



Limited Liability Company (Société Anonyme) with Capital of 1,727,000,000 CFA francs

Head office: Boulevard du Centenaire de la Commune de Dakar

Dakar (Republic of Senegal)

Dakar Trade & Companies Registry no. 97B614

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR FISCAL YEAR 2016

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SHAREHOLDERS

LISNAVE INTERNACIONAL, S.A.....	- 50,99%
NAVALSET- Serviços Industriais e Navais, S.A.	- 48,99%
Ana Maria MESQUITA DA SILVA	- 1 share
Frederico José Ferreira de Mesquita SPRANGER	- 1 share
João Rui CARVALHO DOS SANTOS.....	- 1 share
José António FERREIRA MENDES.....	- 1 share
José António TEIXEIRA	- 1 share
Rogério Jesus PAIS	- 1 share

Members of the Board

Three-year term of office 2016/2018

Board of directors:

CEO:

Frederico José Ferreira de Mesquita Spranger

Directors:

José António Ferreira Mendes

José António Teixeira

Rogério Jesus Pais

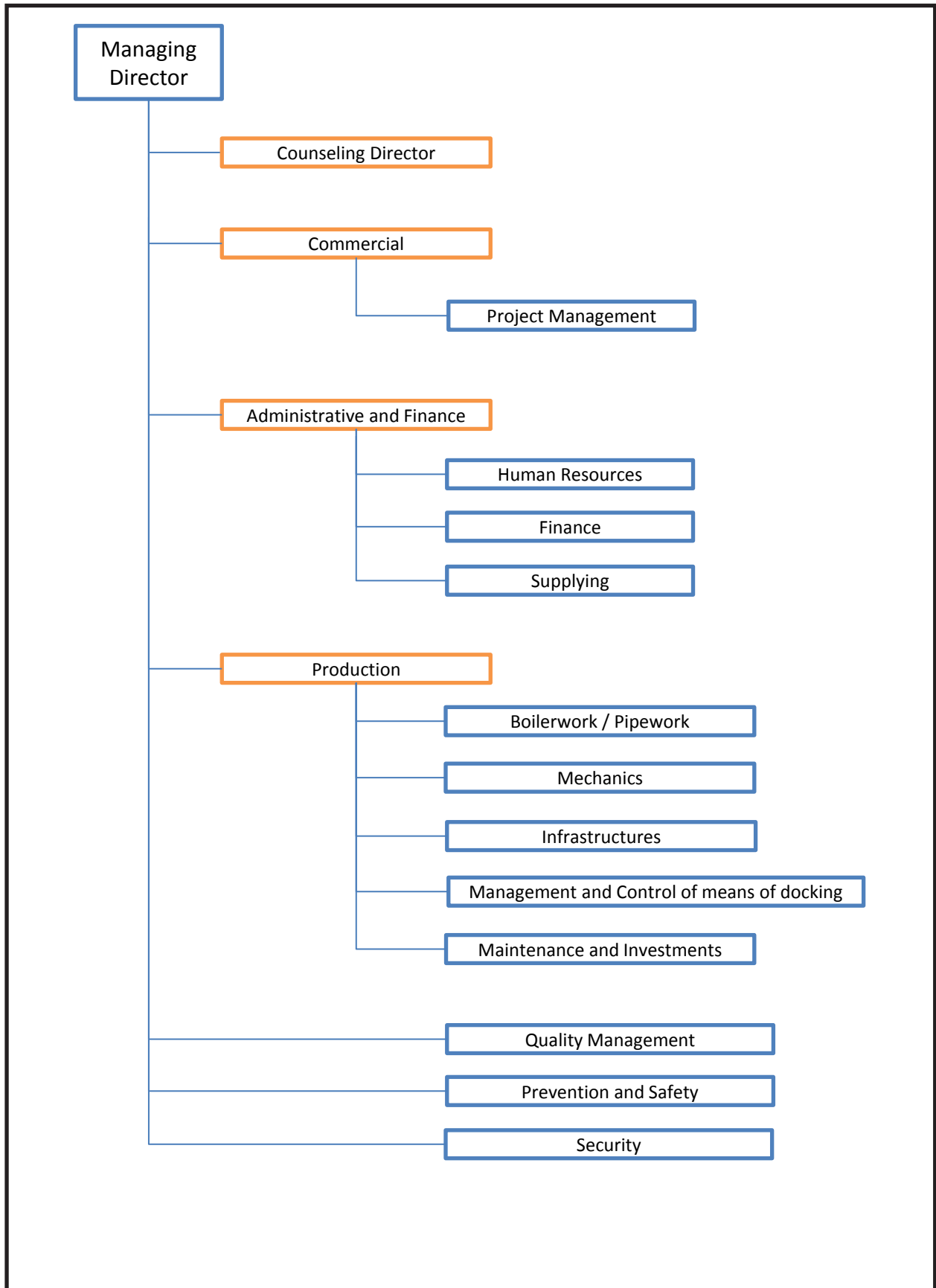
João Rui Carvalho dos Santos

Statutory auditors:

RACINE

Member of Ernst & Young

Dakar



2016 ANNUAL REPORT

Ladies and Gentlemen,

The Board of Directors of DAKARNAVE has the honour to present its annual report and financial statements for fiscal year 2016 for your kind consideration and approval.

1. Preamble

The difficult global economic conditions and in particular the increasing decline in oil prices during the years 2015 and 2016 had a negative impact on the international naval repair market, especially in the merchant navy and off-shore sectors.

For DAKARNAVE, this effect was also expressed as an increased seasonal fluctuation in business, with periods characterised by a very low work load, especially in the first half of 2016 and, on the contrary, a very high workload during the last quarter of the year, which brought performance levels up to positive.

The Turnover for 2016 was 11 618M CFA francs, a consequence of the current market conditions in the international maritime sector.

As a result of this reality, the Board of Administration and the Management Division of DAKARNAVE have made decisions in line with these objective conditions to reduce overheads, without loss of the capacity to respond to customer requirements.

DAKARNAVE maintains its interventions on the regional and international markets. In 2016, the company experienced uneven occupation of the dry docks. Performance is the result of the increase in customers from the fishing fleet, which occurred in 2015, and despite a decline in 2016, remains above the highest values of earlier years. There were new customers from the Chinese fleet, who came with vessels for shipping on the high seas, such as the firm GREAT PARTNERS SHIPPING SERVICES. This new customer was our 10th largest client in terms of billing value, among all the customers of DAKARNAVE, for 2016. The fishing sector and the major repair contract won, compensated for the drop in the repairs of Merchant navy ships and off-shore vessels.

As a result of commercial share developed over the past few years, on the level of customer satisfaction, and with the support of the main shareholder Lisnave Internacional, the company achieved a satisfactory performance level in 2016, despite the adverse market conditions.

Net profits for the fiscal period 2016 amounted to 559 million CFA francs.

To achieve these results, DAKARNAVE repaired 211 ships, compared to 248 in 2015. In the fishing fleet, we carried out major repairs, for an exceptional level of billing, which offset the drop in the number of interventions in other sectors. This year, the fishing fleets represented 34% of turnover, compared to 44% in 2015 and 18% in 2014.

In the course of 2016, unlike the previous year, we carried out a major repair in the merchant navy sector. This sector, with this major repair, represented a total of 58% of the turnover for the period.

DAKARNAVE continues to implement a policy of developing the potential of the shipyard, focused on two main factors: assets and productivity.

In relation to assets, both corporate owned assets and those awarded in concessions, the facilities and equipment such as the docks, the ship lifting equipment and the industrial yard, were subject to major financial efforts by the company, which invested in their implementation and maintaining their certification.



Since the end of the rehabilitation work conducted on the shipyard infrastructure by the Senegalese Government in 2003, DAKARNAVE has taken responsibility for all the investments necessary to obtain the current level of performance. These investments impacted Government assets, mainly, but also DAKARNAVE's capital equipment.

Concerning productivity, DAKARNAVE's investments were oriented towards efficient use of assets. Beyond staff training operations that are carried out each year, in 2016 DAKARNAVE also invested efforts in terms of applying the organisational methods, including ISO 9001-2008 for instance. This certification took concrete form in 2013 and after follow-up audits in 2014 and 2015, the renewal was obtained in 2016.

For infrastructure, in particular the floating dock, these efforts were materialised in the renewal of the DNV-GL certificate in 2015, which will be valid until 2019.

Taking this policy into account, we consider that in the course of the fiscal period there was a change which, in the short or medium term, could lead to a modernisation of work methods, in order to improve quality and productivity and achieve the objectives we have set ourselves. The purpose of these objectives is to obtain the necessary means to rise to the challenges of the naval repair market, by combining economic rationalisation and technological innovation.

The most important factors that constitute the major strategy lines are:

- The performance of the repair service, with the shortest time frame and the best quality,
- The cost,
- The commercial network,
- The professional capacity and the expertise of the workers.

For DAKARNAVE, the definition of objectives is achieved mainly through our customers. Their needs are key elements for the creation of the market response conditions. With an analysis of this information, DAKARNAVE will identify the requisite means to ensure the company's competitiveness.

After the economic crisis that occurred from 2010, the ship-owners encountered difficulties in obtaining funding to grow their business. This situation has a direct effect on the level of repairs, with a reduction in the number and value of the interventions carried out.

The effects on the 2016 financial year of the factors mentioned above have been identified as follows:

The turnover for 2016 was approximately 11.6 billion CFA francs, resulting from the following distribution:

- International fishing fleets, which each year constitute a stable, recurring basic activity, along with tugboats, in 2016 represented approximately 33% of total billing.

Up until 2014 this sector represented on average 25% of Turnover. After the increase in 2015, the value of which was close to the usual figures for the merchant navy we may consider:

- The increase in the number of vessels grounded,
 - The increase in the number of major repairs to vessels owned by Chinese ship-owners (replacement of steel),
 - The major repairs to the high seas fishing fleet,
 - The new customers, in particular Chinese, operating along the coast of Guinea Conakry and Mauritania.
-
- Merchant navy fleets are the main weight in the Turnover and in 2016 accounted for approximately 58% of billing. This year, unlike the previous year, there was a major repair in this sector, which represented 13% of the total turnover.
 - The part of Turnover relative to orders from the Senegalese National Navy represented approximately 5%, compared to 2% in 2015.
 - A last category of clients is represented by the companies in the petroleum sector in off-shore activities, which represented 1% of total amount of turnover for 2016, compared to 2% in 2015 and 11% in 2014. Our principal objective, to increase the regularity of orders from our customers in this market segment, was not met, due to the crisis in the petroleum sector.

Concerning the activity of routine repairs, as in previous years, Merchant Navy and Fisheries fleets accounted for the major part of Turnover. However, the regular arrival of new off-shore clients (the target set for the past financial years), will enable an increase in business levels.

This year, the fishing fleet vessels repaired, 163 in 2016 compared to 184 in 2015, allowed billing of 3,548M CFA francs compared to 5,495M CFA francs respectively. Despite the decline compared to 2015, the amount billed in 2016 is higher than the level of the previous years for this sector.

In this context, DAKARNAVE closed the financial year 2016 with sales amounting to 11,618 M CFA francs, an increase of 1% over the budget.

Interventions were carried out on 217 vessels in 2016. This performance represents a drop of 12.5% relative to 2015, with 31 fewer vessels repaired. Total operating profits were 13.2 billion CFA francs, above the total for 2015.

Net profits for the fiscal period amounted to 559M million CFA francs, a 42% increase over 2015. This can be explained by the fact that this year, the company was not subject to the same constraints as the previous year, due to divergences in the interpretation of the applicable tax legislation.

In 2016 equity capital amounted to approximately four and a half times the Share Capital.

DAKARNAVE has retained its characteristics of an Enterprise with a strong export dimension. DAKARNAVE is sought after by customers on the international market, and currently exports more than 91% of its services. With turnover of approximately 10,600 million CFA francs, this makes the company one of the major contributors to national wealth.

The volume of business obtained since 1999, the year the Concession contract began, has allowed DAKARNAVE to meet all its commitments, in particular those related to the Concession. With total amount of turnover of 156 billion of CFA francs for this fiscal period, the company paid staff costs equivalent to 46.2 billion CFA francs and paid the State 9.5 billion CFA francs in licence fees, as well as over 10.8 billion CFA francs in taxes and Social security contributions. For investments in infrastructure covered by licence, the Floating Dock, the Dry Dock, Syncrolift, Sloopway, Quais Selmer and the buildings, DAKARNAVE has already injected approximately 8.5 billion CFA francs.

Nonetheless, even though the level of business expanded throughout 2016, the Board maintains its cautious stance regarding the outlook for the activity in 2017. The economic climate has not changed over the past years and there are still risks at the level of the global economic situation. Although the conditions are not yet very positive, we shall invest all the efforts required to exceed the budget established for 2017.

Relative to the programme of investments scheduled for 2016, they were established in as follows:

- Acquisition of quality control equipment and other works in the pump facilities and electric fence. Total expenditure for all these investments was 32 million CFA francs.

- For the storage of waste, construction works were carried out on the new facilities, for a total amount of 305M CFA francs.
- For the acquisition of other computer equipment and furniture, the amount of 6M CFA francs was spent. The floating dock rehabilitation works continued for the amount of 273M CFA francs, as a result of the surface treatments and cathode protection.
- Two motor vehicles were acquired, one for the production sector and another for the Director Advisor, both were to replace obsolete, decommissioned vehicles.

Total investments for 2016 amounted to 642 million CFA francs.

2. Ship Repairs

Compared to 2015, billing decreased by 1,100M CFA francs. The great difference was noted at the level of fishing vessels; a very significant increase in 2015 in this segment compared to previous years, from 2.4 billion CFA francs in 2014 to 5.5 billion CFA francs in 2015. This year 2016, for the fishing fleets, despite a higher value than in 2014, there was a decline with the amount of 3.5 billion CFA francs. The merchant navy maintained, with the major repair contract won, a level similar to 2015. The compensation for the total variation of these two sectors was given by an increase in extraordinary industrial works, from 1% of turnover in 2015 to 3.5% in 2016, with a total of 400M CFA francs.

During 2016 the stoppage of the Syncrolift continued to prevent work at full capacity. We maintained, throughout 2016, the ban on nightshift work in this infrastructure. These measures were taken in September 2014, to enable the instauration of better security conditions.

For the fishing sector, we may say that the stoppage of the Syncrolift caused a loss of earnings of approximately 300M CFA francs.

We exceeded the number of ships repaired that was scheduled in the budget. Of 211 ships planned for 2016, 217 were repaired in the course of the year. The 217 vessels repaired belonged to 76 customers. Among these, 37 were from the Merchant Navy, 163 Fishing boats, 12 from the Senegalese Navy, 4 tugboats and a unit belonging to the off-shore sector.

The average volume of billing per ship was lower than in previous years for the fishing fleet, but with a value above the average of the past five years. Regarding the Merchant Navy, the shippers, in view of the reductions in transport costs, reduced the number of interventions, with 37 vessels this year compared to 48 in 2015. With the major repair in a unit of the merchant navy fleet, the total amount of the billing remained at the 2015 level.

In the course of the year, we did not achieve a satisfactory overall level of occupation of our different dry dock facilities, due to the lack of regularity of demand.

The occupation of the floating dock was 67% and 95% for the dry dock.

This performance, despite the economic crisis, is the consequence of the loyalty of certain customers already included in our portfolio, and of others who have returned after a few years' absence. We had a presence at the international shipping fair Posidonia in Athens in June, and this allowed us to contact major clients and of re-activate contacts with part of our international network of agents.

The repair business relative to units of fishing boats and tugboats, saw a number of interventions that enabled billing representing 33% of global turnover; billing relative to fishing boats and tugboats exceeded average for the past few years, except 2015. The usual percentage for these segments was approximately 25%.



Routine repairs for commercial ships and off-shore units represented 46%, with 32 vessels repaired, and a major repair representing 13% of turnover. These constituted the major part of the turnover.

The best client of 2016 was GOBEL MARINE UNION MARITIME SERVICES, with billing of 1.8 billion CFA francs and 2 ships; the CHINESE FISHING MISSION, a regular customer since DAKARNAVE began, was second with billing of 959M CFA francs and 47 ships. SEAWORLD MANAGEMENT, with 2 units, and 640M CFA francs was third. Senegal NATIONAL NAVY, with billing of 592M CFA francs for 10 units, was the fourth largest customer.

UNION MARITIME, with 3 vessels, CAPSEN/SCASA, South Korean shipper and a customer of DAKARNAVE since 2015, with 5 ships and JAN DE NUL with 2 ships, are customers with whom billing as in excess of 500M CFA francs.

Operating essentially on the international market, DAKARNAVE implements a policy of loyalty towards its existing customers, while simultaneously constantly striving to attract new opportunities. In this context, while maintaining its focus on its traditional market segments – fishing fleets, merchant and regular navy – which constitute a significant proportion of its business activity, DAKARNAVE has strengthened its presence in other segments, such as the units operating in oil exploration in the Gulf of Guinea – Supply-vessels, barges – which already represent approximately 20% of the Turnover of the company.

In 2016 the business was divided up in the following way for a global Turnover of 11,617,633,219 CFA francs:

Désignation	2016			2015		
	Vessels	Invoicing	%	Vessels	Invoicing	%
Fisheries Fleet	163	3 548	31	184	5 497	43
Tugboats	4	279	2	7	152	1
Merchant ships	37	6 723	58	48	6 590	51
Naval Forces Vessels	12	622	5	8	192	2
Off-shore units	1	52	1	1	248	2
Industry	-	394	3	-	50	0
TOTAL	217	11 618	100	248	12 729	100

DAKARNAVE is continuing to take the necessary steps to collect the sums that are still in litigation. However, DAKARNAVE has already obtained a decision from the Court for the settlement of the principal existing litigation, corresponding to the ship AOG Explore, with an amicable agreement reached between DAKARNAVE and the shipper.

The vessels Sea Beach and Tamaya are still in litigation.

3. Company holdings

Our subsidiary SATAC - Société Africaine de Traitement Anti-Corrosif, SA, in which DAKARNAVE holds a 76.22% interest, continues to be our principal sub-contractor.

This year, its turnover reached 269 M CFA francs compared to 319M CFA francs in 2015, representing a 6.3% increase.

SATAC's balance sheet for 2016 showed a positive result of 11M CFA francs in operating revenue.

The Equity Capital remains at a level which permits good financial solvency thanks to good coverage of liabilities. Added value and working capital remained positive with good liquidity ratios. Overall, the structure of the company remains balanced.



4. Plan of Major Maintenance operations and Investments

The works for the renewal of DNV certification were completed in 2015 and DAKARNAVE obtained a certificate valid until 2019. However, the surface finishing work on the floating is continuing as in past years.

During the year 2016, investments were targeted mainly at production and the environment, with an improvement in waste storage conditions.

Total investments for 2016 amounted to 642 million CFA francs.

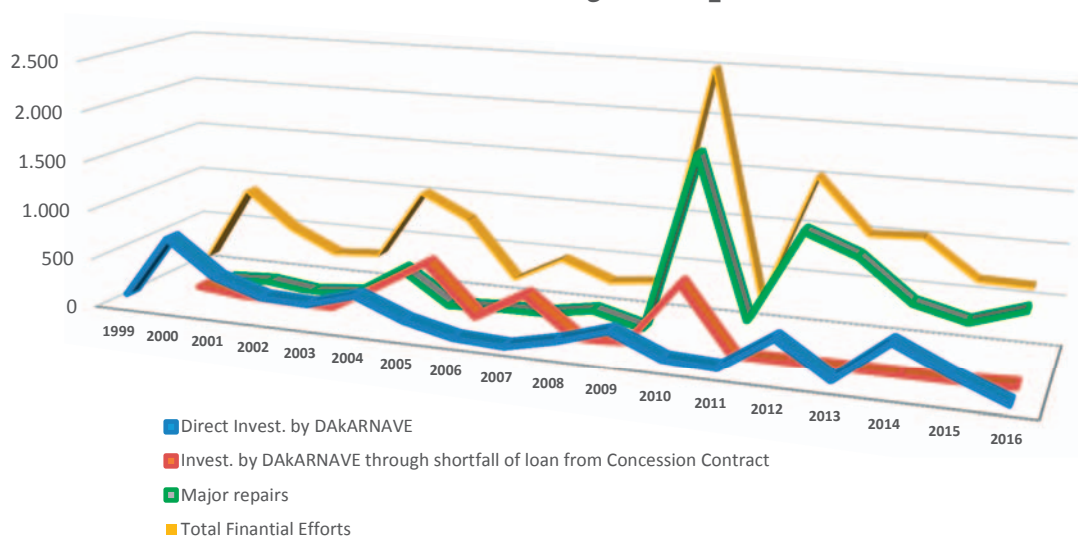
The surface finishing work to the floating dock, in 2016, represented an investment of 273M CFA francs.

In the field of IT, DAKARNAVE renewed some equipment, including computers, voltage stabilisers and other hardware, worth a total 4M CFA francs.

The replacement of a motor vehicle for production transport and another for management represented a value of 26M CFA francs, and for quality control equipment and the pumping station an amount of 32M CFA francs was invested.

Furniture and miscellaneous equipment amounted to 2 million CFA francs.

Investments and Major Repairs



5. Human resources

In 2016, we continued to seek greater cost-effectiveness in our procedures, an increase in the Company's productivity level and improved control of costs at all levels.

Having reached an agreement on the harmonisation of the wage supplements by category in 2013 and fixed the number of levels of wage supplements for each occupational category at three, this year we continued the consolidation of the procedures for rationalising human resource management. This harmonisation makes it possible to establish a professional career with incentives to improve the performances of the agents and their respective promotion.

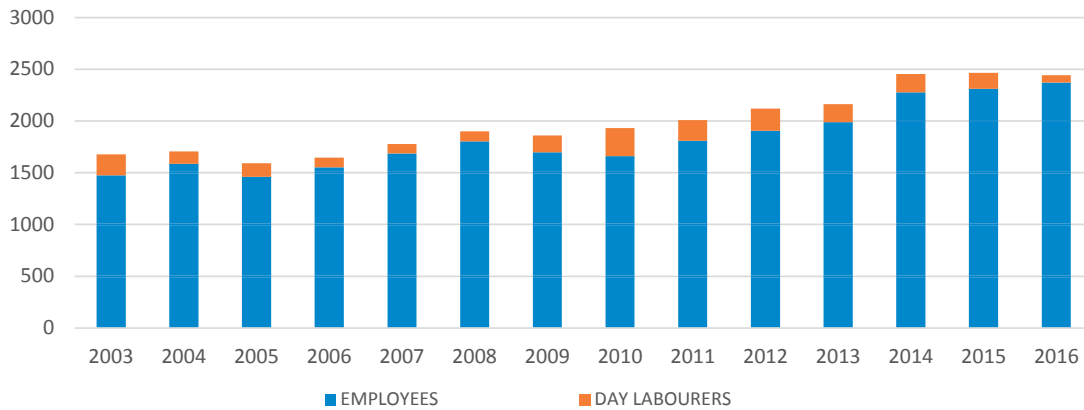


5.1. Staff costs

Since the company was founded, DAKARNAVE has implemented a policy of an annual adjustment to maintain the purchasing power of its employees. This is why the amounts in the company's pay grid are rather higher than the official pay scales.

Despite the rationalisation that was implemented, this did not result in a reduction of costs in relation to turnover. The increase of the salary scale was verified in 2016 giving rise to the continuation of the policy of annual adjustment of salaries. This increase, the purpose of which is to maintain the purchasing power of employees, varied between 3% and 6%.

Staff Costs



The total amount for domestic labour, including sub-contractors and service providers, represented 34.9% of turnover in 2016, compared to 29.7% in 2015.

Overall staff costs fell by 0.8% in 2016 compared to the previous year. The verified increases in remuneration, plus 4% on average, were offset by the fall in overtime and seasonal work. We also replaced the work of the firemen, normally done by day labourers, by a firm of sub-contractors.

The use of expatriate workers was drastically reduced since the month of August.

The weight of daily labour in overall staff costs was 6% in 2015 compared to 3% in 2016.

Items	2016	2015
Pay	1 124 304 968	1 134 319 392
Additional work	302 823 322	325 085 624
Prices, Subsidies, Other Remuneration	713 679 133	674 276 494
Subtotal	2 140 807 423	2 133 681 510
Social contributions	302 091 506	329 967 527
Subtotal	2 442 898 929	2 463 649 037
External personnel	311 233 530	238 947 334
Total Staff costs	2 754 132 459	2 702 596 371

The General Assembly of DAKARNAVE decided to pay each worker a bonus, on an exceptional basis, as an incentive to workers in the future to continuously improve in their daily work. This bonus, in recognition of the workers' contribution to the results obtained in 2015, and as an incentive to workers to improve continuously in their daily work, was in accordance with the professional evaluation and the level of absenteeism of each worker, and varied from between 80% and 150% of the salary and wage supplements.

5.2. Training

5.2.1 - Introduction

The aim of the annual training programme is to boost the capacities and skills of the workers in all sectors of the firm in order to contribute to enhancing the performance levels of the shipyard to satisfy the requirements in terms of quality of service.

Thus, in 2016 continuous training shares were carried out for all the sectors of the company, financed by our own resources. The funding body, FONDEF, underwent a long restructuring process to become FFFPT (fund for financing vocational and technical training), and so the Training Plan 2016 got off to a late start with a 2 and a half month delay.

5.2.2 - Training dispensed in 2016

- In 2016, 15 training operations in total were carried out, with a cumulative total of 4,826 man hours for 92 agents.
- All the sectors of the company were concerned, but the Production sector benefited from the majority with 78% of the training operations for staff refresher training in the following domains:
 - Welding
 - Hydraulics & Pneumatics
 - Industrial electricity
 - Electrical certification
 - Crane driving
 - Technical draughtsmanship
 - Non-destructive controls
 - Ship fire training for firemen
 - Project management for ship leaders
 - Accounting seminar
 - Public procurement contracts
 - Information technology
 - Electrical risks for security agents and direct chiefs

English training sessions continued in 2016 to improve the linguistic skills of the agents concerned in the Production and Commercial departments.

TOTAL	92 agents	4,826 man hours
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- Assessment and indicators

DAKARNAVE considers quality management to be a key success factor in the market it operates in. Within the scope of its overall policy, emphasis is placed on the long-term improvement of the system of management and organisation in order to achieve the production of services compliant with international standards, an approach that is resolutely oriented towards customer satisfaction.

DAKARNAVE intends to raise the level of its technological skills to achieve the status of the most modern maintenance and repair shipyard on the West Coast of Africa.

DAKARNAVE sets itself apart by its specific pertinence in the Senegalese economy, with eminently exportable characteristics, whose high Added Value for the domestic economy is associated with the business activity and a high level of employment.



In order to obtain a competitive edge, DAKARNAVE is governed by a management philosophy which combines rigorous budgetary control and the implementation of integrated systems in crucial domains such as Quality.

ISO 9001 2008 Certification was an objective that was achieved during the first quarter of 2013, and was confirmed by audits in 2014 and 2015.

The International Ship and Port Facility Security Code (ISPS), but also the questions relative to Health and Safety at work, are significant in the day to day running of the shipyard. This day to day running involves an average population of 500 people in the shipyard.

The continuous qualification of the cadre of personnel is subject to investment for the present and for the future.

5.3. Other indicators

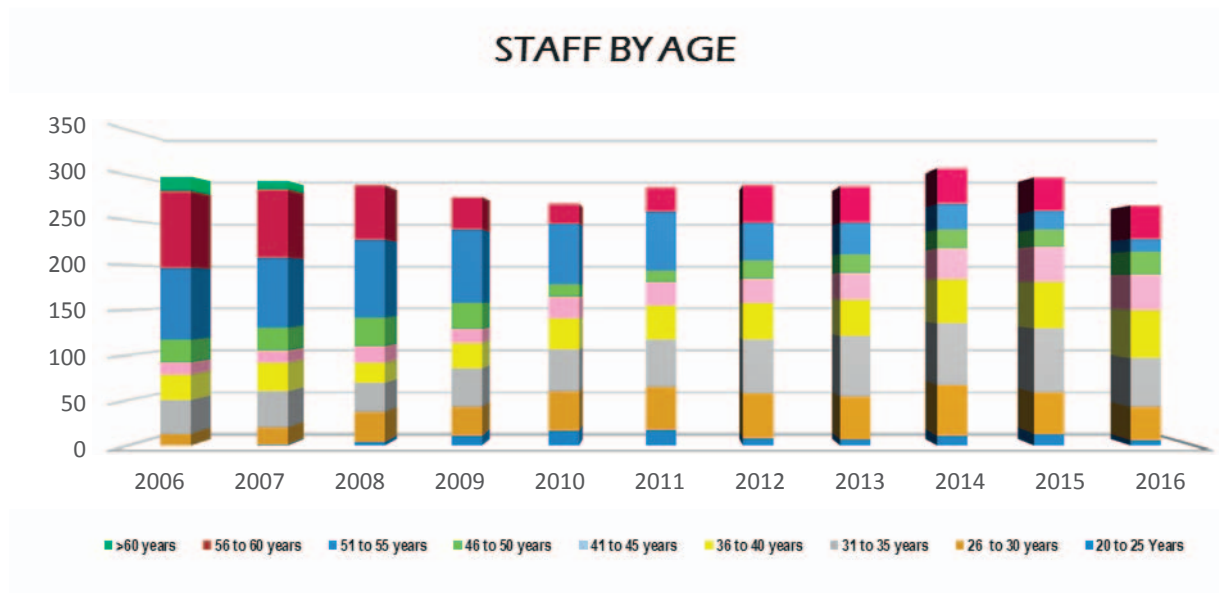
In 2016, we continued the indispensable process of lowering the average age of the personnel as a whole. Given the physical nature of the work, we believe we shall obtain a significant increase in productivity by lowering the average age of the workforce. Currently more than 71% of the workforce is under 45, compared to 29% in 2006. In the same period, workers under 35 increased from 16% in 2006 to 36% in 2016.

On 31 December 2016, the global headcount at DAKARNAVE was 273 workers:

- 169 effective agents
- 97 contractual agents
- 7 expatriate agents

25 agents were still trainees at the end of 2016.

From a spirit of internal harmony established with the workforce, this year we once again funded two pilgrimages to Mecca.



6. Economic and Financial Situation

The summary table presented below shows the changes in the indicators relative to the company's business activity during recent fiscal periods:

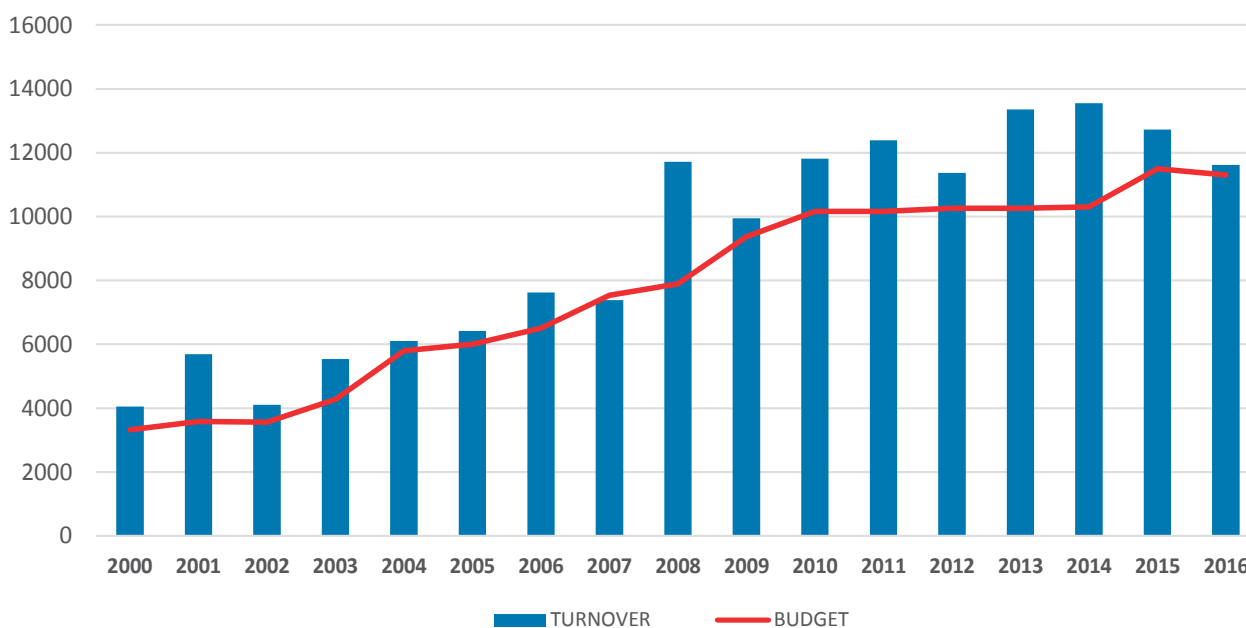
Analysis of the Profit & Loss Account

million CFA Francs

	2011	2012	2013	2014	2015	2016
Turnover	12.393	11.371	13.359	13.545	12.729	11.618
Intermediate consumption	7.497	8.321	7.191	7.304	6.265	6.540
EBITDA	1.964	1.251	2.263	2.268	1.854	1.450
EBITDA/TURNOVER	15.8%	11.0%	17.0%	16.8%	14.6%	12.5%
Operating results	1.247	451	1.259	1.118	611	596
Net income	962	359	1.033	891	393	559

DAKARNAVE achieved a volume of billing of 11,618M million CFA francs resulting from the repair of 217 ships, 31 fewer than the previous year.

ANNUAL BUDGET & TURNOVER



The weight of shipyard maintenance in the total operating costs continues to be excessive. This is verified by the EBITDA/TURNOVER ratio, despite the increase in EBITDA in recent years. The increase in turnover and net income over the past few years, combined with rigorous management, enable us to envisage the future with optimism.

Full-time staff costs, which represent 21% of turnover, show that DAKARNAVE is in a flexible position, attuned to the market.

Changes in profitability are noted on the constant ratios of the table below relative to turnover:

RATIOS	2013	2014	2015	2016
Gross production value	103.1%	105.6%	102.4%	113.3%
Gross added value	33.2%	34.9%	33.9%	33.5%
Cash-flow	15.5 %	15.5%	13.0%	13.2%
Profitability of Sales	7.7%	6.6%	3.1%	4.8%
Staff costs	16.2%	18.1%	19.4%	21.0%
External Services	43.9%	45.5%	44.0%	49.1%
Depreciation on investments	7.5%	7.9%	9.1%	7.6%
Return on capital	14.0%	11.5%	5.2%	7.2%
Return on Assets	10.2%	9.0%	4.3%	5.8%

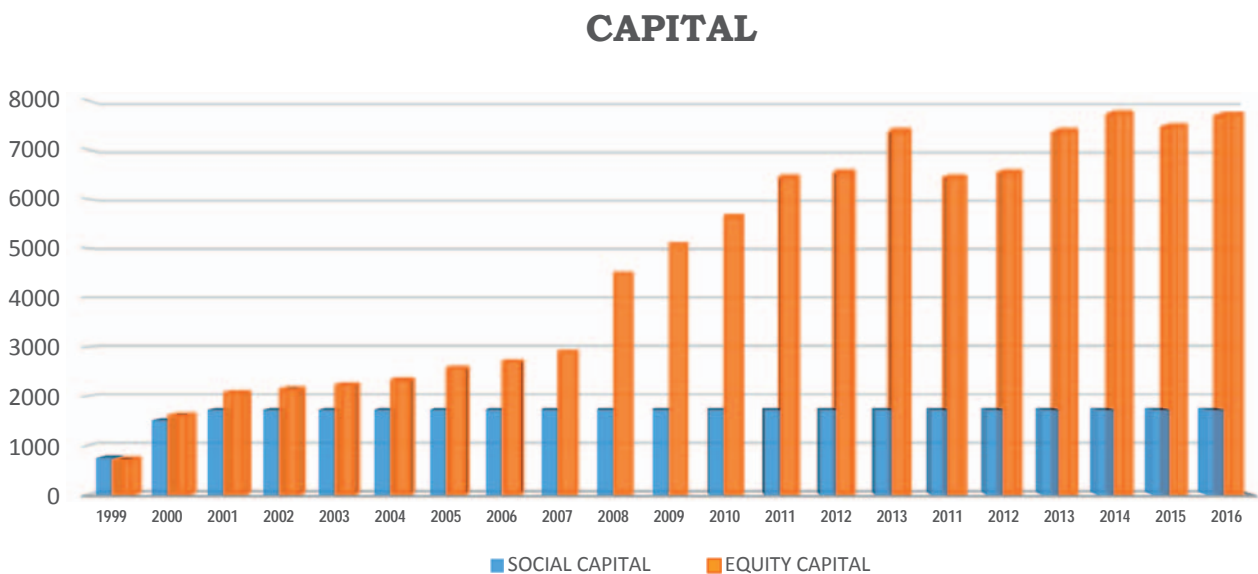
Given the economic context in which DAKARNAVE has developed its activity since it was founded, the fact that it has been able to maintain ratios that represent excellent performance over the past few years should be emphasised.

RATIOS	2013	2014	2015	2016
Current liabilities/current assets	45.0%	43.5%	22.9%	31.5%
Current liabilities delay/Current assets delay	37.5%	28.6%	20.0%	22.4%
Solvency	267.9%	364.2%	469.7%	418,8%
Autonomy Financial	72.8%	78.5%	82.4%	80,7%
Working capital ratio	222.0%	229.9%	436.7%	317,0%
Working capital/Total assets	37.5%	41.4%	49.0%	50.9%
Equity/Share Capital	428.1%	449.3%	434.1%	447.5%

There are no specific conditions for insuring against market variations, in particular the risks of debts emerging from business on the international market. This situation obliges DAKARNAVE to make its own classification in this balance. In spite of this situation, the financial structure of the Company has considerably improved over the past few years, both in the short and the long term.

The working capital ratio, solvency and financial self-sufficiency have been maintained at high levels.

Equity capital amounts to more than four and a half times the Share Capital. This situation is due to the cumulated Net income and to the fact that the shareholders have preferred to maintain a comfortable situation within the company, rather than collect on all the profits.



Financial Liabilities included the repayment schedule of the bank loan taken out to renovate the infrastructure of the dock and the floating dock. This was a long-term loan, over five years, and was repaid in full in 2016.

Equity Capital, amounting to 7,729M CFA francs at 31 December 2016, maintained the trend of the past few years. Net Income for this period was 559M CFA francs.



7. Outlook for 2017

At this time, it is still difficult to predict how the shipping business will evolve in 2017. In any case, we believe that the maintenance and repair work to commercial ships that has been postponed over the past few years due to the economic crisis which negatively affected international trade, will not increase. This leads us to a moderately optimistic outlook, by envisaging that in 2017 there will be no improvement compared to the forecast for 2016.

DAKARNAVE will continue to pursue the goal of achieving optimisation of processes and a resulting increase in overall productivity, which will secure our business activity.

From a commercial standpoint, in addition to the policy of developing the loyalty of existing customers, DAKARNAVE will strengthen the position it has achieved over the past few years in the off-shore sector of the petroleum business, the aim being to increase the number of customers who are loyal to us thanks to the quality of the services we provide on these units.

The company, in achieving the overall objective relative to its Mission, has also incorporated a policy of Protection, Quality and Security in order to comply with the legislation in force and, secondly, to provide customers and partners with a favourable, secure environment. It shall gain from further building its image as an international reference in the field of Naval Repairs on the West Coast of Africa, as compliance with standards is the golden rule in the sector.

As far as Training is concerned, we will continue to give priority to developing employee skills, while at the same time maintaining internal training, to raise employee awareness of strategic aspects, with special attention to good practices in terms of Quality, the Environment, Security and also Protection. It is obviously with a workforce that is valued, trained and aware of its role in our organisation that we can continue to progress a step in front of the competition.

For this success, DAKARNAVE has always counted on the inestimable and indispensable help of our majority shareholder, LISNAVE INTERNACIONAL, in supplying critical Know-How and commercial assistance materialised by the "LISNAVE" trademark.

It should be noted that the mobilisation of Lisnave's technicians for intermittent work projects constitutes an invaluable advantage, since the urgency of such work and the customers' constraints are not compatible with the time it would take to launch calls for tender on the market.

We have fixed the target for Turnover in the 2017 Budget at the sum of 11.3 billion CFA francs. To procure a major repair contract and maintain the level of activity on the merchant fleets will be the principal objective in 2017. Whatever the case may be, in 2017 we expect the following distribution to achieve our target turnover:

▪ Fisheries Fleet	3.60	billion CFA francs
▪ Tugboats	0.18	«
▪ Merchant ships	6.50	«
▪ Major repairs	0.73	«
▪ Other Works	0.29	«

Requirements in terms of major maintenance operations and in priority investment needs represent a total amount of approximately 600 million CFA francs, including the following, which should be noted:

- For the cathode protection of the floating dock, 197M CFA francs, and 273M CFA francs for construction of the tins.
- For the production equipment, two compressors, 2 generators, scaffolding and various tools, the provisional cost is approximately 275 M CFA francs.
- Tools, IT equipment, office equipment and furniture are other investments that are scheduled.
- Update of management software.

The total volume of investments scheduled, 600 million CFA francs, will still be in proportion to the net resources freed during the financial year 2017.

The treatment of the surface of the steel resulting from the rehabilitation of the walls of the floating dock with the replacement of the sheet metal required for certification. This share is already underway and was started in 2010: the provisional cost for this year will be 217 million CFA francs.

For the rehabilitation of the crane on rails on the Selmer quay, the investment budgeted is 109M CFA francs.

8. Proposed use of profits

The Board of Directors proposes to the General Meeting of Shareholders that Net income from the financial year 2016, which amounts to 558, 972 669 CFA francs, be distributed as follows:

▪ Distribution of dividends to shareholders	551,003,880 CFA francs
▪ Balance carried forward	7,968,789 CFA francs

9. Acknowledgements

To conclude this report, we would like to thank our Shareholders for their frank and active presence at our side, for providing their inestimable and indispensable know-how, and for their commercial assistance materialised by the trademark "LISNAVE".

To all our Customers in general, for the confidence they placed in our capacity and we hope to continue to be worthy of their trust.

We would also like to highlight the inestimable cooperation of the Senegalese Navy and the Dakar Port Authority, the Statutory Auditors and the SIRN for the execution of the Concession Contract. To the French Development Agency we address our gratitude for the comprehension they demonstrated regarding certain problems that were presented to them.

To all our suppliers and in particular Lisnave Internacional, which, on occasion, provided us with the possibilities of balanced financial management. At the same time, being tolerant with regard to the due dates of balances to be paid by DAKARNAVE.

To the banks, particularly the Credit du Sénégal, the Société Générale des Banques du Sénégal, the Compagnie Bancaire de l'Afrique de l'Ouest, BICIS and Ecobank, we express our gratitude for the support they have always given us.

The final word of thanks goes to all our employees and partners at every level, for their ever-present commitment in the pursuit and responsible execution of our shared mission.

Dakar, 24 February 2017

Managing Director

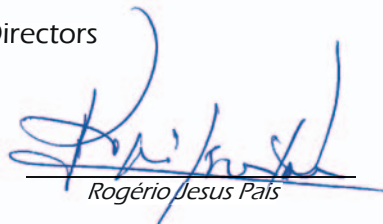


José António Ferreira Mendes

Directors



José António Teixeira



Rogério Jesus Pais

INCOME AND ACCOUNTS

Company's name	Fiscal year duration (in months)	12
DAKARNAVE	Ended on	31-12-2016
Company's address	Previous fiscal year duration (in months)	12
BD DU CENTENAIRE DE LA COMMUNE DE DAKAR	Ended on	31-12-2015

A - BALANCE SHEET - NORMAL SYSTEM

ASSETS	Ref.	N Fiscal year			N-1 fiscal year
		Gross	Depreciations	Net asset values	Net asset values
CURRENT ASSETS					
Capitalized expenses	AA				
Start up expenditures and deferred charges	AB	13.566.000		13.566.000	
Bond payment premium	AC				
Intangible assets	AD				
Research and development	AE				
Patents, licence and software package	AF	147.519.682	137.621.196	9.898.486	18.987.851
Goodwill	AG				
Other intangible assets	AH				
Fixed assets	AI				
Lands	AJ				
Buildings	AK	6.656.609.679	4.623.754.959	2.032.854.720	2.375.566.055
Facilities and fittings	AL	1.008.506.457	515.777.964	492.728.493	272.300.932
Equipments	AM	3.803.557.232	3.182.926.774	620.630.458	739.629.818
Transport equipments	AN	207.530.598	168.364.466	39.166.132	34.500.322
Advances and deposits paid on fixed assets	AP				
Long term Financial assets	AQ				
Financial investments	AR	46.710.000	8.600.000	38.110.000	38.110.000
Other financial fixed assets	AS	49.418.707		49.418.707	49.418.707
(1) including Extraordinary :	AW				
<i>Gross.....</i>					
<i>Net assets value.....</i>					
TOTALFIXED ASSETS (I)	AZ	11.933.418.355	8.637.045.359	3.296.372.996	3.528.513.685
CURRENT ASSETS					
EXTRAORDINARY CURRENT ASSETS	BA				
Inventories	BB				
Goods	BC				
Raw materials and other supplies	BD	1.901.699.798	30.312.754	1.871.387.044	1.993.794.608
Inventories in progress	BE	43.111.948		43.111.948	77.429.747
Manufactured products	BF				
Receivables	BG				
Prepaid expenses and advances to suppliers	BH	17.775.436		17.775.436	17.754.757
Receivables-sales	BI	2.804.922.718	632.668.668	2.172.254.050	2.397.852.991
Receivables-other	BJ	401.935.059	43.960.448	357.974.611	365.148.575
TOTAL CURRENT ASSETS (II)	BK	5.169.444.959	706.941.870	4.462.503.089	4.851.980.678
CASH					
Short term financial investment	BO				
Cash to be collected	BR				
Banks and cash in hand	BS	1.814.999.155		1.814.999.155	713.297.825
TOTAL CASH (III)	BT	1.814.999.155		1.814.999.155	713.297.825
Exchange loss adjustment	BU				
(probable loss on current exchanges)					
GENERAL TOTAL (I+II+III)	BZ	18.917.862.469	9.343.987.229	9.573.875.240	9.093.792.188

Company's name	Fiscal year duration (in months)	12
DAKARNAVE	Ended on	31-12-2016
Company's address	Previous fiscal year duration (in months)	12
BD DU CENTENAIRE DE LA COMMUNE DE DAKAR	Ended on	31-12-2015

A - BALANCE SHEET - NORMAL SYSTEM

LIABILITIES AND EQUITIES	Ref.	N fiscal year	(N-1) fiscal year
		Net	Net
EQUITY AND EQUIVALENT RESOURCES			
Capital	CA	1.727.000.000	1.727.000.000
Shareholders, non called up capital	CB		
Premiums ad reserves	CC		
Premiums of contribution, broadcast, fusion	CD		
Differences from revaluation	CE		
Inalienables reserves	CF	373.267.099	373.267.099
Free reserves	CG	330.901.658	330.901.658
Previous profits or losses + or -	CH	4.738.329.810	4.672.976.349
Profit or loss for the year	CI	558.972.669	393.331.961
Other stockholders' equity	CK		
Investment subsidies	CL		
Regulated provisions and assimilated funds	CM		
TOTAL STOCKHOLDERS' EQUITIES (I)	CP	7.728.471.236	7.497.477.067
LOG TERMS FINANCIAL DEBTS			
Long term debts	DA		24.275.096
Leasing debts and comparable contracts	DB		
Other long term debts	DC		
Financial provisions for risks and charges	DD	440.081.334	460.967.054
(1) including Extraordinary :	DE		
TOTAL OF LONG TERMS DEBTS (II)	DF	440.081.334	485.242.150
TOTAL OF STABLE RESOURCES (I+II)	DG	8.168.552.570	7.982.719.217
CURRENT LIABILITIES			
Extraordinary current PAYABLES	DH	311.479	330.526
Customers, advances	DI	45.835.859	34.421.415
Accounts payable	DJ	1.066.171.358	511.841.773
Accrued taxes	DK	69.713.859	275.156.986
Social liabilities	DL	90.663.339	96.431.724
Other liabilities	DM	129.628.333	189.892.104
Provisions for risks	DN	2.998.443	2.998.443
TOTAL OF CURRENT LIABILITES (III)	DP	1.405.322.670	1.111.072.971
FINANCE			
Banks, discount credit	DO		
Banks, cash advances	DR		
Banks, overdrafts	DS		
TOTAL FINANCE (IV)	DT		
Exchange gain adjustment - (V) (Probable differed change profits)	DU		
GENERAL TOTAL (I+II+III+IV+V)	DZ	9.573.875.240	9.093.792.188

Company's name	Fiscal year duration (in months)	12
DAKARNAVE	Ended on	31-12-2016
Company's address	Previous Fiscal year duration (in months)	12
BD DU CENTENAIRE DE LA COMMUNE DE DAKAR	Ended on	31-12-2015

A - INCOME STATEMENT - NORMAL SYSTEME

EXPENSES	Ref.	N fiscal year	N-1 fiscal year
EXPENSES FROM OPERATIONS			
Purchases of goods	RA		
- Variation in invent (+ or -)	RB		
<i>(Gross margin on goods see TB)</i>			
Purchases of raw materials and supplies	RC		
- Variation in invent (+ or -)	RD	87.241.816	-86.300.650
<i>(Gross margin on raw materials see TG)</i>			
Other purchases	RE	2.944.308.810	3.219.129.158
-Variation in invent (+ or -)	RH		
Transports	RI	65.226.661	63.385.251
External Services purchases	RJ	5.043.788.075	4.942.262.711
Taxes	RK	43.502.423	530.728.425
Others expenses	RL	966.439.372	17.900.718
<i>(Value Added see TN)</i>			
Personnel expenses (1)	RP	2.442.898.929	2.463.649.037
including external personnel /	RQ		
<i>(Gross balance in operations see TQ)</i>			
Depreciations and provisions allowances	RS	974.896.651	1.266.469.406
Total of operational costs	RW	12.568.302.737	12.417.224.056
<i>(Balance operation see TX)</i>			
FINANCIAL ACTIVITIES			
Interests and other finance charges	SA	5.322.585	10.186.899
Change loss	SC	95.644	526.482
Amortization and provisions allowances	SD		
Total of financial costs	SF	5.418.229	10.713.381
<i>(Financial profit see UG)</i>			
Total of ordinary activities expenses	SH	12.573.720.966	12.427.937.437
<i>(Ordinary activities balance profit see UI)</i>			
EXTRAORDINARY ACTIVITIES			
Book value of assets sold	SK		
Extraordinary expenses	SL	1.071.178	
Extraordinary depreciations	SM		
Total of Extraordinary Expenses	SO	1.071.178	
<i>(Extraordinary balance see UP)</i>			
Profit sharing for personnel	SQ		
Income tax	SR	31.902.186	210.933.851
Total of profit sharing for personnel and income tax	SS	31.902.186	210.933.851
TOTAL OF EXPENSES	ST	12.606.694.330	12.638.871.288
<i>(Net income or loss see UZ)</i>			

Company's name	Fiscal year duration (in months)	12
DAKARNAVE	Ended on	31-12-2016
Company's address	Previous fiscal year duration (in months)	12
BD DU CENTENAIRE DE LA COMMUNE DE DAKAR	Ended on	31-12-2015

B - INCOME STATEMENT - NORMAL SYSTEM

INCOMES	Ref.	N fiscal year	N-1 fiscal year
REVENUE AND EXPENSES FROM OPERATIONS			
Sales of goods	TA		
GROSS PROFIT IN SALES OF GOODS	TB		
Sales of manufactured products	TC		
Sales of works services	TD	11.286.030.323	12.710.806.948
Charges in finished goods and progress inventory (+ or -)	TE	-34.317.799	-73.846.400
Own work capitalized	TF	578.755.524	278.286.226
GROSS PROFIT IN RAW MATERIALS SALE	TG	11.743.226.232	13.001.547.424
Accessory incomes	TH	331.602.896	18.114.045
NET SALES (1) (TA+TC+TD+TH)	TI	11.617.633.219	12.728.920.993
(1) including in exportation/.....	TJ		
Subsidies for operations	TK		
Other current earnings	TL	880.964.817	71.867.292
VALUE ADDED	TN	3.892.528.604	4.318.122.498
GROSS OPERATING PROFIT	TQ	1.449.629.675	1.854.473.461
Provisions written back	TS	107.670.238	22.809.260
Expenses transfers	TT	13.566.000	
Total operating incomes	TW	13.164.271.999	13.028.037.371
OPERATING PROFIT Benefit (+); Loss (-)	TX	595.969.262	610.813.315
FINANCIAL ACTIVITIES			
Financial incomes	UA		3.056.803
Gains from foreign currency	UC		346.363
Provisions written back	UD		
Expenses transfer	UE		
Total investments incomes	UF		3.403.166
FINANCIAL BALANCE (+ or -)	UG	-5.418.229	-7.310.215
Total ordinary activities revenues	UH	13.164.271.999	13.031.440.537
ORDINARY ACTIVITIES profit (1)	UI	590.551.033	603.503.100
(1) including corresponding tax/.....	UJ		
EXTRAORDINARY ACTIVITIES			
Fixed assets sales	UK	1.395.000	762.712
Extraordinary incomes	UL		
Extraordinary provision written back	UM		
Expenses transfer	UN		
Total of extraordinary revenue	UO	1.395.000	762.712
EXTRAORDINARY BALANCE. (+ or -)	UP	323.822	762.712
INCOMES GENERAL TOTAL	UT	13.165.666.999	13.032.203.249
NET INCOME BEFORE TAX	UZ	558.972.669	393.331.961
Benefit (+) ; Loss (-)			

CERTIFICATION

**Dakarnave
Chantiers Navals de Dakar SA**

Rapport général du commissaire aux comptes

Etats financiers annuels - Exercice clos le 31 décembre 2016

Messieurs les actionnaires,

En exécution de la mission qui nous a été confiée par votre Assemblée générale du 9 avril 2013, nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2016, sur :

- le contrôle des états financiers de la société Dakarnave Chantiers Navals de Dakar SA, tels qu'ils sont joints au présent rapport ;
- les vérifications et informations spécifiques prévues par la loi.

I. Opinion sur les états financiers annuels

Nous avons effectué l'audit des états financiers ci-joints de la société Dakarnave Chantiers Navals de Dakar SA comprenant le bilan au 31 décembre 2016, le compte de résultat, le tableau financier des ressources et des emplois (TAFIRE) pour l'exercice clos à cette date et l'état annexé.

Responsabilité du Conseil d'administration pour les états financiers

Les états financiers annuels ont été établis et arrêtés par le Conseil d'administration conformément aux règles et méthodes comptables prévues par l'Acte Uniforme de l'OHADA relatif au Droit Comptable. Le Conseil d'administration est également responsable du contrôle interne qu'il estime nécessaire à l'établissement d'états financiers ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Responsabilité du commissaire aux comptes

Notre responsabilité est d'exprimer une opinion sur ces états financiers sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit applicables au Sénégal. Ces normes requièrent de notre part de nous conformer aux règles d'éthique et de planifier et de réaliser l'audit en vue d'obtenir une assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures mises en œuvre, y compris l'évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, relève du jugement de l'auditeur.

En procédant à cette évaluation des risques, l'auditeur prend en compte le contrôle interne de l'entité relatif à l'établissement et à la présentation sincère des états financiers afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité.

Un audit consiste également à apprécier le caractère approprié des méthodes comptables retenues, le caractère raisonnable des estimations comptables faites par la direction et la présentation d'ensemble des états financiers.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion.

Opinion

Nous certifions que les états financiers annuels sont réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé, ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice, conformément aux règles et méthodes comptables édictées par l'Acte Uniforme de l'OHADA relatif au Droit Comptable.

II. Vérifications et informations spécifiques

Nous avons également procédé aux vérifications spécifiques prévues par la loi.

Nous n'avons pas d'observation sur la sincérité et la concordance avec les états financiers annuels des informations données dans le rapport de gestion du Conseil d'administration et dans les documents adressés aux actionnaires sur la situation financière et les états financiers annuels.



En application des dispositions de l'article 746-2 de l'Acte Uniforme de l'OHADA relatif au droit des sociétés et du groupement d'intérêt économique, nous vous informons de l'existence et de la tenue conforme du registre de titres nominatifs par la société Dakarnave Chantiers Navals de Dakar SA.

Le Commissaire aux Comptes

RACINE
MEMBRE D'ERNST & YOUNG

A handwritten signature in black ink, appearing to read 'Makha SY', written over a faint, stylized graphic element that resembles a star or a set of intersecting lines.

Makha SY
Associé

Le 22 mars 2017

