

IBERSOL – SGPS, SA

Publicly Listed Company

Registered office: Praça do Bom Sucesso 105/159, 9º andar, Porto

Share Capital: Euro 24.000.000

Fiscal Number: 501 669 477

Individual Annual Report 2016

(Proposal point 1 of General Annual Meeting)

MANAGEMENT REPORT

In compliance with legal and statutory obligations, we present to the Shareholders the Management Report and Accounts of IBERSOL - SGPS, SA for the financial year 2016.

1- ECONOMIC ENVIRONMENT

Recent projections estimate that the Portuguese economy grew 1.5% in 2016 and should increase to 1.7% in 2017 and stabilize the growth rate in the following years. The acceleration of 2% in the fourth quarter of 2016, reflecting a higher-than-expected dynamic of most components of aggregate demand, reinforces a probable upward revision of growth to 2017.

The forecast 2017-2019, GDP should reach a level similar to that recorded in 2008. However, with growth being lower than that recorded in the euro area, it will not be possible to reverse the negative differential accumulated between 2010 and 2013.

The continuing lack of real convergence vis-à-vis the euro area reflects the persistence of structural constraints on the growth of the Portuguese economy. The high levels of public and private sector indebtedness, unfavorable demographic developments and the persistence of inefficiencies in labor markets require the continuation of structural reforms.

Measured in volume, domestic wealth is still about 4% below the levels registered before the international financial crisis, mainly the slowdown in domestic demand (10.5% below 2008 levels) and in Investment (34% lower). On the positive side, exports stand out, 34.6% higher than the levels of 2008, which show an improvement in the tradable sector. For all the 2016, exports of goods and services increased by 4.4% in volume, maintaining the consistency of previous years.

On the other hand, the acceleration in imports shows that a significant part of domestic demand is spent on consumption and investment of goods with high imported content, with the consequent negative impact on GDP.

With regard to the labor market, it should be noted that the unemployment rate stood at 11.1% in 2016 (the lowest since 2010, which was 10.8%) and is expected to continue to fall in the following years.

2 – ACTIVITY

The evolution of the activity of Ibersol SGPS is associated with the strategic development of its subsidiaries, whose turnover increased 16 %.

The acquisition of Eat Out Group at the end of October allowed an increase in the size of the business in Spain, bringing an additional turnover of around 23 million euros in two months.

Ibersol SGPS focused its activities in providing services of administration and management to the Group, mainly the management of the funds to financing the business.

Financial planning, the adequacy of financial resources of the subsidiaries, the management of the financial costs of the Group and a strict management of the treasury were a major vector of our activity.

3 – ECONOMIC AND FINANCIAL SITUATION

The most important events occurred during the period, regarding the results and changes in financial structure of the company are as follows:

3.1 RESULTS

Operating income was negative at 48 thousand euros, with:

a) turnover relating to the services rendered to the subsidiary Ibersol Restauração, SA, which manages the services shared by the different brands, were equal to the last years;

b) operating costs increased to a amount of 648 thousand euros, above 151 thousand euros than the previous year as a result of additional costs incurred with the share capita increase and the acquisition of Eat Out Group .

As a consequence of the increase of loans to subsidiaries, the financial income from the interests in the Group increased by approximately 1.2 million euros. Ibersol also received 600 thousand euros of dividends from its subsidiaries. The Company has been progressively centralizing Group Debts and the costs of fees associated with medium and long-term commercial paper program contracts and guarantees. The expenses of centralized commissions increased by around 130 thousand euros

The current Income Tax is estimated at 173 thousand euros

The Net Profit amounted to € 1.31 million..

3.2 BALANCE

In the year the company adopted the IFRS standard and stopped applying the MEP in the valuation of investments. The comparisons for the previous year that are referred to in this report are made in relation to the re-expressed 2015 statements.

On 31 December 2016, Assets amounted to Euro 280 million, an increase of Euro 100 million in the year, reflecting the 10% internal acquisition of Asurebi SGPS (approximately Euro 20 million) and financing of the subsidiary that acquired EOG.

In order to finance the subsidiaries, Ibersol SGPS borrowed 78 million euros through commercial paper program contracts with long repayment maturities (up to 6 years)

On 31 December 2016, the company has a Net Debt of 78 million and an unremunerated debt of 20 million to Ibersol Restauração, as a result of the acquisition of the stake in Asurebi..

On 31 of December 2016, Equity equity stood at 177.5 million euros, corresponding to a reduction of 0.5 million euros, maintaining a strong financial health.

In addition, the company received dividends from its subsidiaries in the amount of 600 thousand euros and distributed to its shareholders approximately 1.8 million euros.

4- 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 goal of creating value through management and control of uncertainties and threats that may affect the Group's companies, from a standpoint of operational continuity with a view to taking advantage of business opportunities.

In the strategic planning context, risks affecting the portfolio of existing businesses as well as the development of new businesses and more significant projects are identified and assessed. Strategies to manage those risks are then determined.

At operational level the management risks associated to each business's objectives are identified and evaluated and actions planned to manage those risks, which are included and monitored in the scope of the business plans and functional units.

The group's main internal control systems are regularly evaluated to ensure conformity of the established procedures.

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

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

Because operations are in the food service sector eventual epidemics or distortions in raw material markets along with consumption pattern changes can significantly impact the financial statements.

5 - GOVERNANCE

Practices on Corporate Governance prepared in compliance with the provisions of article 245 - A of the Securities Code and pursuant to CMVM Regulation No. 1/2010, are included in the Report on Corporate Governance annexed consolidated report.

6 – OWN SHARES

During the year the company had the following movements of own shares:

-In August, sale of 100 shares at the average price of € 12,005

-In November, assignment of 399,980 new shares resulting from rights in capital increase by incorporation of reserves

-In November, acquisition of 25 new shares corresponding to the rights remaining from the capital increase at the average price of € 11,126.

At the end of 2016, the company held 2,399,905 shares (9.9996% of capital), with nominal value of € 1 each for a total value of the acquisition of 11,179,347 euros.

7 – Subsequent events and statement of responsibility

No significant events worthy of note occurred up to this report's approval date.

8- OUTLOOK

In a context that shows signs of a recovery in consumption, we will continue to support the very selective growth strategy of our subsidiaries in the three markets where we operate.

9 – RESULTS APPROPRIATION PROPOSAL

In the financial year of 2016 the net profit in the individual accounts is of 1,310,459.55 euros.

In accordance with legal and statutory the Board of Directors proposes the following application:

Legal Reserve	263, 000.00 €
Free Reserves	1,047,459.55 €

We also propose to pay dividends of 2,400,000 euros that corresponding to attribute a gross dividend per share of 0.10€. In the case the company holds own shares, the mentioned attribution of 0.10€ per share in circulation will stand, being the global amount of the attributed dividends reduced.

10 – ACKNOWLEDGEMENTS

The first vote of this Board is directed to all employees of the group, for the dedication and enthusiasm revealed that was fundamental in achieving the objectives we have identified. We thank also our Suppliers of goods and services for the support demonstrated and we stress, with appreciation, the cooperation given by the banks and other financial institutions with whom the Group has worked throughout the year.

We also recognise the Fiscal Council and Auditors for the permanent collaboration and dialogue expressed in the monitoring and examination of the management of the company.

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Porto, 28 April 2016

THE BOARD OF DIRECTORS

António Alberto Guerra Leal Teixeira

António Carlos Vaz Pinto Sousa

Juan Carlos Vázquez-Dodero

STATEMENT OF THE BOARD OF DIRECTORS

Within the terms of paragraph c) of article 245 of the Portuguese Securities Code, the members of the Board of Directors, identified below, declare that to the best of their knowledge:

i) the information contained in the management report, the annual accounts and all other accounting documentation required by law or regulation, was produced in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial position and the results of Ibersol , SGPS, S.A. .

ii) the Management report is a faithful statement of the evolution of the businesses, of the performance and of the position of Ibersol , SGPS, S.A. and and contains a description of

the main risks and uncertainties which they face.

António Alberto Guerra Leal Teixeira Chairman

António Carlos Vaz Pinto Sousa Vice-Chairman

Juan Carlos Vázquez-Dodero Member

Ibersol – SGPS, SA

Individual Financial Statements

31 December 2016

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Statement of financial position

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Non-current Asset			
Tangible fixed assets	3.2 and 5	-	-
Financial investments in subsidiaries	3.1 and 6	103.727.847	87.016.427
Other financial assets	3.1 and 7	264.000	264.000
Loans granted to subsidiaries	14	166.679.496	88.499.496
		<u>270.671.343</u>	<u>175.779.923</u>
Total non-current assets			
Current Asset			
Group subsidiaries	14	7.285.243	3.998.524
Other debtors	9	22.141	16.023
Deferrals	10	400.418	12.710
Cash and bank deposits	3.5 and 4	1.496.660	39.338
		<u>9.204.462</u>	<u>4.066.595</u>
Total current assets			
		<u>279.875.805</u>	<u>179.846.518</u>
Total Assets			
EQUITY AND LIABILITIES			
Share capital	3.6 and 11	24.000.000	20.000.000
Own shares	12	-11.179.347	-11.179.643
Share prize		469.937	469.937
Legal reserves	13	1	4.000.001
Other reserves	13	127.582.600	128.238.502
Revaluation surplus		12.110	12.110
Retained earnings		35.305.424	36.672.554
Net profit in the year		1.310.460	-223.658
		<u>177.501.185</u>	<u>177.989.803</u>
Total Equity			
LIABILITIES			
Non-current			
Provisions	3.10 and 17	1.494.968	294.802
Loans obtained	3.7 and 15	78.000.000	-
		<u>79.494.968</u>	<u>294.802</u>
Total non-current liabilities			
Current			
Suppliers		12.160	12.687
Income tax payable	8	2.196.187	1.099.991
Group subsidiaries	14	179.272	173.941
Loans obtained	3.7 and 15	-	35.000
Other current liabilities	16	20.492.033	240.294
		<u>22.879.653</u>	<u>1.561.914</u>
Total current liabilities			
		<u>102.374.620</u>	<u>1.856.716</u>
Total Liabilities			
Total Equity and Liabilities			
		<u>279.875.805</u>	<u>179.846.518</u>

Statement of comprehensive income

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Operating Income			
Rendered services	3.12 and 18	600.000	600.000
Other operating income	3.11 and 20	209	16.484
Total operating income		<u>600.209</u>	<u>616.484</u>
Operating Costs			
External supplies and services	19	144.913	109.426
Personnel costs	20	337.544	329.343
Other operating costs	3.11 and 22	165.520	58.487
Total operating costs		<u>647.977</u>	<u>497.256</u>
Operating Income		<u>-47.768</u>	<u>119.228</u>
Net financing cost	23	-1.530.779	-420.224
Pre-tax income		<u>1.483.012</u>	<u>539.452</u>
Income tax	3.8 and 24	172.552	763.111
Net profit in the year		<u>1.310.460</u>	<u>-223.658</u>
Other comprehensive income:		-	-
TOTAL COMPREHENSIVE INCOME		<u>1.310.460</u>	<u>-223.658</u>
Earnings per share	28	0,07	-0,01
Income per share		<u>0,07</u>	<u>-0,01</u>

Changes in equity statement

	Share Capital	Own shares	Share prize	Legal Reserves	Other reserves	Adjustments in financial assets	Revaluation surplus	Retained earnings	Net Profit	Total	Equity
Balance on 1 January 2015	20.000.000	-11.179.643	469.937	4.000.001	95.460.775	36.482.243	12.110	-	7.757.419	153.002.842	
Changes in period											
First adoption of IFRS					33.085.336	-36.482.243		29.597.525		26.200.618	
Application of net profit					682.391	7.075.029			-7.757.420	0	
Reclassification os net profit application fixed assets						-7.075.029		7.075.029		0	
Revaluation surpluses of tangible and intangible fixed assets and their variations										0	
Parque Central Maia addition										0	
Conversion reserves - Angola										0	
Other changes in equity											
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33.767.727</u>	<u>-36.482.243</u>	<u>0</u>	<u>36.672.554</u>	<u>-7.757.420</u>	<u>26.200.618</u>	
Net profit in the year											
Total income									<u>-223.658</u>	<u>-223.658</u>	
									<u>-223.658</u>	<u>-223.658</u>	
Transactions with capital owners in the period											
Capital increases										0	
Share prizes increases										0	
Dividends paid					-990.000					-990.000	
Losses coverage										0	
Other transactions										0	
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-990.000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-990.000</u>	
Balance on 31 December 2015	<u>20.000.000</u>	<u>-11.179.643</u>	<u>469.937</u>	<u>4.000.001</u>	<u>128.238.502</u>	<u>0</u>	<u>12.110</u>	<u>36.672.554</u>	<u>-223.658</u>	<u>177.989.803</u>	

Changes in equity statement

	Share Capital	Own shares	Share prize	Legal Reserves	Other reserves	Adjustments in financial assets	Revaluation surpluses	Retained earnings	Net Profit	Total	Equity
Balance on 1 January 2016	20.000.000	-11.179.643	469.937	4.000.001	128.238.502	-	12.110	36.672.554	-223.658	177.989.803	
Changes in period											
Changes in accounting policies											0
Application of net profit					1.143.472	9.439.257			-10.582.729		0
Reclassification os net profit application						-9.439.257		-1.367.130	10.806.387		0
Share capital increase	11 4.000.000			-4.000.000							0
Acquisition / (disposal) of own shares	12	296			626						922
Realization of revaluation surpluses of tangible and intangible fixed assets											0
Revaluation surpluses of tangible and intangible fixed assets and their variations											0
Other changes in equity											0
	4.000.000	296	0	-4.000.000	1.144.098	0	0	-1.367.130	223.658	922	
Net profit in the year									1.310.460	1.310.460	
Total income									1.310.460	1.310.460	
Transactions with capital owners in the period											
Capital increases											0
Share prizes increases											0
Dividends paid					-1.800.000						-1.800.000
Losses coverage											0
Other transactions											0
	0	0	0	0	-1.800.000	0	0	0	0	-1.800.000	
Balance on 31 December 2016	24.000.000	-11.179.347	469.937	1	127.582.600	0	12.110	35.305.424	1.310.459	177.501.185	

Cash flows statement

	Notes	31st December	
		2016	2015
Cash Flows from Operating Activities			
Receipts from clients		600.000	600.000
Payments to suppliers		32.858	8.345
Staff payments		224.314	192.070
Operational cash flows		342.828	399.585
Payments/receipt of income tax		301.216	498.244
Other paym./receipts related with operating activities		-1.535.314	-28.761
Flows from Operating Activities (1)		-1.493.702	-127.420
Cash Flows from Investment Activities			
Payments for:			
Tangible assets			
Intangible assets			
Financial Investments:			
Investments			
Capital contributions to subsidiaries	6		70.000.000
Loans granted to subsidiaries	14	80.200.000	75.730.000
Other assets			
Receipts from:			
Tangible assets			
Intangible assets			
Financial investments:			
Investments			143.000.000
Capital contributions to subsidiaries	6	3.470.000	
Loans granted to subsidiaries	14	2.020.000	3.369.000
Other assets			
Investment benefits			
Interest received		1.367.010	180.534
Dividends received	23	600.000	432.100
Flows from Investment Activities (2)		-72.742.990	1.251.634
Cash flows from financing activities			
Receipts from:			
Loans obtained	15	78.000.000	
Capital and other equity instruments increases		1.675	
Losses coverage			
Other financing activities			
Payments for:			
Loans obtained			
Interest and similar costs		471.910	220.753
Dividends paid		1.800.000	990.000
Capital reductions and supplementary entries		752	
Other financing activities			
Flows from financing activities (3)		75.729.013	-1.210.753
Change in cash & cash equivalents (1)+(2)+(3)		1.492.321	-86.539
Cash & cash equivalents at the start of the period		4.338	90.877
Cash & cash equivalents at end of the period	3.5 and 4	1.496.660	4.338

Financial statements report

1 Introduction

Ibersol – SGPS, SA (“Company” or “Ibersol”) has its head Office at Edifício Península – Praça do Bom Sucesso, 105/159 – 9º - 4150-146 Porto, Portugal. Ibersol was set up on 30 December 1985 with management of shareholdings main activity.

Ibersol is owned by 54,91% by ATPS - SGPS, S.A., with its head office at Edifício Península – Praça do Bom Sucesso, 105/159 – 9º - 4150-146 Porto.

These financial statements were approved by the Board of Directors on 28th April 2017. The Board of directors believes that these financial statements reflect the true and proper Ibersol operations, as well as its position and financial performance and cash flows.

2 Financial statements accounting standards

2.1. Basis of preparation

These financial statements have been prepared according to the International Financial Reporting Standards (IFRS), as applied in the European Union and in force on 01 January 2016. They have been prepared in accordance with the historical cost standard.

The preparation of financial statements in accordance with IFRS requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies to be adopted by Ibersol SGPS, with a significant impact on the value of assets and liabilities, as well as income and expenses in the period

Although these estimates are based on best experience of the Board of Directors and their best expectations in relation to current and future events and actions, present and future profit may differ from these estimates. In Note 3 of these financial statements we have the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant.

The financial statements are expressed in Euros (rounded to the unit).

2.2. Derogation from SNC standards

In these financial statements, there hasn't been any exception involving directly the derogation of any SNC standard.

2.3. Comparability of Financial statements

The elements contained in these financial statements are all comparable with the previous year.

2.4. The main transition adjustments to IFRS

The main transition adjustment was the cancellation of the equity method.

Following are the statements of financial position and comprehensive income, as well as the reconciliation of equity and results for 2015 (SNC vs. IFRS).

	<u>01-01-2015</u>	<u>Adjustments</u>	<u>Restate 01-01-2015</u>
ASSETS			
Non-current Asset			
Tangible fixed assets	-	-	-
Financial investments in subsidiaries		17.016.427	17.016.427
Financial investments - equity method	50.117.031	-50.117.031	-
Financial investments - other methods	264.000		264.000
Group subsidiaries	31.203.279	-15.064.783	16.138.496
Total non-current assets	<u>81.584.310</u>	<u>-48.165.387</u>	<u>33.418.923</u>
Current Asset	147.295.537		147.295.537
Total Assets	<u>228.879.847</u>	<u>-48.165.387</u>	<u>180.714.460</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	20.000.000		20.000.000
Own shares	-11.179.643		-11.179.643
Share prize	469.937		469.937
Legal reserves	4.000.001		4.000.001
Other reserves	95.460.775	33.085.336	128.546.111
Adjustments in financial assets	36.482.243	-36.482.243	-
Revaluation surpluses	12.110		12.110
Retained earnings		29.597.525	29.597.525
Net profit in the year	7.757.420		7.757.420
Total Equity	<u>153.002.844</u>	<u>26.200.619</u>	<u>179.203.462</u>
LIABILITIES			
Non-current			
Provisions	2.551.600	-2.546.343	5.257
Deferrals	71.819.663	-71.819.663	0
Total non-current liabilities	<u>74.371.263</u>	<u>-74.366.006</u>	<u>5.257</u>
Current	1.505.741		1.505.741
Total Liabilities	<u>75.877.004</u>	<u>-74.366.006</u>	<u>1.510.998</u>
Total Equity and Liabilities	<u>228.879.848</u>	<u>-48.165.387</u>	<u>180.714.460</u>

	<u>31-12-2015</u>	<u>Adjustments</u>	<u>Restate 31-12-2015</u>
ASSETS			
Non-current Asset			
Tangible fixed assets	-		-
Financial investments in subsidiaries		87.016.428	87.016.428
Financial investments - equity method	59.929.779	-59.929.779	-
Financial investments - other methods	264.000		264.000
Group subsidiaries	173.564.279	-85.064.783	88.499.496
Total non-current assets	<u>233.758.057</u>	<u>-57.978.134</u>	<u>175.779.924</u>
Current Asset	4.066.595		4.066.595
Total Assets	<u>237.824.652</u>	<u>-57.978.134</u>	<u>179.846.519</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	20.000.000		20.000.000
Own shares	-11.179.643		-11.179.643
Share prize	469.937		469.937
Legal reserves	4.000.001		4.000.001
Other reserves	95.153.166	33.085.336	128.238.501
Adjustments in financial assets	42.552.623	-42.552.623	0
Revaluation surpluses	12.110		12.110
Retained earnings		36.672.554	36.672.554
Net profit in the year	10.582.729	-10.806.387	-223.658
Total Equity	<u>161.590.923</u>	<u>16.398.881</u>	<u>177.989.803</u>
LIABILITIES			
Non-current			
Provisions	2.852.154	-2.557.352	294.802
Deferrals	71.819.663	-71.819.663	-
Total non-current liabilities	<u>74.671.817</u>	<u>-74.377.015</u>	<u>294.802</u>
Current	1.561.914		1.561.914
Total Liabilities	<u>76.233.730</u>	<u>-74.377.015</u>	<u>1.856.715</u>
Total Equity and Liabilities	<u>237.824.653</u>	<u>-57.978.134</u>	<u>179.846.518</u>

	31-12-2015	2015 Equity method adjustments	Restate 31-12-2015
INCOME AND COSTS			
Sales	600.000		600.000
Gains/losses accrued to subsidiaries, associates and joint undertakings	11.316.163	-11.316.163	-
External supplies and services	-109.426		-109.426
Personnel costs	-329.343		-329.343
Provisions (increases / decreases)	-11.009	11.009	-
Impairment of non-depreciable assets/ amortizable (losses / reversals)	-66.667	66.667	-
Other operating income	16.484		16.484
Other operating costs	-58.487		-58.487
Income before depreciation, financing costs and taxes	<u>11.357.715</u>	<u>-11.238.487</u>	<u>119.228</u>
Impairment of depreciable assets/ amortizable (losses / reversals)	-	-	-
Operating income (before financing costs and taxes)	<u>11.357.715</u>	<u>-11.238.487</u>	<u>119.228</u>
Interest and other financial income obtained	180.534	432.100	612.634
Interest and other financial costs paid	-192.410		-192.410
Pre-tax income	<u>11.345.839</u>	<u>-10.806.387</u>	<u>539.452</u>
Income tax	-763.111		-763.111
Net profit in the year	<u>10.582.728</u>	<u>-10.806.387</u>	<u>-223.659</u>
Earnings per share	0,59	-0,60	-0,01

a) Equity SNC 31-12-2015	161.590.923
Equity method cancellation	<u>16.398.880</u>
Equity IFRS 31-12-2015	<u>177.989.803</u>
b) Net profit in the year SNC 2015	10.582.728
-Equity method earnings cancellation MEP	-11.238.487
-Dividends received from subsidiaries recognition	<u>432.100</u>
Net profit in the year IFRS 2015	<u>-223.659</u>

2.5. New Standards

2.5.1. The impact of the adoption of the amendments to standards that became effective as of 1 January 2016 is as follows

- 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**. h) 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**. i) The 2012-2014 annual improvements affects: IFRS 5, IFRS 7, IAS 19 and IAS 34. This standard had no impact on the entity.

2.5.2. 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. Its application is not expected to have significant impacts.
- 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." Its application is not expected to have significant impacts.

2.5.3. 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". Its application is not expected to have significant impacts.

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.

3 Main accounting policies

The main accounting policies applied in preparing these financial statements are described below. Unless stated these policies have been consistently applied to all years presented.

3.1. Financial investments in subsidiaries and associates

Subsidiaries are all entities in which Ibersol directly or indirectly has the power to control their financial and operational activities, which is usually associated with holding more than half of the voting rights. The existence and the effect of potential voting rights are considered in the evaluation of the control over a subsidiary.

Associates are entities over which the company has between 20% and 50% of the voting rights or on which the company has significant influence, but which cannot exercise its control.

Investments in subsidiaries and associates are presented at cost. Dividends attributed by subsidiaries and associates are considered in financial results.

Investments in subsidiaries and associates are subject to impairment tests whenever there are indications of impairment. An impairment loss is recognized in the income statement of the amount of the excess of the initial amount of the asset over its recoverable amount. The recoverable amount is the higher of the fair value of an asset less the costs incurred to sell and its value in use. To perform impairment tests, each investment is analyzed separately.

The entities that qualify as subsidiaries and associates are listed in note 27.

Ibersol, SGPS, S.A. prepares consolidated accounts.

3.2. Tangible fixed assets

Tangible fixed assets are shown at the acquisition cost, net of the respective amortisation and accumulated impairment losses. This includes estimated cost at the date of transition to NCRF, and acquisition costs to assets acquired after that date

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

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.

The estimated lifetime for the most significant tangible fixed assets are as follows:

	<u>Years</u>
Land and buildings	Between 10 and 20 years
Equipment	Between 4 and 20 years
Other tangible assets	Between 5 and 10 years

Depreciation of assets is calculated by the equal annual amounts method, accordingly with accounting policies in force (DR n^o 25/2009 14 September). Depreciation of tangible fixed assets begins when they are available for use.

The estimated lifetime of assets are reviewed each year, in which the depreciation is evaluated with the standards of use of assets. Changes to the estimated lifetime are treated as a change in accounting estimate and are applied prospectively.

Impairment tests are carried out whenever there is evidence of loss of value to estimate the recoverable amount of the asset, and when necessary to record an impairment loss. The recoverable amount is determined as the higher of net selling price and value in use of the asset, the latter being calculated based on the present value of estimated future cash flows from continuing use and disposal of the asset at the end of its useful life

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 in the profit and loss account.

3.3. Impairment of assets

Assets with a specific lifetime are not subject to amortisation and are, instead, subject to annual impairment tests. Ibersol performs impairment test in reference to 31st December of each year and whenever there are events or alterations in the circumstances causing their accounting value not to be recoverable.

Ibersol identifies an impairment loss and determines whether the loss is permanent or not whenever the recoverable amount is less than the carrying value of assets. In cases where the loss is not considered permanent and definitive, Ibersol makes the disclosure of the reasons for this conclusion.

The recoverable amount is the highest amount between an asset's fair value minus the costs necessary for its sale and its utilisation value. Assets are grouped at the lowest level at which it may be able to separately identify cash flows (units generating cash flows), to perform impairment tests.

At each reporting date, non-financial assets with impairment, other than goodwill, are assessed on the possible reversal of impairment losses.

Amortisation and depreciation of assets are recalculated prospectively in accordance with the recoverable value when there is an impairment reversal.

3.4. Financial assets

3.4.1 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.

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.

3.4.2 Recognition and measurement

Purchases and sales of investments are recognised on the transaction date – the date on which the group promises to purchase or sell the asset. Investments are initially recognised at the fair value, including transaction costs, when the financial assets are not shown at the fair value through results (in this case, they are also recognised at the fair value, but the transaction costs are recorded in costs in the year at the time they are incurred). Financial investments are derecognised when the rights to receive cash from them expire or have been transferred and the group has substantially transferred all the risks and benefits from its possession. Financial assets available for sale and financial assets at the fair value through results are subsequently valued at the fair value. Loans granted and accounts receivable and investments held until maturity are valued at the amortised cost, using the effective rate method. Gains and losses - either realised or not realised and arising from alterations to the fair value of the category of the financial assets at their fair value through results - are included in the consolidated statement of comprehensive income in the year in which they arise. Unrealised gains and losses, resulting from alterations to the fair value of non-monetary securities, classified as available for sale, are recognised in the equity. When the securities classified as available for sale are sold or are under impairment, the accumulated adjustments to the fair value are included in the consolidated statement of comprehensive income as gains or losses in securities investments.

The fair value of listed investments is based on current market prices.

If there is no active market for a financial asset (and for non-listed securities), the group determines the fair value using evaluation techniques, which include using recent transactions between independent parties, reference to other instruments that are substantially identical, an analysis of the discounted cash flow and refined options price models that reflect the specific emission circumstances.

3.4.3 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 value, 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.

3.5. Cash and cash equivalents

Cash and cash equivalents include cash amounts, bank deposits, other short term investments with high liquidity and initial maturities of up to 3 months and bank overdrafts. Bank overdrafts are presented in the balance sheet, in current liabilities, in the Obtained Loans item, and are considered in the the cash flow statement as cash and cash equivalents.

3.6. Share capital

When effected 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.

3.7. 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 profit and loss account during the loan period, using the effective rate method.

Loans obtained are classified in current liabilities, except when Ibersol is entitled to an unconditional right to defer the liquidation of the liability for at least 12 months after the balance sheet date.

3.8. Income tax

Income tax for the period comprises current and deferred taxes. Income taxes are recorded in the income statement, except when they relate to items recognised directly in equity. The value of current tax payable is determined based on the result before taxes, adjusted in accordance with the tax rules in force.

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 financial statements.

Deferred taxes are determined by the tax (and legal) rates decreed or substantially decreed on the date of the balance sheet 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. Deferred tax liabilities are recognised for all temporary differences, except those related to: i) the initial recognition of goodwill; or ii) 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. However, in respect of taxable temporary differences related to investments in subsidiaries, these are not recognised because: i) the parent company has the ability to control the amount of the reversal of the temporary difference; and ii) it is probable that the temporary difference will not be reverse in the near future.

The estimated income tax (IRC) was calculated under the special taxation regime (RETGS), and the Group decided that the expense / income recognized in the subsidiaries will be reflected in other liabilities / current assets with the parent company (Note 14.2), and the tax savings being reflected in the accounts of the parent company.

3.9. Personnel benefits

The employee performance premiums are recorded in the year to which they relate, regardless of the year in which the payment occurs.

3.10. Provisions

Provisions for costs of restructuring activities, paid contracts and legal claims are recognised when: i) Ibersol has a legal or constructive obligation due to past events; ii) it is probable that a outflow of resources will be necessary to liquidate the obligation; e iii) the obligation amount may be reliably estimated. Whenever one of the criteria is not met or the existence of the obligation is subject to the occurrence (or not) of a certain future event, Ibersol discloses a contingent liability, unless the enforceability for payment is considered remote.

Provisions are measured at the present value of estimated expenditures to settle the obligation using a pre-tax rate that reflects market assessment for the period of discount and to the risk of that provision.

3.11. Costs and income

In accordance with the principle of accrual accounting expenses and income are recorded in the period to which they relate, regardless of their payment or receipt. The differences between the amounts received and paid and the corresponding revenues and expenses are recognised as assets or liabilities

3.12. Revenue

Revenue comprises the fair value of the sale of rendering of services from Ibersol's activities, net of taxes and discounts and after eliminating internal sales.

Rendering of services is recognised in the accounting period in which the services are rendered, in accordance with the percentage of completion or based on the period of the contract when the service is not associated with the implementation of specific activities, but to provide continuous service.

3.13. 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.

Due to its nature 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:

Important accounting estimates

3.13.1 Provisions

The company determines periodically if any obligations arising from past events should be merit recognition or disclosure.

The determination if an amount of internal resources is required for the payment of obligations is very subjective and could lead to significant adjustments, either by variation of the assumptions used, either by the future recognition of provisions previously disclosed as contingent liabilities.

3.13.2 Impairment

The determination of a potential impairment loss can be triggered by the occurrence of various events, which are outside the sphere of Ibersol influence, such as: the future availability of funding, the cost of capital, as well as for any other changes, either internal or external.

It is expected from the Board of Directors a high degree of judgement as regards the identification of indicators of impairment, the estimate of future cash flows and the determination of fair value of assets entail and evaluation of different indicators of impairment, expected cash flows, discount rates applicable, useful lives and residual values.

3.13.3 Taxes

The company recognizes liabilities for additional settlements of taxes which may result from inspections made by the tax authorities. When the final result of tax inspections is different from the values initially recorded, differences will impact the income tax and deferred taxes, in the period in which such differences are identified.

3.14. Financial risk management

The group's activities are exposed to a number of financial risk factors: market risk (including interest rate risk), credit risk, liquidity risk and capital risk.

Ibersol maintains a risk management program that focuses its analysis on financial markets to minimise the potential adverse effects of those risks on the Ibersol's financial performance.

Risk management is headed by the Financial Department based on 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.

3.14.1 Market risk

Interest rate risk

Ibersol main 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 totally or partially fixing the interest rates.

3.14.2 Credit risk

Ibersol's credit risk stems from its liabilities, in particular from loans to subsidiaries. The credit risk is assured by the company's financial Direction, taking into account the historic trading relationship, its financial situation, as well as other information that may be obtained through the network business of Ibersol. If necessary, the credit limits established are regularly reviewed and revised. Credit risk is reduced.

3.14.3 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.

At 31 December 2016, current liabilities amounted to Euro 23 million, compared to Euro 9 million in current assets. The current liability debt is mainly with the group, subsidiary Ibersol Restauração (Note 16).

3.14.4 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 above 35%.

On 31st December 2016 and 2015 the gearing ratio was as follows:

	<u>Dec-16</u>	<u>Dec-15</u>
Loans granted	-166.679.496	-88.499.496
Loans obtained	78.000.000	-
Cash and bank deposits	-1.496.660	-90.877
Net indebtedness	<u>-90.176.156</u>	<u>-88.590.373</u>
Equity	<u>177.501.185</u>	<u>153.002.842</u>
Total capital	<u>87.325.029</u>	<u>64.412.469</u>
Gearing ratio	-103%	-138%

4 Cash flows

On 31 December 2016 and 2015, cash and bank deposits are broken as follows:

	<u>2016</u>	<u>2015</u>
Bank deposits	1.496.660	39.338
Cash and bank deposits	<u>1.496.660</u>	<u>39.338</u>

"Cash and cash equivalents" for the preparation of the statement of cash flows for the years ended December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Bank deposits	1.496.660	39.338
Term deposits	-	-
Other deposits	-	-
	<u>1.496.660</u>	<u>39.338</u>
Cash and cash equivalents (asset)	<u>1.496.660</u>	<u>39.338</u>
Cash equivalents (liabilities)	-	-35.000
Cash and cash equivalents on the cash flows statement	<u>1.496.660</u>	<u>4.338</u>

5 Tangible fixed assets

As the assets are fully reinstated, in the years ending on 31 December 2016 and 2015, there has been no movement in tangible fixed assets and no depreciations.

	Land and buildings	Basic equipment	Transport equipment	Office equipment	Other tang. Assets	Total
31 December 2016						
Cost	29.828	3.736	-	215.338	18.289	267.191
Accumulated depreciation	29.828	3.736	-	215.338	18.289	267.191
Accumulated impairment	-	-	-	-	-	-
Net amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

6 Financial investments in subsidiaries

Financial investments in subsidiaries are as follows:

	<u>2016</u>	<u>2015</u>
Financial investments (6.1)	22.133.064	1.951.644
Supplementary capital contributions (6.2)	<u>81.594.783</u>	<u>85.064.783</u>
	<u>103.727.847</u>	<u>87.016.426</u>

6.1 Financial investments

Ibersol's financial investments are stated in the balance sheet by the cost method, as follows:

	2016	2015
	Acquisition value	Acquisition value
Subsidiaries		
Asurebi SGPS, S.A.	20.181.420	-
Ibersol Restauração, S.A.	847.986	847.986
Iberusa-Hotelaria e Restauração, S.A.	158.119	158.119
Ibersol Madeira Restauração, S.A.	242.800	242.800
Restmon Portugal, Lda	499.448	499.448
Eggon - SGPS, S.A.	645.000	645.000
Ibergourmet-Prod.Alimentares, S.A.	57.020	57.020
Ibersol Angola, S.A.	720	720
	22.632.512	2.451.092
Accumulated impairment losses	-499.448	-499.448
	22.133.064	1.951.644

In the year ending on 31 December 2016 and 2015, changes under investments in subsidiaries are presented as follows:

	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Asurebi SGPS, S.A.	Eggon - SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet- Prod.Alimen., S.A.	Ibersol Angola, S.A.	Total
1st January 2015	9.172.786	2.012.585	1.106.044	-	1.556.455	-	603.872	3.796	14.455.538
First adoption of IFRS	-8.324.800	-1.769.785	-947.925	-	-911.455	499.448	-546.852	-3.076	-12.004.445
Acquisition	-	-	-	-	-	-	-	-	-
Gains/losses	-	-	-	-	-	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-	-	-
Other movement in Equity	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
31st December 2015	847.986	242.800	158.119	-	645.000	499.448	57.020	720	2.451.092
	847.986	242.800	158.119	-	645.000	499.448	57.020	720	2.451.092
Acquisition/sale	-	-	-	20.181.420 (1)	-	-	-	-	20.181.420
Gains/losses	-	-	-	-	-	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-	-	-
Other movement in Equity	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
31st December 2016	847.986	242.800	158.119	20.181.420	645.000	499.448	57.020	720	22.632.512

(1) acquisition on October 3, 2016 of 421.500 shares (10% capital) of the subsidiary Asurebi to Ibersol Restauração, amount witch was outstanding on December 31, 2016 (Note 16).

Assets and liabilities on 31 December 2016 and 2015, and gain and losses earned in 2016 and 2015, as recognised in the separate financial statements of subsidiaries are as follows:

	2016							
	Asurebi SGPS, S.A.	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Eggon SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet- Prod.Alimen., S.A.	Ibersol Angola, S.A.
Equity	171.020.167	96.111.377	1.958.418	74.315.320	35.841.282	-2.220.652	2.944.926	6.466.668
Total income	31.948.899	23.943.613	863.369	9.707.679	6.003	-17.546	424.926	2.724.624
% Investment	10,00%	100,00%	100,00%	5,00%	2,11%	61,00%	100,00%	0,20%
Acquisition value	20.181.420	847.986	242.800	158.119	645.000	499.448	57.020	720

	2015						
	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Eggon SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.	Ibersol Angola, S.A.
Equity	84.140.734	1.797.813	67.434.658	25.411.898	-2.203.105	2.520.000	4.669.099
Total income	9.460.941	610.245	360.066	546.792	-18.721	414.186	625.273
% Investment	100,00%	100,00%	5,00%	2,11%	61,00%	100,00%	0,20%
Acquisition value	847.986	242.800	158.119	645.000	499.448	57.020	720

The impairment tests carried out on the investments of the subsidiaries Asurebi and Iberusa did not result in impairment adjustments. The assumptions used were as follows:

Growth rate		
Portugal		2,00% (1% real + 1% inflation)
Discount rate		
Portugal		6,70%

6.2 Supplementary capital contributions

On 31 December 2016 and 2015, balances recognised under this heading relate to subsidiaries supplementary capital contributions. Subsidiaries supplementary capital contributions are not remunerated, or have no fixed maturity.

	2016					TOTAL
	Iberusa	Ibersol Restauração	Eggon	Ibergourmet	Ibersol Angola	
Subsidiaries						
Supplementary capital contributions	9.765.000	70.000.000	640.000	1.185.000	4.783	81.594.783
Accumulated impairment losses	-	-	-	-	-	-
Total	9.765.000	70.000.000	640.000	1.185.000	4.783	81.594.783

	2015					TOTAL
	Iberusa	Ibersol Restauração	Eggon	Ibergourmet	Ibersol Angola	
Subsidiaries						
Supplementary capital contributions	12.000.000	70.000.000	1.875.000	1.185.000	4.783	85.064.783
Accumulated impairment losses	-	-	-	-	-	-
Total	12.000.000	70.000.000	1.875.000	1.185.000	4.783	85.064.783

Changes in this heading, are presented as follows:

	2016	2015
Initial amount	85.064.783	15.064.783
Additions	-	70.000.000
Decreases	3.470.000	-
Final amount	81.594.783	85.064.783

According to the General Assembly of 18 December 2015, 70 million euros loans granted to subsidiary Ibersol Restauração were converted in capital contributions.

7 Other financial assets

On 31 December 2016 and 2015, the assets recognized under this heading relate to capital shares, as follows:

	<u>% own</u>	<u>2016</u>	<u>2015</u>
Change Partners I, SGPS, S.A.	3,08%	264.000	264.000
Total		<u>264.000</u>	<u>264.000</u>

The primary business of Change Partners I, SGPS, S.A., is management of shareholdings. This investment is valued at cost because it is not possible to determine reliably the fair value.

8 Income tax recoverable and payable

On 31 December 2016 and 2015, Income tax is presented as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Debit balance</u>	<u>Credit balance</u>	<u>Debit balance</u>	<u>Credit balance</u>
Income tax - IRC (1)	-	2.196.187	-	1.099.991
	<u>-</u>	<u>2.196.187</u>	<u>-</u>	<u>1.099.991</u>

(1) by applying the special taxation for corporate groups (RETGS), the shareholder Ibersol - SGPS, SA will carry out payments of its subsidiaries income tax (Note 14.2).

For the periods presented the credit balance of income tax has the following breakdown:

	<u>2016</u>	<u>2015</u>
Special payment on account	-29.896	-101.355
Payments on account	-2.498.358	-1.652.622
Withholding taxes	-425	-
Income tax - IRC (Note 23)	198.720	24.154
Income tax - RETGS	4.526.147	2.829.814
Total	<u>2.196.187</u>	<u>1.099.991</u>

9 Other debtors

On 31 December 2016 and 2015, the detail of other current debtors is as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Current</u>	<u>Total</u>	<u>Current</u>	<u>Total</u>
Other debtors:				
- Other debtors	20.731	20.731	13.318	13.318
Sub-total	<u>20.731</u>	<u>20.731</u>	<u>13.318</u>	<u>13.318</u>
Personnel	1.410	1.410	2.705	2.705
Sub-total	<u>1.410</u>	<u>1.410</u>	<u>2.705</u>	<u>2.705</u>
Accumulated impairment losses	-	-	-	-
Other debtors	<u>22.141</u>	<u>22.141</u>	<u>16.023</u>	<u>16.023</u>

10 Deferrals

On 31 December 2016 and 2015 the Ibersol has recorded under the heading of deferrals, the following balances:

	<u>2016</u>	<u>2015</u>
Insurance	2.755	2.774
Rents	3.353	3.353
Financial fees (1)	394.311	6.583
Deferred costs	<u>400.418</u>	<u>12.710</u>

(1) Concerning commercial paper contracted (note 15).

11 Capital

On April 29, 2016, share capital increased with legal reserve incorporation 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 share for each group of 5 shares already held.

On 31 December 2016, fully subscribed and paid up share capital was represented by 24.000.000 shares to the bearer with a par value of 1 euro each.

12 Own shares

With the share capital increase, Ibersol increased its own shares by 399.980. In addition it sold 100 shares and acquired 25 in 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 of being sold.

At the end of the year the company held 2.399.905 own shares acquired for 11.179.347 euros. According to the legislation in force, Ibersol shall maintain a non-available reserve by the same amount of the purchase of own shares. This reserve is included in Other reserves.

13 Reserves

On December 2016 and 2015, reserves were broken down as follows:

13.1 Legal reserves

	<u>Legal reserves</u>	
	<u>2016</u>	<u>2015</u>
1st January	4.000.001	4.000.001
Increase	-	-
Use	4.000.000	-
31st December	<u>1</u>	<u>4.000.001</u>

On April 29, 2016, share capital increased with legal reserve incorporation in the amount of 4.000.000 euros.

13.2 Other reserves

	Own shares reserves		Other reserves	
	2016	2015	2016	2015
1st January	11.179.643	11.179.643	117.058.858	117.366.468
Increase (1)	278	-	1.344.394	792.391
Use (2)	574	-	2.000.000	1.100.000
31st December	11.179.347	11.179.643	116.403.253	117.058.858

- (1) changes in the years 2015 and 2016 result from the increase in free reserves in the distribution of the result of the previous year and the dividends received. In addition, in 2016, there was an increase of EUR 626 in the sale of 100 own shares.
 (2) amount for dividends paid.

Ibersol available reserves and retained earnings amounts to 131.370.831 euros. Own shares reserves held by Ibersol (11.179.347 euros) are unavailable for distribution.

14 Subsidiaries loans

14.1 Non-current assets

On 31 December 2016 and 2015, balances recognised under this heading relate to loans granted to subsidiaries of Ibersol. These loans with repayment periods exceeding 1 year accrues interest at a fixed rate based on Euribor 12 m + 1,25% and changed as variation of ECB reference rate.

	2016				TOTAL
	Iberusa	Ibersol Restauração	Asurebi SGPS	Restmon	
Non-current					
Loans granted					
Subsidiaries	4.357.500	91.515.996	69.530.000	1.276.000	166.679.496
Accumulated impairment losses	-	-	-	-	-
Non-current total	4.357.500	91.515.996	69.530.000	1.276.000	166.679.496
	2015				TOTAL
	Iberusa	Ibersol Restauração	Asurebi SGPS	Restmon	
Non-current					
Loans granted					
Subsidiaries	1.707.500	85.515.996	-	1.276.000	88.499.496
Accumulated impairment losses	-	-	-	-	-
Non-current total	1.707.500	85.515.996	-	1.276.000	88.499.496

Changes in this heading, are presented as follows:

	2016	2015
Initial amount	88.499.496	16.138.496
Additions	80.200.000	75.730.000
Decreases	2.020.000	3.369.000
Final amount	166.679.496	88.499.496

14.2 Current assets and liabilities

On 31 December 2016 and 2015, balances recognised under this heading relate to interest concerning loans granted to subsidiaries of Ibersol and subsidiaries current year income tax, as follows:

	2016		2015	
	Current asset	Current liabilities	Current asset	Current liabilities
Income tax - RETGS	4.705.419	179.272	2.275.063	173.941
Interest loans	2.579.824	-	1.723.461	-
	<u>7.285.243</u>	<u>179.272</u>	<u>3.998.524</u>	<u>173.941</u>

By applying the special taxation for corporate groups (RETGS), the shareholder Ibersol - SGPS, SA will carry out income tax payments of its subsidiaries.

These balances are presented as follows (Note 27):

	2016		2015	
	Debit	Credit	Debit	Credit
Ibersol Restauração	-	82.461	106.276	-
Iberusa	1.267.731	-	368.569	-
Asurebi	-	74.723	-	162.192
IBR Imobiliária	154.948	-	153.545	-
Ibersol Hotelaria e Turismo	178.920	-	121.118	-
Eggon	1.718	-	3.843	-
Iber King	1.813.504	-	743.935	-
Ibersol Madeira & Açores	353.403	-	65.441	-
Sugestões & Opções	190.598	-	66.581	-
Anatir	-	631	-	1.306
Ibergourmet	127.233	-	123.218	-
Iberaki	101.326	-	20.249	-
Ferro & Ferro	41.318	-	4.462	-
Firmoven	11.604	-	-	10.443
QRM	-	-	22.948	-
Resboavista	30.762	-	69.919	-
JSCC	90.805	-	179.966	-
SEC	26.992	-	18.665	-
Ibersande	314.556	-	206.329	-
Gravos	-	989	-	-
Maestro	-	20.469	-	-
	<u>4.705.419</u>	<u>179.272</u>	<u>2.275.063</u>	<u>173.941</u>

Concerning interest loans, short term balances of the subsidiaries are presented as follows:

	2016	2015
Ibersol Restauração	2.039.708	1.437.875
Iberusa	37.335	29.071
Restmon	272.629	256.515
Asurebi	230.152	-
	<u>2.579.824</u>	<u>1.723.461</u>

15 Loans

On 31 December 2016 and 2015, the detail of loans for the period (current and non-current) and by type of loan, is as follows:

	2016			2015		
	Current	Non-Current	Total	Current	Non-Current	Total
Commercial paper	-	78.000.000	78.000.000	-	-	-
Bank overdrafts (1)	-	-	-	35.000	-	35.000
	-	78.000.000	78.000.000	35.000	-	35.000

(1) use of guarantees bank accounts.

For Commercial Paper Programs we consider reimbursement on the date of filing regardless of the terms for which they are contracted. Ibersol is a subscriber of a commercial paper program in the amount of 5.000.000 €, being used 5.000.000 € on 31 December 2016, with a date of denunciation of January 2017, meanwhile renewed. The remaining have longer maturities, up to 6 years.

The (undiscounted) future cash flows associated with the loans (commercial paper) at 31 December 2016 are detailed as follows:

	2017	2018	2019	2020	2021	2022
Commercial paper	-	14.500.000	15.500.000	15.000.000	15.000.000	18.000.000
Interest	1.498.500	1.401.250	1.087.125	810.000	510.000	180.000

In 2016, the average cost of the loans 2,4%.

16 Other current liabilities

On 31 December 2016 and 2015, the detail of other current liabilities is as follows:

	2016		2015	
	Current	Total	Current	Total
Investment suppliers				
Financial investments (1)	20.181.420	20.181.420	-	-
Other creditors				
Creditors	12.546	12.546	3.918	3.918
State and other public entities				
Income tax withholding	6.625	6.625	6.519	6.519
VAT payable	126.674	126.674	126.121	126.121
Social Security	7.133	7.133	6.993	6.993
Accrued costs				
Payable remunerations	28.524	28.524	27.913	27.913
Premiums	74.876	74.876	60.000	60.000
Payable interest	49.222	49.222	-	-
Fee	99	99	-	-
Other	4.914	4.914	8.831	8.831
Total accounts payable to creditors and accrued costs	20.492.033	20.492.033	240.294	240.294

(1) Debt for the acquisition of 10% of the subsidiary Asurebi (note 6.1).

17 Provisions

The movements in provisions for the year 2016 and 2015 are as follows:

	Legal proceedings		Income tax	
	2016	2015	2016	2015
Initial amount	5.257	5.257	289.545	-
Additions (1)	-	-	1.200.166	289.545
Decreases	-	-	-	-
Final amount	5.257	5.257	1.489.711	289.545

(1) A provision of 1.200.166 euros was recorded in 2016 and 289.545 euros in 2015 (Note 24), related to tax benefits arising from the IRC calculation for the years 2015 and 2014, respectively, in the confirmation phase of its implementation.

18 Sales and rendered services

The amount of sales and services recognized in the income statement, is detailed as follows:

	2016	2015
Rendered services - internal market	600.000	600.000
Rendered services - external market	-	-
Sub-total	600.000	600.000
Sales and rendered services	600.000	600.000

19 External supplies and services

External services and supplies in the years ending on 31 December 2016 and 2015 are broken down as follows:

	2016	2015
Services fees	125.408	106.941
Fees	1.433	-
Other	18.072	2.485
External supplies and services	144.913	109.426

20 Personnel costs

Personnel cost in the years ending on 31 December 2016 and 2015 are broken down as follows:

	2016	2015
Salaries and wages		
Board of directors	33.475	29.888
Employees	224.740	249.663
	258.215	279.551
Social costs		
Social security contributions	73.102	44.174
Other personnel costs	6.227	5.618
Sub-total	79.329	49.792
Personnel costs	337.544	329.343

The average number of employees in 2016 was 3 (2015:3)

21 Other income and gains

Heading other income and gains may be presented as follows:

	<u>2016</u>	<u>2015</u>
Other income and gains		
Others	209	16.484
	<u>209</u>	<u>16.484</u>

22 Other expenses and losses

The detail of other operating costs is presented in the following table:

	<u>2016</u>	<u>2015</u>
Other expenses and losses		
Taxes	53.932	9.405
Banking services	111.400	49.082
Others	188	-
	<u>165.520</u>	<u>58.487</u>

23 Financial costs and income

Financial costs and income in the years ending on 31 December 2016 and 2015 are broken down as follows:

	<u>2016</u>	<u>2015</u>
Financial costs		
Interest on bank loans	170.194	44
Commercial paper commissions	239.539	149.385
Other commissions	-	22.242
Others	26.498	20.739
	<u>436.231</u>	<u>192.410</u>
Financial income		
Operation benefits	600.000	432.100
Interest subsidiaries debt	1.367.010	180.534
	<u>1.967.010</u>	<u>612.634</u>

24 Income tax

Tax amount recognised in the financial statements of the years 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Current income tax	198.720	24.154
Income tax insufficiency	-1.226.333	-289.545
Provisions	1.200.166	289.545
Special taxation - RETGS (Note 8)	-	560.386
Other effects	-	178.571
Deferred taxes	-	-
Income tax	<u>172.552</u>	<u>763.110</u>
<u>Current tax for the year</u>		
Tax base	185.472	22.544
Special tax (independent)	-	-
Pours	13.248	1.610
	<u>198.720</u>	<u>24.154</u>

Tax amount for the year reconciliation is as follows:

	<u>2016</u>	<u>2015</u>
Pre-tax profit	<u>1.483.012</u>	<u>539.452</u>
Tax calculated at the applicable tax rate in Portugal (22,5%)	333.678	121.377
Non-deductible costs	42	-
Non-deductible income	-135.000	-97.223
Equity method effect	-	-
Special tax (independent)	-	-
Income tax expenses	<u>198.720</u>	<u>24.154</u>
Imposto s/ rendimento corrente	198.720	24.154
Imposto s/ rendimento diferido	-	-
Imposto s/ rendimento	<u>198.720</u>	<u>24.154</u>
Taxa efectiva de imposto	13,40%	4,48%

To determine the amount of tax in the financial statements the tax rate is chosen as follows:

	<u>2016</u>	<u>2015</u>
Tax base rate	21,00%	21,00%
Tax pours	1,50%	1,50%
	<u>22,50%</u>	<u>22,50%</u>

In accordance with the legislation in force, tax declarations of Ibersol are subject to review and can be corrected by the tax authorities for a period of four years in general terms, so that the declarations of 2013 to 2016 are still open.

Ibersol board of directors understands that the corrections resulting from reviews or inspections by the tax authorities will not have a significant effect on the financial statements presented on 31 December 2016.

25 Contingencies

Bail of 28.342 euros for the rental of a commercial shop of 231m2 took by the subsidiary Ibersol Restauração, S.A..

In addition, Ibersol SGPS provided guarantees to the subsidiaries in the amount of 2.750.000 USD.

26 Remuneration assigned to social board

The compensation granted to social board is related to fees for the annual review of the company's accounts, as follows:

	<u>2016</u>	<u>2015</u>
Auditors	35.500	41.583
Fiscal board	26.358	26.358
General Assembly	2.335	2.335
Board of Directors (1)	<u>6.000</u>	<u>6.000</u>
	<u>70.193</u>	<u>76.276</u>

(1) earnings of non-Executive Director.

Remuneration and benefits assigned to directors:

The company shareholder ATPS-S.G.P.S., S.A., which signed a service-rendering contract with the subsidiary Ibersol Restauração, SA for 2016, 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 Antonio Alberto Guerra Leal Teixeira, exercise their positions without incur in any additional charge.

27 Related parties

On 31 December 2016, Ibersol is controlled by ATPS, SGPS, S.A. that holds a direct participation of 54,91%.

27.1. Transactions with related parties

(a) Nature of relationship with related parties:

Shareholders:

ATPS – SGPS, S.A.

Subsidiaries of Ibersol, SGPS:

Ibersande Restauração, S.A.
Iberusa – Hotelaria e Restauração, S.A.
Ibersol Madeira e Açores Restauração, S.A.
Ibersol Restauração, S.A.
Iberking Restauração, S.A.
Iberaki Restauração, S.A.
Restmon Portugal, Lda.
Ibersol – Hotelaria e Turismo, S.A.
Vidisco, S.L.
Inverpeninsular, S.L.
Ibergourmet Produtos Alimentares, S.A.
Ferro & Ferro, Lda.
Asurebi SGPS, S.A.
Charlotte Develops, S.L.
Firmoven Restauração, S.A.
I.B.R. - Sociedade Imobiliária, S.A.
Eggon SGPS, S.A.
Anatir SGPS, S.A.
Lurca, S.A.
Sugestões e Opções – Actividades Turísticas, S.A.
Resboavista – Restauração Internacional, Lda.
José Silva Carvalho Catering, S.A.
Iberusa Central de Compras para Restauração, ACE
Vidisco e Pasta Caffè, Union Temporal de Empresas
Maestro – Serviços de Gestão Hoteleira, S.A.
Solinca – Eventos e Catering, S.A.
Ibersol – Angola, S.A.
HCI – Imobiliária, S.A.
Gravos 2012, S.A.
Lusinver Restauración, S.A.
The Eat Out Group S.L.U.
Pansfood, S.A.U.
Foodstation, S.L.U.
Dehesa de Santa Maria Franquicias, S.L.
Pansfood Itália, S.R.L.

Joint undertakings with Ibersol, SGPS:

UQ Consult, S.A.

(b) Transactions and outstanding balances with related parties:

i) Shareholders:

In the year ended on 31 December 2016 Ibersol carried out transactions with shareholders as follows:

Financial income

	<u>2016</u>	<u>2015</u>
ATPS SGPS, S.A.	1.701	-
	<u>1.701</u>	<u>-</u>

ii) Subsidiaries:

In the years ending on 31 December 2016 and 2015 Ibersol carried out transactions with subsidiaries as follows:

Sales and rendered services

	<u>2016</u>	<u>2015</u>
Sales and rendered services		
Ibersol Restauração	600.000	600.000
	<u>600.000</u>	<u>600.000</u>

Financial income

	<u>2016</u>	<u>2015</u>
Financial income		
Asurebi	230.152	-
Ibersol Restauração	1.081.708	134.875
Iberusa	37.335	29.071
Restmon	16.114	16.588
	<u>1.365.309</u>	<u>180.534</u>
Dividends received		
Ibersol Madeira e Açores	600.000	182.100
Ibersol Restauração	-	250.000
	<u>600.000</u>	<u>432.100</u>

Products and services

	<u>2016</u>	<u>2015</u>
Products and services acquisition		
Ibersol Restauração	10.803	10.707
	<u>10.803</u>	<u>10.707</u>

Debit and credit balances

In the years ending on 31 December 2016 and 2015, the balances resulting from transactions with related parties are as follows:

	<u>2016</u>	<u>2015</u>
Debit balances		
Asurebi	230.152	-
Eggon	1.718	3.843
Ferro	41.318	4.462
Firmoven	11.604	-
Iber King	1.813.504	743.935
Iberaki	101.326	20.249
Ibergourmet	127.233	123.218
Ibersande	314.556	206.329
Ibersol Madeira e Açores	353.403	65.441
Ibersol Restauração	2.039.708	1.544.151
Iberusa	1.305.066	397.640
IBR	154.948	153.545
IHT	178.920	121.118
José Silva Carvalho	90.805	179.966
QRM	-	22.948
Resboavista	30.762	69.919
Restmon	272.629	256.515
SEC	26.992	18.665
Sugestões	190.598	66.581
	<u>7.285.242</u>	<u>3.998.524</u>
Loans		
Prestações acessórias (Nota 6)	81.594.783	85.064.783
Subsidiárias (Nota 14)	166.679.496	88.499.496
	<u>248.274.279</u>	<u>173.564.279</u>
	<u>2016</u>	<u>2015</u>
Credit balances		
Anatir	631	1.306
Asurebi	74.723	162.192
Firmoven	-	10.443
Gravos	989	-
Ibersol Restauração	20.267.271	4.666
Maestro	20.469	
	<u>20.364.083</u>	<u>178.607</u>

28 Income per share

Income per share in the years ending on 31 December 2016 and 2015 was calculated as follows:

	<u>Dec-16</u>	<u>Dec-15</u>
Profit payable to shareholders	1.310.460	-223.658
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
	<u>20.042.658</u>	<u>18.000.000</u>
Basic earnings per share (€ per share)	0,07	-0,01
Number of own shares at the end of the year	<u>2.399.905</u>	<u>2.000.000</u>

29 Subsequent events

There are no subsequent events to 31 December 2016 that may have a material impact on the financial statements presented.

The Board of Directors,

António Alberto Guerra Leal Teixeira

António Carlos Vaz Pinto de Sousa

Juan Carlos Vázquez-Dodero

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ibersol, S.G.P.S., S.A. (the Entity), which comprise the statement of financial position as at 31 December 2016 (which shows total assets of Euro 279,875,805 and total shareholders' equity of Euro 177,501,185 including a net profit of Euro 1,310,460), the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Ibersol, S.G.P.S., S.A. as at 31 December 2016, and its financial performance and its 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 financial statements" section below. In accordance with the law we are independent of the Entity 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 financial statements of the current year. These matters were addressed in the context of our audit of the 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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Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485*

<i>Key Audit Matter</i>	<i>Summary of the Audit Approach</i>
<p>Valuation and recoverability of investments in subsidiaries</p> <p>In 31 December 2016, Investments in subsidiaries recognised in financial statements amount to 103,7 million euros (22,1 million euros of holdings in subsidiaries and 81,6 million euros of supplementary paid-in capital) and are registered at cost.</p> <p>The referred investments are presented at cost deducted of impairment losses, being the impairment tests performed whenever exist indicators or changes in circumstances that indicate that the registered amount may not be recovered.</p> <p>It is considered an indicator of impairment when shareholders' equity of the subsidiary is lower than the amount registered of the investment in the subsidiary.</p> <p>Due to materiality of the amount of Investments in subsidiaries and to the fact that impairment tests require a level of significant judgement, namely in what concerns the projections of future cash-flows, growth rates in the perpetuity and discount rates used, we consider this matter as relevant for the audit.</p>	<p>The audit procedures performed consisted, mainly in the following:</p> <ul style="list-style-type: none"> - Analyse of the financial information related to the subsidiaries; - Analyse of the evolution of shareholders' equity of subsidiaries in order to compare its amount with the acquisition cost of the investment ; - Analyse of the evolution of business of the subsidiaries compared with last year and budget; - For the subsidiaries where indications of impairment were found, we obtained and analysed the impairment tests prepared by the Entity. In these cases, we assessed the adequation of the impairment model performed by management and respective calculations therein, as well as the appreciation of the methodology and assumptions that present higher sensibility in the determination of the respective amount, namely the evolution of cash flows, margin EBITDA, growth rate in perpetuity and discount rate, through comparable data existing in the market. <p>We also reviewed as well the compliance of disclosures, considering the accounting standards applicable and what was considered as relevant.</p>

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

- a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity 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 Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern;

- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) 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;
- g) 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 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;
- h) 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 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 financial statements and, taking into account the knowledge and assessment about the Entity, 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 the Entity in the Shareholders' General Meeting of 13 April 2004 till the 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 financial statements. Based on the work performed, we have not identified any material misstatement in the 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 Entity'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 Entity 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.

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)

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 its 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 its approval to additional services to the auditory services that were hired to the External Auditor, having considered that its independence was safeguarded, its 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 its shareholders or related parties, in the sense of the CMVM Recommendation IV.1.2, that should be submitted to its 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)