RAMADA

INVESTMENTS AND INDUSTRY

Annual Report 2016

80 YEARS
Investing in industry

INDEX

RAMADA INVESTIMENTOS E INDÚSTRIA

MANAGEMENT REPORT

Shaping industry

From steel
to engineering
and storage solutions,
our brands reflect
our know-how.

80 YEARS
Investing in industry

To the Shareholders

Pursuant to the legal requirements, the Board of Directors of F. Ramada Investimentos, S.G.P.S., S.A. ("Ramada Investimentos") hereby presents its Management Report for the financial year of 2016. According to number 6 of article 508 - C of the Commercial Companies Code, the Board of Directors has decided to submit a single Management Report, fulfilling all legal requirements.

INTRODUCTION

2016 was a year of great investments for Ramada Group and also a year of consolidation of investments made in 2015. The investments were done in order to increase the operating efficiency and productive capacity. The final goal is to improve the quality of services provided to the customers, which is one of the distinctive aspects of the Group. Additionally, in terms of operating and financial performance, this was the best year ever.

Ramada Investimentos was incorporated in June 2008, resulting from a restructuring operation, having its shares listed on the Euronext Lisbon since July 2008. Currently, Ramada Investimentos is the parent company of a group of companies ("*Ramada Investimentos e Indústria*") which operate in two business areas: i) Industry, which comprises the Steel activity, the Storage Systems activity, as well as the activity related to the management of financial investments corresponding to non-controlling interests; and ii) Real Estate, focused in the management of real estate assets.

The Steel activity, with a prominent position in the domestic market, is carried out by three companies: Ramada Aços, Universal Afir and Planfuro Global[1]. This activity is developed, mainly, in the moulds segment.

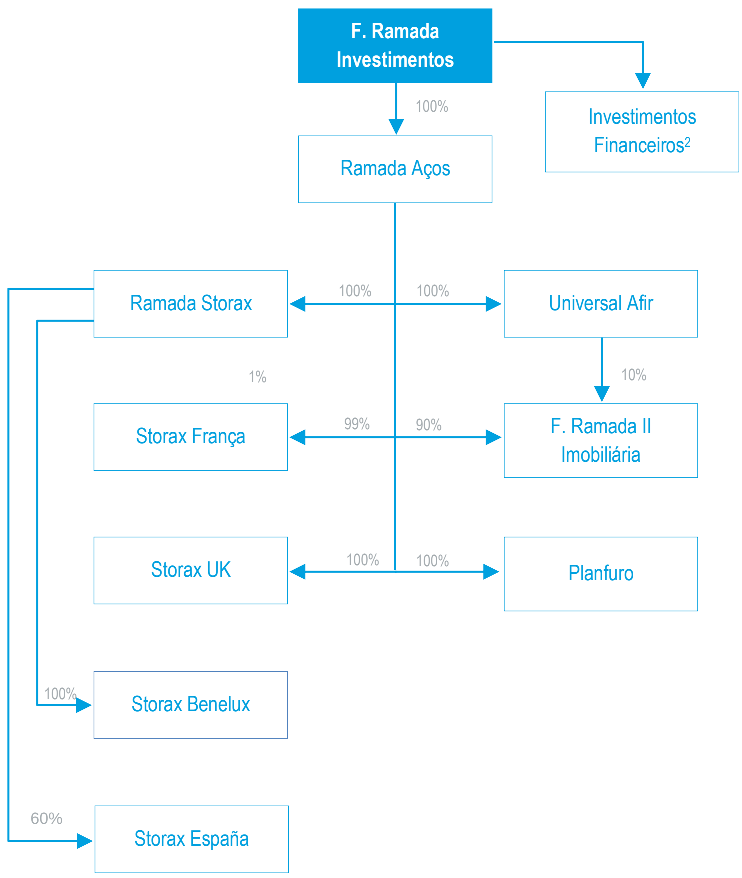
The activity of Storage Systems is carried out by five companies: Ramada Storax, S.A. (the largest manufacturer of storage systems in Portugal, which concentrates all the manufacturing operations of the Group), Storax (France), Storax Limited (UK), Storax Benelux (Belgium) and Storax España (Spain).

The activity of management of financial investments includes the stake held in Base Holding (35.22%), which is the parent company of a group of companies which operate in the area of health supplementary diagnosis means.

The real estate segment, whose activity is the management of real estate assets (including forestry assets and buildings), is carried out by the company F. Ramada II Imobiliária.

[1] In 2016, the Group acquired the remaining stake (50%) of Planfuro Global, S.A. joint-venture. Consequently, the Group has full control of its activity since the end of 2016.

The structure of F. Ramada Group, as of 31 December 2016, can be presented as follows:



[2] Includes non-controlling interests or where the Group has no significant influence.

MACROECONOMIC BACKGROUND

Although 2016 had been marked by the refugee crisis, the populist movements, the "Brexit" and by USA elections, the tiny recovery of the European economy continued in a stable rhythm. Euro Zone economy recorded a growth rate of 0.5% in the first and fourth quarters, while in the second and third quarters, the growth rate was 0.3%.

In Portugal, the first half extended the period of deceleration that had already began in the second half of 2015, mainly due to the slowdown in domestic demand and in exports. In the labour market, the situation has improved with the increase in employment and the reduction of unemployment. In the third quarter, economic growth accelerated, essentially as a result of a growth in exports. INE ("Instituto Nacional de Estatística") revised its growth estimate to 2%, for the fourth quarter of the year. This variation is caused by an increase in private consumption and by an increase in investment that has returned to positive levels.

In 2017, the outlook for Euro Zone economy is moderately positive, based in the recent Euro depreciation and in monetary stimulation provided by ECB to aid economy growth.

By 2016, the US economy has exhibited one of the lowest growth rates in recent years, particularly lower in the first half of the year. The main reason for this performance was the decrease in investment, stronger in the energy sector as a result of the decrease in oil prices. The labour market continued to show a very positive evolution with unemployment rates at minimum levels and wages rising at the end of the year. Domestic demand was thus the main contributor for the economic growth. 2017 projections point to a growth of 2.3%, supported, in part, by the prospect of additional fiscal incentives.

The Chinese economy maintained a trend of slowing economic growth and also a trend of changing the priority from industry to services sector. The economic growth rate was 6.7%, based in the private consumption and in services. For 2017, the trend described above is expected to continue.

In the foreign exchange market, it is important to mention the recent decrease of the rate Euro/USD, which has reached minimum values since the last 14 years. For 2017, the forecasts point to a tiny appreciation of USD, based in the possibility of interest rates increasing, as FED had admitted, and in USA economic growth expectation. Euro is facing an uncertain tendency, resulting from "Brexit" impacts and from the elections in Germany, France and the Netherlands that will occur in 2017.

STOCK PRICE EVOLUTION

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

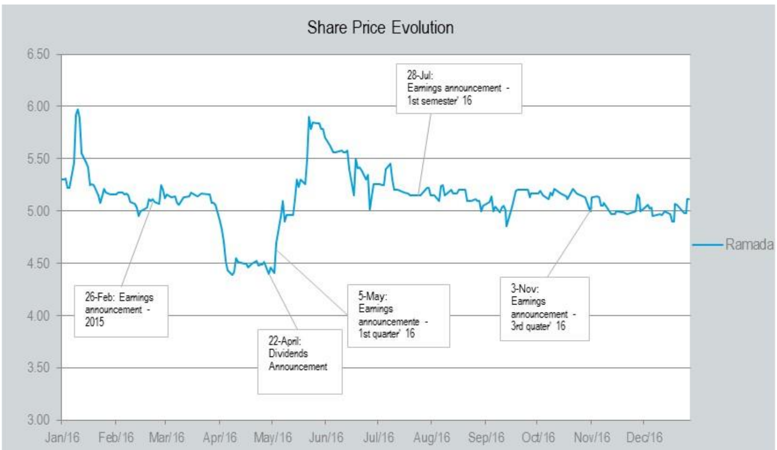
Ramada Investimentos' shares recorded a depreciation of 3.4% in 2016, strongly overcoming the national stock exchange index (PSI-20) which depreciated 11.9% during the same period.

At the end of 2016, Ramada Investimentos' shares closed at 5.11 Euro per share, which represents a devaluation of 3.4% compared to the end of 2015 and corresponds to a market capitalization of 131 million Euro.

In 2016, Ramada Investimentos' shares were traded at a maximum price of 5.97 Euro per share and a minimum price of 4.39 Euro per share. A total of 1,189,292 shares of Ramada Investimentos were traded in 2016.

Ramada Investimentos' share price evolution

The main events which influenced the evolution of Ramada Investimentos' share price during 2016 can be described as follows:



- In the announcement of the Group's performance in the financial year of 2015, released on 26 February 2016, Ramada's consolidated net profit was of 11.1 million Euro, which represents an increase of 36.7%

compared to 2015. The total revenues reached 126.6 million Euro and consolidated EBITDA amounted to approximately 17.9 million Euro. In that day, Ramada Investimentos' shares closed at 5.09 Euro per share;

- In the announcement made on April 22, Ramada Investimentos informed the market that the proposed dividends distribution of 0.21 Euro per share, related with 2015, would be paid from May 11 onwards;
- On May 5, in the announcement concerning the presentation of the financial statements for the first quarter of 2016, Ramada Group presented a net profit of 2.8 million Euro, consolidated EBITDA amounted to 4.3 million Euro, while operating income amounted to 28.2 million Euro;
- On 28 July, the Group announced a net profit of 5.766 thousand Euro during the first half of 2016. Consolidated EBITDA amounted to 10.5 million Euro, while the EBITDA margin was 16.8%;
- In the announcement of 3 November 2016, the Group presented the results for the third quarter of 2016, having obtained a net profit of 9.2 million Euro. Consolidated EBITDA totalled approximately 15.9 million Euro, while the EBITDA margin was of 16.4%.

GROUP'S ACTIVITY

Ramada Investimentos is the parent company of a group of companies ("Ramada Investimentos e Indústria") which, together, operate in two distinct business areas:

i) Industry, which includes the Steel activity, the Storage Systems activity, as well as the activity related to the management of financial investments held corresponding to non-controlling interests;

ii) Real Estate, focused in the management of real estate assets, in which we highlight an important part of forestry lands.

Steel activity

In the Steel activity, the Group has a prominent position in the domestic market.

The steel commercialized by the Group is mainly intended to the construction of machines and their components and to the production of tools (dies, sharps and moulds), having as main target markets those which manufacture moulds for plastic components, components for the automotive industry, for home appliances and electronic devices.

The Steel Activity recorded a turnover growth compared to 2015, which has supplanted the objectives for 2016.This growth is a consequence of sales growth to the moulds industry and to machinery and equipment segment.

The automotive sector continues to invigorate other sub-sectors and their components suppliers. It is important to mention the good performance of tools and moulds suppliers during the year.

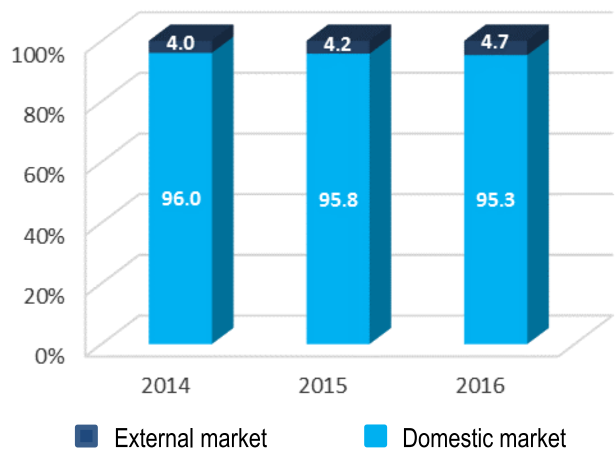
The new activity of structures machinery for moulds approached the projected occupation rates to this investment phase. There is involved a great engineering team to put on the field the best worldwide practices in this activity.

It has been acquired various saw blades to increase cut capacity and guarantee a service level of 95%. Additionally, it has been acquired two new ovens of thermal treatment that will treat components until 4,000 kg of weight. There are few industrial units in Europe with that capacity.

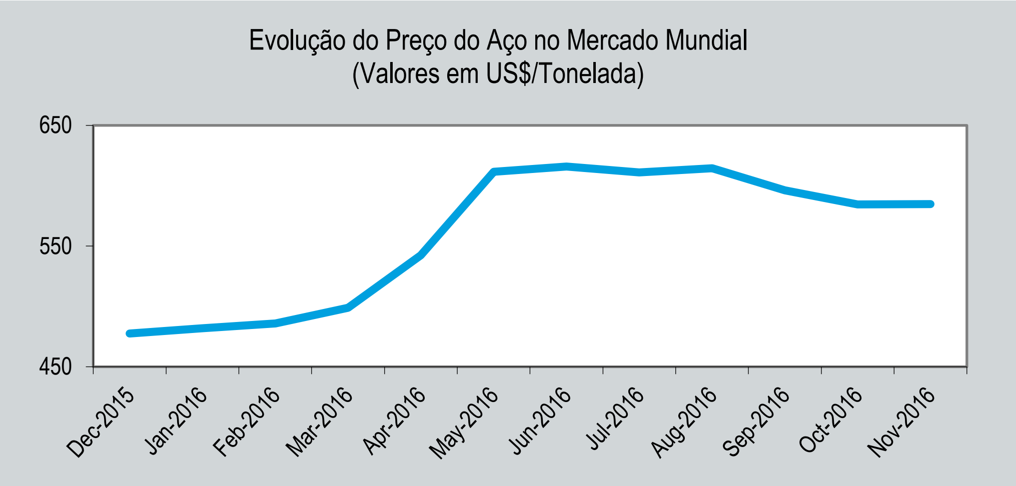
In 2017, the Group will continue to increase its productive capacity in order to improve the compliance with the delivery deadlines demanded by the market.

The Steel activity is essentially developed in the domestic market, which represents approximately 95% of its turnover.

Turnover evolution by market - Steel activity



The sales to the foreign market have been growing. It is important to highlight the growth of 19% in 2016 compared to 2015. Europe is the main destination, representing 96% of the exports.



Steel purchase prices had a significant increase in the second quarter of 2016, having then small variations until the end of the year.

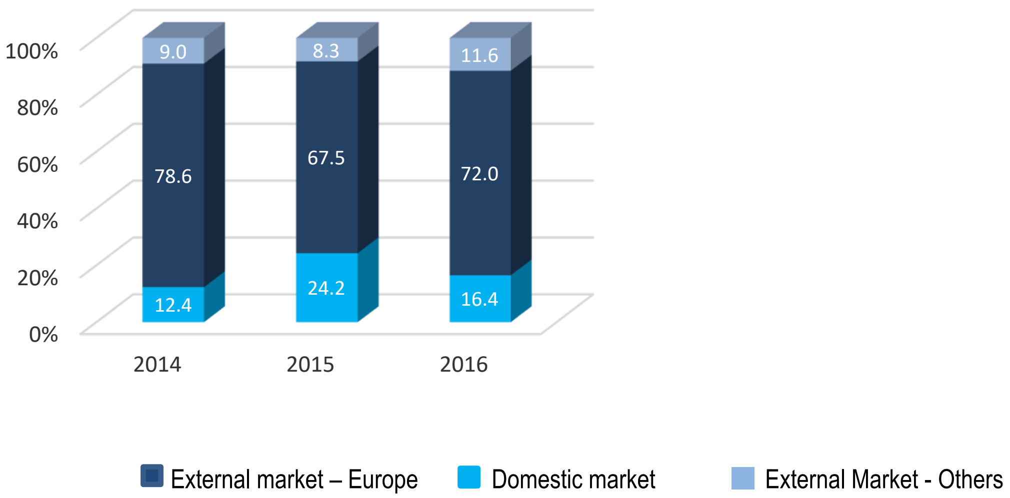
Storage systems activity

In the storage systems activity, the group is specialist in the conception, installation and after sales services, having more than 50 years of experience. The deep knowledge about all the storage areas is its brand image.

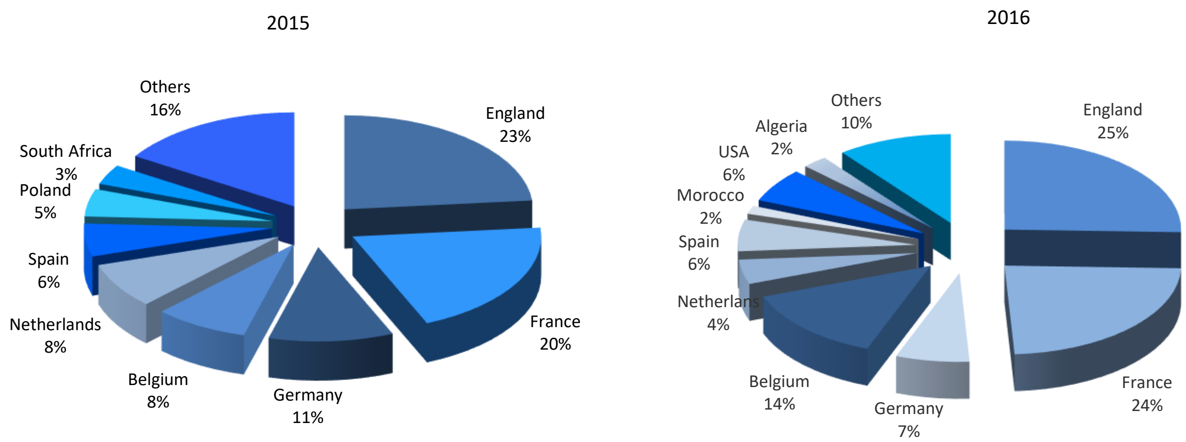
Storage systems activity (Storax – Engineered Storage Solutions) had also a turnover growth in 2016 compared to 2015.

The foreign market continues to be the main booster of this activity, representing 84% of its turnover in 2016.

Storage systems turnover distribution by geographical market



Distribution of storage systems activity by foreign markets



Financial investments activity

As of December 31, 2016 and 2015, the participation held by the Group in its associated Base Holding SGPS, S.A. is the most relevant in the Group's financial investments management activity.

Base Holding is the parent company of a group of companies which operate in the sector of health supplementary diagnostics, essentially being clinical analysis, imaging and cardiology. Base Holding held, as of 31 December 2016, 38 units implemented across the country, with greater incidence in the North region. Additionally, it had 250 blood collection stations spread throughout the country, reaching a consolidated turnover of over 77 million Euro.

At the end of 2015, under a public tender, Base Holding was awarded 12 new conventions of gastroenterology; which constitutes a new clinical competence for the group. Already in February 2016, Base Holding has integrated, by trespass, the clinics network Dr. Mário Moreira, which operates under the brand LabMed.

Other Group's investment is CEV – Consumo em Verde/Converde, whose activity is the development, patenting, production and commercialization of organic fungicides for agriculture based on an edible protein - BLAD protein. BLAD is obtained from the extraction of the protein from *Lupinus Albus* (sweet lupine). Its industrial unit was inaugurated in January 2013 and is located at Biocant Park in Cantanhede.

Regarding the operations of this subsidiary, it should be noted that 2015 was the year in which the first sales of the product were made after the long waiting time to obtain the US sales authorization. In that year the product only reached the farmers during the month of May, reason why it could only be applied in the strawberry, one of the four authorized cultures. 2016 was the first full year that American farmers could also apply the product to grapes, tomatoes and almonds.

During the year 2016, all sales were made only to the US market, through the distributor for that market, FMC Corporation (listed on the NYSE), with a consolidated turnover of 2.23 million Euro, which compares with 1.87 million Euro in the year 2015, representing an increase of around 20%.

Also in 2016, CEV/Converde obtained registration of the product in South Korea where the first sales are expected to occur as early as 2017.

In 2017 the approval of the sale of the product to new diseases and crops from the US authorities is expected to be obtained, widening its target market. Also in 2017, the registration of the product in China and Australia should be finalized. As for other markets, the necessary formal procedures and field trials demonstrating effectiveness are being done, in Japan (product registration expected for late 2018), Mexico (product registration expected at the end of 2018) and Product expected in 2019.

There are already negotiations with potential distributors of the product for all regions listed.

FINANCIAL REVIEW

The financial information presented below related to the 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.

The main indicators of the consolidated activity of Ramada Group are as follows:

	2016	2015	Var. %
Sales and services rendered	135,930	125,810	8.0%
Other income	1,415	747	89.4%
Total Income	**137,345**	**126,557**	**8.5%**
Cost of sales	(72,265)	(70,685)	2.2%
External supplies and services	(25,759)	(21,183)	21.6%
Payroll expenses	(16,628)	(15,018)	10.7%
Other costs	(1,368)	(1,801)	-24.0%
Total Costs (a)	**(116,020)**	**(108,687)**	**6.7%**
EBITDA (b)	**21,325**	**17,870**	**19.3%**
EBITDA margin	**15.5%**	**14.1%**	
Depreciation and amortization	(4,719)	(2,397)	96.9%
EBIT (c)	**16,606**	**15,473**	**7.3%**
EBIT margin	**12.1%**	**12.2%**	
Gains/Losses in associated companies	2,028	1,563	29.8%
Financial costs	(2,088)	(2,713)	-23.0%
Financial gains	205	154	33.3%
Net profit before income tax	**16,752**	**14,477**	**15.7%**
Income tax	**(4,723)**	**(3,426)**	**37.9%**
Deferred tax	1,889	7	
Consolidated net profit	**13,928**	**11,058**	**26.0%**
Consolidated net profit attributable to shareholders of Parent company	13,861	11,033	25.6%
Consolidated net profit attributable to non-controlling interests	67	25	

(Amounts in thousands of Euros)

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

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

(c) EBIT = earnings before financial results and income tax

The total turnover of Ramada Group amounted to 137,345 thousand Euros, representing an increase of 8.5% in comparison to 2015.

The total costs, excluding amortization, financial results and income tax, amounted to 116,020 thousand Euros, representing an increase of 6.7% in relation to 2015.

EBITDA in 2016 reached 21,325 thousand Euros, representing an increase of 19.3% when compared with 2015. In 2016, EBITDA margin reached 15.5%, which compares to 14.1% obtained in 2015.

Group operating results (EBIT) amounted to 16,606 thousand Euros, representing a positive variation of 7.3% comparing with 15,473 thousand Euros in 2015.

In 2016, Ramada Group recorded gains in associated companies in the amount of 2,028 thousand Euros, which compares to 1,563 thousand Euros recorded in 2015.

Negative financial results amounted to 1,883 thousand Euros, representing an improvement of 26.4%, when compared with 2015.

The deferred tax item includes the accounting impact associated with the recognition of the deferred tax asset, following the adoption of the fixed assets revaluation regime published by Decree No. 66/2016, of November 3.

Ramada Group net profit reached 13,928 thousand Euros, being 26.0% above the amount recorded in 2015.

INDUSTRY

	2016	2015	Var. %
Total Income	130,817	120,088	8.9%
Total Costs (a)	(114,755)	(107,220)	7.0%
EBITDA (b)	16,062	12,868	24.8%
EBITDA margin	12.3%	10.7%	
EBIT (c)	11,665	10,737	8.6%
EBIT margin	8.9%	8.9%	
Financial results	(445)	(853)	-46.6%
Gains / Losses in associated companies	2,028	1,563	29.8%
Net profit before income tax	13,238	11,447	15.6%

(Amounts in thousands of Euros)

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

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

(c) EBIT = earnings before financial results and income tax

In 2016 total turnover of the industry segment reached 130,817 thousand Euros, corresponding to an improvement of 8.9% in comparison with 2015.

EBITDA of the industry segment in 2016 reached 16,062 thousand Euros, representing an increase of 24.8% when compared to 12,868 thousand Euros in 2015.

EBITDA margin of the Industry segment increased from 10.7% in 2015 to 12.3% in 2016.

Operating result (EBIT) of this segment in 2016 was 11,665 thousand Euro. That represents a growth of 8.6%, compared to the previous year. EBIT margin was 8.9%.

The financial results of the industry segment amounted to negative 455 thousand Euro. That represents a better performance of 46.6%, compared to the negative 853 thousand Euro in the previous year.

As of December 31, 2016 and 2015, in the financial investments management activity, it is important to highlight the participation held by the Group in the associated Base Holding SGPS, S.A..

The application of the equity method on that investment had an impact of 2,028 thousand Euro in the Group's net profit in 2016 (1,563 thousand Euro in 2015).

The main financial indicators of this associated company as of 31 December 2016 (provisional data based on unaudited accounts) and 2015 are as follows:

	2016 [1]	2015
Services rendered	**77**	70
EBITDA	**17**	15
Net financial debt	**32**	27

(Amounts in million Euros)
[1]Provisional data based on unaudited accounts.

REAL ESTATE

	2016	2015	Var. %
Total income	**6,529**	6,469	0.9%
Total costs (a)	**(1,265)**	(1,467)	-13.7%
EBITDA (b)	**5,263**	5,002	5.2%
EBIT (c)	**4,941**	4,736	4.3%
Financial results	**(1,428)**	(1,707)	-16.4%
Net profit before income tax	**3,514**	3,029	16.0%

(Amounts in thousands of Euros)
(a) Operating expenses excluding depreciation, financial expenses and income tax
(b) EBITDA = earnings before financial results, income tax, depreciation and amortization
(c) EBIT = earnings before financial results and income tax

In 2016 total turnover of the Real Estate segment amounted to 6,529 thousand Euros, representing an increase of 0.9% in relation to the prior year.

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

In 2016 Real Estate segment EBITDA reached 5,263 thousand Euros, representing a slight increase of 5.2% in relation to 2015.

Real Estate segment EBIT amounted to 4,941 thousand Euros, representing an improvement of 4.3% in relation to 2015.

Financial results of the Real Estate segment, in 2016, amounted to negative 1,428 thousand Euros, representing an improvement of 16.4% compared with negative 1,707 thousand Euros reached in 2015.

INVESTIMENTS AND DEBT

Ramada investments in fixed assets in 2016 amounted to, approximately, 9 million Euros.

The nominal net debt of Ramada Group as of December 31, 2016, reached 72,973 thousand Euros (66,341 thousand Euros as of December 31, 2015).

ACTIVITY DEVELOPED BY THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

During the financial year of 2016, the non-executive directors of the Company have regularly and effectively developed the functions demanded by law, namely through monitoring and evaluating the activities of the Executive Directors.

Among others, the non-executive Directors have regularly and actively attended the Board of Directors meetings, discussing the matters under consideration and expressing their respective opinions on the Group's strategic guidelines. Whenever necessary, they maintained a close contact with the financial and operational key staff of the Group companies. In this financial year, and during the Board of Directors' meetings, the executive members provided all the information required by the remaining members of the Board of Directors.

OUTLOOK FOR 2017

The strong trend for investment in automatic warehouses in all Europe might influence, in a positive way, the Storage Systems activity.

The investments made in 2015 and 2016 aimed at increasing the operational efficiency and the production capacity and expanding the range of services and products.

Based on these two facts, the Group expects that the activity in 2017 will continue at the same level of 2016.

PROPOSED ALLOCATION OF THE 2016 INDIVIDUAL NET PROFIT

F. Ramada Investimentos, SGPS, SA, as holding company of the Group, recorded in its individual financial statements, which were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, a net profit of 4,578,310.07 Euro, for which, in accordance with the applicable legislation and the Company's articles of association, the Board of Directors proposes to the Shareholders General Meeting the following allocation:

Legal reserve	228,915.50
Dividends	4,349,394.57*

	4,578,310.07
	===========

The Board of Directors of F. RAMADA – INVESTIMENTOS, SGPS, S.A. also proposes to the Shareholders General Meeting the distribution of free reserves amounting to 2,112,253.35* Euro under the form of dividends, in addition to the mentioned profit distribution of the year.

The proposed distribution corresponds to a dividend payment of 0.28* Euro per share.

* This amount considers the existence of 2,564,145 own shares held. If the number of own shares changes, as of the payment date, the payable dividends amount may be adjusted by the amount allocated to "Other reserves", to keep the proposed payable amount per share unchanged.

RAMADA INVESTMENTS AND INDUSTRY

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

PART I – INFORMATION ON SHAREHOLDER, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital structure

1. Capital structure

F. Ramada – Investimentos, SGPS, S.A. ("Company" or "Ramada Investimentos") share capital amounts to 25,641,459.00 Euros, fully subscribed and paid, consisting of 25,641,459 ordinary, registered and bearer shares with a nominal value of one Euro each.

From the total issued voting rights, 75.78% are, as far as the Company is aware, attributed to the holders of qualifying holdings listed in sub-section II.7.

All the shares representing the share capital are admitted to negotiation on the regulated market Euronext Lisbon.

2. Restrictions on the transfer and ownership of shares

Ramada Investimentos' shares have no restrictions on their transfer or on their ownership since there are no shareholders owning special rights. Therefore, Ramada Investimentos’ shares are freely transmittable in accordance with the applicable legal standards.

3. Own shares

Pursuant to the purposes of the article 66 of the Commercial Companies Code, the Directors inform that as of 31 December 2016 the Company had 2,564,145 own shares, representing 9.999996% of the share capital, which were acquired in the fourth quarter of 2012.

4. Important agreements in which the company is a party and which come into effect, amend or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects

There are no significant agreements engaged by Ramada Investimentos, including any clauses of control change (for instance, after a takeover bid), that is, which are effective, amend or terminate under such circumstances. Also, there are no specific conditions which limit the exercise of voting rights by shareholders of the Company or other matters that may interfere with the success of takeover bids.

Some financing agreements contain standard clauses of early repayment in the case of a change of shareholder control in subsidiaries (and not of the Company). The Company believes that its disclosure would be harmful to itself, while not adding any benefit to shareholders, and considers that these ownership clauses, which are common in this type of contract, do not assume the adoption of any guarantee or shielding measures in cases of change of control or change in the management body composition.

5. Regime that is subject to the renewal or withdrawal of defensive measures, particularly those that foresee a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders

Ramada Investimentos did not adopt any defensive measures.

6. Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights

It is unknown the existence of any shareholders' agreements involving the Company.

II. Shares and bonds held

7. Qualified holdings

As of 31 December 2016, pursuant to the requirements of articles 16 and 20 of the Securities Code ("Código dos Valores Mobiliários") and article 448 of the Portuguese Companies Act, the Company informs that, in accordance with the notifications received, the companies and/or individuals that hold qualifying holdings exceeding 2%, 5%, 10%, 20%, 33% and 50% of the voting rights, are as follows:

1 Thing, Investments SGPS, S.A.	No. Of shares held as of Dec. 31, 2016	% share capital wtih voting rights (1)
Directly	2,072,862	8.08%
Total attributable	**2,072,862**	**8.08%**

(a) - the 2.072.862 shares correspond to the total F. Ramada Investimentos, SGPS, S.A. Shares held directly by 1 THING INVESTMENTS - SGPS, S.A. whose Board of Directors includes the Director Pedro Miguel Matos Borges de Oliveira.

Livrefluxo - GSPS, S.A.	No. Of shares held as of Dec. 31, 2016	% share capital wtih voting rights (1)
Directly (a)	2,590,631	10.10%
Throuhg its Director Maria João Fernandes Vieira Matos	512,284	2.00%
Total attributable	**3,102,915**	**12.10%**

Paulo Jorge dos Santos Fernandes	No. Of shares held as of Dec. 31, 2016	% share capital wtih voting rights (1)
Throuhg Actium Capital - SGPS, S.A. (in which is dominant shareholder and director)	4,009,402	15.64%
Total attributable	**4,009,402**	**15.64%**

Ana Rebelo Carvalho Menéres de Mendonça	No. Of shares held as of Dec. 31, 2016	% share capital wtih voting rights (1)
Throught PROMENDO - SGPS, S.A. (in which is dominant shareholder and director)	4,945,383	19.29%
Total attributable	**4,945,383**	**19.29%**

João Manuel Matos Borges de Oliveira	No. Of shares held as of Dec. 31, 2016	% share capital wtih voting rights (1)
Through CADERNO AZUL - SGPS, S.A. (in which is shareholder and director)	5,300,000	20.67%
Total attributable	**5,300,000**	**20.67%**

(1) - Voting right calculated, having in consideration the totality of the equity with voting rights, under the item b), no. 3 of the arcticle no. 16 of securities code

Ramada Investimentos was not informed of any participation exceeding 33% of the voting rights.

8. Number of shares and bonds held by members of the management and supervisory boards, under the terms of the number 5 of article 447 of the Commercial Companies' Code (CSC)

The shares and bonds held by members of management and supervisory bodies in the Company and in companies in a relationship of control or group with the Company, directly or through related persons, are disclosed in the appendices to the Management Report as required by Article 447 of the Commercial Companies Code (CSC) and by the number 7 of Article 14 of Regulation 5/2008 of the Portuguese Securities Market Commission (CMVM).

9. Powers of the Board of Directors, regarding resolutions on capital increases

Article 4 of the Company's by-laws, in the wording assumed at the time of incorporation of the Company (June 1, 2008), assigned to the Board of Directors powers to manage and represent the Company and carry out all operations related to its corporate purpose, including, among others, the possibility to decide, with the prior opinion of the supervisory board of the Company, towards capital increases, by one or more occasions, up to 35 million Euros in cash.

This bylaws, in the terms of number 2 of Article 456, paragraph b) of CSC, was valid for five years, not being renewed in the terms of number 4 of the same Article. Therefore, its effectiveness ceased in March 31, 2013, date in which such power was exclusively transferred to the General Meeting.

10. Significant business relationships between the holders of qualified shares and the Company

In 2016, there were no businesses or significant transactions between the Company and holders of qualifying shareholdings except those that, as part of normal operations, were performed in normal market conditions for similar transactions. However, it is worth noting that the amounts involved are not significant.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

a) Composition of the Board of the General Meeting

11. Detail and position of the members of the Board of the General Meeting and respective term of office

As of December 31, 2016, the Board of the General Meeting was composed by the following members:

Chairman: José Francisco Pais da Costa Leite

Secretary: Cláudia Alexandra Gonçalves dos Santos Dias

The mandate began in 2014 and ended in 2016.

b) Exercise of the right to vote

12. Potential restrictions on voting rights

The share capital of the Company is fully represented by a single class of shares, with one vote corresponding to each share, and with no statutory limitations on the number of votes that may be held or exercised by any shareholder.

The Company has not issued preferred shares without voting rights.

The participation of shareholders at the General Meeting is dependent, under the law, upon proof of ownership of the shares by reference to the "Record Date".

Individual shareholders with voting rights and companies who are shareholders of the Company may be represented by the person designated for that purpose. The representation should be communicated to the Chairman of the General Meeting in writing until the end of the third working day prior to the day scheduled for the meeting.

A shareholder may appoint different representatives for the shares owned in different securities accounts, provided that it does not affect the principle of voting unity and of voting in different directions allowed to shareholders acting as professional investors.

Shareholders can exercise voting rights via postal voting on all matters subject to the General Meeting which may be exercised by written declaration, together with the identification of the shareholder and his signature duly recognized, as required by law. According to the bylaws, the declaration of intention to cast postal votes and the supporting document proving the quality of shareholder must be delivered in the Company’s headquarters, until the end of the third working day prior to the day scheduled for the meeting, with identification of the sender, addressed to the Chairman of the General Shareholders’ Meeting. The possibility to exercise voting rights by electronic means is still not provided. In that regard, the Company has not yet triggered the mechanisms required for its implementation since this modality was never requested by any shareholder and considering that this circumstance does not constitute any constraint or restriction on the exercise of voting rights by shareholders.

The Company discloses, within the legal time limits and in all places requested by law, in Portuguese and English, the due call for the General Meetings, which contains information on how to enable the shareholders to participate and exercise their right to vote and also about the procedures to be followed for voting by correspondence or designated representatives. The Company also discloses, as required by law, the resolution proposals, preparatory information and the minutes of the letter of representation and voting forms for postal voting, in order to ensure, promote and encourage shareholder participation, by them or representatives designated by them, in the General Meetings.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in number 1 of Article 20

There is no limitation on the number of votes that can be held or exercised by a single shareholder or group of shareholders.

14. Shareholders' resolutions which, according to the bylaws, may only be taken with a qualified majority

According to the bylaws of the Company, the corporate decisions are taken by majority vote, whatever the percentage of share capital represented at the meeting, except when a different majority is required by law.

In a second call, the General Meeting may decide independently of the number of shareholders present and the capital they represent.

The deliberative quorum of the General Meeting is in accordance with the Portuguese Companies Act (CSC).

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Identification of the corporate governance model adopted

Ramada Investimentos adopts the governance model called monist, which includes a management structure centralized in a Board of Directors, a centralized Supervisory Board and a Statutory Auditor.

The Board of Directors is thus the body responsible for the management of the Company's business in achieving its social object.

16. Bylaws' regulation on procedural requirements governing the appointment and replacement of members of the Board of Directors, when applicable

The Members of the Board of Directors of the Company are appointed by the Shareholders' General Meeting for a three years' mandate and may be re-elected one or more times.

The Board of Directors consists of three to nine members, shareholders or not, elected by the Shareholders' General Meeting.

At the General Shareholders' Meeting elections, one, two or three Directors shall be elected individually among the candidates proposed on the lists endorsed by groups of shareholders, depending on whether the total number of Directors is three or four, five or six, or seven or more than seven, provided that none of these groups owns shares representing over 20% or less than 10% of the share capital. Each of the referred lists shall propose at least two candidates eligible for each one of the available posts, one of them being nominated as substitute. No shareholder may endorse more than one of the mentioned lists. If more than one list exists, the voting will focus over the different lists.

The General Shareholders' Meeting may not proceed to the election of any further Directors until one, two or three have been elected, as per the dispositions above, unless the abovementioned lists have not been presented. In the case of a missing elected Director, the respective substitute shall be called. In the case of there being no substitute, a new election shall be called, in which the dispositions above shall be applied with the necessary adaptations.

17. Composition of the Board of Directors

The Board of Directors is currently made up of 5 members who are responsible for carrying out all the management functions to implement the operations inherent to its corporate goals, acting in the best interests of the Company, its shareholders and other stakeholders. As of December 31, 2016 this corporate board was composed of the following members:

João Manuel Matos Borges de Oliveira – Chairman

Paulo Jorge dos Santos Fernandes – Member

Domingos José Vieira de Matos – Member

Pedro Miguel Matos Borges de Oliveira – Member

Ana Rebelo de Carvalho Menéres de Mendonça – Member (non executive)

All Board of Directors' members were appointed by the Shareholder's General Meeting held in April, 24, 2014 for the period 2014/2016.

NAME	FIRST APPOINTMENT	END OF MANDATE
João Manuel Matos Borges de Oliveira	June 2008	December 31, 2016
Paulo Jorge dos Santos Fernandes	June 2008	December 31, 2016
Domingos José Vieira de Matos	June 2008	December 31, 2016
Pedro Miguel Matos Borges de Oliveira	May 2009	December 31, 2016
Ana Rebelo de Carvalho Menéres de Mendonça	May 2009	December 31, 2016

18. Distinction to be drawn between executive and non-executive Directors and, as regards non-executive members, details of members that may be considered independent

As of December 31, 2016, the Board of Directors' included one non-executive member: Ana Rebelo de Carvalho Menéres de Mendonça.

The Board Directors does not include any member who satisfies the standard of independence referred in recommendation II.1.7 of Corporate Governance Code issued by the Portuguese Securities Regulator (CMVM) since the non-executive director Ana Rebelo Carvalho Mendonça holds a qualifying holding.

To provide the non-executive directors with an independent and informed decision, the Company has the following mechanisms:

- Notices of meetings of the Board of Directors sent to all directors, including the agenda, even if provisory, for the meeting, accompanied by all the relevant information and documentation;

- The availability of executive directors to provide to non-executive directors any additional information which they consider relevant or necessary, and to carry out studies and more in-depth analysis in relation to all matters to be decided upon or under review in some way, within the Company;
- Availability of books of minutes, records, documents and other backgrounds of operations of the Company or its subsidiaries, for examination, as well as the provision and promotion of a direct channel for obtaining information from the managers and operational and financial officers of several companies that are part of the Group, without requiring any intervention of the executive directors in this process.

Given the corporate model adopted and the composition and *modus operandi* of its governing boards, including the independence of the supervisory boards, without delegation of powers among them, the Group considers that the designation of independent directors to the Board would not yield significant improvements for the proper functioning of the corporate governance model, which has revealed itself proper and efficient.

The Management Report includes in its chapter “Activity developed by the non-executive members of the Board", a description of the activity of the non-executive Directors during 2016.

19. Professional qualifications and other relevant curricular information of the members of the Board of Directors

The qualifications, experience and positions held in other Companies by the members of the Board of Directors are presented in Appendix I.

20. Recurring and meaningful family, professional or business relationships of members of the Board of Directors with shareholders entitled to qualifying holdings that are greater than 2% of the voting rights

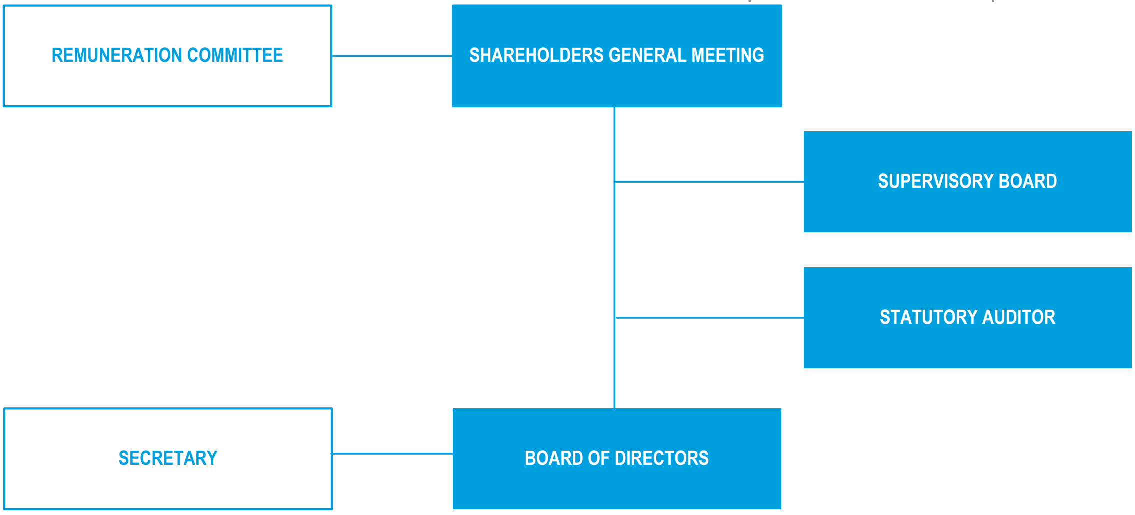
The President of the Board of Directors João Manuel Matos Borges de Oliveira is Director and shareholder of CADERNO AZUL - SGPS, S.A., which owns 20.67 % of the share capital of Ramada Investimentos. In addition, that Director is brother of the Director Pedro Miguel Matos Borges de Oliveira who is the President of the Board of Directors of 1 THING, INVESTMENTS, SGPS, S.A., which owns 8.08% of the share capital of Ramada Investimentos.

Paulo Jorge dos Santos Fernandes is Director and dominant shareholder of ACTIUM CAPITAL – SGPS, S.A., which owns 15.64 % of the share capital of Ramada Investimentos.

The company PROMENDO SGPS, S.A. holder of 19.29 % of the share capital of Ramada Investimentos, also has Ana Rebelo de Carvalho Menéres de Mendonça, non-executive Director of Ramada Investimentos, as Director and dominant shareholder.

The Director Domingos José Vieira Matos is dominant shareholder and Director of LIVREFLUXO-SGPS, S.A., which holds a stake of 10.10% in Ramada Investimentos share capital.

21. Organizational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly regarding the delegation of the company's daily management



The Board of Directors develops its management and coordination functions of the Group companies on a collective basis and is currently made up of a president and five members, one of them being non-executive.

The Board of Directors has been exercising its activity in constant dialogue with the Supervisory Board and the Statutory Auditor, providing the requested assistance with transparency and rigor, complying with the regulations and best practices on corporate governance.

There is no limit to the maximum number of positions that the Board members can accumulate as directors of other companies. The members of Ramada Investimentos' Board of Directors are, in most cases, part of the management of the most significant Group companies, so as to enable their activities to be more closely monitored.

The Board of Directors believes that due to its organizational structure, size and complexity, the only imperative specialized commission is the Remuneration Committee, as explained below in sub-section 28.

The Remuneration Committee is the body responsible for performance evaluation and approving the remuneration of Board members and other corporate bodies, in compliance with the remuneration policy of the Company, approved by shareholders in General Meetings.

Ramada Investimentos' Corporate Finance department, given its integrated and cross-sectional view at the level of all the companies in the Group, is responsible, on one hand, for the definition of financial management strategies and policies and, on the other hand, for securing the interface with capital, debt and banking markets. Ramada Investimentos' Corporate Finance is also in charge of developing mechanisms necessary to implement the outlined financial management strategies and policies.

The planning and management control area supports the implementation of corporate and/or business strategies followed by the Group. This area prepares and analyses management information at the level of all companies in the Group, as well as at the consolidation level, on monthly, quarterly, semi-annual and annual basis, ensuring the monitoring of deviations from the budget and the enforcement of the necessary corrective measures. It also bears the responsibility of building business plans and integrating multidisciplinary work teams created for this purpose, activities which it develops alongside with the permanent development of technical and benchmarking studies about existing businesses in order to monitor the performance of Ramada Investimentos considering its strategic position.

The legal area provides legal support to all the areas of the Group activity, monitoring and ensuring, on one hand, the legality of the operations, and ensuring, on the other hand, the relations with Euronext Lisbon, with CMVM and the shareholders when in presence of legal matters. This area is also responsible for monitoring the corporate governance policy in order to achieve the best practices in this area. This area will also have the responsibility of not only drawing and analysing contracts which maximize safety and reduce legal risks and other potential costs for the Company, but also managing issues relating to intellectual and industrial property used by the Group, such as patents and trademarks, logos, domains and copyright, while still exercising the corporate secretarial functions on a permanent monitoring of legal compliance, supporting the Board of Directors on the implementation of its strategies.

The area of investor relations establishes the relationship between the Group and the financial community, permanently disseminating relevant and updated information about its activity. This area is also responsible for assisting the Board of Directors in providing updated information to the capital markets, as well as aiding the management of institutional relations of Ramada Investimentos, establishing permanent contact with institutional investors, shareholders and analysts and representing the Group in associations, forums and events (national or internationally).

In addition, the operating companies of Ramada Investimentos have their own management bodies of control that exercise their activity at all levels of the subsidiary companies and prepare monthly reports periodically reported to the respective Boards of Directors.

The distribution of functions between the various members of the Board of Directors is carried out as follows:

João Manuel Matos Borges de Oliveira – Chairman

Paulo Jorge dos Santos Fernandes – Member

Domingos José Vieira de Matos – Member

Pedro Miguel Matos Borges de Oliveira – Member

Ana Rebelo de Carvalho Menéres de Mendonça – Member (non executive)

Generically, Ramada Investimentos' Directors focus their activities in managing the Group holdings and defining its strategic development guidelines. The strategic decisions are adopted by the Board including all its members, executives and non-executives, in the normal accomplishment of their duties.

The daily management of each subsidiary is a responsibility of its Board of Directors, which includes some of Ramada Investimentos' Directors but also some other members with defined functions.

Taking into consideration the activities developed by the members of the Board of Directors, both in Ramada Investimentos and in the other several subsidiaries, the functional organizational chart can be presented as follows:

João Borges Oliveira
President

Paulo Fernandes
Domingos Matos
Pedro Borges Oliveira
Ana Rebelo Mendonça
Members of the Board of Directors

b) Functioning

22. Existence and place where rules on the functioning of the Board of Directors may be conferred

The Board of Directors and the Supervisory Board approved regulations are available on the website of the Company: www.ramadainvestimentos.pt - tab "Investors" - section "Governance".

23. Number of meetings held and the attendance report for each member of the Board of Directors

The Company's bylaws stipulate that the Board of Directors shall meet whenever convened by its chairman, on his own initiative or at the request of any other officer and at least once a month.

During 2016, the Board of Directors met twelve times and assiduity corresponded, in all meetings, to 100%.

The meetings of the Board are scheduled and prepared in advance, and timely documentation relating to the matters in agenda is provided, in order to ensure that all members of the Board have the conditions for an informed exercise of their functions. Similarly, minutes of meetings, once approved, and the respective notices of meeting are forwarded to the Chairman of the Supervisory Board.

24. Details of corporate boards responsible for undertaking the performance appraisal of executive directors

The performance assessment of Executive Directors is a responsibility of the Remuneration Committee and is based on the functions performed by them in Ramada Investimentos and in its subsidiaries, in compliance with the remuneration policy of the Company, approved by the shareholders in General Meetings.

The assessment is based on the functions performed by members representing the Board of Directors and other corporate bodies in Ramada Investimentos, considering the responsibilities assumed by each of these members, the value added by each and the accumulated knowledge and experience on the job.

25. Predefined criteria for assessing executive directors' performance

The remuneration of executive members of the Board of Directors includes a variable medium term component (calculated over two mandates 2011-2013 and 2014-2016), based on shareholders' total return (share appreciation plus paid dividends), on the sum of the net profit for that period (2011 to 2016) and on the evolution in the Company's business.

26. Availability of each member of the Board of Directors and details of the positions held at the same time in other Companies within and outside the Group, and other relevant activities undertaken by members of these boards throughout the financial year

The professional activity of the current members of Ramada Investimentos' Board of Directors, with reference to other companies where they have similar functions and other relevant activities undertaken are presented in Appendix I.

However, it should be noted that the members of the Board of Directors showed their total commitment and availability in the exercise of their functions, being present and participating in 100% of the Board's meetings.

c) Committees within the Board of Directors

27. Details of the committees created within the Board of Directors and place where the functioning regulation may be consulted

The Board of Directors believes that the only imperative specialized committee required to fulfil the essential needs of the Company, considering its size and nature, is the Remuneration Committee.

Ramada Investimentos has set a Remuneration Committee for the period 2014/2016, whose composition is as follows:

João da Silva Natária – Chairman

José Francisco Pais da Costa Leite – Member

Pedro Nuno Fernandes de Sá Pessanha da Costa – Member

The Remuneration Committee has a valid operating regulation for the current term, approved at a proper meeting held on December 2014 and which is available for consultation on the Company's website (www.ramadainvestimentos.pt - tab "Investors" - section "Corporate Governance").

28. Composition, if applicable, of the executive board and/or identification of board delegates

Ramada Investimentos, considering its organizational structure, and the small size of the Board of Directors, composed by five members, considers the formal appointment of an Executive Committee within the Board of Directors as unnecessary.

Nevertheless, as stated in section 18 of this report, from the total of five members of the Board of Directors, four perform executive functions, ensuring the following:

- Notices of meetings of the Board of Directors sent to all directors include the agenda, even preliminary, of the meeting, and are accompanied by all the relevant information and documentation;
- Availability of Executive Directors to provide to non-executive Directors any additional information which they consider relevant or necessary, and to carry out further studies and analyses in relation to all matters which are subject to deliberation or that are under review in some way, in the Company;
- The non-executive Directors have wide powers to obtain information on any aspect of the Company, to examine its books, records, documents and other historic facts of the Company's operations. They can request relevant information directly to the Directors and to the financial and operating senior staff of all Group companies, without requiring any intervention of the Executive Directors in this process.

Therefore, the Company considers that the necessary conditions for decisions on strategic matters taken by the Board of Directors as a body composed by all of its members, executive and non-executive, are guaranteed in the normal exercise of their duties, in an enlightened and informed way, totally focused on creating value for shareholders.

Nonetheless, the Board has regularly reflected on the adequacy of its organizational structure, permanently concluding that its structure is aligned with the best corporate governance practices, which has been materialized in a positive performance.

29. Description of the competences of each of the committees established and summary of activities undertaken in the exercise of such competences

As mentioned in the sections 27 and 28, the Board of Directors believes that the only specialized committee indispensable to the satisfaction of the needs of the Company, considering its size, is the Remuneration Committee.

According to the Company's bylaws, the Remuneration Committee is the corporate body responsible for the performance evaluation and approval of the remuneration of Board members and other corporate bodies, in compliance with the remuneration policy of the Company, approved by shareholders in General Meeting.

The performance assessment of Executive Directors belongs to the Remuneration Committee and is based on the functions performed by them in Ramada Investimentos and in the Group, as well as the responsibility and the added value by each one of the Directors and the accumulated experience and knowledge on their functions.

III. SUPERVISION

a) Composition

30. Details of the Supervisory Board representing the model adopted

The Supervisory Board and Statutory Auditor are the supervision bodies of the Company.

31. Composition of the Supervisory Board with details of minimum and maximum number of members according to the bylaws, duration of the term of office, number of effective members, date of first appointment, and date of end of the term of office for each member

The Supervisory Board is appointed by the Shareholders' General Meeting, for a three years' mandate, composed of three members and one or two substitutes, responsible for the supervision of the Company and the appointment of the Statutory Auditor. For the period 2014/2016, the Supervisory Board was composed by the following members:

Pedro Nuno Fernandes de Sá Pessanha da Costa – Chairman

André Seabra Ferreira Pinto – Member

José Guilherme Barros Silva – Member

Luís Filipe Alves Baldaque de Marinho Fernandes – Substitute

The current members of the Supervisory Board were appointed for the first time in April 2014.

32. Details of the members of the Supervisory Board which are considered to be independent pursuant to the number 5 of article 414 of the Portuguese Companies Act (CSC)

As a collective board, the independence assessment of the Supervisory Board is made to all who compose it, given the application of the number 6 of Article 414 of the Portuguese Companies Act, considering independence in accordance with the definition that is given by the number 5 of article 414 and incompatibility according to definition of the number 1 of article 414-A, both of the Portuguese Companies Act. All members who compose the Supervisory Board comply the rules of incompatibility and independence identified above.

33. Professional qualifications of each member of the Supervisory Board and other important curricular information

Regarding the skills and experience to exercise these functions, all members are considered to have the appropriate skills to fulfil their duties and the chairman is adequately supported by the other members of the Supervisory Board. Appendix I presents the qualifications and professional activities of the members of the Supervisory Board.

b) Functioning

34. Availability and place where the rules on the functioning of the Supervisory Board may be viewed

The Supervisory Board regulations are available on the website of Ramada Investimentos (www.ramadainvestimentos.pt - tab "Investors" - section "Corporate Governance").

35. Number of meetings held and the attendance report for each member of the Supervisory Board

During the financial year of 2016, the Supervisory Board of the Company met 5 times, with only one absence in one meeting, which was properly justified, and the corresponding minutes are recorded in the minutes' book of this body.

36. Availability of each member of the Supervisory Board indicating the positions held simultaneously in other Companies inside and outside the Group, and other relevant activities undertaken by members of this Board throughout the financial year

The members of Supervisory Board showed availability in the exercise of their duties attending and participating in almost all meetings of the Board, with only one absence, properly justified. The information regarding other undertaken positions, qualifications and professional experience of the Supervisory Board members are detailed on Appendix I.

c) Powers and duties

37. Description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the External Auditor

The Supervisory Board analyses and approves the nature of other additional services, evaluating if the independence of the External Auditor is ensured.

The Supervisory Board, exercising its functions, carries out an annual evaluation of independence of the External Auditor, particularly regarding non-audit services. Additionally, the Supervisory Board receives, on an annual basis, the declaration of independence of the Auditor where the services rendered by it and by other entities of the same network are described, their fees, possible threats to their independence and safeguard measures. All threats to the independence of the Auditor are evaluated and discussed with him as well as the respective safeguard measures.

The Board of Directors, when requesting projects assigned to the Group companies' auditors, ensures, before its adjudication, that no services are requested to them or to their network that, in accordance with the recommendation of the European Commission no. C (2002) 1873, of 16 May, would threaten their independence.

38. Other duties of the supervisory Board

The supervision of the Company is assigned to the Supervisory Board, as provided by article no. 420 of the Portuguese Companies Act.

The Supervisory Board also represents the Company regarding the External Auditor and the Statutory Auditor and is responsible for proposing the provider of these services, their remuneration and to ensure that they are guaranteed, within the Group, in suitable conditions for them to provide their services. The Supervisory Board is the first recipient of the reports issued by the External Auditor as well as the Group's representative in the relationship with that entity.

The Supervisory Board is responsible for preparing an annual report on its activity and for giving an opinion on the annual report and proposals presented by the Board of Directors as well as monitor the effectiveness of risk management and internal control.

The Board of Directors, together with the Supervisory Board, regularly reviews and oversees the preparation and disclosure of financial information in order to prevent access, improperly and untimely of third parties to relevant information.

Additionally, the Supervisory Board issues an opinion on transactions between the Directors of Ramada Investimentos and the Company or between Ramada Investimentos and companies in a group or domain relationship with the one in which the interested part is Director, regardless of the amount, under article 397 of the Portuguese Companies Act.

The External Auditor, within the annual audit, analyses the functioning of the internal control mechanisms and reports deficiencies identified; verifies that the key elements of internal control systems and risk management implemented in the Company in relation to the process of financial reporting are presented and disclosed in the annual Corporate Governance Report and issues a legal certification of accounts and audit report, which certifies whether that report disclosed about the structure and practices of corporate governance includes the elements referred in Article 245-A of the Securities Code.

During 2016, the Statutory Auditor monitored the development of the Company's activity and carried out the tests and inspections deemed necessary to the review and legal certification of the accounts, in interaction with the Supervisory Board and with full cooperation of the Board of Directors.

In addition, the Statutory Auditor pronounced itself on the work it developed in 2016 in its annual audit report subject to the assessment of the Shareholders' Annual General Meeting.

IV. STATUTORY AUDITOR

39. Details of the Statutory Auditor and its representing partner

The Statutory Auditor of the Company for the period 2014/2016 is Deloitte & Associados, SROC, S.A., represented by António Manuel Martins Amaral or Miguel Nuno Machado Canavarro Fontes.

40. Number of years that the statutory auditor consecutively carries out duties within the Company and/or Group.

Deloitte & Associados, SROC, S.A., is responsible for the functions of Statutory Auditor since 2008.

41. Description of other services that the statutory auditor provides to the Company

The Statutory Auditor is simultaneous the External Auditor of the Company as detailed in the sub-sections below.

V. EXTERNAL AUDITOR

42. Details of the external auditor appointed in accordance with article 8 and the representing partner carrying out these duties, and the respective registration number at the CMVM

The External Auditor of the company is Deloitte & Associados, SROC, S.A., appointed in accordance with article 8 of the Securities Code (CVM), registered under the number 231 in the Portuguese Securities Regulator (CMVM), represented by António Manuel Martins Amaral or by Miguel Nuno Machado Canavarro Fontes.

43. State the number of years that the External Auditor and the respective representing partner carries out duties within the Company and/or Group

The External Auditor was elected for the first time in 2008 and is in its third mandate. Its representing partner is in duty since 2015.

44. Policy and schedule regarding the rotation of the external auditor and the respective partner which represents it in carrying out such duties

Regarding the External Auditor's rotation, the Company did not have an external auditor rotation policy approved, based in a pre-determined number of terms, having in consideration that a rotation policy was not a regular practice and also taking in consideration the disadvantages of such rotation. With the approval of the new constitution of the Order of Statutory Auditors, approved by the law number 140/2015, from September 7, this rotation is mandatory.

The policy adopted by the Supervisory Board on this matter, until that approval, has been, previously to the presentation of proposals for the election of the External Auditor for a new term, to carry out a thorough evaluation of the external auditor performance and also the advantages and drawbacks of the maintenance in functions of that auditor, and not just adopted the principle of rotation at the end of three terms, because from that evaluation resulted the conviction that keeping the same auditor beyond that period did not endanger the required and necessary independence of the Auditor.

With the effectiveness of the new Regime of the Statutory Auditors Bar, as of January 1, 2016, there is a new regime applicable to external auditor's rotation in the case of public interest entities, which is applicable to the Company. The Supervisory Board initiated the election process, during 2016, in order to choose a new Statutory Auditor to be elected in the Annual General Meeting of 2017.

45. Details of the board responsible for assessing the external auditor and the regular intervals when said assessment is carried out

The Supervisory Board, in the fulfilment of its functions, annually assesses the External Auditor independence. Additionally, the Supervisory Board promotes whenever necessary or appropriate in light of developments in the

Company's business or the evolution of the market, a reflection on the adequacy of the External Auditor to carry out its duties.

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for said recruitment

Other services rendered by the External Auditor in 2016 included, essentially, services connected with the validation of applications to governmental subsidies and incentives. Other services correspond to some industrial processes review. A part of the services rendered was engaged in the previous year.

The other services and other audit reliability services are provided by different teams of those involved in the audit process, in order to ensure the auditor's independence.

The Supervisory Board has reviewed and approved the scope of those services and concluded that they did not threaten the independence of the External Auditor. In this particular aspect, the hiring of Deloitte & Associados, SROC, S.A. proved to be the most appropriate due to its solid experience and expertise in the field of taxation and tax incentives. Moreover, the actions of Deloitte & Associados, SROC, S.A. are often articulated with technicians and experts independent from its network, namely consultants.

In 2016, the fees charged by Deloitte & Associados, SROC, S.A. to F. Ramada Investimentos' Group represented less than 1% of the total annual turnover of Deloitte & Associados, SROC, S.A. in Portugal. The quality system of the External Auditor controls and monitors the potential risk of loss of independence or conflicts of interest with F. Ramada Investimentos.

47. Details of the annual remuneration paid to the auditor and other single or collective entities belonging to the same network and the percentage breakdown relating to the following services:

By the company	2016	%	2015	%
Audit and statutory audit services (€)	13,110	4.8%	13,110	5.4%
Other attest services (€)	-	0.0%	-	0.0%
Tax consulting services (€)	-	0.0%	-	0.0%
Other services (€)	-	0.0%	-	0.0%
By Group companies				
Audit and statutory audit services (€)	126,886	46.5%	148,494	60.7%
Other attest services (€)	2,000	0.7%	-	0.0%
Tax consulting services (€)	43,810	16.0%	32,961	13.5%
Other services (€)	87,250	32.0%	50,000	20.4%
	273,056	100.00%	244,565	100.00%
Total				
Audit and statutory audit services (€)	139,996	51.27%	161,604	66.08%
Other attest services (€)	2,000	0.73%	0	0.00%
Audit services subtotal (€)	141,996	52.00%	161,604	66.08%
Tax consulting services (€)	43,810	16.04%	32,961	13.48%
Other services (€)	87,250	31.95%	50,000	20.44%
	273,056	100.00%	244,565	100.00%

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. Rules governing amendment of the bylaws

The statutory amendments follow the applicable legal terms, including the Portuguese Companies Act, which require a two-thirds majority of votes cast for the adoption of such resolution.

II. REPORTING OF IRREGULARITIES

49. Means and policy regarding the reporting of irregularities within the company

In Ramada Investimentos, as a result of the applicable legal dispositions, any reports of irregularities that consubstantiate violations of ethical or legal nature with significant impact in the fields of accounting, the fight against corruption and the financial and banking crime must be addressed to the Supervisory Board.

Irregularities relating to matters other than those mentioned above should be addressed to the Board of Directors.

Considering the proximity of the members of the Board of Directors to the activities of the several Group companies and the respective employees, Ramada Investimentos considers that such proximity allows that, whenever irregularities are detected, the Board of Directors is promptly informed, ensuring the implementation of procedures which handle in an effective and fair way the potential irregularities detected.

Regarding the competences in the evaluation of ethical issues and the corporate governance structure, such functions are performed directly by the Board of Directors, which maintains a constant debate over this matter.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems

Risk management, being a key issue of the principles of good corporate governance, is an area considered to be critical in Ramada Investimentos, promoting the permanent awareness of all employees, at all levels of the organization, and instilling such responsibility in them in all processes of decision-making.

Risk management is ensured by the several Ramada Investimentos' operating units based on a preliminary identification and prioritization of critical risks, through the development of risk management strategies in order to implement control procedures considered appropriate to reduce the risk to an acceptable level.

Ramada Investimentos has been monitoring the adequacy of this risk management model that has proved to be entirely appropriate given the organizational structure of the Company.

51. Detail of hierarchical and/or functional dependency in relation to other boards or committees of the company

The Supervisory Board is responsible for evaluating the functioning of the risk management operations and mechanisms. It is therefore responsibility of this corporate body the supervision of the actions carried out by the Company in these matters.

The External Auditor, in the exercise of its functions, checks the adequacy of the mechanisms and procedures adopted, ensuring the proper reporting of its conclusions to the Supervisory Board.

The Board of Directors is responsible for monitoring these mechanisms and procedures.

52. Other functional areas responsible for risk control

The Board of Directors is the body responsible for setting the overall strategic guidelines of the Group and is duly supported by the subsidiary management teams, ensuring not only the continuous monitoring, but also the reporting to the Board of Directors of Ramada Investimentos of the situations detected, in order to ensure continuous and effective risk controls.

Risk management is ensured by several operating units within the Company. The methodology of risk management includes several steps:

- Firstly, internal and external risks that may materially affect the Groups' strategic objectives are identified and prioritized;
- The operational management of the various business units identify risk factors and events that may affect the operations and activities of Ramada Investimentos, as well as any procedures and control mechanisms;
- Additionally, the impact and the probability of occurrence of each risk factor are weighted and according to the exposure level, the need to respond to the risk is evaluated; and
- The risk mitigation actions are tracked and the level of exposure to critical factors is constantly monitored.

The Board of Directors decides the level of exposure assumed by the Group at each moment in its various activities and, taking into account the delegation of tasks and responsibilities, sets the overall limits of risk and ensures that policies and procedures for risk management are followed.

In the monitoring of the risk management process, the Board of Directors, as the body responsible for Ramada Investimentos' strategy, has the following objectives and responsibilities:

- Be aware of the most significant risks affecting the Group;
- Ensure the existence within the Group of appropriate levels of knowledge of the risks affecting the operations and how to manage them;
- Ensure the disclosure of the risk management strategy at all levels of hierarchy;
- Ensure that the Group is able to minimize the likelihood and impact of risks in the business; and
- Certify that the risk management process is adequate and that it maintains a close monitoring of those risks with higher probability of occurrence and higher impact in the Group´s operations.

The subsidiaries manage their own risks, within the established criteria and delegations set by the Board of Directors.

53. Detail and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity

The Board of Directors considers that the Group is exposed to the normal risks associated with its operations, namely in its operating units. Therefore, the main risks considered by the Group are as follows:

<u>Credit Risk</u>

Like any activity involving a commercial component, the Group's exposure to credit risk is mainly due to the accounts receivable resulting from the Group's operating activity. This risk is monitored and controlled through a system for collecting financial and qualitative information, provided by entities that provide credible risk information, which allows customers to evaluate the feasibility of the fulfilment of their obligations, in order to minimize the risk associated with granting credit. Credit risk evaluation is performed on a regular basis through the analysis of the current economic conjuncture conditions, namely the credit situation of each company and, when necessary, the adoption of the corrective measures.

Market Risk

Interest Rate Risk

Considering the Group's debt, possible variations on the interest rate may have an unwanted impact on the results. Therefore, the Group adopts a balanced position between the cost of the debt and its exposure to the interest rate variability. When the reasonable risk is exceeded, the Group engages on interest rate swaps in order to reduce its exposure to risk and to restrict the potential volatility of results.

Exchange Rate Risk

The Company has transactions with non-resident companies with other currencies than the Euro. Therefore, every time that it is considered necessary to reduce the volatility of its net income, the Company hedges its exposure to exchange rate variation through the use of financial derivatives.

Risk of variability in commodities prices

By developing its activity in a sector which trades commodities (namely, steel), the Group is particularly exposed to price variations, with the corresponding impacts on its net income. Therefore, when it is considered crucial the reduction of such impact on its results, the Group may hedge its exposure to variability in prices through the use of financial derivatives.

Liquidity Risk

Liquidity risk can occur if the sources of financing, such as operating cash flows, cash flows of disinvestment, credit lines and cash flows from financing do not meet the financing needs, such as cash outflows for operating and financing activities, investment, shareholders returns and debt repayment.

The main objective of the liquidity risk management policy is to ensure that the Group is always in possession of the financial resources needed to meet its responsibilities and pursue the strategies outlined by honouring all commitments made to third parties when they become due, through proper management of the maturity of funding.

The Group adopts an active refinancing strategy focused on maintaining a high level of immediately available funds to meet short term needs and the extension or maintenance of debt maturity in accordance with the forecasted cash flows and the leveraging capacity of the balance sheet.

54. Description of the procedure for identification, assessment, monitoring, control and risk management

As mentioned in sub-section 52, the Board of Directors is the body responsible for setting the overall strategic guidelines of the Group, and is duly supported by the subsidiary management teams, ensuring not only the continuous monitoring, and the reporting to the Board of Directors of Ramada Investimentos of all the situations detected, to ensure continuous and effective risk controls.

The process of identification and evaluation, monitoring, control and risk management in Ramada Investimentos is performed as follows:

The risks that the Group faces in the normal course of its business are identified. For all identified risks, the impact on financial performance and the value of the Group is measured. The risk value is compared with the costs of hedging instruments, if available, and, consequently, the development of identified risks and the hedging instruments is monitored. This process is carried in compliance, as much as possible, with the following methodology:

- First, internal and external risks that may materially affect the Groups' strategic objectives are identified and prioritized;
- The operational management of the various business units identify risk factors and events that may affect the operations and activities of Ramada Investimentos, as well as any procedures and control mechanisms;

- Additionally, the impact and the probability of occurrence of each risk factor are weighted and according to the exposure level, the need to respond to the risk is evaluated; and
- The risk mitigation actions are monitored and the level of exposure to critical factors is constantly monitored.

The Company has implemented additional risk management strategies that aim to ensure, essentially, that the systems and control procedures and the established policies allow to answer management bodies' expectations, shareholders and other stakeholders' expectations.

Within these strategies we highlight the following:

- Systems and control procedures and policies are established in accordance with all applicable laws and regulations;
- The financial and operational information is complete, reliable, safe and reported on a regular and timely manner;
- Ramada Investimentos' resources are used efficiently and rationally; and
- The shareholder value is maximized and operational management takes the necessary measures to correct reported problems.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information

Concerning risk control in the disclosure of financial information process, the involvement within Ramada Investimentos' is limited to a very short number of employees.

All of those who are involved in financial analysis are considered as having access to privileged information, being especially informed about the content of their obligations as well as the sanctions resulting from the misuse of such information.

The internal rules for the disclosure of financial information are intended to secure its timing and to prevent the asymmetry of information within the market.

The system of internal control in areas of accounting and preparation and disclosure of financial information is based on the following key elements:

- The use of accounting principles detailed throughout the notes to financial statements is one of the basis of the control system;
- Plans, procedures and records of the Company and its subsidiaries provide reasonable assurance that transactions are recorded only when properly authorized and that such transactions are recorded in accordance with generally accepted accounting principles;
- Financial information is analysed on a systematic and regular basis for the management of operational units, ensuring a permanent monitoring and control of its budget;
- During the process of preparing and reviewing financial information, a timetable for accounts closing is previously established and shared with the different areas involved, and all documents are reviewed in depth;
- At the level of individual financial statements of the various Group companies, the accounting records and the preparation of financial statements are provided by administrative and accounting services. The financial statements are prepared by an official chartered accountant and reviewed by the financial management of each subsidiary;
- The consolidated financial statements are prepared quarterly by the consolidation team. This process is an additional monitoring element of the reliability of financial reporting, particularly by ensuring the uniform

application of accounting principles and procedures for cut-off of operations as well as balances and transactions check between Group companies;

- The consolidated financial statements are prepared under the supervision of the financial management. The annual report is sent for review and approval by the Board of Directors. After the approval, the documents are sent to the External Auditor, which issues the Statutory Audit and the Auditor's Report; and
- The process of preparing the financial information and consolidated directors' report is monitored by the Supervisory Board and by the Board of Directors. Each quarter, these corporate boards meet and analyse the individual and consolidated financial statements of the Company.

As regards to risk factors that could materially affect the accounting and financial reporting, we should highlight the use of accounting estimates that are based on the best available information during the preparation of financial statements as well as the knowledge and experience of past or present events. We also stress the balances and transactions with related parties: Ramada Group's balances and transactions with related parties essentially relate to the operational running of the Group companies as well as to granting and obtaining loans at market rates.

The Board of Directors, together with the Supervisory Board, regularly review and monitor the preparation and disclosure of financial information in order to prevent improper and untimely access of other persons to relevant information.

IV. INVESTOR ASSISTANCE

56. Department responsible for investor assistance, composition, functions, information made available by this department and contact details

The Company has an Investor Assistance department which includes the Group's market liaison officer and the investor relations.

The contact for investors to obtain information is as follows:

Rua do General Norton de Matos, 68 – r/c

4050-424 Porto

Telephone: (+351) 22 83 47 100

E-mail: adilia.miranda@ramadainvestimentos.pt

F. Ramada Investimentos provides financial information relating to its individual and consolidated operations, as well as that of its subsidiary companies, through its official internet page (www.ramadainvestimentos.pt). This website is also used by F. Ramada Investimentos to provide information on press releases, as well as any relevant facts occurring in the day-to-day operations of the Company. This page also includes the Group's reports and accounts of the latest years. The majority of the information is available in the website both in Portuguese and in English.

57. Market Liaison Officer

The functions of the Group's market liaison officer are performed by Adília Miranda dos Anjos.

58. Information on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years

Whenever necessary, the market liaison officer ensures that all relevant information regarding events, facts considered to be relevant, disclosure of quarterly results and answers to any requests for clarification by the investors or the general public on public financial information is provided. All information requested by investors is analysed and provided within a maximum of five days.

V. WEBSITE

59. Address(es)

F. Ramada Investimentos has a web page available with all the relevant information about the Company and the Group. The address is the following: www.ramadainvestimentos.pt.

60. Location where information about the firm, public company status, headquarters and other details referred to in article 171 of the Commercial Companies Code is available

www.ramadainvestimentos.pt - tab “Investors” - section “Identification of the company”

61. Location where the articles of association and regulations on the functioning of the boards and/or committees are available

www.ramadainvestimentos.pt - tab “Investors” - section “Management Team”

62. Location where information is available on the names of the corporate boards' members, the Market Liaison Officer, the Investor Assistance Office or similar structure, respective functions and contact details

www.ramadainvestimentos.pt - tab “Investors” - section “Management Team”.

www.ramadainvestimentos.pt - tab “Investors” - section “Investor Support”.

63. Location where the documents related to financial accounts reporting are available, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, among others, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements

www.ramadainvestimentos.pt - tab “Investors” - section “Financial Reports”.

www.ramadainvestimentos.pt - tab “Investors” - section “Calendar of Events”.

64. Place where the notice convening the General Meeting and all the preparatory and subsequent information related thereto is disclosed

www.ramadainvestimentos.pt - tab “Investors” - section “General Meetings”.

65. Local where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available

www.ramadainvestimentos.pt - tab “Investors” - section “General Meetings”.

D. REMUNERATIONS

I. POWER TO ESTABLISH

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company

The Remuneration Committee is responsible for approving the remuneration of the Board of Directors and other corporate bodies representing the shareholders, in accordance with the remuneration policy approved by the shareholders in General Meeting.

II. REMUNERATION COMMITTEE

67. Composition of the Remuneration Committee, including details of individuals or legal persons recruited to provide services to such committee and a statement on the independence of each member and advisor

Ramada Investimentos has set a Remuneration Committee for the period 2014/2016, whose composition is as follows:

João da Silva Natária – Chairman

José Francisco Pais da Costa Leite – Member

Pedro Nuno Fernandes de Sá Pessanha da Costa – Member

All members of the Remuneration Committee are independent from the members of the Board of Directors. Additionally, in 2016 no persons or entities were hired to assist Remuneration Committee members.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee

Ramada Investimentos believes that the experience and professional careers of the members of the Remuneration Committee allow them to perform their duties accurately and effectively. In particular, João da Silva Natária has extensive experience and specific knowledge in matters of remuneration policy. Additionally, and whenever necessary, this committee uses specialized resources, internal or external, to support its decisions.

III. REMUNERATION STRUCTURE

69. Description of the remuneration policy of the board of directors and Supervisory Boards as set out in article 2 of Law No. 28/2009 of 19 June

As provided in Law 28/2009, of 19 June, a statement on the remuneration policy of the management and supervisory boards is annually submitted for consideration at the Shareholders General Meeting.

The policy on remuneration and compensation of the corporate bodies of Ramada Investimentos adopted at the General Meeting of 21 April 2016, respects the following principles:

<u>BOARD OF DIRECTORS:</u>

In order to establish the value of individual remuneration of each director, the following should be taken into account:

- The functions performed at the Company and its subsidiaries;
- The responsibility and the value added by individual performance;
- Knowledge and cumulative experience on the job;

- The economic situation of the Company;
- The remuneration in companies within the same sector and in other companies listed on Euronext Lisbon.

The global fixed remuneration for all the members of the Board of Directors, including the remuneration that the subsidiaries pay to the members that integrate the Board of Directors, cannot exceed 750 thousand Euros per year.

1. Executive directors

- Fixed component, amount paid monthly.
- Medium term variable component:

It intends to more strongly align the interests of Executive Directors with those of shareholders and is calculated covering the period of two mandates. 2011-2013 and 2014-2016, based on:

- Total shareholder return (stock appreciation plus dividend distributed)
- Sum of the consolidated net results of the six years (2011 to 2016)
- Company' business development

The total medium term variable component cannot exceed 50% of fixed remuneration earned during the period of the six years.

2. Non-executive Directors

The individual remuneration of any non-executive Director may not exceed 70,000 Euros per year, being exclusively fixed.

SUPERVISORY BOARD

The remuneration of Members of the Statutory Audit Board will be based on yearly fixed amounts at levels considered adequate for similar functions.

GENERAL SHAREHOLDERS MEETING

The remuneration of the members of the General Shareholders Meeting will be exclusively fixed and will follow market practices.

STATUTORY AUDITOR

The Statutory Auditor will have a fixed fee appropriate to the respective functions and in accordance with market practice, under the supervision of the Statutory Audit Board.

COMPENSATION FOR TERMINATION OF FUNCTIONS BEFORE ON OR TERM OF MANDATE

The remuneration policy maintains the principle of not covering the granting of any compensation to Directors or other governing bodies, concerning their termination of functions, either earlier or at the scheduled end of their duties, subject to compliance with the legal provisions in force.

SCOPE OF PRINCIPLES

The principles that follow remuneration policies and compensation specified in this policy include not only the wages paid by Ramada Investimentos but also the wages that are paid to members of the Board of Directors for companies controlled directly or indirectly by it.

70. Information on how remuneration is structured so as to enable the alignment of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance assessment and discourages excessive risk taking.

The remuneration policy for Executive Directors aims to ensure a proper and thorough compensation for the performance and contribution of each Director for the success of the organization, aligning the interests of the executive Directors with those of the shareholders and of the Company. Additionally, the remuneration policy provides for a variable component with deferred payment aiming to more strongly align the interests of the executive Directors with those of the shareholders and the long-term interests of the Company.

The proposal for remuneration of Executive Directors is drawn up taking into account the functions performed in F. Ramada Investimentos, SGPS, S.A. and in its subsidiaries, the responsibility and added value by individual performance, the knowledge and the experience accumulated on the job, the economic situation of the Company, the remuneration paid by other companies from the same sector and other companies listed on Euronext Lisbon. Regarding the latter point, the Remuneration Committee takes into account all national companies of equivalent size, particularly listed on Euronext Lisbon, and also companies in international markets with characteristics similar to F. Ramada Investimentos.

71. Reference, where applicable, to the existence of a variable remuneration component and information on any impact of the performance appraisal on this component

In the Shareholders' General Meeting held in 21 April 2016, the remuneration policy, as detailed in sub-section 69 above, was approved with the inclusion of a variable component depending on performance during the period between 2011 and 2016.

No mechanisms to prevent Executive Directors from having employment contracts that question the grounds of the variable remuneration are implemented. However, the Remuneration Committee considers these factors in the criteria for determining the variable remuneration. The Company did not celebrate any agreements with members of the Board of Directors that have the effect of mitigating the risk associated to variability of the remuneration or has become aware of any identical contracts with third parties.

72. The deferred payment of the remuneration's variable component and specification of the relevant deferral period

There is currently no variable compensation due whose payment is deferred in time.

73. The criteria whereon the allocation of variable remuneration on shares is based

F. Ramada Investimentos has not in place nor intends to have any form of compensation that may include shares or any other equity based compensation system.

74. The criteria whereon the allocation of variable remuneration on options is based

F. Ramada Investimentos does not have in place any form of compensation that includes stock options.

75. The key factors and grounds for any annual bonus scheme and any additional non-financial benefits

F. Ramada Investimentos has not any annual bonus scheme nor any other non-financial benefits.

76. Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when such schemes were approved at the general meeting, on an individual basis

Ramada Investimentos has no supplementary pension scheme or early pension for members of the administrative and supervisory boards and other key staff.

IV. REMUNERATION DISCLOSURE

77. Indication of the amount relating to the annual remuneration paid as a whole and individually to members of the company's Board of Directors, including fixed and variable remuneration and, regards the latter, reference to the different components that gave rise to same.

The remunerations received by the members of the Board of Directors were entirely paid by the Group's subsidiaries in which each one is Director and there are no Directors paid directly by Ramada Investimentos.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control

The remuneration received by the Board of Directors of Ramada Investimentos during 2016, in the exercise of their functions, include only fixed remuneration and amounted to 523,500 Euros allocated as follows: João Borges de Oliveira –123,000 Euros; Paulo Fernandes –123,000 Euros; Domingos Matos –109,000 Euros; Pedro Borges de Oliveira –109,000 Euros and Ana Mendonça –59,500 Euros.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for such bonuses or profit sharing to be awarded

During the year, there were no remunerations paid in the form of profit sharing or bonuses.

80. Compensation paid or owed to former executive directors concerning contract termination during the financial year

In 2016, no amounts relating to compensations to Directors whose functions have ceased have been paid or became due.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board

The remuneration of the Statutory Audit Board is composed of a fixed annual amount based on the Ramada Investimentos situation and on the current market practices. In the year ended 31 December 2016, the remuneration of the Statutory Audit Board members amounted to 26,620 Euros distributed as follows: Pedro Pessanha – 10,000 Euros; André Pinto – 8,310 Euros; José Guilherme Silva – 8,310 Euros.

The remuneration of the Statutory Auditor is described in sub-section 47 above.

82. Details of the remuneration in the year of the Chairman of the Board of the General Meeting

The remuneration of the Chairman of the Board of the General Meeting in the year ended as of 31 December 2016 was 5,000 Euros.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. The envisaged contractual restraints for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component

The remuneration policy maintains the principle of not including the granting of any compensation to Directors or other governing boards, concerning the termination of their functions, either earlier or at the scheduled end of their terms of office, subject to the compliance with the legal provisions in force.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the Board of Directors and managers, pursuant to Article 248-B/3 of the Securities Code (CVM) that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid.

There are no agreements, between the Company and members of the Board of Directors or other key staff, pursuant to paragraph 3 of Article 248-B of the Securities Code (CVM), which provide compensations in case of resignation, unfair dismissal or termination of employment contract following a takeover bid. There aren't also planned agreements with Directors to ensure any compensation in case of non-renewal of their terms of office.

VI. Stock options plan

85. Details of the plan and the number of persons included therein.

Ramada Investimentos has no plan to grant shares or stock options to the Board of Directors nor to its employees.

86. Characteristics of the plan

Ramada Investimentos does not have any plan to grant shares or stock options.

87. Stock option plans for the company employees and staff

There are no stock options granted for the acquisition of shares which benefit company employees and staff.

88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees

Not applicable as explained in the sub-sections above.

E. RELATED PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties

Currently, there are no procedures or criteria established for defining the relevant significance level of business between the Company and holders of qualifying holdings, or entities in any relationship or group with those shareholders, from which the intervention of the Supervisory Board is required.

90. Details of transactions that were subject to control in the referred year

There were no businesses or significant transactions performed between the Company and members of its governing boards (both management and supervision), holders of qualified shareholdings or companies in a control or group relationship, except those that are part of the current activity of the Group and which were carried out under normal market conditions for similar transactions.

There were no business operations or transactions with members of the Supervisory Board.

The non-audit services provided by the Statutory Auditor were approved by the Supervisory Board and are detailed in sub-section 47 above.

Transactions with Group companies are not material and were made under normal market conditions, being part of the Company's current activity and therefore not subject to separate disclosure.

91. Description of the procedures and criteria applicable to the supervisory body when providing preliminary assessment of the business deals to be carried out between the company and the holders of qualified holdings or entity-relationships with the former

Transactions with Ramada Investimentos' Directors or companies that are in a group or control relationship with the one in which the intervener is a director, regardless of the amount, are subject to the prior authorization of the Board of Directors with a favourable opinion of the Supervisory Board pursuant to Article 397 of the Portuguese Companies Act. In 2016 it was not necessary for the Supervisory Board to issue an opinion because no transactions which required the approval of that board occurred.

II. ELEMENTS RELATED TO BUSINESS DEALS

92. Details of the place where the financial statements, including information on business deals with related parties, are available

Information about related parties is disclosed in Note 30 of the Appendix to the Consolidated Financial Statements and Note 18 of the Appendix to the Individual Financial Statements of the Company.

PART II – CORPORATE GOVERNANCE ASSESSMENT

1. Details of the Corporate Governance Code implemented

This report provides a description of the governance structure adopted by Ramada Investimentos, as well as the respective policies and practices adopted.

The report complies with the standards of Article 245-A of the Portuguese Securities Code (CVM) and discloses in accordance with the "*comply or explain*" principle, the degree of compliance with the CMVM recommendations incorporated in the 2013 CMVM Corporate Governance Code.

The duties of disclosure required by the Law 28/2009 of 19 June, Articles 447 and 448 of the Portuguese Companies Act and CMVM Regulation Nr. 5 / 2008, of 2 October 2008 are also fulfilled.

All the legal provisions referred on this report and the recommendations listed in the Corporate Governance Code of 2013, can be found in www.cmvm.pt.

This report should be read as part of the Annual Management Report and as part of the Individual and Consolidated Financial Statements for the fiscal year 2016.

2. Analysis of compliance with the Code of Corporate Governance adopted

Ramada Investimentos envisaged all the efforts to promote the adoption of the best corporate governance practices, basing its policy on high ethical standards and social responsibility.

The Board of Directors of Ramada Investimentos pursues transparent relationships with investors and with the market, basing its performance in the constant search of value creation and the promotion of the interests of employees, shareholders and other stakeholders.

In compliance with the standards of Article 245-A, no. 1, paragraph o) of the Portuguese Securities Code, the CMVM recommendations incorporated in 2013 CMVM Corporate Governance Code the Company set out to carry out are listed below:

CMVM RECOMENDATIONS	COMPLIES	REPORT
I. VOTING AND CONTROL OF THE COMPANY		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Adopted	12, 13 and 14
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Adopted	13 and 14
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	Adopted	12 and 13
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the general assembly (five year intervals), on whether that statutory provision is to be amended or prevails - without superquorum requirements as to the one legally in force - and that in said resolution, all votesissued be counted, without applying said restriction.	Adopted	13 and 14
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that whichappear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	Adopted	2, 4, 5 and 6
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1 SUPERVISION AND MANAGEMENT		
II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Not Adopted	21 and 28
II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company; ii) define business structure of the group; iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	Adopted	21 and 28
II.1.3. The General and Audit Committee, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Not applicable	

CMVM RECOMENDATIONS	COMPLIES	REPORT
II.1.4. Except for small-sized companies, the Board of Directors and the General and Audit Committee, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of executive directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.	Adopted	21, 27, 28 and 29
II.1.5. The Board of Directors or the General and Audit Committeed, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	Adopted	52, 54 and 55
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	Adopted	18
II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the company or at a company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person; c. Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.	Not Adopted	18
II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.	Adopted	18
II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	Adopted	23
II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that these members can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	Not Adopted	18
II.2. SUPERVISION II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Adopted	32 and 33
II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Adopted	38
II.2.3. The Audit Committee shall evaluate the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	Adopted	45
II.2.4. The Audit Committee shall evaluate the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Adopted	38
II.2.5. The Audit Committee, the General and Supervisory Board and the Audit Committee decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.	Not applicable	50 and 51
II.3. REMUNERATION SETTING II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Adopted	67 and 68
II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	Adopted	67
II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	Adopted	69
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly evaluate said plan.	Not applicable	73 and 74
II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly evaluate said system.	Not applicable	76
III. REMUNERATION		
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.	Adopted	70
III.2. The remuneration of non-executive board members and the remuneration of the members of the Audit Committee shall not include any component whose value depends on the performance of the company or of its value.	Adopted	78, 81 and 82
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	Adopted	69
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	Adopted	69
III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	Adopted	71
III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said	Not applicable	73 and 74

CMVM RECOMENDATIONS	COMPLIES	REPORT
IV. AUDITING		
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal controlmechanisms and report any shortcomings to the supervisory body of the company.	Adopted	38
IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the Audit Committee and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of servicesrendered to the company.	Adopted	47
IV.3. Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the Audit Committee that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Adopted	40, 42, 43 and 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS		
V.1. The company's business with holders of qualifying holdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.	Adopted	90
V.2. The supervisory or oversight board shall lay down procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20.1 of the Portuguese Securities Code -thus significant relevant business is dependent upon prior opinion of that body.	Not Adopted	91
VI. INFORMATION		
VI.1. Companies shall provide, via their websites in both the Portuguese and English languages access to information on their progress as regards the economic, financial and governance state of play.	Adopted	59 to 65
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.	Adopted	56 to 58

The recommendations II.1.7., II.1.10., IV.2. and V.2. are not fully adopted by F. Ramada Investimentos, as explained below.

Recommendations II.1.7. and II.1.10.:

The Board Directors does not include any member that satisfies the standard of independence referred in recommendation II.1.7. and II.1.10. of the Corporate Governance Code issued by the Portuguese Securities Regulator (CMVM) since the non-executive Director Ana Rebelo de Carvalho Menéres de Mendonça owns a qualified shareholding.

Nevertheless, in order to allow to the non-executive Directors an independent and informed decision, the Company has the following mechanisms:

- Notices of meetings of the Board of Directors sent to all Directors include the agenda, even if preliminary, of the meeting, and are accompanied by all the relevant information and documentation;
- Availability of Executive Directors to provide to non-executive Directors any additional information which they consider relevant or necessary, and to carry out further studies and analysis relating to all matters which are subject of deliberation or that are under review in some way in the Company;
- Availability of minutes' books, records, documents and other records of operation of the Company or the subsidiaries, for examination, as well as the provision and promotion of a direct channel of obtaining information from the managers and operational and financial officers of several companies that are part of the Group, without requiring any intervention of the Executive Directors in this process.

Given the corporate model adopted and the composition and mode of operation of its governing boards, including the independence of the supervisory boards, without, delegation of powers among them, the Group considers that the designation of independent Directors to the Board would not yield significant improvements for the proper functioning of the corporate governance model, which has revealed itself proper and efficient.

The Management Report includes in the chapter "*Activity developed by the non-executive members of the Board*" a description of the activity of the non-executive Director during 2016.

Recommendation IV.2.:

Ramada Investimentos hired the External Auditor several services other than Audit, which represented more than 30% of the total value of services rendered to Group. Thus, this recommendation is not fully adopted. However, the scope of these services was approved by the Supervisory Board and it was concluded that they would not challenge the independence of the External Auditor. In this particular aspect, the hiring of Deloitte & Associados, SROC, S.A., proved to be the most appropriate in the light of its solid experience and expertise in the fields in question.

Recommendation V.2.:

Transactions with Ramada Investimentos' Directors or with companies that are in a group or dominance relationship with them, regardless of the amount, are subject to prior approval of the Board of Directors, with a favourable opinion of the Statutory Board, under the terms of article 397 of the Portuguese Companies Act.

Currently, there are no established procedures or criteria for defining the relevant level of significance of businesses between the Company and holders of qualified holdings or entities that are in a group or dominance relationship, from which the intervention from the Statutory Board is required.

However, given the above mentioned legal requirement, and especially considering the constant legal requirement of the same matter to disclose in the annual report of the board, the occurrence of these situations, to which Ramada Investimentos would always give full compliance, all legal requirements, as well as all the information disclosure obligations to shareholders and to the market on a complete and transparent basis are safeguarded.

3. Other information

In line with what has been said, Ramada Investimentos would like to emphasize that, from the forty recommendations contained in the Corporate Governance Code of 2013, only six of them are not applicable for the reasons set out above, and the failure to fully adopt only four of the recommendations is largely explained above.

Ramada Investimentos therefore considers that, given the full compliance of thirty of these recommendations, its degree of adoption of the 2013 Corporate Governance Code's recommendations is practically total, which is materialized in a diligent and prudent management, absolutely focused on creating value for the Company and hence for shareholders.

LEGAL MATTERS

Own Shares

Pursuant to the requirements of the number 2 of article 66 of the Portuguese Companies Act (CSC), the Directors inform that, as of December 31, 2016, F. Ramada Investimentos held 2,564,145 own shares, representing 9.999996% of the share capital.

Shares held by the governing boards of F. Ramada Investimentos

Pursuant to the requirements of article 447 of the Portuguese Companies Act, the Directors inform that, as of 31 December 2016, they held the following shares:

João Manuel Matos Borges de Oliveira [(a)]	5,300,000
Paulo Jorge dos Santos Fernandes [(b)]	4,009,402
Domingos José Vieira de Matos [(c)]	2,590,631
Ana Rebelo de Carvalho Menéres de Mendonça [(d)]	4,945,383

(a) – 5,300,000 shares correspond to the total shares of F. Ramada - Investimentos, SGPS, S.A. held by CADERNO AZUL – SGPS, S.A., from which the Director João Manuel Matos Borges de Oliveira is Director and shareholder.

(b) – 4,009,402 shares represent F. Ramada – Investimentos, SGPS, S.A total shares held by the Company ACTIUM CAPITAL– SGPS, S.A., where Paulo Jorge dos Santos Fernandes is Director and dominant shareholder.

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

(d) – 4,945,383 shares represent F. Ramada – Investimentos, SGPS, S.A total shares held by the Company PROMENDO– SGPS, S.A., where Ana Rebelo de Carvalho Menéres de Mendonça is Director and majority shareholder.

As of December 31, 2016, the Statutory Auditor, the members of the Supervisory Board and the members of the Table of the General Shareholders' Meeting held no shares of F. Ramada Investimentos.

Participation in the Company's share capital

Pursuant to the requirements of articles 16 and 20 of the Securities Code (CVM) and article 448 of the Portuguese Companies Act, the Directors inform that, in accordance with the notifications received, the companies and/or individuals that hold qualified participations exceeding 2%, 5%, 10%, 20%, 33% and 50% of the voting rights, are as follows:

1 Thing, Investments SGPS, S.A.	No. Of shares held as of Dec. 31, 2016	% share capital wtih voting rights (1)
Directly	2,072,862	8.08%
Total attributable	**2,072,862**	**8.08%**

(a) - the 2.072.862 shares correspond to the total F. Ramada Investimentos, SGPS, S.A. Shares held directly by 1 THING INVESTMENTS - SGPS, S.A. whose Board of Directors includes the Director Pedro Miguel Matos Borges de Oliveira.

Domingos José Vieira de Matos	No. of shares held as of Dec 31, 2016	% share capital with voting rights (1)
Throuhg Livrefluxo - SGPS, S.A. (in which is dominant shareholder and director)	2,590,631	10.10%
Total attributable	**2,590,631**	**10.10%**

Paulo Jorge dos Santos Fernandes	No. of shares held as of Dec 31, 2016	% share capital with voting rights (1)
Throuhg da sociedade Actium Capital - SGPS, S.A. (in which is dominant shareholder and director)	4,009,402	15.64%
Total attributable	**4,009,402**	**15.64%**

Ana Rebelo Carvalho Menéres de Mendonça	No. of shares held as of Dec 31, 2016	% share capital with voting rights (1)
Throuhg da sociedade PROMENDO - SGPS, S.A. (in which is dominant shareholder and director)	4,945,383	19.29%
Total attributable	**4,945,383**	**19.29%**

João Manuel Matos Borges de Oliveira	No. of shares held as of Dec 31, 2016	% share capital with voting rights (1)
Throuhg da sociedade CADERNO AZUL - SGPS, S.A. (in which is dominant shareholder and director)	5,300,000	20.67%
Total attributable	**5,300,000**	**20.67%**

(1) - Voting right calculated, having in consideration the totality of the equity with voting rights, under the item b), no. 3 of the arcticle no. 16 of securities code

F. Ramada Investimentos was not informed of any participation exceeding 33% of the voting rights.

CLOSING REMARKS

We do not want to conclude without thanking our suppliers, financial institutions and other partners of the Group for their trust in our organization. We would also like to thank the External Auditor for the assistance provided during the financial year of 2016 and the Supervisory Board for the continued monitoring of our operations.

Oporto, 23 March 2017

The Board of Directors

João Manuel Matos Borges de Oliveira

Paulo Jorge dos Santos Fernandes

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

RAMADA INVESTMENTS AND INDUSTRY

APPENDICES TO THE MANAGEMENT REPORT

80 YEARS
Investing in industry

STATEMENT UNDER THE TERMS OF ARTICLE 245, PARAGRAPH 1, C) OF THE SECURITIES CODE

The signatories individually declare that, to the best of their knowledge, the Management Report, the Individual and the Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, and other accounting documents required by law or regulation, giving a truthful and appropriate image of assets and liabilities, financial position and the consolidated and individual results of F. Ramada Investimentos, SGPS, S.A. and of the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties faced.

RESPONSIBILITY STATEMENT

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

As required by article 210 of the Social Security Contributions Plan Code (approved by Law 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.

APPENDIX I

1. Board of Directors

Qualification, experience and positions held in other companies by members of the Board of Directors:

João Manuel Matos Borges de Oliveira

He was one of the founders of Altri (company from which F. Ramada Investimentos demerged), and has been directly involved in the Group's management since its incorporation. Graduated from the Porto University with a degree in Chemical Engineering, he holds an MBA at INSEAD. He works in the media and industry sectors, as well as in the definition of the Group´s strategy.

João Borges de Oliveira is shareholder of the Company since 2008, having also been appointed as Director at the same date.

In addition to the Companies where he currently exercises functions of administration, his professional experience includes:

1982/1983	Assistant Director of Production at Cortal
1984/1985	Production Director at Cortal
1987/1989	Marketing Director at Cortal
1989/1994	General Director at Cortal
1989/1995	Vice President of the Board at Cortal
1989/1994	Director at Seldex
1996/2000	Non-executive Director at Atlantis, S.A.
1997/2000	Non-executive Director at Group Vista Alegre, S.A.
1998/1999	Director at Efacec Capital, SGPS, S.A.
2008/2011	Non-executive direction at Zon Multimédia, SGPS, S.A.
2008/2015	President of the Statutory Audit Board of Oporto Business School
2011/2013	Member of ISCTE-IUL CFO Advisory Forum

The other companies in which he carries out management functions as of December 31, 2016 are the following:
- Alteria, S.G.P.S., S.A. (a)
- Altri Abastecimento de Madeira, S.A. (a)
- Altri Participaciones Y Trading, S.L. (a)
- Altri, SGPS, S.A. (a)
- Base Holding, SGPS, S.A. (a)
- Caderno Azul, S.G.P.S., S.A. (a)
- Caima – Indústria de Celulose, S.A. (a)
- Caima Energia – Emp. Gestão e Exploração de Energia, S.A. (a)
- Captaraíz – Unipessoal, Lda. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Celtejo – Empresa de Celulose do Tejo, S.A. (a)
- Cofina, SGPS, S.A. (a)
- Cofina Media, S.A. (a)
- Cofihold SGPS, S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A.
- Indaz, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)

- Ramada Aços, S.A.
- Ramada Storax, S.A.
- Storax Limited
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Universal – Afir, S.A.

a) – Companies that, as of December 31, 2016 cannot be considered to be part of Ramada Investimentos Group.

Paulo Jorge dos Santos Fernandes

Also one of the founders of Altri (company from F. Ramada Investimentos demerged), Paulo Fernandes has been directly involved in the Group's management since its incorporation. He is graduated from Oporto University with a degree in Electronic Engineering, and has also an MBA at the University of Lisbon. He works in the media and industry sectors, as well as in the definition of the Group´s strategy.

He is shareholder of the Company since 2008, having also been appointed as Director at the same date.

He develops its activities in Media, Internet and paper pulp's industry. Nowadays, he is President and CEO of Cofina, CO-CEO of Altri, from which is founder, shareholder, member of the Board of Directors and President.

In addition to the Companies where he currently exercises functions of administration, his professional experience includes:

1982/1984	Assistant Director of Production at CORTAL
1986/1989	General Director at CORTAL
1989/1994	President of the Board of Directors at CORTAL
1995	Director at Crisal – Cristais de Alcobaça, S.A.
1997	Director at Group Vista Alegre, S.A.
1997	Chairman of the Board of Directors at Atlantis - Cristais de Alcobaça, S.A.
2000/2001	Director at SIC

Throughout his career, he also played roles in several associations:

1989/1994	President of FEMB (Fédération Européene de Mobilier de Bureau) for Portugal
1989/1990	President of General Assembly at Assoc. Industr. Águeda
1991/1993	Member of Advisory Board at Assoc. Ind. Portuense
Since 2005	Member of Superior Council of the Association of Former Students of MBA
2013/2016	Chairman of the Supervisory Board of BCSD
Since 2006	Advisory Board Member for Engineering and Management IST
Since 2016	Member of the Advisory Board of CELPA – Associação da Indústria Papeleira

The other companies in which he carries out management functions as of December 31, 2016 are the following:

- A Nossa Aposta – Jogos e Apostas On-Line, SA. (a)
- Actium Capital, SGPS, S.A. (a)
- Alteria, S.G.P.S., S.A. (a)
- Altri Abastecimento de Madeira, S.A. (a)
- Altri Participaciones Y Trading, S.L. (a)

- Altri, SGPS, S.A. (a)
- Articulado – Actividades Imobiliárias, S.A. (a)
- Base Holding, SGPS, S.A. (a)
- Caima – Indústria de Celulose, S.A. (a)
- Caima Energia – Emp. Gestão e Exploração de Energia, S.A. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Celtejo – Empresa de Celulose do Tejo, S.A. (a)
- Cofihold - SGPS, S.A. (a)
- Cofina, S.G.P.S, S.A. (a)
- Cofina Media, S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A.
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A.
- Ramada Storax, S.A.
- Santos Fernandes & Vieira Matos, Lda. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)

(a) – Companies that, as of December 31, 2016 cannot be considered to be part of Ramada Investimentos Group.

Domingos José Vieira de Matos

He was one of the founders of Altri (company from which F. Ramada Investimentos demerged), and has been directly involved in the Group's management since its incorporation. Domingos de Matos holds a degree in Economics from the Faculty of Economy of the University of Oporto. He initiated his career in management in 1978. He is shareholder of the Company since 2008 and has been Director since that date.

In addition to the companies where he currently exercises his duties as Director, his professional experience includes:

1978/1994	Director at CORTAL, S.A.
1983	Founding Partner of PROMEDE – Produtos Médicos, S.A.
1998/2000	Director at ELECTRO CERÂMICA, S.A.

The other companies in which he carries out management functions as of December 31, 2016 are as follows:
- Alteria, S.G.P.S., S.A. (a)
- Altri Florestal, S.A. (a)
- Altri, SGPS, S.A. (a)
- Base Holding, SGPS, S.A. (a)
- Caima – Indústria de Celulose, S.A. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Cofina, SGPS, S.A. (a)
- Cofihold SGPS, S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A.
- Livrefluxo, S.G.P.S., S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A.
- Ramada Storax, S.A.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Universal - Afir, S.A.

(a) – Companies that, as of 31 December 2016 cannot be considered to be part of Ramada Investimentos Group.

Pedro Miguel Matos Borges de Oliveira

He holds a degree in Financial Management by Instituto Superior de Administração e Gestão do Porto.

In 2000 he concluded the MBA Executive in Escuela Superior de Administración y Dirección de Empresas (ESADE), now called Católica Porto Business School. In 2009, he attended a Course of Company Evaluation in EGE- Escola de Gestão Empresarial. He was appointed as Director of the Company in May 2009.

Besides other companies where he currently exercises duties as Director, his professional experience includes:

1986/2000	Management advisor of FERÁGUEDA, Lda.
1992	Director at Bernel, Lda.
1997/1999	Assistant manager of GALAN, Lda.
1999/2000	Assistant Director of the department of Saws and Tools of F.Ramada Aços e Indústrias, S.A.
2000	Director of the Department of Saws and Tools of F. Ramada, Aços e Indústrias, S.A.
2006	Director of Universal Afir, Aços Especiais e Ferramentas, S.A.
2009	Director of Cofina, S.G.P.S., S.A.
2014	Director of Altri, SGPS, S.A.

The other companies where he carries out management functions as of December 31, 2016 are as follows:
- Alteria, S.G.P.S., S.A. (a)
- Altri Florestal, S.A. (a)
- Altri, S.G.P.S., S.A. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Cofihold S.G.P.S., S.A. (a)
- Cofina, S.G.P.S., S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A.
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A.
- Ramada Storax, S.A.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Universal - Afir, S.A.
- Valor Autêntico, S.G.P.S., S.A. (a)
- 1 Thing, Investments, S.G.P.S., S.A. (a)

(a) – Companies that, as of December 31, 2016 cannot be considered to be part of Ramada Investimentos Group.

Ana Rebelo de Carvalho Menéres de Mendonça

Has a Degree in Economics by Universidade Católica Portuguesa in Lisbon, having been appointed as Director of the Company since May 2009.

Besides other companies where she currently exercises duties of Director, her professional experience includes:

1995	Journalist in the economic segment of the newspaper Semanário Económico
1996	Commercial department of Citibank
1996	Director at Promendo, S.A.
2009	Director at PROMENDO, SGPS, S.A.

The other companies where she carries out management functions as of 31 December 2016 are as follows:
- Altri, SGPS, S.A. (a)
- Cofihold, SGPS, S.A. (a)
- Cofina, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A.
- Promendo, SGPS, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A.
- Ramada Storax, S.A.

(a) – Companies that, as of December 31, 2016 cannot be considered to be part of Ramada Investimentos Group.

2. Statutory Audit Board

Qualifications, experience and positions held in other companies by members of the Statutory Audit Board:

Pedro Nuno Fernandes de Sá Pessanha Da Costa

Academic curriculum:	Degree in Law from the Faculty of Law of the University of Coimbra in 1981 Complimentary training in Company Management and Economic and Financial Analysis at the School of Law of the Portuguese Catholic University, Porto, 1982 and 1983.
Professional experience:	Member of the Lawyers Association ("Ordem dos Advogados") since 1983 President of the General and Supervisory Board of a public company from 1996 to 2010 President of the General Shareholders Meeting of several listed and non-listed companies Continuous law practice since 1983, with a special focus on commercial law and corporate law, mergers and acquisitions, foreign investment and international contracts Co-author of the chapter about Portugal in "Handbuch der Europäischen Aktien-Gesellschaft" – Societas Europaea – by Jannot / Frodermann, published by C.F. Müller Verlag
Other positions held:	President of the Supervisory Board of Banco Português de Investimento, S.A. (a) President of the Supervisory Board of Cofina, SGPS, S.A. (a) President of the Supervisory Board of Altri, SGPS, S.A. (a) Member of the Cofina, SGPS, S.A. Remuneration Committee (a) Member of the Altri, SGPS, S.A. Remuneration Committee (a) President of the Shareholders General Meeting of Unicer Bebidas, S.A. (a) President of the Shareholders General Meeting of SOGRAPE, SGPS. S.A. (a) President of the Shareholders General Meeting of SOGRAPE Vinhos, S.A. (a) President of the SOGRAPE SGPS, S.A. Remuneration Committee (a) President of the Shareholders General Meeting of Base Holding, SGPS, S.A. (a) President of the Shareholders General Meeting of Adriano Ramos Pinto, S.A. (a) President of the Shareholders General Meeting of Aquitex – Acabamentos Químicos Têxteis, S.A. (a) Honorary Consul of Belgium in Oporto (a) Vice-President of Board of Directors of Associação do Corpo Consular do Porto

(a) – Companies that, as of December 31, 2016 cannot be considered to be part of Ramada Investimentos Group.

André Seabra Ferreira Pinto

Academic curriculum:	Degree in Economics at University Portucalense Chartered Accountant (ROC no. 1,243) Executive MBA - Management School of Porto - University of Porto Business School
Professional experience:	1999-2008: employee in the Audit Department of Deloitte & Associados, SROC, SA (initially as a member of staff and since September 2004 as Manager). 2008-2010: Senior Manager of Corporate Finance department - Transaction Services at Deloitte Consulting. 2011-2013: CFO of the Portuguese companies of WireCoWorld Group in Portugal (a) Director (CFO) of Mecwide Group (a) Director at MWIDE, SGPS, SA, as well as the other companies of the Group Mecwide (a) Manager of the companies Together We Change Investments, Lda., Virtusai, Lda. and Apparently Relevant (a)

Other positions held:	Member of the Supervisory Board of Altri, SGPS, S.A. (a) Member of the Supervisory Board of Cofina, SGPS, S.A. (a)

(a) – Companies that, as of 31 December 2016 cannot be considered to be part of Ramada Investimentos Group.

José Guilherme Barros Silva

Academic curriculum:	1990-1995: Degree in Business Administration and Management, Portuguese Catholic University
Professional experience:	1995-1997: In-Charge, Arthur Andersen, SC
	1997-2010: Vice President of the Board of Directors at Detipin -Comércio de Vestuário, SA.(a)
	2004: Member of the Board of Directors at SEF - Serviços de Saúde e Fisioterapia, SA. (a)
	2005-2010: Member of the Board of Directors at Globaljeans - Comércio de Vestuário, SA (a)
	2005: Vice-President of the Board of Directors at SEF - Serviços de Saúde e Fisioterapia, SA. (a)
	2005-2009: Vice President of the Board of Directors at AH Business, SGPS, SA (a)
	2006: Member of the Board of Directors at Fisiofafe, SA. (a)
	2009: Member of the Board of Directors at Clínica de S. Cosme de Gondomar II, Fisioterapia, SA. (a)
	2011: President of the Board of Directors at GNG – Comércio de Vestuário, SA. (a)
Other positions held:	Member of the Supervisory Board of Altri, SGPS, S.A. (a)
	Member of the Supervisory Board of Cofina, SGPS, S.A. (a)

(a) – Companies that, as of 31 December 2016 cannot be considered to be part of Ramada Investimentos Group.

Article 447 of the Portuguese Companies Act and Article 14, no. 7, of the Portuguese Securities Regulator (CMVM), regulation no. 5/2008

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

Members of the Board of Directos	Shares held at 31-12-2015	Acquisitions	Disposal	Others	Shares held at 31-12-2016
João Manuel Matos Borges de Oliveira (through CADERNO AZUL - SGPS, S.A.)	5,125,000	175,000	-	-	5,300,000
Paulo Jorge dos Santos Fernandes (through ACTIUM CAPITAL - SGPS, S.A.)	3,837,582	171,820	-	-	4,009,402
Domingos José Vieira de Matos (through LIVREFLUXO - SGPS, S.A.)	2,590,631	-	-	-	2,590,631
Pedro Miguel Matos Borges de Oliveira	1,402,072	-	-	- 1,402,072	-
Ana Rebelo de Carvalho Menéres de Mendonça (through PROMENDO - SGPS, S.A.)	4,945,383	-	-	-	4,945,383

João Manuel Matos Borges de Oliveira (through CADERNO AZUL - SGPS, S.A.)

Date	Type	Volume	Price (€)	Local	Nr. of shares
31-Dec-15	-	-	-	-	5,125,000
29-Dec-16	Acquisition	175,000	5.110000	Euronext Lisbon	5,300,000
31-Dec-16	-	-	-	-	5,300,000

Paulo Jorge dos Santos Fernandes (through ACTIUM CAPITAL - SGPS, S.A.)

Date	Type	Volume	Price (€)	Local	Nr. of shares
31-Dec-15	-	-	-	-	3,837,582
27-Dec-16	Acquisition	171,820	4.900000	Euronext Lisbon	4,009,402
31-Dec-16	-	-	-	-	4,009,402

Pedro Miguel Matos Borges de Oliveira

Date	Type	Volume	Price (€)	Local	Nr. of shares
31-Dec-15	-	-	-	-	1,402,072
11-Aug-16	Donation	(1,402,072)	5.240000	-	-
31-Dec-16	-	-	-	-	-

RAMADA INVESTMENTS AND INDUSTRY

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

F. RAMADA INVESTIMENTOS, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2016 AND 2015
(Translation of financial statements originally issued in Portuguese - Note 35)
(Amounts expressed in Euro)

ASSETS	Notes	31.12.2016	31.12.2015
NON CURRENT ASSETS			
Investment properties	6	84,853,689	84,863,976
Tangible assets	7	11,825,073	6,679,662
Intangible assets	8	21,949	76,719
Goodwill	4.1	1,245,520	-
Investments in associated companies	4.2	16,812,392	15,777,392
Other investments	4.3 and 5	3,493,138	3,493,138
Deferred tax assets	9	3,673,642	1,778,714
Total non current assets		121,925,403	112,669,601
CURRENT ASSETS			
Inventories	10	21,498,481	19,860,145
Customers	5 and 11	49,931,173	37,941,790
State and other public entities	12	548,145	756,582
Other debtors	5 and 13	2,284,712	535,551
Other current assets	5 and 14	2,365,845	385,879
Cash and cash equivalents	5 and 15	17,220,214	22,388,594
Total current assets		93,848,570	81,868,541
Total assets		215,773,973	194,538,142

EQUITY AND LIABILITIES	Notes	31.12.2016	31.12.2015
EQUITY			
Share capital	16	25,641,459	25,641,459
Own shares	16	(1,641,053)	(1,641,053)
Legal reserve	16	6,231,961	5,935,519
Currency translation reserves	16	(891,241)	(126,619)
Other reserves	16	34,737,106	28,811,105
Consolidated net profit for the year		13,860,952	11,032,683
Total equity attributable to equity holders of the parent company		77,939,184	69,653,094
Non-controlling interests	17	142,364	75,740
Total equity		78,081,548	69,728,834
LIABILITIES			
NON CURRENT LIABILITIES			
Bank loans	5 and 18	43,473,155	47,458,908
Other loans	5 and 18	5,000,000	-
Other creditors	12	311,787	-
State and other public entities	5 and 21	-	238,675
Provisions	23	2,883,080	1,564,976
Deferred tax liabilities	9	31,125	35,081
Total non current liabilities		51,699,147	49,297,640
CURRENT LIABILITIES			
Bank loans	5 and 18	3,985,753	3,985,753
Other loans	5 and 18	37,734,033	37,284,909
Derivatives	5 and 19	-	35,996
Suppliers	5 and 20	18,133,024	14,090,405
State and other public entities	12	4,543,447	3,897,421
Other creditors	5 and 21	5,948,256	3,422,862
Other current liabilities	5 and 22	15,648,765	12,794,322
Total current liabilities		85,993,278	75,511,668
Total equity and liabilities		215,773,973	194,538,142

The attached notes form an integral part of the consolidated financial statements

The Chartered Accountant

The Board of Directors

F. RAMADA INVESTIMENTOS, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURES
FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015
(Translation of financial statements originally issued in Portuguese - Note 35)
(Amounts expressed in Euro)

	Notes	31.12.2016	31.12.2015
Sales and Services rendered	32	135,930,420	125,810,473
Other income	25	1,415,017	747,184
Cost of sales and change in stocks of finished goods and work in progress	10	(72,265,408)	(70,685,429)
External supplies and services	26	(25,758,754)	(21,182,667)
Payroll expenses	27	(16,627,517)	(15,018,009)
Amortization and depreciation	7 and 8	(4,719,064)	(2,396,539)
Provisions and impairment losses	23	(634,387)	(815,057)
Other expenses	28	(734,087)	(986,397)
Share of results of joint ventures and associated companies	4.2	2,028,057	1,562,678
Financial expenses	29	(2,087,805)	(2,712,584)
Financial income	29	205,274	152,730
Profit before income tax		**16,751,746**	**14,476,383**
Income tax	9	(2,824,170)	(3,418,598)
Consolidated net profit		**13,927,576**	**11,057,785**
Attributable to:			
Parent company's shareholders	16	**13,860,952**	**11,032,683**
Non-controlling interests	17	**66,624**	**25,102**
Earnings per share			
Basic	31	**0.60**	**0.48**
Diluted	31	**0.60**	**0.48**

The attached notes form an integral part of the consolidated financial statements

The Chartered Accountant

The Board of Directors

F. RAMADA INVESTIMENTOS, SGPS, S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015
(Translation of financial statements originally issued in Portuguese - Note 35)
(Amounts expressed in Euro)

	Notes	31.12.2016	31.12.2015
Net consolidated profit for the year		13,927,576	11,057,785
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	15	(764,622)	259,090
Derivatives		35,996	0
Other comprehensive income for the year		(728,626)	259,090
Total comprehensive income for the year		**13,198,950**	**11,316,875**
Attributable to:			
Parent company's shareholders	15	**13,132,326**	**11,291,773**
Non-controlling interests	16	**66,624**	**25,102**

The attached notes form an integral part of the consolidated financial statements

The Chartered Accountant

The Board of Directors

F. RAMADA INVESTIMENTOS, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016 AND 2015
(Translation of financial statements originally issued in Portuguese - Note 35)
(Amounts expressed in Euro)

		Attributable to the parent company's shareholders								
	Notes	Share capital	Own shares	Legal reserve	Currency translation reserves	Other reserves and retained earnings	Net profit	Total	Non-controlling interests (Note 17)	Total Equity
Balance as of 1 January 2015		25,641,459	(1,641,053)	5,637,034	(385,709)	24,813,767	8,077,269	62,142,767	50,638	62,193,405
Total consolidated comprehensive income for the year		-	-	-	259,090	-	11,032,683	11,291,773	25,102	11,316,875
Appropriation of the consolidated net profit for 2014:										
Transfer to other reserves		-	-	298,485	-	7,778,784	(8,077,269)	-	-	-
Dividends	16	-	-	-	-	(3,923,143)	-	(3,923,143)	-	(3,923,143)
Others		-	-	-	-	141,697	-	141,697	-	141,697
Balance as of 31 December 2015		**25,641,459**	**(1,641,053)**	**5,935,519**	**(126,619)**	**28,811,105**	**11,032,683**	**69,653,094**	**75,740**	**69,728,834**
Balance as of 1 January 2016		25,641,459	(1,641,053)	5,935,519	(126,619)	28,811,105	11,032,683	69,653,094	75,740	69,728,834
Total consolidated comprehensive income for the year		-	-	-	(764,622)	35,996	13,860,952	13,132,326	66,624	13,198,950
Appropriation of the consolidated net profit for 2015:										
Transfer to legal reserve and other reserves		-	-	296,442	-	10,736,241	(11,032,683)	-	-	-
Dividends	16	-	-	-	-	(4,846,236)	-	(4,846,236)	-	(4,846,236)
Others		-	-	-	-	-	-	-	-	-
Balance as of 31 December 2016		**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**

The attached notes form an integral part of the consolidated financial statements

The Chartered Accountant

The Board of Directors

F. RAMADA INVESTIMENTOS, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015
(Translation of financial statements originally issued in Portuguese - Note 35)
(Amounts expressed in Euro)

	Notes	31.12.2016		31.12.2015	
Operating activities:					
Collections from customers		155,352,458		146,962,546	
Payments to suppliers		(119,702,436)		(112,964,775)	
Payments to personnel		(11,515,614)	24,134,408	(10,961,994)	23,035,777
Income tax payed/received		(3,729,052)		(3,095,096)	
Other collections/payments relating to operating activities		(3,287,723)	(7,016,775)	(11,258,018)	(14,353,114)
Cash flow from operating activities (1)			17,117,633		8,682,663
Investment activities:					
Collections arising from:					
Dividends		493,057		422,620	
Tangible assets		95,229		2,984	
Other assets		1,877		-	
Investment properties		523,850		-	
Financial investments		-		203,870	
Interests and similar income		210,095	1,324,108	166,816	796,290
Payments arising from:					
Financial investments	4.4	(1,753,668)		(3,439,104)	
Intangible assets		(20,398)		(26,154)	
Tangible assets		(7,345,610)		(2,170,925)	
Other assets		-		(176,121)	
Loans granted		-	(9,119,676)	-	(5,812,304)
Cash flow from investment activities (2)			(7,795,568)		(5,016,014)
Financing activities:					
Collections arising from:					
Capital increases and of other shares capital's instruments		-		-	
Other financing operations		1,871		-	
Loans obtained		-	1,871	16,290,524	16,290,524
Payments arising from:					
Lease contracts		-		(88,410)	
Interests and similar costs		(2,242,186)		(3,190,750)	
Other financing operations		(103,891)		(108,631)	
Dividends	16.2	(4,846,236)		(3,923,143)	
Loans obtained		(7,910,406)	(15,102,719)	(8,745,857)	(16,056,791)
Cash flow from financing activities (3)			(15,100,848)		233,733
Cash and cash equivalents at the beginning of the year	15		**15,863,613**		**11,777,884**
Effect of exchange rate changes			(47,703)		185,347
Variation of cash and cash equivalents: (1)+(2)+(3)			(5,778,783)		3,900,382
Cash and cash equivalents at the end of the year	15		10,037,127		15,863,613

The attached notes form an integral part of the consolidated financial statements

The Chartered Accountant

The Board of Directors

1. INTRODUCTORY NOTE

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

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 the group of companies listed in Note 4 (designated as F. Ramada Group), and, through these financial holdings structure, it focuses its operations in (i) Industrial activity, which includes steel trade, storage systems sales, 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.

As of December 31, 2016 and December 31, 2015, the Group developed its activity in Portugal, France, the 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.d.

2. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

The basis of presentation and the main accounting policies adopted in the preparation of the consolidated financial statements are as follows:

2.1 BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included in the consolidation, maintained in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union for financial years started as from January 1, 2016. These standards include the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and respective interpretations issued by the International Financial Reporting Standards - Interpretations Committee ("IFRS - IC") and by the Standing Interpretations Committee ("SIC"), as adopted by the European Union.

The Board of Directors evaluated the Company and its related party's ability to operate on a going concern basis, by using the available information including facts and circumstances of various natures (financial, commercial and others), and subsequent events after December 31, 2016. The Board of Directors concluded that the Company has capacity to operate in the future, according to the going concern principle.

Additionally, for financial reporting purposes, the fair value measurement is categorized in levels 1, 2 and 3, according to the level in which the used assumptions are observable and its significance, in what concerns fair value valuation, used in the measurement of assets/liabilities or its disclosure.

Level 1 – Fair value is determined based on active market prices for identical assets and liabilities;

Level 2 – The fair value is determined based on data other than market prices identified in level 1 but they are possible to be observable, and;

Level 3 – Fair value measurements derived from valuation techniques, whose main inputs are not based on observable market data.

The Interim financial statements were presented quarterly, in accordance with IAS 34 – "Interim Financial Report".

i. Standards, interpretations, amendments and revisions which have mandatory application in the financial year ended as of 31 December 2016:

The following standards, interpretations, amendments and revisions were endorsed by the European Union and have mandatory application for the first time in the financial year ended as of 31 December 2016:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	
Amendment to IAS 19 – Employee benefits – Employee contribution	1-Feb-15	Clarifies under which circumstances employees' contributions to post-employment benefit plans consist of a decrease in the cost of short term benefits.
Improvements to international financial statement standards (2010-2012 cycle)	1-Feb-15	"These improvements involve the clarification of some aspects relating to: IFRS 2 – Share based payments: definition of the vesting condition; IFRS 3 – Concentration of business activities: recording of contingent payments; IFRS 8 – Operating segments: disclosures relating to the aggregation of segments and clarification of the need to reconcile total assets by segment with the amount of the assets in the financial statements; IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets: need to proportionately revalue accumulated amortization in the case of the revaluation of fixed assets; and IAS 24 – Disclosure of related parties: defines that an entity that renders management services to the Company or its parent company is considered a related party; and IFRS 13 – Fair value: clarification relating to the measurement of short term receivables or payables."

Improvements to international financial statement standards (2012-2014 cycle)	1-jan-16	These improvements involve the clarification of some aspects relating to: IFRS 5 – Non-current assets held for sale and discontinued operating units: introduces guidelines on how to proceed in the case of changes as to the expected realization method (sale or distribution to the shareholders); IFRS 7 – Financial instruments: disclosures: clarifies the impact of asset monitoring contracts under the disclosures relating to continued involvement of derecognized investments, and exempts the interim financial statements from the disclosures required relating to the compensation of financial assets and liabilities; IAS 19 – Employee benefits: defines that the rate to be used to discount defined benefits must be determined by reference to high quality bonds of companies issued in the currency that the benefits will be paid; and IAS 34 – Interim financial statements: clarification on the procedures to be used when the information is available in other documents issued together with the interim financial statements.
Amendment to IFRS 11 – Joint Agreements – Recording of acquisitions of interests in joint agreements	1-jan-16	This amendment relates to the acquisition of interests in joint operations. It establishes the requirement to apply IFRS 3 when the joint operation acquired consists of a business activity in accordance with IFRS 3. When the joint operation in question does not consist of a business activity, the transaction must be recorded as the acquisition of assets. This amendment is of prospective application to new acquisitions of interests.
"Amendment to IAS 1 – Presentation of Financial Statements - "Disclosure initiative"	1-jan-16	"This amendment clarifies some aspects relating to disclosure initiatives, namely: (i) the entity must not make it difficult to understand the financial statements by the aggregation of significant items with insignificant items or the aggregation of significant items of different natures; (ii) the disclosures specifically required by the IFRS need only to be provided if the information in question is significant; (iii) the lines in the financial statements specified by IAS 1 can be aggregated or segregated in accordance with what is significant in relation to the objectives of the financial statement; (iv) the part of other recognized income resulting from the application of the equity method in associates and joint agreements must be presented separately from the remaining elements of other recognized income, also segregating the items that can be reclassified to the statement of profit and loss from those that will not be

		reclassified; (v) the structure of the notes must be flexible, and should follow the following order: • a declaration of compliance with the IFRS's in the first section of the notes; • a description of the significant accounting policies in the second section; • supporting information for the items on the financial statements in the third section; and • other information in the fourth section."
Amendment to IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets – Acceptable depreciation and amortization methods	1-jan-16	This amendment establishes the presumption (that can be refuted) that income is not an appropriate basis for amortizing an intangible asset and forbids the use of income as a basis for depreciating tangible fixed assets. The presumption established for amortizing intangible assets can only be refuted when the intangible asset is expressed based on the income generated or when utilization of the financial benefits is significantly related to the income generated.
Amendment to IAS 16 – Tangible fixed assets and IAS 41 – Agriculture – Production plants	1-jan-16	This amendment excludes plants that produce fruits or other components used for harvesting and/or removal under the application of IAS 41, becoming covered by IAS 16.
Amendment to IAS 27 – Application of the equity method on separate financial statements	1-jan-16	This amendment introduces the possibility of measuring interests in subsidiaries, joint agreements and associates in separate financial statements in accordance with the equity method, in addition to the measurements methods presently existing. This change applies retrospectively.
Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 - Disclosures of Interests in Other Entities and IAS 28 – Investments in Associates and Joint Ventures	1-jan-16	These amendments clarify some aspects related to the application of consolidation exception by investment entities.

The effect of adopting the above standards, interpretations and amendments on the Group's consolidated financial statements for the year ended 31 December 2016 was not significant.

ii. Standards, interpretations, amendments and revisions with mandatory application in future years

The following standards, interpretations, amendments and revisions, with mandatory application in future years, were endorsed by the European Union, until the approval date of the accompanying financial statements:

Standard/Interpretation	Applicable in the European Union in the years starting on or after	
IFRS 9 – Financial Instruments (2009) and subsequent amendments	1-Jan-18	This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities to the methodology for the calculation of impairment and for the application of hedge accounting rules.
IFRS 15 – Revenue from Client Contracts	1-Jan-18	This standard introduces a structure for recognizing revenue based on principles and a model to be applied to all contracts entered into with clients, substituting IAS 18 – Revenue, IAS 11 – Construction contracts; IFRIC 13 – Fidelity programs; IFRIC 15 – Agreements to construct real estate; IFRIC 18 – Transfer of assets from clients and SIC 31 – Revenue – Direct exchange contracts involving services and publicity.

The Group did not adopt any of these standards, because their application was not mandatory in 2016.

The Group is, at the moment, evaluating the eventual impacts of their application.

iii. Standards, interpretations, amendments and revisions not endorsed by the European Union

In addition, the following standards, amendments and revisions applicable to future years have not been endorsed by the European Union up to the date of approval of these financial statements:

Standard / Interpretation	
IFRS 14 – Regulated assets	This standard establishes the financial statement requirements of entities that adopt for the first time IFRS standards applicable to regulated assets.
IFRS 16 – Leases	This standard introduced the principles for the recognition and measurement of leases, substituting IAS 17 – Leases. The standard defines a single model for recording lease contracts, which results in the recognition by the lessor of assets and liabilities for all lease contracts, except for those for periods of less than twelve months or

for leases of assets of reduced value. Lessors will continue to classify leases between operating and finance leases, IFRS 16 not requiring substantial changes for such entities in relation to IAS 17.

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Jointly Controlled Entities	These amendments eliminate the conflict existing between these standards, relating to the sale or the contribution of assets between the investor and the associate or between the investor and the jointly controlled entity.
Amendments to IAS 12 - Income Taxes	These amendments clarify the conditions for recognition and measurement of tax assets resulting from unrealized losses.
Amendments to IAS 7 – Statement of Cash Flows	These amendments introduce additional disclosures related to the cash flows of financing activities.
Amendments to IFRS 15 – Revenue from Client Contracts	These amendments introduce several clarifications in the standard in order to eliminate the possibility of divergent interpretations of various topics.
Amendments to IFRS 2 – Share-based payment	These amendments introduce a number of clarifications in the standard related to: (i) recording cash-settled share-based payment transactions; recording of modifications in share-based payments transactions (from cash-settled to settled with equity instruments); (iii) the classification of cleared settlement transactions.
Amendments to IFRS 4 – Insurance Contracts	These amendments give some orientations about the application of IFRS 4 in addition with IFRS 9.
Amendment to IAS 40 – Investment properties	These amendments clarify that the change of classification from or to investment property should only be done when there are evidences of changes in the asset use.
Improvements to international financial reporting standards (cycle 2014-2016)	This improvements include the clarification of some aspects related to: IFRS 1 - First Time Adoption of International International Financial Reporting Standards: elimination of some short-term exemptions; IFRS 12 - Disclosure of Interests in Other Entities: clarification of the scope of the standard for its application to

	interests classified as held for sale or held for distribution under IFRS 5; IAS 28 - Investments in Associates and Joint Ventures: introduction of several clarifications about the measurement at fair value of results from investments in associates or joint ventures held by venture capital companies or investment funds.
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	This interpretation establishes the date of the initial recognition of the advance or deferred income and the date of the transaction for the purpose of determining the exchange rate of the recognition of the revenue.

These standards have not yet been endorsed by the European Union and therefore have not been applied by the Group in the year ended as of December 31, 2016. The Group is, at the moment, evaluating the impacts of these measures and, it is expected that their adoption will not have a significant impact. The only exception is IFRS 16.

The accounting policies and measurement criteria adopted by the Group as of December 31, 2016 are consistent with those used in the preparation of the consolidated financial statements as of December 31, 2015.

2.2 CONSOLIDATION POLICIES

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

a) Investments in Group companies

Investments in companies in which F. Ramada Group has control, directly or indirectly, are included in the consolidated financial statements by the full consolidation method. The Group has control on its subsidiaries if the following conditions are observed: i) the Group has influence on its subsidiary; ii) it is exposed to, or has the right to, changeable results, according to the relationship between its subsidiary; iii) has the capacity to use its power on its subsidiary in a way that can affect its results. When any change occurs to one or more of these conditions, the control is evaluated again.

Equity and net profit attributable to minority shareholders are shown separately, under the caption “Non-controlling interests”, in the consolidated statement of financial position and in the consolidated statement of profit and loss. Companies included in the consolidated financial statements by the full consolidation method are listed in Note 4.1.

The subsidiary comprehensive income is attributed to the Group owners and to non-control interests, even if that causes a negative balance with non-control interests.

Under business combinations, the assets and liabilities of each subsidiary are measured at their fair value at the date of acquisition in accordance with IFRS 3 - “Business Combinations”. Any excess on the cost of acquisition over the fair value of the identifiable net assets and liabilities acquired is recognized as goodwill (Note 2.2.c). Any excess of the fair value of the identifiable net assets and liabilities acquired over its cost is recognized as income in the profit and loss statement of the period of acquisition, after reassessment of the estimated fair value. Non-controlling interests are presented according to their share in the fair value of the identifiable assets and liabilities.

The results of subsidiaries acquired or disposed during the period are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, respectively.

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt its accounting policies to those used by the Group. All intercompany transactions, balances and distributed dividends are eliminated during the consolidation process.

b) Investments in associated companies

Investments in associated companies (companies where the Group has significant influence but has no control over the financial and operating decisions - usually corresponding to holdings between 20% and 50% in a company's share capital) are accounted for in accordance with the equity method.

According to the equity method, the investments in associated companies are initially recorded at acquisition cost, which is adjusted proportionally to the Group's corresponding share capital, as at the acquisition date or as at the date of the first adoption of the equity method. On a yearly basis, investments are adjusted in accordance with the Group's participation in the associated company's net income against gains or losses for the year. Additionally, the dividends of the subsidiary are recorded as a reduction in the investment's book value and the Group's proportion in the changes occurred in the associated company's equity are recorded as a change in the Group's equity.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill, which is included in the caption "Investments in associated companies". If that difference is negative it is recorded as a gain in the caption "Gains and losses in associated companies", after reassessment of the fair value of the identifiable assets and liabilities acquired.

An evaluation of investments held in associated companies is performed whenever there are signs of impairment in those investments. Impairment losses are recorded in the statement of profit and loss for the period. When those losses recorded in previous periods vanish, they are reverted in the statement of profit and loss for the period.

When the Group's share of losses in the associated company exceeds the investment's book value, the investment is recorded at null value, except to the extent of the Group's commitments to the associate. In such case, the Group records a provision to cover those commitments.

Unrealised gains arising from transactions with associated companies are eliminated to the extent of the Group's interest in the associate against the investment held. Unrealised losses are eliminated but only to the extent that there is no evidence of impairment of the asset transferred.

c) Goodwill

Differences between the acquisition price of financial investments in Group companies (subsidiaries), plus the value of non-controlling interests and the fair value of the assets and liabilities of these companies as of the acquisition date, when positive, are accounted for as "Goodwill" and when negative, following a confirmation of its computation, are recorded directly in the statement of profit and loss. The differences between the acquisition price of the affiliated companies and joint ventures and the fair value of the assets and liabilities of these companies as of the date of acquisition, when positive, are kept as "Equity Consolidated Investments" and, when negative, following a confirmation of its computation, are recorded directly in the statement of profit and loss.

Additionally, the differences between the acquisition cost of investments in foreign subsidiaries and the fair value of identifiable assets and liabilities of these subsidiaries as of the date of acquisition, are recorded in the reporting currency of those subsidiaries, and converted to the Group reporting currency (Euro) at the exchange rate as of the date of the statement of financial position. Differences arising from this translation are recorded under "Monetary conversion reserves".

Future contingent payments are recognized as a liability as of the date of the business combination at its fair value, with any change in the initial amount being recorded against “Goodwill”, but only during the reassessment period (12 months following the acquisition date) and if related with events prior to the acquisition date, otherwise, it must be recorded against the statement of profit and loss.

Acquisitions or disposals of stakes in already controlled entities, as long as they do not represent a loss of control, are treated as transactions between shareholders, thus only affecting the equity caption with no impact on goodwill or net results.

Whenever a disposal generates a loss in control, all assets and liabilities of the disposed entity will have to be disregarded and whatever interest recognized in the disposed company will have to be reassessed at fair value and the resulting gain or loss arising from the disposal is accounted for as net profit.

Until 1 January 2004, Goodwill was amortised during the estimated investment recovery period, being the amortizations recorded in the “Amortizations and Depreciations” caption of the statement of profit and loss. Since 1 January 2004, according to IFRS 3 – “Business Combinations”, goodwill amortization was suspended, being subject to impairment tests.

On an annual basis, at the closing date, F. Ramada makes formal goodwill impairment tests. If the amount of the positive consolidation difference recorded is greater than the recoverable amount, a loss is recorded in the statement of profit and loss, in “Other operational expenses” caption. The recoverable amount is the higher between the net sales price and the value in use. Net sales price is the amount obtained with the asset disposal in a transaction at market conditions, less disposal costs. Value in use is the present value of the estimated future cash flows which are expected from the continuous use of the asset and from the disposal at the end of its life cycle. The recoverable amount is individually estimated for each asset or, if not possible, for the business unit in which the asset is included.

Impairment losses related to goodwill cannot be reversed.

d) Translation of financial statements of foreign companies

Assets and liabilities in the financial statements of foreign entities are translated to Euro using the exchange rates in force at the statement of financial position date. Profit and loss and cash flows are converted to Euro using the average exchange rate for the period. The resulting exchange rate difference is recorded in equity captions, under “Monetary conversion reserves”.

Goodwill and adjustments to the fair value arising from the acquisition of foreign subsidiaries are recorded as assets and liabilities of those companies and translated to Euro at the statement of financial position date exchange rate.

Whenever a foreign company is sold, the accumulated exchange rate differences are recorded in the statement of profit and loss as a gain or loss associated with the disposal.

Exchange rates used in the translation to Euro of foreign Group companies included in the consolidated financial statements are as follows:

	GBP	
	31.12.2016	31.12.2015
Final exchange rate	1.168	1.3625
Average exchange rate	1.2203	1.3777

2.3 MAIN ACCOUNTING POLICIES

The main accounting policies used by F. Ramada Group in the preparation of its consolidated financial statements are as follows:

a) Intangible assets

Intangible assets are recorded at cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is likely that future economic benefits will flow to the Group, are controlled by the Group and if its cost can be reliably measured.

Development costs are recognized as an intangible asset if the Group has proven technical feasibility and ability to finish the development and to sell/use such assets and if it is likely that those assets will generate future economic benefits. Development costs which do not fulfil these conditions are recorded as an expense in the period in which they are incurred.

Internal costs related with the maintenance and development of software are recorded as expenses in the statement of profit and loss for the period in which they are incurred, except in situations when these costs are directly attributable to projects for which the existence of future economic benefits for the Group is likely. Being this the case, they are capitalized as intangible assets.

Amortization is calculated on a straight line basis, as from the date the asset is available for use, over its expected useful life (usually 3 to 5 years).

b) Tangible assets

Tangible assets acquired until 1 January 2004 (IFRS transition date) and transferred following the demerger process (Introductory Note), are recorded at their respective deemed cost, which corresponds to its acquisition cost, or its acquisition cost restated in accordance with generally accepted accounting principles in Portugal until that date, net of accumulated depreciations and accumulated impairment losses.

Tangible assets acquired after that date are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciations are calculated on a decreasing basis, as from the date the asset is available for use, over the expected useful life for each group of assets.

The depreciation rates used correspond to the following estimated useful lives:

Type	Years
Buildings and other constructions	10 to 50
Plant and machinery	2 to 15
Vehicles	2 to 10
Tools	4 to 14
Office equipment	2 to 10
Other tangible assets	3 to 10

Maintenance and repair costs related to tangible assets which do not increase the useful life or do not result in significant benefits or improvements in tangible assets are recorded as expenses in the period they are incurred.

Tangible assets in progress correspond to fixed assets still in construction and are stated at acquisition cost, net of impairment losses. These assets are depreciated as from the date they are concluded or ready to be used.

Gains or losses arising from the sale or disposal of tangible assets are calculated as the difference between the selling price and the asset's net book value as of the date of its sale/disposal, and are recorded in the statement of profit and loss.

c) Lease contracts

Lease contracts are classified as (i) a financial lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

Tangible assets acquired under financial lease contracts and the corresponding liabilities are recorded in accordance with the financial method. Under this method, the cost of the fixed assets and the corresponding liability are reflected in the statement of financial position. In addition, interests included in the lease instalments and depreciation of the fixed assets, calculated as explained in Note 2.3.b), are recorded as costs in the statement of profit and loss of the period to which they apply.

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

The operating lease instalments on assets acquired under long-term rental contracts are recognized on a straight-line basis as expenses during the period of the rental contract.

d) Government subsidies

Government subsidies for personnel training programs or production support are recorded in the statement of profit and loss caption “Other profits” when attributed, independently of when they are received.

Non-repayable subsidies obtained to finance investments in tangible assets are recorded as “Other non-current liabilities” and “Other current liabilities” corresponding to the instalments repayable in the long and short term, respectively. These subsidies are recognized in the statement of profit and loss in accordance with the depreciation of the related tangible assets.

e) Impairment of assets, except for goodwill

Assets are assessed for impairment at each statement of financial position date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss under the caption “Provisions and impairment losses”.

The recoverable amount is the higher of an asset’s net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm’s length transaction less the costs of the disposal. The value in use is the present value of the estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognized in prior years is recorded when the Group concludes that the impairment losses previously recognized for the asset no longer exist or have decreased. This analysis is made when there is evidence that the impairment loss previously recognised, no longer exists. The reversal is recorded in the statement of profit and loss as “Provisions and impairment losses”. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognized for that asset in prior years.

f) Borrowing costs

Borrowing costs are usually recognised as expense in the statement of profit and loss for the period in which they are incurred, on an accrual basis.

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

g) Inventories

Raw, subsidiary and consumable materials are stated at acquisition average cost, deducted from quantity discounts granted by suppliers, which is lower than its market value.

Finished and intermediate goods, sub-products and work in progress are stated at production cost, which includes the cost of raw materials, direct labour and production overheads, which is lower than market value.

When necessary, the Group companies record impairment losses to reduce inventories to its net realisable or market value.

h) Provisions

Provisions are recognised when, and only when, the Group (i) has a present obligation (legal or constructive) arising from a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at each statement of financial position date to reflect the best estimate as of that date.

Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and has been communicated to the affected parties.

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

i) Financial instruments

The Group classifies its financial instruments in the categories presented and reconciled with the consolidated statement of financial position as indicated in Note 5.

i. Investments

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

- Investments held to maturity, are non-derivative assets, with fixed or determinable payments and fixed maturity. There is a purpose and ability to maintain them until their maturity date. These investments are classified as non-current assets, unless they mature within 12 months of the balance sheet date;
- Investments measured at fair value through profit and loss are classified as current assets. The purpose of these investments is to obtain short term profits. This category is divided into two subcategories: "Financial assets held for trading" and "Investments at fair value through profit and loss." Derivatives are also classified as held for trading unless they are engaged in hedging transactions;
- Investments available for sale, includes all the other investments that were not addressed above. They are classified as non-current assets, unless the Board of Directors has the intention to sell the investment within 12 months from the balance sheet date.

Investments are initially measured at acquisition cost, which is the fair value of the price paid, including transaction costs if related with held to maturity and available for sale investments.

After initial recognition, investments available for sale and investments measured at fair value through profit and loss are subsequently measured at fair value by reference to the market value as of the statement of financial position date without any deduction for transaction costs which may be incurred until its sale. Investments in equity instruments which are not listed on a stock exchange market and whose fair value cannot be reliably measured are stated at cost net of impairment losses. Investments held to maturity are recorded at amortised cost, using the effective interest rate method.

Gains or losses arising from a change in the fair value of available for sale investments are recognised under the equity caption "Hedging reserve" included in caption "Other reserves", until the investment is sold or disposed, or until it is determined to be impaired, at which time the cumulative loss previously recognised in equity is transferred to the profit and loss account for the period.

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

ii. Accounts receivable

Receivables from third parties, that do not bear interests, are stated at their nominal value less impairment losses so that those receivables reflect their respective net realisable value.

Impairment losses are recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each Group company takes into consideration market information which shows the customer default in their responsibilities', as well as historic information on outstanding debts not received.

Recognised impairment losses correspond to the difference between the nominal value of the receivable balance and the corresponding present value of future estimated cash-flows, discounted at the initial effective interest rate; when the payment is expected to occur within a one year period, the rate is considered null.

iii. Loans

Loans are recorded as liabilities at their respective nominal value, net of up-front fees and commissions directly related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the statement of profit and loss on an accrual basis. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Assets and liabilities are compensated and presented by its net amount as long as there is the right for compulsory fulfilment of compensation and the Board of Directors intends to realise them on a net basis or realise the asset and simultaneously settle the liability.

iv. Accounts payable and other creditors

Noninterest bearing accounts payable are stated at nominal value, which is substantially equivalent to its fair value.

v. Derivatives

The Group may use derivatives to manage its exposure to financial risks. Derivatives are only used for hedge accounting purposes and not for speculation purposes.

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

- At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- Hedge effectiveness can be reliably measured;
- There is adequate documentation about the transaction till the inception of the hedge;
- The transaction to be hedged is highly probable to occur.

The hedge instruments related to interest rate and exchange rate are recorded at its fair value. Changes in the fair value of these instruments are recorded under the equity caption “Other reserves”, and transferred to the statement of profit and loss when the operation subject to hedging affects the net result.

When derivative instruments, although specifically engaged to hedge financial risks, do not fulfil the requirements listed above to be classified and accounted for as hedge instruments, the changes in fair value are directly recorded in the profit and loss statement.

Hedge accounting of derivatives is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded and deferred in equity under the caption “Other reserves” are transferred to profit and loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract and when these are not stated at fair value with gains and losses not realizable being recorded in the profit and loss statement.

vi. Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for based upon its contractual substance. Equity instruments are those that represent a residual interest upon the Group’s net assets and are recorded by the amount received, net of costs incurred with its issuance.

vii. Own shares

Own shares are recorded at acquisition cost as a deduction to equity captions. Gains or losses on its sale are recorded in the equity caption “Other reserves”, thus not affecting net results.

viii. Discounted bills and accounts receivable transferred to factoring companies

Only when the assets´ cash flows contractual right has expired or when the risks and benefits inherent to those assets are property transferred to a third party, the Group derecognises the financial assets of its financial statements. If the Group substantially retains the risks and benefits inherent to the property of such assets, it continues to recognize them in its financial statements, by recording in the caption “Loans” the monetary counterparty for the conceded assets.

Consequently, the customers’ balances secured by non-outstanding discounted bills and accounts assigned under factoring arrangements as of the financial position date, except for the non-appealing factoring operations, are recognized in the Group’s financial statements until the moment of its collection.

ix. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks on demand and term deposits and other treasury applications which reach maturity within less than three months and may be mobilized without significant risk of change in value.

For purposes of the consolidated statement of cash flows, “Cash and cash equivalents” caption also includes bank overdrafts, which are included in the balance sheet caption “Other loans”.

j) Contingent assets and liabilities

Contingent assets are possible assets arising from past events and whose existence will be confirmed, or not, by uncertain future events not controlled by the Company.

Contingent assets are not recorded in the consolidated financial statements but only disclosed when the existence of future economic benefits is likely.

Contingent liabilities are defined by the Company as (i) possible obligations that arise from past events and which existence will be confirmed, or not, by one or more occurrences of uncertain future events not controlled by the Company, or (ii) present obligations that arise from past events but that are not recorded because it is unlikely that an outflow of resources occurs to settle the obligation or the obligation amount cannot be reliably measured.

Contingent liabilities are not recorded in the consolidated financial statements, being disclosed, unless the probability of a cash outflow is remote, in which case no disclosure is made.

k) Income tax

Income tax for the period is determined based on the taxable results of the companies included in consolidation and takes into consideration deferred taxation.

Current income tax is determined based on the taxable results of the companies included in consolidation, in accordance with the tax legislation in force at the location of the head office of each Group company, considering the annual estimated income tax rate.

Deferred taxes are computed using the balance sheet liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes. Deferred taxes are computed using the tax rate that is expected to be in force at the time these temporary differences are reversed.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will arise in the future to allow such deferred tax assets to be used. At the end of each period the Company reviews these deferred tax assets which are reduced whenever its realisation ceases to be likely.

Deferred tax assets and liabilities are recorded in the statement of profit and loss, except if they relate to items directly recorded in equity. In these cases, the corresponding deferred tax is recorded in equity captions.

l) Income recognition and accrual basis

Revenue arising from the sale of goods is recognized in the consolidated income statement when (i) the risks and benefits have been transferred to the buyer, (ii) the Company retains neither continued management involvement in a degree usually associated with ownership nor effective control over the goods sold, (iii) the amount of the revenue can be reasonably measured, (iv) it is likely that the economic benefits associated with the transaction will flow to the Group, and (v) the costs incurred or to be incurred related with the transaction can be reliably measured. Sales are recorded net of taxes, discounts and other expenses arising from the sale, and are measured at the fair value of the amount received or receivable.

Income related with storage systems activity is recognized under the “stage of completion method”, provided that all the following conditions are satisfied:

- the amount of revenue can be reliably measured;
- it is probable that the economic benefits will flow to the seller;
- the costs incurred, or to be incurred, in respect of the transaction can be reliably measured;
- the stage of completion at the balance sheet date can be reliably measured.

Dividends are recognized as income in the period its distribution is approved.

All other income and expenses are recognized in the period to which they relate, independently of when the amounts are received or paid. Differences between the amounts received and paid and the corresponding income and expenses are recorded in the captions “Other current assets” and “Other current liabilities”.

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

m) Investment properties

Investment properties represent assets held to earn rentals or for capital appreciation, and are measured at acquisition cost, including transaction costs. Investment properties held as of December 31, 2016 and 2015 represent land held to earn rentals and not held for administrative purposes or for disposal under the current business activity of the Group.

n) Non-current assets held for sale

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

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

o) Balances and transactions expressed in foreign currencies

All assets and liabilities expressed in foreign currencies were translated to Euro using the exchange rates in force as of the balance sheet date.

Favourable and unfavourable exchange differences arising from changes in the exchange rates between those prevailing on the dates of the transactions and those in force on the payment dates, collection or as of the balance sheet date are recorded in the consolidated statement of profit and loss, except the ones related to non-monetary values which fair value variation is directly recorded in equity.

p) Subsequent events

Post balance sheet date events which provide additional information about conditions that existed at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post balance sheet date events that provide information about conditions that have only arisen after the balance sheet date are considered non-adjusting events and are disclosed in the notes to the financial statements, if material.

q) Segment information

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

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

r) Cash flows statement

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

Consolidated cash flow statement is classified as operating, investing and financing activities. Operating activities include cash receipts from customers, cash payments to suppliers, cash payments to and on behalf of employees and other operating activities payments and receipts. Investing activities cash flows include, essentially, acquisitions and sales of investments in subsidiaries and payments and receipts related with acquisitions and sales of tangible assets.

Financing activities cash flows include, essentially, payments and receipts of loans and borrowings, financial lease contracts and dividend payments.

s) Judgements and estimates

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

The most significant accounting estimates reflected in the consolidated financial statements for the years ended as of December 31, 2016 and 2015 correspond to the recognition of provisions and impairment losses.

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

For this reason, and given the degree of uncertainty, actual results of the transactions in question may differ from the corresponding estimates.

2.4 FINANCIAL RISK MANAGEMENT

F. Ramada Group is essentially exposed to a) market risk; b) interest rate risk, c) exchange rate risk, d) variability in commodities' price risk, e) credit risk and f) liquidity risk. The main objective of the Board of Directors, concerning risk management, is to reduce these risks to a level considered acceptable for the development of the Group's activities.

The guidelines of the risk management policy are defined by F. Ramada's Board of Directors, which determines the acceptable risk limits. The operational concretization of the risk management policy is made by the Board of Directors and by the management of each participated company.

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

a) Market risk

At this level of risk, particular relevance is given to interest rate risk, exchange rate risk and variability of the commodities' price risk.

b) Interest rate risk

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

The Board of Directors approves the terms and conditions of the relevant funding to the Company, analysing the structure of such debt, the inherent risks and the different options available in the market, particularly regarding the type of interest rate (fixed / variable).

Sensitivity analysis of interest rate fluctuations

The sensitivity analysis presented below was computed based on the exposure to interest rates in force as of the statement of financial position date. It was considered, as a basic assumption, that the financial structure (interest bearing assets and liabilities) remains stable throughout the year and similar to the one existing as of December 31, 2016.

Thus, during the years ended as of 31 December 2016 and 2015, the Group's sensitivity to changes in the interest rate indexing resulting from an increase / decrease by 100 basis points, measured as the change in financial results, can be analysed as follows:

	31.12.2016	31.12.2015
Interests (Note 29)	1,479,259	1,592,134
Positive change of 100 basis points in interest rate on the entire indebtedness	730,000	647,000
Negative change of 100 basis points in interest rate on the entire indebtedness	(730,000)	(647,000)

c) Exchange rate risk

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

Additionally, the Group also holds a financial investment in the subsidiary Storax, Ltd. (Note 4.1), whose functional currency is the Sterling Pound.

The assets and liabilities denominated in Sterling Pound are as follows, in Euro:

	31.12.2016	31.12.2015
Assets	8,767,861	9,251,266
Liabilities	(3,755,760)	(2,199,839)
	5,012,100	7,051,427

The Board of Directors considers that eventual changes in exchange rates do not have a significant effect in the consolidated financial statements.

d) Variability risk on commodities' prices

By developing its activity in an industry which trades commodities (namely, steel), the Group is particularly exposed to its price fluctuations, with the corresponding impacts in its results. However, in order to manage this risk, the Group may engage in derivative financial instruments contracts. On the other hand, in a commercial point of view, steel price variations are usually passed to Group customers.

e) Credit risk

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

The evaluation of credit risk is made on a regular basis, taking into consideration the current conditions of economic environment and the specific situation of credit rating of each debtor, adopting corrective measures whenever necessary.

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

The impairment adjustments to accounts receivable are calculated taking into consideration (i) the customer's risk profile, (ii) the average collection period, and (iii) the customer's financial condition. The adjustments movement occurred for the year ended as of December 31, 2016 are disclosed in Note 23.

The Group has a conservative policy to calculate the adjustments on accounts receivable.

f) Liquidity risk

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

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

4. SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS, INVESTMENTS IN ASSOCIATED COMPANIES, JOINT VENTURES AND INVESTMENTS HELD FOR SALE

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 December 31, 2016 and 2015, are as follows:

Designation	Headquarters	Percentage of participation held 31.12.2016	Percentage of participation held 31.12.2015	Activity
Parent company:				
F. Ramada Investimentos, SGPS, S.A.	Porto	-	-	Holding
F. Ramada Group:				
Ramada Aços, S.A.	Ovar	100%	100%	Steel comercialization
Planfuro Global, S.A.1	Leiria	100%	50%	Manufacture of metal molds
Universal Afir, S.A.	Ovar	100%	100%	Steel comercialization
Ramada Storax, S.A.	Ovar	100%	100%	Production and commercialization of storage systems
F. Ramada II, Imobiliária, S.A.	Ovar	100%	100%	Real estate
Storax, S.A.	France	100%	100%	Comercialization of storage systems
Storax, Ltd.	United Kingdom	100%	100%	Comercialization of storage systems
Storax Benelux, S.A.	Belgium	100%	100%	Comercialization of storage systems
Storax España S.L.	Spain	60%	60%	Comercialization of storage systems

All the above companies were included in the consolidated financial statements of F. Ramada Group in accordance with the full consolidation method, as established in Note 2.2.a).

[1] Variations in consolidation perimeter

In the year ended as of December 31, 2016, the Group acquired the remaining part of the joint venture Planfuro Global, S.A. (50%). Consequently, the Group has full control of its activity at the end of 2016. The effects of this operation in the consolidated financial statements can be detailed as follows:

	Financial position value
Tangible fixed assets	788,151
Inventories	77,097
Customers	2,006,122
Other debtors	110
Other current assets	10,330
Cash and eqivalents	276,462
Total assets	**3,158,272**
Other loans	343,040
Suppliers	592,603
State and other public entities	243,754
Other creditors	190,187
Other current liabilities	191,880
Total liabilities	**1,561,464**
Total net assets	**1,596,808**
Financial investment at the moment of control acquisition	1,300,000
Retribution	
Payments	1,020,130
Debt	522,198
	2,842,328
Goodwill	**1,245,520**
Net cash flow related to the acquisition	
Payments	(1,020,130)
Cash and equivalents acquired	276,462
	(743,668)

It was not possible to conclude the calculation of goodwill and fair value, given to the proximity of year's end. However, that will be done in the next 12 months after the acquisition, as allowed by IFRS 3 – Business Combinations.

4.2 Investment in associated companies and joint ventures

As of December 31, 2016, the caption “Investment in associates” includes, essentially, the shares of Base Holding SGPS, S.A. owned by F. Ramada Investimentos, SGPS, S.A.. This entity has its head office in Oporto and heads a group of companies which operate in the healthcare sector, namely, complementary means of diagnosis and treatment.

The use of the equity method in the year ended as December 31, 2016 was made based on preliminary and not audited consolidated financial statements of the above referred company. The effect on the net profit of the year was recorded in the caption “Share of results of joint ventures and associated companies” (Note 2.2. b) by the amount of 2,028,057 Euro (1,562,678 Euro in December 31, 2015). The Board of Directors believes that there will not be relevant and material differences between the financial statements used to apply the equity method and the final and consolidated financial statements.

As of December 31, 2016 and 2015, the proportion of equity held, the value on the financial position statement and the impact on the profit and loss statement are as follows:

			Balance amount		Profit and Loss amount	
Company	**% ownership 31.12.2015**	**% ownership 31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**	**31.12.2016**
Base Holding, SGPS, SA	35.22%	35.22%	15,227,394	16,762,394	1,562,678	2,028,057

The main consolidated financial indicators of this company, as of December 31, 2016 and 2015, are as follows:

	31-12-2016 (1)	31-12-2015
	(Values in million Euro)	
Equity	54	49
Turnover	77	70
Net profit	6	5

(1) Provisional indicators based in non-audited accounts

This caption also includes the ownership of Expeliarmus - Consultoria, S.A. (incorporated in 2015 and owned by 49%) by an amount equal to 49,998 Euro.

The assessment on the existence, or not, of impairments on the investments in joint ventures and associated companies is based on their financial indicators, on the operating results and on the capacity to distribute dividends.

4.3 Other investments

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

	31.12.2016	31.12.2015
Gross amount	7,713,531	7,713,531
Impairment losses (Note 23)	(4,220,393)	(4,220,393)
	3,493,138	3,493,138

As of December 31, 2016 the caption “Other investments” had no movement recorded. This caption includes investments without significant influence on Base M – Investimentos e Serviços, S.A., on CEV – Consumo em Verde, Biotecnologia das Plantas, S.A. and on Sociedade Converde Unipessoal, Lda.. This caption also includes the loans granted to these companies.

As of December 31, 2016 and 2015, these investments correspond to investments in non-public companies in which the Group has no significant influence. As such, their acquisition cost corresponds to a reliable approximation to their fair value, adjusted by the impairment costs.

The assessment on the existence, or not, of impairments on the investments in joint ventures and associated companies is based on their financial indicators, on the operating results and on the capacity to distribute dividends.

4.4 Payments on financial investments

As of December 31, 2016 and 2015 the payments related to financial investments are as follows:

	31.12.2016	31.12.2015
Investments in associated companies (Note 4.1)	743,668	-
Joint ventures (Note 4.1)	800,000	-
Other investments (Note 4.3)	210,000	3,439,104
	1,753,668	3,439,104

In 2016 and before the acquisition of Planfuro control (Note 4.1), the Group made supplementary payments amounting to 800,000 Euro in that entity.

5. FINANCIAL INSTRUMENTS

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

5.1 Financial assets

31 December 2016	Note	Receivables and Cash and cash equivalents	Available for sale	**Sub-total**	Assets out of scope of IFRS 7	**Total**
Non-current assets						
Other investments	4.3	3,493,138	-	3,493,138	-	3,493,138
		3,493,138	-	3,493,138	-	3,493,138
Current assets						
Customers	11	49,931,173	-	49,931,173	-	49,931,173
Other debtors	13	722,675	-	722,675	1,562,037	2,284,712
Other current assets	14	2,095,471		2,095,471	270,374	2,365,845
Cash and cash equivalents	15	17,220,214	-	17,220,214	-	17,220,214
		69,969,533	-	69,969,533	1,832,411	71,801,944
		73,462,671	-	73,462,671	1,832,411	75,295,082

31 December 2015	Note	Receivables and Cash and cash equivalents	Available for sale	Sub-total	Assets out of scope of IFRS 7	Total
Non-current assets						
Other investments	4.3	3,493,138	-	3,493,138	-	3,493,138
		3,493,138	-	3,493,138	-	3,493,138
Current assets						
Customers	11	37,941,790	-	37,941,790	-	37,941,790
Other debtors	13	501,870	-	501,870	33,681	535,551
Other current assets	14	-	-	-	385,879	385,879
Cash and cash equivalents	15	22,388,594	-	22,388,594	-	22,388,594
		60,832,254	-	60,832,254	419,560	61,251,814
		64,325,392	-	64,325,392	419,560	64,744,952

5.2 Financial liabilities

31 December 2016	Note	Derivatives	Other financial liabilities	Sub-total	Liabilities out of scope of IFRS 7	Total
Non-current liabilities						
Bank loans	18	-	43,473,155	43,473,155	-	43,473,155
Other loans	18		5,000,000	5,000,000		5,000,000
		-	48,473,155	48,473,155	-	48,473,155
Current liabilities						
Bank loans	18	-	3,985,753	3,985,753	-	3,985,753
Other loans	18	-	37,284,909	37,284,909	-	37,284,909
Suppliers	20	-	18,133,024	18,133,024	-	18,133,024
Other creditors	21	-	5,931,575	5,931,575	16,681	5,948,256
Other current liabilities	22	-	7,331,578	7,331,578	8,317,187	15,648,765
		-	72,666,839	72,666,839	8,333,868	81,000,707
		-	121,139,994	121,139,994	8,333,868	129,473,862

31 December 2015	Note	Derivatives	Other financial liabilities	Sub-total	Liabilities out of scope of IFRS 7	Total
Non-current liabilities						
Bank loans	18	-	47,458,908	47,458,908	-	47,458,908
Other creditors	21	-	238,675	238,675	-	238,675
		-	47,458,908	47,458,908	-	47,458,908
Current liabilities						
Bank loans	18	-	3,985,753	3,985,753	-	3,985,753
Other loans	18	-	37,284,909	37,284,909	-	37,284,909
Derivatives	19	35,996	-	35,996	-	35,996
Suppliers	20	-	14,090,405	14,090,405	-	14,090,405
Other creditors	21	-	3,370,672	3,370,672	52,190	3,422,862
Other current liabilities	22	-	4,771,055	4,771,055	8,023,267	12,794,322
		35,996	63,502,794	63,538,790	8,075,457	71,614,247
		35,996	110,961,702	110,997,698	8,075,457	119,073,155

6. INVESTMENT PROPERTIES

Investment properties held by F. Ramada Group relate to lands rented to Altri Florestal, S.A. (Note 30) 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 4 to 10 years, according to the contracts, if the lessee needs this period to complete the established number of wood cuts. Investment properties are measured at acquisition cost. The movement occurred in this caption during the years ended as of 31 December 2016 and 2015 is as follows:

	31.12.2016	31.12.2015
Opening balance	85,963,976	85,977,075
Aquisitions	68,040	134,739
Disposals	(78,327)	(147,838)
Gross amount	85,953,689	85,963,976
Impairment losses (Note 23)	(1,100,000)	(1,100,000)
Closing balance	84,853,689	84,863,976

The rented land generated, during the year ended as of December 31, 2016, income amounting, to approximately, 6,311,140 Euro (approximately 6,311,140 Euro in 2015).

The minimum cash flows relating to land leases amount to, approximately, 6.4 million Euro, in each one of the next 5 years. After this period and until the end of the contracts, the minimum cash flows amount to, approximately, 43 million Euro. The rents established in each lease contract are updated at the end of a 2 years' period, counted from the beginning of the subsequent year of the contract signature, taking into consideration the price index on consumption.

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, these assets do not present impairment indications.

Part of the land (amounting to, approximately, 74 million Euros) is given as collateral for certain borrowings (Note 18).

7. *TANGIBLE ASSETS*

During the years ended as of December 31, 2016 and 2015 the movement occurred in tangible assets and the corresponding accumulated depreciation and impairment losses were as follows:

	2016								
	Gross assets								
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools	Office equipment	Other tangible assets	Tangible assets in progress	**Total**
Opening balance	1,217,756	13,346,609	28,090,179	1,985,783	970,631	3,752,591	11,544	429,955	49,805,048
Variations in consolidation perimeter	-	3,074	1,088,345	25,072	-	103,111	-	-	1,219,602
Exchange rate variation	-	(19,714)	(26,715)	-	-	(25,293)	-	-	(71,722)
Additions	-	-	3,803,663	105,495	24,446	222,610	-	4,948,276	9,104,490
Disposals	-	-	(556,037)	(109,970)	-	-	-	-	(666,007)
Transfers and write-offs	-	-	4,654,402	313,813	6,320	(8,140)	-	(5,055,836)	(89,441)
Closing balance	1,217,756	13,329,969	37,053,837	2,320,193	1,001,397	4,044,879	11,544	322,395	59,301,970
	Accumulated depreciations and impairment losses								
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools	Office equipment	Other tangible assets	Tangible assets in progress	**Total**
Opening balance	-	11,829,815	24,960,554	1,850,510	923,706	3,549,813	10,988	-	43,125,386
Variations in consolidation perimeter	-	307	382,329	12,892	-	35,923	-	-	431,451
Exchange rate variation	-	(12,015)	(25,526)	(30)	-	(21,293)	-	-	(58,864)
Additions	-	269,584	4,060,386	149,472	38,345	128,593	316	-	4,646,696
Disposals	-	-	(536,692)	(109,970)	-	-	-	-	(646,662)
Transfers and write-offs	-	-	-	-	-	(21,110)	-	-	(21,110)
Closing balance	-	12,087,691	28,841,051	1,902,874	962,051	3,671,926	11,304	-	47,476,897
	1,217,756	1,242,278	8,212,786	417,319	39,346	372,953	240	322,395	11,825,073

	2015								
	Gross assets								
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools	Office equipment	Other tangible assets	Tangible assets in progress	**Total**
Opening balance	1,217,756	13,219,574	24,959,636	1,980,747	950,372	3,631,652	50,071	6,750	46,016,558
Exchange rate variation	-	4,499	10,729	-	-	9,696	-	-	24,924
Additions	-	108,636	3,119,814	66,259	20,259	126,846	-	429,953	3,871,767
Disposals	-	-	-	(61,223)	-	-	-	-	(61,223)
Transfers and write-offs	-	13,900	-	-	-	(15,603)	(38,527)	(6,748)	(46,978)
Closing balance	1,217,756	13,346,609	28,090,179	1,985,783	970,631	3,752,591	11,544	429,955	49,805,048
	Accumulated depreciations and impairment losses								
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools	Office equipment	Other tangible assets	Tangible assets in progress	**Total**
Opening balance	-	11,580,635	23,127,095	1,839,911	891,739	3,417,971	12,810	-	40,870,161
Exchange rate variation	-	4,499	9,776	-	-	6,899	-	-	21,174
Additions	-	244,681	1,823,683	71,822	31,967	126,499	317	-	2,298,969
Disposals	-	-	-	(61,223)	-	-	-	-	(61,223)
Transfers and write-offs	-	-	-	-	-	(1,556)	(2,139)	-	(3,695)
Closing balance	-	11,829,815	24,960,554	1,850,510	923,706	3,549,813	10,988	-	43,125,386
	1,217,756	1,516,794	3,129,625	135,273	46,925	202,778	556	429,955	6,679,662

The additions of 2016 are related to the acquisition of industrial equipment in order to increase the Group's productive capacity, namely, in steel treatment. The amount of acquisitions made to related parties is equal to 6,000,000 Euro (Note 30).

As of 31 December 2016 and 2015 there were no tangible assets pledged as guarantee for borrowings and there were no interests capitalized to fixed assets.

8. INTANGIBLE ASSETS

During the years ended as of 31 December 2016 and 2015, the movement occurred in intangible assets and the corresponding accumulated depreciation and impairment losses were as follows:

	2016	2015
	Gross assets	**Gross assets**
	Software	Software
Opening balance	828,668	802,799
Perimeter variation	-	-
Exchange rate variation	(9,980)	3,787
Additions	18,814	22,082
Disposals and write-offs	(8,013)	-
Closing balance	829,489	828,668

	Accumulated depreciations and impairment losses	**Accumulated depreciations and impairment losses**
	Software	Software
Opening balance	751,949	652,160
Perimeter variation	-	-
Exchange rate variation	(8,766)	2,219
Additions	72,368	97,570
Disposals and write-offs	(8,011)	-
Closing balance	807,540	751,949
	21,949	76,719

9. CURRENT AND DEFERRED INCOME TAXES

In accordance with current legislation, the tax returns are subject to review and correction by the tax authorities over a period of four years (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 2013 to 2016 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 December 31, 2016 and 2015.

F. Ramada Investimentos, SGPS, S.A. is the dominant company of a group of companies based in Portugal (F. Ramada Group) which is taxed under the special regime for taxation of groups of companies ("RETGS – Regime Especial de Tributação de Grupos de Sociedades").

9.1 Deferred taxes

The movement occurred in deferred tax assets and liabilities in the years ended as of December 31, 2016 and 2015 was as follows:

	2016	
	Deferred tax assets	Deferred tax liabilities
Balance as of 1 January	1,778,714	35,081
Effects on income statement	1,894,928	(3,956)
Others	-	-
Balance as of 31 December	3,673,642	31,125

	2015	
	Deferred tax assets	Deferred tax liabilities
Balance as of 1 January	1,923,682	40,937
Effects on income statement	1,632	(5,856)
Others	(146,600)	-
Balance as of 31 December	1,778,714	35,081

The detail of the deferred taxes as of December 31, 2016 and 2015, in accordance with the nature of the timing differences that generated them, is the following:

	2015		2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Provisions and impairment losses not accepted for tax purposes	2,170,381	-	1,778,714	-
Extraordinary Revaluation of Fixed Assets	1,503,261	-	-	-
Reinvested capital gains	-	15,086	-	19,085
Amortizations not accepted for tax purposes	-	16,039	-	15,996
	3,673,642	31,125	1,778,714	35,081

As of December 31, 2016, the caption "Extraordinary Revaluation of Fixed Assets" includes the impact of the adoption of Law number 66/2016, from 3rd November. This law defines the new fixed assets revaluation regime.

9.2 Current taxes

Income taxes recorded in the income statements during the years ended as of December 31, 2016 and 2015 are detailed as follows:

	31.12.2016	31.12.2015
Current tax:		
Income tax for the year	3,787,691	3,426,086
Special autonomous tax	935,363	-
	4,723,054	3,426,086
Deferred tax	(1,898,884)	(7,488)
	2,824,170	3,418,598

As of December 31, 2016, the special autonomous taxation, correspond to an autonomous taxation regarding the adoption of the fixed assets revaluation regime published by Law number 66/2016, from 3rd November. This amount will be paid in equal parts in 2016, 2017 and 2018.

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

	31.12.2016	31.12.2015
Earnings before tax	16,751,746	14,476,383
Income tax rate	21%	21%
	3,517,867	3,040,040
Municipal surcharge	100,272	90,776
State surcharge	207,524	217,688
Autonomous tax	175,488	167,468
Fiscal benefits	(15,672)	(12,014)
Companies subject to a taxation different from the parent company	88,505	136,446
Costs not considered for taxable purposes	96,507	160,393
Share of results of joint ventures and associated companies	(425,892)	(328,162)
Special autonomous taxation	935,363	-
Fixed assets extraordinary revaluation	(1,503,261)	-
Other effects	(352,531)	(54,037)
Income tax	2,824,170	3,418,598

10. INVENTORIES

As of December 31, 2016 and 2015 the caption "Inventories" was made up as follows:

	31.12.2016	31.12.2015
Merchandise	14,814,593	12,958,364
Raw, subsidiary and consumable materials	4,112,259	2,695,932
Finished and intermidiated goods	2,612,949	1,395,067
Work in progress	1,386,728	3,738,555
	22,926,529	20,787,918
Accumulated impairment losses (Note 23)	(1,428,048)	(927,773)
	21,498,481	19,860,145

These values are the best estimate done by the Board of Directors to reach the market price or the net realizable value of the Company's inventories.

The cost of sales and the variation of production for the years ended as of December 31, 2016 and 2015 amounted to 72,265,408 Euro and 70,685,429 Euro, respectively, and were computed as follows:

31 December 2016	Raw, subsidiary and consumable materials	Finished and intermidiated goods	Total
Opening balance	15,654,296	5,133,622	20,787,918
Exchange rate variation (Note 2.2.d)	(26,234)	(126,861)	(153,095)
Variations in consolidation perimeter (Nc	77,097	-	77,097
Purchases and regularizations	74,480,017	-	74,480,017
Closing inventories	(18,926,852)	(3,999,677)	(22,926,529)
	71,258,324	1,007,084	72,265,408

31 December 2015	Raw, subsidiary, merchandise and consumable materials	Finished and intermidiated goods and Work in progress	Total
Opening balance	15,537,048	10,552,072	26,089,120
Exchange rate variation (Note 2.2.d)	54,188	32,917	87,105
Purchases	65,297,122	-	65,297,122
Closing inventories	(15,654,296)	(5,133,622)	(20,787,918)
	65,234,062	5,451,367	70,685,429

11. CUSTOMERS

As of December 31, 2016 and 2015 the caption “Customers” can be detailed as follows:

	31.12.2016	31.12.2015
Customers - Gross Value	64,187,330	53,649,630
Accumulated impairment losses (Note 23)	(14,256,157)	(15,707,840)
Net balance	49,931,173	37,941,790

As of December 31, 2016 and 2015, the customers ageing balances can be detailed as follows:

	31 December 2016					
	Gross value			Net value		
	Industry	Real Estate	Total	Industry	Real Estate	Total
Not due	32,018,629	6,311,061	38,329,690	31,790,951	6,311,061	38,102,012
Due						
0 - 180 days	16,094,584	-	16,094,584	11,506,330	-	11,506,330
+ 180 days	9,763,056	-	9,763,056	322,831	-	322,831
Total	57,876,269	6,311,061	64,187,330	43,620,112	6,311,061	49,931,173

31 December 2015

	Gross value			Net value		
	Industry	Real Estate	Total	Industry	Real Estate	Total
Not due	25,894,571	6,315,681	32,210,252	25,586,592	6,315,681	31,902,273
Due						
0 - 180 days	11,671,666	-	11,671,666	5,361,618	-	5,361,618
+ 180 days	9,767,712	-	9,767,712	677,899	-	677,899
Total	47,333,949	6,315,681	53,649,630	31,626,109	6,315,681	37,941,790

The Group's exposure to credit risk is related to the receivables from its operating activity. The amounts in the consolidated financial position statement are deducted from impairment losses. The impairment of accounts receivable was determined following a review of the recoverable amount of assets with respect to receivables that the Board of Directors considered to be in risk of partial or full failure, with the support of legal advisors, taking into consideration the economic situation. The Board of Directors believes that the receivables accounting value is similar to their fair value. The past years' conservative approach in relation to impairment losses on accounts receivable has been maintained.

Regarding the overdue amounts for which there is no impairment loss, the Group considers that there has been no loss in the credit capacity of the counterparty and therefore there is no credit risk in such situations.

The Group does not charge any interests as long as the defined payment terms (in average 90 days) are respected. After that period, interests defined contractually are charged, and in accordance with the applicable legislation; usually such situations only occur under extreme conditions. On a conservative basis, interests charged are accrued and only recognized in the profit and loss statement in the period they are received.

12. STATE AND OTHER PUBLIC ENTITIES

As of December 31, 2016 and 2015 the assets and liabilities included in the caption "State and other public entities" had the following composition:

	31.12.2016	31.12.2015
Assets		
Value Added Tax	412,889	641,777
Other taxes	135,256	114,805
	548,145	756,582
Liabilities		
Non Current Liabilities		
Special autonomous tax (Note 9.2)	311,787	-
	311,787	-
Current Liabilities		
Value Added Tax	1,917,189	1,879,408
Social Security contributions	491,002	318,741
Personal Income Tax	389,409	524,556
Corporate Income Tax	1,207,524	1,135,764
Special autonomous tax (Note 9.2)	311,787	-
Other taxes	226,536	38,952
	4,543,447	3,897,421
	4,855,234	3,897,421

13. OTHER DEBTORS

As of December 31, 2016 and 2015 this caption can be detailed as follows:

	31.12.2016	31.12.2015
Advances to suppliers	1,562,037	33,681
Other debtors	722,675	501,870
	2,284,712	535,551

As of 31 December 2016, the caption “Other debtors” includes VAT receivables on goods’ imports. The caption “Advances to suppliers” includes amounts resulting from steel imports from European Union companies.

14. OTHER CURRENT ASSETS

As of December 31, 2016 and 2015, this caption can be detailed as follows:

	31.12.2016	31.12.2015
Guarantee for construction works in progress	1,167,979	-
Acrrued revenue from construction works in progress (Note 2.3 l))	927,492	-
Other	270,374	385,879
	2,365,845	385,879

The caption “Guarantee for construction works in progress” relates to, in 2016, a granted security deposit relating to a construction in progress through the Group’s subsidiary Storax UK.

15. CASH AND CASH EQUIVALENTS

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

	31.12.2016	31.12.2015
Cash	14,730	12,925
Bank deposits	17,205,484	22,375,669
	17,220,214	22,388,594
Bank overdrafts (Note 18)	(7,183,087)	(6,524,981)
Cash and equivalents	10,037,127	15,863,613

16. SHARE CAPITAL AND RESERVES

16.1 Share Capital

As of December 31, 2016, F. Ramada’s fully subscribed and paid up capital consisted of 25,641,459 shares with a nominal value of 1 Euro each. As of the same date, F. Ramada Investimentos, SGPS, S.A. held 2,564,145 own shares, corresponding to 9.999996% of the share capital of the Company, acquired by 1,641,053 Euros.

16.2 Reserves

i. Legal reserve

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

ii. Other reserves

At the General Meeting held on April 21, 2016, dividends were attributed to shareholders in the amount of 4,846,236 Euro.

At the General Meeting held on April 14, 2015, dividends were attributed to shareholders in the amount of 3,923,143 Euro.

iii. Currency translation reserves

Currency translation reserves reflect the exchange rate differences originated by the translation of financial statements of foreign companies and cannot be distributed or used to absorb losses.

According to the Portuguese legislation, the amount of distributable reserves is determined based on the non-consolidated financial statements of the Company.

17. NON-CONTROLLING INTERESTS

The movement occurred in this caption in the year ended as of December 31, 2016 and 2015 was as follows:

	31.12.2016	31.12.2015
Opening balance	75,740	50,638
Non-controlling interests	66,624	25,102
Closing balance	142,364	75,740

The movements detailed above result from the subsidiary Storax España, a company owned in 60% by the Group (Note 4).

18. BANK LOANS AND OTHER LOANS

As of December 31, 2016 and 2014, the captions "Bank loans" and "Other loans" can be detailed as follows:

	31.12.2016		31.12.2015	
	Current	Non current	Current	Non current
Bank loans	3,985,753	43,473,155	3,985,753	47,458,908
Bank loans	3,985,753	43,473,155	3,985,753	47,458,908
Commercial paper	22,250,000	5,000,000	25,750,000	-
Other bank loans	6,650,005	-	3,500,000	-
Bank overdrafts (Note 15)	7,183,087	-	6,524,981	-
Factoring	1,650,941	-	1,425,375	-
Financial lease contracts	-	-	84,553	-
Other loans	37,734,033	5,000,000	37,284,909	-
	41,719,786	48,473,155	41,270,662	47,458,908

The Board of Directors believes that the loans' book value does not differ significantly from its fair value, calculated based on the discounted cash-flow method.

The nominal amount of bank loans as of December 31, 2016 will be reimbursed as follows:

2016			2015		
Reimbursement year	Amount	Estimated interests (1)	Reimbursement year	Amount	Estimated interests
Current			**Current**		
2017	41,719,786	757,000	2016	41,270,662	852,318
Non current			**Non current**		
2018	5,985,755	687,000	2017	3,985,753	783,000
2019	6,000,000	603,000	2018	3,985,753	714,000
2020	5,000,000	517,000	2019	5,500,000	622,000
2021	4,000,000	449,000	2020	5,500,000	529,000
2022	4,000,000	388,000	2021	5,500,000	436,000
2023	4,000,000	326,000	2022	5,500,000	343,000
2024	3,987,400	265,000	2023	5,500,000	250,000
2025	3,500,000	210,000	2024	11,987,402	42,000
2026	3,500,000	156,000	2025	-	-
2027	3,500,000	101,000	2026	-	-
2028	5,000,000	19,000	2027	-	-
	48,473,155	3,721,000		47,458,908	3,719,000
	90,192,941	4,478,000		88,729,570	4,571,318

(1) Interest estimated according to the contracts, assuming market conditions of 2016

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

	31 December 2016		31 December 2015	
Nature	Authorized amount	Used amount	Authorized amount	Used amount
Other bank loans	21,200,000	6,650,005	23,700,000	3,500,000
Bank overdrafts	16,000,000	7,183,087	16,000,000	6,524,981
Commercial paper program				
12/2016	-	-	5,000,000	4,000,000
12/2017	5,000,000	5,000,000	-	-
07/2018	1,750,000	1,750,000	2,750,000	2,750,000
08/2019	5,000,000	5,000,000	5,000,000	5,000,000
07/2019	7,500,000	4,000,000	7,500,000	2,000,000
07/2020	3,000,000	2,500,000	3,000,000	3,000,000
06/2020	5,000,000	5,000,000	5,000,000	5,000,000
07/2020	4,000,000	4,000,000	4,000,000	4,000,000
11/2020	3,000,000	-	-	-
	34,250,000	27,250,000	32,250,000	25,750,000

During the year ended as of December 31, 2016 these loans bear interest at normal market rates depending on the nature and term of the credit obtained.

During this year, and in the previous one, the Group did not enter into any loan default.

Additionally, as of December 31, 2016, there are no covenants associated with the loans obtained.

19. DERIVATIVES

In order to reduce the exposure to interest rate volatility, the Group has engaged in interest rate swap contracts. These contracts were evaluated in accordance with its fair value as of the statement of financial position date, being the corresponding amount recognized in the caption "Derivatives", as described in the Note 2.3.i.v.

As of December 31, 2016, the amount recorded in the caption "Derivatives" is equal to 0. The movements that occurred in this caption as of December 31, 2016 and 2015 were as follows:

	31-12-2016	31-12-2015
Opening balance	(35,996)	-
Increases/(Decreases)	35,996	(35,996)
Closing Balance	-	(35,996)

20. SUPPLIERS

As of December 31, 2016 and 2015 the caption "Suppliers" could be presented, considering its maturity, as follows:

	31.12.2016		31.12.2015	
	Industry	Real Estate	Industry	Real Estate
0 a 90 days	17,733,954	399,070	13,807,767	282,638

As of December 31, 2016 and 2015, this caption included accounts payable to suppliers resulting from the Group's operating activities. The Board of Directors believes that the fair value of these amounts does not differ significantly from their book value and that the effect of possible changes is not relevant.

21. OTHER CREDITORS

As of December 31, 2016 and 2015 the caption "Other creditors" was made up as follows:

	31.12.2016	31.12.2015
Non current liabilities		
Accounts payables related to financial investments (Note 4.4)	-	238,675
	-	238,675
Current liabilities		
Fixed assets suppliers	4,212,626	2,608,433
Accounts payables related to financial investments (Note 4.4)	678,374	110,000
Customer advances	16,681	52,190
Other creditors	1,040,575	652,239
	5,948,256	3,422,862
	5,948,256	3,661,537

The liabilities recorded under the caption “Fixed assets suppliers” are payable in less than three months.

22. OTHER CURRENT LIABILITIES

As of December 31, 2016 and 2015 the caption “Other current liabilities” can be detailed as follows:

	31.12.2016	31.12.2015
Accrued expenses		
Accrued payroll	4,450,848	3,017,235
Interests payable	779,491	630,605
Other	2,101,239	1,123,214
Deferred income	8,317,187	8,023,268
	15,648,765	12,794,322

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

23. PROVISIONS AND IMPAIRMENT LOSSES

The movements that occurred in provisions and impairment losses for the year ended as of December 31, 2016 can be detailed as follows:

2016	Provisions	Impairment losses in accounts receivable (Note 11)	Impairment losses in inventories (Note 10)	Impairment losses in investments (Note 4)	Impairment losses in investments properties (Note 6)	Total
Opening balance	1,564,976	15,707,840	927,773	4,220,393	1,100,000	23,520,982
Exchange rate variation	(1,892)	(8,623)	(17,866)	-	-	(28,381)
Increases	1,638,616	614,331	532,345	-	-	2,785,292
Reversals	(79,310)	(2,057,391)	(14,204)	-	-	(2,150,905)
Transfers	-	-	-	-	-	-
Utilizations	(239,310)	-	-	-	-	(239,310)
Closing balance	2,883,080	14,256,157	1,428,048	4,220,393	1,100,000	23,887,678

The increases and reversals recorded in provisions and impairment losses for the years ended as of 31 December 2016 and 2015 were recorded in the profit and loss statement caption “Provisions and impairment losses”.

The amount recorded in the caption “Provisions” as of December 31, 2016 relates to the Board of Directors best estimate to cover possible losses arising from legal actions in progress and other liabilities, namely, to guarantees related to storage management systems constructions. Given the great complexity of this constructions, the Board of Directors decided to increase their provisions in 2016.

The Board of Directors believes that, based on the opinion of their legal advisors, as of December 31, 2016 there are no assets or liabilities associated with probable or possible tax contingencies that should be reported in the financial statements as of December 31, 2016, besides the ones that are recorded.

24. OPERATING LEASES

As of December 31, 2016 and 2015, the Group held, as lessee, essentially operational lease contracts, whose minimum payments present the following maturity:

	31 December 2016	31 December 2015
Responsibilities on operational lease rents	Minimum operational leases payments	Minimum operational leases payments
2016	-	309,111
2017	333,038	236,412
2018	230,709	160,105
2019	154,430	107,315
2020	44,487	20,886
2021	8,211	-
	770,875	833,829

25. OTHER INCOME

As of December 31, 2016 and 2015, the caption “Other income” could be detailed as follows:

	31.12.2016	31.12.2015
Prompt payment discounts obtained	113,734	133,378
Foreign currency exchange gains	51,188	32,112
Gains on sale of non financial investments	222,903	107,272
Supplementary income	321,091	93,447
Recovery of charges biled to customers	289,047	96,834
Subsidies	93,607	28,800
Works for own company	156,357	-
Other	167,090	255,342
	1,415,017	747,184

26. EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" as of December 31, 2016 and 2015 can be detailed as follows:

	31.12.2016	31.12.2015
Subcontracts and specialized services	10,312,079	6,888,850
Maintenance and repair	2,068,289	2,014,004
Tools	983,010	756,900
Eletricity	1,073,644	980,106
Fuel	779,614	834,237
Travel and lodging	995,132	1,008,436
Transport of goods	3,897,515	3,359,838
Rents	1,709,241	1,703,567
Insurance	830,761	608,339
Other services	3,109,471	3,028,390
	25,758,754	21,182,667

As of December 31, 2016 and 2015 the amounts recorded in the caption "Subcontracts and specialized services" are associated with: (i) thermal treatment services and machinery and (ii) the assembly services for metal structures (storage systems).

27. PAYROLL EXPENSES

As of December 31, 2016 and 2015, the caption "Payroll expenses" could be detailed as follows:

	31.12.2016	31.12.2015
Remunerations	11,335,968	10,626,119
Indemnities	863,568	205,432
Charges on salaries	2,882,125	2,674,525
Insurance	139,995	147,594
Social expenses	436,165	323,233
other	969,696	1,041,106
	16,627,517	15,018,009

During the years ended as of December 31, 2016 and 2015 the average number of employees of F. Ramada Group was of 476 and 445, respectively. As of December 31, 2016 and 2015, the Company had 489 and 454 employees, respectively.

28. OTHER EXPENSES

As of December 31, 2016 and 2015, the caption “Other expenses” could be detailed as follows:

	31.12.2016	31.12.2015
Taxes and fees	372,373	413,197
Charges for guarantees and comissions	239,325	304,125
Others	122,389	269,075
	734,087	986,397

29. FINANCIAL RESULTS

The consolidated financial results for the years ended as of December 31, 2016 and 2015 can be detailed as follows:

	31.12.2016	31.12.2015
Financial expenses		
Interests	1,479,259	1,592,134
Other financial expenses	608,546	1,120,450
	2,087,805	2,712,584
Financial income		
Interests	191,349	139,976
Other financial income	13,925	12,754
	205,274	152,730

Interests paid and recognised in the profit and loss statement for the years ended as of 31 December 2016 and 2015 are totally related with loans obtained.

The interests received in 2016 and 2015 are related to loans granted to subsidiaries (Note 4) and to financial investments made.

30. TRANSACTIONS WITH RELATED PARTIES

30.1 Related parties

Apart from the companies included in the consolidation (Note 4), the companies considered to be related parties as of December 31, 2016, are the following:

- Actium Capital, SGPS, S.A.
- Caderno Azul, SGPS, S.A.
- Livre Fluxo, SGPS, S.A.
- Promendo, SGPS, S.A.
- 1 Thing Investments SGPS, S.A.
- Base Holding SGPS, S.A.
- Expeliarmus-Consultoria, S.A.

- Socitrel — Sociedade Industrial de Trefilaria, S.A.
- AdCom Media Anúncios e Publicidade, S.A.
- Alteria, SGPS, S.A.
- Altri Florestal, S.A.
- Altri Sales, S.A.
- Altri, Participaciones Y Trading, S.L.
- Altri, SGPS, S.A.
- Base M - Investimentos e serviços 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, SGPS, 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, SGPS, S.A.
- 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, SGPS, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- Viveiros do Furadouro Unipessoal, Lda.

30.2 Commercial transactions

Group companies have relations with each other, which are qualified as transactions with related parties. All these transactions are made at market prices.

During the consolidating procedures, the transactions between companies included in consolidation by the full consolidation method (Note 4.1) are eliminated, since the consolidated financial statements disclose information regarding the holding company and its subsidiaries as a unique entity.

The main balances with related parties as of December 31, 2016 and 2015 may be detailed as follows:

Related parties	31 December 2016 Customers and accounts receivable	31 December 2016 Suppliers and accounts payable	31 December 2016 Other loans	31 December 2015 Customers and accounts receivable	31 December 2015 Suppliers and accounts payable	31 December 2015 Other loans
Associated companies	3,999,155	3,690,000	-	1,090,063	-	-
Other Related Parties	6,355,331	218,418	3,493,138	6,365,036	127,982	3,493,138
	10,354,486	3,908,418	3,493,138	7,455,099	127,982	3,493,138

The main transactions with related entities during 2016 and 2015 may be detailed as follows:

Related parties	31 December 2016 Sales and services rendered	Fixed Assets Purchases	Supplies and external services	Dividends Received	Other income	interest income
Associated companies and joint ventures	2,401	6,000,000	1,438,682	493,057	250,000	-
Other Related Parties	6,311,141	-	127,614	-	36,391	174,656
	6,313,542	6,000,000	1,566,296	493,057	286,391	174,656

Related parties	31 December 2015 Sales and services rendered	Fixed Assets Purchases	Supplies and external services	Dividends Received	Other income	interest income
Associated companies and joint ventures	1,165,905	1,272,000	354,395	422,620	-	-
Other Related Parties	6,517,662	-	127,982	-	-	91,695
	7,683,567	1,272,000	482,377	422,620	-	91,695

The amounts relating to customers and other debtors and to suppliers and other creditors recorded in 2016 and 2015, so as to sales and services rendered with “Other related parties correspond to the land rents, classified in the caption “Investment properties” (Note 6)

The amounts recorded as dividends received in 2016 and 2015 correspond to dividends paid by associated companies (Note 4.2).

In 2016 the Group acquired some used equipment to associated companies, amounting to 6,000,000 Euro (1,272,000 Euro in 2015).

Accounts receivable amounting to 3,493,138 Euro (3,493,138 Euro in 2015), included in caption “Other Related Parties”, are related to loans granted to subsidiaries, net of impairment losses, which are classified as “Other Investments” (Note 4.3). The amount of interest received in 2016 and 2015 corresponds to these loans.

Board of Directors compensation

The Board of Directors of F. Ramada Investimentos, SGPS, S.A., as of 31 December 2016 is composed by:

- ☐ João M. Matos Borges de Oliveira

- Paulo Jorge dos Santos Fernandes
- Domingos José Vieira de Matos
- Pedro Miguel Matos Borges de Oliveira
- Ana Rebelo de Carvalho Menéres de Mendonça

Compensations paid to members of the Board of Directors of F. Ramada Investimentos, SGPS, S.A. during the years ended as of December 31, 2016 and 2015 by the companies included in the consolidation process through the full consolidation method amounted to 523,500 Euro and 499,000 Euro, respectively.

31. EARNINGS PER SHARE

Earnings per share for the years 2016 and 2015 were determined taking into consideration the following amounts:

	31.12.2016	31.12.2015
Net profit considered for the computation of basic and diluted earnings per share	13,860,952	11,032,683
Number of shares	25,641,459	25,641,459
Number of own shares	2,564,145	2,564,145
Weighted average number of shares used to compute the basic and diluted earnings per share	23,077,314	23,077,314
Earnings per share		
Basic	0.60	0.48
Diluted	0.60	0.48

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.

32. SEGMENT INFORMATION

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

- Industry – includes the commercialization of steel and storage systems, as well as financial investments management;
- 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 separate financial information is produced.

The segregation of activities by segments as of December 31, 2016 and 2015 is made up as follows:

	31 de December 2016			
	Industry	Real Estate	Intra-group cancellations	**Total**
Total assets	127,898,438	95,748,900	(7,873,365)	215,773,973
Total liabilities	72,120,446	73,445,344	(7,873,365)	137,692,425
Operating investments	8,785,398	309,209	-	9,094,607
Profit from foreign market costumers	130,816,852	6,528,585	-	137,345,437
Profit from operations with other market segments	41,998	2,389,511	(2,431,509)	-
Cash-flow from operating activities	17,170,763	6,586,029	(2,431,509)	21,325,283
Amortizations	(4,396,923)	(322,141)	-	(4,719,064)
Profit from operating activities	12,773,840	6,263,888	(2,431,509)	16,606,219
Financial profits	434,254	-	(228,980)	205,274
Financial costs	(660,287)	(1,656,498)	228,980	(2,087,805)
Shares of results of joint ventures and associated companies	2,028,057	-	-	2,028,057
Earnings before taxes	14,575,864	4,607,390	(2,431,509)	16,751,745
Income taxes	(3,147,993)	(1,575,061)	-	(4,723,054)
Deferred taxes	1,194,845	704,039	-	1,898,884
Net profit	12,622,716	3,736,368	(2,431,509)	13,927,575

	31 December 2015			
	Industry	Real Estate	Intra-group cancellations	**Total**
Total assets	109,399,359	94,512,921	(9,374,137)	194,538,143
Total liabilities	58,201,717	75,981,729	(9,374,137)	124,809,309
Operating investments (a)	3,771,524	257,063	-	4,028,587
Profit from foreign market costumers	120,388,264	6,469,393	-	126,857,657
Profit from operations with other market segments	43,906	1,364,652	(1,408,558)	-
Cash-flow from operating activities (b)	12,866,382	5,003,716	-	17,870,098
Amortizations	(2,130,168)	(266,371)	-	(2,396,539)
Profit from operating activities (c)	10,736,214	4,737,345	-	15,473,559
Financial profits	707,623	1,868	(556,761)	152,730
Financial costs	(1,003,655)	(2,265,690)	556,761	(2,712,584)
Shares of results of joint ventures and associated companies	1,562,678	-	-	1,562,678
Earnings before taxes	12,002,860	2,473,523	-	14,476,383
Income taxes	(2,496,893)	(929,194)	-	(3,426,087)
Deferred taxes	1,632	5,856	-	7,488
Net profut	9,507,599	1,550,185	-	11,057,784

(a) - Investments in non-current assets, except financial instruments, deferred tax assets and financial investments
(b) - Operating results + Amortizations (without group transactions)
(c) - Operating results (without group transactions)

Sales and services rendered by the Group during the financial years of 2016 and 2015 can be detailed by geographical markets as follows:

	31 December 2016			31 December 2015		
	Domestic market	Foreign market	Total	Domestic market	Foreign market	Total
Sales	57,634,587	3,063,258	60,697,845	55,703,808	2,579,592	58,283,400
Services rendered	20,612,615	54,619,960	75,232,575	24,004,417	43,522,656	67,527,073
	78,247,202	57,683,218	135,930,420	79,708,225	46,102,248	125,810,473

The non-current assets held for sale are essentially located in Portugal.

33. RESPONSIBILITIES FOR GUARANTEES PROVIDED

As of December 31, 2016 and 2015, F. Ramada Group companies had provided the following bank guarantees:

	31.12.2016	31.12.2015
Supply of storage systems	(490,792)	(490,792)
Others	(141,503)	(141,503)
	(632,475)	(632,475)

34. FINANCIAL STATEMENT APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance in March 23, 2017. Its final approval depends on the agreement of the General Shareholders Meeting.

35. FINANCIAL TRANSLATION

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

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