Inspired by water..

Report and Accounts

2018

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I. Management Report

Pursuant to articles 65 and 66 of the Commercial Companies Code, we hereby present, in reference to the financial year of 2018, the Management Report and the Financial Statements of OLI - Sistemas Sanitários, S.A., with registered office at Travessa do Milão, Parish of Esgueira, Municipality of Aveiro, legal person no. 500 578 737, registered at the Companies Register 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

In the 2018 financial year we closed one cycle and started another. Recently, on March 1st, we commemorated OLI's 65th anniversary with the publication of the book *A Nossa História* (Our History), which recounts the company's key moments. The book was launched at a party attended by all employees.

This was a milestone of change, which is what keeps us young, dynamic, competitive and relevant.

This event coincided with the end of the current mandate of the Governing Bodies. This year, my brother, Rui Oliveira, my companion on this journey, commemorates his 70th birthday.

We thought it would be a good time for my brother to step down and let my nephew, Rui Miguel Oliveira, and my son, António Ricardo Oliveira, formally become members of the Board of Directors, thus ensuring and bringing about, on the one hand, a smooth transition of generations and, on the other, the energy and dynamism that the company and the business requires.

To my brother, who will retain an active role in the company, my most heartfelt thanks for the dedication and support throughout all these years.

To our two new directors, with great affection, I pledge all my support and trust and I am certain that you will be able to honour the legacy we have left for you. You can also rest assured that you will have all the necessary support in the years that we are together on the Board of Directors.

I take this opportunity to express my sincere gratitude to my brother for all the years in which we shared the highest responsibilities and express my full confidence in our youngest Directors.

1. Main Indicators

Item	2018	2017	Change 2018/2017 Amount	%
				EUR
Sales	56,295,861	54,097,101	2,198,761	4.1%
Production	57,141,329	54,701,788	2,439,541	4.5%
Gross Margin	32,027,819	30,632,985	1,394,834	4.6%
% of Production	56.1%	56.0%	0.1 pp	
% of sales	56.9%	56.6%	0.3 pp	
EBITDA	9,079,816	8,171,641	908,175	11.1%
% of sales	16.1%	15.1%	1.0pp	
EBIT	4,804,747	4,367,717	437,030	10.0%
% of sales	8.5%	8.1%	0.5pp	
Net Income	4,308,599	3,693,947	614,652	16.6%
% of sales	7.7%	6.8%	0.8pp	
Net Earnings per Share	2.15	1.85	0.31	16.6%
Cash-Flow	8,660,847	7,920,161	740,686	9.4%
% of sales	15.4%	14.6%	0.7pp	
Equity	37,745,290	34,497,080	3,248,210	9.4%
Financial Autonomy	56.2%	54.3%	1.9pp	
Liabilities	29,437,765	29,068,509	369,257	1.3%
Solvency	1.28	1.19	0.10	8.0%
Net Debt	14,500,126	13,903,661	596,465	4.3%
Net Debt/EBITDA	1.6	1.7	-0.1	-6.1%
Average Number of Employees	395	387	8	2.1%,

2. Economic Framework and Performance

Macroeconomic Framework

Europe

The economies of European countries, where we make 86% of our sales (including Portugal), showed mixed performances (strongly positive in the first 5 months of the year and a slight slowdown in the second half of the year) compared to 2017. This slowdown was not observed in Spain or Portugal, which maintained the same growth trend throughout the year.

Central and Northern Europe performed well and, in these countries, our sales grew significantly, as we consolidated our relationships with a few important new customers.

Portugal consolidated the trend observed in 2017, of an interesting economic momentum, with a strong positive contribution from construction (and real estate) and macroeconomic indicators suggesting a consolidation of our economy's image among foreign countries. We believe that this economic growth trend, especially in construction, will continue in 2019 and even beyond.

Outside Europe

Africa presented an interesting performance, reflecting an overall improvement of the economy on 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, reflecting the good performance of the economy in general.

3. Development of the Business Throughout FY 2018

Distribution in Portugal and in Portuguese-Speaking Countries

These sales (which include sales in Portugal and Portuguese-Speaking Countries, both of goods we buy and manufacture) accounted for 21% of the company's total sales and grew about 14% (an increase in value of 1,592,448 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 6% (with greater relevance for concealed cisterns and exposed cisterns) and goods showed a growth of around 19% (most notably bathroom furnishings, heating and piping).

Exports and sales to domestic ceramics companies

Sales performed well in this area, and grew by around 2%. 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 Northern Africa and the Middle East.

In regional terms, Central Europe is the main destination of our sales (36% of the sales volume).

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

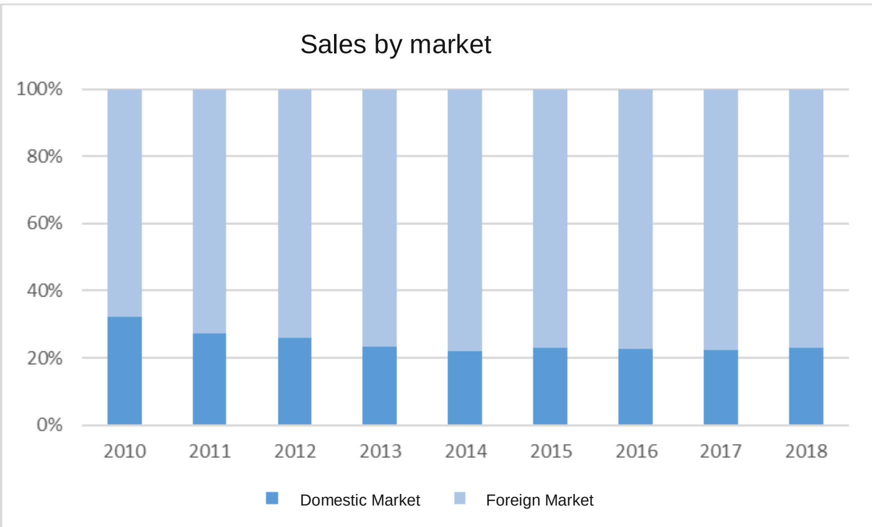
On the African continent, developments were positive, with special highlight to the South African market, whereas the performance of the Maghreb countries was somewhat impaired. In the Middle East, the evolution of sales was negative due to the weak economic situation experienced by the region's most 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 56,295,861 euros, corresponding to a 4.1 % growth over the previous year. Analysing the division between the domestic and foreign markets, we have:

- Domestic Market 12,916,527 euros (22.9% of total sales), corresponding to a growth of 6.6%.
- Foreign Market 43,379,335 euros (77.1% of total sales), corresponding to a growth of 3.3%



Sales are broken down by activity as follows

- Manufactured products 51,259,981 euros (91.1% of total sales) with a growth of 5.1%
- Products sold 5,035,880 euros (8.9% of total sales) with a growth of 4.8%

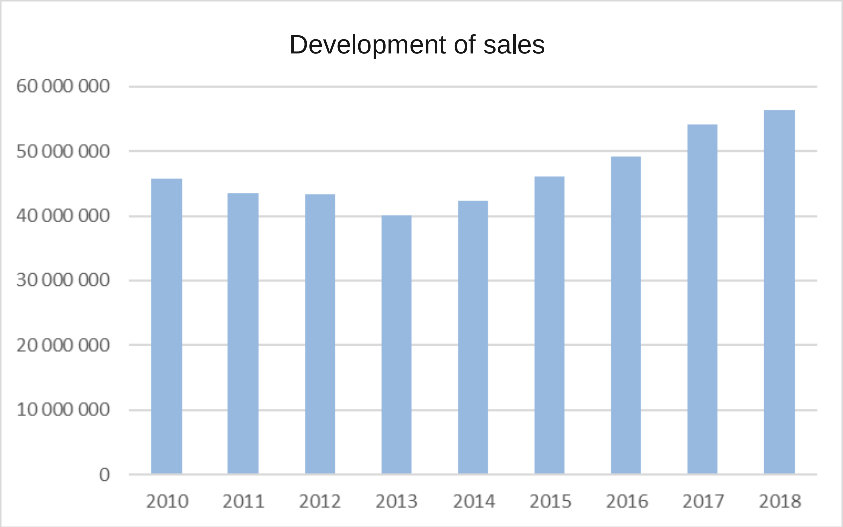
Sales are broken down by business units as follows:

- Distribution (Portugal and Portuguese-Speaking Countries) 12,641,764 (22.5% of total sales) with a growth of 13.5%
- Industrial sales (Portugal and Exports) 43,654,097 (77.5% of sales) with a growth of 2.9%
- Real estate there was no sales-related activity. However, in terms of supplementary income, this activity generated 85,850 in rents from properties assigned to this activity.

4. Economic and Financial Analysis for 2018

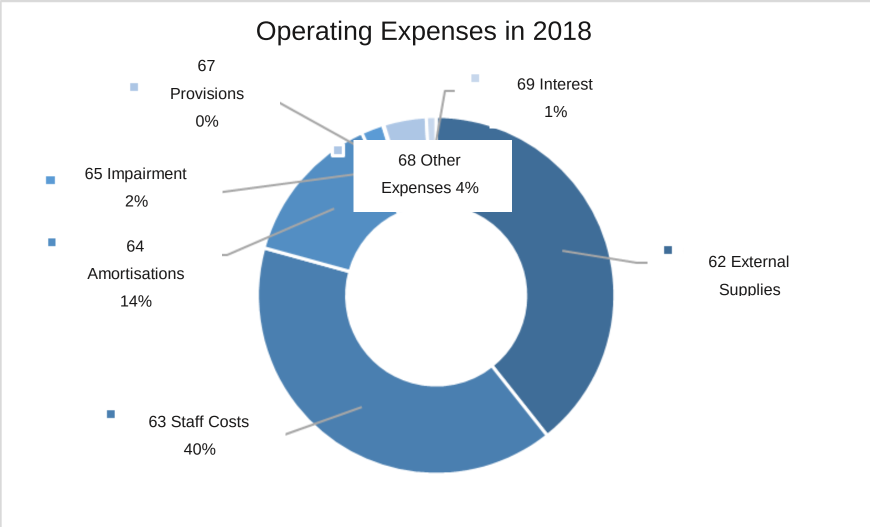
Economic Analysis

In 2018, OLI achieved a turnover of 56,307,384 euros, representing an increase of 2,202,683 euros (4.1%) over 2017. This positive development was driven by sales in the domestic market, which grew by 6.6%, and sales to foreign markets, with a growth of 3.3%.



In terms of accounting gross margin, there was an increase, as a result of a decline in the cost of the main raw materials in international markets, which, together with the higher added value of the product mix, led to a rise in the gross margin compared to production of 0.1pp, reaching 56.1%.

In terms of operating expenses (excluding losses in affiliated companies), they were consistent with the increase in the company's operating activity, having increased by 1,786,575 and corresponding to 6.2% of total expenses. The largest contributors to this increase were External Supplies and Services, Staff Costs and Amortisations, with increases of 8.2%, 4.2% and 12.8%, respectively.



In terms of impairments and considering increases and reversals, there was a slight gain of 69,651 euros, essentially resulting from account receivables.

As for other expenses, excluding the item 'Losses with Affiliated Companies,' we recorded an increase of 121,143 euros in 2018 compared to 2017, which corresponds to 11.4%.

As in the previous year, Interest and Similar Expenses decreased by € 35,004 this year, corresponding to -11.3%, due to some decline in financing conditions and despite the slight increase in net debt recorded in the year.

EBITDA reached 9,079,816, recording an increase of 908,175 euros, i.e. 11.1% in relation to the previous year. In relative terms, and comparing with sales, the ratio stood at 16.1%, one percentage point above the previous year. The cash-flow was 8,660,847 euros, which represents a 9.4% increase.

The impact of subsidiaries, based on the equity method and other specific items of subsidiaries, was positive, at 634,261.

Net income was 4,308,599 euros, 614,652 euros more than in 2017. Excluding the impact of invested companies, net income increased by 275,006 euros to 3,674,338 euros.

Invested Capital

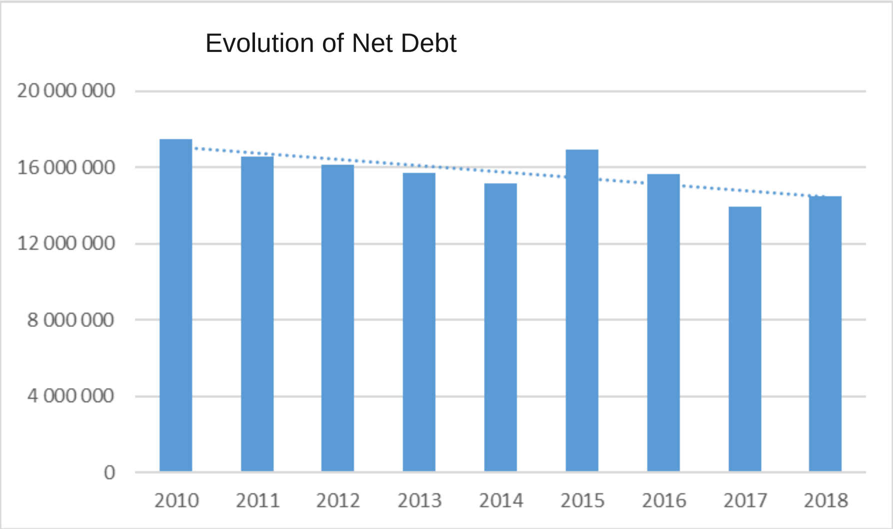
In 2018, working capital increased by 1,266,523 euros compared to the previous year, having stood at 9,128,920 euros.

With regard to investment in fixed assets, in 2018 this figure was 6,363,661 euros, which corresponds to an increase of 35.6% over 2017. Our investments focused on 4 areas:

- Land and Buildings – 30%
- Moulds – 23%
- Production Equipment – 40%
- The remaining 7% went to the acquisition of administrative and transportation equipment and other tangible and intangible assets.

Financial Analysis

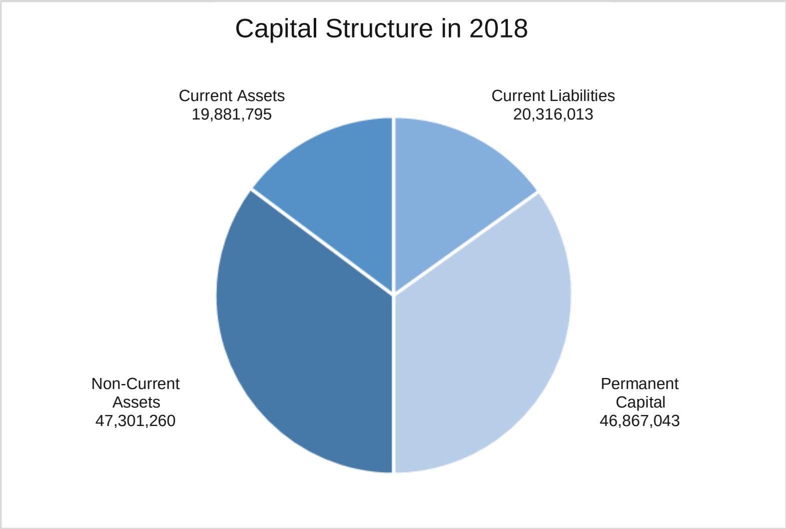
The cash-flow achieved allowed the offsetting of almost all of the capital invested in fixed assets, working capital and investees. As a result, debt increased slightly, and the Group closed 2018 with a net debt of 14,487,464 (an increase of 567,211 in relation to 2017).



