IBERSOL – SGPS, SA

Public Listing Company

Head Office: Edifício Península, Praça do Bom Sucesso, nos. 105-159 – 9th floor

4150-146 Porto

Share Capital: €24,000,000

Registered in the Porto Company Registry with the single registration and tax identification number of 501669477

2016 ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

((Point 2. proposal for the Annual General Meeting))

- **MANAGEMENT REPORT**
- **CORPORATE GOVERNANCE REPORT**
- **FINANCIAL STATEMENTS AND ANNEXES**

Annual Report and Accounts 2016

1. Introduction

In February, the Instituto Nacional de Estatística (Portuguese Statistics Institute) disclosed its estimate for 2016, which projected a growth in the Portuguese economy of 1.4%, attributing the acceleration in GDP seen in the last quarter to the increase in the contribution from domestic demand, as a result of investment recovery and a more pronounced growth in private consumption.

As such, the positive trend was consolidated, with an impact on the Ibersol Group's performance, as private consumption heightened in a quarter that by nature is very important for Modern Restaurant Services.

In this context, the Ibersol Group continued to show a notable recovery compared to the years of external intervention, an evolution that was somewhat jeopardised by the effect of the exchange conversion of the sales in Angola, as a consequence of the devaluation of the local currency. On the other hand, in July the application of an intermediate VAT rate of 13% on food came into force, which enabled the impact of the rise in tax, which took place in 2012, to be softened.

The favourable evolution of the restaurants market, which was also seen in Spain, had a positive impact on the businesses carried out in that country.

In the counter segment, the brands operated by the Ibersol Group maintained the same trend as the previous year, and showed gains in market share and good growth rates, also influenced by the opening of new units.

The businesses grouped into "Catering and Concessions" had a more stable performance, arising from portfolio reorganisations due to simplifying the offer, the end of concession periods and renegotiation of contracts, and due to less catering events carried out.

2016 was also marked by the transformation and evolution of the group's brands, by openings and refurbishments carried out, and by the pursuit of the selective expansion strategy, especially involving the Pizza Hut and Burger King brands. The programme for opening Burger King units was fulfilled and various units from different brands continued to be refurbished, investing in a more modern look and in new units, whether restaurants or counters, take-away units with their own room, coffee-shops or even benchmark spaces for holding events.

2016 showed us the multiple aspects of the Group's capacity for management, innovation and sustainability, where we would point out the initiative that Pizza Hut carried out within the scope of road prevention and working conditions, providing the employees who make home deliveries with an exclusive and innovative fluorescent yellow, full helmet, aiming to improve the visibility and safety of all those who make deliveries every day throughout the country.

The management aspect was also present in the inauguration of 12 new Burger King restaurants, which confirmed the Ibersol Group's leadership in implementing the brand in Portugal and its presence in Angola, where the Group has become the major player in the Modern Restaurants category, reinforcing the presence of the KFC brand with a further 2 restaurants, as well as a Pizza Hut restaurant.

During the year, the Group had the opportunity to reinforce its presence in the Spanish market by acquiring 100% of the capital of the Eat-Out Group last October.

The Eat Out Group is one of the most important restaurant groups in Spain, with a history dating back more than 25 years and with geographic presence in Spain, Italy and Portugal.

It operates in the restaurant business with the Pans & Company, Ribs, Santa Maria and FrescCo brands, and in the Travel business with those and another 13 franchised ones, in 6 airports and 3 railway stations.

With this acquisition, the Ibersol Group became one of the most important restaurant groups in the Iberian Peninsula: 667 restaurants and aggregate system sales of more than 478 million euros reported in 2016.

2016 was a year in which the economic environment continued to improve, which enabled the Ibersol Group to continue facing its future development with optimism and to take an even more prominent stance in Iberia.

As cornerstones of a robust customer service, the Group continues to especially focus on the aspects of Quality and Food Safety, which can be seen in the certification of its activity, built upon constant work and the Group's persistence in its operations, in order to ensure the highest standards to its Customers, as reflected in the recognition and acceptance of its brands and the millions of meals served every year.

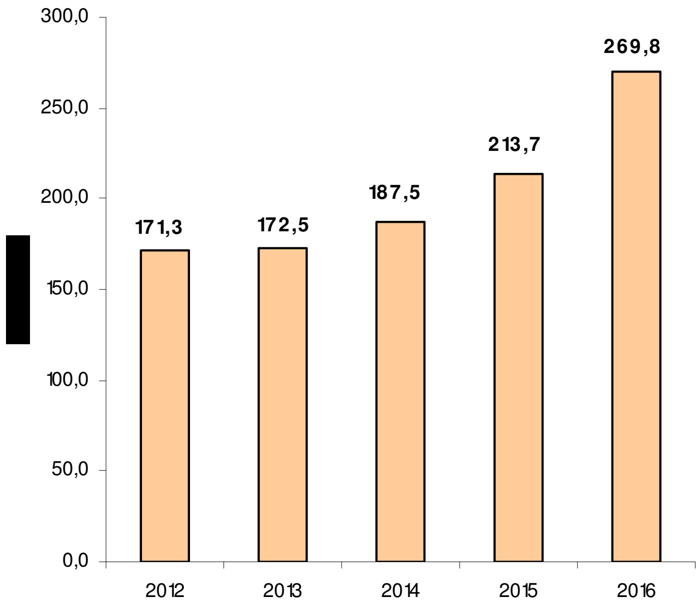
Lastly, it should be mentioned that once again, the Group's commitment to Sustainability was fulfilled throughout all levels of the organisation. It was this hallmark of responsibility that enabled the growth strategy to be achieved and for us to have a clear vision of leadership and the future.

2. Main Indicators

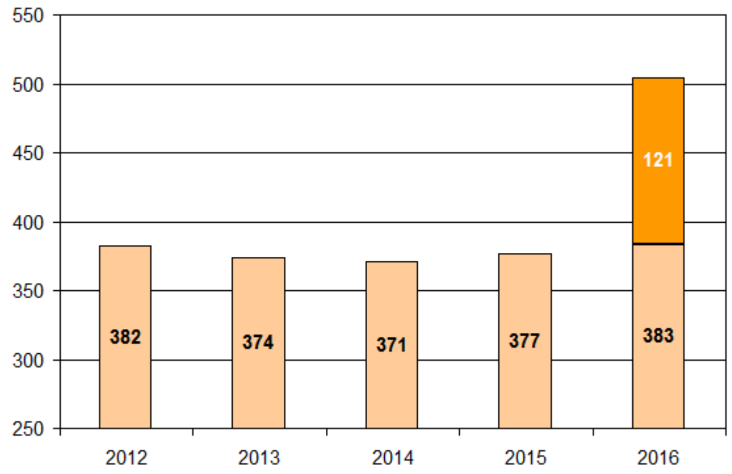
ECONOMIC INDICATORS 2016

	Turnover	Operating Income	Profit before tax	Net Profit
Mn Euros	269,8	30,5	29,3	23,4
Ch %	26,3%	66,5%	109%	118%

TURNOVER

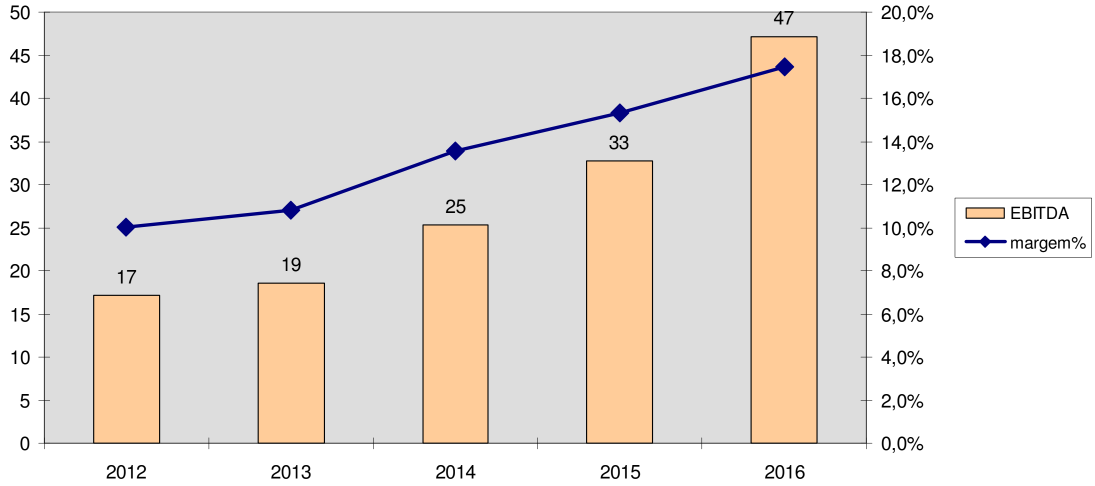


Nº EQUITY UNITS



Note: Incorporation in 2016 of 121 EQUITY units results from the acquisition of EOG.

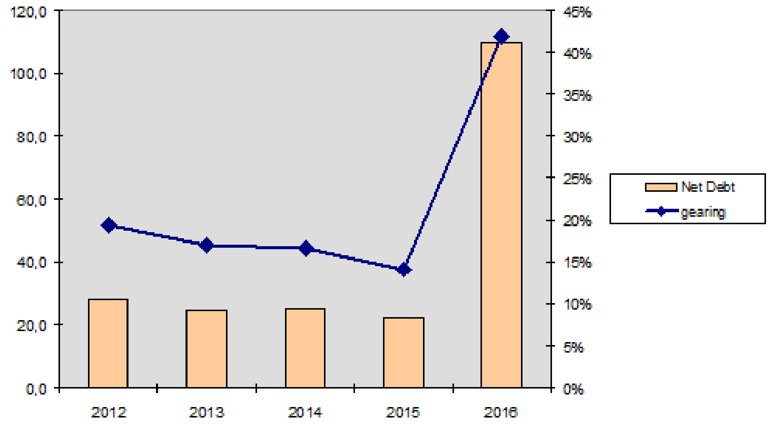
EBITDA



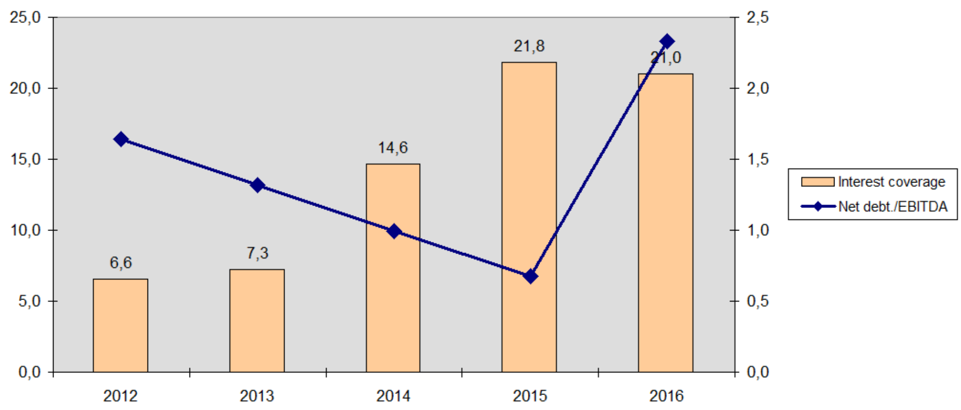
FINANCIAL INDICATORS 2016

	Net Assets	Net Debt	Equity
Mn Euros	423	110	74
Var %	75,2%	394,8%	181,2%

NET DEBT



INTEREST COVERAGE



3. Message from the Chairman of the Board of Directors

The best way of being prepared for the future is to concentrate all our imagination and enthusiasm on the present. That is why, when we defend the Group's commitment to sustainability throughout all levels of the organisation, we are preparing daily for our collective future.

It was this hallmark of responsibility that enabled us to overcome the economy's period of contraction and come out of it even stronger and more robust in our processes and our convictions. That is how we managed to achieve the growth strategy, both nationally and internationally.

Nothing was by chance or reactive, and even when reacting, we had to do so by anticipating scenarios and results. We therefore made ready for the transformations we implemented in the brands, in the Group and in our procedures. We continued on with an ambitious programme for refurbishments and openings, and identified the means of growing internationally, selectively, and producing synergies, and that is why we completed the acquisition of the Eat Out Group.

This acquisition has made us stronger, more encompassing, and through our own merit we earned the status of a major modern restaurant player in the Iberian Peninsula.

We continue to anticipate challenges, to study the market and implement solutions, and that is why we are a benchmark Group.

We are a source of confidence for our stakeholders and want to continue on the path of success and solidity that is characteristic of us, defending the Group's operation, its brands, employment, the relationship with our Customers and value-creation, always acting with discipline and persistence, every day, whether in Portugal, Spain or Angola.

4. Year 2016

4.1 Main Events

2016 was marked by the recovery of the period of economic contraction, from which the Ibersol Group emerged even stronger. That recovery is visible in the fulfilment of the growth strategy, both nationally and internationally, proven on three levels: the continued ambitious refurbishment and expansion plan, the accelerated international growth and the investment in our employees, the drivers of the Ibersol Group's success.

An ambitious refurbishment and openings programme

Following on with the wide-scope programme for refurbishing our restaurants, which began in 2014, we modernised various Pizza Hut, KFC, Pans & Company and Mitt restaurants, which as such took on a new environment with new comforts, and a fresh and modern design, in line with the latest trends.

The Group also pursued its expansion plan. At Burger King and Pizza Hut, 12 and 3 new restaurants were opened, respectively. 3 new units were opened in airports, 2 of them in Porto Santo and a third in Ponta Delgada.

Accelerated international growth

As mentioned, in October 2016 the Ibersol Group completed the acquisition of 100% of the capital of the Eat-Out Group, one of the most important groups with geographic presence in Spain and Italy.

Investment in our employees, the drivers of the Ibersol Group's success

Ibersol's success is due not only to the quality of its brands and products, but above all to the Teams that work every day to make it possible to exceed the customers' expectations. Recognising that the people play a key role in the excellence of the operations, Ibersol invests in continuous training and in increasing the value of its Teams.

The fact that we updated the training methodologies of the Pizza Hut and KFC businesses is proof of the importance we give to the training process and its modernisation. In 2016, the "Learning Zone" platform was updated with new learning content, which enabled all the Teams to obtain online recertification and began providing the Leading a Shift (LAS) training programme, aimed at Shift Management Teams.

The Clean2Safe training programme was implemented across all the Group's brands, which will make the cleaning procedures safer and more effective, with a very positive impact on food safety and on the Teams' health and safety in the workplace.

During 2016, focused on structural functions, we carried out a project for reviewing the Performance and Potential Assessment System in force within the group, which is a key tool for promoting the development of human capital, in order to embody the ALWAYS DO BETTER principle which proudly characterises us!

Finally, and because what we do right here can be seen at an international level, Pizza Hut and Burger King were to be congratulated! The "PIZZA HUT OPERATIONS European Championship", which took place between September and November, was won by Pizza Hut Portugal, *ex equo* with Romania. Burger King proved its worth, as at the end of 2016, the restaurant in Famalicão was awarded by the Global Burger King Convention for all the Team's excellent performance. In addition, one of the restaurant's employees was acknowledged as the Most Valued Player, a distinction which to date has only been attributed to 3 restaurants throughout the world.

4.2 Economic Context

Global situation

Recent data from the Eurosystem indicate that global economic activity evolved positively during the second half of 2016, with a fairly stable expansion in the advanced economies and a slight improvement in the emerging economies.

The mid-term outlook indicates further growth, although at a slower pace than seen before the crisis. The outlook is still overshadowed by a variety of factors, namely the low price of raw materials in exporting countries and the slow re-balance of the Chinese economy.

Economic activity in the United States recorded a sharp improvement in the third quarter of 2016. Growth should continue at a moderate pace.

Growth in China stabilised during the third quarter of 2016, supported by the increase in consumption and by expenditure on infrastructures. It is predicted that consumption will be the main growth driver, in view of the gradual reduction in the surplus productive capacity.

In Japan, economic activity grew modestly, due to weak external demand and stagnation in private consumption. It is expected that the increase in external demand will enable exports to gradually recover and that budgetary stimulus measures will continue to support domestic demand.

In the United Kingdom, the growth in GDP was supported by robust consumption and by the significant contribution from trade, while at the same time the level of investments was maintained.

In the Euro Zone, the economic growth recorded in 2016 was supported by the low prices of oil, the slightly expansionist fiscal policy and the accommodative monetary policy, which are factors that should start disappearing in 2017. The inflation rate continued to evolve positively.

The main risk factors are of a political nature: Brexit and the elections in various European countries, which may dictate changes regarding the relations between countries, including the European project itself.

Situation in Portugal

Recent projections estimate that the Portuguese economy grew by 1.5% in 2016, and should increase to 1.7% in 2017, while the pace of growth should stabilise in the following years. The 2% acceleration in the fourth quarter of 2016, representing greater than expected dynamics in the majority of the components of aggregate demand, reinforced the probability of an upwards revision of the growth for 2017.

At the end of the 2017-2019 projection horizon, GDP should reach exactly the same level as that recorded in 2008. However, with growth lower than in the euro zone, it will not be possible to reverse the negative differential accumulated between 2010 and 2013.

The continued failure to be on a par with the euro zone reflects the persistence of structural constraints to growth in the Portuguese economy, where of particular importance are the high levels of indebtedness in the public and private sectors, an unfavourable demographic trend and the persistence of inefficiencies in the job market and product market, which require ongoing structural reforms.

Measured in volume, the wealth generated domestically is still around 4% below the levels recorded prior to the onset of the international financial crisis, where the heaviest contributors since then have been the retraction in domestic demand (10.5% lower than in 2008) and in particular in investments (34% lower). On the positive side, we would highlight exports, 34.6% higher than in 2008, which is proof of the progress made in the tradable sector, the increasing openness of the economy to foreign trade and the gains in international market shares. In the full year, exports of goods and services increased by 4.4% in volume, maintaining the consistency of the previous years.

On the other hand, the acceleration seen in imports is proof of the fact that a significant part of domestic demand falls on consumption and on investment goods with a high imported content, with the inherent negative impact on GDP performance.

With regard to the job market, it should be mentioned that the unemployment rate stood at 11.1% in 2016 (the lowest since 2010, which was 10.8%), and it is estimated that it will continue to gradually fall over the coming years.

As mentioned, moderate growth in economic activity is anticipated for 2017, and it is expected that the Government will increase gross fixed capital formation, taking advantage of the execution of the new European funding programme. On the other hand, the predictable improvement regarding the situation in Angola and the largest economic growth in the Euro Zone will also make a positive contribution. But despite the growth in earnings and the improvement in the job market, household consumption should remain at moderate levels, reflecting the high degree of indebtedness that still prevails and the low level of savings.

Situation in Spain

In 2016, the Spanish economy grew by around 3.2%, in line with the previous year, benefiting from the strong contribution from external demand, which could be seen in the increase in exports, which offset the reduction in domestic demand arising from the slowdown in investments in the manufacturing and construction sectors.

The Bank of Spain's most recent projections indicate that the economy will expand less in the next few years, and GDP should reach a growth of 2.8% in 2017, 2.3% in 2018 and 2.1% in 2019.

Economic recovery is based on the dynamics of the job market, which should grow by 2.6% in 2017, and by around 2% in the following years, and it is expected that the unemployment rate will stand at 14% at the end of 2019. The expected slowdown in the growth of the economy is the result of the predictable increase in the price of oil and of a less expansive budgetary policy, although it should remain higher than the average for the EMU.

In the mid-term, all indicators are showing signs of a sustained maintenance of the growth in the economy, benefiting from the corrections to structural imbalances and the improvement in competitiveness, while continuing with the process for restoring the main macro-financial balances. Of particular note is the Spanish economy's decrease in its dependence on imports, replacing some imported products with domestic production, which if confirmed, will contribute towards mitigating the negative effect of the recent rise in the price of crude.

At the beginning of 2017, there was an increase in the inflation rate, due to the increase in the prices of electricity and oil, an effect which till tend to gradually disappear over the course of the year, the average CPI in 2017 being estimated at 2.2%, decreasing to around 1.5% in the following years.

Situation in Angola

Following a modest economic growth of around 0.9% in 2015, the IMF's forecast indicates a stagnation in 2016, with a contraction of 0.5% in the non-oil sector, as a result of the weak performance in the construction, services and manufacturing sectors, which are faced with a limited ability to replace the import of goods because of the scarcity of imported raw materials, due to the limited availability of foreign currencies.

Annual inflation should reach 42% at the end of 2016, reflecting the increase in the prices of fuel and the sharp devaluation of the Kwanza.

The current economic and financial situation is the direct consequence of the drop in the price of oil which began in the middle of 2014, which considerably reduced tax revenue and exports and, as such, accelerated the devaluation of the currency and the increase in inflation, causing growth to come to a halt, namely public investment.

It is an absolute priority for the future of Angola to be able to take firm steps to amend the excessive dependence on the oil sector, through sustained programmes for diversifying the economic sectors, with a special emphasis on agriculture and manufacturing, reducing the structural vulnerabilities in the economy.

The outlook for 2017 is a little more encouraging. The National Assembly approved a moderately expansionist budget, contemplating an increase in the investment in infrastructures, without however overlooking budgetary discipline in fighting non-productive expenditure and waste. Some recovery in the average price of the barrel of oil can be seen in the oil sector as well as a slight decrease in daily production, in line with the strategy defined by OPEC.

Within the scope of the mid-term budgetary reform process, some in-depth reforms to the tax system are being considered for the near future, where the possibility of adopting VAT to replace the current Consumption Tax is of particular note. This measure will enable the taxable base to be substantially widened, thereby contributing towards avoiding double taxation and making it easier to fight tax evasion.

In 2017, the growth in GDP should recover to 1.25%, with some expansion in the non-oil sector and with inflation on a downward trend, to probably stand at around 20% at the end of the year.

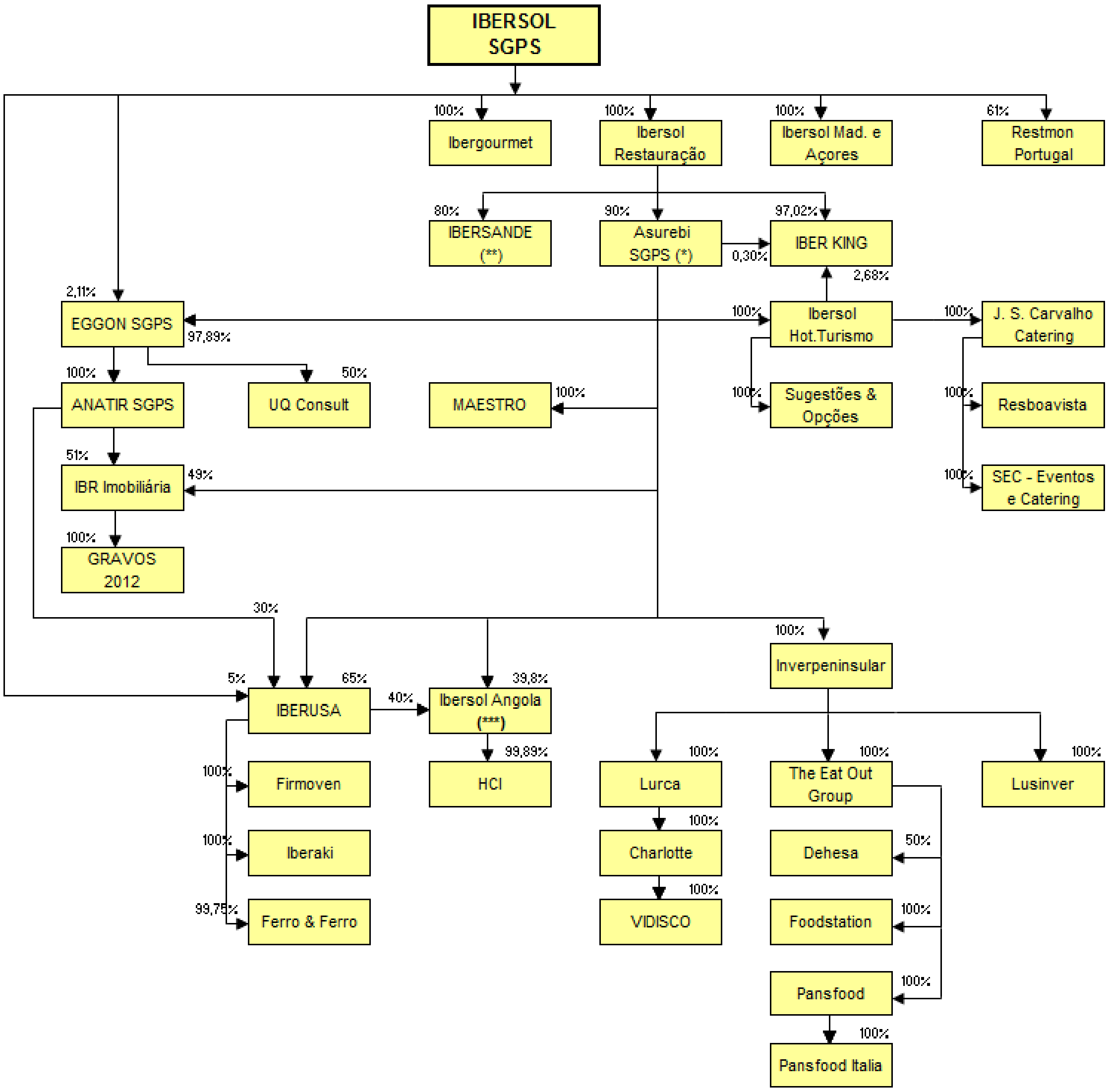
Final Remark

In overall terms, the economic outlook for 2017 is one of growth, with a return to a more normal trend: a slow increase in inflation, an increase in the prices of commodities, higher interest rates, a growth in investments and an improvement in the job market. However, the political situation resulting from the elections in the United States, the continued conflicts in the Middle East, the refugee crisis, the political evolution of some European countries and of Turkey, are situations that present a risk that might have a decisive influence on the turn of events.

5. Ibersol Group

5.1 Business Structure

IBERSOL GROUP - Legal Structure of Shareholdings in December 31, 2016



(*) Other ASUREBI shareholders: IBERSOL SGPS (10%)
(**) Other IBERSANDE shareholders: PANSFOOD (20%)
(***) Other IBERSOL ANGOLA shareholders: ANATIR SGPS (10%), EGGON SGPS (10%) and IBERSOL SGPS (0,2%)

5.2 Strategic profile of the Group

Ensuring great experiences and quality of life

Our Customers increasingly demand great experiences that boost their quality of life. That is why the Group endeavours to ensure that all its brands have a varied offer, enabling consumers to have different experiences with regard to quality and flavour. From breakfast to lunch, during the week or at the weekend, we are present at all eating times, on a wide variety of occasions. We seek to provide consumers with moments of well-being linked to a balanced diet. That is why we developed the Viva Bem (Live Well) programme (website and blog), where we promote responsible dialogue with the Customer, providing information on the nutritional composition of Ibersol's products and on any allergens, and on how to adopt a way of living that ensures a balanced diet and healthy lifestyle.

Focusing efforts on customer relations

Customers are the Ibersol Group's reason for being, and so they are given every attention. For that reason, we always try to meet their expectations, anticipating trends, satisfying needs and presenting increasingly robust value propositions.

The Guest Experience Programme and the "my experience" online surveys implemented at Pizza Hut, Burger King, KFC, Pans&Company, Miit and Pasta Caffé contribute towards operational excellence and are strong examples of the close relationship between the brands and Customers, upheld by the Group.

Developing and Valuing our People

At the Ibersol Group, developing human capital is intrinsically linked to meritocracy and the results achieved. The Group stresses a culture for valuing people based on a system which is guided by the Ibersol values and the results achieved, making it possible to assess performance and potential, and thereby monitor the sustained growth of the Teams and their know-how.

The ongoing work of reviewing the training methodologies at the Pizza Hut and KFC businesses, which led to all the teams being recertified, is an example of that culture for valuing our people, as is the "Learning Zone" platform, which now has new training content.

The Group monitors the development of its People and Teams, addressing their expectations and the expansion needs.

An added-value social network for the consumer

At the Ibersol Group, there is a network of emotional relations and trust, which is established between the employees and Customers at every working moment. This network is an integral part of the Group's DNA. To that end, the Group continuously invests in its teams' skills, especially those of the Unit Managers and Shift Managers and in their accountability for interactions with the Customers. These are the Managers who make it possible to more quickly identify any changes in the consumption profile, "reading" the changing expectations and realities and transmitting them, so that they are incorporated into new value propositions, in order to continually create the right conditions for the Ibersol team to bring about that added-value relationship with the Customer - connecting, communicating in a pertinent manner, attentively and with dedication.

Overall management processes and logistics planning

The Ibersol Group has organised a supply chain which ensures the quality of the products it sells, from supply to sale, and including logistics.

It is a single, homogeneous body, which works efficiently every day through an active quality and certification policy. Of particular note is the certification according to NP EN ISO 22000: Food Safety Management Systems, covering the management of the food chain of the Group's restaurant operations, which is based on the activities carried out in Portugal and Angola.

The centralisation of the supply chain supporting the operation in Portugal and Spain was extended to the operation in Angola, enabling gains in efficiency and productivity, both in the process itself and in the relations with business partners.

The concern for not compromising quality for the sake of price is a directive that does not contemplate exceptions. As such, through the continuous improvement to the processes for managing resources and assets, Ibersol aims to maintain lasting and consistent relations with its suppliers.

Excellence in quality and safety

Through an active quality and certification policy, the Ibersol Group reinforces its positioning as a major restaurant player. Its discipline and thoroughness enable it to continue carving a path of excellence, having reached a record number of certifications for the quality of its operations, customer service and food safety, both in Portugal and Angola.

As far as the Ibersol Group is concerned, the certifications confirm and award the engagement and dedication of its teams in everything they do.

With regard to certification, the Ibersol Group received renewed certifications according to the following standards:

- NP EN ISO 22000: Food Safety Management Systems in Portugal, within the scope of Management of the Food Chain of the Ibersol Group's Restaurant Operations; Restaurant/catering Services in the restaurants: Management of the food chain of the Ibersol Group's restaurant operations. Provision of restaurant/catering services in the restaurants: Catering Estádio do Dragão, Spoon Terminal 1 Lisbon Airport, Clocks Terminal 1 Lisbon Airport, Multibrand Terminal 1 Lisbon Airport (Pizza Hut, KFC, Cockpit Drinks & Tapas Terminal 1), Burger King Dolce Vita Porto; Kiosks Café Dolce Vita Porto; KFC Dolce Vita Porto; O´Kilo Dolce Vita Porto; Pizza Hut Dolce Vita Porto; Pans & Company Dolce Vita Porto; Pasta-Caffé Dolce Vita Porto; Burger King Colombo; Pizza Hut Colombo; Pans & Company Colombo; KFC Colombo; Burger King NorteShopping; KFC NorteShopping; Pasta-Caffé NorteShopping; Pizza Hut NorteShopping; Pizza Hut Foz; Pizza Hut Matosinhos; Vog Tecmaia; Blue Caffe; KFC CascaisShopping; Burger King Cascais, KFC Vasco da Gama, KFC Fórum Almada. Management and production of meals and pre-prepared products at the Sintra Central Production Unit;

- NP EN ISO 22000: Food Safety Management Systems of all the KFC units in Angola and logistics chain regarding the Logistics Chain and Restaurant Operations;

- NP EN ISO 9001: Quality Management Systems; NP EN ISO 14001: Environmental Management Systems and NP EN ISO 18001: Health and Safety in the Workplace Management Systems regarding the Management of the Ibersol Group's Restaurant Operations (Central Services, common processes and Vog).

An active human resources management policy and respect for the environment

The Ibersol Group continues to consolidate policies for best practices in resource management, namely in the area of energy consumption, which is embodied in an active sustainability policy. This policy, with positive collateral effects, has enabled good results to be achieved with significant improvements from one year to the next.

The Group took a fresh look at the teams, energy consumption, consumables, products and waste, and above all, took on board a strong concern for changing processes and ways of doing things.

The "Recycling Used Cooking Oil Programme" is perhaps the greatest exponent of that sustainable reality.

5.3 Governing Bodies

Board of Directors:

Chairman - António Alberto Guerra Leal Teixeira;

Vice-Chairman - António Carlos Vaz Pinto de Sousa;

Member – Juan Carlos Vázquez-Dodero;

Audit Committee:

Chairman - Joaquim Alexandre de Oliveira e Silva;

Vice-Chairman - António Maria de Borda Cardoso;

Member - Eduardo Moutinho dos Santos;

Alternate – Maria Helena Moreira de Araújo;

Board of the General Meeting:

Chairwoman – Alice de Assunção Castanho Amado;

Vice-Chairwoman – Anabela Nogueira de Matos;

Secretary – Maria Leonor Moreira Pires Cabral Campello;

Remuneration Committee:

Vítor Pratas Sevilhano;

Amândio Mendonça da Fonseca;

Alfonso Munk Pacin;

Statutory Auditor:

PRICEWATERHOUSECOOPERS & ASSOCIADOS, Sociedade de Revisores Oficiais de Contas, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia

Corporate Secretary:

Secretary in Office - José Carlos Vasconcelos Novais de Queirós

Alternate Secretary - Maria Helena Moreira de Araújo

6. Finacial Year Activity

6.1 Restaurants

The restaurant segment is composed of 235 restaurants which generated a turnover of 79 million euros.

Pizza Hut (Portugal)

Pizza Hut has been present in Portugal for 26 years, maintaining its leadership position in the pizza segment and its commitment to serving all its fans the best pizza in the world. It is the most comprehensive restaurant brand in the world, seeking customer satisfaction at all times, in its various services and spaces and offering unique combinations that provide such moments with extra flavour.

The brand has geographic coverage of the mainland and islands with 93 units in operation and over 2,100 employees.

During the year, we completed the opening of new units in Braga (Centro Comercial Nova Arcada), in Matosinhos Sul and in Parque das Nações, having closed two units: Coimbra Shopping and Olivais.

2016 was a year for restating the Brand's overall growth strategy, both regarding service, by investing in a young, readily-available team, and regarding products, by constantly exceeding the customers' expectations, providing positive and memorable experiences.

Priority was also given to modernising and renewing the image of the restaurants, as the fans can now enjoy spaces designed for the various types of customers, from children to small groups with tables in a more reserved area, and large groups at shared tables.

In line with international guidelines, a new, more modern and cosy interior architecture is being inaugurated, with greater comfort, without overlooking the aspect of the digital experience, using LED technology.

Investment in innovative and high quality products is one of the business priorities, as besides using fresh ingredients and 100% Mozzarella cheese, during 2016, Pizza Hut invested in new ingredients, compositions and pizza formats: Goat's Cheese, Carbonara Sauce and Huge Pizza. Also worth highlighting is the launch of 10 new pizza compositions and the exclusive pizza box for the Euro 2016, with a personalised image for that purpose and also a very differentiating and innovative value proposition.

The brand also continued to reinforce the investment in communication, being constantly present in *above the line means, without overlooking* the implementation of local activation initiatives, thereby seeking to maintain a permanent invitation to visit its restaurants and ensuring memorable and differentiating experiences.

A spotlight on the renewed sponsorship of the "*Ski4all*" event, organised by the Portuguese Winter Sports Federation, which enabled more than 1,500 children to have their first skiing experience in the snow in Serra da Estrela.

We would point out the consumers' increasing use of digital means, as the orders placed through Pizza Hut's website represent around 25% of the total.

At an operating level, of note is the "PIZZA HUT OPERATIONS European ChampionShip", held between September and November, at which Pizza Hut Portugal came in joint first place with Romania.

With regard to our teams' training and certification, we launched the @Leading A Shift (LAS) programme, for the Management and Clean2Safe teams. This is an innovative programme which consolidated the procedures for cleaning the restaurants. To replace the CER (Champs Excellence Review) programme, the ACE (Assured Customer Experience) programme was implemented, promoting a fuller, more comprehensive operating approach.

The Pizza Hut restaurants located in Centro Comercial Colombo, Alameda Shop&Spot, NorteShopping, Foz (Porto) and Continente de Matosinhos were certified again according to ISO 22000. These are examples of the care and strict requirements the Brand places on its consumers' food safety.

Social responsibility and health and safety in the workplace were also priority areas in 2016, namely in the Delivery business, through "Operation Safe Pizza". Measures were adopted that ensure greater safety on the road to the pizza home delivery distributors. The Brand acquired its own fleet of motorbikes, implemented the Road Safety programme for its units' teams and the distributors, and also gave all the distributors a fluorescent yellow helmet to increase their visibility while on the road, thereby ensuring a reduction in the rate of driving accidents.

Pizza Hut (Angola)

For Pizza Hut Angola, 2016 was the first year in full business, operating a restaurant in the Shopping Xyami Nova Vida.

The brand started a Marketing plan based on a modern form of communication with its target audience (via Facebook) and with its customers (via the Customer experience evaluation online portal in the restaurant), using digital tools and outdoors.

As a result of this strategy, there was an increase in the number of Facebook fans, which reached 100 thousand. In the Customers' evaluation, the general degree of customer satisfaction gradually increased and reached a level of 71% in the last quarter, clearly making it one of the brand's best indicators in the African Continent.

The trend regarding sales tickets was fairly stable compared to the evolution of Angolan society, which was noted for its high inflation (40%) during this period and loss of purchasing power throughout the year.

The expansion plan has been in preparation, in order to be carried out when the macroeconomic conditions evolve more favourably.

Pasta Caffé (Portugal)

Pasta Caffé ended 2016 with 10 restaurants and a team of around 140 employees.

Over the last few year, the brand has invested in renewing its image, seeking to emphasise a more modern, trendy and cosy atmosphere, ideal for a dinner for two or for socialising as a group. These new spaces clearly show a new identity and an increasingly Italian choice of cuisine, with a menu dedicated to thin and crispy pizzas, *al dente* pasta and creamy *risotti.* The specialities on the Menu deserve to be especially highlighted, namely the Bruschetta di Capra ai Prosciutto, Pizza di Parma, Tagliatelle Pomodoro e Gamberi and Risotto ai Gamberetti e Asparagi Verdi.

Due to the need to address the fast pace of daily life and thinking of consumers with little time available, in some of the restaurants a "Lunch Buffet" was created, which has numerous options at a very competitive price.

The "Seasons" initiative made it possible to innovate and test new recipes and compositions throughout 2016. The "Calzone Season", "Pizza and Salad Season" or "Risotto Season" were some of the themes carried out, reinforcing the Italian nature of the brand, which brought memorable experiences and great moments of conviviality.

In 2016, all the teams' training processes were maintained and certification of the Dolce Vita Porto and NorteShopping units was carried out according to the APCER ISO 22000 quality standard.

With regard to obtaining the customer's opinion, the "Pasta Experience" programme was launched, which is an on-line platform where the customer evaluates all the relevant aspects of their experience regarding service and offer, and enables them to make suggestions for improvement. Through this tool we aim to "see the brand through the customer's eyes" and thereby introduce changes that lead us to improve the satisfaction of whoever visits us.

Within the scope of the Social Responsibility process, Pasta Caffé participated in various projects linked to the community, having taken on interns from the Technical Restaurant Business Course from different institutions and also participated in the campaign "Graças a Muitos" (Thanks to Many) in partnership with Federação Portuguesa dos Bancos Alimentares (Portuguese Federation of Food Banks).

Pizza Móvil (Spain)

Pizza Móvil ended the year with 50 units (one refurbished) and 521 employees.

2016 was marked by the technological revamping of the brand and by the investment in increasing the home-delivery channel, as the sharpest drops in consumption and the economic crises that have affected Spain over the last 8 years seem to have been replaced by an improvement in the macroeconomic environment.

We would highlight two events:

- the launch of a new responsive website in September, which provides the consumer with an improved browsing and ordering experience, which led to an increase in orders through this channel, demonstrating its acceptance by the customers.

- the performance of neuromarketing surveys aimed at redefining the brand's communication based on codes enjoyed by the consumer. The brand's communication was therefore renewed, investing in more modern codes and adapting the message to the perceptions obtained in the neuromarketing survey.

The range of pizzas was increased with new launches, such as Pizza Criolla and Pizza Tijuana, for example, with new ingredients and based on recent consumption trends.

The value proposition offered to the customer was improved, extending the option of a Buffet Service.

The brand awareness was increased through a strong communication campaign (outdoor, radio, trains, digital, flyer and point-of-sale), very closely linked to the Euro 2016.

The brand continues to promote itself to a younger audience by sponsoring the Galiza and Asturias football federations.

With regard to social networks, the brand continues to grow, having reached 130,000 fans on Facebook at this time, and digital communication was boosted through contests, prize draws and promotional communication.

At the end of the year, it was decided that the Pizza Hut brand of restaurants would be converted, a process that will take around two years and which began in March 2017.

RIBS (Spain)

"True American Barbecue" is the RIBS brand's concept. The brand's first restaurant was inaugurated in 1968 and since then all the units endeavour to be more than just restaurants, becoming a real American experience based on the quality of the products, a 100% original American décor, a characteristic selection of music and a menu made up exclusively of traditional American food. That is why, since it was created, the brand established itself in Spain as a pioneer in the most authentic American style restaurant service.

The brand ended 2016 with a total of 243 employees and 34 restaurants: 9 of which are owned and 25 franchised. The brand also has 3 units in the Travel segment in Spain.

The brand's restaurants are a living image of the American experience. With 100% of the décor and furniture being imported from the United States, the RIBS restaurants have an authentic American style so that the customers can immerse themselves in the atmosphere, surrounded by a truly American spirit, both regarding the furniture and in relation to the dishes, prepared on 100% holm oak charcoal grills, which are always kept alight to give the dishes a more genuine flavour.

The brand's strategy in 2016 was focused on two main objectives: optimising the business model in order to increase brand awareness, and expansion and sale through franchising.

The business strategies for expanding the franchises were boosted through meetings with potential investors, coverage on social networks, the creation of portals and reformulated branding manuals. This made the brand's expansion possible, so that 12 new restaurants were opened, 10 of which are franchised, and 3 are owned restaurants in the Spanish Travel segment, representing a year of significant growth for the brand.

As far as innovation is concerned, the brand continues to look for higher quality products and a genuine offer, constantly reviewing and reformulating the à la carte menu and set menus, in order to guarantee the best customer experience. In addition, the brand has been promoting the Big Parties concept (Halloween and Thanksgiving, among others), turning these special days into big parties in its restaurants.

From an operational excellence point of view, one of the main objectives for 2016 was to improve the teams' training by creating and updating the operating manuals and through continuous assessment of the internal audit quality processes in order to adjust the standards of quality and cleanliness in the restaurants.

Santamaría (Spain)

The Dehesa de Santamaría brand was created in 1998 in Mérida, having begun its expansion through the franchise system in 2001. In order to give the brand a new lease of life, in 2006 it became part of the Eat Out Group.

During 2016, the brand was renewed, and is now SANTAMARÍA, a Spanish tavern with a renewed tradition, with all the usual culture and customs but adapted to current times, the ideal place to go with friends and all the family. It has an offer based on dishes made with local products and for sharing, along with many other culinary options. Since its creation, SANTAMARÍA has evolved to now include a multi-offer format, which is able to cover all types of meals (breakfast, lunch, tea and dinner), enabling our customers to enjoy good food and good drinks.

The brand ended 2016 with a total of 36 restaurants in Spain, all of which are franchised. In addition, it also has 8 owned restaurants in the Spanish Travel segment, present in the Barcelona, Menorca, Málaga and Fuerteventura airports.

FresCo (Spain)

FrescCo was created in 1994 when it opened its first restaurant in Barcelona. With over 20 years' experience, the brand is 100% engaged in offering its customers a choice of healthy, tasty food, using fresh, seasonal products, preparing dishes and salads inspired by Mediterranean cuisine.

Operationally, the brand operates with a buffet service, where customers choose their meal, and serve themselves as often as they want, for a fixed price.

During 2016, the brand developed a more modern business model, adapting to customer needs, through a re-vamped image and by incorporating new offers, such as new Salads, Kitchen & Grill and CoffeCorner. This new model has already been implemented in one of the owned restaurants.

FrescCo ended 2016 with a total of 71 employees and 11 restaurants in Spain, 3 of which are owned and 8 are franchised.

6.2. Counters

The set of brands that the Ibersol Group operates in the counters segment ended the year with 299 restaurants and a turnover of 150 million euros.

KFC (Portugal)

In 2016, the focus was maintained on the 20/20 strategy that began in 2015, aiming to position the brand among the leaders in Modern Restaurant Services in Portugal. This strategy, which is based on meeting Customer expectations, is reflected in the permanent investment in the operations - Product, Service and Innovation - in valuing the employees, re-vamping the image of the current restaurants and opening new restaurants.

The brand ended 2016 with 18 units and 238 employees.

Further development of the Sharing and Take Away businesses was a priority, which led to an increase in size and prominence, as a result of implementing communication and promotion initiatives, of which we would highlight the launch of the Chicken Black Friday, Friends Bucket, Summer Feast and X-Mas Bucket promotions. We reformulated the Menuboard to make it easier to read the offers, including the digital menuboards.

Increased involvement with the fans, through Social Networks was one of the Brand's ongoing objectives, boosting a multi-channel experience, the results of which were acknowledged and highlighted by external entities. In order to gain new audiences and increase the frequency of our Customers' visits, we made further investments in external communication, especially using the network of Mupis with innovative proposals, especially the "Menu of the Day" proposal, with an offer of 5 different products for €5.

Worth highlighting is the continued sponsorship of the Peres Competições team, which runs with KFC's colours in various national Rally events, a partnership which reflects the Brand's young and irreverent spirit.

Providing the restaurants with exclusive services, such as the free refill service, is one of the Brand's strategic pillars, and something highly valued by KFC's fans, as is the extension of the Fusion service system, where the priority is individual service and an emphasis on the speed of delivering the order.

With regard to the Brand's expansion, of note is the refurbishment of 3 restaurants - Alma Shopping, Alameda Shopping and MadeiraShopping, with a new design and image which follow the KFC's latest international trends and which are reflected in a more modern, cosy atmosphere.

Constant innovation, adaptation to new trends and Customer proximity are the mottoes for the next few years.

KFC (Angola)

2016 marked the fourth year of KFC's operation in Angola.

During the financial year, KFC continued to consolidate its position and to grow, having inaugurated two new units, both in the Province of Luanda, one in Shopping Avenida and another, a drive-thru unit in Benfica, next to a Pumangol petrol station.

Despite the adverse environment, with a very sharp devaluation of the kwanza and an inflation rate of around 40%, we maintained the activity's growth trend, which is proof of the strong acceptance of the concept by Angolan consumers.

All the KFC units inaugurated prior to December 2015, as well as the central warehouses, are certified according to ISO 22000, a certification that demonstrates a high level of commitment, characteristic of KFC, to comply with the most demanding standards of Food Safety, ensuring the highest level of quality to the consumers.

Through the right Marketing investment channelled into new digital tools (Facebook Instagram, Sapo portal), KFC continued to reinforce its positioning as a young and innovative brand, interacting with its target audience (200 thousand fans at the end of 2016).

Interaction with customers began in 2015 to evaluate their level of satisfaction through the GES portal, and the result of their evaluations has been progressively increasing, having reached an overall satisfaction score of 75% (at the end of 2016), which positions the KFC brand in Angola as one of the most enjoyed in the African Continent.

We maintained a strong investment in placing value on our employees through the training and continuous assessment programmes, which have enabled them to improve their knowledge and performances with a view to providing appropriate career progression.

The training programme for becoming a 5-star Cook and Hostess began, which will implement improvements in monitoring products and the service provided to customers.

Burger King (Portugal)

Burger King closed 2016 with 66 units and 1300 employees on the payroll, which represents a significant growth for the brand.

12 new restaurants were inaugurated, 10 of them with the following services: Drive-thru, Interactive PlayKing (where kids can enjoy endless games), free Wi-Fi and the convenient free refill service. The new restaurants are strategically located: in Shopping Braga Arcada, Avenida de Roma (Lisbon), Anta (Cacém), Ermesinde, Portalegre, Cruz de Pau, Cacém (IC19), S.Gens (Porto), Rio Tinto, Viseu, Coimbra and Penafiel). It should be pointed out that the restaurant situated in Madeira Shopping was extended, and now has an Interactive Playking area.

The free refill system has been implemented in more than 80% of the Burger King units and is an advantage for customers, as it enables them to refill their glasses, free of charge, as often as they like in the space of 30 minutes.

The online satisfaction survey "minhabkexperiencia.com" has proven to be an important tool, and a means of interacting with the customers.

During the 2016 financial year, Burger King increased its investment in external communication, and is currently the second player in the restaurant services market. With regards to ongoing communications outside the store, products from €1 to €3.95 are noteworthy. The Beanburger has been a pioneer in the market for 8 years, and is proof of the brand's attention to the segment of veggie products.

Whenever they so wish, a customer may request a visit to the kitchens of any of the brand's restaurants, as it is certified according to the quality standard APCER ISO 22 000.

Following on with its policy for minimising the impacts on the environment, Burger King packs its sandwiches in recycled paper, thereby reducing the amount of waste, and the oil used by the stores for frying is sent for recycling, to be then turned into biodiesel.

The brand is also part of the Ibersol Group's institutional programme called Viva Bem (Live Well), a programme providing nutritional information which promotes a balanced diet and healthy lifestyle.

Burger King (Spain)

The Burger King Spain restaurants operated by the Ibersol Group (through Lurca) ended 2016 with 981 employees and 33 units.

During 2016, attention was focused on consolidating the home delivery service, a market which is extremely competitive.

The brand's investment in communication was based on reinforcing its presence outdoors, local marketing having sought to lead customers to the restaurants. For the first time, a TV campaign was implemented to promote home delivery, which led to a significant increase in orders.

The discount coupons, APP and launch of innovative products, such as King Burger (the first burger with an egg) - an important and very relevant success which differentiates the brand from the other players - were the stars of the year.

There was a very positive improvement in the brand's relationship with its customers, the number of Guest Trac opinions having grown overall in the last quarter of the year, reaching an average of over 50 surveys per restaurant, each month.

With regard to innovation, of note is the incorporation of the PAY ONLINE system for home deliveries, which has been very well accepted by the customers.

Pans & Company (Portugal)

Pans&Company ended 2016 with 46 units and around 400 employees.

In the year in which it completed its 20th anniversary in Portugal, the brand deployed the new Pans 3.0 concept in the Colombo and Norteshopping shopping centres. This new cycle of refurbishment unifies Pans' investment in revamping its brand image and its assets, which besides having a more modern image, now have an independent area called Café Pans, where at any time of the day customers can enjoy a wider offer of coffee shop products and pastries made every day in the restaurant. This new range of products complements the traditional offer of sandwiches, which are still the brand's main product, offering a wide variety of options for combining ingredients and different kinds of bread.

2016 will also be remembered for the launch of the "a minha experiência Pans" (my Pans experience) platform, whose objective is to get closer to the brand's consumers and facilitate contact with them, and for the further investment in communications, in order to consolidate the levels of brand awareness and its leadership in its segment.

Pans & Company (Spain)

Founded in 1991, having first opened in Barcelona, the brand commemorated its 25th anniversary in 2016 as one of the leading brands in the sandwiches and CoffeBakery market, with presence in the Spanish, Portuguese and Italian markets.

The brand ended 2016 with a total of 729 employees and 113 units, 105 of which are located in Spain (38 units are owned and 67 are franchised) and 8 in Italy (franchised). As mentioned before, in Portugal operate further 46 units under Pans brand.

Over the course of the last two years, the brand began a process for in-depth change, to adapt to the needs of demand. As such, the Pans 3.0 model was defined, by reformulating the image and incorporating new areas (CoffeBakery and CaféPans), thereby seeking to provide its customers with a more cosy atmosphere and an offer that covers all their daily needs.

The brand's strategy in 2016 was centred on two fundamental pillars: developing a differentiating offer and brand image, thereby evolving the current Pans 3.0 to Pans 4.0 and CaféPans 4.0, and working on the rollout and refurbishment of the units to the Pans 3.0 model. 75% of the owned units in Spain have now been refurbished, as well as 33% of the franchised ones. In Portugal and Italy, 4 units and 1 unit respectively were refurbished.

2016 was without a doubt a very important year for the brand with regard to innovation. Innovation and the ability to surprise have been intrinsic parts of the brand since its creation and in 2016 the objective was "Devolver el bocadillo al lugar que se merece".

The brand celebrated its 25th birthday by recovering part of its origins by launching the 2 historic sandwiches: "Alsácia" and "Serranito". Later, it implemented the "Maripans" and "Bocadillos de Madre" campaign, achieving a high level of brand awareness in RRSS and obtaining various awards: Sol de Oro at the Festival Iberoamericano de Publicidade El Sol in the Social Networks category, Silver in the "Best digital: online advertising" category and "Best Branded content" at the Best Awards.

In September, Karlos Arguiñano, the renowned chef, joined the brand and participated in the launch of three new recipes and the "Bocapintxos - Lo mejor del pintxo y lo mejor del bocadillo".

From an operational excellence point of view, one of the main objectives was to improve the restaurants' standards of quality and cleanliness, reviewing the internal audit quality processes as well as developing cleaning directives and procedures, obtaining significant improvements in critical areas. There was also an improvement in training with the introduction of training videos to improve the quality of the teams of employees.

Miit (Portugal)

The Miit brand closed 2016 with 46 employees and 3 restaurants operating, located in Norteshopping, Centro Comercial Colombo and Centro Comercial Vasco da Gama.

The brand was launched in 2012 and is a restaurant proposal centred on a positioning of a healthy and balanced offer in the competitive "counter" segment in shopping centres.

In 2016, the brand embarked on a new line of hamburgers on Bolo de Caco (a special bread, typically from Madeira), which proved to be well accepted by the customers.

As a specialist in grilled meat, the brand aims to be acknowledged as a tasty option offering its customers high quality meats and unique side dishes, such as fruit and grilled vegetables, rustic potatoes or perfumed rice. The sauces are also a speciality and are made using the best ingredients, the customer being able to choose between wild mushroom, and olive oil and garlic, among others. The desserts are also innovative and come in just the right size for finishing a meal.

MiiT is a concept that addresses a trend seen among Portuguese consumers, where they are increasingly attentive and aware of the need to have a healthy and balanced diet.

Coffee Kiosks (Portugal)

The coffee kiosks have maintained their positioning as coffee specialists.

Set up in busy shopping centres and operating with the Delta brand of coffee, the network of kiosks ended 2016 with around 80 employees and 8 units, which have 14 points of contact with customers.

Although it is a business that relies on heavy traffic, with low to medium revenue and only slight differentiation, the kiosks have managed to maintain a regular pace of growth in the number of sales tickets, due to extending the range, namely regional sweets, and the launch of regular campaigns.

In 2016, the effort to train the teams was consolidated in matters such as service techniques, food safety and health in the workplace, and the certification of the unit located in Dolce Vita Antas was maintained according to the quality standard ISO 22000.

6.3 Other Businesses (Travel, Concessions and Catering)

The sales volume of this group of businesses totalled 38 million euros in 131 units.

TRAVEL (Portugal)

The business in the Travel channel is carried out in the service areas on motorways and in the Airports with an offer positioning for consumers who are travelling.

The management of the units allocated to this segment is based on the multi-brand concept, which means more than one brand operates in the same space, with the objective of satisfying the needs of different consumers at various eating times, through specific concepts.

Service Areas (Portugal)

The motorway service areas are an important segment of activity for the Ibersol Group, which at the end of the year operated 24 units.

Despite the recent improvements, which were the result of an increase in the number of cars on the road, this business segment continues to be strongly affected by the significant reduction in traffic as a result of introducing tolls on the former SCUTS (highways without tolls) and by the increasing competition from the service stations, which have been extending their offer to restaurant services.

The SOL brand is a specialist in urban and long distance motorway restaurant services, through units with a modern and functional design, food proposals adjusted to the needs of the consumers and with services that go well beyond those of conventional restaurants in service areas. In view of the varied profiles of those who visit the Sol units, the brand is in a position to offer a great experience to all of them.

The Sol units are characterised by the offer of quick meals and varied menus, prepared on the moment, with accessible prices, and always with a personalised and attentive service. In various locations, the Sol units include renowned international brands such as Burger King, Pans & Company, KFC and Pizza Hut.

The units also provide a variety of services, such as an independent nappy changing room, a lounge area, free Wi-Fi, sockets for charging computers or mobile phones, availability of daily newspapers for consultation, sale of newspapers, magazines, last-minute gifts, and drive-in.

Airports (Portugal)

The Ibersol Group is a benchmark operator in the Portuguese airports, and is present in the Lisbon, Ponta Delgada, Funchal and Porto Santo airports, with 22 points of sale, through 9 of its own concepts - Spoon, Clocks, Connection, SkyPlaza, Azure, Specially, Cockpit, Saudade, Go To Café - and 3 international franchised brands: Pizza Hut, KFC and Go Natural.

Following a public tender, we won a new license for 2 units in the Funchal airport and 2 units in the Porto Santo airport. In the João Paulo II airport (Ponta Delgada) a Specially unit was inaugurated in the restricted departures area.

Catering (Portugal)

After very positive results in the 2015 financial year, 2016 was a less positive year for the catering business. Despite maintaining a robust presence in the Porto and Lisbon markets, where 839 events were held, the retraction of the major events market, especially large congresses, and a very intense competitive environment, led to a reduction in sales compared to the previous year.

EDO Encontros was the main event of the year, with around 7,300 participants, followed by the IGCS congresses with around 5,600 participants and TPAC with around 2,900. The RTC Congress took place in Porto for 1,400 people, among other large events.

One of the most relevant facts of 2016 was the start of the operation in the concession of Clube Universitário do Porto. This space has unique characteristics and has already shown very favourable signs during the year, which allow us to face the private events market, especially weddings and other celebrations, with great optimism.

Another important milestone was starting to operating the Coimbra market, where two medical congresses have already been held and four other medium-sized events, this market having good prospects for the future.

In Estádio do Dragão (Porto football stadium), the image, materials and uniforms were renewed, and events were held at 27 games during 2016.

All these events were carefully prepared in the two production centres in Maia and Sintra, complying with all food hygiene and safety standards.

It is not only a question of complying with the standards of food hygiene and safety in the large number of events held, but also of a commitment to producing exceptional quality meals using creative and innovative techniques.

All the events are important and the catering teams endeavour to ensure that the customers are entirely satisfied with their services.

The high standards of quality that we offer our customers led to the units that prepare the products served at the events being certified according to the ISO 22000 standard, the most demanding standard in food safety applicable to the restaurant sector.

Concessions (Portugal)

This business area includes the spaces that are operated by the group under a concession contract, namely: Fundação de Serralves, VOG Tecmaia, Exponor and Estação CP de Campanhã.

All the units that are part of this business have very different characteristics from each other, not only due to the public that uses them but also due to the needs that they aim to fulfil.

Based on these different targets, we have been designing an adjusted offer that addresses the customers’ expectations, seeking to always exceed them whenever possible.

The Blue Café (in Campanhã) and VOG units, maintain their certification according to the ISO 22000 quality standard. In addition, and unprecedented within the Group, the VOG unit managed to obtain certifications in the most demanding standards: ISO 9001, ISO 14001 and OHSAS 18001.

TRAVEL (Spain)

This subdivision of the EatOut group is engaged in managing 64 restaurant points of sale in Spain, located in 6 airports and 3 railway stations, having ended 2016 with 973 employees.

These 64 points of sale are exploited by 23 brands. Some of them are the EatOut group's own brands, such as Pans & Company, Ribs, Café Pans and Santamaria, while others were created purposely for this segment, such as Breadway and Caffé di Fiore. Other brands are exploited through franchising: Häagen Dazs, Espressamente Illy, Coffee Republic, Gambrinus and Mussol, among others. Thanks to these brands, the EatOut group has the management technology of various restaurant formats which range from Grab&Go to Fine Dining, and including Fast Food and traditional coffee-shops.

2016 was a year of major changes based on four pillars: improvement to the customer satisfaction evaluation systems, new openings, implementation of new concepts and modernisation and revamping of the image, offer and service of some units.

With regard to customer satisfaction evaluation, this was extended to all the units in a new system of online surveys using a mobile phone. This tool made it possible to create a new channel for communicating with the customer, through which the latter instantly supplies their feedback on basic aspects of their experience, such as quality, service time, attention paid by employees, and if they so wish, they can even make comments or request an answer to an opinion or a complaint. This system was converted into one of the basic sources of information enabling further the process of continuous improvement to the management of the units, aimed at improving the customer experience.

In 2016, 7 new units were inaugurated in the Menorca airport under eight banners: Café Pans, Santamaría, Ribs, Breadway, Café di Fiore, Coffee Republic, Paulaner and Gambrinus.

6 new concepts were incorporated into the Travel segment: own concepts such as Ribs, Café Pans and Breadway and third-party ones such as Paulaner, GastroBar by Carles Gaig and MammaMia. These new banners have now strengthened the portfolio of brands available for the current business and for future tenders in other airports or railway stations.

In 2016, 10 restaurants were refurbished, which now have a new design, and a varied offer and service. Of those 10, 3 are situated in the Málaga airport, 1 in Bilbao and 6 in Barcelona.

7. Consolidated Financial Analysis

The financial statements of the Group for 2016, include two months of activity of Eat Out Group, acquired at the end of October.

OPERATING INCOME

In financial year 2016 consolidated operating revenue was 279 million euros, 29% more than in 2015. The EBITDA margin for the same period was 47.1 million euros, an increase of 44%. Operating income stood at 30.5 million euros, up 66.7% over the previous year.

Sales and other operating revenue

Consolidated turnover reached 269.8 million euros at year's end, for growth of 26.3% compared to 2015. Removing EOG turnover, the growth would be 15.5%. Turnover was distributed as follows:

Turnover	2016 W/EOG		EOG	TOTAL 2016	
	euro million	% Ch. 16/15	euro million	euro million	% Ch. 16/15
Sales of Restaurants	244,24	15,8%	22,56	266,80	26,5%
Sales of Merchandise	2,03	-9,1%	0,00	2,03	-9,1%
Services Rendered	0,62	-3,8%	0,38	1,00	55,4%
Net Sales & Services	246,89	15,5%	22,95	269,83	26,3%

The evolution of the franchisees sales evolved at a lower rate than the own units.

Food service sales were 266.8 million euros, for year-on-year growth of 26.5%, and are broken down as follows:

Sales in Restaurants	2016 W/EOG		EOG	TOTAL 2016	
	euro million	% Ch. 16/15	euro million	euro million	% Ch. 16/15
Restaurants	75,21	12,0%	3,51	78,72	17,2%
Counters	143,72	20,7%	6,23	149,95	25,9%
Concessions &Catering	25,31	3,1%	12,82	38,13	55,3%
Total Sales	244,24	15,8%	22,56	266,80	26,5%

Sales recovered in all segments, with higher ticket concepts experiencing evidencing gains of market share. Due to performance and expansion, counters increased their weight in sales.

The need for constant evaluation of the sales point portfolio led to the decision to close 15 units. With the market growing, a selective expansion plan was continued. We opened 20 units, whereby at year's end we operated 306 own units in Portugal, 67 in Spain and 10 in Angola.

The EOG acquisition resulted in an increase of 121 own units and 146 franchised.

At the end of the year the total number of units (own and franchised) was 667, distributed as follows:

Nº of Restaurants	2015		2016		2016
	31-Dec	Openings	Transfer	Closings	31-Dec
PORTUGAL	304	18		15	307
Own Stores	303	18		15	306
Pizza Hut	92	3		2	93
Okilo+MIIT	6			1	5
Pans+Roulotte	51			5	46
Burger King	54	12			66
KFC	18				18
Pasta Caffé	10				10
Quiosques	9			1	8
Cafetarias	35			5	30
Catering	6	2			8
Concessions & Other	22	1		1	22
Franchise Stores	1				1
SPAIN	83		257		340
Own Stores	66	0	122	0	188
Pizza Móvil	33		1		34
Burger King	33				33
Pans			38		38
Ribs			9		9
FrescCo			3		3
Concessões			71		71
Franchise Stores	17	0	135	0	152
Pizza Móvil	17		-1		16
Pans			67		67
Ribs			25		25
Fresco			8		8
SantaMaria			36		36
ANGOLA	8	2			10
KFC	7	2			9
Pizza Hut	1				1
Other Locations - Franchise Stores			10		10
FrescCo India			2		2
Pans Italy			8		8
Total Own stores	377	20	122	15	504
Total Franchise stores	18	0	145	0	163
TOTAL	395	20	267	15	667

Note: "Transfer" column includes the units that joined the Group by acquiring EOG.

Other operating revenue amounted to 9.1 million euros, 6.9 million euros higher than in 2015. The main contributions to this increase come from the already reported compensation for the traffic losses caused by the implementation of tolls in ex-Scuts in the amount of 2.4 million euros and 2.9 million euros contributed by EOG, of which the largest part came from supplier co-participations in marketing campaigns.

OPERATING COSTS

Consolidated operating costs reached 248.4 million euros, up 25.7% over the previous year, below the growth of sales.

Gross margin

The cost of sales (cost of goods and raw materials sold and consumed) stood at 23.9% close to 24% of the previous year. The VAT rate reduction effect in Portugal, in the second half of the year was partially absorbed because of the great pressure on sale prices occurring in the food service market and the increased weight of counters.

Gross margin over turnover was 76.1% in this financial year.

Remunerations and other personnel costs

Personnel costs increased 15.5 million euros to reach 80.0 million euros. The 24.0% increase was appropriate to accompany the rise in activity. In 2015 this item accounted for 30.2% of turnover; in 2016 the figure is 29.6%.

External supplies and services

The cost of external supplies and services amounted to 83.9 million euros, versus 66.2 million euros in 2015, for growth of 26.8%.

This item's proportion consequently fell from 31.0% to 31.1% of turnover. The significant weight of rents in concessions business prevented the dilution of this item.

Other operating costs

Other operating costs stood at 3.4 million euros and include nearly 1.3 million euros corresponding to stamp duties and other taxes.

Amortizations and impairment losses

Amortizations and impairment losses during the financial year were 16.6 million euros corresponding to 6.1% of turnover. Impairment losses for tangible and intangible assets recognized in this financial year totalled 817 thousand euros.

EBITDA

EBITDA during the period attained 47.1 million euros, compared to the previous year’s figure of 32.7 million euros. Sales growth in all geographies where we operate, the reduction of the VAT rate in the second half of the year in Portugal and the incorporation of EOG's 2.4 million euros were decisive for the 44.1% growth in consolidated EBITDA.

Higher turnover and instilled cost reduction dynamics led to a recovery of the EBITDA margin, which rose from 15.3% in 2015 to 17.5% in 2016.

FINANCIAL RESULT

The financial year’s net financing cost was negative at 1.2 million euros, an reduction of 3.1 million euros than in 2015. Excluding the financial income of 1.7 million euros obtained in the compensation of the Ex-Scuts, the annual reduction would amount to 1.5 million euros. This amount is about 1 million euros lower than the amount of the potential exchange differences recorded in Angola in the year 2015.

The interest expenses and commissions associated with financing amounted to 2.2 million euros, corresponding to an average cost of debt of 3.5%. The reduction in loans remuneration rates in Portugal and Spain is mitigated by the increase in funding in Angola whose nominal cost is much higher than the Group average.

CONSOLIDATED NET PROFIT

Consolidated profit before taxes stood at 29.3 million euros, up 15.3 million euros that is an increase of 109%

Income tax

The current tax in 2016 is 5.6 million euros, versus 3.7 million euros in 2015. This accompanied the evolution of results and the use of available tax losses. When calculating tax the deduction of the extraordinary tax credit for investment (Law 49/2013) was not posted, because the application criteria for this financial year are still being evaluated.

Due to the effect of deferred taxes, the total tax amount used to ascertain the Net Profit was 5.9 million euros, corresponding to a rate of 20%.

Consolidated profit of the financial year

Net consolidated profit of the financial year was 23.4 million euros, up 118% over the figure of 10.7 million euros recorded in 2015.

FINANCIAL POSITION

Balance sheet

Consolidated assets totalled 423 million euros at 31 December 2016, an increase of nearly 182 million euros compared to end 2015.

This net increase resulted essentially from the integration of EOG and fixed assets:

(i) Integration of EOG with Assets of 65 million euros;

(ii) Goodwill generated in the consolidation of EOG of 71 million euros;

(iii) Investment in expansion plans, especially Burger King, Pizza Hut and Airports (approx. +22 million euros);

(iv) Remodelling and diverse investments in Portugal and Spain (approx. +9 million euros);

(v) Reduction of technical equipment fixed assets corresponding to amortizations and impairment for the financial year (approx. -17 million euros);

(vi) Increase of investments in treasury bonds in Angola by 10 million euros and increase of 20 million in cash equivalents.

Consolidated liabilities amounted to 271 million euros at 31 December 2016, 165 million euros more than at end 2015, wich results from the main movements:

(i) Integration of EOG's liabilities amounting to 59 million euros;

(ii) Financing increase, without Eat Out, of 94 million euros.

At 31 December 2016, shareholders' Equity stood at 152 million euros, up 17 million euros compared to end 2015. Dividends of nearly 2.0 million euros were distributed during the year. The currency translation of the contribution of Angolan subsidiaries generates a negative variation of reserves at around 1.1 million euros.

CAPEX

CAPEX totalled 31 million euros in 2016, corresponding to investment in:

- expansion: 20 new restaurants opened (22.0 million euros);

- remodelling: 22 units in Portugal and Spain (6.0 million euros);

- various current expenses and extension of Burger King franchise agreement terms, totalling 3.0 million euros.

Divestment occurred due to the closing of 15 units in Portugal.

Cash flow generated during the financial year was 40,1 million euros, an amount nearly enough to ensure financial coverage of CAPEX.

Net consolidated debt

At year’s end net remunerated debt stood at 110.0 million euros, 88.0 million euros higher than debt at the end of 2015 (22.0 million euros). This differential was mainly aimed at the acquisition of EOG (77.0 million euros) and the strengthening of the number of treasury bonds of the Angolan State as a currency hedging instrument (around EUR 10 million). Short term bank debt consists of Commercial Paper Programme issues redeemable in 2017 and medium and long term debt that matures in 2017.

The gearing ratio (net debt/(net debt + equity)), which at end 2015 was 14.1%, rose to 41.9%.

The indicator for net debt over EBITDA at end 2016 was 2.3 times (0.7 in 2015) and the EBITDA interest coverage ratio was 21.0 times (compared to 21.8 in 2015).

The Group’s financial structure, following the EOG acquisition continues to be very robust.

8. Risks and Uncertainties

Risk management is a part of the Group's culture and cuts across the whole organization. It is present in every process and is the responsibility of all managers and employees at the different organizational levels.

Risk management is undertaken with the aim of creating value through management and control of uncertainties and threats that can affect Group companies from a standpoint of operational continuity, with a view to taking advantage of business opportunities.

Within the scope of strategic planning, the risks of the portfolio of the existing businesses, as well as of the development of new businesses and the most relevant projects, are identified and evaluated and strategies to manage those risks are defined.

At the operational level, management risks are identified and evaluated regarding the objectives of each business and actions to manage those risks are planned; the latter are included and monitored within the scope of the business plans and functional units.

In order to guarantee conformity of the established procedures, the Group's main internal control systems are periodically evaluated.

The internal control and monitoring of the internal control systems are conducted by the Executive Committee. Certain risk areas are associated to the specific nature of the business, of which the following stand out:

- Quality, food hygiene and occupational safety
- Diversification of markets
- Financial
- Environmental

With operations in the food service sector, any epidemics or distortions in raw material markets along with consumption pattern changes can significantly impact the financial statements.

The activity increase in Angola will result in an increase in foreign exchange risk - if current constraints on access to foreign exchange are maintained - which will affect the value of assets and liabilities.

9. Own shares

During the financial year the company had the following transactions involving own shares:

a) In August, sale of 100 shares at the average price of 12.005 euros;

b) In November, allocation of 399,980 new shares resulting from the rights in the capital increase by incorporation of reserve;

c) In November acquisition of 25 new shares corresponding to the rights remaining from the capital increase at the average price of 11.126 euros;

At 31 December 2016, the company held 2,399,905 shares (9.9996% of the capital) with a nominal value of 1 euro each, for an overall acquisition value of 11,179,347 euros.

10. Activity of the Non-Executive Member of the Board of Directors

The non-executive member of Ibersol's Board of Directors, Juan Carlos Vázquez-Dodero, took part in 10 meetings of the Board of Directors, i.e. 67% of the meetings held. He was previously provided with all the information and documentation pertaining to matters on the agenda of those meetings.

