



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

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 2019**



## **INDEX**

- Members of the Board
  
- The Board of Directors' Annual Report
  - 1. Preamble
  - 2. Ship Repairs
  - 3. Company holdings
  - 4. Investment plan
  - 5. Human resources
    - 5.1. Staff costs
    - 5.2. Training
    - 5.3. Other indicators
  - 6. Economic and Financial Situation
  - 7. Outlook for 2020
  - 8. Proposed use of profits
  - 9. Acknowledgements
  
- Balance sheet and Accounts
  - Balance sheet - Assets
  - Balance sheet - Liabilities
  - Income statement - Debit
  - Income statement – Credit

Certification

## SHAREHOLDERS

LISNAVE INTERNACIONAL, S.A.....	51%
NAVALSET- Serviços Industriais e Navais, S.A. ....	49%

## Members of the Board

Three-year term of office 2019/2021

### Board of directors:

**CEO:**

Nélson Nunes Rodrigues

**Directors:**

José António Ferreira Mendes

José António Teixeira

Rogério Jesus Pais

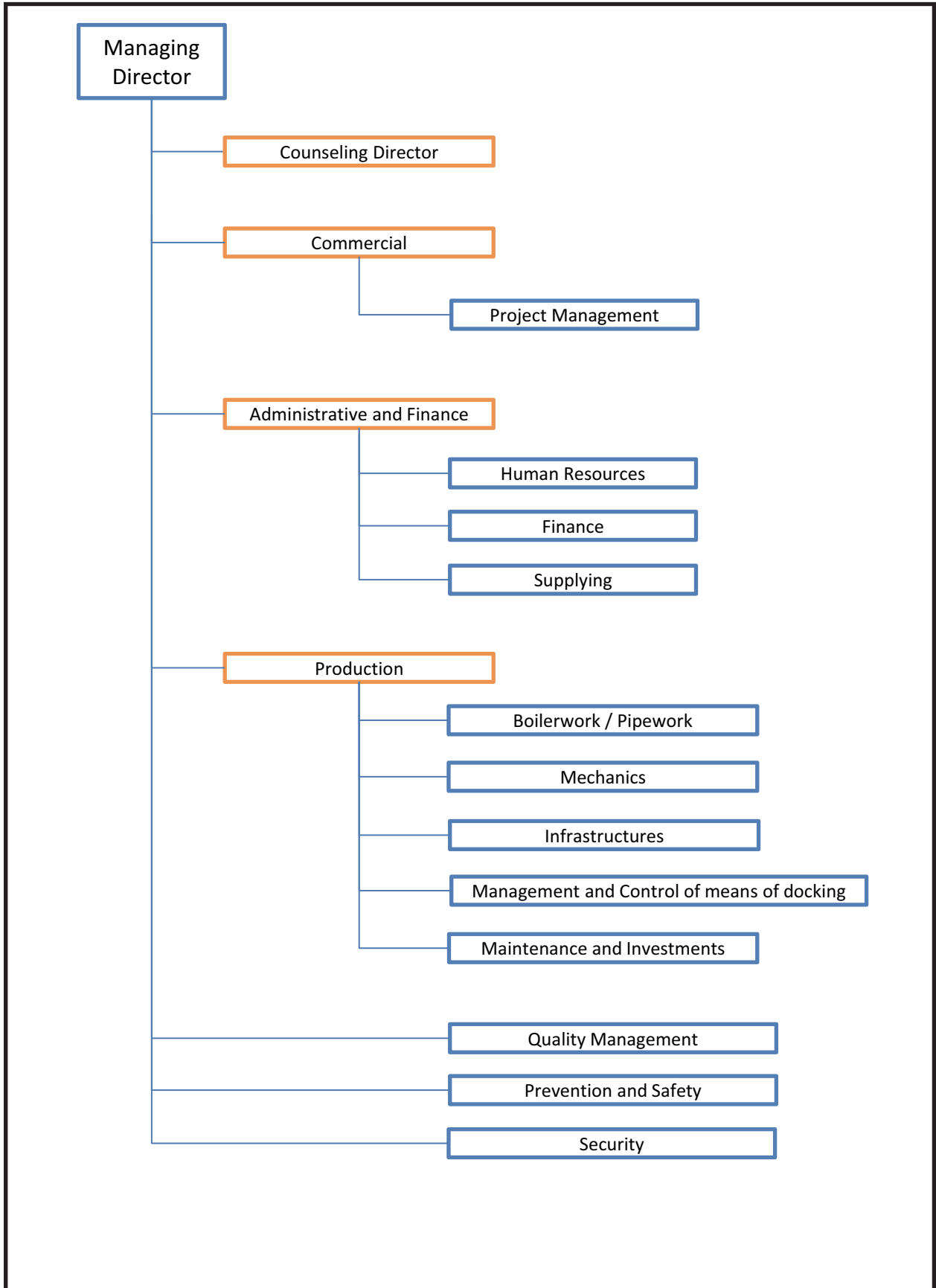
João Rui Carvalho dos Santos

### Statutory auditors:

**RACINE**

Member of Ernst & Young

Dakar



## 2019 ANNUAL REPORT

Ladies and Gentlemen,

The Board of Directors of Dakarnave has the honour to present the annual report and financial statements for the fiscal year of 2019 for your kind consideration and approval.

### 1. Preamble

In 2019, the marine navigation sector showed an atypical trend compared to the last few years. Dakarnave was not able to obtain the usual steady demand, neither carry out major repairs. This situation led to periods characterised by significantly low workloads. As a result, turnover fell by 20.5% compared to 2018, and for the first time, the shipyard failed to meet the budget forecast, by a margin of minus 16.2%.

The Turnover for 2019 was 10,475M Fcfa, a repercussion of the current market conditions in the international maritime sector.

In order to address this reality, the Board of Administration and the Management Division of Dakarnave made decisions in line with these objective conditions. Maintain control of overheads as well as analyse the priority investments, increase the company's capacity to respond to the requirements of the customers and adapt to the new market conditions.

Dakarnave maintains its interventions on the regional and international markets. In 2019, the company experienced uneven occupation of the dry docks. The weaker performance in 2019 was the result of the decline in clients from the fishing fleets and the merchant navy. This year, the trend towards growth in the number of ships repaired witnessed in previous years stopped. In fisheries, despite a fall in total invoicing compared to the previous year, the value of interventions per vessel was higher. The new customers from the Chinese fleet, who arrived in 2016 with vessels for fishing on the high seas, maintained the demand for works

from Dakarnave. In the fisheries sector there was a reduction in the number of vessels repaired, with 36 fewer ships than in 2018, but billing was only down 0.05%.

In the Merchant Navy there was an increase in the number of units repaired, but the total invoicing of this sector represents the largest decrease in turnover. We repaired two more vessels in 2019 than in 2018, however the total billings in this sector were down approximately 31%, equivalent to minus 2,097M Fcfa.

The commercial actions developed over the past few years were continued with regards to customer satisfaction, and with the support of the main shareholder Lisnave Internacional, Dakarnave will deploy all its efforts to achieve better performance levels in the future.

Net profits for the fiscal period of 2019 amounted to 433 million Fcfa.

To achieve these results, Dakarnave repaired 229 ships, compared to 269 in 2018. For the fishing fleet, major repairs maintained billing at the high levels of 2018. This year, the fishing fleets represented 47% of the turnover, compared to 37% in 2018.

In the course of 2019, unlike the previous year we carried out no major repairs in the merchant navy sector. This sector represented a total of 45% of the turnover for the period, compared to 52% from the previous year.

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

In relation to assets which consisted of both corporate owned assets as well as those leased 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 the leased facilities, 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, Dakarnave also invested efforts in terms of applying organisational methods, including ISO 9001-2008 for instance. This certification took concrete form in 2013 and after follow-up audits were carried out, the renewal was obtained in 2017, already on par with ISO 9001-2015 standards.

#### DAKARNAVE OHSAS 18001 STANDARD CERTIFICATION

To meet the requirements of the international standards in terms of safety at work, in June 2017 Dakarnave's Occupational Health & Safety Management System was audited by Bureau Veritas and considered compliant with the OHSAS 18001:2007 standard.

Dakarnave thus obtained OHSAS 18001 certification. This certification therefore constitutes an additional advantage for boosting the confidence of Dakarnave's commercial clientele to have works carried out with the assurance that occupational risks are effectively managed.

For infrastructure, in particular the floating dock, efforts were materialised in the renewal of the DNV-GL certificate in 2019, which will be valid until 2024.



Taking this policy into account, we consider that during 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 for ourselves. Obtaining the necessary means to face the challenges of the ship repairs market is the aim of these objectives, combining economic streamlining 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
- Cost
- commercial network
- professional capacity and the expertise of the workers

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

The effects of the factors mentioned above on the 2019 financial year have been identified as follows:

The turnover for 2019 was approximately 10.4 billion Fcfa, resulting from the following distribution:

- International fishing fleets, which each year constitute a stable, recurring basic activity, along with tugboats, in 2019 represented approximately 47% 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 dry docked
- 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, for the first time, were not the main weight in the Turnover and in 2019 reached values that accounted for approximately 45% of billing. This year, unlike the previous year, there were no major repairs in this sector. In contrast to the previous year, the situation could not be compensated for due to a decrease in the regularity of the dry docking of Merchant Navy vessels throughout the year. This had an influence in creating poorer performance.
- The part of Turnover relative to orders from the Senegalese National Navy represented approximately 1%, compared to 4% in 2018.
- A final category of clients is represented by the companies in the petroleum sector in off-shore activities, which represented 2% of total amount of turnover for 2019, compared to 3% in 2018. Our principal objective, to increase the regularity of orders from our customers in this market segment, was not met, but we shall continue to deploy efforts to succeed in this.

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 amounted to 176 compared to 212 in 2018, which allowed for a billing of 4,894M Fcfa compared to 4,917M Fcfa respectively.

In this context, Dakarnave closed the financial year of 2019 with sales amounting to 10,475 M Fcfa, an increase of 16.2% over the budget, and a positive variation of 20.5% compared to 2018.

Interventions were carried out on 229 vessels in 2019. This performance is weaker than in 2018, when 269 ships were repaired. Total operating profits were 11.4 billion Fcfa, compared to 13.7 billion in 2018.

Net profits for the fiscal period of 2019 amounted to 433 million Fcfa, compared to 1,200 million Fcfa from 2018. This can be explained by the reasons already mentioned above, and by the fact that in 2019 demand did not remain steady throughout the year.

In 2019 equity capital amounted to approximately five 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 97.8% of its services. With turnover of approximately 10,247 million Fcfa, 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 a total turnover of 194 billion Fcfa for this fiscal period, the company paid staff costs equivalent to 58.9 billion Fcfa and paid the State 11.1 billion Fcfa in licence fees, as well as over 12.7 billion Fcfa in taxes and Social security contributions. For investments in the infrastructure leased, the Floating Dock, the Dry Dock, Syncrolift, Slypway, Quais Selmer, the buildings and the Cranes, Dakarnave has already injected approximately 10.0 billion Fcfa.

In October 2018, the loan granted to the Senegalese government by the French Development Agency in 1999 for the refurbishment of the shipyard was paid back. The amount of 7.8 billion and interest was settled by a part of the licence fees paid by Dakarnave since the start of the concession.

In this way, and after the expansion of the level of business throughout 2019, the Board has a positive, but careful, outlook regarding business in 2020. The current global economic environment is sensitive to a number of factors, and risks remain. Although the conditions are not yet very positive, we shall invest all the efforts required to exceed the budget established for 2020.

Relative to the programme of investments scheduled for 2019, they were established as follows:

- The acquisition of production equipment including a compressor, 3 MIG/MAG welding stations, a fan, a submersible electric pump and splice measuring equipment. Total expenditure for all these investments was 144 million Fcfa.
- The total amount of major repairs to the assets base under concession was 923M cfa Francs. For the steel replacement and surface treatment of the floating dock, along with the renewal of the certificate by Lloyd's/DNV, 655M Fcfa were spent, and for the rehabilitation of the rail cranes and the syncrolift, the total cost was 278M Fcfa.
- For the rehabilitation of the St. Etienne Tower the expenditure was 36M Fcfa
- For the acquisition of other computer and office equipment and furniture, and electrical equipment, the amount of 33M Fcfa was spent. For security equipment and other investments 5M Fcfa.

Total investments for 2019 amounted to 1,155 million Fcfa.

## **2. Ship Repairs**

Compared to 2018, billing decreased by 2,693 million Fcfa, equal to a 20.5% decline. The largest difference was noted at the level of merchant navy vessels. This 2019 year, regarding the fishing fleets, despite the drop in the number of vessels repaired, minus 36 units equivalent to minus 17%, the invoicing maintained practically the same amount, 4,894M Fcfa, compared to 4,917M Fcfa in 2018. The merchant navy had the biggest drop, with a value below 2018 by 2,097M Fcfa, minus 30.9%, and only 2 ships repaired. Only the tugs had a small increase of 53M Fcfa, plus 17.8%, and the "off-shore" sectors and the navies also lowered their billings.

In 2019, as in recent years since 2014, the stoppage of one of the docking platforms of the Sincrolift continued to prevent the Sincrolift from working at full capacity. For the fishing sector, we may say that the stoppage of the Sincrolift platform represents an annual loss of earnings of approximately 300M Fcfa.

We did not meet the goal of the number of ship repairs that was scheduled in the budget. Of 243 ships planned for 2019, 229 were repaired in the course of the year. The 229 vessels repaired belonged to 76 customers. Of these ships, 39 were from the Merchant Navy, 176 from Fishing fleets, 5 from the Senegalese Navy, 7 were tugboats and 2 units belonged to the offshore sector.

The average volume of billing of works per ship was lower than in the previous year for the commercial fishing fleet with 39 repairs in 2019, and 37 in 2018. The total amount of the billing for the Merchant Navy fleet decreased by 30.9%. As regards the fishing fleet, the number of interventions was 176 vessels this year compared to 212 in 2017, but total invoicing was maintained at almost the same amount as in 2018.

In the course of the year, the fluctuations in demand prevented us from achieving a satisfactory overall level of occupation of our different dry dock facilities.

The occupation of the floating dock was 65% and 76% for the dry dock.

Despite the situation as described, the loyalty of certain customers already included in our portfolio was maintained, and other customers returned after a few years' absence. We were present at the International Shipping Fair in Oslo, NorthShipping in June, and at the St. Petersburg Fair in September. This allowed us to contact major clients and 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 50% of global turnover; billing relative to fishing boats and tugboats exceeded the average for the past few years. The usual percentage for these segments was approximately 25%.



Routine repairs for commercial ships and off-shore units represented 47%, with 41 vessels repaired compared to 40 in 2018. This constitutes the core of our business.

The best customer of the year 2019 was UNION MARITIME, with an invoice of 1.1 billion Fcfa and 5 ships; CAPSEN with 2 ships and 945.6M Fcfa was the second, OCEAN SHIPPING SERVICES, with 4 units and 862.4M Fcfa was the third best customer. The CHINESE FISHING MISSION, a regular customer since Dakarnave began, was split into two companies, ZHONYU GLOBAL SEAFOOD and SENEGAL ARMEMENT. The total amount invoiced by the two companies was 939M Fcfa and 40 ships, compared to 1.5 billion Fcfa in 2018 and 60 ships. UNIBROS with 3 vessels and 720M Fcfa was the fourth largest individual customer.

YUH JAN ENTREPRISE, a fishing company, with 21 vessels equating to 520M Fcfa, and MATRIX ENERGY, and NOAH SHIPPING with 1 vessel, are customers that enabled billing in excess of 350M Fcfa.

This year, there were four customers from the fisheries sector among the top 10.

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 2019 the business was divided up in the following way for global billing of 10,400M Fcfa:

DESIGNATION	2019			2018		
	Vessels	Billing	%	Vessels	Billing	%
Fishing Fleet	176	4,894	47	212	4,917	37
Tugs	7	351	3	9	298	2
Merchant Vessels	39	4,692	45	37	6,789	52
National Navies	5	102	1	8	571	4
Off-shore units	2	151	2	3	350	3
Industry	-	210	2	-	244	2
<b>Total</b>	<b>229</b>	<b>10,400</b>	<b>100</b>	<b>269</b>	<b>13,169</b>	<b>100</b>

Dakarnave is continuing to take all the necessary steps to collect the sums that 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 345 M Fcfa compared to 395 Fcfa in 2018, representing a 12.4% decline.

For SATAC, the fiscal year 2018 ended with a net operating loss of approximately 562 thousand Fcfa.

A tax inspection carried out in 2019 presented an adjustment of the amount of 37 M Fcfa, which explains the year's low net result.

In 2019, Equity Capital represented more than two times the share capital, remaining at a level permitting 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 DNV certification of the floating dock obtained in 2015 was valid until the year 2019. This year Dakarnave obtained the renewal of the certificate for a period of five years, until the year 2024. However, surface treatment work on the floating dock regarding this certification was completed in 2019, after an action that had begun in 2016.

Investments made during 2019 were especially addressed to production.

Total investments and major repairs in 2019 amounted to 1,155 million Fcfa.

The total amount of work carried out on the infrastructure was 923 million Fcfa. The work on the floating dock, for surface finishing and the replacement of steel, represented an investment of 655M Fcfa. For the rail cranes, Syncrolift, basin pumps and tins rehabilitation a total value of 278M Fcfa was spent.

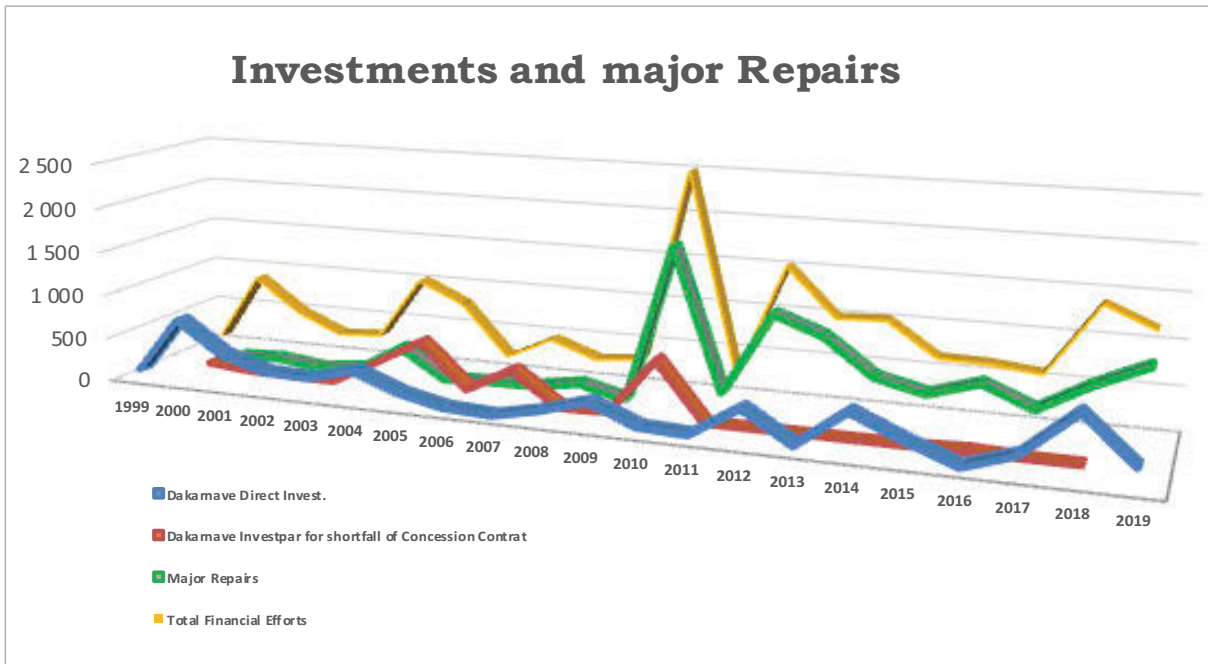
Another major repair was made in the rehabilitation of the St. Etienne Tower. The amount was 36M Fcfa.

In the field of IT, Dakarnave renewed some equipment, including computers, printers and other hardware, worth a total 10M Fcfa.

The acquisition of a compressor, a fan, three MIG/MAG welding stations and an electric pump, as well as new splicing measuring equipment, totalled 144M Fcfa.

For electrical and other production equipment, the final amount was 19M Fcfa.

Furniture and miscellaneous equipment amounted to 9 million Fcfa.



## 5. Human resources

In 2019, 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.

This year, having reached an agreement on the harmonisation of the wage supplements by category in 2013 as well as fixing the number of levels of wage supplements for each occupational category at three, allowed us to continue the consolidation of the procedures for rationalising human resource management. This harmonisation makes it possible to establish a professional career with incentives in order to improve the performances of the agents and their respective promotion.



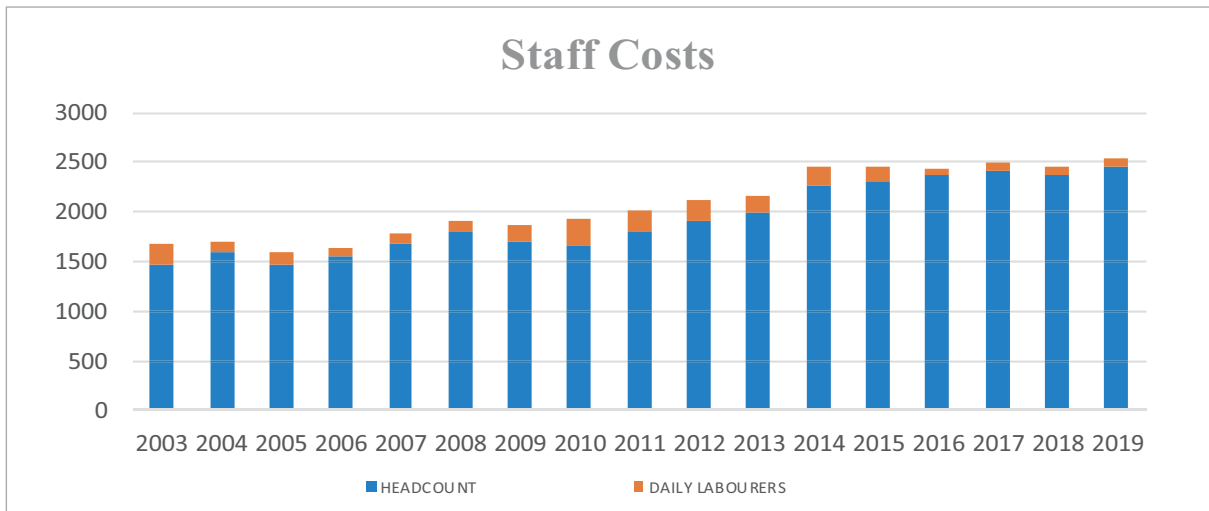
## 5.1. Staff costs

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 2019 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 the workers, varied between 2% and 3%.

The total amount for the domestic workforce, including subcontractors and service providers, represented 36.3% of 2018 revenue, compared to 33.8% of revenue in 2018. At the level of the total value there was a decrease of 1.3%.

Overall staff costs increased by 2.6% in 2019 compared to the previous year. Verified increases in remuneration, averaging around 2.5%, despite the decline in overtime and seasonal work, had a greater impact on turnover.



The use of expatriate labour, which has been drastically reduced since August 2016, increased this year with the creation of the Procurement Department and the maintenance of the position of Head of Infrastructure Services.

The weight of daily labour in overall staff costs was approximately 3% in 2019, compared to 4.1% in 2018.

Headings	2019	2018
Pay	1 215 543 602	1 140 798 103
Overtime	346 402 308	377 849 389
Prices, Subsidies, Other Remuneration	689 564 106	667 537 562
<b>Subtotal</b>	<b>2 251 510 016</b>	<b>2 186 185 054</b>
Social contributions	282 421 456	282 646 048
<b>Subtotal</b>	<b>2 533 931 472</b>	<b>2 468 831 102</b>
External personnel	353 947 571	383 276 567
<b>Total Staff costs</b>	<b>2 887 879 043</b>	<b>2 852 107 669</b>

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 2018, 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.

### **5.2.2 Training dispensed in 2019**

In 2019, out of a total 23 training operations scheduled, 19 were carried out, with a cumulative total of 6,988 man hours compared to the scheduled 7,880.

All the sectors of the company were concerned, but the Production sector benefited from the majority of the training operations for staff refresher training for workers, supervisors and managers. The training courses carried out in 2019 were as follows:

- Knowledge of the ISO 9001:2015 standard
- Computer-assisted maintenance management
- Scaffolding erection certification training
- Training in French
- MIG 131 welding qualification
- Knowledge of IFRS accounting standards
- Lead Implementer of ISO 14001 Standard
- Knowledge of the ISO 45001 standard
- English group 1

English group 2  
Word and Excel  
Low and high voltage electrical accreditation  
ATEX certification Level 1  
ATEX certification Level 2  
Hydraulics & Pneumatics  
Hydraulic pumps  
Automatons  
Turning, milling, gear hobbing  
MS-PROJECT

Booster courses in English and French continued in 2019 and emphasis was also placed on knowledge of the new ISO standards in their latest version.

A total of 195 agents from all sectors were able to take advantage of a training operation and the training indicator was 88.68% in 2019 compared to a training target of 85%.

**TOTAL: 195 agents 6,988 man hours**

### **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.

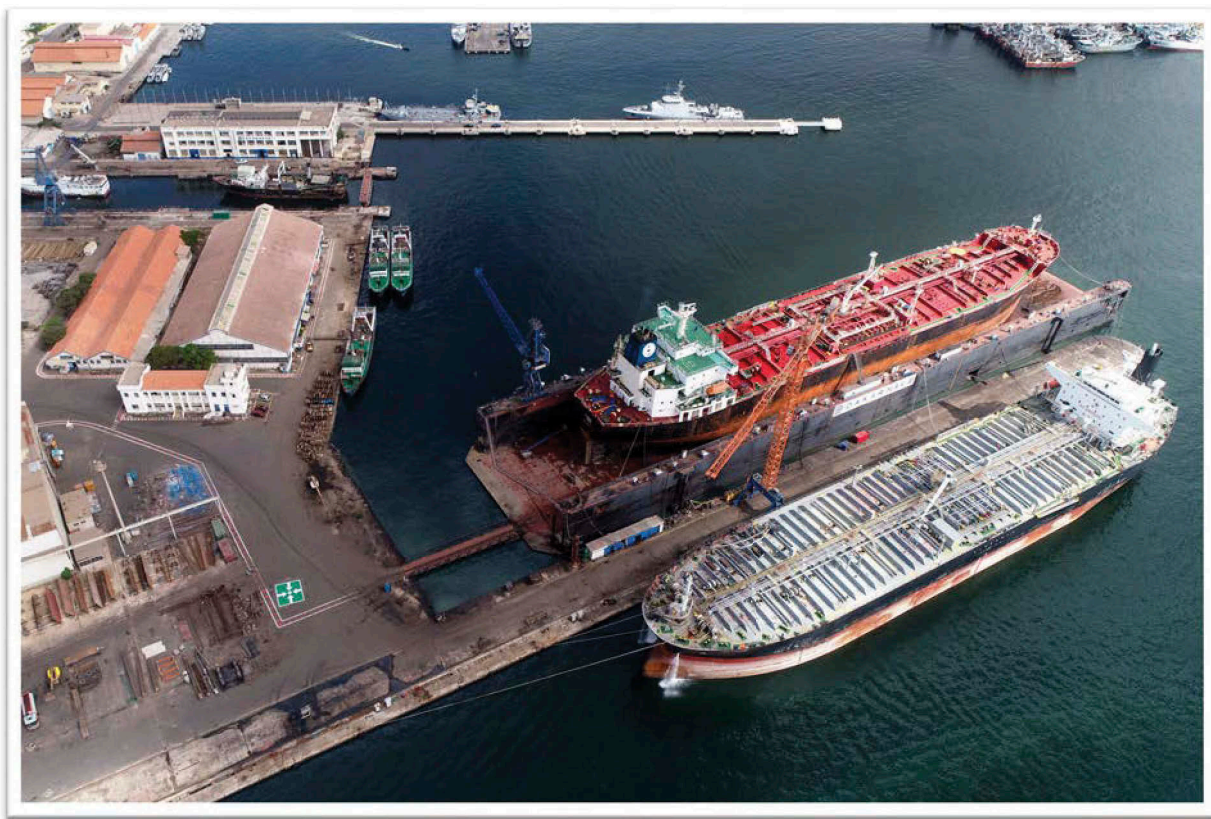
Dakarnave sets itself apart by its specific pertinence in the Senegalese economy, with eminently exportable characteristics, including the high Added Value for the domestic economy associated with the business activity and the high level of employment.

In order to obtain a competitive edge, Dakarnave fosters 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. In 2019 Dakarnave updated to the ISO 9001-2015 standard.

The International Ship and Port Facility Security (ISPS) Code, but also issues 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 our body of staff is subject to investment for the present and for the future.



### 5.3. Other indicators

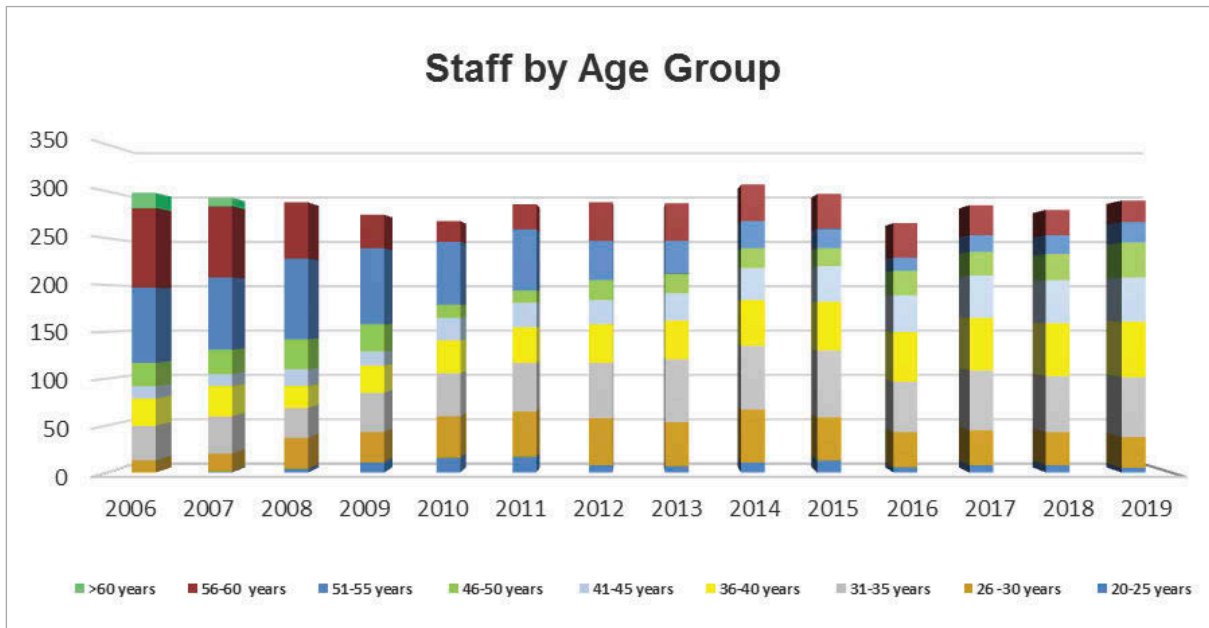
In 2019, we continued the indispensable process of lowering the average age of the personnel as a whole. Given the physical nature of the work, we believe we shall obtain a significant increase in productivity by lowering the average age of the workforce. Currently more than 72% of the workforce are under 45, compared to 29% in 2006. Over the same period, workers under 35 increased from 16% in 2006 to 35% in 2019.

On 31 December 2018, the global headcount at Dakarnave was 298 workers:

- 237 active agents
- 53 contractual agents
- 8 expatriate agents

17 agents were still trainees at the end of 2019.

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





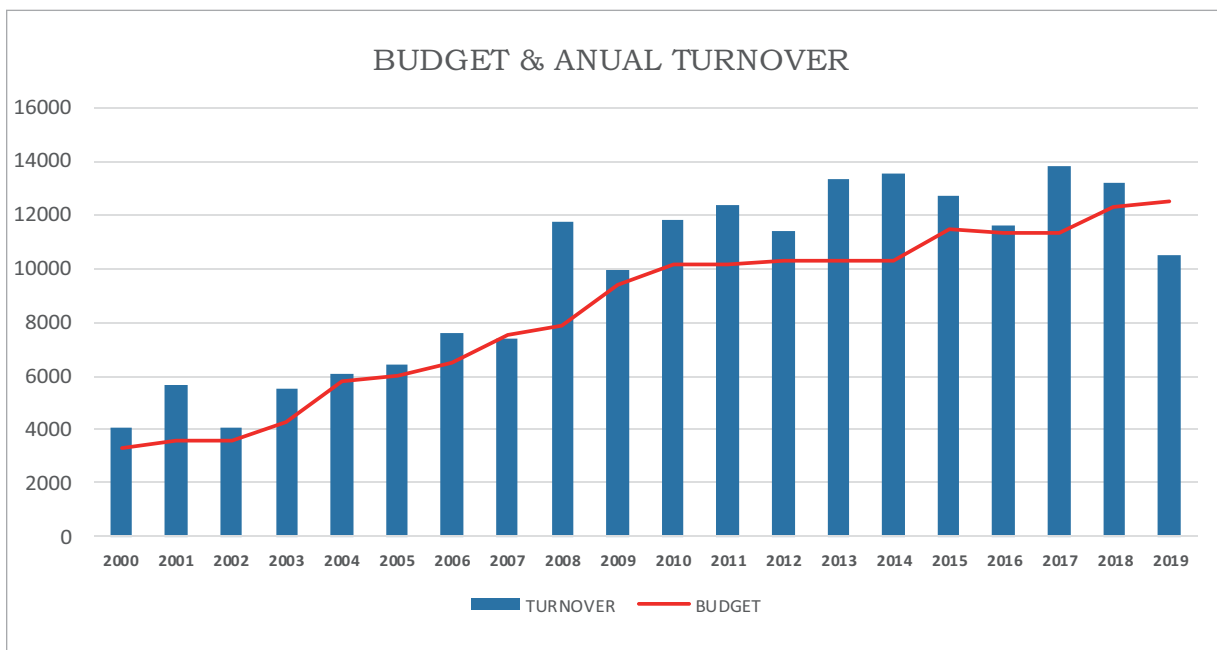
## 6. Economic and Financial Situation

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 (in millions of Fcfa)

	2014	2015	2016	2017	2018	2019
Turnover	11,359	12,729	11,618	13,829	13,169	10,475
Intermediate consumption	7,304	6,265	6,540	7,418	7,027	6,327
EBITDA	2,268	1,854	1,450	2,858	2,199	1,409
EBITDA/TURNOVER	16.8%	14.6%	12.5%	20.7%	16.7%	13.5%
Operating results	1,118	611	596	1,897	1,441	563
Net income	891	393	559	1,581	1,200	433

Dakarnave achieved a volume of billing of 10,475 million Fcfa resulting from the repair of 229 ships, 40 fewer than the previous year.



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.

As a result of the decline in sales this year, permanent staff costs represented 24% of sales, compared with 18% in 2018. Despite this variation, we can consider that Dakarnave has a flexible position, in line with the market.

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

<b>RATIOS</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Gross production value	113.3%	106.0%	104.1%	111.4%
Gross added value	33.5%	38.7%	35.4%	37.6%
Cash-flow	13.2%	19.0%	15,5%	14,3%
Profitability of Sales	4.8%	11.4%	9.1%	4.1%
Staff costs	21.0%	18.8%	18.7%	24,2%
External Services	49.1%	44.6%	46.3%	46,6%
Depreciation on investments	7.6%	6.3%	5.6%	8.9%
Return on capital	7.2%	18.8%	13.7%	5.2%
Return on Assets	5.8%	15.2%	11.1%	4.4%

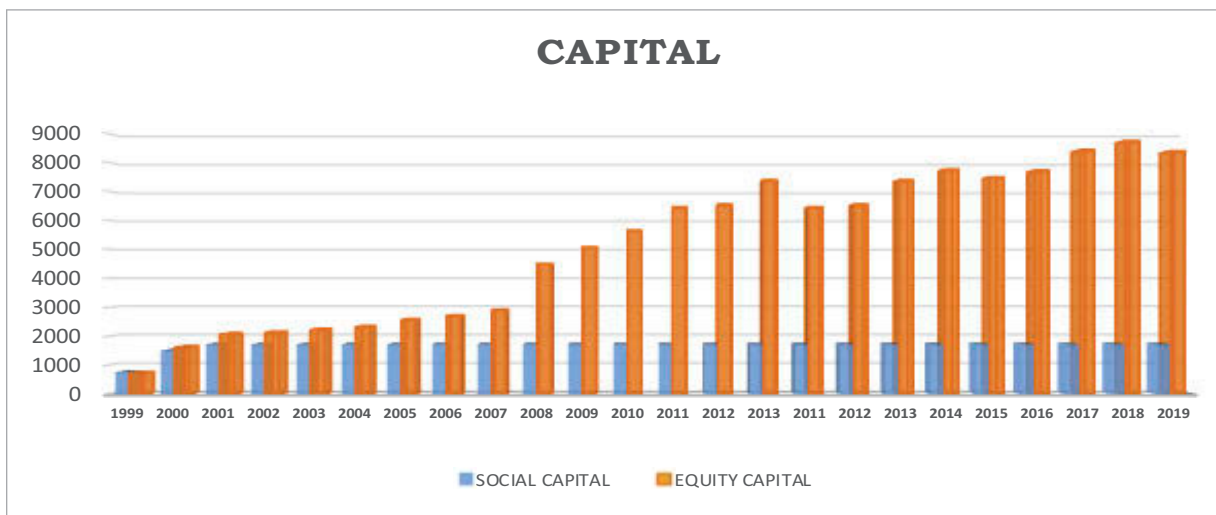
Given the economic context in which Dakarnave has developed its activity since it was founded, the fact that it has been able to maintain ratios that represent excellent performance over the past few years should be emphasised.

<b>RATIOS</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Current liabilities/current assets	31.6%	23.5%	24.8%	19.7%
Current liabilities Due date Current assets Due date	22.4%	20.3%	20.8%	14.7%
Solvency	418.0%	423.0%	419.7%	558,5%
Autonomy Financial	80.7%	80.9%	80.8%	84,8%
Working capital ratio	317.0%	429.6%	403.6%	506,9%
Working capital/Total assets	50.9%	55.1%	54.8%	51.2%
Equity/Share Capital	447.5%	488.2%	506.4%	485.9%

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 for the evaluation of the situation. In spite of this, the financial structure of the Company has considerably improved over the past few years, both from a short term and a long term perspective.

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

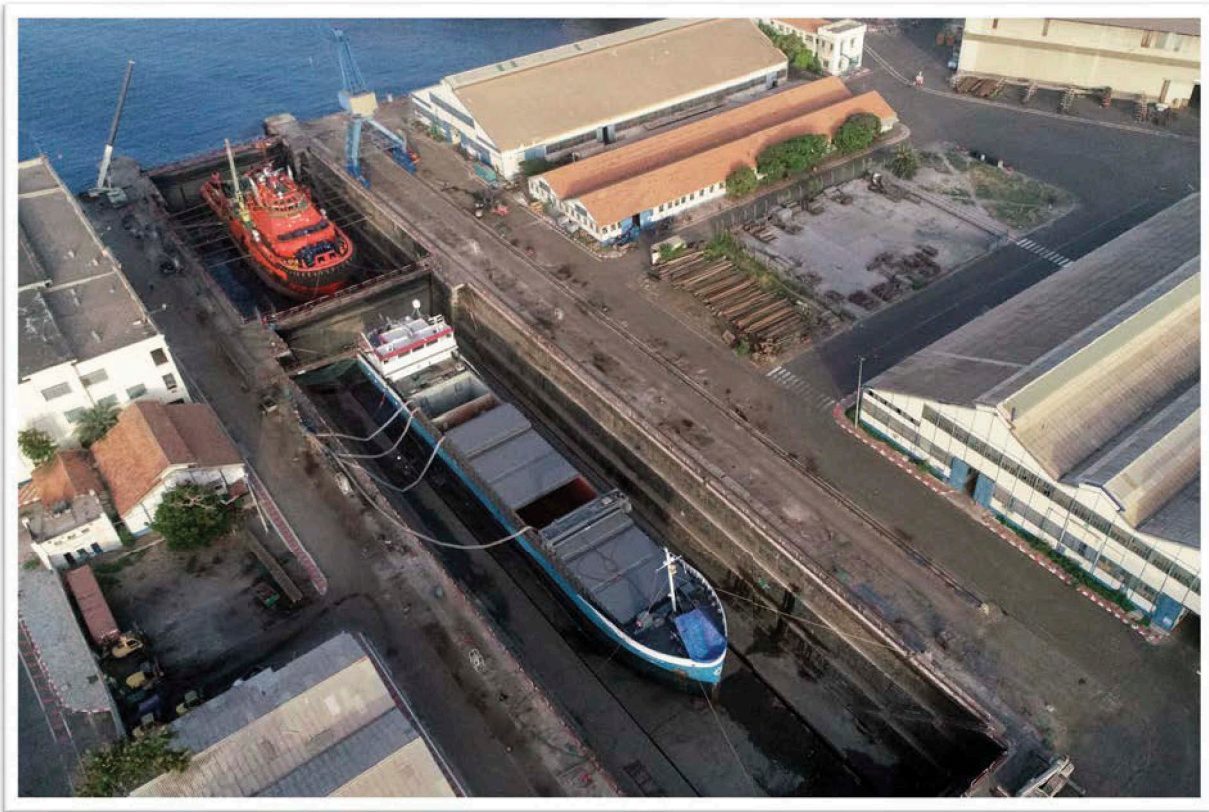
Equity capital amounts to more than five times the Share Capital. This situation is due to the cumulated Net income and to the fact that the shareholders have preferred to maintain a comfortable situation within the company, rather than collect on all the profits.



Equity Capital, amounting to 8,391M Fcfa at 31 December 2019, maintained the trend of the past few years. Net Income for this period was 433M Fcfa.

## 7. Outlook for 2020

At this time, it is still difficult to predict how the shipping business will evolve in 2020. 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, could well increase. This leads us to a moderately optimistic outlook, by envisaging that in 2020 there will be an improvement compared to the forecast for 2019.



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 consolidating 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, Safety 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, always a step ahead 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 2020 Budget at the sum of 10.9 billion Fcfa. Maintaining the level of activity on the merchant and fishing fleets will be the principal objective in 2020. Whatever happens, we are planning the following distribution in 2020 to achieve our target turnover:

▪ Fishing fleet	4.88	billion Fcfa
▪ Tugboats	0.31	“
▪ Merchant ships	5.38	”
▪ Major Repairs	0.00	”
▪ Other Work	0.32	”

Requirements in terms of major maintenance operations and in priority investment needs represent a total amount of approximately 990M Fcfa, including the following, which should be noted:

- Major works in infrastructure and buildings will require 217M Fcfa.

The works on 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 have been completed. Now it is necessary to install an electronic deflectometer to guarantee the flexibility capacity of the floating dock structure.

- Investments for the rehabilitation of the health & safety and Quality control officers' room and the furniture were 57M Fcfa.
- For the production equipment, 6 welding stations, 1 compressor, 1 skimmer and various tools, the provisional cost is approximately 169 M Fcfa.
- Acquisition of a mobile crane, TEREX RT 90 tonnes, 439M Fcfa
- Safety tools and equipment, IT equipment and updating of the management software, office equipment and furniture are other investments that are scheduled.

The total volume of investments scheduled, equating to 990M Fcfa, will still be in proportion to the net resources freed during the financial year 2020.

## 8. Proposed use of profits

The Board of Directors proposes to the General Meeting of Shareholders that Net income from the financial year 2019, which amounts to 432,680,217 Fcfa, be distributed as follows:

▪ <b>Distribution of dividends to shareholders</b>	<b>229,584,950 Fcfa</b>
▪ <b>Carry over</b>	<b>203,095,267 Fcfa</b>

## 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 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, 5 March 2020

Chief Executive Officer

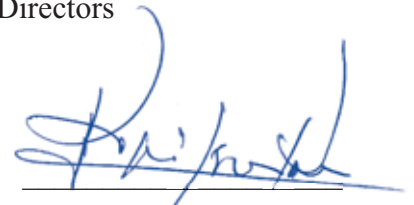


José António Ferreira Mendes

The Directors



José António Teixeira



Rogério Jesus Pais





# **INCOME AND ACCOUNTS**



<b>DAKARNAVE</b>	Fiscal year duration (in months)	12-01-1900
Company address	Ended on	31-12-2019
<b>BLD DU CENTENAIRE DE LA COMMUNE DE DAKAR</b>	Previous Fiscal year duration (in months)	12
Identification number 01 35675 2 G 3	Ended on	31-12-2019

ACTIVE	2019		2018		PASSIVE	2019		2018	
	Gross	Amort/Prov.	Net	Net		Net	Net		
<b>INTANGIBLE ASSETS</b>	<b>158.906.618</b>	<b>149.857.843</b>	<b>9.048.775</b>	<b>4.975.369</b>	Capital	1.727.000.000	1.727.000.000	-	1.727.000.000
Development and Prospecting Costs	-	-	-	-	Shareholders, non called up capital (-)	-	-	-	-
Patents, licenses, software and similar rights	158.906.618	149.857.843	9.048.775	4.975.369	Social Capital Premiums	-	-	-	-
Commercial fund and tenfold right	-	-	-	-	Revaluation differences	-	-	-	-
Other Intangible assets	-	-	-	-	Intangible reserves	373.267.099	373.267.099	-	373.267.099
<b>FIXED ASSETS</b>	<b>14.718.730.678</b>	<b>10.995.394.322</b>	<b>3.723.336.356</b>	<b>3.526.304.724</b>	Free reserves	330.901.658	330.901.658	-	330.901.658
Lands	-	-	-	-	Balance brought forward	5.526.959.888	5.526.959.888	-	5.526.959.888
Buildings	7.740.290.406	6.146.856.989	1.593.433.417	1.395.112.110	Net profit for the year (profit + or loss -)	432.680.217	432.680.217	-	432.680.217
net investment	-	-	-	-	Investment grants	-	-	-	-
Facilities, fixtures and Fittings	1.897.652.904	914.848.275	982.804.629	922.950.789	Regulated provisions	-	-	-	-
Material, Furniture and Assets/Equipment	4.845.783.770	3.730.703.460	1.115.080.310	1.161.537.101	<b>TOTAL EQUITY AND ASSIMILATED RESOURCES (I)</b>	<b>8.390.808.862</b>	<b>8.390.808.862</b>	-	<b>8.390.808.862</b>
Transport material	235.003.598	202.985.598	32.018.000	46.704.724	Leasing	36.000.000	36.000.000	-	36.000.000
Advances and deposits paid on fixed assets	-	-	-	2.400.000	Leasing debts	-	-	-	-
<b>FINANCIAL ASSETS</b>	<b>90.499.598</b>	<b>3.000.000</b>	<b>87.499.598</b>	<b>87.499.598</b>	Provisions for risks and charges	457.687.849	457.687.849	-	551.682.345
Equity Securities/Financial Invest.	41.110.000	3.000.000	38.110.000	38.110.000	<b>TOTAL FINANCIAL DEBTS AND ASSIMILATED RESOURCES (II)</b>	<b>493.687.849</b>	<b>493.687.849</b>	-	<b>587.682.345</b>
Other Financial assets	49.389.598	-	49.389.598	49.389.598	<b>TOTAL STABLES RESSOURCES (+II)</b>	<b>8.884.496.711</b>	<b>8.884.496.711</b>	-	<b>9.332.959.390</b>
<b>TOTAL ASSETS (+II+III)</b>	<b>14.968.136.894</b>	<b>11.148.252.165</b>	<b>3.819.884.729</b>	<b>3.621.179.691</b>	Circulating Debts HAO	847.172	847.172	-	1.227.500
ACTIVE CIRCULANT HAO (IV)	-	-	-	-	Customers, advances	147.431.457	147.431.457	-	60.986.243
STOCKS AND ENCOURAGES/Raw mat. and sup	1.964.153.147	-	1.964.153.147	2.022.476.784	Operating Providers/account payable	452.827.673	452.827.673	-	848.402.457
<b>CREDIT AND EMPLOYMENT ASSIMILES</b>	<b>3.957.595.871</b>	<b>808.959.607</b>	<b>3.148.636.264</b>	<b>4.015.645.909</b>	Social and tax Debts	302.659.135	302.659.135	-	438.770.369
Prepaid Suppliers	41.745.375	-	41.745.375	72.207.693	Other Debts	101.812.092	101.812.092	-	143.686.251
Customers/Received Sales	3.283.926.918	764.999.159	2.518.927.759	3.353.799.604	Provisions for short time risks	2.998.443	2.998.443	-	2.998.443
Other receivables	631.923.578	43.960.448	587.963.130	589.638.612	<b>TOTAL PASSIVE CIRCULANT (III)</b>	<b>1.008.575.972</b>	<b>1.008.575.972</b>	-	<b>1.496.071.263</b>
<b>TOTAL ACTIVE CIRCULANT (IV+V+VI)</b>	<b>5.921.749.018</b>	<b>808.959.607</b>	<b>5.112.789.411</b>	<b>6.038.122.693</b>	Banks, discount and cash loans	-	-	-	-
Investment subsidies	-	-	-	-	Banks, financial institutions and treasury credits	-	-	-	-
Receivables	10.714.765	-	10.714.765	10.714.765	<b>TOTAL LIABILITIES (IV)</b>	<b>1.169.728.269</b>	<b>1.169.728.269</b>	-	<b>1.169.728.269</b>
Banks and cash in hand	949.683.778	-	949.683.778	1.169.728.269	Exchange gain adjustment - Passive (V)	-	-	-	-
<b>TOTAL ACTIVE CASH (VII)</b>	<b>960.398.543</b>	<b>-</b>	<b>960.398.543</b>	<b>1.169.728.269</b>	<b>GENERAL TOTAL (+II+III+IV+V+VI+VII+VIII)</b>	<b>9.893.072.683</b>	<b>9.893.072.683</b>	-	<b>10.829.030.653</b>
Exchange loss adjustment - Active (VIII)	-	-	-	-					
<b>GENERAL TOTAL (+II+III+IV+V+VI+VII+VIII)</b>	<b>21.850.284.455</b>	<b>11.957.211.772</b>	<b>9.893.072.683</b>	<b>10.829.030.653</b>					

<b>DAKARNAVE</b>	Fiscal year duration (in month)	12
Company's Adress :	<b>Ended on:</b>	31-12-2019
<b>BLD DU CENTENAIRE DE LA COMMUNE DE DAKAR</b>	Previous Fiscal year duration	12
<b>Numéro d'identification 01 35675 2 G 3</b>	<b>Ended on:</b>	31-12-2018

**A - INCOME ACCOUNT - NORMAL SYSTEME**

<b>DENOMINATION</b>		<b>2019</b>	<b>2018</b>
Sales of goods	+	-	-
Purchase of goods	-	-	-
Variation of inventories (+ or -)	-/+	-	-
<b>MARGE COMMERCIALE (Somme TA à RB)</b>		-	-
Sales of manufactured products	+	-	-
Sales of works and services	+	10.324.176.972	12.964.665.495
Accessory incomes	+	150.832.196	203.959.660
<b>TURNOVER ( A+B+C+D)</b>		<b>10.475.009.168</b>	<b>13.168.625.155</b>
Stored Production (or destocking)	-/+	-	-
Own work capitalized		958.662.439	414.307.522
Operating grants		-	-
Other products	+	9.200.862	42.509.248
Transfers of operating expenses	+	-	-
Purchase of raw materials and supplies	-	-	-
Variation in other stocks	-/+	57.772.633	80.731.715
Other purchases	-	2.961.057.883	3.199.384.973
Variation in other stocks	-/+	-	-
Transports	-	85.806.327	78.749.982
External Services	-	4.223.497.096	5.385.550.255
Liabilities and taxes	-	123.960.958	21.461.960
Other expenses	-	47.893.442	192.046.316
<b>VALUE ADDED (XB +RA+RB) + (sumTE à RJ)</b>		<b>3.942.884.130</b>	<b>4.667.516.724</b>
Personnel expenses	-	2.533.931.472	2.468.831.102
<b>GROSS BALANCE IN OPERATIONS (XC + RK)</b>		<b>1.408.952.658</b>	<b>2.198.685.622</b>
Expenses in depreciations, amortizations and provisions	+	225.041.982	82.888.011
Income in depreciations, amortizations and provisiona	-	1.070.644.303	840.816.981
<b>TOTAL OPERATIONS (XD +TJ + RL)</b>		<b>563.350.337</b>	<b>1.440.756.652</b>
Financial incomes	+	422.698	8.876.867
Expenses in provisions and finance depreciation	+	5.600.000	-
Financial expenses transfer	+	-	-
Financial expenses and related expenses	-	32.861	55.903
Supplies for provisions and financial depreciation	-	-	-
<b>TOTAL FINANTIAL (sum TK à RN)</b>		<b>5.989.837</b>	<b>8.820.964</b>
<b>TOTAL ORDINARY ACTIVITIES (XE + XF)</b>		<b>569.340.174</b>	<b>1.449.577.616</b>
Products from diosposal assets	+	-	-
Other products HAO	+	-	-
Book value of assets sold	-	5.600.000	-
Other expneses HAO	-	-	-
<b>TOTAL ORDINARY ACTIVITIES (sum TN à RP)</b>		- 5.600.000	-
Personnel participation	-	-	-
Income tax	-	131.059.957	249.384.950

# **CERTIFICATION**



Dakarnave  
Chantiers Navals de Dakar

Rapport général du commissaire aux comptes

Etats financiers - Exercice clos le 31 décembre 2019

Aux actionnaires,

Opinion

Nous avons effectué l'audit des états financiers de Dakarnave Chantiers Navals de Dakar SA comprenant le bilan, le compte de résultat, le tableau des flux de trésorerie ainsi que les notes annexes au 31 décembre 2019, tels qu'ils sont joints au présent rapport,

À notre avis, les états financiers 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 à la fin de cet exercice conformément aux règles et méthodes comptables de l'Acte uniforme de l'OHADA relatif au droit comptable et à l'information financière.

Fondement de l'opinion

Nous avons effectué notre audit selon les normes internationales d'audit (ISA) de l'IAASB conformément au Règlement n° 01/2017/CM/OHADA portant harmonisation des pratiques des professionnels de la comptabilité et de l'audit dans les pays membres de l'OHADA. Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités du Commissaire aux comptes relatives à l'audit des états financiers » du présent rapport.

Nous sommes indépendants de la société, conformément au Code d'éthique et de déontologie des experts-comptables et aux règles d'indépendance qui encadrent le commissariat aux comptes, et nous avons satisfait aux autres responsabilités éthiques qui nous incombent selon ces règles. Nous estimons que les éléments probants que nous avons recueillis sont suffisants et appropriés pour fonder notre opinion d'audit.

## Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux états financiers

La direction est responsable de l'établissement et de la présentation sincère des états financiers, conformément aux règles et méthodes comptables de l'Acte Uniforme de l'OHADA relatif au droit comptable et à l'information financière, ainsi que du contrôle interne qu'elle estime nécessaire à l'établissement d'états financiers ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des états financiers, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser ses activités ou s'il n'existe aucune autre solution alternative réaliste qui s'offre à elle.

Il incombe à la Direction de suivre le processus d'élaboration de l'information financière et de suivre l'efficacité des systèmes de contrôle interne et de gestion des risques, ainsi que, le cas échéant, de l'audit interne, en ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

## Responsabilités du commissaire aux comptes relatives à l'audit des états financiers

Notre objectif est d'obtenir l'assurance raisonnable que les états financiers pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément aux normes applicables et tout au long de celui-ci, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique. En outre :

- Nous identifions et évaluons les risques que les états financiers comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définissons et mettons en œuvre des procédures d'audit en réponse à ces risques, et recueillons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne.



- Nous prenons connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, mais non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de la société.
- Nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que des informations fournies les concernant par cette dernière.
- Nous concluons quant au caractère approprié de l'application par la direction du principe comptable de continuité d'exploitation et, selon les éléments probants recueillis, quant à l'existence ou non d'une incertitude significative liée à des événements ou conditions susceptibles de jeter un doute important sur la capacité de la société à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les états financiers au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants recueillis jusqu'à la date de notre rapport. Cependant, des conditions ou événements futurs pourraient conduire la société à cesser son exploitation.
- Nous apprécions la présentation d'ensemble, la structure et le contenu des états financiers, y compris les informations fournies dans les états financiers, et apprécions si les états financiers reflètent les opérations et événements les sous-jacents d'une manière telle qu'ils donnent une présentation sincère.
- Nous communiquons aux personnes constituant le gouvernement d'entreprise notamment l'étendue des travaux d'audit et du calendrier de réalisation prévus et les constatations importantes, y compris toute faiblesse significative du contrôle interne, relevée lors de notre audit.
- Nous fournissons également aux personnes constituant le gouvernement d'entreprise une déclaration précisant que nous nous sommes conformés aux règles d'éthique pertinentes concernant l'indépendance, et leur communiquons, le cas échéant, toutes les relations et les autres facteurs qui peuvent raisonnablement être considérés comme susceptibles d'avoir une incidence sur notre indépendance ainsi que les mesures de sauvegarde connexes.

#### Vérifications et informations spécifiques

La responsabilité des autres informations incombe au Conseil d'administration. Les autres informations se composent des informations contenues dans le rapport de gestion mais ne comprennent pas les états

financiers et notre rapport du commissaire aux comptes sur ces états financiers, et des autres informations<sup>1</sup>.

Notre opinion sur les états financiers ne s'étend pas aux autres informations et nous n'exprimons aucune forme d'assurance que ce soit sur ces informations.

Dans le cadre de notre mandat de commissariat aux comptes, notre responsabilité est, d'une part, de faire les vérifications spécifiques prévues par la loi et les règlements, et ce faisant, à vérifier la sincérité et la concordance avec les états financiers des informations données dans le rapport de gestion, et dans les documents adressés aux actionnaires sur la situation financière et les états financiers, et à vérifier, dans tous leurs aspects significatifs, le respect de certaines obligations légales et réglementaires. D'autre part, notre responsabilité consiste également à lire les autres informations et, par conséquent, à apprécier s'il existe une incohérence significative entre celles-ci et les états financiers ou la connaissance que nous avons acquise lors de l'audit, ou encore si les autres informations semblent comporter une anomalie significative.

Nous n'avons rien à signaler à cet égard.

Le Commissaire aux comptes  
RACINE  
MEMBRE D'ERNST & YOUNG



Makha SY  
Associé

Le 6 avril 2020

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<sup>1</sup> Rapport de gestion, projet de texte des résolutions