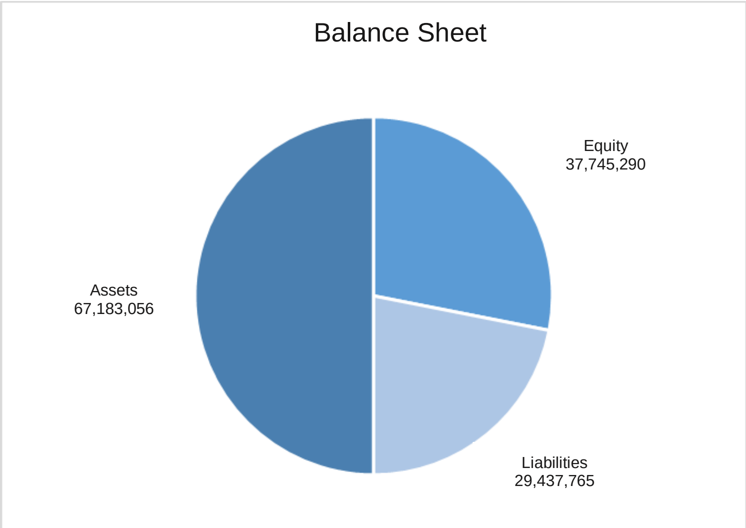
However, the improvement of EBITDA, coupled with the slight increase in net debt, led to an improvement in the debt-to-EBITDA ratio :

Item	2018	2017
Net debt	14,487,464	13,920,253
Net debt/EBITDA	1.60	1.70

In terms of capital structure, the company maintained its structure optimisation policy, seeking to finance investments in fixed assets and permanent working capital needs, by turning to medium- and long-term financing, as well as to finance cash cycles using short-term instruments. In this regard, at the end of 2018, permanent capital represented 99% of non-current assets, while current liabilities represented 102% of current assets, which translates into a stable development in relation to the previous year.



Financial autonomy rose to 56.2%.



5. Outlook for FY 2019

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, with a slight increase in profitability. We expect this growth to result not only from the growth of the domestic economy, but also from OLI's affirmation in the market, with an increase in the market share of the main product families we offer in this market, both in terms of products and in terms of goods

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 domestic ceramics companies are expected to maintain a level of activity similar to that of the previous year.

Foreign Market

Given the less favourable developments at the end of the previous year, we believe that the start of FY 2019 will not be very strong, despite our conviction that our subsidiaries, since the beginning of the year, and thanks to the work that has been developed, will show an interesting increase in activity.

We believe that the second half of the year will bring more consistent growth, in subsidiaries, distribution customers and OEMs (whose weight in our industrial activity remains important and stable)

We admit that the increase in activity may not reach 10%, but we expect to maintain the profitability level recorded in 2019.

We believe subsidiaries will be an important factor of growth and improvement of the activity.
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 the sales of OLI brand products.

In geographic terms

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

In strategic terms and as before, we will seek to boost OLI brand sales, mainly through our subsidiaries. We expect a strong growth in Spain (where our subsidiary does not yet exist in a formal legal way), Germany and Russia. Activity in Italy has stabilised for a few years (maintaining a slight yearly growth and interesting profitability levels).

We will maintain a segmented and differentiated orientation of our business, as we continue the work of recent years:

- OEM Customers – We maintain our desire and vocation to work with OEM customers, leveraging partnerships with existing customers and even looking for new customers. The importance of OEM customers for our business, in terms of sales value, should remain stable.

- OLI Catalogue – We will continue our work to improve the positioning of OLI brand products, seeking to increase their market share and weight in our sales structure.

- Subsidiaries – Subsidiaries (Germany, Italy, Spain and Russia) should continue to gain importance and weight, both in terms of sales volume and interaction with customers in these regions, seeking to tighten the articulation between all these business vectors.

- Modern Distribution – We will seek to improve our ability to operate in this important sector, both directly and through our partners and subsidiaries.

6. Research, Development & Innovation

One of the key strategic pillars of OLI is Research, Development and Innovation (RDI). With its own RDI unit, OLI develops the products it manufactures and markets, thus continuously increasing its competitiveness in the domestic and international markets. Over the last five years, 12.5 million euros were spent on RDI, 2.8 million corresponding to 2018.

OLI products are developed internally based on a structured and robust RDI process, which aims at developing products that can respond to and anticipate market needs. In order meet the daily challenges, OLI has put together an RDI team comprised of highly skilled personnel with access to state-of-the-art technological resources.

Whenever development efforts require the application of new areas of knowledge that OLI does not master, partnerships are established with entities of the Scientific and Technological System, with the aim of developing innovative solutions that can be used in a given process or product, thus increasing internal competences.

During the course of 2018, OLI developed a series of projects with differentiating characteristics in fields as diverse as: the integration of electronics in sanitary products, products with specific fire protection attributes, the application of new environmentally friendly materials, new solutions for water saving and solutions for the rehabilitation of buildings, such as MoBaK – Modular Bathroom Kit, an integrated and modular bathroom that is easily assembled and disassembled in any space, not requiring any construction work and that includes the three main areas: washbasin, toilet and shower cabin. This last project won *Construir* Magazine's 2018 Prize for Innovation in Construction, in the category Bathrooms, Accessories and Equipment.

In 2018, two new partnerships were established as part of 'Compete 2020' projects, under the 'Portugal 2020' initiative, namely in 'R&D Programmes – Projects in Co-Promotion.'

As a result of these projects, 4 new patents were filed in 2018, thus increasing the number of European patents filed in the last 5 years to 24.

In 2019, OLI intends to solidify its development process, strengthen its knowledge of simulation tools, continue the development of innovative projects already underway, and strengthen internal knowledge in areas such as the integration of electronics in sanitary systems and the use of new materials.

7. Marketing

With an increasingly sustained communication strategy, OLI continues to strengthen its institutional reputation and solidify its brand image in the media.

To this end, a number of promotion and dissemination initiatives have been carried out during the course of 2018, most notably the following:

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

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

3. The organisation and promotion of institutional events open to the community, such as the 'City Day Concert' with Carminho (May 11), the 3rd edition of the OLI Regatta (May 12) and the OLI São Silvestre Marathon (December 1);

4. The creation of catalogues, brochures, exhibit displays and other materials for participation in national and international industry trade fairs, most notably Mosbuild in Russia, one of the industry's most important trade fairs, where the latest solutions were presented;

5. 2017 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 2018, 394 news items were published (free, officially monitored communication).

8. Implementation of the General Data Protection Regulation, seeking to implement measures aimed at protecting the rights of the owners of personal and sensitive data. To this end, procedures have been put in place to:
   i. Inform data subjects of the justifications for their processing, storage and transmission
   ii. Ensure the exercise, by data subjects, of their rights, by giving them the means to do so
   iii. Maintain a record of the processing of personal data and ensure the security thereof
   iv. Ensure the preservation, integrity and reliability of the data

8. Human Capital

At the end of 2018, the number of employees was 401, a 3% increase over the previous year. The number of employees varied throughout the year, given our need to adjust to the evolution of demand and the seasonality of some markets, as well as the need to increase some technical skills.

During FY 2018, the average number of employees was 395 (an increase of 6% over FY 2017).

The table below shows comparative data for the years 2016 to 2018.

Human Resources	2018	2017	2016
Number of workers at the end of the year	401	389	379
• male	189	193	186
• female	212	196	193
Average number of workers in the year	395	387	373
Average age of employees	39.4	39.3	39.3
Average seniority of employees	12	11	12
Total training hours	14,866	16,287	13,875
Average number of training hours per employee	37	42	37
Staff costs	12,309,015	11,810,450	10,369,672
Average cost per employee	31,162	30,518	27,801
GVA per employee	53,508	52,639	50,599
Overall absenteeism rate	4.0	3.3	3.6
Occupational accident frequency rate	Good	Good	Good
Occupational accident severity rate	Good	Good	Good

At the end of 2017, we assessed the psychosocial risks associated with the manufacturing area and received the report during the first half of 2018. The final results showed that there are no psychosocial risks associated with this area.

In the course of 2018, we made the transition to the 2015 versions of ISO 9001 and ISO 14001 standards.

In 2019 we also plan to transition from OSHAS 18001 to the new ISO 45001 standard.

In 2018 we continued implementing our Safe Behaviour project. We provided training, recorded a video about our safety regulations featuring the employees' children, improved signage in our facilities and began to organise safety walks.

In 2019 we will consolidate our safety walk initiative and begin implementing safety dialogues.

Throughout 2018, we kept the schedule of activities planned with our employees, such as the celebration of the Day of Laughter (March), the company's anniversary luncheon (March); annual company get together, in which we opened the doors to relatives and friends of our employees (July); the 5th edition of our sailing championship (between May and July), MasterChef OLI (cooking competition) in which chestnuts were a mandatory ingredient (November); putting up the Christmas Tree outside the company's headquarters, which included the distribution of hot chocolate (December); the employees' children's Christmas party (December) and the distribution of the Christmas basket (December), among others.

In 2019, we will keep most of these activities with our employees in our business plan and try to improve their attractiveness, so as to increase everyone's involvement and hopefully contribute to improving our employees' engagement with the company and interpersonal relationships in general.

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 2018, the Board of Directors of OLI - Sistemas Sanitários decided to propose the distribution of dividends in the amount of € 0.425 per share, resulting in an overall amount of 850,000 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 4,308,598.74 euros be distributed as follows:

- To Other Reserves € 2,390,237.11
- To cover Retained Earnings € 3,574.01
- To Undistributed Profits € 1,064,787.62
- To Dividends € 850,000.00

11. Proposed Profit Share for the Board of Directors

Given the good performance achieved in 2018, we hereby propose that the two Executive Directors of the Board of Directors receive a share in the profits in the amount of 257,203.64. 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. State Public 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 2018.

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, 15 March 2019

The Board of Directors,

António Manuel Moura de Oliveira

Rui Alberto Moura de Oliveira

Graça Maria Moura de Oliveira

Pier Andreino 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	31/12/2018	31/12/2017
Oliveira & Irmão SGPS, Lda.	50%	50%
Valsir, S.p.A.	50%	50%

The members of the governing bodies do not directly hold any shares in OLI - Sistemas Sanitários, S.A.

Indirectly, through those shareholder companies, they hold the shares shown in the following table:

Name		No. of shares	Form of ownership
António Manuel Moura de Oliveira	Director	8,000	Indirect
Rui Alberto Moura de Oliveira	Director	8,000	Indirect
Graça Maria Moura de Oliveira	Director	0	
Pier Andreino Niboli	Director	180,000	Indirect
Frederica Niboli	Director	125,000	Indirect

During the year, the shareholders did not make any transactions of OLI shares.

The members of the supervisory body do not own any shares.

III. Financial Statements – Individual Accounts

Items	Notes	Dates 31/12/2018	31/12/2017
			EUR
Assets			
Non-Current Assets			
Non-tangible assets	7;9;11;30	29,506,818	27,691,722
Investment properties	1230	5,085,302	5,354,958
Intangible Assets	6	214,542	331,908
Equity holdings – Equity Method	3;5;13	11,671,395	10,970,427
Other Financial Investments	3;13	612,835	608,072
Deferred Tax Assets	20	210,368	229,793
		47,301,260	**45,186,879**
Current Assets			
Inventories	3;14;22	6,623,453	6,450,655
Customers	22	9,493,714	9,912,134
State and Other Public Entities	22	835,209	850,504
Other Receivables	22	667,186	301,282
Deferrals	22	302,176	231,616
Non-Current Assets Held for Sale	3;8	555 779	24,309
Cash and Bank Deposits	4;22	1,404,277	602,210
		19,881,795	**18,378,710**
Total Assets		**67,183,056**	**63,565,589**
Equity and Liabilities			
Equity			
Subscribed Capital	22	10,000,000	10,000,000
Legal reserves	22	2,000,000	2,000,000
Other Reserves	2122	6 351 379	5,144,782
Retained Earnings	22	-3,574	-503,555
Revaluation surpluses	7;22	7,618,370	7,614,657
Adjustments/Other Changes in Equity	22	7,470,517	6,607,249
Net Profit for the Period	2022	4,308,599	3,693,947
Total Equity		**37,745,290**	**34,497,080**
Liabilities			
Non-Current Liabilities			
Provisions	16	29,535	35,878
Financing Received	9;10;22	7,661,788	8,398,861
Deferred Tax Liabilities	20	1,430,430	1,605,741
Other payables	5		300,000
		9,121,753	**10,340,480**
Current Liabilities			
Suppliers	22	7,135,703	8,374,411
Advance Payments from Customers	22	37,862	145,590
State and Other Public Entities	22	325,254	323,871
Financing Received	9;10;22	8,242,615	6,107,010
Other payables	22	4,423,228	3,600,217
Deferrals	22	151,350	176,929
		2,0316,013	**18,728,029**
Total Liabilities		**29,437,765**	**29,068,503**
Total equity and liabilities		**67,183,056**	**63,565,589**
The Certified Accountant	The Board of Directors		

Individual Income Statement by nature for the periods ended 31.12.2018 and 31.12.2017

EUR

Income and Expenses	Notes	Periods	
		2018	2017
Sales and Services Provided	15;30	56,307,384	54,104,701
Operating subsidies	17	131,836	123,760
Income/Losses related to subsidiaries, associated companies and joint ventures	3;13	1,169,912	294,615
Changes in Production Inventories	14;30	845,468	604,688
Cost of goods sold and materials consumed	14;30	-25,113,510	-24,068,803
External Supplies and Services	23;30	-12,115,926	-11,198,446
Staff costs	3;5;24;30	-12,309,015	-11,810,450
Inventory impairment (losses/reversals)	14;22	-4,715	-269,053
Impairment on accounts receivable (losses/reversals)	22	58,647	-78,053
Provisions (increases/reductions)	16	-12,316	-30,683
Impairment of non-depreciable/amortisable investments (losses/reversals)	13	-1,500	-44,500
Other Income	15;18;25;30	1,845,914	1,609,370
Other Expenses	18;26	-1,722,363	-1,065,505
Income Before Depreciation, Financing Costs and Taxes		**9,079,816**	**8,171,641**
Depreciation and Amortisation Expenses/Reversals	6:7:12:28	-4,275,069	-3,790,881
Impairment of Depreciable/Amortisable Investments (losses/reversals)	12		-13,044
Operating Income (before financing costs and taxes)		**4,804,747**	**4,367,717**
Interest and Similar Expenses	27	-274,004	-309,008
Earnings Before Taxes		**4,530,743**	**4,058,709**
Income Tax for the Period	20	-222,145	-364,762
Net Profit for the Period		**4,308,599**	**3,693,947**

The Certified Accountant

The Board of Directors

EUR

Items	Periods 2018	2017
<u>Cash flows from operating activities – Equity Method</u>		
Receipts from customers	56,799,321	54,726,375
Payments to suppliers	-38,457,455	-34,776,115
Payments to staff	-12,200,851	-11,656,920
Cash generated by operations	6,141,015	8,293,340
Income tax paid/received	-89,507	-276,120
Other receipts/payments	132,121	-46,528
Cash flows from operating activities (1)	**6,183,629**	**7,970,692**
Cash flow from investment activities		
Payments concerning:		
Tangible Fixed Assets	-5,099,170	-4,373,893
Intangible Assets	-118,300	-71,076
Financial investments	-763,500	-2,111,459
Other assets	-432,746	-13,013
Receipts from:		
Tangible Fixed Assets	138,035	37,197
Financial investments	478,615	1,123,904
Dividends	205,920	222,750
Cash flow from investment activities (2)	**-5,591,145**	**-5,185,590**
Cash flows from financing activities		
Receipts from:		
Financing Received	4,431,031	1,812,520
Payments concerning:		
Financing Received	-3,169,941	-3,159,057
Interest and similar costs	-271,508	-313,590
Dividends	-780,000	-750,000
Cash flows from financing activities (3)	**209,583**	**-2,410,127**
Changes in cash and cash equivalents (1+2+3)	802,067	374,975
Exchange rate effect		
Cash and cash equivalents at the beginning of the financial year	**602,210**	**227,235**
Cash and cash equivalents at the end of the financial year	**1,404,277**	**602,210**

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The Board of Directors

Individual Statement of Changes in Equity in FY 2018

EUR

Description		Notes	Subscribed capital	Legal reserves	Other Reserves	Retained Earnings	Revaluation surpluses	Adjustments/ Other Changes in Equity	Net Profit for the Period	Total	Total Equity
			Equity attributed to the holders of the share capital of the parent company								
Position at the Beginning of FY 2018	6		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
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							-175,173			-175,173	**-175,173**
Deferred tax adjustments							175,311	1,736		177,043	**177,048**
Other changes recognised in equity					1,206,597	1,339,981	3,574	861,531	-3,693,947	282,264	**-282,264**
	7				**1,206,597**	**1,339,981**	**3,713**	**863,267**	**-3,693,947**	**-280,389**	**-280,389**
Net Profit for the Period	**8**								4,308,599	4 308,599	**4,308,599**
Comprehensive Income	**9=7+8**								614,652	4,028,210	**4,028,210**
Transactions with shareholders in the period											
Capital increases											
Realisations of share issue premiums											
Profit distribution						-780,000				-780 000	-780 000
Increases for covering losses											
Other operations											
	10					**-780 000**				**-780 000**	**-780 000**
Position at the end of FY 2018	**11=6+7+8+**		**10,000,000**	**2,000,000**	**6 351 379**	**-3,574**	**7,618,370**	**7,470,517**	**4,308,599**	**37,745,290**	**37,745,290**

The Certified Accountant The Board of Directors

Individual Statement of Changes in Equity in FY 2017

EUR

Description		Notes	Subscribed capital	Legal reserves	Other reserves	Retained earnings	Revaluation surpluses	Adjustments/ Other Changes in Equity	Net Profit for the Period	Total	Total Equity
			Equity attributed to the holders of the share capital of the parent company								
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							1,336,552			1,336,552	1 336,552
Revaluation surpluses							-81,134	2,113		-79,021	-79,021
Deferred tax adjustments		18			2,006,324	836,709	-227,352	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**								-349,911	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 covering losses											
Other operations											
	10					**-750,000**					**-750,000**
Position at the end of FY 2018	**11=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

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 operation 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 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 subsequent 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 transaction exchange rate 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 lowering 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 programmes 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 revenue is 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 December 31, 2018 are comparable to those used in preparing the Financial Statements on December 31, 2017.

In view of NCRF 10 – Borrowing Costs, the company capitalised interest in the amount of 25,651.47 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 January 1, 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, minus depreciation and accumulated impairment losses.

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 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 under current conditions, and management is committed to sell them and has made several diligences to that effect within a short period of time.

Non-current assets classified as held for sale are recorded at the lower between their balance sheet value and their fair value, minus the estimated cost of sale.

Whenever the amount for which the asset is recorded is greater than its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss, under item Impairment Losses.

The recoverable amount is the higher between the net selling price and the value in use. The net selling price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, minus any expenses directly attributable to the sale. Value in use is the current value of any estimated future cash flows expected to arise from the continued use of the asset and its disposal at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

A reversal of an impairment loss recognised in prior years is recorded when it is determined that the impairment loss recognised no longer exists or has decreased. This analysis is carried out whenever there is evidence that the impairment loss previously recognised was reversed. The reversal of impairment losses is recognised in the Income Statement. However, the impairment loss is reverted up to the amount that would be recognised (net of amortisation and depreciation) if the impairment loss had not been recorded in a prior period.

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 sale. The amount of interest to be capitalised is determined by applying a capitalisation rate on the value of investments made.

The capitalisation rate used in 2018 was 1.90%. 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.

With regard to the disclosure of the fair value of investment properties, taking into consideration, on the one hand, that they were recently revalued and, on the other, the current conditions of the real estate market, resulting from the current economic situation, we consider that the value whereby they are recorded in the accounts corresponds to their fair value.

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.

Inventories, customers and other debtors were checked for impairment on the balance sheet date. Objective evidence was found of impairment in inventories and other debtors. With regard to customers, this year, there was a reversal of impairment previously constituted due to lawsuits and seniority. Accordingly, impairment in Other Debtors and Inventories and reversal of impairment in Customers were recognised in the Income Statement.

With regard to Soplasnor, there was an impairment increase of 1, 500 euros, related to a loan in that amount made to said company in the current year.

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.

At the end of the year, impairment tests are carried out on investees. These tests are performed in order to determine the recoverability of the investment, considering historical performance, as well as the business development expectations. The assessments are based on cash flow projections, which are, in turn, based on financial budgets approved by Management and discounted at the capital cost rate. Cash flows are extrapolated using estimated growth rates based on business development expectations

INVENTORIES (NCRF 18)

Inventories are valued according to the following criteria:

- Commodities and raw materials, subsidiaries and consumables are valued at the lower between cost and net realisable value. Acquisition cost includes expenses incurred until storage, using the weighted average cost as the output costing method.

- Finished and semi-finished products, by-products and products and works in progress are valued at the lower between their production cost and their net realisable value. Production costs include the cost of the raw materials used, direct labour and overhead 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 NSRF innovation incentive system, to which we applied for internationalisation and investment expenses.

EFFECTS OF CHANGES IN CURRENCY EXCHANGE RATES (NCRF 23)

The assets and liabilities in the financial statements of foreign entities are translated into Euro using the exchange rate in force on the date of the statement of financial position and income and expenses, as well as cash flows are translated into Euro using the average exchange rate recorded in the financial year.

The exchange rates used to convert the subsidiaries' income statements into Euro were:

Currency	2018		2017	
	Closing rate	Average rate	Closing rate	Average rate
RUB – Russian Ruble	79.7153	74.0416	69.392	65.9383

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 2018, the company deducted amounts from its 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) and RFAI (Investment Assistance Tax Policy).

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 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 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.

Deferred tax assets are recognised only when there are reasonable expectations of obtaining sufficient future taxable profits for their use, or in situations where there are taxable temporary differences that offset temporary deductible differences in the period of their reversal.

At the end of each period, these deferred taxes are recalculated, and are reduced whenever their future use is no longer likely.

ENVIRONMENTAL MATTERS (NCRF 26)

The activities carried out by the company may cause environmental damages. Therefore, under the terms of Article 22 of Decree-Law no. 147/2008 of July 29, the company must establish one autonomous and of their own, financial guarantees, alternative or complementary, that allow it to take responsibility for any damages it causes. The company opted to comply with these provisions through the allocation of a reserve not available in equity.

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 end, 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. The carrying amounts of non-monetary items recorded in foreign currency at fair value are updated on the reporting date at the exchange rates in force on the dates on which the respective fair values were determined. 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 accounts 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 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.

- Financial Instruments held for trading – Financial assets and financial liabilities are classified as Held for Trading if they are primarily acquired or taken on for the purpose of sale or repurchase within a very short period of time or if they are part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence that actual profit has been recently obtained.

  These assets and liabilities are recorded at fair value, and changes in fair value are recognised in the Income Statement.

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	16,591	115,090	119,020	12,662
Demand deposits	585,619	126,908,087	126,364,099	1,129,607
Other bank deposits		262,835	826	262,009
Total Cash and Bank Deposits	**602,210**	**127,286,012**	**126,483,945**	**1,404,277**

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 December 31, 2018 and 2017:

REMUNERATION OF GOVERNING BODIES EUR

Description	FY 2018	FY 2017
Board of Directors – OLI Sistemas Sanitários, S.A.	584,384	564,714
Total	**584,384**	**564,714**

5.3. Transactions with Related Parties

The following transactions took place between related parties:

RELATED PARTIES											EUR
		FY 2018					FY 2017				
Description		Sales Service	Purchases	Balance Receive	Balance Pay	Loans in the Period	Sales and Services	Purchases	Balance Receive	Balance Pay	Loans in the
Parent Company	VALSIR, S.p.A. Oliveira & Irmão SGPS, Lda.	734,352	1,382,041	124,913	247,528		720,559	1,324,417	190,227	522,600	-18,000
Total		**734,352**	**1,382,04**	**124,913**	**247,528**		**720,559**	**1,324,41**	**190,227**	**522,600**	
Subsidiaries	OLI Moldes, Lda	29,573	1,640,298	123	970,182		71,338	1,355,835	3,348	553,446	40,000
	Soplasnor – Soc. Plásticos do Norte. SA					1500					44,500
	Oli Sanitairsysteme GMBH	207,700	893	97,728		44,530	276,630	551	81,313		-90,910
	OOO Oli Rus	1,404,28		1,718,59			958,355		1,332,86		
	Oli, SRL	7,070,76	865,862	431,591	57,830		7,172,806	745,255	339,205	57,578	
Total		**8,712,317**	**2,507,053**	**2,248,037**	**1,028,012**	**46,030**	**8,479,129**	**2,101,642**	**1,756,728**	**611,024**	**-6,410**

On January 16, 2018, OLI - Sistemas Sanitários, S.A. increased the share capital of OLI Sanitärsysteme GmBH, with head office in Germany, by an amount of 300,000 euros, as per the resolution made on December 22, 2017.

On December 31, 2018, OLI - Sistemas Sanitários, S.A. pardoned OLI RUS OOO a debt in the amount of 535,651.28.

6. Intangible Assets

Intangible assets were disclosed as follows:

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE FIXED ASSETS IN 2018 — **EUR**

	Description	Development projects	Computer Programmes	Industrial Property	Intangible assets in progress	Total
	With finite service life:					
4	**Initial gross carrying amount**	**59,840**	**823,512**			**883,352**
5	**Initial accumulated amortisations**	**51,529**	**499,915**			**551,443**
7	**Initial net carrying amount (7 = 4 - 5 - 6)**	**8,311**	**323,597**			**331,908**
8	**Operations in the period: (8 = 8.1 - 8.2 + 8.3 + 8.4 +8.5 +8.6)**	**-8,311**	**-109,055**			**-117,366**
8.1	**Total additions**		**122,290**			**122,290**
Additions	**Acquisitions of new items**		**113,415**			**113,415**
	Other		**8,875**			**8,875**
8.2	**Total decreases**	**8,311**	**231,345**			**239,656**
Decreases	**Amortisation**	**8,311**	**231,345**			**239,656**
9	**Final net carrying amount (9 = 7 + 8)**		**214,542**			**214,542**
	Service life	**3**	**3**			

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE 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**
Additions	**Acquisitions of new items**		**70,566**		**2,100**	**72,666**
	Other		**510**			**510**
8.2	**Total decreases**	**19,947**	**269,689**		**65,135**	**354,770**
Decreases	**Amortisation**	**19,947**	**269,179**		**65,135**	**289,126**
	Other		**510**			**65,645**
9	**Final net carrying amount (9 = 7 + 8)**	**8,311**	**323,597**			**331,908**
	Service life	**3**	**3**			

7. Tangible Fixed Assets

7.1. Disclosures on Tangible Fixed Assets

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE FIXED ASSETS IN 2018 EUR

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Administrative equipment	Other TFA	Advance payments TFA in on account of progress TFA		Total
1	Initial gross carrying amount	5,516,000	21,700,840	37,077,182	1,227,611	1,483,440	1,240,638	2,796,184		71,041,895
2	Initial accumulated depreciation		10,868,446	28,921,827	984,119	1,338,764	1,237,017			43,350,173
4	**Initial net carrying amount (4 = 1 - 2 - 3)**	**5,516,000**	**10,832,394**	**8,155,355**	**243,492**	**144,675**	**3,621**	**2,796,184**		**27,691,722**
5	**Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)**	**483,979**	**-643,250**	**1,244,200**	**80,726**	**45,012**	**-3,621**	**576,484**	**31,566**	**1,815,097**
5.1	**Total additions**	**483,979**	**30,838**	**327,853**	**240,350**	**146,558**	**4,885**	**4,975,342**	**31,566**	**6,241,371**
	Acquisitions	483,979	30,838	327,853	240,350	146,558	4,885	4,975,342	31,566	6,241,371
5.2	**Total decreases**		**1,445,346**	**2,174,522**	**161,484**	**107,166**	**914**			**3,889,432**
Decreases	Depreciations		1,402,353	2,113,195	144,113	105,183	914			3,765,758
	Disposals			47,771	17,371	1,118				66,260
5.4	Transfers of TFA in progress		793,957	3,068,170	1,860	5,620		-4,387,537		-517,931
5.6	Other transfers		-22,699	22,699			-7,592	-11,320		-18,912
6	**Final net carrying amount (6 = 4 + 5)**	**5,999,979**	**10,189,144**	**9,399,555**	**324,218**	**189,687**		**3,372,668**	**31,566**	**29,506,818**
	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 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**
Additions	Acquisitions	354,640	11,455	209,793	130,300	43,742	3,990,510	3,866,641		4,620,561
	Revaluation increases		3,248,534							3,248,534
	Other			7,402				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**
Decrease s	Depreciations		1,027,930	1,933,825	148,469	114,337	7,375			3,231,935
	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**	**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**			

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

CARRYING AMOUNT AND OPERATIONS IN REVALUATION SURPLUSES IN 2018 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	70,678	91,415	5,482,401	1,970,164	7,614,657
Depreciations	-13,118	13,118	-598,904	598,904	
Value of the revaluation surplus at the end of the period	**57,560**	**104,533**	**4,887,210**	**2 569,067**	**7,618,370**

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**

7.3. Tangible Fixed Assets Pledged as Guarantees for Liabilities

TANGIBLE FIXED ASSETS PLEDGED AS GUARANTEES FOR LIABILITIES IN 2018 EUR

Asset	Creditor	Pledged Amount	Asset Value	Depreciation	Net amount
Soplasnor Building and adjacent land	BPI	4,500,000	4,839,391	549,284	4,290,107
Moulds and machines	BPI	827,750	921,643	601,809	319,835
		5,327,750	**5,761,034**	**1 151,092**	**4,609,941**

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**

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 inlet valves	14,268			14,268
Set of moulds for outlet valves	7,927			7,927
Set of moulds for floor siphons	2,114			2,114
Set of moulds purchased for sale		531,470		531,470
Total	**24,309**	**531,470**		**555,779**

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		Description	Financial leases in effect: Amount Acquisition	Leasing entity	Contract identification	Lease term: Beginning	Lease term: End	FY 2018: Net carrying amounts of leased assets	FY 2017: Net carrying amounts of leased assets
Fixed Tangible	Leasing	Audi A6 - 25OU22	94,000	BR	CT 1460255800	25/6/2014	25/6/2019		9,792
	Leasing	Audi A3 - 28PR19	39,650	BPI	CT 1530029800	5/4/2015	5/4/2020	2,478	12,391
	Leasing	Audi A3 - 28PR20	39,650	BPI	CT 1530029900	5/4/2015	5/4/2020	2,478	12,391
	Leasing	VW Caravelle - 95QL40	42,000	BPI	CT 1561644300	25/10/2015	25/10/2020	7,875	18,375
	Leasing	VW Passat 13-SG-86	35,300	BPI	CT1660968700	5/1/2017	5/1/2022	17,650	26,475
	Leasing	VW Golf 59-UP-34	24,990	BPI	CT1860320900	7/5/2018	23/5/2023	20,304	
	Leasing	VW Passat 87-TZ-70	34,990	BPI	CT1762184600	9/1/2018	9/1/2023	26,242	
	Leasing	BMW S5 99-VR-47	47,841	BR	CT1863210000	07-12-2018	17/12/2023	46,845	
	Subtotals		**358,421**					**123,873**	**79,423**
	Leasing	Computer Equipment	50,000	BSTOTTA	CT 203751	15/1/2014	15/1/2019		10,000
	Leasing	VW Passat - 83OP83	29,700	BSTOTTA	CT 205173	15/5/2014	15/5/2019		2,475
	Leasing	BMW X1 - 76QO89	38,596	BSTOTTA	CT211612	15/12/2015	15/12/2020	8,845	18,494
	Leasing	BMW 4 - 36QR70	46,500	BSTOTTA	CT211832	15/1/2016	15/1/2021	11,625	23,250
	Leasing	VW Passat - 19RN27	35,300	BSTOTTA	CT214624	15/8/2016	15/8/2021		22,798
	Subtotals		**200,096**					**20,470**	**77,017**
	Leasing	Computer Equipment – ORACLE	160,446	BNP PARIBAS	CT 76186/187	1/10/2015	1/8/2017		26,741
	Subtotals		**160,446**						**26,741**
Totals			**718,963**					**144,343**	**183,181**

9.2. Amounts Recognised in These Assets

EUR

Description	Financial leases in 2018: Tangible Fixed Assets	Financial leases in 2018: Total	Operating leases	Financial leases 2017: Tangible fixed assets	Financial leases 2017: Total	Operating leases
Final Gross Carrying Amount	718,963	718,963		651,142	651,142	
Accumulated Depreciation/Amortisations	574,620	574,620		467,961	467,961	
Impairment losses and reversals						
Final net carrying amount (4 = 1 - 2 - 3)	**144,343**	**144,343**		**183,181**	**183,181**	
Total future minimum lease payments on the balance sheet date: (5 = 5.1 + 5.2 + 5.3)	**201,947**	**201,947**	**59,192**	**215,310**	**215,310**	**66,730**
Up to one year	80,751	80,751	23,211	91,725	91,725	18,047
One to five years	121,196	121,196	35,981	123,585	123,585	48,682
More than five years						
Amount of payments recognised as expenses for the period			46,577			37,621

