IBERSOL – SGPS, SA

Publicly Listed Company

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

Share Capital: Euro 30.000.000

Fiscal Number: 501 669 477

Individual Annual Report 2017

(Proposal point 1 of Gerneral Annual Meeting)

MANAGEMENT REPORT

In compliance with legal and statutory obligations, we present to the Shareholders the Management Report and Accounts of IBERSOL - SGPS, SA for the financial year 2017.

1- ECONOMIC ENVIRONMENT

Recent data from the INE and the Bank of Portugal indicate that the portuguese economy grew by 2.7% in 2017, higher than in the Euro Zone and surpassing in 1 pp the initial estimate of the Government, contributing to the reduction of the per capita wealth differential between Portugal and UE.

This growth was induced by the evolution of investment and the good performance of exports, namely tourism. It is estimated that in 2020 exports will reach 68% higher than in 2008.

The economy has benefited from very favorable monetary and financial conditions. According to the projections of the Bank of Portugal, the expansion will continue in the next three years, but at a progressively lower pace, close to the evolution of the Euro Zone average.

The unemployment rate is expected to remain on a downward trend, from 8.9% in 2017 to 6.1% in 2020, with a reduction in youth unemployment, which is still high (above 20%).

The average inflation rate increased significantly in 2017 (from 0.6% to 1.6%), against a backdrop of a slight increase in unit labor costs, with developments in the following years expected to be in line with that projected by EUROSISTEMA for the Euro Zone

The CAPEX showed a strong growth in its main components (construction, machinery and equipment and transport material), a tendency that should be maintained in the following year, although in a less pronounced way.

The economic recovery strengthened in 2017 due to the structural reforms carried out in the recent past and the increase in external demand.

Private investment has been expanding rapidly and job creation has intensified. The challenge is the sustainability of growth and its growth to levels that allow, in the medium term, a consistent approach to the standards of living of the most advanced countries of the European Union.

2 – ACTIVITY

The evolution of the activity of Ibersol SGPS is associated with the strategic development of its subsidiaries, whose turnover increased 66 %.

The integration of the Eat Out Group during a full year allowed an increase in the size of the businesses in Spain, and the Group's turnover amounted to EUR 448 million.

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

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

3 – ECONOMIC AND FINANCIAL SITUATION

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

3.1 RESULTS

Operating income was negative at 225 thousand euros, with:

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

b) the operating costs (without impairment) increased and amounted to 648 thousand euros, higher 178 thousand euros than the previous year. This increase corresponds entirely to the loss in the fair value of the swaps contracted to cover the interest rate risk of part of the debt.

In addition, for prudence, an impairment loss of EUR 264 thousand was recorded in respect of the valuation of Change Partners.

The net financing cost was negative by 871 thousand euros, reflecting the financial gains of the loans to subsidiaries, which are higher than the amount of financing contracted. Ibersol also received dividends amounting to 7 million euros. The company has progressively centralized the Group financing and consequently the costs of commissions associated with medium and long-term "grouped" commercial paper program contracts and the guarantees provided to its subsidiaries. The bank commissions and fees increased around 130 thousand euros.

The current Taxes is estimated at EUR 145 thousand and the company recorded tax savings of 1.39 million (under the tax consolidation for 2016 and 2017) and recognized € 1.2 million deferred tax benefits for use in the coming years . As a result, IRC for the year is negative at 2.5 million euros.

The Net Profit amounted to € 9.85 million.

3.2 BALANCE

On 31 December 2017, Assets amounted to EUR 267 million, a decrease of EUR 13 million in the year, reflecting the reduction of the financing to the subsidiaries.

In order to finance the subsidiaries, on 2016, Ibersol SGPS borrowed 78 million euros through commercial paper program contracts with long repayment maturities (up to 6 years) and maintaining the same level of debt during the 2017.

Total Liabilities reduced by approximately EUR 20 million as the company paid the liability, at the same amount, it had to Ibersol Restauração as a result of the purchase of Asurebi's share capital at the end of 2016.

On 31 of December 2016, Equity stood at 185 million euros and the company maintain a strong financial health.

In addition, the company received dividends from its subsidiaries in the amount of 7 million euros and distributed to its shareholders approximately 2.2 million euros.

4- RISKS AND UNCERTAINTIES

Risk management is a part of the Group's culture and cuts across the whole organization. It is present in every process and is the responsibility of all managers and employees at the different organizational levels.
Risk management is undertaken with the goal of creating value through management and control of uncertainties and threats that may affect the Group's companies, from a standpoint of operational continuity with a view to taking advantage of business opportunities.
In the strategic planning context, risks affecting the portfolio of existing businesses as well as the development of new businesses and more significant projects are identified and assessed. Strategies to manage those risks are then determined.
At operational level the management risks associated to each business's objectives are identified and evaluated and actions planned to manage those risks, which are included and monitored in the scope of the business plans and functional units.
The group's main internal control systems are regularly evaluated to ensure conformity of the established procedures.
Internal control and monitoring of internal control systems are conducted by the Executive Committee. Certain risk areas are due to the specific nature of the business, of which the following stand out:

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

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

Operating the company as the Group's financial center, liquidity risk is associated with the risk of its subsidiaries. The management of cash requirements is based on annual planning that is reviewed quarterly and adjusted on a daily basis. Related to the dynamics of the underlying business, the Group's Treasury intends to maintain the flexibility of floating debt by keeping credit lines available. At the end of 2017, current liabilities amounted to 10 million euros, compared to 7.8 million current assets. Non-current assets include 153 million loans granted to subsidiaries, whose repayment may be requested in the short term, if necessary.

Ibersol's main interest rate risk arises from the liability of long-term borrowings in commercial paper. At the current level of interest rates, the Group's policy is, in longer maturities, to fix interest rates in full or in part. At the company level, the risk is reduced since the company has loans granted at a variable rate higher than those obtained.

5 – GOVERNANCE

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

6 – OWN SHARES

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

-In September, assignment of 599,976 new shares resulting from rights in capital increase by incorporation of reserves;
-In September, acquisition of 57 new shares corresponding to the rights remaining from the capital increase at the average price of € 10.90.

At the end of 2017, the company held 2,999,938 shares (9.9998% of capital), with nominal value of € 1 each, for a total acquisition value of 11,179,969 euros, corresponding to an average price of 3.73€.

7 – Subsequent events and statement of responsibility

On March 1, 2018, draft investment tax contracts between the Portuguese State and Iber King and Iberusa subsidiaries were approved by the Council of Ministers, which attribute tax credits to IRC. Impacts at IRC level have already been considered in the 2017 accounts.

8- OUTLOOK

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

9 – RESULTS APPROPIATION PROPOSAL

In the financial year of 2017 the net profit in the individual accounts is of 9,851,530.49 €.

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

Legal Reserve	492,580.00 €
Free Reserves	6,358,950.49 €
Dividends	3,000,000.00 €

The dividends of 3,000,000 € corresponds to attribute a gross dividend per share of 0.10€. In the case the company holds own shares, the mentioned attribution of 0.10€ per share in circulation will stand, being the global amount of the attributed dividends reduced.

