Oliveira & Irmão, SA

Registered office at Variante da Cidade, Esgueira, Aveiro

Registered at Aveiro Company Registry Office as no. 500 578 737

Share capital of 10,000,000 euros

Legal person no. 500 578 737

Annual Report 2012

Contents

Management Report

Within the terms of the provisions of articles 65 and 66 of the Companies Code we present, with reference to the 2012 business year, the management report of the company Oliveira & Irmão, SA, with registered office at Variante da Cidade, Esgueira Parish, Aveiro Municipality, legal person no. 500 578 737, registered at Aveiro Company Registry Office under the same number, with fully paid-up share capital of 10,000,000 euros, corresponding to 2,000,000 shares with a face value of five euros each.

I. Chairman's Message

On Portugal:
Having confessed (and repented of) the capital sins (luxury, envy, sloth, etc.) in which we persisted for years, sins that in other parts are only venal (if not indeed virtues!), we accepted condemnation to three years of purgatory, in the hope that after that exemplary expiation the gods would allow us to return to the decent, balanced life to which any country that is part of the planet's biggest economy naturally and rightfully aspires.

But it seems that the gods were mistaken, or the priests interpreted the oracle badly, or the priests were in fact no more than sorcerer's apprentices! After three years of purgatory we shall have we know not what, but a return to normal life looks problematic and far off, if not indeed impossible within a meaningful time frame.

Between the vagueness and incompetence that hold sway among the elected powers and the avarice (to stay with the theme of capital sins) of "the markets", Portugal is drifting (backwards) without any recognisable course. The desired (lost) equilibrium is not to be regained so soon after all!

On the company:
Times of equilibrium, balanced between efforts to reduce bank debt and efforts to reduce dependence, in terms of sales, on Europe and the euro zone in particular.

On life:
Lastly, and still on the subject of equilibrium, an inevitable reference to my mother, who left us in November, and of whom we retain a fine image of serenity and poise!

António Oliveira

II. Report of the Board of Directors – individual accounts

1. Economic background and performance

a) Analysis of 2012

2012 fell a little short of expectations. Europe (and within Europe, chiefly the euro zone), which continues to account for the vast majority of our sales, remains at grips with the consequences of the austerity plans born of the therapies adopted to solve the sovereign debt crisis. Southern countries in particular are facing difficulties and a consequent shrinking of their economies. If we bear in mind that more than half of our sales are into southern Europe (including France) it is easy to see how these circumstances influence the company's performance.

We have kept up our determined efforts to change the traditional geographical distribution of our sales, but sales outside Europe are still relatively low (approximately 13% of the total) and although they rose, this increase was not enough to offset falling sales in Europe. As regards Portugal, macroeconomic developments have had severe consequences for the company's performance. Lastly, outside Europe, while the macro environment of the majority of countries where we sell is positive, we have not yet managed to capitalise on this in a significant way.

Domestic Market

The national economy continued with the process of "correction" that derives from application of the "rescue plan" of mid-2012, with the familiar consequences at the level of the micro-economy and the inevitable repercussions on the life of the company (which go beyond the impact on sales).

The degradation of the national economy, with rising unemployment, falling wages and higher taxes across the board, is little when set beside the loss of intangible "goods" and the destruction of confidence and hope among broad swaths of our society, which see their future fading as their present crumbles. This all corrodes the domestic market and affects the Portuguese economy and the company's business!

External Market

The European economy spent the whole year dealing (badly) with the problems of the periphery and the South and, particularly after August, several countries saw a slight slowing of economic activity in sectors downstream of our business. The calm that befell Europe prompted our competitors, like us, to seek to redirect sales to places outside Europe, and as a result competition was stiffer than usual.

If Europe's problems and uncertainties persist, this will ultimately affect other regions, which will make our efforts to achieve greater geographical diversification of sales even harder.

b) Conclusion and summary of main economic data for the year

The factors identified above affected the company's performance.
Global sales amounted to 43,315,734 euros, slightly down (-0.4%) on the previous year. Analysing the breakdown between the domestic and external markets, we have:

- Domestic market: a 5.3% decrease

- External market: a 1.5% increase.

By types of activity, the breakdown of total sales is shown below:
- Industrial activity represented 75.7% of sales
- Commercial activity represented 20.7% of sales
- Real estate activity represented 3.5% of sales

In terms of profitability, we saw a sharp decline: the net result for the year was 480,539 euros. This result is chiefly the consequence of the following factors:
- Negative results in the Soplasnor and Nuno & Gradeço subsidiaries: the former has ceased trading and the latter is in liquidation. It is our belief however that the impact of these events will decline in future years, as the main impairments and capital losses are booked.
- Stagnation of sales volume (and consequent underuse of production capacity).
- Shrinking gross margin due to increased raw material costs.
- Increase in so-called contextual costs, and in particular transport, fuel, electricity and interest on financing.
- Containment of costs of all kinds.
- Continuous reorganisation of internal processes.

c) Outlook for 2013

Domestic Market

Given the current state of the Portuguese economy (and in particular the bleak position of the construction industry) we believe that the market is going to continue to contract. On the one hand, new building is going to remain at very low levels, so we will see no growth in the market.

On the other hand, the measures announced to encourage refurbishment, if they are indeed implemented, will for the time being have only a marginal effect. In addition to conditions and specificities of various types, there is a need to restore confidence among the various agents involved in the wished-for revitalisation of this market; there is also a need to secure a change in social, political and judicial paradigms linked to the rental market.

Even if it happens, it will not be enough simply to “throw money” at refurbishment: what is required is political, economic, fiscal and judicial stability and, above all, confidence, which could take years to achieve. We are, we believe, still a long way from reaching these objectives. Of course, as banks change their strategy, making it harder for people to buy homes of their own, this could accelerate the transformation of attitudes in favour of renting and ultimately work in favour of refurbishment!

As in addition to these questions of market size we will have natural liquidity problems, the market, as a whole, will shrink!

We will strive to find and implement measures that enable us to minimise the effects of the economic situation and attempt to safeguard turnover.

External Market

We expect a moderate increase in the value of sales, as we are going to try to implement various measures that will enable us on the one hand to enter new markets and, on the other, to gain share in markets where we already have a presence. We will try to improve our service and strengthen partnerships with customers, putting greater emphasis on the marketing function and taking greater care over the design function (from a broad and systemic point of view).

In Europe, despite the slowing economy, we will strive to implement a number of measures that will permit us to achieve better market coverage and so increase share in some countries where we are currently far from achieving full sales potential.

In this effort to increase penetration and win market share, we will include countries of the East, where we continue to seek to adapt logistics and commercial solutions and where we believe there is room to grow our sales considerably. Russia will merit particular attention: we hope soon to have a commercial and logistic structure appropriate to the size of that market.

Outside Europe we will continue with our policy of market diversification, both in geographical terms and in terms of share in existing markets, in the quest for sustained growth that will endure beyond 2013!

We will continue to pay particular attention to the Middle East and South America, both because they are parts of the world with attractive levels of economic growth and because they are places where our market share is still relatively low, which means there is good potential for growth!

2. Developments in 2012

a) Analysis

Distribution in Portugal and Portuguese-speaking African countries (PALOPs)

Sales in this area (which include sales in Portugal and Portuguese-speaking African countries of goods that we buy and products we manufacture and which represent 21% of the company's total sales) fell by 15% in 2012 compared with 2011 (when they had in turn fallen 10% relative to the previous year).

Analysing the breakdown by product families, we see a 20.8% decrease in sales of imported products. As far as sales of manufactured products are concerned, there was a 12.5% decrease that affected concealed flush toilets (which are intended more for new builds) most of all. Pure commercial activity (buying and selling) continues to lose ground as a proportion of the company's total business and now represents less than 10% of turnover.

In the Portuguese-speaking African countries (PALOPs) developments were positive, with sales up 33%, thanks to a stronger performance in Angola. The PALOPs have accounted for a growing share of total sales, and it is in this way, we believe, that the sustainability of the commercial business (as it is currently configured) can be assured. It will be necessary nonetheless to make substantial changes to the way we operate. Some of these changes are already being implemented, with encouraging results!

Exports and sales to Portuguese ceramics firms

Sales of this type hardly grew at all (0.8%) and once again fell short of the forecasts and expectations we announced a year ago. If the policy of geographical diversification began to bear some fruits, these were insufficient to outstrip the fall in sales in certain European markets.

Exports

There was a very slight increase (+1.5%) in exports of industrial products. Sales of concealed flush toilets and structures remained at the same level as in the previous year. Sales of external flush toilets rose slightly. Sales of components for flush toilets decreased (especially in terms of value).

In terms of gross margin there was a slight decrease due to a rise in the average cost of raw materials that we were unable to pass on to the market. It is worth noting the more aggressive stance adopted by our European competitors and the intensification of competition from China!

Sales to Portuguese ceramics firms

The course charted by the market as a whole and the setbacks that affected one of our customers meant that sales rose by just 0.8%.

b) Corporate outlook for 2013

Commercial Activity (Portuguese market and PALOPs)

Portuguese market

As mentioned above, degradation of the domestic economy will inevitably confirm the slowing of economic activity in general.

As far as construction is concerned, and home-building in particular, because of the all too familiar vicissitudes of the current economic situation, we can expect only an even greater slowdown, with a consequent decrease and degradation of business among economic agents downstream of our activity.

PALOPs

As in the year now ended, we will continue to strive to intensify our activity in these markets so as not only to increase sales but also to improve our presence in these markets, with the implementation of a number of new partnerships and new approaches. Initial results appear encouraging and we believe we are on the right track.

We believe that keeping our commercial activity on a sound footing will obligatorily involve boosting our sales in the Portuguese-speaking African countries. We will step up our commercial efforts in Angola and will try a different approach to the Mozambican market, given the growth that that country is currently experiencing.

We are counting on this to reverse the downward trend in commercial business that we have seen in recent years, but that reversal will happen because of our improved performance in Portuguese-speaking African markets, by way of a bigger and more consistent commitment to the reformulation of sales into PALOPs, growth in which should, we hope, offset the decline in the Portuguese market.

Industrial Activity

Domestic Market

Recession in the economy will have inevitable repercussions for the performance of our customers, severely limiting the scope for growth in sales.

External Markets

Sales of external flush toilets should increase thanks to the growth in market share that we are achieving in some of the markets that are traditionally consumers of products of this type. The increase in raw material prices that we have been seeing could cause us some problems in terms of margin. We expect however to achieve an increase in volumes and, to some extent, to manage to pass on the effect of rising raw material costs.

As regards concealed flush toilets, and despite this being a product with potential for growth, we continue to face a number of difficulties with growth that we hope to be able to overcome in 2013. We aim to increase sales, above all by improving our performance with the current main customers for this family products following the commercial and industrial efforts that have been made in these cases.

The market in components for flush toilets, which is chiefly in the ceramics industry, is ever more hotly contested, both by European and Chinese manufacturers. The upshot has been a steady decrease in margins, and we have been unable to increase the volumes sold. We are negotiating a number of new partnerships and contracts that we hope will bring us a higher volume of business and, above all, greater production stability.

3. Strategy and future evolution

In terms of products and markets, our strategy consists of striving to optimise all the factors that enable us to improve our relationships with customers in general and, very specifically, to consolidate partnerships with industrial clients. This task has to be accomplished in a way that is agile and competitive, flexible, effective and swift, so that we can continuously meet the needs and demands of customers and markets.

In organisational terms we continue to seek the ideal formula that will give us versatility, competitiveness and (good) solutions appropriate to each case and each customer. Thus we continue, on the one hand, to try to “tweak” RDI processes, to make them more productive (we want more and better ideas and solutions); on the other, those results have to be achieved with greater productivity and speed (and relatively low organisational costs). We are making an extra effort to improve development processes so as to optimise the whole process of RDI and subsequent industrialisation.

On the factory floor, and following on from the work done in previous years, we continue to strive to optimise production methods and processes, seeking greater flexibility and shorter response times, along with a significantly lighter (direct and indirect) cost structure.

In financial terms we will continue to prioritise reducing indebtedness.
Not requiring investments in production capacity, we will aim to invest (energy and intelligence more than money) in optimising our processes. In terms of new products, we will seek to improve the options, trying to be more selective and effective in our choice of productive investments, so that they have a higher and faster return, seeking, wherever possible, to prioritise the stability and sustainability of production.

In terms of business, by type of activity we have:

Commercial activity

Confirmation of contraction of the Portuguese market obliges us to rethink the geographical and strategic framework of our business and to work to rediscover the organisation's equilibrium. As mentioned above, this rebalancing involves strengthening (and reformulating) activity in Portuguese-speaking African countries; a number of new partnerships are already in place that will help us to get around difficulties in these markets.
We aim this year to stop the decline in sales on the commercial side, but this will be possible only if we achieve this strategic change.

Industrial Activity

A far-reaching reformulation of our commercial actions in the sphere of exports is under way. Recent market developments force us to change working methods and methods of segmenting markets and customers, in order to grow in markets where we are already present and to improve our ability, with new methods and partnerships, to break into a number of markets with high potential but in which we have not hitherto managed to achieve a satisfactory presence.
Along with this change we also want to improve our product offering, by providing solutions that are better adapted to each situation, and investing more in differentiation and diversification, so that, in each market and for each customer, we have the most suitable value proposal.

We also want to strengthen the OLI brand and create conditions for increasing sales of products under our brand name (which currently account for very little of our turnover) to the point where their familiarity helps the organisation achieve greater long-term sustainability.

Thus we will give a new dimension to the marketing function, which, working hand in hand with the design and communication functions, should enable us not only to boost sales but also to increase margins as we establish a better perception within the market of the value and sense of our products!

4. Economic and financial analysis

Sales margins and costs

As mentioned above, turnover at Oliveira & Irmão fell by 0.4% in 2012, reflecting a 5.3% decrease in sales on the domestic market and a 1.5% increase in the external market. In terms of gross margin, there was a decrease of 0.9 percentage points (from 47.8% in 2011 to 46.9% in 2012), due to the higher proportion of sales volume accounted for by real estate activity (0.8% in 2011 versus 3.5% in 2012), as the gross margins delivered by industrial and commercial activities actually rose by 0.4 percentage points. However in absolute terms, because of the decline in sales, gross margin fell by 478,691 euros.

On the costs side we saw an across-the-board increase in so-called contextual costs, namely electricity, fuel, goods transportation and interest on financing; taken together, the average increase was 15%. Faced with this increase, which to some extent was already anticipated, the company triggered a series of actions designed to mitigate its impact. In the area of energy, the energy rationalisation plan continued, with the aim of cutting energy consumption throughout the production process. In terms of transport, not only were new, more competitive, suppliers sought, but also new forms of transportation, such as intermodal transport, with a view to becoming more competitive in this area. In general terms, strict control of all costs was a constant over the course of the year in an attempt to strike a balance between tighter commercial margins and higher costs. As a whole, the company's costs (excluding cost of raw materials consumed and goods sold) rose by 949,946 euros, corresponding to an increase of 4.6%.

This situation of decreasing gross margin combined with rising costs resulted in a fall in EBITDA of 1,055,399 euros, down 18% on 2011.

Item	2011	2012
EBITDA	5,715,779	4,660,380
EBITDA/SALES	13.1%	10.8%

Capital invested

Given the decrease in profitability, and consequently in cash flow, very tight control was kept over the items working capital and investment in fixed assets. Working capital requirements decreased by 1,239,283 euros, essentially as a consequence of running down stocks.

In terms of investment in fixed assets, an investment plan worth a total of 2,952,108 euros was implemented. It was oriented towards development of new products and production efficiency, including energy efficiency, specifically through investment in more modern manufacturing equipment with greater capacity. Investment in moulds amounted to 890,544 euros (30% of the total) and investment in manufacturing equipment came to 1,037,166 euros (35% of the total). In this context, a series of works were also carried out in office and production areas, with a view to improving working conditions at the company. Of particular note was the creation of a showroom for demonstrating the products manufactured and sold, anticipating the need to pay closer attention to sales and marketing.

Still under the heading of investment, it should be mentioned that in April 2012 the company became a candidate for the *SI Inovação* incentive programme, with a two-year investment programme worth a total of approximately 4,000,000 euros. This programme covers new product development, acquisition of new manufacturing equipment and costs of internationalising and launching these new products. The candidature was approved towards the end of 2012; of the total foreseen, investments worth 1,080,105 euros were carried out in 2012.

At the level of financial autonomy, we recorded a slight improvement, from 47.0% to 47.2%.

Economic and financial position

As can be concluded from the foregoing analysis, the company's cash flow decreased over 2012 compared with 2011.

Item	2011	2012
CASH FLOW	4,287,948	3,254,639
CASH FLOW/SALES	9.9%	7.5%

This decrease in operational cash flow, combined with higher investment in fixed assets and decreased working capital requirements, enabled the company to continue deleveraging bank debt, the net value of which stood at 16,145,224 euros at the end of 2012, corresponding to a decrease of 414,275 euros.

Item	2011	2012
Net debt	16,559,499	16,145,224
Net debt /EBITDA	2.9	3.5

The aforementioned decrease in EBITDA, combined with the decrease in net bank debt, means that the ratio of net debt to EBITDA worsened slightly in 2012, to 3.5.

As regards financing costs, and despite the decrease in net debt, these rose by 197,826 euros (+15%) as a result not only of the tightening of borrowing conditions by the banking system, but also as a consequence of the company's decision to benefit from the 12-month grace period permitted on the credit lines arranged with the State, namely PME INVEST III, IV and V, which made the spreads rise, as the bonuses on them do not apply during this period.

In terms of capital structure, we continue to aim to optimise capital structure by financing investment in fixed assets with medium- and long-term instruments and financing treasury operations with short-term instruments. In this sense, at the end of 2012, long-term capital represented 99% of non-current assets, while current liabilities represented 102% of current assets.

5. Research, development and innovation

One of the reasons for OLI's success lies in its sustained efforts in recent years in the area of research, development and innovation (RDI). This has given it competitive advantages, particularly through the creation of new products and processes of high differentiation.

In terms of technology and production, the company's strategy relies on launching pioneering and innovative products onto the market, a step preceded by a whole process of intensive research and development. With this goal in mind, OLI has at its disposal a multidisciplinary team equipped with technologically advanced tools and resources, entirely dedicated to product development.