10. Borrowing

10.1. Information on General Loans

TYPE OF FINANCING EUR

Description	31/12/2018 Current	Non-current	Total	31/12/2017 Current	Non-current	Total
Credit cards	207		**207**	12,971		**12,971**
Commercial Paper Programme	5,400,000		**5,400,000**	3,350,000		**3,350,000**
Medium- and Long-Term	1,755,406	7,540,591	**9,295,997**	2,148,540	7,295,998	**9,444,537**
Leasing	80,751	121,196	**201,947**	91,725	123,585	**215,310**
Remittances Discounted				253,026		**253,026**
FEDER – Application no. 27024	1,006,251		**1,006,251**	250,748	979,279	**1,230,027**
Total	**8,242,615**	**7,661,788**	**15,904,403**	**6,107,010**	**8,398,861**	**14,505,871**

11. Borrowing Costs

During this financial 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 2018 EUR

Description	Start date of the work	Interest accrued	Interest rate applied
Tangible Fixed Assets		**25,651**	
Machines for specific uses	6/6/2017	11,623	1.90%
Machines for specific uses	1/2/2018	397	1.90%
Industrial facilities	1/9/2017	1,859	1.90%
Industrial facilities	7/12/2017	1,134	1.90%
Industrial facilities	30/1/2018	1,159	1.90%
Industrial facilities	2/2/2017	1,531	1.90%
Light Structures	7/7/2017	7,948	1.90%
Total		**25,651**	

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**	

Assumptions:

Ongoing for a period longer than 9 months and an amount higher than € 100,000

12. Investment Properties

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2018 EUR

	Description	Land and natural resources	Buildings and other structures	Other investment properties	IP in progress	Total
1	Initial gross carrying amount		4,518,239			6,238,053
2	Initial accumulated depreciation	1,719,814	623,675			623,675
3	Initial accumulated impairment losses		259,420			259,420
4	**Initial net carrying amount (4 = 1 - 2 - 3)**	**1,719,814**	**3,635,144**			**5,354,958**
5	**Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)**		**-269,655**			**-269,655**
5.1	**Total additions**					
5.2	**Total decreases**		**269,655**			**269,655**
Decreases	Depreciations		269,655			269,655
6	**Final net carrying amount (6 = 4 + 5)**	**1,719,814**	**3,365,488**			**5,085,302**
7	**Service life**		**3;11;29**			

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	1,719,814	4,505,225			6,225,039
2	Initial accumulated depreciation		353,854			353,854
3	Initial accumulated impairment losses		246,377			246,377
4	**Initial net carrying amount (4 = 1 - 2 - 3)**	**1,719,814**	**3,904,995**			**5,624,808**
5	**Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)**		**-269,851**			**-269,851**
5.1	**Total additions**		**13,013**			**13,013**
Additions	Other		13,013			13,013
5.2	**Total decreases**		**363,014**			**363,014**
Decreases	Depreciations		269,821			269,821
	Impairment losses		93,194			93,194
5.3	Reversals of impairment losses		80,150			80,150
6	**Final net carrying amount (6 = 4 + 5)**	**1,719,814**	**3,635,144**			**5,354,958**
7	**Service life**		**3;11;29**			

OTHER INFORMATION EUR

Description	2018	2017	Total
Amounts recognised in profit-and-loss			
Rents and other income from investment properties	68,400	153,550	221,950
Direct operating expenses in properties generating income	45,840	24,388	70,228
Direct operating expenses in properties not generating income			
Total	**22,560**	**129,162**	**151,722**

13. Financial Investments

13.1. Information on Financial Investments

FINANCIAL HOLDINGS IN 2018 EUR

Description	Investments in subsidiaries	Total
Equity method:		
Initial gross carrying amount	10,970,427	10,970,427
Initial accumulated impairment losses	-5,608,500	-5,608,500
Effects arising from loans granted	6,184,555	6,184,555
Initial net carrying amount (4 = 1 - 2 - 3)	**11,546,482**	**11,546,482**
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)	**705,498**	**705,498**
Investor's share in the investee's profits	1,169,912	1,169,912
Profit distribution received from the investee	-205,920	-205,920
Changes in equity of the investee not recognised in profit or loss	12,203	12,203
Effects arising from loans granted	6,030	6,030
Impairment losses	-1,500	-1,500
Other operations in the period	-275,227	-275,227
Final net carrying amount (6 = 4 + 5)	**12,251,980**	**12,251,980.13**
Other methods		
Initial gross carrying amount	32,017	32,017
Initial net carrying amount (10 = 7 - 8 + 9)	**32,017**	**32,017**
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)	**233**	**233**
Other acquisitions	10,233	10,233
Disposals	-10,000	-10,000
Final net carrying amount (12 = 10 + 11)	**32,250**	**32,250**

In 2018 there was an increase in impairment losses in financial investments, in the amount of € 1,500 euros. With this increase, the amount of accumulated impairment is equal to the amount of the loan granted to Soplasnor – Sociedade de Plásticos do Norte, S.A., as the company does not expect to recover this amount, given that the subsidiary does not have sufficient assets to cover it.

On 16 April 2019, OLI – Sistemas Sanitários, S.A. made a new capital increase, in the amount of € 750,000, to its subsidiary OLI Sanitärsysteme GmbH, thus making it possible to recognise, in 2019, the portion of net income for the negative year of 2018 not yet recognised.

In 2018, OLI - Sistemas Sanitários, S.A. lent to its subsidiary OLI Sanitärsysteme, GmBH, the amount of 605,585.55 euros, and was repaid the amount of 561,055.26 euros. Interest was charged in the amount of 4,321,69 euros.

14. Inventories

Inventories are broken down as follows:

EUR

Description	31/12/2018 Finished and intermediate goods	31/12/2018 By-products, waste and rejects	31/12/2018 Ongoing Products and works	31/12/2017 Finished and intermediate goods	31/12/2017 By-products, waste and rejects	31/12/2017 Ongoing Products and works
Final inventories	3 925 169			3 502 364		
Reclassification and adjustment of inventories	422 663			267 573		
Initial inventories	3 502 364			3 165 250		
Changes in Production Inventories (4=1+2-3)	**845 468**			**604 688**		
Accumulated inventory adjustments/impairment losses in the period	214 304			273 503		
Reversal of inventory adjustments/impairment losses in the period	273 503			112 584		
Accumulated adjustments/Impairment losses in inventories	214 304			273 503		

The cost of goods and materials consumed is as follows:

Description	31/12/2018 Goods	31/12/2018 Raw, subsidiary and consumption	31/12/2018 Total	31/12/2017 Goods	31/12/2017 Raw, subsidiary and consumption	31/12/2017 Total
Initial inventories	989,234	2,556,428	3,545,661	1,023,315	2,078,158	3,101,473
Purchases	4,065,505	20,971,583	25,037,088	3,763,579	20,871,361	24,634,940
Reclassification and adjustment of inventories	148,292	26,607	174,869	122,689	-740	121,948
Final inventories	1,002,093	2,292,278	3,294,370	989,234	2,556,428	3,545,661
Cost of goods sold and materials consumed (5=1 +	3,904,383	21,209,127	25,113,510	3,674,971	20,393,832	24,068,803
Accumulated inventory adjustments/impairment losses in the period	274,441	107,341	381,782	215,847	102,021	317,868
Reversal of inventory adjustments/impairment losses in the period	215,847	102,021	317,868	124,520	85,214	209,734
Accumulated adjustments/Impairment losses in inventories	274,441	107,341	381,782	215,847	102,021	317,868

Changes in production inventories were as follows:

EUR

Description	31/12/2018 Finished and intermediate goods	31/12/2018 By-products, waste and rejects	31/12/2018 Ongoing Products and works	31/12/2017 Finished and intermediate goods	31/12/2017 By-products, waste and rejects	31/12/2017 Ongoing Products and works
Final inventories	3 925 169			3 502 364		
Reclassification and adjustment of inventories	422 663			267 573		
Initial inventories	3 502 364			3 165 250		
Changes in Production Inventories (4=1+2-3)	**845 468**			**604 688**		
Accumulated inventory adjustments/impairment losses in the period	214 304			273 503		
Reversal of inventory adjustments/impairment losses in the period	273 503			112 584		
Accumulated adjustments/Impairment losses in inventories	214 304			273 503		

15. Revenue

The following table breaks down revenue and other income:

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2018	31/12/2017
Revenue recognised in the period:		
Sales and services provided	**56,307,384**	**54,104,701**
Goods sold	56,295,861	54,097,101
Services provided	11,522	7,600
Other Income	**4,520**	**3,586**
Interest earned	4,520	3,586
Other similar income		
Total	**56,311,904**	**54,108,286**

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	2018 Guarantees provided to customers	2018 Total	2017 Guarantees provided to customers	2017 Total
Initial carrying amount	35,878	35,878	35,534	35,534
Operations in the period (2 = 2.1-2.2)	**-6,343**	**-6,343**	**344**	**344**
Total increases	29,535	29,535	35,878	35,878
Reinforcement	29,535	29,535	35,878	35,878
Total decreases	35,878	35,878	35,534	35,534
Use	18,658	18,658	30,339	30,339
Reversal	17,219	17 219	5,195	5,195
Carrying amount in the year (3 = 1 + 2)	**29,535**	**29,535**	**35,878**	**35,878**
Final Carrying Amount	**29,535**	**29,535**	**35,878**	**35,878**

17. Subsidies

GOVERNMENT SUBSIDIES AND AIDS EUR

DESCRIPTION	2018 Subsidies from the State and Other Public Entities		2018 Subsidies from Other Entities		2017 Subsidies from the State and Other Public Entities		2017 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	Amount allocated to the period
Subsidies related to assets/for investment: (1 = 1.1 + 1.2 + 1.3)	1,093,234	19,239			1,093,234	20,913		
Tangible fixed assets (1.1 = 1.1.1 + 1.1.2 + ... + 1.1.7)	**1,093,234**	**19,239**			**1,093,234**	**20,913**		
Others	1,093,234	19,239			1,093,234	20,913		
Intangible assets (1.2 = 1.2.1+ 1.2.2 + ... + 1.2.4)								
Other assets								
Subsidies related to income/Investment subsidies		131,836				123,760		
Value of repayments in the period related to: (3 = 3.1 + 3.2)								
TOTAL (4 = 1 + 2 - 3)	1,093,234	151,075			1,093,234	144,673		

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	31/12/2018	31/12/2017
Exchange rate differences		
Recognised as income for the period:		
Unfavourable exchange rate differences	7,397	55,348
Favourable exchange rate differences	29,171	8,100

19. Events After the Balance Sheet Date

The Financial Statements for the financial year ended December 31, 2018 were approved by the Board Directors and authorised for issuing on March 15, 2019.

After the balance sheet date, there was no knowledge of any events that affect the value of the assets and liabilities in the financial statements for this period, except as mentioned in note 13.

20. Income Tax

20.1 Disclosure of Expenditure Components (income) of Taxes

INCOME TAX CARRYING AMOUNT EUR

Description	31/12/2018	31/12/2017
Accounting profit-or-loss for the period (before taxes)	4,530,743	4,058,709
Current tax	-377,892	-520,634
Deferred tax	155,748	155,872
Income Tax for the period (4 = 2 + 3)	**-222,145**	**-364,762**
Autonomous taxation	118,860	129,124

DEDUCTIONS RELATED TO TAX BENEFITS EUR

Description	31/12/2018	31/12/2017
SIFIDE – System of Tax Incentives for Research and Business Development	500,000	609,633
RFAI – Investment Support Tax Benefit Scheme	341,108	329,254
CFEI - Extraordinary Fiscal Credit		
Total	**841,108**	**938,888**

The SIFIDE (System of Tax Incentives for Research and Business Development) value deducted in the 2018 quote refers to the provisional estimated value determined in 2018.
The RFAI (Investment Support Tax Benefit Scheme) value deducted in the 2018 quote refers to the value of the previous year's statement and the estimated benefit for 2018.

The company records deferred tax assets to the sum of 210,368 euros pertaining to impairment losses not accepted for tax purposes.
It also reports deferred tax liabilities to the sum of 5,693 euros pertaining to legal revaluation and 1,424,737 euros pertaining to revaluation reserves.

20.2 Relationship Between Tax Expenses (income) and Accounting Profit

EFFECTIVE TAX RATE, AVERAGE EUR

Description		Effects on the Income
Earnings Before Taxes (1)		4,530,743
Tax rate(s) (2)		21.00%
Estimated Tax for the Year (3) = (1) x (2)		**951,456**
Permanent and temporary differences not originating R&D. (4)		-8,400
Corrections regarding previous financial years		11,400
Cancellation of the effect of the equity method		-963,992
Non-deductible provisions		1,500
Insufficient tax estimates		2,931
Undocumented expenditures		693
Charges not properly documented		1,981
Fines and penalties		1,699
Non-deductible expenses related to the corporate bodies' share in the profits		167,083
Impairment losses on inventories and non-tax credits		616,087
Impairment losses on non-current assets and depreciation and amortisation not accepted as expenses		851,998
40% of the increase in the depreciation of TFA as a result of the tax revaluation		5,767
Bad credits not accepted as expenses		535,715
Non-deductible social benefits		22,983
50% of the positive difference between tax gains and tax losses with intention to reinvest		36,214
Donations not foreseen or beyond legal limits		59,632
Other increases		426
Reversal of taxed impairment losses		-591,371
Impairment losses taxed in previous tax periods		-91,048
Overestimated taxes		-328,095
Accounting capital gains		-68,749
Elimination of double taxation of profits and distributed reserves		-205,920
Tax benefits		-106,932
Tax benefits (except DLRR and CFEI)	(5)	841,108
Deferred Taxes	(6)	155,748
State Surtax	(7)	89,722
Surtax	(8)	67,361
Autonomous Taxation	(9)	118,860
Total Tax for the Year (9) =(3) + (4) - (5) - (6)+(7)+(8)+(9)		**222,145**
Average tax rate		**4.90%**
Income Tax for the Year is broken down as follows:		
Current tax		-377,892
Deferred Tax		155,748
		-222,145

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 July 20 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	31/12/2018	31/12/2017
Customers	**9,493,714**	**9,912,134**
Current account	9,314,959	9,755,857
Receivables	165,497	85,428
Doubtful debts	619,623	755,861
Impairment	-606,365	-685,012
Advance Payments from Customers	**37,862**	**145,590**
Suppliers	**7,135,703**	**8,374,411**
Other payables	**4,423,228**	**3,600,217**
Staff	11,537	11,301
Investment suppliers	1,608,369	1,130,731
Creditors by accrued expenses – Interest	24,326	25,920
Creditors by accrued expenses – Insurance	3,008	27,394
Creditors by accrued expenses – End of month	4,284	1,669
Creditors by accrued expenses – Credit cards		5,073
Creditors by accrued expenses – Vacations and vacation pay	1,818,599	1,700,211
Creditors by accrued expenses – Commissions	55,334	67,401
Creditors by accrued expenses – Rappel	315,748	291,449
Creditors by accrued expenses – Points	150,021	120,340
Creditors by accrued expenses – Other	196,452	200,752
Other creditors	235,549	17,978
Other Receivables	**667,186**	**301,282**
Advance payments to suppliers	43,662	299
Staff	24,630	14,169
Debtors by accrued income – Interest	4,520	3,586
Debtors by accrued income – Subsidies	130,186	943
Debtors by accrued income – Other	244,820	187,345
Other Debtors	219,368	94,941
Total	**21,757,694**	**22,333,635**

22.2. State and Other Public Entities

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2018 Current	31/12/2018 Non Current	31/12/2018 Total	31/12/2017 Current	31/12/2017 Non Current	31/12/2017 Total
State and other public entities						
Assets						
Income Tax	481,834		481,834	442,149		442,149
Value-added tax	353,375		353,375	408,355		408,355
Total	**835,209**		**835,209**	**850,504**		**850,504**
Liabilities						
Withheld income taxes	114,608		114,608	118,783		118,783
Other taxes	133		133	99		99
Social Security contributions	210,512		210,512	204,988		204,988
Total	**325,254**		**325,254**	**323,871**		**323,871**

