Inspired by water...

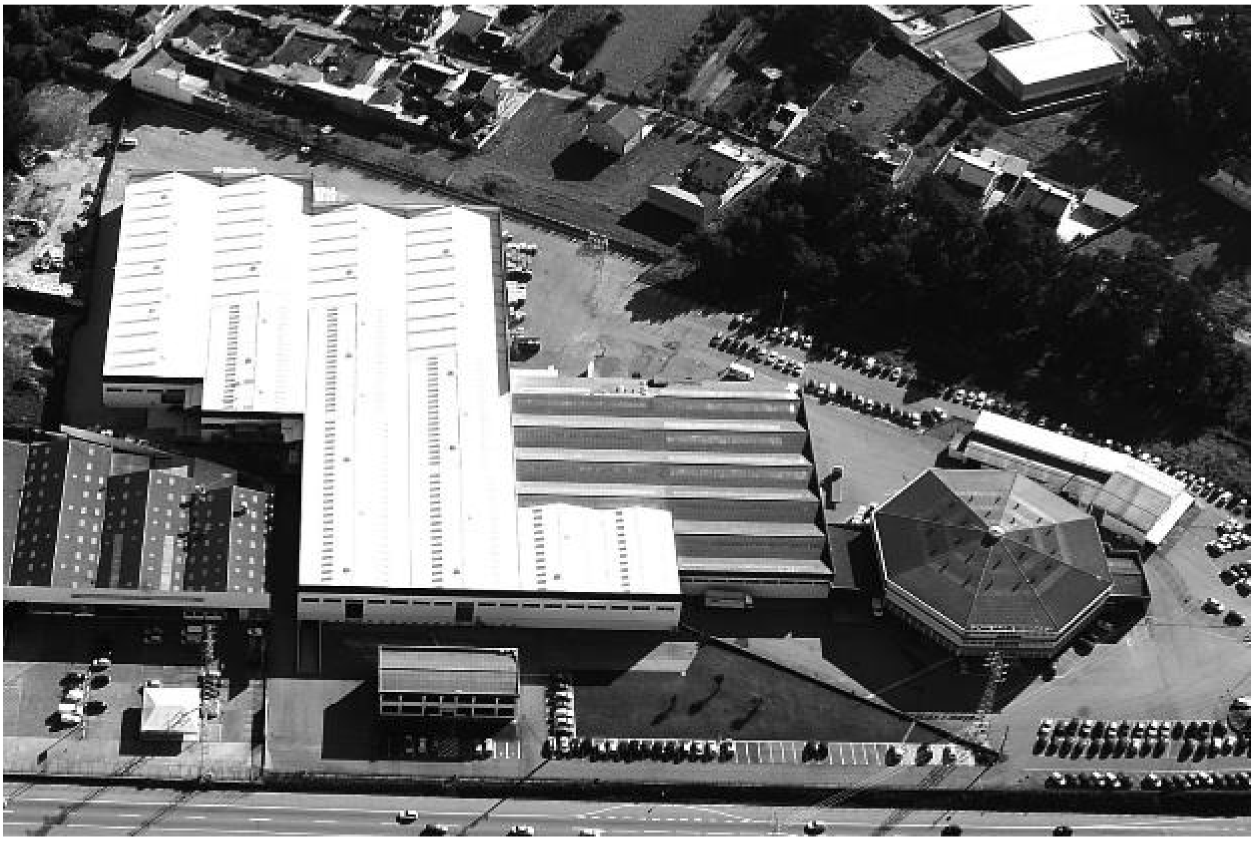
Annual Financial Report

2017

Table of Contents

I. Management Report

Pursuant to articles 65 and 66 of the Commercial Companies Code, we hereby present, in reference to the financial year 2017, the Management Report and the Financial Statements of OLI - Sistemas Sanitários, S.A., with registered office at Travessa do Milão, Borough of Esgueira, Municipality of Aveiro, legal person no. 500 578 737, registered at the Commercial Registry Office of Aveiro under the same number, with a fully paid-up share capital of 10 000 000 euros, represented by 2 000 000 shares with a par value of 5 euros each.



www.oli-world.com

II. Report of the Board of Directors – Individual Accounts

Note from the Chairman

2017 was a good year for OLI, having met our expectations.

Economies (both the Portuguese and the European) have decidedly entered a good phase, with some positive growth momentum, which fuels consumption (and tourism), which, in turn, fuels the economy. The Portuguese economy in particular benefited from this momentum and eventually (and decisively) emerged from the lull in which it had been lingering for half a dozen years... The climate changed and the economy is growing!

Portugal, being a small and open economy, is naturally very exposed to any external phenomena, whether positive or negative, and the faintest external slowdown (or disturbance), will result in problems. The root causes of the last major crisis are most likely not solved (they are only mitigated and dormant). For now, the wind is at our back, and we take the opportunity to consolidate and develop all the good things we have been working on.

At OLI, we continue to take advantage of all these facts to improve our commercial and financial position and work towards our overarching goal of achieving strong and robust indicators, both economically and financially, as well as continuously raising our position in the market. In terms of products and production, we continue to seek to improve the competitiveness of our products, whether through innovation (technical and aesthetic) or process improvement. The digital economy and the increasingly inevitable new technologies will be a new pillar, which will stand alongside traditional ones.

We believe that our determination to achieve these goals and the dynamism of our team will allow us to claim our place among the best in the industry. The positive trend of 2017 is expected to continue in 2018.
Our confidence is high!

1. Main Indicators

EUR

Item	2017	2016	Change 2017/2016	
			Amount	%
Turnover	54,104,701	49,198,159	4,906,541	10.0%
Production	54,709,388	49,166,951	5,542,437	11.3%
Gross Margin	30,640,585	27,758,879	2,881,707	10.4%
% of Production	56.0%	56.5%	-0.5 pp	
% of Turnover	56.6%	56.4/	0.2 pp	
EBITDA	8,171,641	9,130,057	-958,415	-10.5%
% of Turnover	15.1%	18.6%	-3.5 pp	
EBIT	4,367,717	5,393,840	-1,026,124	-19.0%
% of Turnover	8.1%	11.0%	-2.9 pp	
Net Income	3,693,947	4,543,859	-849,911	-18.7%
% of Turnover	6.8%	9.2%	-2.4 pp	
Net Earnings per Share	1.85	2.27	-0.42	-18.7%
Cash-Flow	7,920,161	8,336,445	-416,285	-5.0%
% of Turnover	14.6%	16.9%	-2.3 pp	

Equity	34,497,080	31,104,022	3,393,058	10.9%
Financial Autonomy	54.3%	52.2%	2.1 pp	
Liabilities	29,068,509	28,480,895	587,614	2.1%
Solvency	1.19	1.09	0.09	8.7%
Net Debt	13,920,253	15,661,173	-1,740,920	-11.1%
Net Debt/EBITDA	1.7	1.7	-0.0	-0.7%

Average Number of Employees	387	373	14	3.8%

2. Economic Framework and Performance

Macroeconomic Framework

Europe

The economies of European countries, which account for 85% of our sales (including Portugal), showed a positive performance.

Central and Northern Europe performed well and, in these countries, our sales grew significantly (and show signs of continuing to grow), as relations with some important new customers were consolidated.

Portugal, it seems, has entered an interesting economic dynamic, with several factors, such as tourism, urban regeneration and employment, driving the economy and favouring the rebalancing of macroeconomic indicators, thus creating good conditions for our economic activity.

Outside Europe

Africa presented an interesting performance, reflecting an overall improvement of the economy in this continent.

The American continent, which showed different behaviours across the different countries and regions, presented a positive balance, both in terms of sales growth and in terms of market share and brand awareness.

The Middle East showed a slight slowdown, with local economies suffering as a result of socio-economic tensions.

In Asia, where our sales have little expression, we continue to struggle, although some prospects for market openings are beginning to emerge.

The good performance of our sales is due, on the one hand, to an increase in the market share in some countries while, on the other hand, reflects the good performance of the economy in general.

3. Development of the Business Throughout FY 2017

Distribution in Portugal and in Portuguese-Speaking Countries

These sales (which include sales in Portugal and Portuguese-Speaking Countries of goods we buy and products we manufacture) accounted for 21% of the company's total sales and grew 19% (with an increase in value of 1 854 188 euros), as a result of the aforementioned improvements in the domestic economy.

Breaking the figures down by large families, manufactured products showed a growth of about 20% (with greater relevance for in-wall cisterns and exposed cisterns) and non-manufactured goods showed a growth of around 18% (with highlight to bathroom furnishings, heating and piping).

Exports and sales to domestic ceramics companies

Sales performed well in this area, with a growth of around 9%. Sales to domestic ceramics companies declined due to the economic situation of some customers. Exports of manufactured products performed well, more or less across all geographies, except for Eastern Europe and the Middle East.

In regional terms, Central Europe is the main destination of our sales (37% of turnover).

Western Europe slightly increased its weight in sales, due to the good sales performance of the German and Scandinavian markets.

In the African continent, developments were positive, with special emphasis on the South African market and the performance of the Maghreb countries. In the Middle East, the evolution of sales was negative due to the weak economic situation experienced by the region's most important countries.

Investments in the American continent continue to bear fruit and the consolidation of sales in North American countries is already a reality, whereas in Latin America, developments are more heterogeneous, although our presence in some countries is already consolidated and showing good prospects for the future.

Conclusion and summary of the main economic indicators for the year

Global sales stood at 54,097,100 euros, corresponding to a 10.0% growth over the previous year. Analysing the division between the domestic and foreign markets, we have:

- Domestic Market 12,115,429 euros (22.4% of total sales), corresponding to a growth of 8.4%.
- Foreign Market 41,981,672 euros (77.6% of total sales), corresponding to a growth of 10.5%

Sales are broken down by activity as follows

- Industrial Activity 48,752,722 euros (90.1% of total sales), corresponding to a growth of 9.5%
- Commercial Activity 4,804,379 euros (8.9% of total sales) corresponding to a growth of 24.2%
- Real Estate Activity 540,000 euros (1.0% of total sales).

4. Economic and Financial Analysis for 2017

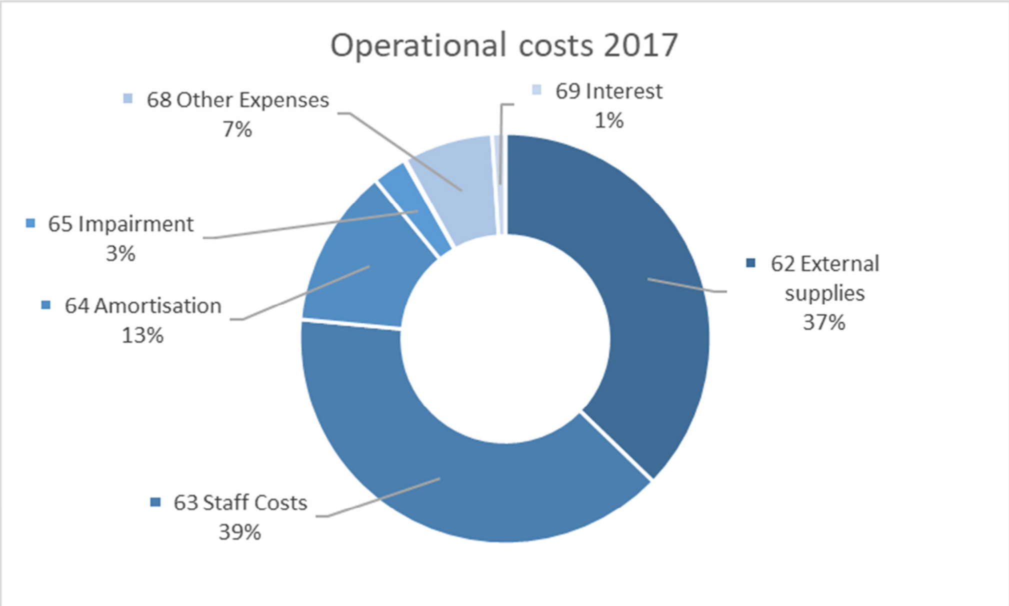
Economic Analysis

In 2017, OLI achieved a turnover of 54,104,701 euros, representing an increase of 4,906,541 euros (10%) over 2016. This positive evolution was driven by sales in the domestic market, which grew by 8.4%, and sales to foreign markets, with a growth of 10.5%.

In terms of gross margin, there was a decrease, resulting from a rise in the cost of raw materials in international markets, which, despite an improvement in the higher added value offered by the product mix, led to a decrease of the gross margin on production, of 0.5 p.p. having stood at 56.0%.

In terms of operating expenses, these grew alongside the company's operating activity, recording an increase of 4 221 899 euros, corresponding to 16.3% of total expenditures, the largest contributors to this increase being ESFs and Staff costs, with increases of 16.3% and 13.9% respectively.

Another item that contributed to the increase in operating expenses was impairment, particularly related to inventories. In terms of inventories, accumulated impairment amounted to 591,371 euros, distributed among commodities, raw materials and intermediate and finished products, and was the result of the identification of a number of obsolete or very low turnover items.



Regarding customer debt, impairment increased by 78,053 euros (discounting the respective reversal), because of several cases of potential default by some customers, with a higher incidence in the foreign market.

Depreciation and amortisation for the year increased by 301,042 euros, because of the increase in investments in fixed assets that the company has been making in recent years.

As for other expenses, excluding the item 'Losses with Affiliated Companies', we recorded a decrease of 176,741 euros in 2017 compared to 2016, which corresponds to -14.2%.

As in the previous year, 'Interest and Similar Expenses' decreased by -7.9% in this year, to 26,326 euros, as a consequence of stabilizing financing conditions and the reduction of net borrowing during the year.

EBITDA reached 8,171,641 euros, down by 958,415 euros, or -10.5%, from the previous year. In relative terms and comparing with sales, the ratio stood at 15.1%. The *cash-flow* was 7,920,161 euros, which represents a 5% decrease. The main explanation is the decrease in income from invested companies and the impact of the application of the equity method. From 2016 to 2017, this figure decreased by 1,032,845 euros.

Net income was 3,693,947 euros, 849,911 euros less than in 2016. Excluding the impact of invested companies, net income increased by 182,934 euros to 3,399,332 euros.

Invested Capital

Working capital in 2017 decreased by 789,748 euros compared to the previous year, having stood at 7,862,397 euros. Despite the increase in activity and inventories, we ensured a good management of customer debt and average payment terms, which allowed reaching the results recorded.

With regard to investment in fixed assets, this figure was 4,693,227 euros in 2017, which corresponds to an increase of 43% over 2016. Our investments focused in 4 areas:

- Land and Buildings – 29%
- Moulding – 25%
- Production Equipment – 41%
- The remaining 5% went to the acquisition of administrative, transportation equipment, and other tangible and intangible assets.

Financial Analysis

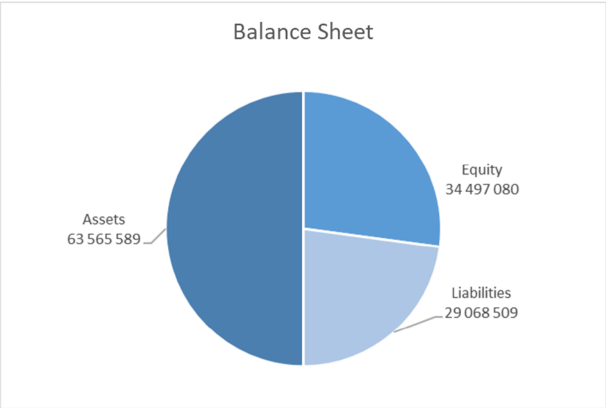
The recorded *cash-flow* allowed offsetting the capital invested in fixed assets and working capital and reducing indebtedness, and at the end of 2017 there was a net debt of 13,920,253 euros (1,740,920 euros less than in 2016).

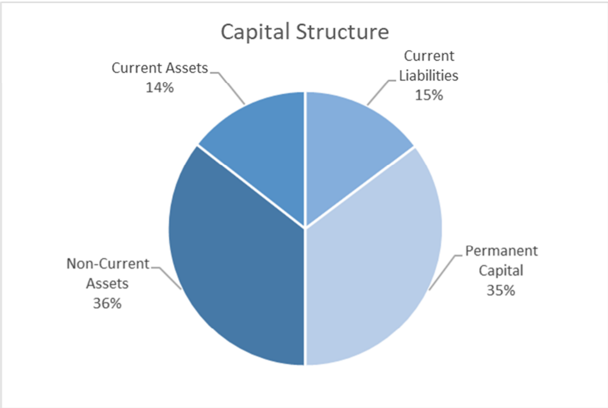
This reduction in indebtedness, combined with the *EBITDA* recorded allowed improving the debt to *EBITDA* ratio.:

Item	2017	2016
Net debt	13,920,253	15,661,173
Net debt/EBITDA	1.70	1.72

In terms of capital structure, the company maintained its structure optimisation policy, seeking to finance investments in fixed assets and permanent working capital needs, resorting to medium- and long-term financing, as well as to finance cash cycles using short-term instruments. In this regard, at the end of 2017, permanent capital represented 99% of non-current assets, while current liabilities represented 102% of current assets.

Financial autonomy rose to 54.3%.





5. Outlook for FY 2018

Commercial Activity (Domestic Market and Portuguese-Speaking Countries)

Domestic Market

As mentioned above, we expect the Portuguese economy to maintain its positive momentum and, for this reason, we also expect a reasonable (double-digit) growth in our domestic sales.

Foreign Market

The evolution of sales in Portuguese-Speaking Countries is difficult to predict but, as they are losing weight in the company's overall sales, they should not change the overall trend.

Industrial Activity

Domestic Market

Sales to Portuguese ceramics companies should show a negative evolution, due to the situation of our main customer. We will maintain the existing partnerships.

Foreign Market

We anticipate a positive development (growth of around 10%) in the foreign market, maintaining the trend of the previous year and reaping the fruits of investments made, both in terms of products and partnerships with new and important OEM customers, also reaping the fruits of our growing presence in Germany and Russia, where we have our most recent subsidiaries and where we expect to grow OLI brand product sales.

Geographically, this growth should be more or less homogeneous, with the exception of the Middle East (for local reasons).

In strategic terms, we will continue to strengthen the main pillars of our business, which are our partnerships with OEMs and OLI brand sales, which rely on the growth and affirmation of our commercial and industrial subsidiaries. We will maintain the segmentation and differentiation that we have been implementing in recent years, intensifying a differentiated performance in each of these channels, as follows:

- OEM Customers – We continue to have a special preference for the OEM market, for the technical and logistic requirements of these customers (where we believe we are very competitive), their solidity and their expression in the business that we wish to pursue. We will seek new partners in new geographies and new challenges in terms of technical solutions.

- OLI Catalogue – We will maintain our recent strategy to improve the technical and aesthetic quality of OLI brand products, seeking to highlight our upper mid-range products (without neglecting mid-range and low-end markets).

- Subsidiaries (Germany, Spain, Italy and Russia) – We will seek to strengthen each of these subsidiaries, increasing interactions and partnerships with some of the main players in each of these markets.

- Modern Distribution – We will continue our effort to find the most appropriate solutions for this market, which continues to gain importance in the various countries in which we operate.

6. Research, Development & Innovation

The Research, Development and Innovation (IDI) strategy adopted by OLI in recent years aligns the company's innovation strategy with the main development axes assumed for the international market.

During the course of 2017, the company intensified its participation in relevant technological projects, as well as its concern with developing increasingly sustainable products. The focus on these topics has been strengthened in recent years, not only with the study of the introduction of highly advanced technologies, such as the Internet of Things (IOT), in OLI products, but also because new ideas are being studied in relation to waste recovery and the saving of natural resources like water. These initiatives have contributed to the recognition of OLI as a credible and valuable Research and Development (R&D) partner.

Currently, OLI has a multidisciplinary team, equipped with technologically advanced resources and means, entirely dedicated to Product Research and Development. With strong partnerships in academia and industry and supported by its central pillar- innovation - it provides the most suitable solutions for each customer's needs. In this sense, the relevance of investments in R&D is well-established not only concerning the products, systems and solutions it designs and develops, but also concerning its patent portfolio, which ensures an indisputable international competitiveness.

The management of the company's patent portfolio is important for its strategy, as is reflected in the annual investment in registrations and maintenance. Exhaustive analyses are conducted on possible protections for the solutions developed by OLI, and the importance of registering Intellectual Property is, without a doubt, a strategy defended by OLI for many years. It currently holds 38 patents for inventions and 9 for design. In 2017, it submitted 5 new invention patents and 1 design patent for registration.

Our continuous commitment to ensure strategic cooperation with the best knowledge networks in scientific and technological areas relevant to our business is considered exemplary among Portuguese businesses. During the year 2017, two innovative projects were developed in partnership with entities of the National Technological and Scientific System (STCN), in addition to other projects.

In 2017, OLI obtained the important public recognition as "Innovative Company" ranking first among 570 competing companies in the Millennium BCP Horizontes awards, in the category of large companies that stood out as examples of investment in the quality of its products, services or processes.

In 2018, OLI intends to maintain its strategy of developing new products, as it has done so far, finalising the greatly innovative projects it has already started, but above all, to remain market-oriented, as the growth of its presence in foreign markets is a clear statement of its vocation: to be an international unit recognised for the dynamics, quality and innovation of its products and services.

Certificações de produto
Product certifications

DE PT FR AU UK NL ZA

Qualidade e certificações
Quality and certifications

7. Marketing

Throughout 2017, the Communication Department continued to develop a communication strategy aimed at strengthening the company's institutional reputation and disseminating the brand's image.
Among the various promotion and dissemination actions that were implemented, the following stand out:

1. Renewal and constant updating of the contents of the company's website – www.oli-world.com –, a global brand communication tool available in six languages;

2. Launch of brand communication on social networks, namely Facebook and Instagram, which resulted in the production of exclusive editorial and multimedia content;

3. Organisation and promotion of three institutional events open to the community – '*Dia da Cidade*' Concert, with Luís Represas (13 May), OLI São Silvestre Marathon and Solidarity Concert – OLI Inspired by Water' (December 19);

4. Creation of catalogues, brochures, exhibit displays and various materials for participation in national and international industry trade fairs, with highlight to the industry's most important trade fair, ISH, in Germany, where the latest solutions were presented;

5. 2016 Sustainability Report;

6. Monthly issuing of several institutional communications – internal newspaper (printed) and newsletters (digital), aimed at different audiences (employees, customers, architects, designers and installers);

7. Coordination of Press Advisory actions, i.e., OLI's communication with the media in Portugal. In 2017, 411 news items were published (free, officially monitored communication).

8. Human Capital

On 31/12/2017, the number of employees was 389, a 2.6% increase over the previous year. The number of employees varied throughout the year, given the need to adjust it according to the evolution of demand and the seasonality of some markets.

During FY 2017, the average number of employees was 387 (an increase of 3.7% over FY 2016).

The table below shows comparative data for the years 2015 to 2017.

Human Resources	2017	2016	2015
Number of workers at the end of the year	389	379	370
• male	193	186	180
• female	196	193	190
Average number of workers in the year	387	373	369
Average age of employees	39.3	39.3	39.4
Average seniority of employees	11	12	12
Total training hours	16,287	13,875	13,666
Average number of training hours per employee	42	37	37
Staff costs	€ 11,810,450	€ 10,369,672	€ 9,987,537
Average cost per employee	€ 30,518	€ 27,801	€ 26,993
GVA per employee	€ 45,613	€ 50,599	€ 52,312
Overall absenteeism rate	3.3	3.6	4.0
Occupational accident frequency rate	Good	Good	Good
Occupational accident severity rate	Good	Good	Average

In December 2017 we conducted a psychosocial risk assessment on our factory population. We are awaiting the delivery of the final report so that, in 2018, we can initiate the actions required by the diagnosis presented.

During the year 2017, we continued to carry out leisure activities with our employees, such as the company's anniversary luncheon (March); a day dedicated to conviviality, which included a fishing contest and the opening of our doors to the relatives and friends of our employees (July); the distribution of roasted chestnuts on Saint Martin's day (November); the construction of a Christmas Tree outside the company's premises, with the distribution of hot chocolate (December); and the 4*th* edition of the sailing championship, which took place over several weekends in the months of May to July. In 2018, these activities will remain on our calendar.

