Management Report and Accounts 2017

LISNAVE
ESTALEIROS NAVAIS, S.A.

Management Report and Accounts **2017**

LISNAVE | ESTALEIROS NAVAIS, S.A.
Share Capital: 5 000 000 Euros
Registered Office: Mitrena – 2910-738 Setúbal
Setúbal Commercial Registration Office
Matrícula N.º 503 847 151
Company Number 503 847 151

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MEMBERS OF CORPORATE BODIES TERM OF OFFICE: 2017-2020 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. Peter Luijckx
Dr. João Rui Carvalho dos Santos
Eng. Manuel Serpa Leitão

Managing Director

Eng. Peter Luijckx
Deputy Managing Director
Dr. João Rui Carvalho dos Santos

Auditing Committee

President:
Mr. Francisco José da Silva
Committee Members:
Dra. Maria Isabel Louro Caria Alcobia
RSM & ASSOCIADOS – SROC, LDA
– represented by Joaquim Patrício da Silva (Roc nº 320)
Alternate:
Dr. António José Lino do Patrocínio Santos (Roc nº 840)

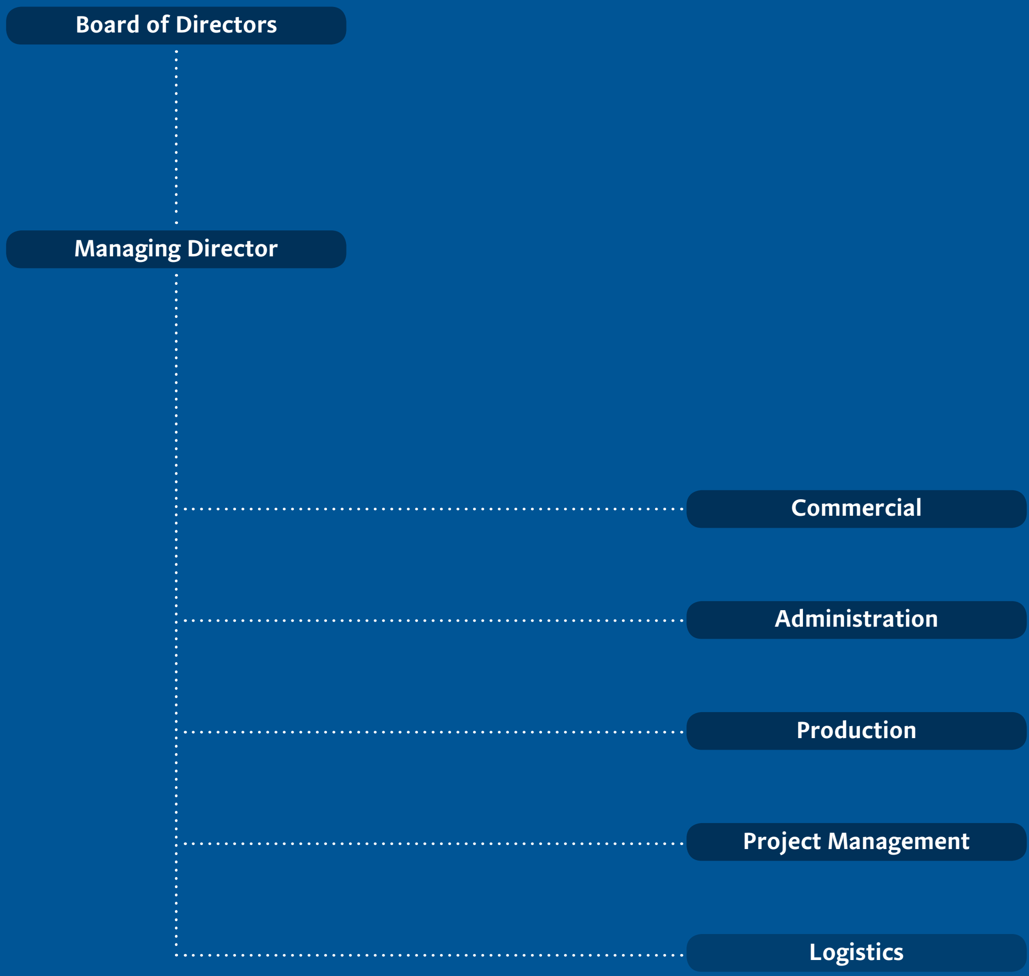
Company Secretary

Dr. Carlos Fernando Soares Pinheiro

Remuneration Committee

President:
Dr. Luís Miguel Nogueira Freire Cortes Martins
Secretary:
Dr. Walter Klausmann

COMPANY STRUCTURE



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 28 March 2018 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 2017 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, 17 February 2018
The Chairman of the Board of the General Meeting

Dr. Luís Miguel Nogueira Freire Cortes Martins

BOARD OF DIRECTORS REPORT

1 | Introduction

Lisnave, Estaleiros Navais, S.A., whose business is still much conditioned by the effects, in the sector, of the growth of the global economy, faced yet another difficult market situation in 2017.

In what history will record as one of the most difficult market periods of the life of the Company, demand measured by number of enquiries fell to the second lowest level ever, just 478 enquiries having been received, the commercial success rate standing at 17% as in the preceding year, the lowest recorded by the Company.

The adversity resulting from the combined effect of the situation described above and of the onset of several collection difficulties did not allow the business targets established by Lisnave in its 2017 budget to be achieved.

However, though considering unsatisfactory the performance achieved, the Board of Directors wishes to underscore the fact that that, in adverse surroundings, a Net Profit was returned.

Prior to the customary review of the year and given the importance of the accumulated business indicators both in regional and above all in national terms, the Board of Directors would point out that during the period since the start of the Restructuring Plan in the second half of 1997 up to the end of the current year, Lisnave has carried out repairs and/or maintenance of 2,391 ships from over 50 countries around the world, which resulted in sales of € 2.17 billion, of which an expressive € 2.05 billion were for export.

This business allowed payment of wages totalling € 1,232 million and payments to the State for social security contributions, personal income tax (IRS) and other taxes totalling about € 219 million.

2017

As mentioned, in 2017 Lisnave faced adverse market conditions, which, compounded by the effect of the booking of a large amount of impairments of receivables, and despite the Net Profit, did not allow a satisfactory performance to be achieved.

In fact, the commercial activity carried out and the so-called Repeat Business were not sufficient to offset the effect of the deterioration of the market, Lisnave having undertaken the repair/maintenance of just 78 ships during the year.

The average workload per ship in routine repairs was very low, given that shipowners continue to be faced with low profitability of their business, in that the ships' operating costs are very high compared with the selling prices of their services. However, the average invoice, as a result of the large size of some of the jobs carried out, stood at € 1.122 million, down from the previous year's figure of € 1.429 million.

Of the reasons for the low profitability of the shipowners operations referred to in the preceding paragraph, the amount of the average daily freight rates stands out, which – as a result of the lesser need for shipping arising from the growth of the world economy, on the one hand, and on the other, the growth of supply, given the large number of new ships that, not offset by the volume of ships scrapped, continue, year after year, to come into operation – stood at very low levels, though with different tendencies.

In fact, as can be seen hereunder in the tables of chapter 2 of this Report, the daily average freight rates of a "Modern Suezmax" tanker, that in 2016 reached a high of $27,300 per day, continued the worsening trend seen since 2015, to stand at about $15,900, that is, a significant drop of $11,400 per day compared to the previous year, or about 33% of the average daily rate of $47,500 for the same charter in 2008.

The freight rate for bulk carriers evolved differently. In fact, the reduction of the excess of supply, given that the growth of demand during the period was greater than the growth of supply, reversed the trend seen earlier. It should therefore be noted that, although starting off with very low amounts, the average yearly freight rate of a "Capesize" bulk carrier in 2017 stood at about € 15,000 per day, that is, a relevant $6,800 dollars more than in 2016, but even so represents about 75% of the average rates of 2014 or, more significantly, only about 15% of the more than $100,000 per day that these ships were able to obtain in charters in 2007 and 2008.

In this context of depression Lisnave concluded 2017 with ship-repair sales standing at € 87.5 million, € 8.2 million less than in 2016.

Total Operating Income stood at € 89.7 million, that is, about € 14.4 million less than in 2016, while total Operating Costs fell by around € 8.01 million.

Equity fell to € 30.8 million, a figure, however, that is six times greater than the Company's share capital.

Consequently, Net Income for the year worsened significantly, to stand at € 1.95 million.

Despite the worsening referred to above, Lisnave maintained its traditional characteristics as a highly export-oriented company, having sold abroad € 84.2 million in Maintenance and Repair services, while it repaired no ships flying the Portuguese flag.

As regards employment, Lisnave likewise maintained its customary high level of employability, though less so that than in the previous year, involving costs of € 47.1 million, an amount that corresponds to an average "job equivalent" of about one thousand nine hundred people per day.

Also underscored is the fact that the year came to an end with no past-due debt, either to workers or to the State, to which the sum of € 7.7 million was paid by way of personal income tax, social security contributions and other taxes.

With regard to fixed assets, investments during the year amounted to € 1.57 million. It should be pointed out, however, that total Investments since 2000 now stand at € 34.96 million.

One should note, on the other hand, the very significant costs incurred by Lisnave with major repairs of infrastructure and equipment, which exceeded € 470k during the year.

Though it is the responsibility of the Concessionaire, Lisnave Infraestruturas Navais, it should be noted, on the other hand, that Investments related with the working conditions of the Shipyard amounted to about € 1.034 million. It should also be noted that these investments in the rehabilitation of the shipyard, which began in 2008, with particular emphasis on the structural repair of Dock 20, now total € 19.98 million.

In the matter of human resources and given their importance, it should be mentioned that following approval by the annual general meeting, most of the Company's employees were granted a balance-sheet bonus totalling € 1.2 million.

On the other hand and as a result of negotiations with the workers ' representatives, an Internal Agreement was concluded, in which a wage increase of 1.8% was agreed.

With regard to the Human Resources strategy, the resolution of the Board of Directors is underscored, with a view to continuing the Youth Training Courses, following which three trainings courses were held, two of which in the area of metalwork and a specific one for Prevention and Safety Technicians, with a total of approximately 13,300 hours covering 33 trainees.

Of the courses completed in the meantime, 14 Young Workers and 5 Prevention and Safety Technicians were selected to enter into employment contracts with LisnaveYards, during the year. In addition to these, 1 Multi-preparer Technician and 2 Young Engineers were also recruited under the rejuvenation policy.

It should be recalled, in the meantime, as the board of directors has pointed out, that Lisnave, given the unwillingness of the workers' representatives to conclude a collective bargaining agreement suited to the characteristics of this business, decided in due course to redirect its strategic human-resources management policy, which came to rely on the close co-operation of LisnaveYards.

This Company, whose corporate purpose is similar to that of Lisnave, began its provision of services in February 2009 and has 258 workers in its service as at December 31, the majority of whom, 171, are direct workers

Lisnave maintained its Quality Certification in accordance with Standard ISO 9001:2015 and also Certification of its Environmental Management System under Standard ISO 14001:2015. It likewise maintained its International Ship & Port Facility Security (ISPS) Certification and the accreditation of the Calibration Laboratory.

As at December 31, 2017, 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 2018

As can be seen in greater detail in Chapter 7 of this report, though there are signs of drivers of positive evolution in 2019 and 2020, the outlook is not very favourable for the immediate development of the business.

