MANAGEMENT REPORT AND ACCOUNTS 2014

LISNAVE
ESTALEIROS NAVAIS, S.A.

MANAGEMENT REPORT AND ACCOUNTS
2014

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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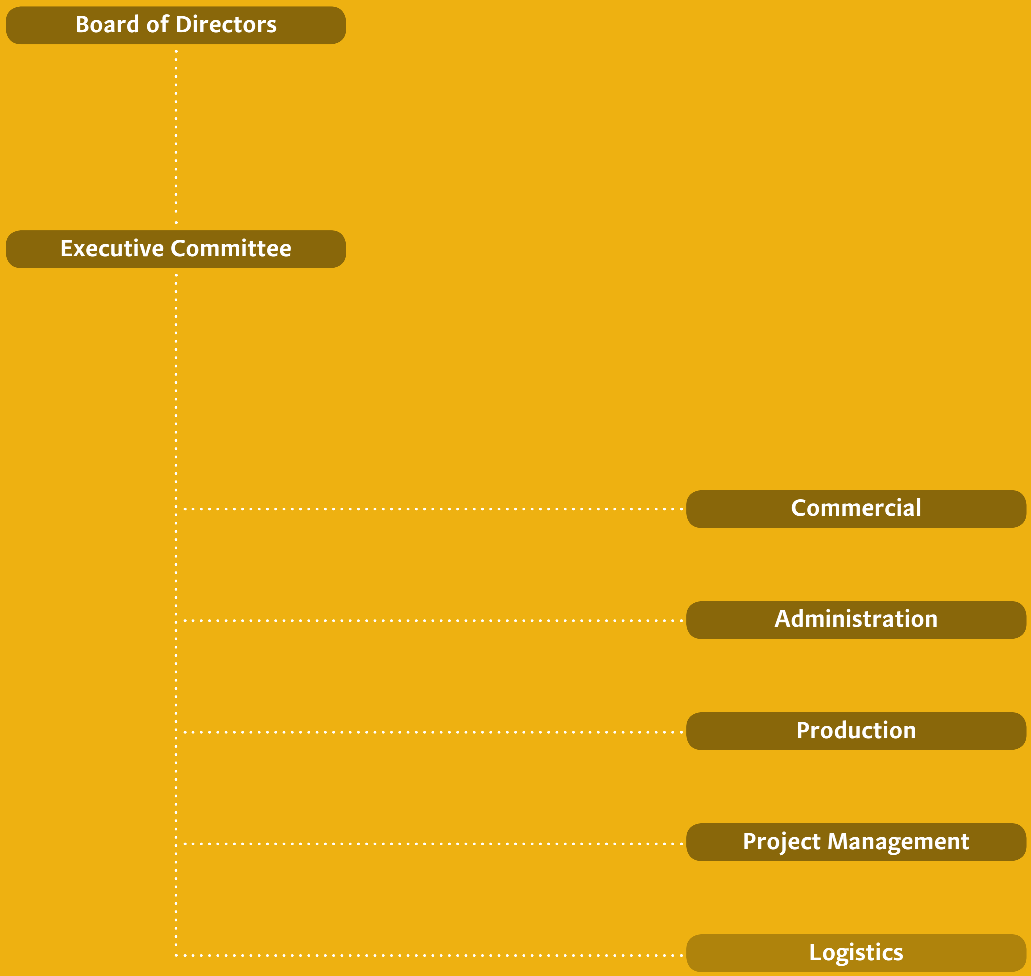
MEMBERS OF CORPORATE BODIES

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 26th March 2015 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 2014 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, 19th February 2015
The Chairman of the Board of the General Meeting
Dr. Luís Miguel Nogueira Freire Cortes Martins


CHEMTRANS SEA

BOARD OF DIRECTORS REPORT

1 | Introduction

Lisnave, Estaleiros Navais, S.A, whose business is still much conditioned by the effects, in the sector, of the international economic crisis, faced yet another difficult market situation in 2014.

Demand, measured by number of enquiries, stood at the second lowest level ever, with just 507 enquiries received and, on the other hand, the commercial success rate dropped four percentage points compared with the previous year, making it the second most difficult in the history of the company.

Despite the adversity of this situation, which did not allow the planned business goals to be met, Lisnave recorded in 2014, an overall performance that the board of directors considers positive.

This performance confirms, under these circumstances and once again, the correctness of the strategic options adopted, demonstrating that Lisnave is better prepared to face the increasing challenges of the highly competitive market in which it carries on its business.

Prior to the review of the year and as in previous years and given the importance of the business indicators in both regional and, above all, national terms, the board of directors points out that during the period since the restructuring plan began and up to the end of the current year, Lisnave has carried out repairs and/or maintenance of 2,139 ships from over 50 countries around the world, which resulted in sales of €1.86 billion, of which an expressive €1.76 billion were for export.

This volume of business allowed payment of wages totalling €1,067 million and payments to the State for social security contributions, personal income tax (IRS) and other taxes totalling about €189 million.

2014

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

The intense commercial activity undertaken and the high level of customer satisfaction, which allowed, once more, a significant volume of the so-called repeated business, were unable, however, to lessen the effect of the deterioration of the market, Lisnave having repaired or maintained just 92 ships.

The average content of work per ship, for various reasons inherent in the ship-owners, continued to be fairly low, but as a result of the large size of some of the jobs, the average invoice stood at €830,000, up from the €757,000 achieved the year before, but far below the figure of more than €1 million in 2008 or 2009.

This was due to constraints such as the reduction of liquidity and worsening borrowing costs, both for investment and for operations, with which ship-owners continue to be faced in carrying on their business.

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 the global economy, on the one hand, and on the other, the greater supply caused by the large amount of new ships that, year after year, continue to come into operation – have, for the sixth straight year, remained at very low levels, though finally, in 2014, there has been an interesting reversal of the trend.

As can be seen from the tables of chapter 2, the average daily freight rate of a Modern Suezmax tanker stood at about US$ 21,200, significantly higher than the US$ 16,000/ day the previous year but only about 45% of the average daily rate of US$ 47,500 for the same charter party in 2008.

The rates for a Capesize dry-bulk carrier also performed well, the average annual rates standing at US$ 19,900 per day, about US$ 5,500 more than in 2013, though only about 20% of the average of around US$ 100,000 per day that these vessels achieved in 2007 and 2008.

In this context of reversal of the trend but still with no reflection on the business, LISNAVE concluded 2014 with ship-repair sales standing at €76.3 million, €4.7 million less than in 2013.

Total operating income stood at €89.2 million, that is, about €330,000 million more than in 2013, but total Operating costs also increased by around €1.74 million.

Consequently, the Net profit for the year fell slightly, to stand at €6.47 million.

Equity amounted to €34.67 million, a figure 6.93 times greater than Company's 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 €73,53 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 year, providing employment for about 2,000 people per day on average, entailing costs of about €50.7 million.

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 €9.8 million was paid by way of personal income tax, social security contributions and other taxes.

With regard to fixed assets, investments during the year amounted to €563,000. It should be pointed out, however, that total investments since 2000 now stand at more than €31 million.

One should note, on the other hand, the very significant costs incurred by LISNAVE with major repairs of infrastructure and equipment, which exceeded €1.78 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 rehabilitation of the shipyard electricity network, involving the complete replacement of the lighting towers and the rehabilitation of Pier 3, in which about €3.4 million 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 €15.77 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 totalling €1.2 million.

Also underscored, as regards the human resources strategy, is the board of directors' resolution to continue to organise youth training courses, in the wake of which 3 course were held involving another 42 trainees, 34 of whom came to be selected to enter into employment contracts with LisnaveYards during the year. Apart from these, another 3 young engineers were recruited.

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, took the timely decision 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 213 employees in its service as at December 31, including 168 direct employees

Pursing its stance regarding social responsibility, Lisnave continued its support policy, joining up with various entities and organisations, mainly directed at the social area, through donations that amounted to €97,000 during the year.

Lisnave maintained its ISO 9001:2008 Quality Certification and the ISO 14001:2004 Environmental Certification, while maintaining the International Ship & Port Facility Security (ISPS) Certification.

As at December 31, 2014, 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 once again proved possible, following approval by the annual general meeting, to remunerate, for the ninth straight year, the capital invested by the company's more than 200 shareholders.

The Outlook for 2015

Despite expectations of a trend of consolidation of freight rates, begun in 2014, the prospects for the business are not very good.

Indeed, the possible alteration of the global economic balance, due to significant reductions of oil prices and the instability of the world's political situation, in particular the effects of Russia/Ukraine tension, among several other risks, may constitute serious threats to the growth of the global economy.

In this context, despite the expectation of some recovery in the growth rate of world trade, it can be expected that ship-owners, given the little profitability of their business over the past six years, will still be obliged to maintain a posture of major containment of budgets for the maintenance of their ships, a situation that, exacerbated by the growth of the world fleet as a result of the ongoing imbalance between the entry into operation of new ships and the scrapping of old ships, means that ship repair will continue to be a seller's market and will therefore continue to see very aggressive competition.

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 in recent years, the board of directors would like to express to our shareholders its sense of moderate expectation regarding the prospects of stabilisation of Lisnave's business in 2015.

2 | General Comments About The Market

The Economy Situation

During 2014, the world economy maintained the trend of weak growth seen in recent years. According to the United Nations, in its report –World Economic Prospects – it is estimated that the world economy has grown by 2.6% in 2014, slightly above the growths seen in 2012 and 2013, 2.5% and 2.4% respectively.

In the euro zone, in which economic activity in 2014 was lower than expected, primarily in France, Germany and Italy, it is estimated that growth stood at 0.8%, reversing the negative trend of 2013 and 2012, in which it fell by 0.4% and 0.7% respectively.

In the United States, the economy, which in 2013 grew at a slower pace than in 2012, reversed this trend, and it is estimated that in 2014 it grew by 2.4%, a growth slightly higher than the 2013 figure of 2.2%.

In Japan, mainly due to the increase of the energy prices energy following the closure of the nuclear plants and the increase of the sales tax (VAT), the growth rate of the economy suffered a substantial reduction, down from 1.5% in 2012 and 2013 to 0.2% in 2014.

In the Asian developing countries, which continue 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 2014 was 4.4%, compared to 4.9% in 2013, China having

achieved a growth of 7.4%, lower than the 2013 figure of 7.7%. In India, growth is estimated at 5.6%, higher than the 2013 figure of 5.0%.

The economies of Latin America and the Caribbean saw a reduction of their growth rate to stand, in 2014, at 0.8%, following a 2.5% growth in 2013.

As result of the foregoing economic climate, the rate of growth of world trade was 4.0%, after standing at 3.4% in 2013.

Evolution of the World's Merchant Fleet and Freight Rates

According to Clarkson Research, as regards bulk fleets of over 10,000 dwt, the tanker fleet grew during 2014 by 1.7% by number of ships, following a growth of about 1.1%. in 2013. By the end of 2014 this fleet stood at 508.6 million dwt, a growth of 1.4% compared to the end of 2013, a year in which it had grown by 1.7%.

In terms of new-construction deliveries, 185 ships were handed over, having a total carrying capacity of about 16.6 million dwt, or about 3.3% of the present capacity of the fleet.

With regard to scrapping, 95 ships with a capacity of 8.3 million dwt were sold, or 1.6% of the capacity of the present fleet.

In 2014, the dry-bulk fleet returned a 4.0% growth by number of ships and of 4.6% in dwt terms, to stand at the year-end at 756.2 million dwt, 609 ships having been handed over with a capacity of about 48.1 million dwt corresponding to about 6.4% of the current capacity of this fleet. During the period 305 ships of a capacity of 15.9 million dwt, or about 2.1% of the present capacity of this fleet were sold for scrap.

The value of steel sold for scrap on the Indian market during 2014 grew by an average of 3.4% compared to 2013, to stand at US$ 450 per ton for tankers while decreasing to US$ 420 per ton for dry-bulk carriers, figures close to the average of the past decade, if we except the crisis years.

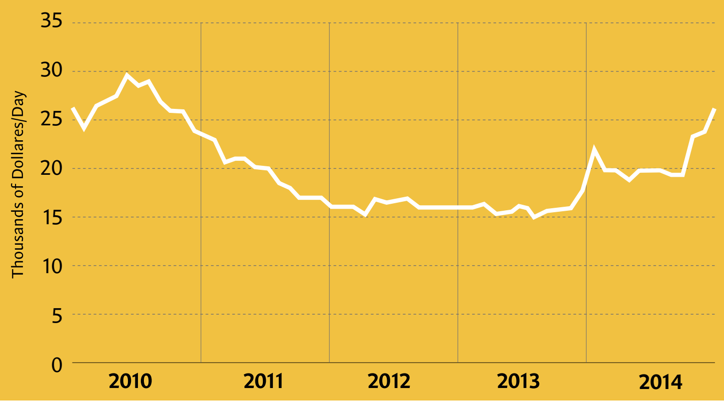
At the end of 2014, the order book for new tankers stood at 822, totalling 74.3 million dwt, or 14.6% of the tonnage of the present fleet. Of these 74.3 million dwt, 28.1 million dwt – or 5.5% of the current fleet – are scheduled for delivery during 2015.

In the dry-bulk carrier fleet, the order book for new ships comprised 2,030 ships of 169.7 million dwt, or 22.4% of the present fleet. Of these, 85.1 million dwt, or 11.3% of the present fleet, are scheduled for delivery in 2015.

It is estimated that demand for global shipping has grown by approximately 3.4%, with bulk liquids transport up by around 0.4% and dry-bulk cargoes up by about 3.7%. Although the increase of the supply of shipping was greater than that of demand – about 1.4% for the tanker fleet and about 4.4% for the dry-bulk fleet – in 2014 there was a reversal of the downward trend of freight rates in average terms.

In the case of the larger tanker fleet the growth was greater than that of the smaller tanker fleet, and in the case of the Modern Suezmax, the average freight rate for one-year charters in was about US$ 21,200 per day, an increase of about 33% over the 2013 average.

Freight Rates for Oil Tankers
Modern Suexmax



Monthly average
Source: Platou

In the case of the dry-bulk fleet, despite the fact that the growth trend seen in 2013 was reversed in the first quarter of 2014 due to the reduction of Chinese coal imports, in the case of the one-year Capesize charter the average rate was about US$ 19,900 per day, an increase of about 38% compared to the 2013 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 small growth rate of global trade, the existing fleet has grown, both by number of ships and by carrying capacity.

Thanks to the reduction of speed that ship-owners are still obliged to implement in the management of their fleets, due to high fuel prices, the number of ships "off hire" has not increased, significantly, which means that to be able to meet the quality standards required both by the charterers and by the societies companies, the ships have to call at shipyards to undertake the minimum maintenance required by these entities.

As a result of the increased occupation of the tanker fleet in the second half of 2014, due to the sharp drop in oil prices and the reduction of imports of manufactured goods by Europe, the demand for repairs at LISNAVE, whose market is worldwide, measured by number of enquiries, suffered a slight reduction of about 3% compared to 2013.

Thus, the negotiations following enquiries received during 2014 generated 90 orders, about 20% less than in 2013, meaning that the success rate fell from 22% to 18%.

Headings	2014	2013	2012	2011	2010
Enquires	507	524	483	617	571
Orders	90	113	96	109	114
Success Rate (%)	18	22	20	18	20

The Business

In 2014, 92 ships completed their repair at LISNAVE, 91 of which in dock, while the average workload, in the routine-repair segment, suffered a slight reduction compared to the previous year.

In the major repairs segment, LISNAVE repaired a dry-bulk carrier involving major steel repairs to her bows, owing to damage, in which about 295 tonnes of steel were fitted.

In this segment, two tankers of a Venezuelan ship-owner were repaired, involving a general overhaul of all systems and the replacement of about 120 tonnes of steel in each ship.

Years	National	Foreign	Total	In Dock
2014	1	91	92	91
2013	1	106	107	103
2012	0	101	101	94
2011	0	101	101	92
2010	1	113	114	106

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 80% of the business. Attention is drawn to the move into other market segments, such as container ships, accounting for 9% of the ships repaired, and gas carriers, which account for 3%.

Given the globalisation of LISNAVE's market, ships repaired in 2014 belonged to 52 customers located in 21 countries. In terms of number of ships, the more significant were Singapore with 27 ships, Greece with 18 and Germany with 8.

4 | Investments/Others

Lending continuity to its policy of investment and renovation of infrastructure, LISNAVE, with the aim of maintaining the necessary operating conditions of the shipyard, has, as in previous years, invested both in new resources and in major repairs to existing infrastructure and equipment, with a focus on the cumulative amounts of investments since 2000, now amounting to about €31.2 million, of which €21.1 million in new investments and about €10.1 million invested in major repairs to existing infrastructure and equipment.

During the year under review, LISNAVE also bore further costs of €1.78 million in major repairs of infrastructure and equipment.

Of the new investments, and besides the maintenance and recuperation of several buildings, storage yards and warehouses, attention is drawn to the acquisition of sundry IT hardware and of new equipment and tools in the production area, the progressive renovation of the electricity network, the updating of the interior lighting of the workshops, the construction of new building-stocks and the manufacture of scaffolding. We must also highlight the launch of the Save to Compete project involving the replacement of air compressors, high performance electric motors and interior and exterior lighting, in particular the replacement of existing lighting towers.

In terms of major repairs, attention is drawn to the general repairs of 2 cranes, the structural repair of the slabs of Docks 21 and 22, and the implementation of an energy-consumption management system.

Mention is made, on the other hand, of investments related to the electrical rehabilitation of the Shipyard and to the projects calling for the rehabilitation of Pier 3, the dolphins and the East Pier, involving an investment of about €3.4 million, which, despite being the responsibility of the concessionaire LISNAVE INFRAESTRUTURAS NAVAIS, must be added to the investments made in previous years, particularly in the rehabilitation of the highway access to the shipyard, totalling over €15.5 million.

Environmental Protection

On environmental terms Lisnave has systematically lent continuity to the improvement of its environmental practices.

To this end, in 2014, after obtaining certification of its environmental management system in accordance with ISO 14001, it successfully concluded the monitoring audit conducted by Lloyd's Register.

On the other hand, 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 2014, besides 10,663 tonnes of grit produced during the year, another 7,565 tonnes of residual grit were sent, the sieving of which resulted in total of 905.5 tonnes of waste, which was sent to the firm Ecodeal.

Information Technologies

Within the context of the ongoing updating and improvement of its IT system, Lisnave has gradually restructured it though the implementation of several improvement measures, notably in the SAP application area, of which the completion of the "SAP GRC Access Control" project must be underscored, used to support, monitor and segregate functions/transactions, covering the entire organisation of the company, the aim being to optimise its internal control system.

On the other hand, attention is drawn, at infrastructure level, to the improvement of its security through the start to the implementation and testing of the disaster recovery plan within the scope of the outsourcing contract, and the replacement of the hardware provided to our customers, in order to significantly improve the quality of this service.

Certification

Lisnave has assumed quality as a factor of success, continually improving the effectiveness of its quality management system and the skills of the company.

The company's quality management system of the company, currently self-sustaining and viable, has continued to earn the trust of our customers and partners, maintaining the reliability and efficiency of its processes.

During 2014 and as part of the company's strategic goal, Lisnave, besides having started the process of preparation of its certification in accordance with the revised ISO 9001:2015 Standard, maintained its ISO 9001:2008 certification, having successfully passed the audits performed by LRQA - Lloyd's Register Quality Assurance.

During the year Lisnave also maintained the International Ship & Port Facility Security (ISPS) and the accreditation of the Calibration Laboratory.

Research & Development

As part of its R&D policy Lisnave has sought to pursue its strategic goal of participating in European and other projects, which may potentially result in an improvement of its production processes, such as the Save to Compete project to improve energy efficiency in pumping systems, lighting, heat production and compressed air. Emphasis is also given to the development of mathematical models of the structures of Docks 21 and 22, in order to enhance their use by ships with special cradles.

5 | Human Resources

As has been reaffirmed, LISNAVE, given the indispensability of ensuring its survival and future sustainability, decided, in due course, to rejuvenate the company and render more flexible several aspects of the employment contract.

Rejuvenation because, given the physical demands of the business, the acceptable limits of the average age of its workforce had been exceeded. Greater flexibility of the employment contract as a means of survival, given the better contractual conditions that its most direct competitors enjoy.

To this end, following repeated rejection by the workers' representative bodies of the proposed company agreement submitted in the meantime, the company decided to redirect its human resources strategy,

On the one hand, it decided to organise an extensive youth training programme in order to provide the technical skills required by the future productivity challenges and to make a start to the inevitable process of rejuvenation of its personnel.

Om the other hand, it decided, with the co-operation of shareholder Navivessel, to make a start to the legal procedures leading to the incorporation of a new company which, having a corporate purpose similar to its own and operating under the provision of services mechanism, would become, in keeping with requirements, the company that, in the future, will come to hire all future workers.

This new company, whose name is "LisnaveYards – Naval Services, LDA", was legally incorporated and has been providing services to Lisnave since February 2009.

In the context of that rejuvenation policy begun in 2006, Lisnave organised several youth training programmes involving more than three hundred trainees.

The latest training programme, with characteristics different from those of the first, with regard both to the duration of the courses and the profile of the candidates to be recruited, comprises 3 courses with an average duration of 424 hours, carried out between June and September for a total of 42 youths aged between 25 and 35.

In the light of the final results, these training programmes have allowed LisnaveYards to progressively obtain the necessary human resources.

In this way, at the end of 2014, LisnaveYards had a total of 213 workers of the various professions related to the business, 168 of whom direct workers. During the year it hired 34 workers from the said youth training programme mentioned earlier and 3 young engineers.

Remuneration Charges

Preceding the presentation of the most relevant indicators, it is important to note that, following the timely adoption of the board of directors' proposal concerning the appropriation of profit, all workers were allocated a balance-sheet bonus comprising a fixed part equal to 80% of the monthly fixed wage and two variable parts, one on the basis of absenteeism and other dependent on the performance assessment, a total aggregate bonus of €1.2 million.

Total staff costs stood at €12.8 million, as detailed in the following table.

Personnel Costs

Headings	2014	2013
Remunerations	8.756.007	8.843.843
Overtime	274.873	207.103
Bonuses, Subsidies and Other Remunerations	791.394	775.301
Subtotal	**9.822.274**	**9.826.247**
Social Security Contributions	2.982.020	4.380.939
Total	**12.804.294**	**14.207.186**

(Amount in Euros)

The reduction under Wages is the result, first and foremost, of the natural departure throughout the year. The increase of Overtime is directly related to the growing willingness of many workers to work overtime following the amendments to the Labour Code.

The decrease under Social Charges was due mainly to issues relating to Insurance.

Training & Development

Several vocational training courses were organised during 2014, involving 906 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 42 trainees who, under the second youth training plan undertaken in April, attended the training courses in the area of engineering organised by LISNAVE.

External Training | 2014

Areas of Training	Total Hours	Number of Participants
Personal Development	4.677	128
Qualifications /Retraining of Productions Techniques	107	10
Quality, Safety, Environment and Protection	1.736	62
Hardware and Software	3.361	405
Financial, Tax and Accountancy Management	21.398	301
Total	**31.280**	**906**

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 624 examinations were organised, 262 of which involving LISNAVEYARDS employees, subdivided into 65 induction, 355 periodic, and 204 occasional examinations.

Concerning safety, 2014 was marked by a slight fluctuation of its accident rate compared with the 2013 figures. While on the one hand the Frequency Index rose to 28.42, the Gravity Index fell, and now stands at 0.93. These figures reflect the fact that there were more accidents, though less serious.

During 2014, 1,878 workers received induction information and safety training and recycling. In a more focused aspect, the prevention and safety sector organised training for another 69 people, including managers of collaborating companies, direct foremen, trainees, visitors and crew members or service-provider companies, directed at safety disclosure and awareness issues. Within the framework of the collaboration with external entities, emphasis is given to the naval engineering courses for students of the Instituto Superior Técnico.
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 production sectors, involving 63 people, including employees both of LISNAVE and of external companies.

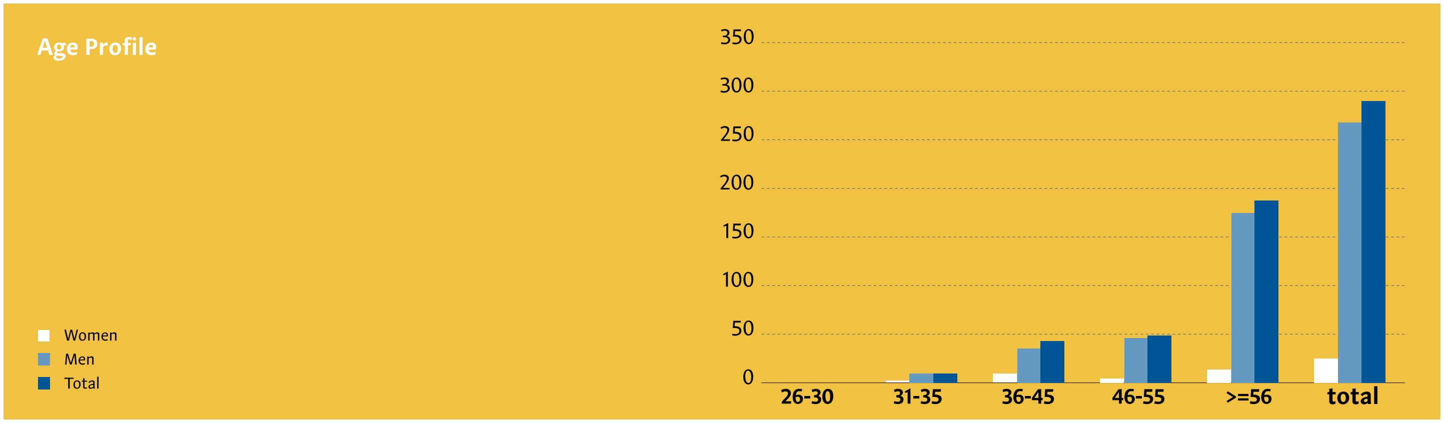
Lastly, we would also highlight basic safety information and rules provided to those people who enter the company's premises on a daily basis, particularly sales personnel, external technicians and other visitors, totalling 1,124.

Other Indicators

Contrary to the trend of stabilisation seen last year, the absenteeism index fell significantly.

Compared to the 2013 personnel indicators, the number of LISNAVE employees fell slightly and, as at December 31, 2014, the total number stood at 289, the average age increasing to 55.

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 92 ships during 2014, generating total billing in the sum of about €76.3 million.

As shown in the following table, there was a 5.8% decrease of invoicing in 2014 compared to the previous year, reflecting a 14% reduction of the number of ships repaired.

The average billing per ship, at €830,000, reflects a recovery of 9.6% compared with last time, which does not mean, however, a higher labour content per ship repaired, rather the large size of some of the projects executed.

Number of Ships and Invoicing

Headings	2014	2013	2012	2011	2010
Number of Repaired Ships	92	107	101	101	114
Total Invoicing	76,3	81,0	79,9	80,8	89,6
Average Invoicing per Ship	0,830	0,757	0,792	0,800	0,786

(Amounts in Millions of €)

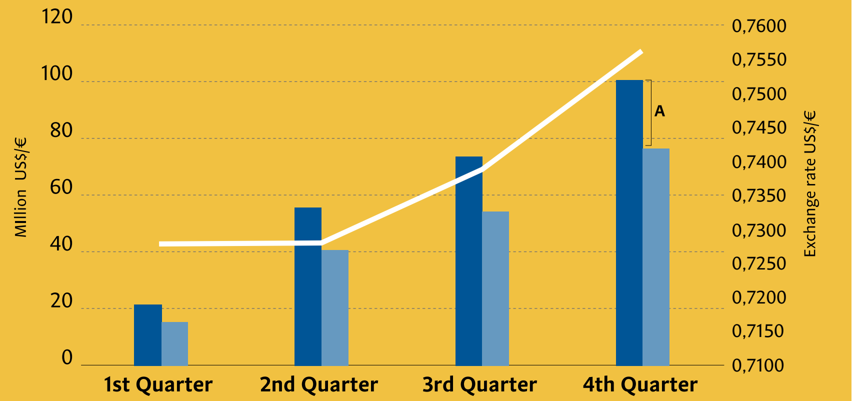
The significant downturn of invoicing and of the number of ships repaired during the year was contrary to the trend seen in the 2011-13 period, which had shown a certain stabilisation of the business at around €80 million. This followed the sharp reduction in the preceding three-year period caused by the sharp decline of freightage as from 2008, the result of the international financial and economic crisis and of oversupply in the shipping market.

The year under review was marked by anaemic growth of world trade and, in particular, by the ongoing imbalance between supply and demand, in the shipping market, negatively affecting freight rates in every segment of the market.

Mention should also be made, for its dimension, of the performance of the dollar during the first half of 2014, exerting considerable 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 primarily continue to use the dollar in their commercial transactions. Although this trend was reversed during the second half, when this currency appreciated sharply against the euro, it has not yet been possible to measure the possible positive effects on the company's business.

Thus, since the beginning of its sharp depreciation in 2004, which led to an average annual rate of €0.8014, the dollar has continued to be extremely volatile over the past five years, standing at an average of €0.7558 in 2014.

The following table shows the impact of the evolution of the dollar during 2014. Thus, in annual terms, sales had to total US$ 101 million to generate € 81 million.



	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales US$ 2014	21,1	56,2	73,8	101,0
Sales € 2014	15,3	40,9	54,5	76,3
Exchange rate US$ / € 2014	0,7277	0,7278	0,7386	0,7558

A = Mais de 24,7 milhões de Dólares

The following table shows the total evolution of Sales and services rendered.

Sales and services rendered

Headings	2014	2013	2012	2011	2010
Ships Repairs	76.333	81.038	79.945	80.809	89.619
Revenue of Ships in Progress	4.327	549	-61	-5.150	4.540
Other Activities	3.905	2.801	1.474	2.818	6.862
Services Rendered	1.103	1.315	1.249	1.398	1.489
Total	**85.669**	**85.704**	**82.607**	**79.874**	**102.510**

(Amounts in Thousands of €)

The total value of Ship repairs and of Revenue of ships in progress accounted for 94.2% of the total value of Sales and services rendered, while other activities and Services rendered together amounted to € 5 million.

It should also be pointed out that the figure for other activities grew by about 39.4% compared to the previous year as a result of the sale of services to Lisnave Infraestruturas Navais, related with the shipyard rehabilitation investment plan.


HAMILTON SPIRIT
NASSAU
LISNAVE

Continuing to characterise the evolution of the company's economic situation, the following table provides the 2014/2010 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

	2014		2013		2012		2011		2010	
Headings	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Sales and Services Rendered	85.669		85.704		82.607		79.874		102.510	
Works for the Company	3		0		0		3		0	
Other Income and Gains	3.538		3.173		2.747		3.829		3.706	
Total Operating Income	**89.209**	**100**	**88.877**	**100**	**85.355**	**100**	**83.706**	**100**	**106.216**	**100**
Costs of row materials consumed	5.800	6,5	4.302	4,8	5.248	6,1	3.739	4,5	5.347	5,0
Supplies and External Services	61.324	68,7	58.493	65,8	55.421	64,9	53.657	64,1	67.051	63,1
Personal Costs	12.804	14,4	14.207	16,0	14.181	16,6	14.367	17,2	14.783	13,9
Depreciations, Impairments and Provision	-80	-0,1	1.080	1,2	1.899	2,2	2.980	3,6	935	0,9
Taxes	101	0,1	113	0,1	104	0,1	62	0,1	186	0,2
Other Costs and Losses	427	0,5	463	0,5	652	0,8	691	0,8	470	0,4
Total Operating Expenses	**80.376**	**90,1**	**78.658**	**88,5**	**77.506**	**90,8**	**75.496**	**90,2**	**88.772**	**83,6**
Operating Profits	**8.833**	**9,9**	**10.219**	**11,5**	**7.849**	**9,2**	**8.210**	**9,8**	**17.444**	**16,4**
Financing Results	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Profits before Taxes	**8.833**	**9,9**	**10.219**	**11,5**	**7.849**	**9,2**	**8.210**	**9,8**	**17.444**	**16,4**
Taxes on Income for the Period (-)	-2.357	-2,6	-3.240	-3,6	-2.864	-3,4	-2.996	-3,6	-5.474	-5,2
Net Income for the Period	**6.476**	**7,3**	**6.980**	**7,9**	**4.985**	**5,8**	**5.214**	**6,2**	**11.970**	**11,3**

(Amounts in Thousands of €)

An overall appraisal of the income statement shows that in 2014 the company's economic situation worsened compared to the previous year, returning a Net profit of €6.48 million.

The Cost-to-income ratio, which measures the relative weight of Total operating costs as a proportion of Total operating income, deteriorated compared to the previous year, to stand at 90.1%, despite the continuation and strengthening of the policy for the more rational use of production factors.

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 by the company's management to replace the dollar by the euro in billing its customers. Therefore, the currency-translation differences recorded in 2014 are not materially relevant.


NORD IMAGINATION

To complete the review of the economic evolution of the company over the 2010-14 periods, the following table provides a set of the more relevant economic indicators and ratios.

Economic Aggregates

Headings	2014	2013	2012	2011	2010
Overall Aggregates					
Gross Value of Production (GVP	85,672	85,704	82,607	79,877	102,510
Gross Value Added (GVA)	21,200	26,000	24,720	25,485	34,385
Personnel Costs	12,804	14,207	14,181	14,367	14,783
"Gross Cash flow"	8,753	11,299	9,748	11,190	18,379
Average number of Emplyees	**291**	**296**	**306**	**322**	**334**
Ratios					
GVP per Capita	294.4	289.5	270.0	248.1	306.9
Personnel Costs per Capita	44.0	48.0	46.3	44.6	44.3
GVA / GVP	25%	30%	30%	32%	34%
Personnel Costs / GVA	60%	55%	57%	56%	43%

(Amounts in Thousands of €)

Observation thereof leads to the conclusion that, in 2014, the company's performance indicators and ratios returned a mixed performance by comparison with the previous year.

Thus, the gross production value (GPV) aggregate is in line with that of the preceding year, that is, a performance similar to the variation recorded under Sales and services rendered.

The gross value added (GVA) and gross cash flow aggregates also performed negatively compared to the previous year.

Despite this unfavourable evolution it should be said that, generally speaking, the company's performance ratios at the end of the year under review allows 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	2014	2013	2012	2011	2010
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	23.196	22.216	21.231	20.016	18.546
Net Profit of the Financial Year	6.476	6.980	4.985	5.214	11.970
Total Shareholders Funds	**34.672**	**34.196**	**31.216**	**30.231**	**35.516**

(Amounts in Thousands of €)

Equity on December 31, 2014, amounted to €34.67 million, a similar to the figure at the end of last year. The book-value per share at the year-end was €34.67, an appreciation of 593% over the par value.

The main balance-sheet headings for the past five years, referred to December 31, 2014, as shown in the following table, provide an appraisal of the evolution of the company's financial structure.

Comparative Summ. Balance Sheet

Headings	2014	2013	2012	2011	2010
Assets					
Non-current Assets	9,798	10,604	11,137	12,085	13,923
Inventories	1,850	1,947	2,097	2,379	2,251
Clients C/A (Net Prepayment)	12,035	9,859	13,099	4,737	15,498
Other receivables	6,698	5,176	3,870	4,470	9,329
Cash and Banks	35,393	37,892	30,969	32,346	30,857
Deferrals	143	91	149	104	187
Total Assets	**65,918**	**65,569**	**61,322**	**56,121**	**72,045**
Liabilities					
Provisions	2,204	3,327	5,802	5,173	3,481
Other non-current payables	1,445	2,634	2,573	3,094	4,161
Suppliers C/A (Net Prepayment)	19,206	16,489	13,272	10,834	19,614
Other payables	8,391	8,924	8,458	6,789	9,272
Total Liabilities	**31,246**	**31,373**	**30,106**	**25,890**	**36,528**
Shareholders Funds	**34,672**	**34,196**	**31,216**	**30,231**	**35,516**

(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:

Liquidity

With a working capital in the order of €28.5 million and a very comfortable quick ratio of 2.03 and a cash ratio of 1.97, 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 €35.4 million at the end of the period.

Financial structure

With a non-current asset financing ratio of 3.54 and total solvency and self-financing ratios of 111.0% and 52.6% 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 noted for its unpredictability.

Lastly, and in keeping with legal requirements, it is hereby declared that, as at December 31, 2014, LISNAVE held no treasury shares and there was no past-due debt to the State Public Sector, including Social Security.

7 | Business Outlook for 2015

In the second half of 2014 there was a sharp reduction of oil prices, which, if it continues, is sure to causes major changes to the world's economic balance. Importing countries will see a reduction of average energy prices, which will lower production costs and increase their competitiveness. Exporting countries will see a drastic reduction of their revenues, which will require them to implement sharp spending-side adjustments, with serious consequences on their economic activity.

Thus, the World Bank expects that, following the estimate of 2.6% growth for 2014, the global economy will maintain its growth trend, though less so, and that growth will amount to 3.0% in 2015 and 3.3% in 2016.

In the Eurozone, where a large part of the problems resulting from 2009 crisis remain unsolved and deflation, now heightened by the reduction of energy prices, remains a threat, the economy is expected to continue its trend of low growth and will grow about 1.1% in 2015 and 1.6% in 2016.

In the United States of America, the United Nations expect that, after the reversal of the trend of reduction of its growth rate in 2014, the growth trend will continue, with growth standing at 3.2% in 2015.

In Japan, following the stabilisation of the growth of its economy at 1.5% in 2012 and 2013, the growth rate fell to 0.2% in 2014 but is expected to recover in 2015 to 1.2% and to 1.6% in 2016.

Faced with the prospects of an increase of the growth rate of the global economy from 2.6% in 2014 to 3.0% in 2015, the United Nations expect that the growth rate of global trade will increase slightly, to stand at 4.5% in 2015 following the 4.0% estimate for 2014.

As a result of the trend of growth of world trade and of the growth of freight rates in 2014, the latter can be expected to rise to amounts that will provide ship-owners with acceptable profitability in the management of their fleets.

There are, however, several risks that might prevent such a scenario, among which the following:

- Rising tensions between the Ukraine and Russia, resulting in an even greater reduction of imports of Western products by Russia and a consequent reduction if exports of energy products to the West;
- China, spearheading the increase of demand for shipping, has already joined the environmental battle by making a start to the replacement of old, very polluting energy sources by renewable energy sources, which may cause reduction of its imports;
- The failure of the euro zone to solve the problems stemming from the financial crisis, coupled with the reduction of raw material prices, may lead to a decline of the income of the countries that import its products, and consequently its exports to those countries will cause a reduction of European transport needs.

With respect to the business itself and further driving the foregoing, there is also the risk that the large amount of capital available as a result of the aforesaid increase of freight rates could trigger a new round of orders for new ships and a sharp increase of the surplus fleet. It should be recalled that the order books for new ships, which in 2013 reversed the downward trend of the existing fleet, returned to growth in 2014, with year-end increases of 15% and 14% of the tanker and dry-bulk fleets respectively.

In this context, if the risks referred to above do not have major effects, and if ship-owners, despite the reduction of bunker prices, are able to continue to manage the surplus of the existing fleet by reducing speed and also if fleet surplus does not increase significantly, it can be expected that ship-repair business in 2015 will remain at the level seen in 2014.

Human Resources

In the wake of the introduction of legislative changes, particularly those resulting from the coming into force of Law 23/2012 of June 25, 2015 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 continue to promote, through it, the creation of conditions that will ensure the future sustainability of this industry in Portugal.

To this end, Lisnave aims to explore new and broader forms of collaboration with LisnaveYards, in an endeavour to get it to assume greater responsibilities in the development of the business, as a result of its growing workforce, particularly with regard to the number of its direct workers.

In this connection, besides intending to continue to provide vocational training for its workers, having drawn up for the purpose an annual plan of about 18,600 hours, Lisnave intends to continue with its rejuvenation policy and expects to organise two new youth training courses.

8 | Proposal for the Appropriation of Profits

Since the Company's performance in 2014 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 €6.476.325,92 (Six million, four hundred and seventy-six thousand, three hundred twenty-five Euros and ninety two Cents) be appropriated as follows:

Dividends	6.000.000,00	Euros
Retained earnings	476.325,92	Euros

9 | Closing Remarks

Lastly, in closing the Management Report in respect of the business in 2014, 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, 24th February 2015

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

BALANCE

Headings	Notes	31-DEC-2014	31-DEC-2013
Assets			
Non-current Assets			
Tangible Assets	8	4.687.103,06	4.678.983,67
Investment properties	7	2.567.100,00	2.567.100,00
Other financial Assets	15	1.725.492,89	2.633.604,89
Deferred tax Assets	14	368.583,60	724.241,34
Non-current Assets held for Sale	8	450.000,00	0,00
		9.798.279,55	**10.603.929,90**
Current Assets			
Inventories	10	1.849.858,57	1.946.721,71
Costumers	15.1	12.071.287,90	10.069.916,64
Advances to Suppliers	15.3	195.735,96	19.122,67
State and other public entities	14 / 17.1	2.730.529,50	2.139.301,28
Other accounts receivable	15.2	3.967.705,17	3.036.854,16
Deferrals	17.2	143.473,41	90.982,87
Cash and short-term deposits	4	35.392.685,08	37.892.363,80
		56.351.275,59	**55.195.263,13**
Total Assets		**66.149.555,14**	**65.799.193,03**

(Amounts in €)

Headings	Notes	31-DEC-2014	31-DEC-2013
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	21.797.469,15	20.817.823,13
		28.195.642,41	27.215.996,39
Net Profit / Loss for the period	17.3	6.476.325,92	6.979.646,02
Total Equity		**34.671.968,33**	**34.195.642,41**
Liabilities			
Non-current Liabilities			
Provisions	12	2.203.538,49	3.327.284,17
Other accounts payable	15.4	1.445.425,89	2.633.604,89
		3.648.964,38	**5.960.889,06**
Current Liabilities			
Suppliers	15.3	19.401.909,11	16.508.067,26
Advances to costumers	15	35.830,36	211.010,48
State and other public entities	14 / 17.1	432.673,97	1.577.340,03
Other accounts payable	15.4	7.958.208,99	7.346.243,79
		27.828.622,43	**25.642.661,56**
Total Liabilities		**31.477.586,81**	**31.603.550,62**
Total Equity and Liabilities		**66.149.555,14**	**65.799.193,03**

(Amounts in €)

STATEMENT OF CHANGES IN EQUITY

Description	Issued Capital	Legal Reserves	Earnings	Net Income	Total Equity
Position at 01/01/2013 - POC	**5.000.000,00**	**1.398.173,26**	**19.832.615,74**	**4.985.207,39**	**31.215.996,39**
Remainder of 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**
Operations 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**
Position at 01/01/2014	**5.000.000,00**	**1.398.173,26**	**20.817.823,13**	**6.979.646,02**	**34.195.642,41**
Remainder if the distribution of the Net Income for the Period			6.979.646,02	-6.979.646,02	0,00
Changes for the period					
		0,00	**0,00**	**0,00**	**0,00**
Net income for the period				**6.476.325,92**	**6.476.325,92**
Operation with equity owners					
Dividends			-4.000.000,00		-4.000.000,00
	0,00	**0,00**	**-6.000.000,00**	**6.476.325,92**	**476.325,92**
Position at the end of 2014	**5.000.000,00**	**1.398.173,26**	**21.797.469,15**	**6.476.325,92**	**34.671.968,33**

(Amount in €)

PROFIT AND LOSS STATEMENT

Income and Services	Notes	2014	2013
Sales of goods and rendering of services	11	85.668.603,63	85.703.777,40
Grants received		43.952,95	3.602,62
Works for the Company		2.986,62	0,00
Costs of sales	10	(5.800.495,88)	(4.301.841,53)
Supplies and external services	17.4	(61.324.439,47)	(58.493.286,19)
Payroll expenses	16	(12.804.294,30)	(14.207.186,47)
Impairment of inventories (losses/reversions)	10	35.044,52	(68.067,01)
Accounts receivable impairments (losses/reversions)	15.1	182.500,56	(2.158.652,78)
Provisions (increases/reductions)	12	540.027,43	1.831.734,74
Other income and gains	17.5	3.493.867,36	3.169.763,32
Other expenses and losses	17.6	(527.515,76)	(575.532,68)
Profit before Depreciations, Financial Income and Taxes		**9.510.237,66**	**10.904.311,42**
Expenses/Reversions of depreciation and amortisation	8 / 17.7	(677.076,97)	(685.142,75)
Operational Result (before Financing Costs and Taxes)		**8.833.160,69**	**10.219.168,67**
Profit before Tax		**8.833.160,69**	**10.219.168,67**
Income Tax for the Period	14	(2.356.834,77)	(3.239.522,65)
Profit for the Period		**6.476.325,92**	**6.979.646,02**

(Amounts in €)

CASH FLOW STATEMENT

	Period	
Headings	**2014**	**2013**
Cash Flow from Operating Activities		
Receivable from Costumers	82.449.011,37	86.886.090,45
Payments to Suppliers	-74.433.130,33	-71.991.692,59
Payments to Employees	-9.654.925,51	-10.098.627,56
Cash Generated by Operations	**-1.639.044,47**	**4.795.770,30**
Income Tax Payments	-3.587.472,85	-2.199.274,63
Outros Recebimentos / Pagamentos relativos à Actividade Operacional	8.271.211,05	7.942.442,56
	3.044.693,73	10.538.938,23
Flow from Operating Activities (1)	**3.044.693,73**	**10.538.938,23**
Payments Related with:		
Tangible Assets	-562.937,43	-421.127,15
Receivables Related with:		
Tangible Assets	38.492,00	-
Interests and Similar Incomes	1.009.200,71	842.969,73
Flow from Investment Activities (2)	**484.755,28**	**421.842,58**
Payments Related with:		
Interests and Similar Incomes	-28.678,93	-36.212,90
Dividends	-6.000.000,00	-4.000.000,00
Flow from Financing Activities (3)	**-6.028.678,93**	**-4.036.212,90**
Changes in Cash and Cash Equivalent (4) = ((1) + (2) + (3))	**-2.499.229,92**	**6.924.567,91**
Net Foreign Exchange Difference	**448,80**	**1.087,77**
Cash and Cash Equivalents at Beginnings of Period	**-37.892.363,80**	**-30.968.883,66**
Cash and Cash Equivalents at End of Period	**35.392.685,08**	**37.892.363,80**
	-2.499.229,92	**6.924.567,91**

(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:

	2014	2013
Buildings and Other Constructions	2,50% – 5,00%	2,50% – 5,00%
Basic Equipment	5,00% – 12,50%	5,00% – 12,50%
Transport Equipment	25,00%	25,00%
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 23%, 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 27.5%.

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. Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is primarily recovered through a sale transaction rather than through continuing use.

It is considered that this condition is met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. The corresponding sale must be completed within one year from the date of the non-current asset classified as available for sale.

Non-current assets classified as held for sale are measured at the lower value between its carrying amount before classification and its fair value.

e. 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.

e.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 l), being subsequently measured at cost minus impairment.

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

e.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 e).

e.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 e).

e.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.

f. 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.

g. 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.

h. Equity Items

h.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.

h.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)

h.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.

i. 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.

i.1 Provisions for Court Proceedings

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

i.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.

j. 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.

j.1 Suppliers

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

j.2 Client Advances

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

j.3 Other Accounts Payable

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

k. 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.

l. 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.

l.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.

m. 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.

m.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”.

m.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”

m.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.

n. 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.

o. 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

The company records deferred taxes in accordance with NCRF 25.

These arise from the existence of deductible and / or taxable temporary differences and aim to correct specialization of income tax for the period.
The adoption of this standard includes the possibility that recovery or settlement of a certain amount, inherent to assets or liabilities, allows that future tax payments being larger or smaller than supposed to be, if such recoveries and / or settlements did not exist.

c. Services Rendered Recognition

The company recognizes revenue in accordance with the recommendations in NCRF 20.

The revenue associated with a transaction should be recognized by reference to the stage of completion of the transaction at the balance sheet date, when the outcome of that transaction involving the rendering of services can be reliably estimated. All following conditions must be met:

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

The recognition of revenue by reference to the completion stage of a transaction is often referred to as the method of the percentage of completion. Under this method, revenue is recognized in the accounting periods in which the services are provided. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period.

The stage of a transaction can be determined by a variety of methods. An entity uses the method that measures reliably the services performed.

Depending on the nature of the transaction, the methods may include:
a) Surveys of work performed;
b) Services performed to date as a percentage of total services to be performed; or
c) The proportion of the costs incurred to date related to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.
Progress payments and advances received from customers often do not reflect the services performed.

When the outcome of the transaction involving the rendering of services can't be reliably estimated, revenue should be recognized only to the extent of the expenses recognized are recoverable.

The Company uses the percentage of completion method in recognition of their services rendered. Use of this method requires the Company to estimate the services performed as a percentage of total services to be performed, which also need to 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.

d. Leases

The Leasing Contracts, where the Company is the lessee, are classified as Financial Leases, if through them are transferred substantially all risks and rewards of the ownership, and as Operating Leases, if through them are not transferred substantially all the risks and rewards of the ownership.

The classification of Leases in Financial or Operational is made depending on the substance and not the form of the Contract.

In Leases considered as Operating, rents are recognized as costs in the Income Statement on a straight line basis over the period of the Contract.

4. Cash and short-term deposits

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

	2014	2013
Cash on hands	69.553,99	49.467,93
Short-term deposits	573.131,09	842.895,87
Other Bank Deposits	34.750.000,00	37.000.000,00
	35.392.685,08	**37.892.363,80**

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.	2014	704,00	311.929,95	204,00	-	294.406,32
	2013	-	311.887,74	-	-	294.269,04
ThyssenKrupp Industrial Solutions AG	2014	-	-	-	-	-
	2013	-	-	-	-	-
Parpública, S.A. | Estado Português	2014	-	-	-	-	-
	2013	-	-	-	-	-
Público (OPT)	2014	-	-	-	-	-
	2013	-	-	-	-	-
Lisnave Infraestruturas	2014	1.222.284,94	-	3.194.295,21	-	2.331.524,49
	2013	-	450.084,48	927.303,84	-	3.160.495,55
Repropel	2014	56.095,70	5.907,08	103.981,65	-	30.087,50
	2013	49.117,32	7.626,00	100.904,92	-	13.400,00
Gaslimpo	2014	13.352,17	224.528,34	25.216,13	106.406,38	530.689,77
	2013	4.282,38	227.498,92	14.389,98	78.908,41	594.769,08
Rebocalis	2014	6.378,12	312.186,81	19.983,34		944.863,08
	2013	55.721,45	487.514,96	70.535,12		1.615.712,27
Lisnave Internacional	2014	2.199,86	65.859,15	3.034,08	-	121.927,26
	2013	3.105,33	26.925,71	5.196,32	-	131.024,96
Tecor	2014	57.057,33	2.667.995,29	192.330,89	-	8.517.120,78
	2013	76.948,13	2.413.312,51	186.507,88	-	7.273.193,59
NavalRocha	2014	-	-	-	-	-
	2013	-	-	-	-	-
Navalset	2014	1.607,00	5.535,00	900,00	-	18.000,00
	2013	-	5.535,00	-	-	18.000,00
LisnaveYards	2014	127.923,31	2.252.338,68	418.643,20		5.658.268,44
	2013	-	830.150,27	421.251,23	-	5.039.239,21
Dakarnave	2014	-	-	-	-	-
	2013	-	-	-	-	-

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 2013 and 2014.

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 2013	**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**
Increases	-	-	-	-	-	687.354,51	687.354,51
Revaluations	-	-	-	-	-	-	-
Acquisition of the subsidiary	-	-	-	-	-	-	-
Transfers	-	352.534,66	114.813,08	85.612,63	9.977,06	(562.937,43)	-
Disposals	-	-	(121.244,68)	(5.776,00)	-	-	(127.020,68)
Write-Offs	-	(578,20)	-	(54.562,04)	-	-	(55.140,24)
Exchange differences	-	-	-	-	-	-	-
December 31st 2014	**1.873.185,46**	**6.462.117,34**	**137.142,19**	**1.492.456,45**	**6.605.358,30**	**433.137,54**	**17.003.397,28**

	Buildings and other constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Fixed Assets in Progress	Total Tangibel Assets
Costs							
January 1st 2013	**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**
Depreciations	108.118,01	296.634,82	28.703,27	76.331,53	167.289,34	-	677.076,97
Revaluations	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(121.244,68)	(3.849,13)	-	-	(125.093,81)
Write-Offs	-	(346,92)	-	(54.562,04)	-	-	(54.908,96)
Exchange differences	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
December 31st 2014	**801.193,99**	**3.926.275,98**	**51.032,38**	**1.045.067,17**	**6.492.724,70**	**-**	**12.316.294,22**
Net Book Value:							
As at December 31st 2014	**1.071.991,47**	**2.535.841,36**	**86.109,81**	**447.389,28**	**112.633,60**	**433.137,54**	**4.687.103,06**
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 January 1st 2013	**1.288.227,49**	**2.462.108,04**	**26.561,16**	**457.135,47**	**400.246,65**	**302.163,41**	**4.936.442,22**

In the period ended the Company recorded in non-current Assets held for sale as follows:

	2014	2013
Non-current Assets held for sale		
Gross	600.000,00	-
Impairment	(150.000,00)	-
	450.000,00	**-**

9. Impairment of Non-current Assets Held for Sale

The value of impairment of non-current Assets held for sale amounted to 150,000.00 Euros.

According to NCRF 12, an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any, the entity shall estimate the recoverable amount of the asset. During the year 2014, using an external source of information (independent expert), it was found that the recoverable amount of non-current Assets held for sale was fixed in about 450.000,00 Euros. The book value was adjusted accordingly.

In the year were not registered any impairment of tangible fixed assets or investment properties.

10. Inventories

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

	2014	2013
Raw materials, subs. and consumption		
Gross	2.272.118,80	2.404.026,46
Impairments	(422.260,23)	(457.304,75)
	1.849.858,57	**1.946.721,71**

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

a) Cost of goods sold and materials consumed:

	Raw Material and consumable supplies
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
Inventories as at January 1st 2014	2.404.026,46
Purchases	5.668.588,22
Inventories as at December 31st 2014	2.272.118,80
	5.800.495,88

b) Impairment of inventories recognized as a loss / gain for the period:

	2014	2013
Impairment losses		
Raw materials and consumable supplies	-	68.067,01
	-	**68.067,01**
Reversion of impairment losses		
Raw materials and consumable supplies	35.044,52	-
	35.044,52	**68.067,01**

11. Revenue

Revenue is itemised as follows:

	2014	2013
Sale of Goods		
By-products, waste and scrap		
Portugal	331.897,73	681.265,66
	331.897,73	**681.265,66**
Rendering of Services		
Services		
Total Europe	**35.007.004,30**	**37.728.421,00**
Portugal	6.625.942,11	5.910.270,33
U.E.	24.318.632,19	19.065.350,92
Others	4.062.430,00	12.752.799,75
Total Africa	**2.862.688,00**	**6.268.866,42**
Total America	**29.361.629,07**	**13.355.740,00**
Total Asia	**11.751.598,00**	**22.274.947,02**
Total Oceania	**6.353.786,53**	**5.394.537,30**
	85.336.705,90	**85.022.511,74**
	85.668.603,63	**85.703.777,40**

	By-products, waste and scrap	Ship repairing	Other Activities	Rendering of Services	Total
2014	331.897,73	80.660.400,30	3.905.038,51	771.267,09	**85.668.603,63**
2013	681.265,66	81.587.163,28	2.801.379,84	633.968,62	**85.703.777,40**

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 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**
On January 1st 2014	**360.189,30**	**300.000,00**	**606.887,27**	**1.020.207,60**	**1.040.000,00**	**3.327.284,17**
Increases for the year	-	11.990,45	-	1.047.813,00	-	1.059.803,45
Utilisation for the year	-	(11.990,45)	(150.000,00)	(130.535,70)	(291.192,10)	(583.718,25)
Reversions for the year	-	-	(96.351,08)	(819.671,90)	(683.807,00)	(1.599.830,88)
On December 31st 2014	**360.189,30**	**300.000,00**	**360.536,19**	**1.117.813,00**	**65.000,00**	**2.203.538,49**

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:

	2014	2013
Exchange gains included under:		
Other income and gains	8.486,71	839,49
	8.486,71	**839,49**
Exchange losses included under:		
Other expenses and losses	15.158,51	1.631,62
	15.158,51	**1.631,62**

14. Income tax

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

	2014	2013
Current tax		
IRC (corporation tax) for the year	2.001.177,03	3.204.727,28
Deferred Tax		
Originating from, and the object of, reversion of timing differences	355.657,74	34.795,37
Other movements	-	-
	2.356.834,77	**3.239.522,65**

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

	2014	2013
Excess Tax Estimate	-	24.973,57
Insufficient Tax Estimate	9.061,04	-
	9.061,04	**24.973,57**

Except for the corporate income tax rate change from 25% to 23% during the year 2014, there were no other changes in tax rates or imposition of new taxes.

The chang in the value recorded in deferred taxes results from the variation of its base (taxable temporary differences) and, of course, the review of the above corporate income tax rate.

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

	Tax Base		Rate of tax	
	2014	2013	2014	2013
Pre-tax result	8.833.160,69	10.219.168,67		
Rate of Income tax in Portugal	23%	25%		
Tax on profit at the nominal rate	**2.031.626,96**	**2.554.792,17**	**23,00%**	**25,00%**
Non-taxable income				
Accounting gains	38.000,00	-		
Reversion of provisions taxed in previous years	2.537.425,54	4.658.057,83		
Excellentia Insurance Policy	1.188.179,00	1.296.189,66		
Excess tax estimate	-	24.969,37		
Tax return	-	58.170,32		
Negative equity variations	20.909,87	20.909,87		
Fiscal Benefits	131.240,42	145.946,57		
	3.915.754,83	**6.204.243,62**	**(10,20%)**	**(15,18%)**
Costs not deductible for tax purposes				
Donations	5.000,00	35.000,00		
Fines, administrative fines and compensatory interest	4.422,23	413,85		
Undocumented expenses	185.352,41	160.494,58		
Positive asset variations	-	-		
Depreciations not accepted for tax purposes	162.703,27	6.561,12		
Provisions beyond legal limits	1.059.803,45	2.038.138,07		
Recording of impairment losses	136.331,33	2.371.495,95		
Fixed asset write-offs	9.061,04	-		
Excellentia Insurance Policy	-	1.419.460,40		
Corrections on previous financial years	2.554,81	56.403,20		
Others	148.099,97	155.029,92		
	1.713.328,51	**6.242.997,09**	**4,46%**	**15,27%**

	Tax Base		Rate of tax	
	2014	2013	2014	2013
Taxable profit	6.630.734,37	10.257.922,14		
Rate of Income tax in Portugal	23,00%	25,00%		
Tax calculated	**1.525.068,90**	**2.564.480,53**	**17,27%**	**25,09%**
Autonomous taxation	222.725,09	168.481,81	2,52%	1,65%
Municipal Surcharge	99.461,01	153.868,83	1,13%	1,51%
State Surcharge	153.922,03	317.896,11	1,74%	3,11%
Effect of increase / reversion of deferred taxes	355.657,74	34.795,37	4,03%	0,34%
	831.765,87	**675.042,12**	**9,42%**	**6,61%**
Income tax	**2.356.834,77**	**3.239.522,65**	**26,68%**	**31,70%**

Deferred taxes can be broken down as follows:

	Balance sheet accounts		Income Statement Accounts	
	2014	2013	2014	2013
Deferred Tax Assets				
Others				
Excellentia Insurance Policy	368.583,60	724.241,34	(355.657,74)	(34.795,37)
	368.583,60	**724.241,34**	**(355.657,74)**	**(34.795,37)**

15. Financial instruments

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

	2014	2013
Assets		
Non current		
Other accounts receivable	1.725.492,89	2.633.604,89
Current		
Clients		
Gross amount	14.398.738,93	12.579.868,23
Impairment	(2.327.451,03)	(2.509.951,59)
Advances to Suppliers	195.735,96	19.122,67
Other accounts receivable	3.967.705,17	3.036.854,16
	16.234.729,03	**13.125.893,47**
Liabilities		
Non current		
Other accounts payable	1.445.425,89	2.633.604,89
Current		
Suppliers	19.401.909,11	16.508.067,26
Client advances	35.830,36	211.010,48
Other accounts payable	7.958.208,99	7.346.243,79
	27.395.948,46	**24.065.321,53**
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
2014	14.398.738,93	2.327.451,03	12.071.287,90
2013	12.579.868,23	2.509.951,59	10.069.916,64

			Debt Due				
	Net Balance	Debt not due	< 30 Days	30-60 Days	61-90 Days	91-120 Days	> 120 Days
2014	12.071.287,90	7.752.091,91	2.481.611,85	1.745.947,40	10.964,86	17.101,84	63.570,04
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

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

	Opening balance	Reinforcement	Utilisation	Reversion	Closing Balance
Financial year of 2014					
Clients	2.509.951,59	136.331,33	-	(318.831,89)	2.327.451,03
	2.509.951,59	**136.331,33**	**-**	**(318.831,89)**	**2.327.451,03**
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**

15.2 Other accounts receivable

The other accounts receivable can be broken down as follows:

	2014	2013
Other non-current accounts receivable		
Debtors from accrued income		
Revenue from orders in progress	2.904.813,42	935.040,59
Interest on Time Deposits	175.630,00	545.993,00
Others	857,27	15.863,84
Other debtors and creditors		
Staff	166.320,79	189.716,31
Court Proceedings	360.189,30	360.189,30
Others	359.894,39	990.051,12
	3.967.705,17	**3.036.854,16**

In order to ensure the accounting treatment in accordance with NCRF 20 for repairs / works in progress ongoing for the Year 2015, we proceeded to an analysis of revenue and costs associated with each. In respect of the costs already incurred, invoicing already issued and margin / mark-up estimated, we proceeded to the registration of an income increase accordingly. The change in this item compared to previous years relates to major repairs carried over from year, which are estimated to be completed during the first quarter of 2015.

15.3 Suppliers

The suppliers balance can be broken down as follows:

	2014	2013
Suppliers, Current Account		
National	18.316.005,20	14.921.101,30
Overseas	900.486,18	128.124,75
Parent Company	311.929,95	311.887,74
Suppliers: receiving and conferring	(126.512,22)	1.146.953,47
	19.401.909,11	**16.508.067,26**
Suppliers advance		
National	11.471,62	-
Overseas	184.264,34	19.122,67
	195.735,96	**19.122,67**

15.4 Other accounts payable

Other accounts payable can be broken down as follows:

	2014	2013
Other accounts payable – non current		
Other financial assets	1.445.425,89	2.633.604,89
Other accounts payable – current		
Creditors from accrued expenses		
Insurance Policies	9.838,98	2.182,46
Remunerations to be settled – holidays and holiday allowances	1.363.752,00	1.367.403,59
Rendering services	100.000,00	100.000,00
Specialized works	40.000,00	40.000,00
Yard Rent	335.515,48	-
Commissions	2.266.072,70	1.838.956,85
Internal Works	1.041.949,71	985.911,98
Costs Center	1.117.505,84	833,435,60
Project Costs	57.782,98	764.539,55
Others	380.588,10	117.155,20
Agents	23.948,45	73.176,62
Other debtors and creditors		
Staff – Balance Sheet Bonuses	1.200.000,00	1.200.000,00
Miscellaneous	21.254,75	23.481,94
	7.958.208,99	**7.346.243,79**

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:

	2014	2013
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	3.641.720,00
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	209.950,00
	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	461.531,70
Beneficiary	Alfândega de Lisboa	Alfândega de Setúbal	Alfândega de Lisboa	SAIPEM (Portugal), Lda.

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:

	2014	2013
Remunerations of the Governing Bodies	827.602,80	827.602,80
Staff Remunerations	8.994.671,48	8.998.644,21
Other Remunerations		
Charges on Remunerations	1.987.216,88	1.876.248,89
Accident at work and professional illness insurance	212.369,01	202.701,23
Social action expenses	968.532,13	1.023.632,64
Other staffing expenses	(186.098,00)	1.278.356,70
	12.804.294,30	**14.207.186,47**

The Company established in 2008, an Insurance Policy (OEXL103112067) which translates into a financial investment to 10 years (Note 15), in order to maximize their financial profitability. This investment is presented in the Balance Sheet as non-current Asset by 1,725,493 Euros (2013: 2,633,605). This investment had this year a financial income of 91,888 Euros (Note 17.5) and it was used the amount of 1,000,000 Euros to be transferred to the Insurance Policy (OEXL103112068).

As regards to the value of past service responsibilities (net asset of OEXL103112068 policy), it is shown in the Liability with an amount of 1,445,426 Euros (2013: 2,328,916). The value of the responsibility was adjusted by interest expenses, actuarial gains and earnings from the OEXL103112068 policy, in a total of 188,179 Euros net (income / deduction from personnel costs).

The actuarial gain is generated by the increase of the retirement age and the low personnel costs increase recorded. The financial loss on the assets that fund the responsibilities results from the difference between the actual profitability and the long-term profitability assumption.

The values indicated above, supported by a technical study prepared by an independent body, took into account the appropriate variables.

17. Other Information

17.1 State and Other Public Entities

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

	2014	2013
Balance to be received		
Income tax	761.093,18	-
VAT	1.969.436,32	2.139.301,28
	2.730.529,50	**2.139.301,28**
Balance to be paid		
Income tax	-	1.089.191,81
Income Tax Withholdings	208.718,89	234.706,82
Social Security Contribution	223.955,08	253.441,40
	432.673,97	**1.577.340,03**

17.2 Deferrals

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

	2014	2013
Expenses to be recognised		
Insurance policies	81.408,29	52.336,88
Advertising contract	53.121,49	-
Contrato Publicidade	2.310,00	4.196,25
Other Expenses	6.633,63	34.449,74
	143.473,41	**90.982,87**

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 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**
Balance on January 1st 2014	**1.398.173,26**	**20.817.823,13**	**6.979.646,02**	**29.195.642,41**
Transfer to Legal Reserve	-	-	-	-
Dividends	-	(6.000.000,00)	-	(6.000.000,00)
Remainder of the distribution of the net income for the period	-	6.979.646,02	(6.979.646,02)	-
Net income for the period	-	-	6.476.325,92	6.476.325,92
Others	-	-	-	-
Balance on December 31st 2014	**1.398.173,26**	**21.797.469,15**	**6.476.325,92**	**29.671.968,33**

17.4 Supplies and External Services

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

	2014	2013
Subcontrats	37.880.202,95	34.408.069,85
Specialised works	2.233.619,24	2.252.404,02
Advertising	111.858,93	137.122,55
Surveillance and security	443.739,71	443.248,39
Fees	468.174,43	472.018,84
Commissions	1.588.416,51	1.804.502,22
Upkeep and repair	3.835.663,90	3.964.095,30
Tools and utensils	547.229,80	335.617,74
Books and technical documentation	36.664,89	31.391,28
Office material	49.636,45	55.289,78
Gifts to clients	99.054,70	120.809,78
Electricity	2.398.328,32	2.524.602,73
Fuels	1.137.644,33	1.298.853,40
Travel and accommodation	229.319,15	159.003,90
Staff transport	1.107.662,03	1.019.648,80
Rentals and hire	4.614.767,47	4.986.640,70
Communication	125.284,53	118.561,64
Insurance policies	1.464.132,95	1.378.754,17
Royalties	52.155,13	40.278,76
Litigation and notaries	3.128,87	3.210,43
Out-of-pocket expenses	157.927,95	144.240,50
Cleaning, hygiene and comfort	309.262,26	308.265,17
Others	2.430.564,97	2.486.656,24
	61.324.439,47	**58.493.286,19**

Operating Leases

During the 2013 and 2014 exercises were recognized as costs the amounts of 152,428.23 and 139,313.08 Euros, respectively, related to the rents of Operating Lease Contracts, included under the heading Income and Rentals.

In addition, at the date of the Balance, the Company held Operating Lease Contracts, whose rents are due as follows:

	2014	2013
Total future minimum payments		
No more than 1 year	119.687,44	134.715,43
More than 1 year and no more than 5 years	188.906,25	270.415,88
More than 5 years	-	-
	308.593,69	**405.131,31**

17.5 Other Income and Gains

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

	2014	2013
Supplementary Income		
Others	405.272,87	374.074,71
Discounts obtained for prompt payment	104.742,72	56.699,14
Inventory gains	126.143,85	40.060,37
Income and gains on remaining Financial Assets		
Exchange diferences assets	8.486,71	839,49
Income and gains on Non-Financial Investments		
Disposals	38.000,00	-
Others	279.224,58	209.681,56
Others		
Corrections on previous periods	1.801.132,60	1.211.666,66
Excess tax estimate	4,20	24.973,57
Tax return	-	58.170,32
Other unspecified items	134,12	48.377,77
Interest earned		
Free Deposits	638.837,71	1.044.750,73
Other similar Income	**91.888,00**	**100.469,00**
	3.493.867,36	**3.169.763,32**

Capitalization Insurance

The Company established in 2008 an Insurance which translates into a 10 years financial investment, with the aim of maximizing their financial profitability. This investment generated, this year, a financial income of 91,888 Euros, and the amount of 1,000,000 Euros was transferred to the Insurance Policy (OEXL 103 112 068) to reinforce the fund, in order to cover the liabilities for past services and the following year.

This Insurance pays interest of 3.5% per year. Additionally, the Insurance has a remuneration tied to the profitability of Insurance Company.

17.6 Other Expenses and Losses

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

	2014	2013
Taxes	100.546,87	112.547,37
Cash discounts	-	6.727,40
Losses on inventories	17.205,00	12.451,42
Losses on Disposals / Write-offs	1.758,15	-
Others		
Corrections related to prior periods	2.554,81	56.403,20
Donations	97.000,00	115.077,85
Membership fees	67.500,99	72.600,69
Insufficiency to estimate taxes	9.061,04	-
Undocumented expenses	185.352,41	160.494,58
Fines and penalties		
Not tax fines	4.403,58	405,21
Others	196,54	2.821,98
Interest paid		
Default and compensatory interests	18,65	7,11
Foreign exchange losses		
Others	15.158,51	1.631,62
Other Expenses and Losses		
Others	26.759,21	34.364,25
	527.515,76	**575.532,68**

17.7 Expenses / Reversions of Depreciation and Amortisation

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

	2014	2013
Depreciation and amortisation expenses		
Investment Properties	-	-
Tangible Fixed Assets	677.076,97	685.142,75
	677.076,97	**685.142,75**

18. Events after the balance sheet date

The date whereupon the financial statements are authorised for issue was February 24th 2015.

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 364.172 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 728.344 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 and for the purposes of paragraph nº 2, article nº 66 A of the Código das Sociedades Comerciais, it is reported that the total fees charged, in the year 2014, by the Statutory Auditors were 25.200,00 Euros, as well as in the year 2013.

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	Member of General Counsel
	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

2014 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 2014 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 2014, developed in a context characterised by (i) the international economy crisis and its effects in the sector, (ii) market conditions particularly adverse (iii) low level of average freights rates in the various market segments and (iv) in terms of demand, significate reduction of the number of enquires.

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 92 ships repaired, registering a light reduction relating to the 107 ships repaired in the previous year;

▶ The 90 orders produced in the Financial Year (less about 20% relating to 2013) requests an reduction for estimates/orders/success rate from 22% to 18%;

▶ 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 78,7 million Euros;

▶ A positive net profit of 6.476 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, of the same level than the correspondent value in 2013;

▶ the weight of personnel costs, about 12,8 million Euros, which now amounted to 15,9% of total operating costs;

▶ the value reached by the operating profits, about 8,3 million Euros, representing 9,9% of total Operation Revenue;

▶ the good performance recorded in overall financial activity, positive in 1,0 thousand Euros;

▶ the "cash flow" generated during the Financial Year, amounting to 9,5 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 evaluation of the business of Lisnave for the year 2015, 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 € 6.476.325,92, made by the Board of Directors, should be approved.

Lisbon, 26th February 2015

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

2014 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 2014, (showing a balance sheet total of 66.149,6 thousand Euros and total shareholders' funds amounting to 34.672,0 thousand Euros, including a net profit of 6.476,3 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 2014, 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, 26th February 2015

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 26TH MARCH 2015 RELATING TO THE APPROVAL OF DOCUMENTS REPORTING THE ACCOUNTS FOR THE 2014 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-six day of March two thousand fifteen.
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);
- 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 Board of Directors and the Auditing Committee were presents.

Item 1 To discuss and approve the 2014 Annual Management Report and Accounts
..., the Chairman of the General Meeting submitted the 2014 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 2014 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 € 6.476.325,92 (Six million, four hundred seventy six thousand and three hundred twenty five Euros and ninety two cents) be appropriated as follows:

Dividends	6.000.000,00 Euros;
Retained Earnings	476.325,92 Euros.

Mitrena, March 26, 2015
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 2014, 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..

Monte da Caparica, March 26, 2015
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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