MANAGEMENT REPORT AND ACCOUNTS 2013

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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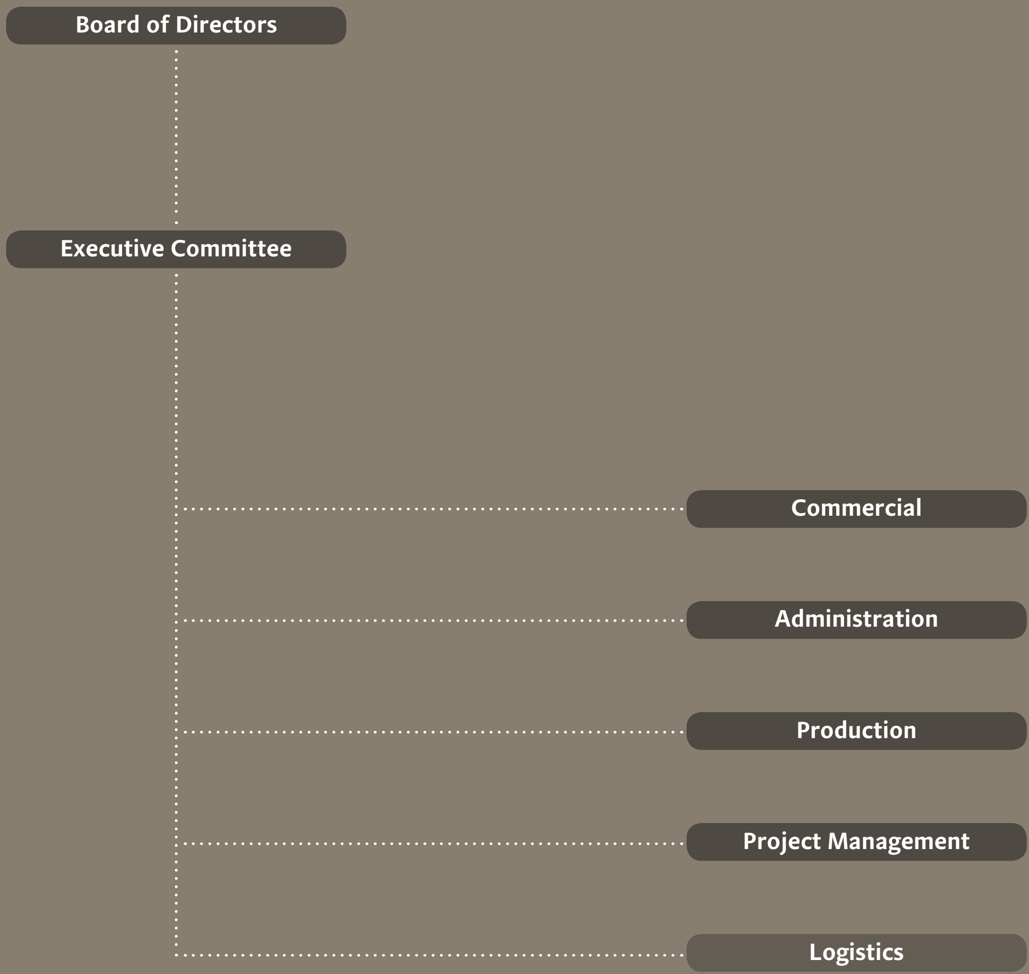
MEMBERS OF CORPORATE BODIES — TERM OF OFFICE: 2013 - 2016 FOUR-YEAR PERIODS

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 21nd 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 2013 Financial Year;
2º – Discussion of the Report of The Auditing Committee;
3º – Discussion of the Proposal for the Appropriation of Profits;
4º – General Assessment of the Management and Supervision of the Company;

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

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

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

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

Setúbal, 17th February 2014
The President of the Shareholders General Assembly
Dr. Luís Miguel Nogueira Freire Cortes Martins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BOARD OF DIRECTORS REPORT

1 | Introduction

During 2013 Lisnave, Estaleiros Navais, S.A., returned a good overall performance.

This fact warrants due emphasis, taking into consideration that the business continues to be severely conditioned by the effects of the crisis of the international economy that has been experienced since 2009.

As the Board of Directors has stated on previous occasions, the performance achieved, reflected in indicators presented below, shows that Lisnave is structurally better prepared to face the growing challenges of the highly competitive market in which it operates and confirms, once again, the wisdom of the strategic options defined in good time at shareholder level.

Given the nature of the global activity indicators, both regionally and above all nationally, the board of directors, prior to its review of the year and as has been customary in previous years, would like to point out that, since the beginning of the Restructuring Plan in the second half of 1997, Lisnave has undertaken the repair and/or maintenance of 2.047 ships from over 50 countries around the world, which resulted in sales of €1,78 billion, of which the €1,68 billion for export must be underscored.

It should be emphasised that this volume of business allowed payment of wages totalling €1,016 million and payments to the State for Social Security contributions, personal income tax (IRS) and other taxes totalling €1,79 million.

2013

Though showing a slight improvement in demand, the year was constrained by the effects of the slow recovery of global trade and, in particular, the on-going imbalance between supply and demand in the shipping market.

In fact, although the number of enquiries received grew by about 5.8% compared to 2012, their number continues to be well below the levels seen in the years prior to the global economic crisis.

However, as a result of the intense marketing activity undertaken and the degree of customer satisfaction, which enabled it to secure a significant amount of repeat business, Lisnave was able to mitigate the effect of the depressive situation of the market.

On the one hand, through the increase in the number of enquiries received, which stood at 524, and, on the other, by improving the rate of success in negotiating orders, which increased by 2 percentage points to 22%, allowing the Company, despite the reduction in the "average invoice" per vessel to increase by six the number of ships repaired.

As a result of the foregoing and for sundry reasons inherent to ship-owners, the average content of work per vessel continued to decline, though less sharply, the average invoice amounting to €757,000, well below the more than €1 million achieved in 2008 or 2009.

Indeed, ship-owners, in carrying on their business, continue to be faced, in addition to other constraints, with a reduction of liquidity caused by difficulties inherent in the credit market, among which stand out the increased costs of financing investments in new ships and the scarcity and price of working-capital loans.

Among the constraints concerning operations, daily average freight rates stand out, which – as a result of the lesser need for shipping caused by poor growth of global trade, on the one hand, and on the other, the greater supply caused by the massive number of new ships that, year after year, have come into operation – have, for the fifth straight year, remained at dramatically low levels, though they are at last showing a slight trend of reversal.

As can be seen from the attached tables, the average daily freight rate of a Modern Suezmax tanker stood at about US$ 16,000, slightly less than the US$ 16,200/day the previous year but only about a third of the average daily rate of US$ 47,500 for the same charter party in 2008.

The rates for a Capesize dry-bulk carrier performed slightly better, the average annual rates standing at US$ 14,400 per day, about US$ 3,000 more than in 2012, though only about 14.5% of the average of around US$ 100,000 per day that these vessels achieved in 2007 and 2008.

Despite these constraints, which along with the equally negative effects of the high price of the euro against the US dollar, Lisnave concluded 2013 with a volume of Ship Repair Sales of €81 million, an amount that, while slightly higher than in 2012, seems to reflect a trend of stabilisation. It should be pointed out, however, that this figure is lower, by about €37 million, than in 2009.

Total Operating Income stood at €88,87 million, that is, about €3,5 million more than in 2012, while total Operating Costs increased by just around €1,15 million.

Consequently, Net Profit for the period improved somewhat, to stand at €6,98 million.

Equity continued to perform well, increasing to €34,19 million, a figure 6.8 times greater than the share capital.

From the standpoint of exports, one of the “hallmarks” of its importance, Lisnave maintained its traditional characteristics as a highly export-oriented company, having sold abroad €79,11 million in ship maintenance and repair services, having repaired just one ship flying the Portuguese flag.

From the point of view of employment, Lisnave likewise maintained its customary high employment rate, slightly higher than in previous years, providing employment equivalent to about €48,6 million, corresponding to an average of little less than 2,000 people per day.

Also underscored is the fact that the year came to an end with no past-due debt, either to workers or to the State, to which the sum of about €7,9 million was paid by way of personal income tax, Social Security contributions and other taxes, including about €3,2 million of corporation tax for the year.

With regard to fixed assets, investments during the year amounted to €421,000. It should be pointed out, however, that total investments since 2000 now stand at about €30,6 million.

One should note, on the other hand, the very significant costs incurred by Lisnave with major repairs of infrastructure and equipment, which exceeded €1,96 million during the year.

Still in the matter of Investment, though in this case, under the responsibility of the concessionaire, Lisnave Infraestruturas Navais, we would mention, for their importance in maintaining the operating conditions of the Shipyard, the investments related to the overhaul of the shipyard electricity network, the rehabilitation of Pier 3 and the construction of a new access viaduct to the shipyard, in which about €776,000 were invested. It should also be noted that these investments in the rehabilitation of the shipyard, which began in 2008, with particular emphasis on the structural repair of Dock 20, now total €12,37 million.

In the matter of human resources and given its importance, particularly in these austere times, it should be mentioned that, following approval by the Annual General Meeting, most of the Company's employees were granted a balance-sheet bonus balance totalling €1 million.

Also underscored in this matter, though it has not proved possible to conclude a comprehensive overall agreement, is the 2% wage increase granted to the Company's employees as a whole, a resolution that received the agreement of their representatives.

Also underscored, as regards human resources, is the Board of Directors' resolution to continue to organise Youth Training Courses, which covered another 51 Trainees, 44 of whom came to be selected for to conclude employment contracts with Lisnaveyards, during the year.

It should be recalled, in this connection, as the board of directors has pointed out, that Lisnave, given the unwillingness of the workers' representatives to conclude a collective bargaining agreement suited to the characteristics of this business, decided in due course to redirect its strategic human-resources management policy, which came to rely on the close co-operation of Lisnaveyards.

As known, this Company, whose corporate object is similar to that of Lisnave, began its provision of services in February 2009, and has 178 Employees in its service as at December 32, including 135 direct employees

Regarding social responsibility, Lisnave continued its policy of support, joining up with various entities and organisations, mainly directed at the social area, through donations that amounted to €115,000 during the year.