Indeed, freight rates are expected to evolve positively and hence a slight increase in demand, but this increase may not have a relevant effect on Lisnave's business, given, on the one hand, the pressure on prices that is to be expected of shipyards located in low-cost areas and, on the other hand, the pressure on the "supply" side by the construction yards that are diverting part of their capacity to ship repair, which may help to maintain the very aggressive competition in ship-repair market subjecting Lisnave's commercial success level to downward pressure.

However, supported by the performance that the Company has achieved and by the high quality, accountability and involvement that management and other employees, at all levels, have demonstrated in recent years, the board of directors would like to express to the shareholders, if no disturbance of another nature shall have occurred in the meantime, its sense of moderate expectation that business in 2018 will stand at levels close to those seen 2017.

2 | General Comments About The Market

The Economy Situation

The adjustment of the world economy to the – downward – realignment of raw-material prices seen in 2014-2016, associated with favourable financing conditions, led to an increase of investment and of worldwide trade, generating a recovery of the rate of growth of the economies of almost every country. It is hoped that this global growth will continue in the coming years and that there will also be acceleration in the developing economies, especially of the economies that export raw materials.

According to the estimate of the United Nations, in its World Economic Situation and Prospects 2018 report, the growth of the global economy stood at 3.0% in 2017, a significant acceleration compared to the 2016 growth of 2.4%, the highest rate of global growth since 2011. In many countries, employment indicators continue to improve and about two-thirds of the countries recorded a growth rate of their economies higher than that in 2016.

In the developed economies economic growth has increased, standing at 2.2%, 0.6 percentage points higher than in 2016.

The result of strong foreign demand, due to the fall of the dollar and the increase of private consumption, the economy of the United States of America is expected to have grown by 2.2% in 2017, an increase of 0.7 percentage points compared to 2016, when the growth rate was 1.5%.

In the Eurozone, stimulated by the European Central Bank's support policy and by the strengthening of global demand, the economy is expected to have grown by 2.1% in 2017, 0.3 percentage points more than in 2016.

As a result of the implementation of a fiscal-stimulus package, of the recovery of private consumption and of increased exports, Japan's economy grew by 1.7% in 2017, an increase of 0.7 percentage points compared to 2016.

The economy of the developing countries in 2017 grew by 3.8%, 0.5 percentage points more than in 2016.

As a result of an ongoing fiscal-support policy and of strong exports recovery, the Chinese economy grew by 6.8%, an increase of 0.1 percentage points compared to 2016.

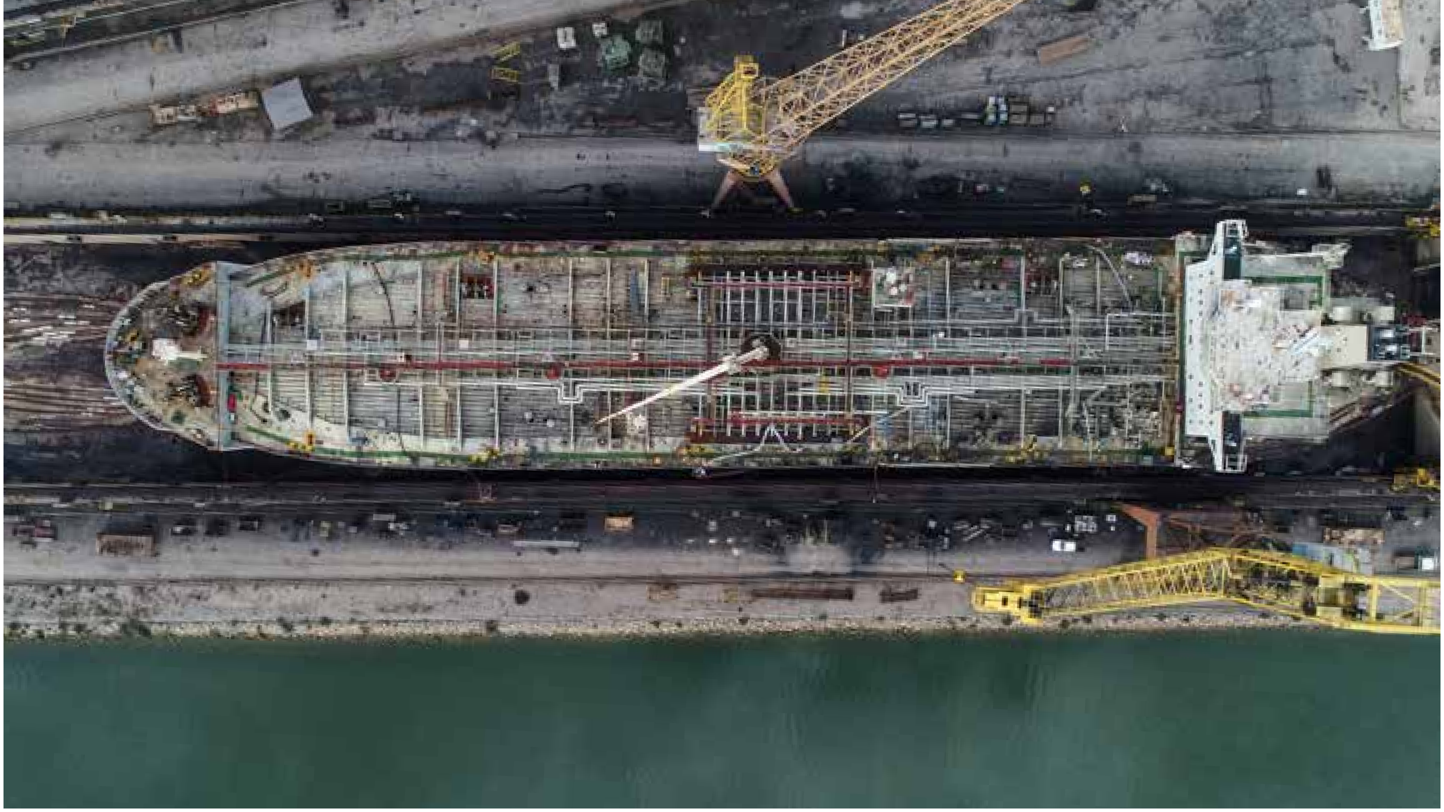
In India, as a result of the new tax policy that has harmonised taxes on goods and services at national level, it is estimated that the economy will have grown by 6.7%, 0.4 percentage points less than in 2016.

Supported by increased consumption and exports, taken together the economies of Latin America and the Caribbean grew by 1.0% following two consecutive years of contraction.

After the weak growth seen in the past two years, world trade in 2017 achieved a growth rate of 3.7%, 1.5 percentage points more than in 2016. This increase resulted from an increase of demand both of the developed and of the developing countries, with the exception of economies of countries in the Middle East and North Africa, the result of the cuts of crude oil production agreed within OPEC.

Evolution of the World's Merchant Fleet and Freight Rates

According to Clarkson Research, the fleet of tankers of over 10,000 dwt grew by about 2.7% by number of ships in 2016, following a growth of about 4.7%, in 2016. By the end of 2017 this fleet stood at 581.8 million dwt, a growth of 4.9% compared to the end of 2016, a year in which it had grown by 5.7%.



In terms of new construction, 332 ships were handed over, having a total carrying capacity of about 37.9 million dwt, or about 6.5% of the present capacity of the fleet. With regard to scrapping, 102 ships with a capacity of 11.1 million dwt were sold, or 1.9% of the capacity of the present fleet.

On the basis of the same source, in 2017 the dry-bulk fleet returned a 2.3% growth by number of ships and 2.9% in dwt terms, to stand at the year-end at 817.2 million dwt, 455 ships having been handed over with a capacity of about 38.3 million dwt corresponding to about 4.7% of the current capacity of this fleet. During the period 215 ships of a capacity of 14.5 million dwt, or 1.8% of the present capacity of this fleet, were sold for scrap.

The value of steel sold for scrap, which, on the Indian market had stabilized – downward – during 2015 and 2016 at around US$ 290 per tonne, grew significantly to stand at US$ 415 for tankers (up 43%) and US$ 430 per tonne for bulk carriers (up 48%) in 2017.

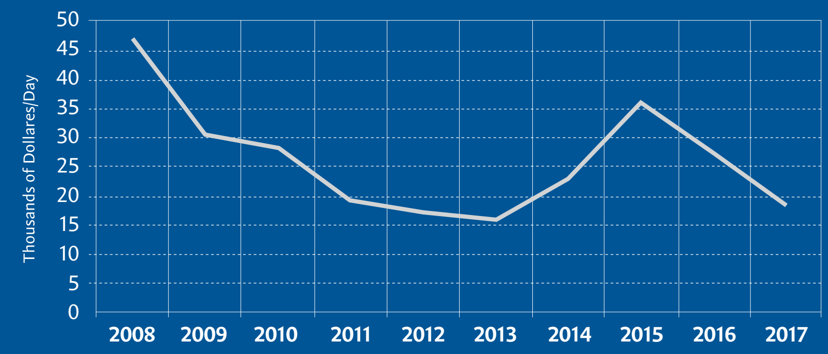
At the end of 2017, the order book for new tankers stood at 654, totalling 68.2 million dwt, or 11.7% of the tonnage of the present fleet. Of these 68.2 million, 37.9 million – or 55.6% of the total and 6.5% of the current fleet – are scheduled for delivery during 2018.

In the dry-bulk carrier fleet, the order book for new ships comprised 713 ships of 76.0 million dwt, or 9.3% of the present fleet. Of these, 34.3 million, or 45.1% of the total and 4.2% of the present fleet, are scheduled for delivery in 2018.

According to Clarkson Research, world demand for shipping grew by 4.1%, with tanker fleet growing by 2.9% and the dry-bulk carrier fleet by 4.2%. Thus, in the tanker market the supply of shipping was 2.0 percentage points greater than demand, while the supply of dry-bulk carriers increased by 1.3 percentage points, less than that of demand.

As a result of a growth of supply greater than that of demand, tanker charter rates, which in 2016 had reversed their growth trend that had fallen by 24% that year, again saw a reduction of the average amount, to stand in the case of the Modern Suezmax at the average freight rate for one-year charters at about US$ 15,900 per day, a reduction of about 42% from the 2016 average, returning to the levels seen in 2011-2013.

Freight Rates for Oil Tankers
Modern Suexmax



Yearly averages
Source: Clarkson

In the case of the dry-bulk fleet, the reduction of the excess supply of shipping, given the fact the growth of demand for shipping was greater than the supply, meant that the downward trend of freight rates was reversed and came to stand, in the case of the Capesize, at an average of about US$ 15,000 per day for one-year charters, an increase of about 84% compared to the average figures for 2016, but still far lower than the figures at the start of the decade.

Freight Rates for Bulk Carriers
Capesize – 12 months T/C

Yearly averages
Source: Clarkson


HELLAS EXPLORER
NO SMOKING

3 | Ship Repair/Maintenance Business

Demand

Despite the need that shipowners have to keep their fleets in good maintenance and certification conditions, the low freight rates seen over almost a decade means that the portion of their budgets devoted to maintenance of their ships is as low as possible, thus creating a competitive advantage for ship-repair yards in low-cost areas. In addition to the aforesaid competitive advantage, the reduction of the activity of shipbuilding yards, which seek to complement their activity with ship repair and maintenance, associated with the increase of the capacity of the ship-repair yards, both by number of docks and by their size, has increased the competitive pressure on ship-repair yards of Europe, particularly of Western Europe. This increase of competition has a significant reflex in the decrease of the Commercial Success Rate and also of the average billing amount per ship.

