DIRECTORS' REPORT

To the Shareholders:

Pursuant to the legal requirements, the Board of Directors hereby presents its Directors' Report for the year 2005.

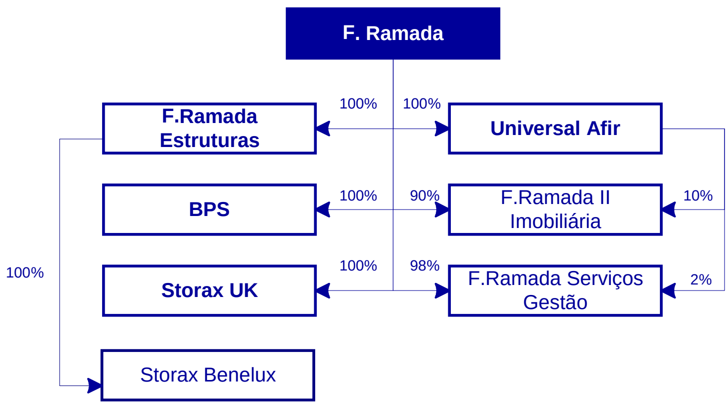
INTRODUCTION

Ramada Group currently has operations in the Steel and Warehousing Systems markets.

The year 2005 was highlighted by the strong emphasis in innovation and development of new solutions in the Warehousing Systems sector, allowing the consolidation of the Groups ranking, and improving its international competitiveness.

Simultaneously, with the purpose of reinforcing the international distribution net, the Group incorporated a new company – Storax Benelux – with its headquarters in Belgium, which will develop its commercial activity in Belgium and the Netherlands.

Ramada Group is currently composed by 8 companies, including three subsidiaries that support the Group's distribution network throughout Europe, located in France, Belgium and United Kingdom.



MACROECONOMIC BACKGROUND

Although the final figures are not yet available, it is estimated that the global economy has grown, in 2005, slightly above 4% when compared to the previous year, motivated by the favorable behavior of the financial markets and by the stimulation of economical policies, leading to an enlargement of the transactions and business perspectives. The increase of oil and commodities prices, as well as the continuous structural unbalances of world leading economies contributed to this situation. Particularly, it is to emphasize the significant growth of emerging economies like China and India, that, together with USA and the new country members of EU, continued to present a strong dynamic, as well as the recovery in Japan and the moderate growth of the members of Euro zone.

The year 2005 was also marked by the depreciation of 12.6% of Euro towards the US Dollar, after three consecutive years of effective valorization. As a result, the European Central Bank started increasing the reference interest rates, in a policy that may lead to potential inflationist pressures in the medium term.

In 2005 the Gross Domestic Product in Portugal increased 0.3%, with internal demand being affected by the high unemployment rates (7.6% in average) and by levels of confidence relatively low. This discreet performance of the Portuguese economy was caused by the slowing down of internal demand as a result of the decline in investment and consumption.

The inhibition of a supported recovery of the national economy was motivated by the weak recovery of Europe as well as the increase of oil prices and the feeble external competitiveness, aggravated by the European enlargement and globalization.

A positive evolution is predicted for the Euro area for the next two years, with the actual growth of GDP estimated in the interval of 1.4% to 2.4% in 2006 and 2007. The recovery of the activity will be sustained by exports and internal investment, with private consumption estimated to grow moderately, in line with the estimated increase in available income.

ACTIVITY

The Group managed to achieve a consolidated turnover of 92,781 thousand euro, an increase of 7.1% when compared to the preceding year.

The consolidated net profit for the year amounted to 7,700 thousand euro, 33.4% above the amount recorded in 2004, thus maintaining F. Ramada Group the outstanding retribution of the invested capital that has been demonstrating during the most recent years.

Special steel

The turnover in the Steel activity grew 7.5% when compared to the preceding year, sustained by the internal market, which represented 98% of the income in this sector.

Steel prices maintained the escalating pressure during the first quarter of 2005, stabilizing or beginning s slight decrease from the second semester on.

The activity in the main steel consumers sectors, namely the moulds and mechanics sectors, maintained levels of activity similar to the ones of the preceding year, despite lower amounts of purchases, due to some speculative acquisitions in 2004.

It is expected that 2006 leads to a slight raise of the levels of activity as a result of the predicted recovery of the European economy. The carbon steel prices will sustain its levels with small variations, whilst alloy steel prices should continue to decrease.

Warehousing systems

The turnover in this segment increased 6.5% when compared to 2004, sustained by the internationalization strategy and specialization, allowing Ramada Group to be the world leader in high density refrigerated warehousing solutions.

During 2005 the sales for the external market represented over 80% of the total sales in this segment, increasing 10% facing the preceding year.

The year 2005 was highlighted by the strong emphasis in innovation and development of new solutions in the Warehousing Systems sector, allowing the consolidation of the Groups ranking, and improving its international competitiveness.

With the aim to reinforce its distribution network, the Group incorporated during the second semester a new company – Storax Benelux – with headquarters in Belgium, which will develop its commercial activity in Belgium and the Netherlands.

INVESTMENTS

Non financial investments in 2005 amounted to 1,309 thousand euro, the most relevant being:

- increasing productivity and quality in the steel warehouse
- increasing capacity in thermal treatments
- automation of the Controlled Atmosphere Thermal Treatment production line
- increasing capacity of the Warehousing systems activity

- automation of the production equipment with the aim of improving quality and productivity in the Warehousing systems.

HUMAN RESOURCES AND PRODUCTIVITY

The average number of workers during 2005 was of 472 (473 in 2004), and the staff amounted to 460 as of 31 December 2005 /461 in 31 December 2004). For 2005 we have considered an average number of 5 workers for Storax Benelux, the same amount as of 31 December 2005.

During 2005 training sessions amounted to 7,356 Man-Hours.

The turnover by worker amounted to 196,569 euro, increasing 7.3% when compared to 2004.

FINANCIAL INDICATIOS

EBITDA (operating results plus amortizations) and Operating Results increased 21.4% and 29.1% respectively, when compared to 2004.

Financial autonomy decreased from 40.5% in 2004 to 40.1% in 2005.

Return on equity increased from 20.7% to 25.2% in 2005.

The net debt over EBOTDA ratio rose from 1.0 in the preceding year to 1.2 in 2005.

2006 OUTLOOK

Taking into consideration the evolution of the economy in Portugal and in the world, Ramada Group is predicting for 2006 a favorable evolution of the activity and the net profit.

FINAL REMARKS

There are no overdue debts to the Social Security or any other State authorities.

We wish to express our gratitude to our Customers, Suppliers, Financial Institutions and Employees, that made possible the obtained results.

Ovar, 7 March 2006

THE BOARD OF DIRECTORS

João M. Matos Borges de Oliveira - President

Paulo Jorge dos Santos Fernandes

Pedro Macedo Pinto de Mendonça

Domingos José Vieira de Matos

Carlos Manuel Matos Borges de Oliveira

Manuel Alberto Reis Costa

Luis A. Macedo Pinto de Vasconcelos

F. RAMADA, AÇOS E INDÚSTRIAS, S.A.

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2005 AND 2004
(Translation of financial statements originally issued in Portuguese - Note 29)
(Amounts expressed in Euro)

ASSETS	Notes	IFRS 31.12.2005	IFRS 31.12.2004	Portuguese GAAP 31.12.2004
NON CURRENT ASSETS:				
Tangible assets	6	8,388,109	9,015,561	9,557,687
Goodwill	7	-	-	-
Intangible assets	8	87,477	62,925	26,954
Investments available for sale	4	1,594,495	17,393	103,279
Deferred tax assets	10	1,771,604	1,699,724	-
Total non current assets		11,841,685	10,795,603	9,687,920
CURRENT ASSETS:				
Inventories	9	24,568,739	19,118,829	19,118,829
Customers	11	33,934,164	30,868,733	31,631,780
Other debtors	12	1,337,130	1,304,921	1,305,287
Other current assets		283,654	390,872	417,167
Cash and cash equivalents	13	4,256,786	6,242,951	6,242,951
Total current assets		64,380,473	57,926,306	58,716,014
Total assets		76,222,158	68,721,909	68,403,934
SHAREHOLDERS' FUNDS AND LIABILITIES				
SHAREHOLDERS' FUNDS:				
Share capital	14	15,000,000	15,000,000	15,000,000
Share premium reserves		748,197	748,197	748,197
Legal reserve		2,247,633	1,916,073	1,916,073
Conversion reserves		(179,453)	(225,189)	(225,189)
Other reserves		5,077,131	4,639,362	4,206,427
Consolidated net profit for the year		7,699,866	5,771,279	5,287,027
Total shareholders' funds attributable to equity holders of the parent		30,593,374	27,849,722	26,932,535
Minority interests		-	-	-
Total Shareholders' funds		30,593,374	27,849,722	26,932,535
LIABILITIES:				
NON CURRENT LIABILITIES				
Bank loans	15	6,363,500	8,659,000	8,659,000
Other non current creditors	17	1,074,979	1,844,646	1,844,646
Deferred tax liabilities	10	213,379	233,266	-
Total non current liabilities		7,651,858	10,736,912	10,503,646
CURRENT LIABILITIES				
Bank loans	15	4,603,857	4,690,267	4,690,267
Other loans - short-term	15	9,830,500	3,750,000	3,750,000
Suppliers		14,989,705	11,972,708	11,972,708
Other creditors	18	5,342,759	6,647,104	6,647,104
Other current liabilities	19	3,059,468	2,906,846	3,248,324
Provisions	16	150,637	168,350	659,350
Total current liabilities		37,976,926	30,135,275	30,967,753
Total Shareholders' funds and Liabilities		76,222,158	68,721,909	68,403,934

The accompanying notes form an integral part of the consolidated financial statements.

The Board of Directors

F. RAMADA, AÇOS E INDÚSTRIAS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE
FOR THE YEAR ENDED 31 DECEMBER 2005 AND 2004
(Translation of financial statements originally issued in Portuguese - Note 29)
(Amounts expressed in Euro)

	Notes	IFRS 31.12.2005	IFRS 31.12.2004	Portuguese GAAP 31.12.2004
Operating income				
Sales	24	86,188,979	80,231,525	80,268,436
Services rendered	24	6,591,823	6,414,414	6,414,414
Other operating income		804,047	781,151	1,220,778
Total operating income		93,584,849	87,427,090	87,903,628
Operating Expenses				
Cost of sales	9	47,449,458	44,224,421	45,276,163
External supplies and services		17,952,054	16,279,976	16,218,637
Payroll expenses		12,843,161	12,724,213	11,995,474
Amortisation and depreciation	6 and 8	1,932,294	2,184,056	3,677,251
Provisions and impairment losses	16	1,080,634	2,924,138	1,331,608
Other operating expenses		797,074	156,004	229,920
Total operating expenses		82,054,675	78,492,808	78,729,053
Operating profit	28	11,530,174	8,934,282	9,174,575
Gains and losses in other investments	20	(107,961)	-	-
Financial expenses	20	(1,340,792)	(721,173)	(899,717)
Financial income	20	582,912	300,426	876,788
Extraordinary net income		-	-	(1,026,908)
Profit before income tax		10,664,333	8,513,535	8,124,738
Income tax	10	(2,964,467)	(2,742,256)	(2,837,711)
Net profit for the period		7,699,866	5,771,279	5,287,027
Attributable to:				
Parent company's shareholders	27	7,699,866	5,771,279	5,287,027
Minority interests		-	-	-
Earnings per share:				
Basic		2.57	1.92	n.a.
Diluted		2.57	1.92	n.a.

The accompanying notes form an integral part of the consolidated financial statements
for the year ended 31 December 2005.

The Board of Directors

F. RAMADA, AÇOS E INDÚSTRIAS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' FUNDS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004
(Translation of financial statements originally issued in Portuguese - Note 29)
(Amounts expressed in Euro)

		Attributable to the parent company's shareholders						
	Notes	Share Capital	Share issue premiums	Legal reserve	Conversion reserves	Other reserves	Net profit	Total Shareholders' funds
Balance as of 1 January 2004 (Portuguese GAAP)		15,000,000	748,197	1,750,788	(153,300)	7,449,588	-	24,795,273
IFRS conversion adjustments (accumulated effect)		-	-	-	-	432,932	-	432,932
Restated balance as of 1 January 2004		15,000,000	748,197	1,750,788	(153,300)	7,882,520	-	25,228,205
Change in reserves:								
Conversion reserves		-	-	-	(71,889)	-	-	(71,889)
Dividend distribution		-	-	-		(2,200,000)	-	(2,200,000)
Others		-	-	165,285		(1,043,158)	-	(877,873)
Net consolidated profit for the year ended 31 December 2004		-	-	-	-	-	5,771,279	5,771,279
Balance as of 31 December 2004		15,000,000	748,197	1,916,073	(225,189)	4,639,362	5,771,279	27,849,722
Balance as of 1 January 2005		15,000,000	748,197	1,916,073	(225,189)	4,639,362	5,771,279	27,849,722
Appropriation of consolidated net profit for 2004:								
Transfer to legal reserve and retained earnings		-	-	331,560	-	439,719	(771,279)	-
Dividend distribution	26	-	-	-	-	-	(5,000,000)	(5,000,000)
Change in reserves:								
Conversion reserves		-	-	-	45,736	-	-	45,736
Others		-	-	-	-	(1,950)	-	(1,950)
Net consolidated profit for the year ended 31 December 2005		-	-	-	-	-	7,699,866	7,699,866
Balance as of 31 December 2005		15,000,000	748,197	2,247,633	(179,453)	5,077,131	7,699,866	30,593,374

The accompanying notes form an integral part of the consolidated financial statements.

F. RAMADA, AÇOS E INDÚSTRIAS, S.A.

CONSOLIDATED CASH-FLOW STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Translation of financial statements originally issued in Portuguese - Note 29)
(Amounts expressed in Euro)

	2005		2005	
Operating activities:				
Collections from customers	85,918,418		69,043,518	
Payments to suppliers	(62,023,368)		(37,466,524)	
Payments to personnel	(8,279,762)	15,615,288	(7,258,809)	24,318,185
Other collections/payments relating to operating activities	(7,065,875)		(18,280,401)	
Income tax	(79,600)	(7,145,475)	(8,966)	(18,289,367)
Cash flow from operating activities (1)		8,469,813		6,028,818
Investment activities:				
Collections relating to:				
Investments	-		50,000	
Tangible assets	51,003		1,067,228	
Interest and similar income	916,439	967,442	606,309	1,723,537
Payments relating to:				
Investments	(1,665,261)		-	
Intangible assets	-		(1,431,858)	
Tangible assets	(2,058,335)	(3,723,596)	-	(1,431,858)
Cash flow from investment activities (2)		(2,756,154)		291,679
Financing activities:				
Collections relating to:				
Loans obtained	2,500,000	2,500,000	8,501,000	8,501,000
Payments relating to:				
Lease contracts	(609,015)		(44,112)	
Interest and similar costs	(1,339,006)		(762,089)	
Dividends	(5,000,000)		(2,200,000)	
Loans obtained	(4,934,226)	(11,882,247)	(13,568,576)	(16,574,777)
Cash flow from financing activities (3)		(9,382,247)		(8,073,777)
Cash and cash equivalents at the beginning of the period		5,617,017		7,370,297
Variation of cash and cash equivalents: (1)+(2)+(3)		(3,668,588)		(1,753,280)
Cash and cash equivalents at the end of the period		1,948,429		5,617,017

The accompanying notes form an integral part of the consolidated statement of cash flows for the year ended 31 December 2005.

The Board of Directors

(Amounts expressed in Euro)

1. BREAKDOWN OF CASH AND ITS EQUIVALENTS

Cash and its equivalents presented in the consolidated statement of cash flows for the years ended 31 December 2005 and 2004, and the reconciliation between that amount and the amounts shown in the balance sheet as of that date, are as follows:

	31.12.2005	31.12.2004
Cash	34,884	92,428
Bank deposits repayable on demand	4,221,902	6,150,523
	4,256,786	6,242,951
Bank overdrafts	(2,308,357)	(625,934)
	1,948,429	5,617,017

F. RAMADA, AÇOS E INDÚSTRIAS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2005

(Translation of notes originally issued in Portuguese – Note 29)

(Amounts expressed in Euro)

1. INTRODUCTORY NOTE

F. RAMADA, Aços e Indústrias, S.A. ("F. Ramada" or "Company") is a Limited Liability Corporation that started its operations in 1935. Its main activity is the industry and commerce of steel, machines or tools or any other branch of commerce and industry deliberated to be explored by Shareholders' General Meeting and not forbidden by law.

As a result of the Public Offer Acquisition ("OPA") made by Cofina, SGPS, SA during 2001 year and materialized in January 2002 through a Potestative Acquisition Public Offer, the Company's' shares are no longer listed in the Lisbon Euronext Stock Exchange, being fully owned by Cofina, S.G.P.S., S.A..

F. Ramada is currently fully owned by Altri, SGPS, S.A. as a result of Cofina's split of its industrial operations, during 2005, for the incorporation of this new entity.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the accompanying consolidated financial statements are as follows:

2.1 BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared based on a going concern basis, based on the accounting records of the companies included in the consolidation (Note 4) adjusted to reflect the recognition and measurement principles of International Financial Reporting Standards ("IFRS" – previously designated International Accounting Standards – "IAS"), issued by the International Accounting Standards Board ("IASB"), in force as of 1 January 2005 as adopted in the European Union.

International Financial Reporting Standards ("IFRS") were adopted by F. Ramada for the first time in 2005. As a result, the transition date from the Portuguese generally accepted accounting principles to the standards referred above is 1 January 2004, as established by IFRS 1 – "First time adoption of International Financial Reporting Standards".

According to that standard, the conversion adjustments as of the date of transition to IFRS (1 January 2004) were recorded under the Equity captions and are described in Note 27. This note also includes the impact of the adoption of the IFRS in the last complete set of financial statements presented (31 December 2004).

2.2 CONSOLIDATION POLICIES

The consolidation policies adopted by the Group in the preparation of the consolidated financial statements are as follows:

a) Investments in group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at the Shareholders' General Meeting or is able to control the financial and operating policies (definition of control normally used by the Group), are included in the consolidated financial statements by the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption Minority interests, in the consolidated balance sheet and in the consolidated statement of profit and loss. Companies included in the consolidated financial statements by the full consolidation method are listed in Note 4.

When losses attributable to the minority interests exceed the minority interest in the equity of the subsidiary, the excess and any further losses attributable to the minority interests are charged against the majority interests except to the extent that the minority shareholders have a binding obligation and are able to cover such losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interests until the minority's share of losses previously absorbed by the Group has been recovered.

Under concentration processes, the assets and liabilities of each subsidiary are measured at their fair value at the date of acquisition according to IFRS 3 - "Business Combinations". Any excess on the cost of acquisition over the fair value of the identifiable net assets and liabilities acquired is recognised as goodwill.

Any excess of the fair value of the identifiable net assets and liabilities acquired over its cost is recognised as income in the profit and loss statement of the period of acquisition, after reassessment of the estimated fair value. Minority interests are presented according to their share in the fair value of the identifiable assets and liabilities of the acquired subsidiaries.

The results of subsidiaries acquired or disposed during the period are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, respectively.

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt its accounting policies to those used by the Group. All intercompany transactions, balances and distributed dividends are eliminated during the consolidation process.

Whenever the Group has, in substance, control over other entities created for a specific purpose ("Special Purpose Entities"), even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method.

b) Investments in associated companies

Investments in associated companies (companies where the Group has significant influence but has no control or conjunct control over the financial and operating decisions - usually corresponding to holdings between 20% and 50% in a company's share capital) are accounted for in accordance with the equity method.

According to the equity method, the investments in associated companies are initially recorded at acquisition cost, which is adjusted proportionally to the Group's corresponding share capital, as at the acquisition date or as at the date of the first adoption of the equity method. On a yearly basis, investments are adjusted in accordance with the Group's participation in the associated company's net income against profits or losses of the period. Additionally, the dividends of the subsidiary are recorded as a reduction in the investment's book value and the Group's proportion in the changes occurred in the associated company's equity are recorded as a change in the Group's equity.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill, which is included in the caption "investments in associated companies". If that difference is negative, after reconfirmation of fair value attributed, it is recorded as a gain in the caption "Gains and losses in associated companies".

An evaluation of investments held in associated companies is performed whenever there are signs of impairment in those investments. Impairment losses are recorded in the statement of profit and loss for the period. When those losses recorded in previous periods vanish, they are reverted in the statement of profit and losses for the period.

When the Group's share of losses of the associated company exceeds the investment's book value, the investment is recorded at nil value, except to the extent of the Group's commitments to the associate. In such case, the Group records a provision to cover those commitments.

Unrealized gains arising from transactions with associates are eliminated to the extent of the group's interest in the associate against the investment held. Unrealized losses are eliminated but only to the extent that there is no evidence of impairment of the asset transferred.

c) Goodwill

In concentration processes occurred after the transition to IFRS (1 January 2004), the difference between the acquisition cost of the investment in group and associated companies and the fair value of the identifiable assets and liabilities of those companies as at the date of acquisition is recorded, when positive, in the balance sheet captions "Goodwill" and "Investments in associated companies", respectively. Differences between the cost of acquisition of investments in foreign companies and the fair value of their identifiable assets and liabilities as at the date of acquisition is calculated using the local currency of each of those companies. Translation to the Group's currency (Euro) is made using the exchange rate as at the balance sheet date. Exchange rate differences arising from this translation are recorded under the equity caption "Conversion reserves".

Goodwill arising from acquisitions made prior to the date of transition to IFRS (1 January 2004) is stated using the carrying amounts in accordance with generally accepted accounting principles in Portugal and was subject to impairment tests. The impact of these adjustments is recorded in the caption "Other reserves", in accordance with IFRS 1. Goodwill arising from the acquisition of foreign companies was recalculated retrospectively using the local currency of each subsidiary.

Goodwill is not amortised, but is subject to impairment tests on an annual basis. Impairment losses identified in the period are recorded in the statement of profit and loss under the caption "Provisions and impairment losses", and may not be reversed.

The differences between the acquisition cost of group companies and associated companies and the fair value of the identifiable assets and liabilities of those companies at the date of acquisition, if negative, are recorded, at the date of acquisition and after reassessment of the fair value of the identifiable assets and liabilities acquired, as gains in the profit and loss statement.

d) Translation of financial statements of foreign companies

Assets and liabilities in the financial statements of foreign entities are translated to Euro using the exchange rates in force at the balance sheet date. Profit and loss and cash flows are converted to Euro using the average exchange rate for the period. The exchange rate differences originated are recorded in equity captions.

Goodwill and adjustments to the fair value arising from the acquisition of foreign subsidiaries are recorded as assets and liabilities of those companies and translated to Euro at the balance sheet date exchange rate.

Whenever a foreign company is sold, the accumulated exchange rate differences are recorded in the statement of profit and losses as a gain or loss associated with the sale.

Exchange rates used in the translation of foreign group and associated companies included in the consolidated financial statements are as follows:

	Sterling Pound	
	Final Exchange Rate	Average Exchange Rate
31.12.2005	1.45922	1.46265
31.12.2004	1.41834	1.47538

2.3 MAIN ACCOUNTING POLICIES

The main accounting policies used by the Group in the preparation of the consolidated financial statements are as follows:

a) Intangible assets

Intangible assets are recorded at cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognised if it is likely that future economic benefits will flow to the Group, are controlled by the Group and if its cost can be reliably measured.

Development costs are recognised as an intangible asset if the Group has proven technical feasibility and ability to finish the development and to sell/use such assets and it is likely that those assets will generate future economic benefits. Development costs which do not fulfil these conditions are recorded as an expense in the period in which they are incurred.

Internal costs related with maintenance and development of software are recorded as expenses in the statement of profit and loss for the period in which they are incurred. Only costs directly attributable to projects for which the existence of future economic benefits is likely are capitalized as intangible.

Amortisation is calculated on a straight line basis, as from the date the asset is first used, over its expected useful life (usually 3 to 5 years).

b) Tangible assets

Tangible assets acquired until 1 January 2004 (IFRS transition date) are recorded at deemed cost, which corresponds to its acquisition cost, or its acquisition cost revalued in accordance with generally accepted accounting principles in Portugal until that date, net of accumulated amortisation and accumulated impairment losses.

Tangible assets acquired after that date are recorded at acquisition cost, net of depreciation and accumulated impairment losses .

Depreciation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each group of assets.

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

	Years
Buildings	10 to 50
Machinery and equipment	2 to 15
Transport equipment	2 to 10
Tools and utensils	4 to 14
Office equipment	2 to 10
Other tangible assets	3 to 10

Maintenance and repair costs related to tangible assets which do not increase the useful life or result in significant benefits or improvements in tangible fixed assets are recorded as expenses in the period they are incurred.

Tangible assets in progress correspond to fixed assets still in construction and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are concluded or ready to be used.

Gains or losses arising from the sale or disposal of tangible assets are calculated as the difference between the selling price and the asset's net book value as at the date of its sale/disposal, and are recorded in the statement of profit and loss under the captions "Other operating income" or "Other operating expenses", respectively.

c) Lease contracts

Tangible fixed assets acquired under financial lease contracts and the corresponding liabilities are recorded in accordance with the financial method. Under this method, the cost of the fixed assets and the corresponding liability are reflected in the balance sheet. In addition, interests included in the lease instalments and depreciation of the fixed assets, calculated as explained in Note 2.3.b), are recorded in the statement of profit and loss of the period to which they apply.

The operational lease instalments on assets acquired under long-term rental contracts are recognised in full as expenses in the period to which they refer to.

Classifying a lease as financial or as operational depends on the substance of the transaction rather than the form of the contract.

d) Governmental or other Public Entities Subsidies

Subsidies for personnel training programmes or exploration subsidies are recorded in the consolidated statement of profit and loss caption "Other operating income" when attributed, independently of when they are received.

Non-repayable subsidies obtained to finance investments in tangible fixed assets are recorded as "Other current liabilities" and "Other non current liabilities" corresponding to the instalments repayable in the short and long term, respectively. These subsidies are recognised in the statement of profit and loss in accordance with the depreciation of the related tangible fixed assets.

e) Impairment of assets, except for Goodwill

Assets are assessed for impairment at each balance sheet date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit and loss under the caption "Provisions and impairment losses".

The recoverable amount is the higher of an asset's net selling price and its use value. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of the disposal. The use value is the present value of estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognised in prior years is recorded when the company concludes that the impairment losses previously recognised for the asset no longer exist or has decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognised has been reversed. The reversal is recorded in the statement of profit and loss as "Other operating income". However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised for that asset in prior years.

f) Borrowing Costs

Borrowing costs (interests) are recognised as expense in the statement of profit and loss for the period in which they are incurred, in an accrual basis.

g) Inventories

Raw, subsidiary and consumable materials are stated at acquisition average cost, deducted from quantity discounts granted by suppliers, which is lower than its market value.

Finished and intermediate goods, sub-products and work in progress are stated at production cost, which includes the cost of raw materials, direct labour and production overheads, which is lower than market value.

When necessary the Group companies record impairment losses to reduce inventories to its net realisable or market value.

h) Provisions

Provisions are recognised when, and only when, the Group has an obligation (legal or constructive) arising from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at each balance sheet date to reflect the best estimate as of that date.

Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and has been communicated to the involved parties.

i) Financial instruments

i) Investments

Investments held by the Group are divided into the following categories:

Investments held to maturity, are classified as non-current assets unless they mature within 12 months of the balance sheet date. The investments classified as held to maturity are non-derivative assets with defined or determinable payment dates, have defined maturity and the Group has the intention and capacity to maintain them until the maturity date.

Investments measured at fair value through profit and loss are classified as current assets. The purpose of these investments is to obtain short term profits.

Investments available for sale, are all the other investments that are not classified as held to maturity or measured at fair value through profit and loss, being classified as non current assets.

Investments are initially measured at cost, which is the fair value of the price paid, including transaction costs if related with held to maturity and available for sale investments

Investments available for sale and investments measured at fair value through profit and loss are subsequently measured at their fair value by reference to their market value at the balance sheet date without any deduction for transaction costs which may be incurred until its sale. Investments in equity instruments which are not listed on a stock exchange market and whose fair value cannot be reliably measured are stated at cost, net of impairment losses. Investments held to maturity are recorded at amortised cost, using the effective interest method.

Gains or losses arising from a change in the fair value of available for sale investments are recognised under the equity caption “Fair value reserve” included in the caption “Other reserves”, until the investment is sold or disposed, or until it is determined to be impaired, at which time the cumulative loss previously recognised in equity is transferred to the profit and loss statement for the period.

All purchases and sales of investments are recorded on their trade date, independently of the liquidation date.

ii) Accounts receivable

Non interest bearing accounts receivables are stated at their nominal value less impairment losses in order to reflect its net realisable value.

iii) Loans

Loans are recorded as liabilities at their nominal value net of up-front fees and commissions directly related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the statement of profit and loss on an accrual basis.

Assets and liabilities are compensated and presented for their net amount as long as there is the right for compulsory fulfilment of their compensation and the Board of Directors intends to realise them on a net basis or realise the asset and simultaneously settle the liability.

iv) Accounts payable

Non interest bearing accounts payable are stated at their nominal value.

v) Derivatives

F. Ramada uses hedge derivatives for the management and hedging of its financial risks.

The Group’s criteria for classifying a derivative instrument as a cash flow hedge instrument are:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;

- the effectiveness of the hedge can be reliably measured;

- there is adequate documentation of the hedging relationships at the inception of the hedge;

- the forecasted transaction that is being hedged is highly probable.

The cash flow hedge instruments related to interest rate and exchange rate are recorded by its fair value. Changes in the fair value of these instruments are recorded in assets or liabilities, against the corresponding entry under the equity caption “Hedging reserves”, and transferred to the statement of profit and loss when the operation subjected to hedging affects the net profit.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded and deferred in equity under the caption "Hedging reserves" are transferred to the profit and loss statement of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

In the cases were the derivative is a component of a hybrid financial instrument that includes both the derivative and a host contract, the embedded derivative should be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the host contract and if the host contract is not measured at fair value with changes in fair value reported in net profit and loss.

When derivative instruments, though specifically intended to hedge financial risks, do not fulfil the requirements listed above to be classified and accounted as hedge instruments, the changes in fair value are recorded directly in the profit and loss statement as financial results.

vi) Financial liabilities and Equity instruments

Financial liabilities and equity instruments are classified and accounted for based upon their contractual substance. Equity instruments are those that represent a residual interest upon the Group's net assets and are recorded by the amount received, net of costs incurred with its issuance.

vii) Own shares

Own shares are recorded at acquisition cost as a deduction to equity captions. Gains or losses on its sale are recorded in the equity caption "Other reserves".

viii) Discounted notes and accounts receivable transferred to factoring companies

Accounts receivable represented by discounted notes that have not yet reached their maturity date and accounts receivable sold in "factoring with recourse" as at the balance sheet date are recorded in the balance sheet until they are collected.

ix) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks on demand and term deposits and other treasury applications which reach their maturity within less than three months and may be mobilized without significant risk of change in value.

For purposes of the consolidated statement of cash flows, "Cash and cash equivalents" caption also comprises bank overdrafts, which are included in the balance sheet caption "Bank loans".

j) Contingent assets and liabilities

Contingent liabilities are defined by the Company as (i) possible obligations that arise from past events and which existence will be confirmed, or not, by one or more occurrences of uncertain future events not controlled by the Company, or (ii) present obligations that arise from past events but that are not recorded because it is unlikely that an outflow of resources occurs to settle the obligation or the obligation amount can not be reliably measured.

Contingent liabilities are not recorded in the consolidated financial statements, being disclosed, unless the probability of a cash outflow is remote, in which case no disclosure is made.

Contingent assets are possible assets arising from past events and whose existence will be confirmed, or not, by uncertain future events not controlled by the Company.

Contingent assets are not recorded in the consolidated financial statements but only disclosed when the existence of future economic benefits is likely.

k) Income tax

Income tax for the period is determined based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current income tax is determined based on the taxable results of the companies included in the consolidation, in accordance with tax regulations in force at the location of the head office of each Group company, considering the interim Net Profit and the annual estimated income tax rate.

For some of the companies included in the consolidation of F. Ramada Group by the full consolidation method, the income tax is determined in accordance with article 63 of the Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Colectivas), under the special regime of taxation of groups of companies.

Deferred taxes are computed using the balance sheet liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the correspondent amounts for tax purposes. Deferred taxes are computed using the tax rate that is expected to be in force at the time these temporary differences are reversed.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will arise in the future to allow such deferred tax assets to be used. At the end of each period the company reviews its deferred tax assets which are reduced whenever its recoverability ceases to be likely, or recorded if it is likely that taxable profits will be generated in the future to enable them to be recovered.

Deferred tax assets and liabilities are recorded in the statement of profit and loss, except if they relate to items directly recorded in equity, in which cases the corresponding deferred tax is also recorded in equity captions.

l) Income recognition and accruals basis

Revenue from the sale of goods is recognised in the consolidated income statement when (i) the risks and benefits have been transferred to the buyer, (ii) the company retains neither continued management involvement in a degree usually associated with ownership nor effective control over the goods sold, (iii) the amount of the revenue can be measured reasonably, (iv) it is likely that the economic benefits associated with the transaction will flow to the company, and (v) the costs incurred or to be incurred related with the transaction can be reliably measured. Sales are recorded net of taxes, discounts and other expenses arising from the sale, and are measured at the fair value of the amount received or receivable.

F. Ramada companies follow the procedure of recognize the income related with storage system activities in accordance with the “percentage of completion method”. Production costs already incurred with work in progress are recorded as deferred costs in the caption “Other current assets” and “Inventories” and anticipated invoicing related with these projects is recorded as deferred income in the caption “Other current liabilities”.

Dividends are recognised as income in the statement of profit and loss in the period its distribution is approved and are annulled in the consolidation process if they have been distributed by the companies included in the consolidation process.

All other income and expenses are recognised in the period to which they relate, independently of when the amounts are received or paid. Differences between the amounts received and paid and the corresponding income and expenses are recorded in the accruals and deferrals captions “Other current assets” and “Other current liabilities”.

When the actual amount of income or expenses is yet uncertain, these are recorded based on the best estimate of the Board of Directors of the Companies.

m) Balances and transactions expressed in foreign currencies

All assets and liabilities expressed in foreign currencies were translated to Euro using the exchange rates in force on the balance sheet date. Favourable and unfavourable exchange differences arising from changes in the exchange rates between those prevailing on the dates of the transactions and those in force on the dates of payment, collection or as of the balance sheet date are recorded in the consolidated statement of profit and loss.

(Amounts expressed in Euro)

n) Subsequent events

Post balance sheet date events that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the Group's consolidated financial statements. Post balance sheet date events that provide information about conditions that have only been met after the balance sheet date are considered non adjusting events and are disclosed in the notes to the financial statements, if material.

o) Segment information

In each period, the Group identifies the most adequate segment division taking into consideration the business areas in which the Group is present.

Information regarding the business segments identified is included in Note 24.

3. CHANGES IN ACCOUNTING POLICIES AND ERROR CORRECTIONS

During 2005 the Group maintained its accounting principles consistent with prior years. No material adjustments or corrections have been detected during the year in relation to previous periods.

4. INVESTIMENTS

The companies included in the consolidated financial statements by the full consolidation method, headquarters and percentage participation held as of 31 December 2005, are as follows:

Company	Head Office	Percentage held	Activity
Parent company:			
F. Ramada, Aços e indústrias, S.A.	Ovar		Steel commercialization
F. Ramada Group:			
Universal Afir – Aços Especiais e Ferramentas, S.A.	Porto	100%	Steel commercialization
F. Ramada – Produção e Comercialização de Estruturas Metálicas de Armazenagem, S.A.	Ovar	100%	Production and commercialization of storage systems
F. Ramada II, Imobiliária, S.A.	Ovar	100%	Real estate
F. Ramada, Serviços de Gestão, Lda.	Ovar	100%	Administration and management services
BPS – Equipements, S.A.	Paris, France	100%	Commercialization of storage systems
Storax Racking Systems, Ltd.	Bromsgrove, UK	100%	Commercialization of storage systems
Storax Benelux (a)	Belgium	100%	Commercialization of storage systems

(a) – company incorporated in 2005

All the above companies are included in the consolidated financial statements in accordance with the full consolidation method, as established in Note 2.2.a).

As of 31 December 2005 the "Investments available for sale", shares of listed companies for which accumulated impairment losses have been recorded to reflect its market value.

Book value	1,788,342
Accumulated impairment losses (Note 16)	(193,847)

	1,594,495
	========

5. CHANGES IN THE CONSOLIDATION PERIMETER

(Amounts expressed in Euro)

The soul change to the consolidation perimeter of the Group when compared to 31 December 2004 relates to the incorporation of Storax Benelux, with a share capital of 125,000 Euro, with its headquarters in Belgium and dedicated to storage systems commercialization.

6. TANGIBLE ASSETS

The changes in tangible assets and in its accumulated depreciation during the years ended 31 December 2004 and 2005 are as follows:

	2004								
	Gross assets								
	Land and other natural resources	Buildings and other constructions	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets	Work in progress	Total
Opening balance	1,314,599	12,948,058	21,982,360	3,171,916	649,626	2,894,952	295,052	354,260	43,610,823
IAS/IFRS conversion adjustments	(125,000)	(1,262,500)	(658,738)	(35,762)	(8,418)	(9,087)	(40,638)	41,164	(2,098,979)
Restated opening balance	1,189,599	11,685,558	21,323,622	3,136,154	641,208	2,885,865	254,414	395,424	41,511,844
Additions	31,788	202,395	1,044,351	68,237	15,466	142,489	68,480	240,934	1,814,140
Disposals	-	-	(180,740)	(156,283)	-	(8,043)	-	-	(345,066)
Transfers and write-offs	125,000	-	26,542	-	5,821	(105,313)	(523)	(136,656)	(85,129)
Closing balance	1,346,387	11,887,953	22,213,775	3,048,108	662,495	2,914,998	322,371	499,702	42,895,789
	Accumulated depreciation								
		Buildings and other constructions	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets		Total
Opening balance		8,413,870	18,790,315	2,903,260	609,670	2,611,865	171,040		33,500,020
IAS/IFRS conversion adjustments		(794,194)	(505,927)	(28,058)	(5,056)	(6,057)	(32,372)		(1,371,664)
Restated opening balance		7,619,676	18,284,388	2,875,202	604,614	2,605,808	138,668		32,128,356
Additions		429,815	1,364,868	139,010	29,101	168,465	45,841		2,177,100
Disposals		-	(155,231)	(156,283)	-	(7,878)	-		(319,392)
Transfers and write-offs		-	-	-	-	(105,313)	(523)		(105,836)
Closing balance		8,049,491	19,494,025	2,857,929	633,715	2,661,082	183,986		33,880,228
	1,346,387	3,838,462	2,719,750	190,179	28,780	253,916	138,385	499,702	9,015,561

	2005								
	Gross assets								
	Land and other natural resources	Buildings and other constructions	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets	Work in progress	Total
Opening balance	1,346,387	11,887,953	22,213,775	3,048,108	662,495	2,914,998	322,371	499,702	42,895,789
Additions	78,750	98,391	292,292	193,515	29,664	235,066	83,900	297,390	1,308,968
Disposals	-	-	(98,392)	(76,506)	(4,870)	(5,664)	-	-	(185,432)
Transfers and write-offs	-	387,183	76,920	-	-	(23,535)	5,885	(447,853)	(1,400)
Closing balance	1,425,137	12,373,527	22,484,595	3,165,117	687,289	3,120,865	412,156	349,239	44,017,925
	Accumulated depreciation								
		Buildings and other constructions	Plant and machinery	Vehicles	Tools and utensils	Office equipment	Other tangible assets		Total
Opening balance		8,049,491	19,494,025	2,857,929	633,715	2,661,082	183,986		33,880,228
Additions		409,476	1,061,150	148,567	19,681	198,858	61,611		1,899,343
Disposals		-	(75,553)	(69,698)	(4,870)	(5,664)	-		(155,785)
Transfers and write-offs		-	-	-	-	-	6,030		6,030
Closing balance		8,458,967	20,479,622	2,936,798	648,526	2,854,276	251,627		35,629,816
	1,425,137	3,914,560	2,004,973	228,319	38,763	266,589	160,529	349,239	8,388,109

7. GOODWILL

During the year ended 31 December 2004, the goodwill amounting to 1,745,722 Euro was subjected to impairment tests. As a result, an impairment loss adjustment for the full amount of the goodwill was recorded in the financial statements.

8. INTANGIBLE ASSETS

The movement of intangible assets and its accumulated depreciation during the years ended 31 December 2004 and 2005 were as follows:

(Amounts expressed in Euro)

	2004		
	Assets		
	Instalation expenses	Software	Total
Opening balance	781,359	-	781,359
IAS/IFRS adjustments	(781,359)	40,638	(740,721)
Restated opening balance	-	40,638	40,638
Additions	-	44,558	44,558
Transfers and write-offs	-	122,963	122,963
Closing balance	-	208,159	208,159
	Accumulated depreciation		
	Instalation expenses	Software	Total
Opening balance	660,009	-	660,009
IAS/IFRS adjustments	(660,009)	32,372	(627,637)
Restated opening balance	-	32,372	32,372
Additions	-	6,956	6,956
Transfers and write-offs	-	105,906	105,906
Closing balance	-	145,234	145,234
	-	62,925	62,925

	2005		
	Assets		
	Instalation expenses	Software	Total
Opening balance	-	208,159	208,159
Additions	-	57,503	57,503
Closing balance	-	265,662	265,662
	Accumulated depreciation		
	Instalation expenses	Software	Total
Opening balance	-	145,234	145,234
Additions	-	32,951	32,951
Closing balance	-	178,185	178,185
	-	87,477	87,477

9. INVENTORIES

As of 31 December 2005 and 2004, the amount recorded in the caption “Inventories” was made up as follows:

	2005	2004
Raw, subsidiary and consumable materials	6,663,594	6,688,712
Sub-products and others	981	1,079
Work in progress	4,645,609	2,661,797
Finished and intermediated goods	1,700,366	1,852,571
Merchandise	11,951,692	8,280,057
	24,962,242	19,484,216
Accumulated impairment losses (Note 16)	(393,503)	(365,387)
	24,568,739	19,118,829

(Amounts expressed in Euro)

The cost of sales for the year ended 31 December 2004 amounted to 44,224,421 Euro and was computed as follows:

	Merchandise	Raw, subsidiary and consumable materials	Sub-products	Finished and intermediate goods	Work in progress	Total
Opening balance	8,347,978	4,834,891	1,794	1,631,267	2,076,755	8,544,707
IAS/IFRS adjustments	-	-	-	-	(202,451)	(202,451)
Restated opening balance	8,347,978	4,834,891	1,794	1,631,267	1,874,304	16,690,234
Purchases	15,690,069	31,169,971	-	-	-	46,860,040
Inventory adjustments	(161,371)	240,565	-	(146,504)	225,673	158,363
Closing inventories	(8,280,057)	(6,688,712)	(1,079)	(1,852,571)	(2,661,797)	(19,484,216)
	15,596,619	29,556,715	715	(367,808)	(561,820)	44,224,421

The Cost of sales for the year ended 31 December 2005 amounted to 47,449,458 Euro and was computed as follows:

	Merchandise	Raw, subsidiary and consumable materials	Sub-products	Finished and intermediate goods	Work in progress	Total
Opening balance	8,280,057	6,688,712	1,079	1,852,571	2,661,797	19,484,216
Purchases	26,714,992	25,927,065	-			52,642,057
Inventory adjustments	(34,219)	172,921	-	(89,381)	236,106	285,427
Closing inventories	(11,951,692)	(6,663,594)	(981)	(1,700,366)	(4,645,609)	(24,962,242)
	23,009,138	26,125,104	98	62,824	(1,747,706)	47,449,458

10. CURRENT AND DEFERRED INCOME TAXES

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during a six-year period until 2000 and a four-year period after that date (ten years for Social Security, until 2000, inclusive, and five years after 2001), except when there has been tax losses, there have been granted tax benefits, or tax inspections or claims are in progress, in which cases the periods may be extended or suspended. Therefore, the tax returns of the company and its subsidiary and associated companies for the year 2000 and for the years 2002 to 2005 are still subject to review.

The Board of Directors of the company 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 accompanying consolidated financial statements as of 31 December 2005.

The movement in deferred tax assets and liabilities during the year ended 31 December 2004 is as follows:

	Deffered tax assets	Deferred tax liabilities
Opening balance as of 1.1.2004 - Portuguese GAAP	-	-
Deferred tax assets and liabilities prior to 1.1.2004 (a)	1,368,782	269,158
IAS/IFRS conversion adjustments:		
Write-off of tangible assets	173,850	-
Write-off of intangible assets	34,204	-
Provision and impairment losses not accepted for tax purposes	-	-
Write-off of deferred costs	24,915	-
Provisions	23,620	-
Write-off of deferred income	-	3,707
Opening balance as of 1.1.2004 - IAS/IFRS	1,625,371	272,865
Impact on the profit and loss statement	74,353	(39,599)
Closing balance as of 31.12.2004	1,699,724	233,266

(a) The Group was adopting the transitory procedure set by Portuguese Accounting Standard nr. 28 and therefore, under Portuguese GAAP, did not record any deferred tax asset or liabilities related to facts occurred before 1 January 2002.

The movement in deferred tax assets and liabilities for the year ended 31 December 2005 was as follows:

(Amounts expressed in Euro)

	Deffered tax assets	Deferred tax liabilities
Opening balance as of 1.1.2005	1,699,724	233,266
Impact on the profit and loss statement	71,880	(19,887)
Closing balance as of 31.12.2005	1,771,604	213,379

As of 31 December 2005 the deferred tax assets and liabilities, in accordance with its nature, were as follows:

	Deferred tax assets	Deferred tax liabilities
Write-off of tangible assets	91,368	-
Write-off of intangible assets	14,145	-
Provision and impairment losses not accepted for tax purposes	1,659,954	-
Write-off of deferred costs	6,137	-
Reinvested capital gains	-	70,206
Depreciation expenses not accepted for tax purposes	-	143,173
	1,771,604	213,379

Income taxes recorded in the profit and loss statement for the year ended 31 December 2005 can be detailed as follows:

Current income tax	
Income tax estimate (Note 18)	3,056,234
Deferred income tax	(91,767)
	2,964,467

11. CUSTOMERS

As of 31 December 2005 and 2004 this caption can be detailed as follows:

	2005	2004
Customers current accounts	34,627,572	31,967,645
Customers, notes receivable	3,755,190	2,680,680
Customers, doubtful accounts	7,515,325	7,201,599
	45,898,087	41,849,924
Accumulated impairment losses (Note 16)	(11,963,923)	(10,981,191)
	33,934,164	30,868,733

The Group's exposure to credit risk is attributable mainly to the accounts receivable related to its operating activity. The amounts recorded in the balance sheet are presented net of accumulated impairment losses for doubtful accounts that were estimated by the Group, in accordance with its experience and based on the economical environment evaluation. The Board of Directors believes that the recorded amounts are close to their fair value.

12. OTHER DEBTORS

As of 31 December 2005 and 2004 this caption can be detailed as follows:

	2005	2004
Advances to suppliers	67,659	69,728
Advances to suppliers of fixed assets	36,739	11,535
State and public sector:		
Value Added Tax	892,019	778,446
Others	38,349	49,203
Other debtors	358,316	451,961
	1,393,082	1,360,873
Accumulated impairment losses (Note 16)	(55,952)	(55,952)
	1,337,130	1,304,921

(Amounts expressed in Euro)

As of 31 December 2005 and 2004, the Group had recorded an amount of 1,104,512 Euro in non-current assets. A provision has been recorded for the full amount.

13. CASH AND CASH EQUIVALENTS

As of 31 December 2005 and 2004 the caption "Cash and cash equivalents" included in the consolidated balance sheet can be detailed as follows:

Cash	34,884	92,428
Cash at bank – on demand	4,221,902	6,150,523
	4,256,786	6,242,951

14. SHARE CAPITAL

As of 31 December 2005 F. Ramada's fully subscribed and paid-up share capital consisted of 3,000,000 ordinary shares, with a nominal value of 5 Euro per share. As of that date, F. Ramada, Aços e Indústrias, S.A. and its subsidiaries did not hold own shares.

As of 31 December 2005 the following entities held more than 20% of the subscribed share capital:

- Altri, S.G.P.S., S.A.

15. BANK LOANS AND OTHER LOANS

As of 31 December 2005, the captions "Bank loans" and "Other loans" can be detailed as follows:

	Nominal value		Book value	
	Current	Non current	Current	Non current
Bank loans	2,295,500	6,363,500	2,295,500	6,363,500
Bank overdrafts	2,308,357	-	2,308,357	-
Bank loans	4,603,857	6,363,500	4,603,857	6,363,500
Commercial paper	6,250,000	-	6,224,201	-
Other loans	3,606,299	-	3,606,299	-
Other loans	9,856,299	-	9,830,500	-
	14,460,156	6,363,500	14,434,357	6,363,500

The Group has contracted some renewable commercial paper programmes with subscription warranty which are repayable in the sort term.

Loans obtained bear interest at market rates.

The expenses incurred with the issuance of loans are deducted to its nominal value, being deferred and recognised as interest expenses during the period of the loan.

The nominal value of the non current loans is repayable as follows:

Reimbursement year	Amount
2007	3,030,167
2008	1,666,667
2009	1,666,666
	6,363,500

16. ACCUMULATED PROVISIONS AND IMPAIRMENT LOSSES

The movements occurred in provisions and impairment losses for the years ended 31 December 2005 and 2004, can be detailed as follows:

(Amounts expressed in Euro)

	2004				
	Provisions	Impairment losses in accounts receivables (a)	Impairment losses in investments	Impairment losses in inventories	Total
Opening balance	1,810,304	10,082,141	-	372,019	12,264,464
IAS/IFRS adjustments	(1,672,547)	(179,787)	85,886	747,821	(1,018,627)
Restated opening balance	137,757	9,902,354	85,886	1,119,840	11,245,837
Increases	39,570	2,868,647	-	15,921	2,924,138
Decreases	(8,977)	(629,346)	-	(770,374)	(1,408,697)
Closing balance	168,350	12,141,655	85,886	365,387	12,761,278

Increases recorded in provisions and impairment losses for the year ended 31 December 2004 were recorded in the statement of profit and loss caption “Provisions and impairment losses”.

	2005				
	Provisions	Impairment losses in accounts receivables (a)	Impairment losses in investments	Impairment losses in inventories	Total
Opening balance	168,350	12,141,655	85,886	365,387	12,761,278
Increases	69,786	982,732	107,961	28,116	1,188,595
Decreases	(87,499)	-	-	-	(87,499)
Closing balance	150,637	13,124,387	193,847	393,503	13,862,374

(a) including 1,104,512 Euro related to impairment losses in accounts receivables recorded in non current assets captions.

Increases recorded in provisions and impairment losses for the year ended 31 December 2005 were recorded in the statement of profit and loss as follows:

Provisions and impairment losses	1,080,634
Gains and losses in other investments (Note 20)	107,961

	1,188,595
	========

The amount recorded in the balance sheet caption “Provisions” as of 31 December 2005 relates to the Board of Directors’ best estimate to cover possible losses arising from legal actions in progress.

17. OTHER NON CURRENT CREDITORS

As of 31 December 2004 and 2005 this caption is made up as follows:

	2005	2004
Suppliers of fixed assets	1,061,912	1,813,627
Other creditors	13,067	31,019
	1,074,979	1,844,646

The amount payable to suppliers of fixed assets relates to leasing contracts and should be reimbursed in accordance with the following reimbursement plan:

2007	791,576
2008	270,336
	1,061,912

(Amounts expressed in Euro)

18. OTHER CREDITORS

As of 31 December 2005 and 2004 the current liabilities caption “Other creditors” is made up as follows:

	2005	2004
Group companies	-	1,142,788
Suppliers of fixed assets	868,914	1,066,498
Advances in account of sales	1,247,148	1,051,933
State and public sector:		
Corporate income tax	889,259	156,834
Personal income tax	352,869	159,402
Value Added Tax	1,588,062	1,656,486
Social security	217,125	320,173
Others	5,363	7,425
Other creditors	174,018	1,021,842
	5,342,759	6,647,104

The caption “Advances in account of sales” corresponds to collected cash from an agreed steel supply.

As of 31 December 2004, the caption “Group companies” is made up of an amount payable to Cofina, S.G.P.S., S.A. as a result of the taxation under the special regime of taxation of Groups of companies (“*Regime Especial de Tributação de Grupos de Sociedades” - RETGS*). During 2005, most of the group companies were still adopting this scheme, but the dominant company became F. Ramada, Aços e Indústrias, S.A.. As a result, corporate income tax was recorded in caption ‘State and other public sectors’ rather than in “Group companies” caption.

As of 31 December 2005, the caption “State and other public sectors – corporate income tax” can be detailed as follows:

Current income tax (Note 10)	3,056,234
Payments on account and tax withholds	(2,166,975)

	889,259
	========

19. OTHER CURRENT LIABILITIES

As of 31 December 2005 and 2004 the caption “Other current liabilities” is made up as follows:

	2005	2004
Accrued expenses		
Accrued payroll	1,453,412	1,115,057
Interest payable	96,551	100,065
Others	411,013	744,204
Deferred income	1,098,493	1,175,214
	3,059,468	2,906,846

The caption “Deferred income” includes mainly early invoicing on storage systems sales.

(Amounts expressed in Euro)

20. NET FINANCIAL PROFIT

The consolidated net financial profit for the years ended 31 December 2005 and 2004 was made up as follows:

	2005	2004
Gains and losses on other investments:		
Provisions for financial investments (Note 16)	(107,961)	-
	(107,961)	-
Financial expenses:		
Interest	(1,019,484)	(706,260)
Exchange losses	(6,012)	(6,012)
Other financial expenses	(315,296)	(8,901)
	(1,340,792)	(721,173)
Financial income:		
Interest	511,701	131,928
Exchange gains	5,640	11,666
Other financial income	65,571	156,832
	582,912	300,426

21. RELATED PARTIES

As of 31 December 2005 there are no relevant balances with related parties.

During the year ended 31 December 2005 there were no relevant transactions with related parties.

22. FINANCIAL COMMITMENTS NOT INCLUDED IN THE CONSOLIDATED BALANCE SHEET

As of 31 December 2005, Group companies had provided bank guarantees as follows:

Commercial paper	3,996,995
IAPMEI	1,381,750
DGCI ("tax authorities") – VAT reimbursement requests	571,968
Others	170,646

	6,121,359
	========

23. EARNINGS PER SHARE

Earnings per share for the year were determined taking into consideration the following amounts:

	2005	2004
Net profit considered for the computation of basic and diluted earnings	7,699,866	5,771,279
Weighted average number of shares used to compute the diluted and basic average earnings per share	3,000,000	3,000,000
Earnings per share		
Basic	2.57	1.92
Diluted	2.57	1.92

24. SEGMENT INFORMATION

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

- Steel
- Storage systems
- Support services (a)

(a) – The support services relate to activities performed by F. Ramada Imobiliária and F. Ramada Serviços, which are eliminated in the consolidation process.

(Amounts expressed in Euro)

The segregation by segments as of 31 December 2004 and 2005 is made up as follows:

	2004				
	Steel	Storage systems	Support services	Consolidation adjustments and eliminations	Consolidated financial statements
Net operating income	53,107,993	46,687,124	2,111,687	(14,479,714)	87,427,090
Operating Cash-flow (EBITDA) (a)	8,288,859	3,173,192	758,211	(1,101,924)	11,118,338
Operating profit (EBIT)	7,247,150	2,444,667	344,389	(1,101,924)	8,934,282
Fixed and financial assets (b)	23,497,108	1,566,973	5,128,727	(21,096,929)	9,095,879
Inventories	10,724,244	8,463,914	-	(69,329)	19,118,829
Other assets	24,375,743	17,864,511	1,116,415	(2,849,468)	40,507,201
Total assets	58,597,095	27,895,398	6,245,142	(24,015,726)	68,721,909
Accounts payable	25,150,707	14,677,413	587,023	(2,851,418)	37,563,725
Other liabilities	1,059,668	1,926,473	322,321	-	3,308,462
Total liabilities	26,210,375	16,603,886	909,344	(2,851,418)	40,872,187
Investments in tangible and intangible assets	999,859	639,703	219,136	-	1,858,698

(a) - Operating income + depreciation
(b) - including Goodwill

	2005				
	Steel	Storage systems	Support services	Consolidation adjustments and eliminations	Consolidated financial statements
Net operating income	58,203,352	50,473,171	2,308,843	(17,400,517)	93,584,849
Operating Cash-flow (EBITDA) (a)	8,291,712	4,468,325	790,269	(87,838)	13,462,468
Operating profit (EBIT)	7,404,684	3,837,240	376,088	(87,838)	11,530,174
Fixed and financial assets (b)	24,372,716	1,566,491	5,352,805	(21,221,931)	10,070,081
Inventories	14,030,736	10,686,940	-	(148,937)	24,568,739
Other assets	24,822,582	21,302,167	840,606	(5,382,017)	41,583,338
Total assets	63,226,034	33,555,598	6,193,411	(26,752,885)	76,222,158
Accounts payable	29,989,482	17,173,678	264,916	(5,222,776)	42,205,300
Other liabilities	1,091,444	2,186,088	305,193	(159,241)	3,423,484
Total liabilities	31,080,926	19,359,766	570,109	(5,382,017)	45,628,784
Investments in tangible and intangible assets	268,986	459,237	638,248	-	1,366,471

(a) - Operating income + depreciation
(b) - including Goodwill

Sales and services rendered by the Group in 2005 can be detailed by geographical markets as follows:

Domestic market	57,416,848
Foreign market	35,363,954

	92,780,802
	=========

25. NUMBER OF PERSONNEL

During the years ended 31 December 2005 and 2004, the average number of employees of the companies included in the consolidated financial statements by the full consolidation method was 472 and 473, respectively.

26. DIVIDENDS

In accordance with the decision taken in the General Shareholders Meeting held in 31 March 2005, the Company distributed dividends amounting to 5,000,000 Euro. These were only distributed to the company's ordinary shares.

27. FIRST TIME ADOPTION OF "INTERNATIONAL FINANCIAL REPORTING STANDARS - IFRS"

International Financial Reporting Standards (IFRS) were adopted by F. Ramada Group in the preparation of its consolidated financial statements for the first time in 2005. As a result, the transition date from the Portuguese generally accepted accounting principles to the standards referred above is 1 January 2004, as established by IFRS 1 – “First time adoption of International Financial Reporting Standards”.

The effect on the Group’s consolidated balance sheets as of 1 January 2004 and 31 December 2004 of the transition from Portuguese GAAP to International Financial Reporting Standards (IFRS) can be detailed as follows:

	1.1.2004			31.12.2004		
ASSETS	**Protuguese GAAP**	**Adjustments of transition to IFRS**	**IFRS**	**Portuguese GAAP**	**Adjustments of transition to IFRS**	**IFRS**
Non current assets:						
Tangible assets	10,110,803	727,315	9,383,488	9,557,687	542,126	9,015,561
Goodwill	1,215,140	-	1,215,140	-	-	-
Intangible assets	121,350	113,084	8,266	26,954	(35,971)	62,925
Investments available for sale	1,065,770	127,050	938,720	103,279	85,886	17,393
Deferred tax assets	-	(1,625,371)	1,625,371	-	(1,699,724)	1,699,724
Total non-current assets	12,513,063	(657,922)	13,170,985	9,687,920	(1,107,683)	10,795,603
Current assets:						
Inventories	16,520,667	950,273	15,570,394	19,118,829	-	19,118,829
Customers	29,989,343	1,283,390	28,705,953	31,631,780	763,047	30,868,733
Other debtors	820,223	-	820,223	1,305,287	366	1,304,921
Other current assets	289,407	158,961	130,446	417,167	26,295	390,872
Cash and cash equivalents	8,426,023	-	8,426,023	6,242,951	-	6,242,951
Total current assets	56,045,663	2,392,624	53,653,039	58,716,014	789,708	57,926,306
Total assets	68,558,726	1,734,702	66,824,024	68,403,934	(317,975)	68,721,909
SHAREHOLDERS' FUNDS AND LIABILITIES						
Shareholders' funds:						
Share capital	15,000,000	-	15,000,000	15,000,000	-	15,000,000
Share premium reserve	748,197	-	748,197	748,197	-	748,197
Legal reserve	1,750,788	-	1,750,788	1,916,073	-	1,916,073
Conversion reserve	(153,300)	-	(153,300)	(225,189)	-	(225,189)
Other reserves	7,449,588	(432,932)	7,882,520	4,206,427	(432,935)	4,639,362
Consolidatet net profit for the year	-	-	-	5,287,027	(484,252)	5,771,279
Total equity attributable to equity holders of the parent company	24,795,273	(432,932)	25,228,205	26,932,535	(917,187)	27,849,722
Minority interests	-	-	-	-	-	-
Total Shareholders' funds	24,795,273	(432,932)	25,228,205	26,932,535	(917,187)	27,849,722
Liabilities:						
Non current liabilities:						
Bank loans	6,722,332	-	6,722,332	8,659,000	-	8,659,000
Other non current creditors	2,386,053	-	2,386,053	1,844,646	-	1,844,646
Deferred tax liabilites	-	(272,865)	272,865	-	(233,266)	233,266
Total non current liabilities	9,108,385	(272,865)	9,381,250	10,503,646	(233,266)	10,736,912
Current liabilities						
Bank loans	13,754,410	-	13,754,410	4,690,267	-	4,690,267
Other loans - Short term	1,250,000	-	1,250,000	3,750,000	-	3,750,000
Suppliers	11,088,132	-	11,088,132	11,972,708	-	11,972,708
Other creditors	4,587,034	-	4,587,034	6,647,104	-	6,647,104
Other current liabilities	2,165,188	767,952	1,397,236	3,248,324	341,478	2,906,846
Provisions	1,810,304	1,672,547	137,757	659,350	491,000	168,350
Total current liabilities	34,655,068	2,440,499	32,214,569	30,967,753	832,478	30,135,275
Total Shareholders' funds and Liabilities	68,558,726	1,734,702	66,824,024	68,403,934	(317,975)	68,721,909

As of 1 January 2004 and 31 December 2004, the main impacts of the transition to IFRS on the consolidated Shareholders’ fund can be summarized, by nature, as follows:

(amounts expressed in thousand Euro)	01.01.2004	31.12.2004
Shareholders’ funds under Portuguese GAAP (including minority interests)	24,795	26,933
Deferred taxes	1,353	1,353
Write-off of tangible and intangible assets	(757)	(757)
Write-off of deferred costs	(90)	(90)
Other effects	(73)	(73)
Difference in the net profit between Portuguese GAAP and IFRS	-	484
Shareholders’ funds under IFRS (including minority interests)	25,228	27,850

The main impacts on the Group's consolidated net profit for the year ended 31 December 2004 in relation to the financial statements conversion to IFRS can be detailed as follows:

(amounts expressed in thousand Euro)	31.12.2004
Net profit under Portuguese GAAP (including minority interests)	5,287
Write-off of fixed assets	178
Write-off of deferred costs	55
Deferred taxes	113
Other effects	138
Difference between Portuguese GAAP and IFRS net profit	484
Net profit under IFRS (including minority interests)	5,771

The main changes or aspects, that we believe are relevant for a better understanding of the transition to IFRS carried through by F.Ramada Group, can be summarized as follows:

Deferred taxes

In the consolidated financial statements prepared in accordance with Portuguese accounting principles, F. Ramada Group did not record deferred tax assets and liabilities generated before the Portuguese accounting standard nr. 28 became effective as, in accordance to that standard, the Group was allowed not to recognize, for a period not exceeding five years, deferred tax assets and liabilities relating to situations existing prior to 1 January 2002. Since IAS 12 – "Income taxes" does not predict such transitory dispositions, in the transition process to IFRS, the Group recorded deferred tax assets and liabilities generated prior to 1 January 2004 (transition date) as well as those relative to the year ended 31 December 2004. This lead to an increase in Equity as of 31 December 2004 of 1,466 thousand Euro (1,353 thousand Euro as of 1 January 2004).

In what concerns the statement of profit and loss, the record of the deferred taxes lead to an increase of net profit of 113 thousand Euro, related to deferred taxes not previously recorded, under the transitory disposition referred to above, as to conversion adjustments to IFRS.

Fixed assets and deferred costs

The transition process to IFRS caused changes in the recognition of intangible assets, recorded under the caption "Intangible assets" and under the caption "Deferred costs" (relating to pluriannual costs), and of tangible assets, mainly related to major repairment which resulted in an adjustment in assets and a decrease in Equity of 847 thousand Euro as of 1 January 2004.

Concerning net profit as of 31 December 2004, the net effect of the non-depreciation of tangible and intangible assets adjusted in the opening balance, as well as the recording in the profit and loss statement of tangible and intangible assets which did not meet IFRS requirements, amounted to 233 thousand Euro.

Classification of gains and losses

During the transition process to IFRS some profit and loss items were reclassified in order to comply with IFRS, namely extraordinary profit and loss items, as well as some captions classified as financial income according to Portuguese GAAP. These captions, that include financial discounts allowed and some bank charges for services rendered that are not directly related to the Group's financial structure, were classified, under IFRS, as operating expenses.

28. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors in 7 March 2006.

29. EXPLANATION ADDED FOR TRANSLATION

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

STATUTORY AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese – Note 29)

Introdução

1. We have examined the consolidated financial statements of F. Ramada, Aços e Indústrias, S.A. (“Company”) which comprise the consolidated balance sheet as of 31 December 2005, that presents a total of 76,222,158 Euro and shareholders’ equity of 30,593,374 Euro, including a net profit of 7,699,866 Euro, the consolidated statements of profit and loss, the consolidated statement of cash flows and the consolidated statements of changes in shareholders’ funds for the year then ended and the corresponding notes.

Responsibilities

2. The preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in consolidation and the consolidated results of their operations and their cash flows, as well the adoption of adequate accounting principles and criteria and the maintenance of appropriate systems of internal control are the responsibility of the Board of Directors. Our responsibility is to express a professional and independent opinion based on our examination.

Scope

3. Our examination was performed in accordance with the Auditing Standards *(“Normas Técnicas e Directrizes de Revisão/Auditoria”)* issued by the Portuguese Institute of Statutory Auditors *(“Ordem dos Revisores Oficiais de Contas”)*, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. An examination includes verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Company’s Board of Directors, used in their preparation. An examination also includes verifying the consolidation procedures used and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting policies used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the consolidated financial statements. An examination also comprises verifying that the financial information contained in the consolidated Board of Directors’ report is in accordance with the consolidated financial statements. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

4. In our opinion, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of F. Ramada, Aços e Indústrias, S.A. as of 31 December 2005 and the consolidated results of its operations and its consolidated cash flows for the year then ended in conformity with international financial reporting standards as adopted by the European Union.

Emphasis

5. As referred to in Note 27 to the consolidated financial statements, the Company used International Financial Reporting Standards (“IFRS”) as adopted by the European Union in the preparation of its financial statements for the first time in 2005. In the transition from the previous generally accepted accounting principles (Portuguese Official Chart of Accounts – “POC”) to IFRS, the Company followed the requirements of International Financial Reporting Standard 1 – First Time Adoption of International Financial Reporting Standards, the transition date being set at 1 January 2004. As a result, the financial information as at that date and for the year 2004, previously reported in accordance with POC, was restated under IFRS for comparability purposes. The Company included in Note 27 of the consolidated financial statements additional disclosures required in respect with the transition process to International Financial Reporting Standards as adopted by the European Union.

Porto, 7 March 2006

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by António Manuel Martins Amaral

REPORT AND OPINION OF THE STATUTORY AUDITOR
CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese – Note 29)

To the Shareholders of
F. Ramada, Aços e Indústrias, S.A.

In compliance with the applicable legislation and our mandate, we hereby submit our Report and Opinion, which covers our work and the consolidated documents of account of F. Ramada, Aços e Indústrias, S.A. ("F. Ramada") and Subsidiaries (the Group"), for the year ended 31 December 2005, which are the responsibility of the Board of Directors.

We accompanied, in the adequate time and with the appropriate scope, the evolution of the operations of the Company and that of its principal subsidiaries, the timely writing up of their accounting records and their compliance with current legislation and their articles of association, having received from the Board of Directors and personnel of the Company and its subsidiaries, all the information and explanations required.

In performing our work, we examined the consolidated Balance sheet as of 31 December 2005, the consolidated Statements of profit and loss, cash flows and changes in equity for the year ended 31 December 2005 and the corresponding notes. Additionally, we examined the consolidated Directors' Report for the year 2005 prepared by the Board of Directors of F. Ramada. As consequence of our legal examination we have issued on this date our Statutory Audit Report, which include in paragraph 5 one emphasis.

Based on the above, in our opinion, considering the matters referred to in paragraph 5 of the Statutory Audit Report, the consolidated financial statements referred to above and the consolidated Directors' Report, are in accordance with the accounting, legal and statutory requirements and so can be approved by the Shareholders' General Meeting.

We wish to thank the Company's Board of Directors and personnel, as well as the statutory boards and personnel of the Group companies for the assistance provided to us.

Porto, 7 March de 2006

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by António Manuel Martins Amaral