Lisnave maintained its ISO 9001:2008 Certification and also the International Ship & Port Facility Security (ISPS) Certification. It should be noted, however, that in the wake of the procedures started in due course, Lisnave obtained ISO 14001:2004 Environmental Certification last October.

Lastly, mention is made for its relevance of the 100th docking of an American Eagle Tankers ship, the "Eagle Turin", an event duly commemorated, attended by several of the customer's senior management.

this landmark would not be worthy of note were it not for its exceptional nature, both for the number of dockings and for the longevity of an exceptional partnership between Lisnave and one of the world's biggest shipowners.

As at December 31, 2013, the equity holder structure was as follows:

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%

On concluding its general appraisal of the year, the board of directors wishes to express its satisfaction that it was possible, following approval by the 2013 Annual General Meeting, to remunerate, for the eighth straight year, the capital invested by the Company's more than 200 Shareholders.

The Outlook for 2013

Despite expectations of a trend of stabilisation or slight improvement in freight rates, the prospects for the business in the near future are not very favourable.

Indeed, despite the expectation of a certain recovery of the growth rate of global trade and of a slowdown in the growth rate of the world's merchant fleet, ship-owners, in the light of the small returns on their business during the past five years, will probably be obliged to continue to rein in their ship-repair budgets.

The board of directors, however, supported by the levels of performance that the Company has been achieving and the high level of quality, accountability and involvement that management and other employees, at all levels have demonstrated, would like to express to our shareholders its sense of moderate expectations regarding the prospects of stabilisation of the business of Lisnave in 2014.

2 | General Comments About The Market

The Economy Situation

The downward trend of global economic growth seen since 2010, when it recovered from the severe recession of 2009, continued in 2013. This downturn affected almost every region and economic organisation, and, in its "World Economic Situation and Prospects 2014" annual report, the United Nations Organisation estimated that global economic growth during 2013 stood at 2,1%, following growths of 2.4% in 2012 and 2.8% in 2011.

In the European Union, where several economies have been in recession since 2012, it is estimated that during 2013 the economy decreased by 0,1%, while in the Euro Area, the decrease was even greater, standing at 0.5%.

In the United States, the economy that in 2012 grew at a faster pace than in 2011, reversed this trend, and it is estimated that in 2013 it grew by 1,6%, a growth significantly lower that of the 2012 figure of 2,8%.

In Japan, mainly due to measures taken by the government to stimulate the economy, including tax incentives for the purchase of assets on a large scale by Japanese Central Bank, it is estimated that the economy maintained the same growth rate as in 2012 or 1,9%.

The developing economies continue to be affected by the reduction in demand in the developed countries, causing a decline of imports from those countries, adversely affecting their economies.

In the Asian developing countries, which continued to be affected by the reduction of exports to the developed economies and by the adjustment of China to more moderate growth rates, it is estimated that growth in 2013 was 5,6%, compared to 5,5% in 2012, even though China achieved a growth of 7,7%, equal to that of 2012, India having grown by 4,8%, a figure lower than the 2012 figure of 5,1 %.

The economies of Latin America and the Caribbean saw a reduction of their growth rate to stand, in 2013, at 2,6%, following a 3,0% growth in 2012.

Of the developing economies the focus is on the economy of the African continent, where growth rates remain robust, estimated at 4,6% in 2013, compared to 4,7% in 2012.

As a result of the economic climate set out above, the growth rate of global trade suffered a further reduction during 2013, due mainly to the continued reduction of growth rates of imports from developed economies, which fell to 2,3% from 2,9% in 2012.

Evolution of the World's Merchant Fleet and Freight Rates

According to Clarkson, the fleet of tankers of over 10,000 dwt grew during 2013 by about 1,1% by number of ships, following a growth of about 1,6%, in 2011. By the end of 2013 this fleet stood at 501,9 million dwt, a growth of 1,9% compared to the end of 2012, a year in which it had grown by 3,4%.

In terms of new-construction deliveries, 196 ships were handed over, having a total carrying capacity of about 21,5 million dwt, or about 4,3% of the present capacity of the fleet.

With regard to scrapping, 109 ships with a capacity of 10.8 million dwt were sold or 2,2% of the capacity of the present fleet.

In 2013, the dry-bulk fleet returned a 4,5% growth by number of ships and of 6,2% in dwt terms, to stand at the year-end at 721,5 million dwt, 780 ships having been handed over with a capacity of about 62,1 million dwt or some 8,6% of the current capacity of the fleet, while 390 ships with a capacity of 21,6 million dwt were sold for scrap corresponding to about 3,0% of the current capacity of this fleet.

The value of steel sold for scrap on the Indian market during 2013 fell by about 5% compared to 2012, to stand at US$ 435 per ton for tankers and US$ 425 per ton for dry-bulk carriers.

At the end of 2013, the order book for new tankers stood at 666, totalling 61,6 million dwt, or 12,3% of the tonnage of the present fleet. Of these 61,6 million dwt, 27,4 million dwt – or 5,5% of the current fleet – are scheduled for delivery during 2014.

In the dry-bulk carrier fleet, the order book for new ships comprised 1.852 ships of 149,7 million dwt, or 20,7% of the present fleet. Of these, 75,1 million dwt, or 10,4% of the present fleet, are scheduled for delivery in 2014.

Despite the estimate that demand for global shipping has grown by about 3,8%, with tanker traffic set to grow by about 0,8% and dry-bulk traffic set to grow by about 5,4%, owing to the increase of the supply of shipping – about 1,9% in the tanker fleet and about 6.1% in the dry-bulk carrier fleet – 2013, in keeping with what had happened the previous year, was once again a year of poor returns for ship-owners, though with differing trends.

In the case of the larger tanker fleet the trend was still downward and, for the Modern Suezmax, the average freight rate for long-term charter in 2013 was about US$ 16.000 per day, a reduction of about 1,2% from the 2012 average.

Freight Rates for Oil Tankers
Modern Suexmax

Monthly average
Source: Platou

In the case of the dry-bulk fleet, the downward trend was reversed during the second half, and in the case of the one-year Capesize charter the average rate was about US$ 14.400 per day, an increase of about 26% compared to the 2012 average.

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

Monthly average
Source: Platou


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3 | Ship Repair/Maintenance Business

Demand

Despite the reduction of the growth rate of global trade, the existing fleet has continued to grow, both in number of vessels and in carrying capacity.

Thanks to the speed reduction ship-owners were forced to implement in managing their fleets, due to high fuel prices, paradoxically, the number of vessels "without work" has not increased significantly. Indeed, in order to operate, obviously complying with the quality standards required by both classification societies and charterers, ships are required to undergo the maintenance required by these entities.

Consequently, demand for ship repair at LISNAVE, whose market is worldwide, measured in number of enquiries was not affected and even reversed the downward trend seen the previous year, to stand at figures similar to those seen in 2009.

In this connection, negotiations on enquiries received in 2013 led to 113 orders, about 18% more than in 2012, while the rate of commercial success rose from 20% to 22%, due both to the commercial activity undertaken by LISNAVE and to the level of satisfaction expressed by its customers.

Headings	2013	2012	2011	2010	2009
Enquires	524	483	617	571	520
Orders	113	96	109	114	107
Success Rate (%)	22	20	18	20	19

The Business

In 2013, 107 ships completed their repair at LISNAVE, 103 of which in dock, and, in terms of workload, the routine-repair segment was, on average, very similar to that of the previous year.

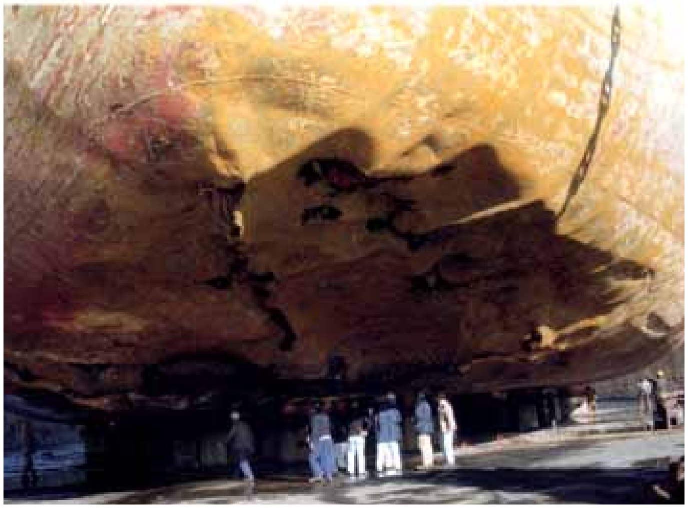
In the major repair segment LISNAVE repaired a seismic-survey ship, involving major reinforcement of the seismic research winches and alterations to the fuel system, in addition to an offshore-activity support lift platform in which one of the legs was repaired after its support pad had broken.

LISNAVE also repaired a chemical-product tanker, involving fitting over 170 tonnes of steel to replace that damaged in the bow of the ship caused by an explosion.

Years	National	Foreign	Total	In Dock
2013	1	106	107	103
2012	0	101	101	94
2011	0	101	101	92
2010	1	113	114	106
2009	2	114	116	112

As in previous years, LISNAVE's business was centred on its traditional market segments – tankers and dry-bulk carriers. By number, they account for about 64% of the business. Attention is drawn, however, to the move into other market segments, such as container ships, accounting for 18% of the ships repaired, and gas carriers, which account for 7%.

Given the globalisation of LISNAVE 's market, the ships repaired during 2013 belonged to 60 customers located in 23 countries from around the world,, those of greater significance, in terms of quantity, being Singapore with 29 ships, Greece 20, England 8 and Denmark and Norway 7 each.



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, investing during the year about €421.000, with a focus on the cumulative amounts of investments since 2000, now amounting to about €30,6 million, of which €20,5 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 €1,96 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 General Warehouse and Fork-Lift Truck Repair Yard, attention is drawn to the acquisition of sundry IT and laboratory 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 material

In terms of major repairs, the focus is on the repairs carried out on the Hydrolift Lock Gate, the dredging of the Pier and Hydrolift, the replacement of steel in two activity-support barges, general repair of two cranes, repair of two 60kV transformers of the Substation, the repair of two 6kV electric motors of the Between-Docks Pumping Station and 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 €776.000, which, despite being the responsibility of Concessionaire Lisnave Infraestruturas Navais, must be added to the investments made in previous years, particularly in the structural repair of Dock 20 and the electrical rehabilitation of the shipyard, totalling over €12,37 million.