As a result of the growth in demand for transport of bulk liquids being lower than the growth of supply, prices of new constructions of this fleet fell slightly in relation to 2016 and remain at the lowest figure of the past decade. In the second-hand ship sale market, as a result of a higher than expected economic growth in the last quarter of 2017, shipowners expectations have improved and the value of five-year-old ships reversed the trend of reduction and –in average annual terms – caused a growth of about 10% compared to 2016. This slight appreciation of the of tanker fleet’s assets also led to a slight increase in demand for repair in this market segment.

In the case of the dry bulk fleet, the reduction of the excess of the fleet generated some optimism among the players in this market segment, causing the price of new construction to grow by about 5% and that of second-hand vessels aged around five years by about 40%.

As a result of this appreciation of assets and of the postponement of the entry into force of the new regulations on ballast-water treatment, shipowners have reduced sales for scrap, thus increasing the useful life of their ships in service.

Thus, demand for ship repair at Lisnave, whose market is worldwide, measured by number of enquiries, grew by about 13% compared to 2016. The negotiations of these enquiries generated 77 orders, about 9% more than in 2016, the success rate having remained at 17%.

Headings	2017	2016	2015	2014	2013
Enquires	478	407	549	507	524
Orders	77	71	115	90	113
Success Rate (%)	17	17	21	18	22

The Business

During 2017, 78 ships finished their repair/maintenance, 77 of which in dock. As a result of the major reduction of the freight rates of the tanker market, which is LISNAVE's main market, accounting for some 60% of the ships repaired, the routine-repairs segment suffered a slight reduction overall, in terms of the average workload per repair.

In the major-repairs market segment a container ship of a Brazilian shipowner was repaired and, in the wake of what had happened in 2014, 2015 and 2016, two tankers of a total of five owned by a Venezuelan shipowner were subject to repair/maintenance, with a general overhaul of all systems.

As in previous years, LISNAVE's business was centred on its traditional market segments – tankers and dry-bulk carriers. By number, they account for about 70% of the business. Attention is drawn to the move into other market segments, such as container ships, accounting for 17% of the ships repaired.

Years	National	Foreign	Total	In Dock
2017	0	78	78	77
2016	1	66	67	64
2015	1	106	107	105
2014	1	91	92	91
2013	1	106	107	103

Given the globalisation of LISNAVE's market, ships repaired in 2017 belonged to 45 customers located in 21 countries. In terms of number of ships repaired, the more significant were Singapore with 12 ships, Greece with 10 and Germany with 7.

4 | Investments/Others

Lending continuity to its policy of investment and renovation of infrastructure, LISNAVE, with the aim of maintaining the necessary operating conditions of the shipyard, has, as in previous years, invested both in new resources and in major repairs to existing infrastructure and equipment, investing during the year about € 1.57 million, with a focus on the cumulative amounts of investments since 2000, now amounting to about € 34.96 million, of which € 24.85 million in new investments and about € 10.11 million invested in major repairs of existing infrastructure and equipment.

During the year under review, LISNAVE also bore further costs of € 470k in major repairs of infrastructure and equipment. It should be noted that since 2009, the year in which, in keeping with the alteration of the accounting standards, these costs are no longer capitalised, the total now stands at about € 14.51 million.

In the matter of new investments, in addition to the maintenance and recovery of some buildings and storage parks, mention must be made of the acquisition of miscellaneous hardware, the acquisition of new equipment and tools in the production area, in particular the acquisition a large number of MIG/MAG welding equipment for use on board, the update of mobile electrical equipment, the construction of new metal chocks and concrete blocks, and the acquisition of scaffolding material.

In terms of major repairs, it is important to highlight the connection of three workshop wastewater-collection tanks to the ETPO (oily wastewater treatment plant), implementation of an Electricity Consumption Management and Monitoring System and the Reorganisation of the IT Racks.

On the other hand, attention is drawn to the investments related to the DHW heat production supported by

renewable energies, the installation of a Lock/Hydrolift monitoring system, the Inspections and testing of the slabs of Docks 21 and 22, the rehabilitation of the Lock Gate of Dock 22, the waterproofing of the seals of the Hydrolift Lock, the Structural rehabilitation of 5 cranes and the Rehabilitation of the 500T gantry crane, involving investments of about € 1.034 million, which , though the responsibility of the concessionaire, Lisnave Naval Infrastructure, add to the investments made in previous years, in particular in the structural repair of Dock 20, Pier 3 and the electrical rehabilitation of the Yard, totalling more than € 19.98 million.

Environmental Protection

Lisnave contributes actively to the environmental protection of the oceans in its ship maintenance and repair business.

In 2017, Lisnave very successfully made the transition, via Lloyd's Register, of the Certification of its Environmental Management System to the ISO 14001:2015 standard.

The Company is guided by the use of Best Available Techniques in the field of surface treatment, using organic solvents, with emphasis on the efficiency of the domestic and industrial wastewater-treatment plants that treat all the wastewater generated at the facility, including that from the docks.

In relation to waste, and from a standpoint of circular economy, in 2017 more than 85% was recycled or recovered, a relevant example of which is the forwarding of the used blasting grit to the national cement industry.

With regard to the reduction of the ecological footprint, in particular through the reduction of CO2 emissions, Lisnave has carefully followed the measures defined in its Energy Management System.

Information Technologies

Within the scope of the ongoing updating and improvement in the Information Technology area, Lisnave has restructured it by means of several improvement projects, particularly in terms of enhancing the security of its Information Systems.

So, in the wake of an audit on the state if security of the systems' perimeter it was decided to implement a single integrated Cyber security system, using a Check Point security solution, the aim being to replace the various existing components in production and to strengthen the points of contact of the networks with use of the Internet.

Still in this connection, a project was implemented to improve the security communications racks, and conditions were created to significantly increase the protection of the network infrastructure and cabling.
Lastly, emphasis is given to the technological renovation project of the entire SAP infrastructure, with upgrading to the latest SAP technological innovation – SAP Hana – which offers greater guarantee of success, and to the meeting of future needs with the upgrade of the existing SAP applications in production.

Quality/ Other Certifications

Lisnave's top priority is Quality as a success factor, ensuring the Company's skills through ongoing improvement of its self-sustaining and effective Quality Management System.

It maintains the confidence of its customers, partners and other stakeholders through values acknowledged by all, in accordance with the Company's strategic goal that Lisnave continue to be recognised as leader in its market segment.

During 2017 Lisnave maintained, with recognised success, its certification in accordance with standard ISO 9001:2015 by the audits performed by Lloyd's Register.

It likewise maintained the protection certificate If International Ship & Port Facility Security Code as well as accreditation of the Calibration Laboratory.

Research & Development

During 2017, in partnership with a specialised Portuguese Company, a study continued to assess the load-bearing capacity of the slab of Dock 21 with a view to optimising the ship-docking plans.

5 | Human Resources

As it has reaffirmed over the past few years LISNAVE decided, in due course, to rejuvenate the Company and to render more flexible several aspects of the employment contract, given the essential need to ensure its survival and future sustainability. The need for rejuvenation, for the fact that acceptable limits of the average age of its workers had already been exceeded given the physical demands of the activity, as well as greater flexibility of the employment contract in order to tackle the better contractual conditions of its most direct competitors in a highly competitive market such as ship repair, are preponderant factors in the definition of the Company's human resources strategy.

To this end and after the representative bodies of the workers had repeatedly rejected the Company Agreement proposals tabled in the meantime, the Board of Directors decided to redirect its human-resources strategy, developing an extensive youth-training programme and, in this way, to make a start to the inevitable process of rejuvenation of its personnel.

On the other hand, the Company made a start, with the co-operation of shareholder Navivessel, to the legal procedures leading to the incorporation of a new company which, having a corporate purpose similar to its own and operating under the provision of services mechanism, would become, in keeping with requirements, the company that will hire all future workers.

This new company, whose name is LISNAVEYARDS – Naval Services, Lda, was legally incorporated and has been providing services to LISNAVE since February 2009.

Within the context of that rejuvenation policy begun in 2006, LISNAVE organised several youth-training programmes in the meantime, involving more than three hundred and fifty trainees to date. These programmes were preceded by an in-depth study of the functions performed at the shipyard, which resulted in five new professions: Naval Metalworker, Mechanical Metalworker, Naval Fireman, Machine Tool Operator and Lifting and Transport Equipment Operator, with the aim, on the one hand, of providing the technical training indispensable to each of the five areas of activity, while not neglecting, on the other, aspects considered fundamental in carrying on this activity, such as flexibility and multi-disciplinarily.

The organisation of these training programmes directed at selecting young people with a suitable profile and providing them with training and basic skills in those areas of the company in greater need of human resources has, as a result of the final pass level, enabled LISNAVE-YARDS to be progressively provided with the human resources considered necessary to ensure the productive capacity of the shipyard, while ensuing the replacement of those workers who naturally leave the company on retirement.

In this way, at the end of 2017, LISNAVEYARDS had a total of 258 workers of the various professions related to the business, 171 of whom direct workers. During the year it took on 14 workers, 5 prevention and safety technicians and 2 young mechanical engineers.

Remuneration Charges

Preceding the presentation of the most relevant indicators, it is important to note that, following the timely adoption of the board of directors' proposal concerning the appropriation of profit, all workers were allocated a balance-sheet bonus comprising a fixed part equal to 60% of the monthly fixed wage and two variable parts, one on the basis of absenteeism and other dependent on performance assessment, a total aggregate bonus of € 1.2 million.

Total staff costs stood at € 11.7 million, as detailed in the following table.

Personnel Costs

Headings	2017	2016
Remunerations	7.637.157	8.479.942
Overtime	609.018	642.560
Bonuses, Subsidies and Other Remunerations	641.238	682.051
Subtotal	**8.887.413**	**9.804.553**
Social Security Contributions	2.815.294	2.584.545
Total	**11.702.707**	**12.389.098**

(Amount in Euros)

The reduction under Wages is the result, first and foremost, of the natural departure throughout the year. With regard to Overtime and Bonuses, Subsidies and Other Remuneration, the reduction is related to the difficult year that the company faced, a year in which demand, measured by number of enquiries, stood at the second lowest level ever.

The increase under Social Charges was due mainly to issues relating to Insurance and Canteens.

Mention is also made of the Internal Agreement concluded with Workers' Representatives, within the scope of which a wage increase of 1.8% was agreed.

Training & Development

Several vocational training courses were organised during 2017, involving more than 700 participants and covering areas considered fundamental to the Company, both for their technical component and also in behavioural and management terms.

Continuing the project begun the previous year, in a training and development area more focused on team-leader and co-ordination functions, thus seeking to plug the gap left by the departure of workers who performed duties of this type, LISNAVE, in co-operation with ATEC (a training academy), continued to implement a training programme for managers, divided into three phases: study and survey of the Team Co-ordinator post, Assessment Centre, with individual interviews and practical exercises and, lastly, the concept and implementation of the 11 training modules, essentially addressing behavioural aspects, related in particular with issues of leadership, people management, organisation and planning, conflict management, communication, negotiation and customer orientation. Of the 43 workers involved in the first phase of the project, 31 were selected to take part in the first three Team Co-ordinator training courses, the conclusion the last course having occurred in November 2017.

Compared to previous years, there is a higher incidence in areas of personal development, which reveals the growing concern to ensure and develop the behavioural skills of the younger generations.

During 2017, there were 18,700 vocational-training hours, including in-house training course, in particular in situations of preparation of younger workers and individual training courses required by some sectors in areas of specific knowledge.

Training 2017

Areas of Training	Total Hours	Number of Participants
Personal Development	5.637,25	101,00
Qualifications /Retraining of Production Techniques	484,00	48,00
Quality, Safety, Environment and Protection	1.301,50	45,00
Hardware and Software	3.439,00	289,00
Financial, Tax and Accountancy Management	7.866,33	237,00
Total	**18.728,08**	**720,00**

Training of Young People

In addition to the vocational training referred to above, Lisnave also organised, within the framework of its rejuvenation plan, 3 more youth training courses, in the various metalworking professions, in particular, Mechanical Metalworkers and Naval Metalworkers, and also a specific course for Prevention and Safety Technicians.

In overall terms and with regard to youth training, there were 13,288 training hours attended by 38 trainees.

Health, Hygiene and Safety

During the year Lisnave maintained its customary concern as to the health of its employees. From this standpoint, besides occasional interventions, a total of 712 examinations were organised, 381 of which involving LisnaveYards workers, subdivided into 42 induction, 341 periodic, and 329 occasional examinations.

Within the scope of safety in 2017, Lisnave had no very serious accidents, though there was an increase in the number of accidents with recourse to insurance, when compared to 2016, but led to fewer working days lost. This means that in the matter of accidents in 2017, in comparison with 2016, there was a reduction of the Severity index, which stood at 0.77 and in increase of the Frequency index at 36.72.

To ensure ongoing improvement of these accident indices Lisnave has continued its worker-awareness activities in order that in the day-to-day working of the Company safety continues to be borne in mind in the production process, though prior identification of hazards and risk assessment prior to the start of the jobs, as well as use of suitable, and recommended collective and individual protection equipment and compliance with the Company's, regulations and safety procedures.

On the other hand, it continued its strong focus on information, education and training of the various parties involved in the matter of safety and health at work and the environment, involving more than 1,900 people in 2017, including, on the one hand, the intake of 591 new workers of service-provider companies and new trainees and, on the other, the refreshing of 1,141 of its own workers and those of service-provider companies.

Information, education and training was also provided, in a more specific area, to 146 people, particularly foremen, project managers, safety at work technicians and, within the scope of co-operation with external entities, students and teachers of the Infante D. Henrique Nautical College and of the Instituto Superior Técnico, besides other external trainees.

In addition to the aforesaid training, the prevention and safety sector has also been involved in raising awareness on safety, quality, environment and good practice organised by the company's production sectors, involving 32 people, including LISNAVE workers and heads of external companies.

Lastly, we would also highlight basic safety information and rules provided to those people who enter the company's premises on a daily basis, particularly sales personnel, external technicians and other visitors, totalling 1,546.

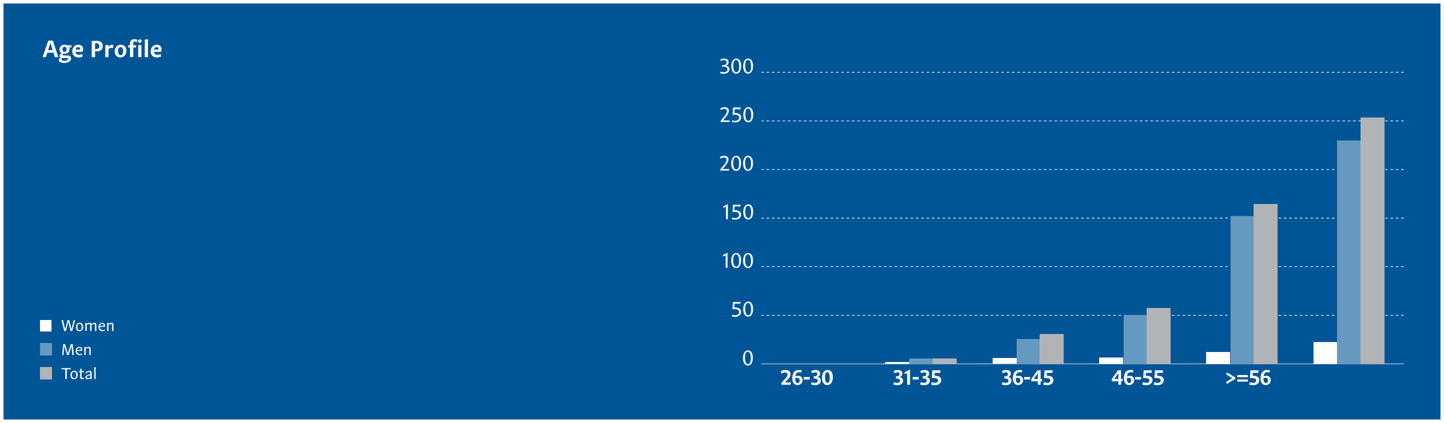
Within the scope of this policy, but in the health area, the Company decided to organise the customary seasonal-flu vaccination campaign which involved 53 workers.

Other Indicators

The 2017 absenteeism rate worsened slightly compared to the previous year. Compared to the personnel indicators at the end of 2016, LISNAVE had 4 fewer employees,

mostly for reasons to do with early retirement in accordance with the law.

As at December 31, 2017, LISNAVE's total personnel amounted to 252, their average age still 56.73.



6 | Economic and Financial Situation

As mentioned earlier, LISNAVE repaired 78 ships during 2017, generating total billing in the sum of about € 87.5 million.

As shown in the following table, there was a significant 8.6% decrease of billing in 2017 compared to the previous year, despite the 16.4% increase of the number of ships repaired.

Average billing per ship in the sum of € 1,122k reflects a decrease of 21.5% compared to last time. This is mainly the result of the lower number of major repairs carried out during the year, since the work content per ship in routine repairs remained at the level of the previous year.

Despite the increase in the number of ships repaired compared to the previous year, when compared with the average of 102 ships over the 2013/2015 three-year period, there was a 23.5% downturn.

Number of Ships and Invoicing

Headings	2017	2016	2015	2014	2013
Number of Repaired Ships	78	67	107	92	107
Total Invoicing	87,5	95,7	113,2	76,3	81,0
Average Invoicing per Ship	1,122	1,429	1,057	0,830	0,757

(Amounts in Millions of €)

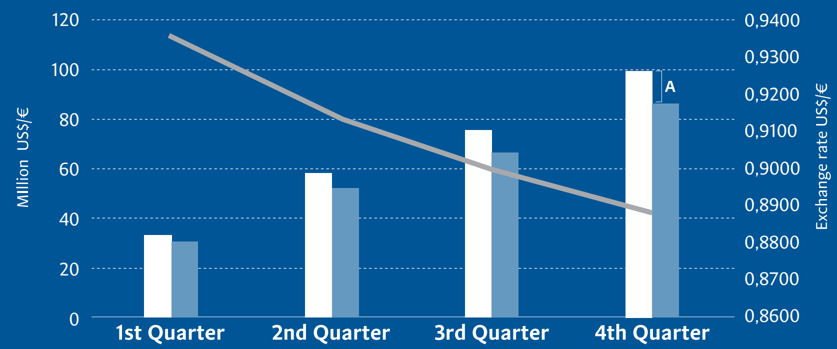
This result is directly related to the evolution of demand, that is, the number of enquiries, though 12.5% higher than last year, was still 13.1% lower than the average for the same 2013/ 2015 three-year period, as well as of the stagnation of the success rate at 17% over the past two years, a deterioration of 3 percentage points, compared with the average of the 2013/2015 the three-year period.

The evolution of these indicators is closely related with, inter alia, the sharp downturn of freight rates as from 2008, in the wake of the international financial and economic crisis and the persistent market oversupply of shipping.

Also to be underscored for its importance is the performance of the US dollar in 2017, in that LISNAVE's major customers continue to primarily use the dollar in their commercial transactions. Thus, during the year under review, there was a sharp devaluation of this currency against the euro of around 12%.

The following table shows the impact that the evolution of the dollar had throughout 2017, on the accumulated invoicing of the repairs, standing at an average rate of 0.8879.

Accumulated Sales and Exchange Rate US$/€
Year 2017



	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales US$ 2016	32,0	57,5	74,8	98,6
Sales € 2016	29,9	52,6	67,3	87,5
Exchange rate US$ / € 2016	0,9349	0,9146	0,8995	0,8879

A = More 10,2 Millions US$

The following table shows the total evolution of Sales & Services Rendered.

Sales and services rendered

Headings	2017	2016	2015	2014	2013
Ship Repairs	87.506	95.744	113.152	76.333	81.038
Revenue of Ships in Progress	-3.094	4.610	-3.294	4.327	549
O. Activities	1.433	561	3.490	3.905	2.801
Services Rendered	1.182	1.213	1.294	1.103	1.315
Total	**87.027**	**102.128**	**114.642**	**85.669**	**85.704**

(Amounts in Thousands of €)

The total value of Ship repairs and of Revenue of ships in progress accounted for 97% of the total value of Sales & services rendered, while Other Activities and Services Rendered together amounted to € 2.6 million.

It should be pointed out that the amount of Other Activities fell very sharply compared to the figures for the 2013/2015 three-year period as a result of the decrease of Sales of Services rendered to Lisnave Infraestruturas Navais, the holder of the Mitrena Shipyard Concession Contract, related with the postponement of the implementation of the Shipyard Rehabilitation Investment Plan, because of Lisnave's operational needs.

Continuing to characterise the evolution of the Company's economic situation, the following table provides the 2017/2013 statements of income, showing, on the one hand, the evolution of the returns on sales and, on the other, the evolution of the relative weight of production factors as a proportion of Total Operating Income.

Statement of Profit and Loss

	2017		2016		2015		2014		2013	
Headings	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Sales and Services Rendered	87 027		102 128		114 642		85 669		85 704	
Works for the Company	2		0		0		3		0	
Other Income and Gains	2 641		1 917		1 541		3 538		3 173	
Total Operating Income	**89 669**	**100**	**104 045**	**100**	**116 183**	**100**	**89 209**	**100**	**88 877**	**100**
Costs of Row Materials Consumed	6 009	6,7	8 945	8,6	6 187	5,3	5 800	6,5	4 302	4,8
Supplies and External Services	61 397	68,5	68 893	66,2	74 392	64,0	61 324	68,7	58 493	65,8
Personal Costs	11 703	13,1	12 389	11,9	14 049	12,1	12 804	14,4	14 207	16,0
Depreciations, Impairments and Provisions	6 048	6,7	1 579	1,5	1 815	1,6	-80	-0,1	1 080	1,2
Taxes	21	0,0	24	0,0	34	0,0	101	0,1	113	0,1
Other Costs and Losses	1 387	1,5	2 841	2,7	670	0,6	427	0,5	463	0,5
Total Operating Expenses	**86 564**	**96,5**	**94 671**	**91,0**	**97 147**	**83,6**	**80 376**	**90,1**	**78 658**	**88,5**
Operating Profits	**3 105**	**3,5**	**9 374**	**9,0**	**19 035**	**16,4**	**8 833**	**9,9**	**10 219**	**11,5**
Financing Results	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Profits before Taxes	**3 105**	**3,5**	**9 374**	**9,0**	**19 035**	**16,4**	**8 833**	**9,9**	**10 219**	**11,5**
Taxes on Icome for the Period (-)	-1 151	-1,3	-2 659	-2,6	-5 423	-4,7	-2 357	-2,6	-3 240	-3,6
Net Income for the Period	**1 954**	**2,2**	**6 715**	**6,5**	**13 612**	**11,7**	**6 476**	**7,3**	**6 980**	**7,9**

(Amounts in Thousands of €)

An overall appraisal of the income statement shows that in 2017 the Company's economic situation worsened significantly compared to the previous year, returning a Net Profit of about € 2 million.

The Cost-to-income ratio worsened by 5.5 percentage points when compared with the previous year, standing at 96.5%.

LISNAVE continues not to carry any amount under borrowing costs since it had no need to resort to bank loans.

The fact must continue to be underscored that the exchange-rate risks related with the volatility of the dollar were eliminated in good time as a result of the decision taken by the Board at the end of 2003 t to replace the dollar by the euro in billing its customers. Therefore, the currency-translation differences recorded in 2017 were not materially relevant.

To complete the review of the Company's economic evolution over the 2013-17 periods the following table provides a set of the more relevant economic indicators and ratios.

Economic Aggregates

Headings	2017	2016	2015	2014	2013
Overall Aggregates					
Gross Value of Production (GVP)	87 028	102 128	114 642	85 672	85 704
Gross Value Added (GVA)	22 355	27 334	38 851	21 200	26 000
Personnel Costs	11 703	12 389	14 049	12 804	14 207
Gross Cash Flow	9 154	10 954	20 850	8 753	11 299
Average number of Emplyees	**253**	**261**	**285**	**291**	**296**
Ratios					
GVP per Capita	344	391,3	402,3	294,4	289,5
Personnel Costs per Capita	46,3	47,5	49,3	44,0	48,0
GVA /GVP	26%	27%	34%	25%	30%
Personnel Costs / GVA	52%	45%	36%	60%	55%

(Amounts in Thousands of €)

Observation thereof leads to the conclusion that, in 2017, all the company's performance indicators and ratios returned a negative performance by comparison with the previous year. However, despite this result, the Company maintained its economic sustainability, allowing it to continue to tackle a market characterised by great unpredictability.

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

Shareholder's Funds

Headings	2017	2016	2015	2014	2013
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	23.799	23.784	23.672	23.196	22.216
Net Profit of the Financial Year	1.954	6.715	13.612	6.476	6.980
Total Shareholders Funds	**30.753**	**35.499**	**42.284**	**34.672**	**34.196**

(Amounts in Thousands of €)

Equity stood at € 30.8 million as at December 31, 2017. The book-value per share at the year-end was € 30.75, an increase of 515% compared to the par value.

The main balance-sheet headings for the past five years, referred to December 31, 2017, as shown in the following table, provide an appraisal of the evolution of the Company's financial structure.

Comparative Summ. Balance Sheet

Headings	2017	2016	2015	2014	2013
Assets					
Non-current Assets	13 006	10 878	9 338	9 798	10 604
Inventories	1 985	2 077	1 851	1 850	1 947
Clients C/A (Net Prepayment)	10 596	14 714	13 005	12 035	9 859
Other Receivables	5 571	8 139	6 404	6 698	5 176
Cas and Banks	29 975	38 536	51 928	35 393	37 892
Deferrals	120	232	247	143	91
Total Assets	**61 253**	**74 577**	**82 774**	**65 918**	**65 569**
Liabilities					
Provisions	1 583	3 725	2 136	2 204	3 327
Other Non-current Payables	30	137	876	1 445	2 634
Suppliers C/A (Net Prepayment)	21 289	24 794	24 648	19 206	16 489
Other Payables	7 599	8 108	11 577	8 391	8 924
Deferrals	0	2 314	1 252	0	0
Total Liabilities	**30 500**	**39 079**	**40 490**	**31 246**	**31 373**
Shareholders Funds	**30 753**	**35 499**	**42 284**	**34 672**	**34 196**

(Amounts in Thousands of €)

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 order of € 19.4 million, a quick ratio of 1.67 and a cash ratio of 1.60, it can be said that the Company's short-term financial structure continues to be very sound.

A contribution continued to be made to this by the following factors: absence of short-term bank debt owing to non-use of bank loans to meet day-to-day cash-management requirements as a result of the cash flow generated during the year, and the increase of cash-in-hand and bank balances, which together amounted to about € 30 million at the end of the period.

Financial Structure

With a non-current asset financing ratio of 2.36 and total solvency and self-financing ratios of 100.8% and 50.2% respectively, the conclusion is that the financial structure of the balance sheet continues at a very comfortable level suited to its core business, which is noted for its great unpredictability.

Lastly, and in keeping with legal requirements, it is hereby declared that, as at December 31, 2017, LISNAVE held no treasury shares and there was no past-due debt to the State Public Sector, including Social Security.

7 | Business Outlook for 2017

In 2017, the advanced economies grew more than expected, especially in the Eurozone, the United States of America and Japan. As installed capacity reaches full use it reduces the incentive policy, which will moderate the growth rate of their economies and therefore, for these economies, a growth of 2.0% is predicted in 2018, that is, a reduction of 0.2 percentage points in relation to that estimated for the 2017.

In the developing economies, the economies of raw-material exporter countries experienced a growth of their exports and a global stabilisation of prices.

In the raw-material importer countries, the increase of the growth rate of their economies was mainly due to the increase of their domestic demand and to the increase of exports of finished products to the developed economies.

It is therefore expected that in the developing economies this situation will be maintained in 2018, causing a 0.3 percentage point increase of the growth rate to 4.6%.

As a result of the forgoing, in 2018 the world economy is expected to maintain a growth rate similar of 2017 and trade is expected to suffer a slight reduction of 0.2 percentage points, from 3.7% in 2017 to 3.5% in 2018. Therefore, in relation to world shipping, Clarkson Research projects for 2018 a growth of 3.5%, that is, a or 0.6 percentage points less than that of 2017.

Given the robustness of economic growth seen in recent years, which is expected to continue in the coming years, 2018 may come to be year of the entry into a new cycle in the world of Shipping, given, on the one hand, the pressure that the Paris Accords are placing on world shipping activity and, on the other, the effect of decisions that come to be taken, both in relation to the type of treatment of ballast water, to the type of fuel, and also to the solutions for the treatment of exhaust gases to be used in order to comply with the emission limits demanded.

The entry into force of these international regulations will result in high costs, both investment and operational, will certainly generate opportunities for ship-repair yards and will have an as yet unpredictable impact on docking programmes in 2019 and 2020.

However, the strong concentration and consolidation that has seen and is expected to continue in the next few years will cause a concentration of the fleets among fewer and fewer shipowners, which will adversely affect the negotiating capacity of the shipyards.

In this connection, as a result of the combined effect of the real evolution of the predictions referred to above and of the impact caused by the supply of new ships planned for the first half of 2018, freight rates are expected to begin a process of growth, though slight, on that will cause a climate of optimism to return to the sector, having as a possible consequence a slight increase in demand for repairs by the shipowners with a view to enhancing their assets. However, the pressure on prices of repairs will continue to be felt through the ongoing increase in activity in countries where production costs are significantly lower than those of Lisnave.

Having weighed the seemingly contradictory effects of these expectations, it can be expected that demand for ship-repair activity will remain, in 2018, at a level relatively close to that of the previous year.

Human Resources

In 2018 the board of directors intends to go ahead with its strategic Human Resources Management Policy through the co-operation established with LisnaveYards, in order to continue to promote, thereby, the creation of conditions that will ensure the future sustainability of this industry in Portugal.

To this end, Lisnave aims to explore new forms of co-operation with LisnaveYards, in an endeavour to get it to take on greater responsibilities in the development of the business, in the light of its personnel, particularly with regard to the number of its direct workers.

In this connection, in addition to intending to continue to ensure the vocational training of its workers – having prepared for the purpose an annual plan of about 27,200 hours – Lisnave intends to continue with its Rejuvenation Policy and has planned three new youth training courses, lending continuity to the Direct Foremen's Training Programme, and also to go ahead with the definition and implementation of Strategic Succession and Rejuvenation Plan for the Company's Managers.


JO PINAR

8 | Proposal for the Appropriation of Profits

Since the Company's performance in 2017 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 € 480.000(Four hundred and eighty thousand Euros) already included in the Net Profit for the year, and that

2 The Net Profit for the year in the sum of € 1.953.969,70 (One million, nine hundred and fifty-three thousand, nine hundred and sixty-nine Euros and seventy Cents) be appropriated as follows:

Dividends	1.950.000,00 Euros
Retained earnings	3.969,70 Euros

9 | Closing Remarks

Lastly, in closing the Management Report in respect of the business in 2017, 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.

Setúbal, 23 February 2017

The Board of Directors

Chairman
Eng. José António Leite Mendes Rodrigues

Members of the Board
Dr. Nelson Nunes Rodrigues
Dr. Aloísio Fernando Macedo da Fonseca
Eng. Peter Luijckx
Dr. João Rui Carvalho dos Santos
Eng. Manuel Serpa Leitão

Balance

Statement of Changes in Equity

Statement of Profit and Loss by Activity

Cash Flow Statement

Annex

Auditing Committee Report and Advice

Legal Certification of Accounts

Extract of the Minute of the Annual General Meeting of Shareholders held on 28th March 2018 relating to the approval of documents reporting the Accounts for the 2017 Financial Year

BALANCE

Headings	Notes	2017	2016
Assets			
Non-current Assets			
Tangible Assets	8	6 755 327,28	5 973 637,11
Investment properties	7	2 567 100,00	2 567 100,00
Other financial Assets	15	945 934,89	913 945,89
Deferred tax Assets	14	2 170 908,25	973 564,36
Other accounts receivable	15	116 294,19	-
Non-current Assets held for Sale	8	450 000,00	450 000,00
		13 005 564,61	**10 878 247,36**
Current Assets			
Inventories	10	1 985 214,00	2 077 339,55
Costumers	15.1	10 625 431,39	14 743 665,58
Advances to Suppliers	15.3	125 779,52	509 654,01
Sate and other Public Entities	14/17.1	2 237 454,37	4 180 155,97
Other accounts receivable	15.2	3 333 547,92	3 959 214,46
Deferrals	17.2	119 671,32	231 624,90
Cash and short-term deposits	4	29 975 118,27	38 536 467,59
		48 402 216,79	**64 238 122,06**
Total Assets		**61 407 781,40**	**75 116 369,42**

(Amount in €)

Headings	Notes	2017	2016
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
		28 798 703,51	28 783 867,01
Net Profit / Loss for the Period	17.3	1 953 969,70	6 714 836,50
Total Equity		**30 752 673,21**	**35 498 703,51**
Liabilities			
Non-current Liabilities			
Provisions	12	1 583 086,32	3 725 030,00
Deferred Tax Liabilities	14	29 655,02	0,00
Other accounts payable	15.4	0,00	137 155,81
		1 612 741,34	**3 862 185,81**
Current Liabilities			
Suppliers	15.3	21 414 307,61	25 303 935,28
Advances to costumers	15	29 430,36	29 230,36
State and other Public Entities	14/17.1	367 697,82	522 632,67
Other debts payable	15.4	7 230 931,06	7 585 682,99
Deferrals	17,2	0,00	2 313 998,80
		29 042 366,85	**35 755 480,10**
Total Liabilities		**30 655 108,19**	**39 617 665,91**
Total Equity and Liabilities		**61 407 781,40**	**75 116 369,42**

(Amount in €)

STATEMENT OF CHANGES IN EQUITY

Description	Issued Capital	Legal Reserves	Earnings	Net Income	Total Equity
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**
Reminder 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**
Position at 01/01/2017	**5 000 000,00**	**1 398 173,26**	**22 385 693,75**	**6 714 836,50**	**35 498 703,51**
Reminder of the distribution of the Net Income for the Period			6 714 836,50	-6 714 836,50	0,00
Changes for the period					
		0,00	**0,00**	**0,00**	**0,00**
Net Income for the period				**1 953 969,70**	**1 953 969,70**
Operation with equity owners for the period					
Dividends			-6 700 000,00		-6 700 000,00
	0,00	**0,00**	**-6 700 000,00**	**1 953 969,70**	**-4 746 030,30**
Position at the end of 2017	**5 000 000,00**	**1 398 173,26**	**22 400 530,25**	**1 953 969,70**	**30 752 673,21**

(Amount in €)

PROFIT AND LOSS STATEMENT

Income and Services	Notes	2017	2016
Sales of goods and services rendered	11	87 026 700,60	102 128 300,52
Works for the company		1 635,18	125,76
Costs of goods sold and materials consumption	10	(6 008 873,24)	(8 945 121,59)
External supplies and services	17.4	(61 396 510,72)	(68 892 566,77)
Personnel expenses	16	(11 702 707,31)	(12 389 098,26)
Provisions for inventories	10	(20 158,94)	(16 244,25)
Impairment for doubtful accounts	15.1	(5 595 139,46)	1 558 379,52
Provisions (increases/reductions)	12	501 809,54	(2.373.676,54)
Other operating income	17.5	2 641 112,39	1 916 795,62
Other operating expenses	17.6	(1 407 684,72)	(2 864 838,97)
Earnings before Interest, Taxes, Depreciation and Amortization		**4 040 183,32**	**10 122 055,04**
Depreciation and Amortization	8/17.7	(934 760,32)	(747 844,07)
Earnings before Interest and Taxes		**3 105 423,00**	**9 374 210,97**
Earnings before Taxes		**3 105 423,00**	**9 374 210,97**
Income Tax	14	(1 151 453,30)	(2 659 374,47)
Profit for the Year		**1 953 969,70**	**6 714 836,50**
Profit by Share		**1,95**	**6,71**

(Amounts in €)

CASH FLOW STATEMENT

	Period	
Headings	**2017**	**2016**
Cash Flow from Operating Activities		
Receivable from costumers	83 323 895,00	102 578 516,14
Payments to suppliers	-83 131 699,97	-94 267 736,29
Payments to employees	-9 186 043,31	-9 810 455,65
Cash Generated by Operations	**-8 993 848,28**	**-1 499 675,80**
Income tax payments	-1 670 941,94	-8 180 796,98
Other payments/receivable related to opertaing activity	9 969 789,61	10 210 515,92
	-695 000,61	530 043,14
Flow from Operating Activities (1)	**-695 000,61**	**530 043,14**
Payments Related with:		
Tangible assets	-1 182 388,28	-516 883,59
	-1 182 388,28	-516 883,59
Receivables Related with:		
Interest and Similar Income	36 594,97	123 645,26
Flow from Investment Activities (2)	**-1 145 793,31**	**-393 238,33**
Payments Related with:		
Interest and Similar Expenses	-19 322,81	-27 447,70
Dividends	-6 700 000,00	-13 500 000,00
Flow from Financing Activities (3)	**-6 719 322,81**	**-13 527 447,70**
Changes in Cash and Cash Equivalent (4) = (1) + (2) + (3)	**-8 560 116,73**	**-13 390 642,89**
Net Foreign Exchange Difference	**1 232,59**	**935,43**
Cash and Cash Equivalents at Beginnings of Period	**-38 536 467,59**	**-51 928 045,91**
Cash and Cash Equivalents at End of Period	**29 975 118,27**	**38 536 467,59**
	-8 560 116,73	**-13 390 642,89**

(Amounts in €)

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 Parpúplica, 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

n 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:

	2017	2016
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%	25,00%
Administrative Equipment	6,25% – 33,33%	6,25% – 33,33%
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.

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 l), 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 (article296 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.

i.1 Provisions for Court Proceedings

This item includes the provision for two court proceedings in progress with regard to IRC (corporation tax) from 2003 and accident at work. 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;
- TThe 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:

	2017	2016
Cash on hands	**44.468,45**	**97.633,86**
Short-term deposits	**1.180.649,82**	**1.438.833,73**
Other Bank Deposits	**28.750.000,00**	**37.000.000,00**
	29.975.118,27	**38.536.467,59**

5. Accounting policies, alterations to accounting estimates and errors

In the Financial Year 2017 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:

				Nature of Relationship	
Name	Location	% Stake	% Votes	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	-	-	Reabilitation of shipyard	Shipyard Rent
Repropel	Portugal	-	-	Support services to repair and commissions	Propeller repair services
Gaslimpo	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 Rend. of Serv.	Purchases	Supplies and External Serv.
Navivessel, Estudos e projectos Navais, S.A.	2017	-	286.423,44	-	-	294.406,32
	2016	500,00	311.929,95	-	-	294.406,32
ThyssenKrupp Industrial Solutions AG	2017	-	-	-	-	-
	2016	-	-	-	-	-
Parpública, S.A.	2017	-	-	-	-	-
	2016	-	-	-	-	-
Estado Português	2017	-	-	-	-	-
	2016	-	-	-	-	-
Público (OPT)	2017	-	-		-	-
	2016	-	-	-	-	-
Lisnave Infraestruturas	2017	-	5.436.010,88	228.923,04	-	1.853.170,59
	2016	1.231,05	4.090.935,50	189.044,46	-	3.556.135,53
Repropel	2017	69.069,94	35.682,92	93.625,99	-	48.645,50
	2016	39.346,10	9.158,58	118.253,74	-	37.293,50
Gáslimpo	2017	8.486,07	226.789,01	15.994,47	85.546,75	625.770,87
	2016	5.400,09	220.933,97	15.553,64	121.598,68	607.304,49
Rebocalis	2017	10.649,53	322.217,94	29.341,44	-	970.285,27
	2016	8.668,64	278.845,34	21.723,42	-	965.290,83
Lisnave Internacional	2017	-	21.440,49	9.611,06	-	73.801,25
	2016	500,00	25.563,70	2.506,00	-	90.370,15
Tecor	2017	82.221,42	2.374.837,38	212.772,12	-	8.070.486,62
	2016	68.580,05	2.947.616,86	190.290,73	-	8.788.418,30
NavalRocha	2017	1.389,90	-	1.130,00	-	
	2016	-	-	1.030,00	-	-
Navalset	2017	-	4.884,99	-	-	18.000,00
	2016	500,00	5.535,00	-	-	18.000,00
LisnaveYards	2017	16.648,15	1.828.775,13	402.725,87	-	7.954.050,24
	2016	100.618,57	2.400.096,25	454.386,92	-	7.686.989,19
Dakarnave	2017	-	-	-	-	-
	2016	-	-	-	-	-

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 2016 and 2017.

8. Tangible Fixed Assets

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 constructions	Basic Equipment	Transport Equipment	Adminis. Equipment	Other Fixed Assets	Fixed Assets in Progress	Total Tangible Assets
Costs							
January 1st 2016	**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	-	-	-	-	-	-	-
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**
Increases	-	-	-	-	-	1.717.632,15	1.717.632,15
Revaluations	-	-	-	-	-	-	-
Acquisition of the subsidiary	-	-	-	-	-	-	-
Transfers	5.167,09	405.576,47	980,00	37.697,65	1.124.047,00	(1.573.468,21)	-
Disposals	-	-	-	-	-	-	-
Write-Offs	-	(66.909,04)	-	(1.572,16)	-	-	(68.481,20)
Exchange differences	-	-	-	-	-	-	-
December 31st 2017	**1.880.222,55**	**8.533.643,24**	**149.236,24**	**1.701.239,15**	**7.864.347,36**	**1.182.388,28**	**21.311.076,82**

	Buildings and other constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Fixed Assets	Fixed Assets in Progress	Total Tangibel Assets
Costs:							
January 1st 2016	**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 31st 2016	**1.018.365,01**	**4.693.569,17**	**108.122,98**	**1.254.395,91**	**6.613.835,69**	**-**	**13.688.288,76**
Increases	109.522,73	476.730,62	36.113,26	86.996,22	225.397,49	-	934.760,32
Revaluations	-	-	-	-	-	-	-
Revaluations Acquisition of the Subsidiary	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals		(66.738,04)	-	(561,50)	-	-	(67.299,54)
Write-Offs	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
December 31st 2017	**1.127.887,74**	**5.103.561,75**	**144.236,24**	**1.340.830,63**	**6.839.233,18**	**-**	**14.555.749,54**
Net Book Value:							
As at December 31st 2017	**752.334,81**	**3.430.081,49**	**5.000,00**	**360.408,52**	**1.025.114,18**	**1.182.388,28**	**6.755.327,28**
As at December 31st 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 January 1st 2016	**963.873,48**	**3.552.836,62**	**72.406,54**	**444.717,81**	**133.661,76**	**47.247,67**	**5.214.743,88**

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

	2017	2016
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:

	2017	2016
Raw materials, subs. and consumption		
Gross	2.455.465,00	2.527.431,61
Impairments	(470.251,00)	(450.092,06)
	1.985.214,00	**2.077.339,55**

The inventory amounts recognised as an expense during the period are shown in the tables below.
a) Coost of goods sold and materials consumed:

	Raw Material and consumable supplies
Inventories as at January 1st 2016	2.284.650,07
Purchases	9.187.903,13
Inventories as at December 31st 2016	2.527.431,61
	8.945.121,59
Inventories as at January 1st 2017	2.527.431,61
Purchases	5.936.906,63
Inventories as at December 31st 2017	2.455.465,00
	6.008.873,24

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

	2017	2016
Impairment losses		
Raw materials and consumable supplies	20.158,94	16.244,25
	20.158,94	**16.244,25**
Reversion of impairment losses		
Raw materials and consumable supplies	-	-
	20.158,94	**16.244,25**

11. Revenue

Revenue is itemised as follows:

	2017	2016
Sale of Goods		
By-products, waste and scrap		
- Portugal	663.554,30	606.204,62
	663.554,30	**606.204,62**
Rendering of Services		
Services		
Total Europe	**32.864.454,32**	**34.173.424,07**
Portugal	2.162.796,85	1.612.861,28
U.E.	26.674.594,28	18.139.829,18
Others	4.027.063,19	14.424.733,61
Total Africa	**2.249.173,00**	**7.401.992,00**
Total America	**35.960.734,77**	**48.015.907,12**
Total Asia	**7.075.079,06**	**8.429.505,96**
Total Oceania	**8.213.705,15**	**3.501.266,75**
	86.363.146,30	**101.522.095,90**
	87.026.700,60	**102.128.300,52**

	By-products, waste and scrap	Ship repairing	Other Activities	Rendering of Services	Total
2017	663.554,30	84.411.664,92	1.433.373,68	518.107,70	**87.026.700,60**
2016	606.204,62	100.354.343,67	561.172,43	606.579,80	**102.128.300,52**

