



RAMADA

INVESTMENTS AND INDUSTRY

Earning's Announcement

1st Quarter 2018

(unaudited)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and with accordance with the International Accounting Standard 34 – Interim Financial Reporting, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.



80 YEARS
Investing in industry

GROUP'S ACTIVITY

F. Ramada Investimentos S.G.P.S., S.A (F. Ramada Investimentos) 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, steel wire, the storage solutions activity and the activity related to financial investments management (corresponding to non-controlling interests) and ii) Real Estate, focused in the management of real estate assets.

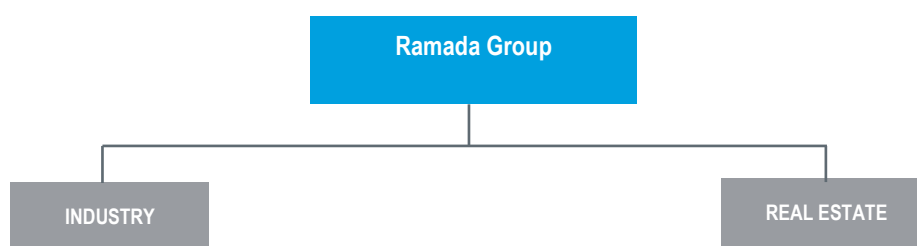
The steel activity, which develops, especially at the level of the sub-segment of moulds, with a leading position in the domestic market, is developed by three companies: Ramada Aços, Universal Afir and Planfuro, Global S.A..

In the last quarter of 2017, F. Ramada Investimentos acquired, indirect control of 99% of the share capital of SOCITREL – Sociedade Industrial de Trefilaria, S.A. ("Socitrel"), following the decision in December 2017 of non-opposition by the Portuguese Competition Authority ("Autoridade da Concorrência"). It should be noted that Socitrel only started to impact the consolidated statement of profit and loss from January 1st 2018 onwards. Additionally, in the period ended March 31, 2018 F. Ramada purchased the remaining 1% of Socitrel's share capital, becoming holder of the whole share capital of that subsidiary.

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

The activity of 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.

On March 20, 2018, F. Ramada Investimentos announced an agreement entered into with Averys Group for the sale of the entire share capital of its wholly owned subsidiary Ramada Storax, S.A. The conclusion of the transaction remained subject to the decision of non-opposition by Competition Authorities. As such, considering the high probability of completion of the transaction, the assets, liabilities and profit and loss of the subsidiaries engaged in the activity of storage solutions, are presented in the financial statements of March 31, 2018 as discontinued operations.



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

The statement of profit and loss for the first quarter of 2017 was restated in order to disclose in a single and separate caption profit and loss attributable to the discontinuing operations (subsidiaries engaged in the business of storage solutions).

	1Q 2018	1Q 2017 (Restated)	Var. %
Sales and services rendered	31 656	18 971	66.9%
Other income	147	98	49.6%
Total revenue	31 803	19 068	66.8%
Cost of sales	(19 077)	(9 852)	93.6%
External supplies and services	(4 222)	(2 629)	60.6%
Payroll expenses	(3 614)	(2 336)	54.7%
Other expenses	(239)	(329)	-27.3%
Total costs (a)	(27 152)	(15 145)	79.3%
EBITDA (b)	4 651	3 923	18.6%
EBITDA Margin	14.6%	20.6%	
Amortization and depreciation	(1 492)	(1 320)	13.0%
EBIT (c)	3 159	2 602	21.4%
EBIT Margin	9.9%	13.6%	
Gains in associated companies	0	496	-100.0%
Financial expenses	(397)	(359)	10.6%
Financial income	0	44	-98.9%
Profit before income tax from continuing operations	2 763	2 784	-0.7%
Income tax	(591)	(816)	
Profit after tax from continuing operations	2 172	1 967	10.5%
Profit after tax income from discontinued operations	1 176	1 223	-3.9%
Consolidated net profit	3 348	3 190	5.0%
Consolidated net profit attributable to shareholders of the parent company	3 348	3 203	4.5%
Consolidated net profit attributable to non-controlling interests	0	(13)	

Amounts in thousands of Euros

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

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

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

Total turnover of Ramada Group, during the first quarter of 2018, amounted to 31,803 thousand Euro representing an increase of 66.8% compared to the total turnover of the homologous period in 2017.