In 2017, we put in place a new performance evaluation system. In 2018, we intend to analyse the results obtained and implement the necessary improvements, regarding both the process and the diagnosis resulting from the evaluation.

In 2018, we will also give continuity to a project called *Comportamentos Seguros* (Safe Behaviours) (launched in December 2017), which essentially aims at changing potentially risky behaviours, in terms of safety. This project includes a set of training actions, improvements to security signage, showing of safety videos and safety walks, among other activities.

9. Dividend Policy

In view of the results presented and future prospects for the development of the business, OLI - Sistemas Sanitários decided to distribute dividends. In 2017, the Board of Directors of OLI - Sistemas Sanitários decided to propose the distribution of dividends in the amount of € 0.39 per share, resulting in an overall amount of 780,000 euros.

10. Proposed Appropriation of Net Profit

In accordance with the provisions of the Commercial Companies Code, namely Article 66(f), and taking into account other legal provisions, as well as the purpose of increasingly consolidating the company's equity structure, we propose that the net amount of 3,693,947.09 euros be distributed as follows:

• To Other Reserves	€ 1,206,597.12
• To cover Retained Earnings	€ 563,555.49
• To Non-Attributed Profits	€ 1,143,794.48
• To Dividends	€ 780,000.00

11. Proposed Profit Share for the Board of Directors

Given the good performance achieved in 2017, we hereby propose that the two Executive Directors of the Board of Directors receive a share in the profits in the amount of 237,953.24. In accordance with the accounting rules in force, this amount is already recorded in staff costs, so the Net Profit already reflects this proposal.

12. Public/Government Sector

Pursuant to article 210 of the Code of the Social Security Contributory Schemes and with Decree-Law no. 534/80, of 7 November, it should be noted that there are no overdue debts to entities of the state's public sector or any other situations requiring a mandatory mention in this report.

Certificates were issued proving our good standing with the Tax and Social Security Administrations, valid at the Balance Sheet closing date, on 31 December 2017.

13. Acknowledgements

We wish to express our recognition to all customers, employees and suppliers who collaborated and interacted with us over the past year, for the dedicated and diligent manner in which, in general, they have performed. To the financial institutions, we wish to acknowledge the financial support provided and the trust that they continue to place in us.

We would also like to acknowledge the permanent support and availability of the Governing Bodies, as well as of the auditors and consultants, as their contribution is important not only for obtaining results, but also for the ongoing implementation of changes and improvements.

Aveiro, 23 February 2018

The Board of Directors,

António Manuel Moura de Oliveira

Rui Alberto Moura de Oliveira

Graça Maria Moura de Oliveira

PierAndreino Niboli

Federica Niboli

Notes to the Report of the Board of Directors

The following is a statement of shareholders holding more than one-third of the company's Share Capital :

Shareholders	31/12/2016	31/12/2017
Oliveira & Irmão SGPS, Lda.	50%	50%
Valsir, S.p.A.	50%	50%

III. Financial Statement – Individual Accounts

Individual balance sheet on 31/12/2017 and 31/12/2016

EUR

Items	Notes	Dates	
		31/12/2017	31/12/2016
Assets			
Non-Current Assets			
Tangible Fixed Assets	7;9;11;30	27,691,722	25,128,336
Investment Properties	12;30	5,354,958	5,624,808
Intangible Assets	6	331,908	613,503
Equity Holdings – Equity Method	3;5;13	10,970,427	9,784,923
Other Financial Investments	3;13	608,072	660,055
Deferred Tax Assets	20	229,793	103,194
		45,186,879	**41,914,818**
Current Assets			
Inventories	3;14;22	6,456,655	5,944,406
Customers	22	9,912,134	10,364,920
State and Other Public Entities	22	850,504	452,760
Other Receivables	22	301,282	363,274
Deferrals	22	231,616	293,193
Non-Current Assets Held for Sale	3;8	24,309	24,309
Cash and Bank Deposits	4;22	602,210	227,235
		18,378,710	**17,670,098**
Total Assets		**63,565,589**	**59,584,916**
Equity and Liabilities			
Equity			
Subscribed Capital	22	10,000,000	10,000,000
Legal Reserves	22	2,000,000	2,000,000
Other Reserves	21;22	5,144,782	3,138,457
Retained Earnings	22	-563,555	-650,265
Revaluation Surpluses	7;22	7,614,657	6,587,092
Adjustments/Other Changes in Equity	22	6,607,249	5,484,879
Net Profit for the Period	20;22	3,693,947	4,543,859
Total Equity		**34,497,080**	**31,104,022**
Liabilities			
Non-Current Liabilities			
Provisions	16	35,878	35,534
Financing Received	9;10;22	8,398,861	9,852,367
Deferred Tax Liabilities	20	1,605,741	1,381,464
Other payables		300,000	
		10,340,480	**11,269,364**
Current Liabilities			
Suppliers	22	8,374,411	7,657,181
Advance Payments from Customers	22	145,590	11,759
State and Other Public Entities	22	323,871	304,745
Financing Received	9;10;22	6,107,010	6,036,041
Other payables	22	3,600,217	3,003,519
Deferrals	22	176,929	198,286
		18,728,029	**17,211,530**
Total Liabilities		**29,068,509**	**28,480,895**
Total Equity and Liabilities		**63,565,589**	**59,584,916**

The Certified Accountant

The Board of Directors

Individual Income Statement by nature for the periods ended 31/12/2017 and 31/12/2016

EUR

INCOME AND EXPENSES	NOTES	Periods	
		2017	2016
Sales and Services Provided	15;30	54,104,701	49,198,159
Operating Subsidies	17	123,760	
Income / Losses charged related to subsidiaries, associated companies and joint ventures	3;13	294,615	1,327,460
Changes in Production Inventories	14;30	604,688	-31,208
Cost of Goods Sold and Materials Consumed	14;30	-24,068,803	-21,408,072
External Supplies and Services	23;30	-11,198,446	-9,628,139
Staff Costs	3;5;24;30	-11,810,450	-10,369,672
Inventory Impairment (losses/reversals)	14;22	-269,053	163,478
Impairment on Accounts Receivable (losses/reversals)	22	-78,053	-182,513
Provisions (increases/reductions)	16	-30,683	-34,836
Impairment of Non-Depreciable Investments/Amortisation (losses/reversals)	13	-44,500	-2,500
Other Income	15;18;25;30	1,609,370	1,340,145
Other Expenses	18;26	-1,065,505	-1,242,245
Income Before Depreciation, Financing Costs and Taxes		**8,171,641**	**9,130,057**
Depreciation and Amortisation Expenses/Reversals	6;7;12;28	-3,790,881	-3,489,839
Impairment of Depreciable/Amortisable Investments (losses/reversals)	12	-13,044	-246,377
Operating Income (before financing costs and taxes))		**4,367,717**	**5,393,840**
Interest and Similar Expenses	27	-309,008	335,334
Earnings Before Taxes		**4,058,709**	**5,058,506**
Income Tax for the Period	20	-364,762	-514,648
Net Profit for the Period		**3,693,947**	**4,543,859**

The Certified Accountant

The Board of Directors

Individual Statement of Changes in Equity in FY 2017

EUR

DESCRIPTION		NO TES	Equity attributed to the holders of the share capital of the parent company								
			Paid-up Capital	Legal Reserves	Other Reserves	Retained Earnings	Revaluation Surpluses	Adjustments/ Other Changes in Equity	Net Profit for the Period	Total	Total Equity
Position at the Beginning of FY 2017	**6**		**10,000,000**	**2,000,000**	**3,138,457**	**-650,265**	**6,587,092**	**5,484,879**	**4,543,859**	**31,104,022**	**31,104,022**
Changes in the Period											
First-time adoption of the new accounting standards											
Changes to accounting policies											
Exchange rate differences in the financial statements											
Realisation of the revaluation surplus											
Revaluation surpluses							1,336,552			1,336,552	**1,336,552**
Deferred tax adjustments							-81,134	2,113		-79,021	**-79,021**
Other changes recognised in equity					2,006,324	836,709	-227,852	1,120,258	- 4,543,859	-808,419	**-808,419**
	7				**2,006,324**	**836,709**	**1,027,566**	**1,122,371**	**-4,543,859**	**449,111**	**449,111**
Net Profit for the Period	**8**								3,693,947	3,693,947	**3,693,947**
Comprehensive Income	**9=7+8**								-849,911	4,143,058	**4,143,058**
Transactions with shareholders in the period											
Capital increases											
Realisations of share issue premiums											
Profit distribution						-750,000				-750,000	**-750,000**
Increases for coverage of losses											
Other operations											
	10					**-750,000**				**-750,000**	**-750,000**
Position at the end of FY 2017	**6+7+8+10**		**10,000,000**	**2,000,000**	**5,144,782**	**-563,555**	**7,614,657**	**6,607,249**	**3,693,947**	**34,497,080**	**34,497,080**

The Certified Accountant The Board of Directors

Individual Statement of Changes in Equity in FY 2016

EUR

DESCRIPTION		NO TES	Equity attributed to the holders of the share capital of the parent company								
			Paid-up Capital	Legal Reserves	Other Reserves	Retained Earnings	Revaluation Surpluses	Adjustments/ Other Changes in Equity	Net Profit for the Period	Total	Total Equity
Position at the Beginning of FY 2016	**6**		**10,000,000**	**2,000,000**	**3,138,457**	**-2,466,391**	**6,587,092**	**4,414,162**	**3,462,934**	**27,136,253**	**27,136,253**
Changes in the period											
First-time adoption of the new accounting standards											
Changes to accounting policies											
Exchange rate differences in the financial statements											
Realisation of the revaluation surplus											
Revaluation surpluses											
Deferred tax adjustments							-62,329	7,756		-54,573	**-54,573**
Other changes recognised in equity		18				2,376,127	62,329	1,062,960	- 3,462,934	38,483	**38,483**
	7					**2,376,127**		**1,070,717**	**-3,462,934**	**-16,090**	**-16,090**
Net Profit for the Period	**8**								4,543,859	4,543,859	**4,543,859**
Comprehensive Income	**9=7+8**								1,080,925	4,527,768	**4,527,768**
Transactions with shareholders in the period											
Capital increases											
Realisations of share issue premiums											
Profit distribution						-560,000				-560,000	**-560,000**
Increases for coverage of losses											
Other operations											
	10					**-560,000**					**-560,000**
Position at the End of FY 2016	**6+7+8+10**		**10,000,000**	**2,000,000**	**3,138,457**	**-650,265**	**6,587,092**	**5,484,879**	**4,543,859**	**31,104,022**	**31,104,022**

The Certified Accountant The Board of Directors

Individual Cash Flow Statement for the periods ended 31/12/2017 and 31/12/2016

EUR

ITEMS	Periods 2017	Periods 2016
Cash flows from operating activities – equity method		
Receipts from customers	54,726,375	47,336,201
Payments to suppliers	-34,776,115	-30,149,482
Payments to staff	-11,656,920	-10,227,055
Cash generated by operations	8,293,340	6,959,664
Income tax paid/received	-276,120	-311,934
Other receipts/payments	-46,528	-113,593
Cash flows from operating activities (1)	**7,970,692**	**6,534,137**
Cash flow from investment activities		
Payments concerning:		
Tangible fixed assets	-4,373,893	-4,033,801
Intangible assets	-71,076	-300,687
Financial investments	-2,111,459	-1,250,359
Other assets	-13,013	
Receipts from:		
Tangible fixed assets	37,197	562,100
Financial investments	1,123,904	25,000
Other assets		387,072
Investment grants		5,381
Interest and similar income		4
Dividends	222,750	148,500
Cash flow from investment activities (2)	**-5,185,590**	**-4,456,791**
Cash flows from financing activities		
Receipts from:		
Financing received	1,812,520	3,136,138
Payments concerning:		
Financing received	-3,159,057	-4,678,943
Interest and similar costs	-313,590	-314,015
Dividends	-750,000	-560,000
Cash flows from financing activities (3)	**-2,410,127**	**-2,416,819**
Changes in cash and cash equivalents (1+2+3)	374,975	-339,473
Exchange rate effect		
Cash and cash equivalents at the beginning of the financial year	**227,235**	**566,708**
Cash and cash equivalents at the end of the financial year	**602,210**	**227,235**

The Certified Accountant

The Board of Directors

IV. Notes to the Financial Statement – Individual Accounts

1. Information

1.1. Identification of the Entity

Name:	OLI - Sistemas Sanitários, S.A.
Registered office:	Travessa do Milão, Esgueira, Aveiro, Portugal
Taxpayer no.:	500 578 737
Business:	Main activity code (CAE): 22230 - Manufacturing of Plastic items for Construction

The main business of this company is the manufacture of plastic items for construction and its secondary activity is the wholesale marketing of sanitary ware, fittings, piping for plumbing, motorised and electric pumps, faucets, household appliances and heating material. Another of its secondary activities is real estate development, namely the design, construction, ownership, marketing, commercial exploitation and management of various types of real estate assets.

1.2. Identification of the Parent Company

OLI - Sistemas Sanitários, S.A. is owned as follows:

- 50% by Oliveira & Irmão, SGPS, Lda, with registered office at Travessa do Milão, Esgueira, Aveiro, and
- 50% by Valsir, S.p.A., with registered office at Localita Merlaro 2, Vestone, Itália.

1.3. Identification of the Intermediate Parent Company

The intermediate parent company is OLI - Sistemas Sanitários, SA, with registered office at Travessa do Milão, Esgueira, Aveiro.
Copies of the consolidated financial statements can be obtained at the company's headquarters.

1.4. Risk management

i. Credit Risk

a) Customer Loans

Credit risk results mainly from loans granted to customers, related to operating activities. The main purpose of credit risk management is to ensure the effective collection of customer debts, in accordance with negotiated conditions.

In order to mitigate the credit risk that derives from the potential default of payment by the customers, the company:

- Has in place credit control procedures and credit approval processes;
- Has a team dedicated to the management of loans and collections;
- Establishes and monitors its customers' credit limits, monitoring effective exposure;
- Has taken out credit insurance;
- Makes use of all legal means available for credit recovery, when applicable.

b) Other financial assets besides customer loans

In addition to the assets resulting from operating activities, the company holds financial assets resulting from its relationship with Financial Institutions, such as bank deposits. Consequently, there is also a credit risk associated with the potential default of the Financial Institutions with which it has these relationships. Financial exposure related to this type of financial assets is widely diversified and short-term.

ii. Market Risk

a) Interest Rate Risk

As a result of the relevant weight of debt at variable rates in its Balance Sheet, and the consequent interest payment cash flows, the Company is exposed to interest rate risk, particularly to the risk of fluctuations in the Euro interest rate.

b) Foreign Exchange Risk

The company is exposed to exchange rate and transaction risk. Exchange rate risk relates to the possibility of recording losses or gains as a result of exchange rate changes. The Group's operations are international and it has a subsidiary operating in Russia, thus being exposed to exchange rate risk.

The exchange rate risk management policy seeks to minimise the volatility of investments and operations denominated in foreign currencies, thus contributing to lower the Group's sensitivity to currency fluctuations.

Whenever possible, the Group attempts to hedge exposed amounts by offsetting granted and received loans denominated in the same currency.

Transaction risk emerges essentially when there is a currency risk related to operating *cash-flows* denominated in a currency other than the functional currency of the company. The company seeks to compensate for positive and negative cash-flows denominated in the same foreign currency.

iii. Liquidity Risk

Liquidity risk management aims at ensuring that the company is able to obtain the necessary financing in a timely manner, in order to carry out its business activities, implement its strategy and comply with its payment obligations when due, while avoiding the need to obtain financing under unfavourable conditions.

To this aim, liquidity management involves the following aspects:

- Consistent financial planning, based on cash flow forecasts and according to different time horizons (weekly, monthly, annual and multi-annual);
- Financing source diversification;
- Diversification of debt maturities issued in order to avoid excessive concentration of debt repayments over short periods;
- Contracting of short-term credit lines, commercial paper programs and other types of financial operations, so as to ensure a balance between adequate levels of liquidity and commitment fees borne;

2. Accounting Framework Used to Prepare the Financial Statements

2.1 Accounting Framework Adopted

The attached Financial Statements were prepared in accordance with the provisions in force in Portugal, in accordance with Decree-Law no. 98/2015, of 2 June, and in accordance with the Conceptual Framework (EC), Accounting and Financial Reporting Standards (NCRF) and Interpretative Standards (NI), respectively, of Notices 8254/2015, 8256/2015 and 8258/2015, of 29 July, contained in the Accounting Standardisation System (SNC), as well as the International Accounting Standards (IAS/IFRS), and the respective Technical Interpretations (SIC/IFRIC), issued by IASB.

2.2 Ongoing Concern Basis

The attached Financial Statements were prepared based on the principle of ongoing concern, from the books and accountancy records of the Company, kept according to accountancy principles generally accepted in Portugal.

2.3 Accrual Basis of Accounting

The Company records revenue and expenses on an accruals basis, under which revenues are recognised when earned and expenses are recognised when incurred, regardless of the timing of receipts or payments. Differences between the amounts received and paid, and the corresponding revenue and expenses are recognised under "Debtors and Creditors by Accrual and Deferral."

2.4 Classification of Non-Current Assets and Liabilities

Assets receivable and liabilities payable within more than one year from the date of the statement of financial position are classified, respectively, as non-current assets and liabilities. Additionally, due to their nature, "Deferred Taxes" and "Provisions" are classified as Non-Current Assets and Liabilities.

2.5 Financial Liabilities

Financial liabilities are classified according to the substance of their contractual arrangement, regardless of the legal form.

2.6 Comparability

The accounting policies and measurement criteria adopted on 31 December 2017 are comparable to those used the preparation of the Financial Statements on 31 December 2016.

In view of NCRF 10 – Borrowing Costs, the company capitalised interest in the amount of 8,785.69 euros, based on the criteria of the asset being in progress for a period exceeding 9 months and its value exceeding 100,000 euros.

2.7 Subsequent Events

Events occurring after the Balance Sheet date providing additional information about the conditions that existed at the time are reflected in the Financial Statements. Any materially relevant events occurring after the Balance Sheet date are disclosed in the Notes to the Financial Statements.

2.8 Derogation of the provisions of the Accounting Standards

During the year reported, there were no exceptional cases regarding these Financial Statements implying the derogation of any provision stipulated in the SNC.

3. Main Accounting Policies

3.1. Measurement Bases Used to Prepare the Financial Statements:

INTANGIBLE ASSETS (NCRF 6)

Intangible assets are recorded at their acquisition cost, net of depreciations and accumulated impairment losses. Intangible assets are recognised only when they are likely to lead to future economic benefits for the entity, are controllable and their cost may be reliably measured.

Development expenses are recognised whenever the entity demonstrates the capacity to complete the respective development, begin to use it and when it is probable that the created asset will generate future economic benefits. Development expenses that do not meet these criteria are recorded as expenses in the year in which they are incurred. Research expenses are recognised as costs in the period in which they are incurred.

Amortisation is calculated after an asset is put into use and determined by the straight-line method according to its estimated useful life.

TANGIBLE FIXED ASSETS (NCRF 7)

Tangible fixed assets acquired until 1 January 2010 (date of the transition to NCRF) are recorded at acquisition cost or at revalued acquisition cost, according to the accounting principles generally accepted in Portugal until that date, minus accumulated depreciation.

Tangible fixed assets acquired after that date are recorded at acquisition cost minus the corresponding depreciation and accumulated impairment losses. Buildings and land were revalued in 2011 by an external entity called L2i - Investimentos Imobiliários, Lda. and in 2017 by an external entity called CC Morais – Avaliação Imobiliária, Lda.

Depreciation is calculated after the date on which the goods are available for use by the straight-line method in accordance with the estimated lifetime for each group of goods.

The depreciation rates used correspond to the following estimated service lives:

Description	Estimated years of life
Commercial and Office Buildings	50
Industrial Buildings	20
Light Structures	10
Moulds	6
Machines	10
Assembly Lines	10
Tools and Utensils	4
Transportation equipment	4
Administrative Equipment	8

Conservation and repair expenses that do not increase the useful life or do not result in significant enhancements or improvements of tangible fixed assets are recorded as expenses in the year in which they are incurred.

Tangible fixed assets in progress are assets still in the construction stage and are recorded at the acquisition cost. These tangible fixed assets are depreciated as of the moment in which the underlying assets are available for use and meet the necessary conditions to operate as planned by the management.

Capital gains or losses resulting from the sale or write-off of tangible fixed assets are calculated as the difference between the sale price and the net book value, on the date of the sale or write-off. Said assets are recorded in the Profit-and-Loss Account, in items Other Income and Gains or Other Expenses and Losses.

NON-CURRENT ASSETS HELD FOR SALE (NCRF 8)

Current assets held for sale include moulds and machines that were classified as such, as these assets are not being recovered by continuous use but through disposal. The assets are available for immediate sale in their current condition.

LEASES (NCRF 9)

Leasing contracts are classified as Financial Leases if they imply a substantial transfer of all risks and advantages inherent to ownership of the asset and as Operating Leases if they do not imply the substantial transfer of all risks and advantages inherent to their ownership.

The classification of leases as Financial or Operating depends on the substance of the transaction and not on the form of the contract.

Tangible fixed assets acquired through finance lease contracts, as well as the corresponding responsibilities, are accounted for using the financial method. Tangible fixed assets, the corresponding accumulated depreciation and debts pending liquidation are recognised according to the contractual financial plan. Additionally, interest included in the value of rents and depreciation of tangible fixed assets are recognised as expenses in the profit-and-loss statement for the year to which they refer.

In the case of operating leases, rents owed are recognised as an expense in the Income Statement on a straight-line basis over the lease period.

BORROWING COSTS (NCRF 10)

Interest paid on loans directly attributable to the acquisition or construction of assets is capitalised as part of the cost of those assets. The Entity considers that an asset is eligible for capitalisation when it requires a substantial period of time to be available for use or for sale. The amount of interest to be capitalised is determined by applying a capitalisation rate on the value of investments made.

The capitalisation rates used in the year were 2.45% for the interest capitalisation of February and 2.05% for the interest capitalisation of December. The entity's capitalisation policy is summed up as follows:

– The capitalisation of loan expenses begins when the investment starts, when interest has already been borne and the activities necessary to prepare the asset for use or for sale are already underway;

– Capitalisation ends when all activities necessary to make the asset available for sale or for use are substantially completed;

As a matter of practicality, capitalisation is only for interest on assets that take at least 9 months to construct and that reach a value exceeding 100,000 euros.

– Other expenses directly attributable to the acquisition and construction of the assets, such as expenditure on materials consumed and staff costs are also included in the cost of such assets.

INVESTMENT PROPERTIES (NCRF 11)

Investment properties are valued at their acquisition cost, net of depreciation and accumulated impairment losses.

Costs incurred with investment properties, such as maintenance, repairs and insurance, are recognised as expenses in the period to which they relate. If there are improvements, where there is expectation that these will generate future economic benefits beyond those initially expected, these are recognised in the Investment Properties heading.

Periodically, the fair value of investment properties is determined, and this valuation is reflected in the measurement of assets.

IMPAIRMENT OF ASSETS (NCRF 12)

On the Balance Sheet date, an assessment is carried out to determine the actual existence of impairments implying changes in circumstances which indicate that the value for which the assets are recognised may not be recoverable.

Whenever the carrying amount of the asset is higher than the recoverable amount, an impairment is recognised in the profit-and-loss account, under item Impairment Losses.

The reversal of impairment losses, recognised in previous years, is recorded when there is evidence that such losses no longer exist or have decreased. Said losses are recognised in the profit-and-loss account, under item Reversal of Impairment Losses and are accounted up to the limit amount that would be recognised if the loss had been recorded.

Impairment of inventories and customers was assessed on the balance sheet date. Objective evidence of impairment was found in customers, due to legal proceedings and seniority, and in inventories recorded at a higher value than that recoverable. As such, impairments in customers and inventories were recognised in the Profit-and-Loss Statement.

Regarding Soplasnor, an impairment was recognised in relation to the loan payable by this subsidiary to the parent company.