In projects in which OLI does not have full mastery of the knowledge to be applied, it seeks to establish cooperation agreements with entities for the National Science and Technology System (Portuguese abbreviation: SCTN) in order to promote knowledge sharing and in this way create value. In 2012 new partnerships were established with the Polymer Engineering Research Centre (Portuguese abbreviation: PIEP) and the Centre for Nanotechnology and Technical, Functional and Intelligent Materials (Portuguese abbreviation: CENTI), in addition to the partnership already formed in 2011 with the University of Aveiro and with ADAI, (an institution that is part of the University of Coimbra).

Encouraging a culture that approaches relationships with customers as cooperative relationships, in 2012 there were several projects to develop products in partnership with customers, where OLI differentiates itself from its competitors by supplying the market with a combination of know-how, leadership and opportunities for innovation, developing bespoke products for the customer.

As a result of the RDI work undertaken in 2012, seven new applications were registered for innovation patents.

After three years of implementation of the RDI management system, it was decided to reformulate the process for defining innovation strategy, in order to obtain new innovations in processes other than development of new products. With this in mind, the "+OLI" project was launched, with the help of Prof. Jorge Alves and Dr Maria José Haneman, to draw up an Annual Innovation Plan (AIP 2013). This plan defines areas for improvement/development and in turn lists a series of activities to be carried out in order to maximise creativity and innovation in all areas and among all employees.

For 2013, OLI plans to complete development of innovative new products begun in 2012, establish new partnerships with clients to develop new products, begin new projects with innovative characteristics in all aspects (process, product, organisation and marketing), with the objective of strengthening its presence in the international market and associating the OLI name with innovation and quality of products and services.

Given that the result of such RDI activity is increasingly important to the sustainable success of the company, we remain unsatisfied with the results, both in terms of quantity and quality, and, above all, with the rate at which developments happen.

The reality of the markets and the aggressiveness and quality of our main rivals mean that we need a multiplicity of responses within too short a time for our current response rate.

We are therefore, once again, striving to reformulate our internal processes so as to achieve more, better and faster results, using the same resources. We aim to get more solutions to market in significantly shorter time frames and with much higher quality!

6. Human capital

At the end of 2012 the company had 344 employees, an increase of 3% year-on-year. The payroll varied over the course of the year, for various reasons, including the need to adjust continuously to the evolution of the order book. The month with the highest average number of employees was October. The average number of employees over the year was 340 (after 339 in 2011).

The table below shows comparative data for the years 2011 and 2012.

Human Resources	2011	2012
Number of employees at the end of the period	333	344
Men	150	159
Women	183	185
Average number of employees over the period	339	340
Average age of employees	38.18	37.10
Average length of service of employees	10	12
Total hours of training	16,595	13,343
Average hours of training per employee	49	39
Staff costs	8,238,204	8,342,971
Average costs per employee	24,309	24,538
GVA per employee	44,027	41,555
General rate of absenteeism	3.5	3
Accidents at work frequency index	Good	Good
Accidents at work severity index	Good	Medium

In response to the company's growing preoccupation with the environment and sustainability, in a series of actions were put into practice in 2012 that aimed to develop good ecological practice, encouraging employees to adopt an internal culture of promotion of and commitment to sustainability. These actions sought to reduce consumption of natural resources (with particular emphasis on energy) and instil a stronger commitment to the principle of reducing, reusing and recycling, ensuring waste was carefully managed and sent for recovery.

OLI recognises the need to be well prepared to act in the event of a fire and equipped to ensure that any fire is extinguished effectively. To this end, a set of fire prevention-related measures were implemented, namely installation of a fire extinguisher network. Fire detection systems were also installed and the twins sector was divided into compartments (these actions will gradually be extended to the rest of the manufacturing area).

In 2013 we will have certification audits with a view to certification to the NP EN ISO 14001:2004 and OHSAS 18001:2007 standards.

In 2012, an event was organised to mark World Women's Day that consisted of setting up a hairdresser's in a training room. On that day we were able to provide our female employees with haircuts, manicures and make-up, and three people received a radical makeover. As ours is a company with a large number of women on the payroll, this was a way of saying a big thank you to them.

In 2013 we plan for our employees in the manufacturing sector to pay visits to other companies in the region. This will give them first-hand exposure to the reality of other organisations where the principles of lean methodology and continuous improvement are already firmly in place, making it easier to replicate the best practice of local benchmark firms within our company.

The company, within the limits of its social responsibilities and possibilities, has sought, actively and at its own expense, without making a fuss or receiving outside help, to reduce the impact that the violent and austere measures of global policy have had on the income of its employees. Investing in people and investing in hope will, we believe, pay dividends. Some quantifiable, others not. We will continue to protect those that are not quantifiable. We believe in people in general and in this firm's people in particular and that is why we will strive, in so far as we are able, to continue to help soften the impact of the prevailing austerity policies on these people.

7. Proposal for allocation of results

In conformity with the provisions of the Companies Code, specifically Article 66, subparagraph f), and taking into account the other precepts of the law, and with the aim of further consolidating the company's equity structure, we propose that the net result for the year in the amount of 480,539.14 euros be allocated as follows:

a) To Free Reserves 480,539.14 euros

8. Proposal for profit-sharing

In light of the performance achieved in 2012 we hereby propose that a sum of 77,055.44 euros be distributed to the two executive directors on the Board of Directors, by way of profit-sharing. Given the accounting rules in force, this amount is already recorded under staff costs; as a consequence the net result already reflects this proposal.

9. Dividend policy

As has become habitual in recent years and as a way of helping reduce bank debt and strengthening the company's equity, it is the view of the Board of Directors that distribution of dividends is not opportune.

10. State public sector

In accordance with decree-law no. 411/91, it should be noted that there are no situations of arrears in relation to entities in the state public sector, nor any other situations reference to which in this report is obligatory.

Certificates valid as at 31 December 2012, the date the balance sheet was closed, have been issued, attesting to the fact that the company's position vis-à-vis the tax authorities and the social security system is in order.

11. Thanks

We would like to thank all customers, collaborators and suppliers for the dedicated and diligent manner in which they have worked and interacted with us over the past year.

We wish to thank the financial institutions for the support provided and for the confidence they continue to place in us.

We would like to thank the governance institutions, auditors and consultants for the constant support and availability they have shown us at all times. Their contribution has been important, not only in obtaining results, but also in envisaging the changes and improvements under way.

Our acknowledgement and gratitude to all.

Aveiro, 15 March 2013

The Board of Directors

António Manuel Moura de Oliveira

Rui Alberto Moura de Oliveira

Graça Maria Moura de Oliveira

Pier Andreino Niboli

Federica Niboli

Notes to the Report of the Board of Directors

Within the terms of article 448 of the Companies Code, we declare below shareholders who hold more than a third of the share capital:

Shareholder	31-12-2011	31-12-2012
Valsir, Spa.	50%	50%
Oliveira & Irmão SGPS, Lda.	50%	50%

III. Individual financial statements

Individual balance sheet as at 31.12.2012 and 31.12.2011

EUR

Item	Notes	Date	
		31-12-2012	31-12-2011
Assets			
Non-current assets			
Tangible fixed assets	7	22,467,088	22,109,519
Intangible assets	6	14,555	72,947
Shareholdings – equity method	5; 11	5,560,270	5,850,285
Shareholdings – other methods	11	40,020	30,000
Other financial assets	5; 17	9,454,500	8,925,500
		37,536,433	**36,988,251**
Current assets			
Inventories	12; 17	7,541,601	8,680,183
Customers	17	8,034,896	7,137,140
State and other public entities	17	1,002, 239	684,301
Other accounts receivable	17	339,317	304,155
Deferrals	17	90,380	172,098
Financial assets held for trading	17	14,751	14,200
Cash and bank deposits	4	536,887	375,805
		17,560,070	**17,367,883**
Total assets		**55,096,503**	**54,356,134**
Equity and Liabilities			
Equity			
Paid-up share capital	17	10,000,000	10,000,000
Legal reserves	17	2,000,000	2,000,000
Other reserves	17	2,657,918	1,274,052
Adjustments to financial assets	17	3,065,753	3,065,753
Revaluation surpluses	17	7,627,062	7,627,062
Other changes in equity	10; 17	153,177	179,179
Net result for the year	17	480,539	1,383,867
Total equity		**29,984,450**	**25,529,913**
Liabilities			
Non-current liabilities			
Provisions	13	57,368	151,070
Financing obtained	8; 9; 17	10,467,813	12,789,326
Deferred tax liabilities	16	698,633	772,341
		11,223,814	**13,712,737**
Current liabilities			
Suppliers	17	8,190,907	7,203,195
State and other public entities	17	471,131	650,277
Financing obtained	8; 9; 17	6,210,134	4,141,810
Other accounts payable	17	2,885,266	2,767,190
Deferrals	17	130,801	351,011
		17,888,239	**15,113,484**
Total liabilities		**29,112,053**	**28,826,221**
Total equity and liabilities		**55,096,503**	**54,356,134**

Chartered Accountant

Board of Directors

Individual income statement by nature for the years ended 31.12.2012 and 31.12.2011

EUR

Income and Costs	Notes	Year	
		2012	2011
Sales and services provided	14;24	43,321,929	43,478,745
Operating subsidies	10; 14	113,798	107,885
Gains/Losses in subsidiaries, associated companies and joint ventures	5	-290,015	-499,777
Variation in production inventories	12	-1,168,353	-420,351
Cost of goods sold and materials consumed	12	-21,840,598	-22,265,357
External supplies and services	18	-7,550,992	-6,751,990
Staff costs	5; 19	-8,342,971	-8,238,204
Impairment of debts receivable (losses/reversals)	17	-124,345	-57,895
Provisions (increases/decreases)	13	-57,368	-151,070
Fair value increases/decreases	17	551	-800
Other income and gains	14; 20	1,489,380	1,291,554
Other costs and losses	18; 21	-890,636	-776,961
Earnings before interest, taxes, depreciation and amortisation		**4,660,380**	**5,715,779**
Costs/reversals of depreciation and amortisation	23	-2,591,239	-2,695,117
Operating result (before interest and tax)		**2,069,141**	**3,020,662**
Interest and similar costs paid	22	-1,415,018	-1,262,319
Pre-tax result		**654,123**	**1,758,343**
Income tax for the year	16	-173,584	-374,476
Net result for the year		**480,539**	**1,383,867**

Chartered Accountant Board of Directors

Individual cash flow statement for the years ended 31.12.2012 and 31.12.2011

EUR

Item	Year	
	2012	2011
Cash flow from operational activities – direct method		
Receipts from customers	43,161,379	45,566,033
Payments to suppliers	-28,614,264	-30,404,738
Payments to staff	-8,286,423	-8,205,627
Cash generated by operations	6,260,692	6,955,668
Payment/receipt of income tax	-635,317	-444,699
Other receipts/payments	-854,596	1,231,533
Cash flow from operational activities (1)	**4,770,779**	**7,742,502**
Cash flow from investment activities		
Payments in respect of:		
Tangible fixed assets	-2,443,709	-2,078,875
Financial investments	-539,020	-3,559,100
Receipts from:		
Tangible fixed assets	34,913	23,079
Interest and similar income	1,728	138,940
Cash flow from investment activities (2)	**-2,946,088**	**-5,475,955**
Cash flow from financing activities		
Receipts from:		
Financing obtained	12,955,552	9,221,324
Payments in respect of:		
Financing obtained	-13,208,741	-10,326,402
Interest and similar costs	-1,410,419	-1,359,059
Cash flow from financing activities (3)	**-1,663,608**	**-2,464,136**
Variation in cash and cash equivalents (1+2+3)	161,082	-197,590
Cash and cash equivalents at start of period	**375,805**	**573,395**
Cash and cash equivalents at end of period	**536,887**	**375,805**

Chartered Accountant Board of Directors

Individual statement of changes in equity in 2012

EUR

Description		Equity allocated to shareholders of the parent company									Total equity
		Paid-up share capital	Legal reserves	Other reserves	Retained earnings	Adjustments to financial assets	Revaluation surpluses	Other changes in equity	Net result for the year	Total	
Position at start of 2012	6	**10,000,000**	**2,000,000**	**1,274,052**		**3,065,753**	**7,627,062**	**179,179**	**1,383,866**	**25,529,913**	**25,529,913**
Changes in the year First adoption of new accounting reference framework Changes in accounting policies Differences from conversion of financial statements Realisation of revaluation surplus on tangible and intangible fixed assets Revaluation surpluses on tangible and intangible fixed assets and corresponding changes Deferred tax adjustments Other changes recognised in equity				1,383,867				-26,002	-1,383,867	-26,002	**-26,002**
	7			**1,383,867**				**-26,002**	**-1,383,867**	**-26,002**	**-26,002**
Net result for the year	8								480,539	480,539	**480,539**
Comprehensive result	9=7+8								-903,328	-903,328	**454,537**
Operations with shareholders in the year Share capital paid up Issue premiums paid Distributions Contributions to cover losses Other operations											
	10										
Position at the end of 2012	**1=6+7+8+10**	**10,000,000**	**2,000,000**	**2,657,918**		**3,065,753**	**7,627,062**	**153,177**	**480,539**	**25,984,450**	**25,984,450**

Individual statement of changes in equity in 2011

EUR

Description		Equity allocated to shareholders of the parent company									Total equity
		Paid-up share capital	Legal reserves	Other reserves	Retained earnings	Adjustments to financial assets	Revaluation surpluses	Other changes in equity	Net result for the year	Total	
Position at start of 2011	1	**2,500,000**	**1,000,000**	**7,424,984**	**-54,057**	**2,865,569**	**8,320,596**	**208,272**	**2,158,257**	**24,423,621**	**24,423,621**
Changes in the year											
First adoption of new accounting reference framework											
Changes in accounting policies											
Differences from conversion of financial statements											
Realisation of revaluation surplus on tangible and intangible fixed assets											
Revaluation surpluses on tangible and intangible fixed assets and corresponding changes											
Deferred tax adjustments											
Other changes recognised in equity		7,500,000	1,000,000	-6,150,93	54,057	200,184	-693,534	-29,092	-2,158,257	-277,575	-277,575
	2	**7,500,000**	**1,000,000**	**-6,150,93**	**54,057**	**200,184**	**-693,534**	**-29,092**	**-2,158,257**	**-277,575**	**-277,575**
Net result for the year	3								**1,383,867**	**1,383,867**	**1,383,867**
Comprehensive result	4=2+3								**-774,391**	**-774,391**	**1,106,292**
Operations with shareholders in the year											
Share capital paid up											
Issue premiums paid											
Distributions											
Contributions to cover losses											
Other operations											
	5										
Position at the end of 2011	6=1+2+3+5	**10,000,000**	**2,000,000**	**1,274,05**		**3,065,753**	**7,627,062**	**179,179**	**1,383,867**	**25,529,913**	**25,529,913**

Chartered Accountant

Board of Directors

Notes to the financial statements

1.1 Identification of the entity:

Name of entity	Oliveira & Irmão, SA
Registered office	Variante da Cidade, Esgueira, Aveiro, Portugal
Taxpayer no.	500 578 737
Nature of activity:	Economic Activity Code of main business 22230 – Manufacture of plastic articles for construction

This company's main activity is the manufacture of plastic articles; its secondary activity is wholesale commercialisation of sanitary ware, hardware, tubing for pipework, motor pumps and electric pumps, taps, domestic electrical goods and heating equipment. It also has as secondary activity real estate promotion, including design, construction, ownership, sale, commercial operation and management of sundry real estate assets.

1.2 – Risk management

i. Credit risk

a) Customer credits

Credit risk arises mainly from credits to its customers related to operational activity. The main objective of credit risk management is to ensure effective collection of operational receipts from customers in conformity with the terms negotiated.

In order to mitigate the credit risk that arises from potential failure of customers to make payment, the company:

- has implemented credit management procedures and credit approval processes;
- has a team dedicated to managing credit and collections;
- establishes and oversees its customers' credit lines, monitoring its effective exposure;
- holds credit insurance;
- has recourse to the legal means available for recovery of credit, where applicable.

b) Financial assets other than customer credits

In addition to assets resulting from operational activities, the company holds financial assets arising from its dealings with financial institutions, such as bank deposits, financial investments and financial derivatives. As a consequence there is also a credit risk associated with potential pecuniary non-fulfilment on the part of the financial institutions that are counterparties in these dealings. Exposure in connection with financial assets of this type is broadly diversified and of limited duration.

ii. Market risk

a) Interest rate risk

As a result of the significant proportion of variable-rate debt on its balance sheet, and the consequent interest payment cash flows, the company is exposed to interest rate risk, and particularly to the risk of changes in the euro interest rate.

As a general rule the company does not use financial derivatives to cover its exposure to changes in interest rates. However in the past and until mid-2008 the company did take out some derivative contracts to limit its exposure to exchange rate variations; these contracts will expire in 2013.

b) Exchange rate risk
The company is exposed to transaction exchange rate risk. Exchange rate risk has to do with the possibility of recording losses or gains as a result of changes in exchange rates.

Transaction risk arises essentially where there is an exchange rate risk related to cash flows denominated in a currency other than the company's operational currency. The company seeks to offset positive and negative cash flows denominated in the same foreign currency.

iii. Liquidity risk
The aim of liquidity risk management is to ensure that the company is able to obtain in good time the financing necessary in order to carry out its business activities, implement its strategy and meet its payment obligations as they fall due, while at the same time avoiding the need to obtain financing on unfavourable terms.

To this end, liquidity management includes the following:

- consistent financial planning based on cash flow forecasts with different time horizons (weekly, monthly, annual and multiannual);
- diversification of sources of finance;
- diversification of maturities of debt issued in order to avoid excessive concentration of debt amortisations over short periods of time;
- contracting short-term credit lines, commercial paper programmes and other types of financial operation, ensuring a balance between appropriate levels of liquidity and the cost of commitment fees.

2 – Accounting reference framework within which the financial statements were prepared

2.1- Accounting reference framework adopted

The attached financial statements were prepared within the framework of the provisions in force in Portugal, in conformity with Decree-Law no. 158/2009, of 13 July, and in accordance with the Conceptual Structure, Accounting and Financial Reporting Standards (Portuguese abbreviation: NCRF) and Interpretative Standards contained in Portugal's Standardised Accounting System (Portuguese abbreviation: SNC). The International Accounting Standards adopted in the European Union and the International Accounting Standards (IAS/IFRS) issued by the IASB, and the corresponding Technical Interpretations (SIC/IFRIC), were applied supplementarily.

2.2 – Going concern concept

The attached financial statements were prepared on the assumption that the company was a going concern, on the basis of its accounting books and records, kept in accordance with the accounting principles generally accepted in Portugal.

2.3 – Accrual concept

The company records its income and costs on the accrual basis, whereby income and costs are recognised as they are generated, independently of when they are received or paid. Differences between the amounts received and paid and the corresponding income and costs are recorded in the items “Accrued expenses and income” and “Deferrals”.

2.4 Classification of non-current assets and liabilities

Assets realisable and liabilities due more than one year after the date of the statement of financial position are classified as non-current assets and liabilities respectively. In addition, because of their nature, “Deferred tax” and “Provisions” are classified as non-current assets and liabilities.

2.5 Financial liabilities

Financial liabilities are classified according to contractual substance, independently of the legal form they assume.

2.6 Comparability

The accounting policies and measurement criteria adopted as at 31 December 2012 are comparable with those used in preparing the financial statements as at 31 December 2011.

2.7 Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed on that date are reflected in the financial statements.

Any material events after the balance sheet date are disclosed in the notes to the financial statements.

2.8 Derogation from the provisions of the Standardised Accounting System (SNC)

In the course of the year to which these financial statements refer there were no exceptional circumstances that might imply derogation from any of the provisions of the SNC.

3- Main accounting policies

3.1 – Measurement bases used in preparing the financial statements:

INTANGIBLE ASSETS (NCRF 6)

Intangible assets are recorded at purchase cost, minus accumulated amortisations and impairment losses. Intangible assets are recognised only if it is likely that future economic benefits for the entity will flow from them, they can be monitored and their cost can be reliably measured.

Development costs are recognised whenever the entity shows capacity to complete development of the asset and begin to use it, and where it is likely that the asset created will generate future economic benefits. Development costs that do not meet these criteria are recorded as costs in the year in which they are borne. Research costs are costs in the year in which they occur.

Depreciation is calculated, after use begins, using the straight-line method, in accordance with estimated useful life.

TANGIBLE FIXED ASSETS (NCRF 7)

Tangible fixed assets acquired before 1 January 2009 (*date of transition to the NCRF*) are recorded at their purchase cost or at revalued purchase cost in accordance with the accounting principles generally accepted in Portugal up until that date, minus accumulated depreciation.

Tangible fixed assets acquired after that date are recorded at purchase cost, minus the corresponding accumulated depreciation and impairment losses. Buildings and land were revalued in 2011 by an external entity, L2i-Investimentos Imobiliários, Lda..

Depreciation is calculated from the date on which the goods are available for use, using the straight-line method, in accordance with the estimated useful life for each group of goods.

The depreciation rates used correspond to the following periods of estimated useful life:

Description	No. of years of estimated life
Commercial and office buildings	50
Industrial buildings	20
Light structures	10
Moulds	6
Machinery	10
Assembly lines	10
Tools and utensils	4
Transport equipment	4
Office equipment	8

Costs of maintenance and repair that do not increase the useful life of tangible fixed assets or result in significant improvements or upgrades are recorded as costs in the year in which they occur.

Tangible fixed assets in progress represent assets still at the construction phase; they are recorded at purchase cost. Such tangible fixed assets are depreciated from the time at which the underlying assets are available for use and in the condition necessary in order to operate as intended by management.

Capital gains and losses resulting from sale or write-off of tangible fixed assets are calculated as the difference between sale price and net book value on the date of disposal or write-off, and are recorded in the income statement in the items Other Income and Gains and Other Costs and Losses.

LEASES (NCRF 9)

Leasing contracts are classified as financial leases if they substantially transfer all the risks and advantages inherent in ownership of the asset, and as operating leases if they do not substantially transfer all the risks and advantages inherent in possession of the asset.

Tangible fixed assets acquired under financial leasing contracts, and the corresponding liabilities, are booked using the financial method, by recognising tangible fixed assets and corresponding accumulated depreciation, and debts whose settlement is pending in accordance with the contractual finance plan. In addition, interest included in the value of rentals and depreciation of tangible fixed assets are recognised as costs in the income statement for the year to which they relate.

BORROWING COSTS (NCRF 10)

Loans are recorded under liabilities at their nominal contracted value; fees and issue costs are booked as costs in the year. Financial charges calculated according to the effective interest rate are recorded in the income statement in accordance with the accrual concept.

Loans are classified as current liabilities and, where settlement is deferred for more than 12 months after the reporting date, as non-current liabilities.

The company has capitalised interest on loans obtained only in the construction of the building in the centre of Aveiro city; this cost is an integral part of the asset because it is directly attributable to it. Interest was capitalised only until 2011, i.e. during construction of the asset. The amount of interest capitalised was determined by applying a capitalisation rate to the value of the investments made.

The entity's capitalisation policy can be summarised as follows:

- capitalisation of loan costs began at the start of the investment. Interest was paid on loans and the asset is available for sale;
- capitalisation ended when all the activities necessary to classify the asset as available for use or sale were substantially completed;
- other costs directly attributable to acquisition and construction of the goods are likewise included in the cost of the asset.

IMPAIRMENT OF ASSETS (NCRF 12)

On the balance sheet date an assessment is carried out of the objective existence of impairments from which changes of circumstances arise that indicate that the value at which the assets are recognised may not be recoverable.

Whenever the book value of the asset is higher than the recoverable amount, we recognise an impairment loss, recorded immediately in the income statement in the item Impairment Losses.

Reversal of impairment losses recognised in previous years is recorded when there is evidence that those losses no longer exist or have decreased, and is recognised in the income statement, in the item Reversal of Impairment Losses, up to the limit of the amount that would be recognised if the loss had not been recorded.

Impairment of inventories and customers was assessed on the balance sheet date. Objective evidence of impairment was found to exist among customers and so impairments were recognised in the income statement.

INTERESTS IN JOINT VENTURES AND INVESTMENTS IN ASSOCIATED COMPANIES (NCRF 13)

Investments in associated companies (shareholdings of more than 20%) are recorded using the equity method; shareholdings are initially booked at purchase cost, which is increased or reduced to the value corresponding to the proportion of the equity of those entities as at the date of acquisition or the date of first application of the equity method.

Where the subsidiary, jointly controlled entity or associated company has negative or zero equity, the investment is recorded at a value of zero.

In accordance with the equity method, investments are adjusted annually by the value corresponding to the share in the net profits of such entities, with a counter-entry under gains or losses in the year. In addition, dividends received from such entities are recorded as a decrease in the value of the investments in the year in which they are awarded.

INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION (NCRF 15)

Shareholdings are initially recognised at cost and subsequently adjusted using the equity method. Consolidation is by the full consolidation method, because this is what is required by the size of the shareholdings and the degree of control over the subsidiaries.

In the parent company, gains and losses in its associated companies after acquisition are booked under gains and losses, with a counter-entry in the value of the financial investment, and are transferred to reserves after the balance sheet date whenever not distributed. Where the shareholding by application of the equity method is a loss and equals or exceeds the investment in the associated company, the parent company ceases to recognise additional losses.

Unrealised gains on transactions with associated companies are eliminated in the consolidation.
Wherever necessary, the accounting policies of associated companies are altered to ensure consistency with the policies adopted by the Group.

INVENTORIES (NCRF 18)

Inventories are valued in accordance with the following criteria:

- goods and raw materials, secondary materials and consumables are valued at purchase cost. Purchase cost includes expenses incurred prior to storage; outgoing inventory is costed by the weighted-average method;

- finished products and work in progress are valued at production cost, which includes the cost of the raw materials incorporated, direct labour and general manufacturing costs. Outgoing inventory is costed using the standard cost method.

In circumstances in which the value of such goods is lower than the average purchase or production cost, an impairment loss due to depreciation of inventories is recorded.

REVENUE (NCRF 20)

The company recognises revenue whenever it is reasonably measurable, and it is likely that the company will obtain future economic benefits. The amount of revenue is not considered reasonably measurable until all contingencies in relation to a sale are substantially resolved. The company bases its estimates on historic results, considering the type of customer, the nature of the transaction and the specificity of each agreement.

Revenue comprises the fair value of the consideration received or receivable for sale and provision of services deriving from the company's normal business. Revenue is recognised net of value added tax (VAT), rebates and discounts.

Revenue from the sale of goods is recognised when the following conditions are satisfied:

- all the risks and advantages of ownership of the goods have been transferred to the buyer;
- the entity maintains no control over the goods sold;
- the amount of revenue can be reliably measured;
- it is likely that future economic benefits associated with the transaction will flow to the entity;
- costs of the transaction paid or payable can be reliably measured.

Revenue from service provisions is recognised, net of taxes, at the fair value of the amount receivable.

Interest revenue is recognised using the effective interest method, provided that it is likely that economic benefits will flow to the entity and their value can be reliably measured.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (NCRF 21)

The company has set up a provision for guarantees to customers, given that our products have a period of complaint under guarantee, as a consequence of which the entity has a present obligation arising from a past event and it is likely that, in order to meet that obligation, an outflow of resources will occur. The amount of the obligation was calculated on the basis of historic data for the past three years.

GOVERNMENT GRANTS AND GOVERNMENT ASSISTANCE (NCRF 22)

Operating subsidies, namely training grants, are recognised in the income statement in proportion to the costs borne, in accordance with the accrual principle.

The company received grants for training in the context of the Operational Programme for Human Potential (Portuguese abbreviation: POPH). In the context of the National Strategic Reference Framework (Portuguese abbreviation: QREN) incentive scheme, a technological research and development project is under way that we call Dosing. It consists of developing a hygiene solution that uses cleaning products without them being in contact with the water in the cistern, thus avoiding problems with product saturation and blockages, as well as unnecessary expenditure. The objective is to develop a system in which the cleaning product is used only when the toilet is flushed and only the amount necessary for purposes of hygiene and cleaning is used.

This grant was treated as an operating subsidy as it funded expenditure in relation to research into this solution.
Non-repayable investment grants to finance tangible assets are recorded in equity and recognised in the income statement in proportion to depreciation of the subsidised assets, over their useful life.

EFFECTS OF CHANGES IN EXCHANGE RATES (NCRF 23)
Foreign currency transactions are converted into the company's operational currency at the exchange rate on the date of the transaction.

On the date the accounts are closed, open balances (monetary items) are updated by applying the exchange rate prevailing on that date. Favourable and unfavourable exchange rate differences arising from differences between the exchange rates prevailing on the date of transactions and those prevailing on the date of collection of the payments or the balance sheet date are recorded as income and/or costs in the income statement for the year, in the item exchange rate gains/losses.

INCOME TAXES (NCRF 25)
The company is subject to Corporate Income Tax (Portuguese abbreviation: IRC). In calculating the taxable amount, amounts not accepted for tax purposes are added and subtracted from the book result. This difference, between book result and fiscal result, may be of a temporary or permanent nature.

The company records deferred tax, corresponding to temporary differences between the book value of assets and liabilities and the corresponding fiscal basis, in conformity with the provisions of NCRF 25 – deferred tax.

Costs in relation to income tax in the year are the sum of current and deferred tax. Current income tax is calculated on the basis of the entity's taxable results in accordance with the fiscal rules in force; deferred tax arises from temporary differences between the value of assets and liabilities for purposes of financial reporting and the corresponding amounts for purposes of taxation (tax basis).

Deferred tax assets and liabilities are calculated using the rates of taxation in force and are recognised as costs or income in the year.

FINANCIAL INSTRUMENTS (NCRF 27)
Financial instruments are valued in accordance with the following criteria:

Customers and other receivables
Amounts receivable from customers and other third parties are recorded at nominal value given that they do not earn interest and the discount effect is considered immaterial.

At the end of each reporting period, customer accounts and other accounts receivable are analysed to assess whether there is any objective evidence that they are not recoverable. If this is the case, the corresponding impairment loss is recognised immediately. Impairment losses are recorded following the occurrence of events that indicate, objectively and quantifiably, that all or part of the balance owed will not be received. To this end, the entity takes into consideration any market information that shows that the customer is in breach of its responsibilities, along with historic information on balances due and not received.

Suppliers and other payables

Debts to suppliers and other third parties are recorded at nominal value given that they do not earn interest and the discount effect is considered immaterial.

Loans

Loans, using one of the options of NCRF27, are recorded in liabilities at cost.

Foreign currency transactions and balances

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. On each reporting date, the book amounts of foreign currency-denominated monetary items are updated at the exchange rates on that date. The book amounts of foreign currency-denominated non-monetary items are updated on reporting dates, at the prevailing exchange rates.

Exchange rate differences resulting from the updating described above are recorded in the income statement for the year in which they are generated.

Accruals and deferrals

Transactions are recognised in accounts when they are generated, independently of when they are received or paid. Differences between the amounts received and paid and the corresponding income and costs are recorded in the items Other Accounts Receivable, Other Accounts Payable and Deferrals.

Financial instruments held for trading

These assets were valued at fair value on the date of presentation of the financial statements and changes in fair value were recognised in the income statement.

Cash and bank deposits

The amounts included in the item Cash and cash equivalents correspond to the amounts in cash and bank deposits, both immediately realisable without loss of value. Bank overdrafts are shown on the balance sheet, under Current Liabilities, in the item Financing Obtained.

EMPLOYEE BENEFITS (NCRF 28)

The entity awards the following benefits to employees:

- Short-term benefits: including wages, salaries, social security contributions, profit-sharing and bonuses.

These benefits are booked in the same time period as the employee provided the service.

- End-of-employment benefits: the entity recognises costs associated with termination of employment contracts, at the end of fixed-term contracts and in cases of voluntary redundancy.

3.2 – Main sources of uncertainty of estimates

Estimates are based on the best knowledge existing at any given time and on the actions that the company plans to take; they are revised periodically on the basis of available information. Changes in facts and circumstances may lead to revision of estimates; as a consequence, real future results may differ from estimates.

4 – Cash flow

The breakdown of the amounts recorded in the item cash and bank deposits is as follows:

BOOK VALUE AND CHANGE IN THE YEAR EUR

Description	Opening balance	Debits	Credits	Closing balance
Cash	4,167	14,504,421	14,504,424	4,164
Demand deposits	371,638	214,458,684	214,297,598	532,723
Total cash and bank deposits	**375,805**	**228,963,104**	**228,802,022**	**536,887**

5- Related parties

5.1 – Dealings with parent company and subsidiaries

Transactions between related parties were as follows:

RELATED ENTITIES EUR

Description		2012				
		Sales/ services	Purchases	Balances receivable	Balances payable	Loans in the year
Subsidiaries	Moldaveiro-Moldes, LDA	56,467	1,129,800	2,617	769,229	
	Soplasnor – Soc. Plásticos do Norte, SA	1,173	767			529,000
	Nuno & Gradeço – Mat. Construção, SA	120,452	18,700	20	200,165	
	Oli, SRL	4,703,756	522,607	784,808	57,243	
Total		**4,881,849**	**1,671,873**	**787,445**	**1,026,638**	**529,000**

SUBSIDIARIES EUR

Description		2011				
		Sales/ services	Purchases	Balances receivable	Balances payable	Loans in the year
Subsidiaries	Moldaveiro-Moldes, LDA	54,192	975,236	3,714	428,808	
	Soplasnor – Soc. Plásticos do Norte, SA	142,514	6,484	246		2,068,100
	Nuno & Gradeço – Mat. Construção, SA	164,348	40,634	16,488	450,000	
	Oli, SRL	5,135,508	405,185	585,648	57,722	
Total		**5,496,562**	**1,427,539**	**606,096**	**935,530**	**2,068,100**

SUBSIDIARIES EUR

Description	Registered office	2012			
		Share capital held	Share capital	Equity	Net result
Moldaveiro-Moldes, LDA	Travessa do Milão, Esgueira – Aveiro	83.00%	500,000	953,506	106,814
Soplasnor – Soc. Plásticos do Norte, SA	Rua das Poças, Lavra – Porto	79.90%	6,800,000	-3,336,863	-330,707
Nuno & Gradeço – Mat. Construção, SA	Paraimo – Sangalhos	99.07%	1,500,000	404,966	-500,471
Oli, SRL	Località Piani di Mura 25070 Casto (BS)	99.00%	1,000,000	4,411,808	118,329

Description	Registered office	2011			
		Share capital held	Share capital	Equity	Net result
Moldaveiro-Moldes, LDA	Travessa do Milão, Esgueira – Aveiro	83.00%	249,399	846,692	30,329
Soplasnor – Soc. Plásticos do Norte, SA	Rua das Poças, Lavra – Porto	79.90%	6,800,000	-3,006,156	-1,064,635
Nuno & Gradeço – Mat. Construção, SA	Paraimo – Sangalhos	99.07%	1,500,000	905,437	-590,724
Oli, SRL	Località Piani di Mura 25070 Casto (BS)	99.00%	1,000,000	4,293,479	60,889

FINANCIAL INVESTMENTS EUR

Description	Opening balance	Variation		Closing balance
		Debit	Credit	
Moldaveiro-Moldes, LDA	702,754	88,655		791,410
Soplasnor – Soc. Plásticos do Norte, SA	8,925,500	675,605	146,605	9,454,500
Nuno & Gradeço – Mat. Construção, SA	896,986		495,816	401,170
Oli, SRL	4,250,545	117,146		4,367,690
Total	**14,775,785**	**881,406**	**642,421**	**15,014,770**

5.2 – Remuneration of key management personnel

The remuneration paid to the governance institutions (understood as key management personnel) in the years ended 31 December 2012 and 2011 was as follows:

REMUNERATION OF GOVERNANCE INSTITUTIONS EUR

Description	2012	2011
Board of Directors – Oliveira & Irmão, SA	538,014	528,764
Total	**538,014**	**528,764**

6 – Intangible assets

The breakdown of intangible assets is as follows:

BOOK VALUE OF INTANGIBLE FIXED ASSETS AND CHANGES IN 2012 EUR

Description	Development projects	Industrial property	Intangible assets in progress	Total
With finite useful life:				
Opening gross book value	406,618	1,216,703		1,623,321
Opening accumulated depreciation	351,760	1,198,613		1,550,373
Opening net book value (7=4-5-6)	**54,858**	**18,089**		**72,947**
Changes in the year (8=8.1-8.2+8.3+8.4+8.5+8.6)	**-42,191**	**-16,201**		**-58,392**
Total decreases	**42,191**	**16,201**		**58,392**
Depreciation	42,191	16,201		58,392
Closing net book value (9=7+8)	**12,667**	**1,888**		**14,555**

BOOK VALUE OF INTANGIBLE FIXED ASSETS AND CHANGES IN 2011 EUR

Description	Development projects	Industrial property	Intangible assets in progress	Total
With finite useful life:				
Opening gross book value	406,618	1,216,703		1,623,321
Opening accumulated depreciation	259,645	1,165,174		1,424,819
Opening net book value (7=4-5-6)	**146,973**	**51,529**		**198,501**
Changes in the year (8=8.1-8.2+8.3+8.4+8.5+8.6)	**-92,114**	**-33,439**		**-125,554**
Total decreases	**92,114**	**33,439**		**125,554**
Depreciation	92,114	33,439		125,554
Closing net book value (9=7+8)	**54,858**	**18,089**		**72,947**

7 – Tangible fixed assets

7.1 Disclosures on tangible fixed assets

BOOK VALUE OF TANGIBLE FIXED ASSETS AND CHANGES IN 2012 EUR

Description	Land and natural resources	Buildings and other structures	Basic equipment	Transport equipment	Office equipment	Other TFA	TFA in progress	Total
Opening gross book value		14,372,720	27,058,714	1,105,060	1,742,985	1,674,495		53,777,593
Opening accumulated depreciation	6,723,810	6,180,852	21,331,048	874,716	1,624,969	1,656,489	1,099,810	31,668,074
Opening net book value (4=1-2-3)	**6,723,810**	**8,191,867**	**5,727,667**	**230,344**	**118,016**	**18,006**	**1,099,810**	**22,109,519**
Changes in the year (5= 5.1-5.2+5.3+5.4+5.5+ 5.6)		**-232,867**	**-16,504**	**-34,895**	**63,273**	**10,781**	**567,781**	**357,569**
Total increases		**63,558**	**131,225**	**98,500**	**91,072**	**23,745**	**2,554,008**	**2,952,108**
Acquisitions		63,558	131,225	98,500	91,072	23,745	2,554,008	2,952,108
Total decreases		**693,629**	**1,660,621**	**133,395**	**93,931**	**12,964**		**2,594,539**
Depreciation		693,629	1,613,364	22,922	3,528	12,964		2,346,407
Disposals			46,518	44,925				91,443
Write-offs			739	65,547	90,403			156,689
Transfers of TFA in progress		397,203	1,512,892		66,131		-1,976,227	
Closing net book value (6=4+5)	**6,723,810**	**7,959,000**	**5,711,163**	**195,449**	**181,288**	**28,787**	**1,667,591**	**22,467,088**

BOOK VALUE OF TANGIBLE FIXED ASSETS AND CHANGES IN 2011 EUR

Description	Land and natural resources	Buildings and other structures	Basic equipment	Transport equipment	Office equipment	Other TFA	TFA in progress	Total
Opening gross book value	6,818,715	14,365,220	25,745,648	1,038,410	1,702,478	1,665,133	694,407	52,030,010
Opening accumulated depreciation		5,489,850	19,773,838	806,574	1,556,860	1,604,246		29,231,368
Opening net book value (4=1-2-3)	**6,818,715**	**8,875,370**	**5,971,810**	**231,836**	**145,617**	**60,887**	**694,407**	**22,798,643**
Changes in the year (5= 5.1-5.2+5.3+5.4+5.5+ 5.6)	**-94,905**	**-683,503**	**-244,143**	**-1,492**	**-27,602**	**-42,882**	**405,403**	**-689,124**
Total increases		**7,500**	**111,922**	**140,925**	**42,144**	**9,361**	**1,668,830**	**1,980,682**
Acquisitions		7,500	111,922	140,925	42,144	9,361	1,668,830	1,980,682
Total decreases		**691,003**	**1,619,493**	**142,417**	**69,745**	**52,243**		**2,574,901**
Depreciation		691,003	1,557,210	68,142	68,109	52,243		2,436,706
Disposals			38,412	74,275	1,637			114,324
Write-offs			23,870					23,870
Transfers of TFA in progress			1,263,427				-1,263,427	
Other transfers	-94,905							-94,905
Closing net book value (6=4+5)	**6,723,810**	**8,191,867**	**5,727,667**	**230,344**	**118,016**	**18,006**	**1,099,810**	**22,109,519**

7.2 Disclosures on surpluses from revaluation of tangible fixed assets recognised at revalued amounts:

BOOK VALUE OF REVALUATION SURPLUSES AND CHANGES IN 2012 EUR

Description	Legal Revaluation Reserves		Free Revaluation Reserves		Total
	Unrealised	Realised	Unrealised	Realised	
Value of revaluation surplus at start of period	145,074	17,019	7,265,607	199,362	7,627,062
Increases					
Depreciation	-14,772	14,772	-271,241	271,241	
Impairment losses					
Disposals					
Write-offs					
Other	1,829	-1,829	71,879	-71,879	
Value of revaluation surplus at end of period	**132,132**	**29,961**	**7,066,245**	**398,724**	**7,627,062**

8- Leases

8.1 Leasing contracts are as follows

Assets being financed by way of financial leasing contracts, corresponding net book values and contingent rentals recognised as a costs in the year		Current Financial Leases						2012	2011
		Description	Acquisition value	Lessor	Contract ID	Period of lease		Net book value of leased assets	Net book value of leased assets
						Start	Finish		
Tangible fixed assets	Leasing	Audi A6	73,402	CGD LEASING	CT 342184	10-07-2008	10-07-2013	8,936	23,752
	Leasing	VW Golf	19,767	CGD LEASING	CT 343644	01-09-2008	01-09-2012		3,716
	Leasing	Audi A4	33,329	CGD LEASING	CT 346700	20-12-2008	20-12-2012		8,361
	Leasing	VW Passat	30,846	CGD LEASING	CT 349341	20-04-2009	20-04-2013	2,580	10,341
	Leasing	VW Passat	35,000	CGD LEASING	CT 1000 47086	20-03-2011	20-03-2015	19,901	28,250
	Leasing	VW Sharan	39,500	CGD LEASING	CT 1000 49547	20-05-2011	20-05-2015	24,127	33,442
	Leasing	Prensa	281,500	CGD LEASING	CT 1000 51140	20-07-2011	20-07-2016	205,249	256,162
	Leasing	VW Sharan	31,500	CGD LEASING	CT 1000 53191	20-10-2011	20-10-2016	22,447	29,632
	Subtotal		**544,843**					**283,240**	**393,656**
Tangible fixed assets	Leasing	IT equipmt.	175,000	BARCLAYS	CT 08.1.4489	21-07-2008	21-07-2013	21,374	56,654
	Subtotal		**175,000**					**21,374**	**56,654**
Tangible fixed assets	Leasing	VW Golf	26,400	BBVA	CT 15393708	21-06-2010	21-06-2014	10,544	17,005
	Leasing	Industrial equipmt.	170,000	BBVA	CT 153.93757	06-08-2010	06-08-2013	36,360	92,250
	Subtotal		**196,400**					**46,904**	**109,255**
Tangible fixed assets	Leasing	IT equipmt.	154,104	BNP PARIBAS	CT 31200166	07-06-2012	07-06-2017	112,263	
	Subtotal		**154,104**					**112,263**	
Tangible fixed assets	Leasing	Industrial equipmt.	344,751	BPI	CT 10026263	05-08-2012	05-08-2017	344,751	
	Leasing	VW Passat	35,500	BPI	CT 12605 31800	25-12-2012	20-12-2017	34,864	
	Subtotal		**380,251**					**379,615**	
Total			**1,450,598**					**843,396**	**559,565**

8.2 The amounts recognised in these assets are as follows:

EUR

Description	Financial leases	
	Tangible fixed assets	Total
Opening gross book value	1,366,208	1,366,208
Accumulated depreciation/amortisation	426,159	426,159
Closing net book value (4=1-2-3)	**940,049**	**940,049**
Total minimum future payments on the lease as at the balance sheet date (5=5.1+5.2+5.3)	**843,396**	**843,396**
Up to one year	236,376	236,376
One to five years	607,020	607,020

9 – Borrowing costs

9.1 Information regarding general loans:

TYPE OF FINANCING EUR

Description	31-12-2012			31-12-2011		
	Short-term	Medium- and long-term	Total	Short-term	Medium- and long-term	Total
Overdraft	12		12	350,057		350,057
Commercial paper programme	1,500,000	4,500,000	6,000,000	2,200,000	9,000,000	11,200,000
Medium- and long-term	3,997,272	5,360,793	9,358,065	1,266,324	3,437,678	4,704,002
Leasing	236,376	607,020	843,396	207,916	351,648	559,564
Discounting of bills	3,272		3,272	24,399		24,399
Discounting of remittances	473,202		473,202	93,114		93,114
Total	**6,210,134**	**10,467,813**	**16,677,947**	**4,141,810**	**12,789,326**	**16,931,136**

10 – Subsidies

Information regarding subsidies

LIST OF SUBSIDIES OBTAINED

Description		Incentive measure				Grant period		Amounts granted		
		Measure	Grantor entity	Objective of incentive	Form of grant	Start	Finish	Already received	Receivable	Total
Operation	POPH – Human potential	Training for innovation and management	European Social Fund	Financial	Non-repayable	02-01-2012	11-11-2013	8,546	36,442	44,987
	Prisionair - Research	Incentive system for technological R&D	European Social Fund	Financial	Non-repayable	01-01-2009	31-12-2011	7,996		7,996
	Dosing-Research	Incentive system for technological R&D	European Social Fund	Financial	Non-repayable	01-09-2011	05-07-2013		60,815	60,815
	Subtotal							**16,542**	**97,256**	**113,798**
Repayable	ICEP*	POE** SIME***	ICEP Portugal	Financial	Repayable and non-repayable	07-01-2002	31-12-2004	2,012,215		2,012,215
	Subtotal							2,012,215		2,012,215
	Total							2,028,757	97,256	2,126,013

* INSTITUTE FOR EXTERNAL TRADE
** OPERATIONAL PROGRAMME FOR THE ECONOMY
*** SYSTEM OF INCENTIVES FOR CORPORATE MODERNISATION

Non-repayable subsidy continues to be allocated to results on a systematic basis according to the assets with which it is associated.

Other changes in equity relate to the non-repayable portion of this ICEP subsidy and the information is shown in table 17.7.

In relation to the R&D incentive subsidy designated Prisionair, although this ended in 2011, a portion was received in 2012.

11 – Shareholdings

11.1 Information regarding shareholdings

SHAREHOLDINGS EUR

Description	Investments in subsidiaries	Total
Equity method: Opening gross book value	 14,775,785	 14,775,785
Opening net book value (4=1-2+3)	**14,775,785**	**14,775,785**
Changes in the year (5=5.1+5.2+5.3-5.4+5.5+5.6-5.7-5.8-5.9+5.10+5.11+5.12+5.13+5.14)	**238,985**	**238,985**
Effects arising from loans granted	529,000	529,000
Other changes in the year	-290,015	-290,015
Closing net book value (6=4+5)	**15,014,770**	**15,014,770**
Other methods Opening gross book value	 30,000	 30,000
Opening net book value (10=7-8+9)	**30,000**	**30,000**
Changes in the year (11=11.1+11.2+11.3+11.4+11.5+11.6+11.7+11.8+11.9+11.10+11.11+11.12)	**10,020**	**10,020**
Other acquisitions Other changes in the year	15,020 -5,000	15,020 -5,000
Closing net book value (12=10+11)	**40,020**	**40,020**

12- Inventories

The breakdown of inventories is as follows:

Description	31-12-2012			31-12-2011		
	Gross value	Impairment losses	Net value	Gross value	Impairment losses	Net value
Goods	2,699,461		2,699,461	2,742,572		2,742,572
Raw and secondary materials, consumables	1,895,232	57,362	1,837,870	1,806,904	57,362	1,749,543
Finished and intermediate products	2,993,524		2,993,524	4,188,068		4,188,068
Advance on account of purchases	10,746		10,746			
Total	**7,598,963**	**57,362**	**7,541,601**	**8,737,544**	**57,362**	**8,680,183**

Cost of goods sold and materials consumed was as follows:

Description	31-12-2012			31-12-2011		
	Goods	Raw and sec. mats., consum-ables	Total	Goods	Raw and sec. mats., consum-ables	Total
Opening inventories	2,742,572	1,806,904	4,549,476	1,168,224	1,826,044	2,994,268
Purchases	3,020,214	18,974,192	21,994,406	5,356,764	18,578,455	23,935,219
Reclassification and regularisation of inventories	72,401	36,190	108,591	85,218	29,436	114,654
Closing inventories	2,699,461	1,895,232	4,594,693	2,742,572	1,806,904	4,549,476
Cost of goods sold and materials consumed (5=1+2+3-4)	**2,990,924**	**18,849,674**	**21,840,598**	**3,697,198**	**18,568,159**	**22,265,357**
Accumulated impairment losses/ adjustments to inventories		57,362	57,362		57,362	57,362

The change in production inventories was as follows:

Description	31-12-2012			31-12-2011		
	Finished and intermed. products	By-products, waste and scrap	Products and work in progress	Finished and intermed. products	By-products, waste and scrap	Products and work in progress
Closing inventories	2,993,524			4,188,068		
Reclassification and regularisation of inventories	26,191			192,835		
Opening inventories	4,188,068			4,801,255		
Change in production inventories (4=1+2-3)	**-1,168,353**			**-420,351**		

13- Provisions in the year

Provisions for customer guarantees were set up in the proportion between the costs arising from such guarantees effectively borne over the last three tax years and sales over the same period.

EUR

Description	Customer guarantees	Legal proceedings in progress	Total
Opening book value	51,070	100,000	151,070
Changes in the year (2=2.1-2.2)	**6,298**	**-100,000**	**-93,702**
Total increases	57,368		57,368
Increase	57,368		57,368
Total decreases	51,070	100,000	151,070
Use		100,000	100,000
Reversal	51,070		51,070
Closing book value (3=1+2)	**57,368**		**57,368**

14 – Revenue

The following table shows details of revenues and other income:

REVENUES AND OTHER INCOME RECOGNISED IN THE YEAR EUR

Description	31-12-2012	31-12-2011
Sales of goods	43,315,734	43,471,183
Provision of services	6,195	7,562
Subsidies	113,798	107,885
Other income and gains		
Supplementary income	1,279,857	820,841
Prompt payment discounts obtained	7,899	8,179
Recovery receivables	4,201	
Income and gains in subsidiaries	205,801	85,453
Income and gains on other financial assets	34,098	7,881
Income and gains on non-financial investments	26,455	17,742
Other		
Corrections previous years	1,485	113,100
Excess estimate	24,721	242,047
Allocation of investment subsidies	26,002	29,092
Gains on other financial instruments	6,778	4,345
Other	76,157	47,761
Income and gains from financing		
Interest obtained	1,728	561
Other similar income		5
Total	**45,130,908**	**44,963,637**

15 – Exchange rate differences

EFFECTS OF CHANGES IN EXCHANGE RATES EUR

Description	31-12-2012	31-12-2011
Exchange rate differences		
Recognised in results for the year		
Unfavourable exchange rate differences	45,392	34,763
Favourable exchange rate differences	34,098	7,881

16 – Income taxes

BOOK VALUE OF INCOME TAX EUR

Description	31-12-2012	31-12-2011
(Pre-tax) book result for the year	654,123	1,758,343
Current tax	247,292	448,760
Deferred tax	-73,708	-74,284
Income tax for the year (4=2+3)	**173,584**	**374,476**
Autonomous taxation	64,475	58,623

17 – Financial instruments

17.1 The breakdown of third party values is follows:

BOOK VALUE AND CHANGE IN THE YEAR EUR

Description	31-12-2012	31-12-2011
Customers	**8,034,896**	**7,137,140**
Current account	7,796,430	6,894,756
Instruments receivable	227,028	228,497
Doubtful debts	324,442	234,434
Impairments	-313,004	-220,547
Suppliers	**8,190,907**	**7,203,195**
Other accounts payable	**2,885,266**	**2,767,190**
Staff	1,856	5,165
Suppliers investments	1,019,961	599,342
Creditors for accrued costs – interest	88,682	84,083
Creditors for accrued costs – insurance	16,704	7,352
Creditors for accrued costs – holidays and holiday bonuses	1,167,898	1,101,718
Creditors for accrued costs – other	381,017	408,859
Other creditors	209,147	560,672
Other accounts receivable	**339,317**	**304,155**
Staff	24,711	18,386
Debtors for accrued income – subsidies	97,256	32,764
Debtors for accrued income – other	122,043	124,065
Other debtors	95,307	128,940
Total	**19,450,386**	**17,411,681**

17.2 State and other public bodies:

BOOK VALUE AND CHANGE IN THE YEAR EUR

Description	31-12-2012			31-12-2011		
	Current	Non-current	Total	Current	Non-current	Total
State and other public bodies						
Assets						
Income tax	407,131		407,131	354,472		354,472
Value added tax	595,107		595,107	329,829		329,829
Total	**1,002,139**		**1,002,139**	**684,301**		**684,301**
Liabilities						
Income tax	247,292		247,292	448,760		448,760
Retention of income tax	75,583		75,583	62,017		62,017
Value added tax						
Other taxes	15		15	112		112
Social security contributions	148,241		148,241	139,388		139,388
Total	**471,131**		**471,131**	**650,277**		**650,277**

17.3 Deferrals

BOOK VALUE AND CHANGE IN THE YEAR EUR

Description	31-12-2012			31-12-2011		
	Current	Non-current	Total	Current	Non-current	Total
Deferrals						
Assets						
Costs to be recognised – interest	70,283		70,283	21,621		21,621
Costs to be recognised – insurance	7,053		7,053	44,563		44,563
Costs to be recognised – other	13,044		13,044	105,914		105,914
Total	**90,380**		**90,380**	**172,098**		**172,098**
Liabilities						
Income to be recognised – other	130,801		130,801	351,011		351,011
Total	**130,801**		**130,801**	**351,011**		**351,011**

17.4 Assets held for trading

FINANCIAL ASSETS HELD FOR TRADING EUR

Description	Current	Non-current	Total
Value as at 01-01-2012	14,200		14,200
Losses through decrease in fair value			
Gains through increases in fair value	551		551
Value as at 31-12-2012	**14,751**		**14,751**

17.5 Cash

BOOK VALUE AND CHANGE IN THE YEAR EUR

Description	31-12-2012	31-12-2011
Cash and bank deposits		
Assets		
Cash	4,164	4,167
Demand deposits	322,723	371,638
Other bank deposits	210,000	
Total	**536,887**	**375,805**
Liabilities		
Demand deposits	12	350,057
Total	**12**	**350,057**

17.6 Financing

BOOK VALUE AND CHANGE IN THE YEAR EUR

Description	31-12-2012			31-12-2011		
	Current	Non-current	Total	Current	Non-current	Total
Financing obtained						
Credit institutions and financial companies	6,210,134	10,467,813	16,677,947	4,141,810	12,789,326	16,931,136
Total	**6,210,134**	**10,467,813**	**16,677,947**	**4,141,810**	**12,789,326**	**16,931,136**

17.7 Equity

BOOK VALUE AND CHANGE IN THE YEAR EUR

Description	31-12-2012	31-12-2011
Equity		
Share capital	10,000,000	10,000,000
Legal reserves	2,000,000	2,000,000
Other reserves	2,657,918	1,274,052
Adjustments to financial assets	3,065,753	3,065,753
Revaluation surpluses	7,627,062	7,627,062
Other changes in equity	153,177	179,179
Net result for the year	480,539	1,383,867
Total	**25,984,450**	**25,529,913**

17.8 Other debt instruments

BOOK VALUE OF OTHER DEBT INSTRUMENTS EUR

Description		31-12-2012			31-12-2011		
		Notional value	Fixed rate	Fair value	Notional value	Fixed rate	Fair value
Interest rate risk on debt instruments measured at amortised cost	SWAP contract 1	-	-		5,000,000	3.60%	-90,285
	SWAP contract 2	2,500,000	3.75%	-22,705	2,500,000	3.75%	-82,732
	SWAP contract 4	-	-		1,500,000	4.53%	-24,431
	SWAP contract 6	5,000,000	5.15%	-188,129	5,000,000	5.15%	-357,609
	Total	**7,500,000**		**-210,834**	**14,000,000**		**-555,057**

17.9 Disclosure of information on impairments:

IMPAIRMENT LOSSES ON FINANCIAL ASSETS AT COST EUR

Description	Impairment losses in the year	Reversals of impairment losses	Accumulated
Customer receivables	124,345		313,004
Inventories – raw materials			57,362
Total	**124,345**		**370,365**

17.10 Information on doubtful debts

DEBTS RECORDED AS DOUBTFUL EUR

Description	Value
In relation to company insolvency or recovery proceedings or enforcement proceedings	
Claimed judicially	135,896
Past due:	**177,107**
For more than twenty-four months	152,959
For between eighteen and twenty-four months	4,858
For between twelve and eighteen months	15,488
For between six and twelve months	3,803
For up to six months	
Total	**313,004**

17.11 Financial assets and liabilities

INFORMATION REGARDING FINANCIAL ASSETS AND LIABILITIES EUR

Description	Measured at fair value through results	Measured at cost	Accumulated impairment
Financial assets			
Customers		8,034,896	313,004
Other accounts receivable		339,317	
Financial assets held for trading	14,751		
Financial liabilities			
Suppliers		8,190,907	
Financing obtained		16,677,947	
Other accounts payable		2,885,266	

18. Disclosure of information on external supplies and services

EXTERNAL SUPPLIES AND SERVICES EUR

Description	31-12-2012	31-12-2011
Subcontracts	**217,768**	**245,347**
Specialist work	618,468	517,394
Advertising and publicity	273,643	228,549
Surveillance and security	80,718	81,736
Fees	99,714	110,157
Commissions	554,536	573,565
Maintenance and repair	840,190	899,036
Other	165,772	66,692
Total specialist services	**2,633,041**	**2,477,129**
Short-lived tools and utensils	110,932	142,489
Technical books and documentation	929	1,899
Office materials	20,558	16,499
Gift items	45,758	57,303
Other	2,101	1,072
Total materials	**180,278**	**219,263**
Electricity	893,348	786,254
Fuels	91,213	88,160
Water	14,486	13,067
Other	576	530
Total energy and fluids	**999,623**	**888,010**
Travel and accommodation	335,990	252,212
Goods transport	2,387,003	2,043,226
Total travel, accommodation and transport	**2,722,994**	**2,295,437**
Hire and rental charges	18,934	25,982
Communication	75,601	79,251
Insurance	175,740	183,822
Royalties	473	
Litigation and notaries	105,919	14,525
Representation costs	332,492	253,375
Cleaning, hygiene and comfort	76,145	62,623
Other services	11,985	7,226
Total sundry services	**797,289**	**626,803**
Total external supplies and services	**7,550,992**	**6,751,990**

19. Disclosure of information on staff costs

EMPLOYEE NUMBERS AND HOURS WORKED EUR

Description	Average number of employees	Number of hours
Paid and unpaid employees of the company:		
Paid employees of the company	340	663,672
Unpaid employees of the company		
Company employees, by hours worked:		
Full-time company employees	340	663,672
Of whom: paid full-time company employees	340	663,672
Part-time company employees		
Of whom: paid part-time company employees		
Company employees, by sex		
Men	155	310,215
Women	185	353,456
Company employees, of whom:		
Company employees assigned to research and development	23	
Service providers	25	
Staff placed through temporary employment agencies	61	

STAFF COSTS EUR

Description	31-12-2012	31-12-2011
Staff costs	**8,342,971**	**8,238,204**
Remuneration of governance institutions	538,014	528,764
Of which: profit-sharing	77,055	188,364
Staff wages	5,500,761	5,506,861
Charges on wages	1,241,781	1,234,491
Worker compensation and occupational health insurance	67,713	64,530
Social action costs	66,420	57,423
Other staff costs	928,281	846,135
Of which:		
Training costs	51,827	66,350

20. Disclosure of information on income and gains

OTHER INCOME AND GAINS EUR

Description	31-12-2012	31-12-2011
Supplementary income	1,279,857	820,841
Prompt payment discounts obtained	7,899	8,179
Recovery receivables	4,201	
Gains on inventories		
Income and gains on other financial assets	34,098	7,881
Income and gains on non-financial investments	26,455	17,742
Other	135,142	436,345
Interest obtained	1,728	561
Other similar income		5
Total other income and gains	**1,489,380**	**1,291,554**

21. Disclosure of information on other costs and losses

OTHER COSTS AND LOSSES EUR

Description	31-12-2012	31-12-2011
Taxes	65,764	83,516
Prompt payment discounts granted	287,934	303,873
Uncollectible debts	52,694	
Losses on inventories	59,001	169,929
Costs and losses in non-financial investments	4,214	
Other		
Corrections in relation to previous years	71,480	8,649
Donations	24,782	45,303
Subscriptions	10,010	10,020
Gifts and stock samples	30,914	60,869
Shortfall of tax estimate	158,619	
Other	125,225	94,802
Total other costs and losses	**890,636**	**776,961**

22 - Disclosure of information on interest and similar costs

INTEREST AND SIMILAR COSTS EUR

Description	31-12-2012	31-12-2011
Interest paid	1,415,018	1,262,319
Total interest and similar costs	**1,415,018**	**1,262,319**

23 - Disclosure of information on depreciation costs

DEPRECIATION AND AMORTISATION COSTS/REVERSALS EUR

Description	31-12-2012	31-12-2011
Tangible fixed assets	**2,532,847**	**2,569,563**
Buildings	693,629	691,003
Basic equipment	1,610,134	1,619,493
Transport equipment	123,218	137,079
Office equipment	92,902	69,745
Other tangible fixed assets	12,964	52,243
Intangible assets	**58,392**	**125,554**
Development projects	42,191	92,114
Industrial property	16,201	33,439
Total depreciation and amortisation costs	**2,591,239**	**2,695,117**

24 – Disclosures required by legislation

INFORMATION BY GEOGRAPHICAL MARKETS – 2012 EUR

Description	Domestic	Community	Extra-Community	**Total**
Sales	11,178,839	23,510,959	8,625,936	**43,315,734**
Service provisions	6,195			**6,195**
Purchases	11,242,037	10,062,254	690,115	**21,994,406**
External supplies and services	5,660,884	1,686,942	203,166	**7,550,992**
Purchases of tangible fixed assets	2,455,160	473,553	23,395	**2,952,108**
Other supplementary income	31,017	1,090,126	158,715	**1,279,857**

INFORMATION BY GEOGRAPHICAL MARKETS – 2011 EUR

Description	Domestic	Community	Extra-Community	**Total**
Sales	11,805,482	24,111,370	7,554,330	**43,471,183**
Service provisions	7,562			**7,562**
Purchases	11,802,653	10,806,734	1,325,832	**23,935,219**
External supplies and services	5,580,630	1,112,610	58,750	**6,751,990**
Purchases of tangible fixed assets	1,536,542	444,141		**1,980,682**
Other supplementary income	159,574	656,425	4,841	**820,841**

INFORMATION BY ECONOMIC ACTIVITIES – 2012 EUR

	EAC – 22230	EAC – 46740	EAC – 41100	Total
Sales	**37,732,815**	**4,062,319**	**1,520,600**	**43,315,734**
Goods		4,062,319		4,062,319
Finished and intermediate products, by-products, waste and scrap	37,732,815		1,520,600	39,253,415
Biological assets				
Service provisions		**6,195**		**6,195**
Purchases	**18,974,192**	**2,885,106**	**135,108**	**21,994,406**
External supplies and services	**6,491,628**	**1,007,648**	**51,716**	**7,550,992**
Cost of goods sold and materials consumed	**18,849,674**	**2,990,924**		**21,840,598**
Goods		2,990,924		2,990,924
Raw and secondary materials, consumables	18,849,674			18,849,674
Biological assets				
Change in production inventories	**321,966**		**-1,490,319**	**-1,168,353**
Average number of employees	281	59		340
Staff costs	**7,150,226**	**1,192,745**		**8,342,971**
Wages	5,089,968	948,807		6,038,775
Other (including pensions)	2,060,258	243,938		2,304,196
Tangible fixed assets				
Closing net book value	19,349,015	3,118,073		22,467,088
Total purchases	2,848,074	104,034		2,952,108
Of which: in buildings and other structures	57,381	6,178		63,558
Additions in the year to assets in progress	2,485,403	58,605		2,544,008

INFORMATION BY ECONOMIC ACTIVITIES – 2011 EUR

	EAC – 22230	EAC – 46740	EAC – 41100	Total
Sales	**38,215,699**	**4,885,484**	**370,000**	**43,471,183**
Goods		4,885,484		4,885,484
Finished and intermediate products, by-products, waste and scrap	38,215,699		370,000	38,585,699
Biological assets				
Service provisions		**7,562**		**7,562**
Purchases	**18,578,455**	**3,707,420**	**1,649,344**	**23,935,219**
External supplies and services	**5,618,457**	**1,101,237**	**32,296**	**6,751,990**
Cost of goods sold and materials consumed	**18,568,159**	**3,587,198**	**110,000**	**22,265,357**
Goods		3,587,198	110,000	3,697,198
Raw and secondary materials, consumables	18,568,159			18,568,159
Biological assets				
Change in production inventories	**-156,546**		**-263,805**	**-420,351**
Average number of employees	277	62		339
Staff costs	**6,852,091**	**1,386,113**		**8,238,204**
Wages	4,926,330	1,109,295		6,035,625
Other (including pensions)	1,925,761	276,818		2,202,579
Tangible fixed assets				
Closing net book value	18,785,232	3,324,287		22,109,519
Total purchases	1,832,183	148,499		1,980,682
Of which: in buildings and other structures	7,500			7,500
Additions in the year to assets in progress	1,668,830			1,668,830

FEES INVOICED EUR

Description	2012	2011
Statutory audit	12,600	12,600
Other services	300	
Total	**12,900**	**12,600**

Guarantees given	Beneficiary	Amount
Bank guarantees		
Caixa Geral de Depósitos	APCMC*	16,000

*Portuguese Association of Construction Materials Traders

Chartered Accountant Board of Directors

IV. Report and Opinion of the Audit Committee – individual accounts

REPORT AND OPINION OF THE AUDIT COMMITTEE

1. Within the terms of the law and the mandate given to us we submit for the consideration of the shareholders our report and opinion on the report and accounts produced by the Board of Directors of **OLIVEIRA & IRMÃO, S.A.**, for the year ended on 31 December 2012.

2. We followed the company's activity over the course of the year, in conformity with the provisions of the Companies Code.

3. The terms of the Legal Certification of Accounts issued by the statutory auditor were considered and, since they merit our concurrence, are accepted as an integral part of this report.

4. In light of the above, noting the conclusions of the statutory auditor, and having no knowledge of any infringement of the law or the company's articles, we are of the opinion that the Annual General Meeting should approve:

a) The Report of the Board of Directors, and the accounts presented therein.

b) The Board of Directors' proposal for the allocation of results.

Aveiro, 15 April 2013

THE AUDIT COMMITTEE

Dr António Maria Antas Teles - CHAIRMAN

Mr José Luís Azevedo Cacho - MEMBER

Dr Artur Armando Frederico Moreira (SA no. 848) – MEMBER AND STATUTORY AUDITOR

V. Legal Certification of Accounts – individual accounts

ARTUR A F MOREIRA
Single-Member Statutory Audit Company
Registered with the Statutory Auditors' Association as no. 202
Tax ID no. 507707192

Legal Certification of Accounts

Introduction

1. We have audited the financial statements of OLIVEIRA & IRMÃO, SA, which consist of the balance sheet as at 31 December 2012 (which shows a total of 55,096,503 euros and total equity of 25,984,450 euros, including a net result of 480,539 euros), the income statement by nature, the statement of changes in equity, the cash flow statement and the corresponding notes to accounts.

Responsibilities

2. It is the responsibility of the Board of Directors to prepare the management report and financial statements that present a true and fair picture of the company's financial position, the result and comprehensive income of its operations and its cash flow, and to adopt appropriate accounting policies and criteria and maintain an appropriate internal control system.

3. Our responsibility consists of expressing an independent, professional opinion based on our audit of those financial statements.

Scope

4. Our audit was carried out in accordance with the technical standards and audit guidelines of the Statutory Auditors' Association, which require that it be planned and executed with the objective of obtaining an acceptable degree of certainty as to whether the financial statements are free of material distortions. To this effect, the audit included: (i) checking, on a sample basis, the basis for the amounts and disclosures contained in the financial statements and assessing the estimates, based on judgements and criteria defined by the Board of Directors, used in preparing them; (ii) assessing whether the accounting policies adopted and the manner of their disclosure are appropriate, bearing in mind the circumstances; (iii) checking the applicability of the going concern principle; and (iv) assessing whether, overall, the presentation of the financial statements is appropriate.

5. Our audit also included checking the concurrence of the financial information contained in the management report with the financial statements.

6. We believe that the audit conducted provides an acceptable basis on which to express our opinion.

Rua de Sta. Margarida, 2A-1° Esq. – Sala 2 4710-306 Braga.Tel.: 253 682 166 e-mail: artur.moreira@revisores.com
Largo Eng. António de Almeida, no. 70 – 9° – Sala 422. 4100-479 Porto Tel.: 226 062 379 e-mail: geral@revisores.com

Opinion

7. In our opinion, the aforementioned financial statements present a true and fair picture, in all material respects, of the financial position of OLIVEIRA & IRMÃO, S.A. as at 31 December 2012, the result of its operations and its cash flow in the year ended on that date, in conformity with the accounting principles generally accepted in Portugal.

Report on other legal requirements

8. It is also our opinion that the financial information contained in the management report concurs with the financial statements for the year.

Porto, 15 April 2013

Artur A F Moreira
Single-Member Statutory Audit Company
Registered with the Statutory Auditors' Association as no. 202
represented by:

Artur Armando Frederico Moreira
Statutory Auditor no. 848

VI. Report of the Board of Directors – Consolidated accounts

In compliance with legal and statutory provisions we present and submit for the consideration of the Shareholders' Meeting the report of the Board of Directors and consolidated financial statements for 2012.

The consolidated financial statements of Oliveira & Irmão, S.A., for 2012 refer to the following companies:

- Oliveira & Irmão, SA (parent company);
- OLI, Srl., a 99.0%-owned subsidiary;
- Moldaveiro – Moldes, Lda., an 83.0%-owned subsidiary;
- Soplasnor – Soc. Plásticos do Norte, SA, a 79.9%-owned subsidiary;
- Nuno & Gradeço – Materiais de Construção, SA, a 99.1%-owned subsidiary.

OLI, Srl., which has its registered office in Italy, continues to operate as distributor in Italy of the parent company's industrial products. This activity is complemented by a business re-exporting (and introducing) the parent company's products to markets with a greater affinity with Italy, as well as coordinating commercial partnerships with a number of important groups in the sector that have decision-making centres in Italy (or privileged relationships in that market).

Moldaveiro – Moldes, Lda., which produces moulds for plastic injection, works mainly for the parent company and other group companies in Italy. It continues to play a strategically important role, both through its ability to design and produce moulds adapted to the specificities of our industry, our customers and the markets, and its work to ensure normal and timely maintenance of the parent company's moulds.

Soplasnor – Soc. Plásticos do Norte, SA, was set up to produce PVC and PE pipes for various purposes. All of its industrial and commercial activities have been suspended since 2009 and liquidation of its assets and liabilities is currently under way.

Nuno & Gradeço, SA, is a retailer of products and materials for civil construction. Given current conditions in the sector and the losses recorded in the recent past, in accordance with the resolutions of the Shareholders' Meeting of 28 August 2012, it has entered a process of dissolution and is currently in liquidation.

Consolidated turnover fell by 5.3% in 2012, to a total of 49,216,544 euros.

In terms of economic and financial performance, the consolidated data reflect the following developments:

- Consolidated net result fell from 609,085 euros to 216,806 euros. This decrease was due above all to lower profits in the parent company.
- A 21.2% decrease in cash flow, to 3,367,886 euros. This cash flow made it possible to reduce the group's bank debt and at the same time support investment activities.
- Consolidated EBITDA also fell, by 13%, to 5,360,741 euros.

- Consolidated net bank debt was reduced by 950,854 euros.
- Consolidated financial autonomy increased slightly, from 37.2% to 38.4%.

In terms of group strategy, following the winding up of Soplasnor and with the liquidation of Nuno & Gradeço under way, we want to concentrate on the core activity of the parent company, striving to strengthen the companies that sustain the business base, namely:

- Moldaveiro, as an important tool for supplying moulds to the parent company, to excellent technical standards and with optimum response times (along with maintenance of existing moulds, an increasingly demanding task), with an increasingly important role in the parent company's service provision and performance, given the complexity of some of the latter's partnerships with major customers.
- OLI Srl, as an important tool for distribution of the parent company's products in the difficult (hotly contested) Italian market (and, as mentioned above, in certain markets that strategically we consider best worked from Italy).
- Oliveira & Irmão, SA, the parent company, which must assert itself as central core and driver of this small corporate group.

The parent company's report has been drawn up to reflect, in an appropriate manner, the group's strategy, taking into account the proximity and affinity of strategic objectives between the various companies. In order to avoid unnecessary and fastidious repetitions, we consider that report to be an integral part of this one, and implicitly reproduced here.

We set out below a brief analysis, highlighting the most significant aspects of each of the companies from the point of view of group strategy:

Oliveira & Irmão

The various documents that precede this report describe the importance of this company and its position at the heart of the group. As we have just mentioned, this company increasingly asserts itself as core and driver of the other companies in the group (which is now more concentrated and cohesive).

The Board of Directors is determined, by a variety of means, to increase the competitiveness of the company. The current state of the European economy leads us to implement a series of measures designed to reduce dependence on Europe in terms of sales.

Recent business developments require us to implement certain measures of strategic reorientation. Along with the desired reduction of dependence on Europe, we want to boost sales under the company's own brand and improve our offering. We will therefore have to reposition ourselves, in terms of marketing and communication, and improve our capacity in RDI.

OLI

As mentioned, this company is above all the Italian commercial subsidiary of the parent company, distributing Oliveira & Irmão's products in Italy. It supplements this business however with distribution (reexport or "representation") in some markets, for reasons of greater affinity with those markets for those products. This has proven to be the right strategy, in so far as it optimises the sales potential of the parent company with a complementarity that enhances the profitability of the two companies. The deepening of the recession that began to make itself felt in Italy in 2011 (and from which the country will not emerge this year) has restricted the company's performance.

This company's sales fell by 8.7%, to 10,554,996 euros. In terms of net results, there was a slight improvement relative to 2011. The net result was 118,329 euros.

Moldaveiro
This company continues to work for the most part for the parent company.
Turnover in 2012 was 1,229,473 euros, virtually unchanged from 2011. The net result was 106,814 euros.

Soplasnor
Liquidation of the company's assets (basic equipment and stock) was all but completed in 2012, with the exception of real estate. Soplasnor had a negative net result of 330,707 euros, reflecting capital losses on the sale of equipment and maintenance and security costs associated with buildings.

The possibility of leasing out the premises that presented itself a year ago having been frustrated, we are now in the process of completing another operation to lease the building for a few months. This will not only enable us to reduce maintenance and security costs for a time but will provide some financial income. The initial trial period may be extended.

In parallel, a feasibility study is under way into setting up a new industrial activity at the Soplasnor facility, in partnership with our Italian partners. Thus, in addition to leasing, there is a possibility (currently under investigation) of implementation of a new business.

Nuno & Gradeço
For the reasons stated, this company will concentrate its efforts on liquidating its assets and liabilities; all its governance institutions are committed to meeting its obligations in full to the very end.

Future strategies

Oliveira & Irmão
We reaffirm only our determination to diversify markets and optimise sales by building the OLI brand and achieving better segmentation of markets, both in geographical terms and in terms of customer types.

OLI
It should be mentioned only that the recession that has hit Italy will oblige the company to consolidate the export-oriented part of the business.

Moldaveiro
Moldaveiro must continue with its efforts in recent years to improve technical capacity and ally that greater technical capacity with speedier design and production of moulds, both to serve the parent

company better and to improve competitiveness (in terms not only of price but, above all, turnaround times).

Soplasnor and Nuno & Gradeço
We remain committed to selling their assets and settling liabilities, which will enable the group to concentrate to a greater degree on more strategic areas.

Conclusion

To finish, we wish to reaffirm our determination to concentrate our efforts on the more profitable and competitive companies and activities, working to ensure that each of the companies is in itself profitable and economically attractive and that they fit into a group strategy that benefits them all, both in terms of each company's business and in terms of the soundness of the whole.

Aveiro, 02 April 2013

The Board of Directors

António Manuel Moura de Oliveira

Rui Alberto Moura de Oliveira

Graça Maria Moura de Oliveira

Pier Andreino Niboli

Federica Niboli

VII. Consolidated financial statements

Consolidated balance sheet as at 31.12.2012 and 31.12.2011

EUR

Item	Notes	Date	
		31.12.2012	31.12.2011
Assets **Non-current assets**			
Tangible fixed assets	7	26,614,354	25,737,576
Intangible assets	6	69,245	1,519,566
Shareholdings – equity method	5	53,487	54,998
Shareholdings – other methods		54,169	38,149
Deferred tax assets			68,901
		26,791,255	**27,419,190**
Current assets			
Inventories	10	8,992,435	9,068,042
Customers	17	13,249,928	13,164,865
Advances to suppliers		10,006	
State and other public entities		1,243, 544	999,525
Other accounts receivable	17	633,307	1,124,490
Deferrals	17	65,224	185,797
Financial assets held for trading	17	14,751	14,200
Non-current assets held for sale		7,112,036	7,191,589
Cash and bank deposits	4	1,126,046	1,754,816
		32,447,277	**33,503,324**
Total assets		**59,238,532**	**60,922,514**
Equity and Liabilities **Equity**			
Paid-up share capital	17	10,000,000	10,000,000
Issue premiums	17	4,653	4,653
Legal reserves	17	2,255,879	2,252,864
Other reserves	17	6,320,771	5,068,854
Retained earnings	17	-3,423,143	-2,876,518
Revaluation surpluses	17; 7	7,627,062	7,627,062
Other changes in equity	17	153,177	179,179
Consolidated net result for the year	17	268,772	823,357
Minority interests	17	-463,322	-411,355
Total equity		**22,743,849**	**22,668,097**
Liabilities **Non-current liabilities**			
Provisions		206,995	290,902
Financing obtained	8; 9	10,528,697	13,169,329
Deferred tax liabilities		1,034,061	1,110,138
		11,769,753	**14,570,369**
Current liabilities			
Suppliers	17	9,626,457	9,133,031
Customer advances		10,006	19,307
State and other public entities		740,647	862,599
Financing obtained	8; 9	11,011,888	9,952,176
Other accounts payable	17	3,190,462	3,280,733
Deferrals	17	145,468	436,202
		24,724,929	**23,684,048**
Total liabilities		**36,494,683**	**38,254,417**
Total equity and liabilities		**59,238,532**	**60,922,514**

Chartered Accountant

Board of Directors

Consolidated income statement by nature for the years ended 31.12.2012 and 31.12.2011

EUR

Income and Costs	Notes	Year	
		2012	2011
Sales and services provided	20	49,216,544	51,977,656
Operating subsidies	13	123,227	127,004
Gains/Losses in subsidiaries, associated companies and joint ventures	17	4,299	4,000
Variation in production inventories	11	-1,201,917	-508,190
Work for the entity itself		922,223	811,163
Cost of goods sold and materials consumed	11	-24,045,065	-25,445,737
External supplies and services	20	-9,306,967	-9,216,830
Staff costs	5	-10,910,323	-10,860,426
Impairment of inventories (losses/reversals)	10	-68,267	-148,126
Impairment of debts receivable (losses/reversals)	17	-193,355	-510,148
Provisions (increases/decreases)	17	-57,368	-151,070
Fair value increases/decreases	17	551	-800
Other income and gains	12	2,240,193	2,118,452
Other costs and losses	14; 18	-1,363,033	-2,036,670
Earnings before interest, taxes, depreciation and amortisation		**5,360,741**	**6,159,279**
Costs/reversals of depreciation and amortisation	6; 7	-2,889,459	-3,007,692
Operating result (before interest and tax)		**2,471,282**	**3,151,586**
Interest and similar costs paid	16; 19	-1,852,847	-1,996,912
Pre-tax result		**618,435**	**1,154,674**
Income tax for the year	15	-401,630	-545,589
Net result for the year		**216,806**	**609,085**
Net result for the year attributable to:			
Shareholders of the parent company	17	268,772	823,357
Minority interests		-51,967	-214,272
		216,806	**609,085**
Basic earnings per share		**0.43**	**1.22**

Chartered Accountant

Board of Directors

Consolidated cash flow statement for the years ended 31.12.2012 and 31.12.2011

EUR

Item	Year	
	2012	2011
Cash flow from operational activities – direct method		
Receipts from customers	54,521,606	59,269,517
Payments to suppliers	-37,325,720	-42,009,886
Payments to staff	-10,023,190	-10,024,705
Cash generated by operations	7,172,696	7,234,926
Payment/receipt of income tax	-792,487	-768,818
Other receipts/payments	-2,897,413	211,636
Cash flow from operational activities (1)	**3,482,796**	**6,677,744**
Cash flow from investment activities		
Payments in respect of:		
Tangible fixed assets	-3,087,605	-2,956,081
Intangible assets	-5,046	-2,841
Financial investments	-16,020	-5,000
Receipts from:		
Tangible fixed assets	381,383	388,079
Financial investments		58
Interest and similar income	3,917	141,711
Cash flow from investment activities (2)	**-2,723,370**	**-2,434,073**
Cash flow from financing activities		
Receipts from:		
Financing obtained	13,024,058	10,151,324
Payments in respect of:		
Financing obtained	-12,940,260	-13,539,783
Interest and similar costs	-1,471,994	-1,717,078
Cash flow from financing activities (3)	**-1,388,196**	**-5,105,537**
Variation in cash and cash equivalents (1+2+3)	-628,770	-861,866
Cash and cash equivalents at start of period	**1,754,816**	**2,616,682**
Cash and cash equivalents at end of period	**1,126,046**	**1,754,816**

Chartered Accountant — Board of Directors

Consolidated statement of changes in equity in 2012

Description		Notes	Equity allocated to shareholders of the parent company									Minority interests	Total equity
`			Paid-up share capital	Issue Premiums	Legal reserves	Other reserves	Retained earnings	Revaluation surplus	Other changes in equity	Net result for the year	Total		
POSITION AT START OF 2012	**6**		10,000,000	4,653	2,252,864	5,068,854	-2,876,51	7,627,062	179,179	823,357	23,079,451	-411,355	22,668,096
CHANGES IN THE YEAR													`
Realisation of revaluation surplus on tangible and intangible fixed assets													
Revaluation surpluses on tangible and intangible fixed assets and corresponding changes		7											
Adjustments for deferred tax													
Other changes recognised in equity		17			3,015	1,251,917	-546,625		-26,002	-823,357	-141,053	-51,967	-193,020
	7				**3,015**	**1,251,917**	**-546,625**		**-26,002**	**-823,357**	**-141,053**	**-51,967**	**-193,019**
NET RESULT FOR THE YEAR	**8**									268,772	268,772		268,772
COMPREHENSIVE RESULT	**9=7+8**									-554,585	-554,585	-51,967	75,753
OPERATIONS WITH SHAREHOLDERS IN THE YEAR													
	10												
POSITION AT END OF 2012	**11=6+7+8 +10**		**10,000,000**	**4,653**	**2,255,879**	**6,320,771**	**-3,423,14**	**7,627,062**	**153,177**	**268, 772**	**23,207,170**	**-463,322**	**22,743,849**

Consolidated statement of changes in equity in 2011

EUR

Description		Notes	Equity allocated to shareholders of the parent company									Minority interests	Total equity
`			Paid-up share capital	Issue Premiums	Legal reserves	Other reserves	Retained earnings	Revaluation surplus	Other changes in equity	Net result for the year	Total		
POSITION AT START OF 2011	1		2,500,000	4,653	1,131,457	10,713,397	-739,091	8,320,596	208,272	563,319	22,702,603	-167,136	22,535,467
CHANGES IN THE YEAR													`
Realisation of revaluation surplus on tangible and intangible fixed assets													
Revaluation surpluses on tangible and intangible fixed assets and corresponding changes		7											
Adjustments for deferred tax													
Other changes recognised in equity		17	7,500,000		1,121,407	-5,644,543	-2,137,427	-693,534	-29,093	-563,319	-446,509	-244,219	-690,728
	2		7,500,000		1,121,407	**-5,644,543**	-2,137,427	**-693,534**	**-29,093**	**-563,319**	**-446,509**	**-244,220**	**-690,728**
NET RESULT FOR THE YEAR	**3**									823,357	**823,357**		**823,357**
COMPREHENSIVE RESULT	**4=2+3**									**260,038**	**260,038**	**-244,220**	**132,629**
OPERATIONS WITH SHAREHOLDERS IN THE YEAR													
	5												
POSITION AT END OF 2011	**6=1+2+3+5**		**10,000,00**	**4,653**	**2,252,864**	**5,068,854**	**-2,876,518**	**7,627,062**	**179,179**	**823,357**	**23,079,451**	**-411,355**	**22,668,097**

Chartered Accountant

Notes to the consolidated financial statements

I. Information regarding companies included in the consolidation

1. Companies included in the consolidation

Name/Registered office	Share capital held	Share capital
Oli, Srl. Località Piani di Mura 25070 Casto (BS) – Italy	99.0%	1,000,000
Moldaveiro – Moldes, Lda., Lugar do Milão, Esgueira - Aveiro	83.0%	500,000
Soplasnor – Indústria de Plásticos do Norte, SA Rua das Poças, Lavra	79.9%	6,800,000
Nuno & Gradeço – Materiais de Construção, SA Paraimo, Sangalhos	99.07%	1,500,000

2 – Accounting reference framework within which the financial statements were prepared

2.1- Accounting reference framework adopted and bases of presentation

The attached financial statements were prepared within the framework of the provisions in force in Portugal, in conformity with Decree-Law no. 158/2009, of 13 July, and in accordance with the Conceptual Structure, Accounting and Financial Reporting Standards (Portuguese abbreviation: NCRF) and Interpretative Standards contained in Portugal's Standardised Accounting System (Portuguese abbreviation: SNC). The International Accounting Standards adopted in the European Union and the International Accounting Standards (IAS/IFRS) issued by the IASB, and the corresponding Technical Interpretations (SIC/IFRIC), were applied supplementarily. The accounting standardisation committee has regulated investments in subsidiaries and consolidation by issuing NCRF 15 - Investments in subsidiaries and consolidation, which is based on IAS 27 – Consolidated and separate financial statements.

Financial investments in the individual financial statements are valued in accordance with the equity method. The companies included in point 1 are considered subsidiaries because the parent company has a shareholding of more than 50% and exercises exclusive control.

Consolidation of the subsidiary companies referred to in note 1 was by way of the full consolidation method. Significant balances and transactions between the companies were eliminated in the consolidation process. The value corresponding to shareholdings of third parties in the subsidiary companies is shown on the balance sheet in the item Minority Interests.

Bases of presentation

The consolidated financial statements were prepared on a going concern basis, on the basis of the accounting books and records of the companies included in the consolidation (note 1), kept in accordance with the accounting principles generally accepted in Portugal.

3- Main accounting policies

3.1 – Measurement bases used in preparing the financial statements:

INTANGIBLE ASSETS (NCRF 6)

Intangible assets are recorded at purchase cost, minus accumulated amortisations and impairment losses. Intangible assets are recognised only if it is likely that future economic benefits for the entity will flow from them, they can be monitored and their cost can be reliably measured.

Development costs are recognised whenever the entity shows capacity to complete development of the asset and begin to use it, and where it is likely that the asset created will generate future economic benefits. Development costs that do not meet these criteria are recorded as costs in the year in which they are borne.

Depreciation is calculated, after use begins, using the straight-line method, in accordance with estimated useful life.

TANGIBLE FIXED ASSETS (NCRF 7)

Tangible fixed assets acquired before 1 January 2009 (*date of transition to the NCRF*) are recorded at their purchase cost or at revalued purchase cost in accordance with the accounting principles generally accepted in Portugal up until that date, minus accumulated depreciation.

Tangible fixed assets acquired after that date are recorded at purchase cost, minus the corresponding accumulated depreciation and impairment losses. Buildings and land were revalued in 2011 by an external entity, L2i-Investimentos Imobiliários, Lda..

Depreciation is calculated from the date on which the goods are available for use, using the straight-line method, in accordance with the estimated useful life for each group of goods.

Costs of maintenance and repair that do not increase the useful life of tangible fixed assets or result in significant improvements or upgrades are recorded as costs in the year in which they occur.

Tangible fixed assets in progress represent assets still at the construction phase; they are recorded at purchase cost. Such tangible fixed assets are depreciated from the time at which the underlying assets are available for use and in the condition necessary in order to operate as intended by management.

Capital gains and losses resulting from sale or write-off of tangible fixed assets are calculated as the difference between sale price and net book value on the date of disposal or write-off, and are recorded in the income statement in the items Other Income and Gains and Other Costs and Losses.

NON-CURRENT ASSETS HELD FOR SALE (NCRF 8)

In our Soplasnor subsidiary, non-current assets were classified as held for sale. The assets are available for immediate sale in their current condition.

Buildings and land were valued in 2011 and adjusted in accounts and subsequently reclassified; the amount that is expected to be recovered, as sale price, is the value recorded in accounts.

LEASES (NCRF 9)

Leasing contracts are classified as financial leases if they substantially transfer all the risks and advantages inherent in ownership of the asset, and as operating leases if they do not substantially transfer all the risks and advantages inherent in possession of the asset. Classification of leases as financial or operating leases depends on the substance of the transaction and not the form of the agreement.

Tangible fixed assets acquired under financial leasing contracts, and the corresponding liabilities, are booked using the financial method, by recognising tangible fixed assets and corresponding accumulated depreciation, and debts whose settlement is pending in accordance with the contractual finance plan. In addition, interest included in the value of rentals and depreciation of tangible fixed assets are recognised as a cost in the income statement for the year to which they relate.

In leases considered operating leases, rentals due are recognised as costs in the income statement on a linear basis during the period of the leasing contract.

BORROWING COSTS (NCRF 10)

Loans are recorded under liabilities at their nominal contracted value; fees and issue costs are booked as costs in the year. Financial charges calculated according to the effective interest rate are recorded in the income statement in accordance with the accrual concept.

Loans are classified as current liabilities and, where settlement is deferred for more than 12 months after the reporting date, as non-current liabilities.

The company has capitalised interest on loans obtained only in the construction of the building in the centre of Aveiro city; this cost is an integral part of the asset because it is directly attributable to it. The amount of interest capitalised was determined by applying a capitalisation rate to the value.

The capitalisation rate used in the year was that charged by the bank, which corresponds to the Euribor three-month rate plus a spread of 1.5. The entity’s capitalisation policy can be summarised as follows:

- capitalisation of loan costs began at the start of the investment;
- capitalisation ended when all the activities necessary to classify the asset as available for use or sale were substantially completed;
- other costs directly attributable to acquisition and construction of the goods are likewise included in the cost of the assets.

IMPAIRMENT OF ASSETS (NCRF 12)

On the balance sheet date an assessment is carried out of the objective existence of impairments from which changes of circumstances arise that indicate that the value at which the assets are recognised may not be recoverable.

Whenever the book value of the asset is higher than the recoverable amount, we recognise an impairment loss, recorded immediately in the income statement in the item Impairment Losses.

Reversal of impairment losses recognised in previous years is recorded when there is evidence that those losses no longer exist or have decreased, and is recognised in the income statement, in the item Reversal of Impairment Losses, up to the limit of the amount that would be recognised if the loss had not been recorded.

Impairment of inventories and customers was assessed on the balance sheet date. Objective evidence of impairment was found to exist among customers and so impairments were recognised in the income statement.

INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION (NCRF 15)

Shareholdings are initially recognised at cost and subsequently adjusted using the equity method. Consolidation is by the full consolidation method, because this is what is required by the size of the shareholdings and the degree of control over the subsidiaries.

In the parent company, gains and losses in its associated companies after acquisition are booked under gains and losses, with a counter-entry in the value of the financial investment, and are transferred to reserves after the balance sheet date whenever not distributed. Where the shareholding by application of the equity method is a loss and equals or exceeds the investment in the associated company, the parent company ceases to recognise additional losses, unless it has assumed obligations on behalf of the associated company.

Unrealised gains on transactions with associated companies are eliminated in the consolidation.

Wherever necessary, the accounting policies of associated companies are altered to ensure consistency with the policies adopted by the Group.

INVENTORIES (NCRF 18)

Inventories are valued in accordance with the following criteria:

Goods and raw materials, secondary materials and consumables are valued at purchase cost. Purchase cost includes expenses incurred prior to storage; outgoing inventory is costed by the weighted-average method.

Finished products and work in progress are valued at production cost, which includes the cost of the raw materials incorporated, direct labour and general manufacturing costs. Outgoing inventory is costed using the standard cost method.

In circumstances in which the value of such goods is lower than the average purchase or production cost, an impairment loss due to depreciation of inventories is recorded.

REVENUE (NCRF 20)

The company recognises revenue whenever it is reasonably measurable, and it is likely that the company will obtain future economic benefits. The amount of revenue is not considered reasonably measurable until all contingencies in relation to a sale are substantially resolved. The company bases its estimates on historic results, considering the type of customer, the nature of the transaction and the specificity of each agreement.

Revenue comprises the fair value of the consideration received or receivable for provision of services deriving from the company's normal business. Revenue is recognised net of value added tax (VAT), rebates and discounts.

Revenue from the sale of goods is recognised when the following conditions are satisfied:

- all the risks and advantages of ownership of the goods have been transferred to the buyer;
- the entity maintains no control over the goods sold;
- the amount of revenue can be reliably measured;
- it is likely that future economic benefits associated with the transaction will flow to the entity;
- costs of the transaction paid or payable can be reliably measured.

Interest revenue is recognised using the effective interest method, provided that it is likely that economic benefits will flow to the entity and their value can be reliably measured.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (NCRF 21)

The company has set up a provision for guarantees to customers, given that its products have a period of complaint under guarantee, and therefore there is a present obligation arising from a past event and it is likely that, in order to meet that obligation, an outflow of resources will occur. The amount of the obligation was calculated on the basis of historic data for the past three years.

GOVERNMENT GRANTS AND GOVERNMENT ASSISTANCE (NCRF 22)

Operating subsidies, namely training grants, are recognised in the income statement in proportion to the costs borne, in accordance with the accrual principle.

Non-repayable investment grants to finance tangible assets are recorded in equity and recognised in the income statement in proportion to the corresponding depreciation of the subsidised assets.

EFFECTS OF CHANGES IN EXCHANGE RATES (NCRF 23)

Foreign currency transactions are converted into the company's operational currency at the exchange rate on the date of the transaction.

On the date the accounts are closed, open balances (monetary items) are updated by applying the exchange rate prevailing on that date. Favourable and unfavourable exchange rate differences arising from differences between the exchange rates prevailing on the date of transactions and those prevailing on the date of collection of the payments or the balance sheet date are recorded as income and/or costs in the income statement for the year, in the item exchange rate gains/losses.

INCOME TAXES (NCRF 25)
The company is subject to Corporate Income Tax (Portuguese abbreviation: IRC). In calculating the taxable amount, amounts not accepted for tax purposes are added and subtracted from the book result. This difference, between book result and fiscal result, may be of a temporary or permanent nature.

The company records deferred tax, corresponding to temporary differences between the book value of assets and liabilities and the corresponding fiscal basis, in conformity with the provisions of NCRF 25 – deferred tax.

Costs in relation to income tax in the year are the sum of current and deferred tax.

Current income tax is calculated on the basis of the entity's taxable results in accordance with the fiscal rules in force. Deferred tax arises from temporary differences between the value of assets and liabilities for purposes of financial reporting and the corresponding amounts for purposes of taxation (tax basis).

Deferred tax assets and liabilities are calculated using the rates of taxation in force and are recognised as costs or income in the year.

FINANCIAL INSTRUMENTS (NCRF 27)
Financial instruments are valued in accordance with the following criteria:

Customers and other receivables
Amounts receivable from customers and other third parties are recorded at their nominal value given that they do not earn interest and the discount effect is considered immaterial.

At the end of each reporting period, customer accounts and other accounts receivable are analysed to assess whether there is any objective evidence that they are not recoverable. If this is the case, the corresponding impairment loss is recognised immediately. Impairment losses are recorded following the occurrence of events that indicate, objectively and quantifiably, that all or part of the balance owed will not be received. To this end, the entity takes into consideration any market information that shows that the customer is in breach of its responsibilities, along with historic information on balances due and not received.

Suppliers and other payables
Debts to suppliers and other third parties are recorded at their nominal value given that they do not earn interest and the discount effect is considered immaterial.

Loans
Loans, using one of the options of NCRF27, are recorded in liabilities at cost.

Foreign currency transactions and balances

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. On each reporting date, the book amounts of foreign currency-denominated monetary items are updated at the exchange rates on that date. The book amounts of foreign currency-denominated non-monetary items are updated on reporting dates, at the prevailing exchange rates.

Exchange rate differences resulting from the updating described above are recorded in the income statement for the year in which they are generated.

Accruals and deferrals

Transactions are recognised in accounts when they are generated, independently of when they are received or paid. Differences between the amounts received and paid and the corresponding income and costs are recorded in the items Other Accounts Receivable, Other Accounts Payable and Deferrals.

Financial instruments held for trading

Financial assets and financial liabilities are classified as held for trading if they are chiefly acquired or assumed with the intention of sale or repurchase within a very short period of time or if they are part of a portfolio of identified financial instruments that are managed jointly and for which evidence exists that real profits have recently been provided.

These assets and liabilities are valued at fair value, with changes in fair value being recognised in the income statement.

Cash and bank deposits

The amounts included in the item Cash and cash equivalents correspond to the amounts in cash and bank deposits, both immediately realisable without loss of value. Bank overdrafts are shown on the balance sheet, under Current Liabilities, in the item Financing Obtained.

EMPLOYEE BENEFITS (NCRF 28)

The entity awards the following benefits to employees:

- Short-term benefits: including wages, salaries, social security contributions, profit-sharing and bonuses. These benefits are booked in the same time period as the employee provided the service.

- End-of-employment benefits: the entity recognises costs associated with termination of employment contracts, at the end of fixed-term contracts and in cases of voluntary redundancy.

3.2 – Main sources of uncertainty of estimates

Estimates are based on the best knowledge existing at any given time and on the actions that it is planned to take; they are revised periodically on the basis of available information. Changes in facts and circumstances may lead to revision of estimates; as a consequence, real future results may differ from estimates.

4 – Cash flow

The breakdown of the amounts recorded in the item cash and bank deposits is as follows:

BOOK VALUE AND CHANGE IN THE YEAR EUR

Description	Opening balance	Debits	Credits	Closing balance
Cash	7,152	17,273,058	17,274,354	5,856
Demand deposits	1,647,664	218,365,506	218,892,980	1,120,190
Other bank deposits	100,000	50,000	150,000	
Total cash and bank deposits	**1,754,816**	**235,688,563**	**236,317,333**	**1,126,046**

5.1 – Investments in subsidiaries and consolidation

LIST OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES EUR

Description		2012				
		Country of formation/ registered office	Interest in investments		Accounting method used	Book value of invest -ments at end of year
			Percentage shareholding	Percentage voting rights		
Subsidiaries	Moldaveiro-Moldes, LDA	Portugal	83.00%	83.0%	EM	791,410
	Soplasnor – Soc. Plásticos do Norte, SA	Portugal	79.90%	79.9%	A)	9,454,500
	Oli, SRL	Italy	99.0%	99.0%	EM	4,367,690
	Nuno & Gradeço – Mat. Construção, SA	Portugal	99.07%	99.07%	EM	401,170
Total						**15,014,770**

Description		2011				
		Country of formation/ registered office	Interest in investments		Accounting method used	Book value of invest -ments at end of year
			Percentage shareholding	Percentage voting rights		
Subsidiaries	Moldaveiro-Moldes, LDA	Portugal	83.00%	83.0%	EM	702,754
	Soplasnor – Soc. Plásticos do Norte, SA	Portugal	79.90%	79.90%	A)	8,925,500
	Oli, SRL	Italy	99.0%	99.0%	EM	4,250,545
	Nuno & Gradeço – Mat. Construção, SA	Portugal	99.07%	99.07%	EM	896,986
Total						**14,775,785**

Key: EM – Equity method

5.2 – Remuneration of key management personnel

REMUNERATION OF GOVERNANCE INSTITUTIONS EUR

Description	2012	2011
Board of Directors – Oliveira & Irmão, SA	538,014	528,764
Board of Directors – Soplasnor – Soc. Plásticos do Norte, SA		
Management - Moldaveiro- Moldes, Lda	85,284	76,637
Management – OLI SRL	117,100	123,600
Board of Directors – Nuno & Gradeço	24,403	27,566

6 – Disclosure intangible assets

BOOK VALUE OF INTANGIBLE FIXED ASSETS AND CHANGES IN 2012 EUR

Description	Dev. projects	Computer programs	Industrial property	Other intangible assets	Intang. assets in progress	Total
With finite useful life:						
Opening gross book value	407,849	21,977	1,245,266	1,717,021	67,854	3,459,968
Opening accumulated depreciation	352,991	21,578	1,225,283	340,550		1,940,401
Opening accumulated impairment losses					67,854	
Opening net book value (7=4-5-6)	54,858	400	19,983	1,376,472	-67,854	1,519,566
Changes in the year (8=8.1-8.2+8.3+8.4+8.5+8.6)	-42,191	-400	-13,784	-1,326,093		-1,450,322
Total increases			**5,046**			**5,046**
Acquisitions			5,046			5,046
Total decreases	**42,191**	**400**	**18,830**	**38,068**		**99,489**
Depreciation	40,960	400	18,830	38,068		98,258
Write-offs	1,231					1,231
Transfers of IFA in progress					-67,854	-67,854
Other transfers				-1,288,024		-1,288,024
Closing net book value (9=7+8)	**12,667**	**0**	**6,199**	**50,379**		**69,245**

BOOK VALUE OF INTANGIBLE FIXED ASSETS AND CHANGES IN 2011 EUR

Description	Dev. projects	Computer programs	Industrial property	Other intangible assets	Intang. assets in progress	Total
With finite useful life:						
Opening gross book value	407,849	14,837	1,242,425	1,696,103		3,361,214
Opening accumulated depreciation	260,877	12,795	1,190,896	226,116		1,690,683
Opening net book value (7=4-5-6)	146,973	2,043	51,529	1,469,988		1,670,531
Changes in the year (8=8.1-8.2+8.3+8.4+8.5+8.6)	-92,114	-1,643	-31,545	-93,516	67,854	-150,965
Total increases			**2,841**	**20,918**	**67,854**	**91,613**
Acquisitions			2,841	20,918	67,854	91,613
Total decreases	**92,114**	**1,643**	**34,386**	**114,434**		**242,578**
Depreciation	92,114	1,643	34,386	114,434		242,578
Closing net book value (9=7+8)	**54,858**	**400**	**19,983**	**1,376,472**	**67,854**	**1,519,566**

7 – Disclosure tangible fixed assets

BOOK VALUE OF TANGIBLE FIXED ASSETS AND CHANGES IN 2012 EUR

Description	Land and natural resources	Buildings and other structures	Basic equipment	Transport equipment	Office equipment	Other TFA	TFA in progress	Advanc-es on account of TFA	Total
Opening gross book value	6,723,810	14,376,695	31,437,869	1,551,687	2,484,002	1,846,167	1,304,160	50,000	59,774,389
Opening accumulated depreciation		6,182,210	24,048,356	1,283,119	2,210,929	1,815,216			35,539,830
Opening accumulated impairment losses									
Opening net book value (4=1-2-3)	6,723,810	8,194,484	7,389,513	268,568	273,072	30,951	1,304,160	50,000	24,234,559
Changes in the year (5= 5.1-5.2+5.3+5.4+5.5+ 5.6)	104,867	1,461,808	502,602	-40,523	29,736	7,874	363,432	-50,000	2,379,795
Total increases	**104,867**	**1,784,444**	**953,564**	**126,528**	**97,164**	**30,245**	**2,573,671**		**5,670,482**
1st hand purchases		63,588	953,564	126,528	97,164	30,245	2,573,671		3,844,729
Other	104,867	1,720,886							1,825,752
Total decreases		**719,840**	**2,197,866**	**167,051**	**133,559**	**22,371**			**3,240,687**
Depreciation		719,840	1,892,704	-6,314	40,049	22,371			2,668,649
Disposals			304,423	114,552	3,329				422,304
Write-offs			739	58,813	90,403				149,955
Other					-221				-221
Transfers of TFA in progress		397,203	1,746,905		66,131		-1,977,644		212,596
Other transfers							-212,596	-50,000	-262,596
Closing net book value (6=4+5)	**6,828,677**	**9,656,292**	**7,892,115**	**228,045**	**302,809**	**38,825**	**1,667,591**		**26,614,354**

BOOK VALUE OF TANGIBLE FIXED ASSETS AND CHANGES IN 2011 EUR

Description	Land and natural resources	Buildings and other structures	Basic equipment	Transport equipment	Office equipment	Other TFA	TFA in progress	Advanc-es on account of TFA	Total
Opening gross book value	7,262,978	15,772,939	28,905,739	1,673,878	2,392,398	1,831,501	1,226,976		59,066,409
Opening accumulated depreciation	7,262,978	5,973,845	22,254,979	1,350,593	2,108,108	1,755,304			33,442,829
Opening accumulated impairment losses	-94,905								
Opening net book value (4=1-2-3)		9,799,094	6,650,760	323,285	284,290	76,197	1,226,976		25,623,580
Changes in the year (5= 5.1-5.2+5.3+5.4+5.5+ 5.6)		-707,465	900,362	-54,717	-11,217	-45,245	77,184	50,000	113,996
Total increases		**15,276**	**808,961**	**141,133**	**99,393**	**14,666**	**1,877,395**	**50,000**	**3,006,824**
1st hand purchases		15,276	808,961	140,925	99,393	14,666	1,877,395		2,956,616
Other				208				50,000	50,208
Total decreases		**722,965**	**1,694,051**	**206,170**	**110,610**	**59,912**			**2,793,709**
Depreciation		722,965	1,631,769	104,265	104,978	59,912			2,623,889
Disposals			38,412	100,967	5,425				144,804
Write-offs			23,870	938					24,808
Other					208				208
Transfers of TFA in progress		224	1,785,452	10,320			-1,800,211		-4,214
Other transfers	-94,905								-94,905
Closing net book value (6=4+5)	**7,168,073**	**9,091,629**	**7,551,122**	**268,568**	**273,073**	**30,952**	**1,304,160**	**50,000**	**25,737,576**

Disclosures on surpluses from revaluation of tangible fixed assets

BOOK VALUE OF REVALUATION SURPLUSES AND CHANGES IN 2012 EUR

Description	Legal Revaluation Reserves		Other TFA	Total
	Unrealised	Realised		
Value of revaluation surplus at start of year	145,074	17,019		7,627,062
Increases				
Depreciation	-14,772	14,772		
Impairment losses				
Disposals				
Write-offs				
Other	1,829	-1,829		
Value of revaluation surplus at end of year	**132,132**	**29,961**		**7,627,062**

8- Leases

8.1 Leasing contracts are as follows

OLIVEIRA & IRMÃO, SA EUR

Assets being financed by way of financial leasing contracts, corresponding net book values and contingent rentals recognised as a costs in the year		Current Financial Leases						2012	2011
		Description	Acquisition value	Lessor	Contract ID	Period of lease		Net book value of leased assets	Net book value of leased assets
						Start	Finish		
Tangible fixed assets	Leasing	Audi A6	73,402	CGD LEASING	CT 342184	10-07-2008	10-07-2013	8,936	23,752
	Leasing	VW Golf	19,767	CGD LEASING	CT 343644	01-09-2008	01-09-2012		3,716
	Leasing	Audi A4	33,329	CGD LEASING	CT 346700	20-12-2008	20-12-2012		8,361
	Leasing	VW Passat	30,846	CGD LEASING	CT 349341	20-04-2009	20-04-2013	2,580	10,341
	Leasing	VW Passat	35,000	CGD LEASING	CT 1000 47086	20-03-2011	20-03-2015	19,901	28,250
	Leasing	VW Sharan	39,500	CGD LEASING	CT 1000 49547	20-05-2011	20-05-2015	24,127	33,442
	Leasing	Prensa	281,500	CGD LEASING	CT 1000 51140	20-07-2011	20-07-2016	205,249	256,162
	Leasing	VW Sharan	31,500	CGD LEASING	CT 1000 53191	20-10-2011	20-10-2016	22,447	29,632
	Subtotal		**544,843**					**283,240**	**393,656**
Tangible fixed assets	Leasing	IT equipmt.	175,000	BARCLAYS	CT 08.1.4489	21-07-2008	21-07-2013	21,374	56,654
	Subtotal		**175,000**					**21,374**	**56,654**
Tangible fixed assets	Leasing	VW Golf	26,400	BBVA	CT 15393708	21-06-2010	21-06-2014	10,544	17,005
	Leasing	Industrial equipmt.	170,000	BBVA	CT 153.93757	06-08-2010	06-08-2013	36,360	92,250
	Subtotal		**196,400**					**46,904**	**109,255**
Tangible fixed assets	Leasing	IT equipmt.	154,104	BNP PARIBAS	CT 31200166	07-06-2012	07-06-2017	112,263	
	Subtotal		**154,104**					**112,263**	
Tangible fixed assets	Leasing	Industrial equipmt.	344,751	BPI	CT 10026263	05-08-2012	05-08-2017	344,751	
	Leasing	VW Passat	35,500	BPI	CT 12605 31800	25-12-2012	20-12-2017	34,864	
	Subtotal		**380,251**					**379,615**	
Total			**1,450,598**					**843,396**	**559,565**

SOPLASNOR – SOC. PLÁSTICOS DO NORTE EUR

Assets being financed by way of financial leasing contracts, corresponding net book values and contingent rentals recognised as a costs in the year		Current Financial Leases						2012	2011
		Description	Acquisition value	Lessor	Contract ID	Period of lease		Net book value of leased assets	Net book value of leased assets
						Start	Finish		
Tangible fixed assets	Leasing 1	Forklift	20,000	BSTOTTA	CT 332708	15-01-2008	15-01-2013		4,497
		Subtotal	**20,000**						**4,497**
Tangible fixed assets	Leasing 2	Indust. equip.	480,000	CAIXA LEASING	CT 173476	20-07-2007	20-07-2012		59,235
		Subtotal	**480,000**						**59,235**
Total			**500,000**						**63,733**

OLI SRL

EUR

Assets being financed by way of financial leasing contracts, corresponding net book values and contingent rentals recognised as a costs in the year		Current Financial Leases						2012	2011
		Description	Acquisition value	Lessor	Contract ID	Period of lease		Net book value of leased assets	Net book value of leased assets
						Start	Finish		
Tangible fixed assets	OLINT - Leasing 1	Building	4,724,547	LEASINT, SPA	CT 221888/ 00471490	07-02-2000	01-10-2012	340,064	497,842
		Subtotal	**4,724,547**					**340,064**	**497,842**
Total			**4,724,547**					**340,064**	**497,842**

NUNO & GRADEÇO, SA

EUR

Assets being financed by way of financial leasing contracts, corresponding net book values and contingent rentals recognised as a costs in the year		Current Financial Leases						2012	2011
		Description	Acquisition value	Lessor	Contract ID	Period of lease		Net book value of leased assets	Net book value of leased assets
						Start	Finish		
Tangible fixed assets	Leasing 1	Vehicle 62-DR-09	18,400	Banco BPI SA	2007 102642	25-06-2007	25-06-2012		1,627
		Subtotal	**18,400**						**1,627**
Tangible fixed assets	Leasing 2	Vehicle 05-DS-16	14,200	Banco Espirito Santo	2035056	20-06-2007	20-06-2012		1,250
		Subtotal	**14,200**						**1,250**
Total			**32,600**						**2,877**

9 – Borrowing costs

General group loans are recorded in the following amounts:

EUR

Description	31-12-2012			31-12-2011		
	Short-term	Medium- and long-term	Total	Short-term	Medium- and long-term	Total
Overdraft	12		12	350,057		350,057
Commercial paper programme	1,500,000	4,500,000	6,000,000	2,200,000	9,000,000	11,200,000
Medium- and long-term	8,798,833	5,421,677	14,220,510	6,511,945	3,817,681	10,329,625
Leasing	236,376	607,020	843,396	744,400	351,648	1,096,048
Loan – parent company						
Discounting of bills and predated cheques	476,474		476,474	145,774		145,774
Demand deposits	193		193			
Total	**11,011,888**	**10,528,697**	**21,540,585**	**9,952,176**	**13,169,329**	**23,121,505**

10- Inventories

The breakdown of inventories is as follows:

BOOK VALUE

EUR

Description	31-12-2012			31-12-2011		
	Gross value	Impairment losses	Net value	Gross value	Impairment losses	Net value
Goods	4,019,461	310,999	3,708,058	2,892,958	237,380	2,655,578
Raw and secondary materials, consumables	2,211,791	172,769	2,039,022	2,117,122	153,121	1,964,001
Finished and intermediate products	3,461,770	216,416	3,245,354	4,689,879	241,416	4,448,463
Total	**9,692,618**	**700,183**	**8,992,435**	**9,699,958**	**631,916**	**9,068,042**

11- Cost of goods sold and materials consumed

Description	31-12-2012			31-12-2011		
	Goods	Raw and sec. mats., consum-ables	Total	Goods	Raw and sec. mats., consum-ables	Total
Opening inventories	4,035,562	2,274,518	6,310,080	12,452,896	2,321,806	4,774,702
Purchases	4,235,934	19,842,676	24,078,610	7,745,128	19,352,517	27,097,645
Reclassification and regularisation of inventories	76,587	36,190	112,777	86,094	29,436	115,530
Closing inventories	3,838,598	2,392,250	6,230,847	4,035,563	2,274,517	6,310,079
Cost of goods sold and materials consumed (5=1+2+3-4)	**4,356,311**	**19,688,754**	**24,045,065**	**6,076,367**	**19,370,370**	**25,446,737**
Other information in relation to goods, raw and secondary materials and consumables:						
Impairment losses/ adjustments to inventories in the year	73,619	19,648	93,267	38,087	36,844	74,931
Accumulated impairment losses/ adjustments to inventories	310,999	115,407	426,406	45,407	95,759	141,166

12 – Other income and gains

OTHER INCOME AND GAINS EUR

Description	2012	2011
Supplementary income	1,459,418	989,033
Prompt payment discounts obtained	11,270	14,350
Recovery of receivables	4,569	
Gains on inventories	1,083	1,321
Income and gains on other financials assets	34,098	7,971
Income and gains on non-financial investments	210,239	443,481
Other	474,673	625,240
Interest obtained	44,844	36,014
Other similar income		1,041
Total	**2,240,193**	**2,118,452**

13 – Government subsidies and government assistance

List of government subsidies to the parent company shown in the financial statements:

Description		Incentive measure				Grant period		Amounts granted		
		Measure	Grantor entity	Objective of incentive	Form of grant	Start	Finish	Already received	Receivable	Total
Operation	POPH – Human potential	Training for innovation and management	European Social Fund	Financial	Non-repayable	02-01-2012	11-11-2013	8,546	36,442	44,987
	Prisionair -Research	Incentive system for technological R&D	European Social Fund	Financial	Non-repayable	01-01-2009	31-12-2011	7,996		7,996
	Dosing-Research	Incentive system for technological R&D	European Social Fund	Financial	Non-repayable	01-09-2011	05-07-2013		60,815	60,815
	Subtotal							**16,542**	**97,256**	**113,798**
Repayable	ICEP*	POE** SIME***	ICEP Portugal	Financial	Repayable and non-repayable	07-01-2002	31-12-2004	2,012,215		2,012,215
	Subtotal							**2,012,215**		**2,012,215**
	Total							**2,028,757**	**97,256**	**2,126,013**

* INSTITUTE FOR EXTERNAL TRADE

** OPERATIONAL PROGRAMME FOR THE ECONOMY

*** SYSTEM OF INCENTIVES FOR CORPORATE MODERNISATION

Repayable subsidy continues to be ascribed to results on a systematic basis according to the assets with which it is associated

On the subsidiary Moldaveiro, we have the following information:

Description		Incentive measure				Grant period		Amounts granted		
		Measure	Grantor entity	Objective of incentive	Form of grant	Start	Finish	Already received	Receivable	Total
Operation	POPH – Human potential	Training for innovation and management	European Social Fund	Financial	Non-repayable	26-05-2012	28-06-2013	8,243	1,186	9,429
	Total							**8,243**	**1,186**	**9,429**

14 – Effects of changes in exchange rates

EFFECTS OF CHANGES IN EXCHANGE RATES EUR

Description	2012	2011
Exchange rate differences		
Recognised in results for the year		
Unfavourable exchange rate differences	45,392	35,341
Favourable exchange rate differences	34,098	7,881
Net and recognised in equity in the year		

15 – Income taxes

BOOK VALUE OF INCOME TAX EUR

Description	31-12-2012	31-12-2011
(Pre-tax) book result for the year	618,415	1,154,674
Current tax	408,807	624,664
Deferred tax	-7,176	-79,073
Income tax for the year (4=2+3)	**401,630**	**545,589**
Autonomous taxation	65,393	60,772

16 – Other debt instruments

OLIVEIRA & IRMÃO
BOOK VALUE OF OTHER DEBT INSTRUMENTS EUR

Description		31-12-2012			31-12-2011		
		Notional value	Fixed rate	Fair value	Notional value	Fixed rate	Fair value
Interest rate risk on debt instruments measured at amortised cost	SWAP contract 1	-	-	-22,705	5,000,000	3.60%	-90,285
	SWAP contract 2	2,500,000	3.75%	-188,129	2,500,000	3.75%	-82,732
	SWAP contract 4	-	-		1,500,000	4.53%	-24,431
	SWAP contract 6	5,000,000	5.15%		5,000,000	5.15%	-357,609
	Total	**7,500,000**		**-210,834**	**14,000,000**		**-555,057**

NUNO & GRADEÇO, SA
BOOK VALUE OF OTHER DEBT INSTRUMENTS EUR

Description		31-12-2012			31-12-2011		
		Notional value	Fixed rate	Fair value	Notional value	Fixed rate	Fair value
Interest rate risk on debt instruments	SWAP contract 1	-	-	-	-	-	-
	SWAP contract 2	-	-	-	250,000	4.09%	-35
	Total				**250,000**		**-35**

17 – Financial instruments

17.1 Disclosure of assets held

FINANCIAL ASSETS HELD FOR TRADING EUR

Description	Current	Non-current	Total
Value as at 01-01-2012	14,200		14,200
Losses through decrease in fair value			
Gains through increases in fair value	551		551
Value as at 31-12-2012	**14,751**		**14,751**

17.2 Disclosure of third party amounts

BOOK VALUE AND CHANGE IN THE PERIOD EUR

Description	31-12-2012	31-12-2011
Customers	**13,249,928**	**13,164,865**
Current account	10,122,210	9,442,023
Instruments receivable	3,176,112	3,805,314
Doubtful debts	2,543,140	2,838,555
Impairment losses	-2,591,534	-2,921,028
Suppliers	**9,626,457**	**9,133,031**
Other accounts payable	**3,190,462**	**3,280,733**
Staff	97,716	100,618
Suppliers investments	686,427	565,038
Creditors for accrued costs – interest	89,776	86,752
Creditors for accrued costs – insurance	16,770	8,618
Creditors for accrued costs – holidays and holiday bonuses	1,588,970	1,510,045
Creditors for accrued costs – other	413,462	425,594
Other creditors	297,340	584,067
Other accounts receivable	**633,307**	**1,124,490**
Suppliers	13,108	
Staff	25,389	18,696
Debtors for accrued income	232,679	256,597
Other debtors	362,131	849,197
Total	**26,700,155**	**26,703,118**

17.3 Provisions in the year

Description	Tax	Customer guarantees	Legal proceedings in progress	Total
Opening book value		97,070	193,833	290,902
Changes in the year (2=2.1-2.2)		**6,298**	**-90,205**	**-83,907**
Total increases		57,368	9,795	67,163
Increase		57,368	9,795	67,163
Total decreases		51,070	100,000	151,070
Use			100,000	100,000
Reversal		51,070		51,070
Closing book value (3=1+2)		**103,368**	**103,628**	**206,995**

17.4 Disclosure of information on the joint interest of the subsidiary Nuno & Gradeço SA

Description	Value
Opening gross book value	54,998
Opening net book value (4=1-2+3)	**54,998**
Investor’s share in results of the investment	4,299
Distributions received from the investment	
Other changes in the year	-6,517
Closing net book value (6=4+5)	**52,780**

17.5 Disclosure of information on equity

BOOK VALUE AND CHANGE IN THE YEAR

Description	31-12-2012	31-12-2011
Equity		
Share capital	10,000,000	10,000,000
Issue premiums	4,653	4,653
Legal reserves	2,255,909	2,252,864
Other reserves	6,320,771	5,068,854
Retained earnings	-3,423,143	-2,876,518
Revaluation surpluses	7,627,062	7,627,062
Other changes in equity	153,177	179,179
Net result for the year	268,742	823,357
Minority interests	-463,322	-411,355
Total	**22,743,849**	**22,668,097**

18 - Other costs and losses

OTHER COSTS AND LOSSES EUR

Description	Total	
	2012	2011
Taxes	115,961	125,649
Prompt payment discounts granted	299,464	368,456
Uncollectible debts	52,694	1,863
Losses on inventories	64,234	170,175
Costs and losses in other non-financial investments		
Costs and losses in non-financial investments	84,425	808,757
Other		
Corrections in relation to previous years	103,795	45,394
Donations	25,399	45,413
Subscriptions	11,294	10,844
Gifts and stock samples	64,116	76,690
Shortfall of tax estimate	159,124	58
Other	382,527	383,370
Total other costs and losses	**1,363,033**	**2,036,670**

19 - Interest and similar costs

INTEREST AND SIMILAR COSTS EUR

Description	Total	
	2012	2011
Interest paid	1,852,847	1,996,912
Total interest and similar costs	**1,852,847**	**1,996,912**

20 – Disclosures required by legislation

20.1 Information on guarantees given

GUARANTEES GIVEN EUR

Description	Beneficiary	Value
Caixa Geral de Depósitos	APCMC*	16,000
Millennium BCP	Águeda Labour Tribunal	10,326
Total		**26,326**

*Portuguese Association of Construction Materials Traders

20.2 Information on sales by market

SALES AND SERVICE PROVISIONS BY ACTIVITY AND GEOGRAPHICAL MARKET

Description	2012				2011			
	Real Estate	Commercial	Industrial	Total	Real Estate	Commercial	Industrial	Total
Portugal	1,520,600	3,554,995	7,525,671	12,601,266	370,000	6,211,138	7,534,824	14,215,962
Other		1,074,397	35,540,881	36,615,278		940,070	36,821,623	37,761,693
Total	**1,520,600**	**4,629,392**	**43,066,552**	**49,216,544**	**370,000**	**7,151,209**	**44,456,447**	**51,977,656**

20.3 Information regarding fees invoiced

Description	2012	2011
Statutory audit	23,028	23,728
Guarantee services		
Tax advice		
Other services	300	
Total	**23,328**	**23,728**

Chartered Accountant Board of Directors

VIII. Report and Opinion of the Audit Committee – consolidated accounts

REPORT AND OPINION OF THE AUDIT COMMITTEE

1. Within the terms of the law and the mandate given to us we submit for the consideration of the shareholders our report and opinion on the report and consolidated accounts produced by the Board of Directors of **OLIVEIRA & IRMÃO, S.A.**, for the year ended on 31 December 2012.

2. With a view to compliance with the provisions of Decree-Law no. 158/2009 of 13 July, we have also analysed the Legal Certifications of Accounts drawn up by the statutory auditors of the companies included in the consolidation and the Legal Certification of Consolidation with which we were provided by the company's statutory audit company. These documents, since they merit our concurrence, are considered to be reproduced here in full.

3. In light of the above we are of the opinion that the Annual General Meeting should approve:

The management report and consolidated accounts presented by the Board of Directors.

Aveiro, 15 April 2013

THE AUDIT COMMITTEE

Dr António Maria Antas Teles - CHAIRMAN

Mr José Luís Azevedo Cacho - MEMBER

Dr Artur Armando Frederico Moreira (SA no. 848) – MEMBER AND STATUTORY AUDITOR

IX. Legal Certification of Accounts – consolidated accounts

ARTUR A F MOREIRA
Single-Member Statutory Audit Company
Registered with the Statutory Auditors' Association as no. 202
Tax ID no. 507707192

Legal Certification of Accounts

Introduction

1. We have audited the consolidated financial statements of OLIVEIRA & IRMÃO, SA, which consist of the consolidated statement of financial position as at 31 December 2012 (which shows a total of 59,238,532 euros and total equity of 22,743,849 euros, including a consolidated net result of 268,772 euros), the consolidated income statement by nature, the statement of changes in consolidated equity, the consolidated cash flow statement and the corresponding notes to accounts.

Responsibilities

2. It is the responsibility of the Board of Directors to prepare the management report and financial statements of the set of companies included in the consolidation, the result of their operations and consolidated cash flow, and to adopt appropriate accounting policies and criteria and maintain an appropriate internal control system.

3. Our responsibility consists of expressing an independent, professional opinion based on our audit of those financial statements.

Scope

4. Our audit was carried out in accordance with the technical standards and audit guidelines of the Statutory Auditors' Association, which require that it be planned and executed with the objective of obtaining an acceptable degree of certainty as to whether the consolidated financial statements are free of material distortions. To this effect, the audit included: (i) checking, on a sample basis, the basis for the amounts and disclosures contained in the financial statements and assessing the estimates, based on judgements and criteria defined by the Board of Directors, used in preparing them; (ii) checking consolidation operations, assessing the appropriateness of the accounting policies adopted, their uniform application and disclosure, bearing in mind the circumstances; (iii) checking the applicability of the going concern principle; and (iv) assessing whether, overall, the presentation of the financial statements is appropriate.

5. Our audit also included checking the concurrence of the financial information contained in the management report with the consolidated financial statements.

6. We believe that the audit conducted provides an acceptable basis on which to express our opinion.

Opinion

7. In our opinion, the aforementioned consolidated financial statements present a true and fair picture, in all material respects, of the consolidated financial position of OLIVEIRA & IRMÃO, S.A. as at 31 December 2012, the consolidated result of its operations and its consolidated cash flow in the year ended on that date, in conformity with the accounting principles generally accepted in Portugal.

Report on other legal requirements

8. It is also our opinion that the financial information contained in the management report concurs with the consolidated financial statements for the year.

Porto, 15 April 2013

Artur A F Moreira
Single-Member Statutory Audit Company
Registered with the Statutory Auditors' Association as no. 202
represented by:

Artur Armando Frederico Moreira
Statutory Auditor no. 848

Rua de Sta. Margarida, 2A-1° Esq. – Sala 2 4710-306 Braga.
Tel.: 253 682 166 e-mail: artur.moreira@revisores.com
Largo Eng. António de Almeida, no. 70 – 9° – Sala 422. 4100-479 Porto
Tel.: 226 062 379 e-mail: geral@revisores.com

Notes