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 1st 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. 31st 2016	**162.517,76**	**150.000,00**	**656.086,19**	**1.769.426,05**	**987.000,00**	**3.725.030,00**
On January 1st 2017	**162.517,76**	**150.000,00**	**656.086,19**	**1.769.426,05**	**987.000,00**	**3.725.030,00**
Increases for the year	-	-	-	868.186,87	100.000,00	968.186,87
Utilisation for the year	-	(19.127,65)	-	(784.843,74)	-	(803.971,39)
Revers. for the year	-	(130.872,35)	(1.426,80)	(613.734,76)	(723.962,50)	(1.469.996,41)
Reclassification (*)			(654.659,39)	(181.503,36)		(836.162,75)
On Dec. 31st 2017	**162.517,76**	**-**	**-**	**1.057.531,06**	**363.037,50**	**1.583.086,32**

(*) The Reclassifications values were transferred for Impairments

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:

	2017	2016
Exchange gains included under:		
Other income and gains	831,96	8.032,97
	831,96	**8.032,97**
Exchange losses included under:		
Other expenses and losses	4.415,67	4.997,01
	4.415,67	**4.997,01**

14. Income tax

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

	2017	2016
Current tax		
IRC (corporation tax) for the year	2.319.142,16	3.409.523,16
Deferred Tax		
Originating from, and the object of, reversion of timing differences	(1.167.688,87)	(750.149,69)
Other movements	-	-
	1.151.453,30	**2.659.374,47**

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

	2017	2016
Excess Tax Estimate	1.000,33	-
Insufficient Tax Estimate	-	63.597,25
	1.000,33	**63.597,25**

During the year 2017, 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	
	2017	2016	2017	2016
Pre-Tax result	3.105.423,00	9.374.210,97		
Rate of Income tax in Portugal	21%	21%		
Tax on profit at the nominal rate	**652.138,83**	**1.968.584,30**	**21,00%**	**21,00%**
Non-taxable income				
Reversal of adjustments and impairment	616.358,55	-		
Reversion of provisions taxed in previous years	2.273.967,80	2.475.377,79		
Excellentia Insurance Policy	253.452,00	434.009,00		
Negative equity variations	842,60	60.356,53		
Fiscal Benefits	54.165,00	101.553,38		
	3.198.785,95	**3.071.296,70**	**(21,63%)**	**(6,88%)**
Costs not deductible for tax purposes				
Donations	-	10.000,00		
Fines, administrative fines and compensatory interest	258,45	909,86		
Undocumented expenses	342.719,15	431.938,42		
Positive assets variations	-	-		
Depreciations not accepted for tax purposes	13.884,93	13.830,24		
Provisions beyond legal limits	968.186,87	2.714.652,86		
Recording of impairment losses	6.231.656,95	16.244,25		
Bad Credits	1.426,80	1.532.340,42		
Insufficiency Taxes Estimate	-	63.597,25		
Excellentia Insurance Policy	-	-		
Corrections on previous Financial Years	336.430,84	467.754,94		
Others	112.216,47	139.437,83		
	8.006.780,46	**5.390.706,07**	**54,14%**	**12,08%**

	Tax Base		Rate of tax	
	2017	2016	2017	2016
Taxable profit	7.913.417,51	11.693.620,34		
Rate of Income tax in Portugal	21,00%	21,00%		
Tax calculated	**1.661.817,67**	**2.455.660,26**	**53,51%**	**26,20%**
Autonomous taxation	337.952,36	388.777,57	10,88%	4,15%
Municipal Surcharge	118.701,26	175.404,31	3,82%	1,87%
State Surcharge	200.670,88	389.681,02	6,46%	4,16%
Effect of increase/reversion of deferred taxes	(1.167.688,87)	(750.148,69)	(37,60%)	(8,00%)
	(510.364,37)	**203.714,21**	**(16,43%)**	**2,17%**
Income tax	**1.151.453,30**	**2.659.374,47**	**37,08%**	**28,37%**

Deferred taxes can be broken down as follows:

	Balance sheet accounts		Income Statement Accounts	
	2017	2016	2017	2016
Deferred Tax Assets				
Others	2.170.908,25	938.589,63	1.197.343,89	938.589,63
Excellentia Insur. Policy	-	34.974,73	-	(188.440,94)
	2.170.908,25	**973.564,36**	**1.197.343,89**	**750.148,69**
Deferred Tax Liabilities				
Excellentia Insur. Policy	(29.655,02)	-	(29.655,02)	-
	(29.655,02)	**-**	**(29.655,02)**	**-**

15. Financial instruments

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

	2017	2016
Assets		
Non current		
Other Financial Assets	945.934,89	913.945,89
Other Receivables	116.294,19	-
Current		
Clients		
Gross amount	16.982.016,54	15.286.929,09
Impairments	(6.356.585,15)	(543.263,51)
Advances to Suppliers	522.990,02	509.654,01
Impairments	(397.210,50)	-
Other debts receivable	3.554.317,99	3.959.214,46
Impairments	(220.770,07)	-
	14.084.758,83	**19.212.543,05**
Liabilities		
Non current		
Other accounts payable	-	137.155,81
Current		
Suppliers	21.414.307,61	25.303.935,28
Client advances	29.430,36	29.230,36
Other accounts payable	7.230.931,06	7.585.682,99
	28.674.669,03	**32.918.848,63**
Equity		
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
2017	16.982.016,54	6.356.585,15	10.625.431,39
2016	15.286.929,09	543.263,51	14.743.665,58

			Debt Due				
	Net Balance	Debt not due	< 30 Days	30-60 Days	61-90 Days	91-120 Days	> 120 Days
2017	10.625.431,39	5.815.480,45	666.581,81	563.904,92	142.825,37	-	3.436.638,84
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

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

	Opening balance	Reinforcement	Utilisation	Reversion	Closing Balance
Financial year of 2017					
Clients	543.263,51	6.356.585,15	(543.263,51)	-	6.356.585,15
	543.263,51	**6.356.585,15**	**(543.263,51)**	**-**	**6.356.585,15**
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**

15.2 Other credits receivable

The other credits receivable can be broken down as follows:

	2017	2016
Other non-current credits receivable		
Other Financial Assets	116.294,19	-
Other current credits receivable		
Debtors from accrued income		
Revenue from orders in progress	3.121.376,78	3.525.178,42
Interest on Time Deposits	15.462,00	12.420,00
Others	97.778,43	120.199,22
Other debtors and creditors		
Staff	1.298,37	931,85
Court Proceedings	97.632,34	44.286,34
Others	220.770,07	256.198,63
Impairment	(220.770,07)	-
	3.333.547,92	**3.959.214,46**

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 2018.

15.3 Suppliers

The suppliers balance can be broken down as follows:

	2017	2016
Suppliers, Current Account		
National	9.930102,36	22.998.449,84
Foreigners	182.732,65	814.814,79
Parent Company	4.884,99	311.929,95
Subsidiary Companies		
Suppliers: receiving and conferring	773.068,43	1.178.740,70
	21.414.307,61	**25.303.935,28**
Advances to Suppliers		
National	471.381,68	406.541,27
Impairments	(397.210,50)	-
Foreigners	51.608,34	103.112,74
	125.779,52	**509.654,01**

15.4 Other accounts payable

Other accounts payable can be broken down as follows:

	2017	2016
Other debts payable – non current		
Other financial assets	-	137.155,81
Other debts payable – current		
Creditors from accrued expenses		
Insurance Policies	-	134.551,35
Remunerations to be settled – holidays and holiday allowances	1.432.440,98	1.450.188,18
Rendering Services	-	70.000,00
Specialized Works	-	12.000,00
Yard Rent	551.703,33	(326.700,79)
Commissions	870.246,27	2.447.353,22
Brokers	1.544.872,41	-
Claims and Settlements	871.513,50	-
Internal Works	176.489,79	728.782,58
Costs Center	11.230,78	1.247.796,87
Project Costs	668.550,20	157.479,57
Others	162.225,22	153.591,62
Agents	442.559,99	272.824,17
Other debtors and creditors		
Staff - Balance Sheet Bonuses	480.000,00	1.200.000,00
Miscellaneous	19.098,59	37.816,22
	7.230.931,06	**7.585.682,99**

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:

	2017	2016
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	3.641.745,00
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	209.925,00
	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

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:

	2017	2016
Remunerations of the Governing Bodies	658.972,54	828.764,62
Staff Remunerations	8.228.440,41	8.975.788,70
Other Remunerations		
Compensations	-	-
Charges on Remunerations	1.929.623,08	1.963.772,13
Accident at work and professional illness insurance	228.387,39	225.771,77
Social action expenses	908.651,25	827.045,78
Other staffing expenses	(251.367,36)	(432.044,74)
	11.702.707,31	**12.389.098,26**

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 945.935 Euros (2016: 913.946). This investment had this year a financial income of 31.988 Euros (Note 17.5).

As regards the value of liabilities for past services (net of the asset of the policy OEXL103112068) it is presented in assets for a value of 116,294 Euros and in 2016 in liabilities, for a value of 137,156. The amount of the liability was adjusted by the interest expense, actuarial gains and financial income of the policy OEXL103112068, in a total net amount of (253,452) Euros (personnel costs).

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:

	2017	2016
Balance to be received		
Income tax	344.739,12	963.835,49
VAT	1.892.715,25	3.216.320,48
	2.237.454,37	**4.180.155,97**
Balance to be paid		
Income tax		-
Income Tax Withholdings	165.051,53	295.168,23
Social Security Contribution	202.646,29	227.464,44
	367.697,82	**522.632,67**

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:

	2017	2016
Expenses to be recognised		
Insurance policies	95.581,20	140.440,29
Software assistance	14.985,52	66.295,43
Advertising contract	6.177,27	5.544,27
Other Expenses	2.927,33	19.344,91
	119.671,32	**231.624,90**

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

	2017	2016
Gains to be recognised		
Repairing	-	2.313.998,80
	-	**2.313.998,80**

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 1st 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**
Balance on January 1st 2017	**1.398.173,26**	**22.385.693,75**	**6.714.836,50**	**30.498.703,51**
Transfer to Legal Reserve	-	-	-	-
Dividends	-	(6.700.000,00)	-	(6.700.000,00)
Remainder of the distribution of the net income for the period	-	6.714.836,50	(6.714.836,50)	-
Net income for the period	-	-	1.953.969,70	1.953.969,70
Others	-	-	-	-
Balance on December 31st 2017	**1.398.173,26**	**22.400.530,25**	**1.953.969,70**	**25.752.673,21**

17.4 Supplies and External Services

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

	2017	2016
Subcontracts	35.432.643,84	43.998.254,45
Specialised works	3.011.165,30	2.729.826,00
Advertising	88.667,50	112.407,53
Surveillance and security	467.150,76	462.159,87
Fees	287.305,28	403.375,14
Commissions	3.532.389,68	1.736.667,34
Upkeep and repair	4.895.298,96	4.440.326,62
Tools and utensils	3.613,19	557.771,52
Books and technical documentation	26.574,81	32.456,80
Office material	52.069,82	59.760,08
Gifts to clients	62.206,69	84.978,80
Electricity	2.107.816,38	2.074.214,77
Fuels	944.637,23	1.024.342,76
Travel and accommodation	200.675,22	238.427,96
Staff transport	1.080.529,55	1.118.300,92
Rentals and hire	4.495.837,64	5.183.451,26
Communication	102.150,49	115.375,53
Insurance policies	1.205.921,89	1.461.676,66
Royalties	43.357,92	27.027,90
Litigation and notaries	1.121,52	2.605,24
Out-of-pocket expenses	115.544,89	147.538,88
Cleaning, hygiene and comfort	328.202,60	319.480,38
Others	2.911.629,56	2.562.140,36
	61.396.510,72	**68.892.566,77**

Operating Leases

During the 2016 and 2017 exercises were recognized as costs the amounts of 154.246,65 and 158.564,81 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:

	2017	2016
No more than 1 year	122.482,97	166.362,95
More than 1 year and no more than 5 years	222.994,32	106.672,74
More than 5 years	-	-
	345.477,29	**273.035,69**

17.5 Other Income and Gains

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

	2017	2016
Supplementary Income		
Others	446.146,92	447.823,64
Discounts obtained for prompt payment	228.923,74	198.246,57
Inventory gains	49.429,15	89.354,55
Income and gains on remaining Financial Assets		
Exchange differences assets	831,96	8.032,97
Income and gains on Non-Financial Investments		
Disposals	-	-
Others	213.104,48	14.285,54
Others		
Corrections on previous periods	1.629.650,43	952.626,69
Excess tax estimate	1.000,33	4,20
Tax return	-	60.356,53
Other unspecified items	400,41	79.686,76
Interest earned		
Free Deposits	39.636,97	35.471,17
Other similar Income	**31.988,00**	**30.907,00**
	2.641.112,39	**1.916.795,62**

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 31.988 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:

	2017	2016
Taxes	20.764,96	24.305,81
Bad debts	543.366,26	1.532.340,42
Cash discounts	-	-
Losses on inventories	2.521,07	22.451,01
Losses on Disposals / Write-offs	1.181,66	1.122,96
Others		
Corrections related to prior periods	336.430,84	467.754,94
Donations	68.500,00	216.000,00
Membership fees	69.262,12	72.293,56
Insufficiency to estimate taxes	-	63.597,25
Undocumented expenses	342.719,15	431.938,42
Fines and penalties		
Not tax fines	258,45	909,75
Others	573,21	355,23
Interest paid		
Default and compensatory interests	-	0,11
Foreign exchange losses		
Others	4.415,67	4.997,01
Other Expenses and Losses		
Others	17.691,33	26.772,50
	1.407.684,72	**2.864.838,97**

17.7 Expenses / Reversions of Depreciation and Amortisation

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

	2017	2016
Depreciation and amortisation expenses		
Investment Properties	-	-
Tangible Fixed Assets	934.760,32	747.844,07
	934.760,32	**747.844,07**

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 2016 and 2017, 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
José António Leite Mendes Rodrigues	Navivessel, S.A.	Director
	Navalset, S.A.	Chairman B.D.
	Lisnave Infraestruturas Navais, S.A.	Chairman B.D.
	Lisnave Internacional, S.A.	Director
	LisnaveYards, Lda.	Director
Nelson Nunes Rodrigues	Navivessel, S.A.	Director
	Navalset, S.A.	Director
	Lisnave Infraestruturas Navais, S.A.	Director
	Lisnave Internacional, S.A.	Chairman B.D.
	Repropel, Lda	Director
	LisnaveYards, Lda.	Director
Aloísio Fernando Macedo da Fonseca	Metrocom, S.A.	Director
João Rui Carvalho dos Santos	Navivessel, S.A.	Director
	Lisnave Internacional, S.A.	Director
	NavalRocha, S.A.	Director
	Gaslimpo, S.A.	Director
	Dakarnave, S.A.	Director
	Fundenav	President of A.C.
	Associação das Indústrias Navais	V/ President
	Fórum Oceano – Assoc. Econ. MarVice President	V/P of Auditing Committee
	Fename – Fed. Nacional do Metal	President of A.C.
	CPS – Comunid. Portuária Setúbal	President of A.C.
	LisnaveYards, Lda.	Director
Manuel Serpa Leitão	Navivessel, S.A.	President of Shareholders G.A.
	Lisnave Infraestruturas Navais, S.A.	Manag. Director
	Gaslimpo, S.A.	Chairman B.D.
	Tecor, S.A.	President of Shareholders G.A.
	Rebocalis, Lda.	Chairman of B.D.
	Lisnave Internacional, S.A.	Director

AUDITING COMMITTEE REPORT AND ADVICE

2017 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 2017 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 201 within the context of (i) adverse market conditions dependent on the effects on ship repair sector of the world economy's growth crisis; (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; (v) high level of impairments of debts receivable.

6. Nevertheless, Lisnave activity during the financial year, which continues to be exerted in adverse market conditions that, since 2009, has been affecting the ship repair market, has achieved a globally positive performance level, reflected in:

▶ the average level of work achieved for the 78 ships repaired, which showed different variations: an increase in the large repair segment and a light decrease in routine repairs;

▶ The 77 orders generated during the year (7 above of the 71 reported in 2016) have resulted in a stabilization of relationship queries/orders/success rate compared with the previous year, on the order of 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 84.2 million euros, 5.7 million less than in 2016;
▶ a positive net result of 1.954.000 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 87 million euros, about 14,8% down on 2016;
▶ the weight of personnel costs in the region of 11.7 million euros, representing 13,5% of the total operating expenditure;
▶ the amount of Operating Results in the region of 3,1 million euros, representing 3,5% of the total Operating Income;
▶ the cash flow generated in the period of 4 million euros;
▶ the unfavorable development of indicators, economic and financial management compared to that in the previous year, continuing, however, to translate 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 2018, 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 1.953.969,70 euros, submitted by the Board of Directors, should be approved.

Lisbon, 27th. February 2017

The Auditing Committee

President
Francisco José da Silva

Member of the Auditing Committee
Maria Isabel Louro Caria Alcobia

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

LEGAL CERTIFICATION OF ACCOUNTS

2017 Financial Year

Opinion

We have audited the financial statements prepared by LISNAVE – ESTALEIROS NAVAIS, S.A. , comprising the balance sheet as at 31 December 2017 (showing a total of 61.407.781,40 euros and a total equity of 30.752.673,21 euros, including a net profit of 1.953.969,70 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 2017, 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, 27th February 2017

RSM & Associados - Sroc, Lda.
Represented by Joaquim Patrício da Silva (Roc nº 320)

EXTRACT OF THE MINUTE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD ON 28TH MARCH 2018 RELATING TO THE APPROVAL OF DOCUMENTS REPORTING THE ACCOUNTS FOR THE 2017 FINANCIAL YEAR

The Annual General Meeting of Lisnave - Estaleiros Navais, S.A., was held at the Company's Registered Offices at 11.00 a.m. on the twenty-three day of March two thousand seventeen.
Dr. Luís Miguel Nogueira Freire Cortes Martins, Chairman of the board of the general meeting, chaired the meeting assisted by the Vice – Chairman Dr. Carlos Fernando Pinheiro and secretary of the board Dr. Manuel Joaquim Rodrigues.
The Chairman also confirmed, through the respective attendance list, that the following Shareholders having voting rights were present or represented:

- Navivessel – Estudos e Projectos Navais, S. A., represented by Dra. Ana Rita Martins Rodrigues Eusébio, holder of 728.349 (Seven hundred and twenty-eight thousand three hundred and fourty nine) shares, representing 72,83% (Seventy-two point eighty-three percent of the votes);
- Thyssenkrupp Industrial Solutions AG, represented by Engº. Hanspeter Hartmann, holder of 200.000 (Two hundred thousand) shares, representing 20% (Twenty per cent) of the votes;
- Parpública Participações Públicas (SGPS), S.A., represented by Dr. Carlos Durães da Conceição, holder of 29.666 (Twenty-nine thousand, six hundred and sixty-six) shares, representing 2,96% (Two point ninety-six per cent) of the votes;
- João Alexandre Dinis de Sousa, holder of 10.000 (Ten thousand) shares, representing 1% (One per cent) of the votes;

The Board of Directors and the Auditing Committee were presents...

Item 1 To discuss and approve the 2017 Annual Management Report and Accounts

Then proposed that two points on the agenda was voted together, given the material connection, in which all agreed.

Item 2 To discuss and approve the Audit Committee Report

... the Chairman submitted the Report and Accounts for the year 2017 and the Auditing Committee Report to the joint vote, which were unanimously approved.

Item 3 To discuss and approve the Proposal for the Appropriation of Profits

... , the Chairman declared that the Table had received a Proposal for the Appropriation of Profits presented by the Board of Directors, which he read out, the contents of which were as follows:

"Proposal for the Appropriation of Profits
Since the Company's performance in 2017 generated a positive profit, the Board of Directors has decided to award a Balance-sheet Bonus to the Workers.
Therefore proposes to Equity holders that:

▶ 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 € 480,000.00 (Four hundred eighty thousand Euros) already included in the Net Profit for the year, and that

▶ The Net Profit for the year in the sum of € 1,953,969,70 (One million, nine hundred and fifty three thousand, nine hundred and sixty nine Euros and seventy cents) be appropriated as follows:

Dividends	1.950.000,00 Euros;
Retained Earnings	3.969,70 Euros.

Mitrena, March 28, 2018
The Board of Directors"

..., the Chairman put it to the vote and it was likewise unanimously approved.

Item 4 To carry out a general appraisal of the management and supervision of the company.

..., the Chairman stated that the Table had received a Proposal subscribed by Shareholder Navivessel, Estudos e Projectos Navais, S.A., which he read out, the contents of which were as follows:

"Proposal
Considering the competent and efficient way in which the Company's Corporate Officers had performed their respective duties, especially during 2017, Navivessel, Estudos e Projectos Navais, S.A., proposes that the General Meeting approve a vote of praise for the Board of Directors and Audit Committee of Lisnave, Estaleiros Navais S.A..

Monte da Caparica, March 28, 2018
The Representative of Shareholder Navivessel"

Submitted to the vote, this proposal was approved unanimously.

Item 5 Election of members of the bodies corporate for the 2017-2020 four-year periods.

The Chairman ... stated that the Table had received a Proposal signed by the Shareholder Navivessel, Estudos e Projectos Navais, S.A., which he read aloud, the contents of which wre as follows:

"Proposal

MEMBERS OF THE BODIES CORPORATE. TERM: FOUR –YEAR PERIOD 2017-2020

CHAIR OF THE GENERAL MEETING
Chairman:
Dr. Luís Miguel Nogueira Freire Cortes Martins
Vice-Chairman:
Dr. Carlos Fernando Soares Pinheiro
Secretary:
Dr. Manuel Joaquim Rodrigues

BOARD OF DIRECTORS

Chairman
Engº. José António Leite Mendes Rodrigues
Voting Memebers:
Dr. Nelson Nunes Rodrigues
Dr. Luís Manuel dos Santos Silva Patrão
Engº. Peter Luijckx
Dr. João Rui Carvalho dos Santos

AUDITING COMMITTEE
Chairman:
Engº. Manuel Serpa Leitão
Voting Members:
Dra. Tânia Sofia Luís Mineiro
"RSM & Associados, SROC, Lda." Nº 21 – Representada por Dr. Joaquim Patrício da Silva, ROC Nº 320
Suplente:
Dr. António José Lino do Patrocínio Santos, ROC Nº 840

COMPANY SECRETARY

Dr. Carlos Fernando Soares Pinheiro

REMUNERATION COMMITTEE

Chairman:
Dr. Luís Miguel Nogueira Freire Cortes Martins
Secretary:
Eng. Hanspeter Hartmann

Caparica, 28 de Março de 2018
(The Representative of Shareholder Navivessel)"

Submitted to the vote, this proposal was approved unanimously.

There being no further business to transact the Chairman declared the meeting closed, these present minute having been written up which are to be signed by the Chairman, vice-Chairman and Secretary of the Board of the General Meeting.

DELEGATIONS AND REPRESENTATIVE OFFICES

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