Total costs, excluding amortization, financial expenses and taxes, amounted to 27,152 thousand Euro, representing an increase of 79.3% in relation to the same period in 2017.

EBITDA in the first quarter of 2018 reached 4,651 thousand Euro, representing an increase of 18.6% when compared to the homologous period. EBITDA margin reached 14.6%, which compares to 20.6% obtained in the same period in 2017.

Group's operating results (EBIT) amounted to 3,159 thousand Euro, representing a positive variation of 21.4% comparing with 2,602 thousand Euro in the same period of 2017.

The negative financial results amounted to 397 thousand Euro, representing a growth of 26%, when compared with the same period in 2017.

In the first quarter of 2018 net profit from continuing operations amounted to 2,172 thousand Euro, 10.5% more than in the first quarter of the previous year.

Consolidated net profit, including discontinued operations, amounted to 3,348 thousand Euro, reflecting a 5.0% growth in comparison with the same period of 2017.

INDUSTRY

	1T 2018	1T 2017 (Restated)	Var. %
Total revenue	30 069	17 509	71.7%
Total costs (a)	26 790	14 869	80.2%
EBITDA (b)	3 279	2 640	24.2%
EBITDA Margin	10.9%	15.1%	
EBIT (c)	1 849	1 419	30.3%
EBIT Margin	6.1%	8.1%	
Financial results	(183)	(55)	232.9%
Share of results of associates	0	496	-100.0%
Profit before income tax from continuing operations	1 666	1 860	-10.4%
Income tax	317	539	-41.3%
Net profit from continuing operations	1 350	1 321	2.2%
Net Income from discontinued operations	1 176	1 223	- 3.9%
Consolidated net profit for the period	2 525	2 544	0.7%

Amounts in thousands of Euros

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

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

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

During the first quarter of 2018 the total income for the industry segment amounted to 30,069 thousand Euro, representing an increase of 71.7% compared to total income for the first three months of 2017. This increase is explained partly by the impact of the consolidation of Socitrel.

Industry's segment's EBITDA in the first quarter of 2018 amounted to 3,279 thousand Euro, which represents an increase of 24.2% when compared with 2,640 thousand Euro achieved in the same period in 2017.

Industry's segment's EBITDA margin went from 15.1% in 2017 to 10.9% in 2018.

Industry's segment's EBIT in the first three months of 2018 was 1,849 thousand Euro, representing an increase of 30.3% compared to 1,419 thousand Euro in 2017.

In the first quarter of 2018, the steel business registered a growth in turnover compared to the same period of the previous year.

The sectors of molds and metal mechanics continue to be the most important segments contributing to the sales growth of this activity.

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

The metalworking sector is crossing a good phase, where exports have been playing an important role.

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

The Steel business operates mainly in the domestic market, which accounted for 93% of turnover in the first three months of 2018. The growth of exports is a bet for 2018.

Regarding Socitrel, its activity has been presenting significant growth, recovering the levels of production, sales, and financial performance.

In the first quarter of 2018, the major markets where Socitrel operates had distinct behaviors: in the pre stressing market there was a pressure on the demand side, although decreasing in intensity at the end of the quarter, while in the galvanizing market pressure has been on the supply side, a trend that is estimated to continue at least until the beginning of the second quarter. In the market of machine-wire in the first quarter of 2018, the trend was for a rise in price, specially at the level of the high carbon content, raw material of pre-wire effort.

Socitrel operates mainly in the external market which, in the first quarter of 2018, represented 67% of turnover, with Europe being the destination market with higher importance.

REAL ESTATE

	1T 2018	1T 2017	Var. %
Total revenue	1 734	1 560	11.1%
Total Costs (a)	362	276	30.8%
EBITDA (b)	1 372	1 283	6.9%
EBIT (c)	1 311	1 184	10.7%
Financial results	(214)	(260)	-17.8%
Profit before income tax	1 097	924	18.8%

Amounts in thousands of Euros

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

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

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

Total income for the Real Estate segment in the first quarter of 2018 was 1,734 thousand Euro, verifying an increase of 11.1% over the same period of 2017.

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 quarter of 2018 amounted to 1,372 thousand Euro, having registered growth of 6.9% compared to 2017.

In the first quarter of 2018, the operating income (EBIT) of the Real Estate segment, in the amount of 1,311 thousand Euros, grew by 10.7% over the same period of 2017.