22.3. Deferrals

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2018 Current	31/12/2018 Non Current	31/12/2018 Total	31/12/2017 Current	31/12/2017 Non Current	31/12/2017 Total
Deferrals						
Assets						
Expenses to be recognised – Interest	5,285		5,285	4,954		4,954
Expenses to be recognised – Insurance	7,070		7,070	7,919		7,919
Expenses to be recognised – Moulds owned by customer	75,590		75,590	1,750		1,750
Expenses to be recognised – Protection items	5,040		5,040	4,951		4,951
Expenses to be recognised – Marketing items	28,289		28,289	66,382		66,382
Expenses to be recognised – Gift items	700		700	1,400		1,400
Expenses to be recognised – Services in transit	34,882		34,882	18,857		18,857
Expenses to be recognised – Investments in transit	96		96	7,490		7,490
Expenses to be recognised – Other	145,226		145,226	117,914		117,914
Total	**302,176**		**302,176**	**231,616**		**231,616**
Liabilities						
Income to be recognised – Moulds	102,606		102,606	164,818		164,818
Income to be recognised – Other	48,745		48,745	12,111		12,111
Total	**151,350**		**151,350**	**176,929**		**176,929**

22.4. Financial Assets and Liabilities

INFORMATION CONCERNING FINANCIAL ASSETS AND LIABILITIES IN 2018 EUR

Description	Measured at amortised cost	Measured at cost	Accumulated impairment
Financial assets:			
Customers		9,493,714	606,365
Other Receivables		667,186	
Financial Liabilities:			
Suppliers		7,135,703	
Advance Payments from Customers		37,862	
Financing Received	1,006,251	14,898,152	
Other payables		4,423,228	

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	

22.5. Cash

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2018	31/12/2017
Cash and Bank Deposits		
Assets		
Cash	12,662	16,591
Demand deposits	1,129,607	585,619
Other bank deposits	262,009	
Total	**1,404,277**	**602,210**

22.6. Financing

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2018			31/12/2017		
	Current	Non-current	Total	Current	Non-current	Total
Financing received						
Credit institutions and financial companies	7,236,364	7,661,788	**14,898,152**	5,856,262	7,419,582	**13,275,844**
Other financing entities	1,006,251		**1,006,251**	250,748	979,279	**1,230,027**
Total	**8,242,615**	**7,661,788**	**15,904,403**	**6,107,010**	**8,398,861**	**14,505,871**

22.7. Capital

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	31/12/2018	31/12/2017
Equity		
Subscribed Capital	10,000,000	10,000,000
Legal Reserves	2,000,000	2,000,000
Other Reserves	6,351,379	5,144,782
Environmental responsibility reserve	100,000	100,000
Other Reserves	6,251,379	5,044,782
Retained Earnings	-3,574	-563,555
Revaluation surpluses	7,618,370	7,614,657
Adjustments/Other changes in equity	7,470,517	6,607,249
Net Profit for the Period	4,308,599	3,693,947
Total	**37,745,290**	**34,497,080**

22.8. Disclosure of Information on Impairment

IMPAIRMENT LOSSES IN CURRENT ASSETS IN 2018 EUR

Description	Impairment losses in the year	Reversals of impairment losses	Accumulated
Receivables from customers		78,647	606,365
Other receivables	20,000		20,000
Inventories – goods	274,441	215,847	274,441
Inventories – raw materials	107,341	102,021	107,341
Inventories – finished products	214,304	273,503	214,304
Total	**616,087**	**670,019**	**1,222,452**

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**

22.9. Information on Doubtful Debts

DEBTS RECORDED AS DOUBTFUL EUR

Description	2018	2017
Regarding companies undergoing processes of insolvency, recovery or enforcement		
Legally claimed	89,719	140,114
In arrears:	**516,646**	**544,899**
For more than 24 months	384,060	284,829
For more than 18 months and up to 24 months	5,232	99,387
For more than 12 months and up to 18 months	56,101	22,807
For more than six months and up to 12 months	24,398	14,397
Up to six months	46,855	123,477
Total	**606,365**	**685,012**

23. Disclosure of Information on External Supplies and Services:

EXTERNAL SUPPLIES AND SERVICES EUR

Description	31/12/2018	31/12/2017
Subcontracts	**2,570,632**	**2,289,738**
Specialised work	1,143,537	1,067,949
Advertising and publicity	631,996	807,471
Surveillance and security	83,775	76,208
Fees	30,037	27,784
Commissions	314,232	311,808
Maintenance and repairs	1,388,722	1,352,470
Others	26,107	41,358
Total specialised services	**3,618,407**	**3,685,048**
Fast-wear tools and utensils	204,830	152,101
Technical books and documents	1,213	1,331
Office supplies	16,589	14,848
Gift items	47,420	42,223
Others	93,988	30,759
Total materials	**364,040**	**241,262**
Electricity	1,175,672	987,476
Fuel	84,694	80,594
Water	22,869	29,975
Others	684	1,502
Total energy and fluids	**1,283,918**	**1,099,547**
Travels and accommodation	454,722	484,663
Transport of goods	2,930,626	2,490,741
Total transportation, travels and accommodation	**3,385,348**	**2,975,404**
Rents and leases	72,576	62,335
Communication	58,584	44,594
Insurance	247,956	245,080
Royalties	81	9,685
Legal services	3,428	9,230
Representation expenses	411,644	462,473
Cleaning, hygiene and comfort	95,191	72,419
Other services	4,121	1,632
Total miscellaneous services	**893,581**	**907,448**
Total external supplies and services	**12,115,926**	**11,198,446**

24. Disclosure of Information on Staff Costs

EMPLOYEES AND HOURS WORKED

Description	2018		2017	
	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	398	693,418	389	768,210
Persons employed by the company, unpaid				
People working for the company by type of schedule:				
People working for the company full time	398	693,418	389	768,210
Of which: Remunerated employees working for the company full time	398	693,418	389	768,210
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	190	339,476	193	386,157
Women	208	353,942	196	382,053
People employed by the company, of which:				
People allocated to research and development activities	22		23	
Service providers	23		21	8,044
People placed through temporary work agencies	92	8,810	80	

STAFF COSTS EUR

Description	31/12/2018	31/12/2017
Staff Costs	**12,309,015**	**11,810,450**
Remuneration of governing bodies	584,384	564,714
Of which: Profit sharing	257,204	237,953
Staff remuneration	8,190,273	7,976,984
Charges on remunerations	1,857,754	1,794,092
Insurance against work accidents and occupational diseases	76,395	78,439
Employee benefit costs	159,446	150,105
Other staff costs	1,440,763	1,246,115
Of which:		
Temporary workers	1,318,643	1,134,976
Training costs	78,906	72,412

25. Disclosure of Information on Other Income

OTHER INCOME EUR

Description	31/12/2018	31/12/2017 1
Supplementary income	1,094,799	816,490
Cash payment discounts obtained	107,490	99,233
Debt recovery	12,454	7,207
Gains on inventories		482
Income and gains on other financial assets	29,286	8,196
Income and gains on non-financial investments	72,745	19,853
Others	524,620	654,323
Interest earned	4,520	3,586
Total other income	**1,845,914**	**1,609,370**

26. Disclosure of Information on Other Expenses

OTHER EXPENSES EUR

Description	31/12/2018	31/12/2017
Taxes	69,383	72,822
Cash payment discounts granted	473,065	430,442
Bad debt	535,715	16,469
Losses in inventories	367,147	210,757
Expenses and Losses on Other Financial Investments	3	
Expenses and Losses on Non-financial Investments	44,828	
Others		
Corrections regarding previous financial years	11,400	57,195
Donations	72,875	24,288
Contributions	16,105	11,904
Gifts and samples in inventories	92,110	110,334
Underestimated taxes	2,931	
Moulds owned and customer contributions		34,622
Unfavourable exchange rate differences	7,397	55,348
Commissions and other bank expenses	24,720	37,062
Others	4,683	4,262
Total other expenses	**1,722,363**	**1,065,505**

27. Disclosure of Information on Interest and Similar Expenses

INTEREST AND SIMILAR EXPENSES EUR

Description	31/12/2018	31/12/2017
Interest borne	274,004	309,008
Interest and similar expenses	**274,004**	**309,008**

28. Disclosure of Information on Depreciation Expenses

EXPENSES/REVERSAL OF DEPRECIATION AND AMORTISATION EUR

Description	31/12/2018	31/12/2017
Investment properties	**269,655**	**269,821**
Buildings	269,655	269,821
Tangible Fixed Assets	**3,765,758**	**3,231,935**
Buildings	1,402,353	1,027,930
Basic equipment	2,113,195	1,933,825
Transportation equipment	144,113	148,469
Administrative equipment	105,183	114,337
Other tangible fixed assets	914	7,375
Intangible Assets	**239,656**	**289,126**
Development projects	8,311	19,947
Computer Programmes	231,345	269,179
Total costs with depreciation and amortisation	**4,275,069**	**3,790,881**

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 December 31, 2018.

30. Other Legally Required Disclosures

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

30.1 Disclosure by Economic Activity

INFORMATION BY BUSINESS IN 2018 EUR

Description	CAE - 22230	CAE - 46740	CAE - 41100	Total
Sales:	**51,259,981**	**5,035,880**		**56,295,861**
Goods		5,035,880		5,035,880
Finished and intermediate goods, by-products, waste and rejects	51,259,981			51,259,981
Services rendered		**11,522**		**11,522**
Purchases	**20,971,583**	**4,065,505**		**25,037,088**
External supplies and services	**10,802,531**	**1,111,858**	**201,537**	**12,115,926**
Cost of goods sold and materials consumed:	**21,209,127**	**3,904,383**		**25,113,510**
Goods		3,904,383		3,904,383
Raw, subsidiary and consumable materials	21,209,127			21,209,127
Changes in Production Inventories	**-845,468**			**-845,468**
Average number of persons employed	318	80		398
Staff costs:	**10,525,013**	**1,784,001**		**12,309,015**
Payments to staff	7,488,780	1,285,877		8,774,657
Other (including pensions)	3,036,233	498,124		3,534,357
Tangible fixed assets:				
Final net carrying amount	24,800,228	4,395,453	311,137	29,506,818
Total acquisitions	5,836,568	93,666	311,137	6,241,371
Of which: on buildings and other constructions	1,090,509	11,697	311,137	1,413,343
Additions in the current assets period	4,652,044	12,160	311,137	4,975,342
Investment properties:				
Final net carrying amount			5,085,302	5,085,302

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		8,319,211
Other (including pensions)	3,151,744	339,495		3,491,239
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: on 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

30.2 Disclosure by Geographic Markets

INFORMATION BY GEOGRAPHIC MARKET FOR 2018 EUR

Description	Internal	European Union	Outside the EU	Total
Sales	12,916,527	32,782,825	10,596,510	**56,295,861**
Services rendered	11,522			**11,522**
Purchases	12,750,831	11,574,110	712,146	**25,037,088**
External Supplies and Services	8,826,322	3,116,116	173,488	**12,115,926**
Acquisitions of tangible fixed assets	4,808,228	1,433,143		**6,241,371**
Acquisitions of intangible assets	37,551	75,864		**113,415**
Other supplementary income	366,544	665,356	62,899	**1,094,799**

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**

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	2018	2017
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 4,308,598.74 euros, we propose the following appropriation of net profit:

To Other Reserves	€ 2,390,237.10
To cover Retained Earnings	€ 3,574.01
To Non-Attributed Profits	€ 1.064,787.63
To Dividends	€ 850,000.00

31. Information on Guarantees Provided

EUR

Guarantees provided	Beneficiary	Amount
Bank guarantees		
Caixa Geral de Depósitos	APCMC	16,000
Banco Santander Totta	IAPMEI	317,509

The Certified Accountant

The Board of Directors

V. Report and Opinion of the Audit Board – Individual 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 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 December 31, 2018.

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. As part of our responsibilities, we verified that:
    a. The individual financial statements were prepared based on organised accounting, in accordance with the legal provisions in force in Portugal.
    b. The accounting policies and measurement criteria adopted are suited to the circumstances and are in accordance with the accounting rules in force in Portugal and are explained in the Notes.
    c. The Management Report, prepared in accordance with the Companies Code and all other applicable legislation, is sufficiently clear and highlights the most significant aspects.
    d. 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 submitted by the Board of Directors concerning FY 2018;
    b. Approve the profit distribution proposal contained in said report;

c. Conduct a general assessment of the Company's Governing and Audit Bodies.

Aveiro, May 18, 2019

The Supervisory Board

João Paulo Araújo Oliveira – Chairman

Carlos Manuel Tavares Breda – Member

José António Marques Pereira – Member

VI. Statutory Audit – Individual Accounts

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

STATUTORY AUDIT

REPORT ON 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 December 31, 2018 (showing a total of 67,183,056 euros and a total equity of 37,745,290 euros, including a net profit of 4,308,599 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 December 31, 2018 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 Normalisation 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 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 and supervisory bodies 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 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

[initials]

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Email: antonio.neto@ua.pt

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

Registration at the Companies Register and corporate taxpayer number (NIPC) 510413900

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

The supervisory body is responsible for supervising the process of preparing and disclosing the Entity's financial information.

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;

[initials]

- 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;

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, May 16, 2019

[initials]

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

António Rodrigues Neto (Chartered Accountant registered in OROC under no. 857 and in CMVM under No. 20160480)

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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 2018.

In 2018, 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;
- OLI 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 both a commercial and industrial company. Thus, on the one hand, it imports and distributes the parent company's industrial products in Russia. On the other, 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, in 2018, OLI RUS invested in the manufacture of concealed cisterns with a metallic structure, the area with the highest added value in the company's portfolio.

OLI Sanitärsysteme, based in Möckmühl (Germany), was established with the purpose of 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 2018, it consolidated several contracts with local distributors and recorded continuous growth in its business, which also includes exports to closer markets.

OLI 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.

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

In terms of consolidated turnover, there was an increase of 5.2%, to a total amount of 67,181,648 euros. This increase was mainly driven by OLI – Sistemas Sanitários S.A., OLI, SRL., OLI-RUS, OLI Sanitärsysteme and OLI Moldes.

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

- Consolidated net income decreased slightly by 1.2%, to 3,798,552 euros.
- Cash-flow increased slightly by 1.6%, standing at € 8,885,991.
- With regard to consolidated *EBITDA* there was a 4.2% increase, to € 9,735,049, corresponding to 14.5% of turnover.
- Consolidated net bank debt increased by 485,514 euros, standing at 16,019,491 euros.
- Consolidated financial autonomy was 50.6%.

In terms of group strategy, we continue to develop our activity by seeking to solidify the companies that underpin 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.
- OLI Moldes, 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). OLI Moldes 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 among 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).

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 enabling and fostering 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 generated remains 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 also goes 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 4.1%, to 16,771,463 euros. In terms of net profits there was a decrease of 15.1% compared to 2017. Net profit was 1,199,190 euros.

OLI Rus

The company continues to develop its business plan and to grow both in the commercial and industrial aspects. In 2018, it consolidated the local production of components for the ceramics industry and the production of embedded cisterns with metal structure.

In 2018, it reached a turnover equivalent to 1,794,405 euros and a net profit of 94,239 euros.

OLI Sanitärsysteme

The company is still striving to assert itself in the demanding German market. The year 2018 brought the consolidation of contracts with local distributors and agents.

Sales reached 412,771 euros and net profit was 421,599 euros in the red, which is a slight improvement over 2017.

OLI Moldes

This company continues to work mainly for the parent company, although it plans to expand its facilities, with a view to increasing its activity in the coming years. In 2018 the company started using new manufacturing facilities, equipped with state-of-the-art equipment, which provides the company with an infrastructure that will allow it to face future strategic challenges.

Turnover in 2018 was 2,447,350 euros and net profit was 25,242 euros.

Soplasnor

The company is in the process of liquidation and it will be dissolved in 2019. Soplasnor's negative profits stood at -670 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 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.

OLI Moldes

OLI Moldes is expected to continue the work of previous years, with a view to improving 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, after the investment in a new industrial unit and the enhancement of its production capacity, OLI Moldes will 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 2019.

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 environmentally sustainable 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, March 29, 2019

The Board of Directors,

António Manuel Moura de Oliveira

Rui Alberto Moura de Oliveira

Graça Maria Moura de Oliveira

Pier Andreino Niboli

Federica Niboli

VIII. Consolidated Financial Statements

EUR

Items	Notes	Periods	
		31/12/2018	31/12/2017
Assets			
Non-Current Assets			
Tangible fixed assets	7;9;11	37,780,866	34,797,634
Investment properties	12	5,376,764	5,664,636
Intangible Assets	6	245,786	415,295
Equity holdings – Equity Method	5;1 4;1 5		707
Other Financial Investments	14	35,186	33,358
Deferred Tax Assets	22	456,959	459,424
		43,895,560	**41,371,055**
Current Assets			
Inventories	16	9,611,507	9,212,494
Customers	24	13,374,136	15,570,656
State and Other Public Entities	24	1,081,243	1,047,978
Other Receivables	24	1,070,309	801,759
Deferrals	24	342,483	202,208
Non-Current Assets Held for Sale	8	270,593	92,238
Cash and Bank Deposits	4	3,987,094	1,968,399
		29,737,364	**28,895,732**
Total Assets		**73,632,925**	**70,266,786**
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	6,351,379	5,132,649
Retained Earnings	24	6,834,818	5,437,370
Revaluation surpluses	7;24	7,618,370	7,614,657
Adjustments/Other Changes in Equity	24	125,707	143,210
Net profit for the period	24	3,782,269	3,769,184
Non-controlling interests	24	523,160	521,083
Total Equity		**37,240,356**	**34,622,806**
Liabilities			
Non-Current Liabilities			
Provisions	18	252,797	246,533
Financing Received	9;10	9,487,572	9,445,650
Deferred Tax Liabilities	22	1,436,411	1,613,040
Other payables	5		300,000
		11,176,781	**11,605,223**
Current Liabilities			
Suppliers	24	8,896,368	10,030,775
Advance Payments from Customers	24	110,531	156,897
State and Other Public Entities	24	791,248	759,234
Financing Received	9;10	10,519,013	8,056,726
Other payables	24	4,746,945	4,857,863
Deferrals	24	151,684	177,263
		25,215,788	**24,038,757**
Total Liabilities		**36,392,569**	**35,643,980**
Total equity and liabilities		**73,632,925**	**70,266,786**

The Certified Accountant The Board of Directors

Consolidated Income Statement by nature for the periods ended 31.12.2018 and 31.12.2017
EUR

INCOME AND EXPENSES	Notes	Period 2018	2017
Sales and Services Provided	17;30	67,181,648	63,856,539
Operating subsidies	19	238,655	123,760
Income/Losses related to subsidiaries, associated companies and joint ventures	13		74
Changes in Production Inventories	16	974,036	626,092
Own work capitalised		835,358	981,543
Cost of goods sold and materials consumed	16	-28,558,174	-26,594,200
External supplies and services	25	-14,896,760	-14,029,143
Staff costs	5;26	-16,109,071	-15,610,010
Inventory impairment (losses/reversals)	16	-4,715	-269,053
Impairment on accounts receivable (losses/reversals)	24	39,304	-134,391
Provisions (increases/reductions)	18	-12,316	-30,683
Increases/decreases in fair value	13	28	
Other Income	17;20;27	1,560,016	2,119,231
Other Expenses	20;28	-1,512,958	-1,683,769
Income Before Depreciation, Financing Costs and Taxes		**9,735,049**	**9,355,989**
Depreciation and Amortisation Expenses/Reversals	6;7;9;12	-5,031,105	-4,457,165
Impairment of Depreciable/Amortisable Investments (losses/reversals)			-13,044
Operating Income (before financing costs and taxes)		**4,703,945**	**4,885,780**
Interest and similar income obtained			4
Interest and Similar Expenses	29	-312,064	-326,763
Earnings Before Taxes		**4,391,881**	**4,559,021**
Income Tax for the Period	22	-593,329	-714,275
Net Profit for the Period		**3,798,552**	**3,844 746**
Net income for the period attributable to:			
Shareholders of the parent company		3,782,269	3,769,184
Non-controlling interests		16,283	75,561
		3,798,552	**3,844,746**
Basic earnings per share		**7.60**	**7.69**

The Certified Accountant
The Board of Directors

Consolidated Statement of Cash Flows on 31.12.2018 and 31.12.2017 EUR

Items	Periods	
	2018	**2017**
Cash flows from operating activities – Equity Method		
Receipts from customers	74,845,709	70,058,963
Payments to suppliers	-47,583,971	-45,301,574
Payments to staff	-14,651,197	-14,007,755
Cash generated by operations	12,610,541	10,749,634
Income tax paid/received	-630,246	-956,637
Other receipts/payments	-5,744,856	-2,535,918
Cash flows from operating activities (1)	**6,235,439**	**7,257,079**
Cash flow from investment activities		
Payments concerning:		
Tangible fixed assets	-5,981,234	-5,588,884
Intangible Assets	-121,936	-100,176
Financial investments	-887	-562,562
Other Assets	-432,746	-13,013
Receipts from:		
Tangible fixed assets	140,535	96,280
Financial investments	17 564	523,904
Other Assets		
Investment grants		
Interest and similar income	1,645	1,167
Cash flow from investment activities (2)	**-6,377,060**	**-5,643,283**
Cash flows from financing activities		
Receipts from:		
Financing Received	6,858,501	3,322,520
Payments concerning:		
Financing Received	-3,596,825	-3,720,566
Interest and similar costs	-295,772	-330,720
Dividends	-782,080	-752,250
Cash flows from financing activities (3)	**2,183,824**	**-1,481,016**
Changes in cash and cash equivalents (1+2+3)	2,042,203	132,780
Exchange rate effect	-23,509	-8,532
Cash and cash equivalents at the beginning of the financial year	**1,968,399**	**1,844,150**
Cash and cash equivalents at the end of the financial year	**3,987,094**	**1,968,399**

The Certified Accountant The Board of Directors

Consolidated statement of changes in equity of FY 2018 EUR

DESCRIPTION		NOTES	Subscribed Capital	Share issue premiums	Legal reserves	Other Reserves	Retained Earnings	Revaluation Surpluses	Adjustments/Other Changes in Equity	Net profit in the period	Total	Non-controlling interests	Total Equity
			Equity attributed to the holders of the share capital of the parent company										
POSITION AT THE BEGINNING OF FY 2018	**1**		**10,000,00**	**4,653**	**2,000,00**	**5,132,64**	**5,437,37**	**7,614,65**	**143,210**	**3,769,18**	**34,101,723**	**521,083**	**34,622,806**
CHANGES IN THE PERIOD													
Realisation of the revaluation surplus of Tangible and intangible fixed assets													
Revaluation surpluses of Tangible and intangible fixed assets and respective changes								-175,173			-175,173		-175,173
Deferred tax adjustments								1,75,311	1,736		177,048		177,048
Other changes recognised in equity						1,218,73	2,177,44	3,574	-19,239	-	-388,671	-14,206	-402,877
	2					**1**	**2,177,44**	**3,713**	**-17,503**	**-**	**-386,796**	**-14,206**	**-401,002**
NET PROFIT FOR THE PERIOD	**3**									**3,782,26**	**3,782,269**	**16,283**	**3,798,552**
COMPREHENSIVE INCOME	**4 = 2+3**									**3,782,26**	**3,782,269**	**2,077**	**3,397,549**
TRANSACTIONS WITH SHAREHOLDERS IN THE PERIOD													
Capital realised													
Realisations of share issue premiums							-780,000				-780,000		-780,000
Profit distribution													
Increases for covering losses													
Other operations													
	5						**-780,000**				**-780,000**		**-780,000**
POSITION AT THE END OF FY 2018	**1+2+3+5**		**10,000,000**	**4,653**	**2,000,00**	**6,351,37**	**6,834,81**	**7,618,37**	**125,707**	**3,782,26**	**36,717,195**	**523,160**	**37,240,356**
									0.00				

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Consolidated statement of changes in equity of FY 2017 EUR

DESCRIPTION		NOTES	Subscribed Capital	Share issue premiums	Legal reserves	Other Reserves	Retained Earnings	Revaluation Surpluses	Adjustments/Other Changes in Equity	Net profit in the period	Total	Non-controlling interests	Total Equity
			Equity attributed to the holders of the share capital of the parent company										
POSITION AT THE BEGINNING OF FY 2017	**6**		**10,000,00**	**4,653**	**2,000,00**	**3,138,45**	**-425,566**	**6,587,09**	**5,467,852**	**3,274,97**	**30,047,458**	**435,524**	**30,482,982**
CHANGES IN THE PERIOD													
Realisation of the revaluation surplus of Tangible and intangible fixed assets													
Revaluation surpluses of Tangible and intangible fixed assets and respective changes								1,336,55 2			1,336,552		**1,336,552**
Deferred tax adjustments											-81,134		**-81,134**
Other changes recognised in equity						1,994,19	6,612,93	-81,134	- 5,324,642	-	-220,337	9,998	**-210,339**
	7					**1,994,19**	**6,612,93**	**1,027,56**	**- 5,324,642**	**-**	**1,035,081**	**9,998**	**1,045,079**
NET PROFIT FOR THE PERIOD	**8**									3,769,18	3,769,184	75,561	**3,844,746**
COMPREHENSIVE INCOME	**9=7+8**									3,769,18	3,769,184	85,559	**4,889,824**
TRANSACTIONS WITH SHAREHOLDERS IN THE PERIOD													
Capital realised													
Realisations of share issue premiums							-750,000				-750,000		**-750,000**
Profit distribution													
Increases for covering losses													
Other operations													
	10						**-750,000**				**-750,000**		**-750,000**
POSITION AT THE END OF FY 2017	**6+7+8+1**		**10,000,000**	**4,653**	**2,000,00**	**5,132,64**	**5,437,37**	**7,614,65**	**143,210**	**3,769,18**	**34,101,723**	**521,083**	**34,622,806**

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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
OLI Moldes, Lda Bairro Nossa Senhoras das Necessidades, Esgueira - Aveiro	83.0%	500,000
Soplasnor - Sociedade de Plásticos do Norte, SA Rua das Poças, Lavra - Matosinhos	100.00%	6,800,000
Oli Sanitarsysteme GMBH Bittelbronner Strasse 42-46, 74219 Mockmuhl - Germany	100.00%	25,000
Oli Rus OOO 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 July 13, as amended by Law No. 20/2010, of August 23, and by Decree-Law no. 98/2015, of June 2, 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 July 29, 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*.

The consolidation of subsidiary companies indicated in Note 1 was performed based on the full consolidation 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 consolidated 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 accounting policies and measurement criteria adopted on December 31, 2018 are comparable to those used in preparing the Financial Statements on December 31, 2017.

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 by the parent company up to January 1, 2010 (date of the transition to NCRF) are recorded at their acquisition cost or at the revalued acquisition cost, according to the accounting principles generally accepted in Portugal, minus depreciation and accumulated impairment losses.

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 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 our subsidiary Soplasnor – Sociedade de Plásticos do Norte, S.A., non-current assets held for sale include basic and administrative equipment.

At the parent company, 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 their sale. The assets are available for immediate sale under current conditions, and management is committed to sell them and has made several diligences to that effect within a short period of time.

Non-current assets classified as held for sale are recorded at the lower value between their balance sheet value and their fair value, minus the estimated cost of sale.

Whenever the amount for which the asset is recorded is greater than its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss, under item Impairment Losses.

The recoverable amount is the higher value between the net selling price and the value in use. The net selling price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, minus any expenses directly attributable to the sale. Value in use is the current value of any estimated future cash flows expected to arise from the continued use of the asset and its disposal at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

A reversal of an impairment loss recognised in prior years is recorded when it is determined that the impairment loss recognised no longer exists or has decreased. This analysis is carried out whenever there is evidence that the impairment loss previously recognised was reversed. The reversal of impairment losses is recognised in the Income Statement. However, the impairment loss is reverted up to the amount that would be recognised (net of amortisation and depreciation) if the impairment loss had not been recorded in a prior period.

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 the 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 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 rate used in 2018 was 1.90%. 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 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.

With regard to the disclosure of the fair value of investment properties, taking into consideration, on the one hand, that they were recently revalued and, on the other, the current conditions of the real estate market, resulting from the current economic situation, we consider that the value whereby they are recorded in the accounts corresponds to their fair value.

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 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.

Inventories, customers and other debtors were checked for impairment on the balance sheet date. Objective evidence was found of impairment in inventories and other debtors. In the specific case of customers of OLI - Sistemas Sanitários, S.A., this year there was a reversal of impairment previously constituted due to lawsuits and age. Accordingly, impairment in Other Debtors and Inventories and reversal of impairment in Customers were recognised in the Consolidated Income Statement.

With regard to Soplasnor, there was an impairment increase of 1, 500 euros, related to a loan in that amount made to said company in the current year, by the parent company.

INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION (NCRF 15)

In the individual accounts, 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. This year, there will be distribution of dividends by subsidiary OLI SRL and, therefore, the amount to be transferred 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.

At the end of the year, impairment tests are carried out on investees. These tests are performed in order to determine the recoverability of the investment, considering historical performance, as well as the business development expectations. The assessments are based on cash flow projections, which are, in turn, based on financial budgets approved by Management and discounted at the capital cost rate. Cash flows are extrapolated using estimated growth rates based on business development expectations.

INVENTORIES (NCRF 18)

Inventories are valued according to the following criteria:

- Commodities and raw materials, subsidiaries and consumables are valued at the lower between cost and net realisable value. Acquisition cost includes expenses incurred until storage, using the weighted average cost as the output costing method.

- Finished and semi-finished products, by-products and products and works in progress are valued at the lower between their production cost and their net realisable value. Production costs include the cost of the raw materials used, direct labour and overhead 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 Group recognises revenue whenever it is likely to obtain future economic benefits that can be reasonably measured. 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 regular 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 Group set up a provision for customer warranties, 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 occurrences in the previous three years.

In addition, the Group established a provision to guard against a negative outcome in any pending lawsuits.

GOVERNMENT SUBSIDIES AND GOVERNMENT SUPPORT (NCRF 22)

Operating subsidies, in particular subsidies to support the technological research and development system and internship and employment programmes, are recognised in the Consolidated Income 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 Profit-and-Loss Account, proportionally to the depreciation of subsidised assets during their useful life.

EFFECTS OF CHANGES IN CURRENCY EXCHANGE RATES (NCRF 23)

The assets and liabilities in the financial statements of foreign entities are translated into Euro using the exchange rate in force on the date of the statement of financial position and income and expenses, as well as cash flows are translated into Euro using the average exchange rate recorded in the financial year.

The exchange rates used to convert the subsidiaries' income statements into Euro were:

Currency	2018		2017	
	Closing rate	Average rate	Closing rate	Average rate
RUB – Russian Ruble	79.7153	74.0416	69.392	65.9383

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.

Deferred tax assets are recognised only when there are reasonable expectations of obtaining sufficient future taxable profits for their use, or in situations where there are taxable temporary differences that offset temporary deductible differences in the period of their reversal.

At the end of each period, these deferred taxes are recalculated, and are reduced whenever their future use is no longer likely.

ENVIRONMENTAL MATTERS (NCRF 26)

The activities carried out by the parent company may cause environmental damages. Therefore, under the terms of Article 22 of Decree-Law no. 147/2008 of July 29, the company must establish one or more own and autonomous, financial guarantees, alternative or complementary, that allow it to take responsibility for any damages it causes. The company opted to comply with these provisions through the allocation of a reserve not available in equity.

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 of their irrecoverability. 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 end, 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 accounts 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.
- Financial Instruments held for trading – financial assets and financial liabilities are classified as Held for Trading if they are primarily acquired or taken on for the purpose of sale or repurchase within a very short period of time or if they are part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence that actual profit has been recently obtained.

  These assets and liabilities are recorded at fair value, and changes in fair value are recognised in the Income Statement.

