



Nippon Express Portugal, S.A.

Financial Statements

31 December 2012

Nippon Express Portugal, S.A.

Financial Statements - 31 December 2012

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*(Translation of a report originally issued in Portuguese)*

## **Statutory Auditor's Report**

### **Introduction**

1. We have examined the accompanying financial statements of Nippon Portugal Express, S.A., comprising the Balance Sheet as of 31 December 2012 (which shows a total of 2.014.829 Euros and a shareholders' equity total of 1.189.147 Euros, including a net income for the year of 26.726 Euros), the Income Statement by Natures, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and Notes.

### **Responsibilities**

2. The Company's Board of Directors is responsible for the preparation of financial statements which present a true and fair view of the Company's financial position, results of operations, changes in equity and cash flows, as well as for the application of appropriate accounting policies and for the maintenance of an adequate internal control system.
3. Our responsibility is to express a professional and independent opinion based on our examination of those financial statements.

### **Basis of Opinion**

4. We conducted our examination in accordance with the technical standards and directives of the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that we plan and perform the examination in order to obtain an acceptable level of assurance as to whether the financial statements are free of material misstatements. Accordingly, our examination included:
  - the verification, on a test basis, of evidence relevant to the accounts and disclosures in the financial statements and the assessment of the significant estimates and judgements made by the Board of Directors, used in the preparation of the financial statements;

- the assessment of whether the accounting policies adopted and their disclosure are appropriate, considering the circumstances;
  - the verification of the appropriateness of the going concern principle; and
  - the assessment of whether the overall presentation of the financial statements is adequate.
5. Our examination also included the verification of the consistency of the financial information included in the Management Report, with the financial statements.
6. We believe that the examination carried out provides an acceptable basis for the expression of our opinion on the financial statements.

#### **Opinion**

7. In our opinion, the financial statements referred to above present a true and fair view, in all material respects, of the financial position of Nippon Express Portugal, S.A. at 31 December 2012, the results of its operations, the changes in equity and cash flows for the year then ended, in conformity with accounting principles generally accepted in Portugal.

#### **Report on Other Legal Requirements**

8. It is also our opinion that the information in the Management Report is in agreement with the financial statements for the period.

Lisbon, February 22, 2013

Ernst & Young Audit & Associados - SROC, S.A.  
Sociedade de Revisores Oficiais de Contas (nº 178)  
Represented by:

*(Signed)*

Paulo Jorge Luís da Silva (ROC nº 1334)





## **Nippon Express Portugal, SA**

Financial Statements  
December 31, 2012



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## Balance Sheet

		As at 31 December	
	Note	2012	2011
Assets			
Non current			
Tangible fixed assets	5	8.038	16.561
Other accounts receivable	6	20.884	274
Deferred tax assets	7	1.146	5.275
		30.068	22.110
Current			
Trade debtors	8	838.375	799.289
State and other public entities	9	1.946	21.718
Deferrals	10	52.234	91.685
Cash and bank deposits	4	1.092.205	969.608
		1.984.760	1.882.300
Total assets		2.014.829	1.904.410
Equity and liabilities			
Equity			
Share capital	11	50.000	50.000
Legal reserves	12	10.581	10.581
Retained earnings	12	1.101.841	1.084.033
		1.162.421	1.144.614
Profit for the year		26.726	17.807
Total equity		1.189.147	1.162.421
Liabilities			
Non current			
Provisions	13	487	32.478
Borrowings	14	-	-
		487	32.478
Current			
Trade creditors	15	541.941	485.897
State and other public entities	9	34.861	27.953
Borrowings	14	-	-
Other accounts payable	16	248.393	195.660
		825.194	709.510
Total liabilities		825.681	741.989
Total equity and liabilities		2.014.829	1.904.410

The notes on pages 6 to 29 form an integral part of the existing financial statements above.



## Income Statement

Income and expenses	Note	Year ended 31 December	
		2012	2011
Sales and services rendered	17	4.132.080	4.355.689
External supplies and services	18	(3.425.186)	(3.511.985)
Payroll costs	19	(700.506)	(770.382)
Impairment of accounts receivable (losses / reversals)	8	1.585	(22.057)
Provisions (increase/decrease)	13	31.992	(1.249)
Other operating revenue and gains	20	18.902	3.139
Other operating costs and losses	21	(10.798)	(18.847)
<b>Profit before depreciation, financing expenses and taxes</b>		<b>48.069</b>	<b>34.307</b>
Losses/reversals of depreciation and amortization	5	(9.010)	(12.627)
		<b>(9.010)</b>	<b>(12.627)</b>
<b>Operating profit (before financing expenses and taxes)</b>		<b>39.059</b>	<b>21.680</b>
Finance income	22	19.208	26.540
Finance costs	22	-	-
<b>Profit before income tax</b>		<b>58.267</b>	<b>48.220</b>
Income tax of the year	23	(31.541)	(30.413)
<b>Profit/(loss) for the period</b>		<b>26.726</b>	<b>17.807</b>

The notes on pages 6 to 29 form an integral part of the existing financial statements above.



