Inspired by water...

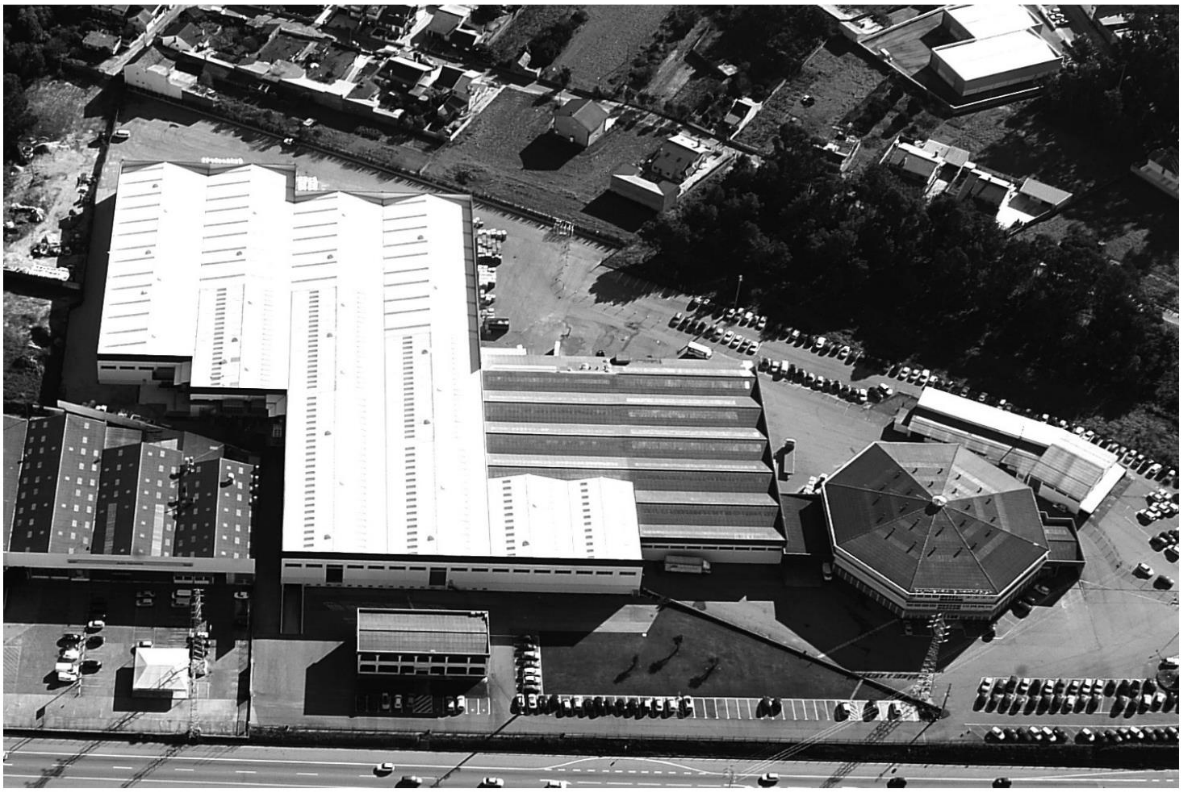
1954 60 2014 · YEARS ·

ANUAL REPORT 2013

Contents

Management Report

Within the terms of the provisions of articles 65 and 66 of the Companies Code we present, with reference to the 2013 business year, the management report of the company Oliveira & Irmão, SA, with registered office at Travessa do Milão, 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.



www.oli.pt

I.Chairman’s Message

Sixty years ago, twenty before the events of April 25th 1974 and nine after the end of the Second World War, Oliveira & Irmão, Lda., was born of the entrepreneurial spirit of its founders! Portugal was a poor country, with a population that was for the most part illiterate and submissive. Piped water was a rarity. Toilets cisterns were made of cast iron or, more rarely, ceramic.

For various reasons (and by diktat of the Lei do Condicionamento Industrial) Oliveira & Irmão, Lda., was founded as a commercial company! It began to buy and sell cast iron articles and, later on toilet cisterns (bell or syphon type). Sixty years on, Portugal has banished illiteracy, but remains just as submissive!

At Oliveira & Irmão, instead of buying flush toilets to sell on, we manufacture (at a rate of several thousand a day) the toilets we sell, in Portugal and more than 60 countries! In performing their essential function, toilets can be decorative, high-technology items. We hope to be in step with these changes...

We have one model of concealed flush toilet that we believe will square the circle: a ceramic control plate (currently the only one of its kind on the market) of excellent design that is activated by proximity (no contact required!), using capacitive sensors. The toilet and the plate are autonomous in terms of energy, thanks to a hydraulic generator that uses the energy generated by water from the mains as it flows into the cistern!

A leap of 60 years and always water, flush toilets, technology and the boldness and determination of people! For 60 years, along with water and flush toilets, the commitment, dedication and hard work of many individuals, and their attention to what was going on around them, have kept the company, unwaveringly, on this long path!

We hope to stay at the forefront of technology, both as regards water use (a resource in increasingly short supply, we believe) and industrial management! We will maintain discipline and determination on all fronts, striving to remain up-to-date in the way we combine the factors necessary for good results, from the technological point of view and the economic point of view alike. From the human perspective, we will continue to prioritise people in our way of interacting with society and the market in general.

II. Report of the Board of Directors – Individual accounts

1. Economic background and performance

In Europe, which continues to be the most important destination for our sales (81% of total exports), the economy continued in a state of semi-lethargy in 2013, with a climate unfavourable to economic growth. Construction-related sectors in particular remained listless.

Europe remains hostage to the effects of the austerity programmes of the various governments and slow to shake off the consequences of the severe global recession of recent years and of the measures adopted subsequently with the aim of combatting this recession. This climate has, on the one hand, led to contagion and weaker demand in the East and, on the other, prompted our competitors also to attempt new forays outside Europe.

In Portugal we continue with a process of “reorientation” of the economy in general. New construction has ceased to exist and refurbishment is slow to happen. Macroeconomic indicators and the high unemployment rate severely restrict the performance of the real economy.

We continue to see a sharp rescaling of the market (construction materials trade) on the supply side, with various companies closing or presenting far-reaching restructuring programmes. There is even a risk of disturbances or destabilisation in the supply chain, with a rescaling of the distribution of construction materials at national level. The possible disappearance of some important companies in the sector, with the vacuum that this will create, could lead to a “premature” increase in the market share of the modern distribution chains.

The Middle East, a part of the world in which we have resolved to bolster our presence, performed well, generally speaking (despite the familiar geopolitical ructions that are affecting a large number of countries in this region).

Africa continues to show attractive growth rates, with a climate favourable to improving economic activity in our sector.

In Latin America, generally speaking, performance fell short of expectations, with some signs of cooling in the region overshadowing our expectations.

In general, and with the exception of the Middle East and Africa, the economic context was one of slowdown, stagnation or even decline. For this reason and because we were unable to counter the negative trend in the markets where we are most present, not only did our overall sales not increase by as much as we forecast (approximately 10%), they fell significantly (7.5%) compared to 2012.

2. Developments in 2013

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) represented 23.3% of the company's total sales in 2013 (compared with 20.7% in 2012) and increased by 3.8% relative to 2012 (when they fell relative to 2011).

Analysing the breakdown by product families, we see a decrease in sales of manufactured products (mainly within the family of concealed flush toilets, as a direct consequence, we believe of decreased activity in the construction sector).

Pure commercial activity (buying and selling) recovered some of the ground it had lost in previous years, as its proportion of the company's total business rose to 11.1% (from less than 10% in 2012).

In Portuguese-speaking African countries (PALOPs) the company achieved an excellent performance, with sales up 86.8%, and a very high proportion of sales going to Angola. As we wrote a year ago, we are implementing a new policy for managing this market that is beginning to show positive and, we believe, sustainable results.

The PALOPs have accounted for a steadily growing share of total sales, and we see this growth as the solution for keeping the commercial structure alive, as the potential of the Portuguese market is proving insufficient for a company of our size.

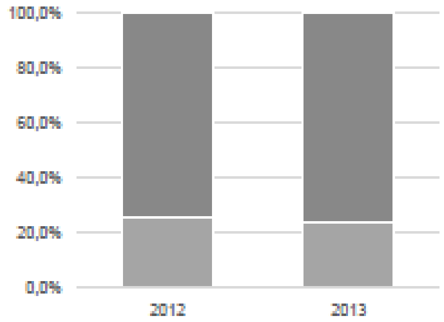
Exports and sales to Portuguese ceramics firms
Sales in this sector performed weakly, with a fall of approximately 7%. The breakdown was as described below.

Exports
Exports of industrial products fell by approximately 8.2%. Analysing by regions, this drop was most significant in Southern Europe and in the East, albeit for different reasons. In terms of gross margin there was also a slight decrease (approximately 1 p.p.).

Sales to Portuguese ceramics firms
The company achieved a good performance in terms of sales of industrial products to Portuguese ceramics firms (an increase of approximately 10.9%).

Conclusion and summary of the year's main economic indicators

Sales



Domestic market
External market

Total sales amounted to €40,069,862, which represents, as stated above, a decrease of 7.5% compared with the previous years. Analysing the division between domestic market and external market, we have:

- Domestic market: €9,400,822 (24% of our total turnover), corresponding to a decrease in absolute value of 15.9%;
- External market: €30,669,040 (76% of our total turnover), corresponding to a decrease in absolute value of 4.6% in relation to 2012.

By types of activity, the breakdown of total sales is:

- Industrial activity represented 76.2% of total sales
- Commercial activity represented 23.3% of total sales, and
- Real estate activity represented 0.6% of total sales.

In terms of profitability, there was a significant improvement: the company made a net profit of €1,421,928 (versus €480,539 in 2012). This result was the consequence of the following key factors:

- Result of the industrial and commercial core business: €1,003,397 (as against €830,162 in 2012);
- Slight increase in gross margin (+0.3%);
- Improved costs (-1.3%), not just because of the decrease in sales volume, but also because of process efficiency gains;

- Decreased tax bill thanks to incentives relating to innovation (*SIFIDE*) and investment (*RFAI* and *CFEI*);
- Result on real estate activity: €-131,686 (versus €-59,608 in 2012);
- Results in subsidiaries: €550,217 (versus €-290,015 in 2012).

3. Outlook for 2014

Commercial activity (Domestic market and Portuguese-speaking African countries)

Domestic market
We do not foresee significant changes for Portugal at the macroeconomic level. While technically Portugal has emerged from recession and a small amount of growth is forecast for 2014, the truth is that this improvement has not reached the real economy (and will not do so in 2014), much less our sector. Consequently we do not foresee any improvements in our market.

It is possible that the disappearance and/or rescaling of some important actors will leave the market tidier and more “open”, but the shortage of liquidity (sometimes aggravated by the scale of the restructuring plans presented by some companies) will not permit significant improvements.

As we noted above, it is possible that this rearrangement of the market will favour modern distribution chains and give them a prominence that could lead to a certain imbalance in the market and even in the normal relationship between supply and demand (given the negotiating power of the organisations that are the big players in this type of distribution).

On the other hand, given that the market that remains is the refurbishment market, it still remains for the letting market to accept as good and sufficient the measures that the government has been announcing. We believe that this will not happen in the near future. It seems to us that it will be a long time before there is any genuine motivation to refurbish the housing stock, for reasons of simple arithmetic (attractive return on capital invested).

At the same time, we believe that there is still a long way to go before our mentality (as owners – I refer also to people who own the homes they occupy) changes and we begin to see the need to maintain the spaces we live in and use in irreproachably new condition as something obvious, obligatory and unavoidable (and so eradicate the state of neglect and abandon in which Portugal’s buildings currently languish). Of course, this mentality is aggravated by the difficulty of managing condominiums, but the truth is that the habit of keeping buildings in exemplary condition does not yet exist in Portugal!

For all these reasons, we do not foresee any growth in the market, which compels us to review the size and model of our business in the domestic market and consequently to think more dynamically about the external market.

External market
For the commercial business, the external market comes down to the Portuguese-speaking African countries. Our expectation is to achieve good sales growth in these countries.