The non-executive director participated in several meetings of the Executive Committee, especially those dealing with the strategy and planning of the Group's businesses.
He often requested detailed information from the Executive Committee regarding decisions affecting the development and expansion of the businesses.

At a functional level he worked closely with the Department of Management Control and Planning. He met five times with the department's heads to jointly evaluate tools and methodologies and determine ways to improve control of the businesses. He also supplied relevant macroeconomic information to help assess the situation in Spain.

Management Control provided him with detailed information every quarter, enabling him to follow operational activity and evaluate executive management performance vis-à-vis the plans and budgets approved by the Board of Directors, and all the clarifications requested were provided.

The non-executive member was present in every meeting held with the Audit Committee and followed all the corporate governance matters that arose during the financial year.

11. Outlook

The recently approved State Budget points towards an improvement in domestic demand and, as far as Ibersol concerned, introduced a new tax on the sale of sugary drinks.

While maintaining positive signs of consumption growth, a slight deceleration in the sales growth trend, already evident in 2016, is expected, with margins remaining steady, without considering the effect of the change in the VAT rate in Portugal, which occurred in the beginning of the second semester of last year.

Regarding funding, the recovery difficulties faced by European economies are likely to lead to a delay in the normalisation of monetary policy, resulting in the expected maintenance of interest rates at low levels.

In Angola, the development of the business is closely linked to oil price trends, which has developed positively. The pressure facing the Angolan currency indicates that the devaluation scenario will continue in 2017, especially after the end of the electoral period, and that the difficulties of payments abroad will soften.

Regarding expansion, we will continue to look out for opportunities to strengthen the competitive position of the brands that we operate. We expect Ibersol to finalize the opening of 18 restaurants and to continue the programme to remodel around 10 units, in adition to the gradual conversion of Pizza Móvil into Pizza Hut units.

In Spain, the conversion of Pizza Móvil units to Pizza Hut started last March, with the opening of 3 units. After completing the evaluation of the change, the next steps will be decided.

As far as Eat Out is concerned, ended on April 10 the deadline for submitting proposals to the Barcelona contest, whose decision is expected in the second half. Simultaneously several contests will be opened in different airports, Madrid, Malaga and the Canary Islands.

12. Distribution of Results

In financial year 2016 Ibersol SGPS, S.A., posted a consolidated net profit of 23,378,471. 00 euros and a net profit in individual accounts of 1,310,459.55 euros.

As indicated in the individual management report, the Board of Directors proposes the following appropriation:

Legal reserves	€263,000.00
Free reserves	€ 1.047.489,55

We also propose the allocation of reserves amounting to 2,400,000 euros, accordingly assigning each share a gross dividend of €0.10. Should the company hold own shares the same allocation of €0.10 will be kept for each share in circulation, thereby reducing total dividends.

13. Subsequent Events and Statement of Responsibility

No significant events worthy of note occurred up to this report's approval date, with the exception of the conversion of Pizza Móvil units to Pizza Hut started last March, with the opening of 3 units and have been opened the tender for the exploitation of catering units at Barcelona airport, which could be decided in the third quarter of this year.

In compliance with article 245 section 1 paragraph a) of the Securities Code we declare that to the best of our knowledge:

- the management report, annual accounts and other account rendering documents of Ibersol SGPS, S.A., required by law or regulation and with reference to the financial year of 2016 were drawn up in compliance with applicable accounting standards and provide a true and fair view of the assets and liabilities, financial situation and results of Ibersol SGPS, S.A. and the companies included within the consolidation perimeter;

- the information contained in the management report faithfully shows the evolution of the businesses, performance and position of Ibersol SGPS, S.A. and the companies included within the consolidation perimeter, providing a description of the main risks and uncertainties they face.

14. Acknowledgments

This Board of Director's first vote of thanks is addressed to all employees of the Group, due to their manifest dedication and enthusiasm when facing the adverse situation of recent years and the commitment they have shown in this year of recovery.

We gratefully acknowledge the collaboration throughout the year of the banking institutions as well as our suppliers and other partners.

We likewise thank all the shareholders for the trust they have placed in Ibersol.

The assiduous collaboration and capacity for dialogue manifested by the Audit Committee, Auditors and Statutory Auditor when monitoring and examining the company's management must also be acknowledged.

Porto, 28 April 2017

The Board of Directors

____

António Alberto Guerra Leal Teixeira

____

António Carlos Vaz Pinto de Sousa

____

Juan Carlos Vázquez-Dodero

Qualified Holdings

In compliance with article 8 of CMVM Regulation no. 5/2008 we indicate the known holders of qualified holdings at 31 December 2016.

Shareholders		nº shares	% share capital
ATPS - SGPS, S.A. (*)			
	Directly	13.178.040	54,91%
	António Alberto Guerra Leal Teixeira	1.680	0,01%
	António Carlos Vaz Pinto Sousa	1.680	0,01%
	Total attributable	**13.181.400**	**54,92%**
Banco BPI, S.A.			
	Fundo Pensões Banco BPI	480.000	2,00%
	Total attributable	**480.000**	**2,00%**
Magallanes Iberian Equity FI			
	Total attributable	**613.947**	**2,56%**
Bestinver Gestion GGIIC			
	Total attributable	**3.014.650**	**12,56%**
Norges Bank			
	Directly	**882.225**	**3,68%**
FMR LLC			
	Fidelity Managemment & Research Company	**732.000**	**3,05%**

(*)The voting rights attributable to the ATPS are also attributable to António Pinto Sousa and Alberto Teixeira under subparagraph b) of paragraph 1 of Article 20 and Article 21 paragraph 1, both of the CMVM Code, by virtue of the latter holding the domain of that company, in which participate indirectly in equal parts by, respectively, the companies Calum – Serviços e Gestão SA with the NIPC 513799486 and DUNBAR – Serviços e Gestão, SA, the NIPC 513799257, which together hold the majority of the capital of ATPS.

Annex under article 447 of the Portuguese Commercial Companies Code and article 14 paragraph 7 of CMVM Regulation no. 05/2008

Board of Directors	Date	Acquisictions/Increases (a)		Sales		Balance at
		shares	av pr	shares	av pr	31.12.2016
António Alberto Guerra Leal Teixeira						
DUNBAR- SERVIÇOS E GESTÃO SA (1)						9.996
Ibersol SGPS, SA	03-11-2020	280	0			1.680
António Carlos Vaz Pinto Sousa						
CALUM- SERVIÇOS E GESTÃO SA (2)						9.996
Ibersol SGPS, SA	03-11-2020	280	0			1.680
(1) DUNBAR- SERVIÇOS E GESTÃO SA						
ATPS- S.G.P.S., SA (3)						2.840
(2) CALUM- SERVIÇOS E GESTÃO SA						
ATPS- S.G.P.S., SA (3)						2.840
(3) ATPS- S.G.P.S ., SA						
Ibersol SGPS, SA	03-11-2020	2.196.339	0			13.178.040

(a) Number of shares increase results of the shares allocated in the share capital increase through incorporation of reserves.

During the financial year in analysis no transaction executed by people discharging managerial responsabilities (" dirigentes") other than those mentioned in the avobe table for Board of Directors

Article 448º of the Portuguese Companies Act

ATPS, SGPS, SA

At 31 December 2016, helds 13,178,040 shares of Ibersol SGPS, SA capital, having been allocated 2,196,339 shares in the capital increase by incorporation of reserves on November 2 of 2016.

CORPORATE GOVERNANCE REPORT 2016

IBERSOL, SGPS, SA.

Publicly Listed Company, with share capital of 24,000,000 euros, with its registered office at Praça do Bom Sucesso, nºs 105/159, 9º andar, 4150-146 Oporto, registered in the Companies Register of Oporto under registration and fiscal identification number 501669477.

PART I – SHAREHOLDING STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDING STRUCTURE

1. Share Capital structure.

The share capital of Ibersol, SGPS, SA. amounts to 24,000,000 euros, fully subscribed and paid, represented by 24,000,000 ordinary registered shares with a par value of 1 euro per share, all carrying the same rights and obligations. All the shares representing the share capital are admitted to trading on the regulated market Euronext Lisbon.

2. Share transmission and ownership restrictions.

There is no restriction under the By-laws, in particular under articles 4 and 5 thereof, on the transferability of the shares, nor any clause requiring consent to the transfer of the shares, nor any type of limitation on ownership of the shares.

3. Own shares.

At 31 December 2016 Ibersol, SGPS, SA held 2,399,905 of its own shares, corresponding to approximately 10% of the share capital, with a nominal value of one euro per share, at an overall acquisition cost of 11,179,346.70 euros.

During 2016 the Company traded its own shares, having sold 100 shares and acquired 25.

4. Impact of change in shareholder control of the company in significant agreements.

There are no significant agreements concluded by the Company or by its subsidiaries that contain clauses aimed at establishing measures to protect against a change of control (including after a tender offer). There are no specific conditions that limit the exercise of voting rights by the shareholders of the Company or other matters liable to interfere in the success of a tender offer. There are no signed contracts with change of control clauses, either financing agreements or other, in particular in a debt issuance context.

5. Defensive measures in case of change in shareholding control.

No defensive measures, nor any regime for the renewal or revocation of such measures, have been adopted in the Company.

6. Shareholders agreements.

The Company is not aware of any shareholders' agreement that could lead to restrictions on the transfer of marketable securities or to the concerted exercise of voting rights.

II. Qualifying shareholdings and Bonds helds

7. Qualifying Shareholdings.

At 31 December 2016, according to the notifications received by the Company, the persons who, in accordance with articles 16 and 20 of the Companies Code who have a qualifying shareholding of at least 2% of the share capital of Ibersol, are as follows:

Shareholder	Nº shares	% share capital
ATPS - SGPS, S.A. (*)		
Diretamente/directly	13.178.040	54,91%
António Alberto Guerra Leal Teixeira	1.680	0,01%
António Carlos Vaz Pinto Sousa	1.680	0,01%
Total Attributable	**13.181.400**	**54,92%**
Banco BPI, S.A.		
Fundo Pensões Banco BPI	480.000	2,00%
Total Attributable	**480.000**	**2,00%**
Magallanes Iberian Equity FI		
Total Attributable	**613.947**	**2,56%**
Bestinver Gestion GGIIC		
Total Attributable	**3.014.650**	**12,56%**
Norges Bank		
Directly	**882.225**	**3,68%**
FMR LLC		
Fidelity Managemment & Research Company	**732.000**	**3,05%**

(*) The voting rights attributable to the ATPS are also attributable to António Pinto Sousa and Alberto Teixeira under subparagraph b) of paragraph 1 of Article 20 and Article 21 paragraph 1, both of the Securities Code, by virtue of the latter are holding the domain of that company, in which participate indirectly in equal parts by, respectively, of CALUM – SERVIÇOS E GESTÃO, SA. with the NIPC 513799486 and DUNBAR – SERVIÇOS E GESTÃO, SA with the NIPC 513799257, which together hold the majority of the capital of ATPS.

8. Number of shares and bonds held by the Governing Bodies members - Board of Directors and Supervisory Board

Number of Shares directly or indirectly held in Ibersol, SGPS, SA:

Board of Directors:

Chairman - Dr. António Alberto Guerra Leal Teixeira
1,680 shares of the capital of Ibersol SGPS, SA.
9.996 shares representing 99,96% of the capital of Dunbar – Serviços e Gestão, SA.
Dunbar – Serviços e Gestão, SA. holds 2.840 shares representing 25,02% of the capital of ATPS, SGPS, SA.
ATPS, SGPS, SA, on 31/12/2016, holds 13.178.040 shares representing share capital of Ibersol, SGPS, SA.

Vice-Chairman - Dr. António Carlos Vaz Pinto de Sousa
1,680 shares of the capital of Ibersol SGPS, SA.
9.996 shares representing 99,96% of the capital of Calum – Serviços e Gestão, SA.
Calum – Serviços e Gestão, SA. holds 2.840 shares representing 25,02% of the capital of ATPS, SGPS, SA.
ATPS, SGPS, SA, on 31/12/2016, holds 13.178.040 shares representing share capital of Ibersol, SGPS, SA.

Director – Prof. Doctor Juan Carlos Vázquez-Dodero
Does not hold any shares of the company.

Audit Committee:

Chairman - Dr. Joaquim Alexandre de Oliveira e Silva
Does not hold any shares of the company.

Vice-Chairman – António Maria Borda Cardoso
Does not hold any shares of the company.

Member – Eduardo Moutinho Ferreira Santos
Does not hold any shares of the company.

Substitute – Maria Helena Moreira de Araújo
Does not hold any shares of the company.

9. Board of Directors qualification due to share capital increase.

Under article 4.2 of the Company's Bylaws the share capital may be increased to one hundred million euros in one or more increases by resolution of the Board of Directors, which shall determine the manner, conditions of subscription and categories of shares to be issued from among those provided for in the articles of association or such others as may be permitted by law. However, this statutory provision is not actually applicable face to the expiration of the five-year period established in Article 456 (2) (b) of the Companies Code – but the general meeting can at any time to resolve upon the renewal of those Board of Directors powers under the prevision of the article 456 (4) of the same Code.

10. Related Parties significant Transactions.

No material business or significant transactions were conducted between the Company and holders of qualifying shareholdings.

B. GOVERNING BODIES AND COMMITTEES

I. General Meeting

a) Board of the Shareholders' General Meeting

11. Name, function and mandate of the General Meeting Board members.

Throughout 2016, and as a result of elections held in the Annual General Meeting held on 6 May 2013, the composition of the Board of the General Meeting was as follows:

Chairwoman of the Board – Dr. Alice da Assunção Castanho Amado;

Vice-Chairwoman – Dr. Anabela Nogueira de Matos;

Secretary – Dr. Maria Leonor Moreira Pires Cabral Campello;

These members are elected for a four-year mandate, from 2013 to 2016.

b) Exercise of the voting rights

12. Possible restrictions on voting rights.

There are no restrictions on voting rights, such as limitations on the exercise of the vote depending on ownership of a certain number or percentage of shares, given that, under the terms of article 21 of the Bylaws, each share carries one vote.

According to article 23 of the Bylaws of the Company, for the General Meeting to be able to meet and deliberate on first call, shareholders of shares representing more than fifty per cent of the share capital must be present in person or by proxy.

According to article 21.1 and 21.2 of the Bylaws, each share carries one vote and resolutions of the General Meeting shall be adopted by simple majority, unless the law requires otherwise.
Article 22. 3 to 11 of the Company's Bylaws contain rules on the exercise of voting rights by post and there are no restriction on postal voting. The company provides postal voting forms and informs of the necessary procedures to exercise this right. The form is available on the company's website at www.ibersol.pt. Under article 22.4 of the Bylaws, postal votes may be received up to three days before the date of the General Meeting.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or shareholders which have with the Company any relations of n.º 1 of Art. 20.º.
There is no indication of the maximum percentage of voting rights that may be exercised by any one shareholder or by shareholders who are in any of the situations described in said rule.

14. Resolutions which only may be taken by qualified majority.
Shareholder resolutions are not subjust, under the Bylaws, to qualified majorities, unless such a requirement is imposed by law. Thus, unless the law provides otherwise, resolutions of the General Meeting shall be adopted by simply majority (art. 21.2 of the Bylaws);

II. MANAGEMENT AND SUPERVISION

a) Composition

Board of Directors
Chairman – Dr. António Alberto Guerra Leal Teixeira;
Vice-Chairman – Dr. António Carlos Vaz Pinto de Sousa;
Member – Professor Doutor Juan Carlos Vázquez-Dodero de Bonifaz;

Audit Committee
Chairman - Dr. Joaquim Alexandre de Oliveira e Silva;
Vice-Chairman - Dr. António Maria de Borda Cardoso;
Member – Dr. Eduardo Moutinho Santos;
Substitute – Dr. Maria Helena Moreira de Araújo;
Statutory Auditor - PriceWaterHouseCoopers & Associates – Sociedade de Revisores Oficiais de Contas, Lda.

15. Identification of model of governance adopted.

The Company adopts a classical, monist model of governance, made up of Board of Directors and the Audit Committee, the Statutory Auditor having been appointed by the General Meeting. The Board of Directors is responsible for performing all the administrative acts relating to the corporate object, determining the Company's strategic guidelines, and appointing and overseeing the work of the Executive Committee, no specialized committees having been formed. The Executive Committee coordinates the operations of the functional units and the Company's various businesses, meeting with the senior managers of these units and businesses on a regular basis.

The Audit Committee is responsible for auditing the Company's activity in accordance with law and the Company's bylaws.

16. Statutory rules for procedural and material requirements applicable to appointment and replacement of members of the Board of Directors.

The rules on the procedural and material requirements applicable to the appointment and replacement of members of the Board of Directors are stated in articles 8, 9, 10 and 15 of the Bylaws.

The Board of Directors is made up of an uneven or even number of members, with a minimum of three and a maximum of nine, elected by the General Meeting. A number of substitutes equal to one-third of the number of acting directors may also be elected.

Up to one-third of the directors shall be elected from among persons proposed in lists subscribed by shareholder groups holding shares representing no more than 20% and no less than 10% of the share capital. Each list must propose at least two candidates for each post to be filled and a shareholder may not subscribe more than one list. If, in a given election, lists are presented by more than one group, the vote will decide on all the lists taken together.

In the event of death, resignation or temporary or permanent disability of a director, the Board of Directors shall arrange for a replacement. Where a director elected under the rules set forth in the preceding paragraph is no longer able to serve, a replacement shall be elected by the General Meeting.

17. Composition of the Board of Directors.

The Board of Directors is currently made up of three members, the executive members being the Chairman and Vice-Chairman. The Board of Directors shall choose its own chairman if a chairman has not been appointed by the General Meeting at the time the Board was elected. The Board of Directors may specifically appoint one or more directors to handle certain matters. As of 31 December 2016 the Board of Directors was made up of the following members:

Chairman – Dr. António Alberto Guerra Leal Teixeira;
Vice-Chairman – Dr. António Carlos Vaz Pinto de Sousa;
Member – Prof. Juan Carlos Vázquez-Dodero de Bonifaz;

All the members were elected by the General Meeting on 6 May 2013 for a term that has expired in the 31st December 2016 but these members are in exercise till the new election of the Board by the General Meeting.
The dates on which the current members were first elected to their posts are as follows: Dr. António Carlos Vaz Pinto de Sousa, 1991; Dr. António Alberto Guerra Leal Teixeira, 1997; and Prof. Juan Carlos Vázquez-Dodero de Bonifaz, 1999.
Under article 27 of the Bylaws, directors are elected for a period of four years.
The Board of Directors may also delegate the day-to-day management of the Company to one or more directors or an executive committee, within the terms and limits established by law. The Board of Directors shall be responsible for regulating the functioning of the Executive Committee and the way it exercises the powers assigned to it.

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

The governing body of the Company is made up of three directors and includes one non-executive member, Prof. Juan Carlos Vázquez-Dodero de Bonifaz, who is not associated with any specific interest groups, whether of the Company or its principal shareholders, and has no material interests that might clash or interfere with the free performance of his duties as a director. No internal control committee has been established. Said non-executive member is a director of related companies, in which he does not perform any executive functions. He does not carry out any activities or businesses with the Company, within the meaning of articles 397 and 398 of the **Companies Code (CSC)** and meets the other requirements for independence stated in art 414.5 of the CSC, in particular as stated in the European Commission Recommendation of 15 February 2005. Face to this Recommendation, in it´s point number 13, it is determined, about the independence requirement, that an administrator must be considered independent if he has no business, family, or other relations with the company, either with the control shareholders, as well with the directive bodies of any of them – that can create a conflict of interest that undermine his judgment. These independence requirements are complete fulfilled by the non-executive member of Board of Directors, Prof. Juan Carlos Vazquez-Dodero de Bonifaz, and so this is an independent member.

The above mentioned non-executive director, as a non-executive director of the Board of Directors of companies included in or linked to the Ibersol Group, does not collaborate or interferes with the management of the company, neither provides any other type of service to any of these companies and has no other type of commercial relationship (material or non-material), whether of service provision or another nature, and is not a beneficiary of any kind of remuneration beyond that received annually as a non-executive director of Ibersol, SGPS, SA.

19. Professional qualifications of the members of the Board of Directors.

Board of Directors

Chairman - Dr. António Alberto Guerra Leal Teixeira

Academic qualifications

- BA in Economics – Faculty of Economics of the University of Oporto.

Professional activity

- Chairman of the Board of Directors of Ibersol, SGPS, SA
- Director of other companies in which Ibersol, SGPS, SA holds shares.

Date first appointed and end of current term of office – 1997 / 2016;

Functions performed in the governing bodies of other companies belonging to the Ibersol Group:

ASUREBI - Sociedade Gestora de Participações Sociais, SA

EGGON – SGPS, SA

ANATIR – SGPS, SA

CHARLOTTE DEVELOPS, SL

FIRMOVEN - Restauração, SA

FOODSSTATION, SL.

GRAVOS 2012, SA.

HCI –IMOBILIÁRIA, SA.

IBERAKI - Restauração, SA.

IBERGOURMET - Produtos Alimentares, SA.

IBER KING - Restauração, SA.

IBERSANDE - Restauração, SA.

IBERSOL ANGOLA, SA.

IBERSOL - Hotelaria e Turismo, SA.

IBERSOL - Restauração, SA.

IBERSOL MADEIRA e AÇORES, Restauração, SA.

IBERUSA - Hotelaria e Restauração, SA.

IBERUSA - Central de Compras para a Restauração, ACE.

IBR - IMOBILIÁRIA, SA.

INVERPENINSULAR, SL.

JOSÉ SILVA CARVALHO – CATERING, SA.

LURCA,SA.

LUSINVER RESTAURACIÓN, SAU.

MAESTRO - Serviços de Gestão Hoteleira, SA.

PANSFOOD SA.

SEC –EVENTOS E CATERING, SA.

SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.

THE EAT OUT GROUP SL.

VIDISCO SL. Y LURCA SA. Union Temporal de Empresas.

VIDISCO, SL.

General Manager

FERRO & FERRO, Lda.

RESTMON (Portugal) – Gestão e Exploração de Franquias, Lda.

RESBOAVISTA – Restaurante Internacional, Lda.

Functions performed in the governing bodies of companies not belonging to the Ibersol Group:

ATPS - Sociedade Gestora de Participações Sociais, SA

ATPS II, SGPS, SA.

MATEIXA Soc. Imobiliária, SA.

ONE TWO TASTE, SA.

DUNBAR – Serviços e Gestão, SA.

CALUM – Serviços e Gestão, SA.

Vice-Chairman - Dr. António Carlos Vaz Pinto de Sousa

Academic qualifications

- BA in Law - Faculty of Law of the University of Coimbra

- CEOG – Course in Management – Catholic University of Oporto

Professional activity

- Vice-Chairman of the Board of Directors of Ibersol, SGPS, SA.
- Director of other companies in which Ibersol, SGPS, SA holds shares.

Date first appointed and end of current term of office – 1991 / 2016;

Functions performed in the governing bodies of other companies belonging to the Ibersol Group:

ASUREBI - Sociedade Gestora de Participações Sociais, SA

EGGON – SGPS, SA

ANATIR – SGPS, SA

CHARLOTTE DEVELOPS, SL

FIRMOVEN - Restauração, SA

FOODSSTATION, SL.

GRAVOS 2012, SA.

HCI –IMOBILIÁRIA, SA.

IBERAKI - Restauração, SA.

IBERGOURMET - Produtos Alimentares, SA.

IBER KING - Restauração, SA.

IBERSANDE - Restauração, SA.

IBERSOL ANGOLA, SA.

IBERSOL - Hotelaria e Turismo, SA.

IBERSOL - Restauração, SA.

IBERSOL MADEIRA e AÇORES, Restauração, SA.

IBERUSA - Hotelaria e Restauração, SA.

IBERUSA - Central de Compras para a Restauração, ACE.

IBR - IMOBILIÁRIA, SA.

INVERPENINSULAR, SL.

JOSÉ SILVA CARVALHO – CATERING, SA.

LURCA,SA.

LUSINVER RESTAURACIÓN, SAU.

MAESTRO - Serviços de Gestão Hoteleira, SA.

PANSFOOD SA.

SEC –EVENTOS E CATERING, SA.

SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.

THE EAT OUT GROUP SL.

VIDISCO SL. Y LURCA SA. Union Temporal de Empresas.

VIDISCO, SL.

General Manager

FERRO & FERRO, Lda.

RESTMON (Portugal) - Gestão e Exploração de Franquias, Lda.

RESBOAVISTA – Restaurante Internacional, Lda.

Functions performed in the governing bodies of companies not belonging to the Ibersol Group:

ATPS - Sociedade Gestora de Participações Sociais, SA.

ATPS II, SGPS, SA.

FLP – Fábrica Leiriense Plásticos e Investimentos Imobiliários, SA.

INDOFIL, SA.

MBR, IMOBILIÁRIA, SA.

ONE TWO TASTE, SA.

PLASTEUROPA EMBALAGENS,SA.

PLASTEUROPA HOLDING SGPS, SA.

POLIATLÂNTICA IMOBILIÁRIA SA.

POLIATLÂNTICA SGPS SA.

SOPRANO - SGPS, SA.

DUNBAR – Serviços e Gestão, SA.

CALUM – Serviços e Gestão, SA.

Director – Prof. Juan Carlos Vázquez-Dodero

Academic qualifications

- BA in Law – Complutense University of Madrid.
- BA in Business Studies – ICADE, Madrid.
- Master of Business Administration – IESE, University of Navarra.
- PhD in Management - IESE, University of Navarra.
- "Managing Corporate Control and Planning" and "Strategic Cost Management" programmes, Harvard University.

Professional activity

- Ordinary Professor at IESE.
- Advisor and consultant to various European and American companies.
- Member of the Board of Directors of Ibersol, SGPS, SA.
- Director of other companies in which Ibersol, SGPS, SA holds shares.

Date first appointed and end of current term of office –1999 / 2016;

Functions performed in the governing bodies of other companies belonging to the Ibersol Group:

FOODSTATION, SL.

IBERUSA - Hotelaria e Restauração, SA.

IBERSANDE - Restauração, SA.

IBERSOL - Restauração, SA.

IBERSOL ANGOLA SA.

PANSFOOD SA.

THE EAT OUT GROUP SL.

Functions performed in the governing bodies of companies not belonging to the Ibersol Group:

ATPS - Sociedade Gestora de Participações Sociais, SA.

ATPS II, SGPS. SA.

DUNBAR – Serviços e Gestão, SA.

CALUM – Serviços e Gestão, SA.

Patronato da Fundação Amigos de Rimkieta.

Jeanologia S.L.

20. Significant relationships between members of Board of Directors and qualified shareholders.

There are no family, professional or business relationships with holders of qualifying shareholdings beyond the fact that the Directors António Alberto Guerra Leal Teixeira and António Carlos Vaz Pinto de Sousa, through Corporate Calum-Serviços de Gestão, SA. and Dunbar – Serviços de Gestão, SA., control the ATPS society, which is allocated a share of 54.92% in the capital of Ibersol SGPS, SA, participation that is imputed to them individually as well.

21. Division of powers between the different boards, committees and/or departments within the company, including information on delegating responsibilities, particularly with regard to the delegation of powers, in particular with regard to the delegation of daily management of the Company.

Two of the members of the Board of Directors perform executive functions and form an Executive Committee, which was elected and has powers delegated to it by the Board of Directors under the terms of art. 8.4 of the Bylaws of the Company. The third director performs non-executive functions.

The executive committee coordinates the operations of the functional units and the various businesses, meeting with the senior managers of these units and businesses on a regular basis. The decisions taken by the functional and business managers, which must respect the overall guidelines, are taken under powers delegated by the Executive Committee and are coordinated in periodic meetings.

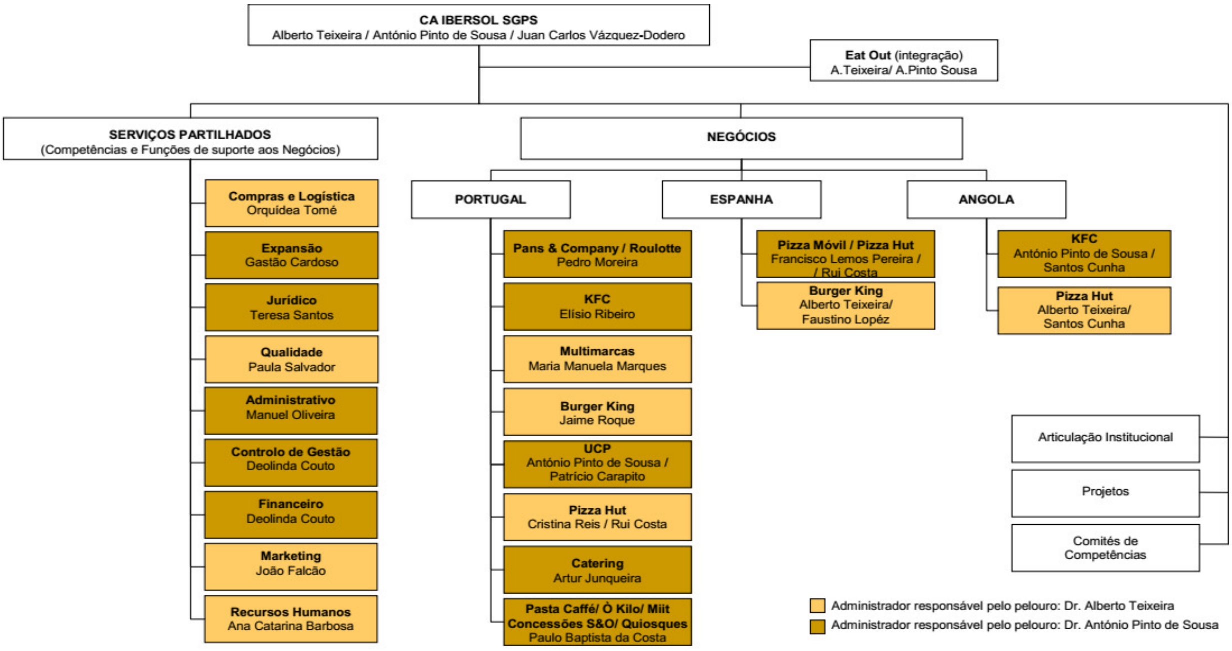
The powers delegated to the Executive Committee are as follows:

a) Exercise full powers of decision making, management and monitoring of the Company's activity at a strategic level, within the legal limits of art. 407.4 of the CSC.

b) Develop, plan and schedule the actions of the governing body, in the Company's internal and external plan for the year, so as to achieve the corporate objectives in accordance with the Company's mission, in particular assisting the Board of Directors in the proper verification of the instruments of supervision of the economic and financial situation and in the exercise of the control function over the companies belonging to the Ibersol Group.

c) It is responsible for assisting the Board of Directors in the updating of its structures of advice and functional support; in the procedures of the companies belonging to the Ibersol Group, in line with the changing needs of the business, defining the profiles and characteristics of their strategic partners, customers, workers, employees and other agents; and in the conduct of the Group's relationships with its environment, acquiring, disposing and encumbering movable property and establishing or terminating cooperation agreements with other companies.

The organization chart and distribution of tasks is as follows:



b) Functioning

22. Location where the regulations governing the functioning of the Board of Directors can be found.

The Regulations of the Board of Directors may be consulted on the Company’s website: www.ibersol.pt.

23. Number of meetings held and attendance level of each member, as applicable, of the Board, the General ans Supervisory Board and Executive Board of Directors.

The by-laws of the Company stipulate that the Board of Directors shall meet at least quarterly and whenever convened by the Chairman or two of its members. Meetings of the Board of Directors are arranged and prepared in advance and the necessary documentation of the points on the agenda is made available in good time.

24. Competent Bodies of the Company to appraise the performance of executive directors.

The Remuneration Committee is the body responsible, in representation of the shareholders, for assessing the performance and approving the remuneration of the members of the Board of Directors and other bodies in accordance with the remuneration policy approved by the shareholders in General Meeting.

25. Predetermined criteria for evaluating the performance of executive directors.

The remuneration of the executive members of the Board of Directors does not include any variable component. The executive directors are remunerated by ATPS, SGPS, SA. having this one entered into a contract for services with the Ibersol Restauração SA. There are no pre-determined criteria for the stated purpose.

26. Availability of each member of the Board of Directors indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities by members of these bodies during the financial year.

The professional activity of the current members of the Board of Directors is described in point 19 above.

c) Committees within the board of directors and delegates;

27. Identification of committees created within the board of directors and where can be found the Regulations on the functioning.

The Executive Committee is the only committee of the Board of Directors and the Regulations of the Board of Directors may be consulted on the website www.ibersol.pt.

The board of directors and the executive committee that integrates the board ensure that the company develops its activity in order to comply with the statutory purposes, not delegating the competence for the definition of the strategy and company management policies, centralizing the definition of the structure business of the group, taking charge and in it's exclusive competence of all relevant strategic decisions, either by it's value, it's potential degree of risk involved, either by it's specific characterization.

28. Executive Committee.

Dr. António Alberto Guerra Leal Teixeira;

Dr. António Carlos Vaz Pinto de Sousa;

29. Competence of each committee created and synthesis of activities in exercise of those competence.

Ibersol, SGPS, SA has a Board of Directors made up of three members: a Chairman, a Vice-Chairman and a Director.

Two of the members perform executive functions and form an Executive Committee, which was elected and has powers delegated to it by the Board of Directors under the terms of art. 8.4 of the Bylaws of the Company. The third director performs non-executive functions.

The executive committee coordinates the operations of the functional units and the company's various businesses, meeting with the senior managers of these units and businesses on a regular basis. The decisions taken by the functional and business managers, which must respect the overall guidelines, are taken under powers delegated by the Executive Committee and are coordinated in committee meetings.
The powers delegated to the Executive Committee are as follows:

a) Exercise full powers of decision making, management and monitoring of the Company's activity at a strategic level, within the legal limits of art. 407.4 of the CSC., develop, plan and schedule the actions of the governing body, in the Company's internal and external plan for the year, so as to achieve the corporate objectives in accordance with the Company's mission, in particular assisting the Board of Directors in the proper verification of the instruments of supervision of the economic and financial situation and in the exercise of the function of control of the companies belonging to the Ibersol Group.
b) The Executive Committee is also responsible for assisting the Board of Directors in the updating of its structures of advice and functional support; in overseeing the procedures of the companies belonging to the Ibersol Group, in line with the changing needs of the business, defining the profiles and characteristics of their strategic partners, customers, workers, employees and other agents; and in the conduct of the Group's relationships with its environment, acquiring, disposing and encumbering movable property and establishing or terminating cooperation agreements with other companies.

The Executive Committee meets monthly and whenever called by the Chairman. Apart from the regular contacts established between the members of the Executive Committee in the periods between meetings, a total of 27 meetings were held during 2016.
The members of the Executive Committee provide the information requested by other members of the corporate governing bodies in a timely manner.

III. SUPERVISION

a) Composition

30. Identification of the Fiscal Board.

Under the adopted model, the Company is audited by the Audit Committee and the Statutory Auditor or a Statutory Audit firm, who are not members of the Audit Committee. The Audit Committee and the Statutory Auditor are both elected by the General Meeting of Shareholders.

31. Composition.

Audit Committee

Chairman – Dr. Joaquim Alexandre de Oliveira e Silva;

Vice-Chairman – António Maria Borda Cardoso;

Member – Eduardo Moutinho Ferreira Santos;

Substitute – Maria Helena Moreira de Araújo;

The Audit Committee is made up of at least three active members, who are elected by the General Meeting and must meet at least quarterly. Where the Audit Committee has only three active members, there must be one or two substitutes; where there are more than three active members, there must be two substitutes.

The statutory auditor or statutory audit firm are elected by the General Meeting at the proposal of the Audit Committee.

The term of office of the members of the Audit Committee is four years (art. 27 of the Bylaws). The current Chairman took up the post of Vice-Chairman in 2008 and was appointed Chairman in 2013 for the period 2013-2016. The current Vice-Chairman was first appointed as a member of the Audit Committee in 2007 and was appointed vice-chairman for the period 2013-2016. The Member was first appointed as a substitute in 2007 and was appointed as a member for the period 2013-2016.

32. Independence of the Fiscal board members.

All the active members meet the criteria stated in article 414.5 of the CSC and comply with all the rules of incompatibility mentioned in article 414.1 of the CSC.

The members of the Audit Committee have the duty to immediately report to the Company any event that might give rise to incompatibility or loss of independence.

33. Professional Qualifications.

Chairman – Joaquim Alexandre de Oliveira e Silva;

Academic qualifications

- BA in Economics (1970) from the Faculty of Economics of the University of Oporto

Professional activity in the last five years:

- University teaching;
- Tax consulting;

Date first appointed and end of current term of office: 2008 / 2016.

Functions performed in the governing bodies of other companies belonging to the Ibersol Group:

He does not perform any functions in other companies in the Ibersol Group.

Number of shares of Ibersol, SGPS, SA held directly or indirectly:

He does not hold any shares of the company.

Vice-Chairman – Dr. António Maria de Borda Cardoso;

Academic qualifications

- BA in Economics (1966) from the Faculty of Economics of the Univesity of Oporto

Professional activity in the last five years:

- Retired since 25/10/2005.

Date first appointed and end of current term of office: 2007 / 2016.

Functions performed in the governing bodies of other companies belonging to the Ibersol Group:

He does not perform any functions in other companies in the Ibersol Group.

Number of shares of Ibersol, SGPS, SA held directly or indirectly:

He does not hold any shares of the company.

Director – Dr. Eduardo Moutinho Santos;

Academic qualifications

- Degree in Law from the Faculty of Law of the Univ. of Coimbra (1978)

Professional activity in the last five years:

- In legal practice in the county of Oporto**;**

Date first appointed and end of current term of office: 2007 / 2016.

Functions performed in the governing bodies of other companies belonging to the Ibersol Group:

President of the Audit Board of the company Ibersande Restauração, SA.

Number of shares of Ibersol, SGPS, SA held directly or indirectly:

He does not hold any shares of the company.

b) Functioning

34. Location where the regulations governing the functioning of the Fiscal Board can be found.

The Regulations of the Audit Committee may be consulted on the website: www.ibersol.pt.

35. Meeting of the Fiscal Board.

The Audit Committee meets at least once each quarter. In 2016 there were 5 formal meetings of this body and the rate of attendance of all the active members was 100%.

36. Availability of each member with description of positions hels in other companies inside and outside the group and other relevant activities carried out.

All the members of the Audit Committee consistently demonstrated their availability to perform their functions, having attended all the meetings and taken part in the work.
For point 33 above we refer to the information on other posts held in other companies by the active members of the Audit Committee in **Annex 2** to this report.

c) Competences and functions

37. Description of the procedures and criteria for intervention by the Fiscal Board for the purpose of hiring additional services to the Statutory Auditor.

The Audit Committee annually assesses the work of the external auditor and states its conclusions in its Report and Opinion, issued in the terms and for the purposes of art. 420.1.g) of the Companies Code.

The Audit Committee analyzes and approves the scope of any additional services provided, considering whether they call the independence of the external auditor into question. It also ensures that any consulting services provided have the necessary level of quality, autonomy and independence relative to the services provided within the scope of the audit process.

38. Other functions.

The Audit Committee, in coordination with the Statutory Auditor, is responsible for the auditing of the Company, namely:
- examine the appropriateness of the accounting policies;
- examine continuously the effectiveness of the risk management system and internal control system;

- examine continuously the process of preparation and disclosure of financial information;
- examine the auditing of the accounts;

It is also responsible for making proposals to the General Meeting for the appointment of the statutory auditor and examining the auditor's independence, particularly as regards the provision of additional services.

The annual report on the work of the Audit Committee is published, together with the financial statements, on the Company's website.

To all effects, the Audit Committee represents the company in relation to the external auditor, ensuring that all the conditions of service provision are met, annually assessing the auditor's performance, acting as the auditor's main contact and receiving its reports, jointly with the Board of Directors.

To perform its functions the Audit Committee obtains from the Board of Directors the information it needs in order to carry out its activity, namely information on the Group's operations and finances, changes in the composition of the Group's portfolio of companies and businesses and the content of the main resolutions adopted by the Board.

IV. Statutory External Auditor

39. Statutory External Auditor identification and the representing partner.

The statutory auditor of the Company is PriceWaterHouseCoopers and Associates – Sociedade de Revisores Oficiais de Contas, Lda.", represented by Dr. Hermínio António Paulos Afonso or Dr. António Joaquim Brochado Correia.

40. Permanence of functions.

PriceWaterHouseCoopers and Associates has been acting as the Company's statutory auditor since 2005 to the present.

41. Other services provided to the Company.

The statutory auditor is also the Company's external auditor.

V. External Auditor

42. Identification.

The external auditor is PriceWaterHouseCoopers and Associates, SROC, registered with the Securities Market Commission under no. 9077, represented by Dr. Hermínio António Paulos Afonso or Dr. António Joaquim Brochado Correia.

In 2016 the representative was Dr. Hermínio António Paulos Afonso.

43. Permanence of Functions.

The external auditor was elected for the first time in 2005 and this is its second term of office.

The partner who represents it has been acting as representative since 2011.

44. Policy and frequency of rotation of the external auditor and its partner.

The external auditor and the partner who represents it in this role are, respectively in their third and second consecutive term of office. The external auditor is elected by the General Meeting at the proposal of the Audit Committee and the need for a change of external auditor will be assessed based on best practices in corporate governance at the time of the proposal for a new term of office.

The Supervisory Board adopted the recommended principle only not to make the rotation of the external auditor at the end of two terms of four years continuously functions, if, after making a careful assessment, has concluded that the maintenance functions, in addition to that period, does not interfere or prejudice the necessary independence of the external auditor, or the level of quality that the functions should be exercised, ensuring instead monitor the company by that supervisory body, with the level of knowledge and depth already acquired – v.d. proposal of the Supervisory Board 5/4/2013 on the appointment of ROC attached to the proposal presented on point 7 of the General Meeting Call for May 6, 2013 – in www.ibersol.pt.

45. External Auditor assessment.

The Audit Committee annually assesses the work of the external auditor and states its conclusions in its Report and Opinion, issued in the terms and for the purposes of art. 420.1.g) of the Companies Code (CSC).

46. Additional work.

The additional services provided by the external auditor will mainly include services related to the review of tax documentation processes and keeping up to date with tax legislation.

The Audit Committee analyzed and approved the scope of said services, concluding that they do not represent any obstacle to the auditor's independence.

The additional services are provided by different individuals from those involved in the audit, so that the independence and impartiality of the auditor is considered to be assured.

The fees billed for additional services in 2016 represented 20,9% of the total fees billed to the Group by PriceWaterHouseCoopers in the year.

47. Annual remuneration.

The total annual remuneration paid by the Company and other companies in a control or group relationship to the auditor or other corporate entities belonging to auditor's network amounted in 2016 to 415.851 euros, as follows:

	2016	%	2015	%
Sociedade				
Audit	35.500	9%	43.583	25%
Other				
Entidades que integram o Grupo				
Audit (*)	293.590	71%	126.302	71%
Tax Consultancy			3.250	2%
Other	86.761	21%	3.987	2%
TOTAL	**415.851**	**100%**	**177.121**	**100%**

(*) included the services rendered to Eat Out Group all the year.

C. INTERNAL ORGANIZATION

I. Articles of Association

48. Rules about changes in Statutes.

The rules applicable to amendment of the By-laws of the Company are those set forth in articles 85 ff. and 383 ff. of the Companies Code (CSC).

II. Whistle Blowing Policy

49. Whistle Blowing Policy.

The Company has a policy in place for the receipt of reports, claims or complaints about irregularities detected in the Company. As set forth in the Regulations of the Audit Committee, which are published on the Company's website, the Audit Committee keeps a written record of reports of irregularities that are addressed to it and, where considered appropriate, takes the necessary steps, together with the directors and the auditors, and prepares a report on the irregularities. Thus, some kinds of irregularities may be reported to the Audit Committee without maintaining anonymity by reporting them directly to the Company, for reference to the Audit Committee. The Company will refer the reports it receives to the Chairman of the Audit Committee, ensuring confidentiality.

During 2016 the Audit Committee did not receive any reports of irregularities.

III. Internal Control and Risk Management

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

Ibersol does not have autonomous internal audit and compliance services.
Risk management, as part of the company's culture, is present in all processes and is the responsibility of all managers and employees at the different organization levels.

Risk management is undertaken with the goal of creating value by managing and controlling uncertainties and threats that may affect the Group companies, with a view to the continuity of operations, to take advantage of business opportunities.
As part of strategic planning are identified and evaluated the risks of the existing businesses portfolio and the development of new businesses and relevant projects and defined those risks management strategies.
At the operational level, are identified and evaluated the risks management objectives of each business and planned actions to manage those risks that are included and monitored in the plans of business and functional units.
With regard to security risks of tangible assets and people are defined policies and standards, and the self-control of its application is made, being conducted external audits to all units and implemented preventive and corrective actions for the identified risks. In order to ensure compliance of the established procedures is performed regularly assessing of the main internal control systems of the group. For specific business aspects there are risk areas whose management has been assigned to functional departments.
Internal control and the monitoring of internal control systems are overseen by the Executive Committee.

51. Disclosure of the relationship to other committees of the Society in hierarchical dependence and/ or functional relation.

Not applicable as the Group does not have autonomous services.

52. Existence of other functional areas regarding competences in risk control.

There are central functions (the Quality, Human Resources and Financial Units), reporting to the Executive Committee, that promote, coordinate and facilitate the development of risk management processes.

53. Main Risks to which the Company and its Affiliates are exposed.

The Board of Directors considers that the Group is exposed to the normal risks arising from its activity, namely at the level of the restaurants.

Strategic and operational risks

The business is exposed to changes in macroeconomic factors and trends in consumer preferences. The management of strategic risks involves the monitoring of macroeconomic indicators, consumer trend studies, market studies of restaurants business, consumers consultation and monitoring competition activity in the different markets where the Group operates.

Operational risks are focused on the group's value chain processes and operational risks of the units, relating to the supply management (supply and logistics) inventory management, fund management and efficiency and security in the use of resources and assets. The suitability and scope of control procedures are monitored and revised when necessary.

Given the nature of the business, there are certain risk areas that are assigned to particular functional departments, notably:

Food quality and food safety

In the restaurants business, the risk associated with hygiene and food safety is of primordial importance.

The management of this area of risk is overseen by the Quality Unit and is aimed primarily at adopting a responsible, proactive approach, following the principles of prevention, training, monitoring of indicators and continuous improvement in order to minimise risks that could have an impact on the health of consumers.

The main management dimensions of this risk area are:

- qualification and selection of suppliers and products in the area of food quality safety and a programme of periodic inspections of suppliers, products and services
- ensuring the effectiveness of the traceability system
- control of the production process in the units through HACCP systems
- system for developing food safety competencies
- maintenance and monitoring of measurement devices
- food crisis management system, which is used to monitor existing food warning systems at all times and take immediate action when necessary.
- continuous improvement system supported by the following tools, among others: programme of external audits in all Group units; programme of microbiological

analyses of the end products, carried out through sampling by an authorized outside body; complaints processing system; mystery shopper programme; and programme of internal audits in relation to food safety indicators.

- certification of the food safety management system under ISO 22000, a demanding international food safety standard.

Health and safety at work (HSW)

The management of this risk area is overseen by the Human Resources Unit, which defines and coordinates training plans and the application of the rules and procedures defined in Ibersol's HSW Manual, and articulates the training plans.

Financial

Risk management in the financial area is led by the Financial Unit, which focuses on monitoring the volatility of the financial markets, especially interest rate volatility. The current situation of the markets has led to liquidity risk taking on greater importance.

The Group's policy regarding financial risk management is conservative and cautious when using derivative instruments for hedging does not take positions that are not strictly related to the activity or positions that have speculative purposes.

The main sources of exposure to financial risk are:

a) Exchange rate risk

This risk increased significantly during the last year, because the subsidiaries in Angola saw limited access to foreign exchange, resulting in an extension of the payment terms to international suppliers, which increased its exposure to the effects of devaluation. It should be noted that the principal suppliers are Yum, owner of the Trade Marks KFC and Pizza Hut, and Iberusa, ACE.
With regard to financing outside the Euro zone the group will pursue a natural hedge policy, preferably in local currency financing.
In order to ensure adequate protection of Angolan subsidiaries to increase value of the obligations in foreign currency, proceeded to the purchase of instruments indexed to the dollar, in order to ensure the "hedging".
Increased activity in Angola will result in an increased risk of exchange - if they maintain the current constraints of access to foreign exchange - which will affect the value of assets and liabilities.

b) Interest rate risk

As the group has no interest-earning assets with significant interest, in addition to treasury bonds issued by Angola for the purpose of "hedging", the profit and cash flows of the financing activities are substantially independent of changes in market interest rate.

The risk of the Group's interest rate comes from liabilities, specifically long term loans. Borrowings issued at fixed rates expose the Group to fair value risk associated with interest rate. With the current level of interest rates, the group's policy is, in more mature financing, proceed to the total or partial fixing of interest rates. Ibersol resorted to hedging the risk of interest rate to 30% of borrowing until October 2016. For the financing contracted for the acquisition of EOG with a maturity of 6 years, during 2017 a coverage of at least 50% shall be provided.

c) Credit risk

The Group's principal activity is carried out with sales paid in cash or by debit/credit card, so that the Group has no material credit risk concentrations. However, with the increase in sales of the catering business, which has a significant proportion of credit sales, the Group has started to monitor its accounts receivable more regularly in order to:

i) control the credit granted to customers;

ii) analyze the age and recoverability of receivables;

iii) analyze the risk profile of customers;

d) Liquidity risk

As already mentioned, the recent situation of the financial markets has given a new importance to liquidity risk. Systematic financial planning based on cash flow forecasting in different scenarios and for periods of more than one year has become an imperative. Short-term cash management is based on the annual plan, which is reviewed quarterly and daily adjusted. In line with the dynamics of the underlying businesses, the Group's Treasury aims for flexible management of commercial paper and the negotiation of lines of credit that are available at all times. The policy of open dialogue with all the financial partners has allowed the Group to maintain high standart of trust relationships. The Group at the expense of the cost favored maintaining contracted credit lines although little used.

e) Capital risk

The Company seeks to maintain a level of own capital appropriate to its principal business (cash sales and supplier credit) and ensure its continuity and expansion.

The balance of the capital structure is monitored based on the financial leverage ratio (defined as net remunerated debt / net remunerated debt + equity) with the aim of staying between 35% -70%.

Environmental

This area of risk management is coordinated by the Quality Department and its main focus is on implementing the policy deriving from the Ibersol Sustainability Principles which ensures that processes and procedures are applied in the environment. Adoption of good environmental management practices is a matter of concern to Ibersol's Board of Directors, which promotes a responsible, proactive approach to resource and waste management.

The procedures set forth in Ibersol's Standards Manual as regards environmental matters are focused mainly on the rational use of electricity and the recycling of used oil and packaging.

Legal

Ibersol and its businesses have a legal advisory function, which works full-time, in coordination with the other central and business functions, in order to preventively protect the Group's interests, while ensuring strict compliance with the Group's legal duties and obligations.

Legal advice is also obtained, at national and international level, by recognized outside experts.

Sector-specific

The recovery of private consumption, after the severe disruption seen in recent years, mainly in Portugal, will continue to affect sales in restaurants. To mitigate the impact on its results, the company has implemented rigorous cost control, with monthly monitoring of market trends and subsequent reviews of resource planning, in order to mitigate the impact of the consumption reduction.

Operating as it does in the food service business, the company is also subject to the risk of epidemics, disruptions in raw materials markets and changes in consumption patterns, which can have a material impact on the financial statements.

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

Risk management is carried out with the aim of creating value by managing and controlling uncertainties and threats that could affect Group companies from a business continuity perspective.

In the context of strategic planning, the risks of the business portfolio, as well the risks of development of new businesses and the implementation of the most important projects are identified and assessed, and strategies to manage those risks are defined.

At operational level the risks affecting the objectives of each business are identified and assessed, and actions are planned to manage those risks. These actions are included and monitored through the plans of the individual businesses and functional units.

As regards the risks to the security of tangible assets and persons, policies and standards have been established and are monitored to ensure compliance. All units are subject to external audits and preventive and corrective measures are taken in respect of the risks that have been identified.

To ensure that the established procedures are followed, the Group's main internal control systems are evaluated periodically.

55. Main elements of the internal control systems and risk management implemented by the company regarding the finantial disclosure process.

The Company does not have any internal audit services reporting directly to the Audit Committee (given the Latin model adopted), the necessary compliance services being overseen by the individual departments of the company. Organizationally and functionally, the various units of the Group are directly responsible for compliance services to the Board of Directors and of the Audit Committee and the persons responsible are duly identified in the Company's organization chart. Under the Latin model of corporate governance, the individual departments of the Company oversee the compliance services in interaction with the Audit Committee or the non-executive director of the Company, reporting functionally to that director, independently of the departments' reporting relationship with the Company's executive management.

External audit assesses and reports on the reliability and integrity of accounting and financial information, validating the internal control system established in the Group and the effectiveness of the separation between the persons who prepare the information and those who use it and carrying out various validation procedures throughout the financial information preparation and disclosure process.

The external auditor meets with the different departments of the Group, at least twice a year to analyze and review the internal control system, submitting a report to the Audit Committee for subsequent discussion with the Board of Directors, namely with the non-executive director.

As regards risk in the process of financial information disclosure, only a restricted number of employees is involved in the disclosure process. All those who are involved in the process of financial analysis of the Company are considered to have access to inside information and are specially informed of their obligations.

The system of internal control of the recording, preparation and disclosure of financial information rests on the following key elements:

- the use of accounting principles, as set forth in the notes to the accounts, is one of the bases of the control system

- the plans, procedures and records of the Company and its subsidiaries offer a reasonable guarantee that only duly authorized transactions are are recorded and that they are recorded in accordance with generally accepted accounting principles

- the financial information is analysed systematically and regularly by business unit management (supported by the Management Control Department) and by the heads of the profit centres, ensuring continuous monitoring and the necessary budgetary control

- a timetable is established for the preparation and review of information, the work is divided up among the various areas involved and all the documents are reviewed in detail. This includes a review of the principles used, verification of the accuracy of the information produced and a check of consistency with the principles and policies used in previous years

- the accounting records and the preparation of the financial statements are overseen by the central accounting function. The financial statements are prepared by the accountants and are reviewed by the Administrative Unit.

- The consolidated financial statements are prepared on a quarterly basis by the central consolidation function, which conducts an additional reliability check

- The financial information, annual report and financial statements are reviewed by the Financial Unit and submitted to the Board of Directors for final review and approval. Once the documents have been approved, they are sent to the external auditor, which issues its audit report and opinion.

- The statutory auditor carries out an annual audit and a half-yearly limited review of the individual and consolidated accounts. Also, each quarter it conducts a summary examination of the quarterly information.

- The process of preparation of the individual and consolidated financial information and of the management report is supervised by the Audit Committee and the Board of Directors. At quarterly intervals these bodies meet and analyze the individual and consolidated financial statements and management report.

Among the causes of risk that may materially affect financial reporting are the accounting estimates, which are based on the best information available and on the knowledge and experience of current and past events. Balances and transactions with related parties are disclosed in the annex to the financial statements and are associated above all with the Group’s operating activities and its lending and borrowing, which is done at market prices.

IV. Investor Relations Office

56. Department responsible for investor relations, composition, functions, information provided by these services ans elements for contract.

The Office may be contacted through the representative for the capital market, António Carlos Vaz Pinto de Sousa (Telephone: +351 22 6089708; Telefax: +351 22 6089757; E-mail: psousa@ibersol.pt, Morada: Praça do Bom Sucesso, 105/159 – 9th floor, 4150–146 Porto.

57. Legal Representative for Capital Market Relations.

The representative is the person indicated on the website of Ibersol, SGPS, SA. - Dr. António Carlos Vaz Pinto de Sousa;

58. Information about the volume and response time for information request at the year or outstanding from previous years.

Ibersol maintains constant contact with analysts and investors, supplying them with up-to-date information.

Whenever necessary, the representative for market relations ensures that all the necessary information on the Group's activity is made available and provides any clarifications requested by investors within five business days.

In 2016 were received 35 requests for information, and there are not pending any inquires from previous years.

V. Website

59. Address.

The Ibersol has a website for disclosure of information about the company. The address of the website is www.ibersol.pt

60. Location of the information mentioned in Article 171 of the Commercial Companies Code.

www.ibersol.pt\ investidores\Governo da Sociedade

61. Location where the Articles of Regulation for the committees can be found.

www.ibersol.pt\investidores\Estatutos

www.ibersol.pt\investidores\Governo da Sociedade

62. Location where is provided information about the identify of the governing bodies, the representative for market relations, the Investor Relations Office, functions and means of access.

www.ibersol.pt\investidores\Governo da Sociedade www.ibersol.pt\investidores\Relação com Investidores

63. Location where is provided the documents of accounting, calendar of corporate events.

www.ibersol.pt\investidores\Relatório e Contas
www.ibersol.pt\investidores\Calendário de Eventos

64. Location where is provided the notice to General Meeting and related information.

www.ibersol.pt\investidores\Assembleias Gerais

65. Location where the historical archives are available with resolutions adopted at general meetings of the company, the represented share capital and the voting results, with reference to the previous 3 years.

www.ibersol.pt\investidores\Assembleias Gerais

D. REMUNERATIONS

I. Competence for definition

66. Competence for determining the remunerations of governing bodies of the executive committee members and managers of the Company.

The members of the corporate governing bodies are remunerated in accordance with the remuneration policy proposed by the Remuneration Committee and approved by the General Meeting of shareholders.

II. Remuneration Committee

67. Composition of the Remuneration Committee, including the identification of the other independent commission hired to support the committee.

The Remuneration Committee is made up of three members: Dr. Vítor Pratas Sevilhano, Dr. Amândio Mendonça da Fonseca and Don Alfonso Munk Pacin.

The members of the Remuneration Committee are independent of the members of the Board of Directors. No individual or corporate entity that has provided services to any body reporting to the Board of Directors of the Company or to the Board of Directors itself at any time in the last three years or that currently provides consulting services to the Company, has been hired to support the Remuneration Committee in any capacity.

68. Experience and professional qualifications of the members of the Shareholders' Remuneration Committee.

The professional experience and background of the members of the Remuneration Committee allows them to perform their functions rigorously and effectively. All the members are empowered with the necessary academic, professional and technical training required for their function, and authorized with proper functional experience necessary for its proper performance, namelly:

- Dr. Amândio da Fonseca: - Degree in Psychology, holding the position of *Executive Coach*, certified by ICF (International Coach Federation).

- Dr. Vítor Pratas Sevilhano: - Degree in Finance by the Instituto Superior de Economia, Degree in Hospital Administration by ENSP - Escola Nacional de Saúde Pública de Lisboa, Certified by Manchester Business School - ITP - International Teachers Program. Certified by SBDC – Small Business Development Center de Wisconsin, EUA, Certified by INSEAD (Fontainebleau) – Advanced Management Program and Finantial Management Program. Certified by Henley College - Stragic Planning in Practice. Certified by Linkage International – GILD e Executive Coaching Master Class. PCC – Professional Certified Coach by ICF – International Coach Federation. Professional qualifications: - Managing Partner of the European School of Coaching and Partner of the Company My Change;

- D. Alfonso Munk Pacin: - Degree in Economics by London Scholl of Economics, International Consulter in the areas of Hotels and Tourism, and Vice-President of the Melia´s Group

III. Remuneration Structure

69. Remuneration policy and performance assessment.

The remuneration policy of the corporate governing bodies is approved by the shareholders in General Meeting.

The General Meeting of shareholders held on 29 April 2016 approved the remuneration policy already in force, which has been implemented consistently.

The remuneration policies and practices of other groups of companies are not used as a benchmark in setting the remuneration of the members of the Board of Directors and Audit Committee and no policy has been established with regard to severance payments for directors, as indicated in the statement of the Remuneration Committee attached to the Corporate Governance Report.

The remuneration policy for senior managers is described in the statement of the Board of Directors attached to the Corporate Governance Report. The remuneration of senior managers includes no major or material variable components.
The executive members of the Board of Directors are remunerated by the shareholder ATPS-SGPS, SA, which has subscribed a contract for services with Ibersol Restauração, SA.
The non-executive member receives a fixed annual remuneration (cfr. Anex 1.) and no other remuneration of any kind.
The total remuneration of the members of the Audit Committee for 2016 was as follows: Chairman: 8,785.92 euros; Vice-Chairman: 8,785.92 euros; Member: 8,785.92 euros; and SROC: 35,500.00 euros.

70. Information about remuneration structure in order to align the interests of members of the board with the long-term interests of the Company as well as about the Company assess and discourage excessive risk assumption.

The directors' remuneration policy is the responsibility of the Remuneration Committee, which will submit its proposals to the approval of the Company's shareholders in the 2017 Annual General Meeting, in accordance with Annex 1.
The general principles of the remuneration policy for the audit bodies and the Board of the General Meeting are as follows:
a) Functions performed: - the nature and volume of the activity involved in the functions performed by each member of the abovementioned corporate governing bodies is taken into consideration, as well as the responsibilities assigned to each one. The members of the Audit Committee, the Board of the General Meeting and the audit firm will not all occupy the same organizational or functional position. Various criteria are applied, including level of responsibility, time commitment or the value of a particular service or institutional representation.
b) The Company's economic situation.
One relevant consideration will be the size of the company and the relative degree of functional complexity.

71. Reference, if applicable, of the existence of a variable remuneration component and information about likely impact of performance appraisal in this component.
There is no variable component.

72. Deferring payment of the variable remuneration component, specifying the period of deferral.

There is no variable component.

73. Criteria that underlie the allocation of variable remuneration in shares and the maintenance of these shares by Executive Directors.

No remuneration involving the allocation of shares or any other system of bonuses paid in shares is envisaged.

74. Criteria that underlie the allocation of variable remuneration in options and indication of the deferral period and the exercise price and the members of the Company.

No remuneration involving the allocation of share options is envisaged.

75. Main parameters and reasoning for any scheme of annual bonuses and any other noncash benefits.

There is no system of annual awards or other non-cash benefits.

76. Main characteristics of complementary pension or early retirement schemes for the Administrators.

There is no pension or early retirement scheme for members of the governing bodies, audit bodies or other senior managers.

IV. Disclosure of remuneration

77. Statement of the annual amount of remuneration received by the board members including fixed and variable remuneration, and for this, mentioning the different components that gave rise

The executive members of the Board of Directors are remunerated by the shareholder ATPS-SGPS, SA, which has subscribed a contract for services with Ibersol Restauração, SA., having received for such services, in 2016, a total of 800.000,00 euros. One of the obligations of ATPS-Sociedade Gestora de Participações Sociais, SA. under the service agreement with Ibersol, Restauração, SA. is to ensure that the directors of the Company António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira perform their duties without the Company incurring any additional expense. So, the Company does not directly pay any remuneration to any of its executive directors. Given that ATPS-Sociedade Gestora de Participações Sociais, SA. is owned by the directors António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, out of the above mentioned total of 800.000,00 euros in 2016, each director received the amount of 400.000,00 euros. The executive directors do not receive any remuneration from other companies in the group and acquired no pension rights in the year in question.

The non-executive member receives a fixed annual remuneration of 6,000.00 euros and no other remuneration of any kind. In particular, he receives no performance award, bonus or complementary performance-related fees, retirement supplement or any additional payments beyond the annual amount of 6,000.00 euros delivered to him by the Company.

78. Any amounts paid by other companies in a control or group or that they are subject to the same domain

No other amounts are paid on any account by other companies controlled by or belonging to the Group, except as indicated in no. 77 above.

79. Compensation paid in the form of profit sharing and / or bonus payments and the reasons why such bonuses and / or profit sharing were granted

During the year no remuneration was paid in the form of profit-sharing or awards.

80. Compensation paid or owed to former executive directors following the termination of their duties during the year.

No amounts were paid or are owed as compensation to directors who ceased to be directors.

81. Indication of the annual remuneration earned in aggregate and individually, by the members of the Fiscal Board of the Company.

The total remuneration received by the members of the Audit Committee was 26.357,76 euros. this total breaks down as follows:

Chairman – Dr. Joaquim Alexandre de Oliveira e Silva: 8,785.92 euros;

Vice-Chairman - Dr. António Maria de Borda Cardoso: 8,785.92 euros

Member – Dr. Eduardo Moutinho Santos: 8,785,92 euros;

82. Indication of the annual remuneration earned by the Chairman of the Shareholders' General Meeting.

Chairman of the Board – Dr. Alice de Assunção Castanho Amado: 1.333.44 euros;

V. Agreements with remuneration implications

83. Contractual limitations provided for compensation payable for unfair dismissal Managers and its relationship with the variable remuneration component.

No contractual limitation is envisaged for the compensation payable for unfair dismissal of a director, nor is there any indication of a relationship with the variable component of remuneration (the variable component is not stipulated in the contract).

84. Reference to the existence and description stating the sums involved, of the agreements between the company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the company.

There are no agreements between the Company and the directors or other senior managers, within the meaning of article 248-B.3 of the Securities Code, that provide for compensation in the event of resignation, unfair dismissal or termination of the employment relationship following a change of control of the company.

VI. Share Plans and Stock Option Plans

85. Identification of the plan and recipients.

There are no share or share option schemes in force.

86. Plans functioning.

The Company does not have any share or share option scheme.

87. Option rights granted to acquire shares (stock options) where the beneficiaries are company employees.

No share options have been allocated to workers or employees of the Company.

88. Control mechanisms in any system of employee participation in the capital.

Not applicable.

E. RELATED PARTY TRANSACTIONS

I. Control procedures and mechanisms

89. Mechanisms implemented by the Company for purposes of monitoring of transactions with related parties (for this purpose refers to the concept resulting from IAS 24).

The Audit Committee has approved the criteria for a previous evaluation of the transactions between the Company and holders of qualified shareholdings or entities related to them, within the terms of art. 20 of the Securities Code, require prior assessment. The criteria has been defined as a transaction value equal to five per cent or more of the consolidated net assets of Ibersol SGPS, SA.

90. Statement of the transactions that were subject to control in the reference year.

No businesses or transactions were entered into that required such prior assessment.

91. Description of the procedures and criteria for intervention by the Authority for the purpose of preliminary assessment of the business carried out between the Company and holders of qualifying holdings or entities that are in a relationship with them, under Article 20. of CVM.

The Audit Committee was not required to issue any opinion in 2016, given no liability transactions were entered into that required its opinion.

The procedures for intervention by the Audit Committee in the preliminary assessment of any business to be held between the company and holders of qualifying holdings follows the rules of the respective Regulation of the Supervisory Board, published in www.ibersol.pt ;

II. Elements related to transactions

92. Location where the financial statements and the information about transactions with subsidiaries can be found (in accordance of IAS 24).

Information on transactions with related parties is provided in the Annex to the individual financial statements and in the Annex to the consolidated financial statements.

PART II - GOVERNANCE MODEL EVALUATION

1. Identification of adopted Corporate Governance Code.

This Corporate Governance Report was prepared in accordance with CMVM Regulation 4/2013 of 1 August and the CMVM's Corporate Governance Code. In accordance with article 4. 2 of CMVM Regulation 4/2013, the necessary and indispensable information is disclosed as required by these regulations, both in substance and in form.

The report complies with article 245-A of the Securities Code and, in accordance with the comply or explain principle, indicates the degree of compliance with the CMVM's recommendations as stated in the 2013 Corporate Governance Code.

The reporting obligations under Law 28/2009 of 19 June, articles 447 and 448 of the Companies Code and CMVM Regulation 5/2008 of 2 October 2008 are also met.

All the legal and regulatory texts mentioned in this report are available at www.cmvm.pt.

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

Overall, Ibersol, SGPS, SA complies with the CMVM's corporate governance recommendations, as follows:

RECOMMENDATIONS (July 18th 2013 Corporate Governance law *in* www.cmvm.pt *)*	DETAILS OF THE ADOPTIONOF THE RECOMMENDATION	
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 overly 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	Part I Number 12 of this Corporate Governance Report
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	Parte I Numbers 13.14. of of this Corporate Governance Report
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	No such mechanisms are established under the By-laws.
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held of 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 super quorum requirements as to the one legally in force - and that in said resolution, all votes issued be counted, without applying said restriction.	Not Applicable	The Company's articles of association set no limit to the number of votes to be issued by a shareholder.
I.5. Measures that required 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 which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	Adopted	No such measures have been established or adopted.

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.	Adopted	Parte I Numbers 15. 16. 17 of this Corporate Governance Report
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	Parte I Numbers 21 to 29 of this Corporate Governance Report
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 of risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Not applicable	The corporate governance model adopted does not include a General Supervisory Board.
II.1.4. Except for small-sized companies, the Board of Directors and 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 the executive directors and its own overall performance, as well as of others 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.	Not applicable	There are no specialised committees of the Board of Directors. Part I , Numbers 25 and 27 of this Corporate Governance Report
II.1.5. The Board of Directors or the General and Audit Committee, 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	Part I Number 50 of this Corporate Governance Report.
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	Parte I Numbers 17 and 18 of this Corporate Governance Report
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 the law in force states. The others 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 control 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 is in a control 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..	Adopted	Part I Number 18 of this Corporate Governance Report
II.1.8 When board members that carry out executive duties are requested by other board members, shall provide the information requested, in a timely and appropriate manner to the request.	Adopted	The Executive Committee makes all the requested information available at all time to the members of the other corporate bodies.
II.1.9 The Chairman of the Executive Board of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chair of the Audit committee, the Chair General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	Adopted	The Chairman of the Executive Committee makes all the information about committee meetings available to the members of the Board of Directors and the Audit Committee.

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.	Adopted	Part I Number 18 of this Corporate Governance Report
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	Part I Numbers 32 and 33 of this Corporate Governance Report
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	Part I Numbers 37 and 38 of this Corporate Governance Report
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	Part I Numbers 37.38. and 45. of this Corporate Governance Report.
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	Part I Numbers 38, 49, 50, 54 and 55 of this Corporate Governance Report.
II.2.5 The Audit Committee, the General and the 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 interests and detection of potential illegalities.	Adopted	Part I Numbers 38, 49, 50, 54 and 55. of this Corporate Governance Report
II.3 REMUNERATION SETTINGS		
II.3.1 All members of 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	Part I Numbers 67. and 68. of this Corporate

		Governance Report.
II.3.2 Any natural or legal person that provides or as 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 as 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	Part I Number 67. of this Corporate Governance Report.
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; d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	Adopted	Part I Number 69. of this Corporate Governance Report.
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	Part I Numbers 70. to 73. and 85. of this Corporate Governance Report.
II.3.5 Approval of any retirement benefit scheme established for members of corporation 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	There are no approved or submitted for approval by the General Assembly any systems of retirement benefits established for members of governing bodies
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	Part I Numbers 69 to 79 of this Corporate Governance Report.
III.2 The remuneration of the non-executive board members and the remuneration of the members of the Audit Committee shal not include any component whose value depends on the performance of the company or of its value.	Adopted	Part I Numbers 69, 70.e 71. of this Corporate Governance Report.

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.	Not applicable	Part I Numbers 69. to 76. of this Corporate Governance Report.
III.4 A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of the payment shall depend on the continued positive performance of the company during that period.	Not applicable	Part I Numbers 69. to 76. of this Corporate Governance Report.
III.5 Members of the Board of Directors shall not enter into contracts with the company of with third parties which intend to mitigate the risk inherent to remuneration variability set by the company..	Not applicable	No such contracts exist. Part I Numbers 69. to 76. of this Corporate Governance Report.
III.6 Executive board members shall maintain the company's share 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 shares, until the end of their mandate..	Not applicable	No variable remuneration is paid to executive directors. Part I Numbers 69. to 76. of this Corporate Governance Report.
III.7 When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	Not applicable	No variable remuneration is paid to executive directors. Part I Numbers 69. to 76. of this Corporate Governance Report.
III. 8 When the removal of board members is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet do on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that witch is legally due, is unenforceable.	Adopted	In such situations the legal rules are applied.
IV. AUDITING		

IV.1. The external auditor shall, within 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 control mechanisms and report any short comings to the supervisory body of the company**.**	Adopted	The external auditor reports on the audit work carried out during the year in the annual audit report. Part I, numbers 37 and 38 of this Corporate Governance Report.
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 services rendered to the company.	Adopted	Part I Number 46 of this Corporate Governance Report.
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	Part I Numbers 44 and 45 of this Corporate Governance Report.
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	Part I Numbers 10, 90, 91 of this Corporate Governance Report.
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.	Adopted	Part I Numbers 89 to 92 of this Corporate Governance Report.
V.I. INFORMATION		
V.I.1. Companies shall provide, via their websites both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.	Adopted	Part I Numbers 56 to 65 of this Corporate Governance Report.

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	Part I Numbers 56 to 65 of this Corporate Governance Report.

3. Other information

The company should provide any additional elements or information that, if not finding poured in the preceding paragraphs, are relevant to understanding the model and governance practices adopted.

There is no other relevant information beyond that provided herein.

ANNEX I

REMUNERATION COMMITTEE

STATEMENT OF THE REMUNERATION COMMITTEE ABOUT THE REMUNERATION POLICY FOR THE CORPORATE GOVERNING BODIES OF IBERSOL, SGPS, S.A. TO BE SUBMITTED FOR APPROVAL BY THE GENERAL MEETING ON 26th MAY 2017

1. Under the terms of the authority assigned to this Committee by the General Meeting of shareholders of Ibersol SGPS, SA. and under the terms of article 26.2 of the By-laws of the Company, the function of this Remuneration Committee is to set the remuneration of the members of the corporate governing bodies.

2. Under the applicable terms of the By-laws, the Remuneration Committee was appointed by the General Meeting of shareholders on 6 May 2013 and is made up of three members, who are independent of the members of the Company's governing and audit bodies.

3. The Remuneration Committee thus submits this report for the consideration of this General Meeting and for the purpose of adoption of Recommendation II.3.3 of the Corporate Governance Code of the CMVM. The report contains the guidelines followed by this Committee in setting the remuneration of the members of the governing and audit bodies and the Board of the General Meeting, as follows:

a) The remuneration of the members of the Board of the General Meeting for 2016 was set at a fixed annual amount, payable twelve times a year, having its members earned the following annual remuneration:

- Chairman – Dr.ª Alice de Assunção Castanho Amado: € 1.333,44;
- Vice-Chairman – Dr.ª Anabela Nogueira de Matos : € 667,92;
- Secretary – Dr.ª Maria Leonor Moreira Pires Cabral Campello: € 333,36;

b) The shareholder ATPS-SGPS, SA. provided administrative and management services to the Group and in 2016 received from the investee Ibersol, Restauração, SA. a total of 800.000,00 euros for such services. One of the obligations of ATPS-Sociedade Gestora de Participações Sociais, SA. under the service agreement with Ibersol, Restauração, SA. is to ensure that the directors of the Company António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira perform their duties without the Company having to incur additional expense. The Company does not directly pay any remuneration to any of its executive directors. Given that ATPS-Sociedade Gestora de Participações Sociais, SA. is controlled in equal parts by the directors António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, out of the abovementioned total of 800.000,00 euros paid in 2016, each director received the amount of 400.000,00 euros. The non-executive member receives annual remuneration of 6.000,00 euros.

In view of the above, it is not possible to issue a statement on the remuneration policy of the members of the governing body of the company, particularly not a report containing the information mentioned in article 2.3 of Law 28/2009.

c) The remuneration of the members of the Audit Committee for 2016 was set at a fixed annual amount, payable twelve times a year. The individual members received the following annual remuneration:

Chairman - Dr. Joaquim Alexandre de Oliveira e Silva: €8.785,92;

Vice-Chairman - Dr. António Maria de Borda Cardoso: €8.785,92;

Director – Dr. Eduardo Moutinho Santos: €8.785,92;

The general principles observed are essentially those that follow from the law, taking into account the activities actually performed by the above persons, the Company's economic situation and the usual terms and conditions in comparable situations. The functions performed by each member of the corporate governing bodies were considered in the most broadest sense of the activity actually performed, using the level of responsibility as an assessment parameter. The weighting of the functions is considered in a broad sense, in the light of various factors, particularly the level of responsibility, the time spent and the value the member's institutional role added to the Group. The size of the company and the degree of complexity of the assigned functions is also an important aspect. The combination of the abovementioned factors and assessment thereof serves to guarantee not only the interests of the post holders but also those of the Company.

The remuneration policy we submit to the shareholders of the Company for approval is therefore based on the abovementioned parameters, consisting of the remuneration of the members of the corporate bodies in a gross fixed amount, paid in twelve monthly instalments until the end of the year. In setting all remuneration, the general principles stated above were observed: functions performed, situation of the Company and comparative criteria for equivalent degrees of performance.

Oporto, 28th April 2017.

Remuneration Committee,

Vítor Pratas Sevilhano, Dr.

Amândio Mendonça da Fonseca, Dr.

Don Alfonso Munk Pacin.

ANNEX II

BOARD OF DIRECTOR'S STATEMENT UPON THE REMUNERATION POLICY OF IBERSOL, SGPS, S.A. DIRECTORS

1. According to the competence established under article 11º of IBERSOL, SGPS, SA. Association Articles, the Board of Directors has the responsibility to determine the general remuneration policy and incentives for the Company's Directors positions and also, for all the administrative and technician personnel.

2. Under the terms of number 3 of the article 248º-B Securities Code, Directors are, besides Management and Supervisory Bodies members, those who have regular access to privileged information and take part in the company's decisions upon management and negotiation strategy.

3. According to CMVM Recommendations upon publicly listed companies corporate governance, and to promote transparency, in order to comply with Recommendations of Corporate Governance, the Board of Directors submits to this General Meeting this statement with the guidelines observed to determine the mentioned remunerations, as follows:

a) The remuneration policy adopted for Ibersol's Directors matches with the policy determined to generality of the Company's employees.

b) However, the Company's Directors remuneration contains a fix remuneration and, an eventual performance bonus.

c) The evaluation of the performance quality and the performance bonus are established according to the criteria previously defined by the Board of Directors.

d) Therefore, behaviour factors of each Director, namely, specific competencies to the function, its level of responsibility, ability to adjust to company's management and specific procedures, autonomy level of individual performance, will be attended to determine an eventual performance bonus, being also considered the technical and/or the financial-economic performance in the Directors' business sector, as well as the financial/economic performance of IBERSOL.

OPorto, 28th April 2017.

The Board of Directors.

Annex 2

List of Positions held in other companies by the members of the Statutory Audit Committee and the General Meeting Board

STATUTORY AUDIT COMMITTEE:

President – Dr. Joaquim Alexandre de Oliveira e Silva;

Beyond the position held in Ibersol SGPS, S.A. he holds the following position outside the Ibersol Group:

Managing Partner

Alexandre Silva, Lda.

President of the General Meeting:

Fastil, Fechos de Correr, S.A.

Klick, Fechos de Correr, S.A.

Jualtex, Moda e Acessórios, S.A.

Engenharia de Prototipagem, Alves & Alves, S.A.

Vice – President – Dr. António Maria de Borda Cardoso

Beyond the position held in Ibersol SGPS, S.A. he carries out no duties in other companies.

Effective Member – Dr. Eduardo Moutinho Santos

Beyond the position held in Ibersol SGPS, S.A. he holds the following position in other Ibersol Group Company:

President of Statutory Audit Committee

Ibersande Restauração, S.A.

Alternate Member – Dr.ª Maria Helena Moreira de Araújo

Beyond the position held in Ibersol SGPS, S.A. she holds the following positions:

In other societies held by Ibersol Group:

President of the General Meeting

Gravos 2012, S.A.

In other societies outside Ibersol Group:

President of the General Meeting

Dunbar – Serviços e Gestão, S.A.
Calum- Serviços e Gestão, S.A.
Regulsucesso – Imobiliária, S.A.
Volare - Equipamentos, S.A.
Volare – Gestão de Projectos, S.A.
Volare II –Manutenção e Serviços de Hotelaria, SA.

Secretary of the General Meeting

ATPS II, SGPS, S.A.
Daytime – Serviços e Gestão Imobiliária, S.A.
Tenancy – Gestão de Projectos e Imobiliária, S.A.

***GENERAL MEETING BOARD*:**

Chairwoman – Dr.ª Alice da Assunção Castanho Amado

Beyond the position held in Ibersol SGPS, S.A. she holds the following positions outside the Ibersol Group:

Chairwoman of the General Meeting:

Asprela – Sociedade Imobiliária, SA.

Azulino – Imobiliária, S.A.

BB Food Service, S.A.

Bertimóvel – Sociedade Imobiliária, S.A.

Bom Momento – Restauração, S.A.

Canasta - Empreendimentos Imobiliários, S.A.

Chão Verde - Sociedade de Gestão Imobiliária, S.A.

Citorres - Sociedade Imobiliária, S.A.

Contimobe - Imobiliária de Castelo de Paiva, S.A.

Continente Hipermercados, S.A.

Cumulativa - Sociedade Imobiliária, S.A.

Discovery Sports, S.A.

Farmácia Selecção, S.A.

Fashion Division, S.A.

Fozimo - Sociedade Imobiliária, S.A.

Igimo - Sociedade Imobiliária, S.A.

Iginha – Sociedade Imobiliária, S.A.

Imoestrutura - Sociedade Imobiliária, S.A.

Imomuro - Sociedade Imobiliária, S.A.

Imoresultado - Sociedade Imobiliária, S.A.

Imosistema - Sociedade Imobiliária, S.A.

Infofield – Informática, S.A.

MCCARE, Serviços de Saúde, SA.

MJLF - Empreendimentos Imobiliários, S.A.

Modalfa - Comércio e Serviços, S.A.

Modalloop – Vestuário e Calçado, S.A.

Modelo Continente Hipermercados, S.A.

Modelo Hiper Imobiliária, S.A.

Pharmaconcept - Actividades em Saúde, S.A.

Pharmacontinente - Saúde e Higiene, S.A.

Ponto de Chegada - Sociedade Imobiliária, S.A.

Predicomercial - Promoção Imobiliária, S.A.

Predilugar - Sociedade Imobiliária, S.A.

Selifa - Sociedade de Empreendimentos Imobiliários, S.A.

Sempre à Mão – Sociedade Imobiliária, S.A.
Sesagest - Projectos e Gestão Imobiliária, S.A.
SFS – Serviços de Gestão e de Marketing, SA.
Socijofra – Sociedade Imobiliária, S.A.
Sociloures - Sociedade Imobiliária, S.A.
Sonae Center Serviços II, S.A.
Sonae MC - Modelo Continente, SGPS, SA
Sonaerp - Retail Properties, S.A.
Sondis Imobiliária, S.A.
SDSR - Sports Division SR, S.A.
Sohi Meat Solutions – Distribuição de Carnes, SA.
Sonaesr - Serviços e Logística, S.A.
Têxtil do Marco, S.A.
Tlantic Portugal - Sistemas de Informação, S.A.
Valor N, S.A.
Worten - Equipamentos Para o Lar, S.A.
Zippy - Comércio e Distribuição, S.A.
Zyevolution - Investigação e Desenvolvimento, S.A.

Vice-Chairwoman of the General Meeting
Insco - Insular de Hipermercados, S.A.
Modelo - Distribuição de Materiais de Construção, S.A.
Sempre a Postos - Produtos Alimentares e Utilidades, Lda.
Sonaegest – Sociedade Gestora de Fundos de Investimento, SA.

Secretary of the society
Sonae Investimentos, S.G.P.S., S.A.

Vice-Chairwoman – Dr.ª Anabela Nogueira de Matos

Beyond the position held in Ibersol SGPS, S.A. she holds the following positions outside the Ibersol Group:

Member of the Board of Directors:

Andar – Sociedade Imobiliária, S.A.

Bloco Q – Sociedade Imobiliária, S.A.

Casa da Ribeira – Sociedade Imobiliária, S.A.

Centro Residencial da Maia – Urbanismo, S.A.

Cinclus Imobiliária, S.A.

Country Club da Maia – Imobiliária, S.A.

Contacto Concessões, SGPS, S.A.

Empreendimentos Imobiliários Quinta da Azenha, S.A.

Imoclub – Serviços Imobiliários, S.A.

Imodivor – Sociedade Imobiliária, S.A.

Imohotel – Empreendimentos Turísticos Imobiliários, S.A.

Imoponte - Sociedade Imobiliária, S.A.

Imosedas – Imobiliária e Serviços, S.A.

Implantação – Imobiliária, S.A.

Inparvi – SGPS, S.A.

Porturbe – Edifícios e Urbanizações, S.A.

Praedium – Serviços, S.A.

Praedium II – Imobiliária, S.A.

Prédios Privados – Imobiliária, S.A.

Predisedas – Imobiliária das Sedas, S.A.

Promessa - Sociedade Imobiliária, S.A.

SC Assets, SGPS, S.A.

SC – Sociedade de Consultadoria, S.A.

SC Engenharia e Promoção Imobiliária, SGPS, S.A.

Sete e Meio Herdades – Investimentos Agrícolas e Turismo, S.A.

Sociedade Construções do Chile, S.A.

Soira - Sociedade Imobiliária de Ramalde, S.A.

Sotáqua – Sociedade de Empreendimentos Turísticos de Quarteira, S.A.

Spinveste – Gestão Imobiliária, SGII, S.A.

Spinveste – Promoção Imobiliária, S.A.

Urbisedas – Imobiliária das Sedas, S.A.

Vastgoed One – Promoção imobiliária, S.A.

Vastgoed Sun – Promoção Imobiliária, S.A.

Vistas do Freixo – Empreendimentos Turísticos e Imobiliários, S.A.

Member of the Management

SC For – Serviços de Formação e Desenvolvimento de Recursos Humanos, Unipessoal, Lda

Chairwoman of the General Meeting:

Acrobatic Title, SA.

Andar – Sociedade Imobiliária, S.A.

Aqualuz Tróia – Exploração Hoteleira e Imobiliária, S.A. (anteriormente denominada –

Atlantic Ferries – Tráfego Local, Fluvial e Marítimo, S.A.

Capwatt, SGPS, S.A.

Capwatt Brainpower, S.A.

Capwatt, A.C.E, S.A.

Capwatt Colombo – Heat Power, S.A.

Capwatt Engenho Novo – Heat Power, S.A.

Capwatt Martim Longo – Solar Power, S.A.

Capwatt Vale do Caima – Heat Power, S.A.

Capwatt Vale do Tejo – Heat Power, S.A.

Capwatt II – Heat Power, S.A.

Capwatt III – Heat Power, S.A.

Capwatt Maia – Heat Power, S.A.

Golf Time - Golfe e Investimentos Turísticos, S.A.

Imopeninsula – Sociedade Imobiliária, S.A.

Imoresort – Sociedade Imobiliária, S.A..

Marina de Tróia, S.A.

Marmagno – Exploração Hoteleira, S.A.

Marvero – Exploração Hoteleira e Imobiliária, S.A.

SC, SGPS, S.A.

S.I.I. – Soberana – Investimentos Imobiliários, S.A.

Sistavac, S.A.

Sistavac – SGPS, S.A.

Sociedade Construções do Chile, S.A.

Solinca – Health and Fitness, S.A.

Porto Palácio Hotel – Exploração Hoteleira, S.A, QCE – Desenvolvimento e Fabrico de Equipamentos, S.A.

Soltróia – Sociedade Imobiliária de Urbanização e Turismo de Tróia, S.A.

Spred – SGPS, S.A.

The Artist Porto Hotel & Bistro – Actividades Hoteleiras, S.A.

The Artist Ribeira – Actividades Hoteleiras, S.A.

Tróia Market – Supermercados, S.A.

Tróia Natura, S.A.

Troiaresort – Investimentos Turísticos, S.A.

Troiaresort, SGPS, S.A.

Tulipamar – Exploração Hoteleira e Imobiliária, S.A.

UP Invest, SGPS, SA.

Vastgoed One – Promoção imobiliária, S.A.

Vastgoed Sun – Promoção Imobiliária, S.A.

Vice-Chairwoman of the General Meeting

Interlog - SGPS, S.A.

NET – Novas Empresas e Tecnologias, S.A.

Secretary – Dr.ª Maria Leonor Moreira Pires Cabral Campello

Beyond the position held in Ibersol SGPS, S.A. she carries out no duties in other companies.

Ibersol S.G.P.S., S.A.

Consolidated Financial Statements

31st December 2016

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ON 31st DECEMBER 2016 and 2015
(values in euros)

ASSETS	Notes	31-12-2016	31-12-2015
Non-current			
Tangible fixed assets	2.5 and 8	179.388.621	141.633.142
Goodwill	2.6 and 9	111.156.658	40.509.009
Intangible assets	2.6 and 9	14.990.885	11.431.871
Deferred tax assets	2.14 and 18	8.555.186	3.294.546
Financial investments - joint controlled subsidiaries	2.2 and 10	2.417.631	2.417.891
Available-for-sale financial assets	2.8 and 10	440.541	402.591
Other financial assets	2.8 and 11	10.438.768	7.098.836
Other non-current assets	2.10 and 12	6.574.793	1.408.996
Total non-current assets	6	**333.963.083**	**208.196.882**
Current			
Stocks	2.9 and 13	11.547.211	7.711.071
Cash and bank deposits	2.11 and 14	39.588.532	14.471.082
Income tax receivable	18	2.332.391	144.108
Other financial assets	2.8 and 11	7.041.574	-
Other current assets	2.10 and 15	28.584.565	10.793.400
Total current assets		**89.094.273**	**33.119.661**
Total Assets		**423.057.355**	**241.316.543**

EQUITY AND LIABILITIES	Notes	31-12-2016	31-12-2015
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	2.12	24.000.000	20.000.000
Own shares	2.12	-11.179.348	-11.179.644
Conversion Reserves		-2.002.180	-850.439
Legal Reserves		-	4.000.001
Other Reserves & Retained Results		117.522.486	107.372.132
Net profit in the year		23.387.471	10.582.266
		151.728.429	**129.924.316**
Non-controlling interest		333.399	5.121.687
Total Equity	16	**152.061.828**	**135.046.003**
LIABILITIES			
Non-current			
Loans	2.13 and 17	130.457.713	25.309.774
Deferred tax liabilities	2.14 and 18	10.187.932	10.046.125
Provisions	2.15 and 19	3.412.128	861.962
Derivative financial instrument	2.20 and 20	114.935	181.602
Other non-current liabilities	21	208.040	239.713
Total non-current liabilities		**144.380.748**	**36.639.176**
Current			
Loans	2.13 and 17	36.333.949	18.125.529
Accounts payable to suppliers and accrued costs	22	69.304.753	41.398.168
Income tax payable	18	2.349.654	1.390.543
Other current liabilities	23	18.626.423	8.717.124
Total current liabilities		**126.614.779**	**69.631.364**
Total Liabilities		**270.995.527**	**106.270.540**
Total Equity and Liabilities		**423.057.355**	**241.316.543**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED ON DECEMBER 31, 2016 AND 2015
(values in euros)

	Notes	31-12-2016	31-12-2015
Operating Income			
Sales	2.16 and 6	268.831.784	213.062.852
Rendered services	2.16 and 6	1.000.611	644.751
Other operating income	26	9.089.970	2.231.774
Total operating income		278.922.365	215.939.377
Operating Costs			
Cost of sales		64.546.632	51.220.642
External supplies and services	24	83.879.682	66.161.210
Personnel costs	25	79.968.121	64.478.374
Amortisation, depreciation and impairment losses of TFA and IA	6, 8 and 9	16.594.900	14.373.786
Other operating costs	26	3.418.918	1.383.370
Total operating costs		248.408.253	197.617.382
Operating Income	6	30.514.112	18.321.995
Net financing cost	27	1.195.425	4.279.751
Gains (losses) in joint controlled subsidiaries - Equity method	10	-261	-30.962
Profit before tax		**29.318.426**	**14.011.282**
Income tax expense	28	5.883.386	3.284.216
Net profit		**23.435.040**	**10.727.066**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-1.151.741	-919.070
TOTAL COMPREHENSIVE INCOME		**22.283.299**	**9.807.996**
Net profit attributable to:			
Owners of the parent		23.387.471	10.582.266
Non-controlling interest	16	47.569	144.800
		23.435.040	10.727.066
Total comprehensive income attributable to:			
Owners of the parent		22.235.730	9.663.196
Non-controlling interest	16	47.569	144.800
		22.283.299	9.807.996
Earnings per share:	29		
Basic		**1,17**	**0,59**
Diluted		**1,17**	**0,59**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH TRIMESTER OF 2016 AND 2015
(values in euros)

	Notes	4th TRIMESTER (unaudited) 2016	2015
Operating Income			
Sales		91.803.603	58.022.540
Rendered services		551.283	142.393
Other operating income	26	3.837.745	587.639
Total operating income		96.192.631	58.752.572
Operating Costs			
Cost of sales		21.621.041	14.135.643
External supplies and services	24	30.562.465	17.872.287
Personnel costs	25	27.636.371	17.136.998
Amortisation, depreciation and impairment losses	6, 8 and 9	8.239.439	6.669.993
Other operating costs	26	1.322.393	559.596
Total operating costs		89.381.709	56.374.517
Operating Income		6.810.922	2.378.055
Net financing cost	27	1.117.922	425.659
Gaisn (losses) in joint controlled subsidiaries - Equity method		-4.666	-50.580
Profit before tax		**5.688.334**	**1.901.816**
Income tax expense	28	278.223	440.460
Net profit		**5.410.111**	**1.461.356**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		15.727	63.792
TOTAL COMPREHENSIVE INCOME		**5.425.838**	**1.525.148**
Net profit attributable to:			
Owners of the parent		5.300.773	1.275.217
Non-controlling interest		109.338	186.140
		5.410.111	1.461.357
Total comprehensive income attributable to:			
Owners of the parent		5.316.500	1.339.009
Non-controlling interest		109.338	186.140
		5.425.838	1.525.149
Earnings per share:	29		
Basic		**0,26**	**0,07**
Diluted		**0,26**	**0,07**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Statement of Alterations to the Consolidated Equity
for the years ended 31 December, 2016 and 2015
(value in euros)

	Note	Assigned to shareholders								
		Share Capital	Own Shares	Conversion Reserves	Legal Reserves	Other Reserves & Retained Results	Net Profit	Total parent equity	Interests that do not control	Total Equity
Balance on 1 January 2015		20.000.000	-11.179.644	68.631	4.000.001	100.691.623	7.756.088	121.336.699	4.976.886	126.313.585
Changes in the period:										
Application of the consolidated profit from 2013:										
Transfer to reserves and retained results						6.766.088	-6.766.088	-		-
Increased investment on Gravos 2012, S.A.						-85.579		-85.579		-85.579
Conversion reserves - Angola				-919.070				-919.070		-919.070
Net consolidated income for the year ended on 31 December, 2014							10.582.266	10.582.266	144.800	10.727.066
Total changes in the period		-	-	-919.070	-	6.680.509	3.816.178	9.577.617	144.800	9.722.417
Net profit							**10.582.266**	**10.582.266**	**144.800**	**10.727.066**
Total comprehensive income								9.663.196	144.800	9.807.996
Transactions with capital owners in the period										
Application of the consolidated profit from 2013:										
Paid dividends	31						-990.000	-990.000		-990.000
		-	-	-	-	-	-990.000	-990.000	-	-990.000
Balance on 31 December 2015		**20.000.000**	**-11.179.644**	**-850.439**	**4.000.001**	**107.372.132**	**10.582.266**	**129.924.316**	**5.121.687**	**135.046.003**
Balance on 1 January 2016		20.000.000	-11.179.644	-850.439	4.000.001	107.372.132	10.582.266	129.924.316	5.121.687	135.046.003
Changes in the period:										
Application of the consolidated profit from 2014:										
Transfer to reserves and retained results						10.582.266	-10.582.266	-		-
Share capital increase		4.000.000			-4.000.001			-		-
Minority shareholders change (IBR e Gravos)						260.522		260.522	-260.522	-
Minority shareholders change (Ibersande)						1.106.941		1.106.941	-1.106.941	-
Group Eat Out acquisition (Dehesa, minority)								-	868.839	868.839
Conversion reserves - Angola				-1.151.741				-1.151.741		-1.151.741
Acquisition / (disposal) of own shares			296			626		922		922
Net consolidated income for the year ended on 31 December, 2015							23.387.471	23.387.471	47.569	23.435.040
Total changes in the period		4.000.000	296	-1.151.741	-4.000.001	11.950.355	12.805.205	23.604.115	-451.055	23.153.060
Net profit							**23.387.471**	**23.387.471**	**47.569**	**23.435.040**
Total comprehensive income								22.235.730	47.569	22.283.299
Transactions with capital owners in the period										
Application of the consolidated profit from 2014:										
Paid dividends	31					-1.800.000		-1.800.000	-4337233	-6.137.233
		-	-	-	-	-1.800.000	0	-1.800.000	-4.337.233	-6.137.233
Balance on 31 December 2016		**24.000.000**	**-11.179.348**	**-2.002.180**	**0**	**117.522.487**	**23.387.471**	**151.728.431**	**333.399**	**152.061.830**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Consolidated Cash Flow Statements
for the years ended 31 December, 2016 and 2015
(value in euros)

	Note	Years ended on December 31st 2016	2015
Cash Flows from Operating Activities			
Receipts from clients		269.844.982	214.457.896
Payments to supliers		-157.562.500	-116.662.018
Staff payments		-61.060.481	-49.361.408
Payments/receipt of income tax		-3.885.008	-2.874.222
Other paym./receipts related with operating activitie	14	-6.369.069	-19.481.672
Flows from operating activities (1)		**40.967.924**	**26.078.576**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		14.661	
Tangible fixed assets		57.670	39.007
Intangible assets			
Investment benefits		55.850	84.525
Interest received	16	2.534.337	73.979
Payments for:			
Financial Investments	5	73.512.271	147.246
Other financial assets	11	8.972.023	7.098.836
Tangible fixed assets		26.220.493	18.116.090
Intangible assests		1.568.864	2.905.016
Flows from investment activities (2)		-107.611.133	-28.069.677
Cash flows from financing activities			
Receipts from:			
Loans obtained	14	111.767.637	9.132.850
Sale of own shares	16	1.675	
Payments for:			
Loans obtained		10.941.309	4.937.537
Amortisation of financial leasing contracts		416.228	57.016
Interest and similar costs		3.799.777	2.006.994
Dividends paid	31	6.137.233	990.000
Acquisition of own shares	16	752	
Flows from financing activities (3)		90.474.013	1.141.303
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**23.830.804**	**-849.798**
Perimeter changes effect		60.000	
Exchange rate differences effect		-533.122	1.803.392
Cash & cash equivalents at the start of the period		14.425.207	13.471.613
Cash & cash equivalents at end of the period	14	**37.782.889**	**14.425.207**

The Board of Directors,

IBERSOL SGPS, S.A.

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31 DECEMBER 2016

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA ("Company" or "Ibersol") has its head office at Praça do Bom Sucesso, Edifício Península n.º 105 a 159 – 9º, 4150-146 Porto, Portugal. Ibersol's subsidiaries (jointly called the Group), operate a network of 383 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Ribs, FresCo, SantaMaria, Kentucky Fried Chicken, Burger King, O' Kilo, Roulotte, Quiosques, Pizza Móvil, Miit, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffe counters and other concessions. The group has 504 units which it operates and 163 units under a franchise contract. Of this universe, 340 are headquartered in Spain, of which 188 are own establishments and 152 are franchised establishments, and 10 in Angola.

As a result of the purchase of the group Eat Out (note 5.2.1) these financial statements at 31 December 2016 and 2015 are not comparable.

Ibersol is a public limited company listed on the Euronext of Lisbon.

Ibersol SGPS parent company is ATPS - SGPS, S.A ..

2. MAIN ACCOUNTING POLICIES

The main accounting policies applied in preparing these consolidated financial statements are described below.

2.1 Presentation basis

These consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS), as applied in the European Union and in force on 01 January 2016.

The consolidated financial statements have been prepared in accordance with the historical cost principle, changed to fair value in the case of derivative financial instruments.

The accounting policies applied on 31 December 2016 are identical to those applied for preparing the financial statements of 31 December 2015, except for the exchange currency differences included in other income / other operating costs and excluded from net financing cost.

The preparation of the financial statements requires estimates and management judgments, as disclosed in Note 4.

2.2 Consolidation

(a) Subsidiaries

Shareholdings in companies in which the group directly or indirectly holds more than 50% of the voting rights or has the power to control their financial and operational activities (definition of control used by the group) were included in these consolidated financial statements through the full consolidation method. Equity and net profit of these companies assigned to third-party shareholdings are presented separately in the "non-controlling interests" item in the consolidated statement of financial position and of comprehensive income. The companies included in the financial statements are listed in Note 5.

When losses impute to non-controlling interests exceed the non-controlling interest in a subsidiary company's equity, the non-controlling interest absorb that difference and any additional losses.

The purchase method is used to account the acquisition of subsidiaries that occurred before 2010. The acquisition cost corresponds to the fair value of the delivered goods, capital issued instruments and liabilities incurred or assumed on the acquisition date. The identifiable acquired assets and the liabilities and contingent liabilities taken into account in a corporate concentration will correspond to the fair value on the acquisition date, regardless of whether there are non-controlling interests. The positive difference between the acquisition cost and the fair value of the group's stake in the acquired and identifiable net assets is recorded as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the consolidated statement of comprehensive income (see Note 2.5).

For the acquisition of subsidiaries that occurred after 1 January 2010 the Group has applied reviewed IFRS 3. Accordingly to witch the purchase method continues to be applied in acquisitions, with some significant changes:

(i) All amounts which comprise the purchase price are valued at fair value, with the option of measuring, transaction by transaction, the "non-controlled interests" by the proportion of the value of net assets of the acquired entity or the fair value of assets and liabilities acquired.

(ii) All costs associated with acquisition are recorded as expenses.

Also has been applied since 1 January 2010 the revised IAS 27, which requires that all transactions with the "non-controlling interest" are recorded in equity, when there is no change in control of the entity, there is no place to record goodwill or gains or losses. When there is a loss of control exercised over the entity, any remaining interest on the principal is measured at fair value, and a gain or loss is recognized in the results of the exercise.

Balances and gains arising from transactions between group companies are eliminated. Losses not realised are also eliminated, except when the transaction reveals that a transferred asset is subject to impairment. The subsidiaries' accounting policies are altered whenever necessary to ensure consistence with the group's policies.

(b) Jointly controlled companies

The financial statements of jointly controlled companies were included in these consolidated financial statements by the equity method, under the adoption of IFRS 11, as of the date on which the joint control is acquired. According to this method, these companies' assets, liabilities, income and costs were included in the annexed consolidated financial statements in one line in the consolidated statement of financial position and in one line in the consolidated statements of comprehensive income. Transactions, balances and dividends paid among group companies and jointly controlled companies are not eliminated in the proportion of the control assigned to the group. The excess acquisition cost compared with the fair value of the identifiable assets and liabilities on the acquisition date of a jointly controlled company is recognised as a financial investment.

Jointly controlled companies are listed in Note 5.

2.3 Report per segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which separate financial information is available

The group's head office – which also hosts the largest operating company, is in Portugal. Its business activity is in the restaurant segment.

The Group operates in three main business segments:

- Restaurants, which includes the units with table service available offer and home delivery;
- Counters, with sales over the counter;
- Concessions and catering, which includes all other businesses, including the catering activity and the units located in concession areas.
- Group Eat Out, and its 5 subsidiaries acquired in the fourth quarter of 2016, as described in Note 5.2.1, whose allocation of the assets and liabilities to the Ibersol Group's pre-existing segmentation mentioned above (Restaurants, Counters, Concessions and catering), is not complete.

The segments' assets include, in particular, tangible fixed assets, intangible assets, stocks, accounts receivable and cash and cash equivalents. This category excludes deferred taxes, financial investments and derivatives held for negotiation or hedge.

The segments' liabilities are operating liabilities. Taxes, loans and related hedging derivatives are excluded.

Investments include additions to tangible fixed assets (Note 8) and intangible assets (Note 9).

Investments are distributed according to this business distribution.

2.4 Currency exchange rate

a) Working currency and financial statement currency
The Financial Statements of each group entity are prepared using the currency of the region in which the entity operates ("the working currency"). The consolidated financial statements are presented in euros since this is the working currency which the group uses in the financial statements.

b) Transactions and balances
Transactions in currencies other than the euro are converted into the working currency using the exchange rates on the transaction date. Exchange rate gains or losses from liquidating transactions and from the conversion rate on the consolidated statement of financial position date of monetary assets and liabilities in a currency other than the euro are recognised in the Profit and Loss Account, except when they are qualified as cash flow hedging or as net investment hedging, in which case they are recorded in equity.

c) Financial statements
Financial statements assets and liabilities of foreign entities are converted to euro using the exchange rates at the balance sheet date, profit and loss as well as the cash flows statements are translated into euro using the average exchange rate recorded during the period. The resulting exchange difference is recorded in equity under the heading of exchange rate differences.

"Goodwill" and fair value adjustments arising from the acquisition of foreign entities are treated as assets and liabilities of that entity and translated into euro according to the exchange rate at the balance sheet date.

When a foreign entity is disposed, the accumulated exchange rate difference is recognised in the income statement as a gain or loss on disposal.

Currency exchange rate used for conversion of transactions and balances denominated in Kwanzas in 31 December, 2016 and 2015 were respectively:

Dec-16

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2016	Average interest rate year 2016
Kwanza de Angola (AOA)	184,468	181,554

Dec-15

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2015	Average interest rate year 2015
Kwanza de Angola (AOA)	147,842	134,409

2.5 Tangible Fixed Assets

Buildings and other structures include own properties assigned to the restaurant activities and expenses on works at third-party properties, in particular those required for setting up restaurant shops.

Tangible fixed assets are shown at the acquisition cost, net of the respective amortisation and accumulated impairment losses.

The historic cost includes all expenses attributable directly to the acquisition of goods.

Costs with loans incurred and with loans obtained for the construction of fixed tangible assets are recognized as part of the construction cost of the asset.

Subsequent costs are added to the amounts for which the good is recorded or recognised as separate assets, as appropriate, only when it is probable that the company will obtain the underlying economic benefits and the cost may be reliably measured. Other expenses on repairs and maintenance are recognised as an expense in the period in which they are incurred.

Depreciation of assets is calculated by the equal annual amounts method in order to allocate its cost at its residual value, according to its estimated lifetime, as follows:

- Buildings and other structures:	12-20 years
- Equipment:	10 years
- Tools and utensils:	4 years
- Vehicles:	5 years
- Office equipment:	10 years
- Other tangible assets:	5 years

The amounts which assets may be depreciated, their lifetime and the depreciation method are reviewed and adjusted if necessary on the consolidated statement of financial position date.

If the accounted amount is higher than the asset's recoverable amount, it is immediately readjusted to the estimated recoverable amount (Note 2.6).

Gains and losses consequent to a reduction or sale are determined by the difference between receipts from the sale and the asset's accounted value, and are recognised as other operating income or other operating costs in the profit and loss account. When revaluated goods are sold, the amount included in other reserves is transferred to retained profit.

2.6 Intangible Assets

a) Goodwill
Goodwill represents the acquisition cost exceeding the fair value of the subsidiary's/associated/jointly controlled company's assets and liabilities identifiable on the acquisition date. Goodwill resulting from the acquisition of subsidiaries is included in intangible assets. Goodwill is subject to annual impairment tests and is shown at cost, minus accumulated impairment losses. Impairment losses are not reverted. Gains or losses from the sale of an entity include the value of the goodwill in reference to the said entity.

Goodwill is allocated to the units that generate the cash flows for performing impairment tests.

b) Industrial property

b.1) Concessions and territorial rights
Concessions and territorial rights are presented at the historic cost. Concessions and territorial rights have a finite lifetime associated to the contractual periods and are presented at cost minus accumulated amortisation.

b.2) Software
The cost of acquiring software licences is capitalised and includes all costs incurred for acquiring and installing the software available for utilisation. These costs are amortised during the estimated lifetime (not exceeding 5 years).

Software development or maintenance costs are recognised as expenses when incurred. Costs associated directly with creating identifiable and unique software controlled by the Group and that will probably generate future economic benefits greater than the costs, for more than one year, are recognised as intangible assets. Direct costs include personnel costs for developing software and the share in relevant general expenses.

Software development costs recognised as assets are amortised during the software's estimated lifetime (not exceeding 5 years).

b.3) Brands

Brands acquired in business combinations are reflected at fair value.

c) Other intangible Assets

Research and development

Research expenses are recognised as costs when incurred. Costs incurred on development projects (for designing and testing new products or for product improvements) are recognised as intangible assets when it is likely that the project will be successful, in terms of its commercial and technological feasibility and when the costs may be reliably measured. Other development expenses are recognised as expenses when incurred. Developments costs previously recognised as expenses are not recognised as an asset in subsequent periods. Development costs with a finite lifetime that have been capitalised are amortised from the time the product begins commercial production according to the equal annual amounts method during the period of its expected benefit, which cannot exceed five years.

2.7 Impairment tangible fixed assets and intangible assets

Intangible assets with a specific lifetime are not subject to amortisation and are, instead, subject to annual impairment tests. Assets subject to amortisation are revaluated to determine any impairment whenever there are events or alterations in the circumstances causing their accounting value not to be recoverable. An impairment loss is recognised in the consolidated statement of comprehensive income by the amount by which the recoverable amount exceeds the accounted amount. The recoverable amount is the highest amount between an asset's fair value minus the costs necessary for its sale and its utilisation value. To perform impairment tests, assets are grouped at the lowest level at which it may be able to separately identify cash flows (units generating cash flows).

A cash-generating unit (CGU) is the smallest group of assets which includes the asset and that generates cash flows from continued use and which is generally independent from the cash input from other assets or asset groups. In the case of tangible assets, each shop was identified as a cash-generating unit. Shops with negative Ebitda for at least 2 years are subject to impairment tests.

Consolidation differences are distributed among the group's cash-flow generating units (CGUs), identified according to the country of operation and the business segment.

The recoverable value of a CGU is determined based on calculating the utilisation value. Those calculations apply cash flow forecasts based on financial budgets approved by the managers and cover a 5-year period.

The Board of Directors determines the budgeted gross margin based on past performance and on its market growth expectations. The average weighted growth rate used is consistent with provisions included in the sector's reports. The discount rates used after taxes and reflect specific risks related with the assets from a CGU.

2.8 Financial assets

2.8.1 Classification

The group classifies its financial assets under the following categories: financial assets at the fair value through results, loans granted and accounts receivable, investments held until maturity and financial assets available for sale. The investment is classified according to its purpose. The Board of Directors decides on the classification when the investments are initially recorded and re-assesses that classification at each report date.

As at 31 December 2016, Ibersol held only category B and D financial assets.

a) Financial assets at the fair value through results
This category is subdivided into two parts: financial assets held for negotiation and those that are designated at the fair value through results from the start. A financial asset is classified in this category if it is acquired for the main purpose of being sold on the short term or if designated as such by the Board of Directors. Derivatives are also classified as held for negotiation, except if they are classified for hedging. Assets in this category are classified as current if they are held for negotiation or are realisable within 12 months after the consolidated statement of financial position date.

b) Loans granted and accounts
Loans granted and other credits are non-derivative financial assets with fixed or determinable payments and that are not listed on an active market. These assets originate when the group supplies cash, goods or services directly to a debtor, without intending to negotiate the time at which it will receive payment for the said cash goods or services. They are included in current assets, except when they mature in more than 12 months after the consolidated statement of financial position date, in which case they are classified as non-current assets.

c) Investments held until maturity

Investments held until maturity is non-derivative financial assets with fixed or determinable payments and fixed maturities, which the group's Board of Directors has the intention and capacity to maintain until maturity. These investments are included in non-current assets, except those falling due within 12 months as of the consolidated statement of financial position date, which are classified as current assets.

d) Financial assets available for sale

Financial assets available for sale are non-derivative assets which are designated in this category or are not classified in any of the other categories. They are included in non-current assets, except when the Board of Directors wishes to sell the investment within 12 months as of the consolidated statement of financial position date.

2.8.2 Recognition and measurement

Purchases and sales of financial investments are recognized at the date of the transaction - the date on which the Group undertakes to buy or sell the asset.

Investments in "Loans granted and accounts receivable" are initially recognized at fair value, plus transaction costs, and are subsequently measured at amortized cost using the effective interest rate, less any impairment losses.

Investments in "Available-for-sale financial assets" are initially recognized at fair value, plus transaction costs, and are subsequently measured at fair value, except when they are investments in equity instruments for which fair value can not be determined with reliability, and the valuation is maintained at the initial cost less impairment losses. Changes in fair value of available-for-sale financial assets are recognized in equity. When available-for-sale financial assets are sold or are impaired, accumulated adjustments to fair value changes are included in the consolidated statement of comprehensive income, such as gains or losses on financial assets.

Financial investments are derecognised when the rights to receive cash from them expire or have been transferred and the Group has transferred substantially all the risks and benefits of its ownership.

2.8.3 Impairment

On each consolidated statement of financial position, the group checks for objective evidence showing whether any group of financial assets is subject to impairment. In the event of equity securities classified as available for sale, a significant or lasting decrease in the fair value falling below the cost value is determinant for knowing if there is impairment. If there is evidence of impairment applicable to financial assets available for sale, the accumulated loss – calculated by the difference between the acquisition cost and the current fair value, minus any impairment loss of that financial asset previously recognised in results – is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses from capital instruments recognised in results are not reversible.

The group complies with the guidelines of IAS 39 (reviewed in 2004) to determine the permanent impairment of investments. This measure requires that the group valuate, among other factors, the duration and the extent to which the fair value of an investment is less than its cost, the financial health and business outlook for the subsidiary, including factors such as the industry's and sector's performance, technological alterations and flows of operating cash and financing.

The impairment adjustment of accounts receivable is determined when there is objective evidence that the group will not receive all the owed amounts according to the original conditions of the accounts receivable. The impairment adjustment value is the difference between the presented value and the current estimated value of future cash flows, discounted at the effective interest rate. The impairment adjustment value is recognised in the consolidated statement of comprehensive income.

2.9 Stocks

Stocks are presented at the lowest value between their cost and the net realisation value. The cost is calculated using the weighted mean cost.

Personal alimentation costs are reflected in personnel expenses, against stocks inventory.

The net realisation value corresponds to the estimated sale price during normal business operations, minus variable sale costs.

2.10 Accounts receivable from clients and other debtors and accounts payable to suppliers and other creditors

Accounts receivable from clients and other debtors are initially recognised at the fair value. Medium and long term debts are subsequently measured at the amortised cost, using the effective rate method minus the impairment adjustment.

Debts to suppliers and non-interest bearing third parties are measured at amortized cost so that they reflect their net present value. However, these amounts are not discounted because the effect of their financial update is considerer immaterial.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other investments up to 3 months that can be mobilized immediately, with a low risk of change in value. Bank overdrafts are presented in the Statement of Cash Flows as Cash and Cash Equivalents and in the Consolidated Statement of Financial Position in current liabilities under the Obtained Loans item.

2.12 Share capital

Ordinary shares are classified in equity.

Incremental costs directly attributable to the emission of new shares or options are presented in equity as a deduction, net of taxes, of entries.

When any group company acquires shares in the parent company (own shares), the amount paid, including costs directly attributable (net of taxes), is deducted from the equity attributable to the shareholders of the parent company until the shares are cancelled, re-issued or sold. When those shares are subsequently sold or re-issued and after deducting directly imputable transaction costs and taxes, any receipt is included in the equity of the company's shareholders.

2.13 Loans obtained

Loans obtained are initially recognised at the fair value, including incurred transaction costs. Medium and long term loans are subsequently presented at cost minus any amortisation; any difference between receipts (net of transaction costs) and the amortised value is recognised in the consolidated statement of comprehensive income during the loan period, using the effective rate method.

Loans obtained are classified in current liabilities, except when the group is entitled to an unconditional right to defer the liquidation of the liability for at least 12 months after the consolidated statement of financial position date.

2.14 Income tax and deferred taxes

Income tax is calculated under the Special Regime of Taxation of Groups of Companies (RETGS), in the segment of Portugal, and the Group decided that the expense / income concerning subsidiaries established in Portugal (except for Restmon and Iberusa ACE) will be reflected in other current liabilities / assets with the parent company, and tax savings being reflected in the accounts of the parent company. In the Spanish segment, the current tax of the subsidiaries based in Vigo - Spain was calculated under the special tax regime for economic groups. The remaining subsidiaries, based in Barcelona - Spain and Luanda – Angola (Note 5), calculate their current income tax individually, in the light of the regulations in force in the country of their registered office.

Deferred taxes are recognised overall, using the liability method and calculated based on the temporary differences arising from the difference between the taxable base of assets and liabilities and their values in the consolidated financial statements. However, if the deferred cost arises from the initial recognition of an asset or liability in a transaction that is not a corporate concentration or that, on the transaction date, does not affect the accounting result or the tax result, this amount is not accounted. Deferred taxes are determined by the tax (and legal) rates decreed or substantially decreed on the date of the consolidated statement of financial position and that can be expected to be applicable in the period of the deferred tax asset or in the liquidation of the deferred tax liability.

Deferred tax assets are recognised insofar as it will be probable that future taxable income will be available for using the respective temporary difference.

2.15 Provisions

Contingent liabilities are defined by the Company as (i) possible obligations arising from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not wholly under the control of the Company or (ii) present obligations Which arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits is required to settle the obligation or the amount of the obligation can not be measured reliably.

Contingent liabilities are not recognized in the Company's financial statements and are disclosed in these Notes to the Financial Statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in case they are not even disclosed.

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not wholly under the control of the Company.

Contingent assets are not recognized in the Company's financial statements but are disclosed in these Notes to the Financial Statements when it is probable that there will be a future economic benefit.

2.16 Recognising revenue

Revenue comprises the fair value of the sale of goods and rendering of services, net of taxes and discounts and after eliminating internal sales. Revenue is recognised as follows:

a) Sale of goods - retail
The sale of goods is recognised when the product is sold to the customer. Retail sales are normally made in cash or through debit/credit cards. Sales of goods to customers, associated to events or congresses, are recognised when they occur.

b) Rendering of services
Rendering of services is recognised in the accounting period in which the services are rendered, in reference to the transaction end date on the consolidated statement of financial position date.

c) Royalties
Royalties are recognised according to the accrual policy, according to the content of the relevant agreements.

2.17 Leasing

Leasing is classified as an operating lease if a significant part of the risks and benefits inherent to the possession remain the lessor’s responsibility. Payments in operating leases (minus any incentives received from the lessor) are included in the consolidated statement of comprehensive income by the equal annual amounts method during the leasing period.

Leasing of tangible assets where the group is substantially responsible for all the property’s risks and benefits are classified as a financial lease. Financial leasing is capitalised at the start of the lease by the lowest amount between the fair value of the leased asset and the current value of the minimum leasing values. Leasing obligations, net of financial charges, are included in other non-current liabilities, except for the respective short-term component. The interest parcel is entered in financial expenses during the leasing period, thereby producing a constant periodic interest rate on the remaining debt in each period. Tangible assets acquired through financial leasing are depreciated by the lowest amount between the asset’s lifetime and the leasing period.

2.18 Dividend payment

Payment of dividends to shareholders is recognised as a liability in the group’s financial statements when the dividends are approved by the shareholders.

2.19 Profit per share

Basic
The basic profit per share is calculated by dividing the profit payable to shareholders by the weighted mean number of ordinary shares issued during the period, excluding ordinary shares acquired by the company and held as own shares (Note 16).

Diluted
The profit diluted per share is calculated by dividing the profit payable to shareholders – adjusted by the dividends of convertible preference shares, convertible debt interest and gains and expenses resulting from the conversion – by the average number of ordinary shares issued during the period plus the average number of ordinary shares that may be issued in the conversion of ordinary shares that may be potentially used in the dilution.

2.20 Derivatives financial instruments

The Group uses derivatives financial instruments, such as exchange forwards and interest rate swaps, only to cover the financial risk witch the Group is exposed to. The Group doesn't use derivatives financial instruments for speculation. For the carrying amount of derivatives financial instruments, the Group uses hedge accounting policies under the terms of the legislation in force. Derivatives financial instruments negotiation is carried out by the Group, on behalf of their subsidiaries, by the financial department under the policies approved by the Board of directors. Derivative financial instruments are initially measured at the transaction date fair value, being subsequently measured at each reporting date fair value. Gains or losses of fair value changes are recognised as follows:

Fair value hedge

In an operation to hedge the exposure to fair value of an asset or liability ("fair value hedge") determined as effective hedges, the fair value changes are recognised in the income statement jointly with the fair value changes of the risk component of the hedged item.

Cash flow hedge

In an operation to hedge the exposure to future cash-flows of an asset or liability ("cash-flow hedge"), the effective part of the fair value changes in the hedging derivative are recognizes in equity; the ineffective part of the hedging is recognized in the income statement when it occurs.

Net investment hedge

Currently there are no foreign operational units (subsidiaries) in currencies other than the euro, therefore the Group is not exposed to foreign currency exchange-rate risks.

The Group has well identified the nature of the involved risks, guarantees through its software that each hedge instrument is followed under the Group's risk policy, recording thorough and formally the hedges relationships; the hedges goal and strategy; classification of the hedges relationship; description of the nature of the risk that's being cover; identification of the hedge instrument and covered item; description of initial measure and future effectiveness of the hedge; identification of the excluded, if any, part of the hedge instrument.

The Group will consider discontinued an hedge instrument when it is sold, expires or is realised; the hedge ceases to fulfil the hedge accounting criteria; for the cash flow hedge the expected transaction in unlikely or unexpected; the Group cancels the hedge instruments for managing reasons.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The group's activities are exposed to a number of financial risk factors: market risk (including currency exchange risk, fair value risk associated to the interest rate and price risk), credit risk, liquidity risk and cash flow risks associated to the interest rate. The group maintains a risk management program that focuses its analysis on financial markets to minimise the potential adverse effects of those risks on the group's financial performance.

Financial risk management is headed by the Financial Department based on the policies approved by the Board of Directors. The treasury identifies, evaluates and employs financial risk hedging measures in close cooperation with the group's operating units. The Board provides principles for managing the risk as a whole and policies that cover specific areas, such as the currency exchange risk, the interest rate risk, the credit risk and the investment of surplus liquidity.

a) Market risk

i) Currency exchange risk
With regard to exchange rate risk, the Group follows a natural hedge policy using financing in local currency. Since the Group is mainly present in the Iberian market, bank loans are mainly denominated in euros and the volume of purchases outside the Euro zone are of irrelevant proportions.

The main source of the Group's exposure arises from the investment outside the euro area of operation that develops in Angola, although it is still small is growing and consequently to gain weight in the group activity. The reduction of oil prices is to lead to a shortage of foreign currency in Angola by the devaluation of the kwanza is a risk to consider. The financing of the Angolan subsidiary in foreign currency in the amount of $ 1.500.000, does not have large exposure due to the reduced amount. The remaining financing concerning Angolan subsidiaries are denominated in the local currency, the same in which the income is generated.

In 31 December, 2016 and 2015 currency exchange risk was as follows:

	YEAR 2016			
Financial Assets	Kwanzas	Equivalent EUR	USD	Equivalent EUR
Cash and Bank deposits	1.301.850.100	7.057.329	6.128	5.705
Treasury bonds	3.224.560.292	17.480.341	0	0
Others	70.347.511	381.354	989	920
	4.596.757.903	24.919.025	7.117	6.625
Financial Liabilites				
Loans	2.931.708.332	15.892.791	1.500.000	1.396.422
Suppliers	206.301.398	1.118.360	3.568.393	3.321.990
Others	5.054.977	27.403	106.613	99.251
	3.143.064.707	17.038.554	5.175.006	4.817.663
	YEAR 2015			
Financial Assets	Kwanzas	Equivalent EUR	USD	Equivalent EUR
Cash and Bank deposits	203.488.292	1.376.395	6.754	6.212
Treasury bonds	1.049.502.607	7.098.836	0	0
Others	36.965.132	250.032	400	368
	1.289.956.031	8.725.263	7.154	6.580
Financial Liabilites				
Loans	1.747.708.332	11.821.499	2.000.000	1.839.646
Suppliers	431.519.912	2.918.801	2.019.561	1.857.638
Others	33.405.550	225.955	109.006	100.266
	2.212.633.793	14.966.255	4.128.567	3.797.550

Additionally in Angolan subsidiaries we have debts to suppliers in EUR that, after conversion, generate exchange differences in the consolidated financial statements (net financing costs), although mostly are debts with group companies. Furthermore, the same subsidiaries hold financial assets indexed to USD, a value equivalent to about 96% of liabilities in foreign currency.

Based on simulations performed on December 31, 2015, a decrease from 10% to 15% in AOA, concerning EUR and USD currency, keeping everything else constant, would have a negative impact of 79 thousand euros and 119 thousand euros, respectively, on the consolidated financial statements (net financing cost) of the group.

A similar simulation of exchange rate depreciation applied to the net investment, would have a negative impact on the equity of the Group of 369 and 529 thousand euros, respectively.

ii) Price risk
The group is not greatly exposed to the merchandise price risk.

iii) Interest rate risk (cash flow and fair value)
With the exception of the Angola Treasury Bonds, the group has no significant interest bearing assets. Therefore, profit and cash flows from investment activities are substantially independent of changes in market interest rate. Regarding the Angolan State treasury bonds, interest is fixed, so there is also no risk.

The group's interest rate risk follows its liabilities, in particular long-term loans. Loans issued with variable rates expose the group to the cash flow risk associated to interest rates. Loans with fixed rates expose the group to the risk of the fair value associated to interest rates. At the current interest rates, in financing of longer maturity periods the group has a policy of fixing interest rates of at least 50% of the outstanding amount.

The unpaid debt bears variable interest rate, part of which has been the object of an interest rate swap. The interest rate swap to hedge the risk of a 7,5 million euros (commercial paper programmes) loan has the maturity of the underlying interest and the repayment plan identical to the terms of the loan. Financing contracted at the end of the year will be subject to settlement operations during the year 2017.

Based on simulations performed on 31 December 2016, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 390.000 euros.

b) Credit risk
The main activity of the Group is carried out with sales paid in cash, or debit or credit card, so the Group has no significant credit risk concentrations. Regarding the customers, the risk is limited to the Catering business and sales of merchandise to franchisees representing less than 4% of the consolidated sales. The Group has policies to ensure that credit sales are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit that customers have access to.

The Group's cash and cash equivalents include mainly deposits resulting from cash provided by sales and its deposits in current accounts. These amounts excluded, the value of financial investments at December 31, 2016, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 17.5 million euro, subject to country risk.

Deposits and other financial investments are spread over several credit institutions; therefore there is not a concentration of these financial assets.

The ratings of the major credit institutions where Ibersol group has its deposits on December 31, 2016 and 2015 are presented as follows:

Agency	Year 2016		Year 2015	
	Deposits	Rating	Deposits	Rating
Standard & Poor´s	243.424	A-		
Standard & Poor´s	6.026.676	BBB+	536.022	BBB+
Standard & Poor´s	10.979.707	BB+	621.658	BB+
Standard & Poor´s	756.940	B	6.192.649	B+
Standard & Poor´s	3.909.284	BB-		
Moody's	932.315	Caa1	809.708	Caa1
Moody's	3.880.101	Baa2		
Moody's	1.968.656	Baa3		
Unavailable (Angola)	8.334.192	n/a	3.115.250	n/a

Deposits in Angola are distributed by three of the largest commercial banks in Angola - BFA, BCGA and BAI - that do not have a rating. In addition, part of the deposits of about 2.5 million euros, are in the National Bank of Angola.

The quality of financial assets not due or impaired is detailed in Note 15.

c) Liquidity risk
Liquidity risk management implies maintaining a sufficient amount of cash and bank deposits, the feasibility of consolidating the floating debt through a suitable amount of credit facilities and the capacity to liquidate market positions. Treasury needs are managed based on the annual plan that is reviewed every quarter and adjusted daily. Related with the dynamics of the underlying business operations, the group's treasury strives to maintain the floating debt flexible by maintaining credit lines available.

The Group considers that the short-term bank loans are due on the renewal date and that the commercial paper programmes matured on the dates of denunciation.

At the end of the year, current liabilities reached 127 million euros, compared with 89 million euros in current assets. This disequilibrium is, on one hand, a financial characteristic of this business and, on the other hand, due to the use of commercial paper programmes in witch the Group considers the maturity date as the renewal date, regardless of its initial stated periods. In order to ensure liquidity of the short term debt it is expected in the year 2017 the renewal of the commercial paper programmes (7.250.000 euros). However, the expected operating cash flows and, if necessary, contracted credit lines, on the amounts of which have not yet been used, are sufficient to settle current liabilities.

Even with reduced use of the group has contracted a significant amount of short-term lines. On December 31, 2016, the use of short term liquidity cash flow support was less than 14%. Investments in term deposits and other application of 37.5 million euros, match 22% of liabilities paid.

The following table shows the Group financial liabilities (relevant items), considering contractual cash-flows:

	to December 2017	from December 2017 to 2028
Bank loans and overdrafts	36.333.949	130.457.712
Other non-current liabilities	-	208.040
Accounts payable to suppliers and accrued costs	59.919.162	-
Other creditors	10.933.132	-
Accrued costs	4.691.240	8.060.785
Total	111.877.484	138.726.537

d) Capital risk
The company aims to maintain an equity level suitable to the characteristics of its main business (cash sales and credit from suppliers) and to ensure continuity and expansion. The capital structure balance is monitored based on the gearing ratio (defined as: net remunerated debt / net remunerated debt + equity) in order to place the ratio within a 35%-70% interval.

On 31st December 2016 and 2015 the gearing ratio was of 42% and 14%, respectively, as follows:

	Dec-16	Dec-15
Bank loans	166.791.662	43.435.303
Other financial assets	-17.480.341	-7.098.836
Cash and bank deposits	-39.588.532	-14.471.082
Net indebtedness	109.722.788	21.865.385
Equity	152.061.828	135.046.003
Total capital	261.784.616	156.911.388
Gearing ratio	42%	14%

The increase in the gearing ratio results from the financial effort to purchase the Eat Out group (Note 5.2).

3.2 Estimated fair value
The fair value of financial instruments commercialised in active markets (such as publicly negotiated derivatives, securities for negotiation and available for sale) is determined based on the listed market prices on the consolidated statement of financial position date. The market price used for the group's financial assets is the price received by

the shareholders in the current market. The market price for financial liabilities is the price to be paid in the current market.

The nominal value of accounts receivable (minus impairment adjustments) and accounts payable is assumed to be as approximate to its fair value. The fair value of financial liabilities is estimated by updating future cash flows contracted at the current market interest rate that is available for similar financial instruments.

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continuously evaluated and are based on past experience and on other factors, including expectations regarding future events that are believed to be reasonably probable within the respective circumstances.

The group makes estimates and outlines premises about the future. Generally, accounting based on estimates rarely corresponds to the real reported results. Estimates and premises that present a significant risk of leading to a material adjustment in the accounting value of the assets and liabilities in the following year are described below:

a) Estimated impairment of goodwill
The group performs annual tests to determine whether the goodwill is subject to impairment, according to the accounting policy indicated in Note 2.5. Recoverable amounts from the units generating cash flows are determined based on the calculation of utilisation values. Those calculations require the use of estimates (Note 9).

If the real gross margin is less, or the discount rate - after taxes - is greater than the estimates by the managers, the impairment losses of the goodwill may be greater than those recorded.

b) Income Tax
The group is subject to Income Tax in Portugal, Spain and Angola. A significant judgement must be made to determine the estimated income tax. The large number of transactions and calculations make it difficult to determine the income tax during normal business procedures. The group recognises liabilities for additional payment of taxes that may originate from reviews by the tax authorities. When tax audits indicate a final result different from the initially recorded amounts, the differences will have an impact on the income tax and on deferred taxes in the period in which those differences are identified.

c) Provisions
The group on a periodic basis examines possible obligations arising from past events that should be recognized or disclosed.

The subjectivity inherent in determining the probability and amount of internal resources required to settle these obligations may result in significant adjustments due to changes in the assumptions used or the future recognition of provisions previously disclosed as contingent liabilities.

d) Fixed tangible and intangible assets
The determination of lifetime period of the assets and the depreciation method to be applied, is essential to determine the amount of depreciation to be recognized in the income statement for each year.

According to the best judgment of the Board of Directors and considering the practices adopted by companies in the sector internationally these two parameters are set for the assets and business in question.

5. INFORMATION ABOUT THE COMPANIES INCLUDED IN THE CONSOLIDATION AND OTHER COMPANIES

5.1. The following group companies were included in the consolidation on 31st December 2016 and 2015:

Company	Head Office	% Shareholding Dec-16	Dec-15
Parent company			
Ibersol SGPS, S.A.	Porto	parent	parent
Subsidiary companies			
Iberusa Hotelaria e Restauração, S.A.	Porto	100%	100%
Ibersol Restauração, S.A.	Porto	100%	100%
(e) Ibersande Restauração, S.A.	Porto	100%	80%
Ibersol Madeira e Açores Restauração, S.A.	Funchal	100%	100%
Ibersol - Hotelaria e Turismo, S.A.	Porto	100%	100%
Iberking Restauração, S.A.	Porto	100%	100%
Iberaki Restauração, S.A.	Porto	100%	100%
Restmon Portugal, Lda	Porto	61%	61%
Vidisco, S.L.	Vigo - Spain	100%	100%
Inverpeninsular, S.L.	Vigo - Spain	100%	100%
Ibergourmet Produtos Alimentares, S.A.	Porto	100%	100%
Ferro & Ferro, Lda.	Porto	100%	100%
Asurebi SGPS, S.A.	Porto	100%	100%
Charlotte Develops, SL	Madrid - Spain	100%	100%
Firmoven Restauração, S.A.	Porto	100%	100%
(c) IBR - Sociedade Imobiliária, S.A.	Porto	100%	98%
Eggon SGPS, S.A.	Porto	100%	100%
Anatir SGPS, S.A.	Porto	100%	100%
Lurca, SA	Madrid - Spain	100%	100%
(d) Q.R.M.- Projectos Turísticos, S.A	Porto	-	100%
Sugestões e Opções-Actividades Turísticas, S.A	Porto	100%	100%
Resboavista- Restauração Internacional, Lda	Porto	100%	100%
José Silva Carvalho Catering, S.A	Porto	100%	100%
(a) Iberusa Central de Compras para Restauração ACE	Porto	100%	100%
(b) Vidisco, Pasta Café Union Temporal de Empresas	Vigo - Spain	100%	100%
Maestro - Serviços de Gestão Hoteleira, S.A.	Porto	100%	100%
SEC - Eventos e Catering, S.A.	Porto	100%	100%
IBERSOL - Angola, S.A.	Luanda - Angola	100%	100%
HCI - Imobiliária, S.A.	Luanda - Angola	100%	100%
(c) Gravos 2012, S.A.	Porto	100%	98%
Lusinver Restauracion, S.A.	Vigo - Espanha	100%	
The Eat Out Group S.L.U.	Barcelona - Spain	100%	-
Pansfood, S.A.U.	Barcelona - Spain	100%	-
Foodstation, S.L.U	Barcelona - Spain	100%	-
Dehesa de Santa Maria Franquicias, S.L.	Barcelona - Spain	50%	-
Pansfood Italia, S.R.L.	Barcelona - Spain	100%	-
Companies controlled jointly			
UQ Consult - Serviços de Apoio à Gestão, S.A.	Porto	50%	50%

(a) Company consortium agreement that acts as the Purchasing and Logistics Centre and provides the respective restaurants with raw materials and maintenance services.
(b) Union Temporal de Empresas which was founded in 2005 and that during the year functioned as the Purchasing Centre in Spain by providing raw materials to the respective restaurants.
(c) Changes resulting from intra-group sale of 10% of the subsidiary IBR by Ibersande subsidiary to subsidiary Asurebi.
(d) Company merged into subsidiary José Silva Carvalho Catering, S.A. in July 2016, with effect from January 1, 2016.

The subsidiary companies were included in the consolidation by the full consolidation method. UQ Consult, the Jointly controlled entity, was subject to the equity method according to the group's shareholding in this company, as indicated in Note 2.2.).

The shareholding percentages in the indicated companies imply an identical percentage in voting rights.

5.2. Alterations to the consolidation perimeter

5.2.1. Acquisition of new companies

Company	Entry date	Head Office	% Shareholding	
			2016	2015
The Eat Out Group S.L.U.	31-Out-16	Barcelona - Spain	100,00%	-
Pansfood, S.A.U.	31-Out-16	Barcelona - Spain	100,00%	-
Foodstation, S.L.U	31-Out-16	Barcelona - Spain	100,00%	-
Dehesa de Santa Maria Franquicias, S.L.	31-Out-16	Barcelona - Spain	50,00%	-
Pansfood Italia, S.R.L.	31-Out-16	Barcelona - Spain	100,00%	-

The above acquisitions had the following impact on the consolidated financial statements to December 31, 2016:

	Date of acquisition	Dec-16
Acquired net assets		
Tangible and intangible assets (Notes 8 and 9)	32.360.743	32.654.939
Stocks	2.706.371	2.646.062
Deferred tax assets	5.941.376	5.601.456
Other assets	18.937.159	19.012.245
Cash & bank deposits	3.640.340	5.523.047
Provisions (Nota 19)	-1.000.000	-1.000.000
Loans	-16.982.720	-25.794.395
Deferred tax liabilities	-679.372	-863.895
Other liabilities	-37.602.707	-31.153.618
	7.321.190	6.625.841
Goodwill (Note 9)	70.647.649	
Interests that do not control	-868.839	
Acquisition price	77.100.000	
Payments	77.100.000	
Amounts payable in the future	-	
	77.100.000	
Net cash-flows from acquisition		
Payments made	77.100.000	
Cash & cash equivalents acquired	3.640.340	
	73.459.660	

The goodwill of the Eat Out Group in the amount of 70.647.649 euro was determined based on provisional amounts of the net assets acquired.

The impacts of the acquisitions on the consolidated statement of comprehensive income were as follows:

	Dec-16
Operating income	25.894.108
Operating costs	-25.428.187
Financial income	-350.142
Investments income	-
Income before taxes	115.779
Tax income	-272.157
Net Income	-156.378

5.2.2. Disposals

In the years ended December 31, 2016 and 2015 there were no disposals of subsidiaries.

6. INFORMATION PER SEGMENT

Ibersol Administration monitors the business based on the following segmentation:

SEGMENT	BRANDS					
Restaurants	Pizza Hut	Pasta Caffe	Pizza Movil			
Counters	KFC	O'Kilo	Miit	Burguer King	Pans	Coffee Counter
Other business	Sol (SA)	Concessions	Catering	Convenience stores		
Grupo Eat Out	Pans &C.ª	FresCo	Ribs	Concessions		

The results per segment for the year ended December 31, 2016 and 2015 were as follows:

31 December 2016	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Total Group
Inter-segment client	-	-	-	-	-
External client	80.649.482	150.079.074	38.751.162	352.677	269.832.395
Total sales and services	**80.649.482**	**150.079.074**	**38.751.162**	**352.677**	**269.832.395**
Royalties	3.530.661	6.755.681	469.108	-	10.755.451
Rents and Condominium	8.581.986	12.801.982	8.606.111	8.970	29.999.049
Coste of sales	15.695.921	39.746.131	9.104.580	-	64.546.632
Operating cash-flow (EBITDA)	**12.794.147**	**26.494.025**	**7.820.840**	**-**	**47.109.012**
Amortisation, depreciation and impairment losses	4.287.708	8.890.830	3.091.451	324.911	16.594.900
Operating income (EBIT)	**8.506.440**	**17.603.194**	**4.729.389**	**-324.911**	**30.514.112**

31 December 2015	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Total Group
Inter-segment client	-	-	-	-	-
External client	69.141.017	119.125.556	25.052.360	388.670	213.707.603
Total sales and services	**69.141.017**	**119.125.556**	**25.052.360**	**388.670**	**213.707.603**
Royalties	3.030.938	5.399.306	230.784	-	8.661.029
Rents and Condominium	7.736.852	10.142.657	3.885.387	289.066	22.053.962
Coste of sales	14.202.277	30.656.777	6.361.587	-	51.220.642
Operating cash-flow (EBITDA)	**8.691.986**	**20.775.364**	**3.228.431**	-	**32.695.781**
Amortisation, depreciation and impairment losses	3.216.009	6.031.808	4.879.339	246.629	14.373.786
Operating income (EBIT)	**5.475.977**	**14.743.556**	**-1.650.908**	**-246.629**	**18.321.995**

The consolidated statement of comprehensive income also includes the following parts on the segments:

	Year ending on 31 December 2016					
	Restaurantes	Counters	Concessões e Catering	Outros, eliminações e ajustamentos	Eat Out Group	Group
Depreciation (Note 8)	3.364.395	7.389.103	1.578.534	301.270	1.558.087	14.191.390
Amortization (Note 9)	330.568	591.713	400.701	23.445	211.958	1.558.385
Impairment of fixed tangible assets (Note 8)	288.167	342.185	-	-	187.392	817.744
Impairment of intangible assets (Note 9)	-	-	-	-	-	-
Impairment of accounts receivable (Note 14)	-69.421	-	-14.882	-	-38.280	-122.583

	Year ending on 31 December 2015				
	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Group
Depreciation (Note 8)	2.484.312	4.889.933	1.276.421	233.115	8.883.781
Amortization (Note 9)	362.056	565.119	503.715	13.514	1.444.404
Impairment of fixed tangible assets (Note 8)	369.641	463.867	1.948.056	-	2.781.564
Impairment of intangible assets (Note 9)	-	-	1.151.148	-	1.151.148
Impairment of accounts receivable (Note 14)	-32.442	-13.958	78.189	-	31.789

The following assets, liabilities and investments were applicable to the segments in the year ending on 31 December 2016 and 2015:

	Year ending on 31 December 2016					
	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Grupo Eat Out	Group
Assets	**72.123.560**	**151.223.555**	**31.230.603**	**9.042.803**	**128.210.754**	**391.831.274**
Liabilities	**17.950.264**	**36.546.849**	**8.051.455**	**49.442**	**26.924.467**	**89.522.477**
Net investment (Notes 8 and 9)	**3.497.907**	**19.232.756**	**3.255.823**	**1.071.626**	**2.283.394**	**29.341.507**

	Year ending on 31 December 2015				
	Restaurants	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Group**
Assets	**62.722.766**	**127.693.545**	**28.924.042**	**8.618.218**	**227.958.572**
Liabilities	**13.350.216**	**28.521.294**	**8.464.307**	**52.457**	**50.388.274**
Net investment (Notes 8 and 9)	**3.816.583**	**21.300.336**	**1.308.856**	**-**	**26.425.775**

Assets and liabilities that were not applicable to the segments are as follows:

	YEAR 2016		**YEAR 2015**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Deferred taxes	8.555.186	10.187.932	3.294.546	10.046.125
Current taxes	2.332.391	2.349.654	144.108	1.390.543
Current bank loans	-	36.333.949	-	18.125.529
Non current bank loans	-	130.457.712	-	25.309.774
Derivative financial instrument	-	114.935	-	181.602
Available-for-sale financial assets	440.541	-	402.591	-
Financial investments - joint controlled subsidiaries	2.417.631	-	2.417.891	-
Other financial assets	17.480.341	-	7.098.836	-
Provisions	-	2.028.871	-	828.705
Total	31.226.090	181.473.054	13.357.972	55.882.278

In summary, the assets and liabilities are as follows:

	YEAR 2016		**YEAR 2015**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Applicable to the segments	391.831.274	89.522.477	227.958.572	50.388.274
Not applicable to the segments	31.226.090	181.473.054	13.357.972	55.882.278
	423.057.364	270.995.531	241.316.544	106.270.552

On December 31, 2016 and 2015 income and non-current assets by geography is presented as follows:

31 DECEMBER 2016	Portugal (1)	Spain	Grupo
Restaurants	195.087.253	71.713.959	266.801.212
Merchandise	523.348	1.507.224	2.030.572
Rendered services	249.683	750.928	1.000.611
Total sales and services	**195.860.284**	**73.972.111**	**269.832.395**
Tangible fixed and intangible assets	144.632.521	49.746.985	194.379.506
Goodwill	7.605.482	103.551.176	111.156.658
Deferred tax assets	2.574.551	5.980.635	8.555.186
Financial investments - joint controlled subsidiaries	2.417.631	-	2.417.631
Available-for-sale financial assets	440.541	-	440.541
Other financial assets	10.438.768	-	10.438.768
Other non-current assets	-	6.574.793	6.574.793
Total non-current assets	**168.109.494**	**165.853.589**	**333.963.083**

31 DECEMBER 2015	Portugal (1)	Spain	Grupo
Restaurants	164.017.917	46.811.097	210.829.014
Merchandise	619.490	1.614.348	2.233.838
Rendered services	285.793	358.958	644.751
Total sales and services	**164.923.200**	**48.784.403**	**213.707.603**
Tangible fixed and intangible assets	134.313.368	18.751.645	153.065.013
Goodwill	7.605.482	32.903.527	40.509.009
Deferred tax assets	2.869.377	425.169	3.294.546
Financial investments - joint controlled subsidiaries	2.417.891	-	2.417.891
Available-for-sale financial assets	402.591	-	402.591
Other financial assets	7.098.836	-	7.098.836
Other non-current assets	-	1.408.996	1.408.996
Total non-current assets	**154.707.545**	**53.489.337**	**208.196.882**

(1) Due to the small size of its operations Angola is included in Portugal segment.

7. UNUSUAL AND NON-RECURRING FACTS

No unusual and non-recurring facts took place during the years 2016 and 2015, except for a non-current income of 2.397.758 eur in operating income (Note 26) corresponding to compensation for loss of traffic by charging tolls on former Scuts (free of charge highways). It was also agreed not to install Guimarães, Fafe and Paredes Service Areas witch led to the refund of the paid concession rights and the receipt of contractual interest in the amount of 1.570.323 eur (Note 27). In addition, the acquisition of the group Eat Out (Note 5) is an non-recurring fact.

8. TANGIBLE FIXED ASSETS

In the years ending on 31 December 2016 and 2015, the following movements took place in the value of tangible fixed assets, depreciation and accumulated impairment losses:

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress (1)	Total
1 January 2015						
Cost	7.444.433	138.429.980	70.718.503	17.057.427	9.564.864	243.215.209
Accumulated depreciation	-	34.496.057	54.791.463	13.348.258	-	102.635.777
Accumulated impairment	-	7.844.284	562.633	62.515	-	8.469.432
Net amount	**7.444.433**	**96.089.640**	**15.364.408**	**3.646.655**	**9.564.864**	**132.110.000**
31 December 2015						
Initial net amount	7.444.433	96.089.640	15.364.408	3.646.655	9.564.864	132.110.000
Changes in consolidat perimeter	-	-	-	-	-	-
Currency conversion	-455.293	-993.314	-319.677	-73.998	-779.806	-2.622.088
Additions	833.571	14.095.614	6.587.413	2.520.021	131.654	24.168.273
Decreases	-	275.933	169.302	13.776	-	459.012
Transfers	4.140.938	2.453.987	1.375.694	635.587	-8.504.897	101.310
Depreciation in the year	-	3.845.385	4.181.118	857.312	-	8.883.815
Deprec. by changes in the perim.	-	-	-	-	-	-
Impairment in the year	-	2.929.579	-	-	-	2.929.579
Impairment reversion	-	-148.054	-	-	-	-148.054
Final net amount	**11.963.649**	**104.743.084**	**18.657.418**	**5.857.177**	**411.815**	**141.633.142**
31 December 2015						
Cost	11.963.649	150.435.664	76.028.676	19.707.381	411.815	258.547.187
Accumulated depreciation	-	36.522.989	56.954.512	13.802.872	-	107.280.372
Accumulated impairment	-	9.169.591	416.747	47.333	-	9.633.671
Net amount	**11.963.649**	**104.743.084**	**18.657.418**	**5.857.177**	**411.815**	**141.633.142**

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress	Total
31 December 2016						
Initial net amount	11.963.649	104.743.084	18.657.418	5.857.177	411.815	141.633.142
Changes in consolidat perimeter	-	61.509.602	37.914.100	956.299	239.525	100.619.526
Currency conversion	-756.850	-1.723.366	-756.531	-224.851	-19.440	-3.481.038
Additions	135.242	16.405.428	8.187.617	2.615.018	1.215.586	28.558.891
Decreases	-	863.164	236.294	47.292	105.686	1.252.436
Transfers	-	100.636	5.806	11.681	-234.617	-116.494
Depreciation in the year	74.637	8.041.000	5.062.093	1.082.763	-	14.260.493
Deprec. by changes in the perim.	-	38.817.273	28.953.945	1.042.245	-	68.813.463
Impairment in the year	-	751.562	41.432	24.750	-	817.744
Impairment by changes in the perim.	-	2.080.269	687.570	4.407		2.772.246
Impairment reversion	-	-90.976	-	-	-	-90.976
Final net amount	**11.267.404**	**130.573.092**	**29.027.076**	**7.013.867**	**1.507.183**	**179.388.621**
31 December 2016						
Cost	11.342.041	222.786.283	118.519.498	22.193.978	1.507.183	376.348.985
Accumulated depreciation	74.637	81.893.238	88.409.796	15.115.597	-	185.493.267
Accumulated impairment	-	10.319.953	1.082.628	64.515	-	11.467.096
Net amount	**11.267.404**	**130.573.092**	**29.027.075**	**7.013.867**	**1.507.183**	**179.388.621**

(1) changes in 2015 refer to KFC restaurants in Angola and Burger King in Portugal, whose opening took place in that year.

Investments for the year 2015, with the amount of about 24 million euros, refer mainly to KFC restaurants openings in Angola, and Burger King and Pizza Hut in Portugal.

The 2016 investments of approximately 28.6 million in tangible fixed assets, relate to the opening of new units and remodelling of existing ones in Portugal and Spain.

In 2016 and 2015, impairment tests were carried out for Ibersol restaurants with evidence of impairment. In addition, impairment tests were carried out in 2015 for SOL units, a set of restaurants located on different motorways and ex-scuts (ex-free highways), as there were evidence.

As a result from the changes during the year 2015, particularly in SOL units, in which the context of expectations formulated in 2014 did not materialize, the tests performed to Ibersol restaurants with evidences of impairment, resulted in the need to register an impairment in the amount of 4.080.727 euros, 2.929.579 euros of which refers to tangible assets, and 1.151.148 euros of intangible assets, as follows:

Year 2015

UNIT	Recoverable amount (use value)	Assets account value	Impairment losses
Sol units (7 units)	914.105	4.013.310	3.099.204
Pizza Hut (1 unit)	-	125.786	125.786
Pasta Caffe (1 unit)	-	110.348	110.348
Miit (2 units)	125.406	589.234	463.827
Pizza Movil (2 units)	71.074	352.635	281.561
TOTAL	1.110.585	5.191.312	4.080.727

The following assumptions were used in 2015 impairment tests:

Growth rate in perpetuity		
Portugal	3,00%	(1% real + 2% price increase)
Spain	3,00%	(1% real + 2% price increase)
Discount rate		
Portugal	6,80%	
Spain	6,00%	

The 2016 impairment test resulted in an impairment loss of € 817.744 relating to tangible assets, as follows:

Year 2016

unit	Recoverable amount (use value)	Assets account value	Impairment losses
Pans (1 unit)	-	169.966	169.966
Pasta Caffe (1 unit)	-	110.000	110.000
Miit (1 unit)	-	172.219	172.219
Pizza Movil (3 units)	173.077	351.244	178.167
Pans & C.ª (10 units)	584.154	770.366	187.392
TOTAL	757.231	1.573.795	817.744

The following assumptions were used in 2016 impairment tests:

Growth rate in perpetuity		
Portugal	2,00%	(1% real + 1% price increase)
Spain	2,00%	(1% real + 1% price increase)
Discount rate		
Portugal	6,70%	
Spain	6,20%	

The discount rate is presented net of taxes and was calculated based on the WACC (Weighted Average Cost of Capital).

SOL units impairment tests assumptions

The growth rate of sales of each unit depends on the expected evolution of traffic in the different sections of highways and capture rate of the service areas particularly the restaurants. The decision to start charging tolls on highways (ex-scuts), affected very negatively the exploitation of service areas (gas stations and restaurants) due to the sharp decline in traffic and, simultaneously, to the change of consumer habits. In the last two years we began a traffic recovery, although at a slow pace and very differentiated from sector to sector.

The critical variables of this business (SOL units) are identical to all other restaurants: the number of transactions and income per transaction.

The income per transaction, that had suffered a substantial decrease in 2012, has been recovering with a tendency to stabilize. The evolution of the number of transactions, in some locations, has not increase the same way as other food businesses because it depends on specific circumstances:
- traffic evolution and alternative conditions in the different sections;
- capture traffic from units located in those sectors.

Whereas the capture seems to have been influenced by factors difficult to measure:
- Weight of the "low costs" in the fuel sale offer;
- Extension the convenience stores of gas stations;
- Pace of recovery of the consumer habits in the service areas.

Over the course of time the traffic evolution in each section is starting to show a consistent trend, however the evolution of customer acquisition rate is, as mentioned, a variable that has evolved in a less consistent way, due to factors whose impact it has proved difficult to anticipate with a reasonable degree of security, since the previous year's behaviour analysis does not allows adequately foresee of the future evolution.

Regarding these fluctuations, the base scenario of each year, which is translated in the annual budget, has been suffering adjustments that had been reflected in the referred impairments, although it seeks to adopt a realistic perspective for the long term projection.

In 2015, the sensitivity analysis of the discount rate is presented as follows:

Discount rate	Impairment	Additional impairment	Notes
5,80%	3.791.703		
6,30%	3.922.192		
6,80%	4.080.721		impairment accounted value
7,30%	4.130.080	49.359	(1)
7,80%	4.224.054	143.333	(1)

(1) for a discounted rate in perpetuity change of 0.5% and 1% would result in a further loss of 49.000 euros and 143.000 euros respectively.

In 2015, the sensitivity analysis of the sales growth rate is presented as follows:

Sales growth in the period	Impairment	Additional impairment	Notes
over 2% of the base	2.492.664		
over 1% of the base	3.343.331		
base: between 2% and 6% (*)	4.080.721		impairment accounted value
less 1% of the base	4.747.327	666.606	
less 2% of the base	5.556.998	1.476.277	

*according to the location and the traffic development trend of 2015.

In 2016, the sensitivity analysis of the discount rate is presented as follows:

Discount rate	Impairment	Additional impairment	Notes
5,70%	598.521		
6,20%	623.519		
6,70%	630.352		impairment accounted value (*)
7,20%	671.682	41.330	(1)
7,70%	741.790	111.439	(1)

(1) for a discounted rate in perpetuity change of 0.5% and 1% would result in a further loss of 41.330 euros and 111.439 euros respectively.

In 2016, the sensitivity analysis of the sales growth rate is presented as follows:

Sales growth in the period	Impairment	Additional impairment	Notes
over 2% of the base	517.152		
over 1% of the base	570.612		
base: between 2% and 6% (*)	630.352		impairment accounted value
less 1% of the base	804.223	173.872	
less 2% of the base	1.033.032	402.681	

* Except for the amount of 187.392 euros, resulting from the additional two months of the impairment of the group Eat Out units.

At 31 December 2016 and 2015, the assets used under financial leasing are as follows

	2016		2015	
	Gross amount	Accumulated depreciation	Gross amount	Accumulated depreciation
Land and Buildings	12.750.801	6.443.402	4.168	104
Equipments	3.655.812	2.033.638	638.400	44.459
Other tangible fixed assets	69.200	20.755	53.517	3.345
	16.475.814	8.497.795	696.086	47.908

The change in the year is mainly due to the merger of Eat Out into the consolidation perimeter.

About 126 thousand euros were capitalized in the year 2016 related to bank loans expense in Angola, the accumulated value at December 31, 2016 was of about 628 thousand euros.

As amortizações do exercício Amortizações, depreciações e perdas por imparidade de AFT e AI, apresentam-se conforme segue:

	Tangible fixed assets	**Intangible assets**	**TOTAL**
Depreciation in the year	14.260.493	1.579.794	15.840.287
Impairment in the year	817.744	-	817.744
Others	-63.131	-	-63.131
			16.594.900

9. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	Dec-16	**Dec-15**
Goodwill	111.156.658	40.509.009
Intangible assets	14.990.885	11.431.871
	126.147.543	**51.940.880**

In the years ending on 31 December 2016 and 2015, the movement in the value of intangible assets, amortization and accumulated impairment losses were as follows:

	Goodwill	Industrial property (1)	Other intangible Assets	Intangible Assets in progress	Total
1 January 2015					
Cost	42.456.266	21.231.044	5.969.250	2.487.970	72.144.530
Accumulated amortization	-	8.322.510	5.290.418	-	13.612.928
Accumulated impairment	1.861.678	2.511.522	70.110	-	4.443.310
Net amount	**40.594.588**	**10.397.012**	**608.722**	**2.487.970**	**54.088.293**
31 December 2015					
Initial net amount	40.594.588	10.397.012	608.722	2.487.970	54.088.293
Changes in consolidat. perimeter	-	-	-	-	-
Currency conversion	-	-77.506	-	-37.454	-114.960
Additions	-	2.242.182	109.736	442.757	2.794.675
Decreases	-	7.075	71.086	-	78.161
Transfers	- 85.579	66.401	-	-2.134.239	-2.153.417
Amortization in the year	-	1.141.796	302.608	-	1.444.404
Amortiz. by changes in the perimeter	-	-	-	-	-
Impairment in the year	-	1.151.148	-	-	1.151.148
Impairment reversion	-	-	-	-	-
Final net amount	**40.509.009**	**10.328.070**	**344.764**	**759.034**	**51.940.880**
31 December 2015					
Cost	42.370.687	23.375.701	5.918.825	759.034	72.424.247
Accumulated amortization	-	9.386.529	5.534.246	-	14.920.775
Accumulated impairment	1.861.678	3.661.102	39.815	-	5.562.594
Net amount	**40.509.009**	**10.328.070**	**344.764**	**759.034**	**51.940.880**

	Goodwill	Industrial property	Other intangible Assets	Assets in progress	Total
31 December 2016					
Initial net amount	40.509.009	10.328.070	344.764	759.034	51.940.878
Changes in consolidat. perimeter	-	12.915.831	9.314.758	-	22.230.589
Currency conversion	-	-94.715	-	-127.949	-222.664
Additions	70.647.649	1.914.708	54.868	132.476	72.749.701
Decreases	-	-49.950	50.066	66.883	66.999
Transfers	-	3.150	-	-3.150	-
Amortization in the year	-	1.291.011	288.783	-	1.579.794
Amortiz. by changes in the perimeter	-	12.108.385	6.754.442	-	18.862.827
Impairment in the year	-	-	-	-	-
Impairment reversion	-	7.562	33.274	-	40.836
Final net amount	**111.156.658**	**11.710.036**	**2.587.825**	**693.528**	**126.148.050**
31 December 2016					
Cost	113.018.336	37.987.818	14.894.091	693.528	166.593.773
Accumulated amortization	-	22.609.624	12.264.391	-	34.874.015
Accumulated impairment	1.861.678	3.668.664	41.875	-	5.572.216
Net amount	**111.156.658**	**11.709.530**	**2.587.825**	**693.528**	**126.147.543**

(1) 2015 additions refers mainly to the extension of the term of the franchisee agreement concluded with Burger King.

Industrial property includes concessions and territorial rights of the group.

On 31 December 2016, the group's concessions, territorial rights and related lifetime are shown below:

Territorial Rights	No of years	Termination Date
Pans & Company	10	2021 (1)
Burger King	20	2035

Concession Rights	No of years	Termination Date
Área Serviços da Lusoponte	33	2032
Marina Expo	28	2026
Área Serviço Repsol 2ª Circular	18	2017
Marina de Portimão	60	2061
Área de serviço A8 Torres Vedras	20	2021
Área Serviço Aeroporto	20	2021
Pizza Hut Setúbal	14	2017
Pizza Hut Foz	10	2020
Pizza Hut e Pasta Caffé Cais Gaia	20	2024
Área Serviço Modivas	28	2031
Áreas Serviço Barcelos	30	2036
Áreas Serviço Alvão	30	2036
Áreas Serviço Lousada (Felgueiras)	24	2030
Áreas Serviço Vagos	24	2030
Áreas Serviço Aveiro	24	2030
Áreas Serviço Ovar	24	2030
Áreas Serviço Gulpilhares (Vilar do Para	24	2030
Áreas Serviço Talhada (Vouzela)	25	2031
Áreas Serviço Viseu	25	2031
Áreas Serviço Matosinhos	24	2030
Áreas Serviço Maia	26	2032

(1) contract renewed on March 01, 2016, expiring on December 31, 2021.

With the same assumptions of the discount rate and growth (note 8) it was concluded that there is no additional impairment charges for intangible assets, in addition to the amounts referred in the note of tangible fixed assets.

The distribution of goodwill allocated to segments is presented as follows:

	Dec-16	Dec-15
Eat Out	70.647.649	-
Restaurants	11.104.988	11.104.988
Counters	25.349.831	25.349.831
Concessions and Catering	3.874.469	3.874.469
Other, write off and adjustments	179.721	179.721
	111.156.658	**40.509.009**

Based on the Discounted Cash Flow (DCF) method, use value evaluations were made that sustain the recoverability of Goodwill.

With the same assumptions of the discount rate and growth (note 8) the impairment test are sustained by historical performance, the development expectations of the markets and the strategic development plans of each business.

Although the impairment of tangible and intangible fixed assets result in the amount of 817.744 eur, this did not result in impairment in the cash-generating units to which Goodwill is allocated.

No sensitivity analyzes were carried out for goodwill because the impairment tests carried out revealed that the recoverable amount is greater than 20% of the book value if there were a reasonable change in the key assumptions.

10. FINANCIAL INVESTMENTS

10.1. Investments in jointly controlled entities

	Dec-16	Dec-15
Financial investments - joint controlled subsidiaries	2.417.631	2.417.891
	2.417.631	**2.417.891**
Accumulated impairment losses	-	-
	2.417.631	**2.417.891**

Jointly controlled subsidiary UQ Consult, as described in Note 5, with the following breakdown:

	Dec-16	Dec-15
Goodwill (1)	2.168.982	2.168.982
Equity (2)	248.649	248.909
	2.417.631	2.417.891

(1) with evidence of impairment, tests were performed to the jointly controlled subsidiary UQ Consult, as follows:

Goodwill	2.168.982
Other net assets	248.648
Total	2.417.630
Impaiment test	**2.999.691**

With the discount rate used of 7.4%, it was concluded that there was no impairment.

As the recoverable amount is greater than the accounting value by more than 20%, no sensitivity analysis has been performed.

(2) reconciliation of equity and net income of the joint venture UQ Consult, is presented as follows:

	Dec-16	Dec-15
Equity	497.297	497.819
	50%	50%
	248.648	248.913
Net profit	-521	-61.924
	50%	50%
	-261	-30.963

On 31st December 2016 and 2015, the Balance Sheet, the Profit and Loss Account and Cash Flows statement of the of the jointly controlled interest UQ Consult in group Ibersol, were as follows

Balance sheet	Dec-16	Dec-15
Tangible and intangible assets	498.954	637.820
Receivables from third parties	965.383	875.158
Cash and cash equivalents	54.520	76.278
Accruals and deferrals	192.433	163.980
Total assets	1.711.290	1.753.236
Equity	497.297	497.819
Long term term debts	127.719	127.811
Short term debts	929.922	858.310
Accruals and deferrals	156.352	269.296
Total liabilities	1.213.993	1.255.417
Total equity and liabilities	1.711.290	1.753.236

Profit and loss account	Dec-16	Dec-15
Operating income	2.704.418	2.445.317
Operating costs	-2.638.189	-2.459.029
Net financing cost	-28.230	-29.678
Pre-tax income	37.999	-43.390
Income tax	-38.520	-18.534
Net profit	-521	-61.924

Cash flows statement	2016	2015
Flows from operating activities	129.369	154.519
Flows from investment activities	-330.613	-38.155
Flows from financing activities	99.487	-109.258
Change in cash & cash equivalents	-101.757	7.106

Transactions between jointly controlled subsidiary UQ Consult and the Ibersol group were carried out at market prices.

10.2. Available-for-sale financial assets

Available for sale financial assets concern investments (bellow 20%) in non listed companies.

	Dec-16	Dec-15
Available-for-sale financial assets	440.541	402.591
	440.541	**402.591**
Accumulated impairment losses	-	-
	440.541	**402.591**

11. OTHER FINANCIAL ASSETS

The amount of financial assets refers to the acquisition of Angola treasury bonds, resettable in accordance with the variation of the National Bank of Angola (BNA) exchange rate for the purchase of United States dollars, with rates interest coupon of default by maturity, with the following conditions

11.1. Non-current

	Dec-16	Dec-15
Treasury bonds	10.438.768	7.098.836
	10.438.768	**7.098.836**

Issue data	22-01-2016	16-02-2016	17-03-2016	11-04-2016	11-04-2016
Due date	16-09-2022	19-02-2019	15-03-2021	16-12-2019	13-02-2020
BNA exchange rate	154,84	157,092	158,155	162,082	162,082
Amount	975	1.659	857	777	812
Acquisition price	891.844 €	1.755.575 €	961.709 €	804.129 €	837.667 €
Gross annual return	5%	5%	7,75%	5%	5%

Issue data	24-05-2016	10-06-2016	12-07-2016	09-08-2016	27-09-2016
Due date	17-05-2018	07-06-2018	12-07-2018	09-08-2018	27-09-2018
BNA exchange rate	165,057	165,059	165,061	165,063	165,067
Amount	1135	1400	608	830	650
Acquisition price	1.273.676 €	1.571.054 €	682.286 €	931.410 €	729.418 €
Gross annual return	7%	7%	7%	7%	7%

11.2. Current

	Dec-16	Dec-15
Treasury bonds	7.041.574	-
	7.041.574	-

Issue data	04-11-2015	24-11-2015	02-12-2015	25-05-2016	25-05-2016
Due date	27-10-2017	01-12-2017	24-11-2017	17-11-2017	15-12-2017
BNA exchange rate	134,634	134,642	134,638	165,058	165,058
Amount	2.073	2.070	2.073	47	12
Acquisition price	2.326.169 €	2.322.915 €	2.326.281 €	52.743 €	13.466 €
Gross annual return	7%	7%	7%	7%	7%

12. OTHER NON-CURRENT ASSETS

The details on other non-current assets on 31 December 2016 and 2015 are as follows:

	Dec-16	Dec-15
Other debtors:		
Deposits (1)	5.933.467	693.974
Credits granted (2)	641.326	849.364
Other non-current assets	**6.574.793**	**1.543.338**
Accumulated impairment losses	-	134.342
	6.574.793	**1.408.996**

(1) balance of long term deposits and securities from Spain subsidiaries, resulting from lease agreements.

(2) Spain franchising debts concerning granted financing in subsidiary Vidisco, with a payment agreement.

The future (contractual) Cash Flows concerning these liabilities on 31 December 2016 are broken down as follows:

	FC 2018	FC 2019	FC 2020	FC 2021	FC 2022/24	FC 2025
Loan	29.475	31.371	33.388	35.536	110.587	8.762
Financial lease	44.763	56.308	55.462	59.030	176.645	-

With no history of non-payment, Ibersol assigned a rating of "compliance with difficulties" to the Vidisco franchisee because the payment period exceed 60 days and there was a renegotiation of payment terms in 2014.

13. STOCKS

On 31 December 2016 and 2015, stocks were broken down as follows:

	Dec-16	Dec-15
Raw material and consumables	11.422.624	7.602.010
Merchandise	199.568	184.042
	11.622.192	**7.786.052**
Accumulated impairment losses	74.981	74.981
Net stocks	**11.547.211**	**7.711.071**

The increase in the value of stocks is essentially the result of the need to supply restaurants in Angola and group Eat Out acquisition (Note 5).

14. CASH AND CASH EQUIVALENTS

On 31st December 2016 and 2015, cash and cash equivalents are broken as follows:

	Dec-16	Dec-15
Cash	2.556.736	694.890
Bank deposits	37.031.296	13.775.286
Treasury applications	500	906
Cash and bank deposits in the balance sheet	39.588.532	14.471.082
Bank overdrafts	-1.805.643	-45.875
Cash and cash equivalents in the cash flow statement (1)	37.782.889	14.425.207

(1) there are no significant cash and cash equivalents unavailable for use by the Ibersol group. Of this amount 7.692.042 eur are deposited in Angola existing restrictions on its use outside the country, authorization from BNA (Angola central bank) and access to the purchase of foreign currency is required.

Bank overdrafts include the creditor balances of current accounts with financial institutions, included in the consolidated statement of financial position in the “bank loans” item (Note 17).

The amount of other payments / receipts relating to operating activities in the consolidated cash flow statement include, essentially, payments to Social Security, VAT and related to other debtors and creditors.

15. OTHER CURRENT ASSETS

Other current assets on 31st December 2016 and 2015 are broken down as follows:

	Dec-16	Dec-15
Clients (1)	11.933.322	3.688.266
State and other public entities (2)	1.542.489	203.710
Other debtors (3)	5.206.424	4.876.466
Advances to suplliers	236.513	-
Advances to financial investments debt	2.900.000	94.089
Accruals and income (4)	6.677.919	1.591.708
Deferred costs (5)	2.841.775	1.781.688
Other current assets	**31.338.442**	**12.235.927**
Accumulated impairment losses	2.753.877	1.442.527
	28.584.565	**10.793.400**

(1) Current balance arising essentially by the Catering and Franchising activity developed by Ibersol, respectively, from around 3 million eur and 8,5 million eur.

(2) Current balance of recoverable VAT amounts (1.538.802 euros in 2016).

(3) Balance refers mainly to meal vouchers (delivered by customers), advances and balances suppliers, debts to suppliers, recovery of costs and the marketing contributions and rappel debt. Additionally in 2015, it includes the amount reclassified from intangible assets in progress (Note 9) amounting to 2.071.479 eur corresponding to the amount paid for the concessions with no opening and that will be returned in 2016.

(4) Accruals and income item is broken down into the following items:

	Dec-16	Dec-15
Interest	316.740	129.080
Suppliers contracts	5.391.744	1.089.404
Ascendi reimbursement	415.595	-
Other	553.840	373.224
	6.677.919	**1.591.708**

(5) Deferred costs are broken down as follows:

	Dec-16	Dec-15
Rents and condominium fees	1.332.440	1.112.940
External supplies and services	260.517	249.786
Expenses with raw material	80.449	121.209
Financing charges	394.311	-
Other	774.059	297.753
	2.841.775	**1.781.688**

Financial assets impairment is broken down as follows:

	Dec-16		Dec-15	
	With Impairment	**Without Impairment**	**With Impairment**	**Without Impairment**
Clients c/a	2.506.302	9.427.020	1.023.033	2.665.233
Other debtors	247.575	4.958.849	419.493	4.456.973
	2.753.877	**14.385.869**	**1.442.527**	**7.122.205**

As for clients and other debts without impairment, the amounts are broken down as follows:

	Dec-16	Dec-15
Debt not due	5.787.739	3.131.152
Debt due:		
For less than 1 month	1.664.297	952.865
From one to three months	3.429.685	742.384
Over three months	3.504.148	2.295.803
	14.385.869	7.122.205

Group main activity is carried out with sales paid in cash or credit or debit card (Note 3b). The measurement of credit quality of the outstanding assets without impairment is not relevant.

In catering, usually customers pay by advance in the hiring of the event. The amount of other clients corresponds mainly to airlines from Lisbon airport concessions and the catering services contract to a grantor. And in other debtors, the balance is mainly made up of debtors suppliers, debts to suppliers for the recovery of costs and the marketing contributions and rappel, witch are not at risk because they are covered by liabilities on the same suppliers.

December 31, 2016 accounts receivable not due without impairment, is presented as follows:

	amount	Default history
Franchise clients	247.392	with default history
Franchise clients	4.289.251	no default history
Catering clients	457.285	no default history
Other clients	53.813	no default history
Other clients	3.953	with default history
Other debtors c/c	73.695	with default history
Other debtors c/c	662.349	n/a
	5.787.739	

Impairment losses in the year 2016 and 2015 regarding other current assets are broken down as follows:

	Dec-16					
	Starting balance	**Perimeter variation**	**Cancellation**	**Losses in the Year (note 26)**	**Impairment reversion (note 26)**	**Closing balance**
Clients c/ a	1.023.033	2.038.061	-432.209	33.885	-156.468	2.506.302
Other debtors	419.494	-15.155	-156.764	-	-	247.575
Other debtors (Note 12)	134.342	-	-134.342	-	-	-
	1.576.869	2.022.906	-723.315	33.885	-156.468	2.753.876

	Dec-15				
	Starting balance	**Cancellation**	**Losses in the Year (note 26)**	**Impairment reversion (note 26)**	**Closing balance**
Clients c/ a	977.285	-	116.279	-70.532	1.023.033
Other debtors	409.282	24.170	-13.958	-	419.494
Other debtors (Note 12)	158.512	-24.170	-	-	134.342
	1.545.080	-	102.321	-70.532	1.576.869

16. EQUITY

16.1. Share Capital

On 29 April 2016, the group carried out a capital increase by incorporating a legal reserve in the amount of 4.000.000 euros, with the creation of 4.000.000 new shares, distributed free of charge to shareholders in proportion to a new For each group of 5 shares already held.

On 31st December 2016 and 2015, fully subscribed and paid up share capital was represented by, respectively, 24.000.000 and 20.000.000 shares to the bearer with a par value of 1 euro each.

16.2. Own shares

With the capital increase, Ibersol increased its own shares by 399.980, in addition it sold 100 shares and acquired 25 shares in the year 2016. In the year 2015 the company did not carry out any transactions with own shares

Shares are subject to the regime established for own shares which determines that their voting rights and assets are suspended for as long as they remain in the ownership of the group, without prejudice to being sold.

At the end of the year the company held 2.399.905 own shares acquired for 11.179.347 euros.

16.3. Other reserves and retained earnings

The group's non-available reserves reached 11.179.347 euros and refer to own shares held by the group (11.179.347 euros).

The amounts distributed to shareholders are determined based on the parent individual financial statements, which show the available amount of 131.370.831 euros.

There are no limits to Ibersol's ability to assign or use Group assets and settle Group liabilities, other than those which result directly from the law.

16.4. Interests that do not control

In the years ending on 31 December 2016 and 2015, the interests that do not control were as follows:

	%		**Dec-16**	**Dec-15**
	Dec-16	**Dec-15**		
Ibersande	0%	20%	-	4.905.211
IBR Imobiliária, S.A.	0%	2%	-	244.783
Gravos 2012	0%	2%	-	16.548
Restmon	39%	39%	-33.038	-26.307
Dehesa	50%	-	384.175	-
Others			-17.738	-18.548
			333.399	**5.121.687**

Movements in the year in 2016 and 2015 in interests that do not control were as follows:

	2016	2015
1st January	5.121.687	4.976.886
Increases (1)	916.408	144.800
Decreases (2)	-5.704.696	-
31st December	333.399	5.121.686

(1) changes in 2016 relate to the results of the non-controlling interest year (47.569 eur), and the effect on minorities of the purchase of the Eat Out group (868.839 eur), according to note 5.2.1. Changes in 2015 refer to the year's results of interests that do not control.

(2) decrease in 2016 resulting from the distribution of dividends by minority shareholders (4.337.233 eur), the purchase of 10% from the subsidiary IBR Imobiliária, SA to interests that do not control (260.522 eur) and the incorporation of Ibersande's 20%, for the acquisition of the group Eat Out, according to note 5.2.1.

On 31st December 2016, the Balance Sheet, the Profit and Loss Account and Cash Flows statement of Dehesa in group Ibersol, were as follows:

Balance sheet	**Dec-16**
Non-current assets	943.835
Current assets	1.717.682
Total assets	2.661.517
Equity (1)	768.349
Non-current liabilities	-
Current liabilities	1.893.168
Total liabilities	1.893.168
Total equity and liabilities	2.661.517

Profit and loss account	**Dec-16**
Operating income	540.687
Operating costs	-400.935
Net financing cost	-1.379
Pre-tax income	138.373
Income tax	-29.775
Net profit (1)	108.598

Cash flows statement	**2016**
Flows from operating activities	176.397
Flows from investment activities	-168.120
Flows from financing activities	-540.410
Change in cash & cash equivalents	-532.133

(1) reconciliation of equity and profit of the interest that do not control Dehesa, is presented as follows:

	Dec-16
Equity	768.349
	50%
	384.175
Net profit	108.598
	50%
	54.299

17. LOANS

On 31 December 2016 and 2015, current and non-current loans were broken down as follows:

Non-current	Dec-16	Dec-15
Bank loans	36.240.663	16.572.686
Commercial paper programmes	90.500.000	8.250.000
Financial leasing	3.717.050	487.088
	130.457.712	**25.309.774**

Current	Dec-16	Dec-15
Bank overdrafts	1.805.643	45.875
Bank loans	25.456.275	6.677.673
Commercial paper programmes	7.250.000	11.250.000
Derivative financial instrument (1)	-	-
Financial Leasing	1.822.031	151.981
	36.333.949	**18.125.529**
Total loans	**166.791.662**	**43.435.303**
Average interest rate	**3,5%**	**4,3%**

There are no significant differences between the balance sheet amounts and fair value of current and non-current loans.

The maturities of non-current bank loans are broken down as follows:

	Dec-16	Dec-15
From 1 to 2 years	32.323.409	12.277.387
From 2 to 5 years	94.287.504	12.427.096
> 5 years	129.749	118.203
	126.740.662	**24.822.686**

Regardless of its ending stated period, for the subscribed commercial paper programmes the Group considers the full repayment on its maturity date (the renewal date).

Using the functional currency in which they were subscribed, total loans on 31st December 2016 and 2015 were as follows:

	Dec-16	Dec-15
EUR	142.862.965	29.089.215
USD	1.500.000	2.000.000
AOA	2.931.708.333	1.747.708.332

At the end of the year the Group had 22,3 million euros of unissued commercial paper programmes and available but not disposable credit lines.

Long-term loans contracted under the acquisition of Eat Out Group include clauses with the following financial covenants:

Financial Covenants	SPAIN (Company)	PORTUGAL (Consolidated)
Debt/EBITDA	**2,5x até 1,5x** *from 2017 to 2021* *with reductions of 0.25 per year*	**3,5x ou 4,5x**
EBITDA/Financial Cost	**5x**	-
Equity/Assets	-	**30%**

The liabilities from financial leasing may be broken down as follows:

	Dec-16	Dec-15
Outstanding capital:		
Up to 1 year	1.822.031	151.981
Over 1 year and until 5 years	3.717.050	487.088
	5.539.081	639.069

The future (contractual) Cash Flows concerning the above stated financial liabilities on 31 December 2016 are broken down as follows:

	FC 2017	FC 2018	FC 2019	FC 2020	FC 2021	FC 2022/28
Bank loans	25.456.275	8.573.409	8.606.109	5.364.934	5.400.988	8.295.222
Commercial paper programmes	7.250.000	23.750.000	18.750.000	15.000.000	15.000.000	18.000.000
Financial Leasing	1.822.031	1.388.010	1.359.166	714.151	255.724	-
Interest	4.691.240	3.146.246	2.232.301	1.425.487	875.253	381.498

18. INCOMES TAXES AND DEFERRED TAXES

18.1. Income tax

18.1.1. Income tax receivable

On 31st December 2016, income tax receivable amounts to 2.332.391 euros (144.108 euros in 2015), presented as follows:

	Dec-16	Dec-15
Eat Out Group	2.246.990	-
Inverpeninsular Group (1)	77.883	-
Other witholding taxes	-	141.588
Income tax (Restmon)	7.518	2.519
	2.332.391	144.108

18.1.2. Income tax payable

Income tax payable in the years ending on 31 December 2016 and 2015 are broken down as follows:

	Dec-16	Dec-15
RETGS (1)	1.541.182	1.099.991
Inverpeninsular group (2)	-	217.498
Ibersol Angola	618.265	72.141
Dehesa	189.328	-
Other (3)	878	913
	2.349.654	1.390.543

(1) amounts are detailed as follows:

	2016	2015
Special payments on account (PEC)	-31.896	-101.355
Payments on account	-2.498.358	-1.652.622
Withholding taxes	-653.430	-
Income tax - parent	198.720	24.154
Income tax - Tax group (RETGS)	4.526.147	2.829.814
Total	1.541.182	1.099.991

(2) subsidiaries fiscal and tax Group, headquarter in Spain;
(3) excluded from the special taxation of corporate groups (RETGS), income tax to be paid by subsidiaries Iberusa ACE.

18.2. Deferred tax

Changes in deferred taxes in the period are:

	Assets	Liabilities	Income and loss account (Note 28)
Starting balance	3.294.546	10.046.125	
Temporary differences in the year	-600.095	-473.053	
Changes in the consolidation perimeter	5.941.376	614.860	
Deferred taxes write-off	-67.474	-	
Tax rate change in the year (Spain)	-13.167	-	
Closing balance	8.555.186	10.187.932	-207.683

18.2.1 Deferred tax assets

Deferred tax assets on 31st December 2016 and 2015, according to the temporary differences that generate them, are broken down as follows:

Deferred tax assets	**Dec-16**	**Dec-15**
Reportable fiscal losses	1.359.554	122.890
Tangible fixed assets and intangible asset impairment losses (1)	4.520.447	3.019.368
Other temporary differences	2.675.185	152.288
	8.555.186	**3.294.546**

(1) amount related essentially to the value of the goodwill generated on the sale of a subsidiary in 2015, and other temporary differences, by the group Eat Out.

Prudently the group did not recognise deferred tax assets in the amount of 56.856 euro referring to fiscal losses of 262.328 euro which may be deducted from future taxable income.

Fiscal reports and its deferred tax assets by jurisdiction are as follows:

Limit year of use	2017	2018	2021	2026	2027	unlimited	Total
Start year	2012	2013	2016	2014	2015		
Portugal							
with deferred tax (21%)							-
without deferred tax	84.121	66.878	16.546	28.523	22.080		218.148
Spain							
with deferred tax (28%)						5.438.217	5.438.217
without deferred tax							
	84.121	66.878	16.546	28.523	22.080	5.438.217	5.656.365

Deferred tax assets							
Portugal							-
Spain						1.359.554	1.359.554
						1.359.554	1.359.554

For use in subsequent years (by 2018) there are 7.483 euros of tax benefits (CFEI) on December, 31st 2016.

Tax rates of the jurisdictions in which the Group is present are:

Portugal	21%
Spain	25%
Angola	30%

Why are not met or are not significant, they were not recognized deferred tax assets relating to:

(a) use of future income deferred tax assets higher than the profits arising from the reversal of existing taxable temporary differences.
(b) the entity has suffered a tax loss in either the current period or the preceding period in the tax jurisdiction to which it relates the active deferred tax.

18.2.2 Deferred tax liabilities

Deferred tax liabilities on 31st December 2016 and 2015, according to the temporary differences that generated them, are broken down as follows:

Deferred tax liabilities	**Dec-16**	**Dec-15**
Amortization and depreciation standardization (1)	8.204.190	9.159.985
Temporary differences in Spain (2)	1.653.385	718.378
Other temporary differences	330.357	167.762
	10.187.932	**10.046.125**

(1) the deferred tax homogenization depreciation corresponds to the difference in depreciation between the individual and consolidated accounts which by 2010 were prepared on different criteria. This value will reduce over the years.
(2) relate mainly to UTE income of the year, with the incorporation in its subsidiaries carried out with the postponement of a year, in compliance with the regulations in force in Spain.

19. PROVISIONS

On 31 December 2016 and 2015, provisions were broken down as follows:

	Dec-16	Dec-15
Legal processes	5.257	5.257
Income tax (1)	2.028.871	828.705
Compensation (2)	1.350.000	-
Other	28.000	28.000
Provisions	**3.412.128**	**861.962**

(1) provision concerning 2014 and 2015 income tax calculation for tax benefits in the process of confirmation of their implementation.
(2) provision of 350.000 related to the legal process concerning the former Madeira Airport concessionaire employees and 1.000.000 relating to contractual investments not made in the Airports operated by EOG and that may be claimed by the Concessionaire as compensation.

20. DERIVATIVE FINANCIAL INSTRUMENT

On December 31, 2016 and 2015 the detail of Ibersol derivative financial instruments is presented as follows:

	Dec-16	Dec-15
Swap	114.935	181.602
Derivative financial instruments	**114.935**	**181.602**

In 2012, subsidiary Asurebi subscribed a derivative financial instrument for cash-flows hedging with an interest rate Swap. In 2014 due to changes in the related loan swap conditions were adjusted as follows:
- initial date: September, 5 2015;
- expiration date: July, 15 2019;
- fixed interest rate: 0,78%;
- variable interest rate: Euribor 1M;
- total amount: 10 million euros, reduces with debt repayment plan.

This derivative is classified as a level 2 category and its technical valuation based on a market approach (MTM).

As the derivative financial instrument was not registered under hedge accounting, its changes in fair value are reflected in the income of the year (66.666 euros, Note 27).

21. OTHER NON-CURRENT LIABILITIES

On 31st December 2016 and 2015, the item “Other non-current liabilities” may be broken down as follows:

	Dec-16	Dec-15
Other creditors (1)	208.040	239.713
Financial investments debt	-	-
Other non-current liabilities	208.040	239.713

(1) includes 197.128 euros referring to the debt for the purchase of subsidiary Vidisco, S.L..

On 31 December 2016 the future (contractual) Cash Flows associated to these liabilities are broken down as follows:

	FC 2017	FC 2018	FC 2019	FC 2020	FC 2021	FC 2022/2023
Other creditors	39.760	28.848	28.848	28.848	28.848	52.888
Financial investments debt	-	-	-	-	-	-

22. ACCOUNTS PAYABLE TO SUPPLIERS AND ACCRUED COSTS

On 31st December 2016 and 2015, accounts payable to suppliers and accrued costs were broken down as follows:

	Dec-16	Dec-15
Suppliers c/ a	31.059.882	18.294.882
Suppliers - invoices pending approval	5.662.335	2.503.411
Suppliers of fixed assets c/ a	15.521.698	11.033.651
Total accounts payable to suppliers	52.243.915	31.831.944

	Dec-16	Dec-15
Accrued costs - Payable insurance	127.157	74.294
Accrued costs - Payable remunerations	6.108.273	4.712.230
Accrued costs - Performance bonus	1.986.314	927.286
Accrued costs - Payable interest	384.271	148.443
Accrued costs - External services	7.437.232	3.076.374
Accrued costs - Other	1.017.591	627.597
Total acrrued costs	17.060.838	9.566.224
Total accounts payable to suppl.and accrued costs	69.304.753	41.398.168

23. OTHER CURRENT LIABILITIES AND INCOME TAX PAYABLE

On 31st December 2016 and 2015, the item “Other current liabilities” may be broken down as follows:

	Dec-16	Dec-15
Other creditors (1)	10.933.132	1.986.777
State and other public entities (2)	7.035.937	6.020.854
Deferred income (3)	657.354	709.493
	18.626.423	8.717.124

(1) amount due to services provided by third parties and debt to Aena, relating to the concession of Barcelona Airport , and accounts payable to personnel.

(2) balance due mainly to payable VAT amounts (2.562.493 euros) and Social Security (3.022.622 euros).

(3) the Deferred Income item includes the following amounts:

	Dec-16	Dec-15
Contracts with suppliers (1)	325.633	547.603
Franchising rights	5.211	9.811
Investment subvention	318.441	144.610
Other	8.069	7.469
	657.354	709.493

(1) the value of contracts with suppliers corresponds to revenue obtained from suppliers up to 31 December and for subsequent periods.

24. EXTERNAL SERVICES AND SUPPLIES

External services and supplies in the years ending on 31 December 2016 and 2015 are broken down as follows:

	2016	2015
Electricity, water, fuel and other fluids	10.399.741	9.360.805
Rents and rentals	26.408.792	18.365.141
Condominium	3.873.759	3.691.778
Communications	596.727	448.419
Insurance	544.080	421.776
Short-lasting toolsandutensils and office materials	1.516.094	1.275.435
Royalties	10.755.451	8.661.029
Travel and accommodations and merchandise transport	1.917.857	1.341.904
Services fees	1.045.655	1.474.513
Conservation and repairs	5.752.461	4.541.013
Advertising and propaganda	9.236.340	8.194.284
Cleaning, hygiene and comfort	2.540.421	2.048.343
Specialised works	6.797.765	4.389.196
Other ESS'	2.494.539	1.947.575
	83.879.682	66.161.210

Costs increase is primarily associated with increased activity. The increase in energy prices and marketing campaigns justify the additional increments of items "Electricity, water, fuel and other fluids" and "Advertising and propaganda". The increase in rents is essentially due to the opening of the new units.

25. PERSONNEL COSTS

Employee expense in the years ending on 31st December 2016 and 2015 are broken down as follows:

	2016	2015
Salaries and wages	60.823.862	49.390.502
Social security contributions	15.072.140	11.610.747
Work accident insurance	554.241	538.865
Social action costs	8.523	7.932
Personnel meals	2.902.329	2.353.961
Other personnel costs (1)	607.026	576.367
	79.968.121	64.478.374
Average number of employees	6.609	5.624

(1) other personnel costs include compensation, employee recruitment and training and medicine.

26. OTHER OPERATING INCOME AND COSTS

Other operating costs in the years ending on 31st December 2016 and 2015 are broken down as follows:

	2016	2015
Direct/indirect taxes not assigned to operating activities	1.300.700	635.363
Losses in fixed assets	1.167.528	497.424
Currency exchange differences	383.510	-
Membership fees	35.390	31.601
Impairment adjustments	33.885	116.279
Donations	63.242	35.693
Samples and inventory offers	34.287	37.329
Compensations	350.000	21.537
Other operating costs	50.375	8.144
	3.418.918	1.383.370

Other operating income in the years ending on 31 December 2016 and 2015 are broken down as follows:

	2016	2015
Supplementary income (1)	6.292.268	1.962.398
Compensations (2)	2.397.758	0
Operating grants	154.367	155.530
Impairment adjustments reversion	156.468	70.532
Investment grants	79.507	34.317
Gains in fixed assets	1.752	250
Other operating gains	7.850	8.747
	9.089.970	2.231.774

(1) mainly from revenues from contracts with suppliers and services rendered to third parties, from consulting firms, amounting to € 951 thousand, which are non-recurring in nature.
(2) as a result of the formalization of the agreement entered into with Ascendi, non-recurring income of € 2.397.758 was recorded in operating income corresponding to compensation for loss of traffic in former scuts (free highways).

27. NET FINANCING COST

Net financing cost in the years ending on 31st December 2016 and 2015 are broken down as follows:

	2016	2015
Interest paid	2.786.616	1.261.542
Interest earned	-2.554.156	-72.663
Currency exchange differences (1)	-95.540	2.366.406
Payment discounts obtained	-10.625	-9.321
Other financial costs and income	1.069.130	733.787
	1.195.425	4.279.751

(1) in 2016, essentially related to:
(a) Aenor's compensation interest. It was agreed not to install the Service Areas of Guimarães, Fafe and Paredes and the respective concession rights that gave rise to the receipt of contractual interest in the amount of 1.570.323;
(b) interest on treasury bonds.
(2) in 2015 the devaluation of Kwanza (AOA) against major currencies, with particular emphasis on the USD led to potential unfavorable exchange rate differences in Angola for updating assets and liabilities in foreign currency. In 2016, this exchange rate adjustment was accounted in other operating costs (around 0.4 million euros).

The detail of other financial costs and income, is presented as follows:

	2016	2015
Bank services	790.990	313.533
Financial instruments - cash flow hedge (Note 20)	-66.666	-35.418
Commercial paper programmes charges	325.608	238.408
Other commissions (1)	96.830	218.320
Other financial cost and gains	-77.632	-1.056
	1.069.130	733.787

(1) amount related mainly to guarantees bank charges and financing charges of the subsidiary Ibersol Angola.

28. INCOME TAX

Income tax recognised in the years 2016 and 2015 are broken down as follows:

	Dec-16	Dec-15
Current taxes	5.675.703	3.704.062
Deferred taxes (Note 18)	207.683	-419.846
	5.883.386	3.284.216

(1) Includes a tax provision in the amount of 1.200.166 eur (Note 19) and estimate excess income tax with the amount of 1.254.493 eur.

The group's income tax prior to taxes is not the same as the theoretical amount that would result from applying the mean weighted income tax rate to the consolidated profit, as follows:

	2016	2015
Pre-tax profit	**29.318.426**	**14.011.282**
Tax calculated at the appliacble tax rate in Portugal (22,5%)	**6.596.646**	**3.152.538**
Fiscal effect caused by:		
Correction deferred tax	-	-81.492
Credit tax investment (CFEI) effects	-20.365	-249.182
Other income taxes benefits (group Eat Out and RETGS)	-1.215.057	-
Special tax (independent)	136.934	123.870
Tax pours	275.580	130.622
Write-off deferred tax	8.237	116.534
Other effects	101.411	91.325
Income Tax Expenses	5.883.386	3.284.216

The income tax rate was of 20%, lower than the nominal rate, mainly due to income taxes benefits obtained. In 2015 the income tax rate was of 23%.

29. INCOME PER SHARE

Income per share in the years ending on 31st December 2016 and 2015 was calculated as follows:

	Dec-16	Dec-15
Profit payable to shareholders	23.387.471	10.582.266
Mean weighted number of ordinary shares issued	22.098.361	20.000.000
Mean weighted number of own shares	-2.055.703	-2.000.000
	20.042.658	18.000.000
Basic earnings per share (€ per share)	1,17	0,59
Earnings diluted per share (€ per share)	1,17	0,59
Number of own shares at the end of the year	2.399.905	2.000.000

Since there are no potential voting rights, the basic earnings per share is equal to earnings diluted per share.

30. FINANCIAL ASSETS AND LIABILITIES

At the end of the year 2016 and 2015, financial assets and liabilities were broken down as follows:

Financial Assets	**Category**	**Accounting Value**		**Valuation Method**
		2016	**2015**	
Other non-current assets	Loans and accounts receivable	6.574.793	1.408.996	Amortized cost
Other financial assets	Loans and accounts receivable	17.480.341	7.098.836	Amortized cost
Financial assets available for sale	Available for sale	440.541	402.591	Cost
Cash and cash equivalents	Loans and accounts receivable	39.588.532	14.471.082	Amortized cost
Clients	Loans and accounts receivable	11.933.322	3.688.266	Amortized cost
Other debtors	Loans and accounts receivable	5.206.424	4.876.466	Amortized cost
		81.223.953	31.946.237	

Financial Liabilites	**Category**	**Accounting Value**		**Valuation Method**
		2016	**2015**	
Loans	Other liabilities	161.252.580	42.796.234	Amortized cost
Financial leasing	Other liabilities	5.539.081	639.069	Amortized cost
Suppliers	Other liabilities	52.243.915	31.831.944	Amortized cost
Cost accruals	Other liabilities	8.966.251	3.926.708	Amortized cost
Other creditors	Other liabilities	11.141.172	2.226.490	Amortized cost
		239.143.000	81.420.445	

Only Financial Assets (such as Clients and Other Debtors) presents impairment losses, as Note 15. On 31st December 2016 and 2015, gains or losses related with these financial assets and liabilities were as follows:

	Profit/ (Loss)	
	Dec-16	**Dec-15**
Accounts receivable	122.583	-31.789
Assets available for sale	-	-
Assets at amortised cost	-	-
	122.583	**-31.789**

The interest of financial assets and liabilities were as follows:

	Interest	
	Dec-16	Dec-15
Accounts receivable	-	-
Assets available for sale	-	-
Liabilities at amortised cost	2.786.616	1.261.542
	2.786.616	**1.261.542**

The exchange rate differences of financial assets and liabilities were as follows:

	Exchange rate	
	Dec-16	Dec-15
Accounts receivable	-	-
Assets available for sale	-	-
Liabilities at amortised cost	-95.540	2.366.406
	-95.540	**2.366.406**

31. DIVIDENDS

At the General Meeting of 29th April 2016, the company decided to pay a gross dividend of 0,10 euro per share (0,055 euro in 2015), representing a total value of 1.800.000 euro for outstanding shares (990.000 euro in 2015), settled on May 27th, 2016.

In the year 2016, 3.798.270 euro of dividends were also paid to a minority shareholder of the subsidiary Ibersande and 538.963 euro to a minority shareholder of the subsidiary Dehesa.

32. CONTINGENT ASSETS AND LIABILITIES

The group has contingent liabilities regarding bank and other guarantees and other contingencies related with its business operations (as licensing, advertising fees, food hygiene and safety and employees, and the rate of success of these processes is historically high in Ibersol). No significant liabilities are expected to arise from the said contingent liabilities.

On 31st December 2016, responsibilities not recorded by the companies and included in the consolidation consist mainly of bank guarantees given on their behalf, as shown below:

	Dec-16	Dec-15
Bank guarantees	2.188.430	1.875.027

On type of coverage, bank guarantees are as follows:

Leases and rents	Fiscal and legal proceedings	Other legal claims	Other supply contracts
2.042.520	105.239	8.731	31.940

The relevant amount comes from the guarantees required by the owners of spaces concession (Ana Airports) or leased (shopping centers).

In addition, Ibersol SGPS provided guarantees to the subsidiaries in the amount of 2.750.000 USD.

33. COMMITMENTS

No investments had been signed on the Balance Sheet date which had not taken place yet.

34. <u>TRANSACTIONS WITH RELATED PARTIES</u>

The related parties of Ibersol group are:

- António Carlos Vaz Pinto de Sousa – 1.680 shares (*)
- António Alberto Guerra Leal Teixeira – 1.680 shares (*)
- ATPS, SGPS, SA – 13.178.040 shares

(*) ATPS voting rights are also attributable to Antonio Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira under subparagraph b) of paragraph 1 of article 20 and paragraph 1 Article 21, both of the Portuguese Market Code, by holding the domain of ATPS, in which they participate indirectly in equal parts by their companies, respectively, CALUM - SERVIÇOS E GESTÃO, S.A. with the NIPC 513799486 and DUNBAR - SERVIÇOS E GESTÃO, S.A with the NIPC 513799257, which together hold the majority of the capital of ATPS.

- Joint controlled entities – UQ Consult

With respect to the balances and transactions with related entities, the overall value of the balances and transactions of the Group with the joint controlled UQ Consult relates mainly to support services and management information systems, and was, respectively, 777.509 and 2.498.053 euros.

- Administrators

The company shareholder ATPS-S.G.P.S., S.A., which signed a service-rendering contract with the subsidiary Ibersol Restauração, SA, in the amount of 800.000 euros (800.000 euros in 2015), provided services of administration and management to the group. ATPS-S.G.P.S., S.A. under contract with Ibersol Restauração, S.A. has the obligation to ensure that its administrators, António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, manage the group without incur in any additional charge. The company does not pay directly to its administrators any remuneration.

35. <u>IMPAIRMENT</u>

Movements during the years 2016 and 2015, under the heading of asset impairment losses were as follows:

	Dec-16						
	Starting balance	**Perimeter variation**	**Cancellation**	**Impairment assets disposals**	**Impairment in the year**	**Impairment reversion**	**Closing balance**
Tangible fixed assets	9.633.672	2.772.246	-	-1.665.589	817.744	-90.976	11.467.097
Goodwill	1.861.678	-	-	-	-	-	1.861.678
Intangible assets	3.700.917	40.836	-	-31.215	-	-	3.710.538
Stocks	74.981	-	-	-	-	-	74.981
Other current assets	1.442.527	2.022.906	-588.973	-	33.885	-156.467	2.753.877
Other non current assets	134.342	-	-134.342	-	-	-	-
	16.848.116	4.835.988	-723.315	-1.696.804	851.629	-247.443	19.868.171

	Dec-15					
	Starting balance	**Transfer**	**Impairment assets disposals**	**Impairment in the year**	**Impairment reversion**	**Closing balance**
Tangible fixed assets	8.469.432	-	-1.617.285	2.929.579	- 148.054	9.633.672
Goodwill	1.861.678	-	-	-	-	1.861.678
Intangible assets	2.581.631	-	-31.862	1.151.148	-	3.700.917
Stocks	74.981	-	-	-	-	74.981
Other current assets	1.386.567	24.170	-	102.321	-70.532	1.442.527
Other non current assets	158.512	- 24.170	-	-	-	134.342
	14.532.802	-	-1.649.147	4.183.048	-218.586	16.848.116

The impairment losses of tangible fixed assets and intangible assets are detailed as follows:

	Year 2016		
	Tangible fixed assets	Intangible assets	Total
Pasta caffe (1 unit)	110.000	-	110.000
Pans (1 unit)	169.966	-	169.966
Pizza Móvil (3 units)	178.167	-	178.167
Okilo (1 unit)	172.219	-	172.219
Pans & C.ª (10 units)	187.392	-	187.392
	817.743	-	817.743

	Year 2015		
	Tangible fixed assets	Intangible assets	Total
Pizza Hut (1 restaurant)	125.786	-	125.786
Pasta caffe (1 restaurant)	110.348	-	110.348
Sol (7 units)	1.948.056	1.151.148	3.099.204
Pizza Móvil (2 restaurants)	281.561	-	281.561
Miit (2 units)	463.827	-	463.827
	2.929.578	1.151.148	4.080.726

Instatement of assets associated impairment losses are detailed as follows:

	Year 2015
Pizza Hut (2 units)	334.131
Pans (2 units)	397.675
Pasta Caffe (2 units)	196.159
Pizza Móvil (1 unit)	196.669
Okilo (2 units)	343.062
KFC (1 unit)	181.235
Flor d'Oliveira (1 unit)	216
	1.649.147

	Year 2016
Pizza Hut (1 unit)	192.921
Pans (2 units)	127.174
Pasta Caffe (1 units)	301.204
Miit (1 unit)	119.873
Multimarca (2 units)	676.834
Sol (1 unit)	278.798
	1.696.803

36. IFRS STANDARDS ALREADY ISSUED OR REVIEWED AND FOR FUTURE APPLICATION

1) The impact of the adoption of the amendments to standards that became effective as of 1 January 2016 is as follows:

Standards:

a) IAS 1 (amendment), 'Disclosure initiative'. This amendment provides guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements, the disclosure of accounting policies and OCI items presentation when arising from investments measured at equity method. This standard had no impact on the entity.

b) IAS 16 e IAS 38 (amendment), 'Acceptable methods of depreciation and amortisation calculation'. This amendment clarifies that the use of revenue-based methods to calculate the depreciation / amortization of an asset is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an asset. It shall be applied prospectively. This standard had no impact on the entity.

c) IAS 16 e IAS 41 (amendment), ‘Agriculture: bearer plants’. This amendment defines the concept of a bearer plant and removes it from the scope of IAS 41 – Agriculture, to the scope of IAS 16 – Property, plant and equipment, with the consequential impact on measurement. However, the produce growing on bearer plants will remain within the scope of IAS 41 - Agriculture. This standard does not apply to the entity, which does not have agriculture bearer plants.

d) IAS 19 (amendment), ‘Defined benefit plans – Employee contributions’. This amendment applies to contributions from employees or third parties to defined benefit plans and aims to simplify the accounting when contributions are not associated to the number of years of service. This standard does not apply to the entity, which does not have defined benefit plans.

e) IAS 27 (amendment), ‘Equity method in separate financial statements’. This amendment allows entities to use equity method to measure investments in subsidiaries, joint ventures and associates in separate financial statements. This amendment applies retrospectively. This standard had no impact on the entity since it did not choose this method.

f) Amendment to IFRS 10, 12 e IAS 28, ‘Investment entities: applying consolidation exception’. This amendment clarifies that the exemption from the obligation to prepare consolidated financial statements by investment entities applies to an intermediate parent which is a subsidiary of an investment entity. The policy choice to apply the equity method, under IAS 28, is extended to an entity which is not an investment entity, but has an interest in an associate, or joint venture, which is an investment entity. This standard had no impact on the entity.

g) IFRS 11 (amendment), ‘Accounting for the acquisition of interests in joint operations’. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business, through the application of IFRS 3’s principles. This standard had no impact on the entity.

h) Annual Improvements 2010 - 2012. The 2010-2012 annual improvements affects: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and 38, and IAS 24. This standard had no impact on the entity.

i) Annual Improvements 2012 - 2014. The 2012-2014 annual improvements affects: IFRS 5, IFRS 7, IAS 19 and IAS 34. This standard had no impact on the entity.

2) Standards that have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, and were already endorsed by the EU:

a) IFRS 9 (new), ‘Financial instruments’ (effective for annual periods beginning on or after 1 January 2018). IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and recognition. The impact of this standard is being assessed by Ibersol’s management.

b) IFRS 15 (new), ‘Revenue from contracts with customers’ (effective for annual periods beginning on or after 1 January 2018). This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach.” The impact of this standard is being assessed by Ibersol’s management.

3) Standards (new and amendments) and interpretations that have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, but are not yet endorsed by the EU:

a) IAS 7 (amendment), ‘Cashflow statement – Disclosure initiative’ (effective for annual periods beginning on or after 1 January 2017). This amendment is still subject to endorsement by the European Union. This amendment introduces an additional disclosure about the changes in liabilities arising from financing activities, disaggregated between cash changes and non-cash changes and how it reconciles with the reported cash flows from financing activities, in the Cash Flow Statement. Its application is not expected to have significant impacts.

b) IAS 12 (amendment),’Income taxes – Recognition of deferred tax assets for unrealised losses’ (effective for annual periods beginning on or after 1 January 2017). This amendment is still subject to endorsement by the European Union. This amendment clarifies how to account for deferred tax assets related to assets measured at fair value, how to estimate future taxable profits when temporary deductible differences exist and how to assess recoverability of deferred tax assets when restrictions exist in the tax law. Its application is not expected to have significant impacts.

c) IAS 40 (amendment), ‘Transfers of Investment property’ (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies when assets are transferred to, or from investment properties, the evidence of the change in use is required. A change of management intention in isolation is not enough to support a transfer. Its application is not expected to have significant impacts.

d) IFRS 2 (amendment), ‘Classification and measurement of share-based payment transactions’ (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications to a share-based payment plan that change the classification an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. Its application is not expected to have significant impacts.

e) IFRS 4 (amendment), ‘Insurance contracts (Applying IFRS 4 with IFRS 9)’ transactions’ (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment allows companies that issue insurance contracts the option to recognise in Other Comprehensive Income, rather than Profit or Loss the volatility that could rise when IFRS 9 is applied before the new insurance contract standard is issued. Additionally, it is given an optional temporary exemption from applying IFRS 9 until 2021, to the companies whose activities are predominantly connected with insurance, not being applicable at consolidated level. Its application is not expected to have significant impacts.

f) Amendments to IFRS 15, f) ‘Revenue from contracts with customers’ (effective for annual periods beginning on or after 1 January 2018). These amendments are still subject to endorsement by European Union. These amendments refer to additional guidance for determining the performance obligations in a contract, the timing of revenue recognition from a license of intellectual property, the review of the indicators for principal versus agent classification, and to new practical expedients to simplify transition. Its application is not expected to have significant impacts.

g) IFRS 16 (new), ‘Leases’ (effective for annual periods beginning on or after 1 January 2019). This standard is still subject to endorsement by European Union. This new standard replaces the IAS 17 with a significant impact on the accounting by lessees that are now required to recognise a lease liability reflecting future lease payments and a “right-of-use asset” for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the “right to control the use of an identified asset”. The impact of this standard is being assessed by Ibersol’s management.

Annual Improvement 2014 – 2016 (generally effective for annual periods beginning on or after 1 January 2017). These improvements are still subject to endorsement by European Union. The 2014-2016 annual improvements impacts: IFRS 1, IFRS 12 and IAS 28. Its application is not expected to have significant impacts.

37. SUBSEQUENT EVENTS

There are no subsequent events to 31 December 2016 that may have a material impact on the financial statements presented.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 28th April 2017.

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Ibersol, S.G.P.S., S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2016 (which shows total assets of Euro 423,057,355 and total shareholders' equity of Euro 152,061,828 including a net profit of Euro 23,387,471), the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Ibersol, S.G.P.S., S.A. as at 31 December 2016, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Key Audit Matter	*Summary of the Audit Approach*
Recoverability of fixed assets, intangible assets and Goodwill Disclosures related to fixed assets, intangible assets and goodwill are presented in notes 8, 9 and 35 of the consolidated financial statements. In 31 December 2016 fixed assets and intangible assets (excluding goodwill) recognized in consolidated financial statements amount to 179,4 and 14,9 million of euros, respectively, being done impairment tests to the respective cash generating units identified, whenever there is indicators or changes in circumstances that the respective recoverable amount may be lower than the amount registered. In result of the impairment tests impairment losses of 817.743 euros were registered in 2016. Additionally, in 31 December 2016, Goodwill recognized in consolidated financial statements amounts to 111 million euros and respect mainly to acquisition in previous years of 2 subsidiaries (Lurca and Vidisco) and to the acquisition in 2016 of Eat Out Group, being done impairment tests using the discounted cash flow model. Considering the materiality of the amounts, the complexity of the assessment model and the elevated level of judgement, related to the assumptions used in impairment tests, the matter is a key audit matter for the issuance of our opinion. The calculation of the value in use requires that management defines a set of estimatives and assumptions based on economic and market forecasts, namely in what concerns projections of future cash flows, growth rates in perpetuity and discount rates to be used	In the specific case of fixed assets and intangible assets, we analyse the EBITDA of the cash generating units in order to identify the units that present indicators of impairments. For the situations that require the performance of impairment tests, the audit procedures that we developed consisted in the following: - Assessment of the adequation of the impairment model used by management and respective calculations therein; - Appreciation of the reasonability of assumptions used inherent to the impairment model, namely those that present more sensibility in the determination of the value in use, namely evolution of revenues, margin EBITDA, discount rate and growth rate in perpetuity; - Assessment of the reasonability of projections of future cash flows, compared with historic performance, in particular the following: (i) Assessment of growth rates of sales by their comparation to historic and forecasted values for the economy and business sector; (ii) in the specific case of foods beverage business in retail service areas, we tested the reasonability of assumptions of management, relatively to the evolution of traffic in SCUT's through analysis of the report of the Institute of Mobility and Transports (IMT); - Obtaining information of PwC specialists in relation to discount rates used, considering comparable data from other companies in the sector of food & beverage in order to assess the reasonability of the discount rate; - Making meetings with management to understand and assess the assumptions used and their coherence with budget approved for 2017; - Performing a sensibility analysis to main

Key Audit Matter	*Summary of the Audit Approach*
	assumptions of the model. We also reviewed the compliance of disclosures considering the accounting standards applicable, namely IAS 36 and what was considered as relevant.
Business Combinations Disclosures related with business combinations are presented in note 5 of consolidated financial statements. As disclosed in financial statements during 2016, Ibersol acquired Eat Out Group, having recognized a Goodwill of 70,6 million euros as of 31 December 2016. The accounting of this business combination is complex, due to judgements made in the application of accounting standards, namely valuation of assets and liabilities identified and consequent calculation of Goodwill. As of 31 de December 2016, in the context of the acquisition process of the control of Eat Out Group, brands were identified which are in process of valuation at fair value through a set of relevant estimatives and judgements, based in economic and market indicators, namely, the definition of future cash flows and discount rate to be used, among others. The expression of the amounts involved and the level of judgement associated to the valuation of assets and liabilities acquired, require the definition of a set of complex estimatives and assumptions by management, which justifies that this matter was considered by us as a key audit matter.	The audit procedures that we performed related to this matter were, namely, the following : - Obtain and analyse the share purchase agreement in order to understand the terms and conditions of the transaction and assessment the compliance of IFRS 3 - Business combinations; - Analyse of assessment model prepared by management with the objective of valuation of the acquired business and the involvement of ours specialists in capital markets in order to assess the assumptions and methodologies used by management; - Analyse of inputs included in assessment model, including growth rates forecasted and discount rates; - Analyse of the rational to consider the calculation of goodwill on a provisory basis, in consequence of not being finalized the assessment of the valuation of the totality of assets and liabilities identified. We also reviewed disclosures made, in accordance with accounting standards applicable and on the basis of what was considered as relevant.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Ibersol, S.G.P.S., S.A. in the Shareholders' General Meeting of 13 April 2004 till end of the period 2001 to 2004, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 6 May 2013 for the period from 2013 to 2016.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 28 April 2017.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

28 April 2017

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Hermínio António Paulos Afonso, R.O.C.

FISCAL BOARD REPORT

To the Shareholders of Ibersol - SGPS, SA:

In compliance with the applicable legislation and its mandate, the Fiscal Board issues its report on the supervisory action carried out as well as its opinion, on the Management Report and consolidated and individual financial statements for the year ended 31 December 2016.

1. Supervision:

The Fiscal Board accompanied, within the scope of its competencies and mandate, the management of the company and its subsidiaries, having received for that purpose the information of the Company's Board of Directors, the Statutory and External Auditor.

During the year 2016, the Fiscal Council held its quarterly ordinary meetings, as well as other extraordinary meetings, with all members present, which examined and considered the matters subject to the powers of this body.

In the ordinary meetings was always present the Statutory and External Auditor, ***Pricewaterhouse Coopers & Associados-SROC***, who informed and obtained agreement from the Fiscal Board regarding its fiscal activity plan, including that meant to ascertain: - the effectiveness of the risk management system, internal control and internal auditing; - the quality of the process of preparing and disclosing financial information and respective accounting policies and value; - measuring criteria, the regularity of the accounting registers and books and respective support documents, and - the verification of goods and values pertaining to the company. During the exercise, the Statutory and External Auditor provided detailed information about the actions performed and the resulting conclusions.

The Fiscal Board meet quarterly with the Board of Directors and this last organ was forthcoming in providing the Fiscal Board information over the society's activity and explanations needed to understand the activity and financial information drawn up by same Board of Directors in previous moment to it's disclosure.

The Fiscal Board did not register any constraints in the exercise of its activity, and did not receive any participation in the occurrence or denouncement of any irregularities by shareholders, employees of the company, Statutory and External Auditor or other.

The Fiscal Board exercised its powers to supervise the activities and independence of the Statutory and External Auditor, having the perception that the recommended practices were observed.

The Fiscal Board has rendered it's approval to additional services to the auditory services that were hired to the External Auditor, having considered that it's independence was safeguarded, it's remuneration was contained in market conditions, and, therefore, it was in the society's interest to benefit of the knowledge and punctuality assured in those services. The provision of additional services performed by the external auditor did not reach the threshold of 30% of the total value of provided Services.

There were no reports to the Fiscal Board of any kind of transactions between the society and it's shareholders or related parties, in the sense of the CMVM Recommendation IV.1.2, that should be submitted to it's prior opinion if they reached the level of significance established by this body.

The Fiscal Board examined the individual and consolidated Management Report and the individual and consolidated Financial Statements and respective annexure, including the 2016 Corporate Governance Report presented by the Board of Directors, having examined, as well, the Statutory Audit Certification and Audit Report issued by the Statutory and External Auditor, ***Pricewaterhouse Coopers & Associados, SROC***, annexes to the "Additional Report of the Statutory Auditor to the Supervisory Body", produced by it and referring to the 2016 exercise, under Art. 24 of the RJSA, approved by Law 148/2015, of September 7. It includes the scope of the Audit, the partners and employees of the SROC who participated in it, the evaluation methods used with reference to impairment tests and corporate concentrations, the consolidation perimeter with mention of entities not audited by PwC, materiality, independence and the additional services provided, as well as, among others, the results of the Internal Control that answers the questions raised, the answers obtained and the recommendations made.

The Fiscal Board, pursuant to paragraph 5 of article 420 of the Companies Code, appreciated the Corporate Governance Report and certified the inclusion in the information referred to in article 245-A of the Portuguese Securities Code.

2. Opinion:

Considering the above, the opinion of the Fiscal Board is that are fulfilled the conditions of the approval, by the General Meeting, of :

a) The management reports, the financial consolidated and individual statements of 2016 and respective annexes, namely the Governance Report, annexed to the Management Report and Consolidated Accounts;
b) The proposal of distribution of year-end results presented by the Board of directors.

Porto, 28th April 2017

The Fiscal Board

(Dr. Joaquim Alexandre de Oliveira e Silva)

(Dr. António Maria de Borda Cardoso)

(Dr. Eduardo Moutinho Ferreira Santos)

Responsibility Statement

In accordance with paragraph c) number 1 of article 245 of the Portuguese Securities Market Code the Fiscal Board informs as far as its members know and regarding the elements we assessed, the information contained in the individual and consolidated financial statements of 2016 was prepared in accordance with applicable accounting standards, giving a true and appropriate view of the assets and liabilities, financial position and the results of IBERSOL-SGPS, SA, and the companies included in the consolidation perimeter, and that the management reports faithfully describes the business evolution, performance and financial position of the company and of the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties they face.

Porto, 28th April 2017

The Fiscal Board

(Dr. Joaquim Alexandre de Oliveira Silva)

(Dr. António Maria de Borda Cardoso)

(Dr. Eduardo Moutinho Ferreira Santos)