

# RAMADA

INVESTIMENTOS E INDÚSTRIA

Report and Accounts

30 June 2019

(Unaudited)



**80 ANOS**  
A investir na indústria

## Report and Accounts - 1st Semester 2019

*(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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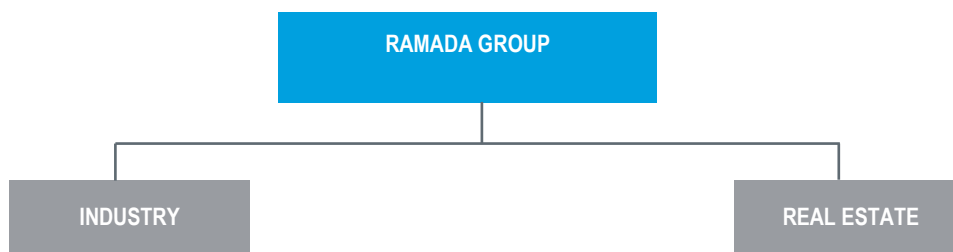
To the Shareholders,

Pursuant to the legal requirements, the Board of Directors of Ramada Investimentos e Indústria, S.A. ("Ramada Investimentos", "Company" or "Ramada Group") hereby presents its Director's Report for the first semester of 2019.

### INTRODUCTION

Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments:

- i) Industry Segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the Group is a minority shareholder;
- ii) Real Estate Segment, aimed at the management of real estate assets.



The special steels activity, which focus especially at 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.

Socitre's main business is the production and commercialization of steel wires, capable of being used in a wide variety of activities, including industry, agriculture and construction.

In the financial investments' management activity, among other portfolio investments held by the Group, it should be highlighted the participation held in CEV, S.A..

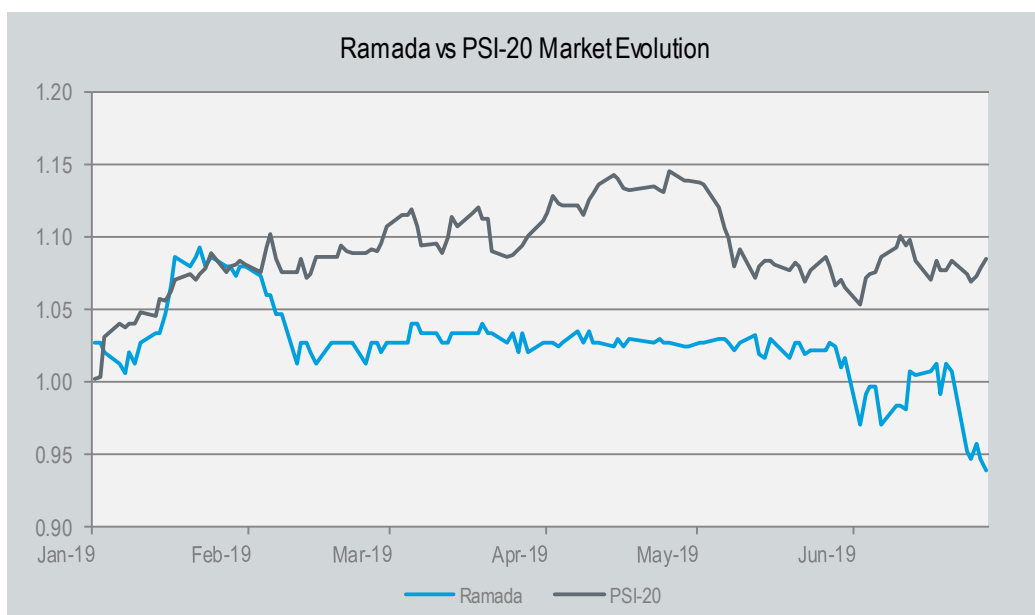
The Real Estate Segment includes the real estate asset management activity (made up by the forest assets and the buildings of the group) and is developed by F. Ramada II - Imobiliária, S.A..

**STOCK EXCHANGE EVOLUTION**

(Note : The PSI-20 was considered as an index with initial value identical to that of the security under analysis, in order to allow a better comparison of the changes in the share price).

During the first semester of 2019, PSI-20 index appreciated 8.58% over the end of 2018.

Group Ramada shares depreciated 6.13%, presenting a worst performance than the index during June.



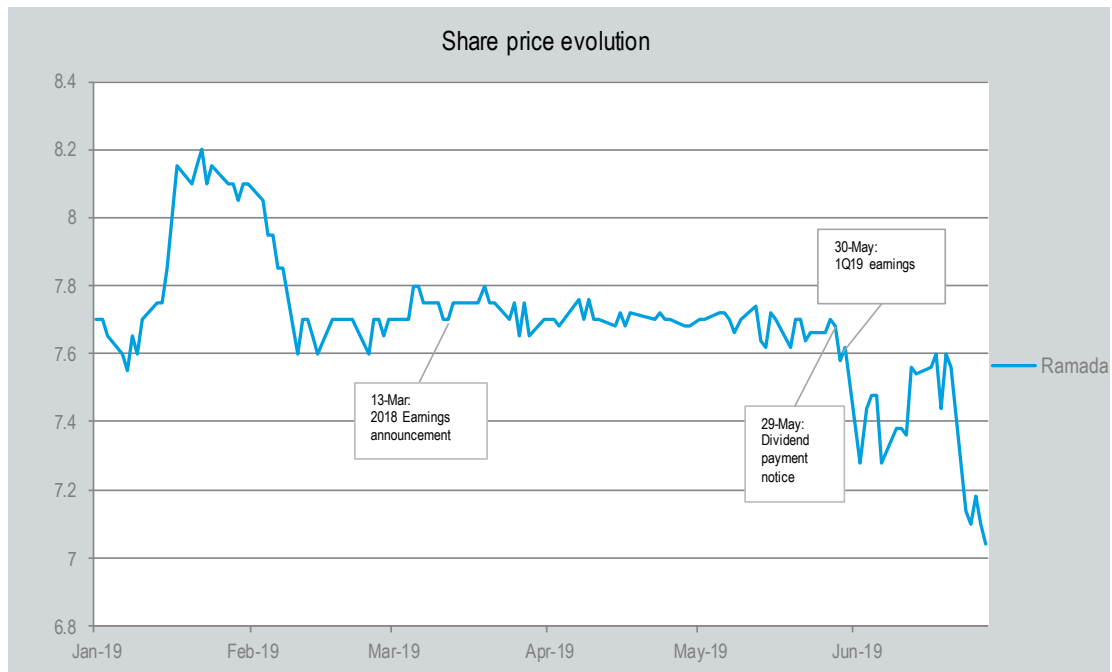
The market price of Ramada Investimentos shares at the end of the first half of 2019 was EUR 7.04 per share. This is equivalent to a market capitalisation of EUR 180,5 Million.

In the first half of 2019, Ramada Group shares were traded at a maximum price of EUR 8.20 per share and a minimum of EUR 7.04 per share. In total, 1,531,696 shares of Ramada Investimentos were traded.

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### Performance of Ramada Investimentos share price

The main events that marked how the Ramada Investimentos share price performed in the first semester of 2019 can be described as follows:



- The Group announced its financial performance for 2018 through a press release announced on 13 March 2019. Consolidated net income was around EUR 69.7 million, which represents a 23% increase when compared to the previous year. Total revenue amounted to EUR 129.4 million and consolidated EBITDA reached EUR 18.8 million;
- In an announcement made on 29 May, Ramada Investimentos informed the market that the dividends for 2018, corresponding to EUR 0.60 per share, would be paid from June 26. These dividends were added to the extraordinary dividends relating to an advance on profits of 2018 financial year, in the amount of EUR 1.15 per share, previously paid in December 2018;
- On 30 May 2019, Ramada Group's results for the first quarter of 2019 were announced, with a consolidated net profit of EUR 1.9 million. Consolidated EBITDA recorded EUR 3.9 million and total revenue reached EUR 30.4 million.

**GROUP'S ACTIVITY**

Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments:

- i) Industry Segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the Group is a minority shareholder;
- ii) Real Estate Segment, aimed at the management of real estate assets.

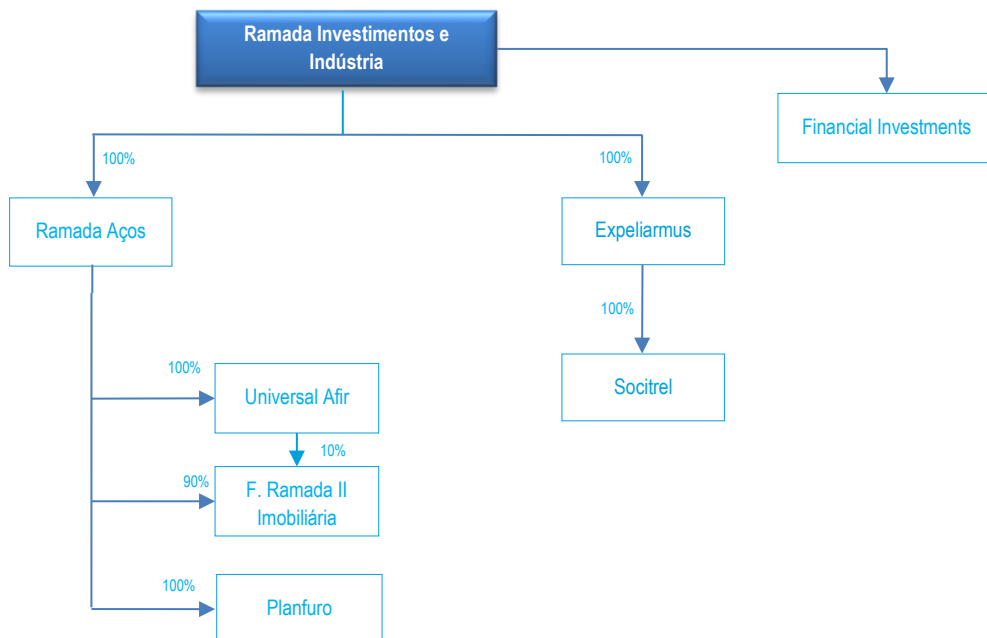
The special steels activity, which focus especially at the sub-segment of moulds, with a leading position in the domestic market, is developed by three companies: Ramada Aços, Universal Afir and Planfuro Global.

Socitrel's main business is the production and commercialization of steel wires, capable of being used in a wide variety of activities, including industry, agriculture and construction.

In the financial investments' management activity, among other portfolio investments held by the Group, it should be highlighted the participation held in CEV, S.A..

The Real Estate Segment includes the real estate asset management activity (made up by the forest assets and the buildings of the group) and is developed by F. Ramada II - Imobiliária, S.A..

The structure of Ramada Group, as of 30 June 2019, can be present as follows:



## Report and Accounts - 1st Semester 2019

During the first half of 2019, the steel business recorded a decrease in turnover when compared to the homologous period of the previous year.

This semester was characterized by a more negative environment, worsened by the comparison with the same period of 2018, which was the best sales semester ever. Therefore, the combination between the slowdown in the market and the stagnation in demand for steel and services provided, strongly influenced by difficulties within mould and metal sectors, with a comparative period of a strong market and business growth, left the Group in an unfavourable position.

The end of 2018 already provided uncertainty regarding 2019, and the year ended with a significant slowdown in demand.

The Moulds and Tools segment, which is a key player in the Steel business, ended the year with negative remarks and, consequently, began 2019 with very adverse conditions in which market stagnation drastically reduced the purchase of raw materials and the subcontracting of machining services.

The automotive industry identity crisis that began in June 2018 has not yet significantly improved. Car sales decrease continued in the first half of 2019 in China and Europe, which led OEMs to delay new model investment projects and successively shift the announced electrification of fleets into the near future.

This trend marked the first half and significantly penalized the performance of Group companies in both material sales and machining services.

Still, there were some positive remarks: as a result of the international contacts that have been developed, the Group has made a commercial effort directed at new export clients, creating business opportunities that it hopes to realize.

Also in the area of Dies and Cutting, sub-segment of Moulds and Tools, there have been less negative notes as this sector is losing very slightly compared to the general panorama.

The Heat Treatments also counteracted, until May, the stagnation of the market and continued to obtain positive results. However, as steel sales declined, it was expected that this growth contrast between the two areas would eventually fade and lead to a break in this service line.

Steel activity operates mainly in the domestic market which, in the first six months of 2019, represented 93% of turnover.

During the first half of 2019, Socitrel registered an increase in activity compared to the same period of 2018, although with lower margins.

Although in the first half of 2019 there was an increase in supply-side pressure in most of the products and markets where Socitrel operates, with particular emphasis on pre-effort, pressure which intensified in the second quarter as a result of the fall in average prices, the increase in quantities sold compared to the same period of 2018 made it possible to increase turnover.

The Wire Rod market, the main raw material of Socitrel, recorded some decrease in prices in the first half, particularly in the second quarter, and there is now great uncertainty about its evolution in the second half.

Socitrel operates mainly in the foreign market which, in the first half of 2019, accounted for around 62% of turnover, with Europe being the most predominant destination market.

## Report and Accounts - 1st Semester 2019

### FINANCIAL REVIEW

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

The key information and indicators of Ramada Group's consolidated activity can be presented as follows:

	1H 2019	1H 2018	Var. %
Sales and services rendered	59 066	67 243	-12.2%
Other income	312	531	
<b>Total Revenue</b>	<b>59 378</b>	<b>67 774</b>	<b>-12.4%</b>
Cost of sales	(36 827)	(40 952)	-10.1%
External supplies and services	(7 534)	(8 895)	-15.3%
Payroll expenses	(7 106)	(7 323)	-3.0%
Other expenses	(285)	(832)	-65.7%
<b>Total Costs (a)</b>	<b>(51 752)</b>	<b>(58 002)</b>	<b>-10.8%</b>
<b>EBITDA (b)</b>	<b>7 626</b>	<b>9 772</b>	<b>-22.0%</b>
<b>EBITDA Margin</b>	<b>12.8%</b>	<b>14.4%</b>	
Amortization and depreciation	(2 265)	(2 998)	-24.4%
<b>EBIT (c)</b>	<b>5 360</b>	<b>6 774</b>	<b>-20.9%</b>
<b>EBIT Margin</b>	<b>9.0%</b>	<b>10.0%</b>	
Financial expenses	(784)	(893)	-12.2%
Financial income	93	0	
<b>Net profit before tax from continuing operations</b>	<b>4 670</b>	<b>5 881</b>	<b>-20.6%</b>
Income tax	(920)	(1 370)	
<b>Net profit after tax from continuing operations</b>	<b>3 750</b>	<b>4 511</b>	<b>-16.9%</b>
Net profit after tax from discontinued operations	0	60 214	-100.0%
<b>Consolidated net profit</b>	<b>3 750</b>	<b>64 725</b>	<b>-94.2%</b>

(Amounts in thousands of Euro)

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

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

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



## Report and Accounts - 1st Semester 2019

Total revenues of Ramada Group during the first half of 2019 amounted to 59,378 thousand Euro, presenting a 12.4% decrease over the total revenues recorded in the same period of 2018.

Total costs, excluding depreciation and amortizations, financial costs and income taxes, amounting to 51,752 thousand Euro, recorded a 10.8% decrease over June 2018.

EBITDA amounted to 7,626 thousand Euro, a 22.0% decrease when compared to the first half of 2018. EBITDA margin achieved 12.8% which compares with 14.4% recorded in the homologous period.

Operating income (EBIT), in the amount of 5,360 thousand Euro, recorded a decrease of 20.9% when compared to 6,774 thousand Euro in 2018.

The negative financial results, in the amount of 691 thousand Euro, recorded a 22.6% improvement over the same period of the previous year.

During the first half of 2019, the net profit from continuing operations achieved 3,750 thousand Euro, being 16.9% lower when compared to the same period of 2018.

During the first half of 2018 the net profit from discontinued operations was 60,214 thousand Euro, which includes the gain on the sale of the storage solutions business in the amount of 59,038 thousand Euro.

The consolidated net profit, including the discontinued operations, amounted to 3,750 thousand Euro, comparing to 64,725 thousand Euro in the same period of 2018.

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### INDUSTRY

	1H 2019	1H 2018	Var. %
Total revenues	55 851	64 323	-13.2%
Total costs (a)	(50 992)	(57 331)	-11.1%
EBITDA ( b)	4 859	6 993	-30.5%
EBITDA margin	8.7%	10.9%	
EBIT (c)	2 738	4 118	-33.5%
EBIT margin	4.9%	6.4%	
Financial results	(279)	(456)	-38.8%
<b>Net profit before tax from continuing operations</b>	<b>2 459</b>	<b>3 662</b>	<b>-32.8%</b>
Income tax	(433)	(815)	-46.8%
<b>Net profit after tax from continuing operations</b>	<b>2 026</b>	<b>2 846</b>	<b>-28.8%</b>
Net profit from discontinued operations	0	60 214	-100.0%
<b>Consolidated net profit</b>	<b>2 026</b>	<b>63 060</b>	<b>-96.8%</b>

(Amounts in thousands of Euro)

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

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

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

In the first half of 2019, total revenues from the Industry segment amounted to 55,851 thousand Euro, recording a 13.2% decrease over total revenues of the same period of 2018.

EBITDA of the Industry segment during the first half of 2019 amounted to 4,859 thousand Euro, lower in 30.5% over the same period of 2018.

EBITDA margin achieved 8.7% when compared with 10.9% recorded in the previous year.

Operating income (EBIT), in the amount of 2,738 thousand Euro, recorded a 33.5% decrease over the 4,118 thousand Euro in the same period of 2018.

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### REAL ESTATE

	1H 2019	1H 2018	Var. %
Total revenue	3 526	3 450	2.2%
Total costs (a)	(760)	(671)	13.2%
EBITDA ( b)	2 767	2 779	-0.4%
EBIT (c)	2 622	2 656	-1.3%
Financial results	(411)	(436)	-5.8%
Profit before tax	2 211	2 220	-0.4%

(Amounts in thousands of Euro)

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

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

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

Total income for the Real Estate segment in the first half of 2019 was 3,526 thousand Euro, presenting a 2.2% increase over the same period of 2018.

Income from long-term leases of forest land represent approximately 90% of total Real Estate revenues.

EBITDA of the Real Estate segment in the first half of 2019 achieved 2,767 thousand Euro, practically the same level of 2018.

In the first half of 2019, operational profit (EBIT) of the Real Estate segment, in the amount of 2,622 thousand Euro, recorded a 1.3% decrease over the same period of 2018.

The financial results of the Real Estate segment were negative by 411 thousand Euro, recording a 5.8% improvement over the negative 436 thousand Euro recorded during the first half of the previous year.

In the first half of 2019, profit before taxes for the Real Estate segment amounted to 2,211 thousand Euro, in level with the same period of 2018.

## Report and Accounts - 1st Semester 2019

### INVESTMENTS AND DEBT

Ramada Group's operational investments, in the first half of 2019, amounted to, approximately, 800 thousand Euro.

As of 30 June 2019, the nominal net debt amounted to 30,016 thousand Euro. As of 31 December 2018, it was 21,375 thousand Euro.

**SECOND SEMESTER OUTLOOK**

For the second half of 2019, business level maintenance is expected compared to the second half of 2018, the period that marked the beginning of the demand crisis in the mold and tool sector. However, markets are expected to improve in the second half of 2019, specially for those more dependent on motor vehicle development and manufacturing.

**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 2018 and it is available in our site ([www.ramadainvestimentos.pt](http://www.ramadainvestimentos.pt)).

## LEGAL MATTERS

### Own shares

Pursuant to and for the purposes of Article 66 and Article 324 (2) of the Companies Act, Ramada Investimentos reports that, on 30 June 2019, it did not own any of its own shares.

### Shares held by the governing bodies

It is hereby stated, pursuant to and for the purposes of Article 447 of the Companies Act, that the following directors of Ramada Investimentos e Indústria, S.A. held shares as follows:

João Manuel Matos Borges de Oliveira <sup>(a)</sup>	5,300,000
Paulo Jorge dos Santos Fernandes <sup>(b)</sup>	4,009,402
Domingos José Vieira de Matos <sup>(c)</sup>	3,118,408
Ana Rebelo de Carvalho Menéres de Mendonça <sup>(d)</sup>	4,845,383

(a) – the 5,300,000 shares correspond to the total number of shares of Ramada Investimentos e Indústria, S.A. held by CADERNO AZUL, S.A., of which the director João Manuel Matos Borges de Oliveira is a director and shareholder.

(b) – the 4,009,402 shares correspond to the total number of shares of Ramada Investimentos e Indústria, S.A. held by ACTIUM CAPITAL, S.A., of which the director Paulo Jorge dos Santos Fernandes is a director and controlling shareholder.

(c) – the 3,118,408 shares correspond to the total number of shares of Ramada Investimentos e Indústria, S.A. held by LIVREFLUXO, S.A., of which the director Domingos José Vieira de Matos is a director and controlling shareholder.

(d) – the 4,845,383 shares correspond to the total number of shares of Ramada Investimentos e Indústria, S.A. held by PROMENDO INVESTIMENTOS, S.A., of which the director Ana Rebelo de Carvalho Menéres de Mendonça is a director and majority shareholder.

The Statutory Auditor, the members of the Statutory Audit Board and the Board of the Shareholders' General Meeting did not, at 30 June 2019, hold shares representing the share capital of Ramada Investimentos.

## Report and Accounts - 1st Semester 2019

### Qualified shareholdings

According to notices received by the Company, the following companies and/or individuals have a qualifying holding of more than 2%, 5%, 10%, 15%, 20%, 33% and 50% of the voting rights, at 30 June 2019, pursuant to and for the purposes of Articles 16 and 20 of the Portuguese Securities Code, and in accordance with Article 448 of the Companies Act:

<b>Santander Asset Management</b>		<b>No. of shares held on 30-Jun-2019</b>	<b>% Share capital with voting rights</b>
Directly		631,943	2.46%
<b>Total attributable</b>		<b>631,943</b>	<b>2.46%</b>

<b>Magallanes Value Investors</b>		<b>No. of shares held on 30-Jun-2019</b>	<b>% Share capital with voting rights</b>
Directly		894,128	3.49%
<b>Total attributable</b>		<b>894,128</b>	<b>3.49%</b>

<b>1 Thing, Investments, SA</b>		<b>No. of shares held on 30-Jun-2019</b>	<b>% Share capital with voting rights</b>
Directly <sup>(a)</sup>		2,565,293	10.004%
<b>Total attributable</b>		<b>2,565,293</b>	<b>10.004%</b>

(a) - the 2,565,293 Ramada Investimentos e Indústria, S.A. shares are directly held by the company 1 Thing, Investments, S.A. whose board of directors includes Ramada's director Pedro Miguel Matos Borges de Oliveira

<b>Domingos José Vieira de Matos</b>		<b>No. of shares held on 30-Jun-2019</b>	<b>% Share capital with voting rights</b>
Through Livrefluxo, S.A. (of which he is dominant shareholder and director)		3,118,408	12.162%
<b>Total attributable</b>		<b>3,118,408</b>	<b>12.162%</b>

<b>Paulo Jorge dos Santos Fernandes</b>		<b>No. of shares held on 30-Jun-2019</b>	<b>% Share capital with voting rights</b>
Through Actium Capital, S.A. (of which he is dominant shareholder and director)		4,009,402	15.64%
<b>Total attributable</b>		<b>4,009,402</b>	<b>15.64%</b>

<b>Ana Rebelo Carvalho Menéres de Mendonça</b>		<b>No. of shares held on 30-Jun-2019</b>	<b>% Share capital with voting rights</b>
Through PROMENDO INVESTIMENTOS, S.A. (of which she is dominant shareholder and director)		4,845,383	18.90%
<b>Total attributable</b>		<b>4,845,383</b>	<b>18.90%</b>

<b>João Manuel Matos Borges de Oliveira</b>		<b>No. of shares held on 30-Jun-2019</b>	<b>% Share capital with voting rights</b>
Through Caderno Azul, S.A. (of which he is shareholder and director)		5,300,000	20.67%
<b>Total attributable</b>		<b>5,300,000</b>	<b>20.67%</b>

Ramada Investimentos has not been advised of any holdings with over 33% of the voting rights.



## Report and Accounts - 1st Semester 2019

### CLOSING REMARKS

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

Oporto, July 31, 2019

#### **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

**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 Ramada Investimentos e Indústria, 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 Ramada Investimentos e Indústria, S.A. and the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties that they face.

**DECLARATION OF RESPONSABILITY**

The members of the Board of Directors of Ramada Investimentos e Indústria, 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.

Pursuant to article 210 of the Social Security Code (approved by Law no. 110/2009, of 16 September) the Board of Directors informs that there are no overdue debts to the State, namely with respect to Social Security.

## Report and Accounts - 1st Semester 2019

### Article 14 of Portuguese Securities Market Commission (CMVM) Regulation no. 5/2008 and Article 19 of Regulation (UE) no. 596/2014 of European Parliament and of the Council of 16 April 2014

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.

Board of Directors	No shares held at			No shares held at
	31-Dec-2018	Acquisitions	Disposals	
João Manuel Matos Borges de Oliveira (imputation through CADERNO AZUL, S.A)	5,300,000	-	-	5,300,000
Paulo Jorge dos Santos Fernandes (imputation through ACTIUM CAPITAL, S.A)	4,009,402	-	-	4,009,402
Domingos José Vieira de Matos (imputation through LIVREFLUXO, S.A)	3,118,408	-	-	3,118,408
Ana Rebelo de Carvalho Menéres de Mendonça (imputation through PROMENDO INVESTIMENTOS, S.A)	4,845,383	-	-	4,845,383
Pedro Miguel Matos Borges de Oliveira (imputation through 1 THING, INVESTMENTS, S.A)	2,565,293	-	-	2,565,293

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2019 AND 31 DECEMBER 2018

(Translation of financial statements originally issued in Portuguese - Note 17)

(Amounts expressed in Euro)

ASSETS	Notes	30.06.2019	31.12.2018
<b>NON CURRENT ASSETS:</b>			
Investment properties	6	87 662 488	86 935 676
Tangible assets		19 637 885	20 482 273
Intangible assets		28 999	42 174
Goodwill		1 245 520	1 245 520
Other investments	4.2	-	-
Other debtors		663 425	-
Other non-current assets		1 320 749	1 319 512
Deferred tax assets	7	3 982 259	3 982 259
<b>Total non current assets</b>		<u>114 541 325</u>	<u>114 007 414</u>
<b>CURRENT ASSETS:</b>			
Inventories		31 230 831	28 602 139
Clients		35 778 397	36 253 156
State and other public entities		1 413 733	2 737 100
Other debtors		2 071 659	1 439 937
Other current assets		77 512	73 682
Cash and cash equivalents	8	51 135 723	74 979 271
<b>Total current assets</b>		<u>121 707 855</u>	<u>144 085 285</u>
<b>Total assets</b>		<u>236 249 180</u>	<u>258 092 699</u>
EQUITY AND LIABILITIES	Notes	30.06.2019	31.12.2018
<b>EQUITY:</b>			
Share capital	9	25 641 459	25 641 459
Legal reserve		6 460 877	6 460 877
Advance on profits		-	(29 487 678)
Other reserves and retained earnings		82 634 169	57 788 337
Consolidated net profit for the year		3 750 143	69 717 900
Total equity attributable to equity holders of the parent company		<u>118 486 648</u>	<u>130 120 895</u>
Non-controlling interests		-	-
<b>Total equity</b>		<u>118 486 648</u>	<u>130 120 895</u>
<b>LIABILITIES:</b>			
<b>NON CURRENT LIABILITIES:</b>			
Bank loans	10	49 487 401	53 487 401
Other loans	10	3 233 320	5 993 275
Provisions	12	2 289 000	2 610 000
Deferred tax liabilities	7	928 341	928 341
<b>Total non current liabilities</b>		<u>55 938 062</u>	<u>63 019 017</u>
<b>CURRENT LIABILITIES:</b>			
Bank loans	10	4 000 000	8 340 737
Other loans	10	24 431 309	28 532 713
Suppliers		20 318 850	16 317 725
State and other public entities		3 655 722	3 356 275
Other creditors		1 393 905	2 166 097
Other current liabilities	11	8 024 684	6 239 240
<b>Total current liabilities</b>		<u>61 824 470</u>	<u>64 952 787</u>
<b>Total liabilities</b>		<u>117 762 532</u>	<u>127 971 804</u>
<b>Total equity and liabilities</b>		<u>236 249 180</u>	<u>258 092 699</u>

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

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE  
FOR THE SIX AND THREE MONTHS PERIODS ENDED AS 30 JUNE 2019 AND 2018**

*(Translation of financial statements originally issued in Portuguese - Note 17)*

(Amounts expressed in Euro)

	Notes	Six months period ended as:		Three months period ended as:	
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
Sales and services rendered		59 065 973	67 242 837	28 656 174	35 586 748
Other income		311 562	530 745	175 305	383 946
Cost of sales and production variation		(36 826 649)	(40 952 257)	(17 732 833)	(21 874 948)
External supplies and services		(7 534 292)	(8 895 071)	(3 693 869)	(4 673 286)
Payroll expenses		(7 106 005)	(7 323 221)	(3 522 831)	(3 709 432)
Amortization and depreciation		(2 265 400)	(2 997 909)	(1 164 296)	(1 506 179)
Provisions and impairment losses	12	50 137	(355 894)	(20 081)	(346 990)
Other expenses		(335 020)	(475 634)	(127 298)	(245 504)
Share of results of associates		-	-	-	-
Financial expenses		(783 710)	(892 773)	(402 300)	(495 945)
Financial income		93 337	487	54 946	22
<b>Profit before income tax</b>		<b>4 669 933</b>	<b>5 881 310</b>	<b>2 222 917</b>	<b>3 118 432</b>
Income tax		(919 790)	(1 370 327)	(381 371)	(779 608)
<b>Consolidated net profit from continuing operations</b>		<b>3 750 143</b>	<b>4 510 983</b>	<b>1 841 546</b>	<b>2 338 824</b>
Profit after tax income from discontinued operations	5	-	60 213 741	-	59 037 861
<b>Consolidated net profit</b>		<b>3 750 143</b>	<b>64 724 724</b>	<b>1 841 546</b>	<b>61 376 685</b>
<b>Attributable to:</b>					
<b>Parent company's shareholders</b>		<b>3 750 143</b>	<b>64 724 724</b>	<b>1 841 546</b>	<b>61 376 685</b>
Continuing operations		3 750 143	4 510 983	1 841 546	2 338 824
Discontinued Operations		-	60 213 741	-	59 037 861
<b>Earnings per share:</b>					
Continuing operations					
Basic	13	0,15	0,18	0,07	0,09
Diluted	13	0,15	0,18	0,07	0,09
Discontinued Operations					
Basic	13	-	2,35	-	2,30
Diluted	13	-	2,35	-	2,30

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

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX AND THREE MONTHS PERIODS ENDED AS 30 JUNE 2019 AND 2018**  
(Translation of financial statements originally issued in Portuguese - Note 17)  
(Amounts expressed in Euro)

	Notes	Six months period ended as:		Three months period ended as:	
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
<b>Net consolidated profit for the period</b>		<b>3 750 143</b>	<b>64 724 724</b>	<b>1 841 546</b>	<b>61 376 685</b>
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from discontinued operations		-	82 120	-	-
Items that were reclassified to profit or loss:					
Exchange differences arising from discontinued operations	5	-	998 289	-	998 289
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>1 080 409</b>	<b>-</b>	<b>998 289</b>
<b>Total comprehensive income for the period</b>		<b>3 750 143</b>	<b>65 805 133</b>	<b>1 841 546</b>	<b>62 374 974</b>
<b>Attributable to:</b>					
Parent company's shareholders		3 750 143	65 805 133	1 841 546	62 374 974
Non-controlling interests		-	-	-	-

The accompanying notes are an integral part of these Condensed C

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED AS 30 JUNE 2019 AND 2018  
(Translation of financial statements originally issued in Portuguese - Note 17)  
(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	Advance on profits	Other reserves and retained earnings	Net profit				
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		-	-	-	1 080 409	-	-	64 724 724	65 805 133	-	65 805 133
Appropriation of the consolidated net profit for 2017:											
Transfer to other reserves		-	-	-	-	-	56 708 187	(56 708 187)	-	-	-
Dividends paid		-	-	-	-	-	(57 180 455)	-	(57 180 455)	-	(57 180 455)
Acquisition of non-controlling interests		-	-	-	-	-	1 923	-	1 923	(4 923)	(3 000)
<b>Balance as of 30 June 2018</b>		<b>25 641 459</b>	<b>-</b>	<b>6 460 877</b>	<b>-</b>	<b>-</b>	<b>57 959 369</b>	<b>64 724 724</b>	<b>154 786 429</b>	<b>-</b>	<b>154 786 429</b>
Balance as of 1 January 2019	9	25 641 459	-	6 460 877	-	(29 487 678)	57 788 337	69 717 900	130 120 895	-	130 120 895
Total consolidated comprehensive income for the year		-	-	-	-	-	-	3 750 143	3 750 143	-	3 750 143
Appropriation of the consolidated net profit for 2018:											
Transfer to other reserves		-	-	-	-	29 487 678	40 230 222	(69 717 900)	-	-	-
Dividends paid		-	-	-	-	-	(15 384 875)	-	(15 384 875)	-	(15 384 875)
Others		-	-	-	-	-	485	-	485	-	485
<b>Balance as of 30 June 2019</b>		<b>25 641 459</b>	<b>-</b>	<b>6 460 877</b>	<b>-</b>	<b>-</b>	<b>82 634 169</b>	<b>3 750 143</b>	<b>118 486 648</b>	<b>-</b>	<b>118 486 648</b>

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

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX AND THREE MONTHS PERIODS ENDED AS 30 JUNE 2019 AND 2018**  
(Translation of financial statements originally issued in Portuguese - Note 17)  
(Amounts expressed in Euro)

Notes	Six months period ended as:		Three months period ended as:	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
<b>Operating activities:</b>				
Collections from customers	55 122 909	76 687 935	13 692 944	16 303 999
Payments to suppliers	(35 282 440)	(59 078 331)	(9 351 821)	(16 138 374)
Payments to personnel	(3 570 553)	16 269 607	(1 924 400)	2 416 724
Income tax payed/received	(86 591)	(158 059)	(85 541)	(88 180)
Other collections/payments relating to operating activities	(6 030 645)	(6 117 236)	(4 980 432)	(1 129 223)
<i>Cash flow from operating activities (1)</i>		<u>10 152 371</u>	<u>8 163 643</u>	<u>1 287 501</u>
<b>Investment activities:</b>				
Collections arising from:				
Tangible assets	249 690	11 138	-	7 261
Other assets	-	76 273	-	67 746
Investment subsidies	-	-	-	-
Financial investments	5	81 000 000	-	81 000 000
Interests and similar income	22 801	272 491	9 623	2 548
Payments arising from:				
Financial investments	4.2	(430 000)	-	(234 444)
Investment properties	(729 418)	(64 575)	(729 418)	(64 575)
Intangible assets	-	-	-	-
Tangible assets	(1 380 161)	(1 688 792)	(487 297)	(590 972)
Loans granted	-	(2 109 579)	(2 183 367)	(1 216 715)
<i>Cash flow from investment activities (2)</i>		<u>(1 837 088)</u>	<u>78 904 044</u>	<u>(1 207 092)</u>
<b>Financing activities:</b>				
Collections arising from:				
Loans obtained	45 967 255	45 967 255	4 875 598	37 971 318
Payments arising from:				
Interests and similar costs	(803 088)	(1 232 665)	(248 758)	(425 949)
Dividends	9	(15 384 875)	(57 180 454)	(15 384 875)
Loans obtained	(57 049 416)	(73 237 379)	(64 953 959)	(60 531 010)
<i>Cash flow from financing activities (3)</i>		<u>(27 270 124)</u>	<u>(60 078 361)</u>	<u>(22 559 692)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b>70 090 564</b>	<b>97 418 384</b>	<b>73 615 007</b>
Change in cash and cash equivalents: (1) + (2) + (3)		(18 954 841)	26 989 326	(22 479 284)
Effect of exchange rate changes		-	58 068	-
Cash and cash equivalents associated with discontinued operations		-	(8 072 458)	-
<b>Cash and cash equivalents at the end of the period</b>	8	<u><b>51 135 723</b></u>	<u><b>116 393 320</b></u>	<u><b>51 135 723</b></u>

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 2019**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 17)  
(Amounts expressed in Euro)

## 1. **INTRODUCTORY NOTE**

RAMADA INVESTIMENTOS E INDÚSTIA, S.A. ("Ramada Investimentos", "Ramada Group" or "Company") is a Company incorporated as of 1 June 2008, with its head-office located at Rua Manuel Pinto de Azevedo, 818, - Porto, Portugal, and whose main activity is the management of financial investments, being its shares listed in the Euronext Lisbon Stock Exchange. In May 2018, formerly named as F. Ramada - Investimentos SGPS, S.A., changed its corporate objective, from management of financial investments to consulting services, including financial, administrative, and property management, (with areas and functions related to real estate) as its name changed to RAMADA INVESTIMENTOS E INDÚSTRIA, S.A, as it was deliberated in General Assembly on 4 May 2018.

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 Investimentos.

Currently, Ramada is the parent company of the group of companies listed in Note 4 (designated as Ramada Group), and, through these financial holdings structure, it focuses its operations in (i) Industrial activity, which includes steel trade and management of financial investments related to participations in which the group has a minority position, and (ii) real estate, which consists in the management of this type of assets.

Ramada Group is listed in Euronext Lisbon since 2008.

The consolidated financial statements of 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.

## 2. **MAIN ACCOUNTING POLICIES**

The consolidated financial statements as of 30 June 2019 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 Ramada are consistent with the accounting policies used in the preparation of the financial statements presented for the year ended as of 31 December 2018

## 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 2019**

(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 17)

(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 June 30, 2019, and December 31, 2018, are as follows:

Designation	Headquarters	Percentage of participation held		Activity
		30.06.2019	31.12.2018	
<b><u>Empresa mãe:</u></b>				
Ramada Investimentos e Indústria S.A.	Porto	-	-	Management of financial investment and consulting services
<b><u>Grupo Ramada</u></b>				
Ramada Aços, S.A.	Ovar	100%	100%	Steel comercialization
Planfuro Global, S.A.	Leiria	100%	100%	Manufacture of metal molds
Universal Afir, S.A.	Ovar	100%	100%	Steel comercialization
F. Ramada II, Imobiliária, S.A.	Ovar	100%	100%	Real Estate
Socitrel - Sociedade Industrial de Trefilária, S.A.	Trofa	100%	100%	Manufacture and sale of steel wires
Socitrel España, S.A.	Spain	100%	100%	Manufacture and sale of steel wires
Expeliarmus - Consultoria, S.A.	Portugal	100%	100%	Holding company

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

**4.2 Other investments**

As of June 30, 2019 and December 31, 2018, the caption “Other investments” and respective impairment losses can be detailed as follows:

	30.06.2019	31.12.2018
Equity investments and loans	4,445,498	4,445,498
Accumulated impairment losses (note 12)	(4,445,498)	(4,445,498)
	-	-

The caption “Other investments” includes investments in companies in which the group does not have control or significant influence, like CEV, S.A. Loans granted to these companies are also included in this caption.

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 30 JUNE 2019**

(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 17)

(Amounts expressed in Euro)

**5. DISCONTINUED OPERATIONS**

On 20 March 2018, the Ramada Group reached an agreement with the Averys Group to disinvest 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 ("Autoridade da Concorrência"), under the terms established in the legal regime of competition and, therefore, conditioned to the decision of non-opposition of that entity. On 4 May 2018 the Competition Authority notified the non-opposition to this transaction.

Storax is a company that hold four subsidiaries - Storax, SARL (France), Storax Limited (UK), Storax Benelux (Belgium) and Storax España, all of them dedicated to storage solutions.

The effects of this operation in the consolidated financial statements (March 31 2018) can be detailed as follows:

Net assets	
Property, plant and equipment	1,109,244
Intangible assets	99,314
Deferred tax assets	1,207,851
Inventories	12,195,290
Clients	24,885,767
Cash and cash equivalents	8,072,458
Provisions	(2,256,438)
Deferred tax liabilities	(3,232)
Other current liabilities	(26,996,808)
Total net assets	<u>18,313,446</u>
Foreign currency translation reserve	998,289
Contas a receber e a pagar das unidades continuadas com as entidades alienadas e outros passivos	1,150,404
	<u>20,462,139</u>
Amount received	81,000,000
Transaction costs	(1,500,000)
Operation gains	<u>59,037,861</u>
Gains after discontinued operations tax	
Income from the discontinued units at the data of disinvestment	1,175,880
Operation gains	59,037,861
	<u>60,213,741</u>

Earnings after tax of the discontinued operations up to the disposal date are as follows:

Income statement	
Sales and rendered services	18,061,693
Other income	31,597
Cost of sales and variation in production	(9,657,663)
Suppliers and external services	(4,068,030)
Payroll expenses	(2,573,452)
Amortizations and depreciations	(123,175)
Provisions and impairment losses	(42,950)
Other expenses	(61,274)
Share of results of joint ventures and associated companies	-
Financial expenses	(5,574)
Financial income	6,668
Earnings before tax	<u>1,567,840</u>
Corporate income tax	(391,960)
Earnings after tax	<u>1,175,880</u>

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2019**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 17)  
(Amounts expressed in Euro)

The impact on the discontinued operations on the statement of financial position is as follows:

Statement of financial position	
Cash-flow from operational activities	1,989,090
Cash-flow from investment activities	(312,539)
Cash-flow from financing activities	-

It is worth mentioning that prior to the sale of the Storax Group, the group distributed dividends, related to accumulated reserves from prior periods to the Ramada Group in the amount of 4,000,000 Euros.

## 6. INVESTMENT PROPERTIES

Investment properties held by Ramda Group relate to lands rented to third parties (Altri Group) under operational leases, through contracts with an average duration of 20 years, and with the possibility of an additional period of four to six 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 30 June 2019 and the year ended 31 December 2018 is as follows:

	30.06.2019	31.12.2018
Opening balance (gross)	88,035,676	86,021,939
Acquisitions	726,812	2,020,943
Disposals	-	(7,206)
Closing balance (gross)	88,762,488	88,035,676
Accumulated impairment losses (note 12)	(1,100,000)	(1,100,000)
Closing balance (net)	87,662,488	86,935,676

The lease land generated, during the three months period ended as of June 30, 2019, income amounting, to approximately, 3,193,000 Euro (approximately 6,406,000 Euro in 2018).

The minimum future receipts for leases of forest land amounting, to approximately, 6.4 million Euro in each of the following 5 years. After this period and until the end of the contracts, the minimum future receipts total, approximately 43 million Euro. The leases provided in each lease contract are updated at the end of each two-year period, starting from the beginning of the calendar year immediately following the signing 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 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 Ramada and its subsidiaries for the years 2015 to 2018 may still be subject to review.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 17)

(Amounts expressed in Euro)

The Board of Directors of 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 June 30, 2019.

The movement occurred in deferred tax assets and liabilities in the three months period ended as of June 30, 2019 and 2018, was as follows:

	30.06.2019	
	Deferred tax assets	Deferred tax liabilities
Balance as of 01.01.2019	3,982,259	928,341
Effects on income statement	-	-
Balance as of 30.06.2019	<u>3,982,259</u>	<u>928,341</u>

	30.06.2018	
	Deferred tax assets	Deferred tax liabilities
Balance as of 01.01.2018	4,552,283	955,993
Effects on income statement	59,406	(21,108)
Transfer to discontinued operations	(1,207,851)	(3,232)
Balance as of 30.06.2018	<u>3,403,838</u>	<u>931,653</u>

## 8. CASH AND CASH EQUIVALENTS

As of June 30, 2019 and December 31, 2018 the caption “Cash and cash equivalents” included in the consolidated statement of financial position can be detailed as follows:

	30.06.2019	31.12.2018
Cash	52,897	18,533
Bank deposits	<u>51,082,826</u>	<u>74,960,738</u>
	<u>51,135,723</u>	<u>74,979,271</u>
Bank overdrafts (Note 10)	-	(4,888,707)
Cash and cash equivalents	<u>51,135,723</u>	<u>70,090,564</u>

## 9. SHARE CAPITAL

As of June 30, 2019, Ramada’s fully subscribed and paid up capital consisted of 25,641,459 shares with a nominal value of 1 Euro each.

On May 2019, it was approved in the annual shareholders’ general meeting the distribution of gross dividends amounting to 0.60 Euro per share. Additionally, on November 2018 was equally approved an extraordinary dividend distribution through an advance on 2018 profits, in the amount of 29,487,678 Euro (corresponding to a gross dividend of 1.15 Euro per share).

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 17)

(Amounts expressed in Euro)

**10. BANK LOANS AND OTHER LOANS**

As of June 30, 2019 and December 31, 2018, the captions “Bank loans” and “Other loans” can be detailed as follows:

	30.06.2019		31.12.2018	
	Current	Non current	Current	Non current
Bank loans	4,000,000	49,487,401	8,340,737	53,487,401
Bank loans	4,000,000	49,487,401	8,340,737	53,487,401
Commercial paper	17,500,000	-	20,500,000	3,000,000
Guaranteed accounts	1,050,000	-	1,050,000	-
Bank overdrafts	-	-	4,888,707	-
Factoring	5,490,924	-	2,067,648	-
Investment subsidies	82,606	2,754,523	-	2,754,523
Leasing	307,779	478,797	26,358	238,752
Other bank loans	24,431,309	3,233,320	28,532,713	5,993,275
	<u>28,431,309</u>	<u>52,720,721</u>	<u>36,873,450</u>	<u>59,480,676</u>

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 June 30, 2019, will be reimbursed as follows:

30 June 2019			31 December 2018		
Reimbursement year	Amount	Estimated interests	Reimbursement year	Amount	Estimated interests
<b>Current</b>			<b>Current</b>		
06/2020	28,431,309	523,544	2019	36,873,450	679,000
<b>Non current</b>			<b>Non current</b>		
06/2021	8,749,917	738,758	2020	7,927,370	783,948
06/2022	7,582,502	497,893	2021	7,582,502	640,193
06/2023	7,582,502	355,593	2022	7,582,502	497,893
06/2024	7,305,800	254,886	2023	7,582,502	355,593
06/2025	6,500,000	190,937	2024	7,305,800	254,886
06/2026	6,500,000	138,937	2025	6,500,000	190,937
06/2027	3,500,000	86,937	2026	6,500,000	138,937
06/2028	5,000,000	14,225	2027	3,500,000	86,937
06/2029	-	-	2028	5,000,000	14,225
	<u>52,720,721</u>	<u>2,278,166</u>		<u>59,480,676</u>	<u>2,963,549</u>
	<u>81,152,030</u>	<u>2,801,710</u>		<u>96,354,126</u>	<u>3,642,549</u>

During the period of three months ended as of June 30, 2019, 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 June 30, 2019, and the year ended as of December 31, 2018, the Group did not enter into any loan default.

Additionally, as of June 30, 2019, there are no covenants associated with the loans obtained.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 30 JUNE 2019**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 17)  
(Amounts expressed in Euro)

**11. OTHER CURRENT LIABILITIES**

As of June 30, 2019, and December 31, 2018, the caption "Other current liabilities" can be detailed as follows:

	30.06.2019	31.12.2018
Accrued expenses		
Accrued payroll	4,552,801	4,393,714
Interest payable	302,418	88,536
Other accrued expenses	2,631,462	1,293,665
Deferred income	538,002	463,325
	<u>8,024,684</u>	<u>6,239,240</u>

**12. PROVISIONS AND IMPAIRMENT LOSSES**

The movements that occurred in provisions and impairment losses for the six months period ended as of June 30, 2019, can be detailed as follows:

	Provisions	Impairment losses in accounts receivables	Impairment losses in investments (note 4.2)	Impairment losses in inventory	Impairment losses in investments properties (note 6)	Total
Opening balance	2,610,000	7,075,677	4,445,498	2,003,329	1,100,000	17,234,504
Increases	-	87,254	-	-	-	87,254
Reversals	-	(137,391)	-	-	-	(137,391)
Utilizations	(321,000)	-	-	-	-	(321,000)
Closing balance	<u>2,289,000</u>	<u>7,025,540</u>	<u>4,445,498</u>	<u>2,003,329</u>	<u>1,100,000</u>	<u>16,863,367</u>

The constitutions and reversals of provisions and impairment losses recorded in the six-month period ended June 30, 2019 and in the year ended December 31, 2018 were recorded against the income statement caption "Provisions and impairment losses".

The amount recorded under "Provisions" at 30 June 2019 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 June 30, 2019, 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 June 30, 2019.

**NOTES TO THE CONDENSED CONSOLIDATED  
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(Amounts expressed in Euro)

**13. EARNINGS PER SHARE**

Earnings per share for the six months periods ended as of 30 June 2019 and 2018 were determined taking into consideration the following amounts:

	30.06.2019		30.06.2018	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Net profit considered for the computation of basic and diluted earnings per share	3,750,143	-	4,510,983	60,213,741
Number of shares	25,641,459	25,641,459	25,641,459	25,641,459
Number of own shares	-	-	-	-
Weighted average number of shares used to compute the basic and diluted earnings per share	25,641,459	25,641,459	25,641,459	25,641,459
Earnings per share				
Basic	0.15	0.00	0.18	2.35
Diluted	0.15	0.00	0.18	2.35

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, 2019 and 2018 are related with Altri Group and may be detailed as follows:

	Rents	
	30.06.2019	30.06.2018
Altri Group	3,193,344	3,129,996
	<u>3,193,344</u>	<u>3,129,996</u>

Apart from the companies included in the consolidation (Note 4), the companies considered to be related parties as of June 30, 2019, are the following:

- Actium Capital, S.A.
- Caderno Azul, S.A.
- Livrefluxo, S.A.
- Promendo Investimentos, S.A.
- 1 Thing Investments, 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.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Celulose da Beira Industrial (Celbi), S.A.
- Cofihold, S.A.
- Cofihold II, S.A.
- Cofina Media, S.A.



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- Cofina, SGPS, 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.
- 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.

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 and its operating results are reviewed and taken decisions by the management.

The segregation of activities by segments as of June 30, 2019 and 2018 is made up as follows:

	30 June 2019			
	Industry	Real Estate	Intra-group eliminations	Total
Total assets	156,865,445	96,058,466	(16,674,731)	236,249,180
Total liabilities	39,752,908	61,334,893	16,674,731	117,762,532
Opening investments (a)	798,248	-	-	798,248
Revenue and other gains from foreign markets customers	55,851,090	3,526,445	-	59,377,535
Revenue and other gains from other segment operations	146,087	413,080	(559,167)	-
Cash-flow from operational activities (b)	4,592,124	3,033,582	-	7,625,706
Amortizations / Depreciations	(2,120,650)	(144,750)	-	(2,265,400)
Profit from operational activities (c)	2,471,474	2,888,832	-	5,360,306
Financial profits	93,238	99	-	93,337
Financial costs	(372,570)	(411,140)	-	(783,710)
Gains / losses from associated companies	-	-	-	-
Profit before taxes	2,192,142	2,477,791	-	4,669,933
Corporate income tax	(374,676)	(545,114)	-	(919,790)
Net profit from continued operations	1,817,466	1,932,677	-	3,750,143
Net profit from discontinued operations	-	-	-	-
Net profit	1,817,466	1,932,677	-	3,750,143

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

(b) - Operational results + amortizations/depreciations without group transactions

(c) - Operational results excluding group transactions

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(Amounts expressed in Euro)

	30 June 2018			
	Industry	Real Estate	Intra-group eliminations	Total
Total assets	212,312,581	92,890,187	(5,195,803)	300,006,965
Total liabilities	88,347,569	62,068,770	(5,195,803)	145,220,536
Opening investments (a)	1,033,146	107,890	-	1,141,036
Revenue and other gains from foreign markets customers	64,323,436	3,450,146	-	67,773,582
Revenue and other gains from other segment operations	21,912	399,111	(421,023)	-
Cash-flow from operational activities (b)	6,615,591	3,155,913	-	9,771,504
Amortizations / Depreciations	(2,875,046)	(122,862)	-	(2,997,909)
Profit from operational activities (c)	3,740,545	3,033,051	-	6,773,596
Financial profits	36,581	235	(36,329)	487
Financial costs	(492,672)	(436,430)	36,329	(892,773)
Gains / losses from associated companies	-	-	-	-
Profit before taxes	3,284,454	2,596,856	-	5,881,310
Corporate income tax	(656,192)	(714,135)	-	(1,370,327)
Net profit from continued operations	2,628,262	1,882,721	-	4,510,983
Net profit from discontinued operations	60,213,741	-	-	60,213,741
Net profit	62,842,003	1,882,721	-	64,724,724

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

(b) - Operational results + amortizations/depreciations without group transactions

(c) - Operational results excluding group transactions

## 16. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance in July 31, 2019.

## 17. FINANCIAL STATEMENTS TRANSLATION

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and in 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.

The Chartered Account

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