



# RAMADA

INVESTMENTS AND INDUSTRY

Report and Accounts

30 June 2018

(unaudited)



**80 YEARS**  
Investing in industry

## Report and Accounts - 1st Semester 2018

(This is a translation of a document originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

### **INDEX**

<i>INTRODUCTION</i> .....	3
<i>STOCK EXCHANGE EVOLUTION</i> .....	4
<i>GROUP'S ACTIVITY</i> .....	6
<i>FINANCIAL REVIEW</i> .....	9
<i>SECOND SEMESTER OUTLOOK</i> .....	14
<i>CORPORATE GOVERNANCE</i> .....	15
<i>CLOSING REMARKS</i> .....	16
<i>DECLARATION OF RESPONSABILITY</i> .....	17

## Report and Accounts - 1st Semester 2018

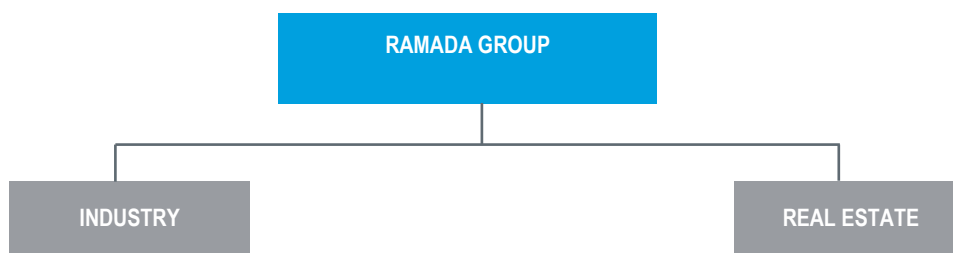
To the Shareholders

Pursuant to the legal requirements, the Board of Directors of Ramada Investimentos e Indústria, S.A. ("Ramada Investimentos", "Company" or "Ramada Group") hereby presents its Director's Report for the first semester of 2018.

### INTRODUCTION

Ramada Investimentos<sup>1</sup> is the parent company of a group of companies ("Ramada Group") that operate in two business areas:

- i) Industry, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the Group is a minority shareholder;
- ii) Real Estate, focused in the management of real estate assets;



In the last quarter of 2017, Ramada Investimentos acquired, indirect control of 99% of the share capital of SOCITREL – Sociedade Industrial de Trefilaria, S.A. ("Socitrel"). It should be noted that Socitrel only started to impact the consolidated statement of profit and loss from January 1st 2018 onwards. Additionally, in the period ended March 31, 2018 Ramada Investimentos purchased the remaining 1% of participation regarding Socitrel share capital.

This acquisition allowed Ramada Investimentos to diversify its industrial activity, entering a new area of business. The main business of Socitrel is related with manufacture of steel wires, capable of being used in a wide variety of activities, including industry, agriculture and construction.

In the first half of 2018, Ramada Investimentos sold the entire share capital of Ramada Storax, S.A. and of all its subsidiaries in France, United Kingdom, Belgium and Spain, which supported the entire international distribution network. This operation imply the discontinuation of the Storage Solutions activity.

<sup>1</sup> In June 2018 F. Ramada - Investimentos SGPS, S.A., changed the Company's corporate purpose, as well as the Company's name to "RAMADA INVESTIMENTOS E INDÚSTRIA, S.A." (Ramada Investimentos).

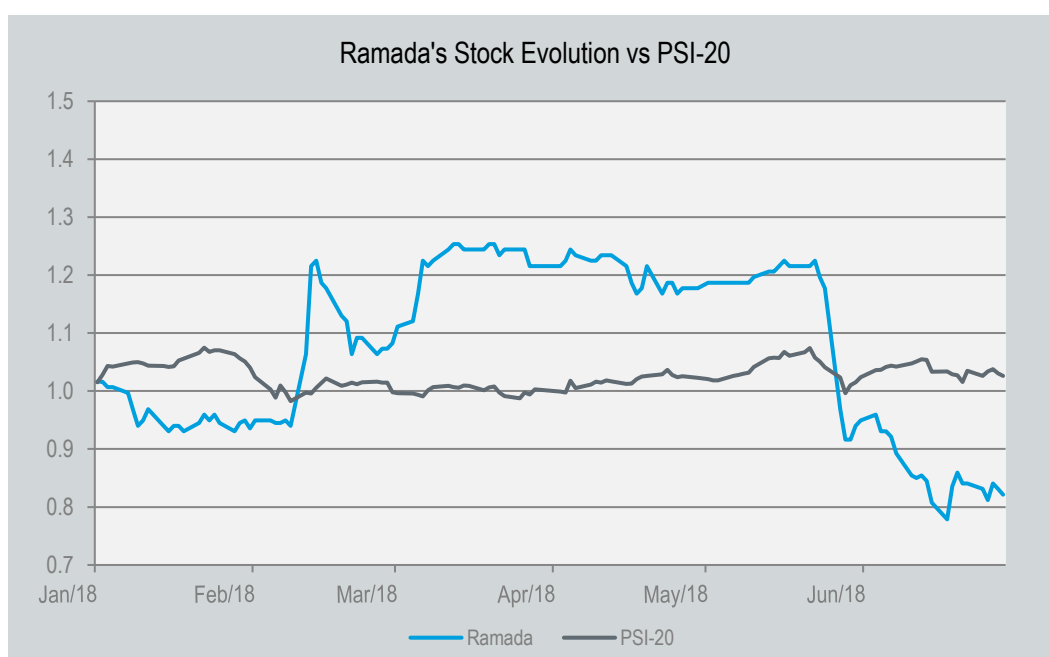
## Report and Accounts - 1st Semester 2018

### STOCK EXCHANGE EVOLUTION

(Note: in order to enable a better comparison of the stock fluctuations, the PSI 20 index has been considered as being equal in value to the opening price of the shares.)

In the first half of 2018, the Portuguese stock market index (PSI-20) appreciated 2.60% in relation to the end of 2017.

The Ramada Group shares devalued 17.85% over the same period, presenting a lower performance than the reference index in this period.



At the end of the first semester of 2018, Ramada Group shares closed at 8.65 Euro per share, which represents a market capitalization of 222 Million Euro.

In the first semester of 2018, Ramada Group shares were traded at a maximum price of 13.20 Euro per share and a minimum price of 8.20 Euro per share. In the same period, were traded 2,137,348 shares of the Ramada Group.

#### Ramada Group share price evolution

The main events that marked the evolution of Ramada Group share price during the first semester of 2018 can be described as follows:

## Report and Accounts - 1st Semester 2018



- In the announcement of the Group's performance for the financial year 2017, released on 8 March 2018, Ramada's consolidated net profit was of 56.7 million Euro, which represents an increase of 307.2% over the previous year. The total revenues amounted to 158.2 million Euro and consolidated EBITDA amounted approximately to 24.8 million Euro. On that date the shares closed at 10.53 Euros per share;
- In the announcement made on 20 March 2018, Ramada Investimentos reported the sale of subsidiary Ramada Storax, S.A..
- In the announcement made on 10 May, Ramada Investimentos informed the market that dividends related with net profit of 2017, corresponding to 2.23 Euro per share, would be paid from 30 May;
- On 30 May 2018, in the announcement concerning the presentation of the financial statements for the first quarter of 2018, Ramada Group presented a net profit of 3.3 million Euro, consolidated EBITDA amounted to 4.7 million Euro, while total turnover amounted to 31.8 million Euro.