INTERESTS IN JOINT VENTURES AND INVESTMENTS IN ASSOCIATED COMPANIES (NCRF13)

Investments in associated companies (shareholdings exceeding 20%) are recorded under the Equity Method. Shareholdings are initially accounted at their acquisition cost, which is increased or decreased to the value corresponding to the proportion of the equity of those entities, reported on the date of acquisition or the date of the first application of the Equity Method.

When the subsidiary, jointly controlled or associated entity has negative or zero equity, the investment is recorded at a zero value.

According to the Equity Method, investments are adjusted annually by the value corresponding to the share in the net profit of those entities against profits or losses in the period. The distribution of dividends is recorded as a decrease in the value of the investments in the period in which they are paid.

INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION (NCRF 15)

Financial holdings are initially recognised at cost and subsequently adjusted using the Equity Method. Full Consolidation is applied, as this is required for holdings and control in subsidiaries.

After associated companies are acquired, profits and losses are accounted in the profits or losses of the parent company against the financial investment value. After the balance sheet date, the profit or loss is transferred to reserves whenever it is not distributed. When the holding determined by the Equity Method is a loss that equals or exceeds the investment in the associated company, the parent company no longer recognises additional losses.

Profits not obtained from transactions with associated companies are eliminated from the scope of consolidation.

Whenever necessary, the accounting policies of associated companies are altered to ensure consistency with the policies adopted by the Group.

INVENTORIES (NCRF 18)

Inventories are valued according to the following criteria:

- Goods and raw materials, secondary and consumable materials are valued at acquisition cost. Acquisition cost includes expenses incurred until storage, using the weighted average cost as the output costing method.

- Finished products and works in progress are valued at the production cost, which includes the cost of the respective raw materials, labour and general manufacturing expenses. The output cost is determined by the standard cost method.

In cases where the value of those goods is lower than the lowest of the average acquisition or production cost, an impairment cost is recorded for depreciation of inventories.

REVENUE (NCRF 20)

The company recognises revenue whenever it is reasonably measurable, when it will likely obtain future economic benefits. The amount of revenue is not considered reasonably measurable until all contingencies relating to a particular sale are substantially resolved. The company bases its estimates on historic results, taking into account the type of customer, the type of transaction and the specificity of each agreement.

Revenue comprises the fair value of the consideration received or receivable for services rendered, arising from the Company's normal business operation. Revenue is recognised net of Value Added Tax (VAT), rebates and discounts.

Revenue from the sale of goods is recognised when all the following conditions are met:

- All risks and benefits associated with the ownership of the goods are transferred to the purchaser;
- The entity does not maintain any control over the goods sold;
- The revenue amount can be reliably measured;
- Future economic benefits associated with the transactions are likely to flow to the entity;
- Costs incurred or to be incurred in the transaction can be reliably measured.

Revenue from services is recognised net of taxes, at the fair value of the amount to be received.
Interest revenue is recognised using the effective interest method, provided it is likely that economic benefits will flow to the entity and its amount can be reliably measured.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (NCRF 21)

The company set up a provision for customer guarantees. Because our products are guaranteed for a period during which claims may be made, the company has a current obligation arising from a past event. It is therefore likely that expenses may be incurred to satisfy that obligation. The obligation amount was calculated based on historic occurrences in the previous three years.

GOVERNMENT SUBSIDIES AND GOVERNMENT SUPPORT (NCRF 22)

Operating subsidies, namely to support job creation, are recognised in the profit-and-loss account, proportionally to the respective expenses incurred, thereby fulfilling the accrual concept of accounting.

Non-refundable investment subsidies to finance tangible assets are recorded in Equity and recognised in the Profit-and-Loss Account, proportionally to the depreciation of subsidised assets during their useful life.

We have a refundable interest-free loan in progress from the concession of financial incentives as part of the QREN innovation incentive system, to which we applied for internationalisation and investment expenses.

EFFECTS OF CHANGES IN CURRENCY EXCHANGE RATES (NCRF 23)

Transactions in foreign currency are converted into the functional currency at the exchange rate on the transaction date.

On the closing date, the currency exchange rate is updated for outstanding balances (monetary items), applying the exchange rate in force on that date. Favourable and unfavourable exchange rate differences between the exchange rates in force on the date of transactions and those on the date of collections, payment or on the balance sheet date are recorded as income and/or expenses in the Profit-and-Loss Account for the year in the Exchange Rate Profits/Losses item.
Exchange rate differences arising from the translation into Euro of financial statements of subsidiaries denominated in foreign currencies are recognised in equity, under Other Changes in Equity.

INCOME TAX (NCRF 25)

The company is subject to corporate income tax (IRC). In determining the taxable amount, any amounts not accepted by the tax authorities are added to or deducted from the accounting amounts. This difference between accounting and fiscal results can be of a temporary or permanent nature.

In 2017, the company deducted amounts from taxable income related to tax incentives in force applicable to corporate income tax (IRC), namely SIFIDE (Systems of Tax Incentives for Corporate Research and Development).

The company records deferred taxes corresponding to the temporary differences between the accounting value of assets and liabilities and the corresponding tax base, according to the provisions of FARS 25 – Deferred Taxes.

Expenses in income tax for the year are determined by adding current and deferred taxes. Current income taxes are calculated based on the entity's taxable income according to the tax rules in force, net of tax benefits; deferred tax is determined by the temporary differences between the value of assets and liabilities for financial reporting purposes, and the respective values for taxation purposes (tax base).

Deferred tax assets and liabilities are calculated using the tax rates in force and are recognised as an expense or income in the year.

FINANCIAL INSTRUMENTS (NCRF 27)

Financial instruments are valued according to the following criteria:

- Customers and other third-party receivables – debts from customers or other third parties are recorded at their nominal value, as they do not bear interest, and the discount effect is deemed immaterial. At the end of each reporting period, customer and other third-party receivables are analysed to determine the existence of any objective evidence that they are not recoverable. If this is the case, the respective loss is immediately recognised as an impairment loss. Impairment losses are recorded subsequent to events that objectively and in a quantifiable manner imply that all or part of the outstanding balance will not be received. To this aim, the entity takes into account market information demonstrating that the customer has defaulted on its responsibilities and historic information showing that overdue balances have not been received.

- Debts to Suppliers and Other Payables – Debts to suppliers or other third parties are recorded at their nominal value since they do not bear interest and the discount effect is regarded as immaterial.
- Loans – using one of the options of NCRF 27, loans are recorded under liabilities at their cost.
- Transactions and balances in foreign currency – transactions in foreign currency are recorded at the exchange rate of the transaction dates. On each reporting date, the carrying amounts of monetary items stated in foreign currency are restated at the exchange rates of that date. Carrying amounts of non-monetary items recorded in foreign currency are updated on the reporting date at the exchange rate in force. Carrying amounts of non-monetary items recorded at historical cost denominated in foreign currency are not updated. Currency exchange differences arising from the aforementioned updates are recorded in the Profit-and-Loss Account for the year in which they were generated.
- Accrual basis – transactions are recognised in the accounting when they are generated, regardless of the moment when they were received or paid. Differences between amounts received and paid and the corresponding income and expenses are recorded in the items of other accounts receivable, other accounts payable and deferrals.
- Cash and bank deposits – amounts included in the item of cash and cash equivalents correspond to the value of cash and bank deposits, both realisable immediately without losing value.

EMPLOYEE BENEFITS (NCRF 28)

The entity's employees receive the following benefits:

- Short-term benefits: these include wages, salaries, social security contributions and gratifications. These benefits are accounted in the same time period in which the employee provided the service.
- Benefits for termination of employment: the entity recognises expenses related to work contract terminations, either by expiry of a term contract or by mutual agreement.

3.2. – Main Sources of Uncertainty in Estimates

Estimates are based on the best knowledge at any moment and on planned actions. These actions are periodically reviewed based on available information. Estimates may be reviewed in the event of any changes to the facts and circumstances, such that actual future results may be different.

4. Cash Flows

The Cash and Bank Deposits item is broken down as follows:

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Opening Balance	Debits	Loans	Closing Balance
Cash	8,657	131,184	123,249	16,591
Demand deposits	218,579	118,609,783	118,242,743	585,619
Total Cash and Bank Deposits	**227,235**	**118,740,967**	**118,365,992**	**602,210**

5. Related Parties

5.1. Parent Company and Subsidiaries:

Immediate Parent Company: OLI - Sistemas Sanitários, S.A.

Upper Intermediate Parent Company: Oliveira & Irmão, SGPS, Lda.

Upper Intermediate Parent Company: Valsir, S.p.A.

5.2. Remuneration of Key Management Staff

The following remunerations were paid to governing bodies (understood as key management staff) in the financial years ended 31 December 2017 and 2016:

REMUNERATION OF GOVERNING BODIES EUR

Description	FY 2017	FY 2016
Board of Directors – OLI Sistemas Sanitários, S.A.	564,714	540,895
Total	**564,714**	**540,895**

5.3. Transactions with Related Parties

The following transactions took place between related parties:

RELATED PARTIES EUR

Description		FY 2017					FY 2016				
		Sales and Services	Purchases	Balances receivable	Balances payable	Loans in the period	Sales and Services	Purchases	Balances receivable	Balances payable	Loans in the period
Parent Company	VALSIR, SPA	720,559	1,324,417	190,227	522,600		656,615	749,094	248,936	267,306	
	Oliveira & Irmão, SGPS, Lda.					-18,000					-9,603
Total		**720,559**	**1,324,417**	**190,227**	**522,600**		**656,615**	**749,094**	**248,936**	**267,306**	
Subsidiaries	Moldaveiro – Moldes, Lda.	71,338	1,355,835	3,348	553,446	40,000	53,419	1,567,951	3,348	629,071	
	Soplasnor – Soc. Plásticos do Norte, SA					44,500					2,500
	Nuno & Gradeço – Mat. Construção, SA										
	Oli Sanitairsysteme GMBH	276,630	551	81,313		-90,910	441,582	1,476	427,549		626,965
	OOO Oli Rus	958,355		1,332,862			2,033,531		1,417,721		
	Oli, SRL	7,172,806	745,255	339,205	57,578		7,381,612	738,151	1,209,730	139,234	
Total		**8,479,129**	**2,101,642**	**1,756,728**	**611,024**	**-6,410**	**9,910,144**	**2,307,578**	**3,058,348**	**768,306**	**629,465**

On 29 December 2017 Russia-based OOO OLI Rus made a capital increase in the amount of 879,152.73 euros, through debt and conversion of supplementary contributions into share capital.

On February 23, 2017, OLI - Sistemas Sanitários, S.A. increased the share capital of OLI Sanitärsysteme GmbH, with head office in Germany, in the amount of 1,000,000 euros.

On 22 December 2017, a further capital increase was approved for its subsidiary OLI Sanitarsysteme GmbH, in the amount of 300,000 euros, which was completed on 16 January 2018.

6. Intangible Assets

Intangible assets were disclosed as follows:

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2017 EUR

	Description	Development projects	Computer programmes	Industrial property	Intangible assets in progress	Total
	With finite service life:					
4	Initial gross carrying amount	59,840	752,436		63,035	875,311
5	Initial accumulated amortisations	31,582	230,226			261,808
7	**Initial net carrying amount (7 = 4 – 5 - 6)**	**28,258**	**522,211**		**63,035**	**613,503**
8	**Operations in the period: (8 = 8.1 - 8.2 + 8.3 + 8.4 + 8.5 + 8.6)**	**-19,947**	**-198,613**		**-63,035**	**-281,595**
8.1	**Total additions**		**71,076**		**2,100**	**73,176**
	Acquisitions as new		70,566		2,100	72,666
Additions	Other		510			510
8.2	**Total decreases**	**19,947**	**269,689**		**65,135**	**354,770**
	Amortisation	19,947	269,179			289,126
Decreases	Other		510		65,135	65,645
9	**Final net carrying amount (9 = 7 + 8)**	**8,311**	**323,597**			**331,908**
	Service life	**3**	**3**			

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2016 EUR

	Description	Development projects	Computer programmes	Industrial property	Intangible assets in progress	Total
	With finite service life:					
4	Initial gross carrying amount	59,840	340,874		173,909	574,623
5	Initial accumulated amortisations	11,636	70,086			81,722
7	**Initial net carrying amount (7 = 4 – 5 - 6)**	**48,204**	**270,788**		**173,909**	**492,902**
8	**Operations in the period: (8 = 8.1 - 8.2 + 8.3 + 8.4 + 8.5 + 8.6)**	**-19,947**	**251,423**		**-110,875**	**120,601**
8.1	**Total additions**		**17,605**		**47,901**	**65,506**
Additions	Acquisitions as new		17,605		47,901	65,506
8.2	**Total decreases**	**19,947**	**160,140**			**180,086**
Decreases	Amortisation	19,947	160,140			180,086
8.4	Transfers of IFA in progress		393,957		-158,776	235,182
9	**Final net carrying amount (9 = 7 + 8)**	**28,258**	**522,211**		**63,035**	**613,503**
	Service life	**3**	**3**			

7. Tangible Fixed Assets

7.1. Disclosures on Tangible Fixed Assets

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE FIXED ASSETS IN 2017 EUR

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Administrative equipment	Other TFA	TFA in progress	Advances on account of TFA	Total
1	Initial gross carrying amount	7,073,343	17,312,006	35,141,595	1,260,137	1,439,213	1,236,648	1,855,111	80,000	65,398,053
2	Initial accumulated depreciation		9,840,516	26,997,479	981,133	1,224,427	1,226,162			40,269,717
4	**Initial net carrying amount (4 = 1 – 2 - 3)**	**7,073,343**	**7,471,490**	**8,144,116**	**279,005**	**214,785**	**10,485**	**1,855,111**	**80,000**	**25,128,336**
5	**Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)**	**-1,557,343**	**3,360,904**	**11,239**	**-35,512**	**-70,110**	**-6,865**	**941,072**	**-80,000**	**2,563,386**
5.1	**Total additions**	**354,640**	**3,259,989**	**217,195**	**130,300**	**43,742**	**4,500**	**4,039,944**		**8,050,311**
	Acquisitions	354,640	11,455	209,793	130,300	43,742	3,990	3,866,641		4,620,561
Additions	Revaluation increases		3,248,534							3,248,534
	Other			7,402			510	173,303		181,215
5.2	**Total decreases**	**1,911,983**	**1,038,510**	**1,933,825**	**165,812**	**114,847**	**11,365**	**255,513**		**5,431,854**
	Depreciations		1,027,930	1,933,825	148,469	114,337	7,375			3,231,935
Decreases	Disposals				17,344					17,344
	Revaluation decreases	1,911,983								1,911,983
	Other		10,580			510	3,990	255,513		270,593
5.4	Transfers of TFA in progress		1,139,425	1,702,939		995		-2,843,359		
5.6	Other transfers			24,929					-80,000	-55,071
6	**Final net carrying amount (6 = 4 + 5)**	**5,516,000**	**10,832,394**	**8,155,355.19**	**243,492**	**144,675**	**3,621**	**2,796,184**		**27,691,722**
	Service life		**3;10;20;50**	**1;3;4;6;8;10**	**4;6**	**3;5;6;7;8;10**	**3;4**			

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE FIXED ASSETS IN 2016 EUR

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Administrative equipment	Other TFA	TFA in progress	Advances on account of TFA	Total
1	Initial gross carrying amount	7,099,031	16,654,789	32,684,620	1,174,516	1,392,927	1,236,648	2,551,200		62,793,731
2	Initial accumulated depreciation		8,942,040	25,163,540	853,888	1,113,430	1,212,119			37,285,017
4	**Initial net carrying amount (4 = 1 – 2 - 3)**	**7,099,031**	**7,712,750**	**7,521,080**	**320,628**	**279,496**	**24,529**	**2,551,200**		**25,508,714**
5	**Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)**	**-25,688**	**-241,260**	**623,036**	**-41,623**	**-64,711**	**-14,043**	**-696,089**	**80,000**	**-380,379**
5.1	**Total additions**	**49,168**	**17,803**	**204,066**	**101,400**	**30,630**		**2,729,113**	**80,000**	**3,212,181**
Additions	Acquisitions	49,168	17,803	204,066	101,400	30,630		2,729,113	80,000	3,212,181
5.2	**Total decreases**	**74,856**	**898,477**	**2,108,161**	**143,023**	**118,018**	**14,043**			**3,356,578**
	Depreciations		898,477	1,873,430	143,023	111,827	14,043			3,040,800
Decreases	Disposals	74,856		234,731		5,563				315,150
	Write-offs					628				628
5.4	Transfers of TFA in progress		639,414	2,527,426		22,677		-3,424,698		-235,182
5.6	Other transfers			-296				-504		-800
6	**Final net carrying amount (6 = 4 + 5)**	**7,073,343**	**7,471,490**	**8,144,116**	**279,005**	**214,785**	**10,485**	**1,855,111**	**80,000**	**25,128,336**
	Service life		**3;10;20;50**	**1;3;4;6;8;10**	**4;6**	**3;5;6;7;8;10**	**3;4**			

7.2. Disclosures on Revaluation Surplus from Tangible Fixed Assets Recognised by Revalued Amounts

CARRYING AMOUNT AND OPERATIONS IN REVALUATION SURPLUSES IN 2017 EUR

Description	Legal Revaluation Reserves		Free Revaluation Reserves		Total
	Not Performed	Performed	Not Performed	Performed	
Value of the revaluation surplus at the beginning of the period	83,796	78,297	4,729,828	1,695,170	6,587,092
Revaluation			1,027,566		1,027,566
Depreciations	-13,119	13,119	-274,993	274,993	
Value of the revaluation surplus at the end of the period	**70,678**	**91,415**	**5,482,401**	**1,970,164**	**7,614,657 €**

CARRYING AMOUNT AND OPERATIONS IN REVALUATION SURPLUSES IN 2016 EUR

Description	Legal Revaluation Reserves		Free Revaluation Reserves		Total
	Not Performed	Performed	Not Performed	Performed	
Value of the revaluation surplus at the beginning of the period	96,940	65,153	4,940,040	1,484,959	6,587,092
Depreciations	-13,144	13,144	-210,211	210,211	
Value of the revaluation surplus at the end of the period	**83,796**	**78,297**	**4,729,828**	**1,695,170**	**6,587,092**

7.3. Tangible Fixed Assets Pledged as Guarantees for Liabilities

TANGIBLE FIXED ASSETS PLEDGED AS GUARANTEES FOR LIABILITIES IN 2017 EUR

Asset	Creditor	Pledged Amount	Asset Value	Depreciation	Net Amount
Soplasnor Building and adjacent land	BPI	4,500,000	4,839,391	375,209	4,464,181
Moulds and machines	BPI	827,750	921,643	503,408	418,235
		5,327,750	**5,761,034**	**878,617**	**4,882,416**

TANGIBLE FIXED ASSETS PLEDGED AS GUARANTEES FOR LIABILITIES IN 2016 EUR

Asset	Creditor	Pledged Amount	Asset Value	Depreciation	Net Amount
Soplasnor Building and adjacent land	BPI	4,500,000	4,826,377	201,569	4,624,808
Moulds and machines	BPI	827,750	921,643	393,420	528,224
		5,327,750	**5,748,020**	**594,988**	**5,153,032**

8. Non-Current Assets Held for Sale

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Opening Balance	Acquisitions	Disposals	Closing Balance
Set of moulds for filling valves	14,268			14,268
Set of moulds for discharge valves	7,927			7,927
Set of moulds for floor siphons	2,114			2,114
Set of equipment purchased for sale		950	950	0
Total	**24,309**	**950**	**950**	**24,309**

9 Leases

9.1. Lease Contracts

EUR

Assets being financed through lease contracts, the respective net carrying amounts and contingent rents recognised as expenses in the period		Financial leases in effect						FY 2017	FY 2016
		Description	Acquisition value	Lessor	Contract identification	Lease term: Beginning	Lease term: End	Net carrying amounts of leased assets	Net carrying amounts of leased assets
Tangible Fixed Assets	Leasing	VW Sharan - 14NP35	40,000	BPI	CT 1360160200	25/4/2013	25/4/2018		2,500
	Leasing	Audi A6 - 25OU22	94,000	BPI	CT 1460255800	25/6/2014	25/6/2019	9,792	33,292
	Leasing	Audi A3 - 28PR19	39,650	BPI	CT 1530029800	5/4/2015	5/4/2020	12,391	22,303
	Leasing	Audi A3 - 28PR20	39,650	BPI	CT 1530029900	5/4/2015	5/4/2020	12,391	22,303
	Leasing	VW Caravelle - 95QL40	42,000	BPI	CT 1561644300	25/10/2015	25/10/2020	18,375	28,875
	Leasing	VW Passat 13-SG-86	35,300	BPI	CT1660968700	5/1/2017	5/1/2022	26,475	
	Subtotals		**290,600**					**79,423**	**109,273**
	Leasing	Computer Equipment	50,000	BSTOTTA	CT 203751	15/1/2014	15/1/2019	10,000	20,000
	Leasing	VW Passat - 83OP83	29,700	BSTOTTA	CT 205173	15/5/2014	15/5/2019	2,475	9,900
	Leasing	BMW X1 - 76QO89	38,596	BSTOTTA	CT211612	15/12/2015	15/12/2020	18,494	28,143
	Leasing	BMW 4 - 36QR70	46,500	BSTOTTA	CT211832	15/1/2016	15/1/2021	23,250	34,875
	Leasing	VW Passat - 19RN27	35,300	BSTOTTA	CT214624	15/8/2016	15/8/2021	22,798	31,623
	Subtotals		**200,096**					**77,017**	**124,541**
	Leasing	Computer Equipment – ORACLE	160,446	BNP PARIBAS	CT 76186/187	1/10/2015	1/8/2017	26,741	80,223
	Subtotals		**160,446**					**26,741**	**80,223**
Totals			**651,142**					**183,181**	**314,037**

9.2. Amounts Recognised in These Assets

EUR

Description	Financial leases 2017: Tangible fixed assets	Financial leases 2017: Total	Operating Leases	Financial leases 2017: Tangible fixed assets	Financial leases 2017: Total	Operating Leases
Final Gross Carrying Amount	651,142	651,142		651,342	651,342	
Accumulated Depreciation/Amortisations	467,961	467,961		337,305	337,305	
Final net carrying amount (4 = 1 - 2 - 3)	**183,181**	**183,181**		**314,037**	**314,037**	
Total future minimum lease payments on the balance sheet date: (5 = 5.1 + 5.2 + 5.3)	**215,310**	**215,310**	**66,730**	**336,561**	**336,561**	**23,250**
Up to one year	73,909	73,909	18,047	150,661	150,661	9,789
One to five years	141,401	141,401	48,682	185,901	185,901	13,461
Amount of payments recognised as expenses for the period			37,621			39,556

10. Borrowing

10.1. Information on General Loans

TYPE OF FINANCING EUR

Description	31/12/2017			31/12/2016		
	Current	Non-current	Total	Current	Non-current	Total
Secured Current Account						
Credit cards	12,971		**12,971**			
Commercial Paper Program	3,350,00		**3,350,000**	3,400,000		**3,400,000**
Medium- and Long-Term	2,148,540	7,295,998	**9,444,537**	2,374,018	8,436,439	**10,810,457**
Leasing	91,725	123,585	**215,31**	150,660	185,901	**336,561**
Remittances Discounted	253,026		**253,026**			
FEDER – Application no. 27024	250,748	979,279	**1,230,027**	111,364	1,230,026	**1,341,390**
Total	**6,107,009.95**	**8,398,861.33**	**14,505,871**	**6,036,041**	**9,852,367**	**15,888,408**

10.2. Guarantees

GUARANTEES EUR

Company	Guarantee No.	Guarantee Beneficiary	Guarantee		31/12/2017	31/12/2016
			Amount	%	Outstanding Principal Amount	Outstanding Principal Amount
Garval	2012.00974	BSTOTTA - PME CRESC 1.000K	56,108	5.61%		
Lisgarante	2012.01445	BSTOTTA - PME CRESC 1.000K	56,108	5.61%		
Norgarante	2012.01691	BSTOTTA - PME CRESC 1.000K	387,784	38.78%		111,111
Norgarante	2010.07573	CGD – PME INVEST V 1.000K	500,000	50.00%		90,909

11. Borrowing Costs

During this year, interest on loans directly attributable to the acquisition or construction of capitalised assets as part of the cost of such assets was as follows:

BORROWING COSTS IN 2017 EUR

Description	Start date of the work	Interest accrued	Interest rate applied
Tangible fixed assets		**8,786**	
Machines for specific uses	16/12/2016	3,412	2.05%
Industrial facilities	1/2/2015	3,962	2.45%
Industrial facilities	2/2/2017	1,412	2.05%
Total		**8,786**	

BORROWING COSTS IN 2016 EUR

Description	Start date of the work	Interest accrued	Interest rate applied
Tangible fixed assets		**23,327**	
Tools and Utensils	1/3/2015	1,963	2.45%
Machines for specific uses	1/6/2015	2,112	2.45%
Industrial facilities	5/6/2014	2,743	2.45%
Light Structures	1/6/2015	803	2.45%
Buildings under construction	1/2/2015	15,705	2.45%
Intangible Fixed Assets		**6,078**	
Computer Programmes	1/3/2015	6,078	2.45%
Total		**29,405**	

Assumptions:
In progress for a period exceeding nine months and a value exceeding 100,000 euros.

12. Investment Properties

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2017 EUR

	Description	Land and natural resources	Buildings and other structures	Other investment properties	IP in progress	Total
1	Initial gross carrying amount	1,719,813.92	4,505,225.25			6,225,039.17
2	Initial accumulated depreciation		353,853.83			353,853.83
3	Initial accumulated impairment losses		246,376.87			246,376.87
4	**Initial net carrying amount (4 = 1 - 2 - 3)**	**1,719,813.92**	**3,904,994.55**			**5,624,808.47**
5	**Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)**		**-269,850.89**			**-269,850.89**
5.1	**Total additions**		**13,013.40**			**13,013.40**
Additions	Other		13,013.40			13,013.40
5.2	**Total decreases**		**363,014.39**			**363,014.39**
Decreases	Depreciations		269,820.76			269,820.76
	Impairment losses		93,193.63			93,193.63
5.3	Reversals of impairment losses		80,150.10			80,150.10
6	**Final net carrying amount (6 = 4 + 5)**	**1,719,813.92**	**3,635,143.66**			**5,354,957.58**
7	**Service life**		**3; 11; 29**			

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2016 EUR

	Description	Land and natural resources	Buildings and other structures	Other investment properties	IP in progress	Total
1	Initial gross carrying amount	1,719,814	4,505,225			6,225,039
2	Initial accumulated depreciation		84,901			84,901
4	**Initial net carrying amount (4 = 1 - 2 - 3)**	**1,719,814**	**4,420,325**			**6,140,139**
5	**Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)**		**-515,330**			**-515,330**
5.1	**Total additions**		**0**			**0**
5.2	**Total decreases**		**515,330**			**515,330**
Decreases	Depreciations		268,953			268,953
	Impairment losses		246,377			246,377
6	**Final net carrying amount (6 = 4 + 5)**	**1,719,814**	**3,904,995**			**5,624,808**
7	**Service life**		**3; 11; 29**			

OTHER INFORMATION EUR

Description	2017	2016	Total
Amounts recognised in profit-and-loss			
Rents and other income from investment properties	153,550	71,400	224,950
Direct operating expenses in properties generating income	24,388	35,826	60,214
Total	**129,162**	**35,574**	**164,736**

13. Financial Investments

13.1. Information on Financial Investments

FINANCIAL HOLDINGS IN 2017 EUR

Description	Investments in subsidiaries	Total
Equity method:		
Initial gross carrying amount	9,784,923	9,784,923
Initial accumulated impairment losses	-5,564,000	-5,564,000
Effects arising from loans granted	6,190,965	6,190,965
Initial net carrying amount (4 = 1 - 2 + 3)	**10,411,888**	**10,411,888**
Operations in the period: (5=5.1+5.2+5.3-5.4+5.5+5.6-5.7-5.8-5.9+5.10+5.11+5.12+5.13+5.14)	**1,134,594**	**1,134,594**
Capital increases/Acquisitions	1,728,728	1,728,728
Investor's share in the investee's profits	294,615	294,615
Profit distribution received from the investee	-222,750	-222,750
Effects arising from loans granted	-6,410	-6,410
Impairment losses	-44,500	-44,500
Other operations in the period	-615,090	-615,090
Final net carrying amount (6 = 4 + 5)	**11,546,482**	**11,546,482**
Other methods		
Initial gross carrying amount	33,090	33,090
Initial net carrying amount (10 = 7 - 8 + 9)	**33,090**	**33,090**
Operations in the period: (11 = 11.1 + 11.2 + 11.3 + 11.4 + 11.5 + 11.6 + 11.7 + 11.8 + 11.9 + 11.10 + 11.11 + 11.12)	**-1,073**	**-1,073**
Other acquisitions	8,947	8,947
Disposals	-10,020	-10,020
Final net carrying amount (12 = 10 + 11)	**32,017**	**32,017**

In 2017 there was an increase in impairment losses in financial investments, in the amount of 44,500 euros. With this increase, the amount of accumulated impairment is equal to the amount of the loan granted to Soplasnor, as the company does not expect to recover this amount, given that the subsidiary does not have sufficient assets to cover it.

On February 23, 2017 OLI - Sistemas Sanitários, S.A. increased the share capital of its subsidiary OLI Sanitärsysteme GmBH in the amount of 1,000,000 euros. With this increase, it was possible to recognise the part of the negative net result of its subsidiary for 2016, which had not yet been recognised, since, as of 31/12/2016 the value of the financial investment sub-account was nil.

On 22 December 2017 it was decided to further increase the share capital of its subsidiary OLI Sanitärsysteme GmbH, in the amount of 300,000 euros, which was completed on 16/1/2018, so, this amount at the parent company was recognised under creditors for unreleased subscriptions.

During 2017, OLI - Sistemas Sanitários, S.A. lent to its subsidiary OLI Sanitärsysteme, GmBH, the amount of 509,090 euros, and was repaid the amount of 600,000 euros. Interest was charged, in the amount of 3,585.55 euros.

On 29 December 2017 Russia-based OOO OLI Rus made a capital increase in the amount of 879,152.73 euros, through debt and conversion of supplementary contributions into share capital.

14. Inventories

Inventories are broken down as follows:

EUR

Description	31/12/2017			31/12/2016		
	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
Goods	989,234	215,847	773,387	1,023,315	124,520	898,795
Raw, subsidiary and consumable materials	2,556,428	102,021	2,454,407	2,078,158	85,214	1,992,945
Finished and intermediate goods	3,502,364	273,503	3,228,862	3,165,250	112,584	3,052,666
Total	**7,048,026**	**591,371**	**6,456,655**	**6,266,724**	**322,318**	**5,944,406**

The cost of goods and materials consumed is as follows:

EUR

Description	31/12/2017			31/12/2016		
	Goods	Raw, subsidiary and consumption materials	Total	Goods	Raw, subsidiary and consumption materials	Total
Initial inventories	1,023,315	2,078,158	3,101,473	1,528,448	1,944,646	3,473,094
Purchases	3,763,579	20,871,361	24,634,940	2,883,365	18,309,481	21,192,846
Reclassification and adjustment of inventories	122,689	-740	121,948	114,487	41,908	156,395
Final inventories	989,234	2,556,428	3,545,661	1,023,315	2,078,158	3,101,473
Cost of goods sold and materials consumed (5=1+2+3-4)	**3,674,971**	**20,393,832**	**24,068,803**	**3,274,011**	**18,134,061**	**21,408,072**
Accumulated inventory adjustments/impairment losses in the period	215,847	102,021	317,868	124,520	85,214	209,734
Reversal of inventory adjustments/impairment losses in the period	124,520	85,214	209,734	213,103	85,617	298,720
Accumulated adjustments/Impairment losses in inventories	215,847	102,021	317,868	124,520	85,214	209,734

Changes in production inventories were as follows:

EUR

Description	31/12/2017			31/12/2016		
	Finished and intermediate goods	By-products, waste and rejects	Ongoing work and products	Finished and intermediate goods	By-products, waste and rejects	Ongoing work and products
Final inventories	3,502,364			3,165,250		
Reclassification and adjustment of inventories	267,573			249,751		
Initial inventories	3,165,250			3,446,209		
Changes in production inventories (4=1+2-3)	**604,688**			**-31,208**		
Accumulated inventory adjustments/impairment losses in the period	273,503			112,584		
Reversal of inventory adjustments/impairment losses in the period	112,584			187,076		
Accumulated adjustments/Impairment losses in inventories	273,503			112,584		

The entity possesses finished products held by third parties in the amount of 28,176 euros.

15. Revenue

The following table breaks down revenue and other income:

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2017	31/12/2016
Revenue recognised in the period:		
Sales and services provided	**54,104,701**	**49,198,159**
Goods sold	54,097,101	49,178,687
Services provided	7,600	19,472
Other income	**3,586**	**4,094**
Interest earned	3,586	4,094
Other similar income		
Total	**54,108,286**	**49,202,253**

16. Provisions for the Year

Provisions for guarantees to customers were set up in the proportion between expenses arising from these guarantees actually incurred over the last three fiscal years and sales in the same period.

EUR

Description	2017		2016	
	Guarantees provided to customers	Total	Guarantees provided to customers	Total
Initial carrying amount	35,534	35,534	35,421	35,421
Operations in the period (2 = 2.1-2.2)	**344**	**344**	**112**	**112**
Total increases	35,878	35,878	35,534	35,534
Reinforcement	35,878	35,878	35,534	35,534
Total decreases	35,534	35,534	35,421	35,421
Use	30,339	30,339	34,723	34,723
Reversal	5,195	5,195	698	698
Carrying amount in the year (3 = 1 + 2)	**35,878**	**35,878**	**35,534**	**35,534**
Final Carrying Amount	**35,878**	**35,878**	**35,534**	**35,534**

17. Subsidies

GOVERNMENT SUBSIDIES AND AIDS EUR

DESCRIPTION	2017 Subsidies from the State and Other Public Entities		2017 Subsidies from Other Entities		2016 Subsidies from the State and Other Public Entities		2016 Subsidies from Other Entities	
	Amount granted in the period or in previous periods	Amount allocated to the period	Amount granted in the period or in previous periods	Amount allocated to the period	Amount granted in the period or in previous periods	Amount allocated to the period	Amount granted in the period or in previous periods	Amount allocated to the period
Subsidies related to assets/for investment: (1 = 1.1 + 1.2 + 1.3)	1,093,234	20,913			1,093,234	46,641		
Tangible fixed assets (1.1 = 1.1.1 + 1.1.2 +_______________+ 1.1.7)	**1,093,234**	**20,913**			**1,093,234**	**46,641**		
Others	1,093,234	20,913			1,093,234	46,641		
Intangible assets (1.2 = 1.2.1+ 1.2.2 +__________+ 1.2.4)								
Other assets								
Subsidies related to income/Investment subsidies		123,760						
Value of repayments in the period related to: (3 = 3.1 + 3.2)								
TOTAL (4 = 1 + 2 - 3)	1,093,234	144,673			1,093,234	46,641		

The amount of subsidies granted by the state and other public entities concerns the internship and employment programme and the Research & Development incentive system.

18. Exchange Rate Differences

EFFECTS OF FOREIGN EXCHANGE RATE CHANGES EUR

Description	31/12/2017	31/12/2106
Exchange rate differences		
Recognised as income for the period:		
Unfavourable exchange rate differences	55,348	22,273
Favourable exchange rate differences	8,100	52,466

19. Events After the Balance Sheet Date

On 22/12/2017, a capital increase in its subsidiary OLI Sanitärsysteme GmbH in the amount of 300,000 euros, was approved, and was completed on 1/18/2018.

The Financial Statements for the year ended 31 December 2017 were approved by the Board and authorised for issuing on 23 February 2018.

20. Income Tax

20.1 Disclosure of Expenditure Components (income) of Taxes

INCOME TAX CARRYING AMOUNT EUR

Description	31/12/2017	31/12/2016
Accounting profit-or-loss for the period (before taxes)	4,058,709	5,058,506
Current tax	-520,634	-673,474
Deferred tax	155,872	158,826
Income Tax for the period (4 = 2 + 3)	**-364,762**	**-514,648**
Autonomous taxation	129,124	117,163

DEDUCTIONS RELATED TO TAX BENEFITS EUR

Description	31/12/2017	31/12/2016
SIFIDE - System of Tax Benefits for Research and Business Development	609,634	322,950
RFAI - Investment Assistance Tax Policy		190,882
CFEI - Extraordinary Fiscal Credit		
Total	**609,634**	**513,832**

The SIFIDE amount deducted from the tax base in 2017 refers to the remainder of the benefit reported in 2016 and to the entire benefit of 2017.

The company recognises deferred tax assets in the amount of 229,792 euros, related to impairment losses not accepted for tax purposes.
It also recognises deferred tax liabilities in the amount of 6,990 euros, related to legal revaluations, and of 1,598,751 euros related to free revaluations

20.2 Relationship Between Tax Expenses (income) and Accounting Profit

EFFECTIVE TAX RATE, AVERAGE EUR

Description		Effects on the Income Statement
Earnings and Other Changes in Equity Before taxes	(1)	4,058,709
Tax rate(s)	(2)	21.00%
Estimated Tax for the Year	**(3) = (1)x (2)**	**852,329**
Permanent and temporary differences not originating R&D.	(4)	9,201
Corrections regarding previous financial years		57,195
Cancellation of the effect of the equity method		-71,865
Non-deductible provisions		44,500
Fines and penalties		571
Non-deductible expenses related to the corporate bodies' share in the profits		154,785
Impairment losses on inventories and non-tax credits		737,033
Impairment losses on non-current assets and depreciation and amortisation not accepted as expenses		492,886
40% of the increase in the depreciation of TFA as a result of the tax revaluation		5,767
Bad credits not accepted as expenses		16,469
Non-deductible social benefits		19,965
50% of the positive difference between tax gains and tax losses with intention to reinvest		9,225
Donations not foreseen or beyond legal limits		19,412
Other increases		4,578
Reversal of taxed impairment losses		-406,454
Impairment losses taxed in previous tax periods		-110,487
Overestimated taxes		-552,874
Accounting capital gains		-18,450
Elimination of double taxation of profits and distributed reserves		-222,750
Tax benefits		-135,690
Tax benefits (except DLRR and CFEI)	(5)	609,634
Deferred Taxes	(6)	155,872
State Surtax	(7)	78,076
Surtax	(8)	61,538
Autonomous Taxation	(9)	129,124
Total Tax for the Year (9) =(3)+ (4) - (5) - (6)+(7)+(8)+(9)		**364,762**
Average tax rate		**8.99%**
Income Tax for the Year is broken down as follows:		
Current tax		-520,634
Deferred Tax		155,872
		-364,762

21. Environmental Matters

In 2013, OLI - Sistemas Sanitários, S.A. set up a financial guarantee in the form of a reserve in equity that allows the company to assume the environmental responsibilities inherent to its activity, as required by Decree-Law 147/2008, of 20 July and subsequent amendments. This environmental liability reserve was constituted in the amount of 100,000 euros, transferred from other reserves.

22. Financial Instruments

22.1. Disclosure of Third Party Figures

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2017	31/12/2016
Customers	**9,912,134**	**10,364,920**
Current account	9,755,857	10,167,648
Receivables	85,428	159,506
Doubtful debts	755,861	739,145
Impairment	-685,012	-701,379
Advance Payments from Customers	**145,590**	**11,759**
Suppliers	**8,374,411**	**7,657,181**
Other payables	**3,600,217**	**3,003,519**
Staff	11,301	7,069
Investment suppliers	1,130,731	827,316
Creditors by accrued expenses – Interest	25,920	30,380
Creditors by accrued expenses – Insurance	27,394	82
Creditors by accrued expenses – End of month	1,669	2,077
Creditors by accrued expenses – No current account		31
Creditors by accrued expenses – Credit cards	5,073	5,405
Creditors by accrued expenses – Vacations and vacation pay	1,700,211	1,548,848
Creditors by accrued expenses – Commissions	67,401	32,421
Creditors by accrued expenses – Rappel	291,449	225,402
Creditors by accrued expenses – Points	120,340	149,866
Creditors by accrued expenses – Other	200,752	162,775
Other creditors	17,978	11,846
Other Receivables	**301,282**	**363,274**
Advance payments to suppliers	299	93,660
Staff	14,169	12,105
Debtors by accrued income – Interest	3,586	4,090
Debtors by accrued income – Subsidies	943	
Debtors by accrued income – Other	187,345	122,144
Other Debtors	94,941	131,275
Total	**22,333,635**	**21,400,653**

22.2. State and Other Public Entities

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2017			31/12/2016		
	Current	Non-current	Total	Current	Non-current	Total
State and other public entities						
Assets						
Income Tax	442,149		442,149	81,913		81,913
Value-added tax	408,355		408,355	370,847		370,847
Total	**850,504**		**850,504**	**452,760**		**452,760**
Liabilities						
Income Tax						
Income tax withholding	118,783		118,783	110,157		110,157
Other taxes	99		99	69		69
Social Security contributions	204,988		204,988	194,518		194,518
Total	**323,871**		**323,871**	**304,745**		**304,745**

22.3. Deferrals

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2017			31/12/2016		
	Current	Non-current	Total	Current	Non-current	Total
Deferrals						
Assets						
Expenses to be recognised – Interest	4,954		4,954	9,335		9,335
Expenses to be recognised – Insurance	7,919		7,919	5,095		5,095
Expenses to be recognised – Moulds owned by customer	1,750		1,750	26,697		26,697
Expenses to be recognised – Protection items	4,951		4,951	1,478		1,478
Expenses to be recognised – Marketing items	66,382		66,382	98,836		98,836
Expenses to be recognised – Gift items	1,400		1,400	2,599		2,599
Expenses to be recognised – Services in transit	18,857		18,857	16,225		16,225
Expenses to be recognised – Investments in transit	7,490					
Expenses to be recognised – Other	117,914		117,914	132,928		132,928
Total	**231,616**		**224,126**	**293,193**		**293,193**
Liabilities						
Income to be recognised – Moulds	164,818		164,818	168,865		168,865
Income to be recognised – Other	12,111		12,111	29,421		29,421
Total	**176,929**		**176,929**	**198,286**		**198,286**

22.4. Financial Assets and Liabilities

INFORMATION CONCERNING FINANCIAL ASSETS AND LIABILITIES IN 2017 EUR

Description	Measured at amortised cost	Measured at cost	Accumulated impairment
Financial assets:			
Customers		9,912,134	685,012
Other Receivables		301,282	
Financial Liabilities:			
Suppliers		8,374,411	
Advance payments from customers		145,590	
Financing received	1,230,027	13,275,844	
Other payables		3,600,217	

INFORMATION CONCERNING FINANCIAL ASSETS AND LIABILITIES IN 2016 EUR

Description	Measured at amortised cost	Measured at cost	Accumulated impairment
Financial assets:			
Customers		10,364,920	701,379
Other Receivables		363,274	
Financial Liabilities:			
Suppliers		87,657,181	
Advance payments from customers		11,759	
Financing received	1,341,390	14,547,018	
Other payables		3,003,519	

22.5. Cash

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2017	31/12/2016
Cash and bank deposits		
Assets		
Cash	16,591	8,657
Demand deposits	585,619	218,579
Total	**602,210**	**227,235**

22.6. Financing

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2017			31/12/2016		
	Current	Non-current	Total	Current	Non-current	Total
Financing received						
Credit institutions and financial companies	5,856,262	7,419,582	**13,275,844**	5,924,678	8,622,340	**14,547,018**
Other financing entities	250,748	979,279	**1,230,027**	111,364	1,230,026	**1,341,390**
Total	**6,107,010**	**8,398,861**	**14,505,871**	**6,036,042**	**9,852,366**	**15,888,408**

22.7. Capital

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2017	31/12/2016
Equity		
Subscribed Capital	10,000,000	10,000,000
Legal reserves	2,000,000	2,000,000
Other reserves	5,144,782	3,138,457
Retained earnings	-563,555	-650,265
Revaluation Surpluses	7,614,657	6,587,092
Adjustments/Other changes in equity	6,607,249	5,484,879
Net Profit for the Period	3,693,947	4,543,859
Total	**34,497,080**	**31,104,022**

22.8. Disclosure of Information on Impairment

IMPAIRMENT LOSSES IN CURRENT ASSETS IN 2017 EUR

Description	Impairment losses in the year	Reversals of impairment losses	Accumulated
Receivables from customers	82,039	3,986	685,012
Inventories – goods	215,847	124,520	215,847
Inventories – raw materials	102,021	85,214	102,021
Inventories – finished products	273,503	112,584	273,503
Total	**673,410**	**326,304**	**1,276,383**

IMPAIRMENT LOSSES IN CURRENT ASSETS IN 2016 EUR

Description	Impairment losses in the year	Reversals of impairment losses	Accumulated
Receivables from customers	182,513		701,379
Inventories – goods	124,520	213,103	124,520
Inventories – raw materials	85,214	85,617	85,214
Inventories – finished products	112,584	187,076	112,584
Total	**504,831**	**485,796**	**1,023,697**

22.9. Information on Doubtful Debts

DEBTS RECORDED AS DOUBTFUL EUR

Description	2017	2016
Regarding companies subject to processes of insolvency, recovery or enforcement		
Legally claimed	140,114	208,701
In arrears:	**544,899**	**492,678**
For more than 24 months 100	284,829	280,639
For more than 18 months and up to 24 months 75	99,387	30,790
For more than 12 months and up to 18 months 50	22,807	29,246
For more than six months and up to 12 months 25	14,397	152,002
Up to six months	123,477	
Total	**685,012**	**701,379**

23. Disclosure of Information on External Supplies and Services:

EXTERNAL SUPPLIES AND SERVICES EUR

Description	31/12/2017	31/12/2016
Subcontracts	**2,289,738**	**1,511,237**
Specialised work	1,067,949	967,990
Advertising and publicity	807,471	708,661
Surveillance and security	76,208	77,510
Fees	27,784	44,679
Commissions	311,808	351,352
Maintenance and repairs	1,120,431	788,068
Others	273,397	366,938
Total specialised services	**3,685,048**	**3,305,198**
Fast-wear tools and utensils	152,101	264,686
Technical books and documents	1,331	867
Office supplies	14,848	10,327
Gift items	42,223	38,433
Others	30,759	42,053
Total materials	**241,262**	**356,365**
Electricity	987,476	914,458
Fuel	80,594	70,014
Water	29,975	23,777
Others	1,502	2,304
Total energy and fluids	**1,099,547**	**1,010,552**
Travels and accommodation	484,663	513,078
Transport of goods	2,490,741	2,145,359
Total transportation, travels and	**2,975,404**	**2,658,437**
Rents and leases	62,335	59,720
Communication	44,594	61,854
Insurance	245,080	200,508
Royalties	9,685	1,156
Legal services	9,230	5,917
Representation expenses	462,473	388,265
Cleaning, hygiene and comfort	72,419	62,373
Other services	1,632	6,558
Total miscellaneous services	**907,448**	**786,350**
Total external supplies and services	**11,198,446**	**9,628,139**

24. Disclosure of Information on Staff Costs

EMPLOYEES AND HOURS WORKED EUR

Description	2017		2016	
	Average number of employees	Number of hours worked	Average number of employees	Number of hours worked
Persons employed by the company, paid and unpaid:				
Persons employed by the company, paid	389	768,210	373	661,441
Persons employed by the company, unpaid:				
People working for the company by type of schedule:				
People working for the company full time	389	768,210	373	661,441
Of which: Remunerated employees working for the company full time	389	768,210	373	661,441
People working for the company part-time				
Of which: Remunerated employees working for the company full time				
People employed by the company, by gender:				
Men	193	386,157	181	328,993
Women	196	382,053	192	332,448
People employed by the company, of which:				
People allocated to research and development activities	23		23	
Service providers	21	8,044	19	7,278
People placed through temporary work agencies	80		75	

STAFF COSTS EUR

Description	31/12/2017	31/12/2016
Staff costs	**11,810,450**	**10,369,672**
Remuneration of governing bodies	564,714	540,895
Of which: Profit sharing	237,953	225,148
Staff remuneration	7,976,984	6,947,515
Charges on remunerations	1,794,092	1,581,863
Insurance against work accidents and occupational diseases	78,439	55,470
Employee benefit costs	150,105	127,824
Other staff costs	1,246,115	1,116,105
Of which:		
Temporary workers	1,134,976	1,013,760
Training costs	72,412	70,316
Expenses with uniforms		

25. Disclosure of Information on Other Income

OTHER INCOME EUR

Description	31/12/2017	31/12/2016
Supplementary income	816,490	757,463
Cash payment discounts obtained	99,233	81,561
Debt recovery	7,207	7,491
Gains on inventories	482	
Income and gains on other financial assets	8,196	52,487
Income and gains on non-financial investments	19,853	361,126
Others	654,323	75,923
Interest earned	3,586	4,094
Total other income	**1,609,370**	**1,340,145**

26. Disclosure of Information on Other Expenses

OTHER EXPENSES EUR

Description	31/12/2017	31/12/2016
Taxes	72,822	74,844
Cash payment discounts granted	430,442	379,260
Bad debt	16,469	
Losses in inventories	210,757	215,149
Expenses and Losses on Other Financial Investments		1,650
Expenses and Losses on Non-financial Investments		628
Others		
Corrections regarding previous financial years	57,195	74,229
Donations	24,288	36,165
Contributions	11,904	7,440
Gifts and samples in inventories	110,334	87,747
Underestimated taxes		160
Moulds owned and customer contributions	34,622	280,460
Unfavourable exchange rate differences	55,348	22,273
Commissions and other bank expenses	37,062	34,272
Others	4,262	27,969
Total other expenses	**1,065,505**	**1,242,245**

27. Disclosure of Information on Interest and Similar Expenses

INTEREST AND SIMILAR EXPENSES EUR

Description	31/12/2017	31/12/2016
Interest borne	309,008	335,334
Interest and similar expenses	**309,008**	**335,334**

28. Disclosure of Information on Depreciation Expenses

EXPENSES/REVERSAL OF DEPRECIATION AND AMORTISATION EUR

Description	31/12/2017	31/12/2016
Investment properties	**269,821**	**268,953**
Buildings	269,821	268,953
Tangible fixed assets	**3,231,935**	**3,040,800**
Buildings	1,027,930	898,477
Basic equipment	1,933,825	1,873,430
Transportation equipment	148,469	143,023
Administrative equipment	114,337	111,827
Other tangible fixed assets	7,375	14,043
Intangible assets	**289,126**	**180,086**
Development projects	19,947	19,947
Computer programs	269,179	160,140
Total costs with depreciation and amortisation	**3,790,881**	**3,489,839**

29. Legally Required Disclosures

According to Decree-Law no. 534/80 and Article 210 of CRCSPSS (Social Security and Welfare Contribution Code), it should be noted that the company is in good standing in relation to entities of the state's public sector and that there are no other situations requiring mandatory mention.

Certificates were issued proving our good standing with the Tax and Social Security Administrations, valid at the Balance Sheet closing date, on 31 December 2017.

30. Other Legally Required Disclosures

Ordinance 208/2007, of 16 February, creating the IES (simplified business information) requires the disclosure of the following information:

30.1 Disclosure by Economic Activity

INFORMATION BY BUSINESS IN 2017 EUR

Description	CAE - 22230	CAE - 46740	CAE - 41100	Total
Sales:	**48,752,722**	**4,804,379**	**540,000**	**54,097,101**
Goods		4,804,379		4,804,379
Finished and intermediate goods, by-products, waste and rejects	48,752,722		540,000	49,292,722
Services rendered	**60**	**7,540**		**7,600**
Purchases	**20,871,361**	**3,763,579**		**24,634,940**
External supplies and services	**9,803,566**	**1,249,126**	**145,754**	**11,198,446**
Cost of goods sold and materials consumed:	**20,393,832**	**3,674,971**		**24,068,803**
Goods		3,674,971		3,674,971
Raw, subsidiary and consumable materials	20,393,832			20,393,832
Changes in Production Inventories	**-604,688**			**-604,688**
Average number of persons employed	355	32		387
Staff costs:	**10,458,739**	**1,351,710**		**11,810,450**
Payments to staff	7,306,996	1,012,215		8,319,210.99
Other (including pensions)	3,151,744	339,495		3,491,238.54
Tangible fixed assets:				
Final net carrying amount	23,821,231	3,870,491		27,691,722
Total acquisitions	4,496,918	123,643		4,620,561
Of which: of buildings and other constructions	22,035			22,035
Additions in the current assets period	3,823,141	43,500		3,866,641
Investment properties:				
Final net carrying amount			5,354,958	5,354,958

INFORMATION BY BUSINESS IN 2016 EUR

Description	CAE - 22230	CAE - 46740	CAE - 41100	Total
Sales:	**44,536,552**	**3,867,135**	**775,000**	**49,178,687**
Goods		3,867,135	175,000	4,042,135
Finished and intermediate goods, by-products, waste and rejects	44,536,552		600,000	45,136,552
Services rendered		**19,472**		**19,472**
Purchases	**18,309,481**	**2,883,365**		**21,192,846**
External supplies and services	**8,469,409**	**1,061,311**	**97,418**	**9,628,139**
Cost of goods sold and materials consumed:	**18,134,061**	**2,983,064**	**290,947**	**21,408,072**
Goods		2,983,064	290,947	3,274,011
Raw, subsidiary and consumable materials	18,134,061			18,134,061
Changes in Production Inventories	**-583,923**		**615,131**	**31,208**
Average number of persons employed	302	71		373
Staff costs:	**9,130,554**	**1,239,119**		**10,369,672**
Payments to staff	6,525,720.96	962,688.51		7,488,409.47
Other (including pensions)	2,604,832.61	276,430.16		2,881,262.77
Tangible fixed assets:				
Final net carrying amount	20,962,152	4,166,184		25,128,336
Total acquisitions	3,170,810	41,371		3,212,181
Of which: of buildings and other constructions	867,026	9,871		876,896
Additions in the current assets period	2,720,239	8,874		2,729,113
Investment properties:				
Final net carrying amount			5,624,808	5,624,808

30.2 Disclosure by Geographic Markets

INFORMATION BY GEOGRAPHIC MARKET FOR 2017 EUR

Description	Internal	European Union	Outside the EU	Total
Sales	12,115,429	31,965,179	10,016,493	**54,097,101**
Services rendered	7,600			**7,600**
Purchases	12,386,022	11,622,060	626,858	**24,634,940**
External supplies and services	8,115,725	2,905,721	177,000	**11,198,446**
Acquisitions of tangible fixed assets	3,148,860	1,471,701		**4,620,561**
Acquisitions of intangible assets	72,666			**72,666**
Other supplementary income	389,324	369,658	57,508	**816,490**

INFORMATION BY GEOGRAPHIC MARKET FOR 2016 EUR

Description	Internal	European Union	Outside the EU	Total
Sales	11,173,987	28,094,342	9,910,358	**49,178,687**
Services rendered	19,472			**19,472**
Purchases	11,113,195	9,350,985	728,667	**21,192,846**
External supplies and services	7,569,698	1,807,154	251,286	**9,628,139**
Acquisitions of tangible fixed assets	3,095,571	116,610		**3,212,181**
Acquisitions of intangible assets	17,605	47,900		**65,506**
Other supplementary income	307,514	281,908	168,041	**757,463**

30.3 Disclosure of the Statutory Auditor's Fees

Article 66-A of the Commercial Companies Code requires the disclosure of the services rendered by the Statutory Auditor

FEES BILLED EUR

Description	2017	2016
Statutory Audit	12,000	12,000
Other services		
Totals	**12,000**	**12,000**

30.4 – Proposed Appropriation of Net Profits

In accordance with the provisions of the Commercial Companies Code, considering that the net profit for the year is 3,693,947.09 euros, we propose the following appropriation of net profit:

To Other Reserves	€ 1,206,597.12
To cover Retained Earnings	€ 563,555.49
To Non-Attributed Profits	€ 1,143,794.48
To Dividends	€ 780,000.00

31. Information on Guarantees Provided

EUR

Guarantees provided	Beneficiary	Amount
Bank guarantees		
Caixa Geral de Depósitos	APCMC	16,000
Banco Santander Totta	IAPMEI	353,090

The Certified Accountant

The Board of Directors

V. Report and Opinion of the Audit Board – Individual Accounts

REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders:

In accordance with the law, the company's articles of incorporation and the mandate granted to us, we hereby submit to your assessment our Report on the Supervisory Activity and our Opinion on the Management Report and Individual Financial Statement prepared by the Board of Directors of **OLI – Sistemas Sanitários, SA** for the financial year ended 31 December 2017.

Report

1. Throughout the fiscal year we have monitored the activities of the Company with the regularity and to the extent deemed appropriate, having received all the necessary support and clarifications from the Board of Directors.
2. Within the scope of our responsibilities, we verified that:
   - 2.1 The individual financial statements were prepared based on organised accounting, in accordance with the legal provisions in force in Portugal.
   - 2.2 The accounting policies and measurement criteria adopted are adequate to the circumstances and are in accordance with the accounting rules in force in Portugal and are explained in the Notes.
   - 2.3 The Management Report, prepared in accordance with the Companies Code and all other applicable legislation, is sufficiently clear and highlights the most significant aspects.
   - 2.4 The proposed distribution of profits is duly justified.
3. The terms of the Statutory Audit and Audit Conclusion and Recommendation Report issued by the Audit Firm were assessed and, having warranted our agreement, are considered to form an integral part of this report.

Opinion

4. In light of the content of the Report, bearing in mind that the accounting, the Individual Financial Statements and the Management Report, together with the Statutory Audit, which was issued without reservations and the Audit Conclusion and Recommendation Report fulfil all legal and statutory provisions, reflecting the financial position and results achieved by the Company during the financial year, and there being no knowledge of any infringement of the law or articles of incorporation, we are of the opinion that the Annual General Meeting should:
   - a) Approve the Management Report and the Individual Financial Statements presented by the Board of Directors concerning FY 2017;
   - b) Approve the profit distribution proposal contained in said report;
   - c) Conduct a general assessment of the Company's Governing and Audit Bodies.

Aveiro, 4th May 2018

The Supervisory Board

Eng. João Paulo Araújo Oliveira -_Chairman_

Carlos Manuel Tavares Breda, Member -_Member_

Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda., represented by António Rodrigues Neto -_Member_

VI. Statutory Audit – Individual Accounts

Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda.

Audit Firm

STATUTORY AUDIT

REPORT CONCERNING THE AUDIT ON THE FINANCIAL STATEMENTS

Opinion

We have examined the financial statements of **OLI - SISTEMAS SANITÁRIOS, S.A.** (the Entity) which comprise the Balance Sheet as of 31 December 2017 (showing a total of 63,565,589 euros and a total equity of 34,497,080 euros, including a net profit of 3,693,947 euros), the Profit-and-Loss Account by nature, the Statement of Changes in Equity and the Cash Flow Statement for the year ended on said date, as well as the corresponding Notes to the Financial Statements, which includes a summary of the main accounting policies.

We are of the opinion that the aforementioned financial statements present, in an appropriate and accurate manner, and in all materially relevant aspects, the financial position of **OLI - SISTEMAS SANITÁRIOS, S.A** on 31 December 2017 and the results of its operations during the year ended on that date, in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Normalization System.

Bases for our opinion

Our audit was performed in accordance with the International Standards on Auditing (ISA) and further technical and ethical standards and guidelines of the Portuguese Institute of Statutory Auditors. Our responsibilities under these standards are described in the section "Auditor's Responsibilities in the auditing of the Financial Statements" presented below. We are independent from the Entity under the terms of the law and comply with all other ethical requirements under the terms of the code of ethics of the Portuguese Institute of Statutory Auditors.

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

Responsibilities of the management body for the financial statements

The management body is responsible for:

- preparing the financial statements so as they present the true and appropriate financial position of the Entity, its financial performances, and cash flows, in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Normalization System;
- preparing the Management Report in accordance with all applicable legal and regulatory terms;
- creating and maintaining an appropriate internal control system to enable the preparation of financial statements free from any material misstatements due to fraud or error;
- adopting appropriate accounting policies and criteria, considering the circumstances; and

[initials]

Registration at the Companies Register and corporate taxpayer number (NIPC) 510413900 – Share Capital: 5,800 euros - SROC No. 277 –

Head office: Rua dos Bragas, 208 – 1º andar, sala 15 - 4050-122 Porto
Branch: Rua Manuel Firmino, Ed. Veneza, 52-8ºandar, sala AZ - 3800-213 Aveiro Tel. 234 386 517 - Fax 234 386 518
E-mail. antonio.neto@ua.pt

- assessing the Entity's ability to maintain continuity, disclosing, when applicable, any matters that may raise significant doubts about the continuity of the business.

Responsibilities of the auditor in the auditing of the financial statements

Our responsibility consists of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatements due to fraud or error, and to issue a report setting forth our opinion. Reasonable certainty is a high level of certainty but it does not guarantee that an audit performed in accordance with the ISA will always detect material misstatements, should they exist. Misstatements may arise from fraud or error and are considered material if, alone or together, they can reasonably be expected to influence economic decisions of users taken based on those financial statements.

As part of an audit according to the ISA, we make professional judgements and maintain professional scepticism during the audit and also:

- identify and assess the risk of material misstatements in the financial statements due to fraud or error, design and perform audit procedures that respond to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is greater than the risk of not detecting material misstatement due to error, since fraud may involve collusion, counterfeiting, intentional omissions, misrepresentation or disregard for internal control;

- obtain an understanding of the internal control relevant for the audit for the purpose of designing audit procedures that are appropriate under the circumstances but not to express an opinion on the effectiveness of the Entity's internal control;

- assess the adequacy of the accounting policies used and the reasonableness of accounting estimates and corresponding disclosures made by the management body;

- conclude on the adequacy of the management body's use of the principle of going concern and, based on the audit evidence obtained, on whether there is any material uncertainty related to events or conditions that may raise significant doubts regarding the Entity's ability to remain in business. If we conclude that there is material uncertainty, we must draw attention in our report to the respective disclosures included in the financial statements or, if should such disclosures not be appropriate, modify our opinion. Our conclusions are based on the audit evidence obtained until the date of our report. However, future events or conditions may cause the Entity to discontinue its activities;

- assess the overall presentation, structure and content of the financial statements, including disclosures, and whether those financial statements represent the underlying transactions and events in order to achieve an appropriate presentation;

- communicate with governance leaders, including the supervisory body, among other matters, on the scope and planned timetable of the audit, and the significant conclusions drawn, including any significant internal control deficiencies identified during the audit;

[initials]

Our responsibility also includes verifying that the information contained in the management report is consistent with that of the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the management report

In compliance with Article 451(3)(e) of the Commercial Companies Code, we are of the opinion that the management report was prepared in accordance with all applicable legal and regulatory requirements, the information contained therein is in accordance with the audited financial statements and, taking into account our knowledge and appreciation of the Entity, we have not identified any material inaccuracies.

Aveiro, 26th April 2018

[signature]

Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda., represented by
António Rodrigues Neto

Registration at the Companies Register and corporate taxpayer number (NIPC) 510413900 – Share Capital: 5,800 euros - SROC No. 277 – OROC

Head office: Rua dos Bragas, 208 – 1º andar, sala 15 - 4050-122 Porto
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E-mail. antonio.neto@ua.pt

VII. Report of the Board of Directors – Consolidated Accounts

In compliance with legal and statutory provisions, we hereby present and submit to the consideration of the General Meeting the Report of the Board of Directors and the Consolidated Financial Statements for FY 2017.

In 2017, the scope of consolidation of OLI - Sistemas Sanitários, S.A. included the following entities:

- OLI - Sistemas Sanitários, SA. (Parent Company);
- OLI, SRL., 99,0% share held;
- OLI Rus OOO, 100% share held;
- OLI Sanitärsysteme, GmBH, 100% share held;
- Moldaveiro - Moldes, Lda., 83,0% share held;
- Soplasnor - Sociedade Plásticos do Norte, SA., 100% share held.

OLI, SRL., Based in Casto, Province of Brescia (Italy), carries on its business in Italy, distributing the industrial products of the parent company and complementing this activity with an interesting re-exporting (and dissemination) activity, involving the products of the parent company in markets with the greatest affinity with Italy, also coordinating commercial partnerships with major industry groups, through its decision centres in Italy (or in locations with a privileged relationship with this market). It maintains a small ancillary business that manufactures injected parts for third parties, thus improving the use its equipment and industrial skills and boosting turnover.

OLI RUS was established in Moscow (Russia) in 2015 purely for commercial purposes (distribution of the parent company's products in the Russian market), ended up (as initially intended) becoming a both commercial and industrial company. In the second half of 2016, when starting the production of components for the ceramics industry, it began this new life cycle. Thus, on the one hand, it imports and distributes the parent company's industrial products in Russia. On the other hand, it locally produces components, which it supplies to the local ceramics industry, with a view to asserting itself as an important player in this sector by locally manufacturing products with technical characteristics equivalent to those of the parent company, positioning itself above local producers, be it in terms of quality, service and, obviously, price. In addition, OLI RUS invested in the manufacture of in-wall cisterns with a metallic structure, the area with the highest added value in the company's portfolio and that, in 2018, is expected to make a strong contribution to the improvement of the company's operations.

ÖLI

OLI Sanitärsysteme, based in Möckmühl (Germany), was established in late 2015 and is dedicated to distributing our products in the German market, fostering greater proximity to potential customers and the development of our brand's notoriety, as well as our presence in this important European market. Throughout 2017, it has consolidated several contracts with local distributors and its business has recorded continuous growth.

Moldaveiro - Moldes, Lda., based in Aveiro, which produces plastic injection moulds, works essentially for the parent company. It continues to play a strategically important role, whether through its capacity to design and produce moulds adapted to the specific needs of our industry, our customers and our markets, or by ensuring the normal and timely maintenance of moulds for the parent company. In 2017, this company started developing a new business plan, with the aim of doubling its turnover within four years and reducing its dependence on mould production *vis-à-vis* the OLI group. To this end, it broke ground on the construction of a new plant with an area of 3,000 m*2* and prepared the acquisition of new equipment, to be completed in 2018. We should note that, at the beginning of 2018, the company decided to adopt the commercial name OLI Moldes, Lda., as a way to consolidate the internationalisation and growth of its activity.

Soplasnor, based in Matosinhos, is currently in the process of liquidating all its assets and liabilities.

In terms of consolidated turnover, there was an increase of 11.6%, to a total of 63,856,539 euros. This increase was mainly driven by OLI - Sistemas Sanitários, OLI, SRL., OLI-RUS, OLI Sanitärsysteme and Moldaveiro.

In terms of economic and financial performance, the consolidated data reflects the following evolution:

- Consolidated net profit rose by 15%, standing at 3,844,746 euros.
- Cash-Flow increased by 23%, reaching 8,736,038 euros.
- There was also an increase in EBITDA , of 8%, to 9,342,945 euros, which is equivalent to 14.6% of turnover.
- Consolidated net bank debt decreased by 1,929,427 euros, standing at 15,533,977 euros.
- Consolidated financial autonomy was 49.3%.

In terms of group strategy, we intend to focus on our core business, seeking to strengthen the companies that support the base of our business, namely:

- The Italian and German subsidiaries, as an important channel for distributing the parent company's products in the respective markets.

- The Russian subsidiary, as complementary industrial unit to the parent company, with the goal of supplying Eastern European markets, in a more economically competitive way.
- Moldaveiro, as an important instrument supplying moulds to the parent company with excellent technical conditions and opportunities (in addition to the increasingly demanding maintenance of existing moulds). Moldaveiro plays a growing role in the parent company's operations and performance due to the complexity of the parent company's partnerships with some important customers, which it will seek to supplement with the manufacture and sale of moulds for the European industrial sector, in order to balance its customer portfolio and to remain technical and economically competitive.
- OLI - Sistemas Sanitários, S.A., the parent company, which must act as the core and driving force for the small group of companies to which it belongs.

The parent company's report was prepared so as to suitably reflect the group's operation strategy, taking into account the proximity and affinity of strategic objectives between the various companies. To avoid unnecessary and tiresome repetitions, we will regard that report as part of this one and implicitly reproduced herein.

We will now briefly analyse each of the companies and indicate the most significant aspects related to the group's strategy:

OLI - Sistemas Sanitários

The various documents preceding this report clearly indicate the importance and role of this company as the group's core. As we mentioned above, this company is increasingly becoming the core and driving force for the group's other companies (a group which is now more concentrated and cohesive).

The management is deeply committed to boosting the company's competitiveness through various means, by increasing its market share in the various markets where it operates without neglecting geographies that are more distant but where there are business opportunities and possibilities for new partnerships.

Fully aware that differentiation and notoriety are achieved through innovation and product quality, OLI has privileged R&D projects with a direct impact on its business, establishing strategic cooperation relationships with the best knowledge networks in scientific and technological areas with relevance to its activity in the sector, aware that this sharing of knowledge is key to enable and foster new and unique opportunities for value creation. Highlight goes to partnerships with members of the Scientific and Technological System, including Universities and organisations dedicated to promoting R&D, as well as with a number of suppliers and customers. The registration of the intellectual property continues to be a key strategic factor, which allows us to be an industry benchmark.

OLI, SRL.

As previously mentioned, this company is essentially the Italian sales branch of the parent company, distributing the products manufactured by OLI – Sistemas Sanitários in Italy. However, it complements this activity with the distribution (re-exporting or "representation") in some markets, for reasons of greater affinity between those markets and those products. This strategy has proven successful, in that it allows it to optimise the sales potential of the parent company, with a complementarity that enhances the profitability of both companies.

Highlight goes also to the growing industrial activity that this subsidiary has been developing, particularly in developing solutions for existing OEMs in the Italian market.

This company's sales increased by 2.3%, to 16,112,226 euros. In terms of net profit there was a decrease of 7.7% compared to 2016. Net profit was 1,042,098 euros.

OLI Rus

This company was established in March 2015 to, in a first phase, market and distribute the parent company's products. In 2017, it consolidated the local production of components for the sanitary ceramic industry. In 2017 it achieved a turnover of 83,803,956 roubles (15% growth), equivalent to 1,270,946 euros and a negative net profit of 33,402,008 roubles, equivalent to -506,565 euros.

OLI Sanitärsysteme

The company, established in December 2015, it is still striving to assert itself in the demanding German market. The year 2017 brought a consolidation of contracts with local distributors and agents. Sales reached 317,792 euros and net profit was negative by 548,534 euros.

Moldaveiro

This company continues to work mainly for the parent company, although it plans to expand in the short term, with a view to increasing its activity in the coming years. Such plans are already underway, with the construction of a new industrial building in 2017, which provided the company with an infrastructure that will allow it to face future strategic challenges.
Turnover in 2017 was 2,250,504 euros and net profit was 383,177 euros.

Soplasnor

The company is in the final stages of liquidation and the winding up will be completed in 2018. Soplasnor's negative profits stood at 4066 euros.

Future Strategies

OLI - Sistemas Sanitários

We once again point out the company's determination to diversify its markets and boost sales by strengthening the OLI brand and by achieving a better market segmentation, both geographically and in terms of types of customers.

OLI Subsidiaries (Germany, Italy and Russia)

These will function as complementary tools for developing the OLI group's strategy, seeking to enhance quality, innovation and product notoriety in the respective markets. We will invest in this path to strengthen and consolidate our commercial positions in the markets they cover.

In the particular case of OLI RUS, we will give particular emphasis to the industrial sector, which we hope will, in the long run, assert itself as a complementary unit of the parent company, expanding the range of manufactured products and increasing its area of action to the markets of that region.

Moldaveiro

Moldaveiro is expected to continue its work of previous years, to improve its technical capacity and to combine that greater technical capacity with faster mould design and production. Achieving this goal will improve its services to the parent company and increase its competitiveness (not only in price, but also, and mainly, through faster delivery times). As previously mentioned, with the investment in a new industrial unit and the enhancement of its production capacity, Moldaveiro should seek new customers and new markets, be it within the Silmar group, of which it forms a part through OLI - Sistemas Sanitários, or outside the group.

Soplasnor

As mentioned above, the company will be dissolved in 2018.

Conclusion

Finally, we would like to reaffirm our determination to increase the value of the company, be it through increased turnover and presence in the various markets, through efficiency and profitability, or through a constant search for new solutions that enhance the users' confidence in our products, whether through the pursuit of environmental sustainability goals, as a result of the use of our products or through the optimisation of our manufacturing processes.

We will strive to ensure that the companies of the group work within a logic of integration and complementarity, faithful to the principles and designs of the parent company, thus contributing to the achievement of common goals.

Aveiro, 6 April 2018

The Board of Directors,

António Manuel Moura de Oliveira

Rui Alberto Moura de Oliveira

Graça Maria Moura de Oliveira

PierAndreino Niboli

Federica Niboli

VIII. Consolidated Financial Statements

Consolidated balance sheet on 31/12/2017 and 31/12/2016 EUR

Items	Notes	Dates	
		31/12/2017	31/12/2016
Assets			
Non-current assets			
Tangible fixed assets	7;9;11	34,797,634	30,414,784
Investment properties	12	5,664,636	5,952,703
Intangible assets	6;11	415,295	683,383
Equity holdings – Equity Method	5;13;14;15	707	707
Other financial investments	14	33,358	34,377
Deferred tax assets	22	459,424	216,256
		41,371,055	**37,302,211**
Current assets			
Inventories	16	9,212,494	8,453,148
Customers	24	15,570,656	15,766,115
State and other public entities	24	1,047,978	829,213
Other Receivables	24	801,759	625,160
Deferrals	24	202,208	332,199
Non-current assets held for sale	8	92,238	91,288
Cash and bank deposits	4	1,968,399	1,844,150
		28,895,732	**27,941,274**
Total Assets		**70,266,786**	**65,243,485**
Equity and Liabilities			
Equity			
Subscribed Capital	24	10,000,000	10,000,000
Other equity instruments	24	4,653	4,653
Legal reserves	24	2,000,000	2,000,000
Other reserves	23;24	5,132,649	3,138,457
Retained earnings	24	-1,038,124	-425,566
Revaluation Surpluses	7;24	7,614,657	6,587,092
Adjustments/Other Changes in Equity	24	6,618,704	5,467,852
Net Profit for the Period	24	3,769,184	3,274,971
Non-controlling interests	24	521,083	435,523
Total Equity		**34,622,806**	**30,482,981**
Liabilities			
Non-current liabilities			
Provisions	18	246,533	246,568
Financing received	9;10	9,445,650	9,927,832
Deferred Tax Liabilities	22	1,613,040	1,389,474
Other payables		300,000	
		11,605,223	**11,563,874**
Current liabilities			
Suppliers	24	10,030,775	9,461,724
Advance Payments from Customers	24	156,897	13,948
State and other public entities	24	759,234	718,179
Financing received	9;10	8,056,726	9,379,722
Other payables	24	4,857,863	3,424,437
Deferrals	24	177,263	198,619
		24,038,757	**23,196,630**
Total Liabilities		**35,643,980**	**34,760,504**
Total equity and liabilities		**70,266,786**	**65,243,485**

The Certified Accountant The Board of Directors

Consolidated income statement by nature for the period ended 31/12/2012 and 31/12/2016 EUR

INCOME AND EXPENSES	Notes	Periods	
		2017	2016
Sales and services provided	17;30	63,856,539	57,237,449
Operating subsidies	19	123,760	2,377
Income/Losses charged related to subsidiaries, associated companies and joint ventures	13	74	28
Changes in Production Inventories	16	626,092	152,901
Own work capitalised		981,543	1,217,327
Cost of goods sold and materials consumed	16;30	-26,594,200	-23,616,896
External supplies and services	25	-14,029,143	-12,371,387
Staff costs	5;26	-15,610,010	-13,847,272
Inventory impairment (losses/reversals)	16	-269,053	320,311
Impairment on accounts receivable (losses/reversals)	24	-134,391	-125,485
Provisions (increases/reductions)	18	-30,683	-34,836
Other income	17;20;27	2,119,231	2,422,440
Other expenses	20;28	-1,683,769	-2,464,821
Income before depreciation, financing costs and taxes		**9,355,989**	**8,892,136**
Depreciation and amortisation expenses/reversals	6;7;9;12	-4,457,165	-3,924,792
Impairment of Depreciable/Amortisable Investments (losses/reversals)		-13,044	-246,377
Operating Income (before financing costs and taxes)		**4,885,780**	**4,720,967**
Interest and similar income obtained		4	
Interest and Similar Expenses	29	-326,763	-367,479
Earnings Before Taxes		**4,559,021**	**4,353,487**
Income Tax for the Period	22	-714,275	-1,017,554
Net Profit for the Period		**3,844,746**	**3,335,933**
Net income for the period attributable to:			
Shareholders of the parent company		3,769,184	3,274,971
Non-controlling interests		75,651	60,962
		3,844,746	**3,335,933**
Basic earnings per share		**7.69**	**6.67**

The Certified Accountant

The Board of Directors

Consolidated Statement of Cash Flows on 31/12/2017 and 31/12/2016

EUR

Items	Periods	
	2017	**2016**
Cash flows from operating activities – Equity Method		
Receipts from customers	70,058,963	59,376,362
Payments to suppliers	-45,301,574	-38,355,713
Payments to staff	-14,007,755	-12,391,232
Cash generated by operations	10,749,634	8,629,417
Income tax paid/received	-956,637	-890,497
Other receipts/payments	-2,535,918	-4,189,729
Cash flows from operating activities (1)	**7,257,079**	**3,549,191**
Cash flow from investment activities		
Payments concerning:		
Tangible fixed assets	-5,282,380	-3,973,356
Intangible assets	-95,176	-313,887
Financial investments	-562,562	-21,375
Other Assets	-13,013	
Receipts from:		
Tangible fixed assets	-210,224	838,000
Intangible assets	-5,000	
Financial investments	523,904	25,000
Other Assets		116,911
Investment grants		5,381
Interest and similar income	1,167	597
Cash flow from investment activities (2)	**-5,643,283**	**-3,322,730**
Cash flows from financing activities		
Receipts from:		
Financing received	3,322,520	3,136,138
Payments concerning:		
Financing received	-3,720,566	-4,803,110
Interest and similar costs	-330,720	-333,546
Dividends	-752,250	-561,500
Cash flows from financing activities (3)	**-1,481,016**	**-2,562,018**
Changes in cash and cash equivalents (1+2+3)	132,780	-2,335,557
Exchange Rate Effect	-8,532	101,468
Cash and cash equivalents at the beginning of the financial year	**1,844,150**	**4,078,240**
Cash and cash equivalents at the end of the financial year	**1,968,399**	**1,844,150**

The Certified Accountant

The Board of Directors

Consolidated statement of changes in equity in FY 2017

DESCRIPTION		NOTES	Equity attributed to the holders of the share capital of the parent company									Non-controlling interests	Total Equity
			Subscribed Capital	Share issue premiums	Legal reserves	Other reserves	Retained earnings	Revaluation Surpluses	Adjustments/Other Changes in Equity	Net Profit for the Period	Total		
Position at the Beginning of FY 2017	**1**		**10,000,000**	**4,653**	**2,000,000**	**3,138,457**	**-425,566**	**6,587,092**	**5,467,852**	**3,274,971**	**30,047,458**	**435,523**	**30,482,981**
Changes in the period													
Realisation of asset revaluation surplus													
Tangible and intangible fixed assets													
Revaluation surpluses of Tangible and intangible fixed assets and respective changes													
Deferred tax adjustments								1,336,552			1,336,552		**1,336,552**
								-81,134			-81,134		**-81,134**
Other changes recognised in equity						1,994,191	137,442	-227,852	1,150,852	-3,274,971	-220,337	9,998	**-210,339**
	2					**1,994,191**	**137,442**	**1,027,566**	**1,150,852**	**-3,274,971**	**1,035,081**	**9,998**	**1,045,079**
Net Profit for the Period	**3**									3,769,184	3,769,184	**75,561**	**3,844,746**
Comprehensive Income	**4=2+3**									494,213	494,213	**85,559**	**4,889,824**
Transactions with shareholders in the period													
Capital increases													
Realisations of share issue premiums													
Profit distribution							-750,000				-750,000		**-750,000**
Increases for coverage of losses													
Other operations													
	5						**-750,000**				**-750,000**		**-750,000**
Position at the end of FY 2017	**6=1+2+3+5**		**10,000,000**	**4,653**	**2,000,000**	**5,132,649**	**-1,038,124**	**7,614,657**	**6,618,704**	**3,769,184**	**34,101,723**	**521,083**	**34,622,806**

The Certified Accountant

The Board of Directors

Consolidated statement of changes in equity in FY 2016

DESCRIPTION		NOTES	Equity attributed to the holders of the share capital of the parent company									Non-controlling interests	Total Equity
			Subscribed Capital	Share issue premiums	Legal reserves	Other reserves	Retained earnings	Revaluation Surpluses	Adjustments/Other Changes in Equity	Net Profit for the Period	Total		
Position at the Beginning of FY 2017	**6**		**10,000,000**	**4,653**	**2,000,000**	**-3,138,457**	**1,818,726**	**6,587,092**	**5,467,852**	**3,274,971**	**26,972,848**	**377,781**	**27,350,629**
Changes in the period													
Realisation of asset revaluation surplus													
Tangible and intangible fixed assets													
Revaluation surpluses of Tangible and intangible fixed assets and respective changes													
Deferred tax adjustments													
							7,756	-62,329	5,322,869		5,268,297		**5,268,297**
Other changes recognised in equity							-1,542,049	62,329	-3,967	-3,274,971	-4,758,658	-3,120	**-4,761,777**
	7						**-1,534,293**		**5,318,902**	**-3,274,971**	**509,639**	**-3,120**	**506,519**
Net Profit for the Period	**8**									3,274,971	3,274,971	**60,862**	**3,335,833**
Comprehensive Income	**9=7+8**									0	0	**57,742**	**3,842,352**
Transactions with shareholders in the period													
Capital increases													
Realisations of share issue premiums													
Profit distribution							-710,000				-710,000		**-710,000**
Increases for coverage of losses													
Other operations													
	10						**-710,000**				**-710,000**		**-710,000**
Position at the end of FY 2017	**11=6+7+8+10**		**10,000,000**	**4,653**	**2,000,000**	**-3,138,457**	**-425,566**	**6,587,092**	**5,467,852**	**3,274,971**	**30,047,458**	**435,523**	**30,482,981**

The Certified Accountant

The Board of Directors

IX. Notes to the Consolidated Financial Statements

1. Information on Companies Included in the Scope of Consolidation

1.1. Companies Included in the Scope of Consolidation

The scope of consolidation included the parent company and all its subsidiaries, listed below:

Company/Registered office	Share Capital Held	Share Capital
Oli, Srl. Località Piani di Mura 25070 Casto (BS) – Italy	99.0%	1,000,000
Moldaveiro Moldes, Lda. Lugar do Milão, Esgueira - Aveiro	83.0%	500,000
Soplasnor - Indústria de Plásticos do Norte, SA Rua das Poças, Lavra	100.00%	6,800,000
Oli Sanitarsysteme GMBH Bittelbronner Strabe 42-46, 74219 Mockmuhl - Germany	100.00%	25,000
OOO Oli Rus Str Promyshlennaya 11, 142191 - Troitsk, Moscow- Russia	100.00%	1,479,286

2. Accounting Framework Used to Prepare the Financial Statements

2.1. Accounting Framework Adopted and Presentation Bases

The attached Financial Statements were prepared in accordance with the provisions applicable in Portugal, in compliance with Decree-Law no. 158/2009, of 13 July, as amended by Law No. 20/2010, of 23 August, and by Decree-Law no. 98/2015, of 2 June, and according to the Conceptual Structure (CS), Financial Accounting and Reporting Standards (NCRF) and Interpretation Standards (NI) established, respectively, in Notices Nos. 8254/2015, 8256/2015 and 8258/2015, of 29 July, which are part of the Accounting Standards System (SNC) and additionally subject to the International Accounting Standards (IAS) adopted in the European Union and the International Accounting Standards (IAS/IFRS) issued by IASB and the respective Technical Interpretations (SIC/IFRIC). The accounting standardisation commission regulated investments in subsidiaries and consolidation by issuing NCRF 15 – Investments in subsidiaries and consolidation, based on IAS 27 – Consolidated and Individual Financial Statements.

Financial investments in individual financial statements are valued according to the equity method (EM). The companies included under item 1 are regarded as subsidiaries because the parent company holds an interest of over 50% in them, and thus also has exclusive control over them.

The consolidation of subsidiary companies indicated in note 1 was performed based on the global integration method. Significant transactions and balances between companies were eliminated in the consolidation process. The value corresponding to third-party holdings in the subsidiary companies is presented in the balance sheet, under Minority Interests.

Bases of Presentation

The consolidated financial statements were prepared according to the principle of going concern, based on the accounting books and records of the companies included in the consolidation (note 1), maintained according to accounting principles generally accepted in Portugal.

Comparability

The amounts of Equity items in the consolidated balance sheet for the year 2016 have undergone changes related to adjustments in shareholder equity.

3. Main Accounting Policies

3.1. Measurement Bases Used to Prepare the Financial Statements:

INTANGIBLE ASSETS (NCRF 6)

Intangible assets are recorded at their acquisition cost, net of depreciations and accumulated impairment losses. Intangible assets are recognised only when they are likely to lead to future economic benefits for the entity, are controllable and their cost may be reliably measured.

Development expenses are recognised whenever the entity demonstrates the capacity to complete the respective development, begin to use it and when it is probable that the created asset will generate future economic benefits. Development expenses that do not meet these criteria are recorded as expenses in the year in which they are incurred.

Amortisation is calculated after an asset is put into use and determined by the straight-line method according to its estimated useful life.

TANGIBLE FIXED ASSETS (NCRF 7)

Tangible fixed assets acquired by the parent company up to 1 January 2009 (date of the transition to NCRF) are recorded at acquisition cost or at revalued acquisition cost, according to the accounting principles generally accepted in Portugal up to that date, minus any accumulated depreciation.

Tangible fixed assets acquired after that date are recorded at acquisition cost minus the corresponding depreciation and accumulated impairment losses. For most of the companies based in Portugal and included in the scope of consolidation, buildings and land were revalued in 2011 by an external entity called L2I - Investimentos Imobiliários, Lda. And, in 2017, by another external entity – CC Morais – Avaliação Imobiliária, Lda.

Depreciation is calculated after the date on which the goods are available for use by the straight-line method in accordance with the estimated lifetime for each group of goods.

Conservation and repair expenses that do not increase the useful life or do not result in significant enhancements or improvements of tangible fixed assets are recorded as expenses in the year in which they are incurred.

Tangible fixed assets in progress are assets still in the construction stage and are recorded at the acquisition cost. These tangible fixed assets are depreciated as of the moment in which the underlying assets are available for use and meet the necessary conditions to operate as planned by the management.

Capital gains or losses resulting from the sale or write-off of tangible fixed assets are calculated as the difference between the sale price and the net book value, on the date of the sale or write-off. said assets are recorded in the Profit-and-loss account, in items Other Income and Gains or Other Expenses and Losses.

NON-CURRENT ASSETS HELD FOR SALE (NCRF 8)

At subsidiary Soplasnor, non-current assets held for sale include basic and administrative equipment.
At the parent company, assets held for sale refer to moulds that were classified as such. The assets are available for immediate sale in their current condition, as the respective costs will not be recovered through continued use.

LEASES (NCRF 9)

Leasing contracts are classified as Financial Leases if they imply a substantial transfer of all risks and advantages inherent to ownership of the asset and as Operating Leases if they do not imply the substantial transfer of all risks and advantages inherent to their ownership.

The classification of leases as Financial or Operating depends on the substance of the transaction and not on the form of the contract.

Tangible fixed assets acquired through finance lease contracts, as well as the corresponding responsibilities, are accounted for using the financial method. Tangible fixed assets, the corresponding accumulated depreciation and debts pending liquidation are recognised according to the contractual financial plan. Additionally, interest included in the value of rents and depreciation of tangible fixed assets are recognised as expenses in the Consolidated Profit-and-Loss Statement
for the year to which they refer.

In the case of operating leases, rents owed are recognised as expenses in the consolidated Income Statement on a straight-line basis over the lease period.

BORROWING COSTS (NCRF 10)

Interest paid on loans directly attributable to the acquisition or construction of assets is capitalised as part of the cost of those assets. The Group considers that an asset is eligible for capitalisation when it requires a substantial period of time to be available for use or for sale. The amount of interest to be capitalised is determined by applying a capitalisation rate on the value of investments made.

The capitalisation rates used by the parent company in the year were 2.45% for the interest capitalisation of February and 2.05% for the interest capitalisation of December. Subsidiary Moldaveiro Moldes, Lda also capitalised interest on loans obtained for the construction of the building for the new facilities, located in Esgueira. In this case, the capitalisation rate used was 1.6%. The Group's capitalisation policy is summed up as follows:

- The capitalisation of loan expenses begins when the investment starts, when interest has already been borne and the activities necessary to prepare the asset for use or for sale are already underway;

- Capitalisation is terminated when all activities necessary to make the asset available for sale or for use are substantially completed; for practical purposes, interest is capitalised only on assets that take at least 9 months to construct and reach a value exceeding 100,000 euros.

- Other expenses directly attributable to the acquisition and construction of the assets, such as expenditure on materials consumed and staff costs are also included in the cost of such assets.

INVESTMENT PROPERTIES (NCRF 11)

Investment properties are valued at their acquisition cost, net of depreciation and accumulated impairment losses.

Costs incurred with investment properties, such as maintenance, repairs and insurance, are recognised as expenses in the period to which they relate. If there are improvements, where there is expectation that these will generate future economic benefits beyond those initially expected, these are recognised in the Investment Properties heading.

Periodically, the fair value of investment properties is determined, and this valuation is reflected in the measurement of assets.

IMPAIRMENT OF ASSETS (NCRF 12)

On the Balance Sheet date, an assessment is carried out to determine the actual existence of impairments implying changes in circumstances which indicate that the value for which the assets are recognised may not be recoverable.

Whenever the carrying amount of the asset is higher than the recoverable amount, an impairment is recognised in the consolidated profit-and-loss account, under item Impairment Losses.

The reversal of impairment losses, recognised in previous years, is recorded when there is evidence that such losses no longer exist or have decreased. Said losses are recognised in the consolidated profit-and-loss account, under item Reversal of Impairment Losses and are accounted up to the limit amount that would be recognised if the loss had been recorded.

Impairment of inventories and customers was assessed on the balance sheet date. It was found that there was objective evidence of impairment in customers, as a result of lawsuits, and in inventories that were recorded at a higher value than that recoverable, so impairment losses were recognised in the consolidated income statement.

In terms of investment properties there was an increase in the impairment related to the Soplasnor building, which was recorded at a value higher than that recoverable, and a reduction of the impairment related to the building of the former facilities of Nuno and Gradeço S.A., which was recorded at a lower value than that recoverable.

Regarding Soplasnor, an impairment was recognised in relation to the loan payable by this subsidiary to the parent company.

INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION (NCRF 15)

In individual accounts, financial holdings were initially recognised at cost and subsequently adjusted using the Equity Method. Full Consolidation is applied, as this is required for holdings and control in subsidiaries.

After associated companies are acquired, profits and losses are accounted in the profits or losses of the parent company against the financial investment value. After the balance sheet date, the profit or loss is transferred to reserves whenever it is not distributed. This year, there will be distribution of dividends by subsidiary OLI SRL and, therefore, the amount to transfer to reserves will be lower. When the holding determined by the Equity Method is a loss that equals or exceeds the investment in the associated company, the parent company no longer recognises additional losses except if it has taken on obligations on behalf of the associated company.

Unrealised profits on assets included in the balance sheet transacted between group companies, intragroup transactions and the final balances of related entities are eliminated from the scope of consolidation.
Whenever necessary, the accounting policies of associated companies are altered to ensure consistency with the policies adopted by the Group.

INVENTORIES (NCRF 18)

Inventories are valued according to the following criteria:

Goods and raw materials, secondary and consumable materials are valued at acquisition cost. Acquisition cost includes expenses incurred until storage, using the weighted average cost as the output costing method.

Finished products and works in progress are valued at basic production cost, which includes the cost of the respective raw materials, labour and general manufacturing expenses. The output cost is determined based on the basic production cost method.

In cases where the value of those goods is lower than the lowest of the average acquisition cost or production cost, an impairment loss is recorded for depreciation of inventories.

REVENUE (NCRF 20)

The Group recognises revenue whenever it is reasonably measurable, when it will likely obtain future economic benefits. The amount of revenue is not considered reasonably measurable until all contingencies relating to a particular sale are substantially resolved. The Group bases its estimates on historic results, taking into account the type of customer, the type of transaction and the specificity of each agreement.

Revenue comprises the fair value of the consideration received or to be received for the sale and providing of services arising from the Group’s normal activities. Revenue is recognised net of Value Added Tax (VAT), rebates and discounts.

Revenue from the sale of goods is recognised when all the following conditions are met:

- All risks and benefits associated with the ownership of the goods are transferred to the purchaser;
- The entity does not maintain any control over the goods sold;
- The revenue amount can be reliably measured;
- Future economic benefits associated with the transactions are likely to flow to the entity;
- Costs incurred or to be incurred in the transaction can be reliably measured.

Revenue from the provision of services is recognised when all the following conditions are met:

- The amount of revenue can be reliably measured;
- Future economic benefits associated with the transaction are likely to flow to the entity;
- The completion stage at the balance sheet date can be reliably measured; and
- The costs incurred with the transaction and the costs to complete it can be reliably measured.

Interest revenue is recognised using the effective interest method, provided it is likely that economic benefits will flow to the entity and its amount can be reliably measured.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (NCRF 21)

The parent company set up a provision for customer guarantees, as its products are guaranteed for a period during which claims may be made. Therefore there is a current obligation arising from a past event and it is likely that expenses will be incurred to satisfy that obligation. The obligation amount was calculated based on historic sales of the previous three years.

GOVERNMENT SUBSIDIES AND GOVERNMENT SUPPORT (NCRF 22)

Operating subsidies, in particular subsidies to support the technological research and development system and traineeship and employment programmes, are recognised in the Consolidated Statement in an amount proportional to the expenditure incurred, in accordance with the principle of accrual.

Non-refundable investment subsidies to finance tangible assets are recorded in equity and recognised in the consolidated profit-and-loss account, proportionally to the depreciation of the respective subsidised assets during their useful life.

EFFECTS OF CHANGES IN CURRENCY EXCHANGE RATES (NCRF 23)

Transactions in foreign currency are converted into the functional currency at the exchange rate on the transaction date.

On the closing date, the currency exchange rate is updated for outstanding balances (monetary items), applying the exchange rate in force on that date. Favourable and unfavourable exchange rate differences between the exchange rates in force on the date of the transactions and those on the date of collections, payments or on the Balance Sheet date are recorded as income and/or expenses in the Consolidated Income Statement for the year to which they pertain.

Exchange rate differences arising from the translation into Euro of financial statements of subsidiaries denominated in foreign currencies are recognised in equity, under Other Changes in Equity.

INCOME TAX (NCRF 25)

The Group is subject to corporate income tax (IRC) or equivalent. In determining the taxable amount, any amounts not accepted by the tax authorities are added to or deducted from the accounting amounts. This difference between accounting and fiscal results can be of a temporary or permanent nature.

The Group records deferred taxes corresponding to the temporary differences between the accounting value of assets and liabilities and the corresponding tax base, according to the provisions of NCRF 25 – Deferred taxes.

Expenses in income tax for the year are determined by adding current and deferred taxes.

Current income taxes are calculated based on the entity's taxable income according to tax regulations in force. Deferred tax results from temporary differences between the value of assets and liabilities for financial reporting purposes, and the respective values for taxation purposes (tax base).

Deferred tax assets and liabilities are calculated using the tax rates in force and are recognised as an expense or income in the year.

FINANCIAL INSTRUMENTS (NCRF 27)

Financial instruments are valued according to the following criteria:

- Customers and other receivables – debts from customers or other third parties are recorded at their nominal value, as they do not bear interest, and the discount effect is deemed immaterial. At the end of each reporting period, customer debts and other receivables are analysed to determine the existence of any objective evidence that they are not recoverable. If this is the case, the respective loss is immediately recognised as an impairment loss. Impairment losses are recorded subsequent to events that objectively and in a quantifiable manner imply that all or part of the outstanding balance will not be received. To this aim, the entity takes into account market information demonstrating that the customer has defaulted on its responsibilities and historic information showing that overdue balances have not been received.

- Debts to Suppliers and Other Payables – Debts to suppliers or other third parties are recorded at their nominal value since they do not bear interest and the discount effect is regarded as immaterial.
- Loans – using one of the options of NCRF 27, loans are recorded under liabilities at their cost.
- Transactions and balances in foreign currency – transactions in foreign currency are recorded at the exchange rate of the transaction dates. On each reporting date, the carrying amounts of monetary items stated in foreign currency are restated at the exchange rates of that date. Carrying amounts of non-monetary items recorded in foreign currency are updated on the reporting date at the exchange rate in force. Carrying amounts of non-monetary items recorded at historical cost denominated in foreign currency are not updated. Currency exchange differences arising from the aforementioned updates are recorded in the Consolidated Profit-and-Loss Account for the year in which they were generated.
- Accrual basis – transactions are recognised in the accounting when they are generated, regardless of the moment when they were received or paid. Differences between amounts received and paid and the corresponding income and expenses are recorded in the items of other accounts receivable, other accounts payable and deferrals.
- Cash and bank deposits – amounts included in the item of cash and cash equivalents correspond to the value of cash and bank deposits, both realisable immediately without losing value. Bank overdrafts are shown in the Consolidated Balance Sheet, in Current Liabilities, under Borrowing.

EMPLOYEE BENEFITS (NCRF 28)

The Group's employees receive the following benefits:

- Short-term benefits: these include wages, salaries, social security contributions and a share in the profits. These benefits are accounted in the same time period in which the employee provided the service.
- Benefits for termination of employment: the Group recognises expenses related to work contract terminations, either by expiry of a term contract or by termination agreement.

3.2. – Main Sources of Uncertainty in Estimates

Estimates are based on the best knowledge at any moment and on planned actions. These actions are periodically reviewed based on available information. Estimates may be reviewed in the event of any changes to the facts and circumstances, such that actual future results may be different.

4. Cash Flows

The Cash and Bank Deposits item is broken down as follows:

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Opening balance	Debits	Loans	Closing Balance

Cash	10,364	156,286	148,292	18,358
Demand deposits	1,833,786	145,619,104	145,502,849	1,950,041
Total Cash and Bank Deposits	**1,844,150**	**145,775,390**	**145,651,141**	**1,968,399**

5. Investment in Subsidiaries and Consolidation

5.1. Significant Operations in Subsidiaries

LIST OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES EUR

Description		FY 2017				
		Country of incorporation / Registered office	Shareholding		Accounting method used	Carrying amount of investments
			Shareholding percentage	Percentage of voting rights		
Subsidiaries	Moldaveiro - Moldes LDA	Portugal	83.00%	83.00%	EM	2,100,205
	Soplasnor-Soc. Plásticos do Norte, SA	Portugal	100.0%	100.0%	A)	
	Oli SRL	Italy	99.0%	99.0%	EM	7,788,475
	Oli Sanitarsysteme GMBH	Germany	100.0%	100.0%	B)	132,475
	OOO Oli Rus	Russia	100.0%	100.0%	EM	949,271
Total						**10,970,427**

LIST OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES EUR

Description		FY 2016				
		Country of incorporation / Registered office	Shareholding		Accounting method used	Carrying amount of investments
			Shareholding percentage	Percentage of voting rights		
Subsidiaries	Moldaveiro - Moldes LDA	Portugal	83.00%	83.00%	EM	1,782,168
	Soplasnor-Soc. Plásticos do Norte, SA	Portugal	100.0%	100.0%	A)	
	Oli SRL	Italy	99.0%	99.0%	EM	6,979,548
	Oli Sanitarsysteme GMBH	Germany	100.0%	100.0%	B)	
	OOO Oli Rus	Russia	100.0%	100.0%	EM	1,023,207
Total						**9,784,923**

Key: EM – Equity Method

A) The EM no longer applies to Soplasnor.

B) In 2016, the EM ceased to apply to OLI Sanitärsysteme, as, when recognising losses in subsidiaries, the investment amount was already offset. In 2017, because OLI Sistemas Sanitários made a capital increase in February, in the amount of 1,000,000 euros and in December there was a resolution to make a further capital increase in the amount of 300,000 euros, the EM was applicable again. Therefore, the remaining amount of the negative net income of 2016 and the total negative net income of 2017 were recognised.

5.2. Remuneration of Key Management Staff

REMUNERATION OF GOVERNING BODIES EUR

Description	FY 2017	FY 2016
Board of Directors – OLI Sistemas Sanitários, S.A.	564,714	540,895
Management – Moldaveiro – Moldes, Lda.	108,192	101,814
Management – OLI SRL	231,700	181,600

6. Disclosure of Intangible Assets

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2017 EUR

	Description	Development projects	Computer programmes	Industrial property	Other intangible assets	Intangible assets in progress	Total
	With finite service life:						
4	Initial gross carrying amount	59,840	784,541	33,609	428,997	73,035	1,380,022
5	Initial accumulated amortisations	31,582	246,532	33,609	384,916		696,369
7	Initial net carrying amount (7=4-5-6)	28,258	538,010		44,082	73,035	683,383
8	Operations in the period: (8=8.1-8.2+8.3+8.4+8.5+8.6)	-19,947	-188,533		-1,574	-58,035	-268,089
8.1	**Total additions**		**95,676**			**7,100**	**99,776**
	Acquisitions		92,166			7,100	99,266
Additions	Acquisitions through business concentrations						
	Other		510				510
8.2	**Total decreases**	**19,947**	**281,209**		**1,574**	**65,135**	**367,865**
Decreases	Amortisation	19,947	280,699		1,574		302,220
	Other		510			65,135	65,645
9	**Final net carrying amount (9=7+8)**	**8,311**	**349,476**		**42,507**	**15,000**	**415,295**
	Service life	**3**	**3**	3	3		

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2017 EUR

	Description	Development projects	Computer programmes	Industrial property	Other intangible assets	Intangible assets in progress	Total
	With finite service life:						
4	Initial gross carrying amount	59,840	359,779	33,609	428,997	183,909	1,066,135
5	Initial accumulated amortisations	11,636	85,036	33,609	383,341		513,622
7	Initial net carrying amount (7=4-5-6)	48,204	274,743		45,656	183,909	552,513
8	Operations in the period: (8=8.1-8.2+8.3+8.4+8.5+8.6)	-19,947	263,267		-1,574	-110,875	130,871
8.1	**Total additions**		**30,805**			**47,901**	**78,706**
Additions	Acquisitions		30,805			47,901	78,706
8.2	**Total decreases**	**19,947**	**161,496**		**1,574**		**183,016**
Decreases	Amortisation	19,947	161,496		1,574		183,016
8.4	Transfers of IFA in progress		393,957			-158,776	235,182
9	**Final net carrying amount (9=7+8)**	**28,258**	**538,010**		**44,082**	**73,035**	**683,383**
	Service life	**3**	**3**	**3**	**3**		

7. Tangible Fixed Assets

7.1 Disclosure of Tangible Fixed Assets

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2017 EUR

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Administrative equipment	Other TFA	TFA in progress	Advances on account of TFA	Total
1	Initial gross carrying amount	7,448,443	19,056,653	42,106,634	1,789,903	1,919,137	1,408,017	2,010,426	102,355	75,841,567
2	Initial accumulated depreciation		10,077,052	30,963,872	1,266,028	1,647,875	1,386,350			45,341,178
4	Initial net carrying amount (4=1-2-3)	7,448,443	8,979,601	11,142,761	523,875	271,261	21,666	2,010,426	102,355	30,500,389
5	Operations in the period: (5=5.1-5.2+5.3+5.4+5.5+5.6)	-1,557,343	3,309,364	-554,633	-4,902	-70,829	-5,415	3,270,258	-89,255	4,297,245
5.1	**Total additions**	**354,640**	**3,263,302**	**339,000**	**272,814**	**66,461**	**7,891**	**6,369,130**	**9,840**	**10,683,076**
Additions	Acquisitions	354,640	14,768	327,599	272,814	66,461	7,381	6,195,827	9,840	7 249,328
	Revaluation increases		3,248,534							3,248,534
	Other			11,401			510	173,303		185,214
5.2	**Total decreases**	**1,911,983**	**1,093,363**	**2,621,502**	**277,716**	**138,285**	**13,306**	**255,513**	**19,095**	**6,330,760**
Decreases	Depreciations		1,082,783	2,598,487	155,753	125,285	9,316			3,971,623
	Disposals			23,015	121,963	11,993				156,971
	Revaluation decreases	1,911,983								1,911,983
	Other		10,580			1,007	3,990	255,513	19,095	290,184
5.4	Transfers of TFA in progress		1,139,425	1,702,939		995		-2,843,359		
5.6	Other transfers			24,929					-80,000	-55,071
6	**Final net carrying amount (6=4+5)**	**5,891,101**	**12,288,965**	**10,588,128**	**518,973**	**200,432**	**16,251**	**5,280,684**	**13,100**	**34,797,633.92**
	Service life		**3;10;20;50**	**1;3;4;6;8;10**	**4;6**	**3;5;6;7;8;10**	**3;4**			

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2017 EUR

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Administrative equipment	Other TFA	TFA in progress	Advances on account of TFA	Total
1	Initial gross carrying amount	7,219,649	18,379,649	38,608,431	1,480,862	1,877,996	1,396,422	2,622,035		71,585,045.53
2	Initial accumulated depreciation		9,125,680	28,736,485	1,088,137	1,540,033	1,371,563			41,861,897.21
4	Initial net carrying amount (4=1-2-3)	7,219,649	9,253,969	9,871,946	392,726	337,964	24,859	2,622,035		29,723,148.32
5	Operations in the period: (5=5.1-5.2+5.3+5.4+5.5+5.6)	228,795	-278,522	1,211,413	122,409	-74,582	-8,623	-589,255	80,000	691,634.50
5.1	**Total additions**	**303,651**	**28,803**	**271,041**	**313,845**	**51,470**		**4,104,778**	**80,000**	**5,153,588.47**
Additions	Acquisitions as new	303,651	28,803	271,041	313,845	51,470		4,104,778	80,000	5,153,588.47
5.2	**Total decreases**	**74,856**	**951,272**	**2,782,150**	**212,143**	**148,831**	**14,233**			**4,183,485.02**
Decreases	Depreciations		951,272	2,327,731	196,453	142,521	14,233			3,632,209.61
	Disposals			454,419	15,690	5,683				475,790.99
	Write-offs	74,856				628				75,484.42
5.4	Transfers of TFA in progress		643,946	3,722,817	20,706	22,677	5,610	-4,650,939		-235,182.04
5.6	Other transfers			-296		103		-43,094		-43,286.91
6	**Final net carrying amount (6=4+5)**	**7 448,443**	**8,975,447**	**11,083,360**	**515,135**	**263,382**	**16,236**	**2,032,781**	**80,000**	**30,414,783**
	Service life		**3;10;20;50**	**2;3;4;5;6;8;10;20**	**4;6**	**3;5;6;7;8;10**	**3;4**			

7.2. Disclosure of Revaluation Surplus of Tangible Fixed Assets

CARRYING AMOUNT AND OPERATIONS IN REVALUATION SURPLUSES IN 2017 EUR

Description	Legal Revaluation Reserves		Free Revaluation Reserves		Total
	Not Performed	Performed	Not Performed	Performed	
Value of the revaluation surplus at the beginning of the period	83,796	78,297	4,729,828	1,695,170	6,587,092
Revaluation			1,027,566		1,027,566
Depreciations	-13,119	13,119	-274,993	274,993	
Value of the revaluation surplus at the end of the period	**70,678**	**91,415**	**5,482,401**	**1,970,164**	**7,614,657**

CARRYING AMOUNT AND OPERATIONS IN REVALUATION SURPLUSES IN 2016 EUR

Description	Legal Revaluation Reserves		Free Revaluation Reserves		Total
	Not Performed	Performed	Not Performed	Performed	
Value of the revaluation surplus at the beginning of the period	96,940	65,153	4,940,040	1,484,959	6,587,092
Depreciations	-13,144	13,144	-210,211	210,211	
Value of the revaluation surplus at the end of the period	**70,678**	**78,297**	**4,729,828**	**1,695,170**	**6,587,092**

7.3. Tangible Fixed Assets Pledged as Guarantees for Liabilities

TANGIBLE FIXED ASSETS PLEDGED AS GUARANTEES FOR LIABILITIES IN 2017 EUR

Asset	Creditor	Pledged Amount	Asset Value	Depreciation	Net Amount
Soplasnor Building and adjacent land	BPI	4,500,000	4,839,391	375,209	4,464,181
Moulds and machines	BPI	827,750	921,643	503,408	418,235
		5,327,750	**5,761,034**	**878,617**	**4,882,416**

TANGIBLE FIXED ASSETS PLEDGED AS GUARANTEES FOR LIABILITIES IN 2016 EUR

Asset	Creditor	Pledged Amount	Asset Value	Depreciation	Net Amount
Soplasnor Building and adjacent land	BPI	4,500,000	4,826,377	201,569	4,624,808
Moulds and machines	BPI	827,750	921,643	393,420	528,224
		5,327,750	**5,748,020**	**594,988**	**5,153,032**

8. Non-Current Assets Held for Sale

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Opening balance	Acquisitions	Disposals	Closing Balance
Set of moulds for filling valves	14,268			14,268
Set of moulds for discharge valves	7,927			7,927
Set of moulds for floor siphons	2,114			2,114
Set of equipment purchased for sale		1,900	950	950
Set of machines	52,291			52,291
Office furniture set	14,689			14,689
Total	**91,288**	**1,900**	**950**	**92,238**

9. Leases

The company's leasing contracts are listed below:

Assets being financed through lease contracts, the respective net carrying amounts and contingent rents recognised as expenses in the period		Financial leases in effect						FY 2017	FY 2016
		Description	Acquisition value	Lessor	Contract identification	Lease term		Net carrying amounts of leased assets	Net carrying amounts of leased assets
						Beginning	End		
Tangible Fixed Assets	OI - Leasing	VW Sharan - 14NP35	40,000	BPI	CT 1360160200	25/4/2013	25/4/2018		2,500
	OI - Leasing	Audi A6 - 25OU22	94,000	BPI	CT 1460255800	25/6/2014	25/6/2019	9,792	33,292
	OI - Leasing	Audi A3 - 28PR19	39,650	BPI	CT 1530029800	5/4/2015	5/4/2020	12,391	22,303
	OI - Leasing	Audi A3 - 28PR20	39,650	BPI	CT 1530029900	5/4/2015	5/4/2020	12,391	22,303
	OI - Leasing	VW Caravelle - 95QL40	42,000	BPI	CT 1561644300	25/10/2015	25/10/2020	18,375	28,875
	OI - Leasing	VW Passat 13-SG-86	35,300	BPI	CT1660968700	5/1/2017	5/1/2022	26,475	
	Subtotals		**290,600**					**79,423**	**109,273**
	OI - Leasing	Computer Equipment	50,000	BSTOTTA	CT 203751	15/1/2014	15/1/2019	10,000	20,000
	OI - Leasing	VW Passat - 83OP83	29,700	BSTOTTA	CT 205173	15/5/2014	15/5/2019	2,475	9,900
	OI - Leasing	BMW X1 - 76QO89	38,596	BSTOTTA	CT211612	15/12/2015	15/12/2020	18,494	28,143
	OI - Leasing	BMW 4 - 36QR70	46,500	BSTOTTA	CT211832	15/1/2016	15/1/2021	23,250	34,875
	OI - Leasing	VW Passat - 19RN27	35,300	BSTOTTA	CT214624	15/8/2016	15/8/2021	22,798	31,623
	Subtotals		**200,096**					**77,017**	**124,541**
	OI - Leasing	Computer Equipment – ORACLE	160,446	BNP PARIBAS	CT 76186/187	1/10/2015	1/8/2017	26,741	80,223
	Subtotals		**160,446**					**26,741**	**80,223**
Totals			**651,142**					**183,181**	**314,037**
Tangible fixed assets	MO – Leasing	Audi A4 - 11-OE-11	39,600	BPI LEASING	1460007300	25/1/2014	25/1/2019		9,900
	MO - Leasing	Industrial equipment	95,000	BPI LEASING	2015044167	6/11/2015	6/11/2021	69,271	81,146
	Subtotals		**134,600**					**69,271**	**91,046**
Totals								**69,271**	**91,046**

10. Borrowing

10.1. Information on General Loans

Description	31/12/2017			31/12/2016		
	Short Term	Medium- and Long-Term	Total	Short Term	Medium- and Long-Term	Total
Credit cards	12,971		12,971			
Commercial Paper Program	3,350,000		3,350,00	3,400,000		3,400,000
Medium- and Long-Term	4,073,897	8,295,998	12,369,895	5,694,684	8,436,439	14,131,123
Leasing	116,083	170,374	286,457	173,675	257,276	430,951
Loan – Parent company					4,090	4,090
Remittances discounted	253,026		253,026			
FEDER - Application no. 27024	250,748	979,279	1,230,027	111,363	1,230,027	1,341,390
Total	**8,056,726**	**9,445,650**	**17,502,376**	**9,379,722**	**9,927 832**	**19,307 555**

10.2 Guarantees

GUARANTEES EUR

Company	Guarantee No.	Guarantee Beneficiary	Guarantee		31/12/2017	31/12/2016
			Amount	%	Outstanding Principal Amount	Outstanding Principal Amount
Garval	2012.00974	BSTOTTA - PME CRESC 1000K	56,108	5.61%		
Lisgarante	2012.01445	BSTOTTA - PME CRESC 1000K	56,108	5.61%		
Norgarante	2012.01691	BSTOTTA - PME CRESC 1000K	387,784	38.78%		111,111
Norgarante	2010.07573	CGD - PME INVEST V 1000K	500,000	50.00%		90,909

11. Borrowing Costs

Oli Sistemas sanitários S.A.

BORROWING COSTS IN 2017 EUR

Description	Start date of the work	Interest accrued	Interest rate applied
Tangible fixed assets		**8,786**	
Machines for specific uses	16/12/2016	3,412	2.05%
Industrial facilities	1/2/2015	3,962	2.45%
Industrial facilities	2/2/2017	1,412	2.05%
Total		**8,786**	

BORROWING COSTS IN 2016 EUR

Description	Start date of the work	Interest accrued	Interest rate applied
Tangible fixed assets		**23,327**	
Tools and Utensils	1/3/2015	1,963	2.45%
Machines for specific uses	1/6/2015	2,112	2.45%
Industrial facilities	5/6/2014	2,743	2.45%
Light Structures	1/6/2015	803	2.45%
Buildings under construction	1/2/2015	15,705	2.45%
Intangible Fixed Assets		**6,078**	
Computer Programmes	1/3/2015	6,078	2.45%
Total		**29,405**	

Moldaveiro – Moldes, Lda.

BORROWING COSTS IN 2017 EUR

Asset identification	Start date of the work	Interest accrued	Interest rate applied
New facilities	1/1/2016	64	1.60%

Assumptions:
In progress for a period exceeding nine months and a value exceeding 100,000 euros.

12. Investment Properties

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2017 EUR

Description	Land and natural resources	Buildings and other structures	Total
Initial gross carrying amount	1,719,814	4,505,225	6,225,039
Initial accumulated depreciation		353,854	353,854
Initial accumulated impairment losses		246,377	246,377
Initial net carrying amount (4 = 1 - 2 - 3)	**1,719,814**	**3,904,995**	**5,624,808**
Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)		**39,827**	**39,827**
Total additions		**13,013**	**13,013**
Other		13,013	13,013
Total decreases		**53,336**	**53,336**
Depreciations		-39,858	-39,858
Impairment losses		93,194	93,194
Reversals of impairment losses		80,150	80,150
Final net carrying amount (6 = 4 + 5)	**1,719,814**	**3,944,822**	**5,664,636**
Service life		**3;11;29**	

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2016 EUR

Description	Land and natural resources	Buildings and other structures	Total
Initial gross carrying amount	1,719,814	4,869,553	6,589,367
Initial accumulated depreciation		100,562	100,562
Initial net carrying amount (4 = 1 - 2 - 3)	**1,719,814**	**4,768,991**	**6,488,805**
Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)		**-536,102**	**-536,102**
Total additions			
Total decreases		**536,102**	**536,102**
Depreciations		289,725	289,725
Impairment losses		246,377	246,377
Final net carrying amount (6 = 4 + 5)	**1,719,814**	**4,232,889**	**5,952,703**
Service life		**3;11;29**	

OTHER INFORMATION **EUR**

Description	2017	2016	Total
Amounts recognised in profit-and-loss			
Rents and other income from investment properties	153,550	71,400	224,950
Direct operating expenses in properties generating income	24,388	35,826	60,214
Total	**129,162**	**35,574**	**164,736**

13. Disclosure of Information on Joint Ventures

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD OF THE INTEREST IN THE JOINT VENTURE OF OLI SRL

Description	31/12/2017	31/12/2016
Initial net carrying amount (4 = 1 - 2 + 3)		
Operations in the period: (5 = 5.1 + 5.2 + 5.3 - 5.4 + 5.5 + 5.6 - 5.7 - 5.8 - 5.9 + 5.10 + 5.11)	74	28
Investor's share in the investee's profits	74	28
Final net carrying amount (6 = 4 + 5)	74	28

14. Financial Investments

FINANCIAL HOLDINGS IN 2017 EUR

Description	Investments in subsidiaries	Total
Equity method:		
Initial gross carrying amount	708	708
Initial net carrying amount (4 = 1 - 2 -+3)	**708**	**708**
Operations in the period: (5=5.1+5.2+5.3-5.4+5.5+5.6-5.7-5.8-5.9+5.10+5.11+5.12+5.13+5.14)		
Final net carrying amount (6 = 4 + 5)	**708**	**708**
Other methods		
Initial gross carrying amount	33,828	33,828
Initial net carrying amount (10 = 7 - 8 + 9)	**33,828**	**33,828**
Operations in the period: (11 = 11.1 + 11.2 + 11.3 + 11.4 + 11.5 + 11.6 + 11.7 + 11.8 + 11.9 + 11.10 + 11.11 + 11.12)	**-470**	**-470**
Other acquisitions	9,550	9,550
Disposals	-10,020	-10,020
Final net carrying amount (12 = 10 + 11)	**33,358**	**33,358**

FINANCIAL HOLDINGS IN 2016 EUR

Description	Investments in subsidiaries	Total
Equity method:		
Initial gross carrying amount	708	708
Initial net carrying amount (4 = 1 - 2 -+3)	**708**	**708**
Operations in the period: (5=5.1+5.2+5.3-5.4+5.5+5.6-5.7-5.8-5.9+5.10+5.11+5.12+5.13+5.14)		
Final net carrying amount (6 = 4 + 5)	**708**	**708**
Other methods		
Initial gross carrying amount	38,002	38,002
Initial net carrying amount (10 = 7 - 8 + 9)	**38,002**	**38,002**
Operations in the period: (11 = 11.1 + 11.2 + 11.3 + 11.4 + 11.5 + 11.6 + 11.7 + 11.8 + 11.9 + 11.10 + 11.11 + 11.12)	**-3,625**	**-3,625**
Other acquisitions	6,375	6,375
Disposals	-10,000	-10,000
Final net carrying amount (12 = 10 + 11)	**34,377**	**34,377**

This financial investment is held by OLI SRL but not included in the consolidation, given its insignificant value.

1.5. Investment in Subsidiaries and Consolidation

Company/Registered office	% of Share Capital Held
Oli, SRL Località Piani di Mura 25070 Casto (BS) - Italy	99%
Moldaveiro - Moldes, LDA Travessa do Milão, Esgueira - Aveiro	83%
Soplasnor - Soc. Plásticos do Norte, SA Rua das Poças, Lavra - Porto	100%
Oli Sanitarsysteme GMBH Bittelbronner Strabe 42-46, 74219 Mockmuhl - Germany	100%
OOO Oli Rus Str Promyshlennaya 11, 142191 - Troitsk, Moscow- Russia	100%

16. Inventories

Inventories are broken down as follows:

CARRYING AMOUNT EUR

Description	31/12/2017			31/12/2016		
	Gross amount	Impairment losses	Net Amount	Gross amount	Impairment losses	Net Amount
Goods	2,035,797	215,847	1,819,950	2,040,602	124,520	1,916,082
Raw, subsidiary and consumable materials	3,645,054	102,021	3,543,033	2,948,664	85,214	2,863,451
Finished and intermediate goods	4,123,013	273,503	3,849,510	3,774,584	112,584	3,662,000
By-products, waste and rejects				11,615		11,615
Total	**9,803,865**	**591,371**	**9,212,494**	**8,775,465**	**322,318**	**8,453,148**

The cost of goods and materials consumed is as follows:

CALCULATION OF THE COST OF GOODS SOLD AND MATERIALS CONSUMED EUR

Description	31/12/2017			31/12/2016		
	Goods	Raw, subsidiary and consumable materials	Total	Goods	Raw, subsidiary and consumable materials	Total
Initial inventories	2,040,602	2,948,664	4,989,266	2,375,603	2,616,891	4,992,495
Purchases	4,388,283	23,065,034	27,453,316	3,314,051	20,616,786	23,930,837
Reclassification and adjustment of inventories	149,240	-15,944	133,296	173,726	143,443	317,169
Final inventories	2,114,395	3,600,691	5,715,087	2,040,602	2,948,664	4,989,266
Cost of goods sold and materials consumed (5=1+2+3-4)	**4,165,249.31**	**22,428,951.09**	**26,594,200**	**3,475,326**	**20,141,570**	**23,616,896**
Other information concerning raw, subsidiary and consumption materials:						
Accumulated inventory adjustments/impairment losses in the period	215,847	102,021	317,868	124,520	85,214	209,734
Reversal of inventory adjustments/impairment losses in the period	124,520	85,214	209,734	260,399	187,183	447,582
Accumulated adjustments/Impairment losses in inventories	215,847	102,021	317,868	124,520	85,214	209,734

Changes in production inventories were as follows:

Description	31/12/2017			31/12/2016		
	Finished and intermediate goods	By-products, waste and rejects	Ongoing work and products	Finished and intermediate goods	By-products, waste and rejects	Ongoing work and products
Final inventories	4,136,607			3,774,584	11,614.87	
Reclassification and adjustment of inventories	264,068	11,615		229,346	-1,542	
Initial inventories	3,774,584	11,615		3,861,102		
Changes in production inventories (4= 1 +2-3)	**626,092**			**142,828**	**10,073**	
Accumulated inventory adjustments/impairment losses in the period	273,503			112,584		
Reversal of inventory adjustments/impairment losses in the period	112,584			195,047		
Accumulated adjustments/Impairment losses in inventories	273,503			112,584		

The parent company possesses finished products held by third parties in the amount of 28,176 euros.

17. Revenue

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Total	
	2017	2016
Revenue recognised in the period:		
Sales and services provided	**63,856,539**	**57,237,449**
Sales of goods	63,815,985	57,123,995
Services provided	40,553	113,454
Other income	**8,036**	**13,033**
Interest earned	8,036	13,033
Total	**63,864,575**	**57 250,482**

18. Provisions for the Year

Description	2017				2016			
	Guarantees provided to customers	Lawsuits in progress	Other	Total	Guarantees provided to customers	Lawsuits in progress	Other	Total
Initial carrying amount	35,534	93,661	117,374	246,568	35,421	95,541	87,545	218,507
Operations in the period (2 = 2.1-2.2)	**344**	**11,658**	**-11,570**	**-35**	**112**	**-1,880**	**29,829**	**28,061**
Total increases	35,878	11,658		47,536	35,534		29,829	65,362
Reinforcement	35,878	11,658		47,536	35,534			35,534
Total decreases	35,534		11,570	47,571	35,421	1,880		37,301
Use	30,339	467	11,570	42,376	34,723	1,880		36,603
Reversal	5,195			5,195	698			698
Carrying amount in the year (3 = 1 + 2)	**35,878**	**105,319**	**105,804**	**246,533**	**35,534**	**93,661**	**117,374**	**246,568**
Final Carrying Amount	**35,878**	**105,319**	**105,804**	**246,533**	**35,534**	**93,661**	**117,374**	**246,568**

19. Government Subsidies and Aids

GOVERNMENT SUBSIDIES AND AIDS EUR

Description	2017 Subsidies from the State and Other Entities		2017 Subsidies from other entities		2016 Subsidies from the State and Other Entities		2016 Subsidies from other entities	
	Amount granted in the period or in previous periods	Amount allocated to the period	Amount granted in the period or in previous periods	Amount allocated to the period	Amount granted in the period or in previous periods	Amount allocated to the period	Amount granted in the period or in previous periods	Amount allocated to the period
Subsidies related to assets/for investment: (1 = 1.1 + 1.2 + 1.3)	1,093,234	20,913			1,093,234	46,641		
Tangible fixed assets (1.1 = 1.1.1 + 1.1.2 + ……. + 1.1.7)	**1,093,234**	**20,913**			**1,093,234**	**46,641**		
Others	1,093,234	20,913			1,093,234	46,641		
Intangible assets (1.2 = 1.2.1+ 1.2.2 + …… + 1.2.4)								
Subsidies related to income/Investment subsidies		123,760				2,377		
Value of repayments in the period related to: (3 = 3.1 + 3.2)								
TOTAL (4 = 1 + 2 - 3)	1,093,234	144,673			1,093,234	49,018		

20. Effects of Changes on Foreign Exchange Rates

EFFECTS OF FOREIGN EXCHANGE RATE CHANGES EUR

Description	31/12/2017	31/12/2016
Exchange rate differences		
Recognised as income for the period:		
Unfavourable exchange rate differences	392,431	724,110
Favourable exchange rate differences	227,991	997,573

21. Events After the Balance Sheet Date

On 22 December 2017, a capital increase was approved for subsidiary OLI Sanitärsysteme GmbH, in the amount of 300,000 euros, which was completed on 18 January 2018.

The Consolidated Financial Statements for the year ended 31 December 2017 were approved by the Board and authorised for issuing on 06 April 2018.

22. Income Tax

INCOME TAX CARRYING AMOUNT **EUR**

Description	31/12/2017	31/12/2016
Accounting profit-or-loss for the period (before taxes)	4,559,021	4,353,487
Current tax	-975,321	-1,267,945
Deferred tax	261,046	250,391
Income Tax for the period (4 = 2 + 3)	**-714,275**	**-1,017,554**
Autonomous taxation	136,419	123,368

COLLECTION DEDUCTIONS REGARDING TAX BENEFITS AT OLI - Sistemas Sanitários, SA EUR

Description	31/12/2017	31/12/2016
SIFIDE – System of Tax Incentives for Research and Business Development	609,634	322,950
RFAI – Investment Support Tax Benefit Scheme		190,882
CFEI - Extraordinary Fiscal Credit		
Total	**609,634**	**513,832**

The SIFIDE amount deducted from the tax base in 2017 refers to the remainder of the benefit reported in 2016 and to the entire benefit of 2017.

The Group recognises deferred tax assets in the amount of 459,424 euros, related to impairment losses not accepted for tax purposes and to consolidation operations. It also recognises deferred tax liabilities in the amount of 6,990 euros, related to legal revaluations, 1,598,751 euros, related to free revaluations and 7,298 euros related to asset amortisations.

23. Environmental Matters

In 2013, the parent company OLI - Sistemas Sanitários, S.A. set up a financial guarantee in the form of a reserve in equity that allows the company to assume the environmental responsibilities inherent to its activity, as required by Decree-Law 147/2008, of 20 July and subsequent amendments. This environmental liability reserve was constituted in the amount of 100,000 euros, transferred from other reserves.

24. Financial Instruments

24.1. Disclosure of Third Party Figures

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Total	
	31/12/2017	31/12/2016
Customers	**15,570,656**	**15,766,115**
Current account	14,351,197	12,238,404
Receivables	1,283,426	3,568,903
Doubtful debts	1,988,818	1,972,102
Impairment losses	-2,052,784	-2,013,295
Advance Payments from Customers	**156,897**	**13,948**
Suppliers	**10,030,775**	**9,461,724**
Other payables	**4,857,863**	**3,424,437**
Staff	155,394	137,304
Investment suppliers	1,494,675	397,341
Creditors by accrued expenses - Interest	26,513	30,380
Creditors by accrued expenses – Insurance	27,421	7,979
Creditors by accrued expenses – End of month	1,669	2,077
Creditors by accrued expenses – No current account		31
Creditors by accrued expenses – Credit cards	5,073	5,405
Creditors by accrued expenses – Vacations and vacation pay	2,412,598	2,226,192
Creditors by accrued expenses – Commissions	67,401	32,421
Creditors by accrued expenses – Rappel	291,449	225,402
Creditors by accrued expenses – Points	120,340	149,866
Creditors by accrued expenses – Other	202,869	187,070.41
Other Creditors	52,462	42,102.16
Other Receivables	**801,759**	**625,160**
Advance payments to suppliers	78,763	102,523
Staff	15,098	12,395
Debtors by accrued income – Interest		4,090
Debtors by accrued income – Subsidies	943	
Debtors by accrued income – Other	233,439	240,334
Other Debtors	473,516	265,817
Total	**31,417,951**	**29,291,384**

24.2. Disclosure of Information on Capital

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2017	31/12/2016
Equity		
Subscribed Capital	10,000,000	10,000,000
Other equity instruments	4,653	4,653
Legal reserves	2,000,000	2,000,000
Other reserves	5,132,649	3,138,457
Retained earnings	-1,038,124	-425,566
Revaluation Surpluses	7,614,657	6,587,092
Adjustments/Other Changes in Equity	6,618,704	5,467,852
Consolidated net income for the financial year	3,769,184	3,274,971
Non-controlling interests	521,083	435,523
Total	**34,622,806**	**30,482,981**

24.3. Disclosure of Information on Deferrals

CARRYING AMOUNT EUR

Description	Total	
	2017	2016
Deferrals		
Assets		
Expenses to be recognised – Interest	4,954	9,335
Expenses to be recognised – Insurance	12,044	6,877
Expenses to be recognised – Moulds owned by customer	1,750	26,697
Expenses to be recognised – Protection items	5,086	1,478
Expenses to be recognised – Marketing items	69,358	98,836
Expenses to be recognised – Gift items	1,400	2,599
Expenses to be recognised – Services in transit	18,857	16,225
Expenses to be recognised – Investments in transit	7,490	
Expenses to be recognised – Other	81,267	170,152
Total	**202,208**	**332,199**
Liabilities		
Income to be recognised – Moulds	165,151	169,198
Income to be recognised – Other	12,111	29,421
Total	**177,263**	**198,619**

24.4. Disclosure of Information on the State and Other Public Entities

STATE AND OTHER PUBLIC ENTITIES EUR

Description	Total	
	2017	2016
State and other public entities		
Assets		
Income Tax	567,757	155,541
Withheld income taxes	61,223	235,340
Value-added tax	416,159	438,332
Social Security contributions	5,250	
Total	**1,047,978**	**829,213**
Liabilities		
Income Tax	130,114	137,253
Withheld income taxes	135,198	196,514
Value-added tax	154,659	59,841
Other taxes	4,382	5,883
Social Security contributions	334,876	318,688
Other levies	5	
Total	**759,234**	**718,179**

25. Disclosure of Information on External Supplies and Services:

EXTERNAL SUPPLIES AND SERVICES EUR

Description	Total	
	31/12/2017	31/12/2016
Subcontracts	**2,527,065**	**1,827,314**
Specialised work	1,421,988	1,260,629
Advertising and publicity	1,089,625	917,489
Surveillance and security	79,347	82,228
Fees	92,766	100,930
Commissions	680,797	662,629
Maintenance and repairs	1,003,325	978,002
Others	273,397	354,341
Total specialised services	**4,641,246**	**4,356,248**
Fast-wear tools and utensils	208,227	316,014
Technical books and documents	1,920	1,093
Office supplies	22,605	23,055
Gift items	42,613	42,375
Others	38,622	43,020
Total materials	**313,987**	**425,557**
Electricity	1,202,995	1,114,420
Fuel	112,481	113,116
Water	38,826	31,404
Others	9,576	6,642
Total energy and fluids	**1,363,878**	**1,265,582**
Travels and accommodation	678,528	707,272
Transport of goods	2,985,473	2,582,962
Total transportation, travels and	**3,664,001**	**3,290,234**
Rents and leases	277,876	237,437
Communication	82,073	98,265
Insurance	301,419	239,549
Royalties	10,666	2,188
Legal services	26,011	10,197
Representation expenses	609,954	476,408
Cleaning, hygiene and comfort	80,728	83,123
Other services	130,241	59,285
Total miscellaneous services	**1,518,967**	**1,206,452**
Total external supplies and services	**14,029,143**	**12,371,387**

26. Disclosure of Information on Staff Costs:

STAFF COSTS EUR

Description	Total	
	31/12/2017	31/12/2016
Staff costs	**15,610,010**	**13,847,272**
Remuneration of governing bodies	904,607	824,308
Of which: Profit Sharing	264,776	245,602
Staff remuneration	10,521,600	9,304,192
Charges on remunerations	2,609,507	2,321,970
Insurance against work accidents and occupational diseases	132,135	97,804
Employee benefit costs	160,074	139,254
Other staff costs	1,282,088	1,159,744
Of which:		
Temporary workers	1,134,976	1,020,265
Training costs	77,092	73,493

27. Disclosure of Information on Other Income

OTHER INCOME EUR

Description	Total	
	2017	2016
Supplementary income	808,561	1,134,140
Cash payment discounts obtained	100,332	83,187
Debt recovery	7,207	7,491
Gains on inventories	27,823	
Income and gains on other financial assets	228,087	402,810
Income and gains on non-financial investments	83,874	543,086
Others	851,725	238,693
Interest earned	11,622	13,033
Total	**2,119,231**	**2,422,440**

28. Disclosure of Information on Other Expenses

OTHER EXPENSES EUR

Description	Total	
	2017	2016
Taxes	132,793	124,510
Cash payment discounts granted	439,139	382,832
Bad debt	27,216	52,255
Losses in inventories	231,315	375,214
Expenses and Losses on Other Financial Investments		1,670
Expenses and Losses on Non-financial Investments	1,348	628
Others		
Corrections regarding previous financial years	59,525	74,229
Donations	24,788	36,165
Contributions	13,440	8,892
Gifts and samples in inventories	186,735	205,127
Underestimated taxes		5,286
Moulds owned and customer contributions	34,622	280,460
Unfavourable exchange rate differences	392,399	724,110
Commissions and other bank expenses	63,023	36,570
Others	77,428.43	156,873
Other expenses and losses	**1,683,769**	**2,464,821**

29. Disclosure of Information on Interest and Similar Expenses

INTEREST AND SIMILAR EXPENSES EUR

Items	Total	
	2017	2016
Interest Borne	326,763	367,479
Interest and similar expenses	**326,763**	**367,479**

30. Legally Required Disclosures

The Commercial Companies Code, in Articles 66(A)and 508(F) and Ordinance 208/2007 of 16 February, which establishes the IES (simplified business information) require the disclosure of the following information:

30.1. Information on Guarantees Provided

Guarantees provided	Beneficiary	Amount
Bank guarantees		
Caixa Geral de Depósitos	APCMC	16,000
Banco Santander Totta	IAPMEI	353,090

30.2. Information on Sales by Market

SALES AND SERVICES SUPPLIED BY ACTIVITY AND BY GEOGRAPHIC MARKET

Description	2017				2016			
	Real Estate	Commercial	Industrial	Total	Real Estate	Commercial	Industrial	Total
Portugal	540,000	3,133,229	9,575,638	13,248,868	775,000	2,309,653	8,554,447	11,639,100
Others		13,064,948	37,542,723	50,607 671		13,138,326	32,460,023	45,598,349
Total	**540,000**	**16,198,178**	**47 118,361**	**63,856,539**	**775,000**	**15,447,979**	**41,014,470**	**57,237,449**

30.3. Information on Fees Billed

Article 508(F) of the Commercial Companies Code requires the disclosure of the services rendered by the Statutory Auditor

FEES BILLED BY STATUTORY AUDITORS

	Description	2017	2016
66-A 508-F	Statutory Audit	22,108	22,816
Totals	**Totals**	**22,108**	**22,816**

The Certified Accountant

The Board of Directors

X. Report and Opinion of the Audit Board – Consolidated Accounts

REPORT AND OPINION OF THE AUDIT BOARD ON THE CONSOLIDATED ACCOUNTS

Dear Shareholders:

In accordance with the law, the company's articles of incorporation and the mandate granted to us, we hereby submit to your assessment our Annual Report on the Supervisory Activity and our Opinion on the Management Report and Consolidated Financial Statement prepared by the Board of Directors of **OLI – Sistemas Sanitários, S.A.** for the financial year ended 31 December 2017.

Report

1. In fulfilment of the mandate granted to us, and in the performance of our legal and statutory duties, we have found that the preparation of the consolidated financial statements followed all applicable accounting principles and consolidation rules.
2. In the performance of our duties we have specifically verified the following:
   - 2.1 that the individual financial statements included in the consolidation were properly examined, and that all clarifications deemed necessary have been obtained;
   - 2.2 that the consolidation operations were adequately handled;
   - 2.3 that the accounting policies adopted were appropriate and duly explained in the Notes and result in an accurate evaluation of the Group's assets and earnings.
   - 2.4 that the Management Report on the consolidated accounts, prepared in accordance with the Companies Code and all other applicable legislation, is sufficiently clear and highlights the most significant aspects.
3. The Supervisory Board closely followed the works of *Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda.*, as well as the Statutory Audit of the Consolidated Accounts they produced, which considers that the consolidated financial statements of the **OLI- Sistemas Sanitários, S.A.** Group, as of 31 December 2017, and the consolidated results of its operations, changes in consolidated equity and consolidated cash flows for the year ended on that date are in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Standardisation System.

Opinion

4. In light of the content of the Report, bearing in mind that the Consolidated Financial Statements and the Management Report, together with the Statutory Audit, which was issued without reservation, fulfil all legal and statutory provisions, reflecting the financial position and results achieved by the Group during the financial year, and there being no knowledge of any infringement of the law or the articles of incorporation, we are of the opinion that the Annual General Meeting approves the Consolidated Financial Statements presented by the Board of Directors, concerning FY 2017.

Aveiro, 4 May 2018

The Supervisory Board

Eng. João Paulo Araújo Oliveira *-Chairman*

Carlos Manuel Tavares Breda, Member *-Member*

Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda., represented by
António Rodrigues Neto *-Member*

XI. Statutory Audit – Consolidated Accounts

Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda.

Audit Firm

STATUTORY AUDIT

REPORT CONCERNING THE AUDIT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have examined the financial statements of the Group **OLI - SISTEMAS SANITÁRIOS, S.A**. (the Group) which comprise the Consolidated Balance Sheet on 31 December 2017 (showing a total of 70,266,786 euros and a total equity of 34,622,806 euros, including a net profit of 3,769,184 euros), the Consolidated Profit-and-Loss Account by nature, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year ended on said date, as well as the corresponding Notes, which include a summary of the main accounting policies used.

We are of the opinion that the aforementioned consolidated financial statements present, in an appropriate and accurate manner, and in all materially relevant aspects, the consolidated financial position of the group OLI - SISTEMAS SANITÁRIOS, S.A on 31 December 2017 and the results of its operations consolidated during the year ended on that date, in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Normalization System.

Bases for our opinion

Our audit was performed in accordance with the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines of the Portuguese Institute of Statutory Auditors. Our responsibilities under these standards are described in the section "Auditor's Responsibilities in the Auditing of the Consolidated Financial Statements" below. We are independent from the Entities that constitute the Group under the terms of the law and comply with all other ethical requirements under the terms of the code of ethics of the Portuguese Institute of Statutory Auditors.

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

Responsibilities of the management body for the consolidated financial statements

The management body is responsible for:

- preparing the consolidated financial statements so as they present the true and appropriate financial position of the group, its financial performances, and cash flows, in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Normalisation System;
- preparing the Management Report in accordance with all applicable legal and regulatory terms;
- creating and maintaining an appropriate internal control system to enable the preparation of financial statements free from any material misstatements due to fraud or error;
- adopting appropriate accounting policies and criteria, considering the circumstances; and
- assessing the Group's ability to remain in business, disclosing, when applicable, any matters that may raise significant doubts about the continuity of the business.

Responsibilities of the auditor in the auditing of the consolidated financial statements

[initials]

Head office: Rua dos Bragas, 208 – 1º andar, sala 15 - 4050-122 Porto
Branch: Rua Manuel Firmino, Ed. Veneza, 52-8ºandar, sala AZ - 3800-213 Aveiro Tel. 234 386 517 - Fax 234 386 518
E-mail. antonio.neto@ua.pt

Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda.
Audit Firm

Our responsibility consists of obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements due to fraud or error, and to issue a report setting forth our opinion. Reasonable certainty is a high level of certainty but it does not guarantee that an audit performed in accordance with the ISA will always detect material misstatements, should they exist. Misstatements may arise from fraud or error and are considered material if, alone or together, they can reasonably be expected to influence economic decisions of users taken based on those financial statements.

As part of an audit according to the ISA, we make professional judgements and maintain professional scepticism during the audit and also:

- identify and assess the risk of material misstatements in the consolidated financial statements due to fraud or error, design and perform audit procedures that respond to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is greater than the risk of not detecting material misstatement due to error, since fraud may involve collusion, counterfeiting, intentional omissions, misrepresentation or disregard for internal control;
- obtain an understanding of the internal control relevant to the audit for the purpose of designing audit procedures that are appropriate under the circumstances but not to express an opinion on the effectiveness of the Group's internal control;
- assess the adequacy of the accounting policies used and the reasonableness of accounting estimates and corresponding disclosures made by the management body;
- conclude on the adequacy of the management body's use of the principle of going concern and, based on the audit evidence obtained, on whether there is any material uncertainty related to events or conditions that may raise significant doubts regarding the Group's ability to remain in business. If we conclude that there is material uncertainty, we must draw attention in our report to the respective disclosures included in the financial statements or, if should such disclosures not be appropriate, modify our opinion. Our conclusions are based on the audit evidence obtained until the date of our report. However, future events or conditions may cause the Group to discontinue its activities;
- assess the overall presentation, structure and content of the financial statements, including disclosures, and whether those financial statements represent the underlying transactions and events in order to achieve an appropriate presentation;
- we obtained sufficient and appropriate audit evidence regarding the financial information of the entities or businesses within the Group to express our opinion on the consolidated financial statements. We are responsible for guiding, supervising and performing the Group's audit and we are ultimately responsible for our audit opinion;
- communicate with governance leaders, including the supervisory body, among other matters, on the scope and planned timetable of the audit, and the significant conclusions drawn, including any significant internal control deficiencies identified during the audit;

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Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda.

Audit Firm

Our responsibility also includes verifying that the information contained in the management report is consistent with that of the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management Report

In our opinion, the Management Report has been prepared in accordance with applicable laws and regulations in force and the information contained therein is consistent with the audited financial statements and, taking into account our knowledge and appreciation of the Group, we have not identified any material misstatements.

Aveiro, 27 April 2018

[initials]

Jorge Silva, Neto. Ribeiro & Pinho, Sroc. Lda., represented by
António Rodrigues Neto

Registration at the Companies Register and corporate taxpayer number (NIPC) 510413900 – Share Capital: 5,800 euros - SROC No. 277 –

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E-mail. antonio.neto@ua.pt

Inspired by water...

OLI-Sistemas Sanitários, S.A.
Travessa do Milão, Esgueira
3800-314 Aveiro, Portugal

T (+351) 234 300 200
F (+351) 234 300 210
www.oli-world.com
geral@oli-world.com