



Management Report and Accounts 2017

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CORPORATE OFFICERS

General Meeting:

Chairman:	Dr. Manuel Joaquim Rodrigues
Deputy-chairman:	Eng. José Luís Pinares Angelino Barbosa
Secretary:	Dra. Ana Maria Morgado Mesquita da Silva

Board of Directors:

Chairman:	Dr. Nelson Nunes Rodrigues
Director:	Eng. José António Leite Mendes Rodrigues
Director:	Dr. João Rui Carvalho dos Santos
Director:	Eng. Manuel Serpa Leitão

Statutory Auditor:

S.R.O.C.	RSM & Associados, SROC, Lda.
Full Auditor:	Dr. Joaquim Patrício da Silva
Alternate Auditor:	Dr. José Carlos Nogueira Faria e Matos

The Accountant:	Sr. Manuel Jorge Bento
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1. Introduction

The year 2017 was a year of continuity for Lisnave Internacional.

The activities of shareholdings management and materials and services trading remained.

The activities of Lisnave Internacional continue to focus on the foreign market to which went 98% of its revenue.

The link with Dakarnave remained within the scope of the contract for commercial and production technical support, but also in the provision component of legal and financial services.

The support in terms of technical services for production and sales of materials had a significant increase, compared with the previous year, of nearly one million euros.

This rise was due to the volume increase of acquisitions by our subsidiary, which had in 2017 the best business year of its entire commercial activity.

The sales and the services provisions volume of Lisnave Internacional was thus 4.1 million euros.

The international situation has not yet led to the development of other activities in our vacation area: Management of shareholdings in industrial units, market and feasibility studies, technical support, and training.

Some business opportunities have been detected and may have developments in the 2018 financial year. The Net Results of the commercial activity of the company were 919 thousand euros.

The Net Results after the equity equivalence with Dakarnave amounted to 2,148 thousand euros.

This result is equivalent to a remuneration of 10.5% of the consolidated equity.

The origin of the materials sold by Lisnave Internacional continued to be predominantly European markets. The national market usually applies higher margins and the containerisation and transport operations became more expensive and time consuming.

These materials correspond to 100% of the materials export and 67% of the turnover total.

The provisions of services and technical support represent 33% of the turnover, being 95% for export.

Beyond the commercial relations, it is also to be noted that the Board of Dakarnave attributed dividends of the year and of previous years totalling 1,230 thousand euros, being 683.3 thousand euros for Lisnave Internacional.

The company also paid the amount of 780 thousand euros as dividends to its shareholders.

Our subsidiary Dakarnave had a turnover of 20.7 million euros.

The Net Result was 2,410,429 euros, an amount that is substantially higher than that foreseen in the year Budget.

The policy followed in the application of financial resources continued to be based on guaranteed capital and interest products.

As a result of the continuous interest rate shortfalls, the amount of financial gains was 23 thousand euros.



The international situation, although of contraction, did not affect our main customer, Dakarnave, by virtue of a successful guidance in the commercial and marketing areas.

Due to the results obtained, the Board Management decided to assign to its permanent employees and those in service commission a balance sheet bonus, already included in the costs for the year totalling 45 thousand euros.

Lisnave Internacional will continue in 2018 to look for business opportunities in the core areas of its business activity, namely in vocational training, management of industrial units in the shipbuilding industry and consultancy.

Economic and financial feasibility studies will be carried out for third parties or for any proposed foreign investments that may be attractive for the company itself.



In Senegal

DAKARNAVE

Dakarnave's shareholder situation remains stable, 49% owned by Navalset and 51% by Lisnave Internacional.

Lisnave Internacional as shareholder maintains a relevant position in the management bodies of Dakarnave or concerning the technical support that is contractually provided.

The turnover of 2017, worth 20.7 million euros, was 21% above the foreseen budget of 17.3 million euros.

The 2017 year was the best one in terms of turnover for Dakarnave.

The Net Profit of Dakarnave was equivalent to 2.4 million euros.

From a prudential perspective, it was foreseen for 2018 a budget that is slightly above the estimated budget for 2017 totalling 18.8 million euros.

Within the scope and framework of the assistance contract to Dakarnave that was renegotiated in April 2017, Lisnave Internacional is also its principal consultant for greater technical specialization subjects, which in some cases culminates in the worldwide location and selection of experts who can fulfil demanding ad hoc needs.

Dakarnave continued with consolidation and evolution actions of certification processes. During the year, the change of the certification of the ISO 9001 (2008) has been made to ISO 9001-2015.

The regular visits of Det Norske Veritas have been important for this development and there have not been any non-conformities.

Dakarnave was also certificated with the OHSAS 18001:2007 of Health and Safety at Work.

Painting of the inside of the ballast tanks of the Floating Dock and the repair of the control systems of the Ballast Water Level in the tanks and Control of the Trim and Heel of the Dock are still continuing, in order to guarantee the safety of its operation, as well as the continuity of the respective certification class.

Lisnave Internacional remains very committed to support Dakarnave in the areas of safety and hygiene at work, supervision, and safety of premises, people, and property, considering the application of the ISPS code.

2. Economic and Financial Situation

2.1- Economic and Financial Situation

The year's total revenues amounted to €4.1 million euros.

Net income of the business activities (before the equity equivalence) amounted to 919 thousand euros.

After the equity equivalence with Dakarnave, net income amounted to 2,148,391.98 euros.

Supplies of materials amounted to 2.8 million euros and provision of services for €1.4 million.

The turnover of services provision amounted to 1.4 million euros, which is equal to the previous year.

A percentage of 98% of our commercial activities were for the foreign market.



Other incomes of financial value totalling 32 thousand euros are added to the commercial income.

Although guaranteed investments of capital and interest were equivalent to those of the preceding year, interest income was smaller in value due to the low interest rates offered by the banks.

Costs for the year were those necessary and proportionate to the turnover and there have not been any impairment costs, either for holdings or for debtor balances.



The structural costs remained just with some adjustment.

The personnel costs were reduced due to the temporary reduction of some executives of Dakarnave.

At the request of Dakarnave, a restructuring of the assigned team was carried out, which led to the overall of executives, who may be promptly replaced to different areas of management.

The set out facts allow us to enhance a number of indicators from our Income Statement:

	Thousand Euros
Income from Commercial Activities.....	4,129
Financial and Associated income	32
Income before Taxes.....	2,427
Net Income for the Year.....	2,148
Cost of Goods Sold and Consumed	1,521
Supplies and Foreign Services.....	439
Staff Costs.....	975
Cash Flow for the Year	2,427
Gross Value Added	3,402

The EBITDA indicator with 2,425 thousand euros enhance a gross surplus of production of 45% of the income.

This indicator is practically equal to the EBIT since Lisnave International needs few tangible assets to carry out its operations of trading and services provision. The financial position remained comfortable during the year thanks to the excellent availabilities.

The total applications in Term Deposits amounted to 13.2 million euros at 31 December 2017.

An amount of 780 thousand euros of dividends was distributed, as deliberated in the General Meeting for the approval of the account of the 2016 year.

Dakarnave distribute dividends to the shareholders and Lisnave Internacional received an amount of 683.3 thousand euros.

At the end of the year, the current customers balance was of approximately 136 thousand euros.

Third parties debts are the result of payment terms of the normal business activities of the company.

The balances of the accounts related with the State are related to debits and credits not yet due since they result from estimated taxes, payments on account and incurred withholdings, which settlements have already taken place in 2018.

The impairment balance of 1.2 million of euros of Mec – Madeira Engennering Company was considered irrecoverable because the company itself have had an officious liquidation.

Financial Assets has benefited from the increase of the difference between the equity equivalence and the dividends received during the year.

In our balance sheet, the share in Dakarnave amounts to 6,6 million euros, the initial value of the share being of 1.399 million euros.

These figures reflect not only Dakarnave's interesting current management, but also the commitment of the shareholders to maintaining a comfortable level of working capital so as not to weaken the company through the total distribution of dividends, which they could use.

The Net Equity remained stable, showing an excellent financial autonomy. It is now equivalent to 7.4 times of the share capital.

The Equity covers 97% of Total Assets, also showing the excellent financial autonomy.

The Assets are mainly formed of 65% of availabilities and 31% of immobilizations.

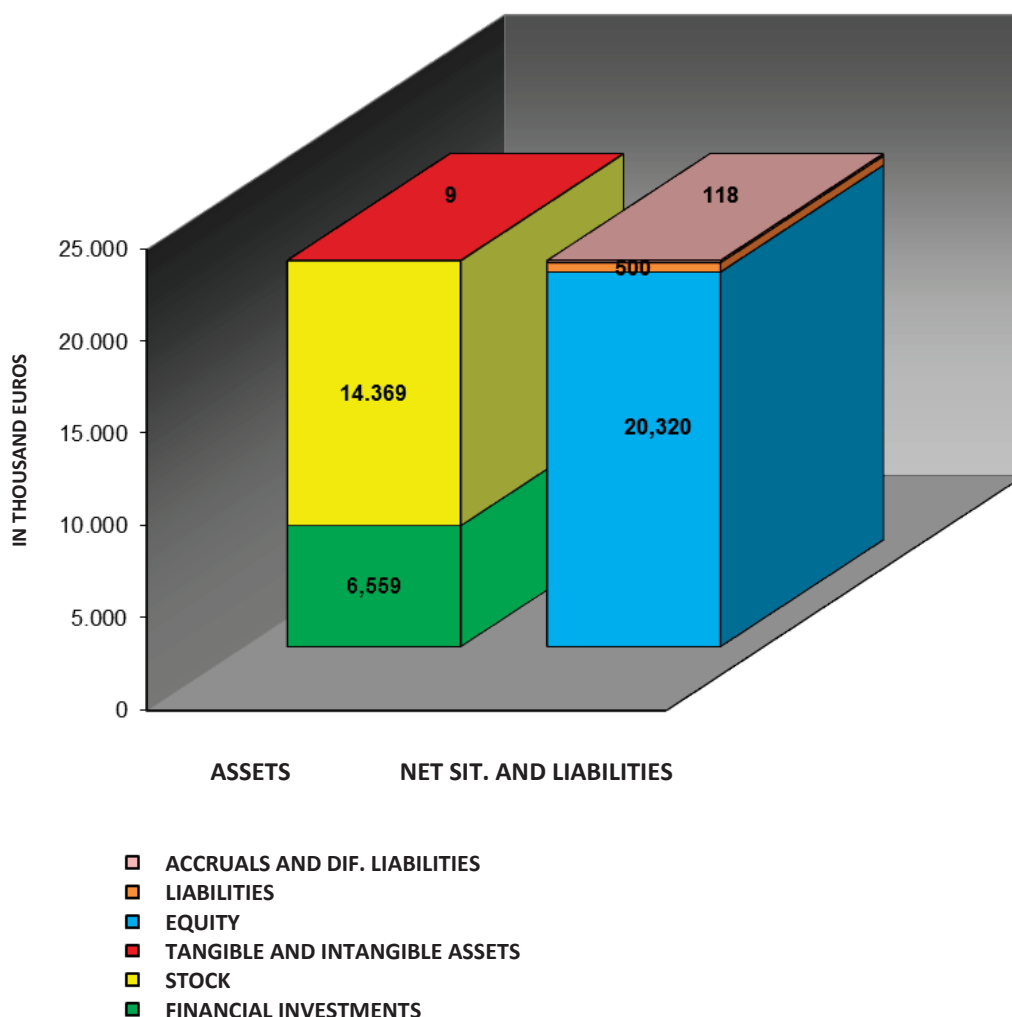
The Solvency is high since the Assets cover Liabilities 30 times.

The consolidated Balance Sheet shows that the return on equity capitals was 10.5%. It should be noted that this is an appreciable result, since most of the resources are in low remuneration financial applications.

The prudent investment of the availabilities in risk-free products moderated the return on those assets, due to the modest rates of remuneration offered by the banking system.

The permanent capital shows an excellent liquidity able to ensure and maximize new business opportunities, which are revealed as interesting.

FINANCING OF NET ASSETS AT 31 DECEMBER 2017



At the end of the year, the employees having a permanent contractual tie with the company's staff were seven, while eight were on service commission in Senegal.

Another two employees were under provision of services contracts.

Whenever it is required, specialized technical services are outsourced, both for commercial activities and for management technologies and studies.

2.2- Acknowledgements

The Board of Directors thanks all its customers and suppliers for their preference and trust in the relations they maintained with the company during the year.

Special thanks to Dakarnave for the expressed preference in a competitive market.

Thanks also to the financial institutions for the good relationship maintained with the company.

The Board of Directors expresses its appreciation for the efforts of all employees in obtaining the results of the year.

The Board of Directors expresses its gratitude to the Statutory Auditor for the monitoring and active participation in the company's life during the year.

A particular recognition to the shareholder for continuously trusting, collaborating, and supporting this board in conducting business of Lisnave International.

2.3- Proposal for the Appropriation of Profits

Since there was a performance that led to the net income presented in the year, the Board of Directors considers that a grant of a balance sheet bonus to its employees is fully justified.

In this way, the Board of Directors proposes to the shareholders that:

- 1- The Board's decision to award a balance sheet bonus to all the employees of the company, in the amount of 45,000.00 euros, already included in the net income for the year, should be ratified, and that,

- 2- The net income for the year amounting to 2,148,391.98 euros (two million, one hundred and forty-eight thousand, three hundred and ninety-one euros, and ninety-eight cents), should be appropriated as follows:

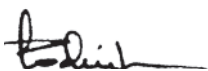
- Dividends Distribution	2,000,000.00 euros
- Retained Earnings	148,391.98 euros

Monte de Caparica, 23rd of February 2018

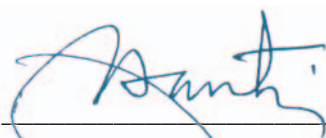
The Board of Directors



Dr. Nelson Nunes Rodrigues
Chairman



Eng. José António Leite Mendes Rodrigues
Director



Dr. João Rui Carvalho dos Santos
Director



Eng. Manuel Serpa Leitão
Director

3. BALANCE AND STATEMENT OF PROFIT AND LOSS

BALANCE SHEET

PERIOD ENDED 31 DECEMBER 2017

Amounts in Euros

HEADINGS	Notes	YEARS	
ASSET		2017	2016
NON-CURRENT ASSET			
Tangible Assets	8	8,810.09	32,957.03
Other financial investments		4,770.46	2,766.84
Financial holdings - equity	9	6,554,727.56	6,008,933.73
		6,568,308.11	6,044,657.60
CURRENT ASSET			
Customers/Clients	16.1	136,198.17	497,983.21
State and other public entities	18.1	95,268.41	263,248.27
Other accounts receivables	16.2	274,847.98	34,720.07
Deferrals	18.2	127,184.61	18,699.61
Cash and short-term deposits	4	13,735,570.60	12,735,459.89
		14,369,069.77	13,550,111.05
TOTAL ASSETS		20,937,377.88	19,594,768.65
EQUITY & LIABILITIES			
Equity			
Issued Capital	16.5	2,750,000.00	2,750,000.00
Legal reserves	18.3	572,752.20	572,752.20
Adjustments/others changes in equity	18.3	925,008.63	925,133.36
Retained earnings	18.3	13,924,337.63	13,918,383.77
		18,172,098.46	18,166,269.33
Net income for the period	18.3	2,148,391.98	785,953.86
Minority Interests		20,320,490.44	18,952,223.19
TOTAL EQUITY		20,320,490.44	18,952,223.19
CURRENT LIABILITIES			
Suppliers	16.3	185,095.89	277,753.33
State and other public entities	18.1	313,176.28	161,262.93
Other accounts payables	16.4	118,615.27	203,529.20
Deferrals		0.00	0.00
TOTAL LIABILITIES		616,887.44	642,545.46
TOTAL EQUITY & LIABILITIES		20,937,377.88	19,954,768.65

PROFIT AND LOSS ACCOUNT

PERIOD ENDED 31 DECEMBER 2017

Amounts in Euros

INCOME AND SERVICES	Notes	YEARS	
		2017	2016
Sales and services rendered	12	4,129,299.39	2,977,950.24
Gains/losses in subsidiaries, associates and joint ventures	18.8	1,229,318.56	434,720.43
Cost of sales and materials consumed	11	-1,521,266.99	-852,918.44
Supplies and External services	18.4	-438,717.43	-510,446.85
Personnel costs	17	-975,619.66	-1,189,972.72
Other income	18.5	32,201.82	69,577.41
Other expenses	18.6	-27,721.69	-5,876.02
Profit before depreciation, financial income and taxes		2,427,494.00	923,034.05
EXPENSES/REVERSIONS OF DEPRECIATION AND AMORTISATION	18.7	-843.24	-17,195.83
Result before taxes		2,426,650.76	905,838.22
INCOME TAX FOR THE PERIOD	15	-278,258.78	-119,844.36
Profit for the period		2,148,391.98	785,953.86

Income from discontinued activities (net of taxes) included in net income for the period			
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Basic earning per share		3.91	1.43
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4. CASH- FLOW STATEMENT

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES EQUITY

PERIOD ENDED 31 DECEMBER 2017
Amounts in Euros

HEADINGS	EQUITY HOLDERS OF THE PARENT COMPANY					
	ISSUED CAPITAL	LEGAL RESERVES	EARNINGS	ADJUSTMENTS /OTHERS CHANGES IN EQUITY	NET INCOME	TOTAL EQUITY
POSITION AT 01/01/2016	2,750,000.00	572,752.20	13,410,214.48	925,133.41	1,208,169.29	18,866,269.38
CHANGES IN THE PERIOD						
	0.00	0.00	0.00	0.00	0.00	0.00
NET PROFIT FOR THE PERIOD					785,953.86	785,953.86
OPERATIONS WITH EQUITY OWNERS						
DISTRIBUTION					-700,000.00	-700,000.00
OTHER OPERATIONS			508,169.29	-0.05	-508,169.29	-0.05
	0.00	0.00	508,169.00	-0.05	-422,215.43	85,953.81
POSITION AT THE END OF THE PERIOD 2016	2,750,000.00	572,752.20	13,918,383.77	925,133.36	785,953.86	18,952,223.19

HEADINGS	EQUITY HOLDERS OF THE PARENT COMPANY					
	ISSUED CAPITAL	LEGAL RESERVES	EARNINGS	ADJUSTMENTS /OTHERS CHANGES IN EQUITY	NET INCOME	TOTAL EQUITY
POSITION AT 01/01/2017	2,750,000.00	572,752.20	13,918,383.77	925,133.36	785,953.86	18,952,223.19
CHANGES IN THE PERIOD						
	0.00	0.00	0.00	0.00	0.00	0.00
NET PROFIT FOR THE PERIOD					2,148,391.98	2,148,391.98
OPERATIONS WITH EQUITY OWNERS						
DISTRIBUTIONS					-780,000.00	-780,000.00
OTHER OPERATIONS			5,953.86	-124.73	-5,953.86	-124.73
	0.00	0.00	5,953.86	-124.73	1,362,438.12	1,368,267.25
POSITION AT THE END OF THE PERIOD 2017	2,750,000.00	572,752.20	13,924,337.63	925,008.63	2,148,391.98	20,320,490.44

CASH FLOW STATEMENT

PERIOD ENDED 31 DECEMBER 2017
Amounts in Euros

		YEARS	
	NOTES	2017	2016
<u>Cash flows from operating activities</u>			
Receivable from customers		4,511,895.53	2,771,159.98
Payments to suppliers		-2,312,295.84	-1,247,432.65
Payments to employees		-986,803.88	-1,256,075.79
Cash generated by operations		1,212,795.81	267,651.54
Payment/receipt of income tax		34,902.33	39,987.28
Other payments/receipts		58,126.92	52,502.70
Cash flows from operating activities (1)		1,305,825.06	0.00
<u>Cash flows from investment activities</u>			
Receivable receivable with:			
<i>Tangible fixed assets</i>		30,000.00	0.00
<i>Interest and similar income</i>		19,589.00	81,251.79
<i>Dividends</i>		428,400.00	255,000.00
Payments related with:			
<i>Tangible fixed assets</i>		-775.46	-259.00
Cash flows from investment activities (2)		477,213.54	335,992.79
<u>Cash flows from financing activities</u>			
Payments related with:			
<i>Interest and similar expenses</i>		-2,927.89	-3,004.05
<i>Dividends</i>		-780,000.00	-700,000.00
Cash flows from financing activities (3)		-782,927.89	-703,004.05
Changes in cash and cash equivalents			
(4) = (1) + (2) + (3)		1,000,110.71	-367,011.26
Effect of exchange rate differences		0.00	0.00
Cash and cash equivalents at the beginning of the period	4	12,735,459.89	12,742,329.63
Cash and cash equivalents at the end of the period	4	13,735,570.60	12,735,459.89
		1,000,110.71	-6,869.74

5. NOTES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

ANNEX

(Values are shown in Euros
except when expressly indicated in another format)

1. Identification of the Company

The Company was incorporated by public deed on the 9th of July, 1993, with the commercial designation of LISNAVE INTERNACIONAL-ENGENHARIA, GESTÃO E DESENVOLVIMENTO, S.A.

The company is registered at the ALMADA Commercial Registry Office under the No. 503 022 020.

Its main social object is to provide engineering, conception, planning, management and project services for all types of developments, the execution of commercial, import and export representations, in addition to the development and transaction of technological processes and economic study methods, including the promotion of their respective use.

Its registered office is located at Rua da Bela Vista, 110-5º B Monte de Caparica – 2825-165 CAPARICA Almada.

100% of the Company's capital is held by NAVALSET – Serviços Industriais e Navais, S.A. (Industrial and Naval Services, Ltd), which is the parent company.

Is located at Rua da Bela Vista, 110-5ºA Monte da Caparica 2825-165 CAPARICA.

2. Accounting reference for the preparation of financial statements

With the publication of Decree Law 158/2009 dated 13 July, the Official Accounting Plan (POC) and the Accounting Guidelines were revoked, with effect from the 1st of January, 2010. Therefore, after this date, the company began to carry out the account reporting of its accounts in accordance with the Standards for Accounting and Financial Reporting (NCRF), which is an integral part of the SNC, fulfilling the provisions of the Ordinance 220/2015, in the presentation of the financial statements.

With the entry into force on January 1, 2016 of Decree-Law 98/2015, being the company of the "Lisnave Group", opted for the general regime on disclosure of financial statements, being classified as a large company.

3. Main accounting policies

3.1 Basis for measurements used for the preparation of financial statements

In preparing the financial statements to which these notes refer, the company adopted:

- The Bases for the Preparation of the Financial Statements given in the attachment to Decree Law 158/2009, dated 13 July, which established the SNC, fulfilling the provisions of the Ordinance 220/2015.
- The NCRF in effect on this date;
- Thus, the financial statements were prepared considering the basis for continuity, of the accrual regime, the consistency of presentation, the materiality and aggregation, non-compensation and comparative information.

Based on what is stated in the NCRF, the accounting policies adopted by the company were the following:

(a) Tangible Fixed Assets

(a) Tangible Fixed Assets Tangible Fixed Assets refer to the assets used in production, in the provision of services or in administrative use. With the exception of Land which is not depreciable, the Tangible Fixed Assets are depreciated during the expected economic life period and valued in terms of their impairment whenever there is an indication that the asset may be being impaired. Depreciation is calculated based on the duodecimal, from the time when the assets are available to be used for the desired purpose, using the following methods:

The depreciation rates are defined considering the full depreciation of the assets until the end of their expected useful life and are the following:

	2017	2016
Buildings and other constructions		
Basic Equipment	5.00%-12,5%	5,00%-12,5%
Transport Equipment	25,00%	25,00%
Administrative Equipment	6,25% - 33,33%	6,25% -33,33%
Other Tangible Assets		

The net book value is considered null, whereby the depreciable value which falls on the depreciation coincides with the cost.

The depreciation methods, estimated useful life and net book value are reviewed at the end of each year and the effects of the alterations are treated as estimate alterations, i.e.: the effect of the alterations is treated in a prospective manner.

Depreciation expenses are recognized in the financial statements in the Expenses / Reversals of Depreciation and Amortization.

Current maintenance and repair costs are recognized as expenses during the period in which they occur.

Any earning or loss from the non- recognition of a tangible asset (calculated as the difference between the sale value less the sale costs and the accounting value) is included in the year end value in the year in which the asset is not recognized

Tangible Fixed Assets in Progress relate assets which are still under construction or development and are valued at the acquisition cost and are only depreciated when they are available for use.

Impairment

The Company evaluates if there is any indication that an asset may be impaired at the end of the year. If there is an indication, the Company estimates the recoverable sum of the asset (which is the higher of the fair value of the asset or a unit which generates cash less sale costs and its use value) and recognizes, in the year end results, the impairment whenever the quantity recoverable is lower than the accounting value.

In evaluating if there is an indication of impairment, the following situations are taken into consideration:

- During the period, the market value of an asset falls significantly more than what would be expected as a result of the passing of time or normal use;
- During the period, there were, or will be, in the near future, significant alterations with an adverse effect on the Company, related to the technological, market, economic or legal environment in which the Company operates or in the market in which the asset is placed;
- Market interest rates or other return on investment market rates increased during the periods and these increases will probably affect the discount rate used in calculating the use value of an asset and will materially reduce the recoverable value of the asset;
- The sum reported for Company net assets is greater than its market capitalization;
- There is evidence of obsolescence or physical damage to an asset;
- Significant alterations with an adverse effect on the entity will occur during the period, or are expected to occur in the near future, to the point at which, or in a manner in which the asset will be used or is expected to be used. These alterations include an asset which may become idle, plans to discontinue or restructure the operational unit to which the asset belongs, plans to transfer an asset before the previously forecast date;
- There is evidence in internal reports which indicates that the economic performance of an asset is, or will be, worse expected;

Regardless of there being indications of impairment, the assets which are not yet available for use are tested annually.

The reversals of impairment are recognized in the results and are only carried out up to the limit which would be the result if the asset had never been subject to the impairment.

(b) Deferred Tax Assets and Liabilities and Tax on Income from the Period

(b.1) Deferred Tax Assets and Liabilities

Deferred Tax Assets and Liabilities result from the identification of the temporary differences between the accounting base and the tax base of Company assets and liabilities.

Deferred Tax Assets reflect:

- The temporary differences which are deductible up to the point where the existence of future taxable income is probable pertaining to which the deductible difference can be used;
- Unused tax losses and unused tax credits up to the point where the existence of future taxable profits is available against those which can be used.

Deductible temporary differences are temporary differences from which the quantities are deductible in the determination of the taxable profit/tax loss of future periods when the declared value of the asset or liability is recovered or liquidated.

Deferred Tax Liabilities reflect temporary taxable differences.

Taxable temporary differences are temporary differences from which the taxable quantities result in the determination of the taxable profit/tax loss of future periods when the declared value of the asset or liability is recovered or liquidated.

Deferred taxes pertaining to the temporary differences associated with investment in branches and associated companies and interests in joint development are not recognized as it is considered that they simultaneously meet the following conditions:

- The Company is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not revert in the foreseeable future.

The measurement of Assets and Liabilities from Deferred Taxes:

- Is carried out in accordance with the rates which are expected to be applied during the period in which the asset is paid-up or the liability settled, based on tax rates which are approved on the date of the balance sheet; and
- Reflects the tax consequences which are the way that the Company expected, on the date of the balance sheet, to recover or settle the sum declared for its assets and liabilities.

(b.2) Tax on Income

The Tax on Income for the Period includes current and deferred taxes from the year.

The Current Tax is determined based on the adjusted accounting result in accordance with the fiscal legislation in force to which each of the companies incorporated in the consolidation is subject.

The Company is taxed in terms of Tax on Income at a rate of 21%, plus the Surcharge, up to the maximum rate of 1.5% on Taxable Income, and the State Surcharge, which results in a maximum aggregated rate of 22.5%.

Under the terms of the legislation in force, the corresponding tax declarations are subject to revision by tax authorities during a period which varies between 4 and 5 years, which can be extended in specific cases, namely when there are tax losses, or inspections, complaints or appeals are in progress.

The Board of Directors, supported in the positions of its tax consultants and considering the recognized responsibilities, believes that from possible reviews to these tax declarations, no material corrections will be needed in terms of the consolidated financial statements.

(c) Stocks

The stocks include the raw materials which are valued at the lower of the acquisition cost or net realizable value, and the costing method is the average cost.

The stocks include the raw materials which are valued at the lower of the acquisition cost or net realizable value, and the costing method is the average cost.

Stock costs include:

- Purchasing costs (purchase price, import rights, non-recoverable taxes, transport costs, handling and other costs directly attributed to the purchase, less sales discounts, deductions and other similar items);
- Other costs incurred in placing the stock at its intended location and conditions;
- Variations in fair value, in cases in which stocks are associated with coverage related tools (§37 b) of NCRF 27).

Whenever the net realizable value is less than the acquisition or production cost, the reduction of the value of the stock is carried out, with the recognition of a loss due to impairment, which is reversed when the situation no longer exists.

For this purpose, the net realizable value is the estimated sale price in the ordinary course of business less the estimated finishing costs and the costs needed to make the sale. The estimates take into consideration the variations related to the events which took place after the end of the period to the extent that these events confirm existing conditions at the end of the period.

(d) Financial Assets not included in the abovementioned paragraphs

The Financial Assets are recognized when the Company is party to the respective contractual relationship.

The Financial Assets not included in the abovementioned paragraphs and which are not valued at a fair value are valued at cost or at the net depreciated cost of losses due to impairment, when applicable.

At the end of the year, the company evaluated the impairment of these assets. Whenever there is objective evidence of impairment, the company recognized a loss due to impairment in the financial statements.

The objective evidence that a financial asset or a group of assets could be in impairment took into account data which could be observed and which brought attention to the following events of loss:

- Significant financial difficulty of a debtor;
- Breach of contract, such as non-payment or non-compliance with payment of interest or the writing-off of debt;
- The Company, for economic or legal reasons related to the financial difficulty of the debtor, offers the debtor concessions that in any other circumstances would not be considered;
- it is probable that the debtor will become insolvent or undergo some other financial reorganization;
- Information observed indicating the existence of a reduction in the valuation of the estimates for the future cash flows of a group of financial assets from its initial recognition.

The financial assets with an individual significance were individually evaluated for the purpose of impairment. The rest were evaluated based on similar credit risk characteristics.

The impairment identified under the abovementioned terms does not differ from that identified with criteria and for tax purposes.

The following are some specifics related to each of the types of Financial Assets.

(d.1) Clients

Client Accounts Receivable are valued, during their initial recognition, in accordance with the criteria for valuing the Sale and Provision of Services described in paragraph k) and are subsequently valued at cost less impairment.

Impairment is determined based on the criteria defined in paragraph d).

(d.2) Other Accounts Receivable

The other accounts receivable are valued in the following manner:

- Personnel – at cost less impairment;
- Debtors for accrued income – at cost less impairment;
- Other debtors at cost less impairment.

- Advances to suppliers – at cost less impairment
- Shareholders

Impairment, in both cases, is determined based on the criteria defined in paragraph d).

(d.3) Petty Cash and Banks

The values included in the Petty Cash and Banks item correspond to the petty cash values and other deposits, due in less than three months, and which can be immediately moved with an insignificant risk in the alteration of the value.

These balances are valued at cost.

For the purpose of the cash flow statements, the item “Cash and cash equivalents” also corresponds to, in addition to Petty Cash and Banks, when applicable:

- Bank overdrafts included in the item for Financing Obtained in the Balance Sheet; and
- The Cash and cash equivalent balances included in the item Non-Current Assets Held for Sale.

(e) State and Other Public Entities

The asset and liability balances in this item are identified based on the legislation in force.

Pertaining to assets, no impairment was recognized as it was considered not to be applicable given the specific nature of the relationship.

(f) Asset and Liability Deferrals

This item reflects the transactions and other events pertaining to which their integral attribution is not suitable for the results in a single year.

(g) Equity Items

(g.1) Subscribed Capital

In complying with the provisions in article 272 of the Commercial Company Code (CSC), the company contract indicates the deadline for the payment of the issued capital not paid-up on the date of the deed. During the period, the respective shareholders are not entitled to the right to vote in General Meetings under the terms defined in article 384 also from the CSC

(g.2) Legal Reserves

In accordance with article 295 of the CSC, at least 5% of results must be used for the constitution or reinforcement of the legal reserve until it represents at least 20% of Equity.

The legal reserve is not distributable except in the case in which the Company is liquidated, and can only be used to absorb losses after all other reserves have been exhausted, or for incorporation into the Equity (article 296 of the CSC)

(g.3) Retained Earnings

This item does not include any earnings from increases in the Fair Value of Financial Tools, Financial Investments and Investment Properties which, in accordance with no. 2 of article 32 of the CSC would only be available for distribution when the elements or rights which created them were transferred, exercised, extinguished or liquidated.

(h) Provisions

This account reflects the present obligations (legal or constructive) of the entity stemming from past events, whose liquidation is expected to result in an outflow of resources from the entity which incorporate economic benefits and whose timing and quantity are uncertain, but whose value can be reasonably estimated.

Provisions are valued by the best estimate of the expenditure required to liquidate the present obligation on the date of the balance sheet. Whenever the time value effect of the money is material, the sum of a provision is the present value of the expenditures that are expected to be needed to liquidate the obligation using a discount rate before tax which reflects the current market evaluations of the time value of the money and specific risks of liabilities and which does not reflect risks pertaining to those to which the estimates of the future cash flows have been adjusted.

The following are some specifics related to some of the Provisions.

(h.1) Provisions for Legal Processes

This item includes the provision for a legal process in progress. It will be measured in accordance with its current value; Whereby there are no provisions at this time of this nature

(h.2) Other Provisions

This item, among others, includes the following provisions:

- Provisions for commissions to be paid related to the provision of services provided by the Company;
- Provisions for supplier invoices;
- Others.

These provisions are registered at their present value.

(i) Other Financial Liabilities not included in the previous paragraphs

The Financial Liabilities are recognized when the Company is party to the respective contractual relationship.

The Financial Liabilities not included in the abovementioned paragraphs are valued at cost or at the depreciated cost under the terms given in the following paragraphs.

(i.1) Suppliers

Accounts payable to suppliers are initially recognized at the respective fair value and are, subsequently, valued at cost.

(i.2) Advances from Clients

Advances from Clients do not attract interest nor imply any interest and so are valued at cost.

(i.3) Other Accounts Payable

Other accounts payable do not attract interest nor imply any interest and so are valued at cost.

(j) Effect of exchange rate alterations

Transactions in foreign currency are converted into Euros at the rate on the transaction dates.

Debit balances at the end of the year are converted at the closing rate and the difference is recognized in the results.

(K) Provision of Services

The Provision of Services is valued by the fair value of the return received or to be received less the amounts related to trade discounts and volume rebates granted.

When the provision of a service includes subsequent services, the part of the revenue corresponding to these services is deferred and recognized as revenue during the period in which the service is rendered.

Even though the revenue is only received when it is probable that the economic benefits associated with the transaction flow to the Company, when there is an uncertainty pertaining to the chargeability of a sum already included in the revenue, the non-chargeable sum, or the sum in respect of which recovery is unlikely, is recognized as an impairment, and not an adjustment of the amount of the revenue originally recognized.

The following are some specifics related to the recognition of the Provision of Services.

The revenue from the Provision of Services is recognized when the completion of the transaction can be reliably estimated, which occurs when the following conditions are fulfilled:

- The quantity of the revenue can be reliably valued;
- The economic benefits associated with the transaction are likely to flow to the Company;
- The completion phase of the transaction on the date of the balance sheet can be reliably valued; and
- The costs incurred with the transaction and the costs to conclude the transaction can be reliably valued.

The completion percentage is determined on the basis of the proportion of the costs incurred to date against the total estimated costs of the provision of services (pertaining to services rendered or being rendered).

Part payments and client advances are not considered for determining the completion percentage.

(I) Personnel Expenses

Personnel expenses are recognized when the services are rendered by employees regardless of their payment date.

The following are some specifics related to each of the types of Personnel Expenses.

(I.1) Holidays and Holiday Subsidy

In accordance with the labour law in force, employees are entitled to holidays and holiday subsidy the year following the one worked. Therefore, in the results, an addition to the sum to be paid in the following year was recognized and is reflected in the item "Other Accounts Payable".

(I.2) Distribution of Profits among Employees

Distribution of Profits among employees is recognized in Personnel Expenses in the period to which they relate to and not as a distribution of Profits. Therefore, in the results an addition to the sum to be paid in the following year was recognized and is reflected in the item "Other Accounts Payable".

(I.3) Termination of Employment Benefits

The Company recognizes a liability and an expense in the Termination of employment Benefits when it has already committed to the following in a demonstrable manner:

- Termination of the position of an employee or group of employees before the normal retirement date; or
- Provides termination benefits as a result of an offer aimed at encouraging a voluntary termination.

The Company is considered to have made a commitment in a demonstrable manner when it has a detailed formal plan for the termination and there is no realistic probability of it being withdrawn and when the plan includes, as a minimum:

- The location, position and approximate number of employees whose services will be terminated;
- The termination benefit for each classification or employment position; and
- Time when the plan will be implemented.

The Employment Termination Benefits are immediately recognized as an expense and whenever they are due more than 12 months after the date of the balance sheet, they are valued at the discounted value.

In the case of offers made to encourage a voluntary termination, the valuation of the Employment Termination Benefits is based on the number of employees who are expected to accept the offer.

(m) Interest and similar costs incurred

Financing expenses are recognized in the financial statements of the period to which they relate and include the interest incurred, determined based on the effective interest rate method.

(n) Contingent Assets and Liabilities

A Contingent Asset is a possible asset stemming from past occurrences and whose existence will only be confirmed by the occurrence or not of one or more uncertain future occurrences which are not fully under the Company's control.

Contingent Assets are not recognized in the financial statements so that they do not result in the recognition of income which may never occur. However, they are listed when the existence of a future inflow is probable.

A Contingent Liability is:

- A possible obligation stemming from past occurrences and whose existence will only be confirmed by the occurrence or not of one or more uncertain future occurrences which are not fully under the Company's control,

or:

- A current obligation stemming from past occurrences but which is not recognized because:
 - < The use of resources is not likely to be required to liquidate the obligation, or
 - < The sum of the obligation cannot be reliably valued.

Contingent Liabilities are not recognized in the financial statements so that they do not result in the recognition of expenses which may never occur. However, they are listed when a probable future outflow which is not remote exists.

3.2 Value judgments made in the process of the application of accounting policies

(a) Useful lives of Tangible and Intangible Fixed Assets

The useful life of an asset is the period during which an entity expects this asset to be available for their use and must be reviewed at least at the end of each economic year.

The amortization/depreciation method to be applied and the estimated losses from the substitution of equipment before the end of its useful life are essential in determining the effective useful life of an asset for reasons of technological obsolescence.

These parameters are defined in accordance with the best management estimate, for assets and businesses in question, also considering the practices adopted by companies in the sectors in which the Company operates.

(b) Deferred Tax Assets

Deferred Tax Assets are recognized for all the damages recoverable to the extent that it is probable that there will be taxable income against which losses can be offset.

Taking into consideration the context of a crisis and the impact that it may have on future results, the Board needs to make a judgment to determine the quantity of deferred tax assets which can be recognized, considering:

- The date and probable quantities of future taxable profits, and
- Future strategies for fiscal planning.

(c) Recognition of the Provision of Services

The Company uses the finishing percentage method in the recognition of its Provision of Services. The use of this method requires the Company to estimate the services carried out as a percentage of the total services to be rendered, which also need to be estimated.

(d) Provisions for Taxes

The Company, supported in the positions of its tax consultants and considering the recognized responsibilities, believes that, from possible reviews to these tax declarations, no material corrections to the consolidated financial statements which will require the constitution of any provision for taxes.

3.3 Key sources of uncertainty in estimates

The estimates are based on the best existing knowledge at each time and the actions planned, and are constantly reviewed based on information available. Alterations in the facts and subsequent circumstances can lead to the revision of the estimates in the future, and so the real results may differ from present estimates.

(a) Impairment of Non-Financial Assets

Impairment occurs when the accounting value of an asset or a cash-generating unit exceeds its recoverable value, which is the higher of the fair cost less the sale costs and its use value.

The calculation of the fair cost less the sales cost is based on information which exists in contracts already confirmed in transactions with similar assets with entities between which there is no mutual relationship, or prices observed in the market less incremental costs to sell the asset.

The value in use is calculated on the basis of a discounted cash flow method which takes into account a budget for the next five years which does not include re-structuring activities related to those in which there is no commitment nor significant future investments aimed at improving future economic benefits which will result from the cash-generating unit which is being tested.

The recoverable quantity is particularly sensitive:

- Market share during the budgeting period
- Inflation in the price of raw materials
- Gross margin
- Growth rate used to extrapolate the cash flows beyond 5 years
- Discount rates used to give discounts from future cash flows.

(b) Impairment of accounts receivable

The credit risk of accounts receivable balances is evaluated on each report date, taking into consideration the historical information of the debtor and their risk profile as mentioned in paragraph 3.1.

Accounts receivable are adjusted by the evaluation made of the estimated risks of charges which exist on the date of the balance sheet, which may differ from the effective risk to be incurred in the future.

(c) Provisions

The recognition of Provisions is inherent in the determination of the probability of future flow outputs and their reliable valuing. These factors depend greatly on future occurrences and cannot always be controlled by the Company and so may lead to significant future adjustments, both due to variations in the presuppositions used and the future recognition of provisions previously listed as contingent liabilities.

4. Cash Flow

The Petty Cash and Banks items in the Balance sheet are broken down in the following manner:

	2017	2016
Petty Cash	3,430.98	3,926.16
Demand Deposits	495,324.96	905,087.57
Other Bank Deposits	13,236,814.66	11,826,446.16
	13,735,570.60	12,735,459.89

The balance of Petty Cash and Cash Equivalents in the Cash Flow Statement are broken down in the following manner:

	2017	2016
Petty Cash	3,430.98	3,926.16
Demand Deposits	495,324.96	905,087.57
Other Bank Deposits	13,236,814.96	11,826,446.16
	12,735,570.60	12,735,459.89

5. Accounting policies, alterations in accounting estimates and errors

Accounting policies were not altered.

6. Related parties

The Group of which the Company is part is comprised of the following entities:

Name	Location	% of interest	% of vote	Nature of the Relationship	
				Services that L. I. renders / Transactions made	Services that L. I. receives / Transactions received
Navalset-Serviços Industriais e Navais, S.A.	Portugal	100,00%	100,00%	Administrative support services	Rent and Administrative Support
Lisnave-Estaleiros Navais, S.A.	Portugal			Consulting Services	Support Services
Navivessel, Estudos e Projectos Navais, S.A.	Portugal				Support Services
Gaslimpo-Desgasificação de Navios, S.A.	Portugal				Supply of Zinc and Aluminium Anodes
Dakarnave	Senegal			Materials and support services for Naval Repairs	
Repropel – Sociedade de Reparação de Hélices	Portugal				Naval Repair Support Services

The parent company is the company Navalset – Serviços Industriais e Navais, S.A., with head offices in Portugal.

The quantity of the transactions, outstanding balances and the expenses recognized during the period at companies from related parties are indicated in the following table:

Name	Year	Clients	Suppliers	Sales / Serv. Prov.	Purchases	ESFs
Navalset-Serviços	2017		52.89			47,817.19
Industriais e Navais, S.A.	2016		0.00			47,563.31
Lisnave Est. Navais	2017	21,440.49	0.00	73,801.25		9,611.06
	2016	25,563.70	500.00	90,370.15		2,506.00
Navivessel, Estudos e Projectos Navais, S.A.	2017			3,000.00		19,500.00
	2016			3,000.00		19,500.00
Gaslimpo-Desgasificação de Navios, S.A.	2017				191,870.50	
	2016				10,958.00	
Dakarnave	2017	114,757.58	2,050.00	4,055,498.14		3,850.00
	2016	472,419.51	375.00	2,903,673.09		5,825.00
Repropel	2017					3,100.00
	2016					

7. Investment Properties

The company does not have Investment properties.

8. Tangible fixed assets:

The gross sum reported and accumulated depreciation and losses due to impairment at the beginning and end of the period are as follows:

2017								
	Land and natural resources	Buildings and other construct.	Basic Equipment	Transport Equipment	Admin. Equipment	Other fixed tangible assets	Fixed Tangible assets in progress	Total
Assets								
Initial Balance	0.00	355.25	8,274.11	93,841.58	37,387.60	0.00	0.00	139,858.54
Acquisitions					630.45			630.45
Transfers				-65,067.33				-65,067.33
Transfers and write-offs								0.00
Others variations								0.00
Final Balance	0.00	355.25	8,274.11	28,774.25	38,018.05	0.00	0.00	75,421.66
Accum. Amort./Impar. Losses								
Initial Balance	0.00	355.25	8,199.11	61,307.91	37,039.24	0.00	0.00	106,901.51
Amortisations for the year			75.00		768.24			843.24
Losses in impairment for the year								0.00
Reversals losses of impairment for the year								0.00
Transfers				-32,533.66				-32,533.66
Transfers and write-offs								0.00
Others variations								0.00
Final Balance	0.00	355.25	8,274.11	28,774.25	37,807.48	0.00	0.00	75,211.09
Net assets	0.00	0.00	0.00	0.00	210.57	0.00	0.00	210.57
Assets in Progress	0.00	0.00	0.00	0.00	8,599.52	0.00	0.00	8,599.52
Total Tangible Assets	0.00	0.00	0.00	0.00	8,810.09	0.00	0.00	8,810.09

2016

	Land and natural resources	Buildings and other constructions.	Basic equipment	Transport equipment	Admin Equipment	Other fixed tangible assets	Fixed tangible assets in progress	Total
Assets								
Initial Balance	0.00	355.25	8,063.54	93,841.58	37,387.60	0.00	0.00	139,647.97
Acquisitions			210.57					210.57
Transfers								0.00
Transfers and write-offs								0.00
Others variations								0.00
Final Balance	0.00	355.25	8,274.11	93,841.58	37,387.60	0.00	0.00	139,858.54
Accum. Amort./Impar.Losses								
Initial Balance	0.00	355.25	7,913.54	45,041.08	36,395.81	0.00	0.00	89,705.68
Amortisations for the year			285.57	16,266.83	643.43			17,195.83
Losses in impairment for the year								0.00
Reversals losses of impairment for the year								0.00
Transfers								0.00
Transfers and write-offs								0.00
Others variations								0.00
Final Balance	0.00	355.25	8,199.11	61,307.91	37,039.24	0.00	0.00	106,901.51
Activos Iíquidos	0.00	0.00	75.00	32,533.67	348.36	0.00	0.00	32,957.03

9. Financial Investments
9.1. Subsidiaries Investments

Financial investments are valued at acquisition cost, adjusted by the equity method.

Company	Participation of capital	2017	2016
Dakarnave	51%	6,554,727.56	6,008,933.73
	Acquisition value	1,399,061.12	1,399,061.12
	Acumulated Adjustmant	5,155,666.44	4,609,872.61

9.2 Other Financial Investments

This item includes only the amount paid for Worker's Compensation Funds in accordance with Law 70/2013 of August 30, regulated by Ordinance no. 294-A / 2013 of September 30, which established the legal framework of the Labor Compensation Fund (LCF), the Equivalent Mechanism (EM) and the Workers' Compensation Guarantee Fund (WCGF), which entered into force on 1 October 2013, and applicable to employment contracts concluded from that date. The values considered are shown in the following table:

	2017	2016
Other Financial Investments		
CGF/WGF	4,770.46	2,766.84

10. Impairment of assets

The following impairments were registered:

	2017	2016
Impairment of Assets		
Clients		
Initial balance	1,193,638.66	1,193,638.66
Increase in impairments	0.00	0.00
Decrease in impairments	1,193,638.66	0.00
Final Balance	0.00	1,193,638.66

No impairments were registered in tangible fixed assets or investment properties.

11. Inventories

The values of materials bought were all sold, whereby there is no value for stock. The values of inventories recognized as a cost during the period are given in the following table:

Cost of goods sold and materials consumed	Goods
Stock at 1 January 2016	0.00
Purchases	852,918.44
Impairments	0.00
Regularization of stock	0.00
Stock at 31 December 2016	0.00
	852,918.44
Stock at 1 January 2017	0.00
Purchases	1,521,266.99
Impairments	0.00
Regularization of stock	0.00
Stock at 31 December 2017	0.00
	1,521,266.99

12. Revenue

Revenue is listed in the following manner:

	2017	2016
Sale of Goods		
Extra-Community market	2,775,258.82	1,547,180.75
	2,775,258.82	1,547,180.75
Service Provision		
Internal Market	73,80.25	74,277.15
Community Market	0.00	0.00
Extra Community market	1,280,239.32	1,356,769.49
	1,354,040.57	1,430,769.49
	4,129,299.39	2,977,950.24

13. Provisions

The company did not have any provisions on 31 December 2017.

14. Effect of alterations on exchange rates:

The value of the differences on exchange rates recognized in the results is that given in the following table:

	2017	2016
Favourable exchange rate differences included in:		
Other income and gains	0.00	316.88
Interest and similar income obtained	0.00	0.00
	0.00	316.88
Unfavourable exchange rate differences included in:		
Other costs and losses	1,447.87	0.00
Interest and similar costs incurred	0.00	0.00
	1,447.87	0.00

15. Tax on Income

Costs (income) for current taxes are given in the following table:

	2017	2016
Current Tax		
IRC (Company Tax) for the year	278,258.78	119,884.36
	278,258.78	119,884.36

The Adjustment recognized in the current tax period of previous periods is given in the following table:

There is no adjustment recognized in the period, of current taxes referring to previous periods.

There were no other alterations in the tax rates, nor were new taxes introduced and so the cost (income) value for deferred taxes did not suffer any alterations from these situations.

	Tax base		Tax rate	
	2017	2016	2017	2016
Income before taxes	2,426,650.76	905,838.22		
Non-taxable profits				
Over-estimates of taxes	0.01			
Effects of the equity method	1,299,318.56	434,720.43		
Increase in AIM shares	6,378.00	1,650.00		
	1,235,696.57	436,370.43		
Costs not deductible for tax purposes				
bad debts	2,533.67			
taxable capital gains	17,375.00			
Undocumented expenses	609.61	2,120.21		
Non-deductible depreciations		10,016.83		
Corrections related to previous years		85.34		
Not accepted donations	10,000.00			
	30,518.28	12,222.38		
Taxable profit	1,221,472.47	481,690.17		
Tax rate on income in Portugal	21,00%	21,00%		
Calculated Tax	256,509.22	101,154.94	10,571%	11,167%
Autonomous taxation	6,481.15	12,708.29	0.26%	1,403%
Surcharge	15,268.41	6,021.13	0,629%	0,665%
Tax on Income	278,258.78	119,884.36	11,467%	13,235%

16. Financial instruments

The information in this note covers the following items in the Balance Sheet:

Assets

	2017	2016
Current		
Clients		
Gross	136,198.17	1,691,621.87
Impairments accumulated from previous years	0.00	(1,193,638.66)
	<u>136,198.17</u>	<u>497,983.21</u>
Other accounts receivable	274,847.98	34,720.07

Liabilities

	2017	2016
Current		
Suppliers	185,095.89	277,753.33
Other accounts payable	118,615.27	203,529.20
	<u>303,711.16</u>	<u>408,475.09</u>

Equity

	2017	2016
Share capital	2,750,000.00	2,750,000.00
	<u>2,750,000.00</u>	<u>2,750,000.00</u>

16.1 Clients

The age of the client balance is broken down in the manner indicated in the following table:

	Total	Unmatured Debt	Matured debt			
			< 30 Days	30-90 Days	90-120 Days	>120 Days
Year 2017	136,198.17	123,821.62	7,082.52	6,452.51	1,832.40	-2,990.88
Year 2016	497,893.21	473,293.26	18,761.71	8,829.12		-2,990.88

16.2 Other accounts receivable

The other accounts receivable are listed as follows:

	2017	2016
Other current accounts receivable		
Advances to Suppliers		
Nacional	2,553.66	1,669.47
Foreign	1,782.93	6,550.37
Debtors for accrued income		
Interest Term Deposits	13,880.46	10,116.48
Shareholders- profits attributed to receive from Dakarnave	255,000.00	
Other debtors and creditors		
Personnel	700.00	2,000.00
Others	930.93	14,383.75
	274,847.98	34,720.07

16.3 Suppliers

The balance of suppliers is broken down in the following manner:

	2017	2016
Current account suppliers		
Nacional	47,012.41	128,193.01
Foreign	135,980.59	148,685.32
Mother Company	52.89	0.00
Subsidiary Companies	2,050.00	875.00
	185,095.89	277,753.33

16.4 Other accounts payable

The other accounts payable are listed as follows:

	2017	2016
Other accounts payable – current		
Suppliers of fixed assets	10,577.41	
Creditors for accrued expenses		
Remunerations to be liquidated - holidays and holiday subsidy	52,085.72	57,567.25
Communications	325.69	345.26
Electricity and Water	2,399.28	2,358.73
Others	5,012.00	5,012.00
Goods	132.48	32,130.00
Insurance	2,580.93	1,154.61
Personnel - balance bonus	45,000.00	104,487.76
Miscellaneous	501.76	473.59
	118,615.27	203,529.20

16.5 Share capital

The values of nominal share capital and share capital to be paid up and respective deadlines are given in the following table:

	2017	2016
Nominal share capital issued	2,750,000.00	2,750,000.00
Nominal share capital issued and paid up		
Navalset-Serviços Industriais e Navais, S.A.	2,750,000.00	2,750,000.00

The Share Capital is represented by 550,000 Registered Shares with a nominal value of 5 Euros each.

17. Personnel Expenses

The details of Personnel Expenses are given in the following table:

	2017	2016
Remuneration of Social Bodies	31,352.25	114,852.61
Personnel Remuneration	753,699.68	862,167.39
Charges on Remuneration	149,687.97	169,073.40
Insurance for work accidents and professional illnesses	15,066.50	17,523.61
Other Personnel expenses	25,813.26	26,355.71
	975,619.66	1,189,972.72

18. Other information
18.1 State and Other Public Entities

This item is broken down in the manner indicated in the following table:

	2017	2016
Balance Receivable		
Tax on Income	81,697.28	236,483.97
VAT to be recovered	13,571.13	26,764.30
	95,268.41	263,248.27
Balance Payable		
Tax on Income	278,258.78	119,884.36
Withholding Tax on Income	17,400.55	21,486.25
Social Security Contributions	17,294.91	19,675.31
Others taxes – W.Comp. Fund	222.04	217.01
	313,176.28	161,262.93

18.2 Deferrals

Expenses to be recognized are described below:

	2017	2016
Expenses to be recognized		
Goods to debit	102,887.75	8,176.78
Services to debit	5,675.71	
Insurance	18,239.44	8,138.62
Other Expenses	381.71	2,384.21
	127,184.61	18,699.61

18.3 Reserves, Profit, Adjustments and Others Changes In Equity

This item is broken down in the manner indicated in the following table:

	Adjustments and others changes in equity	Legal Reserves	Retained earnings	Net profit for the year	TOTAL
Balance on 1 January 2016	925,133.41	572,752.20	13,410,214.48	1,208,169.29	16,116,269.38
Constitution of Legal Reserve					
Dividends				(700,000.00)	(700,000.00)
Remainder of the application of Results			508,169.29	(508,169.29)	
Profit (Loss) for the year				785,953.86	785,953.86
Others	(0.05)				(0.05)
Balance on 31 December 2016	925,133.36	572,752.20	13,918,383.77	785,953.86	16,202,223.19
Balance on 1 January 2017	925,133.36	572,752.20	13,918,383.77	785,953.86	16,202,223.19
Constitution of Legal Reserve					
Dividends				(780,000.00)	(780,000.00)
Remainder of the application of Results			5,953.86	(5,953.86)	
Profit (Loss) for the year				2,148,391.98	2,148,391.98
Others					(124.73)
Balance on 31 December 2017	925,008.63	572,752.20	13,924,337.63	2,148,391.98	17,570,490.44

In view of the Profit of the year, in the amount of 2,148,391.98 euros, the Board of Directors proposes in its Report the following distribution:

- Dividends to Shareholders €2,000,000.00
- Retained earnings €148,391.98

18.4 Supplies and External Services

This item is broken down in the manner indicated in the following table:

	2017	2016
Subcontracts	13,180.05	3,800.00
Specialized work	69,294.99	133,513.38
Publicity and advertising	1,330.60	790.30
Surveillance and safety	199.68	175.28
Fees	69,109.64	95,101.20
Conservation and repair	8,454.15	5,874.09
Tools and Utensils	72.98	64.92
Technical books and documentation	132.08	148.12
Office Material	880.51	1,077.45
Gifts	221.50	202.41
Electricity	2,960.74	3,334.89
Fuel	3,960.92	3,368.11
Water	662.60	500.46
Travel and accommodation	37,380.94	50,987.84
Rent and leases	58,912.17	56,636.61
Communication	11,339.68	11,824.03
Insurance	108,165.38	109,410.57
Transport of Goods	33,646.70	14,838.52
Litigation and notaries	459.14	197.00
Representation expenses	1,755.02	1,413.18
Cleaning, hygiene and comfort	5,541.68	5,274.22
Others	11,056.28	11,914.27
	438,717.43	510,446.85

18.5 Other income and Gains

This item is broken down in the manner indicated in the following table:

	2017	2016
Supplementary Income		
Others	3,000.00	19,093.00
Cash payment discounts obtained	2,103.98	
Interest Rates Obtained from Bank Deposits	23,352.88	40,896.82
Others		
Favourable differences in exchange rates		316.88
Corrections related to previous periods	1,503.68	1,754.97
Others not specified	2,241.28	7,512.74
	32,201.82	69,577.41

18.6 Other Expenses

This item is broken down in the manner indicated in the following table:

	2017	2016
Taxes	374.54	370.47
Others		
Corrections related to previous periods	0.00	85.34
Unfavourable differences in exchange rates	1,447.87	0.00
Levies	12,756.00	3,300.00
Donations	10,000.00	0.00
Disposal Tangible assets	2,533.67	0.00
Others	609.61	2,120.21
	27,721.69	5,876.02

18.7 Expenses / Reversals of Depreciation and Amortization.

This item is broken down in the manner indicated in the following table:

	2017	2016
Depreciation and amortization expenses		
Tangible Fixed Assets	843.24	17,195.83
	843.24	17,195.83

18.8 Income and Losses Charged from Sub's and Affiliates

This item is broken down in the manner indicated in the following table:

	2017	2016
Income and Profit at sub's and affiliates		
Equity Method		
DAKARNAVE	1,229,318.56	434,720.43
	1,229,318.56	434,720.43

19. Occurrences after the date of the balance sheet

The date on which the financial statements have been authorized for release was 23 February 2018.

These financial statements were authorized for release by the Board of Directors.

There were no occurrences between the date of the balance sheet and the authorization date for release which were not registered or published in these financial statements.

20. Other information required by law

Under the terms and for the purpose of what is established in article 447 of the Commercial Company Code, we hereby advise that the Members of the Board, José António Leite Mendes Rodrigues and Nelson Nunes Rodrigues are indirect bearers of 50% shares each, by means of no. 2 of said article and by means of Navalset—Serviços Industriais e Navais, S.A.

In relation to the Company's Inspection Body, we hereby advise that it does not meet any of the situations given in the body of this Article.

Under the terms and for the purpose of what is established in no. 4 of article 448 the Commercial Company Code, we hereby advise that, on the date on which the Year was closed, and according to Company records, the following Shareholder owns 100.00% of Lisnave Internacional Capital:

- Navalset -Serviços Industriais e navais, S.A.
Owner of 550,000 Shares.

Under the terms and for the purpose of what is established in no. 1 of article 66 A of the Commercial Company Code, we hereby advise that no transactions were excluded from the balance sheet.

Under the terms and for the purpose of what is established in no. 2 of article 66 A of the Commercial Company Code, we hereby advise of the detail of the fees invoiced during the financial years, by the Chartered Accountant::

	<u>2017</u>	<u>2016</u>
Fees	8,700.00	8,700.00

The positions held by the administrators of Lisnave Internacional, in other companies are the following:

	Companies	Position held
Nelson Nunes Rodrigues	Navivessel, S.A.	Director
	Lisnave Infraestruturas Navais, S.A.	Director
	Navalset, S.A.	Director
	Lisnave-Estaleiros Navais, S.A.	Director
	Repropel, Lda.	Manager
	Lisnave Yards-Naval Services, Lda.	Manager
José António Leite Mendes Rodrigues	Navivessel, S.A.	Director
	Lisnave Infraestruturas Navais, S.A.	Chairman Board of Directors
	Navalset, S.A.	Chairman Board of Directors
	Lisnave-Estaleiros Navais, S.A.	Chairman Board of Directors
João Rui Carvalho dos Santos	Lisnave Yards-Naval Services, Lda	Manager
	Navivessel, S.A.	Director
	Lisnave-Estaleiros Navais, S.A.	Director
	Gaslimpo, S.A.	Director
	NavalRocha, S.A.	Director
	A.I. Navais	Vice-President
	Fename - Fed. Nacional do Metal	President of. A. C.
	Dakarnave, S.A.	Director
	LisnaveYards-Naval Services, Lda	Manager
	Fórum Oceano – Assoc. Econ. Mar	Vice-President
	Aiset – Assoc. Ind. Península Setúbal	President of. A. C.
	CPS – Comunidade Portuária Setúbal	President of. A. C.
Manuel Serpa Leitão	Navivessel, S.A.	President of Shareholders G.M.
	Lisnave Infraestruturas Navais, S.A.	Manag. Director
	Lisnave Estaleiros Navais, S.A.	Director
	Rebocalis, Lda,	Chairman of Board of Directors
	Tecor-Tecnologia AntiCorrusão, S.A.	President of Shareholders G.M.
	Gaslimpo, S.A.	Chairman of Board of Directors

6. STATUTORY AUDITOR'S REPORT AND OPINION

RELATÓRIO E PARECER DO FISCAL ÚNICO

Exercício de 2017

Senhores Accionistas,

1. Em conformidade com as disposições legais e com contrato da Sociedade o Fiscal Único da **LISNAVE INTERNACIONAL - Engenharia, Gestão e Desenvolvimento, S.A.**, no exercício das suas competências, após ter procedido à análise do Balanço, da Demonstração dos Resultados e dos demais elementos de prestação de contas, preparados pelo Conselho de Administração, que acompanhavam o Relatório de Gestão relativo ao exercício de 2017, vem apresentar o seu Relatório sobre a acção fiscalizadora desenvolvida e dar parecer sobre esses mesmos documentos de prestação de contas.
2. Com a periodicidade que julgou conveniente manteve o acompanhamento da actividade da **LISNAVE INTERNACIONAL, S.A.**, através dos contactos que manteve com a Administração e com os Serviços. Procedeu às verificações e análises da informação contabilística, com a consulta dos seus documentos de suporte e dos correspondentes registos. Verificou, em particular, as operações contabilísticas referentes ao apuramento dos resultados do exercício.
3. É sua convicção que os procedimentos técnicos seguidos que conduziram à elaboração das demonstrações financeiras apresentadas, e tendo em conta, em particular, as explicitações que se incluem no Anexo às Demonstrações Financeiras, complementadas com o exposto no Relatório de Gestão elaborado pelo Conselho de Administração, reflectem os valores evidenciados nos documentos que lhes servem de suporte, e, no seu conjunto, expressam, em termos financeiros e económicos, uma correcta avaliação do património e dos resultados.
4. Em documento separado, na qualidade de Revisor Oficial de Contas, procedeu à elaboração da Certificação Legal das Contas, parecer que deve ser tomado como parte integrante deste Relatório.
5. No seu relatório de gestão o Conselho de Administração refere a forma como se processou a actividade da **LISNAVE INTERNACIONAL - Engenharia, Gestão e Desenvolvimento, S.A.** no decorrer do exercício, e dos principais factores que estiveram na origem dos resultados alcançados.
6. O Fiscal Único, face ao exposto, tendo presente a evolução esperada da actividade para o ano de 2018, é de

PARECER

- a) que sejam aprovados o Relatório de Gestão e as Contas do Exercício de 2017 apresentadas pelo Conselho de Administração;
- b) que a proposta de aplicação do Resultado Líquido do exercício, de 2.148.391,98 euros apresentada pelo Conselho de Administração, seja aprovada.

Lisboa, 20 de março de 2018

O FISCAL ÚNICO



RSM & ASSOCIADOS – SROC, LDA

representada por Joaquim Patrício da Silva (Roc nº 320)

7. LEGAL CERTIFICATION OF ACCOUNTS

RSM & Associados – Sroc, Lda

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CERTIFICAÇÃO LEGAL DAS CONTAS

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião

Auditámos as demonstrações financeiras anexas da LISNAVE INTERNACIONAL – Engenharia, Gestão e Desenvolvimento, S.A. (a Entidade), que compreendem o balanço em 31 de Dezembro de 2017 (que evidencia um total de 20.937.378 euros e um total de capital próprio de 20.320.490 euros, incluindo um resultado líquido de 2.148.392 euros), a demonstração dos resultados por naturezas, a demonstração das alterações no capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e o anexo às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira da LISNAVE INTERNACIONAL – Engenharia, Gestão e Desenvolvimento, S.A. em 31 de dezembro de 2017 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com as Normas Contabilísticas e de Relato Financeiro adotadas em Portugal através do Sistema de Normalização Contabilística.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Responsabilidades do órgão de gestão pelas demonstrações financeiras

O órgão de gestão é responsável pela:

- preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com Normas Contabilísticas e de Relato Financeiro adotadas em Portugal através do Sistema de Normalização Contabilística;

THE POWER OF BEING UNDERSTOOD
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RSM & Associados – Sroc, Lda é uma firma independente, membro da RSM International. RSM International é a denominação de uma rede internacional de entidades jurídicas independentes que prestam serviços profissionais de contabilidade e consultoria. RSM International não corresponde, em qualquer jurisdição, a uma entidade legalmente reconhecida.

Inscrição na Lista dos Revisores Oficiais de Contas sob o nº 21

NIF 501 612 181 Capital Social 108.000€

Inscrição na lista de Auditores da CNVM sob o nº 20161280

- elaboração do relatório de gestão nos termos legais e regulamentares aplicáveis;
- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro;
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades;
- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;



- comunicamos com os encarregados da governação, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Dando cumprimento ao artigo 451.º, n.º 3, al. e) do Código das Sociedades Comerciais, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre a Entidade, não identificámos incorreções materiais.

Lisboa, 20 de março de 2018

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RSM & ASSOCIADOS – SROC, LDA

representada por Joaquim Patrício da Silva (ROC n.º 320)