## Report and Accounts - 1st Semester 2018

### GROUP'S ACTIVITY

Ramada Investimentos, S.A. is the parent company of a group of companies ("Ramada Group") which, together, operate in two business areas:

- i) Industry, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the Group is a minority shareholder
- ii) Real Estate, focused in the management of real estate assets.

The steel products sold by the Group is mainly used for the construction of machinery and its components and for the production of tools (dies, cuttings and molds), with the main markets being the mold making industry for plastic components on automotive sector, equipment and components for electrical appliances and electronics.

Socitrel (company acquired by the group in the final of 2017) is dedicated to the manufacture and commercialization of steel wire, for application in the most diverse areas of activity, namely industry, agriculture and civil construction.

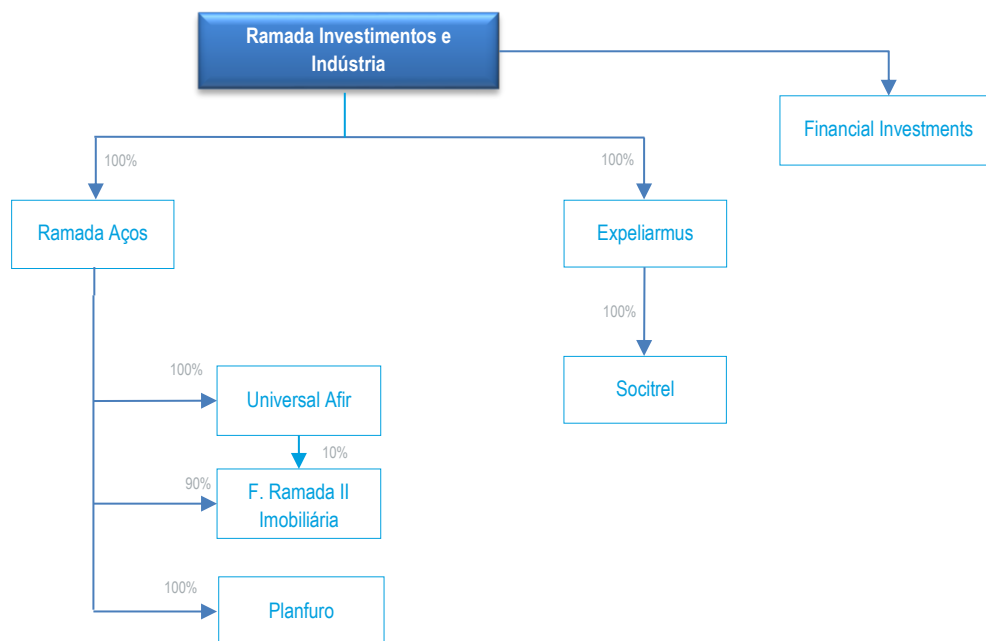
On 30 June 2018, the participation of the Group in CEV / Converde assumes relevance in the activity of management of financial investments, among others.

The activity of CEV / Converde consists in the development and patent register focused on BLAD protein. The BLAD is a fungicide obtained from the extraction of the protein from *Lupinus Albus* (sweet lupines).

The Real Estate segment includes real estate management activity (composed of forest assets and real estate of the group) and is developed by F. Ramada II - Imobiliária, S.A.

## Report and Accounts - 1st Semester 2018

The structure of Ramada Group, as of 30 June 2018, can be present as follows:



In the first half of 2018, the Steel business recorded a growth in turnover compared to the same period of the previous year.

The sectors of mold and metal mechanics continue to be the engine of sales growth of this activity.

The recent EU, China and EU trade battle can bring huge upheavals in car sales, although the imperative need to reduce vehicle weight and the introduction of the "electric and self-powered car" will have a significant impact on the activity of the Molds Industry.

In the first half of 2018, the Group took another important step in entering a new niche market in this sector: molds for bumpers, wheel arches and door panels.

The Metal-mechanics sector continues to go through a good period with exports making an important contribution.

The sector of the construction of tools for the stamping of parts for the automotive industry had a dynamic first half of the year, with new projects awarded to the Portuguese market, which boosted our oxyfuel service and sales of cold work steels.

Steel prices continue to rise and everything suggests that this trend will continue until the end of the year.

The Steel business operates essentially in the domestic market, which accounted for 94% of turnover in the first half months of 2018. The growth of exports is a bet for 2018. The rise in exports has posed enormous challenges to the Group's logistics, so far dedicated to the domestic market.

## Report and Accounts - 1st Semester 2018

In the first half of 2018, Socitrel's activity registered a significant growth compared to the same period of 2017, recovering levels of production, sales and financial performance.

In the main markets where Socitrel operates, there is some stability at the end of the first half with pressure signals on the supply side, after a few months of demand-side pressure. At the level of the zinc products the supply side pressure remains. The Machine Wire market maintains the price stability associated with the uncertainty of its evolution for the third quarter.

Socitrel operates mainly in the foreign market, which in the first half of 2018 accounted for 66% of turnover, with Europe being the target market with the highest preponderance.



## Report and Accounts - 1st Semester 2018

### FINANCIAL REVIEW

The financial information presented below in relation to Ramada Group was prepared in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS), as adopted by the European Union.

The income statement for the first half of 2017 was restated in order to segregate in an autonomous line the results attributable to the discontinuing units (subsidiaries that are dedicate to the storage solutions business).

The main indicators of the consolidated activity of the Ramada Group can be summarize as follows:

	1S 2018	1S 2017 (restated)	Var. %
Sales and services rendered	67,243	38,950	72.60%
Other Income	531	194	174.10%
<b>Total Income</b>	<b>67,774</b>	<b>39,143</b>	<b>73.10%</b>
Costo f sales	(40,952)	(21,124)	93.90%
External supplies and services	(8,895)	(4,554)	95.30%
Payroll	(7,323)	(4,682)	56.40%
Other costs	(832)	(681)	22.10%
<b>Total Costs (a)</b>	<b>(58,002)</b>	<b>(31,041)</b>	<b>86.90%</b>
<b>EBITDA (b)</b>	<b>9,772</b>	<b>8,103</b>	<b>20.60%</b>
<b>EBITDA margin</b>	<b>14.40%</b>	<b>20.70%</b>	
Amortization and depreciation	(2,998)	(2,568)	16.70%
<b>EBIT (c)</b>	<b>6,774</b>	<b>5,535</b>	<b>22.40%</b>
<b>EBIT margin</b>	<b>10.00%</b>	<b>14.10%</b>	
Gains / losses in associated companies	-	991	-100.00%
Financial Costs	(893)	(752)	18.70%
Financial Income	-	87	-99.40%
<b>Net profit before income tax</b>	<b>5,881</b>	<b>5,861</b>	<b>0.30%</b>
Income tax	(1,370)	(1,284)	
<b>Profits after tax on continued operations</b>	<b>4,511</b>	<b>4,578</b>	<b>-1.50%</b>
Profits after tax on discontinued operations	60,214	2,493	2315.50%
<b>Consolidated net profit</b>	<b>64,725</b>	<b>7,071</b>	<b>815.40%</b>
Consolidated net profit attributable to shareholders of parent company	64,725	7,061	816.70%
Consolidated net profit attributable to non-controlling interests	-	10	

(amounts in thousands of Euros)

- (a) Operating costs excluding amortization and depreciation, financial expenses and income tax
- (b) EBITDA = Earnings before interest, income tax, depreciation and amortization
- (c) EBIT = Operating results

## Report and Accounts - 1st Semester 2018

Total turnover of Ramada Group, during the first semester of 2018, amounted to 67,774 thousand Euro representing an increase of 73.1% compared to the total turnover of the homologous period in 2017. This growth is explained by the impact of the consolidation of the Socitrel subsidiary only in 2018. Excluding this effect, the group had an equivalent growth in the period of 5,482 thousand Euros, an increase of 14.1%.