The financial results of the Real Estate segment in the first quarter of 2018 were negative in 214 thousand Euro, which represents an improvement of 17.8% when comparing to 260 thousand Euro negative in homologous period.

The net profit before income tax in the first quarter of 2018 was 823 thousand Euro, representing an increase of 27.2% when compared with the same period in 2017.

INVESTMENTS AND DEBT

F. Ramada Group investments in the first quarter of 2018 amounted to 466 thousand Euro.

The nominal net debt of the F. Ramada Group as of 31 March 2018 reached 6,443 thousand Euro. As of December 31, 2017 it was 7,872 thousand Euro.

SIGNIFICANT EVENTS

In May 4, 2018 F. Ramada Investimentos informed the market about the decision of non-opposition by the Competition Authority to the sale of Ramada Storax. The transaction is expected to occur by the end of this month.

Porto, 11 May 2018

The Board of Directors



Shaping industry

Rua do General Norton de Matos,
N.º 68 - R/C
4050-424 Porto PORTUGAL
Tel: +351 228 347 100

www.ramadainvestimentos.pt

F. RAMADA INVESTIMENTOS, SGPS, S.A.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 MARCH 2018 AND 31 DECEMBER 2017

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

(Amounts expressed in Euro)

ASSETS	Notes	31.03.2018	31.12.2017
NON CURRENT ASSETS			
Investment properties	6	84 921 939	84 921 939
Tangible assets		20 663 816	22 800 147
Intangible assets		23 534	116 152
Goodwill		1 245 520	1 245 520
Other investments	4.2	203 544	8 492
Other non-current assets		1 443 196	1 439 631
Deferred tax assets	7	3 403 838	4 552 283
Total non current assets		111 905 387	115 084 164
CURRENT ASSETS			
Inventories		23 656 580	28 871 968
Clients		33 971 943	54 403 293
State and other public entities		1 158 743	3 170 043
Other debtors		919 621	1 862 228
Other current assets		235 157	5 626 683
Cash and cash equivalents	8	101 359 435	105 099 639
Total current assets		161 301 479	199 033 854
Non-current assets held for sale and discontinued operations	5	54 124 851	-
Total assets		327 331 717	314 118 018
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	25 641 459	25 641 459
Own shares		-	-
Legal reserve		6 460 877	6 460 877
Currency translation reserves		(998 289)	(1 080 409)
Other reserves		115 139 824	58 429 714
Consolidated net profit for the year		3 348 039	56 708 187
Total equity attributable to equity holders of the parent company		149 591 910	146 159 828
Non-controlling interests		-	4 923
Total equity		149 591 910	146 164 751
LIABILITIES			
NON CURRENT LIABILITIES			
Bank loans	10	55 052 156	57 455 951
Other loans	10	4 874 761	6 874 761
Other debtors non current debtors		-	238 752
Provisions	12	810 000	3 100 736
Deferred tax liabilities	7	931 653	955 993
Total non current liabilities		61 668 570	68 626 193
CURRENT LIABILITIES			
Bank loans	10	6 484 630	7 511 465
Other loans	10	41 390 476	41 128 981
Suppliers		18 252 683	26 429 496
State and other public entities		4 563 240	6 612 242
Other creditors		1 277 694	2 868 687
Other current liabilities	11	8 291 108	14 776 203
Total current liabilities		80 259 830	99 327 074
Non-current liabilities related to discontinued operations	5	35 811 406	-
Total liabilities		177 739 806	167 953 267
Total equity and liabilities		327 331 717	314 118 018

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 THREE MONTHS PERIOD ENDED AS 31 MARCH 2018 AND 2017

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

(Amounts expressed in Euro)

	Notes	31.03.2018	31.03.2017 (Restated Note 5)
Sales and services rendered		31 656 089	18 970 748
Other income		146 799	98 100
Cost of sales		(19 077 309)	(9 851 926)
External supplies and services		(4 221 785)	(2 629 148)
Payroll expenses		(3 613 789)	(2 335 852)
Amortization and depreciation		(1 491 730)	(1 320 000)
Provisions and impairment losses	12	(8 904)	(52 173)
Other expenses		(230 130)	(276 791)
Share of results of associates	4.2	-	495 652
Financial expenses		(396 828)	(358 689)
Financial income		465	43 664
Profit before income tax		2 762 878	2 783 585
Income tax		(590 719)	(816 040)
Consolidated net profit from continuing operations		2 172 159	1 967 545
Profit after tax income from discontinued operations	5	1 175 880	1 223 413
Consolidated net profit		3 348 039	3 190 958
Attributable to:			
Parent company's shareholders		3 348 039	3 203 957
Continuing operations		2 172 159	1 967 545
Discontinued Operations		1 175 880	1 236 412
Non-controlling interests		-	(12 999)
Continuing operations		-	-
Discontinued Operations		-	(12 999)
Earnings per share			
Continuing operations			
Basic	13	0.08	0.09
Diluted	13	0.08	0.09
Discontinued Operations			
Basic	13	0.05	0.05
Diluted	13	0.05	0.05

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 THREE MONTHS PERIOD ENDED AS 31 MARCH 2018 AND 2017

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

(Amounts expressed in Euro)

	Notes	31.03.2018	31.03.2017
Net consolidated profit for the period		3 348 039	3 190 958
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations from discontinued operations		82 120	(32 695)
Other comprehensive income for the period		<u>82 120</u>	<u>(32 695)</u>
Total comprehensive income for the period		<u>3 430 159</u>	<u>3 158 263</u>
Attributable to:			
Parent company's shareholders		3 430 159	3 171 262
Non-controlling interests		<u>-</u>	<u>(12 999)</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 THREE MONTHS PERIOD ENDED AS 31 MARCH 2018 AND 2017
(Translation of financial statements originally issued in Portuguese - Note 16)
(Amounts expressed in Euro)**

	Notes	Attributable to the parent company's shareholders						Non-controlling interests	Total Equity	
		Share capital	Own shares	Legal reserve	Currency translation reserves	Other reserves and retained earnings	Net profit			Total
Balance as of 1 January 2017	9	25 641 459	(1 641 053)	6 231 961	(891 241)	34 737 106	13 860 952	77 939 184	142 364	78 081 548
Total consolidated comprehensive income for the year		-	-	-	(32 695)	-	3 203 957	3 171 262	(12 999)	3 158 263
Appropriation of the consolidated net profit for 2016: Transfer to other reserves		-	-	-	-	13 860 952	(13 860 952)	-	-	-
Balance as of 31 March 2017		<u>25 641 459</u>	<u>(1 641 053)</u>	<u>6 231 961</u>	<u>(923 936)</u>	<u>48 598 058</u>	<u>3 203 957</u>	<u>81 110 446</u>	<u>129 365</u>	<u>81 239 811</u>
Balance as of 1 January 2018	9	25 641 459	-	6 460 877	(1 080 409)	58 429 714	56 708 187	146 159 828	4 923	146 164 751
Total consolidated comprehensive income for the year		-	-	-	82 120	-	3 348 039	3 430 159	-	3 430 159
Appropriation of the consolidated net profit for 2017: Transfer to other reserves		-	-	-	-	56 708 187	(56 708 187)	-	-	-
Acquisition of non-controlling interests		-	-	-	-	1 923	-	1 923	(4 923)	(3 000)
Balance as of 31 March 2018		<u>25 641 459</u>	<u>-</u>	<u>6 460 877</u>	<u>(998 289)</u>	<u>115 139 824</u>	<u>3 348 039</u>	<u>149 591 910</u>	<u>-</u>	<u>149 591 910</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 CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED AS 31 MARCH 2018 AND 2017
(Translation of financial statements originally issued in Portuguese - Note 16)
(Amounts expressed in Euro)

	Notes	31.03.2018	31.03.2017
Operating activities:			
Collections from customers		60 383 936	56 223 551
Payments to suppliers		(42 939 957)	(36 635 894)
Payments to personnel		(1 860 903)	(3 282 330)
Income tax paid/received		(69 879)	(146 525)
Other collections/payments relating to operating activities		(3 224 234)	(3 292 136)
<i>Cash flow from operating activities (1)</i>		<u>12 288 962</u>	<u>12 866 665</u>
Investment activities:			
Collections arising from:			
Dividends		-	-
Tangible assets		3 877	114 500
Other assets		-	-
Investment properties		-	991 276
Financial investments		8 527	282
Interests and similar income		(2 548)	31 026
Payments arising from:			
Financial investments		(195 556)	(60 207)
Intangible assets		(983)	(12 054)
Tangible assets		(1 097 820)	(5 003 121)
Other assets		-	-
Loans granted		-	-
<i>Cash flow from investment activities (2)</i>		<u>(1 284 503)</u>	<u>(3 938 299)</u>
Financing activities:			
Collections arising from:			
Loans obtained		5 500 000	1 610 140
Payments arising from:			
Lease contracts		-	-
Interests and similar costs		(806 716)	(811 686)
Other financing operations		-	-
Loans obtained		(5 967 096)	(5 226 476)
<i>Cash flow from financing activities (3)</i>		<u>(1 273 812)</u>	<u>(4 428 022)</u>
Cash and cash equivalents at the beginning of the period	8	97 418 384	10 037 127
Change in cash and cash equivalents: (1) + (2) + (3)		9 730 648	4 500 344
Effect of exchange rate changes		58 068	(23 956)
Cash and cash equivalents associated with discontinued operations	5	(8 072 458)	-
Cash and cash equivalents at the end of the period	8	99 134 640	14 513 515

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 31 MARCH 2018**
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)
(Amounts expressed in Euro)

1. **INTRODUCTORY NOTE**

F. Ramada Investimentos, SGPS, S.A. ("F. Ramada" or "Company") 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 NYSE Euronext Lisbon. Its main activity is the management of investments.

F. Ramada 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 F. Ramada – Aços e Indústrias, 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 F. Ramada.

Currently, F. Ramada is the parent company of a group of companies listed in Note 4 (designated as F. 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 presents a significant international presence, and (iii) real estate.

As of March 31, 2018 and December 31, 2017, the Group developed its activity in Portugal, France, United Kingdom, Belgium and Spain.

The consolidated financial statements of F. Ramada 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 31 March 2018 were prepared in accordance with the accounting policies defined by the International Financial Reporting Standards and in accordance with IAS 34 – Interim Financial Reporting, and include the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, as well as selected notes to the financial statements.

The accounting policies adopted in the preparation of the consolidated financial statements of F. Ramada are consistent with the accounting policies used in the preparation of the financial statements presented for the year ended as of 31 December 2017.

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 31 MARCH 2018**
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)
(Amounts expressed in Euro)

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

4.1 Companies included in the consolidated financial statements

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

Designation	Headquarters	Percentage of participation held		Activity
		31.03.2018	31.12.2017	
<u>Parent company:</u>				
F. Ramada Investimentos, SGPS, S.A.	Porto	-	-	Holding
<u>F. Ramada Group:</u>				
Ramada Aços, S.A.	Ovar	100%	100%	Steel comercialization
Universal Afir, S.A.	Ovar	100%	100%	Steel comercialization
Planfuro Global, S.A.	Leiria	100%	100%	Manufacture of metal molds
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	100%	100%	Comercialization of storage systems
Socitrel - Sociedade Industrial de Trefilaria, S.A.	Portugal	100%	99%	Manufacture and sale of steel wires
Socitrel España, S.A.	Espanha	100%	99%	Manufacture and sale of steel wires
Expeliarmus - Consultoria. S.A.	Portugal	100%	99%	Company holding company

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

4.2 Other investments

As of March 31, 2018 and December 31, 2017, the caption “Other investments” and respective impairment losses can be detailed as follows:

	31.03.2018	31.12.2017
Equity investments and loans	4,097,886	3,902,330
Accumulated Impairment losses (note 12)	(3,902,330)	(3,902,330)
Others	7,988	8,492
	<u>203,544</u>	<u>8,492</u>

The caption “Other investments” includes investments in companies in which the group does not have control or significant influence, like CEV – Consumo em Verde, Biotecnologia das Plantas, S.A. and Sociedade Converde Unipessoal, Lda.. Loans granted to these companies are also included in this caption.

Regarding the movements occurred in the period ended March 31, 2018 they relate mainly to an increase of loans granted to the companies above mentioned.

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

**NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AS OF 31 MARCH 2018**
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 16)
(Amounts expressed in Euro)

5. **DISCONTINUED OPERATIONS**

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

The execution of the transaction was subject to prior notification to the Competition Authority, under the terms established in the competition legal regime and, for this reason, conditional on the decision of non-opposition of that entity. On May 4, 2018, the Competition Authority notified the non-opposition to the transaction, being estimated that its conclusion will occur during May 2018.

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

The value of the transaction will be 75 million Euros ("Enterprise Value"), under the terms of the agreement, which will generate an estimated gain of approximately 60 million Euros.

The associated assets and liabilities of these entities taking into account the outcome of the transaction were classified as non-current assets and liabilities held for sale - discontinued operations. The effects of this classification in the consolidated financial statements can be detailed as follows:

ASSETS		31.03.2018
NON CURRENT ASSETS		
Tangible assets		1,109,244
Intangible assets		99,314
Deferred tax assets		1,207,851
Total non current assets		2,416,409
CURRENT ASSETS		
Inventories		12,195,290
Clients		24,885,767
State and other public entities		1,571,592
Other debtors		1,670,945
Other current assets		3,312,390
Cash and cash equivalents		8,072,458
Total current assets		51,708,442
Total assets		54,124,851
LIABILITIES		31.03.2018
LIABILITIES		
NON CURRENT LIABILITIES		
Provisions		2,256,438
Deferred tax liabilities		3,232
Total non current liabilities		2,259,670
CURRENT LIABILITIES		
Suppliers		8,256,271
State and other public entities		3,813,555
Other creditors		436,677
Other current liabilities		21,045,232
Total current liabilities		33,551,735
Total liabilities		35,811,406

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The detail of the discontinued operations in the income statement is detailed as follows:

	31.03.2018	31.03.2017
Sales and services rendered	18,061,693	15,534,393
Other income	31,597	25,787
Cost of sales	(9,657,663)	(7,501,715)
External supplies and services	(4,068,030)	(4,044,536)
Payroll expenses	(2,573,452)	(2,384,794)
Amortization and depreciation	(123,175)	(105,569)
Provisions and impairment losses	(42,950)	57,847
Other expenses	(61,274)	(54,446)
Share of results of associates	-	-
Financial expenses	(5,574)	(6,301)
Financial income	6,668	1,185
Profit before income tax	1,567,840	1,521,850
Income tax	(391,960)	(298,437)
Profit after income tax	1,175,880	1,223,413

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

	31.03.2018
Cash flows from operating activities	1,989,090
Cash flows from investment activities	(312,539)
Cash flows from financing activities	-

6. INVESTMENT PROPERTIES

Investment properties held by F. 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 three months period ended as of 31 March 2018 and the year ended 31 December 2017 is as follows:

	31.03.2018	31.12.2017
Opening balance (gross)	86,021,939	85,953,689
Aquisitions	-	68,250
Disposals	-	-
Closing balance (gross)	86,021,939	86,021,939
Impairment losses (note 12)	(1,100,000)	(1,100,000)
Closing balance (net)	84,921,939	84,921,939

The leased land generated, during the three months period ended as of March 31, 2018, income amounting, to approximately, 1,564,998 Euro (approximately 6.331.825 Euro in 2017).

The minimum future receipts for leases of forest land amounting, to approximately, 6.5 million Euros in each of the following 5 years. After this period and until the end of the contracts, the minimum future receipts total, approximately 36 million Euros. The rents provided for in each lease are updated at the end of each 2-year period, starting from the beginning of the civil year immediately following the signature of the contract, based on the consumer price index.

Given the land characteristics (land leased to third parties for forestry activity), frequent market transactions comparable for this type of assets do not occur. Accordingly, the Board of Directors considers that it is not possible to reliably estimate the fair value of the land, and, as such, it is recorded at acquisition cost. However, it is the Board of

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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.

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

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 F. Ramada and its subsidiaries for the years 2014 to 2017 may still be subject to review.

The Board of Directors of F. Ramada believes that any potential corrections arising from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of March 31, 2018.

The movement occurred in deferred tax assets and liabilities in the three months period ended as of March 31, 2018 and 2017, was as follows:

	31.03.2018	
	Deferred tax assets	Deferred tax liabilities
Balance as of January 1, 2018	4,552,283	955,993
Effects on income statement	59,406	(21,108)
Transfer to descontinuos operations	(1,207,851)	(3,232)
Balance as of March 31, 2018	3,403,838	931,653

	31.03.2017 (Restated)	
	Deferred tax assets	Deferred tax liabilities
Balance as of January 1, 2017	3,673,642	31,125
Effects on income statement	1,786	1,900
Balance as of March 31, 2017	3,675,428	33,025

8. **CASH AND CASH EQUIVALENTS**

As of March 31, 2018 and December 31, 2017 the caption “Cash and cash equivalents” included in the consolidated statement of financial position can be detailed as follows:

	31.03.2018	31.12.2018
Cash	41,857	17,594
Bank deposits	101,317,578	105,082,045
	101,359,435	105,099,639
Bank overdrafts (note 10)	(2,224,795)	(7,681,255)
Cash and equivalents	99,134,640	97,418,384

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9. SHARE CAPITAL

As of March 31, 2018, F. Ramada's fully subscribed and paid up capital consisted of 25,641,459 shares with a nominal value of 1 Euro each.

On May 4, 2018, it was approved in the annual shareholders' general meeting the distribution of gross dividends amounting to of 2.23 Euros per share.

10. BANK LOANS AND OTHER LOANS

As of March 31, 2018 and December 31, 2017, the captions "Bank loans" and "Other loans" can be detailed as follows:

	31.03.2018		31.12.2017	
	Current	Non current	Current	Non current
	6,484,630	55,052,156	7,511,465	57,455,951
Bank loans	6,484,630	55,052,156	7,511,465	57,455,951
Commercial paper	26,000,000	3,000,000	22,000,000	5,000,000
Guaranteed accounts	11,550,000	-	10,050,000	-
Bank overdrafts	2,224,795	-	7,681,255	-
Factoring	1,314,375	-	1,397,726	-
Leasings	301,306	-	-	-
Other bank loans	-	1,874,761	-	1,874,761
Other loans	41,390,476	4,874,761	41,128,981	6,874,761
	47,875,106	59,926,917	48,640,446	64,330,712

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

10.1 Bank Loans:

The nominal amount of bank loans as of March 31, 2018, will be reimbursed as follows:

31.03.2018			31.12.2017		
Reimbursement year	Amount	Estimated interests	Reimbursement year	Amount	Estimated interests
Current			Current		
2018-03/2019	47,875,106	957,502	2018	48,640,446	708,000
	47,875,106	957,502		48,640,446	708,000
Non current			Non current		
03/2020	7,229,967	144,599	2019	11,703,988	1,196,263
03/2021	6,091,908	121,838	2020	8,880,685	942,179
03/2022	7,341,910	146,838	2021	7,880,685	755,942
03/2023	7,341,910	146,838	2022	7,880,685	575,971
03/2024	7,329,313	146,586	2023	7,880,685	396,001
03/2025	6,841,910	136,838	2024	4,603,984	270,133
03/2026	6,500,000	130,000	2025	3,500,000	196,754
03/2027	5,750,000	115,000	2026	3,500,000	146,088
03/2028	3,500,000	70,000	2027	3,500,000	95,421
03/2029	2,000,000	40,000	2028	5,000,000	17,778
	59,926,917	1,198,538		64,330,712	4,592,530
	107,802,023	2,156,040		112,971,158	5,300,530

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During the period of three months ended as of March 31, 2018, these loans bear interest at normal market rates depending on the nature and term of the credit obtained.

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

Additionally, as of March 31, 2018, there are no covenants associated with the loans obtained.

11. OTHER CURRENT LIABILITIES

As of March 31, 2018, and December 31, 2017, the caption "Other current liabilities" can be detailed as follows:

	31.03.2018	31.12.2017
Accrued expenses		
Accrued payroll	3,903,965	5,027,502
Interests payable	762,328	842,107
Other	2,255,917	2,014,648
Deferred income and advances on a sales account	1,368,897	6,891,946
	<u>8,291,108</u>	<u>14,776,203</u>

12. PROVISIONS AND IMPAIRMENT LOSSES

The movements that occurred in provisions and impairment losses for the three months period ended as of March 31, 2018, can be detailed as follows:

	Provisions	Impairment losses in accounts receivables	Impairment losses in investments (nota 4.2)	Impairment losses in inventory	Impairment losses in investments properties (note 6)	Total
Opening balance	3,100,736	11,966,585	3,902,330	1,539,113	1,100,000	21,608,764
Increases	15,702	86,151	-	-	-	101,854
Reversals	(50,000)	-	-	-	-	(50,000)
Transfers to discontinued operations	(2,256,438)	(1,949,557)	-	(372,220)	-	(4,578,215)
Closing balance	<u>810,000</u>	<u>10,103,179</u>	<u>3,902,330</u>	<u>1,166,893</u>	<u>1,100,000</u>	<u>17,082,403</u>

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

The amount recorded under "Provisions" at 31 March 2018 corresponds to the best estimate by the Board of Directors of the Group Companies to cover losses to be incurred with lawsuits currently in progress and other liabilities.

It is the opinion of the Board of Directors, based on its legal and tax advisors, that as of March 31, 2018, there are no material assets or liabilities associated with probable or possible tax contingencies that should be recognized or disclosed in the financial statements on March 31, 2018.

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13. EARNINGS PER SHARE

Earnings per share for the three months periods ended as of 31 March 2018 and 2017 were determined taking into consideration the following amounts:

	31.03.2018		31.03.2017 (Restated)	
	Continuing operations	Discontinued Operations	Continuing operations	Discontinued Operations
Net profit considered for the computation of basic and diluted earnings per share	2.172.159	1.175.880	1.967.545	1.223.413
Number of shares	25.641.459	25.641.459	25.641.459	25.641.459
Number of own shares	-	-	(2.564.145)	(2.564.145)
Weighted average number of shares used to compute the basic and diluted earnings per share	25.641.459	25.641.459	23.077.314	23.077.314
Earnings per share				
Basic	0,08	0,05	0,09	0,05
Diluted	0,08	0,05	0,09	0,05

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 March 31, 2018 and 2017 are related with Altri Group and may be detailed as follows:

	Rents	
	31.03.2018	31.03.2017
Altri Group	1,564,998	1,545,750
	1,564,998	1,545,750

Apart from the companies included in the consolidation (Note 4), the companies considered to be related parties as of March 31, 2018, are the following:

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

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

15. **SEGMENT INFORMATION**

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

- ☐ Industry – includes the 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.

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

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The segregation of activities by segments as of March 31, 2018 and 2017 is made up as follows:

March 31, 2018				
	Industry	Real Estate	Intra-group eliminations	Total
Total assets (d)	186,596,027	91,812,384	(5,201,545)	273,206,866
Total liabilities (d)	85,186,166	61,943,780	(5,201,545)	141,928,401
Operating investments (a) (d)	390,944	74,707	-	465,651
Profit from customers (d)	30,069,175	1,733,713	-	31,802,888
Profit from operations with other segments (d)	10,347	196,776	(207,123)	-
Cash-flow from operating activities (b) (d)	3,278,901	1,372,071	-	4,650,972
Amortizations (d)	(1,430,299)	(61,431)	-	(1,491,730)
Earnings before interest and taxes (c) (d)	1,848,602	1,310,640	-	3,159,242
Financial profits (d)	21,600	235	(21,370)	465
Financial costs (d)	(204,134)	(214,064)	21,370	(396,828)
Share of results of joint ventures and associated companies (d)	-	-	-	-
Earnings before taxes (d)	1,666,068	1,096,811	-	2,762,879
Income taxes (d)	(316,517)	(274,203)	-	(590,720)
Net profit (d)	1,349,551	822,608	-	2,172,159

March 31, 2017 (Restated)				
	Industry	Real Estate	Intra-group eliminations	Total
Total assets (d)	143,056,856	90,290,904	(8,477,763)	224,869,997
Total liabilities (d)	85,030,922	67,077,030	(8,477,763)	143,630,189
Operating investments (a) (d)	543,172	-	-	543,172
Profit from customers (d)	17,509,051	1,559,798	-	19,068,848
Profit from operations with other segments (d)	10,956	342,999	(353,955)	-
Cash-flow from operating activities (b) (d)	2,639,602	1,283,356	-	3,922,958
Amortizations (d)	(1,220,406)	(99,594)	-	(1,320,000)
Earnings before interest and taxes (c) (d)	1,419,196	1,183,762	-	2,602,958
Financial profits (d)	80,650	-	(36,986)	43,664
Financial costs (d)	(135,480)	(260,195)	36,986	(358,689)
Share of results of joint ventures and associated companies (d)	495,652	-	-	495,652
Earnings before taxes (d)	1,860,018	923,567	-	2,783,585
Income taxes (d)	(538,970)	(277,070)	-	(816,040)
Net profit (d)	1,321,048	646,497	-	1,967,545

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

(b) - Operating results + amortizations

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

(d) - Excluding discontinuous operations

16. FINANCIAL STATEMENTS TRANSLATION

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

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17. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance in May 11, 2018.

The Chartered Accountant

The Board of Directors

João Manuel Matos Borges de Oliveira – Chairman

Paulo Jorge dos Santos Fernandes

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça