital issued and paid up		
NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A.	3.641.370,00	3.641.370,00
THYSSENKRUPP MARINE SYSTEMS AG	-	1.000.000,00
THYSSENKRUPP MARINE SYSTEMS GMBH	1.000.000,00	-
ESTADO PORTUGUÊS	-	148.330,00
PARPÚBLICA, PARTICIPAÇÕES PÚBLICAS, SGPS, S.A.	148.330,00	-
PÚBLICO (OPT)	210.300,00	210.300,00
	5.000.000,00	**5.000.000,00**
Capital to be paid up	-	-

Share capital is represented by 1,000,000 Nominative Shares with a nominal value of 5 Euros each.

15.6 Guarantees

Financial assets provided as backing, as an attachment or promissory attachment as collateral are as follows:

Entities	M/BCP	M/BCP	M/BCP	M/BCP	M/BCP
Currency	EUR	EUR	EUR	EUR	EUR
Amount	55.660,96	100.000,00	522.161,33	24.939,90	55.660,96
Beneficiary	Alfândega de Lisboa	Alfândega de Setúbal	Ch.Serv.FIN. Setúbal 1	Alfândega de Lisboa	NNPC Nigerian Nat. P. Corp

15.7 Risks relating to financial instruments

The financial risk is the risk of the fair value or future cash flows of a financial instrument varying and of obtaining results other than those expected, whether these are positive or negative, altering the net worth of the Company.

When carrying out its current activities the Company is exposed to a variety of financial risks liable to alter its net worth which, depending on their nature, can be grouped into the following categories:

- Market risk
  - Interest rate risk
  - Exchange rate risk
  - Other price risks
- Credit risk
- Liquidity risk

The management of the aforementioned risks – risk which largely derives from the unpredictability of the financial markets – requires the careful application of a series of rules and methodologies approved by the Administration whose ultimate objective is the minimisation of their potential negative impact on the net worth and performance of the Company.

With this objective in mind, all management is geared towards two essential concerns:

- To reduce, whenever possible, any fluctuations in the results and cash-flows subject to situations of risk;
- To limit any deviations from the forecast results by way of strict financial planning based on multiannual budgets.

As a rule, the Company does not assume speculative positions meaning that, generally speaking, the operations carried out in the context of financial risk management are aimed at controlling already existing risks to which the Company is exposed.

The Administration defines principles for risk management as a whole and policies which cover specific areas such as fore risk, interest rate risk, liquidity risk, credit risk and the use of derivative or non-derivative financial instruments and the investment of excess liquidity.

The management of financial risks including their identification and evaluation – is carried out by the Financial Management in accordance with policies approved by the Administration.

Interest rate risk

Interest rate risk is the risk of the fair value or the future cash flows of a financial instrument varying owing to alterations to market interest rates, altering the net worth of the Company.

The Company has no financing and it is thus not subject to interest rate risk.

Exchange rate risk

The exchange rate risk is the risk of the fair value or cash flows of a financial instrument varying as a result of alterations to exchange rates.

The internationalisation of the Company forces it to be exposed to the exchange rate risk of the currencies of various countries.

Exposure to exchange rate risk essentially derives from the operating activities of the Company (in which the expenses, income, assets and liabilities are denominated in currencies different from the reporting currency). However, transactions and balances in foreign currency are immaterial.

Credit risk

The credit risk is the risk of a counterparty failing to meet its obligations under the terms of a financial instrument, bringing about a loss.

The Company is subject to risk in credit as regards the following operating activity – Clients, suppliers and other accounts receivable and payable.

The management of credit risk with regard to clients and other accounts receivable is carried out as follows:

- Following policies, procedures and controls established by the Company;
- The debits outstanding are monitored on a regular basis;
- For new clients, whose relationship with the Company is recent, down payments are requested on part of the order made;
- The Company has a credit insurance policy in force.

16. Payroll Expenses

The details for Payroll Expenses are those indicated in the table below:

	2012	2011
Remunerations of the Governing Bodies	827.602,80	776.915,80
Staff Remunerations	9.283.507,26	10.315.412,88
Other Remunerations		
Compensations	-	-
Charges on Remunerations	1.987.054,29	2.148.931,43
Accident at work and professional illness insurance	213.330,62	233.394,11
Social action expenses	1.173.412,78	862.205,27
Other staffing expenses	695.887,51	319.103,02
	14.180.795,26	**14.367.269,79**

In 2008 the Company took out an insurance policy (OEXL103112067) involving a financial investment over 10 years (note 15.2) with a view to maximising its financial profitability, which has an amount capitalised, as at 31st December 2012 of 2.874.348 Euros (2011: 3.403.528 Euros, 2010: 4.448.307 Euros e 2009: 5.360.955 Euros).

In the current year this investment made financial income of 118.813 Euros, having used the amount of 648.004 Euros for transfer to the Insurance Policy (OEXL103112068) to strengthen the hedging fund for responsibilities deriving from past services and for services in the subsequent year.

These responsibilities, after deduction of the amount of this last Policy as at 31st December 2012 (6.490.311 Euros), totals 2.573.006 (2011: 3.093.603 Euros, 2010: 4.161.231 Euros e 2009: 5.360.973 Euros). These amounts, supported by an independent valuation memo, take into account the necessary assumptions.

17. Other Information

17.1 State and Other Public Entities

This item can be broken down in the way indicated in the table below:

	2012	2011
Balance to be received		
Income tax	-	1.297.371,77
VAT	2.752.191,13	1.239.504,58
	2.752.191,13	**2.536.876,35**
Balance to be paid		
Income tax	399.896,03	-
Income Tax Withholdings	154.467,44	154.936,12
Social Security Contribution	196.118,50	206.409,39
	750.481,97	**361.345,51**

17.2 Deferrals

The expenses to be recognised can be broken down as follows:

	2012	2011
Expenses to be recognised		
Insurance policies	105.922,03	88.349,23
Advertising contract	3.223,75	3.315,55
Other Expenses	40.164,14	12.360,26
	149.309,92	**104.025,04**
Income to be recognised		
Others	-	-
	-	**-**

17.3 Reserves and Results

This item can be broken down in the manner indicated in the table below:

	Legal Reserves	Retained earnings	Net Income for the Period	Total
Balance on January 1st 2011	**1.398.173,26**	**17.148.100,76**	**11.970.158,02**	**30.516.432,04**
Transfer to Legal Reserve	-	-	-	-
Dividends	-	(10.500.000,00)	-	(10.500.000,00)
Remainder of the distribution of the net income for the period	-	11.970.158,02	(11.970.158,02)	-
Net income for the period	-	-	5.214.356,96	5.214.356,96
Others	-	-	-	-
Balance on December 31st 2011	**1.398.173,26**	**18.618.258,78**	**5.214.356,96**	**25.230.789,00**
Balance on January 1st 2012	**1.398.173,26**	**18.618.258,78**	**5.214.356,96**	**25.230.789,00**
Transfer to Legal Reserve	-	-	-	-
Dividends	-	(4.000.000,00)	-	(4.000.000,00)
Remainder of the distribution of the net income for the period	-	5.214.356,96	(5.214.356,96)	-
Net income for the period	-	-	4.985.207,39	4.985.207,39
Others	-	-	-	-
Balance on December 31st 2012	**1.398.173,26**	**19.832.615,74**	**4.985.207,39**	**26.215.996,39**

17.4 Supplies and External Services

This item can be broken down as indicated in the table below:

	2012	2011
Subcontrats	33.096.950,50	31.241.845,06
Specialised works	2.181.050,77	1.624.199,32
Advertising	129.010,01	98.682,21
Surveillance and security	435.907,26	454.224,11
Fees	420.990,07	491.725,58
Commissions	1.523.502,80	1.731.517,96
Upkeep and repair	3.924.926,14	4.159.424,60
Tools and utensils	208.738,07	114.137,47
Books and technical documentation	29.753,90	28.116,04
Office material	63.415,55	60.186,72
Gifts to clients	60.077,65	57.542,89
Electricity	2.318.574,14	1.908.811,78
Fuels	1.102.909,06	1.075.308,20
Travel and accommodation	193.111,47	183.505,33
Staff transport	1.022.575,51	1.013.615,98
Rentals and hire	4.680.129,35	5.018.317,39
Communication	119.122,37	133.279,43
Insurance policies	1.358.871,48	1.423.364,39
Royalties	39.511,46	38.377,56
Litigation and notaries	2.358,69	3.762,29
Out-of-pocket expenses	139.682,59	167.531,81
Cleaning, hygiene and comfort	310.030,72	301.465,78
Others	2.060.204,56	2.328.041,78
	55.421.404,12	**53.656.983,68**

17.5 Other Income and Gains

This item can be broken down as indicated in the table below:

	2012	2011
Supplementary Income		
Others	350.016,59	379.294,98
Discounts obtained for prompt payment	98.117,95	167.291,73
Inventory gains	82.930,95	130.950,66
Income and gains on Non-Financial Investments		
Disposals	-	-
Others	43.940,04	51.134,06
Income and gains on remaining Financial Assets		
Exchange gains	-	4.717,56
Others		
Corrections on previous periods	782.581,70	963.299,83
Excess tax estimate	3.023,91	479.507,90
Other unspecified items	43.769,25	20.968,49
Interest earned		
Free Deposits	1.119.887,52	1.431.807,99
Other similar Income	**189.309,29**	**162.348,26**
	2.713.577,20	**3.791.321,46**

17.6 Other Expenses and Losses

This item can be broken down as indicated in the table below:

	2012	2011
Taxes	104.431,51	61.675,98
Bad debts	-	-
Inventory Losses	37.323,23	21.393,26
Expenses and Losses on Non-Financial Investments		
Write-offs (Notes 7 and 8)	-	408,33
Others		
Corrections on previous periods	179.189,21	169.484,85
Donations	84.595,21	144.800,00
Social Security Contributions	72.647,72	72.978,25
Insufficient tax estimate	-	165,00
Insufficient holidays subsidy estimate	206.770,34	191.147,10
Fines and penalties		
Non-fiscal fines	310,29	53,95
Fiscal fines	-	-
Others	7.897,24	25.370,88
Interest paid		
Creditor interest balance	-	-
Delinquent and compensatory interest	24,48	9,41
Fore Losses		
Other	12.608,86	1.826,19
Other expenses and Losses Financing		
Other	50.505,39	63.631,23
	756.303,48	**752.944,43**

17.7 Expenses / Reversions of Depreciation and Amortisation

This item can be broken down as indicated in the table below:

	2012	2011
Depreciation and amortisation expenses		
Fixed capital	-	-
Tangible Fixed Assets	688.826,42	709.875,73
	688.826,42	**709.875,73**
Reversions of amortisations and depreciations	-	-
	688.826,42	**709.875,73**

18. Events after the balance sheet date

The date whereupon the financial statements are authorised for issue was February 21st 2013.

These financial statements were authorised for issue by the Board of Directors.

There are no events between the balance sheet date and the authorisation date for issue which have not already been registered or disclosed in the present financial statements.

19. Other information required by laws

Under the terms and for the purposes of the provisions of article 447 of the Company Trading Code, it is hereby informed that the members of the Board of Directors of the Company José António Leite Mendes Rodrigues and Nelson Nunes Rodrigues, are indirect holders and under the n°2 of the same article, of 364.137 Shares each one, through the Navivessel - Estudos e Projectos Navais, S.A. and of Navalset, Serviços Industriais e Navais, S.A..

As regards the Company Supervisory Body, it is hereby informed that the latter does not find itself in any of the situations foreseen in the main body of this Article.

Under the terms and for the purposes of the provisions of n°.4, article 448 of the Company Trading Code, it is hereby informed that on the date of closure of the Financial Year, and according to Company records, the following shareholders have 72.83% and 20.00%, respectively, of the Share capital of Lisnave:

- Navivessel – Estudos e Projectos Navais, S.A.
  Holding 728.274 Shares.
- Thyssenkrupp Marine Systems AG
  Holding 200.000 Shares.

Under the terms and for the purposes of the provision n° 1 article 66 A of the Company Trading Code, it is hereby informed that there was no operations out of the Balance.

Under the terms and for the purposes of the provision of n° 2 article 66 A of the Company Trading Code, it is hereby informed about the details of the total fees invoiced by the Official Inspector of Accounts in the Exercise 2012.

	2012	2011
Fees	25 200,00	25 200,00
Advisory	3 150,00	4 200,00

The posts held by the Directors of LISNAVE in other Companies can be broken down as follows:

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.	Director
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	Director
	LisnaveYards, Lda.	Director
Aloísio Fernando Macedo da Fonseca	Metrocom, S.A.	Director
Frederico José Ferreira de Mesquita Spranger	Lisnave Internacional, S.A.	V/Chairman B.D.
	Dakarnave, S.A.	Chairman B.D.
	Associação das Indústrias Navais	President
	C.P.S. – Comunidade Portuária Setúbal	President
	C.I.P. – Conf. da Indústria Portuguesa	G.A. Committe Member
	A.F.E.E.M. – Assoc. Fórum Emp. Econ. Mar	Director
	Fename – Fed. Nacional do Metal	V/ President
João Rui Carvalho dos Santos	Navivessel, S.A.	Director
	Lisnave Internacional, S.A.	Director
	NavalRocha, S.A.	Director
	Gaslimpo, S.A.	Director
	Dakarnave, S.A.	Director
	Fundenav	President of A.C.
	Associação das Indústrias Navais	V/ President
	Fename – Fed. Nacional do Metal	President of A.C.
	LisnaveYards, Lda.	Director
Manuel Serpa Leitão	Navivessel, S.A.	President of Shareholders G.A.
	Lisnave Infraestruturas Navais, S.A.	Manag. Director
	Gaslimpo, S.A.	Chairman B.D.
	Tecor, S.A.	President of Shareholders G.A.
	Rebocalis, Lda.	Chairman of B.D.
	Lisnave Internacional, S.A.	Director
	Fundenav	President
	Associação das Indústrias Navais	President of Shareholders G.A.

AUDITING COMMITTEE REPORT AND ADVICE

2012 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, the Statement of Changes in Equity, the Cash Flow Statement, of the Annex and the other components of the report of accounts prepared by the Board of Directors, included in the Management Report and Accounts for the 2012 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 in accordance with the rules constants of the SNC – Accounting Standardisation System.

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, explain the way in which the activity of the company was carried out during the Financial Year 2012, in a context of accentuated reduction of the international trading growth rate, very strong influenced by the generalised crisis of the international economy and of its effects in the worsening of the low of the freights rates in all the segments, with consequences in the Shipping repair market.

6 In the Exercise, notwithstanding the context of the very unfavourable market conditions, the Lisnave activity has registered a good global performance, expressed by:

▶ The average level of work for a number of 101 ships repaired, registering sensibly the same level relating to the previous year;

- the 96 orders produced in the Financial Year (minus about 12% relating to 2011) requests an improvement for estimates/ orders/success rate from 18% to 20%;
- the maintenance of LISNAVE uppermost position in the Ship repair market and of its vocation like a strongly export trader, expressed in sales to the external market of 79,4 millions Euros;
- a positive net profit of 4.985 thousand 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 82,6 million Euros, about 3,4% higher than the correspondent value in 2011;
- the weight of personnel costs, about 14,2 million Euros, which now amounted to 18,3% of total operating costs;
- the value reached by the operating profits, about 7,8 million Euros, representing 9,4% of total Operation Revenue;
- the good performance recorded in overall financial activity, positive in 1,3 thousand Euros;
- the investments fulfilled in the Fixed Assets and in Major Repair of Infrastructure an Equipments, amounting to 2,1 million Euros approximately;
- the "cash flow" generated during the Financial Year, amounting to 6,3 million Euros;
- the maintenance of favourable 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 reserves for the activity in 2013, 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 € 4.985.207,39, made by the Board of Directors, should be approved.

Lisbon, 28th February 2013

The Auditing Committee

President
Francisco José da Silva

Member of the Auditing Committee
Maria Isabel Louro Caria Alcobia

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

LEGAL CERTIFICATION OF ACCOUNTS

2012 Financial Year

Introduction

1 We have examined the attached financial statements of «Lisnave - Estaleiros Navais, S.A.», which comprise the Balance Sheet as at 31st December 2012, (showing a balance sheet total of 62.519,4 thousand Euros and total shareholders' funds amounting to 31.216,0 thousand Euros, including a net profit of 4.985,2 thousand Euros), the Statement of Profit and Loss, the Statement Changes in Equity, the Cash Flow Statement and the respective Appendix for the Financial Year ended on that date.

Responsibilities

2 The preparation of financial statements truly and appropriately portraying the financial situation of the Company and the result of its activities, the usage of adequate accounting policies and criteria, and the maintaining of an appropriate system of internal control, are of the responsibility of the Board of Directors.

3 Our responsibility 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 2012, 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.

Report about other legal requirements

8 It's our opinion too that the information constant of management report is compliant with the Financial Statements of the Exercise.

Lisbon, 28th February 2013

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 22TH MARCH 2013 RELATING TO THE APPROVAL OF DOCUMENTS REPORTING THE ACCOUNTS FOR THE 2012 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-two day of March two thousand thirteen.
Dr. Luís Miguel Nogueira Freire Cortes Martins, Chairman of the board of the general meeting, chaired the meeting assisted by the Vice – Chairman Dr. Carlos Fernando Pinheiro and secretary of the board Dr. 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 Dra. Ana Rita Martins Rodrigues Eusébio, holder of 728.274 (Seven hundred and twenty-eight thousand two hundred and seventy four) shares, representing 72,82% (Seventy-two point eighty-two percent of the votes);
- THYSSENKRUPP INDUSTRIAL SOLUTIONS AG, represented by Dr. Walter Klausmann, holder of 200.000 (Two hundred thousand) shares, representing 20% (Twenty per cent) of the votes;
- PARPÚBLICA – PARTICIPAÇÕES PÚBLICAS (SGPS), S.A., represented by Dr. Carlos Durães da Conceição, holder of 29.666 (Twenty-nine thousand, six hundred and sixty-six) shares, representing 2,96% (Two point ninety-six per cent) of the votes;
- Eng. Manuel Sousa Pereira, holder of 1.100 (One thousand one hundred) shares, representing 0,11% (zero point eleven per cent) of the votes;
- João Alexandre Dinis de Sousa, holder of 10.000 (Ten thousand) shares, representing 1% (One per cent) of the votes.

... the members of the Board of Directors and of the Auditing Committee were presents.

Item 1 To discuss and approve the 2012 Annual Management Report and Accounts
..., the Chairman of the General Meeting submitted the 2012 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, 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
Since the Company's performance in 2012 generated a profit that warrants granting the Workers a bonus, the Board of Directors has decided to award a Balance-sheet Bonus.
Therefore proposes to Equity holders that:

- The Board´s decision be ratified to award a Balance Sheet Bonus be awarded to the Company's workers as a whole, in the sum of € 1.000.000,00 (One million Euros) already included in the Net Profit for the year, and that,
- The Net Profit for the year in the sum of € 4.985.207,39 (Four million nine hundred eighty five thousand and two hundred seven Euros and thirty nine cents) be appropriated as follows:

Dividends	4.000.000,00 Euros;
Retained Earnings	985.207,39 Euros.

Mitrena, March 22, 2013
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 2012, 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 22, 2013
The Representative of Shareholder Navivessel""

Submitted to the vote, this proposal was approved unanimously.

Item 5 Election of Members of the Bodies Corporate for the 2013-2016 four year period

“Proposal

MEMBERS OF THE BODIES CORPORATE. TERM: FOUR-YEAR PERIOD 2013-2016

CHAIR OF THE GENERAL MEETING
Chairman:
Dr. Luís Miguel Nogueira Freire Cortes Martins
Vice-Presidente:
Dr. Carlos Fernando Soares Pinheiro
Secretary:
Dr. Manuel Joaquim Rodrigues

BOARD OF DIRECTORS
Chairman:
Engº. José António Leite Mendes Rodrigues
Voting members:
Dr. Nelson Nunes Rodrigues
Dr. Aloísio Fernando Macedo da Fonseca
Engº. Frederico José Ferreira de Mesquita Spranger
Engº. Peter Luijckx
Dr. João Rui Carvalho dos Santos
Engº. Manuel Serpa Leitão

AUDITING COMMITTEE
Chairman:
Sr. Francisco José da Silva
Voting Members:
Dra. Maria Isabel Louro Caria Alcobia
“Patrício, Moreira, Valente & Associados, SROC”
– representada por Dr. Joaquim Patrício da Silva
Substitute:
Dr. José Carlos Nogueira Faria Matos – ROC

COMPANY SECRETARY
Dr. Carlos Fernando Soares Pinheiro

REMUNERATION COMMITTEE
Chairman:
Dr. Luís Miguel Nogueira Freire Cortes Martins
Secretary:
Dr. Walter Klausmann

Mitrena, 15 de Março de 2013
(The Board of Directors)”

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, vice-Chairman and Secretary of the Board of the General Meeting.

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