Environmental Protection

LISNAVE has systematically and progressively lent continuity to the improvement of its environmental practices.

In this connection, in accordance with the planned timetable, it was successful in the audits performed and, in October 2013, it obtained certification by Lloyd's Register of its Environmental Management System in keeping with ISO 14001:2004.

Within the scope of the programme for the elimination of residual grit at the Shipyard, attention is drawn to the fact that an amount estimated at over 250.000 tonnes has already been sent to the recipient cement companies, and that during 2013, besides 10.663 tonnes of grit produced during the year, another 7.565 tonnes of residual grit were sent, the screening of which generated a total of 905,5 tonnes of waste, which was sent to an authorised-disposal company.

Information Technologies

Within the scope of updating and on-going improvement of its Information System LISNAVE has gradually implemented several improvements, in particular in the SAP application-area, with a special focus on bringing the system into line with the new legal and tax requirements.

On the other hand, in addition to the on-going renovation of its IT system, it is worth pointing out, at infrastructure level, the enhancement of its security, involving updating the antivirus application to the latest version available, the progress seen in the replacement of the previous remote-access system by VMware View, which came into operation, the updating in terms of available storage space, and the BIA project, designed to identify the areas of greatest risk to the continuity of the Company's business in event of a disaster.

Certification

LISNAVE has maintained Quality as a factor of success, continually improving the effectiveness of its Quality Management System, which is now self-sustaining.

During 2013 LISNAVE renewed its ISO 9001:2008 Certification and was successful in the audits performed by Lloyd's Register, having also maintained the International Ship & Port Facility Security Code Protection Certificate and the Calibration Laboratory Accreditation.

Research & Development

Within the scope of its R&D policy LISNAVE has sought to continue its involvement in European projects that can potentially lead to an improvement of its production processes, as exemplified by the current participation in the technical support for CESA under the Leaf Project for development of new antifouling technologies

5 | Human Resources

LISNAVE remains firmly convinced that it is imperative that the Company be rejuvenated and that conditions of the employment contract rendered more flexible in order to ensure its future survival.

In this connection, it has redirected its human resources management strategy, following the repeated rejection by the workers' representative bodies of the proposals for the conclusion of a new collective bargaining agreement presented in the meantime, the last one in November after an attempted negotiation on-going since April, also involving the sector Union and the Authority for Working Conditions.

It was in this context that, between 2006 and 2009 LISNAVE drew up a Youth Training Programme, in order to provide them with the technical skills required to face future productivity challenges and for the process of rejuvenation of its personnel, given the high average age of its employees, which is an extremely limiting factor due to the physical effort demanded by this activity.

However, it was this refusal by the workers' representative bodies that led LISNAVE to make a start, with the co-operation of Shareholder NAVIVESSEL, to legal procedures leading to the incorporation of a new company which, having a corporate object similar to its own and operating under the provision of services mechanism, would, in keeping with requirements, come to be the company that would hire all future Employees.
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 first training programme organised by LISNAVE.

Continuing its policy of rejuvenation begun in 2006, LISNAVE created, in the meantime, a new Youth Training Plan in 2012, consisting of four Courses whose characteristics are different from the first, both as regards duration and with regard to the required candidate profile. In this plan the courses had a shorter duration, 418 hours on average, and the candidates were older, aged between 26 and 37.

The purpose of this plan, like that of the preceding one, was to select a suitable group of young people and give them training in basic skills in the Company's four areas most in need of human resources, from the standpoint of taking on, through LISNAVEYARDS, those passing their final tests.

In this connection, at the end of 2013 LISNAVEYARDS had a workforce of 178 in the different professions of the business, 135 of who direct workers, 44 hired during the year via the Youth Training Program mentioned above, two young engineers and a Safety and Hygiene at Work Technician

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 with an unfavourable international economic outlook.

In this context of an increasingly difficult market the board of directors, in a responsible attitude of ponderation and prudence, since the workers' representatives did not agree to negotiate a broader agreement, decided to assign a wage increase of 2% with effect from January 1, a figure that the workers' representatives did not contest.

Meanwhile, in the wake of the approval by the General Meeting held on March 22 of the Board of Directors' proposal, all the Company's permanent Employees as of the date of the General Meeting were allocated a balance-sheet bonus, comprising a fixed part equal to 80% 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 150% of the fixed monthly remuneration.

Total staff costs stood at €14,2 million, as detailed in the following table.

The increase of "Remuneration" is the result of the wage increase referred to above and the "natural" departure of five employees during the year. The reduction of Overtime is directly related to the unwillingness of many employees to work overtime following the amendments to the Labour Code

Personnel Costs

Rubricas	2013	2012
Remunerations	8.843.843	8.705.715
Overtime	207.103	669.303
Bonuses, Subsidies and Other Remunerations	775.301	736.092
Subtotal	**9.826.247**	**10.111.110**
Social Security Contributions	4.380.939	4.069.685
Total	**14.207.186**	**14.180.795**

(Amounts in €)

Training & Development

Several vocational training courses were organised during 2013, involving 947 Employees and covering areas considered fundamental to the Company, both for their technical component and also in behavioural and management terms.

The total number of participants included 46 trainees who, under the second Youth Training Plan concluded in April, attended the training courses in the area of engineering organised by LISNAVE.

External Training | 2013

Areas of Training	Total Hours	Number of Participants
Personal Development	5.403	121
Qualifications /Retraining of Productions Techniques	27.880	307
Quality, Safety, Environment and Protection	3.586	420
Hardware and Software	1.339	41
Financial, Tax and Accountancy Management	552	58
Total	**38.760**	**947**

Health, Hygiene and Safety

During the year LISNAVE maintained its customary concern as to the health of its employees. From this standpoint, besides occasional interventions, a total of 585 examinations were organised, 218 of which involving LISNAVEYARDS Employees, subdivided into 66 Induction, 333 Periodic, and 186 Occasional examinations.

In the safety area, 2013 was marked by continuation of the downward trend of one of its accident indices, the Frequency Index, which had one of its best results, standing at 26.15. On the other hand, the Severity Index, in contrast with 2012, rose slightly, and now stands at 0.98. These data reflect not only the fact that there have been fewer accidents but also that they caused more days lost.

During 2013, 1,356 employees of service providers received induction information and training, and retraining in safety. In an area of greater focus on the prevention and safety sector, training was provided to 379 people, including managers of the Company and of other collaborating companies, line managers, trainees, visitors, crew members and personnel of firms working for customers, on the basis of dissemination of "safety". Within the scope of collaboration with external entities, a special word is due to the courses involving 2 safety and hygiene technicians under a training in a work environment protocol entered into with the Bento de Jesus Caraça vocational training school, 3 representatives of the Federal University of Bahia - Brazil, 22 Galp Energia managers and technicians; 14 students and teachers of the Naval Engineering Course at Instituto Superior Técnico, and 166 crew members, customers' representatives and employees of companies in the service of the customers. Also underscored is the training provided to 65 employees in respect of the working of fuel pumps at the Shipyard.

In addition to the aforesaid training, the Prevention and Safety Sector has also been involved in raising awareness on Safety, Quality, Environment and Good Practice,

organised by the Company's productive sectors, involving 57 people, including employees both of LISNAVE and of collaborating companies.

On the other hand, 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, external technicians and visitors, involving 1,727 people.

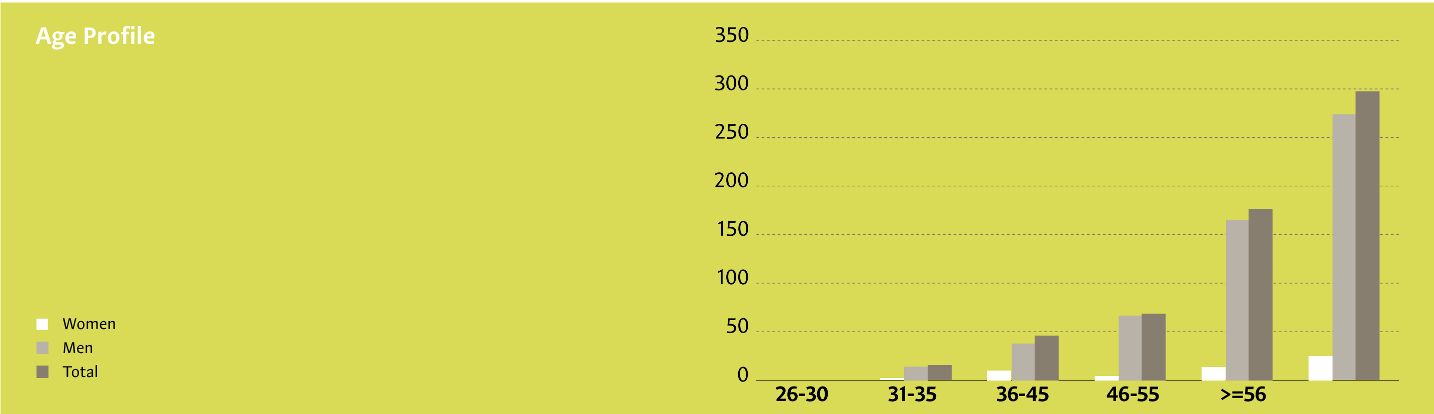
In its health policy and contrary to what has been customary in previous years, the Company was unable to carry out the vaccination campaign due to the impossibility of obtaining vaccines.

Other Indicators

The absenteeism rate showed a tendency to stabilise.

Compared to the 2012 personnel indicators, the number of LISNAVE Employees fell slightly and, as at December 31, 2013, the total number stood at 294, the average age increasing to 54.

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



6 | Economic and Financial Situation

As mentioned earlier, LISNAVE repaired 107 ships during 2013, generating total billing in the sum of about € 81 million.

As shown in the following table, there was a 1,4% increase of invoicing in 2013 compared to the previous year, reflecting a 5,9% increase of the number of ships repaired.

