

# RAMADA

INVESTMENTS AND INDUSTRY

Report and Accounts

30 June 2016

(unaudited)



**80 YEARS**  
Investing in industry

## Report and Accounts - 1<sup>st</sup> Semester 2016

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

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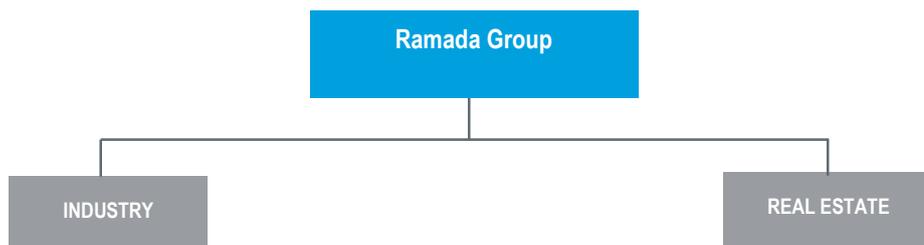
To the Shareholders

Pursuant to the legal requirements, the Board of Directors of F. Ramada Inverimentos, S.G.P.S., S.A. ("Ramada Group" or "Group") hereby presents its Director's Report for the first semester of 2016.

## **INTRODUCTION**

F. Ramada Inverimentos S.G.P.S., S.A. is the parent company of a group of companies ("Ramada Group") that operate in two business areas:

- i) Industry, which includes the steel activity, of which we highlight the sub segment of Steel, the Storage Systems activity and the activity related to financial investments management (corresponding to non-controlling interests);
- ii) Real Estate, focused in the management of real estate assets.

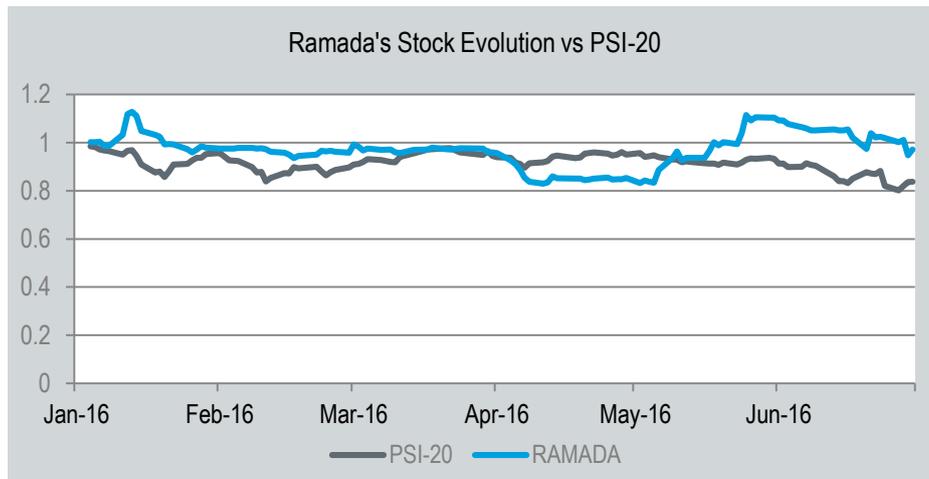


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### STOCK EXCHANGE EVOLUTION

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

In the first half of 2016, the Portuguese stock market index (PSI-20) depreciated 16.2% from the end of 2015. The Ramada shares depreciated 2.8% over the same period, presenting a better performance than the reference index for most of the semester.

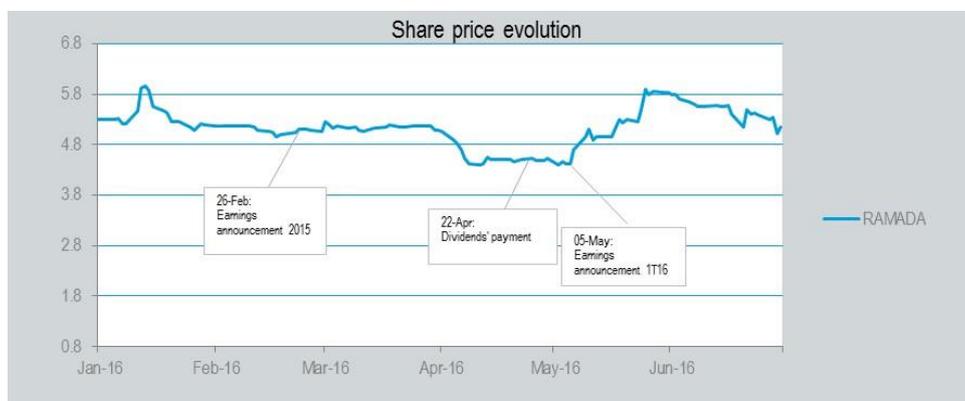


At the end of the first semester 2016, Ramada Group shares closed at 5.14 Euro per share, which represents a market capitalization of 131.8 million Euro.

In the 1<sup>st</sup> semester 2016, Ramada Group shares were traded at a maximum price of 5.97 Euro per share and a minimum price of 4.39 Euro per share.

#### Ramada Group share price evolution

The main events that marked the evolution of Ramada Group share price during the first semester of 2016 can be described as follows:



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- In the announcement of the Group's performance for the financial year 2015, released on 26 February 2016, Ramada's consolidated net profit was of 11.1 million Euro, which represents an increase of 36.7% over the previous year. On its turn, total revenues amounted to 126.6 million Euro and consolidated EBITDA amounted approximately to 17.9 million Euro. On that date the shares closed at 5.09 Euros per share;
- In the announcement made on 22 April 2016, Ramada Investimentos informed the market that dividends of 2015, corresponding to 0.21 Euro per share, would be paid from 11 May onwards;
- On 5 May 2016, in the announcement concerning the presentation of the financial statements for the first quarter of 2016, Ramada Group presented a net profit of 2.8 million Euro, consolidated EBITDA amounted to 4.3 million Euro, while operating income amounted to 28.2 million Euro.

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### GROUP'S ACTIVITY

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

- i) Industry, which includes the Steel activity, the Storage Systems activity (Storax – Engineered Storage Solutions) and the activity related to Financial Investments management (corresponding to non-controlling interests);
- ii) Real Estate, focused in the management of real estate assets.

The Steel activity, with a prominent position in the domestic market, is carried out by two companies: Ramada Aços, with an industrial concentrated activity in Ovar and a distribution network in several points of the country and Universal Afir, just with the distribution.

The Steel activity transforms and sells steel and non-ferrous alloys mainly intended to the construction of machines and their components and to the production of tools having as principal destination markets that manufacture molds for plastic, components for the automotive industry and capital goods.

The activity of Storage Systems (Storax - Engineered Storage Solutions) is carried out by five companies: Ramada Storax (the largest manufacturer of storage systems in Portugal and where it is concentrated all manufacturing of the Group), and by its subsidiaries in France, UK, Belgium and Spain, which support the entire international network of distribution.

Storax is specialized in the design, manufacturing, installation and after-sales service storage solutions, and a global leader in high-density storage solutions.