## Statement of changes in equity

	Share capital	Legal reserves	Other reserves	Retained earnings	Profit for the period	Total
<b>As at 1 January 2011</b>	50.000	10.581	-	1.042.151	41.882	1.144.614
<b>Movements in the year</b>						
First adoption of NCRF	-	-	-	-	-	-
Deferred tax adjustments	-	-	-	-	-	-
Other movements in equity	-	-	-	-	-	-
	-	-	-	-	-	-
Profit for the period	-	-	-	-	17.807	17.807
<b>Comprehensive income</b>	<b>50.000</b>	<b>10.581</b>	<b>-</b>	<b>1.042.151</b>	<b>59.690</b>	<b>1.162.421</b>
<b>Transactions with shareholders</b>						
Dividend paid	-	-	-	-	-	-
Other operations	-	-	-	41.882	(41.882)	-
	-	-	-	41.882	(41.882)	-
<b>As at 31 December 2011</b>	<b>50.000</b>	<b>10.581</b>	<b>-</b>	<b>1.084.033</b>	<b>17.807</b>	<b>1.162.421</b>
<b>Movements in the year</b>						
Changes in accounting policies	-	-	-	-	-	-
Deferred tax adjustments	-	-	-	-	-	-
Other movements in equity	-	-	-	-	-	-
	-	-	-	-	-	-
Profit for the period	-	-	-	-	26.726	26.726
<b>Comprehensive income</b>	<b>50.000</b>	<b>10.581</b>	<b>-</b>	<b>1.084.033</b>	<b>44.534</b>	<b>1.189.147</b>
<b>Transactions with shareholders</b>						
Dividend paid	-	-	-	-	-	-
Other operations	-	-	-	17.807	(17.807)	-
	-	-	-	17.807	(17.807)	-
<b>As at 31 December 2012</b>	<b>50.000</b>	<b>10.581</b>	<b>-</b>	<b>1.101.841</b>	<b>26.726</b>	<b>1.189.147</b>

The notes on pages 6 to 29 form an integral part of the existing financial statements above.





## Cash Flow Statement

	Note	Year ended 31 December	
		2012	2011
<b>Cash flows from operating activities</b>			
Cash received from customers		8.068.148	8.077.714
Cash paid to suppliers		(7.202.413)	(7.363.179)
Cash paid to employees		(431.578)	(499.802)
<b>Cash generated from operations</b>		<b>434.156</b>	<b>214.732</b>
(Payments)/receipts of income tax		(14.465)	(55.786)
Other receipts/(payments)		(315.703)	(361.927)
<b>Net cash flow from operating activities</b>		<b>103.988</b>	<b>(202.982)</b>
<b>Cash flows from investment activities</b>			
Payments related to:			
Tangible fixed assets		(599)	(1.418)
Other assets		-	-
Receipts related to:			
Tangible fixed assets		-	-
Other assets		-	-
Grants related to assets		-	-
Interest income		19.208	26.540
Dividends		-	-
<b>Net cash flow from investment activities</b>		<b>18.609</b>	<b>25.122</b>
<b>Cash flows from financing activities</b>			
Receipts related to:			
Borrowings		-	-
Capital and other equity instruments		-	-
Payments related to:			
Borrowings		-	-
Interest income		-	-
Dividends		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>122.596</b>	<b>(177.859)</b>
Exchange gains/(losses) on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		969.608	1.147.468
<b>Cash and cash equivalents at the end of the period</b>		<b>1.092.205</b>	<b>969.608</b>
<b>Detail of cash and cash equivalents</b>			
Cash	4	10.000	10.000
Bank overdrafts		-	-
Bank deposits	4	1.082.205	959.608
Other treasury applications		-	-
		<b>1.092.205</b>	<b>969.608</b>

The notes on pages 6 to 29 form an integral part of the existing financial statements above.



## Notes to the Financial Statements

(Free translation from the original in Portuguese – see note 29)

### 1 Introduction

Nippon Express Portugal, SA (hereafter referred to as "Nippon") was incorporated as a corporation (Sociedade anónima) in Portugal in June 29, 2000, with share capital of 50,000 euros, divided in 1.000 shares with a nominal value of 50 euros each, fully subscribed and paid by Nippon Express España, SA.

Its corporate purpose, as well as its main activity, is freight transport management and execution, national and international, standard and special, in its own and others name, by using land, sea and air means of transport, as agents and conveyors, as well as all operations and complementary activities related to that purpose.

With reference to September 1, 2000 the Company acquired to Nippon Express España, SA its net assets assigned to the branch it had in Portugal. As a result, all assets acquired were incorporated into the acquirer's accounting records for the amount registered in the accounting maps of the transferor before the transaction, being the transfer performed by the net book value. The selling entity has not transferred any tax benefits to the acquiring Company.

These financial statements were approved by the Board of Directors, in the meeting held on February 27, 2012. It is the Board of Directors' opinion that these financial statements reflect a true and fair view of Nippon's operations, as well as its financial position, performance and cash flows.

### 2 Accounting framework for the preparation of financial statements

#### 2.1 Basis of preparation

These Financial Statements are prepared in accordance with the Financial Reporting Standards (NCRF).

The preparation of financial statements in compliance with NCRF requires the use of certain critical accounting estimates, assumptions and judgment in the process of defining Nippon's accounting policies, with significant impact on the carrying amounts of assets and liabilities, as well as on the expenses and revenues of the reporting period.

Although estimates are based on the best experience of the Board of Directors, and its expectations over current and future events and actions, the current or future outcome of these events may differ from the estimates. The areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.15.

#### 2.2 Derogation of SNC dispositions

There were, during the year to which these financial statements relate, no exceptional situations implying the derogation of any disposition of the SNC.

#### 2.3 Comparability of financial statements

The information contained in these financial statements is comparable with the previous year's information, presented as comparative in these financial statements.





### 3 Significant accounting policies

The main accounting policies applied in preparing the financial statements are those which are described below. These policies have been consistently applied to all years presented, unless otherwise indicated.

#### 3.1 Foreign currency translation

##### i) Functional and presentation currency

Items included in the financial statements of Nippon are presented in euros, unless otherwise explicitly stated.

##### ii) Transactions and balances

Transactions in different currencies are translated into the functional currency (euros) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement as finance costs, if related with borrowings, and as other operating costs, for all other balances/transactions.

##### iii) Exchange rates

The foreign currency exchange rates used for the conversion of the foreign currency balances are as follows:

Currency	2012	2011
USD	0,75477	0,77192
CAD	0,75887	0,75683
GBP	1,21628	1,18965
HKD	0,09738	0,09930
SGD	0,61703	-
AUD	-	0,78562

#### 3.2. Tangible Fixed Assets

Tangible fixed assets are measured at cost less depreciation and impairment losses. This cost includes deemed cost as at the transition date to NCRF and the acquisition cost for assets acquired after that date.

Acquisition cost includes the purchase price of the asset and any costs directly attributable to bringing the asset to the location and condition necessary for its operation as intended by management. Borrowing costs incurred with the construction of tangible assets are recognised as part of the asset cost.

Subsequent expenditure, including renewals and overhauls, that extend the asset's useful life or its production capacity are recognised in the asset cost. Other repairs and maintenance costs are recognized as expenses in the period they are incurred.

Costs to be incurred referring to dismantling or removal of assets implemented in third party property are considered as part of the initial cost of the respective asset, when significant.

Estimated useful lives for the most significant tangible fixed assets are as follows:



	Years
Administrative equipment - I.T equipment	3 years
Transportation equipment	4 years
Administrative equipment - Technical installations and machinery	10 years
Administrative equipment - Furniture	10 years

Whenever there are indicators of tangible assets loss of value, impairment tests are carried out in order to estimate the recoverable amount of the asset, and when necessary, an impairment loss is recorded. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and the asset value of use, the latter being calculated based on the present value of estimated future cash flows arising from the continuing use and disposal of the asset at the end of its useful life.

Tangible assets useful lives are reviewed at each reporting date, in order to guarantee that the depreciation period is in line with the asset consumption. Changes in the useful lives are registered as changes in estimates and reflected prospectively.

Gains and losses on disposals of tangible fixed assets are determined as the difference between proceeds and the carrying amount, being included in the income statement.

### 3.3. Impairment of assets

Assets with defined useful lives are tested for impairment whenever events or changes in circumstances indicate that the value at which they are registered in the financial statements is not recoverable.

Whenever the recoverable amount is below the net book value of assets, the Company evaluates whether the loss is to be considered permanent and, if so, an impairment loss is registered. If the loss is not considered permanent, the rationale for this conclusion is disclosed.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purpose of performing impairment tests, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Whenever there is a reversal of impairment losses, the amortization or depreciation of the assets is recalculated prospectively, in accordance with the recoverable amount.

### 3.4. Financial assets

The Board of Directors determines the classification of its financial assets at initial recognition in accordance with NCRF 27 – Financial instruments.

Financial assets can be classified/ measured:

- (a) At cost or amortised cost deducted from impairment losses; or
- (b) At fair value with changes of fair value being recognised through the income statement.

Nippon classifies and measures at cost or amortised cost financial assets: i) with a near term or a defined maturity; ii) for which the return is a fixed amount, a fixed interest rate or a variable interest rate corresponding to a market index; and iii) that do not comprise any contractual clause from which there can result a loss of the nominal value and accumulated interest.

For the assets recognised at amortized cost, the interest to be recognized at each reporting date is determined in accordance with the effective interest rate method, which corresponds to the rate that exactly discounts estimated future cash receipts through the expected life of the asset to its net carrying amount.





Financial assets measured at cost or amortised cost are loans, accounts receivable (trade and other debtors, etc.) and equity instruments as well as any other embedded derivative contracts, that are not traded in an active market or for which fair value cannot be determined reliably.

Nippon classifies and measures at fair value the financial assets that do not satisfy the condition to be recognised at cost or at amortised cost, as described above. Financial assets measured at fair value are the ones that constitute equity instruments quoted in an active market, derivatives and financial assets held for trade. Fair value fluctuations are recognized in the income statement except for the financial instruments that qualify as a cash flow hedge.

Nippon evaluates at each reporting date, whether there is objective evidence that its financial assets are impaired, for those that are not measured at fair value through income statement. If there is objective evidence of impairment, Nippon recognizes the impairment loss in the income statement.

Financial assets are derecognized when the right to receive the cash flows generated by the investment expire or are transferred, as well as all risks and rewards associated to ownership.

### **3.5. Trade and other debtors**

Trade and Other debtors balances are recognised initially at fair value being subsequently measured at amortised cost adjusted for impairment adjustments (if applicable).

Impairment losses for trade and other debtors are recognised whenever there is objective evidence that the receivable amounts are not recoverable in accordance with the transaction's initial terms. Impairment losses are recognised in the income statement in "Accounts receivable impairment", being subsequently reversed in the same heading, if the impairment indicators are reduced or extinguished.

### **3.6. Cash and cash equivalents**

"Cash and cash equivalents" heading includes cash in hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. In the cash flow statement, bank overdrafts are considered as cash and cash equivalents.

### **3.7. Share capital**

Ordinary shares are classified as share capital. Costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the amount issued.

Own shares acquired under contract are recognized in equity, in a separate item. According to the Commercial Code ("Código das Sociedades Comerciais"), Nippon must ensure at each time the existence of reserves in equity to cover the value of the own shares, limiting the amount of reserves available for distribution.

Own shares are recorded at cost, if the purchase is made in cash, or at the estimated fair value if the purchase is deferred.

### **3.8. Financial liabilities**

The Board of Directors determines the classification of financial liabilities, at the date of initial recognition in accordance with NCRF 27 - Financial Instruments.

Financial liabilities can be classified/measured:

(A) At amortized cost, or

(B) At fair value with changes in fair value being recognized in the income statement.





Nippon classifies and measures at amortized cost the financial liabilities: i) with a near term or a defined maturity; ii) for which the remuneration is a fixed amount, a fixed interest rate or a variable interest rate corresponding to a market index, and iii) do not comprise any contractual clause from which can result a change in the reimbursable amount and the accumulated payable interest.

For liabilities registered at amortized cost, the interest costs to be recognized in each period are determined according to the effective interest rate method, which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument.

Financial liabilities measured at cost or amortized cost are borrowings, accounts payable (suppliers, other creditors, etc.) and equity instruments and any related derivative contracts, which are not traded in an active market and whose fair value can not be reliably determined.

An entity shall derecognize a financial liability (or part of a financial liability) only when it is extinguished, which means, when the obligation under the contract is settled, canceled or expires.

### **3.9. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the amortised cost is recognised in the income statement over the borrowings' period using the effective interest rate method.

Borrowings are classified as current liabilities except if the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date, being those classified as non-current liabilities.

### **3.10. Current income tax and deferred tax**

The income tax for the period comprises current tax and deferred tax. The income taxes are recorded in the income statement, except when they relate to items that are recognized directly in equity. The value of current tax payable is determined based on income before taxes, adjusted according to the tax rules in force.

Deferred taxes are calculated, considering temporary differences arising between asset and liability carrying amounts and their respective tax base.

Deferred taxes are calculated based on the tax rate in force or already officially communicated at the balance sheet date, and that is estimated to be applicable on the date of realization of deferred tax assets or the date of payment of deferred tax liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available for the use of the temporary difference. Deferred tax liabilities are recognized for all taxable temporary differences.

### **3.11. Provisions**

Provisions are recognised when Nippon has: i) a present legal or constructive obligation as a result of past events; ii) it is more likely than not that an outflow of internal resources will be required to settle the obligation; and iii) the amount can be reliably estimated. When one of these criteria is not fulfilled or the obligation settlement is conditioned by a future event, Nippon discloses it as a contingent liability, except if the assessment of the outflow of resources for the settlement is considered remote.





Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

### **3.12. Leases**

Leases of assets for which Nippon retains substantially all the risks and rewards, inherent to asset ownership, are classified as financial leases. Other agreements where from the analysis of the specific contract clauses indicate the existence of a financial lease, are also classified as financial leases if they have the same substance. All other leases are classified as operating leases.

In finance leases, assets are capitalised at the inception date of the lease at the lower between the fair value of the leased asset and the minimum lease payments of the contract calculated at that date. The liability resulting from the finance lease contract is recognized net of interest charges in the Borrowings heading. Interest charges included in the rent and the depreciation of the assets under the finance lease are recognized in the Income statement, in the periods they refer to.

Tangible fixed assets acquired through finance leases are depreciated for the lower between the asset useful life and the lease term when Nippon does not have a purchase option in the end of the contract, or for the useful life of the asset when Nippon has the intention of acquiring the assets at the term of the contract.

As for operational leases the rents paid are recognised as an expense in the income statement when incurred during the lease period.

### **3.13. Expenses and revenues**

Expenses and revenues are recognised in the period to which they refer to, independently of their settlement date, according to the accrual basis accounting principle. Differences between the amounts received and paid and the related revenues and expenses are recognised as assets and liabilities respectively, if these qualify as receivables or payables.

### **3.14. Revenue**

Revenue is the fair value of the amounts received or to be received related to the services rendered in the normal course of the Company's activity. Revenue of services rendered are recognised in the accounting period when the services are provided, with reference to the percentage of completion of the transaction as at the balance sheet date.

Revenue is registered net of any actual amounts, estimated amounts or both related with trade discounts, rappel and settlement discounts. These amounts are estimated based on historical information, specific contractual terms or future expectations, and are deducted at the time revenue is recognized by registering liabilities and/or appropriate provisions. Where there is a formal agreement for the deferral of the amounts receivable, the fair value of the consideration is determined by effective interest rate method, which is the rate that exactly discounts estimated future cash receipts for the period of estimated reimbursement.

### **3.15. Significant estimates and judgements**

The estimates and judgments made by the Board of Directors are continuously evaluated, presenting at each period the best estimative based on historic performance, past experience and the expectation regarding future events that, under present circumstances, are believed to be reasonable.



The intrinsic nature of the estimates may lead to real situations having different values when compared with the respective estimative. Estimates and judgments that present significant risk of a material adjustment to the carrying value of assets and liabilities during the next financial year are as follows:

### **Significant accounting estimates**

#### **3.15.1 Provisions**

Nippon periodically analyses the existence of present obligations as a result of past events that must be recorded or disclosed.

The subjectivity associated to the process of establishing the likelihood and amount of the internal resources necessary for the payment of the obligations, can lead to significant adjustments due to changes in the assumptions used or to the future recognition of provisions previously disclosed as contingent liabilities.

#### **3.15.2 Tangible assets**

The estimation of the assets useful lives, as well as the depreciation method to be applied is essential to determine the depreciation amount to be recognized in each period.

These two assumptions are defined according to the Board of Directors best judgment, considering also the practices adopted nationally and internationally by companies in the same sector.

#### **3.15.3 Impairment**

Impairment loss may be triggered by various events, many of which are outside the Company's influence, such as: the future availability of financing, capital cost, as well as by any other changes, internal or external, to the Company.

The identification of impairment indicators, the estimated future cash flows and the calculation of the assets fair value implies a high degree of judgment from the Board of Directors in what concerns the identification and evaluation of different impairment indicators, estimated cash flows, applicable discount rates, useful lives and residual values.

## **4 Cash Flows**

### **4.1 Cash and cash equivalents not available for use**

For the periods presented, Nippon does not have any cash balance or cash equivalent with restrictions of use.

### **4.2 Detail of the figures shown under cash and bank deposits**

As at December 31, 2012, detail of cash and bank deposits are as follows:

	<u>2012</u>	<u>2011</u>
Cash	10.000	10.000
Bank deposits	1.082.205	959.608
<b>Cash and cash equivalents</b>	<u><u>1.092.205</u></u>	<u><u>969.608</u></u>



The detail of the final balance considered under the item "Cash and cash equivalents" in the preparation of the cash flows statement for the year ended December 31, 2012 is as follows:

	<u>2012</u>	<u>2011</u>
<b>Cash</b>		
- Cash	<u>10.000</u>	<u>10.000</u>
<b>Bank deposits</b>		
- Current deposits	726.705	415.849
- Term deposits	<u>355.500</u>	<u>543.759</u>
	<u>1.082.205</u>	<u>959.608</u>
<b>Cash and cash equivalents (assets)</b>	<u><u>1.092.205</u></u>	<u><u>969.608</u></u>
<b>Cash equivalents (liabilities)</b>	<u><u>-</u></u>	<u><u>-</u></u>





## 5 Tangible Assets

During the year ended as at December 31, 2011 the movements registered in tangible fixed asset items were as follows:

### Movements in Tangible Assets – 2011

	Land	Buildings and other constructions	Furniture, fittings and equipment	Transport equipment	Tools	Administrative equipment	Other tangible assets	Construction in progress	Total
As at 1 January 2011									
Acquisition cost	-	-	5,215	19,345	1,025	211,402	12,837	-	249,824
Accumulated depreciation	-	-	(5,181)	(19,345)	(943)	(188,602)	(7,717)	-	(221,789)
Net book value	-	-	33	-	82	22,799	5,120	-	28,035
Year ended 31 December 2011									
Additions	-	-	-	-	-	976	177	-	1,153
Disposals	-	-	-	-	-	-	-	-	-
Transfers and write-offs	-	-	-	-	-	-	-	-	-
Depreciation - Year	-	-	-	-	(305)	(10,927)	(1,395)	-	(12,627)
Depreciation - Disposals	-	-	-	-	-	-	-	-	-
Depreciation- Transfers and write-offs	-	-	-	-	-	-	-	-	-
Net book value	-	-	33	-	(223)	12,848	3,903	-	16,561
As at 31 December 2011									
Acquisition cost	-	-	5,215	19,345	1,025	212,377	13,014	-	250,977
Accumulated depreciation	-	-	(5,181)	(19,345)	(1,248)	(199,530)	(9,111)	-	(234,416)
Net book value	-	-	33	-	(223)	12,848	3,903	-	16,561





During the year ended as at December 31, 2012, the movements registered in tangible fixed asset items were as follows:

### Movements in Tangible Asstes – 2012

	Land	Buildings and other constructions	Furniture, fittings and equipment	Transport equipment	Tools	Administrative equipment	Other tangible assets	Construction in progress	Total
As at January 2012									
Acquisition cost	-	-	5.215	19.345	1.025	212.377	13.014	-	250.977
Accumulated depreciation	-	-	(5.181)	(19.345)	(1.248)	(199.530)	(9.111)	-	(234.416)
Net book value	-	-	33	-	(223)	12.848	3.903	-	16.561
Year ended 31 December 2012									
Additions	-	-	-	-	-	487	-	-	487
Disposals	-	-	-	-	-	-	-	-	-
Transfers and write-offs	-	-	-	-	482	-	(482)	-	-
Depreciation - Year	-	-	-	-	(128)	(7.536)	(1.346)	-	(9.010)
Depreciation - Disposals	-	-	-	-	-	-	-	-	-
Depreciation- Transfers and write-offs	-	-	-	-	-	-	-	-	-
Net book value	-	-	33	-	132	5.799	2.074	-	8.038
As at 31 December 2012									
Acquisition cost	-	-	5.215	19.345	1.507	212.864	12.532	-	251.463
Accumulated depreciation	-	-	(5.181)	(19.345)	(1.376)	(207.065)	(10.458)	-	(243.426)
Net book value	-	-	33	-	132	5.799	2.074	-	8.038

Depreciation of tangible fixed assets are recognized under the heading losses/reversals of depreciation and amortization in the income statement for its globality.



## 6 Other accounts receivable

As at December 31, 2012 and December 31, 2011, the detail of other accounts heading is as follows:

	2012			2011		
	Current	Non current	Total	Current	Non current	Total
Other debtors	20.884	-	20.884	274	-	274
Accrued revenues	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
<b>Other accounts receivables</b>	<b>20.884</b>	<b>-</b>	<b>20.884</b>	<b>274</b>	<b>-</b>	<b>274</b>

For the above periods no differences exist between the book value and its fair value.

## 7 Deferred Taxes Assets and Liabilities

As at December 31, 2012 and December 31, 2011, deferred taxes balances recognized on the balance sheet are presented at their gross value.

The impact of deferred tax balances movements for the years presented below are as follows:

	2012	2011
Income statement		
Deferred income tax	4.129	(5.275)
Current income tax	27.412	35.688
	<b>31.541</b>	<b>30.413</b>

### Impact of Deferred Taxes balances movements

	2012	2011
Increase through results		
Deferred tax assets	4.129	(5.275)
Deferred tax liabilities	-	-
	<b>4.129</b>	<b>(5.275)</b>
Increase through equity		
Deferred tax assets	-	-
Deferred tax liabilities	-	-
	-	-
<b>Movement of the year</b>	<b>4.129</b>	<b>(5.275)</b>

The deferred tax assets movements for the presented periods are as follows:



## Deferred Taxes Assets – Movement of the year

	Accounts receivable - Impairment	Total
As at 1 January 2011	-	-
Year ended as at 31 December		
Increase/Reversal through equity	-	-
Reversal through results	-	-
Increase through results	(5.275)	(5.275)
Movement of the year	(5.275)	(5.275)
As at 31 December 2011	(5.275)	(5.275)

	Accounts receivable - Impairment	Total
As at 1 January 2012	(5.275)	(5.275)
Year ended as at 31 December		
Increase/Reversal through equity	-	-
Reversal through results	4.129	4.129
Increase through results	-	-
Movement of the year	4.129	4.129
As at 31 December 2012	(1.146)	(1.146)

## 8 Trade debtors

As at December 31, 2012 and December 31, 2011, the detail of trade debtors is as follows:

		2012			2011		
		Current	Non current	Total	Current	Non current	Total
Trade debtors - group (see Note 25)	i)	140.775	-	140.775	320.242	-	320.242
Trade debtors - others	ii)	697.600	-	697.600	479.048	-	479.048
Doubtful debts		26.272	-	26.272	27.857	-	27.857
		864.647	-	864.647	827.146	-	827.146
Accounts receivable adjustments		(26.272)	-	(26.272)	(27.857)	-	(27.857)
Total Trade debtors		838.375	-	838.375	799.289	-	799.289

- i) Trade debtors – group: This heading corresponds to accounts receivable related to services rendered to Group companies.
- ii) Trade debtors – others: Under this heading are recorded balances receivable from costumers related to services rendered.



### Accounts receivable impairment

	2012	2011
As at 1 January	27.857	5.800
Increases	10.415	22.057
Utilisation	-	-
Reductions	(12.000)	-
As at 31 December	<u>26.272</u>	<u>27.857</u>

## 9 State and other public entities

As at December 31, 2012 and December 31, 2011, the assets and liabilities balances under State and other public entities are detailed as follows:

	2012		2011	
	Debtor	Creditor	Debtor	Creditor
Income tax - IRC	-	(9.845)	-	(1.551)
Withholding tax - IRS	-	(9.930)	-	(10.192)
VAT	1.946	-	21.718	-
Social contributions	-	(15.086)	-	(16.210)
	<u>1.946</u>	<u>(34.861)</u>	<u>21.718</u>	<u>(27.953)</u>

For the above periods, IRC balances are detailed as follows:

	2012	2011
Prepayments	13.898	29.491
Withholding	4.653	5.629
Income tax credit - IRC	(984)	(984)
Estimated income tax (see Note 22)	(27.412)	(35.688)
Total	<u>(9.845)</u>	<u>(1.551)</u>

## 10 Deferrals

As at December 31, 2012 and December 31, 2011, deferrals detail is as follows:

	2012	2011
Insurance	6.641	7.284
Rentals	10.851	12.670
Other services	i) 34.742	71.730
Deferred expenses	<u>52.234</u>	<u>91.685</u>
Other incomes	-	-
Deferred revenue	-	-
Deferrals	<u>52.234</u>	<u>91.685</u>

Deferred expenses relate to prepayment of contracted services not yet received.





## 11 Capital

### Share Capital

As at December 31, 2012, Nippon share capital is fully subscribed and paid, being represented by 1,000 shares with a nominal value of 50 euros each.

Share capital detail as at December 31, 2012 is as follows:

	<u>%</u>	<u>Amount</u>
Nippon Express Espanha	100,0%	50.000
	<u>100,0%</u>	<u>50.000</u>

## 12 Reserves and other equity headings

Reserves and other equity headings have registered the following movements during the years ended as at December 31, 2012 and 2011:

	<u>Legal reserves</u>	<u>Retained earnings</u>	<u>Total</u>
At 1 January 2011	10.581	1.042.151	1.052.732
Additions	-	41.882	41.882
Transition to SNC	-	-	-
Regularization by results	-	-	-
Disposals	-	-	-
At 31 December 2011	<u>10.581</u>	<u>1.084.033</u>	<u>1.094.614</u>
Additions	-	17.807	17.807
Regularization by results	-	-	-
Disposals	-	-	-
At 31 December 2012	<u>10.581</u>	<u>1.101.841</u>	<u>1.112.421</u>

The movements registered in equity during the year are explained by the transfer of 2011 profit, amounting to 17.807,47 euros, to retained earnings, as decided in the Shareholders general meeting held on March 28, 2012.

The legal reserve is fully incorporated under the law (20% of capital) and, as such, the allocation of the minimum stipulated value (5% of the net profit for the year) was not necessary. This reserve can only be used to absorb losses or increase capital.

## 13 Provisions

The evolution verified in Provisions is as follows:





	Provisions	Other	Total
At 1 January 2011	31.229	-	31.229
Increase	1.249	-	1.249
Reduction	-	-	-
At 31 December 2011	32.478	-	32.478
Current	-	-	-
Non Current	32.478	-	32.478
	32.478	-	32.478

	Provisions	Other	Total
At 1 January 2012	32.478	-	32.478
Increase	19	-	19
Reduction	(32.010)	-	(32.010)
Up date to present value	-	-	-
At 31 December 2012	487	-	487
Current	-	-	-
Non Current	487	-	487
	487	-	487

## 14 Borrowings

As at December 31, 2012 and December 31, 2011, there are no active loans.

As at December 31, 2012, the credit line contracted at December 31, 2011, has been canceled.

## 15 Trade creditors

As at December 31, 2012 and December 31, 2011, the most significant trade creditors refer to the following entities:

Description	2012	2011
Trade creditors - group (see Note 25)	178.514	118.999
Trade creditors - others	363.427	366.898
Invoices in conference	0	0
<b>Total trade creditors - current</b>	<b>541.941</b>	<b>485.897</b>
Trade creditors - group	-	-
Trade creditors - others	-	-
<b>Total trade creditors - non current</b>	<b>-</b>	<b>-</b>

Balances payable to group suppliers are related to services provided by Group companies in the normal course of the Company's activity.



## 16 Other accounts payables

As at December 31, 2012, Other accounts payables are detailed as follows:

		2012			2011		
		Current	Non current	Total	Current	Non current	Total
<b>Payroll</b>							
Accrued payroll costs	i)	86.158	-	86.158	132.808	-	132.808
<b>Other creditors</b>							
Sundry creditors		2.835	-	2.835	-	-	-
<b>Employees</b>							
Payable wages		17.386		17.386	-	-	-
<b>Accrued expenses</b>							
Audit		4.000		4.000	10.700	-	10.700
Others	ii)	138.014	-	138.014	52.153	-	52.153
<b>Other accounts payables</b>		<b>248.393</b>	<b>-</b>	<b>248.393</b>	<b>195.660</b>	<b>-</b>	<b>195.660</b>

- i) Accrued payroll costs - refer mainly to vacation and holiday pay to be paid in the following period, for services rendered by employees in the current period. In 2011, also includes 28.000 euros related to employee severances to pay.
- ii) Others – communication, customs brokers, commissions and other charges, incurred in 2012, for which no support documentation was yet received.

## 17 Sales and services rendered

The amount of sales and services recognized in the income statement is detailed as follows:

	2012	2011
<b>Services rendered</b>		
Services - Internal Market	3.106.952	2.846.698
Services - European Market	203.543	400.002
Services - Other markets	848.037	1.140.276
Discounts and rebates	-26.451	-31.288
<b>Sub-total</b>	<b>4.132.080</b>	<b>4.355.689</b>
<b>Sales and services rendered</b>	<b>4.132.080</b>	<b>4.355.689</b>

The decrease of 5% recorded in the amount of services provided in 2012, reflects the difficulties we went through during the year, a consequence of the unstable economic situation of the country and Europe.



## 18 External supplies and services

The detail of the costs incurred with external supplies and services are as follows:

		<u>2012</u>	<u>2011</u>
Subcontracts	i)	3.116.222	3.169.555
Rentals	ii)	100.017	135.076
Specialized works		39.564	49.077
Fuel	iii)	47.131	42.707
Insurance		29.774	31.292
Maintenance and repairs		20.986	18.735
Communication		13.556	18.692
Travel and accommodation		11.882	7.074
Other (below 12,000 euros)		46.054	39.777
<b>External supplies and services</b>		<b><u>3.425.186</u></b>	<b><u>3.511.985</u></b>

- i) Subcontracts: refers to subcontracted services related to the Company's activity.
- ii) Rentals: includes facilities and operating leases (vehicles) rents. The variation registered is mainly explained by the renegotiation of the Lisbon office and the decrease in rental contracts of the operating vehicles.
- iii) Specialized works: includes consulting and informatics jobs concerning the development of new applications during 2012.

## 19 Payroll costs

Payroll costs for 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Remunerations		
Governing bodies	-	-
Employees	554.686	590.885
	<u>554.686</u>	<u>590.885</u>
Insurance	3.462	3.737
Severances	17.386	41.557
Social charges	123.712	133.079
Other	1.260	1.124
	<u>145.820</u>	<u>179.497</u>
<b>Payroll costs</b>	<b><u>700.506</u></b>	<b><u>770.382</u></b>

The average number of the Company employees in 2012 was 18 (2011: 19 employees) – one of our workers has left the company on 28 December 2012.

The variation registered is explained by the decrease of the number of workers (three) which have rescinded their contracts in 2011.



## 20 Other operating revenues and gains

This heading is detailed as follows:

	2012	2011
Favorable exchange differences	503	825
Previous year adjustments	-	-
Credits cancellation	i) 16.914	-
Other	1.485	2.314
	<u>18.902</u>	<u>3.139</u>

## 21 Other operating costs and losses

This heading is detailed as follows:

	2012	2011
Taxes	204	227
Expenses not documented	4.000	10.296
Unfavorable exchange differences	633	767
Previous year adjustments	240	100
Insufficient tax estimate	-	-
Contributions	2.612	2.437
Other	3.108	5.021
	<u>10.798</u>	<u>18.847</u>

Expenses not documented were incurred in the Company's normal operating activity.

## 22 Finance costs and finance income

Finance costs and finance income for the years ended as at December 31, 2012 and 2011 are detailed as follows:

	2012	2011
<b>Finance costs</b>		
Interest incurred - financial institutions	-	-
	<u>-</u>	<u>-</u>
<b>Finance income</b>		
Interest obtained - financial institutions	19.208	26.540
	<u>19.208</u>	<u>26.540</u>





## 23 Income tax of the year

Income tax of the year registered in the financial statements is as follows:

	2012	2011
Current income tax	27.412	35.688
Deferred income tax	4.129	(5.275)
<b>Income tax of the year</b>	<b>31.541</b>	<b>30.413</b>

The reconciliation of the income tax of the year is as follows:

	2012	2011
Income before tax	54.138	48.220
Tax rate	26,5%	26,5%
	14.347	12.778
Non-deductible expenses	4.939	10.620
Non-taxable revenue	(1.038)	(969)
Additional tax rate	9.165	13.258
<b>Income tax of the year</b>	<b>27.412</b>	<b>35.688</b>
Current income tax	27.412	35.688
Deferred income tax	4.129	(5.275)
<b>Income tax of the year</b>	<b>31.541</b>	<b>30.413</b>
Effective tax rate	58,3%	74,0%

The tax rate used in determining the tax amount in the financial statements is as follows:

	2011	2010
Tax rate	25,00%	25,00%
Additional tax rate	1,50%	1,50%
	26,50%	26,50%

## 24 Commitments

The commitments assumed by Nippon at the balance sheet date for the year ended as at December 31, 2012, are as follows:

### Commitments related with operating leases

As at December 31, 2012 and December 31, 2011, the value of future rents payable under operating lease agreements are as follows:



	2012	2011
Until 1 year	27.819	25.276
Between 1 and 5 years	11.573	14.452
After 5 years	-	-
	<u>39.392</u>	<u>39.728</u>

These rents are related to car leases.

## 25 Contingencies

Contingent liabilities arising from bank guarantees are as follows:

Beneficiary	Object	2012	2011
Portway		250	250
ANA - Aeroportos Portugal SA	Rental agreements	-	28.150
		<u>250</u>	<u>28.400</u>

## 26 Related Parties

As at December 31, 2012, Nippon is controlled by Nippon Express de España, SA, which holds 100% of the Company's share capital.

### 26.1. Board of Directors remuneration

Nippon board of directors was considered in accordance with NCRF 5 as the unique key management elements of Nippon. During the year ended as at December 31, 2012, the sole director has not received any remuneration for the performance of its duties. Additionally, no obligations were incurred on its account, nor were any liabilities assumed with pension funds or life insurance.

### 26.2. Transactions with related parties

#### (a) Nature of relationship with related parties:

##### *Shareholders:*

Nippon Express de España, S.A.

##### *Other related parties:*

See entities in the table below.

#### (b) Transactions and balances

As at December 31, 2011, balances and transactions registered related to shareholders, Group companies and other related parties are as follows:



**OUTSTANDING BALANCES AND TRANSACTIONS AS AT DECEMBER 31, 2011**

Entities	Balance sheet		Income statement	
	Trade debtors	Trade creditors	Sales and services rendered	External supplies and services
Nex Global Logistics Korea Co	-	-	-	7
Nippon Express (Czech Republic)	-	-	-	244
Nippon Express (South China) Co.,Ltd.	-	-	282	5.148
Nippon Express (Shanghai) CO., Ltd	-	-	30.112	1.560
Nippon Express Austrália PTY	-	791	-	819
Nippon Express Belgium	5.721	-	32.267	11.489
Nippon Express Brasil	-	2.546	14.055	24.157
Nippon Express Canadá, LTD	-	599	-	1.612
Nippon Express China, Ltd	40	7.924	2.551	198.764
Nippon Express Co., Ltd	251.280	16.448	908.080	544.801
Nippon Express de España S.A.	-	6.115	326	44.619
Nippon Express Deutschland	2.107	8.200	30.880	59.911
Nippon Express Deutschland- Warszawa	-	-	-	14.204
Nippon Express Euro Cargo BV	-	-	-	62
Nippon Express France S.A.	-	299	216	10.836
Nippon Express Hong Kong	11.549	3.863	35.522	46.153
Nippon Express Hungary	-	-	600	7.388
Nippon Express Índia, Ltd	3.332	247	7.016	1.435
Nippon Express Indonesia	737	428	1.156	10.066
Nippon Express Italia S.R.L.	-	1.500	-	2.142
Nippon Express Malaysia SDN	-	-	195	1.022
Nippon Express México, S.A.	8	2.655	2.319	26.699
Nippon Express Netherlands	80	14.116	80	85.395
Nippon Express Philippines	25.793	-	36.707	223
Nippon Express Russia LLC	-	-	-	1.104
Nippon Express Singapore	3.781	-	18.089	4.402
Nippon Express Switzerland Ltd.	328	-	5.356	2.267
Nippon Express Taiwan Co.	16	1.399	419	22.224
Nippon Express Thailand Co.	932	11	26.298	4.349
Nippon Express UK Ltd	157	133	208	18.164
Nippon Express USA	14.381	51.727	84.840	292.878
Nippon Express Vietnam	-	-	-	35
NipponKoa Insurance Company	-	-	-	5.483
<b>TOTAL</b>	<b>320.242</b>	<b>118.999</b>	<b>1.237.572</b>	<b>1.449.664</b>





As at December 31, 2012, balances and transaction are detailed as follows:

OUTSTANDING BALANCES AND TRANSACTIONS AS AT DECEMBER 31, 2012				
Entities	Balance sheet		Income statement	
	Trade debtors	Trade creditors	Sales and services rendered	External supplies and services
Nex Global Logistics Korea Co	-	-	-	-
Nippon Express (Czech Republic)	-	-	-	803
Nippon Express (South China) Co., Ltd.	-	-	-	3.792
Nippon Express (Shanghai) CO., Ltd	-	67	-	714
Nippon Express Austrália PTY	-	-	-	369
Nippon Express Belgium	5.869	62	32.758	301
Nippon Express Brasil	5.334	17.754	10.136	54.282
Nippon Express Canadá, LTD	3.028	593	3.028	9.542
Nippon Express China, Ltd	316	5.350	1.215	33.941
Nippon Express Co., Ltd	64.678	-	754.559	471.174
Nippon Express de España S.A.	-	15.414	-	88.802
Nippon Express Deutschland	1.333	1.541	11.265	5.539
Nippon Express Deutschland- Warszawa	-	-	-	-
Nippon Express Euro Cargo BV	-	75	-	1.208
Nippon Express Europe	-	10.185	-	44.205
Nippon Express France S.A.	-	-	10.450	761
Nippon Express Hong Kong	3.969	13.488	51.009	38.347
Nippon Express Hungary	-	-	-	8.784
Nippon Express Índia, Ltd	4.866	3.818	20.917	9.483
Nippon Express Indonesia	-	343	1.794	609
Nippon Express Ireland	-	164	-	861
Nippon Express Istanbul Global Lojistik AS	225	520	225	790
Nippon Express Italia S.R.L.	-	-	-	948
Nippon Express Korea Co, Ltd	16.750	8	17.070	1.321
Nippon Express Malaysia SDN	40	894	1.755	6.881
Nippon Express México, S.A.	24	4.044	96	25.299
Nippon Express Netherlands	-	17.747	-	198.498
Nippon Express Philippines	3.768	8	34.567	39
Nippon Express Russia LLC	-	-	-	-
Nippon Express Singapore	3.099	995	17.648	1.277
Nippon Express Switzerland Ltd.	-	-	-	323
Nippon Express Taiwan Co.	16	3.551	100	17.332
Nippon Express Thailand Co.	603	22	1.958	7.109
Nippon Express UK Ltd	3.800	6.165	16.221	8.489
Nippon Express USA	23.059	74.352	110.363	330.956
Nippon Express Vietnam	-	-	773	-
NipponKoa Insurance Company	-	1.356	-	8.546
<b>TOTAL</b>	<b>140.775</b>	<b>178.514</b>	<b>1.097.907</b>	<b>1.381.327</b>



## 27 Expenses with statutory auditors

During 2012 and 2011, expenses were incurred with the statutory auditors in accordance with the table below:

	<u>2012</u>	<u>2011</u>
Statutory audit	8.000	10.700
	<u>8.000</u>	<u>10.700</u>

## 28 Subsequent events

No significant subsequent events occurred that could impact the financial statements as at December 31, 2012.

## 29 Additional note for translation

The accompanying financial statements are a free translation of financial statements originally issued in Portuguese, in accordance with generally accepted accounting principles in Portugal and the disclosures required by SNC ("Sistema de Normalização Contabilística"), some of which may not comply with or be required by generally accepted accounting principles in other countries. In event of discrepancies the Portuguese language version prevails.

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