



# RAMADA

INVESTMENTS AND INDUSTRY

Report and Accounts  
3<sup>rd</sup> Quarter 2016  
(unaudited)



**80 YEARS**  
Investing in industry

*(This is a translation of a document originally issued in Portuguese.  
In the event of discrepancies, the Portuguese language version prevails – Note 16)*

## GROUP'S ACTIVITY

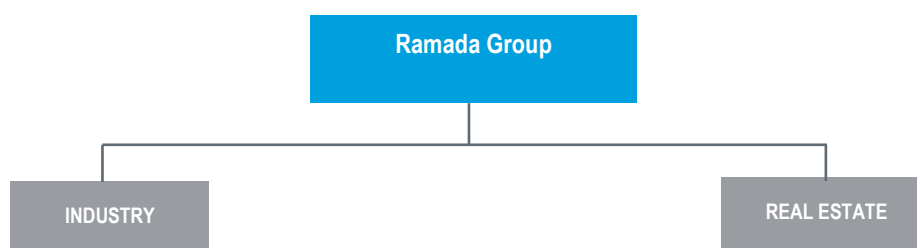
Ramada Investimentos S.G.P.S., S.A. is the parent company of a group of companies ("Ramada Group") which, together, operate in two business areas:

- 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, and Universal Afir.

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 all manufacturing of the Group is concentrated), and by its subsidiaries in France, UK, Belgium and Spain.

The financial investment activity includes investments where Base Holding S.G.P.S. SA is the main investment.



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.

### Profit and loss statement

	9M 2016	9M 2015	Var. %
Sales and services rendered	95 969	95 290	0.7%
Other income	812	409	98.6%
<b>Total income</b>	<b>96 781</b>	<b>95 698</b>	<b>1.1%</b>
Cost of sales	(50 827)	(54 300)	-6.4%
External supplies and services	(17 730)	(16 516)	7.3%
Payroll	(11 272)	(10 642)	5.9%
Other costs	(1 037)	(1 473)	-29.6%
<b>Total costs (a)</b>	<b>(80 865)</b>	<b>(82 930)</b>	<b>-2.5%</b>
<b>EBITDA (b)</b>	<b>15 916</b>	<b>12 769</b>	<b>24.6%</b>
<b>EBITDA Margin</b>	<b>16.4%</b>	<b>13.3%</b>	
Amortisation and depreciation	(3 593)	(1 423)	152.5%
<b>EBIT (c)</b>	<b>12 323</b>	<b>11 346</b>	<b>8.6%</b>
<b>EBIT Margin</b>	<b>12.7%</b>	<b>11.9%</b>	
Gains/Losses in associated companies	1 768	1 148	
Financial expenses	(1 610)	(2 173)	
Financial income	148	94	
<b>Net profit before income tax</b>	<b>12 629</b>	<b>10 414</b>	<b>21.3%</b>
Income tax	(3 418)	(2 919)	
<b>Consolidated net profit</b>	<b>9 211</b>	<b>7 495</b>	<b>22.9%</b>
Consolidated net profit attributable to shareholders of parent company	9 185	7 464	23.1%
Consolidated net profit attributable to non-controlling interests	27	31	

Amounts in thousand Euros

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

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

(c) EBIT = Earnings before interests and income taxes

Total turnover of Ramada Group, during the first nine months of 2016, amounted to 96,781 thousand Euro, representing an increase of 1.1% compared to the total turnover of the homologous period.

Total costs, excluding amortization, financial expenses and taxes, amounted to 80,865 thousand Euro, representing a decrease of 2.5% in relation to the same period of 2015.

EBITDA in the first nine months of 2016 reached 15,916 thousand Euro, representing an increase of 24.6% when compared to the homologous period. The EBITDA margin reached 16.4%, which compares to 13.3% obtained in the same period in 2015.

Group's operating results (EBIT) amounted to 12,323 thousand Euro, representing a positive variation of 8.6% comparing with 11,346 thousand Euro in the same period of 2015.

In the first nine months of 2016 the Group recorded gains related to the application of the equity method in associated companies in the amount of 1,768 thousand Euro, comparing with 1,148 thousand Euro in the first nine months of 2015.

The negative financial results amounted to 1,461 thousand Euro, representing an improvement of 29.7%, when compared with the same period in 2015.

Net profit of Ramada Group amounted to 9,211 thousand Euro, 22.9% higher than the amount recorded in the homologous period of 2015.

## INDUSTRY

	9M 2016	9M 2015	Var. %
Total Income	92 081	90 990	1.2%
Total Costs (a)	(80 050)	(81 947)	-2.3%
EBITDA (b)	12 031	9 043	33.0%
EBITDA Margin	13.1%	9.9%	
EBIT (c)	8 630	7 808	10.5%
EBIT Margin	9.4%	8.6%	
Financial Results	(323)	(499)	-35.3%
Gains/losses in associates	1 768	1 148	54.1%
Net profit before income tax	10 076	8 457	19.1%

(amounts in thousand Euros)

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

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

(c) EBIT = Earnings before interests and income taxes

During the first nine months of 2016 the total income for the industry segment amounted to 92,081 thousand Euro, representing an increase of 1.2% compared to total income for the first nine months of 2015.

The Steel activity presented in the 3rd quarter of 2016 a higher turnover than in the same period of 2015. This growth was driven by increased sales in the mold industry and in the sector of machinery and equipments.

Our integrated range of products and value-added services with high quality, competitive price and simplified logistics, have been recognized by the market.

Steel activity operates, essentially, in the domestic market, which represented 95% of its sales in the 3<sup>rd</sup> quarter of 2016.

We do not anticipate large fluctuations in steel prices until the end of the year.

In the 3<sup>rd</sup> quarter of 2016, storage systems activity (Storax - Engineered Storage Solutions) had an increase in turnover compared to the same period of 2015.

The external market remains the main growth driver of this activity, representing 84% of turnover in the 3<sup>rd</sup> quarter of 2016.

Industry segment's EBITDA in the first nine months of 2016 amounted to 12,031 thousand Euro, which represents an increase of 33.0% when compared with 9,043 thousand Euro achieved in the same period in 2015.

Industry segment's EBITDA margin went from 9.9% in 2015 to 13.1% in 2016.

## REAL ESTATE

	9M 2016	9M 2015	Var. %
Total income	4 700	4 708	-0.2%
Total costs (a)	(815)	(982)	-17.0%
EBITDA ( b )	3 885	3 726	4.3%
EBIT (c)	3 692	3 538	4.4%
Financial Results	(1 139)	(1 580)	-27.9%
Net profit before income tax	2 554	1 958	30.4%

(amounts in thousand Euros)

(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 nine months of 2016 was 4,700 thousand Euro, representing a slight decrease (- 0.2%) when compared with the same period 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's EBITDA in the first nine months of 2016 amounted to 3,885 thousand Euro, representing an increase of 4.3% in relation to the same period in 2015.

The operational results (EBIT) amounted to 3,692 thousand Euro, representing an increase of 4.4% compared with the same period of 2015.

The financial results of the Real Estate's segment in the first nine months of 2016 were negative in 1,139 thousand Euro, which represents an improvement of 27.9% when compared with negative 1,580 thousand Euro in the homologous period.

### **INVESTMENTS AND DEBT**

Ramada Group investments in the first nine months of 2016 amounted to 4,563 thousand Euro.

The nominal net debt of Ramada Group as of 30 September 2016 reached 71,679 thousand Euro (66,341 thousand Euro as of 31 December 2015).

Porto, 3 November 2016

**The Board of Directors**



Shaping industry

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

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

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

(Amounts expressed in Euro)

ASSETS	Notes	30.09.2016	31.12.2015
<b>NON CURRENT ASSETS</b>			
Investment properties	6	84 863 976	84 863 976
Tangible assets		7 657 113	6 679 662
Intangible assets		21 688	76 719
Investments in associates and joint ventures	4.2	19 394 720	15 777 392
Other investments	4.3	3 493 138	3 493 138
Deferred tax assets	7	1 767 359	1 778 714
<b>Total non current assets</b>		<b>117 197 994</b>	<b>112 669 601</b>
<b>CURRENT ASSETS</b>			
Inventories		27 976 356	19 860 145
Customers		45 075 625	37 941 790
State and other public entities		1 143 956	756 582
Other debtors		1 115 567	535 551
Other current assets		222 155	385 879
Cash and cash equivalents	8	15 399 830	22 388 594
<b>Total current assets</b>		<b>90 933 489</b>	<b>81 868 541</b>
<b>Total assets</b>		<b>208 131 483</b>	<b>194 538 142</b>

EQUITY AND LIABILITIES	Notes	30.09.2016	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		(888 643)	(126 619)
Other reserves		34 506 567	28 811 105
Consolidated net profit for the year		9 184 511	11 032 683
Total equity attributable to equity holders of the parent company		73 178 349	69 653 094
Non-controlling interests		102 268	75 740
<b>Total equity</b>		<b>73 280 617</b>	<b>69 728 834</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Bank loans	10	43 473 155	47 458 908
Other creditors		475 873	238 675
Provisions	12	1 716 601	1 564 976
Deferred tax liabilities	7	35 081	35 081
<b>Total non current liabilities</b>		<b>45 700 710</b>	<b>49 297 640</b>
<b>CURRENT LIABILITIES</b>			
Bank loans	10	3 985 753	3 985 753
Other loans	10	39 620 373	37 284 909
Derivatives		86 993	35 996
Suppliers		15 780 021	14 090 405
State and other public entities		5 449 585	3 897 421
Other creditors		1 542 155	3 422 862
Other current liabilities	11	22 685 276	12 794 322
<b>Total current liabilities</b>		<b>89 150 156</b>	<b>75 511 668</b>
<b>Total liabilities</b>		<b>134 850 866</b>	<b>124 809 308</b>
<b>Total equity and liabilities</b>		<b>208 131 483</b>	<b>194 538 142</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 PROFIT AND LOSS BY NATURE**  
**FOR THE NINE MONTHS AND THREE MONTHS PERIODS ENDED AS OF 30 SEPTEMBER 2016 AND 2015**  
(Translation of financial statements originally issued in Portuguese - Note 16)  
(Amounts expressed in Euro)

	Notes	NINE MONTHS PERIOD ENDED AS OF:		THREE MONTHS PERIOD ENDED AS OF:	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
Sales		87 582 132	87 397 947	31 018 300	28 473 658
Services rendered		8 387 131	7 891 703	2 726 175	2 659 597
Other income		811 730	408 728	225 708	135 557
Cost of sales and change in stocks of finished goods and work in progress		(50 827 240)	(54 299 798)	(19 035 849)	(16 811 410)
External supplies and services		(17 729 651)	(15 938 333)	(5 849 756)	(5 649 229)
Payroll expenses		(11 271 835)	(11 219 006)	(3 400 067)	(3 684 879)
Amortization and depreciation		(3 592 929)	(1 423 049)	(1 202 448)	(600 872)
Provisions and impairment losses	12	(455 283)	(781 255)	(100 569)	(252 260)
Other expenses		(581 231)	(691 400)	(205 138)	(270 552)
Share of results of associates and joint ventures	4.2	1 768 057	1 147 620	883 057	364 438
Financial expenses		(1 609 688)	(2 173 426)	(489 424)	(655 570)
Financial income		148 272	94 491	49 178	62 237
<b>Profit before income tax</b>		<b>12 629 465</b>	<b>10 414 222</b>	<b>4 619 167</b>	<b>3 770 715</b>
Income tax		(3 418 426)	(2 918 980)	(1 173 957)	(1 072 978)
<b>Consolidated net profit</b>		<b>9 211 039</b>	<b>7 495 242</b>	<b>3 445 210</b>	<b>2 697 737</b>
<b>Attributable to:</b>					
Parent company's shareholders		9 184 511	7 463 750	3 435 030	2 675 585
Non-controlling interests		26 528	31 492	10 180	22 152
<b>Earnings per share</b>					
Basic	13	0.40	0.32	0.15	0.12
Diluted	13	0.40	0.32	0.15	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 NINE MONTHS AND THREE MONTHS PERIODS ENDED AS OF 30 SEPTEMBER 2016 AND 2015**  
(Amounts expressed in Euro)

	Notes	NINE MONTHS PERIOD ENDED AS OF:		THREE MONTHS PERIOD ENDED AS OF:	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
<b>Net consolidated profit for the year</b>		9 211 039	7 495 242	3 445 210	2 697 737
Other comprehensive income					
Fair value of derivatives		(50 996)	-	(14 535)	-
Exchange differences arising on translation of foreign operations		(762 024)	237 167	(182 492)	(208 039)
<b>Other comprehensive income for the year</b>		<u>(813 020)</u>	<u>237 167</u>	<u>(197 027)</u>	<u>(208 039)</u>
<b>Total comprehensive income for the year</b>		<u><b>8 398 019</b></u>	<u><b>7 732 409</b></u>	<u><b>3 248 183</b></u>	<u><b>2 489 698</b></u>
Attributable to:					
Parent company's shareholders		8 371 491	7 723 069	3 238 003	2 489 698
Non-controlling interests		<u>26 528</u>	<u>9 340</u>	<u>10 180</u>	<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 FINANCIAL STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS PERIODS ENDED AS OF 30 SEPTEMBER 2016 AND 2015**

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

(Amounts expressed in Euro)

Attributable to the parent company's shareholders										
Notes	Share capital	Own shares	Legal reserve	Currency translation reserves	Other reserves and retained earnings	Net profit	Total	Non-controlling interests	Total Equity	
Balance as of 1 January 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		-	-	-	237 167	-	7 463 750	7 700 917	31 492	7 732 409
Changes in consolidation perimeter		-	-	-	-	-	-	-	-	-
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)
Others		-	-	-	-	-	-	-	-	-
<b>Balance as of 30 September 2015</b>		<b>25 641 459</b>	<b>(1 641 053)</b>	<b>5 935 519</b>	<b>(148 542)</b>	<b>28 669 411</b>	<b>7 463 750</b>	<b>65 920 544</b>	<b>82 130</b>	<b>66 002 674</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		-	-	-	(762 024)	(50 996)	9 184 511	8 371 491	26 528	8 398 019
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)
Derivative financial instruments		-	-	-	-	-	-	-	-	-
<b>Balance as of 30 September 2016</b>		<b>25 641 459</b>	<b>(1 641 053)</b>	<b>6 375 508</b>	<b>(888 643)</b>	<b>34 506 567</b>	<b>9 184 511</b>	<b>73 178 349</b>	<b>102 268</b>	<b>73 280 617</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 NINE MONTHS AND THREE MONTHS PERIODS ENDED AS OF 30 SEPTEMBER 2016 AND 2015**  
(Translation of financial statements originally issued in Portuguese - Note 16)  
(Amounts expressed in Euro)

	Notes	NINE MONTHS PERIOD ENDED AS OF:		THREE MONTHS PERIOD ENDED AS OF:	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
Operating activities:					
Collections from customers		114 832 900	101 920 533	41 119 958	35 172 577
Payments to suppliers		(85 942 305)	(75 548 389)	(32 988 695)	(27 231 575)
Payments to personnel		(7 894 183)	(7 656 384)	(2 649 066)	(2 505 600)
Income tax paid/received		(2 534 709)	(10 338 374)	(1 660 399)	(9 693 661)
Other collections/payments relating to operating activities		(7 670 210)	(300 297)	(3 016 350)	4 502 648
<i>Cash flow from operating activities (1)</i>		<u>10 791 494</u>	<u>8 077 089</u>	<u>805 449</u>	<u>244 388</u>
Investment activities:					
Collections arising from:					
Dividends		493 110	1 137 773	493 057	719 591
Tangible assets		49 619	2 984	-	15 714
Intangible assets		-	-	-	21 070
Other assets		1 877	-	-	-
Financial investments		-	-	-	(1 012 500)
Interests and similar income		137 273	620 213	44 319	166 772
Payments arising from:					
Financial investments	8	(2 020 130)	(3 439 104)	(1 110 130)	525 632
Intangible assets		(3 936)	(29 888)	16 100	(29 888)
Tangible assets		(7 668 432)	(1 556 469)	(1 861 845)	(744 793)
Other assets		-	-	236 369	-
<i>Cash flow from investment activities (2)</i>		<u>(9 010 618)</u>	<u>(3 264 491)</u>	<u>(2 182 129)</u>	<u>(338 402)</u>
Financing activities:					
Collections arising from:					
Loans obtained		4 950 000	16 893 896	2 905 850	5 156 331
Payments arising from:					
Interests and similar costs		(1 808 428)	(3 409 661)	(660 792)	(443 380)
Other financing operations		(85 602)	(80 996)	(28 931)	(27 355)
Dividends		(4 846 066)	(3 923 140)	-	(134)
Loans obtained		(7 767 839)	(9 832 957)	(282 086)	(2 250 000)
<i>Cash flow from financing activities (3)</i>		<u>(9 557 935)</u>	<u>(352 858)</u>	<u>1 934 041</u>	<u>2 435 462</u>
<b>Cash and cash equivalents at the beginning of the year</b>	8	<b>15 863 614</b>	<b>11 777 885</b>	<b>7 188 645</b>	<b>9 447 737</b>
Effect of exchange rate changes		(448 851)	165 559	(108 303)	(121 594)
Variation of cash and cash equivalents: (1)+(2)+(3)		<u>(7 777 059)</u>	<u>4 459 740</u>	<u>557 362</u>	<u>2 341 449</u>
<b>Cash and cash equivalents at the end of the year</b>	8	<b><u>7 637 703</u></b>	<b><u>16 403 184</u></b>	<b><u>7 637 704</u></b>	<b><u>11 667 592</u></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 SEPTEMBER 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 are listed in 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., representing 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 September 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 September 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 SEPTEMBER 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 ASSOCIATES, 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 September 30, 2016, and December 31, 2015, are as follows:

Designation	Headquarters	Percentage of participation held		Activity
		30.09.2016	31.12.2015	
<b><u>Parent company:</u></b>				
F. Ramada Investimentos, SGPS, S.A.	Porto	-	-	Holding
<b><u>Ramada Group:</u></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 commercialization 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 associates and joint ventures**

As of September 30, 2016, the caption “Investments in associates 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 nine months’ period ended as of September 30, 2016 was made based on preliminary and unaudited 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 1,768,057 Euro (1,562,678 Euro in December 31, 2015). As of September 30, 2016 the investment in the mentioned associate amounted to 16,502,394 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 of that entity.

This caption also includes the participation in Planfuro Global, S.A. (incorporated in 2014) and in Expeliarmus-Consultoria, S.A. (created in 2015) by an amount equal to 2,892,326 Euro.

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

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

#### 4.3 Other investments

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

	30.09.2016	31.12.2015
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 September 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 nine months’ period ended as of 30 September 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 losses.

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 nine months period ended as of 30 September 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 nine months’ period ended as of 30 September 2016 and the year ended 31 December 2015 is as follows:

	30.09.2016	31.12.2015
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 nine months’ period ended as of September 30, 2016, the leased land generated income amounting, to approximately, 4,637,250 Euro (approximately 6,311,140 Euro in year 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

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

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 their book value.

The impairment losses recorded were estimated by specialized entities who made specific analysis on a group of lands. Part of the land (amounting to, approximately, 80 million Euros) is given as collateral for some of Group's 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 September 30, 2016.

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

	30.09.2016	
	Deferred tax assets	Deferred tax liabilities
Balance as of January 1, 2016	1,778,714	35,081
Effects on income statement		
Others	(11,355)	-
Balance as of September 30, 2016	1,767,359	35,081

	30.09.2015	
	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 September 30, 2015	1,921,360	40,937



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

## 8. CASH AND CASH EQUIVALENTS

As of September 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:

	30.09.2016	31.12.2015
Cash	14,548	12,925
Bank deposits	15,385,282	22,375,669
	<u>15,399,830</u>	<u>22,388,594</u>
Bank overdrafts (note 10)	(7,762,127)	(6,524,980)
Cash and equivalents	<u>7,637,703</u>	<u>15,863,614</u>

### Payments of financial investments

During the third quarter of 2016, payments of financial investments were the following:

	Value of the transaction		Amount paid	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Investments in associated companies (Note 4)	2,342,328	2,390,364	2,020,130	2,390,364
Other investments (Note 4)	-	1,397,415	-	1,048,740
	<u>2,342,328</u>	<u>3,787,779</u>	<u>2,020,130</u>	<u>3,439,104</u>

## 9. SHARE CAPITAL

As of September 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 September 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.

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

## 10. BANK LOANS AND OTHER LOANS

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

	30.09.2016		31.12.2015	
	Current	Non current	Current	Non current
	3,985,753	43,473,155	3,985,753	47,458,908
<b>Bank loans</b>	<u>3,985,753</u>	<u>43,473,155</u>	<u>3,985,753</u>	<u>47,458,908</u>
Commercial paper	24,500,000	-	25,750,000	-
Other bank loans	5,950,000	-	3,500,000	-
Bank overdrafts (note 8)	7,762,127	-	6,524,980	-
Factoring	1,393,309	-	1,425,375	-
Financial lease contracts	14,937	-	84,554	-
<b>Other loans</b>	<u>39,620,373</u>	<u>-</u>	<u>37,284,909</u>	<u>-</u>
	<u>43,606,126</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 their nominal value.

### 10.1 Bank Loans:

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

30.09.2016			31.12.2015		
Reimbursement year	Amount	Estimated interests	Reimbursement year	Amount	Estimated interests
<b>Current</b>			<b>Current</b>		
2017	3,985,753	783,072	2016	3,985,753	852,318
	<u>3,985,753</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	3,985,753	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>47,458,908</u>	<u>3,719,072</u>		<u>51,444,661</u>	<u>4,571,318</u>

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

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

Nature	September 30, 2016		December 31, 2015	
	Authorized amount	Used amount	Authorized amount	Used amount
Other bank loans	23,700,000	5,950,000	23,700,000	3,500,000
Bank overdrafts	16,000,000	7,762,127	16,000,000	6,524,981
Commercial paper program				
12/2016	5,000,000	2,250,000	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>24,500,000</u>	<u>32,250,000</u>	<u>25,750,000</u>

During the nine months' period ended as of September 30, 2016, these loans bear interest at normal market rates depending on the nature and term of the credit obtained.

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

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

## 11. OTHER CURRENT LIABILITIES

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

	30.09.2016	31.12.2015
Accrued expenses:		
Accrued payroll	3,363,557	3,017,235
Interests payable	669,667	630,605
Other	3,939,161	1,123,214
	<u>7,972,385</u>	<u>4,771,054</u>
Deferred income	14,712,893	8,023,268
	<u>22,685,278</u>	<u>12,794,322</u>

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

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

## 12. **PROVISIONS AND IMPAIRMENT LOSSES**

The movements that occurred in provisions and impairment losses for the nine months period ended as of September 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	(603)	-	-	-	(603)
Increases	167,356	-	308,053	-	475,409
Reversals	(15,128)	-	(4,998)	-	(20,126)
Utilizations	-	-	-	-	-
Closing balance 30.09.2016	<u>1,716,601</u>	<u>4,220,393</u>	<u>16,938,668</u>	<u>1,100,000</u>	<u>23,975,662</u>

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

The amount recorded in the caption "Provisions" as of September 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 September 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 September 2016.

## 13. **EARNINGS PER SHARE**

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

	30.09.2016	30.09.2015
Net profit considered for the computation of basic and diluted earnings per share	9,184,701	7,463,750
Number of shares	25,641,459	25,641,459
Number of own shares	<u>2,564,145</u>	<u>2,564,145</u>
Weighted average number of shares used to compute the basic and diluted earnings per share	<u>23,077,314</u>	<u>23,077,314</u>
Earnings per share		
Basic	<u>0.40</u>	<u>0.32</u>
Diluted	<u>0.40</u>	<u>0.32</u>

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.

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

## 14. RELATED PARTIES

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

	Services rendered	
	30.09.2016	30.09.2015
Altri Group	4,637,250	4,637,250
	4,637,250	4,637,250

Apart from the companies included in the consolidation (Note 4), the companies considered to be related parties as of September 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.
- ☐ 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

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

- ☐ 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 Fruticola, Sociedade Fruticola, 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.

These 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.

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

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

September 30, 2016				
	Industry	Real Estate	Intra-group eliminations	Total
Total assets	122,835,210	92,812,694	(7,516,421)	208,131,484
Total liabilities	70,507,788	71,859,501	(7,516,421)	134,850,868
Operating investments (a)	4,370,614	192,170	-	4,562,784
Profit from foreign market customers	92,081,126	4,699,867	-	96,780,993
Profit from operations with other segments	31,042	1,023,489	(1,054,531)	-
Cash-flow from operating activities (b)	11,038,733	4,877,020	-	15,915,753
Amortizations	(3,400,710)	(192,219)	-	(3,592,929)
Earnings before interest and taxes (c)	7,638,023	4,684,801	-	12,322,824
Financial profits	324,223	-	(175,761)	148,462
Financial costs	(646,696)	(1,138,753)	175,761	(1,609,688)
Share of results of joint ventures and associated companies	1,768,057	-	-	1,768,057
Earnings before taxes	9,083,607	3,546,048	-	12,629,655
Income taxes	(2,445,376)	(973,050)	-	(3,418,426)
Net profit	6,638,231	2,572,998	-	9,211,229

September 30, 2015				
	Industry	Real Estate	Intra-group eliminations	Total
Total assets	106,822,422	94,230,339	(8,623,446)	192,429,315
Total liabilities	58,694,812	76,355,275	(8,623,446)	126,426,641
Operating investments (a)	4,403,579	73,497	-	4,477,076
Profit from foreign market customers	90,990,171	4,708,207	-	95,698,378
Profit from operations with other segments	5,916	1,023,489	(1,029,405)	-
Cash-flow from operating activities (b)	8,025,207	4,743,379	-	12,768,586
Amortizations	(1,234,901)	(188,148)	-	(1,423,049)
Earnings before interest and taxes (c)	6,790,306	4,555,231	-	11,345,537
Financial profits	584,166	1,868	(491,543)	94,491
Financial costs	(1,083,123)	(1,581,846)	491,543	(2,173,426)
Share of results of joint ventures and associated companies	1,147,620	-	-	1,147,620
Earnings before taxes	7,438,969	2,975,253	-	10,414,222
Income taxes	(2,092,535)	(826,445)	-	(2,918,980)
Net profit	5,346,434	2,148,808	-	7,495,242

(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. EXPLANATION ADDED FOR TRANSLATION

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

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

**17. FINANCIAL STATEMENTS APPROVAL**

The financial statements were approved by the Board of Directors and authorized for issuance in November 3, 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