Average billing per vessel in the sum of € 757.000 reflects a decrease of 4,3% compared to last year, signifying a lower labour content per ship repaired.

Number of Ships and Invoicing

Headings	2013	2012	2011	2010	2009
Number of Repaired Ships	107	101	101	114	116
Total Invoicing	81,0	79,9	80,8	89,6	118,0
Average Invoicing per Ship	0,757	0,792	0,800	0,786	1,018

(Amounts in Millions of €)

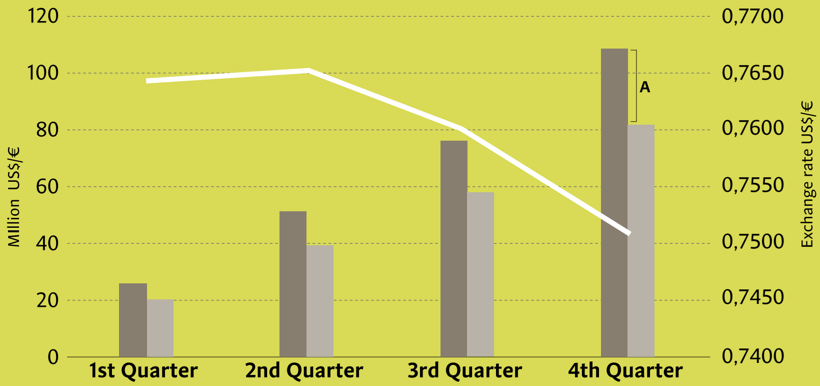
The evolution of billing over the past three years, showing a stabilisation of the business at around € 80 million annually, may indicate that the lower limit of the cycle of stagnation of this market has been reached, caused by the sharp drop of freight rates seen since 2008 in the wake of the international financial and economic crisis and of the oversupply of the shipping market.

Of the exogenous factors that affected the business, attention is drawn, for its dimension, to the performance of the dollar, which 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 its main customers mainly continue to use the dollar in their commercial transactions.

Thus, the sharp depreciation of the dollar in 2004, falling to an average annual rate of € 0,8014, was followed by extreme volatility over the past five years, standing at an average of € 0,7508 in 2013.

The following table shows the impact of the depreciation of the dollar during 2013. Thus, in annual terms, sales had to total US$ 107,9 million to generate the € 81 million.

Accumulated Sales and Exchange Rate US$/€
Year 2013



	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales US$ 2013	25,5	50,5	75,5	107,9
Sales € 2013	19,5	38,7	57,4	81,0
Exchange rate US$ / € 2013	0,7641	0,7651	0,7598	0,7508

A = More 26,9 Millions US$

The following table shows the total evolution of Sales and Services Rendered.

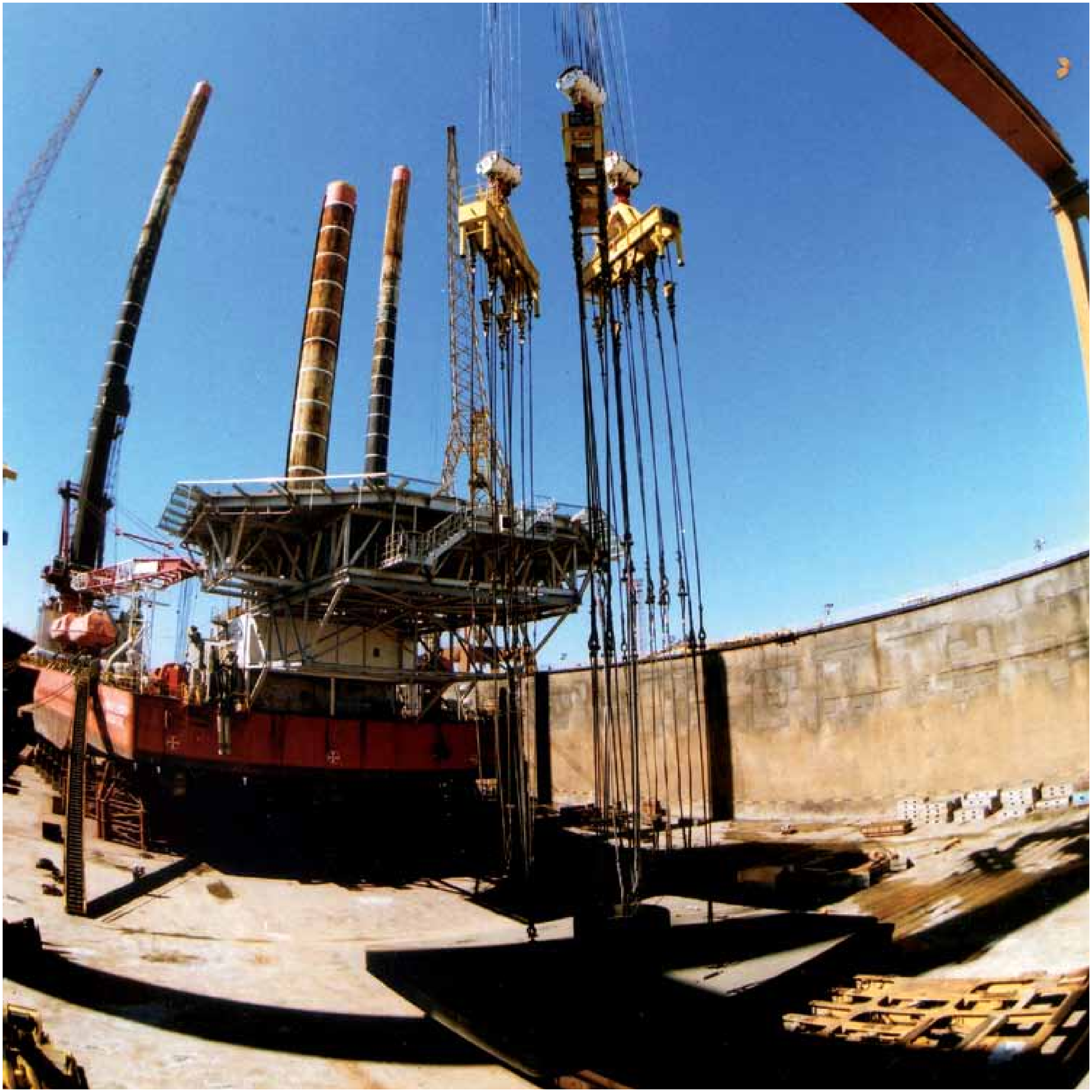
Sales and services rendered

Headings	2013	2012	2011	2010	2009
Ships Repairs	81,038	79,945	80,809	89,619	118,032
Revenue of Ships in Progress	549	-61	-5,150	4,540	-7,550
Other Activities	2,801	1,474	2,818	6,862	7,288
Services Rendered	1,315	1,249	1,398	1,489	948
Total	**85,704**	**82,607**	**79,874**	**102,510**	**118,717**

(Amounts in Thousands of €)

The total value of Ship Repairs and Vessels in Progress Income accounted for 95,2% of the total value of Sales and Services Rendered, while Other Activities and Services Rendered together amounted to €4,1 million, that is, about 4,8% of that total.

It should be noted that the amount of Other Activities almost doubled relative to the previous year. This sharp growth is the result of the increase of Sales of Services to LISNAVE INFRAESTRUTURAS NAVAIS, with the implemen-



tation of the investment plan for the rehabilitation of the shipyard and by the increased demand for services not related to ship repair.

Continuing to characterise the evolution of the Company's economic situation, the following table provides the 2013/2009 statements of income, 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

	2013		2012		2011		2010		2009	
Headings	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Sales and Services Rendered	85,704		82,607		79,874		102,510		118,717	
Works for the Company	0		0		3		0		4	
Other Income and Gains	3,173		2,747		3,829		3,706		4,996	
Total Operating Income	**88,877**	**100**	**85,355**	**100**	**83,706**	**100**	**106,216**	**100**	**123,717**	**100**
Costs of row materials consumed	4,302	4.8	5,248	6.1	3,739	4.5	5,347	5.0	5,563	4.5
Supplies and External Services	58,493	65.8	55,421	64.9	53,657	64.1	67,051	63.1	75,900	61.3
Personal Costs	14,207	16.0	14,181	16.6	14,367	17.2	14,783	13.9	15,344	12.4
Depreciations, Impairments and Provision	1,080	1.2	1,899	2.2	2,980	3.6	935	0.9	3,883	3.1
Taxes	113	0.1	104	0.1	62	0.1	186	0.2	188	0.2
Other Costs and Losses	463	0.5	652	0.8	691	0.8	470	0.4	4,516	3.7
Total Operating Expenses	**78,658**	**88.5**	**77,506**	**90.8**	**75,496**	**90.2**	**88,772**	**83.6**	**105,393**	**85.2**
Operating Profits	**10,219**	**11.5**	**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	0	0.0
Profits before Taxes	**10,219**	**11.5**	**7,849**	**9.2**	**8,210**	**9.8**	**17,444**	**16.4**	**18,323**	**14.8**
Taxes on Income for the Period (-)	-3,240	-3.6	-2,864	-3.4	-2,996	-3.6	-5,474	-5.2	-6,179	-5.0
Net Income for the Period	**6,980**	**7.9**	**4,985**	**5.8**	**5,214**	**6.2**	**11,970**	**11.3**	**12,144**	**9.8**

(Amounts in Thousands of €)

An overall appraisal of the income statement shows that in 2013 the Company's economic situation improved compared to the previous year, returning a Net Profit of € 6,98 million.

The Cost-to-income Ratio, which measures the relative weight of Total Operating Costs as a proportion of Total Operating Income, improved compared to the previous year, to stand at 88,5%, as a result of the continuation and strengthening of the policy of more rational use of

production factors, the result of the management by objectives implemented at all levels of the Company.

LISNAVE continues not to present any figure under Borrowing Costs since it had no need to resort to bank loans.

The fact must continue to be underscored that the exchange-rate risks related with the volatility of the dollar were eliminated in good time as a result of the decision taken in the end of 2003 by the Company's management to replace the dollar by the euro in billing its customers. Therefore, the currency-translation differences recorded in 2013 are not materially relevant.

