



SHARE CAPITAL: 5 000 000 EUROS
REGISTERED OFFICE: MITRENA - 2910-738 SETÚBAL
REGISTERED AT THE SETÚBAL C. R. OFFICE
UNDER NUMBER 503847151
COMPANY NUMBER 503847151

Management Report and Accounts

2016

23 February 2017



MEMBERS OF CORPORATE BODIES

Term of Office: 2013 - 2016 Four-year Periods

SHAREHOLDERS GENERAL ASSEMBLY

President:

Dr. Luís Miguel Nogueira Freire Cortes Martins

Vice-President:

Dr. Carlos Fernando Soares Pinheiro

Secretary:

Dr. Manuel Joaquim Rodrigues

BOARD OF DIRECTORS

Chairman:

Eng. José António Leite Mendes Rodrigues

Directors:

Dr. Nelson Nunes Rodrigues

Dr. Aloísio Fernando Macedo da Fonseca

Eng. Frederico José Ferreira de Mesquita Spranger

Eng. Peter Luijckx

Dr. João Rui Carvalho dos Santos

Eng. Manuel Serpa Leitão

EXECUTIVE COMMITTEE

Chief Executive Officer:

Eng. Frederico José Ferreira de Mesquita Spranger

Members of the Committee:

Eng. Peter Luijckx

Dr. João Rui Carvalho dos Santos

AUDITING COMMITTEE

President:

Sr. Francisco José da Silva

Committee Members:

Dra. Maria Isabel Louro Caria Alcobia

"RSM & ASSOCIADOS – SROC, LDA."

- Represented by por Dr. Joaquim Patrício da Silva

Alternate:

Dr. José Carlos Nogueira Faria Matos - ROC

COMPANY SECRETARY

Dr. Carlos Fernando Soares Pinheiro

REMUNERATION COMMITTEE

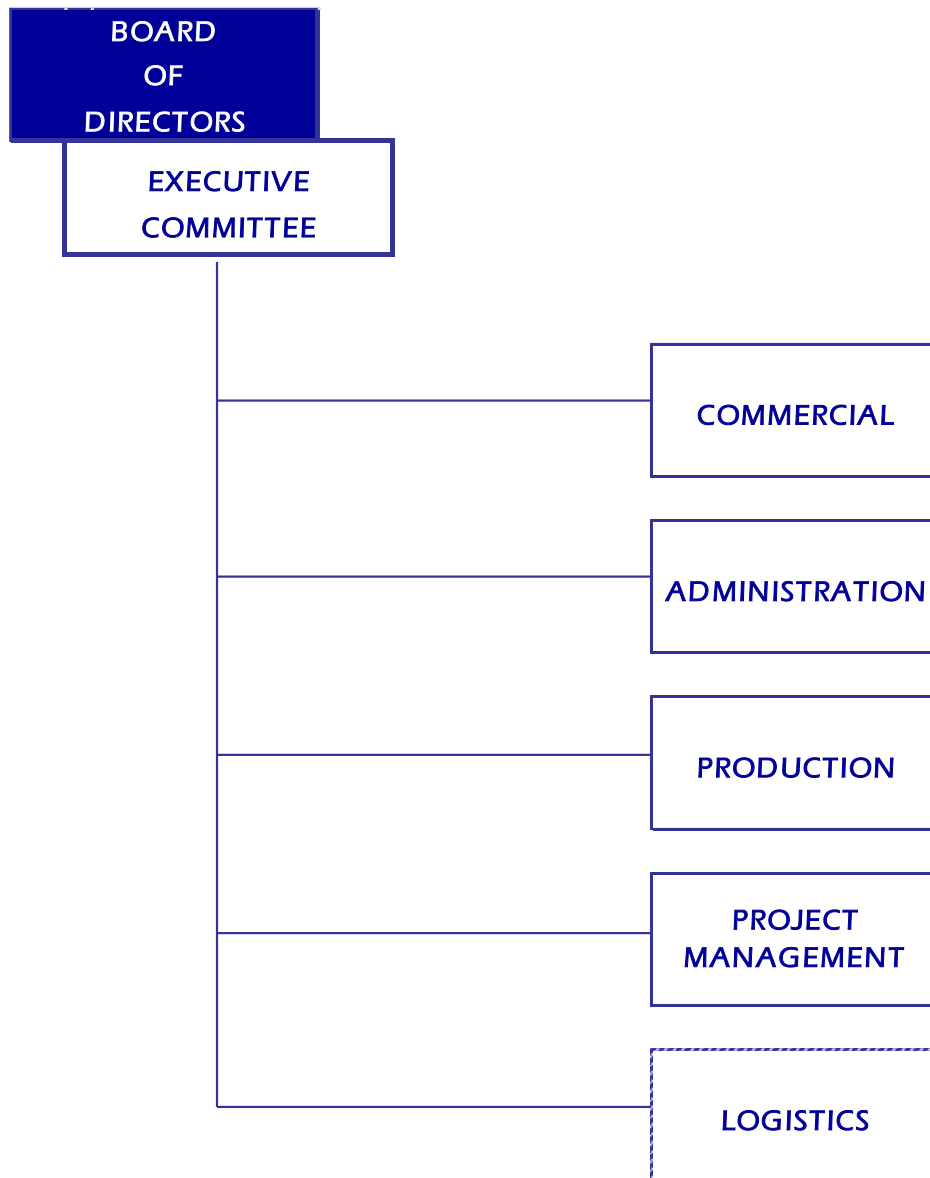
President:

Dr. Luís Miguel Nogueira Freire Cortes Martins

Secretary:

Dr. Walter Klausmann

COMPANY STRUCTURE





SHARE CAPITAL: 5 000 000 Euros
REGISTERED OFFICE: MITRENA - 2910-738 SETÚBAL
REGISTERED AT THE SETÚBAL COMMERCIAL REGISTRATION OFFICE
UNDER NUMBER 503847151
COMPANY NUMBER 503847151

ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE

Under the terms of the Law and of the Bylaws of the Company, notice is hereby given for the Annual General Meeting of the Shareholders of LISNAVE, ESTALEIROS NAVAIS, S.A., to be held on 23 March 2017 at 11:00 Hours, at the Registered Office of the Company, Mitrena Shipyard, Setúbal, with the following Agenda:

- 1º - Discussion of the MANAGEMENT REPORT AND ACCOUNTS for the 2016 Financial Year;
- 2º - Discussion of the REPORT OF THE AUDITING COMMITTEE;
- 3º - Discussion of the Proposal for the Appropriation of Profits;
- 4º - General Assessment of the Management and Supervision of the Company;
- 5º - Election of Members of the Bodies Corporate for the 2017–2020 Four-Year periods.

The information referred to in Article 289 of the Code of Commercial Companies relating to the single item on the Agenda is at the disposal of the Shareholders at the Registered Office of the Company and in the Website during the time required by law.

Under the terms of the Law and of the Bylaws of the Company, Shareholders with the right to vote, holding at least one hundred Shares duly registered in their name no later than ten days before the date of the General Meeting of Shareholders may attend the meeting. Each group of one hundred Shares carries one vote.

For that purpose, Shareholders wishing to attend that Meeting shall advise accordingly the Chairman of the General Meeting of Shareholders, by letter, with the respective signature duly notarised or certified by the Company and, in this case, shall request the financial institutions where the Shares are registered to confirm to the Chairman of the Table of the General Meeting of Shareholders the existence of such registration, no later than five business days before the date of the General Meeting of Shareholders.

The General Meeting of Shareholders can only be held on a first call if Shareholders representing at least fifty per cent of the Share Capital are either present or represented. Shareholders without the right to vote cannot attend the General Meeting of Shareholders.

Setúbal, 20 February 2017
THE CHAIRMAN OF THE BOARD OF THE GENERAL MEETING

A handwritten signature in black ink, appearing to read 'Luís Miguel Nogueira Freire Cortes Martins'.

Dr. Luís Miguel Nogueira Freire Cortes Martins



Board
of
Directors Report

**BOARD
OF
DIRECTORS REPORT**

1. INTRODUCTION

In 2016, Lisnave, Estaleiros Navais, S.A., faced yet another difficult market situation, arising from the fact that its activity continued to be highly influenced by the effects on the sector of the growth crisis in the world economy.

Demand, in what can now be considered as the most difficult financial year in the Company's history, in terms of market, measured in number of inquiries, has reached an all-time low, with only 407 inquiries received, while the commercial success rate went down four percentage points over the previous year.

This adversity, arising from the combined effect of the situation outlined above, has not allowed us to meet the business objectives set out in the 2016 Budget. However, despite considering the level of activity attained to be unsatisfactory, the Board of Directors, after pondering the economic results achieved, rates the overall performance as quite positive.

This level of performance confirms once more the appropriateness of the strategic options defined in due course, which demonstrate that LISNAVE is better prepared to face the increasing challenges of the highly competitive market in which it operates.

Prior to the usual review of the financial year, the Board of Directors wishes, in view of the significance of the aggregate activity indicators, to stress both regionally and above all domestically, that LISNAVE, in the period from the start of the Restructuring Plan in the second half of 1997 to the end of the current financial year, repaired/maintained 2,313 ships from more than 50 countries from all over the world, which translated into sales of 2.08 billion Euros, which include a staggering 1.96 billion in exports.

This activity enabled an overall amount of 1.184 million Euros in wages to be paid, as well as payments to the State in Social Security contributions, income tax and other taxes of about 210.9 million euros.

LISNAVE, as mentioned earlier, faced particularly adverse market conditions in 2016, but managed to achieve a globally positive level of performance.

The intensive commercial activity carried out and the significant level of so-called “Repeat Business” have not been sufficient to offset the market degradation effect, with only 67 ships repaired/maintained by LISNAVE.

The average content of the works per ship undergoing routine repairs remained at very low levels, since shipowners continue to grapple with low profitability in their business caused by the extremely high ship operating costs for the sale price levels of their services. However, the average invoice, as a result of the large scale of some of the works performed, stood at 1,429,000 Euros, above the 1,057,000 euros of the previous year.

One of the reasons behind the low operational profitability of shipowners is the amount of daily average freight rates which, as a result of decreased maritime transportation caused by the weak growth of the world economy, on the one hand, and the growth in offer on the other, resulting from the large number of new ships that continue, year after year, to be put into operation, remained at very low levels, especially with regard to dry-bulk carriers which, for the eighth year running, stand at extremely low levels.

In fact, as the tables in chapter 2 will show, the daily average freight rates of a modern Suezmax tanker which had reached USD 35,900 per day in the previous year, reversed the growth trend observed since 2013 and stood at about USD 27,300, USD 8,600 less per day, a value that only represents 57% of the daily average rate of USD 47,500 for the same charter in 2008.

The rate for a Capesize bulk carrier had an even more negative development, with annual average values standing at USD 8,200 per day, USD 3,000 less than in 2005, representing only about 41% of the 2014 average rates or, more importantly, some unimaginable 8% of the USD 100,000 plus per day that these ships managed to fetch in 2007 and 2008.

In this depressive context, LISNAVE ended the 2016 financial year with a turnover for Naval Repairs of 95.7 million Euros, 17.4 million less than in 2015.

The total Operating Income stood at 104 million Euros, i.e. about 12 million euros less than in 2015, with the total Operating Expenditure showing a decrease of only 2.5 million.

As a result, the Net Results for the Period deteriorated, standing at a positive 6.7 million Euros.

The Net Position stood at 35.49 million euros, an amount which, despite the decrease observed, is 7 times higher than the Share Capital.

With regard to “Exports”, one of the main “marks” of its relevance, LISNAVE maintained its traditional characteristics as a strong export company, having sold 99.9 million Euros’ worth of



naval Maintenance and Repair services to the foreign market, with only one ship flying the Portuguese flag having been repaired.

From an "Employment" perspective, LISNAVE also kept its usual high employability level, albeit slightly down on the previous year, which included 56.4 million Euros in social contributions, corresponding to an average "equivalent employment" of more than 2,000 people per day.

It should also be stressed that the financial year ended without any outstanding debts, either to Employees or the State, the latter having been paid about 14.7 million Euros in Social Security contributions, income tax and other taxes.

With regard to Fixed Assets, the amount of investments made in the year amounted to 517,000 Euros. However, it should be noted that the total amount of investments made since the 2000 financial year amounts overall to almost 33.4 million Euros.

Furthermore, it is worth noting the rather significant amount of costs incurred by LISNAVE with large-scale repairs of infrastructure and equipment, which exceeded 2.1 million Euros in the period.

Also in the field of investments, although in this case under the responsibility of the Concessionaire, LISNAVE INFRAESTRUTURAS NAVAIS, the investments related to the maintenance of the shipyard's operational conditions should be mentioned, totalling about 180,000 Euros in the period. These investments in the Rehabilitation of the Shipyard, which began in 2008, with a particular emphasis on the structural repairs to Dock 20, already amount to 18.95 million Euros.

In terms of Human Resources, and given their importance, especially in the current period of austerity, it should be noted that, following its approval by the Shareholders' General Meeting, an End of Year Bonus was granted last April to all Company Employees, amounting to 1,500,000 Euros.

With regard to the Human Resources strategy, the decision of the Board of Directors should be noted of pursuing the promotion of training actions for young people, which included 4 actions in metalworking and a specific action for Prevention and Security Officers, covering 51 trainees in a total of about 26,700 training hours; of these trainees 46 young labourers, 4 Prevention and Security Officers and 2 young engineers with a degree in Occupational Health & Safety were chosen to enter into employment contracts with LISNAVEYARDS, during the year.

In addition to these, a further 9 young engineers were recruited under this staff rejuvenation policy.

In this context, as the Board of Directors has repeatedly stated, LISNAVE, given the unwillingness of the Workers' Representatives to sign a Labour Collective Bargaining Agreement suitable to the specifics of this business, decided in due course to redirect its strategic Human Resources management, which now has the close cooperation of LISNAVEYARDS.







It is well known that this company, whose corporate aim is similar to LISNAVE, began its Service Provision activity in February 2009, having, as at 31 December, 254 employees in its service, most of whom (185) are Direct Employees.

Pursuing its Social Responsibility approach, LISNAVE continued its support policy, partnering with various entities and organisations primarily focusing on the social area through the awarding of donations which amounted to 216,000 Euros in the period.

LISNAVE maintained its Quality Certification, and successfully implemented the ISO 9001:2015 Standard, as well the Environmental Certification, while the transition process to the implementation of the ISO 14001:2015 Standard is underway. It also maintained the Protection Certificate of the International Ship and Port Facility Security Code (ISPS).

As at December 31, 2016, the equity holder structure was as follows:

 NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A.	72,83 %
 THYSSENKRUPP INDUSTRIAL SOLUTIONS AG	20,00 %
 PARPÚBLICA, S.A.....	2,97 %
 OTHER EQUITY HOLDERS.....	4,20 %.

On concluding its general appraisal of the year, the board of directors would like to express its satisfaction that it proved possible, following approval by the Annual General Meeting, to remunerate, for the twelfth straight year, the capital invested by the Company's more than 200 shareholders.

The Outlook for 2017

As chapter 7 below outlines in more detail, the business development prospects for 2017 do not look favourable.



In fact, the low growth expectations both in the world economy and in world trade do not anticipate a significant positive development in the demand for sea transport.

Indeed, even if adjustments to the imbalance in the world fleet continue and the protectionist measures that some countries have announced, especially the USA, have no major consequences for the 2.7% growth rate expected in the world economy, it is not foreseeable that shipowners will cease to feel obliged to keep an approach of extreme budgetary restraint in terms of ship maintenance, due to the low profitability of their business over the last seven years, a situation which, should it come to pass, will keep the Naval Repair seller market afloat, and therefore maintain a high level of aggressive competitiveness.

However, based on the performance levels the Company has achieved and the high level of quality, responsibility and engagement that the Management and all Employees, at all levels, have demonstrated over the last few years, the Board of Directors would like to convey to the Shareholders its sense of moderate expectation with regard to the stabilisation prospects for LISNAVE's activity in the 2017 economic year at levels not dissimilar to the Financial Year under review, as long as there are no other disruptions in the future.

2. GENERAL COMMENTS ON THE MARKET

The Economic Situation

Political uncertainty, moderate investment and an almost stagnant growth rate in world trade characterised yet another year of hardship for the world economy.

According to the United Nations' estimates, in its World Economic Situation and Prospects 2017 report, the world economy growth rate was 2.2% in 2016, the lowest growth rate since the great recession of 2009. This growth rate corresponds to a decrease of 0.3% over the 2015 growth rate.

Due to the deceleration in the growth rate of the United States' economy, which went down from 2.6% in 2015 to 1.5% in 2016 – a decrease of 1.1% over 2015 and, albeit to a lesser extent, the deceleration in growth in some of the largest world economies, it is estimated that the growth rate of developed economies has decreased by 0.6% in 2016, standing at 1.5%.

The growth rate in the Euro zone economy decreased from 1.9% in 2015 to 1.6% in 2016, as a result of a decrease in both domestic demand and exports.

In Japan, although private consumption has seen some improvement after two years of shrinkage, as a result of low growth rates in investment and exports, it is estimated that its economy growth rate will have decreased by 0.1% over 2015, reaching 0.5% in 2016.

The structural change in the Chinese economy, which began in 2012, continues, and its growth rate is estimated to have decelerated slightly, reaching 6.6%, a 0.3% decrease over 2015.

In India, a growth of 7.6% is also estimated in 2016, an 0.3% increase over 2015.

The economies of Latin America and the Caribbean are estimated to have contracted by 1.0% over 2015, when they had already contracted by 0.6%, while the Brazilian economy contracted by 3.2%.

All in all, it is estimated that the economy of developed countries has grown by 3.6% in 2016, 0.2% less than in 2015.

The growth rate in the world economy, as a result of the low exports of developed economies, associated with increased protectionist measures implemented by some economies, is estimated at 1.2%, the lowest value since the great recession of 2009.

Evolution of the World's Merchant Fleet and Freight Rates

According to "Clarkson Research", the tanker fleet of more than 10,000 tonnes deadweight (dwt) grew in 2016 by about 4.7% in number of vessels, while in 2015 it had grown by about

2.8%. At the end of 2016, this fleet had attained 554.6 million dwt, which corresponded to a growth of 5.9% over the end of 2015, when it had grown by 3.1%.

In terms of new construction, 331 ships were delivered with a total transport capacity of about 32.9 million dwt, corresponding to about 5.9% of the current capacity of this fleet.

With regard to decommissioning, 41 vessels were sold for scrap, with a capacity of 2.6 million dwt, corresponding to 0.5% of the capacity of the current fleet.

Based on the same source, the bulk carrier fleet in 2016 had a 1.9% increase in the number of vessels and 2.2% in dwt, reaching 794.0 million dwt at the end of the year. And 564 vessels with a capacity of about 47.2 million dwt were delivered, corresponding to about 5.9% of the current capacity of this fleet. During this same period, 404 vessels with a capacity of 29.1 million dwt were sold for scrap, corresponding to about 3.7% of the current capacity of this fleet.

The value of the steel sold for demolition, which during 2015 had declined in the Indian market by an average of about 34.0% over 2014, reaching USD 290 per tonne for oil tankers and USD 282 per tonne for bulk carriers in 2016, stabilised at USD 290 for both types of ship.

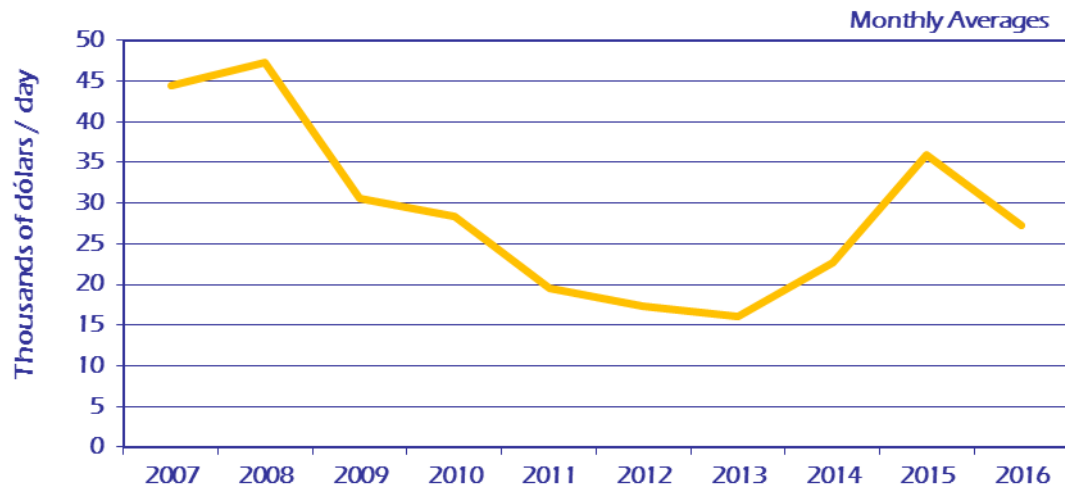
At the end of 2016, in the fleet of oil tankers, there were orders for 721 new vessels with a carrying capacity of 75.8 million dwt, i.e. a tonnage corresponding to 13.7% of the tonnage of the current fleet. Of this 75.8 million, 47.0 million - corresponding to 8.5% of the current fleet - is expected to be delivered in 2017.

In the bulk carrier fleet, the order book for new vessels consisted of 954 vessels with a carrying capacity of 85.6 million dwt, corresponding to 10.8% of the current fleet, with 58.1 million, or 7.3% of the current fleet, expected for delivery in 2017.

Global sea freight demand is estimated to have grown by about 2.6%, with liquid bulk transport growing at around 4.1% and dry bulk transport growing at around 1.3%. As a consequence, the growth in supply was higher than the growth in demand in both transport markets, with the liquid bulk cargo transportation market being 1.8 percentage points higher and the dry bulk cargo transportation market higher by 0.9 percentage points.

As a result of the supply of transportation being higher than demand, the freight rates for the liquid bulk fleet that in 2014 had regained their growth trend, saw in 2016 a marked reversal of this tendency reaching, in the case of the modern Suezmax ships, an average one-year charter fee of about USD 27,300 per day, a reduction of about 24% over the average 2015 fee.

**FREIGHT RATE FOR OIL TANKERS
MODERN SUEZMAX**



Source: Clarkson Research

In the case of the dry bulk fleet, freight rates were at a record all time low at the beginning of 2016, which meant that the demolition of ships in this market segment remained at a high level. Over the course of the year, it was found that imports from China were performing better than expected, which caused the downward trend in freight rates to reverse and, in the case of Capesize ships, average one-year charter values were around USD 8,200 per day, a yet further decrease of about 26% over the average values for 2015.

**FREIGHT RATES FOR BULK CARRIERS
CAPE SIZE - 12 Months T / C**



3. SHIP REPAIR/ MAINTENANCE BUSINESS

Demand

As a result of the growth in demand for the transport of liquid bulk cargoes being less than the growth in supply, the prices of new construction of this fleet decreased by around 10% and in the market for the sale of second-hand vessels, the value of five-year old vessels decreased by around 30% in relation to 2015.

This devaluation of assets, coupled with a significant drop in freight rates, has led Shipowners to seek to delay the repair of their fleets.

In the case of the dry bulk fleet, despite the continued sale of a large number of ships for scrap - 28.9 million dwt in 2016 - and the decline in orders for new construction, the value of both new and five-year old ships in the second-hand market also suffered a slight fall, which meant that, in this market segment too, the Shipowners sought to postpone the maintenance of their fleets.

As a result, the demand for ship repair for LISNAVE, which operates in a global market, measured by the number of inquiries, fell by around 26% compared to 2015. Negotiations for these

inquiries led to 71 orders, about 28% less than in 2015, with the success rate falling from 21% to 17%.

HEADINGS	2016	2015	2014	2013	2012
Enquires	407	549	507	524	483
Orders	71	115	90	113	96
Success Rate (%)	17	21	18	22	20

The Business

In 2016, the repair/maintenance of 67 ships, 64 of which in dock, was completed. As a result of the strong increase in activity in the "major repairs" segment, the routine repair segment saw a reduction globally, despite the increased content of average work per repair.

In the "major repairs" segment, the completion of the repair of an oil tanker that had stranded in the Bay of Cascais in the last quarter of 2015, in which about 1,500 tonnes of steel were incorporated, is noteworthy.

In the same segment and in the wake of what had already happened in 2014 and 2015, two tankers were repaired/maintained, out of a total of four from a Venezuelan shipowner, where an overhaul was made of all systems.

As in previous years, LISNAVE's activity has been focused on its traditional market segments - liquid and dry bulk carriers - accounting for about 80% of the activity, with a mention of the penetration into other market segments, such as container ships, with 9% of ships repaired.

YEARS	NATIONAL	FOREIGN	TOTAL	IN DOCK
2016	1	66	67	64
2015	1	106	107	105
2014	1	91	92	91
2013	1	106	107	103
2012	0	101	101	94

Given the globalisation of the LISNAVE market, the ships repaired during 2016 originated from 39 clients located in 17 countries, with the most significant markets in terms of number of ships repaired being Greece with 12 ships, Singapore with 11 ships and Germany with 6 ships.

4. INVESTMENT / OTHER

Continuing its policy of investment and renewal of infrastructure in order to guarantee the maintenance of the necessary operational conditions in the Shipyard, LISNAVE has, like in previous years, made investments in both new equipment and major repairs to existing infrastructure and equipment. In the financial year, the Company accounted for approximately 517,000 Euros, with the aggregate investment made since 2000 already amounting to around 33.39 million Euros, of which 23.27 million has been in new investments and around 10.11 million in major repairs to existing infrastructure and equipment.

In the year under review, LISNAVE also incurred costs of around 2.11 million euros on major repairs to infrastructure and equipment. It should be noted that since 2009 when, in accordance with the changes in accounting standards, these costs are no longer capitalised, their total amount has increased to approximately 14.04 million Euros.

At the level of new investment, besides the maintenance and refurbishment of certain buildings and parks, it is worth noting the acquisition of various items of IT equipment, the replacement of the telephone exchange with a new one supported on a VoIP platform, the acquisition of new equipment and tools in the production area, in particular the acquisition of a large amount of MIG/MAG welding equipment for on-board usage, upgrading of mobile electrical equipment,



the construction of new metal docking blocks and concrete blocks and the acquisition of scaffolding material.

In terms of major repairs, it is important to note the improvements carried out in the new grit warehouse, the replacement of a power converter with equipment with greater power and efficiency, the conversion of a vertical CNC lathe, the connection of 3 tanks for the collection of effluent from workshops to the Oily Product Treatment Plant and the implementation of an Energy Consumption Management and Monitoring System.

Furthermore, investments related to the structural refurbishment of jetty 3, the thermal production of DHW with the support of renewable energies, the replacement of the lighting towers including external LED lighting, the structural refurbishment of quay 0 and the installation of a Lock/Hydrolift monitoring system, with an investment of approximately 180,000 Euros, which, although it is the responsibility of the Concessionaire, LISNAVE INFRAESTRUTURAS NAVAIS, added to the investments made in previous years, namely the structural repair of Dock 20, Jetty 3 and the electrical refurbishment of the Shipyard, total more than 18.95 million Euros.

Environmental Protection

LISNAVE contributes actively to the environmental protection of the oceans, being one of the agents of modernisation, refurbishment, maintenance and repair of ships..

The most recent purpose for some of the work carried out at the Shipyard has been adaptation to the new international regulations , involving the installation of ballast water treatment equipment, in order to avoid transferring harmful species between oceans.

In July 2016, LISNAVE successfully renewed ISO 14001 Certification from LRQA - Lloyd's Register Quality Assurance..

In the context of environmental protection measures, it should be noted that more than 80% of the waste produced was destined for recovery or recycling.

It should also be noted that through the Energy Management System implemented, it has been possible to increase the energy efficiency of the installation by reducing equivalent CO₂ emissions.

Information Technologies



As part of the ongoing upgrading and improvement of its Information Technology System, LISNAVE has been gradually restructured with certain improvements, notably the start-up of the Evaluation module (SAP-PD: Personnel Development), using the "SAP Portals" solution and migrating from the VoIP platform that supported voice communications to a modern High Availability VoIP/TDM solution.

In terms of technological infrastructure, it is also important to stress the strengthening of its security, with the creation of physical (environmental and access) conditions in the main DPC (Data Processing Centre) to meet the requirements identified in the BIA (Business Analysis Impact) and RA (Risk Assessment) for the operational and support areas of LISNAVE, in order to ensure the continuity of the Company's business.

Quality/ Other Certifications

LISNAVE regards Quality as a factor of success, and is continually improving the effectiveness of its Quality Management System, as well as the Company's competencies.

The Company's Quality Management System, which is self-sustaining and viable, has managed to maintain the trust of its Clients, Partners and other Stakeholders, and improve the reliability and effectiveness of its processes.

In 2016, in line with the Company's strategic objective and in the light of the review of ISO 9001:2015, it developed some monitoring and control methods to implement that Standard, having successfully passed all audits carried out by Lloyd's Register.

LISNAVE also keeps up to date the Protection Certificate of the International Ship and Port Facility Security Code and the Accreditation of the Calibration Laboratory.

Research & Development

During the 2016 Financial Year, a study continued to be conducted in partnership with a Portuguese specialist company to evaluate the loading capacity of the slab of Dock 21, with a view to optimising ship docking plans.

5. HUMAN RESOURCES

LISNAVE, as has been repeatedly stated in recent financial years, has decided in due course to undertake the Company's rejuvenation and to provide flexibility in some aspects of its Employment Contract, due to the need to ensure its survival and future sustainability: Rejuvenation, because the acceptable limits of the average age of its employees has been exceeded in light of the demands of the activity; flexibility of the Employment Contract, as a way of coping with the better working conditions offered by its more immediate competitors, in such a highly competitive market as naval repairs.

In this context, after the Workers' Representative Bodies repeatedly rejected the proposed Company Agreement presented in the meantime, it decided to refocus its Human Resources strategy.

On the one hand, it decided to develop an extensive Training Programme for Young People to provide them with the technical skills they need to meet the productivity challenges of the future and begin the unavoidable Rejuvenation process of its workforce.

On the other hand, with the collaboration of the Shareholder NAVIVESSEL, it began the procedures to incorporate a new company with a corporate aim identical to its own to operate in the service provision area, which will become the contractor for all future employees, as required.

This new company, which adopted the corporate name of “LISNAVEYARDS – NAVAL SERVICES, LDA.”, has been legally incorporated and has been providing services to LISNAVE since February 2009.

As part of the Rejuvenation Policy, beginning in 2006, LISNAVE has launched various Training Programmes for Young People, involving over three hundred trainees. These programmes were preceded by an in-depth study of the jobs performed in the shipyard, and led to the setting-up of five new professions: Naval Metalworker, Mechanical Metalworker, Naval Fireman, Machine-Tool Operator and Lifting & Transport Equipment Operator, with the aim of ensuring the necessary technical training for each of the five working areas, and including aspects regarded as essential in performing these activities, such as flexibility and multidisciplinary.

These training programmes, whose aims consisted of “selecting young people with the right profile, equipping them with basic skills in the areas that most need human resources in the company”, have allowed LISNAVEYARDS, depending on the final level of achievement, to steadily hire the human resources considered necessary to ensure the shipyard's production capacity.

In this way, by the end of 2016, LISNAVEYARDS had a 254-strong workforce across the different professions related to the business, 185 of whom were Direct Employees, and during the year hired 46 labourers, 4 Prevention & Security Officers and 11 young engineers, 2 of whom have higher education technical qualifications in Occupational Health & Safety.

Remuneration Charges

Before addressing the most relevant indicators, it is important to mention that, following approval in due course of the proposal by the Board of Directors on profit-sharing, all Employees were given an end of year bonus made up of a fixed part and two variable parts, up to a ceiling of 2.2 monthly salaries and amounting to an aggregate bonus of 1.5 million euros.

The overall amount for Staff Costs was 12.39 million Euros, as shown in the table below.

PERSONNEL COSTS

(Amount in €)

HEADINGS	2016	2015
Remunerations	8.479.942	9.347.584
Overtime	642.560	438.051
Bonuses, Subsidies and Other Remunerations	682.051	764.984
SUBTOTAL	9.804.553	10.550.619
Social Security Contributions	2.584.545	3.498.512
TOTAL	12.389.098	14.049.131



The decrease in the item “Remunerations” resulted mainly from the “natural” departure of employees during the year. The increase in “Overtime Work” relates to the effects of the growing availability expressed by some employees to perform this type of work, following the Agreement signed with the Workers’ Representatives in July 2015.

The decrease in “Social Contributions” was essentially due to issues related to the item “Insurance”.

Training & Development

In 2016, several Vocational Training actions were carried out, involving over 620 participants and covering areas deemed to be fundamental for the Company, either because of their technical content or for behavioural and management reasons.

From a perspective of training and development focusing more on team leadership and coordination functions to address the departure of former employees, but having as its main objective to add to their traditional skills in order to “create a new leadership model”, LISNAVE, in collaboration with ATEC, launched a Managers’ Training Programme, divided into three stages: Study and Mapping of the Team Coordinator role, Assessment Centre with Individual Interviews and Practical Exercises, and lastly, the Design and Delivery of 11 training modules essentially addressing behavioural aspects, e.g. related to Leadership, People Management, Organisation and Planning, Conflict Management, Communication, Negotiation and Client Focus issues. Of the 43 Employees involved, 31 were selected to participate in the first three training courses for Team Coordinators, which are expected to end in October 2017.

EXTERNAL TRAINING - 2016

AREAS OF TRAINING	TOTAL HOURS	NUMBER OF PARTICIPANTS
Personal Development	4.959,42	140
Qualifications /Retraining of Productions Techniques	102,5	12

Quality, Safety, Environment and Protection	2.049,67	37
Hardware and Software	5136	164
Financial, Tax and Accountancy Management	3.638,17	272
TOTAL	15.885,76	625

Training of Young People

In addition to the abovementioned Vocational Training, LISNAVE has also promoted, under the Rejuvenation Plan it has been developing, a further 4 training courses for young people, in the different metalworking professions, namely Mechanical Metalworker, Naval Metalworker and Machine-Tool Operator, and a specific course for Prevention & Security Officers. Overall, 26,672 training hours were delivered, involving the participation of 51 trainees.

Health, Hygiene and Safety

LISNAVE has maintained in the period its customary concern with the health of its employees. In addition to occasional interventions, 718 medical examinations were conducted, 382 of which were for LISNAVEYARDS, divided into 88 Admissions, 362 Periodic and 268 Occasional Examinations.

In the Safety area, 2016 was notable for a decrease in accident rates compared to 2015, with the Frequency and Severity Rate decreasing to 23.74 and 0.96 respectively.

In relation to 2015, there was a decline in the number of accidents involving lost working days.

In 2016, 2,440 employees received information, training and induction and refresher training on Safety. In a more focused approach, the Prevention and Security Sector promoted Induction Training for 1,303 new employees, including trainees and employees of service providers, Refresher Training for 895 Employees of the company and its service providers, and more targeted training for 177 employees including project managers, line managers, occupational safety officers, visitors and crew or service providers' members, aimed at disseminating and raising awareness of Safety-related matters. With regard to the collaboration with external entities, the training activities for students of the Infante D. Henrique Nautical School deserve a special mention.

In addition to the above training, the Prevention and Security Sector also participated in awareness-raising actions on "Safety, Quality, Environment and Good Practice", promoted by the



Company's Production Sectors, which involved 65 people including LISNAVE Employees and Officers from External Companies.

Note that basic safety information and rules is distributed to people who enter the company's premises on a daily basis should also be noted, particularly salesmen, external technicians and other visitors, in a total of 1.174 hand-outs.

Under this same policy, but in the health area, following the relevant medical opinion, the Company decided to promote the usual vaccination campaign against seasonal flu, to which 44 Employees adhered.

Other Indicators

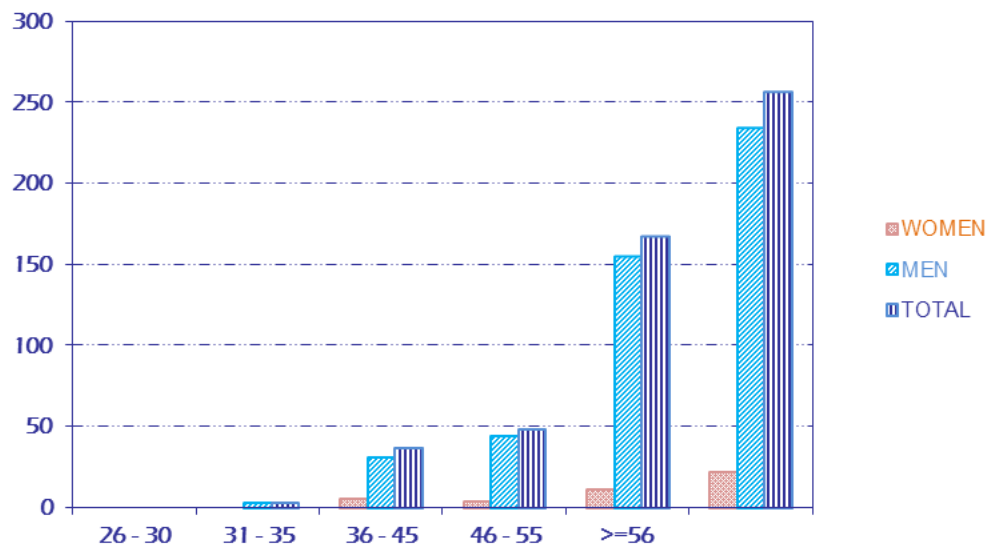
The absenteeism rate in 2016 showed an overall decrease over the previous year, standing at 5.8%.

By comparison with Staff Indicators at the end of 2015, LISNAVE saw its workforce down by 14 Employees, most of whom had taken Early Retirement in accordance with the law.

As at 31 December 2016, LISNAVE's total workforce comprised 256 employees with an average age of 55.8.

The breakdown of LISNAVE's personnel by age as of that date is provided in the following table.

Age Profile



6. ECONOMIC AND FINANCIAL SITUATION

As mentioned above, LISNAVE repaired 67 vessels in 2016, resulting in an overall turnover of 95.7 million Euros.

As shown in the table below, there was a strong drop in turnover in 2016 of 15.4% over the previous year, accompanied by an even greater decrease of 37.4% in the number of repaired vessels.

The average turnover per vessel of 1,429,000 Euros reflects an improvement of 35.1% when compared to the same period in 2005, which represents greater work content per vessel in routine repairs, combined with the large scale of 5 repair projects carried out in the period under review, which attained an average value of about 7.3 million Euros.

NUMBER OF SHIPS AND INVOICING

(Amounts in Millions of €)

HEADINGS	2016	2015	2014	2013	2012
Number of Repaired Ships	67	107	92	107	101
Total Invoicing	95,7	113,2	76,3	81,0	79,9
Average Invoicing per Ship	1,429	1,057	0,830	0,757	0,792

The most significant fact in 2016 was the number of ships repaired which, compared with the average of 102 ships from 2012 to 2015, shows a drop of 34.2%. This result is directly linked to a significant decline in demand, i.e. the number of enquiries received down by 21.1%, in relation to the average for the period 2012/2015, as well as a deterioration of the success rate of 2.34 percentage points compared with the average of the four previous years.

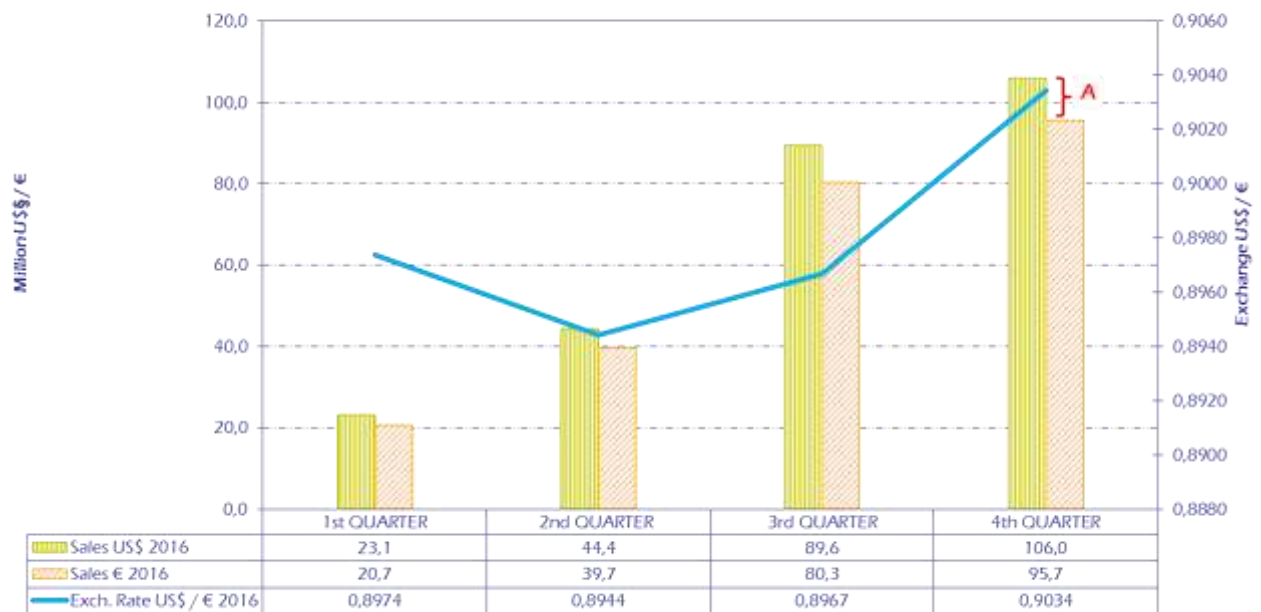
The evolution of these indicators is closely linked to the strong decline of freight rates from 2008, among other reasons, particularly for dry bulk carriers, following the financial and economic crisis and the persistent oversupply on the sea transport market.

In 2016, therefore, the fundamentals of the world economy have not changed in relation to previous years, i.e. the trend of the world trade growth rate to decline, the imbalance between supply and demand and the increase in competitiveness on the naval repair and maintenance market continued.

Also of note for its significance is the behaviour of the US Dollar in 2016, since LISNAVE's main clients continue to primarily use this currency in their commercial transactions. Indeed, the US Dollar continued to move upwards against the euro, reflecting the ECB's public debt purchase policy with the aim of combating low inflation and, at the same time, the consolidation of the prospect of increased reference interest rates by the North-American Federal Reserve. Therefore, during the year under review, there was a rise in value of this currency against the Euro, reaching an annual average price of 0.9034.

The table below shows the impact that the evolution of the US Dollar had during the 2016 Financial Year on the aggregate repair turnover.

ACUMULATED SALES AND EXCHANGE RATE US\$ / €
 Year 2016



A = More 10,2 Millions US\$

The following table shows the total evolution of Sales and services rendered.

SALES AND SERVICES RENDERED

(Amounts in Thousands of €)

HEADINGS	2016	2015	2014	2013	2012
Ship Repairs	95.744	113.152	76.333	81.038	79.945
Revenue of Ships in Progress	4.610	-3.294	4.327	549	-61
O. Activities	561	3.490	3.905	2.801	1.474
Services Rendered	1.213	1.294	1.103	1.315	1.249



TOTAL	102.128	114.642	85.669	85.704	82.607
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The overall value of the items “Naval Repairs” and “Revenue from Vessels in Progress” accounted for 98.3% of the overall value of “Sales and Services Rendered”, with the items “Other Activities” and “Services Rendered” amounting together to 1.8 million Euros.

It should be stressed that the amount under “Other Activities” recorded a very significant drop over the previous year of about 2.9 million Euros, as a result of decreased Sales of Services to LISNAVE INFRAESTRUTURAS NAVAIS, the holder of the Concession Contract for the Mitrena Shipyard, connected with the delay in the implementation of the Investment Plan for the Shipyard’s renovation due to LISNAVE’s operational needs.

To continue characterising the Company’s economic position, the table below presents the Income Statement for the 2016/2012 Financial Years, showing, on the one hand, the development of the returns from sales, and the evolution of the relative weight of the production factors in the total Operating Income.

STATEMENT OF PROFIT AND LOSS

(Amounts in Thousands of €)

HEADINGS	2016		2015		2014		2013		2012	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Sales and Services Rendered	102.128		114.642		85.669		85.704		82.607	
Works for the Company	0		0		3		0		0	
Other Income and Gains	1.917		1.541		3.538		3.173		2.747	
Total Operating Income	104.045	100	116.183	100	89.209	100	88.877	100	85.355	100
Costs of Row Materials Consumed	8.945	8,6	6.187	5,3	5.800	6,5	4.302	4,8	5.248	6,1
Supplies and External Services	68.893	66,2	74.392	64,0	61.324	68,7	58.493	65,8	55.421	64,9
Personal Costs	12.389	11,9	14.049	12,1	12.804	14,4	14.207	16,0	14.181	16,6
Depreciations, Impairments and Provisions	1.579	1,5	1.815	1,6	-80	-0,1	1.080	1,2	1.899	2,2
Taxes	24	0,0	34	0,0	101	0,1	113	0,1	104	0,1
Other Costs and Losses	2.841	2,7	670	0,6	427	0,5	463	0,5	652	0,8
Total Operating Expenses	94.671	91,0	97.147	83,6	80.376	90,1	78.658	88,5	77.506	90,8
Operating Profits	9.374	9,0	19.035	16,4	8.833	9,9	10.219	11,5	7.849	9,2
Financing Results	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
Profits before Taxes	9.374	9,0	19.035	16,4	8.833	9,9	10.219	11,5	7.849	9,2
Taxes on Income for the Period (-)	-2.659	-2,6	-5.423	-4,7	-2.357	-2,6	-3.240	-3,6	-2.864	-3,4
Net Income for the Period	6.715	6,5	13.612	11,7	6.476	7,3	6.980	7,9	4.985	5,8

An overall analysis of the Income Statement shows that the Company's economic position worsened significantly in 2016 over the previous year, with a "Net Result" of 6.7 million Euros.

The Efficiency Ratio, which measures the relative weight of the item "Total Operating Costs" in the "Total Operating Income", was down by 7.4 percentage points compared with the previous year, showing a value of 91%.

LISNAVE still shows no amount under "Financial Profit and Loss" because it had no need to resort to bank loans.

It should be noted that currency risks, related to the volatility of the Dollar, have been eliminated as a result of the Management's decision taken at the end of 2003 to replace the Dollar with the Euro when invoicing its clients. Therefore, the exchange rate differences booked in 2016 remained at non-materially relevant levels.

To complete the review of the Company's economic evolution over the 2012-16 periods, the following table provides a set of the more relevant economic indicators and ratios.

ECONOMIC AGGREGATES

(Amounts in Thousands of €)

HEADINGS	2016	2015	2014	2013	2012
Overall Aggregates					
Gross Value of Production (GVP)	102.128	114.642	85.672	85.704	82.607
Gross Value Added (GVA)	27.334	38.851	21.200	26.000	24.720
Personnel Costs	12.389	14.049	12.804	14.207	14.181
Gross Cash Flow	10.954	20.850	8.753	11.299	9.748
Average number of Employeeess	261	285	291	296	306
Ratios					
GVP per Capita	391,3	402,3	294,4	289,5	270,0
Personnel Costs per Capita	47,5	49,3	44,0	48,0	46,3
GVA /GVP	27%	34%	25%	30%	30%
Personnel Costs / GVA	45%	36%	60%	55%	57%

Their analysis leads to the conclusion that, in the Financial Year 2016, all Company performance Indicators and Ratios showed a negative evolution compared to last year's. However, despite this result, the Company maintained its economic sustainability which enables it to continue to address a highly unpredictable market.

The performance of Equity during the period under review is shown in the following table.

SHAREHOLDER'S FUNDS

(Amounts in Thousands of €)

HEADINGS	2016	2015	2014	2013	2012
Share Capital	5.000	5.000	5.000	5.000	5.000
Shareholders Loans	0	0	0	0	0
Legal Reserves and Profits C. Forwards	23.784	23.672	23.196	22.216	21.231
Net Profit of the Financial Year	6.715	13.612	6.476	6.980	4.985
Total Shareholders' Funds	35.499	42.284	34.672	34.196	31.216

As at 31 December 2016 Shareholders' Equity showed a value of 35.5 million euros. The book value per share at year-end was €35.50, representing a rise in value of 610% over their nominal value.

From an analysis of the main items in the Balance Sheet for the last five Financial Years, shown in the table below, the evolution of the Company's financial structure as from 31 December 2016 can be tracked.

COMPARATIVE SUMMARISED BALANCE SHEETS

(Amounts in Millions of €)

HEADINGS	2016	2015	2014	2013	2012
Assets					
Non-current Assets	10.878	9.338	9.798	10.604	11.137
Inventories	2.077	1.851	1.850	1.947	2.097
Clients C/A (Net Prepayment)	14.714	13.005	12.035	9.859	13.099
Other Receivables	8.139	6.404	6.698	5.176	3.870
Cas and Banks	38.536	51.928	35.393	37.892	30.969
Deferrals	232	247	143	91	149
Total Assets	74.577	82.774	65.918	65.569	61.322
Liabilities					
Provisions	3.725	2.136	2.204	3.327	5.802
oOther Non-current Payables	137	876	1.445	2.634	2.573
Suppliers C/A (Net Prepayment)	24.794	24.648	19.206	16.489	13.272
Other Payables	8.108	11.577	8.391	8.924	8.458
Deferrals	2.314	1.252	0	0	0
Total Liabilities	39.079	40.490	31.246	31.373	30.106
Shareholders' Funds	35.499	42.284	34.672	34.196	31.216

In order to assess the Company's liquidity and financial structure in the balance sheet at the end of the period under review we use a set of indicators that help to characterise the Company's financial situation. Thus:

⇒ LIQUIDITY

With a Working Capital in the region of 28.5 million Euros and quite comfortable Current and Quick Ratios standing at 1.81 and 1.75 respectively, it can be said that the Short-Term Financial structure of the Company remains sound.

The following factors continued to contribute to this: no Short-Term Bank Debts owing to the absence of borrowing to meet current Cash management, as a result of the amount of Cash Flow generated during the year, and Cash and Bank Deposits, which stood at 38.5 million Euros at year-end.

⇒ FINANCIAL STRUCTURE

With a Non-Current Asset Financing Ratio of 3.26 and Overall Solvency and Financial Independence Ratios of 90,8% and 47.6%, respectively, the conclusion is that the Balance Sheet financial structure remains at a very comfortable level appropriate to its core business, which is characterised by a strong degree of unpredictability.

Lastly, and in keeping with legal requirements, it is hereby declared that, as at December 31, 2016, LISNAVE held no treasury shares and there was no past-due debt to the State Public Sector, including Social Security.

7. BUSINESS OUTLOOK FOR 2016

The deceleration to 1.5% anticipated for 2016 in the growth of the economies of developed countries reflects the political uncertainties and the low foreign demand. The uncertainty about

the outcomes of the policies announced by the new United States Administration is compounded by the uncertainty caused by the United Kingdom's decision to leave the European Union.

In the United States of America, the proposals of the new Administration to reduce taxes, associated with the announced measures for great investments in infrastructure, together with the proposals for changes in trade relations - both through amendments to existing commercial treaties and the introduction of protectionist economic measures - will surely have unpredictable consequences both for the American and the world economy.

In the Euro Zone, the negative interest rate policy associated with the debt purchase programmes by the European Central Bank have eased the cost of credit and had a positive impact on borrowing flows. However, renewed concerns with the viability of the banking sector in some countries and the difficulties in fulfilling the commitments undertaken, have contributed to a number of restrictions to credit and the volatility of this sector.

In Japan, although private consumption has shown some signs of recovery after two years of shrinkage, investment and exports remain weak. To support growth, the government has announced a series of measures which include public investment in the region of 1.2% of the Gross Domestic Product, together with tax incentives. These measures are expected to add about 0.3 percentage points to the anticipated growth in 2017.

In China, it is expected that the structural change of its economy will continue in 2017. As a consequence of weak foreign demand and uncertainty about possible structural changes in trade and the continuance of reduced private investments, it is expected that the growth rate will fall slightly to 6.5% in 2017, after having reached 6.6% in 2016.

The World Bank therefore expects the world economy to grow by 2.7% in 2017, a 0.5% increase over 2016.

As a result of this slight rise in the growth rate of the world economy, the World Bank expects the growth rate of trade exchanges in 2017 to reach 2.7%, an estimated growth of 1.5 percentage points over 2016.

As a result of the slight growth trend both in the world economy and the world trade, Shipowners are expected to continue measures in 2017 that were already put in place to reduce the growth rates of their fleets, so as to bring down transport oversupply and finally attain acceptable rates of return.

There are, however, various associated risks on both demand and supply sides, particularly the following:

- The sustained trend in protectionist measures taken by an increasing number of countries, as well as the continuing environmental protection measures coupled with increased energy efficiency, which will surely decrease the growth rate in transport demand.

- On the transport supply side, the protectionist measures in place and under implementation by shipbuilding countries such as China and South Korea, through subsidies to the activity of their building shipyards, will bring the prices of new ships down, a factor that will be an incentive for increased orders by Shipowners who seek to reduce the operating costs of their fleets.

The uncertainty about the entry into force of international regulations which will entail both operating and investment costs also needs to be reckoned with, as they will have an unpredictable impact on docking planning for 2017 and 2018.

In anticipation of the consequences of the above, the adjustment trend between sea transport supply and demand is expected to continue in 2017, having already been apparent in the recent past.

Indeed, as regards the dry bulk fleet, Shipowners have been reducing the volume of orders for new ships since 2014 and increasing the volume of sales of ships for demolition; in 2016, they reduced orders for new ships by about 35% in terms of dwt, with the order portfolio for this fleet standing at 85.6 million dwt at the end of 2016, which corresponds to 10.8% of the current fleet, the lowest figure in this decade.

With regard to the liquid bulk fleet, orders for new ships in 2016 amounted to 9.2 million dwt, the lowest figure of the decade, with the order portfolio standing at 75.8 million dwt, which corresponds to 13.7% of the current fleet.

In this context, should this adjustment continue and the above risks, e.g. those arising from the USA protectionist measures and new trade policies, have no significant consequences for the 2.7% growth rate anticipated for the world economy, it is expected that Shipowners will be able to continue managing the existing fleet overcapacity by reducing speed and other inefficiencies, and to achieve return levels that allow them to keep the maintenance of their ships at the required levels, both by charterers and classification societies; should this come to pass, the Naval Repair activity will remain, in 2017, at a level close to that of 2016.

Human Resources

In 2017, the Board of Directors intends to continue its strategic Human Resources management policy through the cooperation established with LISNAVEYARDS, so as to continue to promote, via the latter, the creation of conditions to ensure the future sustainability of this business sector in Portugal.



With this goal in mind, LISNAVE intends to explore new forms of cooperation with LISNAVEYARDS, whereby the latter will undertake greater responsibility in the development of the business, taking into account the size of its workforce, particularly with regard to the number of direct Employees.

In this context, in addition to the vocational training of its Employees, which it intends to continue to ensure, estimated for the purpose of the Annual Plan at about 19,800 hours, LISNAVE plans to continue its Rejuvenation Policy with three new training courses for Young People, to continue its Recruitment Plan of Safety Officers, to launch new preparation and training actions for line managers, and to implement and develop a Succession and Rejuvenation Strategic Plan for Managerial Staff.

8. PROPOSAL FOR THE APPROPRIATION OF PROFITS

Since the Company's performance in 2016 generated a profit that warrants granting the Workers a bonus, the Board of Directors has decided to award a Balance-sheet Bonus.

It therefore proposes to Equity holders that:

1. The Board's decision be ratified to award a Balance Sheet Bonus be awarded to the Company's workers as a whole, in the sum of € 1.200.000,00 (One million and two hundred thousand Euros) already included in the Net Profit for the year, and that
2. The Net Profit for the year in the sum of € 6.714.836,50 (Six millions, seven hundred and fourteen thousand, eight hundred and thirty six Euros and fifty Cents) be appropriated as follows:
 - Dividends 6.700.000,00 Euros;
 - Retained earnings 14.836,50 Euros.

9. LOSING REMARKS

Lastly, in closing the Management Report in respect of the business in 2015, the Board of Directors would like to express its profound gratitude and appreciation to the many people and entities that have directly or indirectly supported it in the pursuit of the established goals, in particular:



- ✓ The Customers and Suppliers, for the preference and confidence with which they have continued to distinguish LISNAVE;
- ✓ The Shareholders, for the support, co-operation and interest that they have always displayed in their monitoring of the more relevant aspects of the management of the Company;
- ✓ The Authorities in general and those of the Port of Setúbal in particular for their understanding and co-operation in resolving issues inherent in the working of the Shipyard;
- ✓ The Credit Institutions for the excellent relations they have maintained with LISNAVE;
- ✓ The Audit Committee and the External Auditors for the participative way in which they have performed their duties;
- ✓ To all the Company's Employees and their Representative Bodies for their willingness commitment and very considerable professionalism.
- ✓ Lastly, a posthumous note of acknowledgement and expression of our deepest gratitude and appreciation for the extraordinary professional and personal dedication to LISNAVE of Mr Frederico Spranger, and his decisive contribution to its success and its international reputation.

Setúbal, 23 February 2017

THE BOARD OF DIRECTORS

Chairman

José António Leite Mendes Rodrigues



Members of the Board

Nelson Nunes Rodrigues

Aloísio Fernando Macedo da Fonseca

Peter Lujckx

João Rui Carvalho dos Santos

Manuel Serpa Leitão



BALANCE

(Amounts in Euros)

HEADINGS	NOTES	2016	2015
ASSETS			
Non-current Assets			
Tangible Assets	8	5.973.637,11	5.214.743,88
Investment Properties	7	2.567.100,00	2.567.100,00
Other Financial Assets	15	913.945,89	883.038,89
Deferred tax Assets	14	973.564,36	223.415,67
Non-current Assets held for Sale	8	450.000,00	450.000,00
		10.878.247,36	9.338.298,44
Current Assets			
Inventories	10	2.077.339,55	1.850.802,26
Costumers	15.1	14.743.665,58	13.041.018,68
Advances to Suppliers	15.3	509.654,01	221.380,02
State and other Public Entities	14/17.1	4.180.155,97	3.146.196,46
Other accounts receivable	15.2	3.959.214,46	3.257.667,72
Deferrals	17.2	231.624,90	247.446,50
Cash and short-term deposits	4	38.536.467,59	51.928.045,91
		65.194.337,86	73.692.557,55
Total Assets		76.072.585,22	83.030.855,99
EQUITY AND LIABILITIES			
Equity			
Realized Capital	15.5	5.000.000,00	5.000.000,00
Legal reserves	17.3	1.398.173,26	1.398.173,26
Retained earnings	17.3	22.385.693,75	22.273.795,07
		28.783.867,01	28.671.968,33
Net Profit / Loss for the Period	17.3	6.714.836,50	13.611.898,68
		35.498.703,51	42.283.867,01
Total Equity		35.498.703,51	42.283.867,01
Liabilities			
Non-current Liabilities			
Provisions	12	3.725.030,00	2.136.294,14
Other accounts payable	15.4	137.155,81	876.139,89
		3.862.185,81	3.012.434,03
Current Liabilities			
Suppliers	15.3	25.303.935,28	24.869.446,66
Advances to costumers	15	29.230,36	35.830,36
State and other Public Entities	14/17.1	522.632,67	4.365.207,34
Other debts payable	15.4	7.585.682,99	7.211.598,59
Deferrals	17,2	2.313.998,80	1.252.472,00
		36.711.695,90	37.734.554,95
Total Liabilities		40.573.881,71	40.746.988,98
Total Equity and Liabilities		76.072.585,22	83.030.855,99

STATEMENT OF CHANGES IN EQUITY

(Amounts in Euros)

DESCRIPTION	NOTES	CAPITAL REALISED	LEGAL RESERVES	EARNINGS	NET INCOME FOR THE PERIOD	TOTAL
Position at 01/01/2015		5.000.000,00	1.398.173,26	21.797.469,15	6.476.325,92	34.671.968,33
Remainder of the distribution of the Net Income for the Period				6.476.325,92	-6.476.325,92	0,00
CHANGES FOR THE PERIOD						
			0,00	0,00	0,00	0,00
NET INCOME FOR THE PERIOD					13.611.898,68	13.611.898,68
OPERATIONS WITH EQUITY OWNERS						
Dividends				-6.000.000,00		-6.000.000,00
		0,00	0,00	-6.000.000,00	13.611.898,68	7.611.898,68
POSITION AT THE END OF 2015		5.000.000,00	1.398.173,26	22.273.795,07	13.611.898,68	42.283.867,01

DESCRIPTION	NOTES	CAPITAL REALISED	LEGAL RESERVES	EARNINGS	NET INCOME FOR THE PERIOD	TOTAL
Position at 01/01/2016		5.000.000,00	1.398.173,26	22.273.795,07	13.611.898,68	42.283.867,01
Remainder of the distribution of the Net Income for the Period				13.611.898,68	-13.611.898,68	0,00
CHANGES FOR THE PERIOD						
			0,00	0,00	0,00	0,00
NET INCOME FOR THE PERIOD					6.714.836,50	6.714.836,50
OPERATIONS WITH EQUITY OWNERS						
Dividends				-13.500.000,00		-13.500.000,00
		0,00	0,00	-13.500.000,00	6.714.836,50	-6.785.163,50
POSITION AT THE END OF 2016		5.000.000,00	1.398.173,26	22.385.693,75	6.714.836,50	35.498.703,51

PROFIT AND LOSS STATEMENT

(Amounts in Euros)

PROFIT AND LOSS STATEMENT	NOTES	2016	2015
Sales of goods and rendering of services	11	102.128.300,52	114.641.658,49
Works for the Company		125,76	329,34
Costs of Sales	10	(8.945.121,59)	(6.187.022,02)
Supplies and external services	17.4	(68.892.566,77)	(74.392.295,59)
Payroll expenses	16	(12.389.098,26)	(14.049.130,52)
Impairment of inventories (losses/reversions)	10	(16.244,25)	(11.587,58)
Accounts receivable impairments (losses/reversions)	15.1	1.558.379,52	225.808,00
Provisions (increases/reductions)	12	(2.373.676,54)	(1.279.320,32)
Other income and gains	17.5	1.916.795,62	1.540.846,12
Other expenses and losses	17.6	(2.864.838,97)	(704.392,81)
Profit before Depreciations, Financial Income and Taxes		10.122.055,04	19.784.893,11
Expenses/Reversions of depreciation and amortization	8/17.7	(747.844,07)	(749.505,13)
Operational Result (before Financing Costs and Taxes)		9.374.210,97	19.035.387,98
Profit before Tax		9.374.210,97	19.035.387,98
Income Tax for the Period	14	(2.659.374,47)	(5.423.489,30)
Profit for the Period		6.714.836,50	13.611.898,68
Profit by Share basic		6,71	13,61

CASH FLOW STATEMENT

(Amounts in Euros)

HEADINGS	2016		2015	
CASH FLOW FROM OPERATING ACTIVITIES				
RECEIVABLE FROM COSTUMERS	102.578.516,14		112.680.062,36	
PAYMENTS TO SUPPLIERS	-94.267.736,29		-88.054.654,40	
PAYMENTS TO EMPLOYEES	-9.810.455,65		-9.749.145,05	
CASH GENERATED BY OPERATIONS	-1.499.675,80		14.876.262,91	
INCOME TAX PAYMENTS	-8.180.796,98		-619.024,41	
OTHER PAYMENTS/RECEIVABLE RELATED TO OPERATING ACTIVITY	10.210.515,92		9.638.038,72	
	530.043,14		23.895.277,22	
FLOW FROM OPERATING ACTIVITIES (1)		530.043,14		23.895.277,22
CASH FLOW FROM INVESTMENT ACTIVITIES				
PAYMENTS RELATED WITH:				
TANGIBLE ASSETS	516.883,59		-1.683.643,32	
	516.883,59		-1.683.643,32	
RECEIVABLES RELATED WITH:				
TANGIBLE ASSETS			155,00	
INTEREST AND SIMILAR INCOMES	123.645,26		366.295,26	
FLOW FROM INVESTMENT ACTIVITIES (2)		-393.238,33		-1.317.193,06
PAYMENTS RELATING TO:				
INTEREST AND SIMILAR EXPENSES	-27.447,70		-41.576,77	
DIVIDENDS	135.000.000,00		-6.000.000,00	
FLOW FROM FINANCING ACTIVITIES (3)		-13.527.447,70		-6.041.576,77
CHANGES IN CASH AND CASH EQUIVALENTS				
(4) = (1) + (2) + (3)		-13.390.642,89		16.536.507,39
NET FOREIGN EXCHANGE DIFFERENCE		935,43		1.146,56
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		51.928.045,91		-35.392.685,08
CASH AND CASH EQUIVALENTS AT END OF PERIOD		38.536.467,59		51.928.045,91
		-13.390.642,89		16.536.507,39

ANNEX

(Amounts are stated in Euros)



unless specifically indicated otherwise)

1. Corporate Information

The Company was incorporated on March 12th 1997 under the business name of Navenova – Estaleiros Navais, S.A., its name subsequently being altered by a public deed dated July 31st 1997 to LISNAVE - ESTALEIROS NAVAIS, S.A.

Its main corporate purpose is the operation of shipyards for the construction and repair of ships relating to the exercising of the industry, trade as well the development of activities related with the latter or similar.

Its registered offices are situated in Mitrena, 2910 - 738 SETUBAL.

The Company capital is held mainly by NAVIVESSEL - ESTUDOS E PROJECTOS NAVAIS, S.A., which holds 72,83%, by THYSSENKRUPP INDUSTRIAL SOLUTIONS AG, which holds 20,00% of capital, by the PARPÚBLICA, SGPS,S.A. with 2,97% and by PUBLIC (OPT) with 4,2%.

2. General Accounting Policies used in the preparation of the Financial Statements

With the publication of Statute Law Nº.158 enacted on July 13th 2009, the Official Chart of Accounts (POC) and the Accounting Guidelines were revoked as from January 1st 2010. Hence, for the financial year which was commenced from this date, the Company started carrying out the accounting report on its accounts in accordance with the NCRF – Normas de Contabilidade e Relato Financeiro (AFRS - Accounting and Financial Reporting Standards) which form an integral part of the SNC – Sistema de Normalização Contabilística (ASS - Accounting Standardisation System).

There have been no derogations with a view to the presentation of a true, appropriate picture.

3. Accounting policies

3.1 Measurement bases used in the preparation of the financial statements

On the preparation of the financial statements, the Company adopted:

- The Bases stated in the annex to Statute Law no. 158 enacted on July 13th 2009 which instituted the SNC;
- The NCRF in force on the present date with those exemptions described in Note 2.

Hence, the financial statements were drawn up in line with the bases of continuity, the accruals regime, the consistency of presentation, materiality and aggregation, non-compensation and comparative information.

Being based on the provisions of the NCRF, the accounting policies adopted by the Company were as follows:

a. Tangible Fixed Assets

Tangible Fixed Assets refer to assets used in production, in the rendering of services or in administrative use.

With the exception of the Lands that are not depreciable, Tangible Fixed Assets are depreciated during the expected economic period of life and evaluated in terms of impairment whenever there is an indication that the asset may be in an impairment situation. Depreciations are calculated on a duodecimal basis as from that time when the assets are available for use for the desired purpose, using the straight line method.

The depreciation rates have been defined with a view to wholly depreciating the assets until the end of their anticipated working lives and they are as follows:

	2015	2014
Buildings and Other Constructions	2,50% - 5,00%	2,50% - 5,00%
Basic Equipment	5,00% - 12,50%	5,00% - 12,50%
Transport Equipment	25,00%	33,33%
Administrative Equipment	6,25% - 33,33%	6,25% - 25,00%
Other Tangible Assets	16,67%	16,67%

It is assumed that the residual value is zero meaning that the depreciable value concerning the depreciations coincides with the cost.

The depreciation methods, estimated working life and residual value, are revised at the end of each year and the effects of the alterations are treated as alterations to estimates i.e. the effect of alterations is treated in prospective fashion.

The depreciation cost is recognised in the profit-and-loss account under the item Expenses / Reversions of Depreciation and Amortisation.

The standard repair and maintenance costs are recognised as expenses in the period during which they occur.

Any gain or loss deriving from the derecognising of a tangible asset (calculated as the difference between the sale value minus sales costs and the book value) is included in the result for the financial year in the year in which the asset is derecognised.

Tangible Fixed Assets in Progress relate to assets which are still at a construction or development stage and are measure at the cost of acquisition, only being depreciated when they are available for use.

Impairment

The Company evaluates whether there is any indicator that an asset may be impaired at the end of the year. Should there be any indicator, the Company estimates the recoverable amount of the asset (which is the highest between the fair value of the asset or of a cash generating unit minus the selling costs and its value in use) and they recognise the impairment in the results for the financial year whenever the recoverable amount is lower than the book value.

When evaluating whether there is an indicator of impairment, the following situations are considered:

- During the period the market value of an asset reduced significantly more than that would be expected as a result of the passage of time or normal usage;
- During the period major alterations occurred – or will occur in the near future – with an adverse effect on the Company as regards the technological, market, economic or legal environment in which the Company operates or on the market to which the asset is dedicated;
- The market interest rates or other investment return market rates increased during the period and these increases will probably effect the discount rate used to calculate the value in use of an asset and will materially reduce the recoverable amount of the asset;
- The carrying amount of the net assets of the entity is greater than its market capitalisation;
- Evidence is available of the obsolescence of or physical damage to an asset;
- Major improvements with an adverse effect on the entity occurred during the period, or it is expected they will occur in a near future to the extent that, or in the way in which, an asset is used it is expected to be used. These alterations include an asset which has become idle, plans to discontinue or restructure the operating unit to which the asset belongs, plans to dispose of an asset before the date expected previously;
- There is evidence in the internal reports that indicate that the economic performance of an asset is, or will be, worse than that expected.

Regardless of whether there are indicators of their being impaired any assets which is still not available for use is tested annually.

Impairment reversions are recognised under results and are only carried out up to the limit which would result if the asset had never been subject to impairment.

b. Deferred Tax Assets and Liabilities and Income tax for the Period

b.1 Deferred Tax Assets and Liabilities

Deferred Tax Assets and liabilities derive from the calculating of timing differences between the accounting base and the fiscal base of the assets and liabilities of the Company.

Deferred Tax Assets reflect:

- Timing differences which are deductible insofar as the existence of future taxable profits is probable with regard to which the deductible difference may be used;
- Unused tax losses and tax credits insofar as it is probable that future taxable profits are available against which they can be used.

Deductible timing differences are timing differences resulting in amounts which are deductible when determining taxable profit/tax loss for future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred Tax Liabilities reflect taxable timing differences.

Taxable timing differences are timing differences resulting in amounts which are deductible when determining taxable profit/tax loss for future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred taxes are not recognised as regards the timing differences associated with investments in branches and associates and interests in joint ventures as it is assumed that the following conditions have been simultaneously met:

- The Company is capable of controlling the timing of the reversion of the timing difference; and
- It is probable that the timing differences will not revert in the foreseeable future.

The measurement of Deferred Tax Assets and liabilities:

- This is carried out in accordance with the rates which it is expected are applicable in the period during which the asset is realised or the liability settled based on the tax rates approved as at the date of the balance sheet and
- Reflects the tax impacts which follow and the Company expects, as at the date of the balance sheet, to recover or settle the carrying amount for its assets and liabilities.

b.2 Income tax

The Income tax for the Period encompasses the deferred and current taxes of the financial year.

Current Tax is determined in line with the accounting result adjusted in accordance with the tax legislation in force.

The Company is subject to income tax at the rate of 21%, plus the Municipal Surcharge up to the maximum rate of 1.5% on the Taxable Profit and the State Surcharge rate, of 3% and 5% resulting in a maximum aggregate rate of 27.5%.

Under the terms of prevailing legislation, the corresponding tax returns are subject to revision by the tax authorities for a period varying between 4 and 5 years which may be extended under certain circumstances, to wit when there are tax losses or inspections, claims or challenges or are in progress.

The Board of Directors, based on the positions of its tax consultants and bearing in mind the responsibilities recognised, understands that any revisions of said tax returns will not result in material corrections to the consolidated financial statements.

c. Inventories

The inventories include the raw materials which are valued at the cost of acquisition or net realisable value, the lower of the two, with the costing method being the average cost one.

The cost of the inventories includes:

- Purchasing costs (purchasing cost, import duties, non-recoverable taxes, transport costs, handling and other directly attributable to purchase, deducting any commercial discounts, rebates and other similar items);
- Any other costs incurred to ensure placement of inventories at its facilities and desired conditions;
- Variations in fair value should the inventories be associated with hedging derivative instruments (§37 b) of the NCRF 27).

Whenever the net realisable value is lower than the cost of acquisition or production, there is a reduction in the value of the inventories by way of the recognition of a loss owing to impairment which is reverted when the grounds which gave rise to it cease to exist.

To this end, the net realisable value is the estimated selling price during the ordinary course of business activity minus the estimated finishing costs and the costs required making the sale. The estimates take into account any variations related with events occurring after the end of the period insofar as said events confirm the existing conditions at the end of the period.

d. Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is primarily recovered through a sale transaction rather than through continuing use.

It is considered that this condition is met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. The corresponding sale must be completed within one year from the date of the non-current asset classified as available for sale.

Non-current assets classified as held for sale are measured at the lower value between its carrying amount before classification and its fair value.

e. Financial assets not included in the above paragraphs

Financial assets are recognised when the Company is a party to the respective contractual relationship.

Financial assets not included in the aforementioned paragraphs and which are not valued at fair value are valued at the cost or at the depreciated cost net of losses due to impairment, where applicable.

At the end of the year the company valued the impairment of these assets. Whenever there was objective evidence of impairment, the company recognised a loss owing to impairment in the profit-and-loss account.

Objective evidence that a financial asset or a group of assets could be in impairment bore in mind observable data which related to the following loss events:

- Significant financial difficulty of the debtor;
- Breach of contract such as failure to pay or default as regards the payment of interest or depreciation of debt;
- The Company, for economic or legal reasons related with the financial difficulty of the debtor provides the debtor with concessions which it would otherwise not consider;
- It has become probable that the debtor will file for bankruptcy or any other financial reorganisation;
- Observable information indicating that there is a reduction in the measurement of the estimated future cash flows of a group of financial assets since their initial recognition.

Individual significant financial assets were valued individually for the purposes of impairment. The others were valued in line with similar credit risk characteristics.

The impairment ascertained under the aforementioned terms does not differ from that is arrived at using fiscal criteria and for tax purposes.

Some specific aspects related with each of the types of financial assets are set out below.

e.1 Clients

Accounts receivable from Clients are measured at the time of initial recognition in accordance with the measurement criteria for Sales and the Rendering of Services described in paragraph I), being subsequently measured at cost minus impairment.

Impairment is determined in line with the criteria defined in paragraph e).

e.2 Advances to Suppliers

These balances do not earn interest or do they imply any kind of interest and hence they are presented at the respective nominal value, deducting losses owing to impairment, where applicable, determined in line with the criteria defined in paragraph e).

e.3 Other Credits Receivable

The other credits receivable are valued in the manner set out below:

- Staff – at cost minus impairment;
- Debtors owing to income accruals – at cost minus impairment;
- Other debtors - at cost minus impairment.

In both cases impairment is determined based on the criteria defined in paragraph e).

e.4 Cash and Banks

The amounts included under the item Cash and Banks correspond to cash amounts and other deposits, falling due in under three months, and which may be mobilised immediately with an insignificant risk of any alteration to value.

These balances are measured at cost.

For the purposes of the cash flow statement, the item “Cash and cash equivalents” not only includes Cash and Banks but also, where applicable:

- The bank overdrafts included under the item Financing Obtained from the Balance Sheet; and
- The Cash and cash equivalents balances included under the item Non-Current Assets held for Sale.

f. State and Other Public Bodies

The assets and liabilities balances of this item are calculated in line with prevailing legislation. As regards assets for which no impairment was recognised as it is considered that this is not applicable in view of the specific nature of the relationship.

g. Assets and liabilities Deferrals

This item reflects the transactions and other events with regard to which their total imputation to results in a single financial year is not appropriate.

h. Equity Items

h.1 Capital Realised

In compliance with the provisions of article 272 of the Trading Company Code (CSC) the memorandum of association indicates the timeframe for realising the capital subscribed and not paid up as at the date of the deed. During this timeframe the respective shareholders are not entitled to vote at General Meetings under the terms defined in article 384, also of the CSC.

h.2 Legal Reserves

According to article 295 of the CSC, at least 5% of the result must be set aside for the formation or strengthening of the legal reserve until the latter represents at least 20% of the Share capital.

The legal reserve may not be distributed except in the event of liquidation and it can only be used to soak up losses once all the other reserves have been used up, or for incorporation in Share capital (article 296 of the CSC)

h.3 Results carried forward

This item does not include any gains owing to increases in Fair Value in Financial Instruments, Financial Investments and Investment Properties which, in accordance with no.2, article 32 of the CSC, would only be available for distribution when the elements or rights which gave rise thereunto have been disposed of, exercised, dissolved or settled.

i. Provisions

This item reflects the present obligations (legal or constructive) of the entity deriving from past events whose settlement is expected to result in an outflow of resources from the entity

which incorporate economic benefits and whose timing and amount are uncertain, but whose value may be reliably estimated.

Provisions are measured by the best estimate of the expenditure required to settle the present obligation as at the date of balance sheet. Whenever the effect of the time value of money is material, the amount of a provision is the present value of the expenditure which it is expected will be necessary to settle the obligation using a pre-tax discount rate which reflects the current market valuations of the time value of money and the specific risks of the liabilities and which does not reflect risks with regard to which the estimates of future cash flows have been adjusted.

Some specific aspects relating to Provisions have been set out below.

i1 Provisions for Court Proceedings

This item includes the provision for a court proceeding in progress with regard to IRC (corporation tax) from 2003. It is measured by its present value.

i.2 Other Provisions

This item includes, inter alia, the following provisions:

- Provisions for commission payable related with the renderings of services provided by the Company;
- Provisions for supplier invoices;
- Other miscellaneous items.

These provisions are recorded at their present value.

j. Other Financial Liabilities not included in the previous paragraphs

Financial liabilities are recognised when the Company is a party to the respective contractual relationship.

Financial liabilities not included in the aforementioned paragraphs are valued at cost or depreciated cost under the terms indicated in the paragraphs below.

j.1 Suppliers

The accounts payable to suppliers are initially recognised at the respective fair value and, subsequently, are measured at cost.

j.2 Client Advances

Client Advances do not earn interest nor involve any interest and are thus measured at cost.

j.3 Other Debts Payable

The other debts payable do not bear interest nor involve any interest and are thus measured at cost.

k. Effect of alterations to exchange rates

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

Any balances still outstanding at year-end are converted at the closing rate and the differential is recognised under results.

l. Rendering of Services

The Rendering of Services is measured at the fair value of remuneration received or to be received, deducting any amounts relating to commercial discounts and other discounts granted.

When the rendering of the service includes subsequent services, that correspondent part of the revenue is deferred and recognised as revenue during the period in which the service is carried out.

Although revenue is only recognised when it is likely that the economic benefits associated with the transaction will flow into the Company, should any uncertainty arise about the collectability of an amount already included in the revenue, the bad debt amount – or the amount with regard to which recovery has ceased to be likely – is recognised as an impairment and not as an adjustment to the amount of revenue originally recognised.

Some specific aspects have been set out below about the recognition of Renderings of Services.

l.1 Rendering of Services

Revenue from the Rendering of Services is recognised when the outcome of the transaction can be reliably estimated which occurs when all the following conditions have been met:

- The revenue amount can be reliably measured;
- It is likely that the economic benefits associated with the transaction will flow to the Company;
- The transaction completion stage as at the date of the balance sheet can be reliably measured; and
- Any costs incurred by the transaction and the costs to complete the transaction can be reliably measured.

The percentage of completion is determined in line with the proportion which the costs incurred to date has of the total estimated costs of the rendering of services (relating to services carried out or being carried out).

Progressive payments and client advances are not borne in mind when determining the percentage of completion.

m. Payroll Expenses

Payroll expenses are recognised when the service provided by the employees regardless of their date of payment.

Some specific aspects have been set out below relating to each of the types of Payroll Expenses.

m.1 Holidays and Holiday Allowances

According to the employment legislation in force, employees are entitled to holidays and holiday allowance in the year subsequent to that when the service is provided. Hence, an increase in the amount to be paid in the following year was recognised in the results of the financial year, being reflected under the item “Other Debts Payable”.

m.2 Distribution of Profits to Employees

Distributions of Profits to employees are recognised under Payroll Expenses in the period to which they relate and not as a distribution of Results. Hence, an increase in the amount to be paid in the following year was recognised in the results of the financial year, being reflected under the item “Other Debts Payable”

m.3 Employment Severance Benefits

The Company recognises a liability and an expense for Employment Severance Benefits when it has already demonstrably committed to:

- Cease the employment of an employee or group of employees prior to the normal retirement date; or

- Provide severance benefits as a result of an offer made to encourage voluntary departure.

It is considered that the Company has already demonstrably committed when it has a detailed, formal plan as regards the severance and there is no realistic possibility of withdrawal and when the plan includes at least the following:

- The location, post and approximate number of employees whose services are to be severed;
- The severance benefit for each classification or post of employment; and
- The time when the plan is to be implemented.

Employment Severance Benefits are recognised as an expense immediately and whenever they fall due over 12 months after the balance sheet date they are measured at the discounted value.

In the case of offers made to encourage voluntary departure, the measurement of the Employment Severance Benefits is based on the number of employees who it is expected will accept the offer.

n. Interest and similar expenses paid

Financing expenses are recognised in the profit-and-loss account for the period to which they relate and include the interest paid determined in line with the effective interest rate method.

o. Contingent Assets and liabilities

A Contingent Asset is a possible asset deriving from past events and whose existence shall only be confirmed by the occurrence or otherwise of one or more uncertain future events not totally under the control of the entity.

Contingent Assets are not recognised in the financial statements so as not to result in the recognition of income which may never be realised. However, they are disclosed when the existence of a future inflow is likely.

A Contingent Liability is:

- A possible obligation which derives from past events and whose existence shall only be confirmed by the occurrence or otherwise of one or more uncertain future events not totally under the control of the entity,

Or

- A present obligation which derives from past events but which is not recognised because:
 - ⇒ It is not likely that an outflow of resources is required to settle the obligation or
 - ⇒ The amount of the obligation cannot be measured with sufficient reliability.

Contingent Liabilities are not recognised in the financial statements so as not to result in the recognition of expenses which may never become effective. However, they are disclosed whenever there is a probability of future outflows which is not remote.

3.2 Judgements applied to the 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 that this asset will be available for its use and must be revised at least at the end of each financial year.

The amortisation/depreciation method to be applied and the estimated losses deriving from the replacement of equipment before the end of its useful life on the ground of technological obsolescence, is essential to determine the effective useful life of an asset.

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

b. Deferred Tax Assets

The company records deferred taxes in accordance with NCRF 25.

These arise from the existence of deductible and / or taxable temporary differences and aim to correct specialization of income tax for the period.

The adoption of this standard includes the possibility that recovery or settlement of a certain amount, inherent to assets or liabilities, allows that future tax payments being larger or smaller than supposed to be, if such recoveries and / or settlements did not exist.

c. Services Rendered Recognition

The company recognizes revenue in accordance with the recommendations in NCRF 20.

The revenue associated with a transaction should be recognized by reference to the stage of completion of the transaction at the balance sheet date, when the outcome of that

transaction involving the rendering of services can be reliably estimated. All following conditions must be met:

- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the balance sheet date can be reliably measured; and
- Costs incurred with the transaction and the costs to complete the transaction can be reliably measured.

The recognition of revenue by reference to the completion stage of a transaction is often referred to as the method of the percentage of completion. Under this method, revenue is recognized in the accounting periods in which the services are provided. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period.

The stage of a transaction can be determined by a variety of methods. An entity uses the method that measures reliably the services performed.

Depending on the nature of the transaction, the methods may include:

- a) Surveys of work performed;
- b) Services performed to date as a percentage of total services to be performed; or
- c) The proportion of the costs incurred to date related to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Progress payments and advances received from customers often do not reflect the services performed.

When the outcome of the transaction involving the rendering of services can't be reliably estimated, revenue should be recognized only to the extent of the expenses recognized are recoverable.

The Company uses the percentage of completion method in recognition of their services rendered. Use of this method requires the Company to estimate the services performed as a percentage of total services to be performed, which also need to be estimated.

d. Provisions for Taxes

The Company, supported by the positions of its tax consultants and bearing in mind the recognised responsibilities, believes that any revisions of said tax returns would not result in any material corrections to the consolidated financial statements which require the formation of any tax provision.

3.3 Main sources for the uncertainty of the estimates

The estimates are based on the best knowledge to be found at any time and on any actions which it is planned to carry out, being permanently revised in line with the information available. Alterations to any subsequent circumstances and facts may lead to a revision of the estimates in the future meaning that the actual results may differ from the present estimates.

a. Impairment of Non-financial Assets

Impairment occurs when the book value of an asset or a cash generating unit exceeds its recoverable amount which is the higher between the fair value minus the selling costs and its value in use.

The calculation of the fair value minus the selling costs is based on any information there is of contracts already signed in transactions of similar assets with entities in which there is no relationship between them or observable prices on the market minus incremental costs to sell the asset.

The value in use is calculated in line with a discounted cash flow model which considers a budget for the next five years which does not include restructuring activities with regard to which there is still no commitment to major future investments intended to improve future economic benefits which will derive from the cash generating unit which is being tested.

The recoverable amount is particularly sensitive to:

- The market share during the budget period
- Inflation in the price of raw materials
- Gross margin
- Rate of growth used to extrapolate the cash flows beyond 5 years
- Discount rates used to carry out the discount of future cash flows.

b. Impairment of accounts receivable

The credit risk of the balances of accounts receivable is evaluated at each reporting date, bearing in mind the historic information of the debtor and its risk profile as referred to in paragraph 3.1.

The accounts receivable are adjusted by the evaluation carried out of the estimated collection risks as at the Balance sheet date which may diverge from the actual risk to be incurred in the future.

c. Provisions

The recognition of provisions has inherent therein the determination of the probability of the outgoing of future flows and their reliable measurement. These factors are very often dependent on future events and are not always under the control of the Company meaning that they may lead to major future adjustments, either by dint of a variation in the budgets used or by the future recognition of provisions previously disseminated as contingent liabilities.

d. Leases

The Leasing Contracts, where the Company is the lessee, are classified as Financial Leases, if through them are transferred substantially all risks and rewards of the ownership, and as Operating Leases, if through them are not transferred substantially all the risks and rewards of the ownership.

The classification of Leases in Financial or Operational is made depending on the substance and not the form of the Contract.

In Leases considered as Operating, rents are recognized as costs in the Income Statement on a straight line basis over the period of the Contract.

4. Cash and short-term deposits

The Cash and Banks item on the Balance sheet can be broken down as follows:

	2016	2015
Cash on hands	97.633,86	126.477,41
Short-term deposits	1.438.833,73	1.801.568,50
Other Bank Deposits	37.000.000,00	50.000.000,00
	38.536.467,59	51.928.045,91

5. Accounting policies, alterations to accounting estimates and errors

In the Financial Year 2016 no alterations occurred of accounting policies, accounting estimates or errors, passable to be reported in the present Note.

6. Related Parties

The Group to which the Company belongs is made up of the following entities:

Name	Location	% stake	% votes	Nature of Relationship	
				Services that LISNAVE provides / Transactions it carries out	Services that LISNAVE receives / Transactions it receives
Navivessel, Estudos e Projectos Navais, S.A.	Portugal	72,83%	72,83%	Dividends	Consultancy Services
ThyssenKrupp Industrial Solutions AG	Germany	20,00%	20,00%	Dividends	-
Parpública, SGPS, S.A.	Portugal	2,97%	2,97%	Dividends	Member of the Statutory Audit Board and non-Executive Director
Public (OPT)		4,20%	4,20%	Dividends	
Lisnave Infraestruturas	Portugal	-	-	Recovery of shipyard	Shipyard Rent
Repropel	Portugal	-	-	Support services to repairs and commissions	Propeller repair services
Gáslimpo	Portugal	-	-	Support services	Gas research service

Rebocalis	Portugal	-	-	Support services	Seamanship service
Lisnave Internacional	Portugal	-	-	-	International services
Tecor	Portugal	-	-	Support services	Treatment of surfaces
NavalRocha	Portugal	-	-	-	-
Navalset	Portugal	-	-	-	Support and Legal Advisory
LisnaveYards	Portugal	-	-	Support services	Providing of sub contract services for repairs
Dakarnave	Senegal	-	-	-	-

The parent Company is NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A. whose registered offices are situated in Portugal.

The final controlling parent Company is NAVALSET – SERVIÇOS INDUSTRIAIS E NAVAIS, S.A.

The amount of the transactions, outstanding balances, and adjustments to bad debts related with outstanding balances and the expenses recognised during the period in terms of bad debts from related parties are those indicated in the table below:

Name	Year	Clients	Suppliers	Sales and Rendering of Services	Purchases	Supplies and External Services
Navivessel, Estudos e projectos Navais, S.A.	2016	500,00	311.929,95	-	-	294.406,32
	2015	505,00	311.929,95	-	-	314.406,32
ThyssenKrupp Industrial Solutions AG	2016					
	2015	-	-	-	-	-
Parpública, S.A. Estado Português	2016					
	2015	-	-	-	-	-
Público (OPT)	2016					
	2015	-	-	-	-	-
Lisnave Infraestruturas	2016	1.231,05	4.090.935,50	189.044,46	-	3.556.135,53
	2015	-	761.470,52	2.876.045,49	-	4.937.156,46
Repropel	2016	39.346,10	9.158,58	118.253,74	-	37.293,50
	2015	33.919,66	-	116.003,81	-	13.434,00
Gáslimpo	2016	5.400,09	220.933,97	15.553,64	121.598,68	607.304,49
	2015	4.209,20	272.599,08	14.065,24	98.710,75	585.026,60
Rebocalis	2016	8.668,64	278.845,34	21.723,42	-	965.290,83
	2015	11.799,79	393.782,11	29.740,43	-	1.182.360,34

Lisnave Internacional	2016	500,00	25.563,70	2.506,00	-	90.370,15
	2015	15.749,54	27.363,19	15.811,96	-	90.884,52
Tecor	2016	68.580,05	2.947.616,86	190.290,73	-	8.788.418,30
	2015	224.060,44	4.760.184,46	357.382,85	-	10.997.379,27
NavalRocha	2016	-	-	1.030,00	-	-
	2015	-	-	-	-	-
Navalset	2016	500,00	5.535,00	-	-	18.000,00
	2015	500,00	5.535,00	-	-	18.000,00
LisnaveYards	2016	100.618,57	2.400.096,25	454.386,92	-	7.686.989,19
	2015	122.398,85	2.298.714,59	419.792,33	-	6.631.792,47
Dakarnave	2016	-	-	-	-	-
	2015	-	-	-	-	-

7. Investment Properties

The investment properties relate to the site of Quinta da Chanoca which is held for enhancement in the capital value. No movement occurred in the financial years of 2015 and 2016.

8. Tangible Fixed Assets and Non-current Assets Held for Sale

The gross carrying amount and accumulated depreciation and losses owing to impairment at the start and at the end of the period are as follows:

	Buildings and Other Constr.	Basic Equipment	Transport Equipment	Administrative Equipment	Others Fixed Assets	Fixed Assets in Progress	Total Tangible Assets
Costs:							
January 1 st 2015	1.873.185,46	6.462.117,34	137.142,19	1.492.456,45	6.605.358,30	433.137,54	17.003.397,28
Increases	-	-	-	-	-	1.297.753,45	1.297.753,45
Revaluations	-	-	-	-	-	-	-
Revaluations Acquisition of the Subsidiary	-	-	-	-	-	-	-
Transfers	-	1.448.423,87	20.724,00	105.028,93	88.918,52	(1.683.643,32)	(20.548,00)
Disposals	-	-	(12.469,95)	-	-	-	(12.469,95)
Write-Offs	-	(595,01)	-	-	-	-	(595,01)
Exchange Differences	-	-	-	-	-	-	-
December 31st 2015	1.873.185,46	7.909.946,20	145.396,24	1.597.485,38	6.694.276,82	47.247,67	18.267.537,77
Increases	-	-	-	-	-	1.507.860,26	1.507.860,26
Revaluations	-	-	-	-	-	-	-
Revaluations Acquisition of the Subsidiary	-	-	-	-	-	-	-
Transfers	1.870,00	393.429,61	2.860,00	72.700,44	46.023,54	(516.883,59)	-
Disposals	-	-	-	-	-	-	-
Write-Offs	-	(108.400,00)	-	(5.072,16)	-	-	(113.472,16)
Exchange Differences	-	-	-	-	-	-	-
December 31st 2016	1.875.055,46	8.194.975,81	148.256,24	1.665.113,66	6.740.300,36	1.038.224,34	19.661.925,87

	Buildings and Other Constr.	Basic Equipment	Transport Equipment	Administrative Equipment	Others Fixed Assets	Fixed Assets in Progress	Total Tangible Assets
Costs:							
January 1 st 2015	801.193,99	3.926.275,98	51.032,38	1.045.067,17	6.492.724,70	-	12.316.294,22
Increases	108.117,99	431.369,11	34.427,27	107.700,40	67.890,36	-	749.505,13
Revaluations	-	-	-	-	-	-	-
Revaluations Acquisition of the Subsidiary	-	-	-	-	-	-	-
Transfers	-	-	(12.469,95)	-	-	-	(12.469,95)
Disposals	-	(535,51)	-	-	-	-	(535,51)
Write-Offs	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-
December 31 st 2015	909.311,98	4.357.109,58	72.989,70	1.152.767,57	6.560.615,06	-	13.052.793,89
Increases	109.053,03	444.859,59	35.133,28	105.577,54	53.220,63	-	747.844,07
Revaluations	-	-	-	-	-	-	-
Revaluations Acquisition of the Subsidiary	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals	-	(108.400,00)	-	(3.949,20)	-	-	(112.349,20)
Write-Offs	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-
December 31 st 2016	1.018.365,01	4.693.569,17	108.122,98	1.254.395,91	6.613.835,69	-	13.688.288,76

Net Book Value:

As at December 31 st 2016	856.690,45	3.501.406,64	40.133,26	410.717,75	126.464,67	1.038.224,34	5.973.637,11
As at December 31 st 2015	963.873,48	3.552.836,62	72.406,54	444.717,81	133.661,76	47.247,67	5.214.743,88
As at January 1 st 2015	1.071.991,47	2.535.841,36	86.109,81	447.389,28	112.633,60	433.137,54	4.687.103,06

In the period ended the Company recorded in non-current Assets held for sale as follows:

	2016	2015
Non-current Assets held for sale		
Gross	600.000,00	600.000,00
Impairment	(150.000,00)	(150.000,00)
	450.000,00	450.000,00

9. Impairment of Non-current Assets Held for Sale

The value of impairment of non-current Assets held for sale amounted to 150.000,00 Euros.

According to NCRF 12, an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any, the entity shall estimate the recoverable amount of the asset. During the year 2016, it wasn't requested a new external estimate, because it was understood that the assets value was duly evaluated.

In the year were not registered any impairment of tangible fixed assets or investment properties.

10. Inventories

The total carrying amount of inventories:

	2016	2015
Raw materials, subs. and consumption		
Gross	2.527.431,61	2.284.650,07
Impairments	(450.092,06)	(433.847,81)
	<u>2.077.339,55</u>	<u>1.850.802,26</u>

The inventory amounts recognised as an expense during the period are shown in the tables below.

a) Cost of goods sold and materials consumed:

	Raw materials and consumable supplies
Inventories as at January 1st 2015	2.272.118,80
Purchases	6.199.553,29
Inventories as at December 31st 2015	<u>2.284.650,07</u>
	<u>6.187.022,02</u>
Inventories as at January 1st 2016	2.284.650,07
Purchases	9.187.903,13
Inventories as at December 31st 2016	<u>2.527.431,61</u>
	<u>8.945.121,59</u>

b) Impairment of inventories recognized as a loss / gain for the period:

	2016	2015
Impairment losses		
Raw materials and consumable supplies	16.244,25	11.587,58
-	<u>16.244,25</u>	<u>11.587,58</u>

Reversion of impairment losses

Raw materials and consumable supplies

	-	-
	-	-
	16.244,25	11.587,58

11. Revenue

Revenue is itemised as follows:

	2016	2015
Sale of Goods		
By-products, waste and scrap		
- Portugal	606.204,62	508.193,57
	606.204,62	508.193,57
Rendering of Services		
Services		
Total Europe	34.173.424,07	48.892.189,23
- Portugal	1.612.861,28	12.815.478,84
- U.E.	18.135.829,18	34.885.878,54
- Others	14.424.733,61	1.190.831,85
Total Africa	7.401.992,00	4.361.941,39
Total America	48.015.907,12	46.183.148,37
Total Asia	8.429.505,96	6.872.898,93
Total Oceania	3.501.266,75	7.823.287,00
	101.522.095,90	114.133.464,92
	102.128.300,52	114.641.658,49

Years	By-products, waste and scrap	Ship Repairing	O. Activities	Rendering of Services	Total
2016	606.204,62	100.354.343,67	561.172,43	606.579,80	102.128.300,52

2015	508.193,57	109.857.966,45	3.489.798,84	785.699,63	114.641.658,49
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12. Provisions

The movement in provisions, by each provision, has been shown in the table below:

	Provisions for Court Proceedings in progress	Provisions for credit notes	Provisions for debt balance Suppliers	Provisions for Commissions/ Claim	Other Provisions	Total
On January 1 st 2015	360.189,30	300.000,00	360.536,19	1.117.813,00	65.000,00	2.203.538,49
Increases for the year	118.231,42	-	170.893,83	1.170.147,00	142.000,00	1.601.272,25
Utilisation for the year	(315.902,96)	(11.846,71)	-	(1.018.815,00)	-	(1.346.564,67)
Revers. for the year	-	(288.153,29)	(33.763,64)	(35,00)	-	(321.951,93)
On Dec.31 st 2015	162.517,76	-	497.666,38	1.269.110,00	207.000,00	2.136.294,14
On January 1 st 2016	162.517,76	-	497.666,38	1.269.110,00	207.000,00	2.136.294,14
Increases for the year	-	150.000,00	158.419,81	1.591.233,05	815.000,00	2.714.652,86
Utilisation for the year	-	-	-	(784.941,00)	-	(784.941,00)
Revers. for the year	-	-	-	(305.976,00)	(35.000,00)	(340.976,00)
On Dec. 31 st 2016	162.517,76	150.000,00	656.086,19	1.769.426,05	987.000,00	3.725.030,00

13. Effects of alterations to exchange rates

The amount of the exchange gains/losses recognised in the results is that indicated in the table below:

	2016	2015
Exchange gains included under:		
Other income and gains	8.032,97	7.784,54
	<u>8.032,97</u>	<u>7.784,54</u>
Exchange losses included under::		
Other expenses and losses	4.997,01	11.751,30
	<u>4.997,01</u>	<u>11.751,30</u>

14. Income tax

The Expense (income) regarding current taxes is that shown in the table below:

	2016	2015
Current tax		
IRC (corporation tax) for the year	3.409.523,16	5.278.321,37
Deferred Tax		
Originating from, and the object of, reversion of timing differences	(750.149,69)	145.167,93
Other movements		
	<u>2.659.374,47</u>	<u>5.423.489,30</u>

The Adjustment recognised in the current tax period for previous periods is that shown in the table below.

	2016	2015
Excess Tax Estimate	-	-
Insufficient Tax Estimate	63.597,25	63.172,98
	<u>63.597,25</u>	<u>63.172,98</u>

During the year 2016, there were no other changes in tax rates or imposition of new taxes.

The change in the value recorded in deferred taxes results from the variation of its base (taxable temporary differences).

The numerical reconciliation between the effective average rate of tax and the applicable rate of is that indicated in the table below.

	Tax Base		Rate of Tax	
	2016	2015	2016	2015
Pre-Tax result	9.374.210,97	19.035.387,98		
Rate of Income tax in Portugal	21%	21%		
Tax on profit at the nominal rate	1.968.584,30	3.997.431,48	21,00%	21,00%
Non-taxable income				
Accounting gains	-	126,01		
Reversion of provisions taxed in previous years	2.475.377,79	1.917.949,60		
Excellentia Insurance Policy	434.009,00	1.002.011,00		
Negative equity variations	60.356,53	-		
Fiscal Benefits	101.553,38	91.410,63		
	3.071.296,70	3.011.497,24	(6,88%)	(3,32%)
Costs not deductible for tax purposes				
Donations	10.000,00	-		
Fines, administrative fines and compensatory interest	909,86	978,25		
Undocumented expenses	431.938,42	315.757,37		
Positive assets variations	-	-		
Depreciations not accepted for tax purposes	13.830,24	12.703,27		
Provisions beyond legal limits	2.714.652,86	1.624.897,25		
Recording of impairment losses	16.244,25	11.587,58		
Bad Credits	1.532.340,42	-		
Insufficiency Taxes Estimate	1.532.340,42	-		
Excellentia Insurance Policy	63.597,25	63.172,98		
Corrections on previous Financial Years	-	432.725,00		
Others	467.754,94	47.999,11		
Donations	139.437,83	214.899,73		

	5.390.706,07	2.724.720,54	12,08%	3,01%
Taxable profit	11.693.620,34	18.748.611,29		
Rate of Income tax in Portugal	21,00%	21,00%		
Tax calculated	2.455.660,26	3.937.208,37	26,20%	20,68%
Autonomous taxation	388.777,57	317.453,26	4,15%	1,67%
Municipal Surcharge	175.404,31	281.229,17	1,87%	1,48%
State Surcharge	389.681,02	742.430,57	4,16%	3,90%
Effect of increase/reversion of deferred taxes	(750.148,69)	145.167,93	(8,00%)	0,76%
	203.714,21	1.486.280,93	2,17%	7,81%
Income tax	2.659.374,47	5.423.489,30	28,37%	28,49%

Deferred taxes can be broken down as follows:

	Balance Sheet Accounts		Income Statement Accounts	
	2016	2015	2016	2015
Deferred Tax Assets				
Others	938.589,63	-	938.589,63	-
Excellentia Insur. Policy	34.974,73	223.415,67	(188.440,94)	(145.167,93)
	973.564,36	223.415,67	750.148,69	(145.167,93)

15. Financial instruments

The disclosures of this note cover the following Balance sheet items:

Assets

	2016	2015
Non-current		
Other accounts receivable	913.945,89	883.038,89
Current		
Clients		
Gross amount	15.286.929,09	15.142.661,71
Impairment	(543.263,51)	(2.101.643,03)
Advances to Suppliers	509.654,01	221.380,02
Other debts receivable	3.959.214,46	3.257.667,72

19.212.534,05

16.520.066,42

Liabilities

	2016	2015
Non-current		
Other accounts payable	137.155,81	876.139,89
Current		
Suppliers	25.303.935,28	24.869.446,66
Client advances	29.230,36	35.830,36
Other accounts payable	7.585.682,99	7.211.598,59
	32.918.848,63	32.116.875,61

Equity

	2016	2015
Share capital	5.000.000	5.000.000
	5.000.000	5.000.000

15.1 Clients

The clients aging can be broken down in the manner indicated in the table below:

	Gross Amount	Impairment	Net Balance
2016	15.286.929,09	543.263,51	14.743.665,58
2015	15.142.661,71	2.101.643,03	13.041.018,68

	Net Balance	Debt not due	Debt due				
			< 30 Days	30-60 Days	61-90 Days	91-120 Days	> 120 Days
2016	14.743.665,58	10.371.388,45	1.377.315,00	1.772.375,60	119.600,00	925.771,60	177.214,93
2015	13.041.018,68	9.420.380,56	998.419,71	150.366,63	330,87	261.551,13	2.209.969,78

The movement in the item impairment of debts receivable can be broken down as follows:

	Opening Balance	Increase	Utilisation	Reversion	Closing Balance
Financial Year of 2016					
Clients	2.101.643,03	-	(1.558.379,52)	-	543.263,51
	2.101.643,03	-	(1.558.379,52)	-	543.263,51
Financial Year of 2015					
Clients	2.327.451,03	-	-	(225.808,00)	2.101.643,03
	2.327.451,03	-	-	(225.808,00)	2.101.643,03

15.2 Others credits receivable

The others credits receivable can be broken down as follows:

	2016	2015
Other non-current credits receivable		
Debtors from accrued income		
Revenue from orders in progress	3.525.178,42	2.490.434,03
Interest on Time Deposits	12.420,00	27.371,00
Others	120.199,22	214.414,33
Other debtors and creditors		
Staff	931,85	147.359,56
Court Proceedings	44.286,34	85.188,34
Others	256.198,63	292.900,46
	3.959,214,46	3.257.667,72

In order to ensure the accounting treatment in accordance with NCRF 20 for repairs / works in progress ongoing for the Year 2017, we proceeded to an analysis of revenue and costs associated with each. In respect of the costs already incurred, invoicing already issued and margin / mark-up estimated, we proceeded to the registration of an income increase accordingly. The change in this item relates to major repairs carried over from year, which are estimated to be completed during the first quarter of 2017.

15.3 Suppliers

The suppliers balance can be broken down as follows:

	2016	2015
Suppliers, Current Account		
National	22.998.449,84	22.882.992,02
Overseas	814.814,79	133.085,89
Parent Company	311.929,95	311.929,95
Suppliers: receiving and conferring	1.178.740,70	1.541.438,80
	25.303.935,28	24.869.446,66
Advances to Suppliers		
National	406.541,27	211.973,93
Overseas	103.112,74	9.406,09
	509.654,01	221.380,02

15.4 Other accounts payable

Other accounts payable can be broken down as follows:

	2016	2015
Other accounts payable – non current		
Other financial assets s	137.155,81	876.139,89
Other accounts payable – current		
Creditors from accrued expenses		
Insurance Policies	134.551,35	7.489,44
Remunerations to be settled – holidays and holiday allowances	1.450.188,18	1.531.345,40
Rendering Services	70.000,00	70.000,00
Specialized Works	12.000,00	12.000,00
Yard Rent	(326.700,79)	186.221,55
Commissions	2.447.353,22	2.516.886,61
Internal Works	728.782,58	408.249,24
Costs Center	1.247.796,87	652.975,10
Project Costs	157.479,57	34.576,93
Others	153.591,62	204.816,08
Agents	272.824,17	56.562,33
Other debtors and creditors		
Staff - Balance Sheet Bonuses	1.200.000,00	1.500.000,00
Miscellaneous	37.816,22	30.475,91
	7.585.682,99	7.211.598,59

15.5 Share capital

The amount of nominal share capital and share capital to be paid up and respective period is indicated in the table below:

	2016	2015
Nominal share capital issued	5.000.000,00	5.000.000,00
Nominal share capital issued and paid up		
NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A.	3.641.745,00	3.641.720,00
THYSSENKRUPP INDUSTRIAL SOLUTIONS AG	1.000.000,00	1.000.000,00
PARPÚBLICA, PARTICIPAÇÕES PÚBLICAS, SGPS, S.A.	148.330,00	148.330,00
PÚBLICO (OPT)	209.925,00	209.950,00
	5.000.000,00	5.000.000,00
Capital to be paid up	-	-

Share capital is represented by 1,000,000 Nominative Shares with a nominal value of 5 Euros each.

15.6 Guarantees

Financial assets provided as backing, as an attachment or promissory attachment as collateral are as follows:

Entities	Beneficiary	Currency	Amount
M/BCP	ALFÂNDEGA DE SETÚBAL	EUR	55.660,96
M/BCP	ALFÂNDEGA DE SETÚBAL	EUR	100.000,00
M/BCP	ALFÂNDEGA DE SETÚBAL	EUR	24.939,90
NOVO BANCO	PDV MARINA, SA	EUR	100.000,00
NOVO BANCO	PDV MARINA, SA.	EUR	120.000,00
NOVO BANCO	PDV MARINA, SA.	EUR	50.000,00
NOVO BANCO	PDV MARINA, SA.	EUR	120.000,00
SANTANDER TOTTA	SAIPEM (PORTUGAL), LDA.	EUR	461.531,70

15.7 Risks relating to financial instruments

The financial risk is the risk of the fair value or future cash flows of a financial instrument varying and of obtaining results other than those expected, whether these are positive or negative, altering the net worth of the Company.

When carrying out its current activities the Company is exposed to a variety of financial risks liable to alter its net worth which, depending on their nature, can be grouped into the following categories:

- Market risk
 - ⇒ Interest rate risk
 - ⇒ Exchange rate risk
 - ⇒ Other price risks
- Credit risk
- Liquidity risk

The management of the aforementioned risks – risk which largely derives from the unpredictability of the financial markets – requires the careful application of a series of rules and methodologies approved by the Administration whose ultimate objective is the minimisation of their potential negative impact on the net worth and performance of the Company.

With this objective in mind, all management is geared towards two essential concerns:

- To reduce, whenever possible, any fluctuations in the results and cash-flows subject to situations of risk;
- To limit any deviations from the forecast results by way of strict financial planning based on multiannual budgets.

As a rule, the Company does not assume speculative positions meaning that, generally speaking, the operations carried out in the context of financial risk management are aimed at controlling already existing risks to which the Company is exposed.

The Administration defines principles for risk management as a whole and policies which cover specific areas such as fore risk, interest rate risk, liquidity risk, credit risk and the use of derivative or non-derivative financial instruments and the investment of excess liquidity.

The management of financial risks including their identification and evaluation – is carried out by the Financial Management in accordance with policies approved by the Administration.

Interest rate risk

Interest rate risk is the risk of the fair value or the future cash flows of a financial instrument varying owing to alterations to market interest rates, altering the net worth of the Company.

The Company has no financing and it is thus not subject to interest rate risk.

Exchange rate risk

The exchange rate risk is the risk of the fair value or cash flows of a financial instrument varying as a result of alterations to exchange rates.

The internationalisation of the Company forces it to be exposed to the exchange rate risk of the currencies of various countries.

Exposure to exchange rate risk essentially derives from the operating activities of the Company (in which the expenses, income, assets and liabilities are denominated in currencies different from the reporting currency). However, transactions and balances in foreign currency are immaterial.

Credit risk

The credit risk is the risk of a counterparty failing to meet its obligations under the terms of a financial instrument, bringing about a loss.

The Company is subject to risk in credit as regards the following operating activity – Clients, suppliers and other credits receivable and others debts payable.

The management of credit risk with regard to clients and other credits receivable is carried out as follows:

- Following policies, procedures and controls established by the Company;
- The debits outstanding are monitored on a regular basis;
- For new clients, whose relationship with the Company is recent, down payments are requested on part of the order made;
- The Company has a credit insurance policy in force.

16. Payroll Expenses

The details for Payroll Expenses are those indicated in the table below:

	2016	2015
Remunerations of the Governing Bodies	828.764,62	827.642,80
Staff Remunerations	8.975.788,70	9.722.975,99
Other Remunerations	-	-
Compensations	-	-
Charges on Remunerations	1.963.772,13	2.072.053,93
Accident at work and professional illness insurance	225.771,77	219.746,11
Social action expenses	827.045,78	771.762,46
Other staffing expenses	(432.044,74)	434.949,23
	12.389.098,26	14.049.130,52

The Company established in 2008, an Insurance Policy (OEXL103112067) which translates into a financial investment to 10 years (Note 15), in order to maximize their financial profitability. This

investment is presented in the Balance Sheet as Non-current Asset by 913.946 Euros (2015: 883.039). This investment had this year a financial income of 30.907Euros (Note 17.5).

As regards to the value of past service responsibilities (net asset of OEXL103112068 policy), it is shown in the Liability with an amount of 137.156 Euros (2015: 876.140). The value of the responsibility was adjusted by interest expenses, actuarial gains and earnings from the OEXL103112068 policy, in a total of (434.009) Euros net (payroll expenses).

The actuarial gain is generated by the reduction of the population safe. This reduction leads to liability need not be contributory adjustment in the current year. The financial loss on the assets that fund the responsibilities results from the difference between the actual profitability and the long-term profitability assumption.

The values indicated above, supported by a technical study prepared by an independent body, took into account the appropriate variables.

17. Other Information

17.1 State and Other Public Entities

This item can be broken down in the way indicated in the table below:

	2016	2015
Balance to be received		
Income tax	963.835,49	-
VAT	3.216.320,48	3.146.196,46
	4.180.155,97	3.146.196,46
Balance to be paid		
Income tax	-	3.846.339,51
Income Tax Withholdings	295.168,23	278.886,91
Social Security Contribution	227.464,44	239.980,92
	522.632,67	4.365.207,34

The amount of corporate income tax presented in the above chart, corresponds to an estimate tax deducted from special payments on account, additional payments on account and withholding tax done during the year 2017.

17.2 Deferrals

The expenses to be recognised can be broken down as follows:

	2016	2015
--	------	------

Expenses to be recognised		
Insurance policies	140.440,29	187.054,24
Software assistance	66.295,43	31.172,76
Advertising contract	5.544,27	6.345,66
Other Expenses	19.344,91	22.873,84
	231.624,90	247.446,50

The gains to be recognized can be broken down as follows:

	2016	2015
Gains to be recognised		
Repairing	2.313.998,80	1.252.472,00
	2.313.998,80	1.252.472,00

17.3 Reserves and Results

This item can be broken down in the manner indicated in the table below:

	Legal Reserves	Retained earnings	Net Income for the Period	Total
Balance on January 1 st 2015	1.398.173,26	21.797.469,15	6.476.325,92	29.671.968,33
Transfer to Legal Reserve	-	-	-	-
Dividends	-	(6.000.000,00)	-	(6.000.000,00)
Remainder of the distribution of the net income for the period	-	6.476.325,92	(6.476.325,92)	-
Net income for the period	-	-	13.611.898,68	13.611.898,68
Others	-	-	-	-
Balance on December 31st 2015	1.398.173,26	22.273.795,07	13.611.898,68	37.283.867,01
Balance on January 1 st 2016	1.398.173,26	22.273.795,07	13.611.898,68	37.283.867,01
Transfer to Legal Reserve	-	-	-	-
Dividends	-	(13.500.000,00)	-	(13.500.000,00)
Remainder of the distribution of the net income for the period	-	13.611.898,68	(13.611.898,68)	-
Net income for the period	-	-	6.714.836,50	6.714.836,50
Others	-	-	-	-
Balance on December 31st 2016	1.398.173,26	22.385.693,75	6.714.836,50	30.498.703,51

17.4 Supplies and External Services

This item can be broken down as indicated in the table below:

	2016	2015
Subcontracts	43.998.254,45	47.851.519,47
Specialised works	2.729.826,00	2.329.194,67
Advertising	112.407,53	95.176,00
Surveillance and security	462.159,87	445.789,06
Fees	403.375,14	417.603,24
Commissions	1.736.667,34	1.973.289,09
Upkeep and repair	4.440.326,62	4.275.384,07
Tools and utensils	557.771,52	282.794,22
Books and technical documentation	32.456,80	26.625,91
Office material	59.760,08	61.401,74
Gifts to clients	84.978,80	138.561,83
Electricity	2.074.214,77	2.402.070,15
Fuels	1.024.342,76	1.181.366,11
Travel and accommodation	238.427,96	268.956,25
Staff transport	1.118.300,92	1.083.725,09
Rentals and hire	5.183.451,26	7.009.510,54
Communication	115.375,53	116.726,28
Insurance policies	1.461.676,66	1.512.350,92
Royalties	27.027,90	41.752,44
Litigation and notaries	2.605,24	1.849,20
Out-of-pocket expenses	147.538,88	158.252,55
Cleaning, hygiene and comfort	319.480,38	317.827,97
Others	2.562.140,36	2.400.568,79

 68.892.566,77

 74.392.295,59

Operating Leases

During the 2015 and 2016 exercises were recognized as costs the amounts of 143.732,02 and 154.246,65 Euros, respectively, related to the rents of Operating Lease Contracts, included under the heading Income and Rentals.

In addition, at the date of the Balance, the Company held Operating Lease Contracts, whose rents are due as follows:

	2016	2015
No more than 1 year	166.362,95	134.838,97
More than 1 year and no more than 5 years	106.672,74	192.515,92
More than 5 years	-	-
	273.035,69	327.354,89

17.5 Other Income and Gains

This item can be broken down as indicated in the table below:

	2016	2015
Supplementary Income		
Others	447.823,64	445.433,82
Discounts obtained for prompt payment	198.246,57	140.970,30
Inventory gains	89.354,55	80.766,24
Income and gains one remaining		
Exchange differences assets	8.032,97	7.784,54
Income and gains on Non-Financial Investments s		
Disposals	-	126,01
Others	14.285,54	45.719,38
Others		
Corrections on previous periods	952.626,69	542.123,51
Excess tax estimate	4,20	4,20
Tax return	60.356,53	-

Other unspecified items	79.686,76	872,86
Interest earned		
Free Deposits	35.471,17	218.036,26
Other similar Income	30.907,00	59.009,00
	1.916.795,62	1.540.846,12

Capitalization Insurance

The Company established in 2008 an Insurance which translates into a 10 years financial investment, with the aim of maximizing their financial profitability. This investment generated, this year, a financial income of 30.907 Euros. This Insurance pays interest of 3.5% per year. Additionally, the Insurance has a remuneration tied to the profitability of Insurance Company.

17.6 Other Expenses and Losses

This item can be broken down as indicated in the table below:

	2016	2015
Taxes	24.305,81	34.117,67
Bad debts	1.532.340,42	39.967,64
Cash discounts	-	-
Losses on inventories	22.451,01	16.998,21
Losses on Disposals / Write-offs	1.122,96	59,50
Others		
Corrections related to prior periods	467.754,94	47.999,11
Donations	216.000,00	53.000,00
Membership fees	72.293,56	79.988,00
Insufficiency to estimate taxes	63.597,25	63.172,98
Undocumented expenses	431.938,42	315.757,37
Fines and penalties		
Not tax fines	909,75	320,24
Others	355,23	118,36
Interest paid		
Default and compensatory interests	0,11	658,01
Foreign exchange losses		
Others	4.997,01	11.751,30
Other Expenses and Losses		
Others	26.772,50	40.484,42
	2.864.838,97	704.392,81

17.7 Expenses / Reversions of Depreciation and Amortisation

This item can be broken down as indicated in the table below:

	2016	2015
Depreciation and amortisation expenses		
Investment Properties	-	-
Tangible Fixed Assets	747.844,07	749.505,13
	<u>747.844,07</u>	<u>749.505,13</u>

18. Events after the balance sheet date

The date whereupon the financial statements are authorised for issue was February 23th 2017.

These financial statements were authorised for issue by the Board of Directors.

There are no events between the balance sheet date and the authorisation date for issue which have not already been registered or disclosed in the present financial statements.

19. Other information required by laws

Under the terms and for the purposes of the provisions of article 447 of the Company Trading Code, it is hereby informed that the members of the Board of Directors of the Company José António Leite Mendes Rodrigues and Nelson Nunes Rodrigues, are indirect holders and under the nº2 of the same article, of 364.172,5 Shares each one, through the NAVIVESSEL - ESTUDOS E PROJECTOS NAVAIS, S.A. and of NAVALSET, SERVIÇOS INDUSTRIAIS E NAVAIS, S.A..

As regards the Company Supervisory Body, it is hereby informed that the latter does not find itself in any of the situations foreseen in the main body of this Article.

Under the terms and for the purposes of the provisions of nº.4, article 448 of the Company Trading Code, it is hereby informed that on the date of closure of the Financial Year, and according to Company records, the following shareholders have 72.83% and 20.00%, respectively, of the Share capital of LISNAVE:

- ❖ NAVIVESSEL, ESTUDOS E PROJECTOS NAVAIS, S.A.
Holding 728.349 Shares.
- .
- ❖ THYSSENKRUPP INDUSTRIAL SOLUTIONS AG
Holding 200.000 Shares.

Under the terms and for the purposes of the provision nº 1 article 66 A of the Company Trading Code, it is hereby informed that there was no operations out of the Balance.

Under and for the purposes of paragraph nº 2, article nº 66 A of the Código das Sociedades Comerciais, it is reported that the total fees charged, in the year 2015 and 2016, by the Statutory Auditors were 25.200,00 Euros and 27.200,00 Euros, respectively.

The posts held by the Directors of LISNAVE in other Companies can be broken down as follows:

DIRECTORS	COMPANIES	POSITION HELD
ENG. JOSÉ ANTÓNIO LEITE MENDES RODRIGUES	NAVIVESSEL, S.A. NAVALSET, S.A. LISNAVE INFRAESTRUTURAS NAVAIS, S.A. LISNAVE INTERNACIONAL, S.A. LISNAVE YARDS, LDA.	Director Chairman of Board of Directors Chairman of Board of Directors Director Director
DR. NELSON NUNES RODRIGUES	NAVIVESSEL, S.A. NAVALSET, S.A. LISNAVE INFRAESTRUTURAS NAVAIS, S.A. LISNAVE INTERNACIONAL, S.A. REPROPEL, LDA. LISNAVE YARDS, LDA.	Director Director Director Chairman of Board of Directors Director Director
DR. ALOÍSIO FERNANDO MACEDO DA FONSECA	METROCOM, S.A.	Director
DR. JOÃO RUI CARVALHO DOS SANTOS	NAVIVESSEL, S.A. LISNAVE INTERNACIONAL, S.A. DAKARNAVE NAVALROCHA, S.A. GÁSLIMPO, S.A. ASSOCIAÇÃO DAS INDÚSTRIAS NAVAIS FENAME – FED. NACIONAL DO METAL LISNAVE YARDS, LDA.	Director Director Director Director Director Vice President President of Auditing Committee Director
ENG. MANUEL SERPA LEITÃO	NAVIVESSEL, S.A. LISNAVE INFRAESTRUTURAS NAVAIS, S.A. GÁSLIMPO, S.A. TECOR, S.A. REBOCALIS, LDA. LISNAVE INTERNACIONAL, S.A.	President of Shareholders G. A. Managing Director Chairman of Board of Directors President of Shareholders G. A. Chairman of Board of Directors Director





AUDITING COMMITTEE REPORT AND ADVICE

- 2016 Financial Year -

Dear Shareholders,

1. In compliance with legal provisions and the Memorandum of Association, of «LISNAVE - Estaleiros Navais, S.A.», Supervisory Board, in the exercise of its responsibilities, and after having reviewed the Balance Sheet, the Income Statement by Nature, the Statement of Changes in Equity, the Cash Flow Statement, the Annex and all other account reporting items prepared by the Board of Directors and included in the 2016 Management Report & Accounts, hereby issues its Report and Opinion on these account reporting items.
2. The Supervisory Board has monitored LISNAVE activity with the appropriate frequency throughout the financial year, by examining the documents submitted and, through contacts with the various departments, the working elements made available by the external auditors and the briefings it has regularly held with the Board of Directors. It has verified and analysed the accounting information, reviewing the relevant supporting documentation and records. In particular, it has verified the accounting transactions relating to the establishment of the Financial Year results.
3. It is the belief of the Supervisory Board that the technical procedures followed, leading to the preparation of the financial statements submitted and, in particular, taking into account the explanations included in the Annex to the Balance Sheet and to the Income Statement, complemented by the content of the management report prepared by the Board of Directors, reflect the amounts shown in the respective supporting documents and, as a whole, provide a true financial and economic overview of the assets and the results in accordance with the guidelines of the Accounting Standards System (SNS).
4. In a separate document, the Statutory Auditor has prepared the Audit Report, with which the Supervisory Board agrees and which should be taken as an integral part of this Report.
5. In the Management Report it has prepared, the Board of Directors describes the way in which the activity of the company was carried out during the Financial Year 2016 within the context of (i) an adverse market climate which relies on the effects of the growth crisis in the world economy on the naval repair sector; (ii) the continuing imbalance between supply and demand in the sea transport market and its effects on freight rates; (iii) the decline in the number of enquiries and the low commercial success rate; and (iv) the return prospects for shipowners, the continuing decline in the average freight rates of dry bulk carriers and the tanker fleet.
6. Nevertheless, Lisnave activity during the financial year, which continues to be performed under market conditions influenced by the effects of the international economic crisis that has been

affecting the naval repair market since 2009, has achieved a globally positive performance level, reflected in:

- the average level of work achieved for the 67 ships repaired, which showed different variations: a strong increase in the large repair segment and a decrease in routine repairs;
- the 71 orders generated in the period (about 28% less than in 2015) represented a drop in the enquiry/order/success rate ratio from 21% to 17%;
- the maintenance of Lisnave position at the forefront of the Naval Repair market worldwide and its essentially export-oriented activity, which translated into sales to foreign markets of 99.9 million euros, 1.4 million less than in 2015;
- a positive net result of 6,715,000 euros.

7. With regard to the amounts expressed in the financial statement for the financial year, the following indicators should be noted:

- the total volume of sales and services rendered, amounting to 102.1 million euros, about 11% down on 2015;
- the weight of personnel costs in the region of 12.4 million euros, representing 13.1% of the total operating expenditure;
- the amount of Operating Results in the region of 9.4 million euros, representing 9% of the total Operating Income;
- the cash flow generated in the period of 10.9 million euros;
- the negative evolution of the management, economic and financial indicators as against the previous year, which continued to reflect a strong economic sustainability.

8. In view of the foregoing, as a result of the measures taken during the Financial Year, the Audit Board, in the exercise of its responsibilities, would like to express its gratitude for the cooperation provided by the company employees with whom it had to engage, as well as for the cooperation and availability of the Board of Directors and the references made in its Report, and taking into account the moderate prospects for the stability of Lisnave activity for 2017, concludes by issuing the following

ADVICE

- a) the Management Report and Accounts for the Financial Year should be approved;



- b) the proposed distribution of earnings of the Financial Year, amounting to 6,714,836.50 euros, submitted by the Board of Directors, should be approved.

Lisbon, 23.February 2017

THE AUDITING COMMITTEE

Francisco José da Silva
- President -

Maria Isabel Louro Caria Alcobia
- Member of the Auditing Committee -

RSM & ASSOCIADOS - Sroc, Lda.
Represented by Joaquim Patrício da Silva (Roc nº 320)
-Member of the Auditing Committee -



Legal Certification
of
Accounts

LEGAL CERTIFICATION OF ACCOUNTS

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

- 2016 Financial Year -

Opinion

We have audited the financial statements prepared by LISNAVE – Estaleiros Navais, S.A. , comprising the balance sheet as at 31 December 2016 (showing a total of 75,116,369.42 euros and a total equity of 35,498,703.51 euros, including a net profit of 6,714,836.50 euros), the income statement by nature, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year ended on that date, as well as the notes to the financial statements which include a summary of the most significant accounting policies.

In our opinion, the attached financial statements give a true and fair view in all material aspects of the financial position of LISNAVE – Estaleiros Navais, S.A., as at 31 December 2016, and its financial performance and cash flows for the year ended on that date, in accordance with the Accounting and Financial Reporting Standards as adopted in Portugal under the Accounting Standards System.

Basis of Presentation

Our audit has been carried out in accordance with the International Standards on Auditing (ISA) and all other technical and ethical standards and guidelines of the Register of Auditors. Our responsibilities, pursuant to these standards, are described in the section “Auditor’s responsibility for the audit to the financial statements” below. We are legally independent from LISNAVE – Estaleiros Navais, S.A. , and we have complied with all other ethical requirements of the code of ethics of the Register of Auditors.

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

Responsibility of the management and the supervisory bodies for the financial statements

The management body is responsible for:

- preparing financial statements that give a true and fair view of the financial position, the financial performance and the cash flows of LISNAVE – Estaleiros Navais, S.A. , in accordance with the Accounting and Financial Reporting Standards as adopted in Portugal under the Accounting Standards System;
- preparing the management report in accordance with applicable legal and regulatory provisions;
- creating and maintaining an appropriate internal control system so that the financial statements can be prepared free of material misstatement whether due to fraud or error;
- adopting accounting policies and criteria that are appropriate in the circumstances; and
- assessing LISNAVE – Estaleiros Navais, S.A. ’s capacity to continue as a going concern, disclosing any matters that may cast significant doubt on the continuity of the business, as applicable.

The supervisory body is responsible for supervising the preparation and disclosure procedure of LISNAVE – Estaleiros Navais, S.A. 's financial information.

Auditor's responsibility for auditing the financial statements

Our responsibility consists of obtaining reasonable assurance on whether the financial statements, as a whole, are free of material misstatements whether due to fraud or error, and issuing a report expressing our opinion. Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with ISAs will always detect a misstatement when it exists. Misstatements may derive from fraud or error and are deemed to be material if, separately or jointly, they can be reasonably expected to influence the users' economic decisions based on those financial statements.

As part of an audit carried out in accordance with ISAs, we exercise professional judgment and remain professionally sceptical throughout the audit. We also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures that address these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LISNAVE – Estaleiros Navais, S.A. 's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- come to a conclusion on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on LISNAVE – Estaleiros Navais, S.A. 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause LISNAVE – Estaleiros Navais, S.A. to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation;
- communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Our responsibility also includes the verification of the consistency of the information included in the management report with the financial statements.

REPORTING ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

In compliance with article 451(3)(e) of the Commercial Companies Code, we are of the opinion that the management report has been prepared in accordance with the applicable legal and regulatory requirements in force, the information contained therein is consistent with the audited financial statements and, to the best of our knowledge and assessment of LISNAVE – Estaleiros Navais, S.A. , we have not identified any material inaccuracies.

Lisbon, 23 February 2017

RSM & ASSOCIADOS - SROC, LDA

Represented by Joaquim Patrício da Silva (Roc nº 320)



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