RAMADA

F. RAMADA, AÇOS E INDÚSTRIAS, S.A.

Report and Accounts 2007

F. RAMADA, AÇOS E INDÚSTRIAS, S.A.

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2007 AND 2006
(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

ASSETS	Notes	31.12.2007	31.12.2006
NON CURRENT ASSETS:			
Biological assets		-	4.680.000
Investment properties	7	43.541.235	-
Tangible assets	8	7.687.093	8.249.113
Intangible assets	9	253.311	49.869
Other non-current assets	6 and 10	-	-
Investments available for sale	4 and 6	46.265	45.310
Deferred tax assets	11	2.410.212	2.201.707
Derivatives	6 and 12	658.808	-
Total non current assets		54.596.924	15.225.999
CURRENT ASSETS:			
Inventories	13	34.319.735	37.652.279
Customers	6 and 14	64.598.902	35.993.196
State and other public entities	6 and 15	733.600	1.704.599
Other debtors	6 and 16	576.899	501.465
Other current assets	6	441.196	396.104
Cash and cash equivalents	6 and 17	63.676.574	6.514.641
		164.346.906	82.762.284
Non-current assets held for sale	18	4.274.855	-
Total current assets		168.621.761	82.762.284
Total assets		223.218.685	97.988.283
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital	19	15.000.000	15.000.000
Share premium reserves	19	748.197	748.197
Legal reserve	19	3.524.644	2.476.231
Conversion reserves	19	(373.331)	(141.252)
Other reserves	19	11.150.212	8.564.559
Consolidated net profit for the year		7.339.596	7.639.360
Total shareholders' funds attributable to equity holders of the parent company		37.389.318	34.287.095
Minority interests		-	-
Total Shareholders' funds		37.389.318	34.287.095
LIABILITIES:			
NON CURRENT LIABILITIES			
Bank loans	6 and 20	40.014.262	6.333.333
Other non current creditors	6 and 21	251.433	298.862
Provisions	26	64.537	129.598
Deferred tax liabilities	11	324.608	172.927
Total non current liabilities		40.654.840	6.934.720
CURRENT LIABILITIES			
Bank loans	6 and 20	55.694.927	18.451.017
Other loans - short-term	6 and 20	20.688.136	8.812.694
Suppliers	6 and 22	51.150.780	19.462.812
State and other public entities	6 and 15	3.364.607	3.316.899
Other creditors	6 and 23	2.599.853	2.525.265
Other current liabilities	6 and 25	11.676.224	4.197.781
Total current liabilities		145.174.527	56.766.468
Total Shareholders' funds and liabilities		223.218.685	97.988.283

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 YEARS ENDED 31 DECEMBER 2007 AND 2006
(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

	Notes	31.12.2007	31.12.2006
Operating income			
Sales	32	101.990.728	95.702.966
Services rendered	32	6.413.761	7.007.151
Other operating income	30	2.050.739	1.260.492
Total operating income		110.455.228	103.970.609
Operating expenses			
Cost of sales	13	60.948.725	54.434.920
External supplies and services		20.377.018	19.458.136
Payroll expenses		13.301.971	13.281.432
Amortisation and depreciation	8 and 9	1.948.457	1.945.981
Provisions and impairment losses	26	1.521.179	2.933.398
Other operating expenses		1.136.747	759.367
Total operating expenses		99.234.097	92.813.234
Operating profit		11.221.131	11.157.375
Gains in derivatives	12	658.808	-
Financial expenses	28	(2.656.775)	(1.131.047)
Financial income	28	704.065	436.942
Profit before income tax		9.927.229	10.463.270
Income tax	11	(2.587.633)	(2.823.910)
Profit after income tax		7.339.596	7.639.360
Attributable to:			
Parent company's shareholders		7.339.596	7.639.360
Earnings per share:			
Basic	31	2,45	2,55
Diluted	31	2,45	2,55

The accompanying notes form an integral part of the consolidated financial statements
for the year ended 31 December 2007.

The Board of Directors

F. RAMADA, AÇOS E INDÚSTRIAS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' FUNDS
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006
(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

		Attributable to the parent company's shareholders						
	Notes	Share Capital	Share premium reserve	Legal reserve	Conversion reserves	Other reserves	Net profit	Total Shareholders' funds
Balance as of 1 January 2006		15.000.000	748.197	2.247.633	(179.453)	5.077.131	7.699.866	30.593.374
Appropriation of consolidated net profit for 2005:								
Transfer to legal reserve and retained earnings		-	-	228.598	-	3.471.268	(3.699.866)	-
Dividend distribution	35	-	-	-	-	-	(4.000.000)	(4.000.000)
Change in reserves:								
Conversion reserves		-	-	-	38.201	-	-	38.201
Others		-		-	-	16.160	-	16.160
Net consolidated profit for the year ended 31 December 2006		-	-	-	-	-	7.639.360	7.639.360
Balance as of 31 December 2006		15.000.000	748.197	2.476.231	(141.252)	8.564.559	7.639.360	34.287.095
Balance as of 1 January 2007		15.000.000	748.197	2.476.231	(141.252)	8.564.559	7.639.360	34.287.095
Appropriation of consolidated net profit for 2006:								
Transfer to legal reserve and retained earnings		-	-	1.048.413	-	2.590.947	(3.639.360)	-
Dividend distribution	35	-	-	-	-	-	(4.000.000)	(4.000.000)
Change in reserves:								
Conversion reserves		-	-	-	(232.079)	-	-	(232.079)
Others		-	-	-	-	(5.294)	-	(5.294)
Net consolidated profit for the year ended 31 December 2007		-	-	-	-	-	7.339.596	7.339.596
Balance as of 31 December 2007		15.000.000	748.197	3.524.644	(373.331)	11.150.212	7.339.596	37.389.318

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 2007 AND 2006

(Translation of financial statements originally issued in Portuguese - Note 37)
(Montantes expressos em Euros)

	2007		2006	
Operating activities:				
Collections from customers	124.582.677		112.799.968	
Payments to suppliers	(113.609.443)		(94.319.973)	
Payments to personnel	(10.537.011)	436.223	(10.142.741)	8.337.254
Other collections/payments relating to operating activities	(17.453.688)		(13.067.302)	
Income tax	(497.514)	(17.951.202)	(287.274)	(13.354.576)
Cash flow from operating activities (1)		(17.514.979)		(5.017.322)
Investment activities:				
Collections relating to:				
Investments	-		1.902.066	
Tangible assets	656.122		35.656	
Interest and similar income	782.913	1.439.035	507.750	2.445.472
Payments relating to:				
Intangible assets	(45.176)		-	
Tangible assets	(1.951.998)	(1.997.174)	(2.054.156)	(2.054.156)
Cash flow from investment activities (2)		(558.139)		391.316
Financing activities:				
Collections relating to:				
Investment subsidies	73.558		-	
Loans obtained	89.920.000	89.993.558	9.700.000	9.700.000
Payments relating to:				
Lease contracts	(969.094)		(930.400)	
Interest and similar costs	(1.990.144)		(959.127)	
Dividends	(4.002.904)		(4.000.000)	
Loans obtained	(6.649.486)	(13.611.628)	(3.339.105)	(9.228.632)
Cash flow from financing activities (3)		76.381.930		471.368
Cash and cash equivalents at the beginning of the period		(2.206.209)		(2.206.209)
Exchange rate variation		(156.645)		-
Variation of cash and cash equivalents: (1)+(2)+(3)		58.308.812		(4.154.638)
Cash and cash equivalents at the end of the period		55.945.958		(2.206.209)

The accompanying notes form an integral part of the consolidated statement
of cash flows for the year ended 31 December 2007.

The Board of Directors

1. INTRODUCTORY NOTE

F. RAMADA, Aços e Indústrias, S.A. ("F. Ramada" or “Company”), based in Cova do Frade, Apartado 10, Ovar - Portugal, is a Limited Liability Company 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.

Under its investment structure, F. Ramada Group focuses its activities in (i) commerce of steel, essentially for the moulds and construction industries, (ii) commercialization of storage systems, were the Group presents a relevant international implementation, and (iii) commercialization of tools. Though the Group’s real estate company, F. Ramada also presents some earnings from land rentals.

During the year ended 31 December 2007, the Group developed its activity in Portugal, France, United Kingdom and Belgium.

As a result of the Public Acquisition Operation (“OPA”) made by Cofina, SGPS, SA during 2001 and materialized in January 2002 through a Potestative Public Acquisition Operation, the Company’s’ shares cessed being listed in the Lisbon Euronext Stock.

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

F. Ramada’s consolidated financial statements are expressed in Euro (rounded to the nearest unit). This is the currency used by the Group in its operations and as so, considered the functional currency. The operations of the foreign group companies whose functional currency is not the Euro are included in the consolidated financial statements in accordance with the policy established in Note 2.2.d).

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 the accounting records of the companies included in the consolidation (Note 4), under the going concern concept and based in the historical cost, except for some financial instruments that are recorded based in fair value (Note 2.3.i)), adjusted to reflect the recognition and measurement principles of the International Financial Reporting Standards (“IFRS” – previously named International Accounting Standards – “IAS”), issued by the International Accounting Standards Board (“IASB”), in force as of 1 January 2007, as adopted by the European Union.

During the year 2007 no changes occurred in relation to the accounting policies presented in the consolidated financial statements as of 31 December 2006. The Group enforced in 2007 for the first time IFRS 7 – “Financial instruments – disclosure and presentation”, mandatory for annual periods beginning on or after 1 January 2007. The application of this standard results in an increase of disclosure on the Group’s financial instruments.

Additionally, during the year ended 31 December 2007, five interpretations became effective: (i) IFRIC 7 - "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies"; (ii) IFRIC 8 - "Scope of IFRS 2"; (iii) IFRIC 9 - "Reassessment of Embedded Derivatives"; (iv) IFRIC 10 - "Interim Financial Reporting and Impairment; and (v) IFRIC 11 - "IFRS 2: Group and Treasury Share Transactions". The adoption of these Interpretations had no relevant impact in the Group's financial statements as at 31 December 2007.

Additionally, at the date of these financial statements, the following Standards and Interpretations had been issued but were still not effective, and therefore have not been applied in the accompanying financial statements. For the majority of these, the endorsement process by the European Union has not yet been completed:

- Amendments to IAS 1 - "Presentation of Financial Statements: a revised presentation" - (effective 1 January 2009);
- Amendments to IAS 23 - "Borrowing Costs" - (effective 1 January 2009);
- Revised IFRS 3 "Business Combinations" - (effective 1 July 2009);
- IFRS 8 - " Operating Segments" - (effective 1 January 2009);
- IFRIC 12 - "Service Concession Arrangements" - (effective 1 January 2008);
- IFRIC 13 - "Customer Loyalty Programmes" - (effective 1 July 2008);
- IFRIC 14 - "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction"- (effective 1 January 2008)

The Group decided not to early adopt these standards in the preparation of its financial statements as at 31 December 2007. The application of these changes will not produce material changes in the future financial statements of the entity with the exception of changes in segment disclosures required by IFRS 8, and the revision of IFRS 3 which will result in significant changes in goodwill computation.

In the preparation of the consolidated financial statements in compliance with the IAS/IFRS, the Board of Directors adopted certain assumptions and estimates that affect the reported assets and liabilities, as well as the income and expenses in relation to the reported periods. All the estimates made by the Board of Directors were made on the basis of its better existing knowledge, to the date of approval of the financial statements, of the events and transactions in course.

The attached consolidated financial statements were prepared for appreciation and approval by the General Shareholder's Meeting. The Board of Directors believes that those will be approved without changes.

2.2 CONSOLIDATION POLICIES

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

a) Investments in group companies

Investments in companies in which F. Ramada 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 has 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 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 (Note 2.2.c). 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 profit and loss of subsidiaries acquired or disposed during the period are included in the consolidated income statement 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" – SPE's), 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 joint 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 interest in the 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 investment in the associated company's net income against profit or loss for the period. Additionally, the dividends distributed by the subsidiary are recorded as a reduction in the investment's book value and the Group's proportion of 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" (Note 2.2.c). 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 loss 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 null 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 transferred asset.

c) Goodwill

In business combinations 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 (including contingent 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. The excess of the cost of acquisition of investments in foreign companies over 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 performed 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 recoverable amount is the highest of the sale net price or the value of use. The sale net price is the amount that would be received in the sale of the asset in an arms-length transaction, deducting transaction costs. The value of use is the net present value of estimated cash flows that are expected to arise from the continued use of the asset and from its sale in the end of its useful life. The recoverable amount is estimated for each asset individually or, if not practicable, for the corresponding cash generating unit.

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 loss 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
31.12.2007	1.36361	1.46127
31.12.2006	1.48482	1.46686

2.3 MAIN ACCOUNTING POLICIES

The main accounting policies used by F. Ramada 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, except when these costs are directly attributable to projects for which the existence of future economic benefits is likely. Being this the case, they are capitalized as intangible assets.

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 and other constructions	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

Lease contracts were the Group acts as lessee

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.

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

Lease contracts were the Group acts as lessor

Lease contracts were the Group acts as lessor refer, mainly, to real estate rental contracts, basically lands, available for sale (Note 7). Usually these contracts have a 24 years term and, normally, preditct the payment of a monthly fix rent.

Accordingly to the respective contractual conditions, the contracts are classified as operating leases, and the rents are recorded in the statement of profit and loss of the period to which they apply.

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 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 value of use. 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 value of use 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 are recorded when the company concludes that the impairment losses previously recognised for the asset no longer exist or has decreased. 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.

When the Company contracts loans to specifically finance capital assets, the corresponding interests are capitalized, being part of the cost of the asset. The capitalization of those interests starts after the beginning of the preparation of the activities of construction, and ceases when the asset is ready for use or in case the project is suspended.

g) Inventories and biological assets

Merchandise and 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.

Plantations owned by the Group are classified in the caption "Biological assets". Costs incurred with the acquisition of plantations and plantations made, and costs incurred with its development, conservation and maintenance are included in this caption. The cost of wood is transferred to production cost when the wood is harvested. The cost of wood harvested is determined based on the specific cost of each plantation attributed to each harvesting, which also includes the costs incurred on each plantation since the last harvesting. The Group records, as costs of the period, the accumulated cost of plantations, maintenance and administrative expenses in proportion to the area harvested during the period. The biological assets held as of 31 December 2006 were sold during 2007 and, as of 31 December 2007, the Group has no assets classified as biological assets.

h) Provisions

Provisions are recognised when, and only when, (i) the Group has an obligation (legal or constructive) arising from a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) 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.

When a provision is computed taking into consideration the cash flows necessary to eliminate such obligation, it is recorded by its net present value.

i) Financial instruments

Financial instruments are classified by the Group in the captions presented and reconciled with the consolidated balance sheet, as presented in Note 6.

i) Investments

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

Financial investments at fair value through profit or loss: this category is divided into two: "Financial assets classified as held for trading" and "Financial assets designated at fair value through profit or loss". A financial asset is classified under this category if it is acquired principally for the purpose of selling it in the short term. Derivatives are also classified as instruments held for trading, except if designated as an effective hedging instrument. Financial instruments in this category are classified as current assets if they are held for trading or if it is expectable that they are going to be realized within twelve months of the balance sheet date;

Held-to-maturity investments: this category includes non-derivative financial assets with fixed or variable reimbursements with fixed maturity, and whose intention of the Board of Directors is to maintain them till its maturity;

Available-for-sale investments: here are included the non-derivatives financial assets that are designated as available-for-sale and those that are not classified as 'loans and receivables', 'held-to-maturity investments' or 'financial assets at fair value through profit or loss'. This category is classified as non-current, unless the Board of Directors has the intention to sell the investment within 12 months from the balance sheet date.

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 fair value by reference to its 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 reserves" 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 profit or loss captions.

All purchases and sales of investments are recorded on its trade date, independently of the settlement date.

ii) Accounts receivable

Debts from customers and other debtors are recorded at its nominal amount and presented in the consolidated balance sheet deduced from impairment losses recognised in the caption "Accumulated impairment losses", in order to reflect its net realizable value. The accounts receivables from customers, when current, do not include interests given the immaterial impact of discounting the cash flows.

Impairment losses are recorded in the sequence of events that indicate, objectively and in a quantifiable manner, that the whole or part of the balance in debt will not be received. For such, each company takes into consideration market information that demonstrates that:
- the counterpart presents significant financial difficulties;
- significant delays in the payments by the counterpart;
- its probable that the debtor enters into insolvency or financial reorganization.

The recognized impairment losses correspond to the difference between the recorded receivable balance and the correspondent current value from the estimated future cash flows, discounted at the initial effective interest rate that, in the cases where collection is expected to occur within one year, is considered null, given the immaterial effect of the discount.

iii) Loans

Loans are recorded as liabilities at its 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.

iv) Accounts payable

Non interest bearing accounts payable are stated at its nominal value, which is roughly its fair value.

v) Derivatives

The Group uses derivative instruments to manage its exposure to financial risks. Derivative instruments are only used for hedge accounting purposes. Derivative instruments are not used for speculation purposes.

The criteria used by the Group to classify the derivative instruments as cash flow hedges are the following:

- at the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;
- hedge effectiveness can be reliably measured;
- there is adequate documentation about the transaction till the inception of the hedge;
- the transaction to be hedged is highly probable to occur.

Cash flow hedges are initially recorded at cost, if any, and subsequently revaluated at their fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity in the caption “Hedging reserves”. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

In cases when the derivative instruments do not comply with the above mentioned requirements to be considered as a cash-flow hedge, although initially contracted for that purpose, the changes in its fair value are recognized directly in the profit and loss statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised. When a hedging instrument no longer qualifies for hedge accounting the cumulative gain or loss that was deferred in equity is transferred immediately to the profit and loss of the year and the subsequent revaluations of the derivative are recorded in the income statement, or added to the carrying amount of the hedged asset. Subsequent revaluations are recorded directly in the income statement.

In the case of derivatives embedded in other financial instruments or contracts, these are treated as separated derivatives when the risks and characteristics are not closely related with the host contract and when the contracts are not reflected by its fair value with unrealised gains and losses recognised in the income statement.

vi) Financial liabilities and Equity instruments

Financial liabilities and equity instruments are classified and accounted for based upon its contractual substance, regardless of its legal form. 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 and losses on its sale are recorded in the equity caption “Other reserves”.

viii) Discounted bills and accounts receivable transferred to factoring companies

The Group derecognizes financial assets from its financial statements solely when contractual entitlement to the cash flows inherent to such assets expire or when the Group substantially transfers all the risks and benefits inherent to the possession of such assets to a third party. If the Group substantially retains all risks and benefits inherent to the possession of such assets, these are recognised in the financial statements, and the monetary compensation received for the cession of such assets is recognized as a liability under the caption “Bank loans” or “Other loans”.

Consequently, customer balances secured by bills discounted not yet fallen due and accounts receivable assigned under factoring arrangements as of the date of each balance sheet, with the exception of factoring operations without recourse, are recognized in the financial statements up to such a time as they are received.

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 its 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 includes 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 will occur 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 taxes are computed based on the taxable profit of the consolidated companies, in accordance with tax legislation in force in the headquarters of each company.

Some of the companies included in the consolidation by the full consolidation method (all of the companies based in Portugal) are taxed in accordance with the special regime for taxation of groups of companies ("Regime Especial de Tributação de Grupos de Sociedades – RETGS"), in accordance with article 63 of the Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Colectivas). During 2006 F. Ramada – Aços e Indústrias, S.A., was the dominant company of this group of companies but, during 2007, the dominant position was transferred to Altri, SGPS, S.A..

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 an reassessed on a yearly basis 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 recorded and unrecorded 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 related to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity captions.

l) Revenue recognition and accruals basis

Revenue arising 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.

Income related with storage systems activity, arising from short term projects (normally no more than 6 months), is recognized under the "Finished contract method", were production costs and invoicing profits are recorded at the end of the project.

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 accruals and deferrals captions "Other current assets" and "Other current liabilities".

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

m) Investment properties

Investment properties represent assets held to earn rentals or for capital appreciation, and are measured at acquisition cost, including transaction costs. Investment properties held as of 31 December 2007 represent land held to earn rentals and not held for administrative purposes or to sell under the current business activity of the Group.

n) Non-current assets held for sale

Non-current assets are classified as held for sale if the book value is recoverable through sale rather than through continued use. For this to be the case the sale must be highly probable and the asset must be available for immediate sale in its present condition. In addition, adequate measures must be in course by the Board of Directors so to conclude that the sale is expected to occur within 12 months of the date of classification in this caption.

Non-current assets classified as held for sale are stated at the lower of its book value and fair value less costs to sell.

o) 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 as of 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.

p) 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 consolidated financial statements. Post balance sheet date events that provide information about conditions that have only arisen after the balance sheet date (“non adjusting events”) are disclosed in the notes to the financial statements, if material.

q) Segment information

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

Information regarding the business segments identified is included in Note 32.

r) Cash flows statement

Consolidated cash flow statement is prepared, using the direct method, according with IAS 7. The Group classifies as “Cash and cash equivalents” applications which mature in less than three months and which are subject to insignificant risk of change in value.

Consolidated cash flow statement is classified as operating, investing and financing activities. Operating activities include cash receipts from clients, cash payments to suppliers, cash payments to and on behalf of employees and other operating activities payments and receipts. Investing activities cash flows include, essentially, payments and receipts related with acquisitions and sales of tangible assets and investments. Financing activities cash flows include, essentially, payments and receipts of loans and borrowings, financial lease contracts and dividend payments.

s) Judgments and estimates

In the process of preparation of the Group’s financial statements the Board of Directors used its best knowledge and accumulated experience in past and current events considering certain assumptions as to future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended at 31 December 2007 and 2006 include:
- fair value and useful lives of the tangible assets;
- recognition of provisions and impairment losses;

(Amounts expressed in Euro)

- fair value of derivatives.

Estimates used are based on the best information available during the preparation of consolidated financial statements and on the best knowledge of past and present events. Although future events are neither controlled by the Group nor foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the date of these consolidated financial statements, will be recognized in net income, in accordance with IAS 8, using a prospective methodology.

t) Risk management policy

F. Ramada Group is exposed basically to (i) market risks, (ii) credit risks and (iii) liquidity risks. The main objective of F. Ramada's risk management is to reduce these risks to a level considered acceptable for the Group's activities development.
The Group's main risk management principles are approved by the Board of Directors of F. Ramada – Aços e Indústrias, S.A., that determines the acceptable level of risk. The operational implementation of the risk management policy is supervised by the directors of each one of the subsidiaries.

The main risks F. Ramada Group is exposed are as follows:

(i) Market risk

Within market risk, the exchange rate and interest rate risks assume particular relevance.

a. Exchange rate

The Group exposure to exchange rate arises, essentially, from inventory acquisition in currencies other than Euro to non-resident entities. Given the fact that the supplier's payment period is reduced, the exposure to the exchange rate risk under this factor is also reduced. In the event of transactions with non resident entities and settled in a currency other than Euro where the variation of exchange rate may have a significant impact on its performance, the Group aims to hedge its position by entering into financial derivative contracts whenever applicable and considered necessary to reduce the volatility of its results.

Additionally, the Group holds a financial investment with a functional currency different from Euro (Storax Racking Systems, with Sterling Pound as functional currency).
Assets and liabilities in Sterling Pounds are as follows:

	31.12.2007	31.12.2006
Assets	7,964,327	6,764,263
Liabilities	(5,044,871)	(3,921,230)
	2,919,456	2,843,033

The Company's Board of Directors considers that potential changes in the exchange rates will not have a significant effect on the consolidated financial statements.

b. Interest rate

The risk of interest rate arises mainly from the Group's indebtedness indexed to variable rates, thus leading the cost of debt to be quite volatile.

In order to reduce the exposure to interest rate volatility the Group has contracted interest rate swaps, converting variable rate financing into fixed rate financing, enhancing the stabilization of the Group performance. Swaps are accounted at fair value at balance sheet date.

Sensitivity analysis of interest rate fluctuations

The sensitivity analysis presented below was computed on the basis of the exposition to interest rates in force at the balance sheet date. It was considered, as a basic assumption, that the financial structure (interest bearing assets and liabilities) remains stable throughout the year and similar to the one existing as of 31 December 2007.

Thus, if interest rates were increased/reduced by 100 basis points, net financial costs would be increased/reduced by, approximately, 345,000 Euros.

However, this analysis may not be representative of the risk of fluctuations in interest rates, once the net indebtedness at the end of the year may not be similar to the one effective throughout the year.

(ii) Credit risk

The Group's exposition to credit risk is mainly related with accounts receivable arising from its operating activities. The credit risk relates to the risk of the counterparty not to fulfil its contractual obligations, resulting in a loss for the Group.

Credit risk is managed through a continued analysis of credit rating of each customer, before its acceptance, and through the adequacy of the granted credit periods. The evaluation of credit risk is made on a regular basis, taking into consideration the current conditions of economic conjuncture and the specific situation of credit rating of each debtor, adopting corrective measures whenever necessary.

Additionally, in order to prevent eventual losses not detected before the customer acceptance, the Group has contracted credit insurances allowing recovering eventual receivables impairments from operational activities.

The Group's credit risk is not concentrated in any particular customer or group of customers with similar characteristics; the accounts receivable are distributed by a high number of customers, different areas of business and geographic areas.

The impairment adjustments to accounts receivable are calculated taking into consideration (i) the profile of risk of the customer, (ii) the average collection period, and (iii) the costumer's financial conditions. The adjustments movement occurred for the years ended 31 December 2007 and 2006 are disclosed in Note 26.

(iii) Liquidity risk

The aim of liquidity risk management is to assure that the Group has the ability to meet its responsibilities and pursue the defined strategic goals, complying with all the commitments set with third parties within the established deadlines.

The Group defines as active policies (i) to keep an adequate level of immediately available resources to face to the necessary payments in its due date, (ii) reduce the probability of default in the reimbursement of loans, negotiating the amplitude of its contractual clauses and (iii) minimize the cost of opportunity of excessive short term liquidity.

The Group aims to make compatible the due dates of assets and liabilities through an active management of its maturities.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISTAKES

During the year there were no changes in accounting policies and were identified no material mistakes related with previous periods.

(Amounts expressed in Euro)

4. INVESTMENTS

The companies included in the consolidation by the full consolidation method, its headquarters and percentage participation held as of 31 December 2007, are as follows:

Designation	Headquarters	Percentage participation 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	Belgium	100%	Commercialization of storage systems

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 2007 and 2006 the caption "Investments available for sale" and respective impairment losses can be detailed as follows:

	31.12.2007	31.12.2006
Gross book value	132,151	131,196
Accumulated impairment losses (Note 26)	(85,886)	(85,886)
	46,265	45,310

(Amounts expressed in Euro)

5. CHANGES IN THE CONSOLIDATION PERIMETER

During the years ended on 31 December 2007 and 2006 no changes in the Group's consolidation perimeter occurred.

6. CLASSES OF FINANCIAL INSTRUMENTS

The financial instruments in accordance with the policies described in Note 2.3.i), were classified as follows:

Financial assets

31 December 2007	Note	Loans and receivables	Available for sale	Assets recorded at fair value through profit and loss	Sub-total	Assets outside the scope of IFRS 7	Total
Non-current assets							
Investments available for sale	4	-	46,265	-	46,265	-	46,265
Derivatives	12	-	-	658,808	658,808	-	658,808
		-	46,265	658,808	705,073	-	705,073
Current assets							
Customers	14	64,598,902	-	-	64,598,902	-	64,598,902
State and other public entities	15	-	-	-	-	733,600	733,600
Other debtors	16	576,899	-	-	576,899	-	576,899
Other current assets		-	-	-	-	441,196	441,196
Cash and cash equivalents	17	63,676,574	-	-	63,676,574	-	63,676,574
		128,852,375	-	-	128,852,375	1,174,796	130,027,171
		128,852,375	46,265	658,808	129,557,448	1,174,796	130,732,244

31 December 2006		Loans and receivables	Available for sale	Assets recorded at fair value through profit and loss	Sub-total	Assets outside the scope of IFRS 7	Total
Non-current assets							
Investments available for sale	4	-	45,310	-	45,310	-	45,310
Derivatives	12	-	-	-	-	-	-
		-	45,310	-	45,310	-	45,310
Current assets							
Customers	14	35,993,196	-	-	35,993,196	-	35,993,196
State and other public entities	15	-	-	-	-	1,704,599	1,704,599
Other debtors	16	501,465	-	-	501,465	-	501,465
Other current assets		-	-	-	-	396,104	396,104
Cash and cash equivalents	17	6,514,641	-	-	6,514,641	-	6,514,641
		43,009,302	-	-	43,009,302	2,100,703	45,110,005

(Amounts expressed in Euro)

Financial liabilities

31 December 2007	Note	Liabilities recorded at fair value through profit and loss	Other financial liabilities	Sub-total	Liabilities outside the scope of IFRS 7	Total
Non-current liabilities						
Bank loans	20	-	40,014,262	40,014,262	-	40,014,262
Other non-current creditors	21	-	251,433	251,433	-	251,433
		-	40,265,695	40,265,695	-	40,265,695
Current liabilities						
Bank loans	20	-	55,694,927	55,694,927	-	55,694,927
Other loans	20	-	20,688,136	20,688,136	-	20,688,136
Trade creditors	22	-	51,150,780	51,150,780	-	51,150,780
State and other public entities	15	-	-	-	3,364,607	3,364,607
Other current creditors	23	-	2,599,853	2,599,853	-	2,599,853
Other current liabilities	25	-	-	-	11,676,224	11,676,224
		-	130,133,696	130,133,696	15,040,831	145,174,527
		-	170,399,391	170,399,391	15,040,831	185,440,222

31 December 2006		Liabilities recorded at fair value through profit and loss	Other financial liabilities	Sub-total	Liabilities outside the scope of IFRS 7	Total
Non-current liabilities						
Bank loans	20	-	6,333,333	6,333,333	-	6,333,333
Other non-current creditors	21	-	298,862	298,862	-	298,862
		-	6,632,195	6,632,195	-	6,632,195
Current liabilities						
Bank loans	20	-	18,451,017	18,451,017	-	18,451,017
Other loans	20	-	8,812,694	8,812,694	-	8,812,694
Trade creditors	22	-	19,462,812	19,462,812	-	19,462,812
State and other public entities	15	-	-	-	3,316,899	3,316,899
Other current creditors	23	-	2,525,265	2,525,265	-	2,525,265
Other current liabilities	25	-	-	-	4,197,781	4,197,781
		-	49,251,788	49,251,788	7,514,680	56,766,468
		-	55,883,983	55,883,983	7,514,680	63,398,663

7. INVESTMENT PROPERTIES

Investment properties held by the F. Ramada Group relate to land rented under operational lease. These contracts have an average length of 20 years, with the possibility of an additional period of 10 years if certain events occur. Investment properties are measured at acquisition cost. The movement occurred in this caption during the year ended 31 December 2007 is as follows:

	31.12.2007
Opening balance	-
Transfers	10,250,000
Aquisitions	33,291,235
Closing balance	43,541,235

The "Transfers" result from the reclassification of land previously recorded as inventories (Merchandise – Note 13).

The rented land generated, during the year ended 31 December 2007, income amounting, to proximally, 1,780,000 Euros. Contracted annual rents for these lands amount to, nearly, 2,600,000 Euros (Note 27).

As the land acquisition occurred in the end of 2006 and during 2007 (mostly in the second half), the Board of Directors believes that the land acquisition cost is similar to its fair value.

(Amounts expressed in Euro)

8. TANGIBLE ASSETS

During the years ended 31 December 2007 and 2006, the movement occurred in tangible fixed assets and the corresponding accumulated depreciation and impairment losses, was as follows:

	2007								
	Gross assets								
	Land	Buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Office equipment	Other tangible assets	Tangible assets in progress	Total
Opening balance	1,425,137	12,380,970	23,367,351	3,385,080	720,979	3,177,181	446,597	656,572	45,559,867
Exchange rate variation (Note 2.2.d)	-	-	-	-	-	-	(38,721)	-	(38,721)
Additions	-	230,098	1,077,467	211,545	53,683	90,679	-	101,386	1,764,858
Disposals	(287,256)	(184,267)	(213,609)	(9,410)	(17,146)	(96,639)	-	-	(808,327)
Transfers and write-offs	-	371,971	70,484	-	47,599	184,352	(287,878)	(414,100)	(27,572)
Closing balance	1,137,881	12,798,772	24,301,693	3,587,215	805,115	3,355,573	119,998	343,858	46,450,105
	Accumulated depreciation and impairment losses								
		Buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Office equipment	Other tangible assets		Total
Opening balance		8,868,741	21,459,199	3,074,092	675,333	2,948,819	284,570		37,310,754
Exchange rate variation (Note 2.2.d)		-	-	-	-	-	(24,048)		(24,048)
Additions		410,068	1,053,725	196,039	44,261	176,050	-		1,880,143
Disposals		(67,788)	(212,899)	(9,410)	(17,146)	(96,594)	-		(403,837)
Transfers and write-offs		3,736	25,761	-	27,718	118,781	(175,996)		-
Closing balance		9,214,757	22,325,786	3,260,721	730,166	3,147,056	84,526		38,763,012
	1,137,881	3,584,015	1,975,907	326,494	74,949	208,517	35,472	343,858	7,687,093

	2006								
	Gross assets								
	Land	Buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Office equipment	Other tangible assets	Tangible assets in progress	Total
Opening 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
Additions	-	7,443	690,609	257,220	33,690	85,877	165,326	631,352	1,871,517
Disposals	-	-	(74,448)	(42,514)	-	(29,561)	(44,333)	(3,544)	(194,400)
Transfers and write-offs	-	-	266,595	5,257	-	-	(86,552)	(320,475)	(135,175)
Closing balance	1,425,137	12,380,970	23,367,351	3,385,080	720,979	3,177,181	446,597	656,572	45,559,867
	Accumulated depreciation and impairment losses								
		Buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Office equipment	Other tangible assets		Total
Opening balance		8,458,967	20,479,622	2,936,798	648,526	2,854,276	251,627		35,629,816
Additions		386,492	1,084,300	169,401	26,876	140,685	133,988		1,941,742
Disposals		-	(97,358)	(32,107)	(69)	(46,142)	(85,828)		(261,504)
Transfers and write-offs		23,282	(7,365)	-	-	-	(15,217)		700
Closing balance		8,868,741	21,459,199	3,074,092	675,333	2,948,819	284,570		37,310,754
	1,425,137	3,512,229	1,908,152	310,988	45,646	228,362	162,027	656,572	8,249,113

The net value of tangible assets acquired under the financial lease operations, as of 31 December 2007, can be detailed as follows:

Machinery and equipment	252,840

As of 31 December 2007 and 2006 there were no tangible assets pledged as a guarantee for borrowings and there were no interests capitalized to fixed assets.

(Amounts expressed in Euro)

9. INTANGIBLE ASSETS

During the years ended 31 December 2007 and 2006, the movement occurred in intangible fixed assets and the corresponding accumulated depreciation and impairment losses, was as follows:

	2007
	Gross assets
	Software
Opening balance	230,374
Additions	274,376
Transfers and write-offs	(13,551)
Closing balance	491,199
	Accumulated depreciation and impairment losses
	Software
Opening balance	180,505
Additions	68,314
Transfers and write-offs	(10,931)
Closing balance	237,888
	253,311

	2006
	Gross assets
	Software
Opening balance	265,662
Additions	2,237
Transfers and write-offs	(37,525)
Closing balance	230,374
	Accumulated depreciation and impairment losses
	Software
Opening balance	178,185
Additions	4,239
Transfers and write-offs	(1,919)
Closing balance	180,505
	49,869

(Amounts expressed in Euro)

10. OTHER NON-CURRENT ASSETS

As of 31 December 2007 and 2006 the caption other non-current assets can be detailed as follows:

	2007			2006		
	Gross assets	Accumulated impairment losses	Net value	Gross assets	Accumulated impairment losses	Net value
Trade receivables and other debtors	1,104,512	1,104,512	-	1,104,512	1,104,512	-
	1,104,512	1,104,512	-	1,104,512	1,104,512	-

The amount receivable results from transactions with entities that were unable to fulfil with its contractual payment obligations. This amount is fully adjusted by impairment losses.

11. CURRENT AND DEFERRED 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 (ten years for Social Security until 2000 inclusive, and five years from 2001), except when tax losses have occurred, have been granted tax benefits, or are ongoing inspections, complaints or disputes. In these cases, depending on the circumstances, the deadlines can be extended or suspended. Therefore, the tax returns of F. Ramada and its subsidiaries for the years 2004 to 2007 may still be subject to revision.

The Board of Directors of F. Ramada believes that any potential corrections resulting from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of 31 December 2007.

The movement occurred in deferred tax assets and liabilities in the year ended 31 December 2007 was as follows:

	Deferred tax assets	Deferred tax liabilities
Balance as of 1.1.2007	2,201,707	172,927
Effects on the income statement	208,505	151,681
Balance as of 31.12.2007	2,410,212	324,608

The detail of the deferred tax assets and liabilities as of 31 December 2007, in accordance with the nature of timing differences that generated them, is as follow:

	Deferred tax assets	Deferred tax liabilities
Temporary differences between the accounting value and the taxable value of fixed assets	123,307	-
Provision and impairment losses not accepted for tax purposes	2,265,849	-
Reinvested capital gains	-	56,519
Amortizations not accepted for tax purposes	-	93,164
Fair value derivatives valorisation	-	174,584
Others	21,056	341
	2,410,212	324,608

The movement occurred in deferred tax assets and liabilities in the year ended 31 December 2006 was as follows:

	Deferred tax assets	Deferred tax liabilities
Balance as of 1.1.2006	1,771,604	213,379
Effects on the income statement	430,103	(40,452)
Balance as of 31.12.2006	2,201,707	172,927

(Amounts expressed in Euro)

The detail of the deferred tax assets and liabilities as of 31 December 2006, in accordance with the nature of timing differences that generated them, is as follow:

	Deferred tax assets	Deferred tax liabilities
Temporary differences between the accounting value and the taxable value of fixed assets	58,270	-
Provision and impairment losses not accepted for tax purposes	2,109,494	-
Reinvested capital gains	-	58,637
Amortizations not accepted for tax purposes	-	114,290
Others	33,943	-
	2,201,707	172,927

In accordance with the current Portuguese tax legislation, no deferred tax liabilities were recorded in relation to dividends taxation, as this is not applicable to the Group.

Income taxes recorded in the income statements in the years ended 31 December 2007 and 2006 are detailed as follows:

	2007	2006
Current tax:		
Income tax for the year from companies included on RETGS (Note 23)	2,570,157	3,014,092
Individual income tax for the year	195,831	280,373
Net correction to prior years income tax	(121,531)	-
Deferred income tax	(56,824)	(470,555)
	2,587,633	2,823,910

As mentioned on Note 2.3.k), some of the companies included in the consolidation by the full consolidation method (all of the companies based in Portugal) are taxed in accordance with the special regime for taxation of groups of companies (“Regime Especial de Tributação de Grupos de Sociedades –RETGS”), in accordance with article 63 of the Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Colectivas). During 2006 F. Ramada – Aços e Indústrias, S.A., was the dominant company of this group of companies but, during 2007, the dominant position was transferred to Altri, SGPS, S.A.. Consequently, the amount payable related to income tax for the year for the companies included in RETGS, net of the payments on account and tax withholds, was, as of 31 December 2006, recorded in the current liabilities caption “State and other public entities” (Note 15) and, as of 31 December 2007, in the current liabilities caption “Other creditors – Group companies” (Note 23).

The reconciliation of profit before income tax and the income tax for the year is as follows:

	2007	2006
Profit before income tax	9,927,229	10,463,270
Income tax rate (including the maximum tax and municipal income tax)	26.5%	27.5%
	2,630,716	2,877,399
Correction of previous years income tax estimates	(121,531)	-
Deferred taxes	(56,824)	(470,555)
Other effects	135,272	417,066
Income tax	2,587,633	2,823,910

As borne by our lawyers, there are no material assets or liabilities associated with probable or possible tax contingencies that should be subject to disclosure in the accompanying notes to the consolidated financial statements as of 31 December 2007.

(Amounts expressed in Euro)

12. DERIVATIVES

In order to reduce the exposure to interest rate volatility the Group has contracted interest rate swaps. These contacts were valuated in accordance with its fair value as of 31 December 2007, and the corresponding amount was recognized on caption “Derivatives”.

As of 31 December 2007 were contracted interest rate derivatives with the total notional amount of 13,000,000 Euros and maturity on 2010. The Company pays a fixed interest rate and receives a variable rate indexed to Euribor. These derivatives fair value amounted, as of 31 December 2007, to 658,808 Euros.

Although the derivatives were contracted for hedge accounting purposes (and not for speculation purposes), the derivative instruments do not comply with all the requirements to be considered as a cash-flow hedge (Note 2.3.i.v)), and, consequently, its fair value changes were recognized directly in the profit and loss statement under the caption “Gains in derivatives”.

The derivatives fair value was calculated by the respective counterparties (financial institutions with whom the contracts were celebrated). The derivatives valuation model, used by the counterparties, is based on the discounted cash flow model, i.e., using swaps par rates, listed on financial market and available on Reuters and/or Bloomberg, for the relevant maturities, and calculating the respective forward rates and discount factors, used for the fixed leg and floating leg discounted cash flows. The sum of these two portions results on the cash flow net present value or derivative fair value.

13. INVENTORIES

As of 31 December 2007 and 2006 the caption “Inventories” was made up as follows:

	2007	2006
Merchandise	17,865,345	23,477,818
Raw, subsidiary and consumable materials	7,520,790	7,359,723
Sub-products	9	4
Finished and intermediated goods	2,588,815	1,787,633
Work in progress	6,688,573	5,407,154
	34,663,532	38,032,332
Accumulated impairment losses (Note 26)	(343,797)	(380,053)
	34,319,735	37,652,279

The cost of sales for the year ended 31 December 2007 amounted to 60,948,275 Euros and was computed as follows:

	Merchandise	Raw, subsidiary and consumable materials	Sub-products	Finished and intermediated goods	Work in progress	Total
Opening balance	23,477,818	7,359,723	4	1,787,633	5,407,154	38,032,332
Exchange rate variation (Note 2.2.d)	-	(131,920)	-	-	(112,942)	(244,862)
Purchases	27,630,390	40,503,062	-	-	-	68,133,452
Transfers	(10,250,000)	-	-	-	-	(10,250,000)
Inventory adjustments	(82,896)	71,172	5	57,276	(104,222)	(58,665)
Closing inventories	(17,865,345)	(7,520,790)	(9)	(2,588,815)	(6,688,573)	(34,663,532)
	22,909,967	40,281,247	-	(743,906)	(1,498,583)	60,948,725

The amount recorded as “Transfers” in the caption “Merchandise” represents rented land that was reclassified, during the year ended 31 December 2007, to the caption “Investment properties” (Note 7).

(Amounts expressed in Euro)

The cost of sales for the year ended 31 December 2006 amounted to 54,434,920 Euros and was computed as follows:

	Merchandise	Raw, subsidiary and consumable materials	Sub-products	Finished and intermediated goods	Work in progress	Total
Opening balance	11,951,692	6,663,594	981	1,700,366	4,645,609	24,962,242
Purchases	33,844,054	33,536,600	-	-	-	67,380,654
Inventory adjustments	145,743	(318,491)	1,083	(36,161)	332,182	124,356
Closing inventories	(23,477,818)	(7,359,723)	(4)	(1,787,633)	(5,407,154)	(38,032,332)
	22,463,671	32,521,980	2,060	(123,428)	(429,363)	54,434,920

14. CUSTOMERS

As of 31 December 2007 and 2006 this caption can be detailed as follows:

	2007	2006
Customers, current account	68,028,214	39,138,983
Customers, notes receivable	3,811,654	3,272,071
Customers, doubtful accounts	8,069,311	8,066,482
	79,909,179	50,477,536
Accumulated impairment losses (Note 26)	(15,310,277)	(14,484,340)
	64,598,902	35,993,196

The amounts shown in the face of the balance sheet are presented net of accumulated impairment losses, which were estimated by the Group in accordance with its experience and based on its evaluation of the recoverability of the amounts. The Board of Directors believes that the net carrying amount of accounts receivable from customers is close to its fair value.

As of 31 December 2007 and 2006, the customers ageing of balances can be detailed as follows:

	Customers					
	31.12.2007			31.12.2006		
	Industry	Real estate and others	Total	Industry	Real estate and others	Total
Not due	30,808,668	12,390,651	43,199,319	29,502,598	-	29,502,598
Due, with no impairment recorded						
0 - 180 days	7,001,220	11,502,784	18,504,004	4,715,470	-	4,715,470
180 - 360 days	188,468	-	188,468	438,338	-	438,338
+ 360 days	36,849	-	36,849	53,826	-	53,826
	7,226,537	11,502,784	18,729,321	5,207,634	-	5,207,634
Due, with impairment recorded						
0 - 180 days	2,630,206	-	2,630,206	988,900	-	988,900
180 - 360 days	40,056	-	40,056	122,313	-	122,313
+ 360 days	-	-	-	171,751	-	171,751
	2,670,262	-	2,670,262	1,282,964	-	1,282,964
Total	40,705,467	23,893,435	64,598,902	35,993,196	-	35,993,196

In relation to the overdue amounts for which there is no impairment loss, the Group considers that there has been no loss in the credit quality of the counterparty, and therefore there is no credit risk.

Generically, the credit period granted to customers is 90 days. The Group charges no interests for not due invoices. After that period, the Company charges the interests defined contractually, and in accordance with the applicable legislation; usually such only occurs under extreme conditions. In a prudent manner, interests charged are accrued and only recognized on the profit and loss statement in the period they are received.

(Amounts expressed in Euro)

15. STATE AND OTHER PUBLIC ENTITIES

As of 31 December 2007 and 2006 these assets and liabilities captions had the following composition:

	2007	2006
Assets:		
Value Added Tax	723,610	1,680,533
Other	9,990	24,066
	733,600	1,704,599
Liabilities:		
Corporate Income Tax	123,934	1,093,011
Personal Income Tax	434,967	359,915
Value Added Tax	2,354,413	1,433,182
Social Security Contributions	405,810	424,808
Other	45,483	5,983
	3,364,607	3,316,899

As a result of the transfer of the dominant position of the special regime for taxation of groups of companies, that includes most of the companies included in the consolidation (Note 11), the amount payable related to income tax for the year is no longer recorded in the caption "State and other public entities" but in the caption "Group companies" (Note 23).

16. OTHER DEBTORS

As of 31 December 2007 and 2006 this caption can be detailed as follows:

	2007	2006
Advances to trade creditors	86,829	112,296
Advances to fixed assets suppliers	-	478
Other debtors	557,113	444,643
	643,942	557,417
Accumulated impairment losses (Note 26)	(67,043)	(55,952)
	576,899	501,465

As of 31 December 2007 and 2006, the ageing of balances of "Other debtors" can be detailed as follows:

31.12.2007	Book value	Not due	Due, with no impairment recorded			
Other debtors			0-90 days	90-180 days	+180 days	Total
Advances to trade creditors	86,829	24	86,805	-	-	86,805
Other debtors	490,070	317,831	60,222	4,989	107,028	172,239
	576,899	317,855	147,027	4,989	107,028	259,044

31.12.2006	Book value	Not due	Due, with no impairment recorded			
Other debtors			0-90 days	90-180 days	+180 days	Total
Advances to trade creditors	112,296	13,446	61,597	5,840	31,413	98,850
Advances to fixed assets suppliers	478	478	-	-	-	-
Other debtors	388,691	333,831	-	-	54,860	54,860
	501,465	347,755	61,597	5,840	86,273	153,710

(Amounts expressed in Euro)

17. CASH AND CASH EQUIVALENTS

As of 31 December 2007 and 2006 the caption “Cash and cash equivalents” included in the consolidated balance sheet can be detailed as follows:

	2007	2006
Cash	14,860	25,777
Bank deposits on demand	8,826,444	6,488,864
Short term deposits convertible within 3 months	54,835,270	-
	63,676,574	6,514,641
Bank overdrafts	(7,730,616)	(8,720,850)
	55,945,958	(2,206,209)

18. NON-CURRENT ASSETS HELD FOR SALE

As of 31 December 2007 this caption includes a group of forestall assets which are not related to the Company’s normal operations. The Board of Directors intends to dispose these assets within 12 months.

19. SHARE CAPITAL AND RESERVES

Share capital

As of 31 December 2007 F. Ramada’s fully subscribed and paid up capital consisted of 3,000,000 shares with a nominal value of 5 Euros each. As of that date F. Ramada, Aços e Indústrias, S.A. and the group companies did not hold own shares.

As of 31 December 2007 the following entities held more than 20% of the subscribed share capital:

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

Reserves

Share issue premiums
Share issue premiums are related with premiums obtained with share capital issuance or share capital increases. In accordance with the Portuguese commercial legislation, the amounts included in this caption follow the same regime as for the “Legal reserve”, i.e., the amounts are not distributable, unless in case of insolvency, but can be used to absorb losses after every other reserve has been used, and for inclusion in the share capital.

Legal reserve
The Portuguese commercial legislation provides that at least 5% of annual net profit must be used to reinforce the "Legal reserve" until this caption represents at least 20% of the share capital. This reserve is not distributable but can be used to absorb losses after every other reserve has been used, and for inclusion in the share capital.

Conversion reserves
Conversion reserves reflect the exchange rate differences originated on the translation of financial statements of foreign companies and can not distributed or used to absorb losses.

Under the Portuguese legislation, the amount of distributable reserves is determined based on the non-consolidated financial statements of the Company, prepared in accordance with the Portuguese GAAP - Plano Oficial de Contabilidade (“POC”). Thus, the only distributable reserves of F. Ramada – Aços e Indústrias, S.A., amounted to 2,118,222 Euros.

(Amounts expressed in Euro)

20. BANK LOANS AND OTHER LOANS

As of 31 December 2007 and 2006, the captions "Bank loans" and "Other loans" can be detailed as follows:

31.12.2007	Book value	
	Current	Non-current
Bank loans	36,374,311	40,014,262
Current accounts	11,590,000	-
Bank overdrafts	7,730,616	-
Bank loans	55,694,927	40,014,262
Commercial paper	19,250,000	-
Factoring	1,438,136	-
Other loans	20,688,136	-
	76,383,063	40,014,262

31.12.2006	Book value	
	Current	Non-current
Bank loans	9,730,167	6,333,333
Bank overdrafts	8,720,850	-
Bank loans	18,451,017	6,333,333
Commercial paper	5,250,000	-
Factoring	3,562,694	-
Other loans	8,812,694	-
	27,263,711	6,333,333

(Amounts expressed in Euro)

The nominal value of non-current bank loans as of 31 December 2007 is reimbursed as follows:

Reimbursement year	Amount
2009	4,616,005
2010	2,883,236
2011	2,383,236
2012	1,883,236
2013	1,883,236
2014	1,883,236
2015	1,883,236
2016	1,883,236
2017	1,883,236
2018	1,883,236
2019	16,949,133
	40,014,262

As of 31 December 2007 the credit facilities used by the Group and the corresponding maximum amounts allowed, were as follows:

Nature	Maturity	Authorized amount	Used amount	Available amount
Loan	20/04/2011	n.a.	3,000,000	n.a.
Loan	16/01/2019	n.a.	37,664,729	n.a.
Loan	27/3/2007 renewable	n.a.	32,335,271	n.a.
Loan	17/06/2009	n.a.	3,388,573	n.a.
Current account	Yearly renewal	5,200,000	3,890,000	1,310,000
Current account	Yearly renewal	5,000,000	2,250,000	2,750,000
Current account	Yearly renewal	5,000,000	4,450,000	550,000
Current account	Yearly renewal	3,000,000	1,000,000	2,000,000
Commercial paper	23/07/2013	5,000,000	5,000,000	-
Commercial paper	02/05/2011	5,000,000	5,000,000	-
Commercial paper	29/07/2008	1,250,000	1,250,000	-
Commercial paper	19/12/2013	5,000,000	4,000,000	1,000,000
Commercial paper	01/07/2010	4,000,000	4,000,000	-
Bank overdraft	Yearly renewal	11,250,000	7,730,616	3,519,384
Factoring	n.a.	n.a.	1,438,136	n.a.
			116,397,325	

During the year ended 31 December 2007 these loans borne interest at rates indexed to Euribor plus spreads ranging between 0.1% to 1% depending on the nature and term of credit obtained.

During the years ended 31 December 2007 and 2006 the Group did not enter into any loan default.

21. OTHER NON-CURRENT CREDITORS

As of 31 December 2007 and 2006, this caption can be composed as follows:

	2007	2006
Fixed assets suppliers (Note 24)	211,433	270,336
Other creditors	40,000	28,526
	251,433	298,862

(Amounts expressed in Euro)

22. SUPPLIERS

As of 31 December 2007 and 2006 this caption could be presented, taking into account its maturity, as follows:

		Payable in		
	31.12.2007	less than 3 months	3 to 6 months	more than 6 months
Trade creditors and other commercial liabilities - current account				
Industry	14,603,636	13,146,015	1,339,497	118,124
Real estate and others	36,547,144	36,547,144	-	-
	51,150,780	49,693,159	1,339,497	118,124

		Payable in		
	31.12.2006	less than 3 months	3 to 6 months	more than 6 months
Trade creditors and other commercial liabilities - current account				
Industry	13,724,694	12,803,698	802,872	118,124
Real estate and others	5,738,118	5,738,118	-	-
	19,462,812	18,541,816	802,872	118,124

23. OTHER CREDITORS

As of 31 December 2007 and 2006 the current liabilities caption “Other creditors” was made up as follows:

	2007	2006
Fixed assets suppliers (Note 24)	1,037,940	840,026
Advances from customers	1,133,071	1,513,725
Group companies (Note 11)	191,877	-
Other creditors	236,965	171,514
	2,599,853	2,525,265

The caption “Advances from customers” corresponds to collected cash from agreed storage systems supplies.

As of 31 December 2007, the Corporate Income Tax of most of the companies included in the consolidation is recognized in the caption “Group companies”, once they are taxed in accordance with the special regime for taxation of groups of companies (“Regime Especial de Tributação de Grupos de Sociedades –RETGS”) (Note 11) and Altri, SGPS, S.A. is the dominant company. Thus, the caption “Group companies” can be detailed as follows:

Income tax for the year from companies included on RETGS	2,570,157
Payments on account and tax withholdings	(2,378,280)

	191,877
	=======

(Amounts expressed in Euro)

24. FINANCIAL LEASE CONTRACTS

As of 31 December 2007, the responsibilities reflected in the Balance Sheet related to financial leases had the following maturity:

Year	2007
2009	94,115
2010	66,991
2011 and nexts	50,327
Mid-long term (Note 21)	211,433
2008 (short term)	377,243
	588,676

25. OTHER CURRENT LIABILITIES

As of 31 December 2007 and 2006 the caption "Other current liabilities" can be detailed as follows:

	2007	2006
Accrued expenses:		
Accruel payroll	1,222,458	1,147,799
Interest payable	519,462	155,997
Others	808,462	840,682
Deferred income	9,125,842	2,053,303
	11,676,224	4,197,781

The caption "Deferred income" includes mainly early invoicing on storage systems sales. The increment on 2007 compared to 2006 is the result of the activity increase on the group company Storax Benelux.

26. MOVEMENT IN PROVISIONS AND IMPAIRMENT LOSSES

The movements occurred in provisions and impairment losses for the years ended 31 December 2007 and 2006 may be detailed as follows:

2006	Provisions	Impairment losses in accounts receivable (a)	Impairment losses in investments	Impairment losses in inventories	Total
Opening balance	150,637	13,124,387	193,847	393,503	13,862,374
Increases	34,993	2,898,405	-	-	2,933,398
Utilizations and reversals	(56,032)	(377,988)	(107,961)	(13,450)	(555,431)
Closing balance	129,598	15,644,804	85,886	380,053	16,240,341

(a) – includes 1,104,512 Euros related to impairment losses in accounts receivable recorded as non-current assets.

2007	Provisions	Impairment losses in accounts receivable (a)	Impairment losses in investments	Impairment losses in inventories	Total
Opening balance	129,598	15,644,804	85,886	380,053	16,240,341
Exchange rate variation	(7,091)	(3,331)	-	-	(10,422)
Increases	60,843	1,459,980	-	356	1,521,179
Utilizations and reversals	(130,198)	(644,848)	-	-	(775,046)
Transfers	11,385	25,227	-	(36,612)	-
Closing balance	64,537	16,481,832	85,886	343,797	16,976,052

(a) – includes 1,104,512 Euros related to impairment losses in accounts receivable recorded as non-current assets.

Increases recorded in provisions and impairment losses for the years ended 31 December 2007 and 2006 were recorded in the profit and loss statement caption "Provisions and impairment losses".

(Amounts expressed in Euro)

During the year ended 31 December 2007 utilizations and reversals include 773,887 Euros related to reversals, recognized in the caption "Other operating income" (Note 30). The utilizations and reversals in impairment losses for the year ended 31 December 2006 include 531,148 Euros related to reversals, also recognized in the caption "Other operating income".

The amount recorded in the caption "Provisions" as of 31 December 2007 relates to the Board of Directors' best estimate to cover possible losses arising from legal actions in progress.

27. OPERATIONAL LEASES

As of 31 December 2007 the Group held, as lessee, operational lease contracts which minimal lease payments present the following maturity:

Responsabilities under operational lease rentals	Minimal operational lease payments
2008	407,124
2009	308,727
2010	187,762
2011	37,125
	940,738

Additionally, as of 31 December 2007 the Group had celebrated, as lessor, operational lease contracts which minimal annual lease payments amount to, nearly, 2,600,000 Euros (Note 7). The contracts were celebrated for a 24 years period, renewable for an additional 6 years period.

28. NET FINANCIAL PROFIT

The consolidated net financial profit for the years ended 31 December 2007 and 2006 was made up as follows:

	2007	2006
Financial expenses:		
Interest	(2,467,473)	(1,028,182)
Exchange losses	(59,100)	(5,149)
Losses on the disposal of tresury applications	-	(3,583)
Other financial expenses	(130,202)	(94,133)
	(2,656,775)	(1,131,047)
Financial income:		
Interest	534,738	90,402
Exchange gains	54,144	3,497
Gains on the disposal of tresury applications	-	236,805
Other financial income	115,183	106,238
	704,065	436,942

The interest paid recognized in the profit and loss statement for the years ended 31 December 2007 and 2006 is totally related to expenses with loans.

The interest received recognized in the profit and loss statement for the years ended 31 December 2007 and 2006 is totally related to income with loans granted and bank deposits.

29. RELATED PARTIES

Commercial transactions

(Amounts expressed in Euro)

The group companies have relations with each other that are qualified as transactions with related parties. All these transactions are made at market prices.

During the consolidating procedures these transactions are eliminated, since the consolidated financial statements disclose information regarding the holding company and its subsidiaries as an unique company.

The main balances with related parties as of 31 December 2007 and the main transactions with related entities during the year then ended may be detailed as follows:

Related parties	Land acqusitions	External supplies and services	Sales	Services rendered	Accounts receivable	Accounts payable
Celbi - Celulose Beira Industrial, S.A.	47,668,672	977,139	-	-	-	36,517,137
Silvicaima - Sociedade Silvicola do Caima. S.A.	-	-	18,070,889	1,785,589	23,893,834	66,565
Altri, SGPS, S.A.	-	-	-	-	-	191,878
	47,668,672	977,139	18,070,889	1,785,589	23,893,834	36,583,702

Board of Directors compensation

Compensations paid to members of F. Ramada – Aços e Indústrias, S.A. Board of Directors during the years ended 31 December 2007 and 2006 by the companies included in the consolidation by the full method, are as follows:

	2007	2006
Fixed remunerations	477,393	375,250
Variable remunerations	265,204	276,382
	742,597	651,632

Related parties

Apart from companies included in the consolidation (Note 4), the parties considered to be related companies as of 31 December 2007, can be presented as follows:

Cofihold, SGPS, S.A.

Altri Group
- Altri, SGPS, S.A.
- Celulose do Caima, SGPS, S.A.
- Caima Indústria de Celulose, S.A.
- Silvicaima – Sociedade Silvícola do Caima, S.A.
- Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- Invescaima – Investimentos e Participações, SGPS, S.A.
- Inflora – Sociedade de Investimentos Florestais, S.A.
- Socasca – Recolha e Comércio de Recicláveis, S.A.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- CPK – Companhia Produtora de Papel Kraftsack, S.A.
- Ródão Power, S.A. - Energia e Biomassa do Ródão, S.A.
- Altri - Energias Renováveis, SGPS, S.A.
- Sosapel – Sociedade Comercial de Sacos de Papel, Lda.
- Celbi – Celulose da Beira Industrial, S.A.
- Celbinave – Tráfego e Estiva SGPS, Unipessoal, Lda.
- Viveiros do Furadouro Unipessoal, Lda.
- Altri, Participaciones Y Trading, S.L.
- Altri Sales, S.A.

Cofina Group
- Cofina, SGPS, S.A.
- Cofina B.V.
- F. Ramada – Participações, SGPS, S.A.
- Cofina Media, SGPS, S.A.
- Presselivre – Imprensa Livre, S.A.
- Edisport – Sociedade de Publicações, S.A.
- Edirevistas – Sociedade Editorial, S.A.
- Mediafin, SGPS, S.A.
- Metronews – Publicações, S.A.
- Grafedisport – Impressão e Artes Gráficas, S.A.

(Amounts expressed in Euro)

VASP – Sociedade de Transportes e Distribuições, Lda.
Destak Brasil – Editora de Publicações, S.A.
Destak Brasil – Empreendimentos e Participações, S.A.
O Sol é Essencial, S.A.

Board of Directors

F. Ramada – Aços e Indústrias, S.A. Board of Directors was composed as follows as of 31 December 2007:

João M. Matos Borges de Oliveira
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

30. OTHER OPERATING INCOME

As of 31 December 2007 the caption “Other operating income” can be detailed as follows:

	2007	2006
Provision and impairment losses reversals (Note 26)	773,887	531,148
Gains on the disposal of non-current assets held for sale (Note 18)	468,939	-
Other operating income	807,913	729,344
	2,050,739	1,260,492

31. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2007 and 2006 were determined taking into consideration the following amounts:

	2007	2006
Net profit considered for the computation of basic and diluted earning	7,339,596	7,639,360
Weighted average number of shares used to compute the basic and diluted earnings per share	3,000,000	3,000,000
Earnings per share		
Basic	2.45	2.55
Diluted	2.45	2.55

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

32. 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 commercialization of steel and storage systems
- Real estate and others – includes the assets and activities related to the Group’s real estate development, as well as support services (being the latest a residual activity).

(Amounts expressed in Euro)

The segregation by segments as of 31 December 2007 and 2006 is made up as follows:

	2007		2006	
	Industry	Real estate	Industry	Real estate
Net operating income				
Resulting from operations with external customers	107,965,565	2,489,660	103,970,609	-
Resulting from operations with other segments	-	1,126,341	-	1,098,000
Operating Cash-flow (a)	12,695,207	474,381	13,103,356	-
Amortisation and depreciation	1,545,466	402,991	1,945,981	-
Operating profit	11,149,741	71,390	11,157,375	-
Total assets	114,194,666	109,024,019	76,529,565	21,458,718
Total liabilities	72,154,048	113,675,319	50,784,868	12,916,320
Investment of the period (b)	1,870,710	168,524	1,421,247	452,507

(a) - Operating income + amortisation and depreciation
(b) - additions of tangible assets, intangible assets and investments

Sales and services rendered by the Group in 2007 can be detailed by geographical markets as follows:

Domestic market	65,315,358
Foreign market	43,089,131

	108,404,489
	=========

33. RESPONSABILITIES FOR GUARANTEES PROVIDED

As of 31 December 2007, F. Ramada Group companies had provided bank guarantees as follows:

IAPMEI	1,381,750
Storage systems supplies	675,034
Other	138,638

	2,195,422
	=======

34. NUMBER OF PERSONNEL

During the years ended 31 December 2007 and 2006 the average number of employees of the companies included in the consolidated financial statements by the full consolidation method was of 483 and 468, respectively.

35. DIVIDENDS

In accordance with the decision taken in the General Shareholders Meeting held in 18 May 2007, the Company distributed dividends amounting to 4,000,000 Euros (in 2006 were also distributed dividends amounting 4,000,000 Euros). These were only distributed to the Company's ordinary shares.

Additionally, the Board of Directors proposed, on its annual report, the application of the individual net profit of F. Ramada – Aços e Indústrias, S.A. for the year ended as of 31 December 2007, amounting 4,596,786.34 Euros, as follows:

Legal Reserve	230,000.00
Retained Earnings	4,368,786.34

36. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance in 28 March 2008. The final approval depends on the agreement of the General Shareholders Meeting.

37. 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.

REPORT AND OPINION OF THE STATUTORY AUDITOR
CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese – Note 37)

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 2007, 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 main 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 2007, the consolidated statements of profit and loss, cash flows and changes in equity for the year then ended and the corresponding notes. Additionally, we examined the consolidated Directors' Report for the year 2007 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 does not include any reserve or emphasis.

Based on the above, in our opinion, 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, 28 March 2008

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

STATUTORY AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese – Note 37)

Introduction

1. We have examined the consolidated financial statements of F. Ramada, Aços e Indústrias, S.A. ("Company") and Subsidiaries ("Group"), which comprises the consolidated balance sheet as of 31 December 2007 that presents a total of 223,218,685 Euros and shareholders' equity of 37,389,318 Euros, including a net profit of 7,339,596 Euros, 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. and Subsidiaries as of 31 December 2007 and the consolidated results of its operations and its consolidated cash flows for the year then ended in conformity with the International Financial Reporting Standards as adopted by the European Union.

Porto, 28 March 2008

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