Total costs, excluding amortization, financial expenses and taxes, amounted to 58,002 thousand Euro, representing an increase of 86.9 % in relation to June 2017.

EBITDA in the first semester of 2018 reached 9,772 thousand Euro, representing an increase of 20.6% when compared to the homologous period. The EBITDA margin reached 14.4%, which compares to 16.7% obtained in the same period in 2017.

Group's operating results (EBIT) amounted to 6,774 thousand Euro, representing a positive variation of 22.4% comparing with 5,535 thousand Euro in the same period of 2017.

The negative financial costs amounted to 893 thousand Euro, representing a growth of 34.3%, when compared with the same period in 2017.

In the first semester of 2018 net income from continuing operations amounted to 4,511 thousand Euro, 1.5% less than in the first semester of the previous year.

The net result of the discontinued operations was 60,214 thousand Euros, which included the gain on the transaction of the entire Storage Solutions business of 59,038 thousand Euros. In the same period of 2017 the results of this activity amounted to 2,493 thousand Euros.

Consolidated net income, including discontinued operations, reached 64,725 thousand Euros, and 7,701 thousand Euros in the same period of 2017.

## Report and Accounts - 1st Semester 2018

### INDUSTRY

	1S 2018	1S 2017 (Restated)	Var. %
Total revenue	64,323	35,741	80.0%
Total Costs (a)	(57,331)	(30,475)	88.1%
EBITDA ( b)	6,993	5,266	32.8%
EBITDA Margin	10.9%	13.6%	
EBIT (c)	4,118	2,898	42.1%
EBIT Margin	6.4%	8.1%	
Financial results	(456)	(123)	271.9%
Share of results of associates	0	991	-100.0%
<b>Profit before income tax from continuing operations</b>	<b>3,662</b>	<b>3,766</b>	<b>-2.8%</b>
Income tax	(815)	(655)	24.5%
<b>Net profit from continuing operations</b>	<b>2,846</b>	<b>3,111</b>	<b>-8.5%</b>
Net Income from discontinued operations	60,214	2,493	2315.5%
<b>Consolidated net profit for the period</b>	<b>63,060</b>	<b>5,604</b>	<b>1025.2%</b>

Amounts in thousands of Euros

(a) Operating costs excluding depreciation and amortization, financial costs and income taxes

(b) EBITDA = income before financial results, taxes on income, amortization and depreciation

(c) EBIT = income before financial results and taxes on income

During the first semester of 2018 the total income for the industry segment amounted to 64,323 thousand Euro, representing an increase of 80% compared to total income for the first three months of 2017. This increase is explained by the impact of the consolidation of the Socitrel subsidiary, only in 2018. Excluding this effect, the group had an equivalent growth in the period of 5,482 thousand Euros, an increase of 14.1%.

Industry segment's EBITDA in the first semester of 2018 amounted to 6.993 thousand Euro, which represents an increase of 32,8% when compared with 5.266 thousand Euro achieved in the same period in 2017.

The industry EBITDA margin decreased to 10.9% compared to 13.6% in the previous year.

Operating income (EBIT), in the amount of 4,118 thousand Euros, grew by 42.1% compared to 2,898 thousand Euros in the same period of 2017.

## Report and Accounts - 1st Semester 2018

### REAL ESTATE

	1 S 2018	1S 2017 (Restated)	Var. %
Total revenue	3,450	3,402	1.4%
Total Costs (a)	(671)	(566)	18.6%
EBITDA ( b)	2,779	2,836	-2.0%
EBIT (c)	2,656	2,637	0.7%
Financial results	(436)	(542)	-19.5%
Profit before income tax	2,220	2,095	5.9%

Amounts in thousands of Euros

(a) Operating costs excluding depreciation and amortization, financial costs and income taxes

(b) EBITDA = income before financial results, taxes on income, amortization and depreciation

(c) EBIT = income before financial results and taxes on income

Total income for the Real Estate segment in the first semester of 2018 was 3,450 thousand Euro, verifying an increase of 1.4% over the same period of 2017.

The rents obtained from the long-term lease of forestland represent more than 95% of total income of the Real Estate segment.

Real Estate segment EBITDA in the first semester of 2018 amounted to 2,779 thousand Euro, having registered a decrease of 2.0% compared to 2017.

In the first half of 2018, the operating income (EBIT) of the Real Estate segment, in the amount of 2,656 thousand Euros, showed a slight increase compared to the same period of 2017.

The financial results of the Real Estate segment were negative by 436 thousand Euros, showing an improvement of 19.5% compared to the negative 542 thousand Euros in the first half of 2017.

In the first half of 2018, pre-tax income from the Real Estate segment amounted to 2,220 thousand Euros, 5.9% higher than in 2017.

## Report and Accounts - 1st Semester 2018

### INVESTMENTS AND DEBT

Ramada Group investments (CAPEX) in the first semester of 2018 amounted to 1,141 thousand Euro.

On June 30, 2018, the Ramada Group had net cash, in the amount of 12,035 thousand Euros. At 31 December 2017, the net nominal indebtedness amounted to 7,872 thousand Euros.

## Report and Accounts - 1st Semester 2018

### **SECOND SEMESTER OUTLOOK**

Taking into account the situation that the mold and metal-mechanic sectors are currently experiencing and the positive developments that have been taking place in Socitrel, the Group expected to reach a good level of activity in the second half of 2018.

## Report and Accounts - 1st Semester 2018

### CORPORATE GOVERNANCE

In accordance with the current legislation, the Group is not required to provide information regarding corporate governance, since this information is only compulsory together with the annual management report. The detailed annual report of corporate governance is included in the Financial Reporting of 2017 and it is available in our site ([www.ramadainvestimentos.pt](http://www.ramadainvestimentos.pt)).

## Report and Accounts - 1st Semester 2018

### **CLOSING REMARKS**

We don't want to conclude without thanking our customers and suppliers, financial institutions and other partners of the Group for their trust in our organization. We would also like to thank the Statutory Audit Board for the continued monitoring of our operations.

Porto, 26 July 2018

#### **Board of Directors**

---

João Manuel Matos Borges de Oliveira

---

Paulo Jorge dos Santos Fernandes

---

Domingos José Vieira de Matos

---

Pedro Miguel Matos Borges de Oliveira

---

Ana Rebelo de Carvalho Menéres de Mendonça



## Report and Accounts - 1st Semester 2018

### STATEMENT UNDER ARTICLE 246, PARAGRAPH 1, C) OF THE SECURITIES CODE

The signatories individually declare that, to their knowledge, the Condensed Financial Statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, for the purpose of interim reporting, and the other accounting documents required by law or regulation, give a truthful and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated results of Ramada Investimentos e Indústria, S.A. and of the companies included in the consolidation perimeter, and that the Interim Director's Report accurately explains the activity evolution, performance and financial position of Ramada Investimentos e Indústria, S.A. and the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties that they face.

