



IBERSOL – SGPS, SA

Publicly Listed Company

Registered office: Praça do Bom Sucesso, 105/159, 9th floor, Porto

Share Capital Euros 24.000.000

Commercial Registry: Oporto under number 501669477

Fiscal number: 501669477

Consolidated Report & Accounts **9M2016** **(not audited)**

- **Consolidated Turnover of 177.5 million euros**
Increase of 14% over 9M2015
- **Consolidated EBITDA reached 32 million euros. Adjusted EBITDA of 29.6 million euros**
YoY growth of 25.4%
- **Consolidated net profit of Eur 18 million euros**
- **Consolidated net profit adjusted from non-recurring facts of Eur 14.9 million euros**
Increase of 60.7% when compared to the 9M2015

Consolidated Management Report

Activity

The consolidated turnover for the nine months of the year amounted to 177.5 million euros which compares to 155.5 million euros of the same period in 2015.

With the continued market recovery evidenced in the second quarter 2016, Ibersol recorded a growth of 14.1% in turnover, with a remarkable performance in Portugal. This evolution was impaired by the effect of exchange rate conversion of the sales in Angola, as a consequence of the local currency devaluation. But on the other hand Ibersol benefited from the reduction of TVA on food products in Portugal, in force since the 1st July 2016,

Turnover	euro million	% Ch. 16/15
Sales of Restaurants	175,50	14,4%
Sales of Merchandise	1,53	-6,2%
Services Rendered	0,45	-10,6%
Net Sales & Services	177,48	14,1%

With a more favorable context, the segment of restaurants grew around 5% in Portugal and 2% in Spain. The combination of this fact with the opening of larger units and closing of the smaller and less profitable ones led Ibersol an increase of sales volume of 14,4%. The decrease of the VAT is estimated to have contributed to 5.1% improvement on the third quarter sales and to 2% on the cumulative sales.

The counters segment grew by 20% giving the highest contribution to sales leverage in the period.

SALES IN RESTAURANTS	Million €	Ch. 16/15
Restaurants	54,47	10,1%
Counters	102,68	20,6%
Concessions & Catering	18,35	-2,5%
Total Sales	175,50	14,4%

Benefiting from a more favorable context for the restaurants sector Ibersol grew above the market, with special emphasis on the performance of Pizza Hut, and Pasta Caffé on the 3Q16.

In the counters segment, the brands we operate maintained the trend registered last year with market share gains and growth rates resulting from an increase of the number of operating units.

The segment "Catering and Concessions" did not reach the sales YoY due to the closure of five units located on motorways, at the beginning of the year, and specially due to the decrease of catering events.

In the first nine months of the year we closed five units located in highways whose concession periods came to an end, namely five cafeterias and two Pan's. Proceeding with the adjustment of the offer in the restaurants located in the motorways with less traffic we also closed two Pan's units, maintaining only the cafeteria service. The Group has also decided to discontinue Pizza Hut contract in CoimbraShopping, Miit contract in CascaisShopping as well as a Cafeteria concession contract.

Following the selective strategy expansion in malls we opened a Pizza Hut and a Burger King in the Arcade Shopping in Braga. In line with Burger King Capex we launched 3 new restaurants: in Lisbon, Portalegre and Ermesinde. At the Centro Universitário do Porto we opened a restaurant where we now have a reference space for catering events.

In Spain we converted a franchised unit into an equity one. In Angola we opened two KFC restaurants.

At the end of the period the Group operated 376 equity restaurants, as shown below:

N° of Restaurants	2015	2016		2016
	31-Dec	Openings	Transfer	30-Sep
PORTUGAL	304	8		12
Own Stores	303	8		12
Pizza Hut	92	2		1
Okilo+MIIT	6			1
Pans+Roulotte	51			4
Burger King	54	4		
KFC	18			
Pasta Caffé	10			
Quiosques	9			
Flor d'Oliveira	0			
Cafeterias	35			5
Catering	6	1		
Concessions & Other	22	1		1
Franchise Stores	1			
SPAIN	83	0		0
Own Stores	66	0		0
Pizza Móvil	33		1	
Burger King	33			
Franchise Stores	17		-1	
ANGOLA	8	2		
KFC	7	2		
Pizza Hut	1			
Total Own stores	377	10		12
Total Franchise stores	18	0		0
TOTAL	395	10		12

Results

The consolidated net income of 9M16 amounted to Eur 18.1 million euros, 8.8 million euros above 9M15.

By the end of the first quarter Ibersol received a financial compensation for the impact of the traffic loss due to toll implementation on the so called ex-Scuts and also a concession rights refund - plus the inherent interests - that have been paid with the signing of three contracts that were not implemented.

Therefore, in an attempt to clarify the result of the operation over the period, we segregated the impact of this exceptional and non-recurring income, according to the adjusted statement presented below which compares to the same period of last year.

	30-09-2016	Non - recurring income	Adjusted 30-09-2016	30-09-2015
Operating Income				
Sales	177.028.181		177.028.181	155.040.312
Rendered services	449.328		449.328	502.358
Other operating income	5.252.225	-2.397.758	2.854.467	1.644.135
Total operating income	182.729.734	-2.397.758	180.331.976	157.186.805
Operating Costs				
Cost of sales	42.925.591		42.925.591	37.084.999
External supplies and services	53.317.217		53.317.217	48.288.923
Personnel costs	52.331.750		52.331.750	47.341.376
Amortisation, depreciation and impairment losses	8.355.461		8.355.461	7.703.793
Other operating costs	2.096.525		2.096.525	823.774
Total operating costs	159.026.544	0	159.026.544	141.242.865
Operating Income	23.703.190	-2.397.758	21.305.432	15.943.940
EBITDA	32.058.651	-2.397.758	29.660.893	23.647.733
Net financing cost	-77.503	-1.570.323	-1.647.826	-3.854.092
Gain (losses) in joint controlled subsidiaries - Equity method	4.405		4.405	19.618
Profit before tax	23.630.092	-3.968.081	19.662.011	12.109.466
Income tax expense	5.605.163	-833.297	4.771.866	2.843.756
Net profit	18.024.929	-3.134.784	14.890.145	9.265.710

Adjusted net income for the 9M16 reached Eur 14.9 million euros that compares to Eur 9.3 million euros YoY.

The alteration on VAT on food products on the 3Q16 may have contributed with around 2 million euros to Net Result.

Gross margin in the period decreased to 75.8% of turnover (9M15: 76.2%). In 3Q16 the adjustment of the sales price, a more aggressive promotional activity and the significant increase of logistics costs in Angola limited the impact of TVA decrease. Gross margin just increased 0.5 pp versus 1H16.

Cost structure continues to reflect the dynamics of recent years which ensures a leverage of the profitability whenever we record a turnover growth. In fact, a dilution of the weight of fixed costs was verified as follows:

- **Staff costs:** increase of 10.5%, below sales evolution, representing 29.5% of turnover (9M15: 30.4%). Sales increase and the dilution of structure costs compensated the effect of the 5% increase of minimum wage in Portugal. The change on VAT policy on the 3Q16 contributed positively to reduction of its weight in sales.

- **External Supplies and services:** increase of 10.4%, slightly below sales evolution, representing 30.0% of turnover, 1 pp less than 9M15.

Other operating income increased by about 1.2 million euros corresponding almost entirely to income from consulting services on the first quarter.

Furthermore other operating costs also increased by about 1.3 million, due to costs associated to closures (0.7 million euros) together with exchange rate differences amounting to 500 thousand euros recorded in the Angolan subsidiary, as result of the AKZ depreciation against foreign currencies which affected some liabilities and assets denominated in external currency.

Therefore adjusted **EBITDA** increased by 6 million euros and amounted to 29.6 million euros, ie 25.4% over 9M15.

Adjusted consolidated **EBITDA** margin stood at 16.7%, compared with 15.2% at 9M15.

Consolidated **EBIT** margin went from increased from 10.3% of turnover to 12.0%, corresponding to an operating profit of 21.3 million euros.

Adjusted consolidated **Financial Results** were negative by 1.6 million euros, around 2.2 million euros less than 9M15. It must be stressed that over 9M15 currency exchange in Angola of 2.5 million euros were recorded under net financing costs.

Average cost of loans, which stood at 5.9%, was considerably higher than 9M15, Despite the reduction loans rates in Europe, increased weight of financing contracted in Angola (32% of total Group loans) at much higher interest rates than the Group average, originated a 4% increase of average cost of borrowings.

Financial Situation

Total Assets amounted to 267 million euros and equity stood at 146 million euros, representing 55% of assets.

As usual in this business, current assets are lower than current liabilities. Financial allowance stood at 33 million euros, in line with the end of 2015.

CAPEX reached 13.5 million euros, 10 million euros for the expansion programme and the remaining for the refurbishing of some units.

In July a promissory contract for the acquisition of Eat Out Group was held with the subsequent payment of 10 million euros.

Net debt at 30th September 2016 amounted to 20 million euros, 2 million euros less than at the end of 2015.

Treasury Stock

Considering that the company holds 10% of treasury stock, 100 of those shares were sold in August at an average price of 12,005 euros to grant the assignment of all rights corresponding to the leftover fractions of the operation of share capital increase by incorporation of reserves.

At 30th September 2016 the company held 1.999.900 treasury stock, representing 9.9995% of the share capital, acquired by Euro 11.178.443 euros, corresponding to an average price per share of 5.59 euros.

Outlook and Subsequent Events

Until the end of the year we expect to maintain the sales trend that occurred in the third quarter.

CAPEX for the third quarter includes the opening of 8 new units.
We will also carry on our plan of upgrading and refurbishment of the existing ones.

In Angola we expect to continue facing the same difficulties to get currency for foreign payments. Therefore special attention will be given to the foreign exchange risk coverage.

At the end of October we concluded the operation of acquisition of the total shareholding in Eat-Out, for an amount of around 77 million euros. This operation has been financed through bank borrowings at long term. This operation amounts to 105 million euros and the debt of the company will be refinanced to increase maturity.

The process of issuing and admission to quotation of the shares corresponding to share capital increase by incorporation of reserves also occurred in October.

Porto, 17th November 2016

António Alberto Guerra Leal Teixeira

António Carlos Vaz Pinto de Sousa

Juan Carlos Vázquez-Dodero

Declaration of Conformity

In compliance with paragraph c) of section 1 of Article 246 of the Securities Market Code each member of the board identified below declares that to the best of their knowledge:

- (i) the consolidated financial statements of Ibersol SGPS SA, referring to the third quarter of 2016 were drawn up in compliance with applicable accounting rules and provide a true and suitable picture of the assets and liabilities, financial situation and results of Ibersol SGPS, SA and the companies included in consolidation perimeter, and

- (ii) the interim management report includes a fair review of the important events that have occurred in the first nine months of the year and the evolution of business performance and the position of all the companies included in consolidation.

Porto, 17th November 2016

António Alberto Guerra Leal Teixeira
António Carlos Vaz Pinto Sousa
Juan Carlos Vázquez-Dodero

Chairman of the Boards of Director
Member of the Board of Directors
Member of the Board of Directors

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

Consolidated Financial Statements

30 September 2016

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ON 30th SEPTEMBER 2016 AND 31st DECEMBER 2015
(values in euros)

ASSETS	Notes	30-09-2016	31-12-2015
Non-current			
Tangible fixed assets	7	141.645.775	141.633.142
Goodwill	8	40.509.009	40.509.009
Intangible assets	8	11.645.074	11.431.871
Deferred tax assets		3.262.573	3.294.546
Financial investments - joint controlled subsidiaries		2.422.297	2.417.891
Other financial investments		496.655	402.591
Advances on account of financial investments	4	10.000.000	-
Other financial assets	14	17.327.331	7.098.836
Other non-current assets		1.344.183	1.408.996
Total non-current assets		<u>228.652.897</u>	<u>208.196.882</u>
Current			
Stocks		8.529.672	7.711.071
Cash and bank deposits		16.957.171	14.471.082
Income tax receivable		560.628	144.108
Other current assets	15	12.632.004	10.793.400
Total current assets		<u>38.679.475</u>	<u>33.119.661</u>
Total Assets		<u>267.332.372</u>	<u>241.316.543</u>
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	9	24.000.000	20.000.000
Own shares	9	-11.178.443	-11.179.644
Conversion Reserves		-2.017.907	-850.439
Legal Reserves		-	4.000.001
Other Reserves & Retained Results		116.414.920	107.372.132
Net profit in the year		18.086.698	10.582.266
		<u>145.305.268</u>	<u>129.924.316</u>
Non-controlling interest	10	1.001.126	5.121.687
Total Equity		<u>146.306.394</u>	<u>135.046.003</u>
LIABILITIES			
Non-current			
Loans	14	25.913.308	25.309.774
Deferred tax liabilities		10.178.460	10.046.125
Provisions		2.062.128	861.962
Derivative financial instrument		176.437	181.602
Other non-current liabilities		218.077	239.713
Total non-current liabilities		<u>38.548.410</u>	<u>36.639.176</u>
Current			
Loans	14	27.741.656	18.125.529
Accounts payable to suppl. and accrued costs		43.567.317	41.398.168
Income tax payable		3.320.293	1.390.543
Other current liabilities	15	7.848.302	8.717.124
Total current liabilities		<u>82.477.568</u>	<u>69.631.364</u>
Total Liabilities		<u>121.025.978</u>	<u>106.270.540</u>
Total Equity and Liabilities		<u>267.332.372</u>	<u>241.316.543</u>

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER, 2016 AND 2015
(values in euros)

	<u>Notes</u>	<u>30-09-2016</u>	<u>30-09-2015</u>
Operating Income			
Sales	5	177.028.181	155.040.312
Rendered services	5	449.328	502.358
Other operating income	6	<u>5.252.225</u>	<u>1.644.135</u>
Total operating income		<u>182.729.734</u>	<u>157.186.805</u>
Operating Costs			
Cost of sales		42.925.591	37.084.999
External supplies and services		53.317.217	48.288.923
Personnel costs		52.331.750	47.341.376
Amortisation, depreciation and impairment losses	7 e 8	8.355.461	7.703.793
Other operating costs		<u>2.096.525</u>	<u>823.774</u>
Total operating costs		<u>159.026.544</u>	<u>141.242.865</u>
Operating Income		<u>23.703.190</u>	<u>15.943.940</u>
Net financing cost	16	-77.503	-3.854.092
Gain (losses) in joint controlled subsidiaries - Equity method		<u>4.405</u>	<u>19.618</u>
Profit before tax		<u>23.630.092</u>	<u>12.109.466</u>
Income tax expense		5.605.163	2.843.756
Net profit		<u>18.024.929</u>	<u>9.265.710</u>
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		<u>-1.167.468</u>	<u>-982.862</u>
TOTAL COMPREHENSIVE INCOME		<u>16.857.461</u>	<u>8.282.848</u>
Net profit attributable to:			
Owners of the parent		18.086.698	9.307.049
Non-controlling interest		<u>-61.769</u>	<u>-41.340</u>
		<u>18.024.929</u>	<u>9.265.709</u>
Total comprehensive income attributable to:			
Owners of the parent		16.919.230	8.324.187
Non-controlling interest		<u>-61.769</u>	<u>-41.340</u>
		<u>16.857.461</u>	<u>8.282.847</u>
Earnings per share:			
Basic	9	<u>0,90</u>	<u>0,52</u>
Diluted		<u>0,90</u>	<u>0,52</u>

The Board of Directors,

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

	Notes	3rd TRIMESTER (unaudited)	
		2016	2015
Operating Income			
Sales	5	69.277.871	57.790.437
Rendered services	5	59.333	164.783
Other operating income	6	624.165	510.440
Total operating income		69.961.369	58.465.660
Operating Costs			
Cost of sales		16.542.188	13.783.464
External supplies and services		19.055.525	17.194.643
Personnel costs		18.156.767	16.291.908
Amortisation, depreciation and impairment losses	7 e 8	2.913.111	2.602.447
Other operating costs		503.684	300.087
Total operating costs		57.171.275	50.172.549
Operating Income		12.790.094	8.293.111
Net financing cost	16	-657.259	-1.492.847
Gain (losses) in joint controlled subsidiaries - Equity method		2.525	11.963
Profit before tax		12.135.360	6.812.227
Income tax expense		2.897.618	1.665.235
Net profit		9.237.742	5.146.992
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-40.843	-459.385
TOTAL COMPREHENSIVE INCOME		9.196.899	4.687.607
Net profit attributable to:			
Owners of the parent		9.214.333	5.121.788
Non-controlling interest		23.408	25.203
		9.237.742	5.146.991
Total comprehensive income attributable to:			
Owners of the parent		9.173.490	4.662.403
Non-controlling interest		23.408	25.203
		9.196.899	4.687.606
Earnings per share:	9		
Basic		0,43	0,28
Diluted		0,43	0,28

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Statement of Alterations to the Consolidated Equity
for the nine months period ended 30th September, 2016 and 2015
(value in euros)

Note	Assigned to shareholders							Non-controlling interest	Total Equity
	Share Capital	Own Shares	Conversion Reserves	Legal Reserves	Other Reserves & Retained Results	Net Profit	Total parent equity		
Balance on 1 January 2015	20.000.000	-11.179.644	68.631	4.000.001	100.691.623	7.756.088	121.336.699	4.976.886	126.313.585
Changes in the period:									
Application of the consolidated profit from 2014:									
Transfer to reserves and retained results					6.766.088	-6.766.088	-		-
Conversion reserves - Angola			-982.862				-982.862		-982.862
Net consolidated income in the nine month period ended on 30 September 2015						9.307.049	9.307.049	-41.340	9.265.709
Total changes in the period	-	-	-982.862	-	6.766.088	2.540.961	8.324.187	-41.340	8.282.847
Net profit						9.307.049	9.307.049	-41.340	9.265.709
Total comprehensive income							8.324.187	-41.340	8.282.847
Transactions with capital owners in the period									
Application of the consolidated profit from 2014:									
Paid dividends						-990.000	-990.000		-990.000
	-	-	-	-	-	-990.000	-990.000	-	-990.000
Balance on 30 September 2015	20.000.000	-11.179.644	-914.231	4.000.001	107.457.711	9.307.049	128.670.886	4.935.546	133.606.432
Balance on 1 January 2016	20.000.000	-11.179.644	-850.439	4.000.001	107.372.132	10.582.266	129.924.316	5.121.687	135.046.003
Changes in the period:									
Application of the consolidated profit from 2015:									
Transfer to reserves and retained results					10.582.266	-10.582.266	-		-
Share capital increase	4.000.000			-4.000.001			-		-
Non-controlling interest change					260.522		260.522	-260.522	-
Conversion reserves - Angola (Acquisition) / disposal of own shares		1.201	-1.167.468				-1.167.468		-1.167.468
Net consolidated income in the nine month period ended on 30 September 2016						18.086.698	18.086.698	-61.769	18.024.929
Total changes in the period	4.000.000	1.201	-1.167.468	-4.000.001	10.842.788	7.504.432	17.180.953	-322.291	16.858.662
Net profit						18.086.698	18.086.698	-61.769	18.024.929
Total comprehensive income							16.919.230	-61.769	16.857.461
Transactions with capital owners in the period									
Application of the consolidated profit from 2015:									
Paid dividends						-1.800.000	-1.800.000	-3.798.270	-5.598.270
	-	-	-	-	-	-1.800.000	-	-1.800.000	-3.798.270
Balance on 30 September 2016	24.000.000	-11.178.443	-2.017.907	-	116.414.920	18.086.698	145.305.268	1.001.126	146.306.394

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Consolidated Cash Flow Statements
for the nine months period ended 30 September, 2016 and 2015
(value in euros)

	Note	Nine months period ending on September 30	
		2016	2015
Cash Flows from Operating Activities			
Receipts from clients		177.101.390	155.522.766
Payments to suppliers		-102.050.640	-90.693.043
Staff payments		-38.833.311	-33.741.499
Payments/receipt of income tax		-2.645.864	-1.563.249
Other paym./receipts related with operating activities		-1.774.715	-6.567.745
Flows from operating activities (1)		31.796.860	22.957.230
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		590.332	42
Tangible fixed assets		4.964	19.287
Intangible assets			
Investment benefits		4.608	84.525
Interest received	16	2.111.585	108.161
Payments for:			
Financial Investments		10.094.296	27.147
Other financial assets	14	8.700.525	
Tangible fixed assets		16.805.224	12.493.611
Intangible assets		1.341.376	1.104.996
Other			
Flows from investment activities (2)		-34.229.932	-13.413.739
Cash flows from financing activities			
Receipts from:			
Loans obtained	14	13.348.261	2.193.687
Sale of own shares		1.201	
Payments for:			
Loans obtained		3.780.748	3.959.399
Amortisation of financial leasing contracts		75.773	
Interest and similar costs		1.977.395	1.311.923
Dividends paid	10	5.598.270	990.000
Flows from financing activities (3)		1.917.276	-4.067.635
Change in cash & cash equivalents (4)=(1)+(2)+(3)		-515.796	5.475.856
Perimeter changes effect			
Exchange rate differences effect		-551.779	185.111
Cash & cash equivalents at the start of the period		14.425.207	13.471.613
Cash & cash equivalents at end of the period		13.357.632	19.132.580

The Board of Directors,

IBERSOL SGPS, S.A.
ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA (“Company” or “Ibersol”) has its head office at Praça do Bom Sucesso, Edifício Península n.º 105 a 159 – 9º, 4150-146 Porto, Portugal. Ibersol’s subsidiaries (jointly called the Group), operate a network of 393 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Kentucky Fried Chicken, Burger King, O’ Kilo, Roulotte, Café Sô, Quiosques, Pizza Móvil, Miit, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffee counters and other concessions. The group has 376 units which it operates and 17 units under a franchise contract. Of this universe, 83 are headquartered in Spain, of which 67 are own establishments and 16 are franchised establishments, and 10 in Angola.

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

2. MAIN ACCOUNTING POLICIES

The main accounting policies applied in preparing these consolidated financial statements are identical to those used in preparing information for the periods ended September 30 and December 31, 2015, as described in the complete financial statements for the prior year presented, except for the exchange currency differences included in other income / other operating costs and excluded from net financing cost.

2.1 Presentation basis

These consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS), as applied in the European Union and in force on 01 January 2016, mainly with the international standard n.º. 34 – Interim Financial Report.

3. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

There were no substantial differences between accounting estimates and judgments applied on 31 December 2015 and the accounting values considered in the nine months period ended on the 30 September 2016.

4. INFORMATION ABOUT THE COMPANIES INCLUDED IN THE CONSOLIDATION AND OTHER COMPANIES

4.1. The following group companies were included in the consolidation on 30th September 2016 and 30th September and 31st December 2015:

Company	Head Office	% Shareholding		
		Sep-16	Sep-15	Dec-15
<u>Parent company</u>				
Ibersol SGPS, S.A.	Porto	parent	parent	parent
<u>Subsidiary companies</u>				
Iberusa Hotelaria e Restauração, S.A.	Porto	100%	100%	100%
Ibersol Restauração, S.A.	Porto	100%	100%	100%
Ibersande Restauração, S.A.	Porto	80%	80%	80%
Ibersol Madeira e Açores Restauração, S.A.	Funchal	100%	100%	100%
Ibersol - Hotelaria e Turismo, S.A.	Porto	100%	100%	100%
Iberking Restauração, S.A.	Porto	100%	100%	100%
Iberaki Restauração, S.A.	Porto	100%	100%	100%
Restmon Portugal, Lda	Porto	61%	61%	61%
Vidisco, S.L.	Vigo - Espanha	100%	100%	100%
Inverpeninsular, S.L.	Vigo - Espanha	100%	100%	100%
Ibergourmet Produtos Alimentares, S.A.	Porto	100%	100%	100%
Ferro & Ferro, Lda.	Porto	100%	100%	100%
Asurebi SGPS, S.A.	Porto	100%	100%	100%
Charlotte Develops, SL	Madrid-Espanha	100%	100%	100%
Firmoven Restauração, S.A.	Porto	100%	100%	100%
(c) IBR - Sociedade Imobiliária, S.A.	Porto	100%	98%	98%
Eggon SGPS, S.A.	Porto	100%	100%	100%
Anatir SGPS, S.A.	Porto	100%	100%	100%
Lurca, SA	Madrid-Espanha	100%	100%	100%
(d) Q.R.M.- Projectos Turísticos, S.A	Porto	-	100%	100%
Sugestões e Opções-Actividades Turísticas, S.A	Porto	100%	100%	100%
Resboavista- Restauração Internacional, Lda	Porto	100%	100%	100%
José Silva Carvalho Catering, S.A	Porto	100%	100%	100%
(a) Iberusa Central de Compras para Restauração ACE	Porto	100%	100%	100%
(b) Vidisco, Pasta Café Union Temporal de Empresas	Vigo - Espanha	100%	100%	100%
Maestro - Serviços de Gestão Hoteleira, S.A.	Porto	100%	100%	100%
SEC - Eventos e Catering, S.A.	Porto	100%	100%	100%
IBERSOL - Angola, S.A.	Luanda - Angola	100%	100%	100%
HCI - Imobiliária, S.A.	Luanda - Angola	100%	100%	100%
(c) Gravos 2012, S.A.	Porto	100%	98%	98%
<u>Companies controlled jointly</u>				
UQ Consult - Serviços de Apoio à Gestão, S.A.	Porto	50%	50%	50%

(a) Company consortium agreement that acts as the Purchasing and Logistics Centre and provides the respective restaurants with raw materials and maintenance services.

(b) Union Temporal de Empresas which was founded in 2005 and that during the year functioned as the Purchasing Centre in Spain by providing raw materials to the respective restaurants.

(c) Changes resulting from intra-group sale of 10% of the subsidiary IBR by Ibersande subsidiary to subsidiary Asurebi.

(d) Company merged into subsidiary José Silva Carvalho Catering, S.A. in July 2016, with effect from January 1, 2016.

The subsidiary companies were included in the consolidation by the full consolidation method. UQ Consult, the Jointly controlled entity, was subject to the equity method according to the group's shareholding in this company.

The shareholding percentages in the indicated companies imply an identical percentage in voting rights.

4.2. Alterations to the consolidation perimeter

4.2.1. Acquisition of new companies

The group did not buy any subsidiary in the nine months period ended on 30 September 2016.

4.2.2. Advance for the acquisition of new companies

In accordance with the agreement signed on 29 July 2016, in which Ibersol promised to acquire from the AGROLIMEN food group headquartered in Barcelona the entire capital of the Eat-Out Group, an advance of 10.000.000 eur was made on August 5th.

4.2.3. Disposals

The group did not sell any of its subsidiaries in the nine months period ended on 30 September 2016.

4.2.4. Change in % shareholding

On January 2, 2016, the Ibersande subsidiary sells its 10% share in the subsidiary IBR Imobiliária, to Asurebi SGPS.

As the Group has a shareholding of 80% in subsidiary Ibersande and IBR of 100% in subsidiary Gravos, with that sale the change in the percentage of group share changes from 98% to 100% for the two subsidiaries IBR and Gravos.

5. INFORMATION PER SEGMENT

Ibersol monitors the business based on following segmentation:

SEGMENT	BRANDS					
Restaurants	Pizza Hut	Pasta Caffè	Pizza Movil			
Counters	KFC	O'Kilo	Miit	Burguer King	Pans	Coffee Counter
Other business	Sol (SA)	Concessões	Catering	Convenience stores		

The results per segment for the nine month period ended on 30 September 2016 and 2015 were as follows:

	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Total Group
30 September 2016					
Inter-segment client	-	-	-	-	-
External client	56.086.272	102.700.197	18.430.573	260.467	177.477.509
Total sales and services	56.086.272	102.700.197	18.430.573	260.467	177.477.509
Royalties	2.564.709	4.794.896	230.931	-	7.590.536
Rent and condominiums	6.004.869	8.430.530	3.128.822	-	17.564.221
Cost of sales	10.917.134	27.567.027	4.441.429	-	42.925.591
Operating cash-flow (EBITDA)	8.519.084	17.719.928	5.819.639	-	32.058.651
Amortisation, depreciation and impairment losses	2.000.675	4.871.733	1.301.237	181.815	8.355.461
Operating income (EBIT)	6.518.409	12.848.195	4.518.402	-181.815	23.703.191

30 September 2015	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Total Group
Inter-segment client	-	-	-	-	-
External client	50.817.834	85.523.575	18.954.361	246.901	155.542.670
Total sales and services	50.817.834	85.523.575	18.954.361	246.901	155.542.670
Royalties	2.215.714	3.858.531	178.486	-	6.252.730
Rent and condominiums	5.477.350	7.114.000	3.541.382	-	16.132.731
Cost of sales	10.426.214	21.886.528	4.772.258	-	37.084.999
Operating cash-flow (EBITDA)	5.823.082	14.916.432	2.908.462	-244	23.647.733
Amortisation, depreciation and impairment losses	2.169.933	4.027.688	1.322.108	184.064	7.703.793
Operating income (EBIT)	3.653.149	10.888.744	1.586.354	-184.308	15.943.940

On September 30, 2016 and 2015 income and non-current assets by geography is presented as follows:

30 SEPTEMBER 2016	Portugal (1)	Espanha	Grupo
Restaurants	139.369.712	36.132.420	175.502.132
Merchandise	400.469	1.125.580	1.526.049
Rendered services	175.730	273.598	449.328
Total sales and services	139.945.911	37.531.598	177.477.509
Tangible fixed and intangible assets	135.514.649	17.776.200	153.290.849
Goodwill	7.605.482	32.903.527	40.509.009
Deferred tax assets	2.869.377	393.196	3.262.573
Financial investments - joint controlled subsidiaries	2.422.297	-	2.422.297
Other financial investments	436.655	60.000	496.655
Advances on account of financial investments	-	10.000.000	10.000.000
Other financial assets	17.327.331	-	17.327.331
Other non-current assets	-	1.344.183	1.344.183
Total non-current assets	166.175.791	62.477.106	228.652.897
30 SEPTEMBER 2015	Portugal (1)	Espanha	Grupo
Restaurants	119.372.038	34.041.843	153.413.881
Merchandise	437.316	1.189.115	1.626.431
Rendered services	237.262	265.096	502.358
Total sales and services	120.046.616	35.496.054	155.542.670
Tangible fixed and intangible assets	128.923.022	19.034.099	147.957.121
Goodwill	7.691.061	32.903.527	40.594.588
Deferred tax assets	166.261	377.389	543.650
Financial investments - joint controlled subsidiaries	2.468.471	-	2.468.471
Other financial investments	397.204	-	397.204
Other financial assets	-	-	-
Other non-current assets	-	1.416.929	1.416.929
Total non-current assets	139.646.019	53.731.944	193.377.963

(1) Due to the small size of its operations Angola is included in Portugal segment.

6. UNUSUAL AND NON-RECURRING FACTS AND SEASON ACTIVITY

In operating income, from the agreement with Ascendi, is a non-current income of 2.397.758 eur corresponding to compensation for loss of traffic by charging tolls on former Scuts. It was also agreed not to install Guimarães, Fafe and Paredes Service Areas which led to the refund of their concession rights and the receipt of contractual interest in the amount of 1.570.323 eur (Note 16).

Furthermore, non-current consulting services in the amount of 951 thousand euros were provided to third parties.

In the restaurant segment season activity is characterized by an increase of sales in the months of July, August and December, which leads to a greater activity on the third trimester of the year compared with the first semester. The previous years have evidenced that, in comparable perimeter and with an equal distribution of openings and closings, in the period that understands the nine first months of the year, sales are about 75% of annual volume and, with the dilution effect of the fixed costs with the increase of the activity, the operating income represents about 85%.

7. TANGIBLE FIXED ASSETS

In the nine months period ended 30 September 2016 and in the year ending on 31 December 2015, entries in the value of tangible fixed assets, depreciation and accumulated impairment losses were as follows:

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress	Total
1 January 2015						
Cost	7.444.433	138.429.980	70.718.503	17.057.427	9.564.864	243.215.209
Accumulated depreciation	-	34.496.057	54.791.463	13.348.258	-	102.635.777
Accumulated impairment	-	7.844.284	562.633	62.515	-	8.469.432
Net amount	7.444.433	96.089.640	15.364.408	3.646.655	9.564.864	132.110.000
31 December 2015						
Initial net amount	7.444.433	96.089.640	15.364.408	3.646.655	9.564.864	132.110.000
Changes in consolidat perimeter	-	-	-	-	-	-
Currency conversion	-455.293	-993.314	-319.677	-73.998	-779.806	-2.622.088
Additions	833.571	14.095.614	6.587.413	2.520.021	131.654	24.168.273
Decreases	-	275.933	169.302	13.776	-	459.012
Transfers	4.140.938	2.453.987	1.375.694	635.587	-8.504.897	101.310
Depreciation in the year	-	3.845.385	4.181.118	857.312	-	8.883.815
Deprec. by changes in the perim.	-	-	-	-	-	-
Impairment in the year	-	2.929.579	-	-	-	2.929.579
Impairment reversion	-	-148.054	-	-	-	-148.054
Final net amount	11.963.649	104.743.084	18.657.418	5.857.177	411.815	141.633.142
31 December 2015						
Cost	11.963.649	150.435.664	76.028.676	19.707.381	411.815	258.547.187
Accumulated depreciation	-	36.522.989	56.954.512	13.802.872	-	107.280.372
Accumulated impairment	-	9.169.591	416.747	47.333	-	9.633.671
Net amount	11.963.649	104.743.084	18.657.418	5.857.177	411.815	141.633.142

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress	Total
30 September 2016						
Initial net amount	11.963.649	104.743.084	18.657.418	5.857.177	411.815	141.633.142
Changes in consolidat perimeter	-	-	-	-	-	-
Currency conversion	-783.337	-1.783.678	-783.007	-232.721	-20.120	-3.602.863
Additions	105.842	6.538.440	3.978.252	1.128.494	201.452	11.952.480
Decreases	-	683.756	163.459	29.120	58.273	934.608
Transfers	-	99.152	6.509	10.978	-163.260	-46.621
Depreciation in the year	-	3.248.673	3.327.604	779.481	-	7.355.758
Deprec. by changes in the perim.	-	-	-	-	-	-
Impairment in the year	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Final net amount	11.286.154	105.664.569	18.368.109	5.955.327	371.614	141.645.775
30 September 2016						
Cost	11.286.154	151.625.964	76.884.020	19.824.714	371.614	259.992.468
Accumulated depreciation	-	38.382.297	58.162.285	13.834.029	-	110.378.611
Accumulated impairment	-	7.579.098	353.627	35.359	-	7.968.084
Net amount	11.286.154	105.664.569	18.368.109	5.955.327	371.614	141.645.775

Investments in 2015 and 2016, with the amount of about 24 and 12 million euros, respectively, refer mainly to KFC restaurants openings in Angola, and Burger King and Pizza Hut in Portugal.

8. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	<u>Sep-16</u>	<u>Dec-15</u>
Goodwill	40.509.009	40.509.009
Intangible assets	11.645.074	11.431.871
	52.154.083	51.940.880

In the nine months period ended 30 September 2016 and in the year ending on 31 December 2015, entries in the value of intangible assets, amortization and accumulated impairment losses were as follows:

	Goodwill	Industrial property	Other intangible Assets	Intangible Assets in progress	Total
1 January 2015					
Cost	42.456.266	21.231.044	5.969.250	2.487.970	72.144.530
Accumulated amortization	-	8.322.510	5.290.418	-	13.612.928
Accumulated impairment	1.861.678	2.511.522	70.110	-	4.443.310
Net amount	40.594.588	10.397.012	608.722	2.487.970	54.088.293

31 December 2015

Initial net amount	40.594.588	10.397.012	608.722	2.487.970	54.088.293
Changes in consolidat. perimeter	-	-	-	-	-
Currency conversion	-	-77.506	-	-37.454	-114.960
Additions	-	2.242.182	109.736	442.757	2.794.675
Decreases	-	7.075	71.086	-	78.161
Transfers	-85.579	66.401	-	-2.134.239	-2.153.417
Amortization in the year	-	1.141.796	302.608	-	1.444.404
Amortiz. by changes in the perimeter	-	-	-	-	-
Impairment in the year	-	1.151.148	-	-	1.151.148
Impairment reversion	-	-	-	-	-
Final net amount	40.509.009	10.328.070	344.764	759.034	51.940.880

31 December 2015

Cost	42.370.687	23.375.701	5.918.825	759.034	72.424.247
Accumulated amortization	-	9.386.529	5.534.246	-	14.920.775
Accumulated impairment	1.861.678	3.661.102	39.815	-	5.562.594
Net amount	40.509.009	10.328.070	344.764	759.034	51.940.880

	Goodwill	Industrial property	Other intangible Assets	Intangible Assets in progress (1)	Total
30 September 2016					
Initial net amount	40.509.009	10.328.070	344.764	759.034	51.940.880
Changes in consolidat. Perimeter	-	-	-	-	-
Currency conversion	-	-98.029	-	-132.426	-230.455
Additions	-	1.363.708	-	131.485	1.495.193
Decreases	-	620	-	66.303	66.923
Transfers	-	3.150	-	-3.150	-
Amortization in the year	-	870.905	113.706	-	984.611
Amortiz. by changes in the perimeter	-	-	-	-	-
Impairment in the year	-	-	-	-	-
Impairment reversion	-	-	-	-	-
Final net amount	40.509.009	10.725.374	231.058	688.640	52.154.083

30 September 2016

Cost	42.370.687	24.456.712	5.647.330	688.638	73.163.367
Accumulated amortization	-	10.070.234	5.407.671	-	15.477.905
Accumulated impairment	1.861.678	3.661.102	8.601	-	5.531.380
Net amount	40.509.009	10.725.376	231.058	688.638	52.154.083

(1) balance on 30 September 2016 concerns, mainly, to restaurants in Angola due to open.

Industrial property includes group's concessions and territorial rights.

Goodwill is broken down as shown bellow:

	<u>Sep-16</u>	<u>Dec-15</u>
Restaurants	11.104.988	11.104.988
Counters	25.349.831	25.349.831
Concessions and Catering	3.874.469	3.874.469
Other, write off and adjustments	179.721	179.721
	<u>40.509.009</u>	<u>40.509.009</u>

9. INCOME PER SHARE

Income per share in the nine months period ended 30 September 2016 and 2015 was calculated as follows:

	<u>Sep-16</u>	<u>Sep-15</u>
Profit payable to shareholders	<u>18.086.698</u>	<u>9.307.049</u>
Mean weighted number of ordinary shares issued	22.250.000	20.000.000
Mean weighted number of own shares	-2.224.986	-2.000.000
	<u>20.025.014</u>	<u>18.000.000</u>
Basic earnings per share (€ per share)	<u>0,90</u>	<u>0,52</u>
Earnings diluted per share (€ per share)	<u>0,90</u>	<u>0,52</u>
Number of own shares at the end of the year	<u>2.399.900</u>	<u>2.000.000</u>

At the General Meeting of 29th April 2016, it was decided to increase the share capital to 24 million, by incorporation of legal reserves. The capital increase implies an increase of 400.000 own shares.

10. DIVIDENDS

At the General Meeting of 29th April 2016, the company decided to pay a gross dividend of 0,10 euros per share (0,055 euros in 2015), representing a total value of 1.800.000 euros for outstanding shares (990.000 euros in 2015), settled on May 27th, 2016.

Also, in the year 2016, 3.798.270 euros of dividends were paid to a minority shareholder of the subsidiary Ibersande.

11. CONTINGENT ASSETS AND LIABILITIES

The group has contingent liabilities regarding bank and other guarantees and other contingencies related with its business operations (as licensing, advertising fees, food hygiene and safety and employees, and the rate of success of these processes is historically high in Ibersol). No significant liabilities are expected to arise from the said contingent liabilities.

On 30th September 2016 and 31st December 2015, subsidiaries non-accounted responsibilities included in the consolidation consist mainly of bank guarantees given on their behalf, as shown below:

	<u>Sep-16</u>	<u>Dec-15</u>
Bank guarantees	2.091.494	1.875.027

Bank guarantees are related mainly to concessions and rents.

12. COMMITMENTS

There are no commitments relating to investments contracted at the date of approval of these financial statements.

13. IMPAIRMENT

Changes in the nine months period ended 30 September 2016 and in the year ending on 31 December 2015, under the heading of asset impairment losses were as follows:

	Sep-16					
	Starting balance	Transfer	Impairment assets disposals	Losses in the Year	Impairment reversion	Closing balance
Tangible fixed assets	9.633.672	-	-1.665.588	-	-	7.968.084
Goodwill	1.861.678	-	-	-	-	1.861.678
Intangible assets	3.700.917	-	-31.215	-	-	3.669.702
Stocks	74.981	-	-	-	-	74.981
Other current assets	1.442.527	6.228	-	-15.320	-49.111	1.384.324
Other non current assets	134.342	-6.228	-	-	-	128.114
	16.848.116	-	-1.696.803	-15.320	-49.111	15.086.882

	Dec-15					
	Starting balance	Transfer	Impairment assets disposals	Losses in the Year	Impairment reversion	Closing balance
Tangible fixed assets	8.469.432	-	-1.617.285	2.929.579	-148.054	9.633.672
Goodwill	1.861.678	-	-	-	-	1.861.678
Intangible assets	2.581.631	-	-31.862	1.151.148	-	3.700.917
Stocks	74.981	-	-	-	-	74.981
Other current assets	1.386.567	24.170	-	102.321	-70.532	1.442.527
Other non current assets	158.512	-24.170	-	-	-	134.342
	14.532.802	-	-1.649.147	4.183.048	-218.586	16.848.116

14. FINANCIAL RISK MANAGEMENT

14.1 Financial risk factors

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

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

a) Market risk



i) Currency exchange risk

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

The main source of the Group's exposure arises from the investment outside the euro area of operation that develops in Angola, although it is still small is growing and consequently is gaining weight in the group's activity. The shortage of foreign currency in Angola and the devaluation of the kwanza is a risk to consider. The financing of the Angolan subsidiary in foreign currency in the amount of \$ 1.625.000 does not have large exposure due to it's

reduced amount. The remaining financing concerning Angolan subsidiaries are denominated in the local currency, the same in which the income is generated. The difficulty in paying the imports have been increasing and the liabilities of the Angolan subsidiary in foreign currency has increased. The adopted policy is liability coverage in foreign currency assets indexed to USD (Angolan State Treasury Bonds, presented under Other financial assets of the Consolidated Statement of Financial Position). In the nine months period ended 30 September 2016 has been invested 8.700.525 euros in this type of obligations, and to this end was the same amount financing contracted (which largely justifies the increased loans face line by December 31, 2015).

Currency exchange rate used for conversion of the transactions and balances denominated in Kwanzas, were respectively:

Sep-16			
Euro exchange rates foreign currency per 1 Euro)	(x	Rate on September, 30 2016	Average interest rate September 2016
 Kwanza de Angola (AOA)		186,081	183,117
Dec-15			
Euro exchange rates foreign currency per 1 Euro)	(x	Rate on December, 31 2015	Average interest rate year 2015
 Kwanza de Angola (AOA)		147,842	134,409

Based on simulations performed on September 30, 2016, a decrease from 5% to 10% in AOA, concerning EUR and USD currency, keeping everything else constant, would have no impact on the consolidated financial statements of the Group because there is full coverage of liabilities in foreign currency. That is assets and liabilities in foreign currency have identical values.

ii) Price risk

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

iii) Interest rate risk (cash flow and fair value)

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

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

The unpaid debt bears variable interest rate, part of which has been the object of an interest rate swap. The interest rate swap to hedge the risk of a 7,5 million euros (commercial paper programmes) loan has the maturity of the underlying interest and the repayment plan identical to the terms of the loan.

Based on simulations performed on 30 September 2016, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 186 thousand euros.

b) Credit risk

The main activity of the Group is carried out with sales paid in cash, or debit or credit card, so the Group has no significant credit risk concentrations. Regarding the customers, the risk is limited to the Catering business and sales of merchandise to franchisees representing less than 3% of the consolidated sales. The Group has policies to ensure that credit sales are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit that customers have access to.

The Group's cash and cash equivalents include mainly deposits, resulting from cash provided by sales and its deposits, in current accounts. These amounts excluded, the value of financial investments at September 30, 2016, is not significant.

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

c) Liquidity risk

Liquidity risk management implies maintaining a sufficient amount of cash and bank deposits, the feasibility of consolidating the floating debt through a suitable amount of credit facilities and the capacity to liquidate market positions. Treasury needs are managed based on the annual plan that is reviewed every quarter and adjusted daily. Related with the dynamics of the underlying business operations, the group's treasury strives to maintain the floating debt flexible by maintaining credit lines available.

The Group considers that the short-term bank loans are due on the renewal date and that the commercial paper programmes matured on the dates of denunciation.

At the end of September 2016 current liabilities reached 82 million euros, compared with 39 million euros in current assets. This disequilibrium is, on one hand, a financial characteristic of this business and, on the other hand, due to the use of commercial paper programmes in which the Group considers the maturity date as the renewal date, regardless of its initial stated periods. In order to ensure liquidity of the short term debt it is expected in the year 2016 the renewal of the commercial paper programmes (18.000.000 euros). However, in case of need, cash and cash equivalents and cash flows from operations are sufficient to settle current loans.

On September 30, 2016, the use of short term liquidity cash flow support was less than 37%. Investments in term deposits and other application of 16.9 million euros, match 32% of liabilities paid.

The following table shows the Group financial liabilities (relevant items), considering contractual cash-flows:

	<u>to September 2017</u>	<u>from September 2017 to 2028</u>
Bank loans and overdrafts	9.584.938	18.780.277
Commercial paper	18.000.000	6.750.000
Suppliers of fixed assets c/ a	7.464.007	-
Suppliers c/ a	23.785.178	-
Leasing suppliers	156.718	383.031
Other creditors	10.155.062	218.077
Accrued costs	12.318.132	-
Total	<u>81.464.035</u>	<u>26.131.385</u>

d) Capital risk

The company aims to maintain an equity level suitable to the characteristics of its main business (cash sales and credit from suppliers) and to ensure continuity and expansion. The capital structure balance is monitored based on the gearing ratio (defined as: net remunerated debt / net remunerated debt + equity) in order to place the ratio within a 35%-70% interval.

On 30th September 2016 the gearing ratio was of 12% and on 31st December 2015 of 14%, as follows:

	<u>Set-16</u>	<u>Dec-15</u>
Bank loans	53.654.964	43.435.303
Other financial assets	-17.327.331	-7.098.836
Cash and bank deposits	-16.957.171	-14.471.082
Net indebtedness	<u>19.370.462</u>	<u>21.865.385</u>
Equity	<u>146.306.394</u>	<u>135.046.003</u>
Total capital	<u>165.676.856</u>	<u>156.911.388</u>
Gearing ratio	12%	14%

Given the current constraints of the financial markets and despite the goal of placing the gearing ratio in the range 35% -70%, prudently, in September 2016 we have a 12% ratio and in December 2015, 14%.

14.2 Estimated fair value

The fair value of financial instruments commercialised in active markets (such as publicly negotiated derivatives, securities for negotiation and available for sale) is determined based on the listed market prices on the consolidated statement of financial position date. The market price used for the group's financial assets is the price received by

the shareholders in the current market. The market price for financial liabilities is the price to be paid in the current market.

The nominal value of accounts receivable (minus impairment adjustments) and accounts payable is assumed to be as approximate to its fair value. The fair value of financial liabilities is estimated by updating future cash flows contracted at the current market interest rate that is available for similar financial instruments.

15. OTHER CURRENT ASSETS AND LIABILITIES

Other current assets and liabilities on 30 September 2016 and 31st December 2015 are broken down as follows:

Other current assets

	<u>Sep-16</u>	<u>Dec-15</u>
Clients	4.150.149	3.688.266
State and other public entities	419.843	203.710
Other debtors	2.887.765	4.876.466
Advances to suppliers	152.259	-
Advances to asset suppliers	2.251.000	94.089
Accruals and income	2.244.291	1.591.708
Deferred costs	1.911.021	1.781.688
Other current assets	<u>14.016.328</u>	<u>12.235.927</u>
Accumulated impairment losses	1.384.324	1.442.527
	<u>12.632.004</u>	<u>10.793.400</u>

Other current liabilities

	<u>Sep-16</u>	<u>Dec-15</u>
Other creditors	2.234.604	1.986.777
State and other public entities	4.600.165	6.020.854
Deferred income	1.013.533	709.493
	<u>7.848.302</u>	<u>8.717.124</u>

Other Debtors change concerns repayment of the amount invested in Guimarães, Fafe e Paredes platforms (EUR 2.1 million).

16. NET FINANCING COST

Net financing cost on 30th September 2016 and 31st December 2015 are broken down as follows:

	<u>2016</u>	<u>2015</u>
Interest paid	1.823.166	842.264
Interest earned (1)	-2.183.239	-27.302
Currency exchange differences (2)	-24.022	2.508.943
Payment discounts obtained	-7.947	-6.249
Other financial costs and income	469.545	536.436
	<u>77.503</u>	<u>3.854.092</u>

(1) 2016 balance is essentially the compensatory interest of Aenor (Note 6).

(2) in 2015, the devaluation of Kwanza (AOA) against major currencies, with particular emphasis to the USD, gave potential unfavorable exchange differences in Angola for updating assets and liabilities in foreign currency. In 2016, this exchange rate adjustment was recognized in other operating costs (about EUR 0.5 million).

17. TRANSACTIONS WITH RELATED PARTIES

The related parties of Ibersol group are:

- António Carlos Vaz Pinto de Sousa – 1.400 shares (*)
- António Alberto Guerra Leal Teixeira – 1.400 shares (*)
- ATPS, SGPS, SA – 10.981.701 shares

(*) ATPS voting rights are also attributable to Antonio Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira under subparagraph b) of paragraph 1 of article 20^o and paragraph 1 Article 21^o, both of the Portuguese Market Code, with the control of ATPS, in which they participate indirectly in equal parts by their companies, respectively, CALUM – Serviços e Gestão, S.A. with the NIPC 513799486 and DUNBAR – Serviços e Gestão, S.A with the NIPC 513799257, which together hold the majority of the capital of ATPS.

- Joint controlled entities – UQ Consult

With respect to the balances and transactions with related entities, the overall value of the balances and transactions of the Group with the joint controlled UQ Consult relates mainly to support services and management information systems, and was, respectively, 830.440 and 1.805.821 euros.

- Administrators

The company shareholder ATPS-S.G.P.S., S.A., under a service-rendering contract with the subsidiary Ibersol Restauração, S.A., has the obligation to ensure that its administrators, António Carlos Vaz Pinto de Sousa and Antonio Alberto Guerra Leal Teixeira, manage the group without incur in any additional charge. The company does not pay directly to its administrators any remuneration.

18. SUBSEQUENT EVENTS

There were no subsequent events as of 30 September 2016 that may have a material impact on these financial statements, besides the following:

a) by contract signed on October 27, 2016 with the Restaurant Group AGROLIMEN, based in Barcelona, Ibersol acquire the entire share capital of Eat-Out Group, that holds a major position in the Spanish food market through different brands: Pans & Co, Ribs, FresCo and Dehesa Santa Maria, and a significant presence in the Travel segment, operating in several Airports in Spain.

b) still in October, the process of issuing and listing the shares corresponding to the capital increase by incorporation of reserves occurred.

19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 17th November 2016.