10 – ACKNOWLEDGEMENTS

The first vote of this Board is directed to all employees of the group, for the dedication and enthusiasm revealed that was fundamental in achieving the objectives we have identified.

We thank also our Suppliers of goods and services for the support demonstrated and we stress, with appreciation, the cooperation given by the banks and other financial institutions with whom the Group has worked throughout the year.

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

By virtue of the Law, PricewaterhouseCoopers will cease to be the Statutory Auditor of the company, after a long period. The Board of Directors refers the high professionalism and quality that has always been demonstrated.

Porto, 5 April 2018

THE BOARD OF DIRECTORS

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António Carlos Vaz Pinto Sousa

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António Alberto Guerra Leal Teixeira

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Juan Carlos Vázquez-Dodero

STATEMENT OF THE BOARD OF DIRECTORS

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

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

ii) the Management report is a faithful statement of the evolution of the businesses, of the performance and of the position of Ibersol , SGPS, S.A. and contains a description of the main risks and uncertainties which they face.

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

Ibersol – SGPS, SA

Individual Financial Statements

31 December 2017

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Financial Statements (in euros)

Statement of financial position

	Notes	2017	2016
ASSETS			
Non-current Asset			
Tangible fixed assets	3.2 and 5	-	-
Financial investments in subsidiaries	3.1 and 6	103 727 847	103 727 847
Other financial assets	3.1 and 7	-	264 000
Loans granted to subsidiaries	14	152 977 496	166 679 496
Deferred tax assets	24	1 225 064	-
Total non-current assets		**257 930 407**	**270 671 343**
Current Asset			
State and other public entities	8	1 384 754	-
Group subsidiaries	14	6 853 084	7 285 243
Other debtors	9	18 652	22 141
Deferrals	10	364 713	400 418
Cash and bank deposits	3.5 and 4	168 507	1 496 660
Total current assets		**8 789 710**	**9 204 462**
Total Assets		**266 720 116**	**279 875 805**
EQUITY AND LIABILITIES			
Share capital	3.6 and 11	30 000 000	24 000 000
Own shares	12	-11 179 968	-11 179 347
Share prize		469 937	469 937
Legal reserves	13	263 001	1
Other reserves	13	120 470 050	127 582 600
Revaluation surplus		12 110	12 110
Retained earnings		35 305 424	35 305 424
Net profit in the year		9 851 530	1 310 460
Total Equity		**185 192 085**	**177 501 185**
LIABILITIES			
Non-current			
Provisions	3.10 and 17	2 677 564	1 494 968
Loans obtained	3.7 and 15.1	68 500 000	78 000 000
Derivative financial instruments	15.2	188 745	-
Total non-current liabilities		**71 366 309**	**79 494 968**
Current			
Suppliers		6 987	12 160
Income tax payable	8	-	2 196 187
Group subsidiaries	14	230 986	179 272
Loans obtained	3.7 and 15.1	9 500 000	-
Other current liabilities	16	423 750	20 492 033
Total current liabilities		**10 161 723**	**22 879 653**
Total Liabilities		**81 528 032**	**102 374 620**
Total Equity and Liabilities		**266 720 116**	**279 875 805**

Financial Statements (in euros)

Statement of comprehensive income

	Notes	2017	2016
Operating Income			
Rendered services	3.12 and 18	600 000	600 000
Other operating income	3.11 and 21	438	209
Total operating income		600 438	600 209
Operating Costs			
External supplies and services	19	142 510	144 913
Personnel costs	20	335 423	337 544
Impairment of financial assets (losses / reversals)	7	264 000	-
Other operating costs	3.11 and 22	347 459	165 520
Total operating costs		1 089 391	647 977
Operating Income		**-488 954**	**-47 768**
Net financing cost	23	-870 727	-930 779
Dividends	23	7 000 000	600 000
Pre-tax income		**7 381 773**	**1 483 012**
Income tax	3.8 and 24	-2 469 758	172 552
Net profit in the year		**9 851 530**	**1 310 460**
Other comprehensive income:		-	-
TOTAL COMPREHENSIVE INCOME		**9 851 530**	**1 310 460**
Earnings per share	28	0,36	0,05
Income per share		0,36	0,05

Financial Statements (in euros)

Changes in equity statement

		Share Capital	Own shares	Share prize	Legal Reserves	Other reserves	Revaluation surplus	Retained earnings	Net Profit	Total Equity
Balance on 1 January 2016		20 000 000	-11 179 643	469 937	4 000 001	128 238 502	12 110	36 672 554	-223 658	177 989 803
Changes in period										
Changes in accounting policies										0
Application of net profit						1 143 472		9 439 257	-10 582 729	0
Reclassification os net profit application								-10 806 387	10 806 387	0
Share capital increase	11	4 000 000			-4 000 000					0
Acquisition / (disposal) of own shares	12		296			626				922
Realization of revaluation surpluses of tangible and intangible										
fixed assets										0
and their variations										0
Other changes in equity										
		4 000 000	**296**	**0**	**-4 000 000**	**1 144 098**	**0**	**-1 367 130**	**223 658**	**922**
Net profit in the year									1 310 460	**1 310 460**
Total income									1 310 460	**1 310 460**
Transactions with capital owners in the period										
Capital increseases										0
Share prizes increases										0
Dividends paid						-1 800 000				-1 800 000
Losses coverage	28									0
Other transactions										0
		0	**0**	**0**	**0**	**-1 800 000**	**0**	**0**	**0**	**-1 800 000**
Balance on 31 December 2016		**24 000 000**	**-11 179 347**	**469 937**	**1**	**127 582 600**	**12 110**	**35 305 424**	**1 310 459**	**177 501 185**

Financial Statements (in euros)

Changes in equity statement

		Share Capital	Own shares	Share prize	Legal Reserves	Other reserves	Revaluation surpluses	Retained earnings	Net Profit	Total Equity
Balance on 1 January 2017		24 000 000	-11 179 347	469 937	1	127 582 600	12 110	35 305 424	1 310 459	177 501 185
Changes in period										
Changes in accounting policies										0
Application of net profit					263 000	1 047 459			-1 310 459	0
Share capital increase	11	6 000 000				-6 000 000				0
Acquisition / (disposal) of own shares	12		-621							-621
Realization of revaluation surpluses of tangible and intangible fixed assets										0
Revaluation surpluses of tangible and intangible fixed assets and their variations										0
Other changes in equity										0
		6 000 000	**-621**	**0**	**263 000**	**-4 952 541**	**0**	**0**	**-1 310 459**	**-621**
Net profit in the year									9 851 530	**9 851 530**
Total income									9 851 530	**9 851 530**
Transactions with capital owners in the period										
Capital increseases										0
Share prizes increases										0
Dividends paid	28					-2 160 010				-2 160 010
Losses coverage										0
Other transactions										0
		0	**0**	**0**	**0**	**-2 160 010**	**0**	**0**	**0**	**-2 160 010**
Balance on 31 December 2017		**30 000 000**	**-11 179 968**	**469 937**	**263 001**	**120 470 050**	**12 110**	**35 305 424**	**9 851 531**	**185 192 084**

Financial Statements (in euros)

Cash flows statement

	Notes	31st December 2017	2016
Cash Flows from Operating Activities			
Receipts from clients		600 000	600 000
Payments to supliers		37 576	32 858
Staff payments		266 037	224 314
Operational cash flows		**296 387**	**342 828**
Payments/receipt of income tax		-411 338	301 216
Other paym./receipts related with operating activities		-175 482	-1 535 314
Flows from Operating Activities (1)		**532 243**	**-1 493 702**
Cash Flows from Investment Activities			
Payments for:			
Tangible assets			
Intangible assests			
Financial Investments:			
Investments	16	20 181 420	
Capital contributions to subsidiaries			
Loans granted to subsidiaries	14	50 795 000	80 200 000
Other assets			
Receipts from:			
Tangible assets			
Intangible assets			
Financial investments:			
Investments			
Capital contributions to subsidiaries	6		3 470 000
Loans granted to subsidiaries	14	64 497 000	2 020 000
Other assets			
Investment benefits			
Interest received	23	1 339 625	1 367 010
Dividends received	23	7 000 000	600 000
Flows from Investment Activities (2)		**1 860 205**	**-72 742 990**
Cash flows from financing activities			
Receipts from:			
Loans obtained	15		78 000 000
Capital and other equity instruments increases			1 675
Losses coverage			
Other financing activities			
Payments for:			
Loans obtained			
Interest and similar costs	23	1 559 971	471 910
Dividends paid	28	2 160 010	1 800 000
Capital and other equity instruments reductions		621	752
Other financing activities			
Flows from financing activities (3)		**-3 720 602**	**75 729 013**
Change in cash & cash equivalents (1)+(2)+(3)		**-1 328 154**	**1 492 321**
Cash & cash equivalents at the start of the period		**1 496 660**	**4 338**
Cash & cash equivalents at end of the period	3.5 and 4	**168 507**	**1 496 660**

Financial statements report

1 Introduction

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

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

These financial statements were approved by the Board of Directors on 05th April 2018. The Board of directors believes that these financial statements reflect the true and proper Ibersol operations, as well as its position and financial performance and cash flows.

2 Financial statements accounting standards

2.1. Basis of preparation

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

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

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

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

2.2. Derogation from SNC standards

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

2.3. Comparability of Financial statements

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

2.4. New Standars

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

a) **IAS 7** (amendment), 'Cashflow statement – Disclosure initiative' (effective for annual periods beginning on or after 1 January 2017). 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. This amendment had no impact on the entity.

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 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. This amendement had no impact on the entity.

2.4.2 Standards (new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1 January 2018, 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. It is not expected that its application has significant impacts.

b) **IFRS 15** (new), 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach. It is not expected that its application has significant impacts.

c) **IFRS 16** (new), 'Leases' (effective for annual periods beginning on or after 1 January 2019). 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". It is not expected that its application has significant impacts.

d) **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 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. It is not expected that its application has significant impacts.

e) **Amendments to IFRS 15** 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). 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. It is not expected that its application has significant impacts.

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

a) **Annual Improvements 2014 - 2016**, (generally effective for annual periods beginning on or after 1 January 2017). The 2014-2016 annual improvements impacts: IFRS 1, IFRS 12 and IAS 28. It is not expected that its application has significant impacts.

b) **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. It is not expected that its application has significant impacts.

c) **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. It is not expected that its application has significant impacts.

d) **IFRS 9 (amendment)**, 'Prepayment features with negative compensation' (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit or loss. It is not expected that its application has significant impacts.

e) **IAS 28 (amendment),** 'Long-term interests in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investments in associates and joint ventures), that are not being measured through the equity method, are to be measured in accordance with IFRS 9, being subject to impairment expected credit loss model, prior to any impairment test of the investment as a whole. It is not expected that its application has significant impacts.

f) **Annual Improvements 2015 - 2017**, (generally effective for annual periods beginning on or after 1 January 2019). These improvements are still subject to endorsement by the European Union. The 2015-2017 annual improvements impact: IAS 23, IAS 12, IFRS 3 and IFRS 11. It is not expected that its application has significant impacts.

g) **IFRS 17 (new),** 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2021). This standard is still subject to endorsement by European Union. This new standard replaces IFRS 4 and applies to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or "premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective application. It is not expected that its application has significant impacts.

Interpretation

a) **IFRIC 22 (new**), 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). This interpretation is still subject to endorsement by European Union. An Interpretation of IAS 21 'The effects of changes in foreign exchange rates' it refers to the determination of the "date of transaction" when an entity either pays or receives consideration in advance for foreign currency denominated contracts". The date of transaction determines the exchange rate used to translate the foreign currency transactions. It is not expected that its application has significant impacts.

b) **IFRIC 23 (new),** 'Uncertainty over income tax treatment' (effective for annual periods beginning on or after 1 January 2019). This interpretation is still subject to endorsement by European Union. This is an interpretation of IAS 12 - 'Income tax', referring to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of an income tax treatment by the tax authorities. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12, and not under IAS 37 - "Provisions, contingent liabilities and contingent assets ", based on the expected value or the most probable value. The application of IFRIC 23 may be retrospective or retrospective modified. It is not expected that its application has significant impacts.

Financial Statements (in euros)

3 Main accounting policies

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

3.1. Financial investments in subsidiaries and associates

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

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

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

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

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

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

3.2. Tangible fixed assets

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

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

Subsequent costs are added to the amounts for which the good is recorded or recognised as separate assets, as appropriate, only when it is probable that the company will obtain the underlying economic benefits and the cost may be reliably measured.

Other expenses on repairs and maintenance are recognised as an expense in the period in which they are incurred.

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

	Years
Land and buildings	Between 10 and 20 years
Equipment	Between 4 and 20 years
Other tangible assets	Between 5 and 10 years

Depreciation of assets is calculated by the equal annual amounts method, accordingly with accounting policies in force (DR nº 25/2009 14 September). Depreciation of tangible fixed assets begins when they are available for use.

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

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

Gains and losses consequent to a reduction or sale are determined by the difference between receipts from the sale and the asset's accounted value, and are recognised in the profit and loss account.

3.3. Impairment of assets

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

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

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

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

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

3.4. Financial assets

3.4.1 Classification

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

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

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

c) Investments held until maturity
Investments held until maturity is non-derivative financial assets with fixed or determinable payments and fixed maturities, which the group's Board of Directors has the intention and capacity to maintain until

maturity. These investments are included in non-current assets, except those falling due within 12 months as of the consolidated statement of financial position date, which are classified as current assets.

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

3.4.2 Recognition and measurement

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

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

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

3.4.3 Impairment

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

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

3.5. Cash and cash equivalents

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

3.6. Share capital

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

3.7. Loans obtained

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

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

3.8. Income tax

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

Deferred taxes are recognised overall, using the liability method and calculated based on the temporary differences arising from the difference between the taxable base of assets and liabilities and their values in the financial statements.

Deferred taxes are determined by the tax (and legal) rates decreed or substantially decreed on the date of the balance sheet and that can be expected to be applicable in the period of the deferred tax asset or in the liquidation of the deferred tax liability.

Deferred tax assets are recognised insofar as it will be probable that future taxable income will be available for using the respective temporary difference. Deferred tax liabilities are recognised for all temporary differences, except those related to: i) the initial recognition of goodwill; or ii) the initial recognition of an asset or liability in a transaction that is not a corporate concentration or that, on the transaction date, does not affect the accounting result or the tax result. However, in respect of taxable temporary differences related to investments in subsidiaries, these are not recognised because: i) the parent company has the ability to control the amount of the reversal of the temporary difference; and ii) it is probable that the temporary difference will not be reverse in the near future.

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

3.9. Personnel benefits

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

3.10. Provisions

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

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

3.11. Costs and income

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

3.12. Revenue

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

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

3.13. Derivatives financial instruments

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

Fair value hedge

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

Cash flow hedge

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

Net investment hedge

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

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

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

3.14. Important accounting estimates and judgments

Estimates and judgements are continuously evaluated and are based on past experience and on other factors, including expectations regarding future events that are believed to be reasonably probable within the respective circumstances.

Due to its nature accounting based on estimates rarely corresponds to the real reported results. Estimates and premises that present a significant risk of leading to a material adjustment in the accounting value of the assets and liabilities in the following year are described below:

Important accounting estimates

3.14.1 Provisions

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

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

3.14.2 Impairment

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

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

3.14.3 Taxes

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

3.15. Financial risk management

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

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

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

3.15.1 Market risk

Interest rate risk

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

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3.15.2 Credit risk

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

3.15.3 Liquidity risk

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

At 31 December 2017, current liabilities amounted to Euro 10 million, compared to Euro 8,8 million in current assets. The non-current assets include 153 million of loans to subsidiaries. If necessary, repayment could be required in the short term, thus supplying the imbalance.

3.15.4 Capital risk

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

On 31st December 2017 and 2016 the gearing ratio was as follows:

	Dec/17	Dec/16
Loans granted	-152 977 496	-166 679 496
Loans obtained	78 000 000	78 000 000
Cash and bank deposits	-168 507	-1 496 660
Net indebtedness	-75 146 003	-90 176 156
Equity	185 192 085	177 501 185
Total capital	110 046 082	87 325 029

4 Cash flows

On 31 December 2017 and 2016, cash and bank deposits are broken as follows:

	2017	2016
Bank deposits	168 507	1 496 660
Cash and bank deposits	168 507	1 496 660

"Cash and cash equivalents" for the preparation of the statement of cash flows for the years ended December 31, 2017 and 2016 is as follows:

Financial Statements (in euros)

	2017	2016
Bank deposits	168 507	1 496 660
Term deposits	-	-
Other deposits	-	-
	168 507	1 496 660
Cash and cash equivalents (asset)	168 507	1 496 660
Cash equivalents (liabilities)	-	-
Cash and cash equivalents on the cash flows statement	168 507	1 496 660

5 Tangible fixed assets

As the assets are fully reinstated, in the years ending on 31 December 2017 and 2016, there has been no movement in tangible fixed assets and no depreciations.

	Land and buildings	Basic equipment	Transport equipment	Office equipment	Other tang. Assets	Total
31 December 2017						
Cost	29 828	3 736	-	215 338	18 289	267 191
Accumulated depreciation	29 828	3 736	-	215 338	18 289	267 191
Accumulated impairment	-	-	-	-	-	-
Net amount	-	-	-	-	-	-

6 Financial investments in subsidiaries

Financial investments in subsidiaries are as follows:

	2017	2016
Financial investments (6.1)	22 133 064	22 133 064
Supplementary capital contributions (6.2)	81 594 783	81 594 783
	103 727 847	103 727 847

6.1 Financial investments

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

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	%	2017 Acquisition value	2016 Acquisition value
Subsidiaries			
Asurebi SGPS, S.A.	10%	20 181 420	20 181 420
Ibersol Restauração, S.A.	100%	847 986	847 986
Iberusa-Hotelaria e Restauração, S.A.	5%	158 119	158 119
Ibersol Madeira Restauração, S.A.	100%	242 800	242 800
Restmon Portugal, Lda	61%	499 448	499 448
Eggon - SGPS, S.A.	2%	645 000	645 000
Ibergourmet-Prod.Alimentares, S.A.	100%	57 020	57 020
Ibersol Angola, S.A.	0%	720	720
		22 632 512	22 632 512
Accumulated impairment losses		-499 448	-499 448
		22 133 064	22 133 064

In the year ending on 31 December 2017 and 2016, changes under investments in subsidiaries are presented as follows:

	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Asurebi SGPS, S.A.	Eggon - SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.	Ibersol Angola, S.A	Total
1st January 2016	847.986	242.800	158.119	-	645.000	499.448	57.020	720	2.451.092
Acquisition/sale	-	-	-	20.181.420 (1)	-	-	-	-	20.181.420
Gains/losses	-	-	-	-	-	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-	-	-
Other movement in Equity	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
31st December 2016	847.986	242.800	158.119	20.181.420	645.000	499.448	57.020	720	22.632.512

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

	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Asurebi SGPS, S.A.	Eggon - SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.	Ibersol Angola, S.A	Total
1st January 2017	847 986	242 800	158 119	20 181 420	645 000	499 448	57 020	720	22 632 512
Acquisition/sale	-	-	-	-	-	-	-	-	-
Gains/losses	-	-	-	-	-	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-	-	-
Other movement in Equity	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
31st December 2017	847 986	242 800	158 119	20 181 420	645 000	499 448	57 020	720	22 632 512

Assets and liabilities on 31 December 2017 and 2016, and gain and losses earned in 2017 and 2016, as recognised in the separate financial statements of subsidiaries are as follows:

	2017							
	Asurebi SGPS, S.A.	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Eggon SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.	Ibersol Angola, S.A.
Equity	141 880 426	122 425 341	3 085 602	82 290 492	35 591 259	-2 239 034	4 299 192	8 709 380
Equity without supplementary capital contributions	141 880 426	52 425 341	3 085 602	-18 474 508	31 461 259	-2 239 034	2 314 192	6 283 476
Total income	860 259	29 813 965	1 627 184	7 975 172	-23	-18 382	-228 956	2 274 920

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	2016							
	Asurebi SGPS, S.A.	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Eggon SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.	Ibersol Angola, S.A.
Equity	171 020 167	96 111 377	1 958 418	74 315 320	35 841 282	-2 220 652	2 944 926	6 466 668
Equity without supplementary capital contributions	171 020 167	26 111 377	1 958 418	-26 449 680	31 461 282	-2 220 652	1 759 926	4 028 621
Total income	31 948 899	23 943 613	863 369	9 707 679	6 003	-17 546	424 926	2 724 624

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

Growth rate		
	Portugal	2,00% (1% real + 1% inflation)
Discount rate		
	Portugal	7,40%
	Spain	6,80%

6.2 Supplementary capital contributions

On 31 December 2017 and 2016, balances recognised under this heading relate to subsidiaries supplementary capital contributions. Subsidiaries supplementary capital contributions are not remunerated, or have no fixed maturity.

	2017					
	Iberusa	Ibersol Restauração	Eggon	Ibergourmet	Ibersol Angola	TOTAL
Subsidiaries						
Supplementary capital contributions	9 765 000	70 000 000	640 000	1 185 000	4 783	81 594 783
Accumulated impairment losses	-	-	-	-	-	-
Total	9 765 000	70 000 000	640 000	1 185 000	4 783	81 594 783

	2016					
	Iberusa	Ibersol Restauração	Eggon	Ibergourmet	Ibersol Angola	TOTAL
Subsidiaries						
Supplementary capital contributions	9 765 000	70 000 000	640 000	1 185 000	4 783	81 594 783
Accumulated impairment losses	-	-	-	-	-	-
Total	9 765 000	70 000 000	640 000	1 185 000	4 783	81 594 783

Changes in this heading, are presented as follows:

	2017	2016
Initial amount	81 594 783	85 064 783
Additions	-	-
Decreases	-	3 470 000
Final amount	81 594 783	81 594 783

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7 Other financial assets

On 31 December 2017 and 2016, the assets recognized under this heading relate to capital shares, as follows:

	% own	2017	2016
Change Partners I, SGPS, S.A.	3,08%	264 000	264 000
Sub-total		264 000	264 000
Accumulated impairment losses		-264 000	-
Total		-	264 000

The primary business of Change Partners I, SGPS, S.A., is management of shareholdings. With prudence, Ibersol recorded an impairment loss equal to the acquisition value, because it is not possible to reliably determine their fair value.

8 Income tax recoverable and payable

On 31 December 2017 and 2016, Income tax is presented as follows:

	2017		2016	
	Debit balance	**Credit balance**	**Debit balance**	**Credit balance**
Income tax - IRC (1)	1 384 754	-	-	2 196 187
	1 384 754	-	-	2 196 187

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

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

	2017	2016
Special payment on account	-11 808	-29 896
Payments on account	-3 452 637	-2 498 358
Withholding taxes	-896	-425
Income tax - company (Note 23)	145 299	198 720
Income tax - subsidiaries (RETGS)	2 961 158	4 526 147
Tax saving (RETGS)	-1 025 870	-
Total	-1 384 754	2 196 187

9 Other debtors

On 31 December 2017 and 2016, the detail of other current debtors is as follows:

	2017		2016	
	Current	**Total**	**Current**	**Total**
Other debtors:				
- Other debtors	17 242	17 242	20 731	20 731
Sub-total	17 242	17 242	20 731	20 731
Personnel	1 410	1 410	1 410	1 410
Sub-total	1 410	1 410	1 410	1 410
Accumulated impairment losses	-	-	-	-
Other debtors	18 652	18 652	22 141	22 141

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10 Deferrals

On 31 December 2017 and 2016 the Ibersol has recorded under the heading of deferrals, the following balances:

	2017	2016
Insurance	2 877	2 755
Rents	3 353	3 353
Financial fees (1)	358 483	394 311
Deferred costs	364 713	400 418

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

11 Capital

On May 26, 2017, share capital increased with free reserve incorporation in the amount of 6.000.000 euros, with the creation of 6.000.000 new shares, distributed free of charge to shareholders in proportion to a new share for each group of 4 shares already held.

On 31 December 2017, fully subscribed and paid up share capital was represented by 30.000.000 shares to the bearer with a par value of 1 euro each.

12 Own shares

With the share capital increase, Ibersol increased its own shares by 599.976. In addition it acquired 57 in 2017. In the year 2016, with the share capital increase, Ibersol increased its own shares by 399.980. In addition it sold 100 shares and acquired 25 in 2016. In the year 2015 the company did not carry out any transactions with own shares.

Shares are subject to the regime established for own shares which determines that their voting rights and assets are suspended for as long as they remain in the ownership of the group, without prejudice of being sold.

At the end of the year the company held 2.999.938 own shares acquired for 11.179.968 euros. According to the legislation in force, Ibersol shall maintain a non-available reserve by the same amount of the purchase of own shares. This reserve is included in Other reserves.

13 Reserves

On December 2017 and 2016, reserves were broken down as follows:

13.1 Legal reserves

	Legal reserves	
	2017	**2016**
1st January	1	4 000 001
Increase	263 001	-
Use	-	4 000 000
31st December	263 002	1

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

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13.2 Other reserves

	Own shares reserves		Other reserves	
	2017	2016	2017	2016
1st January	11 179 347	11 179 643	116 403 253	117 058 858
Increase (1)	-	278	1 047 460	1 344 394
Use (2)	-	574	8 160 010	2 000 000
Transfer	621	-	-621	-
31st December	11 179 968	11 179 347	109 290 081	116 403 253

(1) changes in the years 2017 and 2016 result from the increase in free reserves in the distribution of the result of the previous year.
(2) amount for dividends paid in the years 2016 and 2017 of, respectively, 1.800.000 eur and 2.160.010 eur. In addition, due to the capital increase of the year (Note 11), there was a decrease of 6.000.000 euros in free reserves

Ibersol available reserves and retained earnings amounts to 144.595.505 euros. Own shares reserves held by Ibersol (11.179.968 euros) are unavailable for distribution.

14 Subsidiaries loans

14.1 Non-current assets

On 31 December 2017 and 2016, balances recognised under this heading relate to loans granted to subsidiaries of Ibersol. These loans with repayment periods exceeding 1 year accrues interest at a fixed rate based on Euribor 12 m + 1,25% and changed as variation of ECB reference rate.

	2017				
	Iberusa	Ibersol Restauração	Asurebi SGPS	Restmon	TOTAL
Non-current					
Loans granted					
Subsidiaries	1 842 500	92 108 996	57 750 000	1 276 000	152 977 496
Accumulated impairment losses	-	-	-	-	-
Non-current total	1 842 500	92 108 996	57 750 000	1 276 000	152 977 496

	2016				
	Iberusa	Ibersol Restauração	Asurebi SGPS	Restmon	TOTAL
Non-current					
Loans granted					
Subsidiaries	4 357 500	91 515 996	69 530 000	1 276 000	166 679 496
Accumulated impairment losses	-	-	-	-	-
Non-current total	4 357 500	91 515 996	69 530 000	1 276 000	166 679 496

Changes in this heading, are presented as follows:

	2017	2016
Initial amount	166 679 496	88 499 496
Additions	50 795 000	80 200 000
Decreases	64 497 000	2 020 000
Final amount	152 977 496	166 679 496

Financial Statements (in euros)

14.2 Current assets and liabilities

On 31 December 2017 and 2016, balances recognised under this heading relate to interest concerning loans granted to subsidiaries of Ibersol and subsidiaries current year income tax, as follows:

	2017		2016	
	Current asset	**Current liabilities**	**Current asset**	**Current liabilities**
Income tax - RETGS	3 192 144	230 986	4 705 419	179 272
Interest loans	3 660 940	-	2 579 824	-
	6 853 084	230 986	7 285 243	179 272

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

These balances are presented as follows (Note 27):

	2017		2016	
	Debit	**Credit**	**Debit**	**Credit**
Ibersol Restauração	-	72 049	-	82 461
Iberusa	1 356 186	-	1 267 731	-
Asurebi	-	100 329	-	74 723
IBR Imobiliária	155 928	-	154 948	-
Ibersol Hotelaria e Turismo	29 371	-	178 920	-
Eggon	-	16	1 718	-
Iber King	416 834	-	1 813 504	-
Ibersol Madeira & Açores	346 687	-	353 403	-
Sugestões & Opções	193 157	-	190 598	-
Anatir	-	283	-	631
Ibergourmet	-	-	127 233	-
Iberaki	131 682	-	101 326	-
Ferro & Ferro	55 134	-	41 318	-
Firmoven	6 814	-	11 604	-
Resboavista	119 198	-	30 762	-
JSCC	218 062	-	90 805	-
SEC	55 317	-	26 992	-
Ibersande	96 624	-	314 556	-
Gravos	-	58 308	-	989
Maestro	11 151	-	-	20 469
	3 192 144	230 986	4 705 419	179 272

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

	2017	2016
Ibersol Restauração	1 658 950	2 039 708
Iberusa	47 389	37 335
Restmon	288 579	272 629
Asurebi	1 666 022	230 152
	3 660 940	2 579 824

15 Loans and derivative financial instruments

15.1. Loams obtained

On 31 December 2017 and 2016, the detail of loans for the period (current and non-current) and by type of loan, is as follows:

Financial Statements (in euros)

	2017			2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Commercial paper	9 500 000	68 500 000	78 000 000	-	78 000 000	78 000 000
	9 500 000	68 500 000	78 000 000	-	78 000 000	78 000 000

For Commercial Paper Programs we consider reimbursement on the date of filing regardless of the terms for which they are contracted. Ibersol is a subscriber of a commercial paper program with denunciation in January 2018 in the amount of 5.000.000 €, being fully used on 31 December 2016 and 2017, meanwhile renewed. The rest have long maturities up to five years.

During 2017 there were no increases or amortization of loans.

The (undiscounted) future cash flows associated with the loans (commercial paper) at 31 December 2017 are detailed as follows:

	2018	2019	2020	2021	2022
Commercial paper	9 500 000	20 500 000	15 000 000	15 000 000	18 000 000
Interest	1 355 125	1 106 750	789 750	510 000	180 000

In 2017, the average cost of the loans 1,9%.

15.2. Derivative financial instruments

The financial instruments relate to interest rate SWAP, as follows:

	2017			2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Swap	-	188 745	188 745	-	-	-
Total	-	188 745	188 745	-	-	-

The swap contracts for interest rate risk coverage are associated with two commercial paper programs amounting to 24 million euros and 8 million euros and have underlying the interest maturities and reduction plans of these maximum amounts of issue. The last emission period will occurs in 2022, and detailed as follows:

	Ibersol SGPS	Ibersol SGPS
Initial date	19/05/2017	08/06/2017
Due date	20/10/2022	14/11/2022
Fixed interest rate	0,39%	0,395%
Variable interest rate	Euribor 6M *	Euribor 3M *
Amount on 31st December 2017	24 000 000	8 000 000

(*) with floor zero

16 Other current liabilities

On 31 December 2017 and 2016, the detail of other current liabilities is as follows:

Financial Statements (in euros)

	2017		2016	
	Current	Total	Current	Total
Investment suppliers				
Financial investments (1)	-	-	20 181 420	20 181 420
Other creditors				
Creditors	16 446	16 446	12 546	12 546
State and other public entities				
Income tax withholding	6 716	6 716	6 625	6 625
VAT payable	135 621	135 621	126 674	126 674
Social Security	7 654	7 654	7 133	7 133
Accrued costs				
Payable remunerations	29 121	29 121	28 524	28 524
Premiums	78 352	78 352	74 876	74 876
Payable interest	141 926	141 926	49 222	49 222
Fee	384	384	99	99
Other	7 529	7 529	4 914	4 914
Total accounts payable to creditors and accrued costs	423 750	423 750	20 492 033	20 492 033

(1) Debt for the acquisition of 10% of the subsidiary Asurebi (note 6.1), settled in 2017.

17 Provisions

Changes in provisions for the year 2017 and 2016 are as follows:

	Legal proceedings		Income tax	
	2017	2016	2017	2016
Initial amount	5 257	5 257	1 489 711	289 545
Additions (1)	-	-	1 182 596	1 200 166
Decreases	-	-	-	-
Final amount	5 257	5 257	2 672 307	1 489 711

(1) accrued provisions related to tax benefits arising from the IRC calculation for the years 2015 and 2014, in the confirmation phase of its implementation.

18 Sales and rendered services

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

	2017	2016
Rendered services - internal market	600 000	600 000
Rendered services - external market	-	-
Sub-total	600 000	600 000
Sales and rendered services	600 000	600 000

19 External supplies and services

External services and supplies in the years ending on 31 December 2017 and 2016 are broken down as follows:

	2017	2016
Services fees	121 543	125 408
Fees	330	1 433
Other	20 637	18 072
External supplies and services	142 510	144 913

Financial Statements (in euros)

20 Personnel costs

Personnel cost in the years ending on 31 December 2017 and 2016 are broken down as follows:

	2017	2016
Salaries and wages		
Board od directors	34 409	33 475
Employees	232 971	224 740
	267 380	258 215
Social costs		
Social security contributions	61 511	73 102
Other personnel costs	6 531	6 227
Sub-total	68 042	79 329
Personnel costs	335 423	337 544

The average number of employees in 2017 was 3 (2016:3)

21 Other operating income

Heading other operating income may be presented as follows:

	2017	2016
Other operating income	438	209
	438	209

22 Other operating costs

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

	2017	2016
Taxes	31 844	53 932
Gains from fair value increase (swap)	188 745	-
Banking services	126 870	111 400
Others	-	188
	347 459	165 520

23 Financial costs and income

23.1 Net Financing cost

Net Financing cost in the years ending on 31 December 2017 and 2016 are broken down as follows:

	2017	2016
Financial costs		
Interest on bank loans	870 641	170 194
Commercial paper commissions	655 164	239 539
Others	24 210	26 498
Sub-total	1 550 015	436 231
Financial income		
Interest subsidiaries debt	2 420 741	1 367 010
Sub-total	2 420 741	1 367 010
Total	-870 727	-930 779

Financial Statements (in euros)

23.2 Dividends

	2017	2016
Other financial income		
Dividends	7 000 000	600 000
	7 000 000	600 000

24 Income tax

Tax amount recognised in the financial statements of the years 2017 and 2016 is as follows:

	2017	2016
Current income tax	145 299	198 720
Income tax insufficiency (1)	-1 546 719	-1 226 333
Provisions	1 182 596	1 200 166
Tax saving - RETGS (Note 8)	-1 025 870	-
Deferred taxes (2)	-1 225 064	-
Income tax	-2 469 758	172 552

	2017	2016
Current tax for the year		
Tax base	135 612	185 472
Pours	9 687	13 248
	145 299	198 720

(1) excess resulting from the use of the income tax benefit (RFAI).
(2) Income tax benefit (RFAI) to be used in subsequent years.

Tax amount for the year reconciliation is as follows:

	2017	2016
Pre-tax profit	**7 381 773**	**1 483 012**
Tax calculated at the applicable tax rate in Portugal (22,5%)	**1 660 899**	**333 678**
Non-deductible costs	59 400	42
Non-deductible income (dividends)	-1 575 000	-135 000
Special tax (independent)	-	-
Income tax expenses	145 299	198 720
Imposto s/ rendimento corrente	145 299	198 720
Imposto s/ rendimento diferido	-1 225 064	-
Imposto s/ rendimento	-1 079 765	198 720

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

	2017	2016
Tax base rate	21,00%	21,00%
Tax pours	1,50%	1,50%
	22,50%	22,50%

In accordance with the legislation in force, tax declarations of Ibersol are subject to review and can be corrected by the tax authorities for a period of four years in general terms, so that the declarations of 2014 to 2017 are still open.

Financial Statements (in euros)

Ibersol board of directors understands that the corrections resulting from reviews or inspections by the tax authorities will not have a significant effect on the financial statements presented on 31 December 2017.

25 Contingencies

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

In addition, Ibersol SGPS provided guarantees to the subsidiaries in the amount of 4.375.000 USD.

26 Remuneration assigned to social board

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

	2017	2016
Auditors	44 500	35 500
Fiscal board	27 141	26 358
General Assembly	2 346	2 335
Board of Directors (1)	6 000	6 000
	79 986	70 193

(1) earnings of non-Executive Director.

Remuneration and benefits assigned to directors:

The company shareholder ATPS-S.G.P.S., S.A., which signed a service-rendering contract with the subsidiary Ibersol Restauração, SA for 2016, in the amount of 900.000 euros (800.000 euros in 2016), provided services of administration and management to the group. ATPS-S.G.P.S., S.A. under contract with Ibersol Restauração, S.A. has the obligation to ensure that its administrators, António Carlos Vaz Pinto de Sousa and Antonio Alberto Guerra Leal Teixeira, exercise their positions without incur in any additional charge.

27 Related parties

On 31 December 2017, Ibersol is controlled by ATPS, SGPS, S.A. that holds a direct participation of 54,91%.

27.1. Transactions with related parties

(a) Nature of relationship with related parties:

Shareholders:

ATPS – SGPS, S.A.

Subsidiaries of Ibersol, SGPS:

Ibersande Restauração, S.A.
Iberusa – Hotelaria e Restauração, S.A.
Ibersol Madeira e Açores Restauração, S.A.
Ibersol Restauração, S.A.
Iberking Restauração, S.A.
Iberaki Restauração, S.A.
Restmon Portugal, Lda.
Ibersol – Hotelaria e Turismo, S.A.

Financial Statements (in euros)

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

Joint undertakings with Ibersol, SGPS:

UQ Consult, S.A.

(b) Transactions and outstanding balances with related parties:

i) Shareholders:

In the year endied on 31 December 2017 Ibersol carried out transactions with shareholders as follows:

Financial income

	2017	2016
ATPS SGPS, S.A.	582	1 701
	582	1 701

ii) Subsidiaries:

In the years ending on 31 December 2017 and 2016 Ibersol carried out transactions with subsidiaries as follows:

Sales and rendered services

	2017	2016
Sales and rendered services		
Ibersol Restauração	600 000	600 000
	600 000	600 000

Financial income

Financial Statements (in euros)

	2017	2016
Financial income		
Asurebi	1 435 870	230 152
Ibersol Restauração	920 950	1 081 708
Iberusa	47 389	37 335
Restmon	15 950	16 114
	2 420 159	1 365 309
Dividends received		
Ibersol Madeira e Açores	500 000	600 000
Asurebi	3 000 000	-
Ibersol Restauração	3 500 000	-
	7 000 000	600 000

Products and services

	2017	2016
Products and services acquisition		
Ibersol Restauração	11 187	10 803
	11 187	10 803

Debit and credit balances

In the years ending on 31 December 2017 and 2016, the balances resulting from transactions with related parties are as follows:

	2017	2016
Debit balances		
Asurebi	1 666 022	230 152
Eggon	-	1 718
Ferro	55 134	41 318
Firmoven	6 814	11 604
Iber King	416 834	1 813 504
Iberaki	131 682	101 326
Ibergourmet	3 935	127 233
Ibersande	96 624	314 556
Ibersol Madeira e Açores	346 687	353 403
Ibersol Restauração	1 687 506	2 039 708
Iberusa	1 403 575	1 305 066
IBR	155 928	154 948
IHT	29 371	178 920
José Silva Carvalho	218 062	90 805
Resboavista	119 198	30 762
Restmon	288 579	272 629
SEC	55 317	26 992
Sugestões	193 157	190 598
Maestro	11 151	-
	6 885 576	7 285 242
Loans		
Supplementary capital contributions (Note 6)	81 594 783	81 594 783
Subsidiaries (Note 14)	152 977 496	166 679 496
	234 572 279	248 274 279

Financial Statements (in euros)

	2017	2016
Credit balances		
Anatir	283	631
Asurebi	100 329	74 723
Eggon	16	-
Gravos	-	989
Ibergourmet	62 243	-
Ibersol Restauração	107 632	20 267 271
Maestro	-	20 469
	270 503	20 364 083

28 Income per share

Income per share in the years ending on 31 December 2017 and 2016 was calculated as follows:

	Dec/17	Dec/16
Profit payable to shareholders	9 851 530	1 310 460
Mean weighted number of ordinary shares issued	30 000 000	30 000 000
Mean weighted number of own shares	-2 999 938	-2 999 938
	27 000 062	27 000 062
Basic earnings per share (€ per share)	0,36	0,05
Number of own shares at the end of the year	2 999 938	2 999 938

At the Annual General Meeting of 26 May 2017, gross dividends of EUR 0.10 per share (EUR 0.10 in 2016) were attributed, corresponding to a total value of EUR 2.160.010 for shares in circulation (EUR 1.800.000 in 2016), which was paid on June 23, 2017.

29 Subsequent events

On March 1, 2018, draft investment tax contracts between the Portuguese State and Iber King and Iberusa subsidiaries were approved by the Council of Ministers, which attribute tax credits to IRC. Impacts at IRC level have already been considered in the 2017 accounts.

The Board of Directors,

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ibersol, S.G.P.S., S.A. (the Entity), which comprise the statement of financial position as at 31 December 2017 (which shows total assets of Euro 266,720,116 and total shareholders' equity of Euro 185,192,085 including a net profit of Euro 9,851,530), the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Ibersol, S.G.P.S., S.A. as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	*Summary of the Audit Approach*
Valuation and recoverability of investments in subsidiaries In 31 December 2017, Investments in subsidiaries recognised in financial statements amount to 103,7 million euros (22,1 million euros of holdings in subsidiaries and 81,6 million euros of supplementary paid-in capital). The referred investments are presented at cost deducted of impairment losses, being the impairment tests performed whenever exist indicators or changes in circumstances that indicate that the registered amount may not be recovered. Among others, it is considered an indicator of impairment when shareholders' equity of the subsidiary is lower than the amount registered of the investment in the subsidiary. Due to materiality of the amount of Investments in subsidiaries and to the fact that impairment tests require a level of significant judgement, namely in what concerns the projections of future cash-flows, growth rates in the perpetuity and discount rates used, we consider this matter as relevant for the audit. Disclosures related with investment in subsidiaries are presented in Note 6 of the separate financial statements.	The audit procedures performed consisted, mainly in the following: - Analyse of the financial information related to the subsidiaries; - Analyse of the evolution of shareholders' equity of subsidiaries in order to compare its amount with the acquisition cost of the investment ; - Analyse of the evolution of business of the subsidiaries compared with last year and budget; - For the subsidiaries where indications of impairment were found, we obtained and analysed the impairment tests prepared by the Entity. In these cases, we assessed the adequation of the impairment model performed by management and respective calculations therein, as well as the appreciation of the methodology and assumptions that present higher sensibility in the determination of the respective amount, namely the evolution of cash flows, margin EBITDA, growth rate in perpetuity and discount rate, through comparable data existing in the market. We also reviewed as well the compliance of disclosures, considering the accounting standards applicable.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report , including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

h) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of the Entity in the Shareholders' General Meeting of 13 April 2004 till the end of the period 2001 to 2004, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 26 May 2017 for the year of 2017.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Entity's supervisory board as of 9 April 2018.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Entity in conducting our audit.

9 April 2018

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Hermínio António Paulos Afonso, R.O.C.

Responsibility Statement

In accordance with paragraph c) number 1 of article 245 of the Portuguese Securities Market Code the Fiscal Board informs as far as its members know and regarding the elements we assessed, the information contained in the individual and consolidated financial statements of 2017 was prepared in accordance with applicable accounting standards, giving a true and appropriate view of the assets and liabilities, financial position and the results of IBERSOL-SGPS, SA, and the companies included in the consolidation perimeter, and that the management reports faithfully describes the business evolution, performance and financial position of the company and of the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties they face.

Porto, 11th April 2018

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(President)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-President)

Dr. Eduardo Moutinho Ferreira Santos
(Vogal)

FISCAL BOARD REPORT

To the Shareholders of IBERSOL SGPS, S.A.:

In compliance with the applicable legislation and its mandate, the Fiscal Board issues its report on the supervisory action carried out as well as its opinion on the Management Report and remaining consolidated and individual financial statements for the year ended 31 December 2017.

1. Supervision:

The Fiscal Board accompanied, within the scope of its competencies and mandate, during the 2017 financial year, the management of the company and its subsidiaries, having received for that purpose the information of the Company's Board of Directors, the Statutory Auditor and the External Auditor.

Over the course of the year the Fiscal Council held quarterly meetings with all members present, which examined and considered the matters subject to the powers of this body. In the ordinary meetings was always present the External Auditor, ***Pricewaterhouse Coopers & Associados-SROC***, who is also the Statutory Auditor of the company, who proposed to the Fiscal Board, in the first meeting relating to the annual activity, and obtained agreement from the Fiscal Board regarding its fiscal activity plan, including that meant to ascertain: - i) the effectiveness of the risk management system, internal control and internal auditing; - ii) the quality of the process of preparing and disclosing financial information and respective accounting policies; as well as – iii) value-measuring criteria, the regularity of the accounting registers and books and respective support documents, and also - iv) the verification of goods and values pertaining to the company. Along the exercise, the External Auditor/Statutory Auditor provided detailed information about the actions performed and the resulting conclusions.

The Fiscal Board met quarterly with the Board of Directors and this last organ was forthcoming in providing the Fiscal Board information over the society's activity and explanations needed to understand the activity and financial information drawn up by same Board of Directors in a previous moment to its disclosure. The Fiscal Board did not come across any constraint during their supervision action and not received any occurrence or denouncement of irregularities by shareholders, collaborators of the Company, External Auditor or others.

The Fiscal Board exercised its powers to supervise the activities and independence of the External Auditor and the Auditor, having the perception that the recommended practices were observed; and the Fiscal Board has rendered its approval to additional services to the auditory services that were hired to the External Auditor, having considered that its independence was safeguarded, its remuneration was in market conditions, and, therefore, it was in the society's interest to benefit of the knowledge and punctuality assured in those services. The provision of additional services performed by the external auditor did not reach the threshold of 30% of the total value of provided Services.

There were no reports to the Fiscal Board of any kind of transactions between the society and its shareholders or related parties, in the sense of the CMVM Recommendation V.2 that should be submitted to its prior opinion if they reached the level of significance established by this body.

The Fiscal Board examined the individual and consolidated management report and the individual and consolidated financial statements, its respective attachments, including the 2017 Corporate Governance Report presented by the Board of Directors. As well having examined the Legal Certification of Accounts and its Opinion issued by the Chartered Accountant and has also considered the Audit Report submitted by ***Pricewaterhouse Coopers & Associados, SROC.,*** attached to the "Additional Report of the External Auditor to the Supervisory Body", produced by it and referring to the 2017 financial year, in accordance with Article 24 of the Portuguese RJSA (Legal Regime of Audit Supervision), approved by Law 148 / 2015, of 7 September. It contains the scope of the audit, the partners and employees of the External Auditor who participated in it, the evaluation methods used with reference to impairment tests and corporate concentrations, the consolidation perimeter with mention of entities not audited by PwC, materiality, Independence and the additional services provided, as well as, among others, the results of the analysis of Internal Control that answers the questions raised, the answers obtained and the recommendations made.

The Fiscal Board also examined the compliance of the Corporate Governance Report included in the Management Report in compliance to the nº 5 art. 420 of the Commercial Societies Code, focusing it's analysis in the inclusion, in that Governance Report, of the required elements of the 245º-A article of the Portuguese Securities Market Code.

2. Opinion:

Considering the above, the opinion of the Fiscal Board is that are fulfilled the conditions of the approval, by the General Meeting, of:

a) The management reports, the financial consolidated and individual statements of 2017 and respective annexes, namely the Governance Report, annexed to the Management Report and Consolidated Accounts;
b) The proposal of distribution of year-end results presented by the Board of directors.

Porto, 11th April 2018

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(President)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-President)

Dr. Eduardo Moutinho Ferreira Santos
(Effective Member)