### DECLARATION OF RESPONSABILITY

The members of the Board of Directors of Ramada Investimentos e Indústria, S.A. declare that they assume responsibility for this information and assure that the items included herein are true and that, to the best of their knowledge, there are no omissions.

Pursuant to article 210 of the Social Security Code (approved by Law no. 110/2009, of 16 September) the Board of Directors informs that there are no overdue debts to the State, namely with respect to Social Security.

## Report and Accounts - 1st Semester 2018

### Article 14, paragraph 7 of Portuguese Securities Regulator (CMVM) Regulation nr. 05/2008

Disclosure of shares and other securities held by members of the Board of Directors and by those discharging managerial responsibilities, as well as by people closely connected with them (article 248 B of the Securities Code), and disclosure of the respective transactions during the semester.

Board of Directors	Number of shares 31 Dec. 2017	Acquisitions	Sales	Others	Number of shares 30 Jun. 2018
João Manuel Matos Borges de Oliveira (imputação via CADERNO AZUL - SGPS, S.A.)	5 300 000		-	-	5 300 000
Paulo Jorge dos Santos Fernandes (imputação via ACTIUM CAPITAL - SGPS, S.A.)	4 009 402		-	-	4 009 402
Domingos José Vieira de Matos (imputação via LIVREFLUXO - SGPS, S.A.)	2 606 124	512 284	-	-	3 118 408
Domingos José Vieira de Matos (directly)	512 284		(512 284)		-
Pedro Miguel Matos Borges de Oliveira	2 565 293	-	-		2 565 293
Ana Rebelo de Carvalho Menéres de Mendonça (imputação via PROMENDO - SGPS, S.A.)	4 845 383	-	-	-	4 845 383

#### Domingos José Vieira de Matos (imputation through LIVREFLUXO - SGPS, S.A.)

Date	Type	Volume	Price (€)	Local	Number of shares
31 Dec 2017	-	-	-	-	2,606,124
08 Mar 2018	Acquisition	512,284	10.88	Euronext Lisbon	3,118,408
30 Jun 2018	-	-	-	-	3,118,408

#### Domingos José Vieira de Matos (directly)

Date	Type	Volume	Price (€)	Local	Number of shares
31 Dec 2017	-	-	-	-	512,284
08 Mar 2018	Sale	-512,284	10.88	Euronext Lisbon	-
30 Jun 2018	-	-	-	-	-

# **RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

## **CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 JUNE 2018 AND 31 DECEMBER 2017**

(Translation of financial statements originally issued in Portuguese - Note 16)

(Amounts expressed in Euro)

ASSETS	Notes	30.06.2018	31.12.2017
<b>NON CURRENT ASSETS</b>			
Investment properties	6	85 029 828	84 921 939
Tangible assets		19 783 839	22 800 147
Intangible assets		22 682	116 152
Goodwill		1 245 520	1 245 520
Other investments	4.2	203 614	8 492
Other non-current assets		1 444 139	1 439 631
Deferred tax assets	7	3 403 838	4 552 283
<b>Total non current assets</b>		<b>111 133 460</b>	<b>115 084 164</b>
<b>CURRENT ASSETS</b>			
Inventories		26 672 679	28 871 968
Clients		38 900 395	54 403 293
State and other public entities		1 381 301	3 170 043
Other debtors		1 535 036	1 862 228
Other current assets		217 660	5 626 683
Cash and cash equivalents	8	120 166 434	105 099 639
<b>Total current assets</b>		<b>188 873 505</b>	<b>199 033 854</b>
<b>Total assets</b>		<b>300 006 965</b>	<b>314 118 018</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	9	25 641 459	25 641 459
Legal reserve		6 460 877	6 460 877
Currency translation reserves		-	(1 080 409)
Other reserves		57 959 369	58 429 714
Consolidated net profit for the year		64 724 724	56 708 187
Total equity attributable to equity holders of the parent company		154 786 429	146 159 828
Non-controlling interests		-	4 923
<b>Total equity</b>		<b>154 786 429</b>	<b>146 164 751</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Bank loans	10	54 537 910	57 455 951
Other loans	10	3 792 155	6 874 761
Other debtors non current debtors		-	238 752
Provisions	12	860 000	3 100 736
Deferred tax liabilities	7	931 653	955 993
<b>Total non current liabilities</b>		<b>60 121 718</b>	<b>68 626 193</b>
<b>CURRENT LIABILITIES</b>			
Bank loans	10	6 341 738	7 511 465
Other loans	10	43 459 615	41 128 981
Suppliers		19 300 666	26 429 496
State and other public entities		5 746 867	6 612 242
Other creditors		1 108 477	2 868 687
Other current liabilities	11	9 141 455	14 776 203
<b>Total current liabilities</b>		<b>85 098 818</b>	<b>99 327 074</b>
<b>Total liabilities</b>		<b>145 220 536</b>	<b>167 953 267</b>
<b>Total equity and liabilities</b>		<b>300 006 965</b>	<b>314 118 018</b>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE  
FOR THE SIX AND THREE MONTHS PERIOD ENDED AS 30 JUNE 2018 AND 2017  
(Translation of financial statements originally issued in Portuguese - Note 16)  
(Amounts expressed in Euro)**

Notes	Six months period ended as:		Three months period ended as:	
	30.06.2018	30.06.2017 (Restated)	30.06.2018	30.06.2017 (Restated)
Sales and services rendered	67 242 837	38 949 705	35 586 748	19 978 957
Other income	530 745	193 653	383 946	95 553
Cost of sales	(40 952 257)	(21 123 738)	(21 874 948)	(11 271 812)
External supplies and services	(8 895 071)	(4 554 097)	(4 673 286)	(1 924 950)
Payroll expenses	(7 323 221)	(4 681 886)	(3 709 432)	(2 346 034)
Amortization and depreciation	(2 997 909)	(2 567 887)	(1 506 179)	(1 247 887)
Provisions and impairment losses	12 (355 894)	(106 371)	(346 990)	(54 198)
Other expenses	(475 634)	(574 539)	(245 504)	(297 747)
Share of results of associates	4.2 -	991 304	-	495 652
Financial expenses	(892 773)	(752 183)	(495 945)	(393 493)
Financial income	487	87 471	22	43 807
<b>Profit before income tax</b>	<b>5 881 310</b>	<b>5 861 432</b>	<b>3 118 432</b>	<b>3 077 847</b>
Income tax	(1 370 327)	(1 283 737)	(779 608)	(467 697)
<b>Consolidated net profit from continuing operations</b>	<b>4 510 983</b>	<b>4 577 694</b>	<b>2 338 824</b>	<b>2 610 150</b>
Profit after income tax from discontinued operations	5 60 213 741	2 492 838	59 037 861	1 269 424
<b>Consolidated net profit</b>	<b>64 724 724</b>	<b>7 070 532</b>	<b>61 376 685</b>	<b>3 879 574</b>
<b>Attributable to:</b>				
<b>Parent company's shareholders</b>	<b>64 724 724</b>	<b>7 061 005</b>	<b>61 376 685</b>	<b>3 857 048</b>
Continuing operations	4 510 983	4 577 694	2 338 824	2 610 150
Discontinued Operations	60 213 741	2 492 838	59 037 861	1 269 424
<b>Non-controlling interests</b>	<b>-</b>	<b>9 527</b>	<b>-</b>	<b>22 526</b>
Continuing operations	-	-	-	-
Discontinued Operations	-	9 527	-	22 526
<b>Earnings per share</b>				
Continuing operations				
Basic	13 0.18	0.20	0.09	0.11
Diluted	13 0.18	0.20	0.09	0.11
Discontinued Operations				
Basic	13 2.35	0.10	2.30	0.05
Diluted	13 2.35	0.10	2.30	0.06