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	18,358	134,282	138,435	14,205
Demand deposits	1,950,041	137,639,049	135,878,210	3,710,880
Total Cash and Bank Deposits	**1,968,399**	**138,036,166**	**136,017,471**	**3,987,094**

5. Investment in Subsidiaries and Consolidation

5.1. Significant Operations in Subsidiaries

LIST OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES EUR

		FY 2018				
		Shareholding				
	Description	Country of incorporation /Registered office	Shareholding percentage	Percentage of voting rights	Accounting method used	Carrying amount of investments
Subsidiaries	OU Moldes LDA	Portugal	83.00%	83.0%	EM	2,121,156
	Soplasnor-Soc. Plásticos do Norte, SA	Portugal	100.00%	100.0%	A)	
	OUSRL	Italy	990%	99.0%	EM	8,781,956
	OU Sanitarsysteme GMBH	Germany	100.0%	100.0%	B)	
	OU Rus OOO	Russia	100.0%	100.0%	MB[3]	768,283
Total						**11,671,395**

LIST OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES EUR

		FY 2017				
		Shareholding				
	Description	Country of incorporation /Registered office	Shareholding percentage	Percentage of voting rights	Accounting method used	Carrying amount of investments
Subsidiaries	OU Moldes LDA	Portugal	83.00%	83.0%	EM	2,100,205
	Soplasnor-Soc. Plásticos do Norte, SA	Portugal	100.00%	100.0%	A)	
	OUSRL	Italy	990%	99.0%	EM	7,788,475
	OU Sanitarsysteme GMBH	Germany	100.0%	100.0%	B)	132,475
	OU Rus OOO	Russia	100.0%	100.0%	MB[3]	949,271
Total						**10,970,427**

Key: EM – Equity Method

A) The EM no longer applies to Soplasnor.

B) In 2018, the EM was no longer applicable to OLI Sanitärsysteme, as provided by NCRF.

5.2. Remuneration of Key Management Staff

REMUNERATION OF GOVERNING BODIES EUR

Description	FY 2018	FY 2017
Board of Directors – OLI Sistemas Sanitários, S.A.	584,384	564,714
Management – OLI Moldes Lda	87,760	108,192
Management – OLI SRL	209,200	231,700

6. Disclosure of Intangible Assets

CARRYING AMOUNT AND OPERATIONS IN INTANGIBLE FIXED ASSETS IN 2018 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	877,217	33,609	428,997	15,000	1,414,663
5	Initial accumulated amortisations	51,529	527,741	33,609	386,490		999,369
7	Initial net carrying amount (7 = 4 - 5 - 6)	8,311	349,476		42,507	15,000	415,295
8	Operations in the period: (8 = 8.1 - 8.2 + 8.3 + 8.4 +8.5	-8,311	-118,691		-42,507		-169,509
8.1	**Total additions**		**125,926**				**125,926**
Additions	Acquisitions		117,051				117,051
	Other		8,875				8,875
8.2	**Total decreases**	**8,311**	**244,616**				**252,928**
Decreases	Amortisation	8,311	244,616				252,928
9	**Final net carrying amount (9 = 7 + 8)**		**230,786**		**0**	**15,000**	**245,786**
	Service life	**3**	**3**	**3**	**3**		

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE 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		696,639
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	-19,947	-188,533		-1,574	-58,035	-268,089
8.1	**Total additions**		**92,676**			**7,100**	**99,776**
Additions	Acquisitions		92,166			7,100	99,266
	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**		

7. Tangible Fixed Assets

7.1 Disclosure of Tangible Fixed Assets

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE FIXED ASSETS IN 2018 EUR

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Basic administrative	Other TFA	TFA in progress	Advances on account of TFA	Total
1	Initial gross carrying amount	5,891,101	23,448,800	43,885,227	1,795,27	1,974,089	1,415,39	5,280,68	13,100	83,703,6
2	Initial accumulated depreciation		11,159,835	33,297,099	1	1,773,657	7	4		69
4	Initial net carrying amount (4 = 1 - 2 - 3)	5,891,101	12,288,965	10,588,128	1,276,29	200,432	1,399,14		13,100	48,906,0
5	Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.	531,486	2,193,531	1,038,445	9 518,973	201,036	6 16,251 -5,195	5,280,68 4	18,466	35 34,797,6
5.1	**Total additions**	**483,979**	**32,190**	**735,424**	**289,083**	**268,856**	**9,205**	**6,822,93**	**31,566**	**8,673,23**
Additions	Acquisitions of new items	483,979	32,190	735,424	289,083	268,856	9,205	6,822,93	31,566	8,673,23
5.2	**Total decreases**		**1,585,340**	**3,192,081**	**269,349**	**140,875**	**6,808**			**5,194,45 3**
	Depreciations		1,533,902	3,071,264	251,978	137,814	3,757			4,998,71
Decreases	Disposals			58,707	17,371	1,118	3,051			4 80,246
	Other			4,650						4,650
5.4	Transfers of TFA in progress	5,000	3,760,755	3,472,404	1,860	73,056	-7,592	-	-13,100	-517,931
5.6	Other transfers	42,507	-14,074	22,699				7,831,00 4 -8,061		22,380
6	**Final net carrying amount (6 = 4 + 5)**	**6,422,587**	**14,482,496**	**11,626,573**	**540,567**	**401,468**	**11,056**	**4,264,55**	**31,566**	**37,780,8**
	Service life		**3;10;20;50**	**1;3;4;6;8;1**	**4;6**	**3;5;6;7;8;1**	**3;4**			

CARRYING AMOUNT AND OPERATIONS IN TANGIBLE FIXED ASSETS IN 2017 EUR

	Description	Land and natural resources	Buildings and other structures	Basic equipment	Transportation equipment	Basic administrative	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	1,789.03	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.	-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**	**338,999.89**	**272,814**	**66,461**	**7,891**	**6,369,130**	**9,840**	**10,683,076**
Additions	Acquisitions of new items	354,640	14,768	327,598.98	272,814	66,461	7,381	6,195,827	9,840	7,249,328
	Revaluation increases		3,248,534							3,248,534
	Other			11,400.91			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**
	Depreciations		1,082,783	2,598,487	155,753	125,285	9,316			3,971,623
Decreases	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**	**34,797,634**
	Service life		**3;10;20;50**	**2;3;4;5;6;8;10;20**	**4;6**	**3;5;6;7;8;10**	**3;4**			

CARRYING AMOUNT AND OPERATIONS IN REVALUATION SURPLUSES IN 2018 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	70,678	91,415	5,482,401	1,970,164	7,614,657
Depreciations	-13,118	13,118	-598,904	598,904	
Other			3,713		3,713
Value of the revaluation surplus at the end of the period	**57,560**	**104,533**	**4,887 210**	**2,569,067**	**7,618,370**

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	274,993	1,027,566
Depreciations	-13,119	13,119	-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**

7.3. Tangible Fixed Assets Pledged as Guarantees for Liabilities

TANGIBLE FIXED ASSETS PLEDGED AS GUARANTEES FOR LIABILITIES IN 2018

Asset	Creditor	Pledged Amount	Asset Value	Depreciation	Net amount
Soplasnor Building and adjacent land Moulds	BP	4,500,000	4,839,391	549,284	4,290,107
and machinery	BP	827,750	921,643	601,809	319,835
OLI SRL Building	Ubi Banca	2,000,000	1,830,753	293,066	1,537,687
		7,327,750	**7,591,787**	**1,444,158**	**6,147,628**

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 Moulds	BP	4,500,000	4,839,391	375,209	4,464,181
and machinery	BP	827,750	921,643	503,408	418,235
		5,327,750	**5,591,787**	**878,617**	**4,882,416**

8. Non-Current Assets Held for Sale

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Initial Balance	Acquisitions	Disposals	Closing Balance
Set of moulds for filling valves	14,268	178,355		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			179,305
Set of machines	52,291			52,291
Set of office furniture	14,689			14,689
Total	**92,238**	**178,355**		**270,593**

9. Leases

The company's leasing contracts are listed below:

EUR

Assets being financed through lease contracts, the respective net carrying amounts and contingent rents recognised as expenses in the period		Description	Financial leases in effect Acquisition value	Lessor	Contract identification	Lease term Beginning	End	FY 2018 Net carrying amounts of leased assets	FY 2017 Net carrying amounts of leased assets
	Leasing	Audi A6 - 250U22	94,000	BPI	CT 1460255800	25/6/2014	25/6/2019	2,478	9,792 12,391
	Leasing	Audi A3 - 28FR19	39,650	BPI	CT 1530029800	5/4/2015	5/4/2020		
	Leasing	Audi A3 - 28FR20	39,650	BPI	CT 1530029900	5/4/2015	5/4/2020	2,478	12,391
	Leasing	VW Caravelle - 95QL40	42,000	BPI	CT 1561644300	25/10/2015	25/10/2020	7 875	18,375
	Leasing	VW Passat 13-SG-86	35,300	BPI	CT1660968700	5/1/2017	5/1/2022	17,650	26,475
	Leasing	VW Golf 59-UP-34	24,990	BPI	CT1860320900	7/5/2018	23/5/2023	20,304	
	Leasing	VW Passat 87-TZ-70	34,990	BPI	CT1762184600	9/1/2018	9/1/2023	26,242	
	Leasing	BMWS5 99-VR47	47,841	BPI	CT1863210000	07-12-2018	17/12/2023	46,845	
Assets	**Subtotals**		**275,590**					**123,873**	**79,423**
Fixed	Leasing	Computer Equipment	50,000	BSTOTTA	CT 203751	15/1/2014	15/1/2019		10,000
Tangible	Leasing	VW Passat - 83OP83	29,700	BSTOTTA	CT 205173	15/5/2014	15/5/2019		2,475
	Leasing	BMWX1 - 76QO89	38,596	BSTOTTA	CT211612	15/12/2015	15/12/2020	8,845	18,494
	Leasing	BMW 4 - 36QR70	46,500	BSTOTTA	CT211832	15/1/2016	15/1/2021	11,625	23,250
	Leasing	VW Passat - 19RN27	35,300	BSTOTTA	CT214624	15/8/2016	15/8/2021		22,798
	Subtotals		**200,096**					**20,470**	**77,017**
	Leasing	Computer Equipment – ORACLE	160,446	BNP PA RIBAS	CT 76186/187	1/10/2015	1/8/2017		26,741
	Subtotals		**160,446**						**26,741**
Totals			**636,132**					**144 343**	**183,181**
Tangible fixed assets	OLI-Moldes - Leasing	Audi A4 – 11-OE-11	39,600	BPI LEASING	1460007300	25/1/2014	25/1/2019		
	OLI-Moldes - Leasing	Volkswagen Golf - 52-US-01	24,990	BPI LEASING	1861392700	30/5/2018	30/5/2023	20,825	
	Subtotals							20,825	
Tangible fixed assets	OLI-Moldes - Leasing	Industrial equipment	95,000	BPI LEASING	2015044167	6/11/2015	6/11/2021	57,396	69,271
	Subtotals							57,396	69,271
Totals								**78,221**	**69,271 **

10. Borrowing

10.1. Information on General Loans

EUR

Description	31/12/2018 Short Term	Medium- and Long-	Total	31/12/2017 Short Term	Medium- and Long-	Total
Credit cards	207		207	12,971		12,971
Commercial Paper Programme	5,400,000		5,400,000	3,350,00		3,350,000
Medium- and Long-Term	4,010,558	9,318,369	13,328,927	4,073,89	8,295,998	12,369,895
Leasing	101,997	169,203	271,200	116,083	170,374	286,457
Remittances discounted				253,026		253,026
FEDER – Application no. 27024	1,006,251		1,006,251	250,748	979,279	1,230,027
Total	**10,519,013**	**9,487,572**	**20,006,585**	**8,056,726**	**9,445,650**	**17,502,376**

11. Borrowing Costs

BORROWING COSTS IN 2018

Description	Start date from the work	Interest accrued
Tangible fixed assets		**25,651**
Machines for specific uses	6/6/2017	11,623
Machines for specific uses	1/2/2018	397
Industrial facilities	1/9/2017	1,859
Industrial facilities	7/12/2017	1,134
Industrial facilities	30/1/2018	1,159
Industrial facilities	2/2/2017	1,531
Total		**25,651**

BORROWING COSTS IN 2017

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

BORROWING COSTS IN 2018

Asset identification	Start date of the work	Interest accrued
New facilities	1/1/2016	8,689

BORROWING COSTS IN 2017

Asset identification	Start date of the work	Interest accrued
New facilities	1/1/2016	64

12. Investment Properties

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2018 — EUR

Description	Land and natural resources	Buildings and other structures	Total
Initial gross carrying amount	1,719,814	4,882,566	6,602,380
Initial accumulated depreciation		678,324	678,324
Initial accumulated impairment losses		259,420	259,420
Initial net carrying amount (4 = 1 - 2 - 3)	**1,719,814**	**3,944,822**	**5,664,636**
Operations in the period: (5 = 5.1 - 5.2 + 5.3 + 5.4 + 5.5 + 5.6)		**-287,872**	**-287,872**
Total additions			
Total decreases		**287,872**	**287,872**
Depreciations		287,872	287,872
Final net carrying amount (6 = 4 + 5)	**1,719,814**	**3,656,950**	**5,376,764**
Service life		**3;11 ;29**	

CARRYING AMOUNT AND OPERATIONS IN INVESTMENT PROPERTIES IN 2018 — 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		253,854	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**	

OTHER INFORMATION

EUR

Description	2018	2017	Total
Amounts recognised in profit-and-loss			
Rents and other income from investment properties	68,400	153,550	221,950
Direct operating expenses in properties generating income	45,840	24,388	70,228
Total	**22,560**	**129,162**	**151,722**

13. Disclosure of information on gains related to fair value

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD IN GAINS RELATED TO FAIR VALUE AT OLI SRL

Description	31/12/2018	31/12/2017
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)	28	
Investor's share in the investee's profits	28	
Final net carrying amount (6 = 4 + 5)	**28**	

14. Financial Investments

FINANCIAL HOLDINGS IN 2018 EUR

Description	Investments in subsidiaries	Total
Equity method:	**708**	**708**
Initial gross carrying amount		
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)	**-708**	**-708**
Other transfers	-708	-708
Final net carrying amount (6 = 4 + 5)		
Other methods		
Initial gross carrying amount	33,358	33,358
Initial net carrying amount (10 = 7 - 8 + 9)	**33,358**	**33,358**
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)	**1,828**	**1,828**
Other acquisitions	11,121	11,121
Disposals	-10,000	-10,000
Other transfers	708	708
Final net carrying amount (12 = 10 + 11)	**35,186**	**35,186**

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 Disposals	9,550 -10,020	9,550 -10,020
Final net carrying amount (12 = 10 + 11)	**33,358**	**33,358**

15. Investments in Subsidiaries and Consolidation

Company/Registered office	% of Share Capital Held
OLI, SRL Località Piani di Mura 25070 Casto (BS) - Italy	99%
OLI Moldes, Lda. Bairro Nossa Senhora das Necessidades, Esgueira – Aveiro	83%
Soplasnor - Soc. Plásticos do Norte, S.A. Rua das Poças, Lavra – Porto	100%
Oli Sanitarsysteme GMBH Bittelbronner Strasse 42-46, 74219 Mockmuhl - Germany	100%
OLI Rus OOO Str Promyshlennaya 11, 142191 - Troitsk, Moscow- Russia	100%

16. Inventories

Inventories are broken down as follows:

CARRYING AMOUNT EUR

Description	31/12/2018 Net	31/12/2018 Impairment losses	31/12/2018 Net amount	31/12/2017 Net	31/12/2017 Impairment losses	31/12/2017 Net amount
Goods	2,179,526	274,441	1,905,085	2,035,797	215,847	1,819,950
Raw, subsidiary and consumable materials	3,383,122	107,341	3,275,781	3,645,054	102,021	3,543,033
Finished and intermediate goods	4,644,945	214,304	4,430,641	4,123,013	273,503	3,849,510
By-products, waste and rejects						
Total	**10,207,594**	**596,087**	**9,611,507**	**9,803,865**	**591,371**	**9,212,494**

The cost of goods and materials consumed is as follows:

CALCULATION OF THE COST OF GOODS SOLD AND MATERIALS CONSUMED EUR

Description	31/12/2018 Goods	31/12/2018 Raw, subsidiary and consumable materials	31/12/2018 Total	31/12/2017 Goods	31/12/2017 Raw, subsidiary and consumable materials	31/12/2017 Total
Initial inventories	2,021,847	3,617,959	5,639,806	2,040,602	2,948,664	4,989,266
Purchases	4,338,068	24,419,795	28,757,862	4,388,283	23,065,034	27,453,316
Reclassification and adjustment of inventories	195,763	16,133	211,896	149,240	-15,944	133,296
Final inventories	2,210,065	3,417,533	5,627,598	2,114,395	3,600,691	5,715,087
Cost of goods sold and materials consumed (5=1+2+3-4)	**3,954,087.01**	**24,604,087.32**	**28,558,174**	**4,165,249**	**22,428,951**	**26,594,200**
Other information concerning raw, subsidiary and consumption materials: Accumulated	274,441	107,341	381,782	215,847	102,021	317,868
inventory adjustments/impairment losses in the period	215,847	102,021	317,868	171,816	186,779	358,595
Reversal of inventory adjustments/impairment losses in the period	274,441	107,341	381,782	215,847	102,021	317,868
Accumulated adjustments/Impairment losses in inventories						

Changes in production inventories were as follows:

EUR

Description	31/12/2018 Finished and intermediate goods	31/12/2018 By-products, waste and rejects	31/12/2018 Ongoing work and products	31/12/2017 Finished and intermediate goods	31/12/2017 By-products, waste and rejects	31/12/2017 Ongoing work and products
Final inventories	4,661,840			4,133,217		
Reclassification and adjustment of inventories	422,976			262,149		
Initial inventories	4,110,780			3,769,274		
Changes in production inventories (4= 1 +2-3)	**974,036**			**626,092**		
Accumulated inventory adjustments/impairment losses in the period	214,304			273,503		
Reversal of inventory adjustments/impairment losses in the period	273,503			112,584		
Accumulated adjustments/Impairment losses in inventories	214,304			273,503		

17. Revenue

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD EUR

Description	Total	
	2018	2017
Revenue recognised in the period:		
Sales and services provided	**67,181,648**	**63,856,539**
Goods sold	66,372,581	63,815,985
Services provided	809,066	40,553
Other Income	**17,039**	**8,036**
Interest earned	17,039	8,036
Total	**67,198,686**	**63,864,575**

18. Provisions for the Year

EUR

Description	2018				2017			
	Guarantees provided to customers	Lawsuits in progress	Other	Total	Guarantees provided to customers	Lawsuits in progress	Other	Total
Initial carrying amount	35,878	104,852	105,804	246,533	35,534	93,661	117,374	246,568
Operations in the period (2 = 2.1-2.2)	**-6,343**	**13,362**	**-755**	**6,264**	**344**	**11,191**	**-11,570**	**-35**
Total increases	29,535	13,362	1	42,898	35,878	11,658		47,536
Reinforcement	29,535	13,362	1	42,898	35,878	11,658		47,536
Total decreases	35,878		756	36,634	35,534	467	11,570	47,571
Use	18,658		756	19,414	30,339	467	11,570	42,376
Reversal	17,219			17,219	5,195			5,195
Carrying amount in the year (3 = 1 + 2)	**29,535**	**118,214**	**105,049**	**252,797**	**35,878**	**104,852**	**105,804**	**246,533**
Final Carrying Amount	**29,535**	**118,214**	**105,049**	**252 797**	**35,878**	**104,852**	**105,804**	**246,533**

19. Government Subsidies and Aids

GOVERNMENT SUBSIDIES AND AIDS EUR

DESCRIPTION	2018		2018		2017	State and	2017	
	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)	093,234	19,239			1,093,234	20,913		
Tangible fixed assets (1.1 = 1.1.1 + 1.1.2 + + 1.1.7)	**093,234**	**19,239**			**1,093,234**	**20,913**		
Others	093,234	19,239			1,093,234	20,913		
Intangible assets (1.2 = 1.2.1+ 1.2.2 + + 1.2.4)								
Subsidies related to income/Investment subsidies		238,655				123,760		
Value of repayments in the period related to: (3 = 3.1 + 3.2)								
TOTAL (4 = 1 + 2 - 3)	093,234	257,894			1,093,234	144,673		

20. Effects of Changes on Foreign Exchange Rates

EFFECTS OF FOREIGN EXCHANGE RATE CHANGES — EUR

Description	31/12/2018	31/12/2017
Exchange rate differences		
Recognised as income for the period:		
Unfavourable exchange rate differences	14,608	392,431
Favourable exchange rate differences	29,195	227,991

21. Events After the Balance Sheet Date

The Financial Statements for the financial year ended December 31, 2018 were approved by the Board Directors and authorised for issuing on March 29, 2019.

After the balance sheet date, there was no knowledge of any events that affect the value of the assets and liabilities in the financial statements for this period.

22. Income Tax

INCOME TAX CARRYING AMOUNT — EUR

Description	31/12/2018	31/12/2017
Accounting profit-or-loss for the period (before taxes)	4,391,881	4,559,021
Current tax	-871,137	-975,321
Deferred tax	277,807	261,046
Income Tax for the period (4 = 2 + 3)	**-593,329**	**-714,275**
Autonomous taxation	123,858	136,419

COLLECTION DEDUCTIONS REGARDING TAX BENEFITS AT OLI – EUR

Description	31/12/2018	31/12/2017
SIFIDE – System of Tax Incentives for Research and Business Development	500,000	609,633
RFAI – Investment Support Tax Benefit Scheme	341,108	329,254
Total	**841,108**	**938,888**

The SIFIDE (System of Tax Incentives for Research and Business Development) value deducted in the 2018 quote refers to the provisional estimated value determined in 2018.
The RFAI (Investment Support Tax Benefit Scheme) value deducted in the 2018 quote refers to the value of the previous year's statement and the estimated benefit for 2018.

The company records deferred tax assets to the sum of 210,368 euros pertaining to impairment losses not accepted for tax purposes.
It also reports deferred tax liabilities to the sum of 5,693 euros pertaining to legal revaluation and 1,424,737 euros pertaining to revaluation reserves.

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 July 20 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	
	31/12/2018	31/12/2017
Customers	**13,374,136**	**15,570,656**
Current account	12,703,332	14,351,197
Receivables	807,423	1,283,426
Doubtful debts	1,849,507	1,988,818
Impairment losses	-1,986,126	-2,052,784
Advance Payments from Customers	**110,531**	**156,897**
Suppliers	**8,896,368**	**10,030,775**
Other payables	**4,746,945**	**4,857,863**
Staff	363,770	155,394
Investment suppliers	835,055	1,494,675
Creditors by accrued expenses – Interest	24,326	26,513
Creditors by accrued expenses – Insurance	3,008	27,421
Creditors by accrued expenses – End of month	4,284	1,669
Creditors by accrued expenses – Credit cards		5,073
Creditors by accrued expenses – Vacations and vacation pay	2,525,722	2,412,598
Creditors by accrued expenses – Commissions	55,334	67,401
Creditors by accrued expenses – Rappel	315,748	291,449
Creditors by accrued expenses – Points	150,021	120,340
Creditors by accrued expenses – Other	215,452	221,717.14
Other Creditors	254,226	349,088.33
Other Receivables	**1,070,309**	**801,759**
Advance payments to suppliers	50,507	78,763
Staff	24,797	15,098
Debtors by accrued income – Interest	198	
Debtors by accrued income – Subsidies	130,186	943
Debtors by accrued income – Other	593,449	233,439
Other Debtors	271,172	473,516
Total	**28,198,288**	**31,417,951**

24.2. Disclosure of Information on Capital

CARRYING AMOUNT AND OPERATIONS IN THE PERIOD — EUR

Description	31/12/2018	31/12/2017
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	6,351,379	5,132,649
Environmental responsibility reserve	100,000	100,000
Other Reserves	6,251,379	5,032,649
Retained Earnings	6,834,818	5,437,370
Revaluation surpluses	7,618,370	7,614,657
Adjustments/Other Changes in Equity	125,707	143,210
Consolidated net income for the financial year	3,782,269	3,769,184
Non-controlling interests	523,160	521,083
Total	**37,240,356**	**34,622,806**

24.3. Disclosure of Information on Deferrals

CARRYING AMOUNT — EUR

Description	Total	
	2018	2017
Deferrals		
Assets		
Expenses to be recognised Interest	5,285	4,954
Expenses to be recognised Insurance	7,926	12,044
Expenses to be recognised Moulds owned by customers	75,590	1,750
Expenses to be recognised Protection items	5,040	5,086
Expenses to be recognised Marketing items	28,289	69,358
Expenses to be recognised Gift items	700	1,400
Expenses to be recognised Services in progress	34,882	18,857
Expenses to be recognised Investments in progress	96	7,490
Expenses to be recognised Others	184,676	81,267
Total	**342,483**	**202,208**
Liabilities		
Income to be recognised – Moulds	102,939	165,151
Income to be recognised – Other	48,745	12,111
Total	**151,684**	**177,263**

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

STATE AND OTHER PUBLIC ENTITIES EUR

Description	Total 2018	Total 2017
State and Other Public Entities		
Assets		
Income Tax	541,456	567,756
Withheld income taxes	252,207	13,083
Value-added tax	382,007	461,890
Social Security contributions	4,122	
Total	**1,081,243**	**1,047,978**
Liabilities	126,387	130,114
Income tax liabilities	130,569	135,198
Withheld income taxes	174,952	154,659
Value-added tax	5,160	4,382
Other taxes	354,149	334,876
Social Security contributions		
Other levies	31	5
Total	**791,248**	**759,234**

25. Disclosure of Information on External Supplies and Services:

EXTERNAL SUPPLIES AND SERVICES		EUR
Description	Total	
	31/12/2018	31/12/2017
Subcontracts	**2,438,874**	**2,527,065**
Specialised work	1,518,920	1,421,988
Advertising and publicity	858,465	1,089,625
Surveillance and security	92,153	79,347
Fees	108,868	92,766
Commissions	679,820	680,797
Maintenance and repairs	1,433,913	1,090,746
Others	26,107	273,397
Total specialised services	**4,718,245**	**4,728,667**
Fast-wear tools and utensils	288,347	208,227
Technical books and documents	1,440	1,920
Office supplies	22,628	22,605
Gift items	47,420	42,613
Others	109,471	38,622
Total materials	**469,306**	**313,987**
Electricity	1,433,539	1,202,995
Fuel	127,460	112,481
Water	32,221	38,826
Others	4,578	9,576
Total energy and fluids	**1,597,798**	**1,363,878**
Travels and accommodation	698,000	678,528
Transport of goods	3,441,382	2,985,473
Total transportation, travels and accommodation	**4,139,382**	**3,664,001**
Rents and leases	271,584	277,876
Communication	82,323	82,073
Insurance	289,208	301,419
Royalties	1,045	10,411
Legal services	17,353	18,953
Representation expenses	504,763	611,418
Cleaning, hygiene and comfort	98,219	86,488
Other services	268,661	42,910
Total miscellaneous services	**1,533,155**	**1,431,546**
Total external supplies and services	**14,896,760**	**14,029,143**

26. Disclosure of Information on Staff Costs:

STAFF COSTS EUR

Description	Total	
	31/12/2018	31/12/2017
Staff Costs	**16,109,071**	**15,610,010**
Remuneration of governing bodies	881 344	904,607
Of which: Profit sharing	257,204	264,776
Staff remuneration	10,756,090	10,521,600
Charges on remunerations	2,594,237	2,609,507
Insurance against work accidents and occupational diseases	130,262	132,135
Employee benefit costs	160,765	160,074
Other staff costs	1,586,372	1,282,088
Of which:		
Temporary workers	1,320,016	1,134,976
Training costs	89,832	77,092

27. Disclosure of Information on Other Income

OTHER INCOME EUR

Description	Total	
	2018	2017
Supplementary income	511,961	808,561
Cash payment discounts obtained	107,791	100,332
Debt recovery	12,457	7,207
Gains on inventories	21,488	27,823
Income and gains on other financial assets	29,286	8,196
Income and gains on non-financial investments	78,715	303,765
Others	751,028	851,725
Interest earned	21,362	11,622
Total	**1,560,016**	**2,119,231**

28. Disclosure of Information on Other Expenses

OTHER EXPENSES EUR

Description	Total	
	2018	2017
Taxes	119,192	132,793
Cash payment discounts granted	482,641	439,139
Bad debt	26,042	27,216
Losses in inventories	380,268	231,315
Expenses and Losses on Other Financial Investments	3	
Expenses and Losses on Non-financial Investments	108,543	1,348
Corrections regarding previous financial years	11,400	59,525
Donations	72,875	24,788
Contributions	30,881	13,440
Gifts and samples in inventories	153,764	186,735
Underestimated taxes	2,931	
Moulds owned and customer contributions		34,622
Unfavourable exchange rate differences	14,608	392,399
Commissions and other bank expenses	51,368	63,023
Others	58,440.39	77,428
Other expenses and losses	**1,512,957**	**1,683,769**

29. Disclosure of Information on Interest and Similar Expenses

INTEREST AND SIMILAR EXPENSES EUR

Items	**Total**	
	2018	**2017**
Interest Borne	312,064	326,763
Interest and similar expenses	**312,064**	**326,763**

30. Legally Required Disclosures

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

30.1. Information on Guarantees Provided

EUR

Guarantees provided	Beneficiary	Amount
Bank guarantees		
Caixa Geral de Depósitos	APCMC	16,000
Banco Santander Totta	IAPMEI	317,509

30.2. Information on Sales by Market

SALES AND SERVICES PROVIDED BY ACTIVITY AND BY GEOGRAPHIC MARKET

Description	2018				2017			
	Real Estate	Commercial	Industrial	Total	Real Estate	Commercial	Industrial	Total
Portugal		4 650478	9,084,494	13,734,971	540,000	3,133,229	9,575,638	13,248,868
Other		1,789,867	51,656,809	53,446,676		13,064,948	37,542,723	50,607,671
Total		**6,440,345**	**60,741,303**	**67,181,648**	**540,000**	**16,198,178**	**47,118,361**	**63,856,539**

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	2018	2017
66-A 508-F	Statutory Audit	20,231	22,108
Totals	**Totals**	**20,231**	**22,108**

The Certified Accountant

The Board of Directors

X. Report and Opinion of the Audit Board – 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 December 31, 2018.

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:
    a. that the individual financial statements included in the consolidation were properly examined, and that all clarifications deemed necessary have been obtained;
    b. that the consolidation operations were adequately handled;
    c. 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.
    d. 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 work of Jorge Silva, Neto, Ribeiro & Pinho, Sroc, Lda., as well as the Statutory Audit on the Consolidated Accounts it produced, and considers that the Consolidated Financial Statements present, in a true and appropriate manner and in all material aspects, the consolidated financial position of Grupo OLI – Sistemas Sanitários, S.A. on December 31, 2018, and the consolidated results of its operations, changes in consolidated equity and consolidated cash flows for the year then ended, in compliance with the Accounting and Financial Reporting Standards of the Portuguese Accounting Normalisation 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 in question, 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 2018.

Aveiro, May 18, 2019

The Supervisory Board

João Paulo Araújo Oliveira – Chairman

Carlos Manuel Tavares Breda – Member

José António Marques Pereira – Member

XI. Statutory Audit – Consolidated Accounts

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

STATUTORY AUDIT

REPORT ON THE AUDIT ON THE FINANCIAL STATEMENTS

Opinion

We have examined the financial statements of **OLI - SISTEMAS SANITÁRIOS, S.A.** (the Group), which comprise the Balance Sheet as of December 31, 2018 (showing a total of 73,632,925 euros and a total equity of 37,240,356 euros, including a net profit of 3,782,269 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 December 31, 2018 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 Normalisation 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 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 and supervisory bodies over 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 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

[initials]

Registration at the Companies Register and corporate taxpayer number (NIPC) 510413900

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

The supervisory body is responsible for supervising the process of preparing and disclosing the Entity's financial information.

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 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;

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- 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;

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 Group, we have not identified any material inaccuracies.

Aveiro, May 16, 2019

[initials]

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

António Rodrigues Neto (Chartered Accountant registered in OROC under no. 857 and in CMVM under No. 20160480)

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Inspired by water...

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