On the one hand, we expect a widespread improvement in the economic climate in the Portuguese-speaking African countries. On the other, we believe that the changes already implemented (and those currently being implemented) in the reorganisation of our internal processes and in improving customer service will enable us to improve our market share and enter new markets where we do not yet have a significant presence.

In Angola we have created a partnership that makes stock of some products available to us on site, significantly improving our response capacity.

We will pay attention to how these markets evolve in order to adapt and continuously improve our service to customers.

Industrial Activity

Domestic market
We believe in the good economic health and the dynamism of our industrial customers in Portugal; that is why we believe that sales of components to the Portuguese ceramics industry will grow.

External market
We expect a significant improvement in the market in some geographical zones and in some product families.

As regards original equipment manufacturers, we are enhancing existing partnerships with some of our customers, while at the same time seeking to create new partnerships with other customers.

In terms of commercial organisation, we are specialising by zones and product families in order to improve the general performance of the organisation.

As regards products sold under the OLI brand we are, on the one hand, improving segmentation of market and products and, on the other, reorganising our commercial team and making it more specialised. Together, these actions should enable us to improve market share in the countries where we have a presence.

In conclusion, our objective for 2014 is to achieve overall growth in the order of 10%.

4. Economic and financial analysis

Economic analysis

As mentioned above, in 2013 Oliveira & Irmão recorded a drop in sales of approximately 7.5%. Steeper in the domestic market than in the external market, part of that decrease was also attributable to lower sales associated with real estate activity, a business now considered residual. Because the real estate business was less important to the company, gross margin improved from 2012 to 2013 and, despite decreasing in absolute terms, fell to a lesser degree than sales (6.8%).

As far as operating costs are concerned, these decreased more rapidly than turnover, by 9.9%, or approximately €2,120,000. This reduction was common across all cost items, but was especially notable in the following areas:

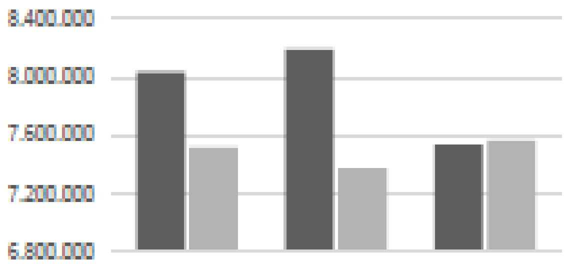
- external supplies and services, which decreased by €690,000 (-9.1%),
- staff costs decreased by €256,000 (-3.1%),
- other costs were cut by €690,000 (-49.9%)
- financing costs fell by €257,000 (-18.2%).

Cost reductions, combined with a lesser decrease in margin, made for improved profitability. EBITDA rose by 7.9%, from €4,660,380 in 2012 to €5,028,500 in 2013, an increase from 10.8% of sales to 12.5% in 2013. Cash flow increased by 21.2%, from €3,253,491 in 2012, to €3,942,772 in 2013.

Capital Invested

Working Capital

As far as investment in working capital is concerned and following the decrease in working capital requirements in recent years, this variable stabilised in 2013, with a slight increase, in the order of €328,000. The item customers and suppliers decreased, while inventories



stabilised. The slight increase was due to the fact that the decrease in debts to suppliers was greater than the decrease in customer debts.

As regards investment in fixed assets, this came to €2,560,000 in 2013, 12.9% less than in 2012. Investments were concentrated in three areas:

- moulds – 35%
- manufacturing equipment – 30%
- maintenance work and reorganisation of office spaces – 30%
- The remaining 5% was split between purchases of office equipment and transport equipment.

Financial autonomy increased from 42% in 2012 to 45% in 2013.

Financial analysis

As mentioned above, the company recorded an increase in cash flow of approximately €690,000 in 2013 (+21.2%).

This increase in cash flow, combined with even-handed management of capital investment, enabled Oliveira & Irmão to continue to reduce its bank debt. The company ended 2013 with net debt of €15,733,776 (€407,000 less than at the end of 2012).

This debt reduction combined with higher EBITDA to reduce the ratio of debt to EBITDA from 3.5 in 2012 to 3.1 in 2013, which is a good result in terms of benchmarking with other companies.

Item	2012	2013
Net debt	16,141,060	15,733,776
Net debt/EBITDA	3.5	3.1

The combination of lower debt and the improved financing conditions that the company was able to obtain from the banking market made it possible to reduce financial charges associated with borrowing by approximately €260,000, corresponding to -18.2%. The fact that fixed-rate contracts that had penalised this item in past years came to an end in mid-2013 also helped to lower borrowing costs.

The company maintained its policy of optimising capital structure by seeking to finance investment in fixed assets and permanent working capital requirements by way of medium- and long-term funding and to finance the cash flow cycle using short-term instruments. In line with this, at the end of 2013 long-term capital represented 103% of non-current assets, while current liabilities represented 94% of current assets.

5. Research, Development and Innovation

The constant quest for new knowledge that gives rise to differentiated solutions that open the way to new and unique value creation opportunities has been the fuel for revolutionising the concept of demand, supply and distribution of new products. The company has focused a large part of its work on RDI in order to boost growth and competitiveness.

As can be seen, RDI projects have been a strategic priority. For the most part, strategic cooperation partnerships are established with member organisations of the National Science and Technology System (Portuguese abbreviation: SCTN), with the primary objective of creating value and contributing to the development of innovative solutions in the sector.

Over the years there have been many examples of partnerships that have been formed with the aim of developing technologically advanced bathroom solutions sustainable in terms of water and energy. At the same time we have witnessed the growing dominance of new knowledge hitherto little developed or even unknown.

An example of this is the Hydroboost system, which removes the need for a mains connection or replacement of batteries by using moving water to generate energy that is stored and then used to flush the toilet. This solution was developed by OLI in conjunction with the Centre for Nanotechnology and Technical, Functional and Intelligent Materials (Portuguese abbreviation: CENTI).

OLI's corporate culture is based on the ability to identify a problem and find the most effective solution. To this end, OLI continues to attach great importance to partnerships to develop products at the customer's request, tailored to its needs. The importance of developing solutions in partnership with customers for specific problems or requests and aimed at differentiated markets is one of the reasons for OLI's growing presence in external markets and constitutes a clear affirmation of its vocation: to be an international unit recognised for its dynamism and the quality of its products and services.

On the back of the RDI work done in 2013, OLI has developed unique solutions whose singular characteristics make them suitable for registration as patents; as a consequence, OLI registered five applications for patents of invention.

It is important to mention that in 2013 OLI was the Portuguese company that submitted most patents for registration with the European Patent Institute, with seven applications. This helped make Portugal one of the countries with the most growth in patent applications in Europe. As OLI's concern is above all to protect the RDI work done internally, the company presents itself at national level as a reference for knowledge production.

As design is one of the areas in which OLI shows a degree of weakness, a big effort was undertaken in 2013 to remodel the RDI process to include in an integrated approach at all process phases. The plan is to press on with this work in 2014, allying to OLI's vast technical knowledge the product design component and, above all, the way the product is communicated to the market.

6. Marketing

2013 saw the beginning of a new marketing strategy at OLI. More than change for change's sake, or indeed a drastic overhaul, the idea was to present a different image, bolder and more modern, and more anchored in the experience that can be acquired only from 60 years in the market. We undertook detailed and exhaustive analysis of our strong and weak points, as well as what could and should be done in order to stay in front on the domestic and international market, where we are a reference.

Whenever a company embarks on an adventure of this nature it knows that it runs a risk. No strategy, however well planned and thought out it may be, is risk-free. But there is no escaping the creative imperative of change, the need to remain one step ahead of the market, to innovate and move forward.

And so 2013 was the year a start was made on reformulating the company's image, beginning with its logo, which is now both younger and more open and, at the same time, more linear, pragmatic and efficient. A uniform language for elements of corporate communication like packaging, instructions, catalogues and website is being created gradually and systematically, with the natural objective of making the OLI brand more contemporary as it marks its 60th birthday.

This uniformisation has gone further. Specifically at the level of our image in the various markets in which we have a presence. The same company, the same message, the same quality, whether in Europe, Asia, Africa, America or Australia.

Anniversary celebrations

Commemorating 60 years of existence is a milestone. Especially at a time when the challenges companies face are increasingly overwhelming. This visibility too has reached new thresholds, thanks to the efforts made in terms of institutional communication. Over the year OLI has been a systematic presence in national newspapers and on national television and our company's praises have been sung in a variety of contexts. At regional level, partnerships with local media outlets have enabled us to keep our local community abreast of our news and achievements with notable regularity.

Another challenge that the company began to address in 2013 was that of internal communication; where it was starting virtually from scratch. Consideration of the best way to reach all employees has been gradual and consecutive, within a perspective of continuous improvement. The idea is, in future, to see such communication as something natural. But this is new ground that is still being broken. Developments are at an embryonic stage, but the small results we have seen already are a source of motivation.

7. Human capital

At the end of 2013 the company had 359 employees, an increase of 4.3% 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 months with the highest average number of employees were May and June and January was the month with the lowest number of employees.

The average number of employees over the year was 354 (an increase of 2.6% in relation to 2012).

The table below shows comparative data for the years 2012 and 2013.

Human Resources	2012	2013
Number of employees at the end of the period	344	359
Men	159	167
Women	185	192
Average number of employees over the period	344	354
Average age of employees	37.1	38.4
Average length of service of employees	12	12
Total hours of training	13,343	14,478
Average hours of training per employee	39	38
Staff costs	€8,342,971	€8,087,034
Average cost per employee	€24,253	€22,845
GVA per employee	€125,918	€113,192
General rate of absenteeism	3.0	2.5
Accidents at work frequency index	Good	Good
Accidents at work severity index	Medium	Good

In 2013 we undertook a series of training activities that involved our employees visiting various companies of reference in the region. The purpose of these visits was contact with the reality of other organisations and practical application of lean methodologies. We believe that these visits helped cement the importance of these methodologies and the involvement that employees need to have with their work on a day-to-day basis.

As regards the environment and safety, in 2013 we obtained APCER certification to the NP EN ISO 14001:2004 standard for environmental management and the OHSAS 18001:2007 standard for management of health, safety and hygiene at work.

In 2013 we began refurbishment of the company's social area with the development of a pleasant, comfortable space in which our employees can feel at ease. We foresee its completion in the first quarter of 2014.

In 2014 we are going to launch a training project, in collaboration with ATEC, dubbed the Employee Integration Programme (Portuguese abbreviation: PIC-OLI). The training programme will consist of the basic training to be given to all employees when they join the company. It will address topics like lean methodologies, quality, product, environment, safety, teamwork, communication and raw materials, among others.

In 2014, to mark the 60th anniversary of the founding of the company, we will organise a series of recreational activities and other events for our employees.

8. Strategy and future evolution

Products and markets

In terms of products, our strategy consists of improving the current offering to make our products on the one hand even more reliable and user-friendly (for professionals and others) and on the other easier and more economical to produce, so that the end result is to offer products that are more appealing to and appreciated by the user while at the same time being easier for us to produce, i.e.: more competitive.

In terms of markets we will continue to improve the performance of our sales and market support team so that we can continue to increase customer satisfaction, while at the same time growing sales and improving the company's overall profitability.

To achieve the goals identified above we have to act on several fronts:

- Design and development – we have strengthened our design and communication team and our development team, in terms both of resources and skills.

- Production – we continue to improve the performance of our factory through continuously applying lean tools and fighting waste of all types, while at the same time increasing flexibility! Current production capacity is sufficient to satisfy forecast sales in 2014; for this reason, industrial investments will focus on enlarging the product portfolio.
- Communication – as mentioned above, we have strengthened our design and communication team to improve our image and the quality and effects of the various different forms of communication.
- Sales – as mentioned, we are consolidating a number of changes in our sales team and its coordination with markets. We have improved the specialisation of our sales team, with the aim of better following the market segmentation that we operate and so optimising its output and quality of customer support.
- Economic and financial – we will remain focused on rationalising costs, optimising our capital structure and reducing our indebtedness, as we strive to achieve greater competitiveness and sustainable management of our operations in the long term.

Business

Dividing our business by types of activity, we have:

- Commercial activity – as mentioned, given the state of the Portuguese market, we are forced to keep the focus on the markets of Portuguese-speaking African countries in order to safeguard the stability of the commercial side of the company. We will continue to work to improve our offering in and coverage of these markets, which we believe still have attractive potential for growth.
- Industrial activity – we will move forward with reorganisation of our commercial process in the export sector in order better to respond to developments in the markets and the business. We shall seek a clearer division, in organisational terms, between business for industrial customers, which we want to continue to develop and grow, seeking new formulae and new forms of business and partnerships (technical, commercial and industrial) with customers and business with non-industrial customers. The non-industrial customers part of the business should grow in a steady and sustained manner, striving for greater visibility and familiarity of the OLI brand, in all the geographical areas in which we are present. In this sector, the offering of products for sale by way of modern distribution, which has specific features that must be more consistently taken into account, merits increasing attention. In working to improve business on these three fronts the marketing and communication functions must continue to be even more demanding! We are in fact enhancing the marketing function, by giving it greater visibility and interaction across the whole of the company!

In geographical terms, without neglecting Europe, which continues to prove, for various reasons, the best geographical area for doing business, we are going to intensify our commercial presence in places outside western and central Europe. We will continue to consolidate our positions in the East. We continue to intensify commercial activities in Africa and Latin America: the return on this investment is proving slow and uncertain, but sales on these two continents are promising and justify sticking with the current strategy.

We are looking at new arrangements for partnerships in places that are further afield or more difficult (for example in terms of logistics), so that we can eventually try new forms of collaboration and association with potential local partners.

9. 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 €1,421,928.15 be allocated as follows:

To cover retained earnings	€871,711.36
To unallocated profits	€550,216.79

10. Proposal for sharing profits with the Board of Directors

In light of the strong performance achieved in 2013 we hereby propose that a sum of €142,192.82 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.

11. Dividend policy

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

12. 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 2013, 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.

13. 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 in progress.

Our acknowledgement and gratitude to all.

Aveiro, 17 April 2014

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	31/12/2012	31/12/2013
Valsir, Spa.	50%	50%
Oliveira & Irmão SGPS, Lda.	50%	50%

III. Financial statements individual accounts

Individual balance sheet as at 31.12.2013 and 31.12.2012

Item	Notes	Date 31-12-2013	31-12-2012 Reexpressed
Assets			
Non-current assets		22,347,305	22,467,088
Tangible fixed assets	7		14,555
Intangible assets	6	6,110,486	5,560,270
Shareholdings – equity method	5; 11	40,020	40,020
Shareholdings – other methods	11	4,762,500	4,454,500
Other financial assets	5; 17	**33,260,311**	**32,536,433**
Current assets			
Inventories	12; 17	7,559,235	7,541,601
Customers	17	7,511,758	8,034,896
Advances to suppliers	17	134,382	
State and other public entities	17	765, 131	1,002,239
Other accounts receivable	17	236,351	339,317
Deferrals	17	140,748	90,380
Financial assets held for trading	17		14,751
Non-current assets held for sale	7	34,350	
Cash and bank deposits	4	359,754	536,887
		16,741,708	**17,560,070**
Total assets		**50,002,019**	**50,096,503**
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	3,138,457	2,657,918
Retained earnings	11	-5,000,000	-5,000,000
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	143,937	153,177
Net result for the year	17	1,421,928	480,539
Total equity		**22,397,138**	**20,984,450**
Liabilities			
Non-current liabilities		50,147	57,368
Provisions	13	11,196,836	10,467,813
Financing obtained	8; 9; 17	624,925	698,633
Deferred tax liabilities	16	**11,871,908**	**11,223,814**
Current liabilities			
Suppliers	17	7,367,822	8,190,907
Customer advances	17	284,116	
State and other public entities	17	320,009	471,131
Financing obtained	8; 9; 17	4,896,694	6,210,134
Other accounts payable	17	2,766,583	2,885,266
Deferrals	17	97,750	130,801
		15,732,973	**17,888,239**
Total liabilities		**27,604,881**	**29,112,053**
Total equity and liabilities		**50,002,019**	**50,096,503**

Chartered Accountant | Board of Directors

Individual income statement by nature for the years ended 31.12.2013 and 31.12.2012

Income and Costs	Notes	Year 2013	Year 2012
Sales and services provided	14;24	40,076,372	43,321,929
Operating subsidies	10; 14	106,913	113,798
Gains/Losses in subsidiaries, associated companies and	5	550,217	-290,015
joint ventures	12	92,115	-1,168,353
Variation in production inventories	12	-21,240,046	-21,840,598
Cost of goods sold and materials consumed	18	-6,861,674	-7,550,992
External supplies and services	5; 19	-8,087,034	-8,342,971
Staff costs	17	-48,700	-124,345
Impairment of debts receivable (losses/reversals)	13	-26,805	-57,368
Provisions (increases/decreases)	17		551
Fair value increases/decreases	14; 20	1,089,372	1,489,380
Other income and gains	18; 21	-622,231	-890,636
Other costs and losses			
Earnings before interest, taxes, depreciation and amortisation		**5,028,500**	**4,660,380**
Costs/reversals of depreciation and amortisation	23	-2,445,339	-2,591,239
Operating result (before interest and tax)		**2,583,161**	**2,069,141**
Interest and similar costs paid	22	-1,157,744	-1,415,018
Pre-tax result		**1,425,416**	**654,123**
Income tax for the year	16	-3,488	-173,584
Net result for the year		**1,421,928**	**480,539**

Chartered Accountant

Board of Directors

Individual cash flow statement for the years ended 31.12.2013 and 31.12.2012

Item	Year 2013	Year 2012
Cash flow from operational activities – direct method		
Receipts from customers	41,500,830	43,161,379
Payments to suppliers	-29,126,899	-28,614,264
Payments to staff	-8,097,834	-8,286,423
Cash generated by operations	4,276,096	6,260,692
Payment/receipt of income tax	-250,261	-635,317
Other receipts/payments	229,278	-854,596
Cash flow from operational activities (1)	**4,255,113**	**4,770,779**
Cash flow from investment activities		
Payments in respect of:		
Tangible fixed assets	-2,376,826	-2,443,709
Financial investments	-308,000	-539,020
Other assets	-34,350	
Receipts from:		
Tangible fixed assets	58,480	34,913
Interest and similar income	624	1,728
Cash flow from investment activities (2)	**-2,660,072**	**-2,946,088**
Cash flow from financing activities		
Receipts from:		
Financing obtained	5,179,080	12,955,552
Other financing operations	250	
Payments in respect of:		
Financing obtained	-5,763,497	-13,208,741
Interest and similar costs	-1,188,007	-1,410,419
Cash flow from financing activities (3)	**-1,772,175**	**-1,663,608**
Variation in cash and cash equivalents (1+2+3)	-177,133	161,082
Cash and cash equivalents at start of period	**536,887**	**375,805**
Cash and cash equivalents at end of period	**359,754**	**536,887**

Chartered Accountant　　　　　　　　　　Board of Directors

Individual statement of changes in equity in 2013

Description		Equity allocated to shareholders of the parent company									
		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	Total equity
Position at start of 2013	6	**10,000,000**	**2,000,0**	**2,657,918**		**3,065,753**	**7,627,062**	**153,177**	**480,539**	**25,984,450**	**25,984,450**
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				480,539	-5,000,000			-9,240	-480,539	-5,009,240	**-5,009,240**
	7			**480,539**	**-5,000,000**			**-9,240**	**-480,539**	**-5,009,240**	**-5,009,240**
Net result for the year	8								1,421,928	1,421,928	**1,421,928**
Comprehensive result	9=7+8								941,389	941,389	**-3,587,312**
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 2013	11=6+7+8+10	**10,000,000**	**2,000,000**	**3,138,457**	**-5,000,000**	**3,065,753**	**7,627,062**	**143,937**	**1,421,928**	**22,397,138**	**22,397,138**

Reexpressed individual statement of changes in equity in 2012

Description		Equity allocated to shareholders of the parent company									
		-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	Total equity
Position at start of 2012	6	**10,000,000**	**2,000,000**	**1,274,052**		**3,065,753**	**7,627,062**	**179,179**	**1,383,867**	**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	-5,000,000			-26,002	-1,383,867	-5,026,002	**-5,026,002**
	7			**1,383,867**	**-5,000,000**			**-26,002**	**-1,383,867**	**-5,026,002**	**-5,026,002**
Net result for the year	8								480,539	480,539	**480,539**
Comprehensive result	9=7+8								-903,328	-903,328	**-4,545,463**
Operations with shareholders in the year											
Share capital up											
Issue premiums											
Distributions											
Contributions to cover losses											
Other operations											
	10										
Position at the end of 2012	**11=6+7+8+10**	**10,000,000**	**2,000,000**	**2,657,918**	**-5,000,000**	**3,065,753**	**7,627,062**	**153,177**	**480,539**	**20,984,450**	**20,984,450**

Notes to the financial statements – individual accounts

1. Information

1.1 Identification of the entity

Name of entity	Oliveira & Irmão, SA
Registered office	Travessa do Milão, Esgueira, Aveiro, Portugal
Taxpayer no.	500 578 737
Nature of business:	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. 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; those contracts expired 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 2013 are comparable with those used in preparing the financial statements as at 31 December 2012.

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:

ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS (NCRF 4)
Because of the liabilities assumed by the company in respect the subsidiary Soplasnor – Sociedade de Plásticos do Norte, SA, and as permitted by NCRF 4, in order to provide better information with regard to the assumption of the totality of commitments whose expectation of repayment is uncertain, the corresponding accounts were reexpressed. This had an impact of five million euros on equity.

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. In 2013 the net value of such assets was zero.

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.

NON-CURRENT ASSETS HELD FOR SALE (NCRF 8)

Current assets [*sic*] held for sale are moulds that have been classified as such, as they are not being recovered through continued use, but rather by way of the possible disposal that it is hoped will occur. The assets are available for immediate sale in their present condition.

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 Acqua Residence 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. It 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, although it is not the company's practice to distribute dividends, these 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.

In the context of QREN we have two further candidate projects with payment applications beginning in 2014: Aquasave and Iflush. The Aquasave project aims to find solutions that permit value creation in the context of rationalising use of drinking water, seeking to anticipate future regulatory requirements at the level of building certification. The main objective of the Iflush project is to develop three autonomous and innovative systems to be applied in flush toilets that will make it possible to actuate, illuminate and create an ambience in the rooms in which the toilets are installed.

These grants are treated as operating subsidies as they fund expenditure in relation to research into these new products.

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.

We currently have one repayable loan granted in the context of financial incentives under the QREN scheme to support internationalisation and investment costs, the benefit of which corresponds to exemption from interest.

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.

In relation to 2013 the company enjoys tax deductions in connection with fiscal incentives that apply at the level of corporate income tax (Portuguese abbreviation: IRC), namely the System of Tax Incentives for Corporate Research and Development (Portuguese abbreviation: SIFIDE) and Extraordinary Investment Tax Credit (Portuguese abbreviation: CFEI). This means that current tax consists of payment of autonomous taxation and municipal corporate income tax.

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 NCRF 27, 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 **- t**he 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

Description	Opening balance	Debits	Credits	Closing balance
Cash	4,164	13,458,058	13,456,625	5,597
Demand deposits	532,723	177,324,925	177,503,491	354,157
Total cash and bank deposits	**536,887**	**190,782,983**	**190,960,116**	**359,754**

5. Related parties

5.1 –Parent company and subsidiaries

Transactions between related parties were as follows:

RELATED ENTITIES

Description		2013				
		Sales/ services	Purchases	Balances receivable	Balances payable	Loans in the year
Subsidiaries	Moldaveiro-Moldes, LDA	53,510	1,123,686	3,355	859,295	
	Soplasnor – Soc. Plásticos do Norte, SA	64,968	12,448			308,000
	Nuno & Gradeço – Mat. Construção, SA	5,097,591	529,845	773,981	82,818	
	Oli, SRL					
Total		**5,216,069**	**1,665,978**	**777,336**	**942,113**	**308,000**

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

Description	Registered office	2013			
		Share capital held	Share capital	Equity	Net result
Moldaveiro-Moldes, LDA	Travessa do Milão, Esgueira – Aveiro	83.00 %	500,000	1,117,170	163,665
Soplasnor – Soc. Plásticos do Norte, SA	Rua das Poças, Lavra – Porto	79.90 %	6,800,000	-5,140,326	-1,415,270
Nuno & Gradeço – Mat. Construção, SA	Paraimo – Sangalhos	99.07 %	1,500,000	331,782	-73,184
Oli, SRL	Piani di Mura 25070 Casto (BS) - Italy	99.00 %	1,000,000	4,903,605	491,797

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	Piani di Mura 25070 Casto (BS) - Italy	99.00%	1,000,000	4,411,808	118,329

FINANCIAL INVESTMENTS

Description	Opening balance	Variation		Closing balance
		Debit	Credit	
Moldaveiro-Moldes, LDA	791,410	135,842		927,251
Soplasnor – Soc. Plásticos do Norte, SA	4,454,500	465,500	157,500	4,762,500
Nuno & Gradeço – Mat. Construção, SA	401,170		72,504	328,666
Oli, SRL	4,367,690	486,879		4,854,569
Total	**10,014,770**	**1,088,221**	**230,004**	**10,872,986**

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 2013 and 2012 was as follows:

REMUNERATION OF GOVERNANCE INSTITUTIONS

Description	2013	2012
Board of Directors – Oliveira & Irmão, SA	474,720	538,014
Total	**474,720**	**538,014**

6. Intangible assets

The breakdown of intangible assets is as follows:

BOOK VALUE OF INTANGIBLE FIXED ASSETS AND CHANGES IN 2013

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	393,951	1,214,814		1,608,766
Opening net book value (7=4-5-6)	**12,667**	**1,888**		**14,555**
Changes in the year (8=8.1-8.2+8.3+8.4+8.5+8.6)	**-12,667**	**-1,888**		**-14,555**
Total decreases	**12,667**	**1,888**		**14,555**
Depreciation	12,667	1,888		14,555
Closing net book value (9=7+8)				**0**

BOOK VALUE OF INTANGIBLE FIXED ASSETS AND CHANGES IN 2012

Description	Development projects	Industrial property	Intangible assets in progress	Total
With finite useful life: Opening gross book value Opening accumulated depreciation	 406,618 351,760	 1,216,703 1,198,613		 1,623,321 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**

7. Tangible fixed assets

7.1 Disclosures on tangible fixed assets

BOOK VALUE OF TANGIBLE FIXED ASSETS AND CHANGES IN 2013

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	6,723,810	14,833,481	28,555,122	1,093,087	1,809,785	1,698,239	1,667,591	56,381,117
Opening accumulated depreciation		6,874,481	22,843,960	897,638	1,628,497	1,669,453		33,914,029
Opening net book value (4=1-2-3)	**6,723,810**	**7,959,000**	**5,711,163**	**195,449**	**181,288**	**28,787**	**1,667,591**	**22,467,088**
Changes in the year (5= 5.1-5.2+5.3+5.4+5.5+5.6)	**104,467**	**-649,879**	**-493,855**	**-38,240**	**20,732**	**-13,102**	**950,094**	**-119,784**
Total increases	**104,467**		**156,801**	**69,826**	**92,022**	**467**	**2,137,400**	**2,560,982**
Acquisitions	104,467		156,801	69,826	92,022	467	2,137,400	2,560,982
Total decreases		**713,092**	**1,531,638**	**108,065**	**102,092**	**13,569**		**2,468,457**
Depreciation		713,092	1,481,296	32,013	-226,380	10,237		2,010,258
Disposals			33,322	76,053				109,375
Write-offs			17,020		328,472	3,333		348,825
Other								
Reversal of impairment losses								
Transfers of TFA in progress		63,213	912,435		30,802		-1,006,449	
Transfers from/to non-current assets held for sale			-34,350					-34,350
Other transfers			2,897				-180,856	-177,959
Closing net book value (6=4+5)	**6,828,277**	**7,309,121**	**5,217,308**	**157,210**	**202,020**	**15,684**	**2,617,686**	**22,347,305**

BOOK VALUE OF TANGIBLE FIXED ASSETS AND CHANGES IN 2012

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	6,723,810	14,372,720	27,058,714	1,105,060	1,742,985	1,674,495	1,099,810	53,777,593
Opening accumulated depreciation		6,180,852	21,331,048	874,716	1,624,969	1,656,489		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
Impairment losses								
Disposals			46,518	44,925				91,443
Write-offs			739	65,547	90,403			156,689
Reversal of impairment losses								
Transfers of TFA in progress		397,203	1,512,892		66,131		-1,976,227	
Transfers from/to non-current assets held for sale								
Other transfers								
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**

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

BOOK VALUE OF REVALUATION SURPLUSES AND CHANGES IN 2013

Description	Legal Revaluation Reserves		Free Revaluation Reserves		Total
	Unrealised	Realised	Unrealised	Realised	
Value of revaluation surplus at start of period	132,131	29,961	7,066,245	398,723	7,627,062
Increases					
Depreciation	-12,957	-12,957	-199,362	199,362	
Impairment losses					
Disposals					
Write-offs					
Other					
Value of revaluation surplus at end of period	**119,175**	**42,918**	**6,866,884**	**598,085**	**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		Description	Acquisition value	Current Financial Leases Lessor	Contract ID	Period of lease Start	Finish	2013 Net book value of leased assets	2012 Net book value of leased assets
Tangible fixed assets	Leasing	Audi A6	73,402	CGD LEASING	CT 342184	10-07-2008	10-07-2013		8,936
	Leasing	VW Passat	30,846	CGD LEASING	CT 349341	20-04-2009	20-04-2013		2,580
	Leasing	VW Passat	35,000	CGD LEASING	CT 1000 47086	20-03-2011	20-03-2015	11,212	19,901
	Leasing	VW Sharan	39,500	CGD LEASING	CT 1000 49547	20-05-2011	20-05-2015		24,127
	Leasing	Prensa	281,500	CGD LEASING	CT 1000 51140	20-07-2011	20-07-2016	151,458	205,249
	Leasing	VW Sharan	31,500	CGD LEASING	CT 1000 53191	20-10-2011	20-10-2016	14,848	22,447
	Subtotal		**491,747**					**177,518**	**283,240**
Tangible fixed assets	Leasing	IT equipmt.	175,000	BARCLAYS	CT 08.1.4489	21-07-2008	21-07-2013		21,374
	Subtotal		**175,000**						**21,374**
Tangible fixed assets	Leasing	VW Golf	26,400	BBVA	CT 15393708	21-06-2010	21-06-2014	3,899	10,544
	Leasing	Industrial equipmt.	170,000	BBVA	CT 153.93757	06-08-2010	06-08-2013		36,360
	Subtotal		**196,400**					**3,899**	**46,904**
Tangible fixed assets	Leasing	IT equipmt.	154,104	BNP PARIBAS	CT 31200166	07-06-2012	07-06-2017	89,986	112,263
	Subtotal		**154,104**					**89,986**	**112,263**
Tangible fixed assets	Leasing	Industrial equipmt.	344,751	BPI	CT 10026263	05-08-2012	05-08-2017	293,274	344,751
	Leasing	VW Passat	35,500	BPI	CT 12605 31800	25-12-2012	20-12-2017	28,412	34,864
	Leasing	VW Sharan	40,000	BPI	CT 13601 60200	25-04-2013	25-04-2018	34,466	
	Subtotal		**420,251**					**356,153**	**379,615**
Total			**1,437,502**					**627,556**	**843,396**

8.2 The amounts recognised in these assets are as follows:

Description	Financial leases	
	Tangible fixed assets	Total
Opening gross book value	935,736	935,736
Accumulated depreciation/amortisation	267,665	267,665
Closing net book value (4=1-2-3)	**668,070**	**668,070**
Total minimum future payments on the lease as at the balance sheet date (5=5.1+5.2+5.3)	**627,556**	**627,556**
Up to one year	185,533	185,533
One to five years	442,023	442,023

9 – Borrowing costs

9.1 Information regarding general loans:

TYPE OF FINANCING

Description	31-12-2013			31-12-2012		
	Short-term	Medium- and long-term	Total	Short-term	Medium- and long-term	Total
Overdraft				12		12
Secured current account	16,678		16,678			
Commercial paper programme	1,750,000	3,500,000	5,250,000	1,500,000	4,500,000	6,000,000
Medium- and long-term	2,771,889	6,941,330	9,713,219	3,997,272	5,360,793	9,358,065
Leasing	185,533	442,023	627,556	236,376	607,020	843,396
Discounting of bills				3,272		3,272
Discounting of remittances	172,595		172,595	473,202		473,202
FEDER – Candidature no. 27024		313,483	313,483			
Total	**4,896,695**	**11,196,836**	**16,093,530**	**6,210,134**	**10,467,813**	**16,677,947**

10 – Subsidies

Information regarding subsidies

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.

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	4,156	17,987	22,143
	IEFP - Employment and Vocational Training Institute	Training measure / programme	IEFP	Financial	Non-repayable	01-01-2013	31-12-2013	9,331		9,331
	Dosing-Research	Incentive system for technological R&D	European Social Fund	Financial	Non-repayable	01-09-2011	05-07-2013	68,765	6,674	75,439
	Subtotal							**82,251**	**24,661**	**106,913**
Repayable	ICEP*	POE** SIME***	ICEP Portugal	Financial	Repayable and non-repayable	07-01-2002	31-12-2004	2,012,215		2,012,215
	FEDER – European Regional Development Fund	System of Incentives for Innovation	External Trade and Investment Agency	Financial	Repayable, interest-free	05-05-2012	30-04-2015	313,483		313,483
	Subtotal							**2,325,698**		**2,325,698**
Total								**2,407,949**	**24,661**	**2,432,611**

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11 – Shareholdings

11.1 Information regarding shareholdings

SHAREHOLDINGS

Description	Investments in subsidiaries	Total
Equity method: Opening gross book value	10,014,770	10,014,770
Opening net book value (4=1-2+3)	**10,014,770**	**10,014,770**
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)	**858,217**	**858,217**
Effects arising from loans granted Impairment losses Other changes in the year	308,000 550,217	308,000 550,217
Closing net book value (6=4+5)	**10,872,986**	**10,872,986**
Other methods Opening gross book value	40,020	40,020
Opening net book value (10=7-8+9)	**40,020**	**40,020**
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)		
Other acquisitions Other changes in the year		
Closing net book value (12=10+11)	**40,020**	**40,020**

The impairment loss recorded refers to the subsidiary Soplasnor – Sociedade de Plásticos do Norte, SA, and relates, as stated above, to commitments assumed by the company, the expectation of repayment of which is uncertain.

12- Inventories

The breakdown of inventories is as follows:

Description	31-12-2013 Gross value	31-12-2013 Impairment losses	31-12-2013 Net value	31-12-2012 Gross value	31-12-2012 Impairment losses	31-12-2012 Net value
Goods	2,520,806		2,520,806	2,699,461		2,699,461
Raw and secondary materials, consumables	2,042,727	57,362	1,985,365	1,895,232	57,362	1,837,870
Finished and intermediate products	3,053,064		3,053,064	2,993,524		2,993,524
Advance on account of purchases				10,746		10,746
Total	**7,616,597**	**57,362**	**7,559,235**	**7,598,963**	**57,362**	**7,541,601**

Cost of goods sold and materials consumed was as follows:

Description	31-12-2013 Goods	31-12-2013 Raw and sec. mats., consumables	31-12-2013 Total	31-12-2012 Goods	31-12-2012 Raw and sec. mats., consumables	31-12-2012 Total
Opening inventories	2,699,461	1,895,232	4,594,693	2,742,572	1,806,904	4,549,476
Purchases	3,305,594	17,892,153	21,197,747	3,020,214	18,974,192	21,994,406
Reclassification and regularisation of inventories	77,052	32,652	109,704	72,401	36,190	108,591
Closing inventories	2,399,963	2,042,727	4,442,690	2,699,461	1,895,232	4,594,693
Cost of goods sold and materials consumed (5=1+2+3-4)	**3,528,040**	**17,712,006**	**21,240,046**	**2,990,924**	**18,849,674**	**21,840,598**
Accumulated impairment losses/ adjustments to inventories		57,362	57,362		57,362	57,362

The change in production inventories was as follows:

Description	31-12-2013 Finished and intermed. products	31-12-2013 By-products, waste and scrap	31-12-2013 Products and work in progress	31-12-2012 Finished and intermed. products	31-12-2012 By-products, waste and scrap	31-12-2012 Products and work in progress
Closing inventories	3,053,064			2,993,524		
Reclassification and regularisation of inventories	32,575			26,191		
Opening inventories	2,993,524			4,188,068		
Change in production inventories (4=1+2-3)	**92,115**			**-1,168,353**		

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.

Description	Customer guarantees	Total
Opening book value	57,368	57,368
Changes in the year (2=2.1-2.2)	**-30,563**	**-30,563**
Total increases	50,147	50,147
Increase	50,147	50,147
Total decreases	80,710	80,710
Use	57,368	57,368
Reversal	23,342	23,342
Book value for the year (3=1+2)	**26,805**	**26,805**
Closing book value	**50,147**	**50,147**

14. Revenue

The following table shows details of revenues and other income:

REVENUES AND OTHER INCOME RECOGNISED IN THE YEAR

Description	31-12-2013	31-12-2012
Sales of goods	**40,069,862**	**43,315,734**
Provision of services	**6,511**	**6,195**
Subsidies	**106,913**	**113,798**
Other income and gains	**1,518,871**	**1,497,758**
Supplementary income	879,320	1,279,857
Debited transport	574,355	839, 518
Accessory services	2,400	2,400
Rentals	124,420	118,500
Moulds – customer contribution	80,437	231,800
Other	97,709	87,639
Prompt payment discounts obtained	4,670	7,899
Recovery receivables	12,160	4,201
Income and gains in subsidiaries	622,721	205,801
Income and gains on other financial assets	**12,043**	**34,098**
Income and gains on non-financial investments	**20,807**	**26,455**
Other	**159,748**	**135,142**
Corrections previous years	59,955	1,485
Excess estimate	4,576	24,721
Allocation of investment subsidies	9,240	26,002
Gains on other financial instruments	250	6,778
Other	85,727	76,157
Income and gains from financing	**624**	**1,728**
Interest obtained	624	1,728
Total	**41,895,377**	**45,130,908**

15. Exchange rate differences

EFFECTS OF CHANGES IN EXCHANGE RATES

Description	31-12-2013	31-12-2012
Exchange rate differences		
Recognised in results for the year		
Unfavourable exchange rate differences	5,153	45,392
Favourable exchange rate differences	11,997	34,098

16. Income taxes

BOOK VALUE OF INCOME TAX

Description	31-12-2013	31-12-2012
(Pre-tax) book result for the year	1,425,416	654,123
Current tax	77,197	247,292
Deferred tax	-73,709	-73,708
Income tax for the year (4=2+3)	**3,488**	**173,584**
Autonomous taxation	58,177	64,475

17. Financial instruments

17.1 The breakdown of third party values is as follows:

BOOK VALUE AND CHANGE IN THE YEAR

Description	31-12-2013	31-12-2012
Customers	**7,511,758**	**8,034,896**
Current account	7,320,825	7,796,430
Instruments receivable	179,264	227,028
Doubtful debts	360,536	324,442
Impairments	-348,866	-313,004
Customer advances	**284,116**	
Suppliers	**7,367,822**	**8,190,907**
Advances to suppliers	**134,382**	
Other accounts payable	**2,766,583**	**2,885,266**
Staff	2,752	1,856
Suppliers investments	1,029,649	1,019,961
Creditors for accrued costs – interest	58,419	88,682
Creditors for accrued costs – insurance	11,276	16,704
Creditors for accrued costs – holidays and holiday bonuses	1,160,129	1,167,898
Creditors for accrued costs – commissions	35,611	
Creditors for accrued costs – other	464,042	381,017
Other creditors	4,705	209,147
Other accounts receivable	**236,351**	**339,317**
Staff	28,638	24,711
Debtors for accrued income – subsidies	64,182	97,256
Debtors for accrued income – other	55,264	122,043
Other debtors	88,268	95,307
Total	**18,301,012**	**19,450,386**

17.2 State and other public bodies:

BOOK VALUE AND CHANGE IN THE YEAR

Description	31-12-2013 Current	31-12-2013 Non-current	31-12-2013 Total	31-12-2012 Current	31-12-2012 Non-current	31-12-2012 Total
State and other public bodies						
Assets						
Income tax	353,768		353,768	407,131		407,131
Value added tax	411,363		411,363	595,107		595,107
Total	**765,131**		**765,131**	**1,002,139**		**1,002,139**
Liabilities						
Income tax	77,197		77,197	247,292		247,292
Retention of income tax	91,476		91,476	75,583		75,583
Other taxes				15		15
Social security contributions	151,336		151,336	148,241		148,241
Total	**320,009**		**320,009**	**471,131**		**471,131**

17.3. Deferrals

BOOK VALUE AND CHANGE IN THE YEAR

Description	31-12-2013 Current	31-12-2013 Non-current	31-12-2013 Total	31-12-2012 Current	31-12-2012 Non-current	31-12-2012 Total
Deferrals						
Assets						
Costs to be recognised – interest	43,477		43,477	70,283		70,283
Costs to be recognised – insurance	6,963		6,963	7,053		7,053
Costs to be recognised – other	90,308		90,308	13,044		13,044
Total	**140,748**		**140,748**	**90,380**		**90,380**
Liabilities						
Income to be recognised – other	97,750		97,750	130,801		130,801
Total	**97,750**		**97,750**	**130,801**		**130,801**

17.4. Financial assets and liabilities

INFORMATION REGARDING FINANCIAL ASSETS AND LIABILITIES

Description	Measured at fair value through results	Measured costs	Accumulated impairment
Financial assets:			
Customers		7,511,758	348,866
Advances to suppliers		134,382	
Other accounts receivable		236,351	
Financial liabilities:			
Suppliers		7,367,822	
Customer advances		284,116	
Financing obtained		16,093,530	
Other accounts payable		2,766,583	

17.5 Cash

BOOK VALUE AND CHANGE IN THE YEAR

Description	31-12-2013	31-12-2012
Cash and bank deposits		
Assets		
Cash	5,597	4,164
Demand deposits	354,157	322,723
Other bank deposits		210,000
Total	**359,754**	**536,887**
Liabilities		
Demand deposits		12
Total		**12**

17.6. Financing

BOOK VALUE AND CHANGE IN THE YEAR

Description	31-12-2013			31-12-2012		
	Current	Non-current	Total	Current	Non-current	Total
Financing obtained						
Credit institutions and financial companies	4,896,694	10,883,354	15,780,048	6,210,134	10,467,813	16,677,947
Securities market						
Shareholders						
Subsidiaries, associated companies and joint ventures						
Other sources of financing		313,483				
Total	**4,896,694**	**11,196,836**	**16,093,531**	**6,210,134**	**10,467,813**	**16,677,947**

17.7. Equity

BOOK VALUE AND CHANGE IN THE YEAR

Description	31-12-2013	31-12-2012
Equity		
Share capital	10,000,000	10,000,000
Legal reserves	2,000,000	2,000,000
Other reserves	3,138,457	2,657,918
Retained earnings	-5,000,000	-5,000,000
Adjustments to financial assets	3,065,753	3,065,753
Revaluation surpluses	7,627,062	7,627,062
Other changes in equity	143,197	153,177
Net result for the year	1,421,928	480,539
Total	**22,397,138**	**20,984,450**

BOOK VALUE AND CHANGE IN THE PREVIOUS YEAR

Description	31-12-2012 Reexpressed	31-12-2012
Equity		
Share capital	10,000,000	10,000,000
Legal reserves	2,000,000	2,000,000
Other reserves	2,657,918	2,657,918
Retained earnings	-5,000,000	
Adjustments to financial assets	3,065,753	3,065,753
Revaluation surpluses	7,627,062	7,627,062
Other changes in equity	153,177	153,177
Net result for the year	480,539	480,539
Total	**20,984,450**	**25,984,450**

The impairment loss recorded refers to the subsidiary Soplasnor – Sociedade de Plásticos do Norte, SA, and relates, as stated above, to commitments assumed by the company, the expectation of repayment of which is uncertain.

17.8 Other debt instruments

BOOK VALUE OF OTHER DEBT INSTRUMENTS

Description		31-12-2013 Notional value	31-12-2013 Fixed rate	31-12-2013 Fair value	31-12-2012 Notional value	31-12-2012 Fixed rate	31-12-2012 Fair value
Interest rate risk on debt instruments measured at amortised cost	SWAP contract 2				2,500,000	3.75%	-22,705
	SWAP contract 6				5,000,000	5.15%	-188,129
	Total				**7,500,000**		**-210,834**

17.9. Disclosure of information on impairments

IMPAIRMENT LOSSES ON FINANCIAL ASSETS AT COST

Description	Impairment losses in the year	Reversals of impairment losses	Accumulated
Customer receivables	48,700		348,866
Inventories – raw materials			57,362
Total	**48,700**		**406,288**

17.10. Information on doubtful debts

DEBTS RECORDED AS DOUBTFUL

Description	Value
In relation to company insolvency or recovery proceedings or enforcement proceedings	
Claimed judicially	146,273
Past due:	**202,593**
For more than twenty-four months	177,126
For between eighteen and twenty-four months	5,051
For between twelve and eighteen months	11,085
For between six and twelve months	
For up to six months	9,331
Total	**348,866**

18. Disclosure of information on external supplies and services

EXTERNAL SUPPLIES AND SERVICES

Description	31-12-2013	31-12-2012
Subcontracts	**210,157**	**217,768**
Specialist work	808,205	618,468
Advertising and publicity	238,462	273,643
Surveillance and security	77,200	80,718
Fees	67,810	99,714
Commissions	309,726	554,536
Maintenance and repair	738,172	840,190
Other	270,757	165,772
Total specialist services	**2,510,332**	**2,633,041**
Short-lived tools and utensils	99,242	110,932
Technical books and documentation	1,250	929
Office materials	12,824	20,558
Gift items	42,848	45,758
Other	3,602	2,101
Total materials	**159,765**	**180,278**
Electricity	800,188	893,348
Fuels	82,495	91,213
Water	24,310	14,486
Other	443	576
Total energy and fluids	**907,436**	**999,623**
Travel and accommodation	412,558	335,990
Goods transport	2,040,866	2,387,003
Total travel, accommodation and transport	**2,453,424**	**2,722,994**
Hire and rental charges	29,092	18,934
Communication	74,252	75,601
Insurance	200,999	175,740
Royalties	132	473
Litigation and notaries	5,730	105,919
Representation costs	229,252	332,492
Cleaning, hygiene and comfort	77,129	76,145
Other services	12,973	11,985
Total sundry services	**629,559**	**797,289**
Total external supplies and services	**6,861,674**	**7,550,992**

19. Disclosure of information on staff costs

EMPLOYEE NUMBERS AND HOURS WORKED

Description	Average number of employees	Number of hours
Paid and unpaid employees of the company:		
Paid employees of the company	354	800,572
Unpaid employees of the company		
Company employees, by hours worked:		
Full-time company employees	354	800,572
Of whom: paid full-time company employees	354	800,572
Part-time company employees		
Of whom: paid part-time company employees		
Company employees, by sex		
Men	163	378,804
Women	191	421,768
Company employees, of whom:		
Company employees assigned to research and development	22	
Service providers	23	
Staff placed through temporary employment agencies	36	

STAFF COSTS

Description	31-12-2013	31-12-2012
Staff costs	**8,087,034**	**8,342,971**
Remuneration of governance institutions	474,720	538,014
Of which: profit-sharing	191,029	77,055
Staff wages	5,616,984	5,500,761
Charges on wages	1,259,429	1,241,781
Worker compensation and occupational health insurance	67,226	67,713
Social action costs	81,230	66,420
Other staff costs	587,445	928,281
Of which:		
Training costs	54,067	51,827

20. Disclosure of information on income and gains

OTHER INCOME AND GAINS

Description	31-12-2013	31-12-2012
Supplementary income	879,320	1,279,857
Prompt payment discounts obtained	4,670	7,899
Recovery receivables	12,160	4,201
Income and gains on other financial assets	12,043	34,098
Income and gains on non-financial investments	20,807	26,455
Other	159,748	135,142
Interest obtained	624	1,728
Total other income and gains	**1,089,372**	**1,489,380**

21. Disclosure of information on other costs and losses

OTHER COSTS AND LOSSES

Description	31-12-2013	31-12-2012
Taxes	63,301	65,764
Prompt payment discounts granted	270,179	287,934
Uncollectible debts	30,570	52,694
Losses on inventories	46,873	59,001
Costs and losses in non-financial investments		4,214
Other		
Corrections in relation to previous years	23,941	71,480
Donations	46,461	24,782
Subscriptions	8.810	10,010
Gifts and stock samples	27,532	30,914
Shortfall of tax estimate	56,332	158,619
Other	48,230	125,225
Total other costs and losses	**622,231**	**890,636**

22. Disclosure of information on interest and similar costs

INTEREST AND SIMILAR COSTS

Description	31-12-2013	31-12-2012
Interest paid	1,157,744	1,415,018
Total interest and similar costs	**1,157,744**	**1,415,018**

23. Disclosure of information on depreciation costs

DEPRECIATION AND AMORTISATION COSTS/REVERSALS

Description	31-12-2013	31-12-2012
Tangible fixed assets	**2,430,784**	**2,532,847**
Buildings	713,092	693,629
Basic equipment	1,514,538	1,610,134
Transport equipment	87,493	123,218
Office equipment	102,092	92,902
Other tangible fixed assets	13,569	12,964
Intangible assets	**14,555**	**58,392**
Development projects	12,667	42,191
Industrial property	1,888	16,201
Total depreciation and amortisation costs	**2,445,339**	**2,591,239**

24. Disclosures required by legislation

Decree 208/2007 of 16 February, creating the Simplified Corporate Information (Portuguese abbreviation: IES) requires disclosure of the following information:

INFORMATION BY GEOGRAPHICAL MARKETS – 2013

Description	Domestic	Community	Extra-Community	**Total**
Sales	9,400,822	22,248,765	8,420,275	**40,069,862**
Service provisions	6,571			**6,571**
Purchases	11,773,303	8,918,294	506,149	**21,197,747**
External supplies and services	5,459,710	1,255,783	146,181	**6,861,674**
Purchases of tangible fixed assets	2,391,065	-10,832		**2,380,234**
Other supplementary income	104,532	629,400	145,389	**879,320**

INFORMATION BY GEOGRAPHICAL MARKETS – 2012

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 ECONOMIC ACTIVITIES – 2013

	EAC – 22230	EAC – 46740	EAC – 41100	Total
Sales	**35,315,572**	**4,529,290**	**225,000**	**40,069,862**
Goods		4,529,290		4,529,290
Finished and intermediate products, by-products, waste and scrap	35,315,572		225,000	35,540,572
Biological assets		**6,571**		**6,571**
Service provisions	**17,892,153**	**3,305,594**		**21,197,747**
Purchases	**5,859,814**	**957,460**	**44,400**	**6,861,674**
External supplies and services	**17,712,006**	**3,528,040**		**21,240,046**
Cost of goods sold and materials consumed		3,528,040		3,528,040
Goods	17,712,006			17,712,006
Raw and secondary materials, consumables				
Biological assets				
Change in production inventories	**229,294**		**-137,179**	**92,115**
Average number of employees	292	62		354
Staff costs	**6,780,484**	**1,306,550**		**8,087,034**
Wages	5,051,805	1,039,899		6,091,704
Other (including pensions)	1,728,680	266,650		1,995,330
Tangible fixed assets				
Closing net book value	19,086,434	3,260,871		22,347,305
Total purchases	2,265,665	114,568		2,380,234
Of which: in buildings and other structures	483,275	61,981		545,257
Additions in the year to assets in progress	1,885,642	70,902		1,956,543

INFORMATION BY ECONOMIC ACTIVITIES – 2012

	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		**6,195**		**6,195**
Service provisions	**18,974,192**	**2,885,106**	**135,108**	**21,994,406**
Purchases	**6,491,628**	**1,007,648**	**51,716**	**7,550,992**
External supplies and services	**18,849,674**	**2,990,924**		**21,840,598**
Cost of goods sold and materials consumed		2,990,924		2,990,924
Goods	18,849,674			18,849,674
Raw and secondary materials, consumables				
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

Article 66 of the Companies Code requires disclosure of services provided by the statutory auditor.

FEES INVOICED

Description	2013	2012
Statutory audit	12,600	12,600
Other services	2,250	300
Total	**14,850**	**12,900**

25. Information on guarantees given

GUARANTEES GIVEN

Description	Beneficiary	Amount
Caixa Geral de Depósitos	APCMC*	16,000
Total		**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 2013.

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, 7 May 2014

THE AUDIT COMMITTEE
[*signature*]
Dr António Maria Antas Teles - CHAIRMAN
[*signature*]
Mr José Luís Azevedo Cacho - MEMBER
[*signature*]
Dr José Davide Teixeira Cerqueira (SA no. 1586) – MEMBER AND STATUTORY AUDITOR

V. Legal Certification of Accounts – individual accounts

CARMO & CERQUEIRA
Statutory Audit Company

LEGAL CERTIFICATION OF ACCOUNTS

INTRODUCTION

1. We have audited the financial statements of **OLIVEIRA & IRMÃO, S.A.**, which consist of the balance sheet as at 31 December 2013 (which shows a total of 50,002,019 euros and total equity of 22,397,138 euros, including a net result of 1,421,928 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 financial statements that present a true and fair picture of the company's financial position, the result 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.

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 2013, and the result of its operations in the year ended on that date, in conformity with the accounting principles generally accepted in Portugal.

EMPHASIS OF MATTER

8. Without affecting the opinion expressed in paragraph no. 7 above, we draw attention to the reexpression of accounts resulting from adjustment of the subsidiary Soplasnor – Sociedade de Plástico do Norte, S.A., with an impact of five million euros on equity, as disclosed in notes 3.1, 11.1 and 17.7 of the notes to accounts.

REPORT ON OTHER LEGAL REQUIREMENTS

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

Porto, 7 May 2014

CARMO & CERQUEIRA, SROC, LDA.
Represented by
[*signature*]
José Davide Cerqueira, statutory auditor no. 1586

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 2013.

The consolidated financial statements of Oliveira & Irmão, S.A., for 2013 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. Since mid-2013 the company has succeeded in generating income from its building, by letting it as storage for third companies.

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 5.9% in 2013, to a total of 46,334,509 euros. This decrease essentially reflected the performance of Oliveira & Irmão and Nuno & Gradeço.

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

- Consolidated net result fell from €216,806 to €108,789. This decrease was due above all to the decrease in the result of Soplasnor, as a consequence of the capital loss on the sale of its tangible fixed assets.
- A 23.9% decrease in cash flow, to €2,606,788. Despite this decrease, 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 14.9%, to €4,560,036.
- Consolidated net bank debt was reduced by €1,913,901, to €18,500,639.
- Consolidated financial autonomy increased slightly, from 38.4% to39.6%

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 objects 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.

This company's sales increased by 7.4%, to €11,335,288. In terms of net results, there was an improvement relative to 2012. The net result was €491,797.

Moldaveiro

This company continues to work for the most part for the parent company.
Turnover in 2013 was €1,570,037. Net result was €163,665.

Soplasnor

Liquidation of the company's assets (basic equipment and stock) was all but completed in 2013, with the exception of real estate. Soplasnor had a negative net result of €-1,374,526, reflecting capital losses on the sale of equipment and maintenance and security costs associated with buildings.

At the moment the Soplasnor building is let; it is used essentially for storage and distribution of sporting goods. We hope to continue to generate income from the property in this way, while continuing to seek a party interested in purchasing it.

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. At the moment the company is awaiting a decision from the Coimbra Court of Appeal so that it can finally complete its liquidation.

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 (not only in terms of price, but particularly in terms of 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, 30 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 31.12.2013 and 31.12.2012

Item	Notes	Date 31.12.2013	31.12.2012
Assets			
Non-current assets			
Tangible fixed assets	7	31,562,807	26,614,354
Intangible assets	6	50,487	69,245
Shareholdings – equity method	5	708	53,487
Shareholdings – other methods		41,569	54,169
		31,655,569	**26,791,255**
Current assets			
Inventories		9,105,889	8,992,435
Customers	10	12,553,886	13,249,928
Advances to suppliers	17	134,382	10,006
State and other public entities		957,266	1,243, 544
Other accounts receivable		441,184	633,307
Deferrals	17	137,673	65,224
Financial assets held for trading	17		14,751
Non-current assets held for sale	17	109,225	7,112,036
Cash and bank deposits	4	1,425,973	1,126,046
		24,865,477	**32,447,277**
Total assets		**56,521,047**	**59,238,532**
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	2,261,737	2,255,879
Other reserves	17	7,001,253	6,320,771
Retained earnings	17	-4,224,765	-3,423,143
Revaluation surpluses	17; 7	7,627,062	7,627,062
Other changes in equity	17	143,937	153,177
Consolidated net result for the year	17	361,908	268,772
Minority interests	17	-794,662	-463,322
Total equity		**22,381,122**	**22,743,849**
Liabilities			
Non-current liabilities			
Provisions		230,907	206,995
Financing obtained	8; 9	11,196,836	10,528,697
Deferred tax liabilities		959,591	1,034,061
		12,387,334	**11,769,753**
Current liabilities			
Suppliers		8,863,144	9,626,457
Customer advances	17	284,116	10,006
State and other public entities		837,070	740,647
Financing obtained		8,729,776	11,011,888
Other accounts payable	8; 9	2,923,874	3,190,462
Deferrals	17	114,611	145,468
	17	**21,752,591**	**24,724,929**
Total liabilities		**34,139,924**	**36,494,683**
Total equity and liabilities		**56,521,047**	**59,238,532**

Chartered Accountant

Board of Directors

Consolidated income statement by nature for the years ended 31.12.2013 and 31.12.2012

Income and Costs	Notes	Year 2013	2012
Sales and services provided	20	46,334,509	49,216,544
Operating subsidies	13	112,445	123,227
Gains/Losses in subsidiaries, associated companies and joint	17	12	4,299
ventures	11	505	-1,201,917
Variation in production inventories		850,153	922,223
Work for the entity itself	11	-23,648,006	-24,045,065
Cost of goods sold and materials consumed	20	-8,490,257	-9,306,967
External supplies and services	5	-10,541,205	-10,910,323
Staff costs	10	467,435	-68,267
Impairment of inventories (losses/reversals)	17	-36,478	-193,355
Impairment of debts receivable (losses/reversals)	17	-57,755	-57,368
Provisions (increases/decreases)		-5,000	
Impairment of non-depreciable investments (losses/reversals)	17		551
Fair value increases/decreases	12	1,725,035	2,240,193
Other income and gains	14; 18	-2,151,356	-1,363,033
Other costs and losses			
Earnings before interest, taxes, depreciation and amortisation		**4,560,036**	**5,360,741**
Costs/reversals of depreciation and amortisation	6; 7	-2,866,202	-2,889,459
Operating result (before interest and tax)		**1,693,834**	**2,471,282**
Interest and similar costs paid	16; 19	-1,206,571	-1,852,847
Pre-tax result		**487,263**	**618,435**
Income tax for the year	15	-378,475	-401,630
Net result for the year		**108,789**	**216,806**
Net result for the year attributable to:			
Shareholders of the parent company	17	361,908	268,772
Minority interests		-253,119	-51,967
		108,789	**216,806**
Basic earnings per share		**0.22**	**0.43**

Chartered Accountant

Board of Directors

Consolidated cash flow statement for the years ended 31.12.2013 and 31.12.2012

Item	Year 2013	Year 2012
Cash flow from operational activities – direct method		
Receipts from customers	51,560,424	54,521,606
Payments to suppliers	-35,746,642	-37,325,720
Payments to staff	-9,587,409	-10,023,190
Cash generated by operations	6,226,373	7,172,696
Payment/receipt of income tax	-427,730	-792,487
Other receipts/payments	-2,184,884	-2,897,413
Cash flow from operational activities (1)	**3,613,759**	**3,482,796**
Cash flow from investment activities		
Payments in respect of:		
Tangible fixed assets	-1,798,286	-3,087,605
Intangible assets		-5,046
Financial investments		-16,020
Other assets	-34,610	
Receipts from:		381,383
Tangible fixed assets	574,366	
Financial investments	60,380	
Interest and similar income	10,028	3,917
Cash flow from investment activities (2)	**-1,188,122**	**-2,723,370**
Cash flow from financing activities		
Receipts from:		
Financing obtained	5,179,080	13,024,058
Other financing operations	250	
Payments in respect of:		
Financing obtained	-6,082,510	-12,940,260
Interest and similar costs	-1,222,530	-1,471,994
Cash flow from financing activities (3)	**-2,125,710**	**-1,388,196**
Variation in cash and cash equivalents (1+2+3)	299,927	-628,770
Cash and cash equivalents at start of period	**1,126,046**	**1,754,816**
Cash and cash equivalents at end of period	**1,425,973**	**1,126,046**

Chartered Accountant

Board of Directors

Consolidated statement of changes in equity in 2013

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 surpluses	Other changes in equity	Net result for the year	Total		
POSITION AT START OF 2013	**6**		10,000,000	4,653	2,255,879	6,320,771	-3,423,143	7,627,062	153,177	268, 772	23,207,170	-463,322	22,743,849
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			5,858	680,482	-801,622		-9,240	-268,772	-393,294	-331,340	**-724,634**
	7		**7,500,000**		**5,858**	**680,482**	**-801,622**		**-9,240**	**-268,772**	**-393,295**	**-331,340**	**-724,634**
NET RESULT FOR THE YEAR	**8**									361,908	361,908		**361,908**
COMPREHENSIVE RESULT	**9=7+8**									93,136	93,136	-331,340	**-362,726**
OPERATIONS WITH SHAREHOLDERS IN THE YEAR													
	10												
POSITION AT END OF 2013	**11=6+7+8+10**		**10,000,000**	**4,653**	**2,261,737**	**7,001,253**	**-4,224,765**	**7,627,062**	**143,937**	**361,908**	**23,175,784**	**-794,662**	**22,381,122**

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 surpluses	Other changes in equity	Net result for the year	Total		
POSITION AT START OF 2012	1		10,000,000	4,653	2,252,864	5,068,854	-2,876,518	7,627,062	179,179	823,357	23,079,451	-411,355	22,668,096
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
	2				**3,015**	**1,251,917**	**-546,625**		**-26,002**	**-823,357**	**-141,053**	**-51,967**	**-193,020**
NET RESULT FOR THE YEAR	**3**									268,772	268,772		268,772
COMPREHENSIVE RESULT	**4=2+3**									-554,585	-554,585	-51,967	75,752
OPERATIONS WITH SHAREHOLDERS IN THE YEAR													
	5												
POSITION AT END OF 2012	**6=1+2+3+5**		**10,000,000**	**4,653**	**2,255,879**	**6,320,771**	**-3,423,143**	**7,627,062**	**153,177**	**268, 772**	**23,207,170**	**-463,322**	**22,743,849**

Chartered Accountant

Board of Directors

Notes to the consolidated financial statements

1. Information regarding companies included in the consolidation

1.1. Companies included in the consolidation
The parent company and all its subsidiaries, as listed below, were 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 held for sale are items of basic equipment, given that the company has let the premises and so reclassified the building and land as tangible fixed assets. In the parent company the assets held for sale are moulds that have been classified as such, because the assets are not being recovered through continued use, but by way of the possible disposal that it is hoped will occur.

The assets are available for immediate sale in their current condition.

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.

Within the group, only the parent company has capitalised interest on loans obtained, 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. We have in inventories only two apartments and a store in this building, as the remaining assets have been disposed of.

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.
- Cash and bank deposits - 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

Description	Opening balance	Debits	Credits	Closing balance
Cash	5,856	15,301,389	15,300,448	6,797
Demand deposits	1,120,190	181,192,890	181,158,904	1,154,176
Other bank deposits		655,000	390,000	265,000
Total cash and bank deposits	**1,126,046**	**197,149,279**	**196,849,352**	**1,426,973**

5.1 – Investments in subsidiaries and consolidation

LIST OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

Description		Country of formation/ registered office	2013 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	927,251
	Soplasnor – Soc. Plásticos do Norte, SA	Portugal	79.90%	79.9%	A)	4,762,500
	Oli, SRL	Italy	99.0%	99.0%	EM	4,854,569
	Nuno & Gradeço – Mat. Construção, SA	Portugal	99.07%	99.07%	EM	328,666
Total						**10,872,986**

Description		Country of formation/ registered office	2012 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)	4,454,500
	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						**10,014,770**

Key: EM – Equity method

5.2 – Remuneration of key management personnel

REMUNERATION OF GOVERNANCE INSTITUTIONS

Description	2013	2011
Board of Directors – Oliveira & Irmão, SA	474,720	538,014
Board of Directors – Soplasnor – Soc. Plásticos do Norte, SA		
Management - Moldaveiro- Moldes, Lda	97,486	85,284
Management – OLI SRL	119,900	117,100
Board of Directors – Nuno & Gradeço	27,519	24,403

6. Disclosure intangible assets

BOOK VALUE OF INTANGIBLE FIXED ASSETS AND CHANGES IN 2013

Description	Dev. projects	Computer programs	Industrial property	Other intangible assets	Intang. assets in progress	Total
With finite useful life:						
Opening gross book value	406,618		1,250,312	428,997		2,085,927
Opening accumulated depreciation	393,951		1,244,113	378,618		2,016,682
Opening accumulated impairment losses						
Opening net book value (7=4-5-6)	12,667		6,199	50,379		69,245
Changes in the year (8=8.1-8.2+8.3+8.4+8.5+8.6)	-12,667		-4,517	-1,574		-18,758
Total increases						
Total decreases	**12,667**		**4,517**	**1,574**		**18,758**
Depreciation	12,667		4,517	1,574		18,758
Closing net book value (9=7+8)			**1,682**	**48,805**		**50,487**

BOOK VALUE OF INTANGIBLE FIXED ASSETS AND CHANGES IN 2012

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	1,245,266	1,717,021	67,854	3,459,968
Opening accumulated depreciation	352,991	14,438	1,225,283	340,550		1,933,261
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	-67,854	-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	42,191	400	18,830	38,068		99,489
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**		**6,199**	**50,379**		**69,245**

7. Disclosure tangible fixed assets

BOOK VALUE OF TANGIBLE FIXED ASSETS AND CHANGES IN 2013

Description	Land and natural resources	Buildings and other structures	Basic equipment	Transport equipment	Office equipment	Other TFA	TFA in progress	Advances on account of TFA	Total
Opening gross book value	9,123,477	19,947,276	33,598,156	1,498,116	2,560,165	1,875,709	1,667,591		70,270,491
Opening accumulated depreciation		6,902,050	25,840,609	1,270,071	2,257,356	1,836,884			38,106,969
Opening accumulated impairment losses									
Opening net book value (4=1-2-3)	9,123,477	13,045,226	7,757,547	228,045	302,809	38,825	1,667,591		32,163,521
Changes in the year (5= 5.1-5.2+5.3+5.4+5.5+ 5.6)	104,467	-1,231,805	-382,814	-16,334	-6,859	-18,772	951,402		-600,715
Total increases	**104,467**		**625,634**	**113,900**	**98,702**	**467**	**1,957,851**		**2,901,021**
1st hand purchases	104,467		625,634	113,900	98,702	467	1,957,851		2,901,021
Other									50,208
Total decreases		**1,295,017**	**1,889,323**	**130,234**	**136,362**	**19,239**			**3,470,176**
Depreciation		1,295,017	1,722,027	-110,438	-377,689	10,442			2,539,359
Disposals			141,860	200,744	151,303	4,039			497,946
Write-offs			25,436	39,927	362,748	4,758			432,870
Transfers of TFA in progress		63,213	912,435		30,802		-1, 006,449		0
Other transfers			2,789						2,789
Closing net book value (6=4+5)	**9,227,944**	**11,813,422**	**7,374,733**	**211,711**	**295,950**	**20,054**	**2,618,994**		**31,562,807**

BOOK VALUE OF TANGIBLE FIXED ASSETS AND CHANGES IN 2012

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**

Disclosures on surpluses from revaluation of tangible fixed assets

Description	Land natural resources	Buildings and other structures	Total
Value of revaluation surplus at start of year	5,180,327	1,740,630	7,627,062
Changes in the year (2=2.1-2.2)			
Value of revaluation surplus at end of year	**5,180,327**	**1,740,630**	**7,627,062**

8. Leases

8.1 Leasing contracts are as follows

OLIVEIRA & IRMÃO, SA

Assets being financed by way of financial leasing contracts, corresponding net book values and contingent rentals recognised as a costs in the year		Description	Acquisition value	Current Financial Leases				2013	2012
						Period of lease			
				Lessor	Contract ID	Start	Finish	Net book value of leased assets	Net book value of leased assets
Tangible fixed assets	Leasing	Audi A6	73,402	CGD LEASING	CT 342184	10-07-2008	10-07-2013		8,936
	Leasing	VW Passat	30,846	CGD LEASING	CT 349341	20-04-2009	20-04-2013		2,580
	Leasing	VW Passat	35,000	CGD LEASING	CT 1000 47086	20-03-2011	20-03-2015	11,212	19,901
	Leasing	VW Sharan	39,500	CGD LEASING	CT 1000 49547	20-05-2011	20-05-2015		24,127
	Leasing	Prensa	281,500	CGD LEASING	CT 1000 51140	20-07-2011	20-07-2016	151,458	205,249
	Leasing	VW Sharan	31,500	CGD LEASING	CT 1000 53191	20-10-2011	20-10-2016	14,848	22,447
	Subtotal		**491,747**					**177,518**	**283,240**
Tangible fixed assets	Leasing	IT equipmt.	175,000	BARCLAYS	CT 08.1.4489	21-07-2008	21-07-2013		21,374
	Subtotal		**175,000**						**21,374**
Tangible fixed assets	Leasing	VW Golf	26,400	BBVA	CT 15393708	21-06-2010	21-06-2014	3,899	10,544
	Leasing	Industrial equipmt.	170,000	BBVA	CT 153.93757	06-08-2010	06-08-2013		36,360
	Subtotal		**196,400**					**3,899**	**46,904**
Tangible fixed assets	Leasing	IT equipmt.	154,104	BNP PARIBAS	CT 31200166	07-06-2012	07-06-2017	89,986	112,263
	Subtotal		**154,104**					**89,986**	**112,263**
Tangible fixed assets	Leasing	Industrial equipmt.	344,751	BPI	CT 10026263	05-08-2012	05-08-2017	293,274	344,751
	Leasing	VW Passat	35,500	BPI	CT 12605 31800	25-12-2012	20-12-2017	28,412	34,864
	Leasing	VW Sharan	40,000	BPI	CT 13601 60200	25-04-2013	25-04-2018	34,466	
	Subtotal		**420,251**					**356,153**	**379,615**
Total			**1,437,502**					**627,556**	**843,396**

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Assets being financed by way of financial leasing contracts, corresponding net book values and contingent rentals recognised as a costs in the year		Description	Acquisition value	Current Financial Leases				2013	2012
				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
		Subtotal	**4,724,547**						**340,064**
Total			**4,724,547**						**340,064**

9. Borrowing costs

General group loans are recorded in the following amounts:

Description	31-12-2013			31-12-2012		
	Short-term	Medium- and long-term	Total	Short-term	Medium- and long-term	Total
Overdraft	16,678		16,678	12		12
Commercial paper programme	1,750,000	3,500,000	5,250,000	1,500,000	4,500,000	6,000,000
Medium- and long-term	6,604,971	6,941,330	13,546,301	8,798,833	5,421,677	14,220,510
Leasing	185,533	442,023	627,556	236,377	607,019	843,396
Discounting of bills and predated cheques	172,595		172,595	476,474		476,474
Demand deposits				193		193
FEDER – Candidature no. 27024		313,483	313,483			
Total	**8,729,776**	**11,196,836**	**19,926,612**	**11,011,888**	**10,528,696**	**21,540,585**

10. Inventories

The breakdown of inventories is as follows:

BOOK VALUE

Description	31-12-2013			31-12-2012		
	Gross value	Impairment losses	Net value	Gross value	Impairment losses	Net value
Goods	3,283,998	56,842	3,227,155	4,019,461	310,999	3,708,058
Raw and secondary materials, consumables	2,615,932	158,927	2,457,005	2,201,045	172,769	2,028,277
Finished and intermediate products	3,429,699	7,971	3,421,728	3,461,770	216,416	3,245,354
Advances on account of purchases				10,746		10,746
Total	**9,329,629**	**223,741**	**9,105,889**	**9,692,618**	**700,183**	**8,992,435**

11- Cost of goods sold and materials consumed

Description	31-12-2013 Goods	31-12-2013 Raw and sec. mats., consum-ables	31-12-2013 Total	31-12-2012 Goods	31-12-2012 Raw and sec. mats., consum-ables	31-12-2012 Total
Opening inventories	3,838,598	2,392,250	6,230,848	4,035,562	2,274,518	6,310,080
Purchases	3,785,438	19,543,313	23,328,751	4,235,934	19,842,676	24,078,610
Reclassification and regularisation of inventories	80,100	41,660	121,760	76,587	36,190	112,777
Closing inventories	3,163,155	2,626,678	5,789,833	3,838,598	2,392,250	6,230,847
Cost of goods sold and materials consumed (5=1+2+3-4)	**4,380,781**	**19,267,225**	**23,648,006**	**4,356,311**	**19,688,754**	**24,045,065**
Other information in relation to goods, raw and secondary materials and consumables:						
Impairment losses/ adjustments to inventories in the year	-1,910	-4,834	-6,744	3,799	19,648	23,447
Accumulated impairment losses/ adjustments to inventories	56,843	101,565	158,408	49,206	115,407	164,613

12 – Other income and gains

OTHER INCOME AND GAINS

Description	2013	2012
Supplementary income	1,135,577	1,459,418
Prompt payment discounts obtained	4,921	11,270
Recovery of receivables	12,160	4,569
Gains on inventories	2,124	1,083
Income and gains on other financials assets	18,774	34,098
Income and gains on non-financial investments	19,726	210,239
Other	512,376	474,673
Interest obtained	19,378	44,844
Other similar income		
Total	**1,725,035**	**2,240,193**

13. Government subsidies and government assistance

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

LIST OF SUBSIDIES OBTAINED

Description		Measure	Incentive measure			Grant period		Amounts granted		
			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	4,156	17,987	22,143
	IEFP - Employment and Vocational Training Institute	Training measure / programme	IEFP	Financial	Non-repayable	01-01-2013	31-12-2013	9,331		9,331
	Dosing-Research	Incentive system for technological R&D	European Social Fund	Financial	Non-repayable	01-09-2011	05-07-2013	68,765	6,674	75,439
	Subtotal							**82,251**	**24,661**	**106,913**
Repayable	ICEP*	POE** SIME***	ICEP Portugal	Financial	Repayable and non-repayable	07-01-2002	31-12-2004	2,012,215		2,012,215
	FEDER – European Regional Development Fund	System of Incentives for Innovation	External Trade and Investment Agency	Financial	Repayable, interest-free	05-05-2012	30-04-2015	313,483		313,483
	Subtotal							**2,325,698**		**2,325,698**
Total								**2,407,949**	**24,661**	**2,432,611**

* INSTITUTE FOR EXTERNAL TRADE ** OPERATIONAL PROGRAMME FOR THE ECONOMY

*** SYSTEM OF INCENTIVES FOR CORPORATE MODERNISATION

On the subsidiary Moldaveiro, we have the following information:

LIST OF SUBSIDIES OBTAINED

Description		Measure	Incentive measure			Grant period		Amounts granted		
			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	30-10-2013	2,998	2,534	5,532
	Total							**2,998**	**2,534**	**5,532**

14. Effects of changes in exchange rates

EFFECTS OF CHANGES IN EXCHANGE RATES

Description	2013	2012
Exchange rate differences		
Recognised in results for the year		
Unfavourable exchange rate differences	5,293	45,392
Favourable exchange rate differences	12,004	34,098
Net and recognised in equity in the year		

15. Income taxes

BOOK VALUE OF INCOME TAX

Description	31-12-2013	31-12-2012
(Pre-tax) book result for the year	1,309,691	1,065,492
Current tax	452,946	408,806
Deferred tax	-74,470	-7,176
Income tax for the year (4=2+3)	**378,475**	**401,629**
Autonomous taxation	60,720	66,549

16. Other debt instruments

BOOK VALUE OF OTHER DEBT INSTRUMENTS

Description		31-12-2013			31-12-2012		
		Notional value	Fixed rate	Fair value	Notional value	Fixed rate	Fair value
Interest rate risk on debt instruments measured at amortised cost	SWAP contract 2				2,500,000	3.75%	-22,705
	SWAP contract 6				5,000,000	5.15%	-188,129
	Total				**7,500,000**		**-210,834**

17. Financial instruments

17.1 Disclosure of third party amounts

BOOK VALUE AND CHANGE IN THE PERIOD

Description	Total	
	31-12-2013	31-12-2012
Customers	**12,553,886**	**13,249,928**
Current account	9,725,948	10,122,210
Instruments receivable	2,908,778	3,176,112
Doubtful debts	2,230,398	2,543,140
Impairment losses	-2,311,238	-2,591,534
Customer advances	**284,116**	**10,006**
Suppliers	**8,863,144**	**9,626,457**
Advances to suppliers	**134,382**	**10,006**
Other accounts payable	**2,923,874**	**3,190,462**
Staff	122,813	97,716
Suppliers investments	532,734	686,427
Creditors for accrued costs – interest	58,590	89,776
Creditors for accrued costs – insurance	12,215	16,770
Creditors for accrued costs – holidays and holiday bonuses	1,623,688	1,588,970
Creditors for accrued costs – fees	36,181	
Creditors for accrued costs – other	479,012	413,462
Other creditors	58,640	297,340
Other accounts receivable	**441,184**	**633,307**
Suppliers	9,326	13,108
Staff	29,363	25,389
Debtors for accrued income	225,577	232,679
Other debtors	176,918	362,131
Total	**25,200,586**	**26,720,167**

17.2 Provisions in the year

CONSOLIDATED

Description	Customer guarantees	Legal proceedings in progress	Total
Opening book value	103,368	103,628	206,995
Changes in the year (2=2.1-2.2)	**81,097**	**182**	**81,279**
Total increases	81,097	182	81,279
Increase	81,097	182	81,279
Amount recorded in the year (3=1+2)	**57,755**		**57,755**
Closing book value	**127,097**	**103,809**	**230,907**

17.3 Disclosure of information on joint interests

NUNO & GRADEÇO, SA

BOOK VALUE CHANGE IN YEAR IN INTEREST IN JOINT VENTURE OF SUBSIDIARY

Description	31-12-2013	31-12-2012
Opening gross book value	52,780	54,998
Opening net book value (4=1-2+3)	**52,780**	**54,998**
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)	-52,780	-2,218
Investor’s share in results of subsidiary		4,299
Disposals	52,780	
Other changes in the period		-6,517
Closing net book value (6-4+5)		**52,780**

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BOOK VALUE CHANGE IN YEAR IN INTEREST IN JOINT VENTURE OF SUBSIDIARY

Description	31-12-2013	31-12-2012
Opening net book value (4=1-2+3)		
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)	12	
Investor’s share in results of subsidiary	12	
Closing net book value (6-4+5)	**12**	

17.4 Disclosure of information on equity

BOOK VALUE AND CHANGE IN THE YEAR

Description	31-12-2013	31-12-2012
Equity		
Share capital	10,000,000	10,000,000
Issue premiums	4,653	4,653
Legal reserves	2,261,737	2,255,909
Other reserves	7,001,253	6,320,771
Retained earnings	-4,224,766	-3,423,143
Revaluation surpluses	7,627,062	7,627,062
Other changes in equity	143,937	153,177
Net result for the year	361,908	268,742
Minority interests	-794,662	-463,322
Total	**22,381,122**	**22,743,849**

18. Other costs and losses

OTHER COSTS AND LOSSES

Description	Total 2013	Total 2012
Taxes	115,197	115,961
Prompt payment discounts granted	270,873	299,464
Uncollectible debts	161,944	52,694
Losses on inventories	51,659	64,234
Costs and losses in other non-financial investments		
Costs and losses in non-financial investments	1,248,060	84,425
Other		
Corrections in relation to previous years	52,846	103,795
Donations	46,461	25,399
Subscriptions	10,059	11,294
Gifts and stock samples	46,175	64,116
Shortfall of tax estimate	56,639	159,124
Other	91,444	382,527
Total other costs and losses	**2,151,355**	**1,363,033**

19. Interest and similar costs

INTEREST AND SIMILAR COSTS

Description	Total 2013	Total 2012
Interest paid	1,206,571	1,852,847
Total interest and similar costs	**1,206,571**	**1,852,847**

20. Disclosures required by legislation

Articles 66 A and 508 F of the Companies Code and Decree 208/2007 of 16 February creating the Simplified Corporate Information system (Portuguese abbreviation: IES) require disclosure of the information shown below:

20.1 Information on guarantees given

GUARANTEES GIVEN

Description	Beneficiary	Value
Caixa Geral de Depósitos	APCMC*	16,000
Total		**16,000**

*Portuguese Association of Construction Materials Traders

20.2 Information on sales by market

SALES AND SERVICE PROVISIONS BY ACTIVITY AND GEOGRAPHICAL MARKET

	2013				2012			
Description	Real Estate	Commercial	Industrial	Total	Real Estate	Commercial	Industrial	Total
Portugal	225,000	2,506,510	8,088,176	10,819,686	1,520,600	3,554,995	7,525,671	12,601,266
Other		1,803,860	33,710,963	35,514,823		1,074,397	35,540,881	36,615,278
Total	225,000	**4,310,370**	**41,799,139**	**46,334,509**	**1,520,600**	**4,629,392**	**43,066,552**	**49,216,544**

20.3 Information regarding fees invoiced

Articles 508 F of the Companies Code requires disclosure of services provided by the statutory auditor.

FEES INVOICED BY THE STATUTORY AUDITOR

Description	2013	2012
Statutory audit	22,200	22,200
Other services	2,250	300
Total	**24,450**	**22,500**

Chartered Accountant Board of Directors

VII. 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 2013.

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, 7 May 2014

THE AUDIT COMMITTEE

Dr António Maria Antas Teles - CHAIRMAN
[*signature*]
Mr José Luís Azevedo Cacho - MEMBER
[*signature*]
Dr José Davide Teixeira Cerqueira (SA no. 848) – MEMBER AND STATUTORY AUDITOR
[*signature*]

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

CARMO & CERQUEIRA
Statutory Audit Company

LEGAL CERTIFICATION OF CONSOLIDATED ACCOUNTS

INTRODUCTION

1. We have audited the consolidated financial statements of **OLIVEIRA & IRMÃO, S.A.**, which consist of the consolidated statement of financial position as at 31 December 2013 (which shows a total of 56,521,047 euros and total equity of 22,381,122 euros, including a consolidated net result of 361,908 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 their 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 2013, and 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, 7 May 2014

CARMO & CERQUEIRA, SROC, LDA.
Represented by
[*signature*]
José Davide Cerqueira, statutory auditor no. 1586