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIODS ENDED AS 30 JUNE 2018 AND 2017**

(Translation of financial statements originally issued in Portuguese - Note 16)

(Amounts expressed in Euro)

	Notes	Six months period ended as:		Three months period ended as:	
		30.06.2018	30.06.2017 (Restated)	30.06.2018	30.06.2017 (Restated)
<b>Net consolidated profit for the period</b>		<b>64 724 724</b>	<b>7 070 532</b>	<b>61 376 685</b>	<b>3 879 574</b>
Other comprehensive income					
Items that may be reclassified subsequently to statement of profit or loss:					
Exchange differences arising on translation of foreign operations from discontinued operations		82 120	(133 503)	-	(100 808)
Items reclassified to statement of profit or loss:					
Exchange reserves arising on translation of foreign operations from discontinued operations	5	998 289	-	998 289	-
<b>Other comprehensive income for the period</b>		<b>1 080 409</b>	<b>(133 503)</b>	<b>998 289</b>	<b>(100 808)</b>
<b>Total comprehensive income for the period</b>		<b>65 805 133</b>	<b>6 937 029</b>	<b>62 374 974</b>	<b>3 778 766</b>
<b>Attributable to:</b>					
Parent company's shareholders		65 805 133	6 927 502	62 374 974	3 756 240
Non-controlling interests		-	9 527	-	22 526

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED AS 30 JUNE 2018 AND 2017**  
*(Translation of financial statements originally issued in Portuguese - Note 16)*  
 (Amounts expressed in Euro)

Attributable to the parent company's shareholders										
Notes	Share capital	Own shares	Legal reserve	Currency translation reserves	Other reserves and retained earnings	Net profit	Total	Non-controlling interests	Total Equity	
Balance as of 1 January 2017	9	25 641 459	(1 641 053)	6 231 961	(891 241)	34 737 106	13 860 952	77 939 184	142 364	78 081 548
Total consolidated comprehensive income for the period		-	-	-	(133 503)	-	7 061 005	6 927 502	9 527	6 937 029
Appropriation of the consolidated net profit for 2016:										
Transfer to other reserves		-	-	228 917	-	13 632 035	(13 860 952)	-	-	-
Dividends		-	-	-	-	(6 461 648)	-	(6 461 648)	-	(6 461 648)
<b>Balance as of 30 June 2017</b>		<b>25 641 459</b>	<b>(1 641 053)</b>	<b>6 460 878</b>	<b>(1 024 744)</b>	<b>41 907 493</b>	<b>7 061 005</b>	<b>78 405 038</b>	<b>151 891</b>	<b>78 556 929</b>
Balance as of 1 January 2018	9	25 641 459	-	6 460 877	(1 080 409)	58 429 714	56 708 187	146 159 828	4 923	146 164 751
Total consolidated comprehensive income for the period		-	-	-	1 080 409	-	64 724 724	65 805 133	-	65 805 133
Appropriation of the consolidated net profit for 2017:										
Transfer to other reserves		-	-	-	-	56 708 187	(56 708 187)	-	-	-
Dividends		-	-	-	-	(57 180 455)	-	(57 180 455)	-	(57 180 455)
Acquisition of non-controlling interests		-	-	-	-	1 923	-	1 923	(4 923)	(3 000)
<b>Balance as of 30 June 2018</b>		<b>25 641 459</b>	<b>-</b>	<b>6 460 877</b>	<b>-</b>	<b>57 959 369</b>	<b>64 724 724</b>	<b>154 786 429</b>	<b>-</b>	<b>154 786 429</b>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX AND THREE MONTHS PERIODS ENDED AS 30 JUNE 2018 AND 2017**  
(Translation of financial statements originally issued in Portuguese - Note 16)  
(Amounts expressed in Euro)

	Notes	Six months period ended as:		Three months period ended as:	
		30.06.2018	30.06.2017	30.06.2018	30.06.2017
Operating activities:					
Collections from customers		76 687 935	104 214 361	16 303 999	47 990 810
Payments to suppliers		(59 078 331)	(72 813 225)	(16 138 374)	(36 177 331)
Payments to personnel		(4 465 529)	(6 468 936)	(2 439 000)	(3 186 606)
Income tax paid/received		(158 059)	(668 464)	(88 180)	(521 939)
Other collections/payments relating to operating activities		(4 822 283)	(4 980 342)	(1 685 244)	(2 727 010)
<i>Cash flow from operating activities (1)</i>		<u>8 163 733</u>	<u>18 244 590</u>	<u>(4 124 244)</u>	<u>5 377 925</u>
Investment activities:					
Collections arising from:					
Tangible assets		11 138	262 396	7 261	147 896
Other assets		76 273	-	67 746	-
Investment properties		-	991 276	-	-
Financial investments	5	81 000 000	282	81 000 000	-
Interests and similar income		-	79 225	2 548	48 199
Payments arising from:					
Financial investments	4.2	(430 000)	(478 012)	(234 444)	(417 805)
Investment properties		(64 575)	-	(64 575)	-
Intangible assets		-	(16 217)	-	(4 163)
Tangible assets		(1 688 792)	(6 452 562)	(590 972)	(1 449 441)
Loans granted		-	-	-	-
<i>Cash flow from investment activities (2)</i>		<u>(2 183 367)</u>	<u>(6 946 791)</u>	<u>(889 991)</u>	<u>(1 871 409)</u>
		<u>78 904 044</u>	<u>(5 613 612)</u>	<u>80 187 564</u>	<u>(1 675 314)</u>
Financing activities:					
Collections arising from:					
Loans obtained		4 875 598	4 759 531	(624 402)	3 149 391
Payments arising from:					
Interests and similar costs		(1 232 665)	(1 252 407)	(425 949)	(440 721)
Dividends	9	(57 180 544)	(6 461 422)	(57 180 544)	(6 461 422)
Loans obtained		(6 540 840)	(6 234 171)	(58 180 237)	(1 007 695)
<i>Cash flow from financing activities (3)</i>		<u>(60 078 451)</u>	<u>(9 188 469)</u>	<u>(58 804 639)</u>	<u>(7 909 838)</u>
		<u>(4 760 447)</u>			
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b>97 418 384</b>	<b>10 037 127</b>	<b>99 134 640</b>	<b>14 513 515</b>
Change in cash and cash equivalents: (1) + (2) + (3)		26 989 326	3 442 509	17 258 690	(1 057 835)
Effect of exchange rate changes		58 068	(96 684)	-	(72 728)
Cash and cash equivalents associated with discontinued operations	5	(8 072 458)	-	-	-
<b>Cash and cash equivalents at the end of the period</b>	8	<b>116 393 320</b>	<b>13 382 952</b>	<b>116 393 320</b>	<b>13 382 952</b>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

## **1. INTRODUCTORY NOTE**

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A. ("Ramada Investimentos", "Ramada Group" or "Group") is a public limited company incorporated on June 1, 2008, located at Rua General Norton de Matos, 68, r / c in Oporto. Its main activity consists on management consulting services, and its shares are listed on Euronext Lisbon. In June 2018 F. Ramada - Investimentos SGPS, S.A., changed its corporate purpose and its name to "RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

The Ramada Group was created as a result of the reorganization process of Altri, SGPS, S.A. through the demerger of the business areas of steel and storage systems, namely the participation held in Ramada Aços S.A., which represented the voting rights of the mentioned company. The restructuring involved a simple demerger operation, as predicted in item 1.a), article 118, of the Portuguese Companies Act ("Código das Sociedades Comerciais").

Following this process, the share of the assets of Altri, SGPS, SA corresponding to the shareholding management business in the steel and storage solutions sector, including all other resources (notably persons, assets and liabilities) were transfer to Ramada Investimentos.

Currently, Ramada Investimentos is the parent company of a group of companies listed in Note 4 (designated as Ramada Group), that together operate two distinct business segments: i) Industry Segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the Group is a minority shareholder; and ii) Real Estate Segment, aimed at the management of real estate assets.

The consolidated financial statements of Ramada Group are present in Euro (rounded to units), which is the currency used by the Group in its operations and, therefore, is consider its functional currency. The operations of the foreign companies whose functional currency is different from Euro are included in the consolidated financial statements in accordance with the policy set out in note 2.

## **2. MAIN ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

The consolidated financial statements as of 30 June 2018 were prepared in accordance with the accounting policies defined by the International Financial Reporting Standards and in accordance with IAS 34 – Interim Financial Reporting, and include the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, as well as selected notes to the financial statements.

The accounting policies adopted in the preparation of the consolidated financial statements of F. Ramada are consistent with the accounting policies used in the preparation of the financial statements presented for the year ended as of 31 December 2017 except for the adoption of the new standards effective at 1 January 2018. There were no significant impacts from IFRS 9 and IFRS 15 application.

## **3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS**

During the reporting period, there were no changes in the accounting policies and were not identified any material mistakes related with previous periods.



**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

#### **4. SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND OTHERS INVESTMENTS**

##### **4.1 Companies included in the consolidated financial statements**

The companies included in the consolidated financial statements by the full consolidation method, its headquarters, percentage of participation held and main activity as of June 30, 2018, and December 31, 2017, are as follows:

Designation	Headquarters	Percentage of participation held		Activity
		30.06.2018	31.12.2017	
<b><u>Parent company:</u></b>				
Ramada Investimentos e Indústria, S.A.	Porto	-	-	Holding - management consulting services
<b><u>F. Ramada Group:</u></b>				
Ramada Aços, S.A.	Ovar	100%	100%	Steel comercialization
Planfuro Global, S.A.	Leiria	100%	100%	Manufacture of metal molds
Universal Afir, S.A.	Ovar	100%	100%	Steel comercialization
F. Ramada II, Imobiliária, S.A.	Ovar	100%	100%	Real estate
Socitrel - Sociedade Industrial de Trefilaria, S.A.	Trofa	100%	99%	Manufacture and sale of steel wires
Socitrel España, S.A.	Spain	100%	99%	Manufacture and sale of steel wires
Expeliarmus - Consultoria, S.A.	Porto	100%	99%	Company holding company
Ramada Storax, S.A. (1)	Ovar	-	100%	Production and comercialization of storage systems
Storax, S.A. (1)	France	-	100%	Comercialization of storage systems
Storax, Ltd. (1)	United Kingdom	-	100%	Comercialization of storage systems
Storax Benelux, S.A. (1)	Belgium	-	100%	Comercialization of storage systems
Storax España S.L. (1)	Spain	-	100%	Comercialization of storage systems

(1) -Companies disposed in the period (note 5)

All the above companies were included in the consolidated financial statements of Ramada Group in accordance with the full consolidation method. Changes in the perimeter in this period result from the disposal of Storax Group companies (note 5).

##### **4.2 Other investments**

As of June 30, 2018 and December 31, 2017, the caption “Other investments” and respective impairment losses are detail as follows:

	30.06.2018	31.12.2017
Equity investments and loans	4,332,330	3,902,330
Accumulated Impairment losses (note 12)	(4,136,774)	(3,902,330)
Others	8,058	8,492
	<u>203,614</u>	<u>8,492</u>

The caption “Other investments” includes investments in companies in wich the group does not have control or significant influence, like CEV,S.A. and Converde,S.A. The loans granted to these companies are also included in this caption.

Regarding the movements occurred in the period ended June 30, 2018 relate mainly to an increase of loans granted to the companies mentioned.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

The assessment of whether or not there is an impairment in investments in other entities takes into account, among others, the financial indicators of the Companies, their results of operations and their profitability for the shareholder, especially taking into account the capacity to distribute dividends.

## 5. **DISCONTINUED OPERATIONS**

On 20 March 2018, the Ramada Group reached an agreement with the Averys Group for the disposal of the entire share capital of its wholly-owned subsidiary, Ramada Storax, S.A. ("Storax").

The execution of the transaction was subject to prior notification to the Competition Authority, under the terms established in the legal system of competition and, for this reason, conditional to the decision of non-opposition of that entity. On May 4, 2018, the Competition Authority notified the non-opposition to the referred transaction.

Storax is a company which, together with its four wholly-owned subsidiaries - Storax, SARL (France), Storax Limited (UK), Storax Benelux (Belgium) and Storax España is dedicated to storage solutions.

The impacts of this operation are detail as follows:

Net Assets	Disposal date
Tangible assets	1 109 244
Intangible assets	99 314
Deferred tax assets	1 207 851
Inventories	12 195 290
Clients	24 885 767
Cash and cash equivalents	8 072 458
Provisions	(2 256 438)
Passivos por impostos diferidos	(3 232)
Deferred tax liabilities	(26 996 808)
<b>Total net assets</b>	<b>18 313 446</b>
Currency exchange reserves	998 289
Accounts receivable and payable from continuing units with disposal entities and other liabilities	1 150 404
	<b>20 462 139</b>
Amount received	81 000 000
Incurred costs	(1 500 000)
<b>Operation gain</b>	<b>59 037 861</b>
Profit after tax income from discontinued operations	Disposal date
Result of units discontinued at the date of sale	1 175 880
Operation gain	59 037 861
	<b>60 213 741</b>

The details of discontinued operations in the statement of cash flows are as follows:

	Disposal date
Cash flows from operating activities	1,989,090
Cash flows from investment activities	(312,539)
Cash flows from financing activities	-

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

The detail of the discontinued operations in the profit and loss statement are as follows:

	30.06.2018	30.06.2017
Sales and services rendered	18,061,693	30,358,832
Other income	31,597	164,427
Cost of sales	(9,657,663)	(13,431,438)
External supplies and services	(4,068,030)	(9,307,669)
Payroll expenses	(2,573,452)	(4,840,492)
Amortization and depreciation	(123,175)	(218,336)
Provisions and impairment losses	(42,950)	664,835
Other expenses	(61,274)	(104,831)
Financial expenses	-	-
Financial income	(5,574)	(13,090)
	6,668	3,244
Profit before income tax	1,567,840	3,275,482
Income tax	(391,960)	(782,645)
Profit after income tax	1,175,880	2,492,838

## 6. INVESTMENT PROPERTIES

Investment properties held by Ramada Group relate to lands rented to third parties (Altri Group) under operational lease, through contracts signed in 2007 and 2008 with an average duration of 20 years, and with the possibility of an additional period of 6 years if certain events occur. Investment properties are measure at acquisition cost. The movement occurred in this caption during the six months period ended as of 30 June 2018 and the year ended 31 December 2017 are as follows:

	30.06.2018	30.06.2017
Opening balance (gross)	86,021,939	85,953,689
Aquisitions	107,889	-
Disposals	-	-
Closing balance (gross)	86,129,828	85,953,689
Impairment losses (note 12)	(1,100,000)	(1,100,000)
Closing balance (net)	85,029,828	84,853,689

The leased land generated, during the six months period ended as of June 30, 2018, income amounting, to approximately, 3,129,996 Euro (approximately 6,331,825 Euro in the end of 2017).

The minimum future receipts for leases of forest land amounting, to approximately, 6.6 million Euros in each of the following 5 years. After this period and until the end of the contracts, the minimum future receipts total, approximately 33 million Euros. The rents provided for in each lease are updated at the end of each 2-year period, starting from the beginning of the civil year immediately following the signature of the contract, based on the consumer price index.

Given the land characteristics (land leased to third parties for forestry activity), frequent market transactions comparable for this type of assets do not occur. Accordingly, the Board of Directors considers that it is not possible to reliably estimate the fair value of the land, and, as such, it is recorded at acquisition cost. However, it is the Board of Directors belief that, given the amount of rents collected annually, the market value of these assets will not be significantly different from its book value.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

Part of the land amounting to, approximately 74 million Euros is given as collateral for certain borrowings.

## 7. INCOME TAXES

In accordance with current legislation, the tax returns are subject to review and correction by the tax authorities over a period of four years (five years for Social Security), except when tax losses have occurred, tax benefits have been granted, or inspections, complaints or disputes are on-going. In these cases, depending on the circumstances, the above referred period deadlines can be extended or suspended. Therefore, the tax returns of F. Ramada and its subsidiaries for the years 2014 to 2017 may still be subject to review.

The Board of Directors of F. Ramada believes that any potential corrections arising from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of June 30, 2018.

The movement occurred in deferred tax assets and liabilities in the six months period ended as of June 30, 2018 and 2017, was as follows:

	30.06.2018	
	Deferred tax assets	Deferred tax liabilities
Balance as of January 1, 2018	4,552,283	955,993
Effects on income statement	59,406	(21,108)
Transfer to discontinued operations	(1,207,851)	(3,232)
Balance as of June 30, 2018	3,403,838	931,653

	30.06.2017 (Restated)	
	Deferred tax assets	Deferred tax liabilities
Balance as of January 1, 2017	3,673,642	31,125
Effects on income statement	3,573	(1,900)
Balance as of June 30, 2017	3,677,215	29,225

## 8. CASH AND CASH EQUIVALENTS

As of June 30, 2018 and December 31, 2017 the caption "Cash and cash equivalents" included in the consolidated statement of financial position are detail as follows:

	30.06.2018	31.12.2017
Cash	636,178	17,594
Bank deposits	119,530,256	105,082,045
	120,166,434	105,099,639
Bank overdrafts (note 10)	(3,773,114)	(7,681,255)
Cash and cash equivalents	116,393,320	97,418,384

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

## 9. SHARE CAPITAL

As of June 30, 2018, Ramada Investimentos e Indústria, S.A fully subscribed and paid up capital consisted of 25,641,459 shares with a nominal value of 1 Euro each.

On May 4, 2018, it was approved in a Shareholders' Meeting approved the distribution of gross dividends per share of 2.23 Euros. At June 30, 2018, all of the deliberate dividends on the amount of 57,180,454 euros were already paid.

## 10. BANK LOANS AND OTHER LOANS

As of June 30, 2018 and December 31, 2017, the captions "Bank loans" and "Other loans" are detail as follows:

	30.06.2018		31.12.2017	
	Current	Non current	Current	Non current
	6,341,738	54,537,910	7,511,465	57,455,951
<b>Bank loans</b>	<b>6,341,738</b>	<b>54,537,910</b>	<b>7,511,465</b>	<b>57,455,951</b>
Commercial paper	26,000,997	2,000,000	22,000,000	5,000,000
Guaranteed accounts	11,550,000	-	10,050,000	-
Bank overdrafts	3,773,114	-	7,681,255	-
Factoring	1,772,327	-	1,397,726	-
Leasings	280,571	-	-	-
Other bank loans	82,606	1,792,155	-	1,874,761
<b>Other loans</b>	<b>43,459,615</b>	<b>3,792,155</b>	<b>41,128,981</b>	<b>6,874,761</b>
	<b>49,801,353</b>	<b>58,330,065</b>	<b>48,640,446</b>	<b>64,330,712</b>

It is the Board of Directors understanding that the loans' book value does not differ significantly from its fair value.

### 10.1 Bank Loans:

The nominal amount of bank loans as of June 30, 2018, will be reimburse as follows:

30.06.2018			31.12.2017		
Reimbursement year	Amount	Estimated interests	Reimbursement year	Amount	Estimated interests
<b>Current</b>			<b>Current</b>		
06-2018/06-2019	49,801,353	1,664,615	2018	48,640,446	708,000
	<b>49,801,353</b>	<b>1,664,615</b>		<b>48,640,446</b>	<b>708,000</b>
<b>Non current</b>			<b>Non current</b>		
06/2020	7,304,068	1,093,561	2019	11,703,988	1,196,263
06/2021	5,841,910	962,101	2020	8,880,685	942,179
06/2022	7,341,910	830,263	2021	7,880,685	755,942
06/2023	7,341,910	683,424	2022	7,880,685	575,971
06/2024	7,500,268	535,003	2023	7,880,685	396,001
06/2025	7,250,000	387,500	2024	4,603,984	270,133
06/2026	5,750,000	257,500	2025	3,500,000	196,754
06/2027	5,000,000	150,000	2026	3,500,000	146,088
06/2028	5,000,000	50,000	2027	3,500,000	95,421
06/2029	-	-	2028	5,000,000	17,778
	<b>58,330,065</b>	<b>4,949,351</b>		<b>64,330,712</b>	<b>4,592,530</b>
	<b>108,131,418</b>	<b>6,613,966</b>		<b>112,971,158</b>	<b>5,300,530</b>

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

During the period of six months ended as of June 30, 2018, these loans bear interest at normal market rates depending on the nature and term of the credit obtained.

During the period of six months ended as of June 30, 2018, and the year ended as of December 31, 2017, the Group did not enter into any loan default.

Additionally, as of June 30, 2018, there are no covenants associated with the loans obtained.

## 11. OTHER CURRENT LIABILITIES

As of June 30, 2018, and December 31, 2017, the caption "Other current liabilities" are detail as follows:

	30.06.2018	31.12.2017
Accrued expenses		
Accrued payroll	4,263,190	5,027,502
Interests payable	803,106	842,107
Other	2,953,686	2,014,648
Deferred income and advances on a sales account	1,121,473	6,891,946
	<u>9,141,455</u>	<u>14,776,203</u>

## 12. PROVISIONS AND IMPAIRMENT LOSSES

The movements that occurred in provisions and impairment losses for the six months period ended as of June 30, 2018, are detail as follows:

	Provisions	Impairment losses in accounts receivables	Impairment losses in investments ( nota 4.2)	Impairment losses in inventory	Impairment losses in investments properties (note 6)	Total
Opening balance	3,100,736	11,966,585	3,902,330	1,539,113	1,100,000	21,608,764
Increases	15,702	99,313	234,444	6,435	-	355,894
Reversals	-	-	-	-	-	-
Utilizations	-	(433,035)	-	-	-	(433,035)
Discontinued operations (note 5)	(2,256,438)	(2,073,228)	-	(372,220)	-	(4,701,886)
Closing balance	<u>860,000</u>	<u>9,559,635</u>	<u>4,136,774</u>	<u>1,173,328</u>	<u>1,100,000</u>	<u>16,829,737</u>

The constitutions and reversals of provisions and impairment losses recorded in the six-month period ended June 30, 2018 and in the year ended December 31, 2017 were recorded against the income statement caption "Provisions and impairment losses".

The amount recorded in "Provisions" at 30 June 2018 corresponds to the best estimate by the Board of Directors of the Group Companies to cover losses incurred with lawsuits currently in progress and other liabilities.

It is the opinion of the Board of Directors, based on its legal and tax advisors, that as of June 30, 2018, there are no material assets or liabilities associated with probable or possible tax contingencies that should be recognized or disclosed in the financial statements on June 30, 2018.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

### 13. EARNINGS PER SHARE

Earnings per share for the three months period ended as of June 30, 2018 and 2017 were determined taking into consideration the following amounts:

	30.06.2018		30.06.2017 (Restated)	
	Continuing operations	Discontinued Operations	Continuing operations	Discontinued Operations
Net profit considered for the computation of basic and diluted earnings per share	4,510,983	60,213,741	4,577,694	2,492,838
Number of shares	25,641,459	25,641,459	25,641,459	25,641,459
Number of own shares	-	-	(2,564,145)	(2,564,145)
Weighted average number of shares used to compute the basic and diluted earnings per share	25,641,459	25,641,459	23,077,314	23,077,314
Earnings per share				
Basic	0.18	2.35	0.20	0.11
Diluted	0.18	2.35	0.20	0.11

There are no situations in the Group that might represent a reduction on earnings per share, arising from stock options, warrants, convertible bonds or other rights embedded in ordinary shares.

### 14. RELATED PARTIES

The main balances with related parties as of June 30, 2018 and 2017 are relate to Altri Group and are detail as follows:

	Rents	
	30.06.2018	30.06.2017
Altri Group	3,129,996	3,091,500
	3,129,996	3,091,500

Apart from the companies included in the consolidation (note 4), the companies considered related parties as of June 30, 2018, are the following:

- Actium Capital, S.A.
- Caderno Azul, S.A.
- Livrefluxo, S.A.
- Promendo, SGPS, S.A.
- 1 Thing Investments, S.A.
- AdCom Media Anúncios e Publicidade, S.A.
- Altri Florestal, S.A.
- Altri Sales, S.A.
- Altri, Participaciones Y Trading, S.L.
- Altri, SGPS, S.A.
- Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- Caima Indústria de Celulose, S.A.
- Captaraiz Unipessoal, Lda.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

- Celtejo – Empresa de Celulose do Tejo, S.A.
- Celulose da Beira Industrial (Celbi), S.A.
- Cofihold, S.A.
- Cofihold II, S.A.
- Cofina Media, S.A.
- Cofina, SGPS, S.A.
- Destak Brasil – Empreendimentos e Participações, S.A.
- Destak Brasil Editora S.A.
- Elege Valor, Lda.
- Grafedisport – Impressão e Artes Gráficas, S.A.
- Inflora – Sociedade de Investimentos Florestais, S.A.
- Mercados Globais – Publicação de Conteúdos, Lda.
- Préstimo – Prestígio Imobiliário, S.A.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.
- Valor Autêntico, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- Viveiros do Furadouro Unipessoal, Lda.

## 15. **SEGMENT INFORMATION**

In accordance with the origin and nature of the income generated by the Group, the main segments identified are as follows:

- ☐ Industry – includes the manufacturing of metal molds and steel wires and commercialization of steel, as well as support services (being the latest a residual activity);
- ☐ Real estate – includes the assets and activities related to the Group's real estate development.

This segments were identified considering the business units which develop activities whose income and cost may be distinguished, and for which it is produced separate financial information and its operating results are reviewed and taken decisions by the management

The segregation of activities by segments as of June 30, 2018 and 2017 is made up as follows:



**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

June 30, 2018				
	Industry	Real Estate	Intra-group eliminations	Total
Total assets (d)	212,312,581	92,890,187	(5,195,803)	300,006,965
Total liabilities (d)	88,347,569	62,068,770	(5,195,803)	145,220,536
Operating investments (a) (d)	1,033,146	107,890	-	1,141,036
Profit from customers (d)	64,323,436	3,450,146	-	67,773,582
Profit from operations with other segments (d)	21,912	399,111	(421,023)	-
Cash-flow from operating activities (b) (d)	6,615,249	3,156,256	-	9,771,505
Amortizations (d)	(2,875,047)	(122,862)	-	(2,997,909)
Earnings before interest and taxes (c) (d)	3,740,202	3,033,394	-	6,773,596
Financial profits (d)	36,581	235	(36,329)	487
Financial costs (d)	(492,672)	(436,430)	36,329	(892,773)
Share of results of joint ventures and associated companies (d)	-	-	-	-
Earnings before taxes (d)	3,284,111	2,597,199	-	5,881,310
Income taxes (d)	(656,192)	(714,135)	-	(1,370,327)
Net profit (d)	2,627,919	1,883,064	-	4,510,983

June 30, 2017 (Restated)				
	Industry	Real Estate	Intra-group eliminations	Total
Total assets (d)	151,861,110	91,808,198	(7 767 544)	243,669,308
Total liabilities (d)	97,394,928	67,717,451	(7 767 544)	165,112,379
Operating investments (a) (d)	2,344,772	-	-	2,344,772
Profit from customers (d)	36,037,810	3,105,548	-	39,143,358
Profit from operations with other segments (d)	21,912	389,190	(411,102)	-
Cash-flow from operating activities (b) (d)	4,998,764	3,103,962	-	8,102,726
Amortizations (d)	(2,468,293)	(99,594)	-	(2,567,887)
Earnings before interest and taxes (c) (d)	2,530,471	3,004,368	-	5,534,839
Financial profits (d)	161,855	-	(74,384)	87,471
Financial costs (d)	(284,477)	(542,090)	74,384	(752,183)
Share of results of joint ventures and associated companies (d)	991,304	-	-	991,304
Earnings before taxes (d)	3,399,153	2,462,278	-	5,861,432
Income taxes (d)	(608,612)	(675,125)	-	(1,283,737)
Net profit (d)	2,790,541	1,787,153	-	4,577,694

- (a) - Investments in non-current assets, except financial instruments, deferred tax assets and financial investments  
(b) - Operating results + amortizations  
(c) - Earnings before interest and taxes excluding Group operations  
(d) - Excluding discontinued operations

## 16. FINANCIAL STATEMENTS TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, which, in some aspects, may not conform to or be required by the law or generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2018**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

**17. FINANCIAL STATEMENTS APPROVAL**

The financial statements were approved by the Board of Directors and authorized for issuance in July 26, 2018.

The Chartered Accountant

The Board of Directors

João Manuel Matos Borges de Oliveira – Chairman

Paulo Jorge dos Santos Fernandes

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça