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
1st Quarter 2017
(not audited)

- **Consolidated Turnover of 94.3 million euros**
- **Turnover without Eat Out Group (EOG) of 61.4 million euros**
  Increase of 15.8% over the adjusted 1st quarter of 2016

- **Consolidated EBITDA reached 10.5 million euros**
- **Adjusted EBITDA without EOG of 8.6 million euros**
  Ebitda increased 25.3% over the adjusted 1st quarter of 2016.

- **Consolidated net profit of 2.1 million**
- **Consolidated net profit without EOG of 3.0 million euros**
  Increase of 8.3% when compared to the adjusted 1st quarter of 2016

Consolidated Management Report

Activity

The positive evolution of the demand, coupled with the effects of Eat Out Group acquisition at the end of October and the openings of larger restaurants at the end of 2016, allowed to achieve an increase restaurant sales of 76.8%.

Eliminating the effect of the Eat Out Group acquisition, the sales growth in the first quarter was 16.1%, despite the negative calendar effect of -4.8%, which fully absorbed the impact of the VAT rate change on food products in Portugal that occurred in July of the previous year.

SALES IN RESTAURANTS	1st Q17 w/EOG		EOG	TOTAL 1st Q17	
	euro million	% Ch. 17/16	euro million	euro million	% Ch. 17/16
Restaurants	17,82	6,4%	4,52	22,34	33,4%
Counters	37,06	19,3%	7,83	44,90	44,5%
Concessions &Catering	5,93	30,5%	19,43	25,36	458,5%
Total Sales	60,81	16,1%	31,78	92,59	76,8%

About half of this negative calendar effect is associated with the change in Easter holidays from March to April. Until April, the restaurant sales without Eat Out Group grew 18%.

All segments show a positive trend with an increase in the same universe and market share gains.

In the counters segment, the brands which we operate maintained the trend observed last year with market share gains and growth rates influenced by a higher number of units operating.

The "Catering and Concessions" business reached the better performance, benefited from a larger number of great catering events and the traffic increase in the concession areas.

The contribution of the Eat Out Group equity restaurants sales amounts to 31.8 million, with special emphasis on the approximately 20 million sales in concessions.

The consolidated turnover amounted to EUR 94.3 million (EUR 61.3 million without Eat Out Group), compares with EUR 53.0 million euros in the first quarter 2016 as follows:

Turnover	1st Q17 w/EOG		EOG	TOTAL 1st Q17	
	euro million	% Ch. 17/16	euro million	euro million	% Ch. 17/16
Sales of Restaurants	60,81	16,1%	31,78	92,59	76,8%
Sales of Merchandise	0,40	-18,4%	0,00	0,40	-18,4%
Services Rendered	0,16	5,5%	1,18	1,33	794,4%
Net Sales & Services	61,36	15,8%	32,96	94,32	78,0%

With the Eat Out Group acquisition, royalty’s revenues from franchisees gain another dimension. Also in this item of income there was a strong impact of the calendar in the quarter.

During the quarter, we closed 20 restaurants, 9 equities and 11 franchises. The closures of the equity restaurants resulted from the end of the concession period of 6 units at Fuerteventura Airport and 3 due to non-renewal option of the respective contracts (Pans Plaza Norte, Òkilo and Pasta Caffé Vila Real). Continuing the process of evaluation of the franchisees network, 7 units of Santamaria and 4 Pans in Spain were closed.

Following the strategy of expansion in new concessions, we opened at Santa Maria airport in Azores and at the train station in Lérida.

At the end of the quarter, the total number of restaurants was 649 (497 equity and 152 franchises), as shown below:

Nº of Restaurants	2016 31-Dec	Openings	Transfer	Closings	2017 31-Mar
PORTUGAL	**307**	**1**		**2**	**306**
Own Stores	**306**	**1**		**2**	**305**
Pizza Hut	93				93
Okilo+MIIT	5			1	4
Pans+Roulotte	46				46
Burger King	66				66
KFC	18				18
Pasta Caffé	10			1	9
Quiosques	8				8
Coffee Shops	30				30
Catering	7				7
Concessions & Other	23	1			24
Franchise Stores	**1**				**1**
SPAIN	**340**	**1**		**18**	**323**
Own Stores	**188**	**1**	**0**	**7**	**182**
Pizza Móvil	34		-3		31
Pizza Hut	0		3		3
Burger King	33				33
Pans	38			1	37
Ribs	9				9
FrescCo	3				3
Concessions	71	1		6	66
Franchise Stores	**152**			**11**	**141**
Pizza Móvil	16				16
Pans	67			4	63
Ribs	25				25
Fresco	8				8
SantaMaria	36			7	29
ANGOLA	**10**				**10**
KFC	9				9
Pizza Hut	1				1
Other Locations - Franchise Stores	**10**				**10**
FrescCo India	2				2
Pans Italy	8				8
Total Own stores	**504**	**2**	**0**	**9**	**497**
Total Franchise stores	**163**	**0**	**0**	**11**	**152**
TOTAL	**667**	**2**	**0**	**20**	**649**

The consolidated net income of 1Q amounted to Eur 2.1 million euros, 3.8 million euros lower than what had been registered in 1Q 2016. According to the report for the first quarter of 2016, the result for that period included 3.1 million euros of non-recurring income.

For comparative purposes with the first quarter of last year we will take as reference the adjusted accounts for the first quarter of 2016, in which we segregated the effect of financial compensation for the traffic losses, caused by the implementation of tolls on the ex-Scuts.

In the first quarter of 2017 the result is strongly influenced by the consolidation of Eat Out Group, by the unfavorable calendar with sales impact at the whole Group and for the reduction of the VAT rate in the Portuguese market.

In order to better understanding the 1Q 2017 indicators, we consider the two perimeters, with and without consolidation of the Eat Out Group:

	2017		2016	
	1st Q17	1st Q17 (without EOG)	1st Q16	1st Q17 (adusted)
Operating Income				
Sales	93.004.437	**61.220.352**	52.807.354	**52.807.354**
Rendered services	1.318.623	**143.061**	149.970	**149.970**
Other operating income	2.041.341	**650.679**	3.969.565	**1.571.807**
Total operating income	96.364.401	**62.014.092**	56.926.889	**54.529.131**
Total operating costs	92.578.327	**57.361.388**	50.364.752	**50.364.752**
Operating Income	3.786.074	**4.652.704**	6.562.137	**4.164.379**
EBITDA	**10.465.920**	**8.626.398**	**9.279.812**	**6.882.054**
Net financing cost	-1.293.929	**-978.649**	1.051.026	**-519.297**
Gaisn (losses) in joint controlled subsidiaries - Equity method	5.365	**5.365**	-8.309	**-8.309**
Profit before tax	**2.497.510**	**3.679.420**	**7.604.854**	**3.636.773**
Income tax expense	446.246	**724.650**	1.741.233	**907.936**
Net profit	**2.051.264**	**2.954.770**	**5.863.621**	**2.728.837**

Net income for the 1Q17 was 25% lower than the same adjusted period in 2016. Not considering the Eat Out Group in the consolidation perimeter, net income grew 8.3%.

Gross margin corresponds to 77.0% of turnover (1Q16: 75.6%), reflecting an improvement by consolidation of EOG's business, which by its typology have a higher gross margin, namely the contribution of the franchise business.
Without considering Eat Out Group contribution, the gross margin was 75.4%, as the level registered in the first quarter of 2016. The effect of the VAT rate reduction in the gross margin was absorbed by the increase in the wheight of counters in total sales and promotional aggressiveness,

namely the campaign to join the main loyalty card in Portugal “Cartão Continente”, in February and March.

Staff costs: increased 87.6%, above sales evolution, representing 33.4% of turnover.
Without EOG, this increase was 14.2%, slightly lower than the 15.8% activity increase, representing 31.3% of the turnover (1Q16: 31.7%). The increase in the minimum wage and the training costs resulting from the planned expansion of new units concentrated in the second quarter, did not allow to achieve the expected gains from the VAT reduction.

External Supplies and services: increase of 91.1%, representing 33.9% of turnover. For this increase, it should be noted the increase in activity in concessions, characterized by higher rents.
Without EOG, increase of 11.7%, representing 30.4% of turnover,1.2 pp less than in 1Q 2016.

Other operating income decreased by about 1 million euros corresponding almost entirely to income from consulting services on the first quarter of previous year, as well as **other operating costs** with a reduction of 0.8 million, mainly due to the reduction in exchange differences recorded in the Angolan subsidiary at the 1Q16, as result of the AKZ depreciation against foreign currencies which affected some liabilities and assets denominated in external currency.

Therefore **EBITDA** amounted to 10.5 million euros, an increase of 52% over 1Q16
Ebitda without Eat Out Group, increased 1.7 million euros and amounted to 8.6 million euros, ie 25.3% over 1Q16.

Consolidated **EBITDA** margin stood at 11.1% of turnover and 14.1% without Eat Out Group, compared with 13.0% at 1Q16.

Consolidated **EBIT** margin was 3.8 million euros, representing 4.0% of turnover, reflecting the weight of depreciation in a quarter of lower activity.
At Eat Out Group, in the first quarter, depreciation amounted to 2.7 million euros, representing 8.2% of turnover.

Without Eat Out Group, **EBIT** margin decreased from 7.9% of turnover to 7.6%, corresponding to an operating profit of EUR 4.7 million euros. Should be noted the increase of the depreciations value, which represented 6.5% of turnover (5.1% in 1Q16).

Consolidated **Financial Results** were negative by 1.3 million euros, around 0.8 million euros higher than 1Q16.

Average cost of loans, which stood at 2.6%, substantially lower than 1Q16, due to the dilution of the weight of the debt in Angola, due to the financing agreement for the acquisition of Eat Out Group.

Financial Situation

Total Assets amounted to 415 million euros and equity stood at 154 million euros, representing 37% of assets.

CAPEX reached 5 million euros. About half (2.6 million euros), for the investment in the new central unit production and the remaining for the refurbishment and reconversion of some restaurants.

Net debt at 31th March 2017 amounted to 114 million euros, 4.2 milion euros higher than at the end of 2016.

Treasury Stock

During the first quarter of 2017 there has not been registered transactions of own shares.
On the 31st March the company held 2.399.905 treasury stock, representing 9.9996% of the share capital, acquired by 11.179.347 euros, corresponding to an average price per share of 4.65€.

Subsequent Events

In May a simple swap contract was concluded to cover the interest rate in the amount of 24 million euros.

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

Consolidated Financial Statements

31st March 2017

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ON 31st MARCH 2017 AND 31st DECEMBER 2016
(values in euros)

ASSETS	Notes	31-03-2017	31-12-2016
Non-current			
Tangible fixed assets	7	178.173.143	179.388.621
Goodwill	8	111.156.658	111.156.658
Intangible assets	8	14.313.276	14.990.885
Deferred tax assets		8.435.770	8.555.186
Financial investments - joint controlled subsidiaries		2.422.996	2.417.631
Available-for-sale financial assets		456.586	440.541
Other financial assets	14	11.025.900	10.438.768
Other non-current assets		6.500.428	6.574.793
Total non-current assets		**332.484.757**	**333.963.083**
Current			
Stocks		11.281.728	11.547.211
Cash and bank deposits		30.936.405	39.588.532
Income tax receivable		2.751.654	2.332.391
Other financial assets	14	7.006.502	7.041.574
Other current assets	15	30.213.593	28.584.565
Total current assets		**82.189.882**	**89.094.273**
Total Assets		**414.674.639**	**423.057.355**

EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to shareholders			
Share capital		24.000.000	24.000.000
Own shares		-11.179.348	-11.179.348
Conversion Reserves		-2.047.882	-2.002.180
Other Reserves & Retained Results		140.909.956	117.522.486
Net profit in the year		1.997.246	23.387.471
		153.679.972	**151.728.429**
Non-controlling interest		387.417	333.399
Total Equity		**154.067.389**	**152.061.828**
LIABILITIES			
Non-current			
Loans		117.368.104	130.457.713
Deferred tax liabilities		10.115.216	10.187.932
Provisions		3.232.128	3.412.128
Derivative financial instrument		114.935	114.935
Other non-current liabilities		200.828	208.040
Total non-current liabilities		**131.031.211**	**144.380.748**
Current			
Loans		45.521.357	36.333.949
Accounts payable to suppliers and accrued costs		62.692.281	69.304.753
Income tax payable		3.307.108	2.349.654
Other current liabilities	15	18.055.293	18.626.423
Total current liabilities		**129.576.039**	**126.614.779**
Total Liabilities		**260.607.250**	**270.995.527**
Total Equity and Liabilities		**414.674.639**	**423.057.355**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH, 2017 AND 2016
(values in euros)

	Notes	31-03-2017	31-03-2016
Operating Income			
Sales	5	93.004.437	52.807.354
Rendered services	5	1.318.623	149.970
Other operating income	6	2.041.341	3.969.565
Total operating income		96.364.401	56.926.889
Operating Costs			
Cost of sales		21.688.285	12.930.687
External supplies and services		31.958.224	16.721.037
Personnel costs		31.531.510	16.810.068
Amortisation, depreciation and impairment losses of TFA and IA	7 and 8	6.679.846	2.717.675
Other operating costs		720.462	1.185.285
Total operating costs		92.578.327	50.364.752
Operating Income		3.786.074	6.562.137
Net financing cost	16	1.293.929	-1.051.026
Gains (losses) in joint controlled subsidiaries - Equity method		5.365	-8.309
Profit before tax		**2.497.510**	**7.604.854**
Income tax expense		446.246	1.741.233
Net profit		**2.051.264**	**5.863.621**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-45.702	-959.050
TOTAL COMPREHENSIVE INCOME		**2.005.562**	**4.904.571**
Net profit attributable to:			
Owners of the parent		1.997.246	5.913.159
Non-controlling interest		54.018	-49.538
		2.051.264	5.863.621
Total comprehensive income attributable to:			
Owners of the parent		1.951.544	4.954.109
Non-controlling interest		54.018	-49.538
		2.005.562	4.904.571
Earnings per share:	9		
Basic		**0,09**	**0,33**
Diluted		**0,09**	**0,33**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Statement of Alterations to the Consolidated Equity
for the three months period ended 31st March, 2017 and 2016
(value in euros)

	Note	Assigned to shareholders								
	Note	Share Capital	Own Shares	Conversion Reserves	Legal Reserves	Other Reserves & Retained Results	Net Profit	Total parent equity	Interests that do not control	Total Equity
Balance on 1 January 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	-		-
Change on interest that do not control						250.522		250.522	-250.522	-
Conversion reserves - Angola				-959.050				-959.050		-959.050
Net consolidated income in the three month period ended on 31 March 2016							5.913.159	5.913.159	-49.538	5.863.621
Total changes in the period		-	-	-959.050	-	10.832.788	-4.669.107	5.204.631	-300.060	4.904.571
Net profit							**5.913.159**	**5.913.159**	**-49.538**	**5.863.621**
Total comprehensive income								4.954.109	-49.538	4.904.571
Transactions with capital owners in the period										
Application of the consolidated profit from 2015:										
Paid dividends								-	-3.798.270	-3.798.270
		-	-	-	-	-	-	-	-3.798.270	-3.798.270
Balance on 31 March 2016		**20.000.000**	**-11.179.644**	**-1.809.489**	**4.000.001**	**118.204.920**	**5.913.159**	**135.128.947**	**1.023.357**	**136.152.304**
Balance on 1 January 2017		24.000.000	-11.179.348	-2.002.180	-	117.522.486	23.387.471	151.728.429	333.399	152.061.828
Changes in the period:										
Application of the consolidated profit from 2016:										
Transfer to reserves and retained results						23.387.471	-23.387.471	-		-
Conversion reserves - Angola				-45.702				-45.702		-45.702
Net consolidated income in the three month period ended on 31 March 2017							1.997.246	1.997.246	54.018	2.051.264
Total changes in the period		-	-	-45.702	-	23.387.471	-21.390.225	1.951.544	54.018	2.005.562
Net profit							**1.997.246**	**1.997.246**	**54.018**	**2.051.264**
Total comprehensive income								1.951.544	54.018	2.005.562
Transactions with capital owners in the period										
Application of the consolidated profit from 2016:										
Paid dividends								-		-
		-	-	-	-	-	-	-	-	-
Balance on 31 March 2017		**24.000.000**	**-11.179.348**	**-2.047.882**	**-**	**140.909.956**	**1.997.246**	**153.679.972**	**387.417**	**154.067.389**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Consolidated Cash Flow Statements
for the three months period ended 31 March, 2017 and 2016
(value in euros)

	Note	Three months period ending on March 31	
		2017	**2016**
Cash Flows from Operating Activities			
Receipts from clients		95.113.198	53.333.327
Payments to supliers		-58.178.876	-37.535.197
Staff payments		-23.762.185	-12.243.159
Payments/receipt of income tax		-35.910	-570.529
Other paym./receipts related with operating activities		-5.709.535	4.275.201
Flows from operating activities (1)		**7.426.692**	**7.259.643**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		4.180	
Tangible fixed assets		2.778	1.967
Intangible assets			
Investment benefits			
Interest received		227.493	1.599.771
Payments for:			
Financial Investments		20.225	5.604
Other financial assets		552.061	3.474.665
Tangible fixed assets		10.727.617	5.332.608
Intangible assests		432.763	278.138
Other			500.000
Flows from investment activities (2)		-11.498.215	-7.989.277
Cash flows from financing activities			
Receipts from:			
Loans obtained		2.000.000	7.205.210
Sale of own shares			
Payments for:			
Loans obtained		6.796.069	662.666
Amortisation of financial leasing contracts		38.527	37.807
Interest and similar costs		1.129.228	480.798
Dividends paid			3.647.565
Flows from financing activities (3)		-5.963.824	2.376.374
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**-10.035.347**	**1.646.740**
Perimeter changes effect			
Exchange rate differences effect		-38.448	463.256
Cash & cash equivalents at the start of the period		37.782.889	14.425.207
Cash & cash equivalents at end of the period		**27.709.094**	**16.535.203**

The Board of Directors,

IBERSOL SGPS, S.A.

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31 MARCH 2017

(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 649 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Ribs, FresCo, SantaMaria, Kentucky Fried Chicken, Burger King, O' Kilo, Roulotte, Quiosques, Pizza Móvil, Miit, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffe counters and other concessions. The group has 497 units which it operates and 152 units under a franchise contract. Of this universe, 323 are headquartered in Spain, of which 182 are own establishments and 141 are franchised establishments, and 10 in Angola.

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

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

2. MAIN ACCOUNTING POLICIES

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

2.1 Presentation basis

These consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS), as applied in the European Union and in force on 01 January 2017, mainly with the international standard nº. 34 – Interim Financial Report.

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

The accounting policies applied on 31 March 2017 are identical to those applied for preparing the financial statements of 31 March and 31 December 2016, except for the exchange currency differences included in other income / other operating costs and excluded from net financing cost.

3. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

There where no substantial differences between accounting estimates and judgments applied on 31 December 2016 and the accounting values considered in the three months period ended on the 31 March 2017.

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

4.1. The following group companies were included in the consolidation on 31st March 2017 and 2016 and 31 December 2016:

	Company	Head Office	% Shareholding Mar-17	Mar-16	Dec-16
	Parent company				
	Ibersol SGPS, S.A.	Porto	parent	parent	parent
	Subsidiary companies				
	Iberusa Hotelaria e Restauração, S.A.	Porto	100%	100%	100%
	Ibersol Restauração, S.A.	Porto	100%	100%	100%
	Ibersande Restauração, S.A.	Porto	100%	80%	100%
	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 - Spain	100%	100%	100%
	Inverpeninsular, S.L.	Vigo - Spain	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 - Spain	100%	100%	100%
	Firmoven Restauração, S.A.	Porto	100%	100%	100%
	IBR - Sociedade Imobiliária, S.A.	Porto	100%	100%	100%
	Eggon SGPS, S.A.	Porto	100%	100%	100%
	Anatir SGPS, S.A.	Porto	100%	100%	100%
	Lurca, SA	Madrid - Spain	100%	100%	100%
(c)	Q.R.M.- Projectos Turísticos, S.A	Porto	-	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 - Spain	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%	100%	100%
	Lusinver Restauracion, S.A.	Vigo - Espanha	100%	-	100%
	The Eat Out Group S.L.U.	Barcelona - Spain	100%	-	100%
	Pansfood, S.A.U.	Barcelona - Spain	100%	-	100%
	Foodstation, S.L.U	Barcelona - Spain	100%	-	100%
	Dehesa de Santa Maria Franquicias, S.L.	Barcelona - Spain	50%	-	50%
	Pansfood Italia, S.R.L.	Barcelona - Spain	100%	-	100%
	Companies controlled jointly				
	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) 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 three months period ended on 31 March 2017.

In the year ended 31 December 2016, the Ibersol group acquired the following subsidiaries:

Company	Entry date	Head Office	% Shareholding 2016	% Shareholding 2015
The Eat Out Group S.L.U.	31-Out-16	Barcelona - Spain	100,00%	-
Pansfood, S.A.U.	31-Out-16	Barcelona - Spain	100,00%	-
Foodstation, S.L.U	31-Out-16	Barcelona - Spain	100,00%	-
Dehesa de Santa Maria Franquicias, S.L.	31-Out-16	Barcelona - Spain	50,00%	-
Pansfood Italia, S.R.L.	31-Out-16	Barcelona - Spain	100,00%	-

The above acquisitions had the following impact on the consolidated statement of financial position on December 31, 2016:

	Date of acquisition	Dec-16
Acquired net assets		
Tangible and intangible assets (Notes 8 and 9)	32.360.743	32.654.939
Stocks	2.706.371	2.646.062
Deferred tax assets	5.941.376	5.601.456
Other assets	18.937.159	19.012.245
Cash & bank deposits	3.640.340	5.523.047
Provisions (Nota 19)	-1.000.000	-1.000.000
Loans	-16.982.720	-25.794.395
Deferred tax liabilities	-679.372	-863.895
Other liabilities	-37.602.707	-31.153.618
	7.321.190	6.625.841
Goodwill (Note 9)	70.647.649	
Interests that do not control	-868.839	
Acquisition price	77.100.000	
Payments	77.100.000	
Amounts payable in the future	-	
	77.100.000	
Net cash-flows from acquisition		
Payments made	77.100.000	
Cash & cash equivalents acquired	3.640.340	
	73.459.660	

The goodwill of the Eat Out Group in the amount of 70.647.649 euro was determined based on provisional amounts of the net assets acquired.

These acquisition results in significant changes in the consolidated statement of comprehensive income as of March 31, 2017, compared to the same period in 2016.

4.2.2. Disposals

In the three months period ended on 31 March 2017 and in the year ended December 31, 2016 there were no disposals of subsidiaries.

5. INFORMATION PER SEGMENT

Ibersol Administration monitors the business based on the following segmentation:

SEGMENT	BRANDS					
Restaurants	Pizza Hut	Pasta Caffe	Pizza Movil			
Counters	KFC	O'Kilo	Miit	Burguer King	Pans	Coffee Counter
Other business	Sol (SA)	Concessions	Catering	Convenience stores		
Grupo Eat Out	Pans &C.ª	FresCo	Ribs	Concessions		

The results per segment in the three months period ended 31 March 2017 and 2016 were as follows:

31 March 2017	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Total Group
Inter-segment client	-	-	-	-	-
External client	23.496.197	45.331.768	25.384.398	110.698	94.323.060
Total sales and services	**23.496.197**	**45.331.768**	**25.384.398**	**110.698**	**94.323.060**
Royalties	820.604	1.783.300	318.928	-	2.922.832
Rents and Condominium	2.704.070	4.725.506	7.266.872	-	14.696.448
Coste of sales	4.773.849	11.967.357	4.947.078	-	21.688.285
Operating cash-flow (EBITDA)	**2.787.414**	**6.347.953**	**1.330.552**	-	**10.465.920**
Amortisation, depreciation and impairment losses	1.543.439	3.027.044	2.102.989	6.373	6.679.846
Operating income (EBIT)	**1.243.975**	**3.320.909**	**-772.437**	**-6.373**	**3.786.074**

31 March 2016	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Total Group
Inter-segment client	-	-	-	-	-
External client	17.230.042	31.079.802	4.569.124	78.356	52.957.324
Total sales and services	**80.649.482**	**150.079.074**	**38.751.162**	**352.677**	**52.957.324**
Royalties	767.340	1.449.128	52.015	-	2.268.483
Rents and Condominium	2.018.100	2.778.608	790.273	-	5.586.981
Coste of sales	3.464.254	8.289.352	1.177.081	-	12.930.687
Operating cash-flow (EBITDA)	**1.905.901**	**4.294.974**	**3.078.937**	**-**	**9.279.812**
Amortisation, depreciation and impairment losses	642.000	1.585.255	430.997	59.424	2.717.675
Operating income (EBIT)	**1.263.901**	**2.709.719**	**2.647.941**	**-59.424**	**6.562.137**

On March 31, 2017 and 2016 income and non-current assets by geography is presented as follows:

31 MARCH 2017	Portugal (1)	Spain	Grupo
Restaurants	48.332.237	44.229.145	92.561.382
Merchandise	113.760	329.295	443.055
Rendered services	56.557	1.262.066	1.318.623
Total sales and services	**48.502.554**	**45.820.506**	**94.323.060**
Tangible fixed and intangible assets	144.652.967	47.833.452	192.486.419
Goodwill	7.605.482	103.551.176	111.156.658
Deferred tax assets	2.574.551	5.861.219	8.435.770
Financial investments - joint controlled subsidiaries	2.422.996	-	2.422.996
Available-for-sale financial assets	456.586	-	456.586
Other financial assets	11.025.900	-	11.025.900
Other non-current assets	-	6.500.428	6.500.428
Total non-current assets	**168.738.482**	**163.746.275**	**332.484.757**

31 MARCH 2016	Portugal (1)	Spain	Grupo
Restaurants	39.994.416	12.307.746	52.302.162
Merchandise	109.151	396.041	505.192
Rendered services	58.320	91.650	149.970
Total sales and services	**40.161.887**	**12.795.437**	**52.957.324**
Tangible fixed and intangible assets	130.725.599	18.459.198	149.184.797
Goodwill	7.605.482	32.903.527	40.509.009
Deferred tax assets	2.877.297	391.564	3.268.861
Financial investments - joint controlled subsidiaries	2.409.582	-	2.409.582
Available-for-sale financial assets	408.194	-	408.194
Other financial assets	10.573.511	-	10.573.511
Other non-current assets	-	1.384.562	1.384.562
Total non-current assets	**154.599.665**	**53.138.851**	**207.738.516**

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

6. UNUSUAL AND NON-RECURRING FACTS AND SEASON ACTIVITY

On the three months period ended on 31 March 2016, 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 the Guimarães Service Areas, Fafe and Paredes have been returned to their respective concession rights that led to 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 a decrease of sales in the first two quarters of the year. In addition sales for the first three months of the year are influenced by the Easter calendar as well as the pace of openings or closures of the group restaurants. The previous years have evidenced that, in comparable perimeter and with an equal distribution of openings and closings, in the period that understands the first three months of the year, sales are about 21% to 23% of annual volume.

7. TANGIBLE FIXED ASSETS

In the three months period ended 31 March 2017 and in the year ending on 31 December 2016, 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 (1)	Total
1 January 2016						
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**
31 December 2016						
Initial net amount	11.963.649	104.743.084	18.657.418	5.857.177	411.815	141.633.142
Changes in consolidat perimeter	-	61.509.602	37.914.100	956.299	239.525	100.619.526
Currency conversion	-756.850	-1.723.366	-756.531	-224.851	-19.440	-3.481.038
Additions	135.242	16.405.428	8.187.617	2.615.018	1.215.586	28.558.891
Decreases	-	863.164	236.294	47.292	105.686	1.252.436
Transfers	-	100.636	5.806	11.681	-234.617	-116.494
Depreciation in the year	74.637	8.041.000	5.062.093	1.082.763	-	14.260.493
Deprec. by changes in the perim.	-	38.817.273	28.953.945	1.042.245	-	68.813.463
Impairment in the year	-	751.562	41.432	24.750	-	817.744
Impairment by changes in the perim.	-	2.080.269	687.570	4.407	-	2.772.246
Impairment reversion	-	-90.976	-	-	-	-90.976
Final net amount	**11.267.404**	**130.573.092**	**29.027.075**	**7.013.867**	**1.507.183**	**179.388.621**
31 December 2016						
Cost	11.342.041	222.786.283	118.519.498	22.193.978	1.507.183	376.348.985
Accumulated depreciation	74.637	81.893.238	88.409.796	15.115.597	-	185.493.267
Accumulated impairment	-	10.319.953	1.082.628	64.515	-	11.467.096
Net amount	**11.267.404**	**130.573.092**	**29.027.075**	**7.013.867**	**1.507.183**	**179.388.621**

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress (1)	Total
31 March 2017						
Initial net amount	11.267.404	130.573.092	29.027.075	7.013.867	1.507.183	179.388.621
Changes in consolidat perimeter	-	-	-	-	-	-
Currency conversion	-15.473	-39.843	-21.568	-4.851	-184	-81.919
Additions	-	3.176.466	1.432.540	151.446	180.501	4.940.953
Decreases	-	3.432	6.542	139	92.506	102.619
Transfers	-	1.070.062	4.669	6.798	-1.082.169	-640
Depreciation in the year	8.404	3.753.310	1.885.691	323.846	-	5.971.251
Deprec. by changes in the perim.	-	-	-	-	-	-
Impairment in the year	-	-	-	-	-	-
Impairment by changes in the perim.	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Final net amount	**11.243.527**	**131.023.035**	**28.550.483**	**6.843.275**	**512.825**	**178.173.143**
31 March 2017						
Cost	11.326.196	226.385.708	119.885.371	22.345.420	512.825	380.455.522
Accumulated depreciation	82.669	85.483.218	90.252.261	15.437.632	-	191.255.779
Accumulated impairment	-	9.879.455	1.082.628	64.514	-	11.026.597
Net amount	**11.243.527**	**131.023.035**	**28.550.483**	**6.843.275**	**512.825**	**178.173.143**

(1) changes essentially relate to the central kitchen in Portugal, whose (re) opening took place in the three months period ended on 31 March 2017.

The 2016 investments of approximately 28.6 million in tangible fixed assets, relate to the opening of new units and remodelling of existing ones in Portugal and Spain.

In the three-month period ended March 31, 2017, an investment of approximately 2.6 million euros was made in the central kitchen in Portugal. The remaining investment mainly concerns the opening of the concession at Santa Maria Airport (Azores) and a unit in the group Eat Out.

8. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	Mar-17	Dec-16
Goodwill	111.156.658	111.156.658
Intangible assets	14.313.276	14.990.885
	125.469.934	**126.147.543**

In the three months period ended 31 March 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 2016					
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**
31 December 2016					
Initial net amount	40.509.009	10.328.070	344.764	759.034	51.940.880
Changes in consolidat. perimeter	-	12.915.831	9.314.758	-	22.230.589
Currency conversion	-	-94.715	-	-127.949	-222.664
Additions	70.647.649	1.914.708	54.868	132.476	72.749.701
Decreases	-	-49.444	50.066	66.883	67.505
Transfers	-	3.150	-	-3.150	-
Amortization in the year	-	1.291.011	288.783	-	1.579.794
Amortiz. by changes in the perimeter	-	12.108.385	6.754.442	-	18.862.827
Impairment in the year	-	-	-	-	-
Impairment by changes in the perim.	-	7.562	33.274	-	40.836
Impairment reversion	-	-	-	-	-
Final net amount	**111.156.658**	**11.709.530**	**2.587.825**	**693.528**	**126.147.543**
31 December 2016					
Cost	113.018.336	37.987.818	14.894.091	693.528	166.593.773
Accumulated amortization	-	22.609.624	12.264.391	-	34.874.015
Accumulated impairment	1.861.678	3.668.664	41.875	-	5.572.216
Net amount	**111.156.658**	**11.709.530**	**2.587.825**	**693.528**	**126.147.543**

	Goodwill	Industrial property	Other intangible Assets	Assets in progress	Total
31 March 2017					
Initial net amount	111.156.658	11.709.530	2.587.825	693.528	126.147.543
Changes in consolidat. perimeter	-	-	-	-	-
Currency conversion	-	-2.792	-	-2.808	-5.600
Additions	-	34.127	-	-	34.127
Decreases	-	-	1.448	-	1.448
Transfers	-	-	-	-	-
Amortization in the year	-	469.605	235.083	-	704.688
Amortiz. by changes in the perimeter	-	-	-	-	-
Impairment in the year	-	-	-	-	-
Impairment by changes in the perim.	-	-	-	-	
Impairment reversion	-	-	-	-	-
Final net amount	**111.156.658**	**11.271.260**	**2.351.294**	**690.720**	**125.469.934**
31 March 2017					
Cost	113.018.336	38.019.153	14.890.575	690.720	166.618.784
Accumulated amortization	-	23.079.229	12.497.406	-	35.576.635
Accumulated impairment	1.861.678	3.668.664	41.875	-	5.572.216
Net amount	**111.156.658**	**11.271.260**	**2.351.294**	**690.720**	**125.469.934**

The distribution of goodwill allocated to segments is presented as follows:

	Mar-17	**Dec-16**
Eat Out	70.647.649	70.647.649
Restaurants	11.104.988	11.104.988
Counters	25.349.831	25.349.831
Concessions and Catering	3.874.469	3.874.469
Other, write off and adjustments	179.721	179.721
	111.156.658	**111.156.658**

9. INCOME PER SHARE

Income per share in the three months period ended 31 March 2017 and 2016 was calculated as follows:

	Mar-17	**Mar-16**
Profit payable to shareholders	1.997.246	5.913.159
Mean weighted number of ordinary shares issued	24.000.000	20.000.000
Mean weighted number of own shares	-2.399.905	-2.000.000
	21.600.095	18.000.000
Basic earnings per share (€ per share)	0,09	0,33
Earnings diluted per share (€ per share)	0,09	0,33
Number of own shares at the end of the year	2.399.905	2.000.000

Since there are no potential voting rights, the basic earnings per share is equal to earnings diluted per share.

10. DIVIDENDS

At the General Meeting of 26th May 2017, the company decided to pay a gross dividend of 0,10 euro per share (0,10 euro in 2016), representing a total value of 2.160.000 euro for outstanding shares (1.800.000 euro in 2016), It is expected that the payment will be made on June 23, 2017.

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 31st March 2017 and 31st December 2016, responsibilities not recorded by the companies and included in the consolidation consist mainly of bank guarantees given on their behalf, as shown below:

	Mar-17	Dec-16
Bank guarantees	23.626.593	18.424.430

The relevant amount comes from the guarantees required by the owners of spaces concession (Airports) or leased (Shopping centers).

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

12. COMMITMENTS

No investments had been signed on the Balance Sheet date which had not taken place yet.

13. IMPAIRMENT

Changes during the three months period ended on 31 March 2017 and in the year 2016, under the heading of asset impairment losses were as follows:

	Mar-17						
	Starting balance	Perimeter variation	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	11.467.097	-	-	-440.500	-	-	11.026.597
Goodwill	1.861.678	-	-	-	-	-	1.861.678
Intangible assets	3.710.538	-	-	-	-	-	3.710.538
Stocks	74.981	-	-	-	-	-	74.981
Other current assets	2.753.877	-305	-86.423	-	131.100	-40.395	2.757.854
	19.868.171	-305	-86.423	-440.500	131.100	-40.395	19.431.648

	Dec-16						
	Starting balance	Perimeter variation	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	9.633.672	2.772.246	-	-1.665.589	817.744	-90.976	11.467.097
Goodwill	1.861.678	-	-	-	-	-	1.861.678
Intangible assets	3.700.917	40.836	-	-31.215	-	-	3.710.538
Stocks	74.981	-	-	-	-	-	74.981
Other current assets	1.442.527	2.022.906	-588.973	-	33.885	-156.467	2.753.877
Other non current assets	134.342	-	-134.342	-	-	-	-
	16.848.116	4.835.988	-723.315	-1.696.804	851.629	-247.443	19.868.171

14. <u>FINANCIAL RISK MANAGEMENT</u>

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, bank loans are mainly denominated in euros and the volume of purchases outside the Euro zone are of irrelevant proportions.

The main source of the Group's exposure arises from the investment outside the euro area of operation that develops in Angola, although it is still small is in a growing phase. The reduction of oil prices is to lead to a shortage of foreign currency in Angola by the devaluation of the kwanza is a risk to consider. The financing of the Angolan subsidiary in foreign currency in the amount of $ 1.375.000, does not have large exposure due to the reduced amount. The remaining financing concerning Angolan subsidiaries are denominated in the local currency, the same in which the income is generated. In light of the current limitations on payments abroad, the Group adopted a policy of monthly monitoring of credit balances in foreign currency and its full coverage with the acquisition of Treasury Bonds of the Republic of Angola, indexed to the USD.

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

Mar-17

Euro exchange rates foreign currency per 1 Euro)	(x	Rate on March, 31 2017	Average interest rate March 2017
Kwanza de Angola (AOA)		185,391	183,655

Dec-16

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

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

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

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

The unpaid debt bears variable interest rate, part of which has been the object of an interest rate swap. The interest rate swap to hedge the risk of a 6,25 million euros (commercial paper programmes) loan has the maturity of the underlying interest and the repayment plan identical to the terms of the loan. Financing contracted at the end of the period will be subject to settlement operations during the year 2017. Additionally in the month of May was contracted a swap in the amount of 24 million euros.

Based on simulations performed on 31 March 2017, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 284.000 euros.

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

The Group's cash and cash equivalents include mainly deposits resulting from cash provided by sales and its deposits in current accounts. These amounts excluded, the value of financial investments at March 31, 2017, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 18 million euro, subject to country risk.

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

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.

On the three months period ended on 31 March 2017, current liabilities reached 130 million euros, compared with 82 million euros in current assets. This disequilibrium is, on one hand, a financial characteristic of this business and, on the other hand, due to the use of commercial paper programmes in witch the Group considers the maturity date as the renewal date, regardless of its initial stated periods. In order to ensure liquidity of the short term debt it is expected in the year 2017 the renewal of the commercial paper programmes (18.250.000 euros). However, the expected operating cash flows and, if necessary, contracted credit lines, on the amounts of which have not yet been used, are sufficient to settle current liabilities.

Even with reduced use of the group has contracted a significant amount of short-term lines. On March 31, 2017, the use of short term liquidity cash flow support was less than 3%. Investments in term deposits and other application of 28 million euros, match 17% of liabilities paid.

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

	to March 2018	**from March 2018 to 2028**
Bank loans and overdrafts	45.521.357	117.368.104
Other non-current liabilities	-	200.828
Accounts payable to suppliers and accrued costs	56.397.458	-
Accrued costs	10.058.964	-
Total	111.977.779	117.568.932

d) Capital risk
The company aims to maintain an equity level suitable to the characteristics of its main business (cash sales and credit from suppliers) and to ensure continuity and expansion. The capital structure balance is monitored based on

the gearing ratio (defined as: net remunerated debt / net remunerated debt + equity) in order to place the ratio within a 35%-70% interval.

On 31st March 2017 and 31st December 2016 the gearing ratio was of 43% and 42%, respectively, as follows:

	Mar-17	Dec-16
Bank loans	162.889.461	166.791.662
Other financial assets	-18.032.402	-17.480.341
Cash and bank deposits	-30.936.405	-39.588.532
Net indebtedness	113.920.653	109.722.788
Equity	154.067.389	152.061.828
Total capital	267.988.042	261.784.616
Gearing ratio	43%	42%

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 31 March 2017 and 31st December 2016 are broken down as follows:

	Mar-17	Dec-16
Clients	11.341.306	11.933.322
State and other public entities	2.033.317	1.542.489
Other debtors	7.226.730	5.206.424
Advances to suplliers	502.345	236.513
Advances to financial investments debt	2.900.000	2.900.000
Accruals and income	6.137.185	6.677.919
Deferred costs	2.830.563	2.841.775
Other current assets	**32.971.446**	**31.338.442**
Accumulated impairment losses	2.757.853	2.753.877
	30.213.593	**28.584.565**

	Mar-17	Dec-16
Other creditors	10.058.964	10.933.132
State and other public entities	6.294.823	7.035.937
Deferred income	1.701.506	657.354
	18.055.293	18.626.423

16. NET FINANCING COST

Net financing cost on 31st March 2017 and 2016 are broken down as follows:

	2017	2016
Interest paid	1.120.613	470.001
Interest earned (1)	-240.936	-1.717.878
Currency exchange differences	-10.534	-
Payment discounts obtained	-2.947	-2.417
Other financial costs and income	427.734	199.268
	1.293.930	-1.051.026

(1) 2016 balance is essentially Aenor's compensation interest. It was agreed not to install the Service Areas of Guimarães, Fafe and Paredes and the respective concession rights that gave rise to the receipt of contractual interest in the amount of 1.570.323 (Note 6).

17. TRANSACTIONS WITH RELATED PARTIES

The related parties of Ibersol group are:

- António Carlos Vaz Pinto de Sousa – 1.680 shares (*)
- António Alberto Guerra Leal Teixeira – 1.680 shares (*)
- ATPS, SGPS, SA – 13.178.040 shares

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

- Joint controlled entities – UQ Consult

With respect to the balances and transactions with related entities, the overall value of the balances and transactions of the Group with the joint controlled UQ Consult relates mainly to support services and management information systems, and was, respectively, 744.544 and 632.445 euros.

- Administrators

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

18. IFRS STANDARDS ALREADY ISSUED OR REVIEWED AND FOR FUTURE APPLICATION

Standards that have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, and were already endorsed by the EU:

a) IFRS 9 (new), 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and recognition. The impact of this standard is being assessed by Ibersol's management.

b) IFRS 15 (new), 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach." The impact of this standard is being assessed by Ibersol's management.

Standards (new and amendments) and interpretations that have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, but are not yet endorsed by the EU:

a) IAS 7 (amendment), 'Cashflow statement – Disclosure initiative' (effective for annual periods beginning on or after 1 January 2017). This amendment is still subject to endorsement by the European Union. This amendment introduces an additional disclosure about the changes in liabilities arising from financing activities, disaggregated between cash changes and non-cash changes and how it reconciles with the reported cash flows from financing activities, in the Cash Flow Statement. Its application is not expected to have significant impacts.

b) IAS 12 (amendment),'Income taxes – Recognition of deferred tax assets for unrealised losses' (effective for annual periods beginning on or after 1 January 2017). This amendment is still subject to endorsement by the European Union. This amendment clarifies how to account for deferred tax assets related to assets measured at fair value, how to estimate future taxable profits when temporary deductible differences exist and how to assess recoverability of deferred tax assets when restrictions exist in the tax law. Its application is not expected to have significant impacts.

c)IAS 40 (amendment), 'Transfers of Investment property' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies when assets are transferred to, or from investment properties, the evidence of the change in use is required. A change of management intention in isolation is not enough to support a transfer. Its application is not expected to have significant impacts.

d)IFRS 2 (amendment), 'Classification and measurement of share-based payment transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications to a share-based payment plan that change the classification an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. Its application is not expected to have significant impacts.

e)IFRS 4 (amendment), 'Insurance contracts (Applying IFRS 4 with IFRS 9)' transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment allows companies that issue insurance contracts the option to recognise in Other Comprehensive Income, rather than Profit or Loss the volatility that could rise when IFRS 9 is applied before the new insurance contract standard is issued. Additionally, it is given an optional temporary exemption from applying IFRS 9 until 2021, to the companies whose activities are predominantly connected with insurance, not being applicable at consolidated level. Its application is not expected to have significant impacts.

f) Amendments to IFRS 15, f) 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). These amendments are still subject to endorsement by European Union. These amendments refer to additional guidance for determining the performance obligations in a contract, the timing of revenue recognition from a license of intellectual property, the review of the indicators for principal versus agent classification, and to new practical expedients to simplify transition. Its application is not expected to have significant impacts.

g)IFRS 16 (new), 'Leases' (effective for annual periods beginning on or after 1 January 2019). This standard is still subject to endorsement by European Union. This new standard replaces the IAS 17 with a significant impact on the accounting by lessees that are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". The impact of this standard is being assessed by Ibersol's management.

Annual Improvement 2014 – 2016 (generally effective for annual periods beginning on or after 1 January 2017). These improvements are still subject to endorsement by European Union. The 2014-2016 annual improvements impacts: IFRS 1, IFRS 12 and IAS 28. Its application is not expected to have significant impacts.

37. <u>SUBSEQUENT EVENTS</u>

There are no subsequent events to 31st March 2017 that may have a material impact on the financial statements presented, in addition to the aforementioned swap to hedge interest rate risk in the amount of 24 million eur contracted in May.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 29th May 2017.

Outlook

With the positive signs of evolution of the economic indicators, it is expected that the sales growth trend will continue, maintaining margins, without considering the effect of changing the VAT rate in Portugal, which occurred at the beginning of the second half of the last year.

In the second quarter, in addition to the positive evolution of consumption, we also expect positive calendar impacts, namely the Easter holidays in April and the increase in the shopping malls traffic, highly affected by the television broadcast of the European Football Championship in 2016.

The expansion plan will result in the opening at least of 17 new restaurants in Portugal until the end of the year and in the continuity of the remodeling plan, including Pans and Pizza Hut restaurants. In the second quarter, 7 of the planned openings for the year are expected to materialize.

As far as Eat Out Group is concerned, the integration process will be continued and special attention will be given to the Barcelona competition, whose deadline for submission of proposals was 10 April last. At the same time, new contests will be opened in different airports, Madrid, Malaga and the Canary Islands.

In Angola, the development of the business is closely linked to oil price trends. The pressure facing the Angolan currency indicates that there may be a devaluation scenario at the end of this year, which may result in a reduction of the difficulties to currencies access.

Porto, 29th May 2017

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

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 first quarter of 2017 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, 29th May 2017

António Carlos Vaz Pinto Sousa	Chairman of the Boards of Director
António Alberto Guerra Leal Teixeira	Member of the Board of Directors
Juan Carlos Vázquez-Dodero	Member of the Board of Directors