To complete the review of the economic evolution of the Company over the 2009-13 period, the following table provides a set of the more relevant economic indicators and ratios:

Economic Aggregates

Headings	2013	2012	2011	2010	2009
Overall Aggregates					
Gross Value of Production (GVP)	85,704	82,607	79,877	102,510	118,721
Gross Value Added (GVA)	26,000	24,720	25,485	34,385	41,177
Personnel Costs	14,207	14,181	14,367	14,783	15,344
"Gross Cash flow"	11,299	9,748	11,190	18,379	22,207
Average number of Emplyees	**296**	**306**	**322**	**334**	**337**
Ratios					
GVP per Capita	289.5	270.0	248.1	306.9	352.3
Personnel Costs per Capita	48.0	46.3	44.6	44.3	45.5
GVA / GVP	30%	30%	32%	34%	35%
Personnel Costs / GVA	55%	57%	56%	43%	37%

(Valores em Milhões de Euros)

Observation thereof leads to the conclusion that, in 2013, the Company's performance indicators and ratios performed well by comparison with the previous year.

Thus, the Gross Production Value (GPV) aggregate grew by 3.7%, that is, a performance in line with the variation seen in Sales and Services Rendered.

The Gross Value Added (GVA) and Gross Cash Flow aggregates also performed well compared to the previous year.

It should be said that, generally speaking, the Company's performance ratios as presented at the end of the year under review allow us to state that the Company continues to be prepared to face a market characterised by great unpredictability.

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

Shareholder's Funds

Headings	2013	2012	2011	2010	2009
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	22,216	21,231	20,016	18,546	18,402
Net Profit of the Financial Year	6,980	4,985	5,214	11,970	12,144
Total Shareholders Funds	**34,196**	**31,216**	**30,231**	**35,516**	**35,546**

(Amounts in Thousands of €)

Equity as at December 31, 2013, amounted to €34.2 million, a growth of €2.98 million compared to the figure at the end of the previous year. The book-value per share at the year-end was €34.20, an appreciation of 584% over the par value.

The main balance-sheet headings for the past five years, referred to December 31, 2013, as shown in the following table, provide an appraisal of the evolution of the Company's financial structure.

Comparative Summ. Balance Sheet

Headings	2013	2012	2011	2010	2009
Assets					
Non-current Assets	10,604	11,137	12,085	13,923	15,226
Inventories	1,947	2,097	2,379	2,251	2,447
Clients C/A (Net Prepayment)	9,859	13,099	4,737	15,498	7,892
Other receivables	5,176	3,870	4,470	9,329	3,366
Cash and Banks	37,892	30,969	32,346	30,857	37,827
Deferrals	91	149	104	187	73
Total Assets	**65,569**	**61,322**	**56,121**	**72,045**	**66,830**
Liabilities					
Provisions	3,327	5,802	5,173	3,481	4,157
Other non-current payables	2,634	2,573	3,094	4,161	5,361
Suppliers C/A (Net Prepayment)	16,489	13,272	10,834	19,614	12,980
Other payables	8,924	8,458	6,789	9,272	8,785
Total Liabilities	**31,373**	**30,106**	**25,890**	**36,528**	**31,283**
Shareholders Funds	**34,196**	**31,216**	**30,231**	**35,516**	**35,546**

(Amounts in Thousands of €)

In order to assess the Company's liquidity and financial structure in the balance sheet at the end of the period under review we use a set of indicators that help to characterise the Company's financial situation. Thus, with regard to:

Liquidity

With a working capital in the order of €29,6 million and a very comfortable quick ratio of 2,16 and a cash ratio of 2,09, 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 €37,9 million at the end of the period.

Debt Capacity

With a non-current asset financing ratio of 3,22 and total solvency and self-financing ratios of 109,0% and 52,2% respectively, the conclusion is that the financial structure of the balance sheet, has improved, continuing at a very comfortable level suited to its core business, which is characterised as being highly unpredictable.

Lastly, and in keeping with legal requirements, it is hereby declared that, as at December 31, 2013, LISNAVE held no treasury shares and there was no past-due debt to the State Public Sector, including Social Security.

7 | Business Outlook for 2014

In the last quarter of 2013, the global economy showed some signs of reversing the downward trend of its growth rate.

The Eurozone as a whole has returned to growth, while some economies of the developing countries, including China, seem to have halted the downward cycle of their growth, either stabilising or even moving into a new phase of growth.

Thus, the World Bank expects that, following the estimate of 2.1% growth for 2013, the global economy will reverse this trend of reduction of the growth rate and will grow by 3.0% in 2014 and 3.3% in 2015.

In the European Union, where, following the recovery from the 2009 recession, a large part of the countries went back into recession in 2012, a recession that continued in 2013 causing an increase of unemployment, greater State spending on social welfare and hence an increase of taxes, and reduction of disposable income for domestic consumption, growth is expected to stand at 1.4% in 2014, while in the Euro Area growth is expected to stand at just 1.1%.

In the United States, the United Nations expect that after the greater reduction of its growth rate in 2013, compared to 2012, the trend will be reversed and that it will again grow by 2.5%, following the 1.6% estimated for 2013.

For Japan, it is expected that, having stabilised its growth at 1.9% in 2012 and 2013, growth of the economy will fall in 2014, to stand at 1.5%.

Faced with the prospects of an increase of the growth rates of global trade from 2.1% in 2013 to 3.0% in 2014, the United Nations estimate that the growth rate of global trade will increase slightly, to stand at 3.6% in 2014 following the 2.9% estimate for 2013.

As a result of the trend of slowing growth of the merchant fleets and of the expected growth of global trade, it is expected that freight rates will return to levels that will provide shipowners with acceptable rates of return in the management of their fleets.

However, there are significant risks that this may not occur, of which the following stand out:

▶ China, the world's creator of increased demand for shipping, might come to be the stage of a new financial crisis;
▶ The euro crisis may continue, which could lead to stabilisation or even reduction of the need for shipping in Europe;

▶ The Middle East crisis may worsen and trigger a new fuel-price hike.

Regarding the business and what is said above, there is also the risk that existing capital, taking into account the reduction of order books that many Shipyards have already started to feel, may trigger a new outbreak of orders for new ships and, consequently, a rapid increase of excess fleet.

Despite this context of great unpredictability, if Shipowners are able to continue to mitigate the effects of excess fleet capacity by reducing speed and if, given the volatility of the operators of the global shipping market, excess fleet does not increase significantly, it can be expected that ship maintenance/ repair business may stabilise in 2014 at a level similar to that seen in 2013.

Human Resources

In the wake of the evolution seen following the introduction of legislative changes resulting from the Social Dialogue Agreement, 2014 may well be a year of more effective transition to a consolidation of more flexible conditions of the Employment Contract.

Regardless of these legal alterations, the board of directors intends to go ahead with its strategic human-resources management policy through the co-operation established with LISNAVEYARDS, in order to promote the creation of conditions that will ensure the future sustainability of this industry in Portugal.

With this in mind, LISNAVE aims to explore new and broader forms of collaboration with LISNAVEYARDS, in an endeavour to get it to progressively assume greater responsibilities in carrying on its business, in the light of the growing numbers of its personnel, particularly with regard to the number of its direct workers.

In this connection, in addition to going ahead with improving the qualifications of its present employees, for which it plans about 20.000 training hours, LISNAVE plans to organise three new youth training courses, directed at the an age group of 28 to 35, where there is a greater need to for operational personnel.

8 | Proposal for the Appropriation of Profits

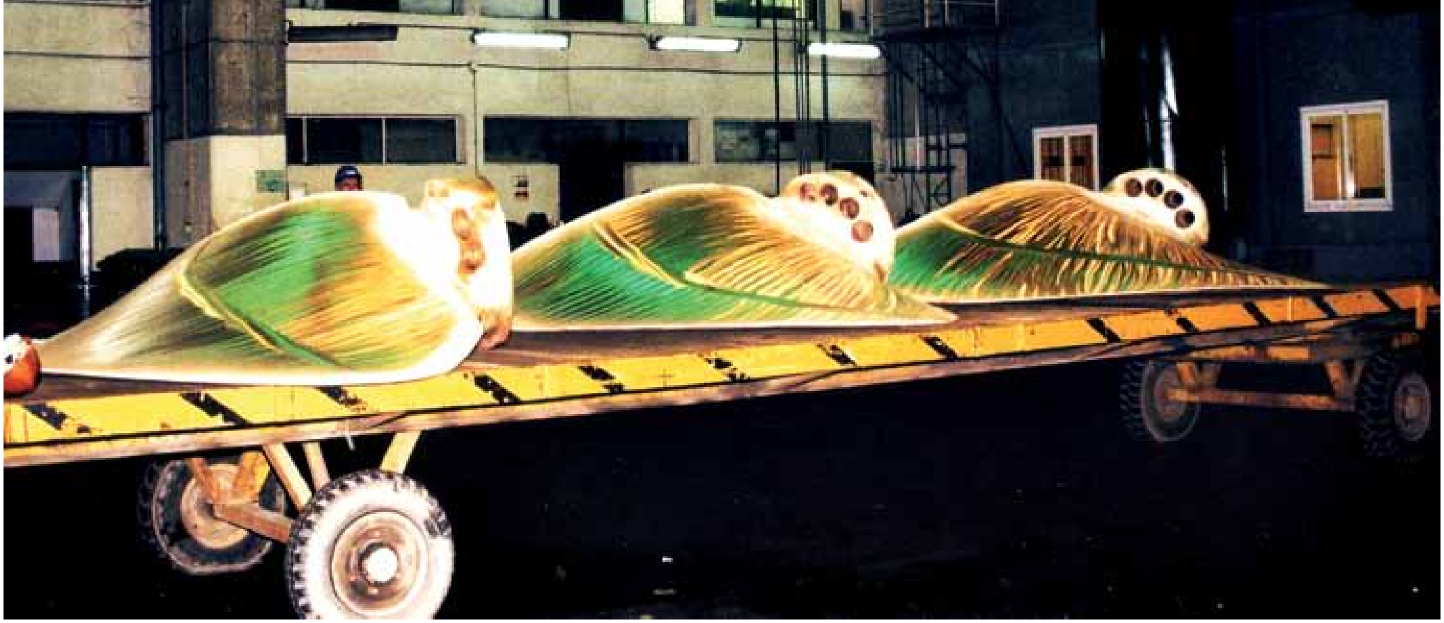
Since the Company's performance in 2013 generated a profit that warrants granting the Workers a bonus, the Board of Directors has decided to award a Balance-sheet Bonus.

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 €1.200.000,00 (One million, two hundred thousand Euros), already included in the Net Profit for the year, and that

2 The Net Profit for the year in the sum of €6.979.646,02 (Six millions, nine hundred seventy nine thousand, six hundred forty six Euros and two cents) be appropriated as follows:

Dividends	6.000.000,00	Euros
Retained earnings	979.646,02	Euros



9 | Closing Remarks

Lastly, in closing the Management Report in respect of the business in 2013, 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, 20th February 2014

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 21st March 2014 relating to the Approval of Documents
reporting the Accounts for the 2013 Financial Year

BALANCE

Headings	Notes	31-DEC-2013	31-DEC-2012
Assets			
Non-current Assets			
Tangible Assets	8	4.678.983,67	4.936.442,22
Imvestment properties	7	2.567.100,00	2.567.100,00
Other financial Assets	15	2.633.604,89	2.874.347,89
Deferred tax Assets	14	724.241,34	759.036,71
		10.603.929,90	**11.136.926,82**
Current Assets			
Inventories	10	1.946.721,71	2.097.436,66
Costumers	15.1	10.069.916,64	13.961.604,15
Advances to Suppliers	15.3	19.122,67	335.148,21
State and other public entities	17.1	2.139.301,28	2.752.191,13
Other accounts receivable	15.2	3.036.854,16	1.117.911,35
Deferrals	17.2	90.982,87	149.309,92
Cash and short-term deposits	4	37.892.363,80	30.968.883,66
		55.195.263,13	**51.382.485,08**
Total Assets		**65.799.193,03**	**62.519.411,90**

(Amounts in €)

Headings	Notes	31-DEC-2013	31-DEC-2012
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	20.817.823,13	19.832.615,74
		27.215.996,39	26.230.789,00
Net Profit / Loss for the period	17.3	6.979.646,02	4.985.207,39
Total Equity		**34.195.642,41**	**31.215.996,39**
Liabilities			
Non-current Liabilities			
Provisions	12	3.327.284,17	5.802.427,77
Other accounts payable	15.4	2.633.604,89	2.573.005,81
		5.960.889,06	**8.375.433,58**
Current Liabilities			
Suppliers	15.3	16.508.067,26	13.607.233,69
Advances to costumers	15	211.010,48	862.625,76
State and other public entities	17.1	1.577.340,03	750.481,97
Other accounts payable	15.4	7.346.243,79	7.707.640,51
		25.642.661,56	**22.927.981,93**
Total Liabilities		**31.603.550,62**	**31.303.415,51**
Total Equity and Liabilities		**65.799.193,03**	**62.519.411,90**

(Amounts in €)

STATEMENT OF CHANGES IN EQUITY

Description	Issued Capital	Legal Reserves	Earnings	Net Income	Total Equity
Position at 01/01/2012 - POC	**5,000,000.00**	**1,398,173.26**	**18,618,258.78**	**5,214,356.96**	**30,230,789.00**
Remainder of 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**
Operations 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**
Position at 01/01/2013	**5,000,000.00**	**1,398,173.26**	**19,832,615.74**	**4,985,207.39**	**31,215,996.39**
Remainder if the distribution of the Net Income for the Period			4,985,207.39	-4,985,207.39	0.00
Changes for the period					
		0,00	**0,00**	**0,00**	**0,00**
Net income for the period				**6,979,646.02**	**6,979,646.02**
Operation with equity owners					
Dividends			-4,000,000.00		-4,000,000.00
	0.00	**0.00**	**-4,000,000.00**	**6,979,646.02**	**2,979,646.02**
Position at the end of 2013	**5,000,000.00**	**1,398,173.26**	**20,817,823.13**	**6,979,646.02**	**34,195,642.41**

(Amount in €)

PROFIT AND LOSS STATEMENT

Income and Services	Notes	2013	2012
Sales of goods and rendering of services	11	85.703.777,40	82.607.431,50
Grants received		3.602,62	33.574,82
Costs of sales	10	(4.301.841,53)	(5.248.386,15)
Supplies and external services	17.4	(58.493.286,19)	(55.421.404,12)
Payroll expenses	16	(14.207.186,47)	(14.180.795,26)
Impairment of inventories (losses/reversions)	10	(68.067,01)	(124.932,96)
Accounts receivable impairments (losses/reversions)	15.1	(2.158.652,78)	(219.276,16)
Provisions (increases/reductions)	12	1.831.734,74	(865.852,02)
Other income and gains	17.5	3.169.763,32	2.713.577,20
Other expenses and losses	17.6	(575.532,68)	(756.303,48)
Profit before Depreciations, Financial Income and Taxes		**10.904.311,42**	**8.537.633,377**
Expenses/Reversions of depreciation and amortisation	17.7	(685.142,75)	(688.826,42)
Operational Result (before Financing Costs and Taxes)		**10.219.168,67**	**7.848.806,95**
Profit before Tax		**10.219.168,67**	**7.848.806,95**
Income Tax for the Period	14	(3.239.522,65)	(2.863.599,56)
Profit for the Period		**6.979.646,02**	**4.985.207,39**

(Amounts in €)

CASH FLOW STATEMENT

	Period	
Headings	2013	2012
Cash Flow from Operating Activities		
Receivable from Costumers	86.886.090,45	74.442.898,44
Payments to Suppliers	-71.991.692,59	-67.410.195,95
Payments to Employees	-10.098.627,56	-10.561.472,73
Cash Generated by Operations	**4.795.770,30**	**-3.528.770,24**
Income Tax Payments	-2.199.274,63	-633.751,02
Other Payments / Receivable related to operating activities	7.942.442,56	5.494.395,15
	10.538.938,23	1.331.873,89
Flow from Operating Activities (1)	**10.538.938,23**	**1.331.873,89**
Payments Related with:		
Tangible Assets	-421.127,15	-174.025,33
Receivables Related with:		
Interests and Similar Incomes	842.969,73	1.519.712,45
Flow from Investment Activities (2)	**421.842,58**	**1.345.687,12**
Payments Related with:		
Interests and Similar Incomes	-36.212,90	-52.211,51
Dividends	-4.000.000,00	-4.000.000,00
Flow from Financing Activities (3)	**-4.036.212,90**	**-4.052.211,51**
Changes in Cash and Cash Equivalent (4) = ((1) + (2) + (3))	**6.924.567,91**	**-1.374.650,50**
Net Foreign Exchange Difference	**1.087,77**	**2.214,20**
Cash and Cash Equivalents at Beginnings of Period	**-30.968.883,66**	**-32.345.748,36**
Cash and Cash Equivalents at End of Period	**37.892.363,80**	**30.968.883,66**
	6.924.567,91	**-1.374.650,50**

(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:

	2013	2012
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 of 3%, 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:

	2013	2012
Cash on hands	49.467,93	40.629,20
Short-term deposits	842.895,87	928.254,46
Other Bank Deposits	37.000.000,00	30.000.000,00
	37.892.363,80	30.968.883,66

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

	2013	2012
Cash on hands	49.467,93	40.629,20
Short-term deposits	842.895,87	928.254,46
Other Bank Deposits	37.000.000,00	30.000.000,00
	37.892.363,80	30.968.883,66
Cash and Bank Deposits of a Discontinued Operation	-	-
	37.892.363,80	30.968.883,66
Bank Overdrafts	-	-
	37.892.363,80	30.968.883,66

5. Accounting policies, alterations to accounting estimates and errors

In the Financial Year 2013 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 Industrial Solutions AG	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	-	-	Reabilitation of shipyard	Shipyard Rent
Repropel	Portugal	-	-	Support services to repair and commissions	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 (surfaces treatment)
NavalRocha	Portugal	-	-		
Navalset	Portugal	-	-		Support and Legal Advisory
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.	2013	-	311.887,74	-	-	294.269,04
	2012	50,00	311.887,74	-	-	294.269,04
ThyssenKrupp Industrial Solutions AG	2013	-	-	-	-	-
	2012	-	-	-	-	-
Parpública, S.A. | Estado Português	2013	-	-	-	-	-
	2012	-	-	-	-	-
Público (OPT)	2013	-	-	-	-	-
	2012	-	-	-	-	-
Lisnave Infraestruturas	2013	-	450.084,48	927.303,80	-	3.160.495,55
	2012	-	99.386,12	191.664,39	-	2.236.876,86
Repropel	2013	49.117,32	7.626,00	100.904,92	-	13.400,00
	2012	56.729,91	-	95.536,15	-	-
Gaslimpo	2013	4.282,38	227.498,92	14.389,98	78.908,41	594.769,08
	2012	3.790,78	241.883,63	14.953,06	84.393,35	561.742,23
Rebocalis	2013	55.721,45	487.514,96	66.367,78		1.615.712,29
	2012	27.044,10	346.476,31	61.787,49	-	1.250.331,07
Lisnave Internacional	2013	3.105,33	26.925,71	5.196,32	-	131.024,96
	2012	3.280,75	25.909,38	6.203,76	-	195.586,47
Tecor	2013	76.948,13	2.413.312,51	186.507,88	-	7.273.193,59
	2012	37.359,31	2.227.897,63	118.113,20	-	6.906.753,30
NavalRocha	2013	-	-	-	-	-
	2012	-	-	-	-	-
Navalset	2013	-	5.535,00	-	-	18.000,00
	2012	326,40	5.535,00	-	-	18.000,00
LisnaveYards	2013	-	830.150,27	421.251,23	-	5.039.239,21
	2012	73,48	162.167,61	402.918,86	-	4.065.122,53
Dakarnave	2013	-	-	-	-	-
	2012	-	-	-	-	-

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 2012 and 2013.

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
Costs							
January 1st 2012	**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**
Increases	-	-	-	-	-	427.684,20	427.684,20
Revaluations	-	-	-	-	-	-	-
Acquisition of the subsidiary	-	-	-	-	-	-	-
Transfers	-	297.806,98	-	52.231,59	71.088,58	(421.127,15)	-
Disposals	-	-	-	-	-	-	-
Write-Offs	-	-	-	(7.437,28)	-	-	(7.437,28)
Exchange differences	-	-	-	-	-	-	-
December 31st 2013	**1.873.185,46**	**6.110.160,88**	**143.573,79**	**1.467.181,86**	**6.595.381,24**	**308.720,46**	**16.498.203,69**

	Buildings and other constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Fixed Assets in Progress	Total Tangibel Assets
Costs							
January 1st 2012	**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**
Depreciations	108.118,01	279.742,22	26.561,16	69.332,01	201.389,35	-	685.142,75
Revaluations	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	(7.437,28)	-	-	(7.437,28)
Write-Offs		-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
December 31st 2013	**693.075,98**	**3.629.988,08**	**143.573,79**	**1.027.146,81**	**6.325.435,36**	**-**	**11.819.220,02**
Net Book Value:							
As at December 31st 2013	**1.180.109,48**	**2.480.172,80**	**-**	**440.035,05**	**269.945,88**	**308.720,46**	**4.678.983,67**
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 January 1st 2012	**1.396.345,52**	**2.626.639,05**	**53.122,34**	**470.814,65**	**602.158,34**	**53.106,45**	**5.202.186,35**

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:

	2013	2012
Raw materials and consumable supplies	1.946.721,71	2.097.436,66
	1.946.721,71	**2.097.436,66**

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

Cost of sales:

	Raw Material and consumable supplies
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
Inventories as at January 1st 2013	2.486.674,40
Purchases	4.219.193,59
Inventories as at December 31st 2013	2.404.026,46
	4.301.841,53

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

	2013	2012
Impairment losses		
Raw materials and consumable supplies	68.067,01	145.746,79
	68.067,01	**145.746,79**
Reversion of impairment losses		
Raw materials and consumable supplies	-	20.813,83
	68.067,01	**124.932,96**

11. Revenue

Revenue is itemised as follows:

	2013	2012
Sale of Goods		
By-products, waste and scrap		
Portugal	681.265,66	426.065,02
	681.265,66	**426.065,02**
Rendering of Services		
Services		
Total Europe	**37.728.421,00**	**31.406.472,40**
Portugal	5.910.270,33	2.818.522,01
U.E.	19.065.350,92	25.383.577,14
Others	12.752.799,75	3.204.373,25
Total África	**6.268.866,42**	**5.470.697,99**
Total América	**13.355.740,00**	**17.319.564,00**
Total Ásia	**22.274.947,02**	**27.104.450,09**
Total Oceânia	**5.394.537,30**	**880.182,00**
	85.022.511,74	**82.181.366,48**
	85.703.777,40	**82.607.431,50**

	By-products, waste and scrap	Ship repairing	Other Activities	Rendering of Services	Total
2013	681.265,66	81.587.163,28	2.801.379,84	633.968,62	**85.703.777,40**
2012	426.065,02	79.884.030,67	1.474.483,16	822.852,65	**82.607.431,50**

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 2012	**456.639,51**	**300.000,00**	**1.357.357,73**	**1.115.172,00**	**1.944.148,00**	**5.173.317,24**
Increases for the year	-	3.335,00	250.381,24	619.739,00	1.800.000,00	2.673.455,24
Utilisation for the year	-	(3.335,00)	-	(118.406,49)	(115.000,00)	(236.741,49)
Reversions for the year	-	-	(1.164.588,71)	(158.014,51)	(485.000,00)	(1.807.603,22)
On December 31st 2012	**456.639,51**	**300.000,00**	**443.150,26**	**1.458.490,00**	**3.144.148,00**	**5.802.427,77**
On January 1st 2013	**456.639,51**	**300.000,00**	**443.150,26**	**1.458.490,00**	**3.144.148,00**	**5.802.427,77**
Increases for the year	-	33.677,99	1.013.218,08	301.242,00	690.000,00	2.038.138,07
Utilisation for the year	-	(33.677,99)	-	(409.706,51)	(200.000,00)	(643.384,50)
Reversions for the year	(96.450,21)	-	(849.481,07)	(329.817,89)	(2.594.148,00)	(3.869.897,17)
On December 31st 2013	**360.189,30**	**300.000,00**	**606.887,27**	**1.020.207,60**	**1.040.000,00**	**3.327.284,17**

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:

	2013	2012
Exchange gains included under:		
Other income and gains	839,49	-
	839,49	**-**
Exchange losses included under:		
Other expenses and losses	-	-
Interest and similar expenses	1.631,62	12.608,86
	1.631,62	**12.608,86**

14. Income tax

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

	2013	2012
Current tax		
IRC (corporation tax) for the year	3.204.727,28	2.710.023,44
Deferred Tax		
Originating from, and the object of, reversion of timing differences	34.795,37	153.576,12
Other movements	-	-
	3.239.522,65	**2.863.599,56**

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

	2013	2012
Excess Tax Estimate	24.973,57	3.023,91
Insufficient Tax Estimate	-	-
	24.973,57	**3.023,91**

During the financial year of 2013, 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	
	2013	2012	2013	2012
Pre-tax result	10.219.168,67	7.848.806,95		
Rate of Income tax in Portugal	25%	25%		
Tax on profit at the nominal rate	**2.554.792,17**	**1.962.201,74**	**25,00%**	**25,00%**
Non-taxable income				
Reversion of provisions taxed in previous years	4.658.057,83	2.068.260,54		
Excellentia Insurance Policy	1.296.189,66	1.227.737,00		
Excess tax estimate	24.969,37	3.023,91		
Tax return	58.170,32			
Negative equity variations	20.909,87	20.909,87		
Fiscal Benefits	145.946,57	56.986,74		
	6.204.243,62	**3.376.918,06**	**(15,18%)**	**(10,76%)**
Costs not deductible for tax purposes				
Donations	35.000,00	800,00		
Fines, administrative fines and compensatory interest	413,85	313,82		
Undocumented expenses	160.494,58	206.770,34		
Positive asset variations	-	-		
Depreciations not accepted for tax purposes	6.561,12	6.561,14		
Provisions beyond legal limits	2.038.138,07	2.673.455,24		
Recording of impairment losses	2.371.495,95	290.522,95		
Fixed asset write-offs	-	-		
Excellentia Insurance Policy	1.419.460,40	707.140,00		
Corrections on previous financial years	56.403,20	179.189,21		
Others	155.029,92	143.027,94		
	6.242.997,09	**4.207.780,64**	**15,27%**	**13,40%**

	Tax Base		Rate of tax	
	2013	2012	2013	2012
Taxable profit	10.257.922,14	8.679.669,53		
Rate of Income tax in Portugal	25,00%	25,00%		
Tax calculated	**2.564.480,53**	**2.169.917,38**	**25,09%**	**27,65%**
Autonomous taxation	168.481,81	194.520,93	1,65%	2.48%
Municipal Surcharge	153.868,83	130.195,04	1,51%	1.66%
State Surcharge	317.896,11	215.390,09	3,11%	2.74%
Effect of increase/ reversion of deferred taxes	34.795,37	153.576,12	0,34%	1.96%
	675.042,12	**693.682,18**	**6,61%**	**8,84%**
Income tax	**3.239.522,65**	**2.863.599,56**	**31,70%**	**36,48%**

Deferred taxes can be broken down as follows:

	Balance sheet accounts		Profit-and-loss account items		Other Equity Items	
	2013	2012	2013	2012	2013	2012
Deferred Tax Assets						
SNC transition adjustments	-	-	-	-	-	-
Others						
Excellentia Insurance Policy	724.241,34	759.036,71	(34.795,37)	(153.576,12)	-	-
	724.241,34	**759.036,71**	**(34.795,37)**	**(153.576,12)**	**-**	**-**

15. Financial instruments

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

	2013	2012
Assets		
Non current		
Other accounts receivable	2.633.604,89	2.874.347,89
Current		
Clients		
Gross amount	12.579.868,23	14.312.902,96
Impairment	(2.509.951,59)	(351.298,81)
Advances to Suppliers	19.122,67	335.148,21
Other accounts receivable	3.036.854,16	1.117.911,35
	13.125.893,47	**15.414.663,71**
Liabilities		
Non current		
Other accounts payable	2.633.604,89	2.573.005,81
Current		
Suppliers	16.508.067,26	13.607.233,69
Client advances	211.010,48	862.625,76
Other accounts payable	7.346.243,79	7.707.640,51
	24.065.321,53	**22.177.499,96**
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
2013	12.579.868,23	2.509.951,59	10.069.916,64
2012	14.312.902,96	351.298,81	13.961.604,15

			Debt Due				
	Net Balance	Debt not due	< 30 Days	30-60 Days	61-90 Days	91-120 Days	> 120 Days
2013	10.069.916,64	6.525.910,87	2.334.949,27	847.735,07	174.996,14	74.484,89	111.840,40
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

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 2013					
Clients	351.298,81	2.303.428,94	(144.776,16)	-	2.509.951,59
	351.298,81	**2.303.428,94**	**(144.776,16)**	**-**	**2.509.951,59**
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**

15.2 Other accounts receivable

The other accounts receivable can be broken down as follows:

	2013	2012
Other current accounts receivable		
Debtors from accrued income		
Revenue from orders in progress	935.040,59	497.707,43
Interest on Time Deposits	545.993,00	344.212,00
Others	15.863,84	21.782,29
Other debtors and creditors		
Staff	189.716,31	133.362,63
Court Proceedings	360.189,30	44.286,34
Others	990.051,12	76.560,66
	3.036.854,16	**1.117.911,35**

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 100.469 Euros, having used the amount of 341.212 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:

	2013	2012
Suppliers, current account		
National	14.921.101,30	12.751.707,41
Overseas	128.124,75	74.265,82
Parent Company	311.887,74	311.887,74
Suppliers: receiving and conferring	1.146.953,47	469.372,72
	16.508.067,26	13.607.233,69
Suppliers advance		
National	-	327.497,43
Overseas	19.122,67	7.650,78
	19.122,67	335,148,21

15.4 Other accounts payable

Other accounts payable can be broken down as follows:

	2013	2012
Other accounts payable – non current		
Other financial assetss	2.633.604,89	2.573.005,81
Other accounts payable – current		
Creditors from accrued expenses		
Insurance Policies	2.182,46	5.049,52
Remunerations to be settled – holidays and holiday allowances	1.367.403,59	1.362.835,67
Rendering services	100.000,00	100.000,00
Specialized works	40.000,00	40.000,00
Commissions	1.838.956,85	2.005.292,76
Internal Works	985.911,98	1.212.921,04
Costs Center	833,435,60	737.799,62
Project Costs	764.539,55	835.178,56
Others	117.155,20	329.921,80
Agents	73.176,62	46.885,38
Other debtors and creditors		
Staff – balance sheet bonuses	1.200.000,00	1.000.000,00
Miscellaneous	23.481,94	31.756,16
	7.346.243,79	7.707.640,51

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:

	2013	2012
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.	3.641.720,00	3.641.370,00
THYSSENKRUPP INDUSTRIAL SOLUTIONS AG	1.000.000,00	1.000.000,00
PARPÚBLICA, PARTICIPAÇÕES PÚBLICAS, SGPS, S.A.	148.330,00	148.330,00
PÚBLICO (OPT)	209.950,00	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	BES
Currency	EUR	EUR	EUR	EUR
Amount	55.660,96	100.000,00	24.939,90	100.000,00
Beneficiary	Alfândega de Lisboa	Alfândega de Setúbal	Alfândega de Lisboa	PDV MARINA,S.A

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:

	2013	2012
Remunerations of the Governing Bodies	827.602,80	827.602,80
Staff Remunerations	8.998.644,21	9.283.507,26
Other Remunerations		
Compensations	-	-
Charges on Remunerations	1.876.248,89	1.987.054,29
Accident at work and professional illness insurance	202.701,23	213.330,62
Social action expenses	1.023.632,64	1.173.412,78
Other staffing expenses	1.278.356,70	695.887,51
	14.207.186,47	**14.180.795,26**

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 2013 of 2.633.605 Euros (2012: 2.874.348, 2011: 3.403.528, 2010: 4.448.307 Euros and 2009: 5.360.955 Euros).

In the current year this investment made financial income of de100.469 Euros, having used the amount of 341.212 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 2013 ((7.868.241 Euros) totals 2.633.605 (2012: 2.573.006; 2011: 3.093.603, 2010: 4.161.231 Euros and 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:

	2013	2012
Balance to be received		
Income tax	-	-
VAT	2.139.301,28	2.752.191,13
	2.139.301,28	**2.752.191,13**
Balance to be paid		
Income tax	1.089.191,81	399.896,03
Income Tax Withholdings	234.706,82	154.467,44
Social Security Contribution	253.441,40	196.118,50
	1.577.340,03	**750.481,97**

17.2 Deferrals

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

	2013	2012
Expenses to be recognised		
Insurance policies	52.336,88	105.922,03
Advertising contract	4.196,25	3.223,75
Other Expenses	34.449,74	40.164,14
	90.982,87	**149.309,92**
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 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**
Balance on January 1st 2013	**1.398.173,26**	**19.832.615,74**	**4.985.207,39**	**26.215.996,39**
Transfer to Legal Reserve	-	-	-	-
Dividends	-	(4.000.000,00)	-	(4.000.000,00)
Remainder of the distribution of the net income for the period	-	4.985.207,39	(4.985.207,39)	-
Net income for the period	-	-	6.979.646,02	6.979.646,02
Others	-	-	-	-
Balance on December 31st 2013	**1.398.173,26**	**20.817.823,13**	**6.979.646,02**	**29.195.642,41**

17.4 Supplies and External Services

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

	2013	2012
Subcontrats	34.408.069,85	33.096.950,50
Specialised works	2.252.404,02	2.181.050,77
Advertising	137.122,55	129.010,01
Surveillance and security	443.248,39	435.907,26
Fees	472.018,84	420.990,07
Commissions	1.804.502,22	1.523.502,80
Upkeep and repair	3.964.095,30	3.924.926,14
Tools and utensils	335.617,74	208.738,07
Books and technical documentation	31.391,28	29.753,90
Office material	55.289,78	63.415,55
Gifts to clients	120.809,78	60.077,65
Electricity	2.524.602,73	2.318.574,14
Fuels	1.298.853,40	1.102.909,06
Travel and accommodation	159.003,90	193.111,47
Staff transport	1.019.648,80	1.022.575,51
Rentals and hire	4.986.640,70	4.680.129,35
Communication	118.561,64	119.122,37
Insurance policies	1.378.754,17	1.358.871,48
Royalties	40.278,76	39.511,46
Litigation and notaries	3.210,43	2.358,69
Out-of-pocket expenses	144.240,50	139.682,59
Cleaning, hygiene and comfort	308.265,17	310.030,72
Others	2.486.656,24	2.060.204,56
	58.493.286,19	**55.421.404,12**

17.5 Other Income and Gains

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

	2013	2012
Supplementary Income		
Others	374.074,71	350.016,59
Discounts obtained for prompt payment	56.699,14	98.117,95
Inventory gains	40.060,37	82.930,95
Income and gains on remaining Financial Assets		
Exchange diferences assets	839,49	-
Income and gains on Non-Financial Investments		
Disposals	-	-
Others	209.681,56	43.940,04
Others		
Corrections on previous periods	1.211.666,66	782.581,70
Excess tax estimate	24.973,57	3.023,91
Tax return	58.170,32	-
Other unspecified items	48.377,77	43.769,25
Interest earned		
Free Deposits	1.044.750,73	1.119.887,52
Other similar Income	**100.469,00**	**189.309,29**
	3.169.763,32	**2.713.577,20**

17.6 Other Expenses and Losses

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

	2013	2012
Taxes	112.547,37	104.431,51
Bad debts	6.727,40	-
Inventory Losses	12.451,42	37.323,23
Expenses and Losses on Non-Financial Investments		
Write-offs (Notes 7 and 8)	-	-
Others		
Corrections on previous periods	56.403,20	179.189,21
Donations	115.077,85	84.595,21
Social Security Contributions	72.600,69	72.647,72
Insufficient tax estimate	-	-
Undocumented expenses	160.494,58	206.770,34
Fines and penalties		
Non-fiscal fines	405,21	310,29
Fiscal fines	-	-
Others	2.821,98	7.897,24
Interest paid		
Creditor interest balance	-	-
Delinquent and compensatory interest	7,11	24,48
Fore Losses		
Other	1.631,62	12.608,86
Other expenses and Losses Financing		
Other	34.364,25	50.505,39
	575.532,68	756.303,48

17.7 Expenses / Reversions of Depreciation and Amortisation

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

	2013	2012
Depreciation and amortisation expenses		
Fixed capital	-	-
Tangible Fixed Assets	685.142,75	688.826,42
	685.142,75	**688.826,42**
Reversions of amortisations and depreciations	-	-
	685.142,75	**688.826,42**

18. Events after the balance sheet date

The date whereupon the financial statements are authorised for issue was February 20th 2014.

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 nº2 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 nº.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 Industrial Solutions AG
  Holding 200.000 Shares.

Under the terms and for the purposes of the provision nº 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 nº 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 2013.

	2013	2012
Fees	25.200,00	25.200,00
Advisory	3.150,00	3.150,00

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

2013 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 2013 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 2013, developed in a context of slight improvement in terms of demand, continuing to be conditioned by the effects of the slow recovery of global trade, with the corresponding reflections on maintenance at very low levels of average freights rates in the various market segments.

6 In the Exercise, taking into consideration that the business continues to be exercised in market conditions conditioned by the effects of the crisis of the international economy that has been experienced since 2009, the Lisnave activity has registered a good global performance, expressed by:

▶ The average level of work for a number of 107 ships repaired, registering sensibly the same level relating to the previous year;

▶ The 113 orders produced in the Financial Year (more about 18% relating to 2012) requests an improvement for estimates/orders/success rate from 20% to 22%;

▶ The maintenance of LISNAVE uppermost position in the Shiprepair market and of its vocation like a strongly export trader, expressed in sales to the external market of 79,1 million Euros;

▶ A positive net profit of 6.979 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 85,7 million Euros, about 3,7% higher than the correspondent value in 2012;

▶ the weight of personnel costs, about 14,2 million Euros, which now amounted to 18,1% of total operating costs;

▶ the value reached by the operating profits, about 10,2 million Euros, representing 11,5% of total Operation Revenue;

▶ the good performance recorded in overall financial activity, positive in 1,3 thousand Euros;

▶ the "cash flow" generated during the Financial Year, amounting to 10,9 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 moderate expectations regarding the stabilisation of the business of LISNAVE for the year 2014, 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 €6.979.646,02, made by the Board of Directors, should be approved.

Lisbon, 27th February 2014

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

2013 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 2013, (showing a balance sheet total of 65.799,2 thousand Euros and total shareholders' funds amounting to 34.195,6 thousand Euros, including a net profit of 6.979,6 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 2013, 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, 27th February 2014

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 21ST MARCH 2014 RELATING TO THE APPROVAL OF DOCUMENTS REPORTING THE ACCOUNTS FOR THE 2013 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-one day of March two thousand fourteen.
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 728.344 (Seven hundred and twenty-eight thousand three hundred and fourty four) shares, representing 72,83% (Seventy--two point eighty-three 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. Luís Catarino Costa, 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 the Board of Directors and the Auditing Committee were presents.

Item 1 To discuss and approve the 2013 Annual Management Report and Accounts
…, the Chairman of the General Meeting submitted the 2013 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 2013 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 € 1.200.000,00 (One million, two hundred thousand Euros) already included in the Net Profit for the year, and that

▶ The Net Profit for the year in the sum of € 6.979.646,02 (Six million, nine hundred seventy nine thousand and six hundred fourty six Euros and two cents) be appropriated as follows:

Dividends	6.000.000,00 Euros;
Retained Earnings	979.646,02 Euros.

Mitrena, March 21, 2014
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 2013, 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 21, 2014
The Representative of Shareholder Navivessel"

Submitted to the vote, this proposal was approved unanimously.

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

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