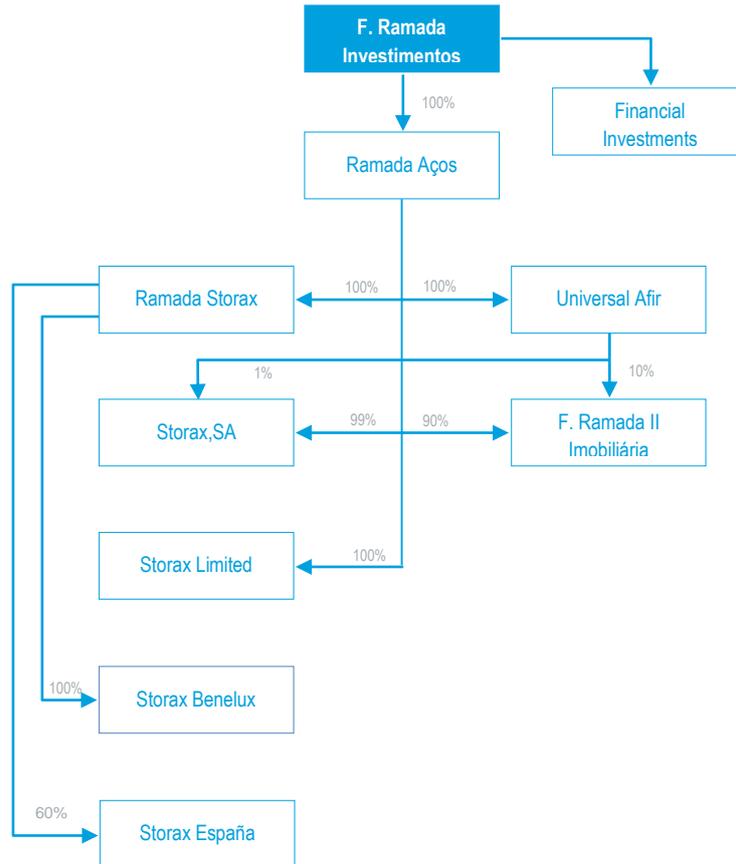
The financial investment activity includes investments in Base Holding S.G.P.S. and CEV - Consumption Verde SA / Converde SA.

Base Holding S.G.P.S. is the parent company of a group of companies which operates in the area of complementary diagnostics, mainly, clinical analysis, imaging and cardiology.

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

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The structure of Ramada Group, as of 30 June 2016, can be presented as follows:



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The Steel activity presented in the 1st semester of 2016 a higher turnover than the same period of 2015. This growth was driven by increased sales to the mold industry and for the sector of construction machinery and equipment.

Oxyfuel and machining services continue at a pace of growth and justify the decision of investment and the new investments in progress. The market is valuing our comprehensive supply and buying, increasingly, machined steel.

Steel activity operates, essentially, in the domestic market, which represented 95% of its sales in the first half of 2016.

The level of stock remains quite controlled. There were some attempts of rising prices but the market did not respond and they went back down. There are not expected big swings until the end of the year.

In the first semester of 2016, storage systems activity (Storax - Engineered Storage Solutions) had a decrease in turnover compared to the same period of 2015. The domestic market was mainly responsible for the sales breakdown since in the first semester of 2015 two major automatic warehouses were concluded.

The external market remains the main growth driver of this activity, representing 81% of turnover in the first semester of 2016. In the same period for 2015 the external market represented 67%.

### FINANCIAL REVIEW

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

#### Main indicators

	1H 2016	1H 2015	Var. %
Sales and services rendered	62 225	64 156	-3.0%
Other income	586	273	114.5%
<b>Total income</b>	<b>62 811</b>	<b>64 430</b>	<b>-2.5%</b>
Cost of sales	(31 791)	(37 488)	-15.2%
External supplies and services	(11 880)	(10 289)	15.5%
Payroll	(7 872)	(7 534)	4.5%
Other costs	(731)	(950)	-23.1%
<b>Total costs (a)</b>	<b>(52 274)</b>	<b>(56 261)</b>	<b>-7.1%</b>
<b>EBITDA (b)</b>	<b>10 537</b>	<b>8 168</b>	<b>29.0%</b>
<b>EBITDA Margin</b>	<b>16.8%</b>	<b>12.7%</b>	
Amortisation and depreciation	(2 390)	(822)	190.8%
<b>EBIT (c)</b>	<b>8 146</b>	<b>7 346</b>	<b>10.9%</b>
<b>EBIT Margin</b>	<b>13.0%</b>	<b>11.4%</b>	
Gains/Losses in associated companies	885	783	
Financial Costs	(1 120)	(1 518)	
Financial income	99	32	
<b>Net profit before income tax</b>	<b>8 010</b>	<b>6 644</b>	<b>20.6%</b>
Income tax	(2 244)	(1 846)	
<b>Consolidated net profit</b>	<b>5 766</b>	<b>4 798</b>	<b>20.2%</b>
Consolidated net profit attributable to shareholders of parent company	5 749	4 788	20.1%
Consolidated net profit attributable to non-controlling Interests	16	9	

Amounts in thousands Euros

(a) Operating costs excluding amortization and depreciations, financial expenses and income tax

(b) EBITDA= Earnings before interests, income tax, depreciation and amortisation

(c) EBIT = Operating results

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Total turnover of Ramada Group, during the first semester of 2016, amounted to 62,811 thousand Euro, representing a decrease of 2.5% compared to the total turnover of the homologous period.

Total costs, excluding amortization, financial expenses and taxes, amounted to 52,274 thousand Euro, representing a decrease of 7.1% in relation to the same period in 2015.

EBITDA in the first semester of 2016 reached 10,537 thousand Euro, representing an increase of 29.0% when compared to the homologous period. EBITDA margin reached 16.8%, which compares to 12.7% obtained in the same period in 2015.

Group's operating results (EBIT) amounted to 8,146 thousand Euro, representing a positive variation of 10.9% comparing with 7,346 thousand Euro in the first semester of 2015.

In the first semester of 2016 the Group recorded gains related to application of the equity method in associated companies in the amount of 885 thousand Euro.

The financial costs amounted to 1,120 thousand Euro, representing an improvement of 26.2%, when compared with the same period in 2015.

Net profit in the first semester of 2016, amounted to 5,766 thousand Euro, 20.2% higher than the net profit recorded in the same period in 2015.

### INDUSTRY

	1H 2016	1H 2015	Var. %
Total Income	59 681	61 303	-2.6%
Total Costs (a)	(51 697)	(55 565)	-7.0%
EBITDA (b)	7 984	5 738	39.1%
EBITDA Margin	13.4%	9.4%	
EBIT (c)	5 729	5 049	13.5%
EBIT Margin	9.6%	8.2%	
Financial Results	(266)	(406)	-34.5%
Share of results of joint ventures and associated companies	885	783	13.0%
Net profit before income tax	6 348	5 426	17.0%

(amounts in thousands Euro)

(a) Operating costs excluding amortization and depreciations, financial expenses and income tax

(b) EBITDA= Earnings before interests, tax, depreciation and amortization

(c) EBIT = Earnings before interests and income tax

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During the first semester of 2016 the total income for the industry segment amounted to 59,681 thousand Euro, representing a decrease of 2.6% compared to total income for the first semester of 2015.

Industry segment's EBITDA in the first half of 2016 amounted to 7,984 thousand Euro, which represents an increase of 39.1% when compared with 5,738 thousand Euro achieved in the same period in 2015.

Industry segment's EBITDA margin went from 9.4% in 2015 to 13.4% in 2016.

Industry segment's EBIT in first semester of 2016 was 5,729 thousand Euro, representing an increase of 13.5% compared to the 5,049 thousand Euro in 2015.

Industry segment financial results, negative in 266 thousand Euros, show an improvement of 34.5% compared to the negative 406 thousand Euro in the homologous period.

Profit before taxes in this segment reached to 6,348 thousand Euro, 17.0% higher than the amount recorded in same period in 2015.

### REAL ESTATE

	1H 2016	1H 2015	Var. %
Total income	3 130	3 126	0.1%
Total costs (a)	(577)	(696)	-17.2%
EBITDA ( b)	2 553	2 430	5.1%
EBIT (c)	2 417	2 297	5.2%
Financial Results	(755)	(1 079)	-30.1%
Net profit before income tax	1 662	1 218	36.5%

(amounts in thousands Euro)

(a) Operating costs excluding amortization, financial expenses and income tax

(b) EBITDA= Earnings before interests, tax, depreciation and amortization

(c) EBIT = Earnings before interests and income tax

Total income for the Real Estate segment in the first half of 2016 was 3,130 thousand Euro, similar to the income recorded in 2015.

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

Real Estate segment EBITDA in the first half of 2016 amounted to 2,553 thousand Euro, representing an increase of 5.1% in relation to the same period of 2015.

The operational results (EBIT) amounted to 2,417 thousand Euro, representing an increase of 5.2% compared with the same period of 2015.

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The financial results of the Real Estate segment in the first half of 2016 were negative in 755 thousand Euro, which represents an improvement of 30.1% when comparing to 1,079 thousand Euro negative in homologous period.

### INVESTMENTS AND DEBT

Ramada Group investments in the first half of 2016 amounted to 3,146 thousand Euro.

The nominal net debt<sup>1</sup> of the Ramada Group as of 30 June 2016 reached 69,529 thousand Euro. As of 31 December 2015 it was 66,341 thousand Euro. In May 2016, the Group distributed dividends amounting to 4,846 thousand Euro.

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<sup>1</sup> nominal net debt: nominal financial debt deducted from cash and cash equivalents.

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### SECOND SEMESTER OUTLOOK

Everything points out that the growth felt in the first semester of 2016 in the manufacture of molds sector will continue until the end of the year. The Group foresees a 2nd semester with good activity maintaining its forecasts for the current year.

Taking into account the present order backlogs it is expected that the activity of storage solutions will recover in the 2<sup>nd</sup> half of 2016 and will reach the 2015 turnover.

**CORPORATE GOVERNANCE**

In accordance with the current legislation, the Group is not required to provide information regarding corporate governance, since this information is only compulsory together with the annual management report. The detailed annual report of corporate governance is included in the Financial Reporting of 2015 and it is available in our site ([www.ramadainvestimentos.pt](http://www.ramadainvestimentos.pt)).

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### LEGAL MATTERS

#### Own Shares

Pursuant to the requirements of article 66 and of nr 2 of article 324 of the Commercial Companies' Code (Código das Sociedades Comerciais), the Directors inform that as of 30 June 2016 it held 2,564,145 own shares representing 9.999996% of the share capital.

#### Shares held by the corporate boards

Pursuant to the requirements of article 447 of the Commercial Companies' Code, F. Ramada Investimentos Directors inform that, as of 30 June 2016, they held the following shares:

João Manuel Matos Borges de Oliveira <sup>(a)</sup>	5,125,000
Paulo Jorge dos Santos Fernandes <sup>(b)</sup>	3,837,582
Domingos José Vieira de Matos <sup>(c)</sup>	2,590,631
Ana Rebelo de Carvalho Menéres de Mendonça <sup>(d)</sup>	4,945,383
Pedro Miguel Matos Borges de Oliveira	1,402,072

(a) –5,125,000 shares correspond to the total shares of F. Ramada - Investimentos, S.G.P.S., S.A. held by CADERNO AZUL S.G.P.S., S.A., of which the Director João Manuel Matos Borges de Oliveira is shareholder and director.

(b) –3,837,582 shares correspond to the total shares of F. Ramada - Investimentos, SGPS, S.A. held by ACTIUM CAPITAL – SGPS, S.A., of which the Director Paulo Jorge dos Santos Fernandes is dominant shareholder and director.

(c) – 2,590,631 shares correspond to the total shares of F. Ramada - Investimentos, SGPS, S.A. held by LIVREFLUXO – SGPS, S.A., of which the Director Domingos José Vieira de Matos is dominant shareholder and director.

(d) –4,945,383 shares correspond to the total shares of F. Ramada - Investimentos, SGPS, S.A. held by PROMENDO – SGPS, S.A., of which the Director Ana Rebelo de Carvalho Menéres de Mendonça is director and dominant shareholder.

As of 30 June 2016, the Statutory Auditor, the members of the Statutory Audit Board and the members of the Board of the General Shareholders' Meeting held no shares of F. Ramada Investimentos.

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### Participation in the Company's share capital

Pursuant to the requirements of articles 16 and 20 of the Securities Code (Código de Valores Mobiliários) and article 448 of the Commercial Companies Code, the Directors inform that, in accordance with the notifications received, the companies and/or individuals that hold qualified participations exceeding 2%, 5%, 10%, 20%, 33% and 50% of the voting rights, and accordingly with the notifications received in head office of Group as of 30 June 2016 are as follows:

<b>Pedro Miguel Matos Borges de Oliveira</b>		<b>No of shares held as of 30-Jun-2016</b>	<b>% share capital with voting rights</b>
Directly		1,402,072	5.47%
<b>Total attributable</b>		<b>1,402,072</b>	<b>5.47%</b>
<b>Domingos José Vieira de Matos</b>		<b>No of shares held as of 30-Jun-2016</b>	<b>% share capital with voting rights</b>
Through Livrefluxo - SGPS, S.A. (of which is dominant sharehold and director)		2,590,631	10.10%
<b>Total attributable</b>		<b>2,590,631</b>	<b>10.10%</b>
<b>Paulo Jorge dos Santos Fernandes</b>		<b>No of shares held as of 30-Jun-2016</b>	<b>% share capital with voting rights</b>
Through Actium Capital - SGPS, S.A. (of which is dominant shareholder and director)		3,837,582	14.97%
<b>Total attributable</b>		<b>3,837,582</b>	<b>14.97%</b>
<b>Ana Rebelo Carvalho Menéres de Mendonça</b>		<b>No of shares held as of 30-Jun-2016</b>	<b>% share capital with voting rights</b>
Through PROMENDO - SGPS, S.A. (of which is dominant shareholder and director)		4,945,383	19.29%
<b>Total attributable</b>		<b>4,945,383</b>	<b>19.29%</b>
<b>João Manuel Matos Borges de Oliveira</b>		<b>No of shares held as of 30-Jun-2016</b>	<b>% share capital with voting rights</b>
Through CADERNO AZUL - SGPS, S.A. (of which is shareholder and director)		5,125,000	19.99%
<b>Total attributable</b>		<b>5,125,000</b>	<b>19.99%</b>

Ramada Group was not informed of any participation exceeding 20% of the voting rights.

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### CLOSING REMARKS

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

Porto, 28 July 2016

#### **Board of Directors**

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João Manuel Matos Borges de Oliveira

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Paulo Jorge dos Santos Fernandes

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Domingos José Vieira de Matos

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Pedro Miguel Matos Borges de Oliveira

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Ana Rebelo de Carvalho Menéres de Mendonça

# 80 Years innovating

In the offering, in the processes  
and in technology.



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

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

## **DECLARATION OF RESPONSIBILITY**

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

Under paragraph 3 of article 8 of the Securities Code, the members of the Board of Directors of F. Ramada Investimentos, S.G.P.S., S.A. declare that the accounts that are part of this interim report have not been subject to a Limited Review.

As required by article 21 of Decree-Law 411/91, of 17 October, the Board of Directors informs that there are no overdue debts to the State, namely with respect to Social Security.

**Article 447 of the Portuguese Companies Act and Article 14, paragraph 7 of Portuguese Securities Regulator (CMVM) Regulation nr. 05/2008**

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

Members of the Board of Directors	Shares held at 31-Dec-			Shares held at 30-Jun-
	2015	Aquisitions	Disposals	2016
João Manuel Matos Borges de Oliveira (imputation through CADERNO AZUL - SGPS, S.A.)	5,125,000	-	-	5,125,000
Paulo Jorge dos Santos Fernandes (imputation through ACTIUM CAPITAL - SGPS, S.A.)	3,837,582	-	-	3,837,582
Domingos José Vieira de Matos (imputation through LIVREFLUXO - SGPS, S.A.)	2,590,631	-	-	2,590,631
Pedro Miguel Matos Borges de Oliveira	1,402,072	-	-	1,402,072
Ana Rebelo de Carvalho Menéres de Mendonça (imputation through PROMENDO - SGPS, S.A.)	4,945,383	-	-	4,945,383

**F. RAMADA INVESTIMENTOS, SGPS, S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 JUNE 2016 AND 31 DECEMBER 2015**

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

(Amounts expressed in Euro)

ASSETS	Notes	30.06.2016	31.12.2015
<b>NON CURRENT ASSETS</b>			
Investment properties	6	84 863 976	84 863 976
Tangible assets		7 431 243	6 679 662
Intangible assets		32 728	76 719
Investments in associated companies and joint ventures	4.2	17 462 392	15 777 392
Other investments	4.3	3 493 138	3 493 138
Deferred tax assets	7	1 728 886	1 778 714
<b>Total non current assets</b>		<u>115 012 363</u>	<u>112 669 601</u>
<b>CURRENT ASSETS</b>			
Inventories		24 112 168	19 860 145
Customers		40 585 141	37 941 790
State and other public entities		1 328 699	756 582
Other debtors		670 121	535 551
Other current assets		219 527	385 879
Cash and cash equivalents	8	14 883 138	22 388 594
<b>Total current assets</b>		<u>81 798 794</u>	<u>81 868 541</u>
<b>Total assets</b>		<u><u>196 811 157</u></u>	<u><u>194 538 142</u></u>

EQUITY AND LIABILITIES	Notes	30.06.2016	31.12.2015
<b>EQUITY</b>			
Share capital	9	25 641 459	25 641 459
Own shares		(1 641 053)	(1 641 053)
Legal reserve		6 375 508	5 935 519
Currency translation reserves		(706 151)	(126 619)
Other reserves		34 521 102	28 811 105
Consolidated net profit for the year		5 749 481	11 032 683
Total equity attributable to equity holders of the parent company		<u>69 940 346</u>	<u>69 653 094</u>
Non-controlling interests		92 088	75 740
<b>Total equity</b>		<u>70 032 434</u>	<u>69 728 834</u>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Bank loans	10	43 473 155	47 458 908
Other creditors		38 675	238 675
Provisions	12	1 708 199	1 564 976
Deferred tax liabilities	7	35 081	35 081
<b>Total non current liabilities</b>		<u>45 255 110</u>	<u>49 297 640</u>
<b>CURRENT LIABILITIES</b>			
Bank loans	10	3 986 282	3 985 753
Other loans	10	36 952 496	37 284 909
Derivatives		80 556	35 996
Suppliers		16 153 133	14 090 405
State and other public entities		5 914 581	3 897 421
Other creditors		1 343 168	3 422 862
Other current liabilities	11	17 093 397	12 794 322
<b>Total current liabilities</b>		<u>81 523 613</u>	<u>75 511 668</u>
<b>Total liabilities</b>		<u>126 778 723</u>	<u>124 809 308</u>
<b>Total equity and liabilities</b>		<u><u>196 811 157</u></u>	<u><u>194 538 142</u></u>

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

The Chartered Accountant

The Board of Directors

**F. RAMADA INVESTIMENTOS, SGPS, S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE  
FOR THE SIX MONTHS AND THREE MONTHS PERIODS ENDED AS OF 30 JUNE 2016 AND 2015**

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

	Notes	SIX MONTHS PERIOD ENDED AS OF:		THREE MONTHS PERIOD ENDED AS OF:	
		30.06.2016	30.06.2015	30.06.2016	30.06.2015
Sales		56 563 832	58 924 289	31 388 806	34 787 668
Services rendered		5 660 956	5 232 106	2 859 937	2 583 928
Other income		586 022	273 171	332 571	100 255
Cost of sales and change in stocks of finished goods and work in progress		(31 791 391)	(37 488 388)	(18 763 659)	(23 369 009)
External supplies and services		(11 879 895)	(10 289 104)	(5 372 736)	(5 113 083)
Payroll expenses		(7 871 768)	(7 534 127)	(3 955 872)	(4 150 179)
Amortization and depreciation		(2 390 481)	(822 177)	(1 867 825)	(418 572)
Provisions and impairment losses	12	(354 714)	(528 995)	(110 132)	(270 534)
Other expenses		(376 093)	(420 848)	(178 309)	(215 428)
Share of results of associated companies and joint ventures	4.2	885 000	783 182	390 000	418 182
Financial expenses		(1 120 264)	(1 517 856)	(604 708)	(728 820)
Financial income		99 094	32 254	48 870	12 005
		<b>Profit before income tax</b>	<b>6 643 507</b>	<b>4 166 943</b>	<b>3 636 413</b>
Income tax		(2 244 469)	(1 846 002)	(1 189 632)	(898 768)
		<b>Consolidated net profit</b>	<b>4 797 505</b>	<b>2 977 311</b>	<b>2 737 645</b>
<b>Attributable to:</b>					
Parent company's shareholders		5 749 481	4 788 165	2 951 139	2 731 278
Non-controlling interests		16 348	9 340	26 172	6 367
<b>Earnings per share</b>					
Basic	13	0.25	0.21	0.13	0.12
Diluted	13	0.25	0.21	0.13	0.12

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

The Chartered Accountant

The Board of Directors

**F. RAMADA INVESTIMENTOS, SGPS, S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIODS ENDED AS OF 30 JUNE 2016 AND 2015**  
 (Translation of financial statements originally issued in Portuguese - Note 16)  
 (Amounts expressed in Euro)

Notes	SIX MONTHS PERIOD ENDED AS OF:		THREE MONTHS PERIOD ENDED AS OF:	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
<b>Net consolidated profit for the year</b>	5 765 829	4 797 505	2 977 311	2 737 645
Other comprehensive income				
Fair value of derivatives	(36 461)	-	(19 838)	-
Exchange differences arising on translation of foreign operations	(579 532)	445 206	(202 926)	137 627
<b>Other comprehensive income for the year</b>	<u>(615 993)</u>	<u>445 206</u>	<u>(222 764)</u>	<u>137 627</u>
<b>Total comprehensive income for the year</b>	<u>5 149 836</u>	<u>5 242 711</u>	<u>2 754 547</u>	<u>2 875 272</u>
<b>Attributable to:</b>				
Parent company's shareholders	5 133 488	5 233 371	2 728 375	2 868 904
Non-controlling interests	<u>16 348</u>	<u>9 340</u>	<u>26 172</u>	<u>6 368</u>

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

The Chartered Accountant

The Board of Directors

**F. RAMADA INVESTIMENTOS, SGPS, S.A.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIODS ENDED AS OF 30 JUNE 2016 AND 2015  
(Translation of financial statements originally issued in Portuguese - Note 16)  
(Amounts expressed in Euro)**

Notes	Attributable to the parent company's shareholders						Total	Non-controlling interests	Total Equity	
	Share capital	Own shares	Legal reserve	Currency translation reserves	Other reserves and retained earnings	Net profit				
Balance as of 1 January 2015	9	25 641 459	(1 641 053)	5 637 034	(385 709)	24 813 767	8 077 269	62 142 767	50 638	62 193 405
Total consolidated comprehensive income for the year		-	-	-	445 206	-	4 788 165	5 233 371	9 340	5 242 711
Appropriation of the consolidated net profit for 2014:										
Transfer to legal reserve and other reserves		-	-	298 485	-	7 778 784	(8 077 269)	-	-	-
Dividends		-	-	-	-	(3 923 140)	-	(3 923 140)	-	(3 923 140)
<b>Balance as of 30 June 2015</b>		<b>25 641 459</b>	<b>(1 641 053)</b>	<b>5 935 519</b>	<b>59 497</b>	<b>28 669 411</b>	<b>4 788 165</b>	<b>63 452 998</b>	<b>59 978</b>	<b>63 512 976</b>
Balance as of 1 January 2016	9	25 641 459	(1 641 053)	5 935 519	(126 619)	28 811 105	11 032 683	69 653 094	75 740	69 728 834
Total consolidated comprehensive income for the year		-	-	-	(579 532)	(36 461)	5 749 481	5 133 488	16 348	5 149 836
Appropriation of the consolidated net profit for 2015:										
Transfer to legal reserve and other reserves		-	-	439 989	-	10 592 694	(11 032 683)	-	-	-
Dividends		-	-	-	-	(4 846 236)	-	(4 846 236)	-	(4 846 236)
<b>Balance as of 30 June 2016</b>		<b>25 641 459</b>	<b>(1 641 053)</b>	<b>6 375 508</b>	<b>(706 151)</b>	<b>34 521 102</b>	<b>5 749 481</b>	<b>69 940 346</b>	<b>92 088</b>	<b>70 032 434</b>

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

The Chartered Accountant

The Board of Directors

**F. RAMADA INVESTIMENTOS, SGPS, S.A.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS AND THREE MONTHS PERIODS ENDED AS OF 30 JUNE 2016 AND 2015**  
(Translation of financial statements originally issued in Portuguese - Note 16)  
(Amounts expressed in Euro)

	Notes	SIX MONTHS PERIOD ENDED AS OF:		THREE MONTHS PERIOD ENDED AS OF:	
		30.06.2016	30.06.2015	30.06.2016	30.06.2015
<b>Operating activities:</b>					
Collections from customers		73 712 942	66 747 956	32 666 312	30 354 763
Payments to suppliers		(52 953 610)	(48 316 814)	(26 614 179)	(24 422 133)
Payments to personnel		(5 245 117)	(5 150 784)	(2 564 184)	(2 507 463)
Income tax paid/received		(874 310)	(644 713)	(752 574)	(454 408)
Other collections/payments relating to operating activities		(4 653 860)	(4 802 945)	(2 310 291)	(1 476 172)
<b>Cash flow from operating activities (1)</b>		<b>9 986 045</b>	<b>7 832 701</b>	<b>425 064</b>	<b>1 494 588</b>
<b>Investment activities:</b>					
Collections arising from:					
Dividends		53	418 182	53	418 182
Tangible assets		49 619	(12 730)	49 619	(13 714)
Intangible assets		-	(21 070)	-	(21 070)
Other assets		1 877	-	(7 346)	-
Financial investments		-	1 012 500	-	1 000 000
Interests and similar income		92 954	453 441	(23 499)	144 279
Payments arising from:					
Financial investments	8	(910 000)	(3 964 736)	(907 417)	(1 473 204)
Intangible assets		(20 036)	-	(20 036)	2 842
Tangible assets		(5 806 587)	(811 676)	(3 372 426)	(351 601)
Loans granted		(236 369)	-	(236 369)	-
<b>Cash flow from investment activities (2)</b>		<b>(6 828 489)</b>	<b>(2 926 089)</b>	<b>(4 517 423)</b>	<b>(294 286)</b>
<b>Financing activities:</b>					
Collections arising from:					
Loans obtained		2 044 150	11 737 565	2 044 150	10 668 542
Payments arising from:					
Interests and similar costs		(1 147 636)	(2 966 281)	(429 059)	(1 230 265)
Other financing operations		(56 671)	(53 641)	(28 508)	(27 008)
Dividends		(4 846 066)	(3 923 006)	(4 846 066)	(3 923 006)
Loans obtained		(7 485 753)	(7 582 957)	(3 395 955)	(2 025 412)
<b>Cash flow from financing activities (3)</b>		<b>(11 491 976)</b>	<b>(2 788 320)</b>	<b>(6 655 438)</b>	<b>3 462 851</b>
<b>Cash and cash equivalents at the beginning of the year</b>	8	<b>15 863 614</b>	<b>11 777 885</b>	<b>18 055 667</b>	<b>9 447 737</b>
Effect of exchange rate changes		(340 548)	287 153	(119 245)	72 440
Variation of cash and cash equivalents: (1)+(2)+(3)		(6 334 420)	2 118 291	(10 747 770)	4 663 152
<b>Cash and cash equivalents at the end of the year</b>	8	<b>7 188 646</b>	<b>14 183 329</b>	<b>7 188 646</b>	<b>14 183 329</b>

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

The Chartered Accountant

The Board of Directors

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2016**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

## **1. INTRODUCTORY NOTE**

F. Ramada Investimentos, SGPS, S.A. ("Ramada Group" or "Group") is a Company incorporated in 1 June 2008, with its head-office located at Rua do General Norton de Matos, 68, r/c - Porto, Portugal and its shares listed in the Euronext Lisbon. Its main activity is the management of investments.

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

Following this process, the assets corresponding to the shareholdings of the business units of steel and storage systems, including all the resources (such as human resources, assets and liabilities) related to that business unit were transferred from Altri, SGPS, S.A. to Ramada Group.

Currently, F. Ramada Investimentos, SGPS, S.A. is the parent company of a group of companies listed in Note 4 (designated as Ramada Group), and through this financial holdings structure, focuses its operations in (i) steel trade, (ii) storage systems sales, sector in which the Group already holds a significant international presence, and (iii) real estate.

As of June 30, 2016 and December 31, 2015, the Group developed its activity in Portugal, France, United Kingdom, Belgium and Spain.

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

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

The consolidated financial statements as of 30 June 2016 were prepared in accordance with the accounting policies defined by the International Financial Reporting Standards and in accordance with IAS 34 – Interim Financial Reporting, and include the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, as well as selected notes to the financial statements.

The accounting policies adopted in the preparation of the consolidated financial statements of Group are consistent with the accounting policies used in the preparation of the consolidated financial statements presented for the year ended as of 31 December 2015.

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

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

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2016**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

**4. SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS, INVESTMENTS IN ASSOCIATED COMPANIES, JOINT VENTURES AND OTHER INVESTMENTS**

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

The companies included in the consolidated financial statements by the full consolidation method, its headquarters, percentage of participation held and main activity as of June 30, 2016, and December 31, 2015, are as follows:

Designation	Headquarters	Percentage of participation held		Activity
		30.06.2016	31.12.2015	
<b>Parent company:</b>				
F. Ramada Investimentos, SGPS, S.A.	Porto	-	-	Holding
<b>Ramada Group:</b>				
Ramada Aços, S.A.	Ovar	100%	100%	Steel comercialization
Universal Afir, S.A.	Ovar	100%	100%	Steel comercialization
Ramada Storax, S.A.	Ovar	100%	100%	Production and comercialization of storage systems
F. Ramada II, Imobiliária, S.A.	Ovar	100%	100%	Real estate
Storax, S.A.	France	100%	100%	Comercialization of storage systems
Storax, Ltd.	United Kingdom	100%	100%	Comercialization of storage systems
Storax Benelux, S.A.	Belgium	100%	100%	Comercialization of storage systems
Storax España S.L.	Spain	60%	60%	Comercialization of storage systems

All the above companies were included in the consolidated financial statements of Ramada Group in accordance with the full consolidation method.

**4.2 Investment in associated companies and joint ventures**

As of June 30, 2016, the caption “Investments in associated companies and joint ventures” includes, essentially, the shares of Base Holding SGPS, S.A. owned by F. Ramada Investimentos, SGPS, S.A.. This entity has its head office in Oporto and heads a group of companies which operate in the healthcare sector, namely, complementary means of diagnosis and treatment.

The use of the equity method in the six months’ period ended as of June 30, 2016 was made based on preliminary and not audited consolidated financial statements of the above companies. The effect on the net profit of the period was recorded in the caption “Share of results of associates and joint ventures” by the amount of 885,000 Euro (1,562,678 Euro in December 31, 2015). As of June 30, 2016 the investment in the mentioned associated company amounted to 16,112,394 Euros (15,227,394 Euros in December 31, 2015). The Board of Directors believes that there will not be relevant and material differences between the financial statements used to apply the equity method and the final consolidated financial statements.

This caption also includes the ownership of Planfuro Global, S.A. (incorporated in 2014 and owned by 50%) and of Expeliarmus-Consultoria, S.A. (created in 2015 and owned by 49%) by an amount equal to 1,349,998 Euro. During the six months’ period ended as of 30 June 2016 the Entity granted supplementary capital to the subsidiary Global Planfuro S.A..

Both entities had a residual activity in the six months’ period ended as of June 30, 2016.

The assessment on the existence, or not, of impairments on the investments in associated companies and joint ventures are based on the approved business plans.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2016**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

#### 4.3 Other investments

As of June 30, 2016 and December 31, 2015, the caption “Other investments” and respective impairment losses can be detailed as follows:

	<u>30.06.2016</u>	<u>31.12.2015</u>
Investments	7,713,531	7,713,531
Impairment losses (Note 12)	(4,220,393)	(4,220,393)
	<u>3,493,138</u>	<u>3,493,138</u>

As of June 30, 2016 the caption “Other investments” mainly includes an investment in Base M – Investimentos e Serviços, S.A. equity. In addition, it also includes the investment of 15.48% in CEV – Consumo em Verde, Biotecnologia das Plantas, S.A., the investment of 4% in Sociedade Converde Unipessoal, Lda., and the loans granted to these companies. There were no changes in this caption during the six months’ period ended as of 30 June 2016.

Since, these investments correspond to investments in non-public companies in which the Group has no significant influence, their acquisition cost corresponds to a reliable approximation to their fair value, adjusted by the impairment costs.

The assessment on the existence, or not, of impairments in the investments in joint ventures and associated companies is based on the approved business plans.

#### 5. CHANGES IN THE CONSOLIDATION PERIMETER

During the six months’ period ended as of 30 June 2016 no changes in the Group’s consolidation perimeter occurred.

#### 6. INVESTMENT PROPERTIES

Investment properties held by Ramada Group relate to lands rented to third parties (Altri Group) under operational lease, through contracts signed in 2007 and 2008 with an average duration of 20 years, and with the possibility of an additional period of 6 years if certain events occur. Investment properties are measured at acquisition cost. The movement occurred in this caption during the six months’ period ended as of 30 June 2016 and the year ended 31 December 2015 is as follows:

	<u>30.06.2016</u>	<u>31.12.2015</u>
Opening balance (gross)	<u>85,963,976</u>	<u>85,977,075</u>
Aquisitions	-	134,739
Disposals	-	(147,838)
Closing balance (gross)	<u>85,963,976</u>	<u>85,963,976</u>
Impairment losses (Note 12)	(1,100,000)	(1,100,000)
Closing balance (net)	<u>84,863,976</u>	<u>84,863,976</u>

During the six months’ period ended as of June 30, 2016, the leased land generated, income amounting, to approximately, 3,091,500 Euro (approximately 6,311,140 Euro in 2015).

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

The impairment losses recorded were estimated by specialized entities who made specific analysis on a group of lands.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2016**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

Part of the land (amounting to, approximately, 80 million Euros) is given as collateral for certain bank loans.

## 7. 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 (five years for Social Security), except when tax losses have occurred, tax benefits have been granted, or inspections, complaints or disputes are on-going. In these cases, depending on the circumstances, the above referred period deadlines can be extended or suspended. Therefore, the tax returns of Ramada Group and its subsidiaries for the years 2012 to 2016 may still be subject to review.

The Board of Directors of Ramada Group believes that any potential corrections arising from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of June 30, 2016.

The movement occurred in deferred tax assets and liabilities in the six months' period ended as of June 30, 2016 and 2015, was as follows:

	30.06.2016	
	Deferred tax assets	Deferred tax liabilities
Balance as of January 1, 2016	1,778,714	35,081
Effects on income statement		
Others	(49,828)	-
Balance as of June 30, 2016	1,728,886	35,081
	30.06.2015	
	Deferred tax assets	Deferred tax liabilities
Balance as of January 1, 2015	1,923,682	40,937
Effects on income statement		
Others	(2,322)	-
Balance as of June 30, 2015	1,921,360	40,937

## 8. CASH AND CASH EQUIVALENTS

As of June 30, 2016 and December 31, 2015 the caption "Cash and cash equivalents" included in the consolidated statement of financial position can be detailed as follows:

	30.06.2016	31.12.2015
Cash	15,175	12,925
Bank deposits	14,867,963	22,375,669
	14,883,138	22,388,594
Bank overdrafts (Note 10)	(7,694,492)	(6,524,981)
Cash and equivalents	7,188,646	15,863,613

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2016**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

**Payments for financial investments**

During the first half of 2016, payments for financial investments were the following:

	Value of the transaction		Amount paid	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Investments in associated companies (Note 4)	-	1,890,366	-	1,890,366
Others investments (Note 4)	800,000	569,561	910,000	569,561
Others	-	504,809	-	504,809
	<u>800,000</u>	<u>2,964,736</u>	<u>910,000</u>	<u>2,964,736</u>

**9. SHARE CAPITAL**

As of June 30, 2016, F. Ramada Investimentos, SGPS, S.A.'s fully subscribed and paid up capital consisted of 25,641,459 shares with a nominal value of 1 Euro each. As of the same date, F. Ramada Investimentos, SGPS, S.A. held 2,564,145 own shares, corresponding to 9.999996% of the share capital of the Company, acquired by 1,641,053 Euros.

Additionally, as of June 30, 2016 and December 31, 2015, there were no companies holding a share in the subscribed capital of, at least, 20%.

As of April 21, 2016 the General Shareholders Meeting unanimously decided the distribution of dividends amounting to 4,846,235.94 Euros.

**10. BANK LOANS AND OTHER LOANS**

As of June 30, 2016 and December 31, 2015, the captions "Bank loans" and "Other loans" can be detailed as follows:

	30.06.2016		31.12.2015	
	Current	Non current	Current	Non current
<b>Bank loans</b>	<u>3,986,282</u>	<u>43,473,155</u>	<u>3,985,753</u>	<u>47,458,908</u>
Commercial paper	24,750,000	-	25,750,000	-
Other bank loans	2,950,000	-	3,500,000	-
Bank overdrafts	7,694,492	-	6,524,981	-
Factoring	1,519,546	-	1,425,375	-
Financial lease contracts	38,458	-	84,553	-
<b>Other loans</b>	<u>36,952,496</u>	<u>-</u>	<u>37,284,909</u>	<u>-</u>
	<u>40,938,778</u>	<u>43,473,155</u>	<u>41,270,662</u>	<u>47,458,908</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2016**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
(Amounts expressed in Euro)

**10.1 Bank Loans:**

The nominal amount of bank loans as of June 30, 2016, will be reimbursed as follows:

30.06.2016			31.12.2015		
Reimbursement year	Amount	Estimated interests	Reimbursement year	Amount	Estimated interests
<b>Current</b>			<b>Current</b>		
2017	3 986 282	783 072	2016	3 985 753	852 318
	<u>3 986 282</u>	<u>783 072</u>		<u>3 985 753</u>	<u>852 318</u>
<b>Non-current</b>			<b>Non-current</b>		
2017	-	-	2017	3 985 753	783 000
2018	3 985 754	714 000	2018	3 985 753	714 000
2019	5 500 000	622 000	2019	5 500 000	622 000
2020	5 500 000	529 000	2020	5 500 000	529 000
2021	5 500 000	436 000	2021	5 500 000	436 000
2022	5 500 000	343 000	2022	5 500 000	343 000
2023	5 500 000	250 000	2023	5 500 000	250 000
2024	11 987 401	42 000	2024	11 987 401	42 000
	<u>43 473 155</u>	<u>2 936 000</u>		<u>47 458 908</u>	<u>3 719 000</u>
	<u>47 459 437</u>	<u>3 719 072</u>		<u>51 444 661</u>	<u>4 571 318</u>

As of June 30, 2016, and December 31, 2015, the credit facilities used by the Group and the corresponding maximum amounts allowed were as follows:

Nature	June 30, 2016		December 31, 2015	
	Authorized amount	Used amount	Authorized amount	Used amount
Other bank loans	23,700,000	2,950,000	23,700,000	3,500,000
Bank overdrafts	16,000,000	7,694,492	16,000,000	6,524,981
Commercial paper program				
12/2016	5,000,000	2,500,000	5,000,000	4,000,000
08/2017	5,000,000	5,000,000	5,000,000	5,000,000
07/2019	7,500,000	3,000,000	7,500,000	2,000,000
07/2018	2,750,000	2,750,000	2,750,000	2,750,000
07/2020	3,000,000	2,500,000	3,000,000	3,000,000
06/2020	5,000,000	5,000,000	5,000,000	5,000,000
07/2020	4,000,000	4,000,000	4,000,000	4,000,000
	<u>32,250,000</u>	<u>24,750,000</u>	<u>32,250,000</u>	<u>25,750,000</u>

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2016**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)  
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During the six months' period ended as of June 30, 2016, these loans bear interest at normal market rates depending on the nature and term of the credit obtained.

During the six months' period ended as of June 30, 2016, and the year ended as of December 31, 2015, the Group did not enter into any loan default.

Additionally, as of June 30, 2016, there are no covenants associated with the loans obtained.

## 11. OTHER CURRENT LIABILITIES

As of June 30, 2016, and December 31, 2015, the caption "Other current liabilities" can be detailed as follows:

	30.06.2016	31.12.2015
Accrued expenses:		
Accrued payroll	3,409,620	3,017,235
Interests payable	628,188	630,605
Other	1,923,645	1,123,214
	<u>5,961,453</u>	<u>4,771,054</u>
Deferred income	11,131,944	8,023,268
	<u>17,093,397</u>	<u>12,794,322</u>

The caption "Deferred income" mainly includes anticipated invoicing regarding storage systems sales.

## 12. PROVISIONS AND IMPAIRMENT LOSSES

The movements that occurred in provisions and impairment losses for the six months' period ended as of June 30, 2016, can be detailed as follows:

	Provisions	Impairment losses in investments (Note 4.3)	Impairment losses in current assets	Impairment losses in investments properties (Note 6)	Total
Opening balance 01.01.2016	1,564,976	4,220,393	16,635,613	1,100,000	23,520,982
Exchange rate variation	(2,859)	-	-	-	(2,859)
Increases	146,082	-	203,634	-	349,716
Reversals	-	-	4,998	-	4,998
Utilizations	-	-	-	-	-
Closing balance 30.06.2016	<u>1,708,199</u>	<u>4,220,393</u>	<u>16,844,245</u>	<u>1,100,000</u>	<u>23,872,837</u>

The increases and reversals recorded in provisions and impairment losses for the six months' period ended as of 30 June 2016 were recorded in the profit and loss statement caption "Provisions and impairment losses".

The amount recorded in the caption "Provisions" as of June 30, 2016 relates to the Board of Directors best estimate to cover possible losses arising from legal actions in progress and other liabilities.

The Board of Directors believes that, based on the opinion of their legal advisors, as of June 30, 2016 there are no assets or liabilities associated with probable or possible tax contingencies that should be reported in the financial statements as of 30 June 2016.

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**13. EARNINGS PER SHARE**

Earnings per share for the six months' period ended as of 30 June 2016 and 2015 were determined taking into consideration the following amounts:

	30.06.2016	30.06.2015
Net profit considered for the computation of basic and diluted earnings per share	5,749,481	4,788,165
Number of shares	25,641,459	25,641,459
Number of own shares	2,564,145	2,564,145
Weighted average number of shares used to compute the basic and diluted earnings per share	23,077,314	23,077,314
Earnings per share		
Basic	0.25	0.21
Diluted	0.25	0.21

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

**14. RELATED PARTIES**

The main balances with related parties as of June 30, 2016 and 2015 may be detailed as follows:

	Rents receivable	
	30.06.2016	30.06.2015
Altri Group	3 091 500	3 091 500
	3 091 500	3 091 500

Apart from the companies included in the consolidation (Note 4), the companies considered to be related parties as of June 30, 2016, are the following:

- Actium Capital, SGPS, S.A.
- AdCom Media Anúncios e Publicidade, S.A.
- Alteria, SGPS, S.A.
- Altri Abastecimento de Madeira, S.A.
- Altri Florestal, S.A.
- Altri Sales, S.A.
- Altri, Participaciones Y Trading, S.L.
- Altri, SGPS, S.A.
- Base Holding SGPS, S.A.

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- Base M - Investimentos e serviços S.A.
- Caderno Azul, SGPS, S.A.
- Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- Caima Indústria de Celulose, S.A.
- Captaraiz Unipessoal, Lda.
- Celulose da Beira Industrial (Celbi), S.A.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Cofihold, SGPS, S.A.
- Cofina Media, S.A.
- Cofina, SGPS, S.A.
- Consumo em Verde – Biotecnologia das Plantas, S.A.
- Converde Unipessoal, Lda.
- Destak Brasil – Empreendimentos e Participações, S.A.
- Destak Brasil Editora S.A.
- Elege Valor, SGPS, S.A.
- Expeliarmus-Consultoria, SA
- Grafedisport – Impressão e Artes Gráficas, S.A.
- Inflora – Sociedade de Investimentos Florestais, S.A.
- Jardins de França - Empreendimentos Imobiliários, S.A.
- Livrefluxo, SGPS, S.A.
- Malva – Gestão Imobiliária, S.A.
- Mercados Globais – Publicação de Conteúdos, Lda.
- Pedro Frutícola, Sociedade Frutícola, S.A.
- Planfuro Global, S.A
- Préstimo – Prestígio Imobiliário, S.A.
- Promendo, SGPS, S.A.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.
- Torres da Luz – Investimentos imobiliários, S.A.
- Valor Autêntico, SGPS, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- Viveiros do Furadouro Unipessoal, Lda.

## 15. SEGMENT INFORMATION

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

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

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This segments were identified considering the business units which develop activities whose income and cost may be distinguished, and for which it is produced separate financial information.

The segregation of activities by segments as of June 30, 2016 and 2015 is made up as follows:

June 30, 2016				
	Industry	Real Estate	Intra-group eliminations	Total
Total assets	113,107,252	91,343,782	(7,639,877)	196,811,157
Total liabilities	63,515,638	70,902,961	(7,639,877)	126,778,723
Operating investments (a)	2,953,714	192,170	-	3,145,884
Profit from foreign market customers	59,681,113	3,129,697	-	62,810,810
Profit from operations with other segments	21,912	682,326	(704,238)	-
Cash-flow from operating activities (b)	7,984,043	2,552,906	-	10,536,949
Amortizations	(2,254,797)	(135,684)	-	(2,390,481)
Earnings before interest and taxes (c)	5,729,246	2,417,222	-	8,146,468
Financial profits	218,143	-	(119,049)	99,094
Financial costs	(484,353)	(754,960)	119,049	(1,120,264)
Share of results of joint ventures and associated companies	885,000	-	-	885,000
Earnings before taxes	6,348,036	1,662,262	-	8,010,298
Income taxes	(1,579,883)	(664,586)	-	(2,244,469)
Net profit	4,768,153	997,676	-	5,765,829

June 30, 2015				
	Industry	Real Estate	Intra-group eliminations	Total
Total assets	110,393,905	92,621,153	(16,175,221)	186,839,836
Total liabilities	64,203,449	75,528,630	(16,175,221)	123,556,859
Operating investments (a)	239,507	53,560	-	293,067
Profit from foreign market customers	61,303,813	3,125,753	-	64,429,566
Profit from operations with other segments	4,176	682,326	(686,502)	-
Cash-flow from operating activities (b)	5,738,105	2,430,000	-	8,168,104
Amortizations	(689,367)	(132,810)	-	(822,177)
Earnings before interest and taxes (c)	5,048,737	2,297,190	-	7,345,927
Financial profits	431,685	-	(399,431)	32,254
Financial costs	(838,080)	(1,079,207)	399,431	(1,517,856)
Share of results of joint ventures and associated companies	783,182	-	-	783,182
Earnings before taxes	5,425,524	1,217,983	-	6,643,507
Income taxes	(1,316,384)	(529,618)	-	(1,846,002)
Net profit	4,109,141	688,364	-	4,797,505

(a) - Investments in non-current assets, except financial instruments, deferred tax assets and financial investments

(b) - Operating results + amortizations

(c) - Earnings before interest and taxes excluding Group operations

## 16. FINANCIAL TRANSLATION

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

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**17. FINANCIAL STATEMENTS APPROVAL**

The financial statements were approved by the Board of Directors and authorized for issuance in July 28, 2016.

The Chartered Accountant

The Board of Directors

João Manuel Matos Borges de Oliveira – Chairman

Paulo Jorge dos Santos Fernandes

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça