MOÇAMBIQUE PORTS AND RAILWAYS
PORTOS E CAMINHOS DE FERRO DE MOÇAMBIQUE, E.P.

Report & Accounts

of the year Ended, December 31, 2012

2012

CFM
MOÇAMBIQUE PORTS AND RAILWAYS
PORTOS E CAMINHOS DE FERRO DE MOÇAMBIQUE, E.P.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP

Report on the financial statements

We have audited the accompanying financial statements of **CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP**, which comprise the balance sheet for December 31, 2012 (which shows total assets of 37,947,608 thousand Meticais and total equity of 25,627,245 thousand meticais, including a net of 1,387,804 thousand meticais), the income statement, statement of changes in equity and statement of cash flows for the ended year, and a summary of the significant accounting policies and other explanatory notes.

Management responsibilities for the financial statements Management is responsible for the preparation and fair presentation of these financial statements in accordance with the generally accepted accounting principles in Mozambique, as provided in the General Accounting Plan based on International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Auding Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements by the entity in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of used policies and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present in a fairly and appropriate manner, in all material respects, the financial position of **CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP**, on December 31, 2012, its financial performance and its cash flows for the ended year on that date, in conformity with generally accepted accounting principles in Mozambique, as provided in the General Accounting Plan based on International Financial Reporting Standards.

Maputo, June 28, 2013

ERNST & YOUNG , LDA

REPORT AND OPINION OF THE AUDIT COMMITTEE

In compliance with the legal and statutory provisions, the Audit Committee presents to the Board of Directors, its report and opinion on the accounts and activities of CFM - Ports and Railways of Mozambique, EP, for the year that ended on December 31, 2012.

The preparation of financial statements is of the responsibility of the Board of Directors, and the Audit Committee has the responsibility to consider the amendments and prepare its opinion.

The financial statements are accompanied by reports of Activities and Accounts held in 2012, prepared by the Board of Directors.

In fulfilling its responsibilities, and based on information obtained from the competent organs of the CFM management, the Audit Committee concluded that:

- As a result of the analysis and information obtained as well as the auditor's report, the Audit Committee is of the opinion that the CFM's financial statements composed of Balance Sheet, income statement Map, Map of Change in Equity, Map of Cash Flow summary of the main accounting policies and Explanatory Notes to Accounts are in accordance with the law;

- The Financial Statements have been prepared in accordance with International Financial Reporting Standards (NIRFs) and

- AThe financial statements reflect CFM's financial position on December 31, 2012 and the results of operations during the year.

From the assessment made to the Financial Statements and activities,
the Audit Committee considers it important to highlight the following developments:

- A Total asset growth in 33.1 %, between 2011 and 2012, totalling at end of the year 37,947,600,000 metical;

- Total Liabilities amounted to 12,320.4 million Meticais, a growth of 198.9 %;

- The net situation worth 26,627,200,000 metical grew by 5.1%, compared to 2011, and

- Gross profit increased by 42.3 % compared to the results recorded in 2011.

Thus, the net profit after tax was 1,287.8 million Mt, representing an increase of 37.0 % compared to that recorded in 2011.

The Audit Committee would like to express its concern about the levels of the Company liabilities, and recommend greater attention in its management.

Taking into consideration the information provided by management and reviewed by the Audit Committee, the latter is of opinion that the documents which substantiate the Financial Report of the CFM for the year 2012 are approved.

The Audit Committee, hereby, addresses a vote of thanks to the board and to all CFM emploees, for the efforts that they have developed during the year under review, which are reflected in the analized report.

Maputo, August 2013

The Audit Committee

Bonifacio Dias, Chair.

Matias Boa, Member of the Jury.

Evelina Novela, Member of the Jury.

REPORT OF THE CFM BOARD OF DIRECTORS

This report aims to disseminate the main achievements and present the economic and financial results of the Mozambique Ports and Railways (CFM), EP, in the 2012 financial year.

The hereby presented financial statements conform to the new PGC - IFRS, in accordance with the provisions of Decree n. º 70/2009 of 22 December.

It's worth noting that in the 2012 fiscal year, CFM, indeed, experienced a rise in the production area, thanks to the resumption, by the CFM, of activities of the Rail System in the country's central region after the Government's decision to rescind the concession contract that it had signed with the concessionaire, the Beira Railways Company (CCFB).

Thus, there was, during the financial year under review, increased operating income in the order of 40 % compared to 2011, which resulted in a 63% growth in revenue collection, a fact which is due equally to the company's aggressiveness in revenue collection.

Regarding the operating costs, the company recorded a 48% growth, with the depreciation account growing by 43% because of the volume of investments in assets. The acquisition of locomotives, wagons and other assets previously owned by the CCFB as well as the integration of Sena and Machipanda railway lines in our accounts, including work to upgrade the Sena line and increase the capacity of this line from 3MTPA to 6.5 MTPA, among others, are on the list of major investments made by the company. The increased cost of providing services of third parties, in particular the dredging costs, fuel costs and material maintenance and repair of equipment, and also the increase in personnel costs, also contributed to the rise in operational costs.

The operating result was positive in the order of 1.131,7 billion meticais, against 1.0141 billion Meticais in 2011, which means a substantial improvement of 12 %. Considering the financial results, less taxes, net income shows a profit of around 1,387,8 billion metical, up from 1.0131 billion Meticais achieved in the previous year of 2011.

Despite the constant fluctuations of regional and global economies, situations that CFM is not oblivious, the company has always sought (and has succeeded) to improve its performance in support of the country's economic growth, with targeted actions to support the efforts of government in combating absolute poverty and in promoting wealth.

In this sense and doing justice to a tradition of more than a century, CFM, in 2012, continued to participate directly in various social corporal responsibility initiatives, highlighting its commitment in providing water and electricity to towns and cities along the main railways of the country, construction and rehabilitation of schools, health centres, places of worship, sports complexes, homes for students, among other ventures. It's worth noting also the multi-faceted support and enhancement of Mozambican culture by sponsoring young artists, writers, sculptors, painters, musicians, cultural groups, among others.

In the promotion of health and the well-being of the society, CFM's sponsorship of activities of the Heart Institute and other institutions in the industry stands out, a fact that allows Mozambican children deprived of resources also to have access to treatment and expert assistance.

Maputo, September 2013

The Board of Directors

Eng. Rosario Mualeia – Chairman of the Board

Eng. Miguel Guebuza – Board of Director

Dr. Maria Mangore - Board of Director

Dr. Marta Mapilele - Board of Director

Ms. Maria Nhancale – Board of Director, Employees Representative (non-executive)

Dr. Abdul Aziza – Board of Director, Representing the Ministry of Finance

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

BALANCE SHEET AS AT 31 DECEMBER 2012 AND 2011

	Notes	31-Dec-2012	31-Dec-2011
Asset			
Non-current asset			
Tangible Assets	5	17.197.009	9.661.001
Investment Assets	6	11.858.837	11.892.496A
Finacial Assets to maturity	7	56.600	56.600
Financial Asset Available for Sate	8	206.495	259.844
Deferred Tax Assets	29	86.317	169.069
		29.405.258	22.039.010
Current Assets			
Inventories	9	301.325	261.553
Customerss	10	1.312.329	1.237.734
Other Financial Assets	11	786.707	211.198
Other Current Assets	12	823.613	785.311
Cash & Banks	13	5.318.376	3.977.203
		8.542.350	6.472.999
TOTAL ASSET		**37.947.608**	**28.512.009**
EQUITY & LIABILITIES			
Equity			
Social Equity	14	1.242.981	1.242.981
Reserves	14	2.052.569	1.262.333
Retained Earnings	14	20.943.891	20.872.335
Annual Net Profit		1.387.804	1.013.123
TOTAL EQUITY		25.627.245	24.390.772
Non Current Liabilities			
Provisions	15	26.447	26.447
Obtained Loans	16	3.576.267	2.313.906
Other Financial Liabilities	18	6.019.285	16.718
Liabilities for deferred taxes	29	20.652	223.657
		9.642.651	2.580.728
Current Liabilities			
Suppliers	17	146.044	181.985
Obtained Loans	16	3.952	2.029
Other Financial Liabilities	18	384.844	125.899
Other Current Liabilities	19	2.142.872	1.230.597
		2.677.712	1.540.510
TOTAL LIABILITIES		12.320.363	4.121.238
TOTAL OF ASSETS & LIABILITIES		**37.947.608**	**28.512.010**

The Account Technician

The Management

To be read in conjunction with explanatory notes to the financial statements

(Amounts expressed in thousands of meticais)

STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Notes	2012	2011
Sale of goods and services	20	5.261.659	3.379.395
Cost of sold or consumed inventories	21	(125.162)	(133.918)
Gross margin		**5.136.497**	**3.245.477**
Investment made by the company itself	22	133.005	139.185
Additional Income	23	1.255.284	1.020.746
Personnel Expenses	24	(1.650.054)	(1.175.456)
Supply & Services of Third Parties	25	(2.293.409)	(1.751.300)
Depreciations	5,6	(992.413)	(693.538)
Proviisions	15	-	-
Impairment	8, 9,10	(499.190)	(12.576)
Reversals of impairment loss period	9,10	3.032	199.279
Other operational gains & losses	26	38.984	42.274
		1.131.736	**1.014.091**
Financial Income	27	1.127.581	1.201.425
Financial Expenses	28	(346.312)	(871.375)
Results before Taxes		**1.913.005**	**1.344.141**
Income Tax	29	(525.201)	(331.018)
Net Profit for the year		**1.387.804**	**1.013.123**

The Account Technician

The Management

To be read in conjunction with explanatory notes to the financial statements

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

STATEMENT OF CASH FLOWS FOR THE ENDED YEARS DECEMBER 31, 2012 AND 2011

	2012	2011
Cash Flows from Operating Activities		
Net Profit for the year	1.387.804	1.013.123
Adjustment to income relating to:		
Depreciations	992.413	693.538
Increase/ (decrease) in provisions	-	-
(Increase)/reduction of inventories	(39.772)	(139.592)
(Increase)/reduction of customers & other financial assets	(596.755)	123.026
(Increase) /reduction of other current assets	(38.302)	(121.977)
Increase/(reduction) of suppliers and other financial liabilities	6.225.571	14.524
Increase/(reduction) of current and non-current liabilities	709.270	(58.416)
Net Cash generated/(used) by operational activities	8.640.229	1.524.226
Cash flow from investment activities		
Adjustment to income relating to:		
Acquisition of tangible na intagible and tangible investment	(8.412.010)	(507.926)
Financial investment	-	(56.600)
Interests and similar income	249.940	200.551
Net Cash generated/(used) by investment activities	(8.162.070)	(363.975)
Cash Flow from Financing Activities		
Adjustment to income relating to:		
Obtained Loans	1.040.543	(762.543)
Paid dividends	-	(109.900)
Interests & Similar expenses	(26.199)	(23.930)
Other adjustments	(151.330)	-
Net Cash generated/ (used) by financing activities	863.014	(896.373)
Cash Variations & Cash Equivalents	**1.341.173**	**263.878**
Cash & Cash Equivalents at the beginning of the year	3.977.203	3.713.325
Cash & Cash Equivalent at the end of the year	5.318.376	3.977.203

To be read in conjunction with explanatory notes to the financial statements

The Account Technician

The Management

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

STATEMENT OF CHANGES IN EQUITY FOR THE ENDED YEARS DECEMBER 31, 2012 AND 2011

	Social Capital	Legal Reserves	Reserves for investments	Social Fund of Employees	Retained Earnings	Net income of the year	Total own Capital
Balance at the beginning of 2011	***1.242.981***	***36.526***	***441.708***	***48.341***	***20.872.294***	***845.699***	***23.487.549***
Application of the previous year	-	42.285	676.559	16.914	109.941	(845.699)	-
Dividends	-	-	-	-	(109.900)	-	(109.900)
Net Income of the	-	-	-	-	-	1.013.123	1.013.123
Balance at the end of 2011	***1.242.981***	***78.811***	***1.118.267***	***65.255***	***20.872.335***	***1.013.123***	***24.390.772***
Application of the income of the previous year	-	50.656	638.268	101.312	222.887	(1.013.123)	0
Dividends	-	-	-	-	-	-	-
Adjustment to Income	-	-	-	-	(151.331)	-	(151.331)
Net Income of the year	-	-	-	-	-	1.387.804	1.387.804
Balance at the end of 2012	***1.242.981***	***129.467***	***1.756.535***	***166.567***	***20.943.891***	***1.387.804***	***25.627.245***

The Account Technician

The Management

To be read in conjunction with explanatory notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation
2. Significant accounting policies
3. Main judgments, accounting estimates and assumptions
4. Changes in accounting policies, estimates and errors
5. Tangible
6. Tangible investment
7. Financial assets held to maturity
8. Financial assets available for sale
9. Inventories
10. Customers
11. Other financial assets
12. Other current assets
13. Cash and banks
14. Equity
15. Provisions
16. Borrowings
17. Suppliers
18. Other financial liabilities
19. Other current liabilities
20. Sales of goods and services
21. Cost of inventories
22. Investments for the company
23. Additional income
24. Personnel expenses
25. Supplies and outside services
26. Other operating gains and losses
27. Financial income
28. Financial expenses
29. Income taxes

About the company

CFM - Ports and Railways of Mozambique, EP was initially a state enterprise under the Ministry of Transport and Communications, established by Decree n. 6/ 89 of May 11, maintaining its headquarters in Maputo, although with effective presence in much of the country

CFM
MOÇAMBIQUE PORTS AND RAILWAYS
PORTOS E CAMINHOS DE FERRO DE MOÇAMBIQUE, E.P.

With effect from January 1, 1995, and under the Decree n. º 40/94 of 18 September, the state enterprise was transformed into a public company, and shall have the designation of PORTS AND RAILWAYS OF MOZAMBIQUE (CFM), E. P. The statutory capital established by the abovementioned Decree was 1,242,981 thousand Meticais.

The company's main object is to provide public rail transport of passengers and goods in Mozambique on a regular and non-regular basis, in addition to the handling of goods at the ports.

The share capital amounts to 1,242,981 thousand Meticais, fully subscribed and paid by the Mozambican state, which thus constitutes CFM's main shareholder.

Private participation in the management of the Ports and Railways of Mozambique
A number of measures have been implemented under the Restructuring Project of the port and rail sector in Mozambique, which includes the transfer to the private sector management and exploitation of port - rail systems in the country, on concessionary basis.

In the original design of the concession programme, activities considered strategic in nature or that do not require high operation and management technology, such as the fuel terminals (and other bulk liquid) at all international ports, the grain terminal of the Port of Maputo, were not included. These units were transformed into centres of specific outcomes and properly trained to manage the business efficiently.

Infrastructure under direct management of the CFM:

- Ressano Garcia Railway Line;
- Limpopo Railway Line;
- Goba Railway Line;
- Common section to the 3 lines of the southern network and the Maputo Manoeuvring Area;
- General Workshops (CFM – Southern Region);
- Matola Aluminium Terminal;
- Fuel Terminals (in all national ports);
- Grain Terminal in the Port of Maputo;
- Port of Pemba;
- Railway System of the country's Central Region (Sena and Machipanda);
- Other infrastructure and facilities not included in the granted concessions.

Presently, already set up companies for exploitation under concessionary or sub-concessionary terms of specific terminals and other infrastructure, involving private sector partners, are the following:

In the southern region:

- Maputo Port Development Corridor (MPDC), which has the concession to exploit the Port of Maputo and absorbed specific concessions and sub-concessions previously granted by CFM , namely:

MOÇAMBIQUE PORTS AND RAILWAYS
PORTOS E CAMINHOS DE FERRO DE MOÇAMBIQUE, E.P.

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

- DP Word, SA - (exploitation of container terminal);
- MPT Maputo - Produce terminal (exploitation of the fruit terminal);
- STAM - Society of Maputo Sugar Terminal (holding the terminal sugar);
- TCM - Matola Coal Terminal - (exploration of the Matola coal terminal) and

- Maputo Costal Terminal, SARL (TCM), which has the concession to exploit the Coastal Terminal in Maputo..
- STM – Mozambique Society Terminals, which has the concession to operate the Iron Terminal – on road to Mahotas.

In the Central region

- CdM - Cornelder of Mozambique, SARL, which has the concession to operate the terminal for general cargo and containers and multipurpose Port of Beira;
- QC - Cornelder Quelimane, SARL, which has the concession of the Port of Quelimane;
- BGT - Beira Grain Terminal, with which it signed a contract granting the Beira Grain Terminal..

In the northern region:

- CDN – Northern Development Corridor, with which it signed the concession agreement for the operation of the railway system in the North and the Port of Nacala;
- Kenmare Moma Processing (Mauritius) Limited (Mozambique Branch), which holds the concession for the design, construction and operation of a jetty (Jetty) to be built on the coast of Nampula province, near the Moma heavy sands exploration mine.

CEAR - Central East Africa Railways (Malawi): notwithstanding this grant is not located in the national territory, CFM won the international tender for the granting of exploitation of the Malawi Railways, in association with the private partner of the northern Corridor concession - the Society for the Development of the Nacala Corridor (SDCN) – resulting in the establishment of the concessionary company, CEAR, and signed with the Government of Malawi the concession of exploitation of that railway.

1. Basis of preparation

The present financial statements, which refer to the date of December 31, 2012 were prepared in accordance with IFRS - PGC and, consequently, on the basis of historical cost, except for situations specifically identified, arising from the application of Standards of Accounting and Financial Reporting Standards (IFRS). The financial statements have also been prepared based on the principles of growth and continuity. In preparing these financial statements, any provision of PGC- IFRS was not waived and there are situations that affect the comparability of various accounting items.

Note, however, that the preparation of financial statements in accordance with IFRS - PGC requires that the Board formalizes judgments, estimates and assumptions that affect the application of accounting policies and measurement of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors considered reasonable under the circumstances and form the basis for making judgments about the value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Issues that require a higher degree of judgment or complexity or for which assumptions and estimates are considered significant are presented in note 3.

Accordingly, these financial statements reflect the results of operations and financial position of the CFM with reference to December 31, 2012 and 2011, presented in thousands metical, rounded to the nearest thousand.

Note that these are the financial statements of CFM, and the company is required to submit financial statements to include its subsidiaries and associated companies (Note 8).

These financial statements were approved by the Board of Directors at a meeting held on March 20, 2013.

2. Significant accounting policies

a) Foreign currency transactions

The financial statements are presented in Meticais, which is the functional and presentation currency used by CFM in its operations and in the preparation of its financial statements.

Transactions in foreign currencies are converted at the exchange rate in effect at the transaction date. Assets and liabilities denominated in foreign currencies are converted to the metical exchange rate in effect at the balance sheet date. The exchange differences arising on conversion are recognized in earnings. The non-monetary assets and liabilities at historical cost denominated in a foreign currency are converted using the exchange rate at the transaction date.

The Exchange rates used for the conversion of expressed balances in foreign currency were the following:

	31-Dec-2012		31-Dec-2011	
	Buy	Sell	Buy	Sell
US Dolar	28,60	29,17	26,50	27,03
South African Rand	3,41	3,48	3,21	3,27
Euros	37,80	38,56	34,28	34,97

b) Tangible Assets

Tangible assets used by CFM during the course of its business are recorded at the acquisition cost, deducted from depreciation and accumulated impairment losses.

The acquisition cost includes the price paid for the asset and all costs directly incurred to put it in working order.

At the date of transition to IFRS - PGC, CFM decided to adopt as deemed cost for its tangible value revalued in accordance with the previous accounting policies, which was equivalent to the cost measured in accordance with IFRS - PGC.

Subsequent costs are recognized as a separate asset only if it is probable that future economic benefits will be in favour of CFM. Expenditures for maintenance and repairs and other expenses associated with its use are recognized in income in the period they were incurred.

Depreciation of tangible assets is calculated on a systematic basis over the estimated useful life of the asset, which corresponds to the period when the asset is expected to be available for use, using thus the following useful lives.

	Annual rate %
Construction	2 - 4
Basic Equipment	10 - 25
Other tangible assets	10 - 20

The CFM regularly performs analysis of adequacy of the estimated useful life of its tangible assets. Changes in the expected useful life of assets are recorded by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Periodically analyzes are conducted to identify evidence of impairment of tangible assets. Whenever the net book value of tangible assets exceeds its recoverable amount, an impairment loss is recognized with effects on the results. The CFM proceeds to the reversal of impairment losses in the income statement if, subsequently, there is an increase in the recoverable amount of the asset.

The recoverable amount is determined as the highest between the net selling price and the use value, which is calculated based on the estimated cash flows expected to be obtained from use of the asset and from its disposal at the end of life.
An item of tangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from the cancellation of the recognition of the asset (calculated as the difference between the income from the sale and the carrying amount of the asset) is recognized in earnings in the period its recognition is annulled.

c) Tangible investment assets
CFM ranks as tangible investment equipment and buildings held for the purpose of obtaining income.

Tangible investment assets are valued at the cost model, as mentioned in 2b), all the recognition criteria and measurement referred therein as well as the accounting policies set out are applicable to them.

d) Inventories
Inventories are valued to the lower between its acquisition cost and net realizable value. The cost of inventories includes acquisition costs, costs of non-deductible taxes and other costs incurred in bringing the inventories to their present location and its present condition. The costing of outputs (consumption) is via the weighted average cost.
The adjustments to net realizable value are evaluated on an annual basis and, if the need to recognize them is found, recorded as a deduction from assets, against the results of the exercise.

e) Cost of Borrowing
The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of the asset. These costs are capi-

talized as part of cost of the asset when it is likely to result in future economic benefits to the CFM and can be measured reliably.

f) Impairment of non-monetary items

CFM evaluates each reporting date or more frequently if changes have occurred that indicate that an asset may be impaired, whether there are indications that a non-financial asset could be impaired. If such indication exists, CFM estimates its recoverable amount and, if it is present below the carrying amount, the asset is impaired and is reduced to its recoverable amount.

At each balance sheet date, CFM reassesses whether there is any indication that an impairment loss previously recognized may no longer exist or may have decreased. If such indication exists, the CFM estimates the recoverable amount of the asset and reverses the impairment losses previously recognized only if changes have occurred in the estimates used to calculate the recoverable amount since the impairment was recognized.

g) Leases

The determination of a contract is or contains a lease based on the substance of the contract, paying attention to determining which entity retains substantially all the risks and rewards incidental to ownership of the leased asset.

In finance leases, which transfer substantially to the CFM all the risks and benefits, the asset is recorded as a tangible asset and corresponding liability is recorded under liabilities. Depreciation of the asset is calculated as described in note 2 (b) and recorded as expense in the income statement in the period they occur.

Rents are composed of interest and the repayment of capital (as initially recognized as a liability). Financial expenses are incurred for the years to which they relate.

In operating leases, rents are recognized as expense on a straight line basis over the lease term.

h) Financial assets

The classification of financial assets at initial recognition depends on the purpose for which the instrument was acquired and their characteristics, considering the following categories:

Financial assets at fair value through profit

The category of financial assets at fair value through profit or loss include financial assets held for trading are acquired with the primary purpose of selling in the short term and other financial assets at fair value through profit or loss.

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets held with the intention of holding them indefinitely or designated for sale at the time of initial recognition.

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

Financial assets held to maturity
Assets held to maturity are those of the category of non-derivative financial assets with fixed and determinable payments and fixed maturities, with the CFM intending to hold them to maturity.

Loans and receivables
Loans and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets are recognized on the balance of CFM on the contract date at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss where transaction costs are immediately expensed.

Understood as the fair value amount for which an asset or liability may be transferred or settled, between independent, informed and interested in the completion of the transaction at normal market conditions. The fair value of a financial instrument on initial recognition is normally the transaction price.

The fair value is determined based on prices in an active market or valuation methods in the absence of such an active market. A market is considered active if transactions occur on a regular basis.

The CFM rates at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and provided that such events have an impact on flows estimated future cash financial assets. Evidence of impairment may include indications that the borrower or a group of debtors is in financial difficulty, default or delinquency in payment of capital or interest, the probability that they will enter bankruptcy or financial reorganization and where information is available that indicates a decrease in the value of future cash flows.

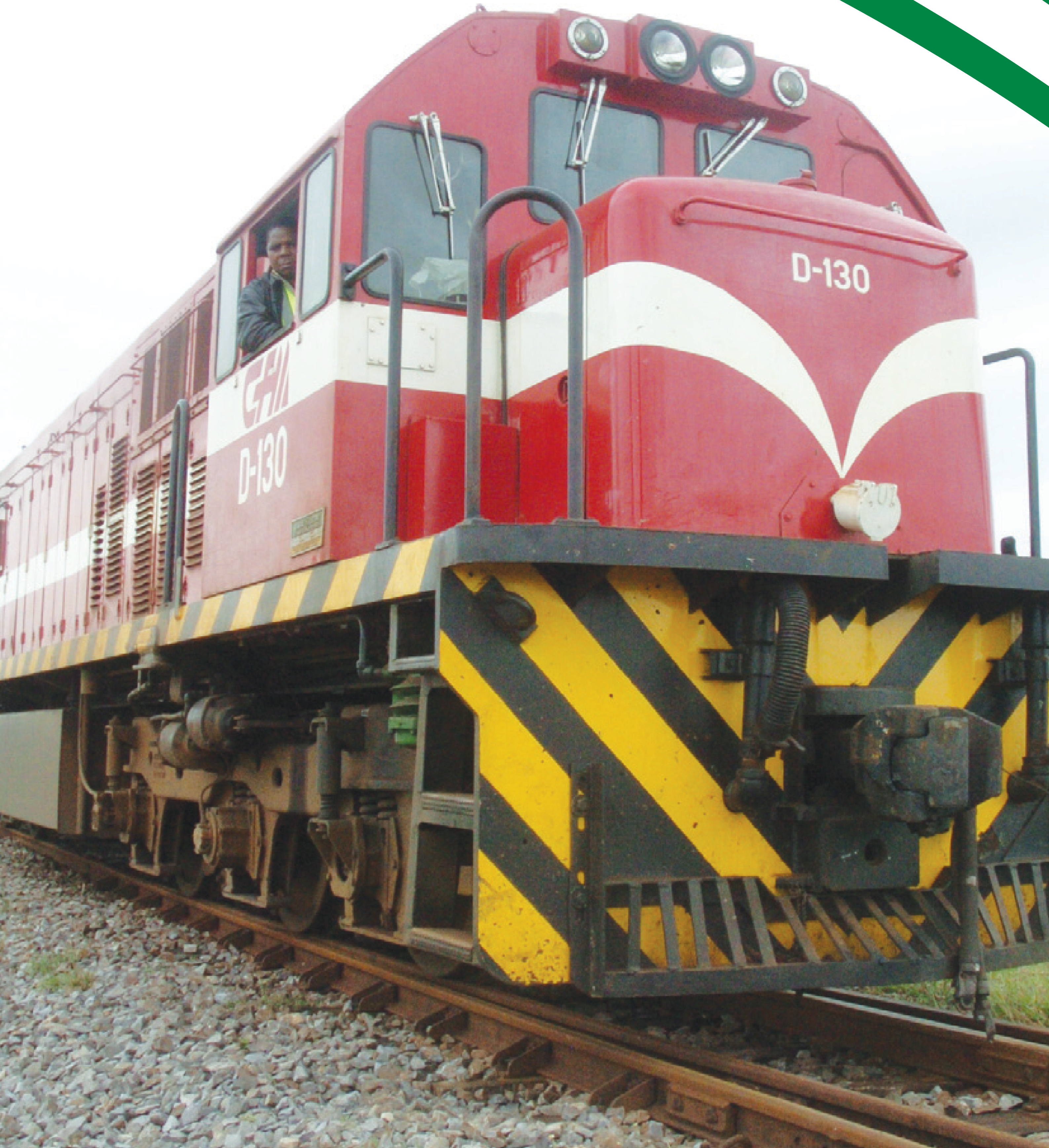
Initial recognition, measurement and cancellation of recognition
Acquisitions and disposals of financial assets at fair value through profit or loss, as well as financial assets available for sale are recognized on the date of its transaction.

Financial assets are initially recognized at fair value plus transaction costs, except for the category of financial assets at fair value through profit or loss, transaction costs being recognised in results.

The cancellation of financial assets occurs when the contractual rights of the financial asset expire, the substantial transfer of all the risks has been made and rewards associated with its retention or nevertheless retains part, but not substantially all the risks and rewards of ownership, CFM has transferred control of the asset.

Subsequent measurement
After initial recognition, financial assets at fair value through profit or loss are recognized at fair value with changes therein recognized in the income statement.

MOÇAMBIQUE PORTS AND RAILWAYS
PORTOS E CAMINHOS DE FERRO DE MOÇAMBIQUE, E.P.



Financial assets available for sale are valued at fair value with changes recognized in equity until the time of cancellation of recognition, i.e. identified an impairment loss, at which time the cumulative gains and losses recorded in equity is transferred to profit.

Assets held to maturity, and loans and receivables, after initial recognition are measured at amortized cost, using the method of effective interest rate. Gains and losses are recognized in income when at the time of cancelling recognition are impaired, as well as resulting from application of the effective interest method.

The fair value of financial assets that are traded in organized financial markets is their current purchase price ("bidprice"). To the absence of an active market, fair value is determined using valuation techniques such as recent transaction prices, similar and performed in market conditions and techniques of discounted cash flows or other valuation models.

For financial assets that are not possible to measure the fair value reliably, these are recognized at cost of acquisition, and any recorded impairment in compensation of the income statement.

Impairment
At each balance sheet date an assessment is made of the existence of objective evidence of impairment.

Financial assets carried at amortized cost
If there is objective evidence that a loss by impairment was supported on loans and receivables or investments held-to- maturity at amortized cost, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of the flows estimated future cash discounted at the original effective interest rate of the financial asset. The amount of the asset should be reduced through the use of a reduced active account. The amount of the loss shall be recognized in profit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed by adjusting the bill to reduce the asset. The reversal shall not result in a carrying amount of the financial asset that exceeds the amount that would have been determined by amortized cost, in case the impairment had not been recognized at the date the impairment was reversed. The amount of the reversal shall be recognized in profit.

Financial assets carried at cost
If there is objective evidence that an impairment loss was supported in an instrument of unquoted equity that is not recorded at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to, and should be settled by delivery of an instrument of such unquoted equity, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at

the current market return for a similar financial asset. These impairment losses shall not be reversed.

Financial assets available for sale
When there is evidence of impairment of financial assets available for sale, the cumulative potential loss of capital, corresponding to the difference between the acquisition cost and the current fair value, deducted from any impairment loss on that financial asset previously recognized in the income statement, is transferred to results.

i) Equity instruments
An instrument is classified as an equity instrument when there is no contractual obligation for its liquidation to be settled by delivering cash or another financial asset, independently from its legal form, placing in evidence a residual interest in the assets of an entity after deducting all of its liabilities.

j) Financial liabilities
Financial liabilities at fair value through profit
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities at fair value through profit or loss recognized at inception.

Borrowings and payables
We classify in this category the remaining liabilities

Initial recognition, measurement and cancellation of recognition
An instrument is classified as a financial liability when there is a contractual obligation of its being settled by delivering cash or another financial asset, independently from its legal form.

Financial liabilities are initially recognized at fair value plus transaction costs, except for the category of financial liabilities at fair value through profit or loss, transaction costs being expensed.
The annulment of the financial liability occurs when the contractual obligations of financial liabilities expire.

When a financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially different, such an exchange or modification is treated as a cancellation of the original liability and the recognition of a new liability is recognized, and the difference between values recorded in results.

Subsequent measurement
After initial recognition, financial liabilities at fair value through profit or loss are recognized at fair value with changes therein recognized in profit.

Loans and accounts payable, after initial recognition, are measured at amortized cost, using the method of effective interest rate. Gains and losses are recognized in income if during the annulment of the recognition, they are in impairment, as well as if resulting from application of the effective interest method.

k) Provisions
CFM records provisions when it has a present obligation (legal or constructive) arising from past events for which probable future outflow of financial resources and this can be determined reliably.

The amount of the provision is the best estimate of the amount to be paid to settle the liability at the balance sheet date.

l) Recognition of income and expenses

CFM registers its spending and income in accordance with the principle of accrual by which these elements are recognized on the date of the transaction that originates, regardless of payment or receipt. The differences between the amounts received and paid and the corresponding income and expenses are recorded under "Other current assets "or" Other current liabilities ", depending on the nature of the difference.

m) Employee benefits

The short term benefits are measured on an undiscounted basis and charged to income as the service is provided.

A liability is recognized for the amount expected of bonus or profit sharing if CFM has a legal or constructive obligation to pay this amount as a result of a past event of a service provided by an employee and the obligation can be measured reliably

n) Revenue recognition

The inherent sales revenue is recognized in the income statement when the risks and rewards of ownership of goods are transferred to the buyer. Revenue associated with the rendering of services is recognized when services are rendered.

o) Income tax

Current taxes

The current tax asset or liability is estimated based on the amount expected to be recovered or paid to the tax authorities. The statutory tax rate used to calculate the amount is the one in effect at the balance sheet date.
Current tax is calculated based on taxable profit for the year, which differs from accounting income due to adjustments to taxable income resulting from non-relevant expenditure or income for tax purposes, or those which will only be considered in other accounting periods, in accordance with the current tax laws.

Deferred tax

Deferred tax assets and liabilities correspond to the tax recoverable and payable in future periods resulting from temporary differences between the value of assets and liabilities and their respective tax bases. Tax losses carried forward as well as the tax benefits also give rise to deferred tax assets.

CFM
MOÇAMBIQUE PORTS AND RAILWAYS
PORTOS E CAMINHOS DE FERRO DE MOÇAMBIQUE, E.P.

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

Deferred tax assets are recognized to the extent that it is probable that future taxable profits against which they can be deducted deferred tax assets.

Deferred taxes are calculated using the enacted tax rates for the period in which the related asset or liability is expected to be held.

Taxes on income (current or deferred) are recognized in the income statement except in cases where the transactions they emanate from have been recognized in other equity items. In these situations, the corresponding tax is also reflected in equity, not affecting the income statement.

p) Government Subsidies
Government subsidies relating to assets are presented as deferred income in the balance sheet in other current liabilities, income being transferred through a systematic and rational basis over the useful life of the asset.

Government subsidies relating to income are presented either as a credit in the income statement, or as the corresponding expense deductions.

3. Main judgments, accounting estimates and assumptions

In preparing the financial statements of CFM requires that management makes judgments, estimates and assumptions in the context of decision making on certain accounting treatments that impact the amounts reported in the total assets, liabilities, equity, income and expenses. Real effects could differ from the estimates and judgments made, particularly with regard to the effect of the actual costs and income.

The PGC - IFRS establishes a set of accounting policies that require management to make judgments and make estimates. The main accounting estimates made by CFM are analyzed as follows:

Impairment of receivables
CFM periodically reassesses the evidence of impairment in order to determine the need to recognize additional impairment losses. In particular, administration estimates are used to determine the level of potential loss in the calculations of the amounts related to future cash flows. Such estimates are based on assumptions of various factors, and actual results may change in the future, resulting in changes to the amounts made to cover actual losses.

In addition to analyzing individual impairment, CFM performs an analysis of collective impairment of receivable accounts to cover situations of impairment that, although not specifically identifiable, incorporate a greater risk of default compared to the initial situation, at the time they were recognized.

The CFM believes that the determined impairment based on the methodology presented allows adequate reflection on the risk associated with their portfolio of clients.

Useful lives of tangible assets, tangible and intangible investment as well as their residual values
The CFM continually re-evaluates its estimates on the useful lives of tangible and intangible assets and their residual values if applicable. Estimates of remaining useful lives are based on experience, state and condition of operation of the asset. If deemed necessary, these estimates are supported on technical advice issued by independent experts.

Impairment of tangible assets, tangible and intangible investment
The tangible and intangible assets are reviewed for impairment whenever there are facts or circumstances indicating that their carrying amount exceeds the recoverable amount.

Given the uncertainties regarding the recoverable amount of these long term assets, because the analysis are based on the best information to date, changes in assumptions may result in impacts in determining the level of impairment and, consequently, the results of CFM.

Provisions for litigation
The provisions recorded to cover probable losses in lawsuits, in which CFM is an interested party, are constituted, considering the expected administration loss, supported in the information provided by his legal counsel, and this is subject to annual review.

Taxes
The income tax (current and deferred) is determined by CFM based on the rules established by the tax framework. However, in some situations the tax legislation is not sufficiently clear and objective and may give rise to different interpretations. In these cases, the values recorded are the result of better understanding of CFM on the appropriate framework for its operations, which is likely to come to be questioned by the tax authorities.

On the other hand, the tax authorities have the option of revising the tax position of the CFM over a period of 10 years, which may result due to different interpretations and / or breach of tax law, including for IRPC and VAT any corrections.

Management believes it has fulfilled all tax obligations that the CFM is subject to, so any corrections to declared taxable income, arising from these reviews, are not expected to have an effect on the financial statements.

4. Changes in accounting policies, estimates and errors
During the years that ended on December 31, 2012 and 2011, there were no changes in accounting policies that have effect on the comparability of these exercises.

Similarly, there were no significant changes in estimates or errors detected that motivate restatement of comparative amounts.

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

5. Tangible Assets

The moviment in tangible assets is analysed as follows:

	31-Dec-2011	Increasess	Alienation/write off	Transfers	31-Dec-2012
Acquisition cost					
Land	12.273	-	-	-	12.273
Constructions	18.185.081	8.203.233	-	-	26.388.314
Basic Equipment	11.281.747	145.112	-	-	11.426.859
Other tangible assets	1.129.414	14.870	-	-	1.144.284
On-going investments	2.152.867	1.764.760	-	(1.667.770)	2.249.857
	32.761.382	**10.127.975**	-	**(1.667.770)**	**41.221.587**

	31-Dec-2012	Depreciations of the year	Alienation/write offs	31-Dec-2012
Accummulated Depreciation				
Constructions	11.999.666	708.317		12.707.983
Basic Equipment	10.633.144	210.334		10.843.478
Other tangible assets	467.571	5.546		473.117
	23.100.381	**924.197**	**-**	**24.024.578**
Net Value	***9.661.001***			***17.197.009***

(Amounts expressed in thousands of meticais)

	01-Jan-2011	Increases	Alienations/Write offs	Transfers	31-Dec-2011
Custo de aquisição					
Lands	12.273	-	-	-	12.273
Constructions	18.144.209	40.872	-	-	18.185.081
Basic Equipment	11.265.529	16.218	-	-	11.281.747
Other tangible assets	1.011.064	118.350	-	-	1.129.414
On-going investments	1.828.083	324.784	-	-	2.152.867
	32.261.158	**500.224**	**-**	**-**	**32.761.382**

	01-Jan-2011	Depreciations of the Year	Alienations/Write offs	31-Dec-2011
Accummulated Depreciations				
Constructions	11.590.230	409.436	-	11.999.666
Basic Equipment	10.513.972	119.881	(709)	10.633.144
Other tangible assets	371.566	96.005	-	467.571
	22.475.768	**625.322**	**(709)**	**23.100.381**
Net Value	***9.785.390***			***9.661.001***

6. Tangible investment

The movement in tangible investment is analyzed as follows:

	31-Dec-2011	Increases	Alienations/Write-offs	31-Dec-2012
Acquisition Costs				
Constructions	26.610.184	34.557	-	26.644.741
Basic Equipment	1.236.943	-	-	1.236.943
Other tangible assets	3	-	-	3
	27.847.130	**34.557**	**-**	**27.881.687**

	31-Dez-2011	Depreciations of the Year	Alienations/Write-offs	31-Dec-2012
Accumulated Depreciation-				
Constructions	14.957.962	43.035	-	15.000.997
Basic Equipment	996.669	25.181	-	1.021.850
Other tangible assets	3	-	-	3
	15.954.634	**68.216**	**-**	**16.022.850**
Net value	***11.892.496***			***11.858.837***

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

	01-Jan-2011	Increasess	Alienations/Write offs	31-Dec-2011
Cost of Acquisition				
Constuctions	26.610.184	-	-	26.610.184
Basic Equipment	1.236.943	-	-	1.236.943
Other tangible assets	3		-	3
	27.847.130	**-**	**-**	**27.847.130**

	01-Jan-2011	Depreciations Of the year	Alienations/Write offs	31-Dec-2011
Accummulated Depreciations				
Constructions	14.914.927	43.035	-	14.957.962
Basic Equipment	971.488	25.181	-	996.669
Other tangible Assets	3	-	-	3
	15.886.418	**68.216**	**-**	**15.954.634**
Net Value	***11.960.712***			***11.892.496***

These assets, held as an object of obtaining income, relate to property rented to DP World Maputo, Transcom, and Mozal and assets under concession with MPDC - Maputo Port Development Corridor, Maputo Coastal Terminal, Cornelder of Mozambique, Northern Development Corridor, Mozambique Society Terminals and others (see introduction).

7. Financial assets held to maturity

The balance of financial assets held to maturity is presented as follows:

Financial Instruments	Interest Rate	31-Dec-2012	31-Dec-2011
Treasury Bonds2011-2016	21%	56.600	56.600
		56.600	***56.600***

8. Financial assets available for sale

The balance of financial assets available for sale presents itself as follows:

	% of shares	Balance sheet value	
		31-Dec-2012	31-Dec-2011
Subsidiaries	80-100	79,956	79,955
Associated	20-49	176,379	170,929
Financial Instruments	0-19	97,762	97,762
		354,097	**348,646**
Accummulated Impairment of available assets for sale		(147,602)	(88,802)
		206,495	**259,844**

(Amounts expressed in thousands of meticais)

Movements in accumulated impairment of financial assets available for sale were as follows:

	31-Dec-2012	31-Dec-2011
To 1 January		
Impairment	88.802	88.802
Reversion	58.800	-
To 31 December	-	-
	147.602	**88.802**

9. Inventories

The rubric of inventories includes the following balances

	31-Dec-2012	31-Dec-2011
Raw Materials, auxiliaries & materials	340.258	277.154
Ongoing goods or services	-	18.969
	340.258	**296.123**
Adjustment to net realizable value	(38.933)	(34.304)
	301.325	***261.819***

The movements in net realizable value adjustments were as follows

	31-Dec-2012	31-Dec-2011
To 1 January	**34.304**	**34.764**
Reinforcement	4.709	-
Utilization	(80)	**(460)**
To 31 December	**38.933**	**34.304**

10. Customers

This rubric includes the following balances:

	31-Dec-2012	31-Dec-2011
Related Parties	*704,759*	*687,660*
Other Entities	*1,519,896*	*1,029,668*
TOTAL	***2,224,654***	***1,717,328***
Accummulated impairment in receivable balances	(912,324)	(479,595)
	1,312,330	***1,237,733***

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

The movements in impairment of receivables were as follows:

	31-Dec-2012	31-Dec-2011
To 1 January	479.595	666.298
Reinforcement	435.681	12.576
Utilization	(2.952)	(199.279)
To 31 December	***912.324***	***479.595***

11. Other financial assets

The following item breaks down as follows:

	31-Dec-2012	31-Dec-2011
Related Parties	*248,267*	*153,760*
Other Entities	*538,440*	*57,438*
	786,707	***211,198***

12. Other current assets

This item breaks down as follows:

	31-Dec-2012	31-Dec-2011
State		
IRPC	294.443	333.179
Recoverable VAT	150.266	124.985
VAT – Requested Reimbursement	225.844	212.715
	670.553	670.879
Accrued Income and Diferred Expenses	153.060	114.432
	823.613	***785.311***

MOÇAMBIQUE PORTS AND RAILWAYS
PORTOS E CAMINHOS DE FERRO DE MOÇAMBIQUE, E.P.

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

13. Current assets

	31-Dec-2012	31-Dec-2011
Cash & Banks	***5,318,376***	***3,977,203***

14. Equity

The CFM statutory capital amounts to 1,242,981 thousand Meticais, fully subscribed and paid by the Mozambican state.

Under current law, the Company shall transfer to legal reserve 5 % of net profits until it represents at least 20 % of capital (Art. 444 of the Commercial Code). This reserve is not distributable and can only be used to increase share capital or to cover losses after exhausting all other reserves.

The net result for 2011 was allocated as follows:

Application of income of the year 2011

	Value
Legal Reserve	50,656
Social Fund of Employees	101,312
Reserve for Investment	638,268
Distributed Dividends	222,887
	1,013,123

(Amounts expressed in thousands of meticais)

15. Provisions

	31-Dec-2012	31-Dec-2011
Various Provisions	*26,447*	*26,447*

	31-Dez-2012	31-Dez-2011
To 1 January	26,447	26,447
Reinforcement	-	-
Utilization	-	-
To 31 December	**26,447**	**26,447**

16. Obtained borrowings

This rubric corresponds to the following borrowings:

	31-Dec-2012	31-Dec-2011
Borrowings	1,090,243	-
State Finances	2,486,024	2,313,906
Others	3,952	2,029
	3,580,219	*2,315,935*

Borrowings or btained loans are analysed as follows:

	Interest Rate	Currency	Maturity	31-Dec-2012	31-Dec-2011
Non-current					
Loans					
STB Finance for the rehab. Sena Line		USD		*1.090.243*	-
				1.090.243	-
State Supplies					
Finance ministry (ii)	2,00% p.a.	USD	24/01/2040	512.986	475.352
Port of Quelimane (iii)	-	EUR	07/04/2050	259.271	253.597
World Bankl - RPRP (ii)	2,00% p.a.	USD	24/01/2040	1.530.581	1.418.292
Rehabilitation of the Sena Line (iv)	0,75% p.a.	USD	30/06/2030	123.920	114.829
Electrification of Matola Port (v)	5,5% p.a.	EUR	20/07/2034	59.266	51.836
				2.486.024	***2.313.906***
Currents					
Others					
Overdrafts	-	MTN		3.952	2.029
				3.952	***2.029***
				3.580.219	***2.315.935***

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

(i) Standard Bank
The balance corresponding to the partial disbursement of the loan obtained in April 2013 from the Standard Bank for emergency rehabilitation of the Sena Line in the amount of $ 45,000,000.00, bears interest at three months LIBOR spread of 5.5 %, which has been 37.381.159.36 USD will be amortized semi-annually, and the first instalment was due in 2012, the reimbursement of the debt financing will be made in a single instalment on the date of final maturity.

(ii) The World Bank and Ministry of Finance
The balances for the financing by the World Bank and Ministry of Finance in January 2000 to rationalize the workforce within the Project RPRP ("Restructuration of Port and Railways Project ") in the amount of $ 49,182,403 payable in 30 years, with 10-year grace period and interest capital and subsequently bear the interest rate of 2 % per year.

(iii) Port of Quelimane
The amount under the Port of Quelimane represents disbursements for the rehabilitation of the port of Quelimane in the amount of € 14,112,000. The loan was granted by the German institution KfW - KreditanstaltfürWiederaufbau (Reconstruction Credit Institute) via Government of Mozambique in April 2007.

(iv) Rehabilitation of the Sena Line
The amount under this heading was funded by the World Bank through the Government of Mozambique in 2005, the rehabilitation of the Sena Line in the amount of $ 5,500,000.

(v) Electrification of the Port of Matola
The amount on this line represents a financing institution for German KfW - KreditanstaltfürWiederaufbau (ReconstructionCreditInstitute) via Government of Mozambique in 2005, the electrification of the Port of Matola in the amount of € 1,533,876. The aim of this project is to ensure the distribution of energy in the Port of Matola and via port development, safeguarding jobs and contribute to the household income generation services for import and export.

17. Suppliers

	31-Dec-2012	31-Dec-2011
Suppliers	146,044	181,985

(Amounts expressed in thousands of meticais)

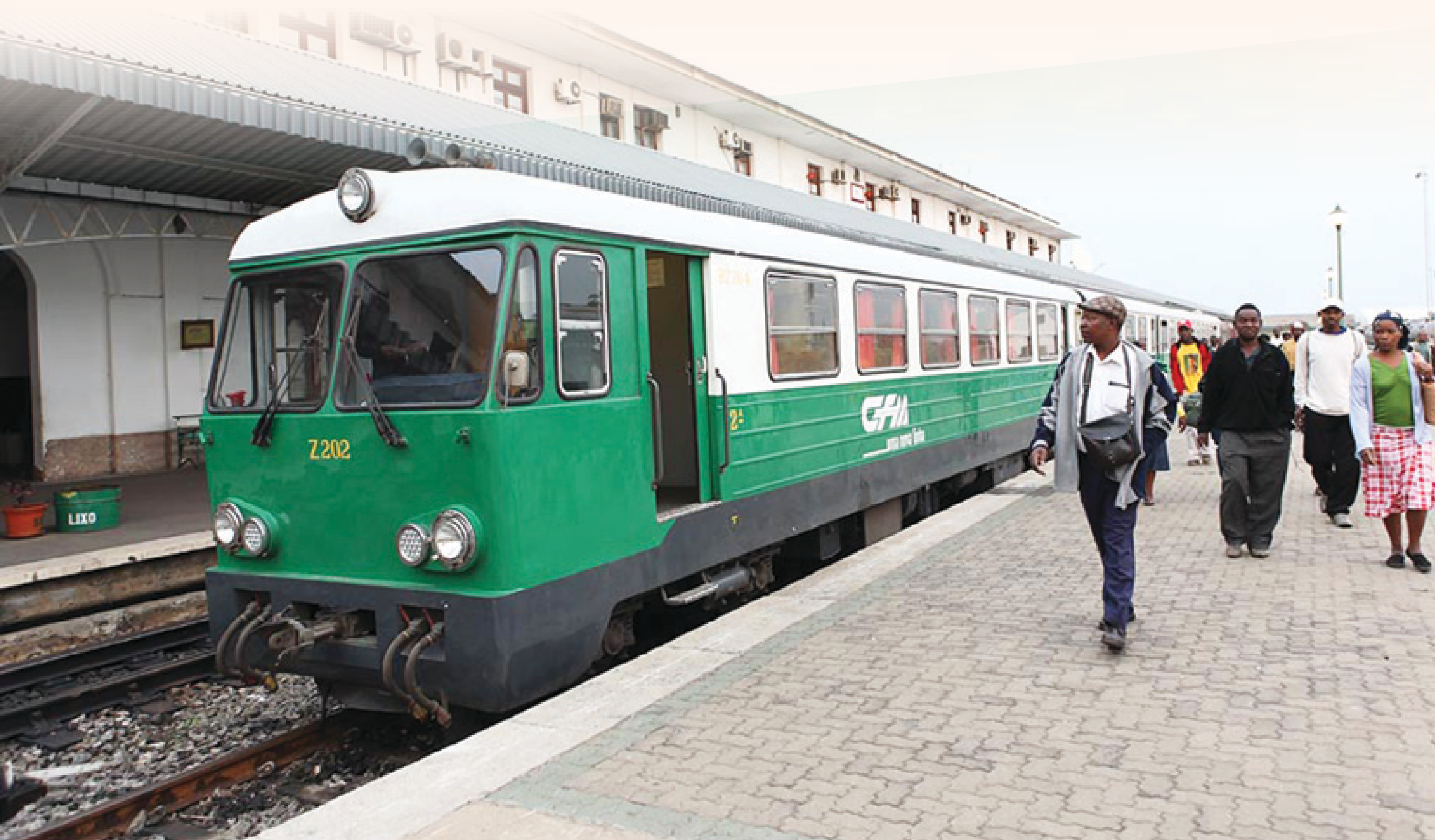
18. Other financial liabilities

	31-Dec-2012	31-Dec-2011
Non-current	6,019,285	16,718
Current	384,844	125,899
TOTAL	***6,404,129***	***142,617***

19. Other current liabilities

This rubric includes the following balance:

	31-Dec-2012	31-Dec-2011
State		
Income Tax	645.455	353.194
Retention at source	29.170	16.265
Contributions to the INSS	2.747	3.721
Others	1.465.500	857.417
	2.142.872	***1.230.597***



CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

20. Sales of goods and services

Sales of goals and services were as follows:

	2012	2011
Stays	101.180	74.483
Coastal Shipping	284.923	6.666
Exports	151.428	142.595
Imports	179.302	159.242
Piloting	30.413	19.180
Tugs	67.892	68.237
Income & Rentals	470.709	406.640
Transport & goods handling	3.208.837	2.475.505
Other services rendered	766.975	26.847
	5.261.659	***3.379.395***

(Amounts expressed in thousands of meticais)

21. Cost of inventories

This rubric breaks down as follows:

	2012		
	Goods	Raw Materials, Auxiliaries & Materials	**Total**
Initial stocks	-	(296.123)	(296.123)
Purchases	-	761.543	761.543
Regulations	-	-	-
Ending stocks	-	(340.258)	(340.258)
Cost of the Year	**-**	***125.162***	***125.162***

	2011		
	Goods	Raw Materials, Auxiliaries & Materials	**Total**
Initial stocks	-	156.725	156.725
Purchases	-	273.316	273.316
Regulations	-	-	-
Ending stocks	-	(296.123)	(296.123)
Cost of the year	**-**	***133.918***	***133.918***

22. Investments for the company

The balance of investments for the company refers to the value of production of sleepers for the reconstruction of Railway Line Ressano Garcia.

23. Additional income

Additional income includes:

	2012	2011
Fixed rent	323891	341984
Variable rent	677644	554423
Other income	253749	124339
	1,255,284	***1,020,746***

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

24. Employees´ expenses

This rubric is analysed as follows:

	2012	2011
Remuneration of Directors	41,491	30,062
Remuneration of other employees	1,368,247	982,723
Charges with salaries	14,870	7,809
Allowances	28,073	17,586
Indemnity	5,113	2,311
Social welfare costs	44,266	35,807
Other personnel costs	147,994	99,158
	1,650,054	***1,175,456***

25. Supplies and third part services

This rubric breaks down as follows:

	2012	2011
Water & electricity	55,116	47,714
Fuel and Lubricantss	469,464	288,855
Repair and Maintenance Material	120,386	67,933
Office Material	44,906	33,988
Dredging services	133,075	482,007
Maintenance and Repair	473,107	55,728
Comumunications	44,986	31,231
Income & Rentals	273,378	172,950
Vigilance & Security	147,299	114,544
Stowage – Aluminium Terminal	157,195	145,657
Exchange of rolling stocks	128,301	155,327
Other supplies & Services	246,196	155,366
	2,293,409	***1,751,300***

(Amounts expressed in thousands of meticais)

26. Other operational gains and (losses)

Other operational gains and (losses) are presented as follows:

	2012	2011
Taxes and fees	(21,995)	(14,761)
Contributions	(1,044)	(1,592)
Social Corporal Responsibility Programmes	(62,103)	(29,435)
Club of Sporting activities	(119,547)	(107,284)
Other activities	(55,394)	(29,073)
Other operational expenses and losses	***(260,083)***	***(182,145)***
Subsídies for investments	189,210.00	31,154.00
Others	109,857.00	193,265.00
Other operational income and gains	***299,067***	***224,419***
	38,984	***42,274***

27. Financial Income

This rubric breaks down as follows:

	2012	2011
Obtained Interests	249.940	200.551
Income from Social parties	174.936	223.218
Income of tangible investment assets	218.688	217.628
Foreign Exchange Gains	475.050	558.151
Other income and Financial gains	8.967	1.877
	1.127.581	***1.201.425***

Proceeds from shares relate to dividends received.

28. Financial Expenses

This rubric breaks down as follows:

	2012	2011
Interest Expense	26.199	23.929
Foreign Exchange Gains	302.134	833.247
Other expenses and financial losses	17.979	14.199
	346.312	***871.375***

CFM - PORTS AND RAILWAYS OF MOZAMBIQUE, EP
FINANCIAL STATEMENTS ON 31 DECEMBER, 2012.
(Amounts expressed in thousands of meticais)

29. Income taxes

	2012	2011
Current tax	(645.455)	(353.194)
Differred tax	120.253	22.176
	(525.202)	***(331.018)***

The movement in deferred tax is as follows:

	31-Dec-2011	Income statement		31-Dec-2012
		Expense	Income	
Diferred Tax Assets				
Tangible Assets	602	(602)	1.981	1.981
Depreciations of tangible assets	-	-	-	-
Diference of unrealzed Unfavourable Exchange Rate	168.467	(168.467)	84.336	84.336
	169.069	(169.069)	86.317	86.317
Diferred tax liabilities				
Depreciation of tangible assets	(54.986)	-	54.986	(0)
Cancellation of allowance for doubtful accounts	-	-	-	-
Difference of unrealized Unfavourable Exchange Rate	(168.671)	(20.651)	168.671	(20.651)
	(223.657)	(20.651)	223.657	**(20.652)**
	(54.588)	***(189.720)***	***309.974***	***65.665***
		120.253		

	01-Jan-2011	Income statement		31-Dec-2011
		Expenses	Income	
Diferred tax assets				
Tangible assets	2.303	(2.303)	602	602
Depreciation of tangible assets	24.503	(24.503)	-	-
Difference of unrealized unfavourable Exchange rate	135.270	(135.270)	168.467	168.467
	162.076	(162.076)	169.069	169.069
Diferred tax liabilities				
Depreciation of tangible assets	(38.678)	(16.308)	-	(54.986)
Cancellation of allowance for doubtful debtors	(28.032)	-	28.032	-
Difference of unrealized Unfavourable Exchange Rate	(172 130)	(168.671)	172 130	(168.671)
	(238.840)	(184.979)	200.162	**(223.657)**
	(76.764)	***(347.055)***	***369.231***	***(54.588)***
		22.176		

The Account Technician

The Management