IBERSOL – SGPS, SA

Publicly Listed Company

Registered office: Praça do Bom Sucesso, 105/159, 9th floor, Porto
Share Capital Euros 36.000.000
Commercial Registry: Oporto under number 501669477
Fiscal number: 501669477

Consolidated Report & Accounts
1st Half 2018

- **Consolidated Turnover of 211.3 million euros**
  Increase of 3.4% over 1st half of 2017
- **Consolidated EBITDA reached 26.5 million euros**
  Ebitda increased 3.3% over 1st half of 2017.
- **Consolidated net profit of 10.9 million euros**
  Increase of 12.2% when compared to the 1st half of 2017.

Consolidated Management Report

Activity

Consolidated turnover in the first half of 2018 amounted to EUR 211.3 million, compared to EUR 204.4 million in the same period of the previous year, broken down as follows:

Turnover	1st Half 2018	
	euro million	% Ch. 18/17
Sales of Restaurants	203,91	1,6%
Sales of Merchandise	4,99	300,3%
Services Rendered	2,43	2,1%
Net Sales & Services	211,32	3,4%

The positive evolution of the demand in the Iberian - it is estimated a market increase by around 6% and 2% in Portugal and Spain respectively - coupled with the effects of the openings during 2017,contributed to the maintenance of the growth trend during this period.

This made, allowed to minimize the impact of an important turnover reduction in Angola, due to the devaluation of AKZ, which increased costs without having been reflected in the same sales price increase and, by the planned reduction in the number of restaurants that we stopped operating at the Barcelona airport since the beginning of May.

The activity of the second quarter was also marked by the general strike of the employees of the concessions, from called "Lote 22", at Barcelona Airport (against the division into smaller restaurants group, due to the entry of the new tender conditions carried out by the AENA concessionaire)

Despite these effects, consolidated restaurant sales still reached 203.9 million euros, representing a growth of 1.6%, compared to 200.7 million euros in the same period.

SALES IN RESTAURANTS	1st Half 2018	
	euro million	% Ch. 18/17
Restaurants	47,70	3,9%
Counters	96,28	3,7%
Concessions&Catering	59,93	-3,3%
Total Sales	203,91	1,6%

Benefiting from a more favorable context, restaurants segment was the well performed one, with special highlight for Pizza Hut performance.

In the counters segment, the brands which we operate maintained the trend observed in the first quarter with market share gains and growth rates influenced by a higher number of units operating. Even including KFC's activity in Angola (which decreased by 29% in euros), this segment achieved a 3.7% growth of sales.

The "Concessions and Catering" segment sales decreased, compared to the same period of the previous year, resulting from the end of the concession, in May, of 14 restaurants in Barcelona Airport. In addition, a negative impact on sales, resulting from the general strike of "Lote 22" employees at Barcelona Airport in April, estimated in 2.5 million euros.

During the semester, 9 other units were closed in Spain, 8 of which franchises, continuing the process of the network readjustment.

In Portugal, the closures of two Pasta Caffé restaurants, a KFC restaurant and the Exponor unit occurred due to the end of the respective lease agreement.

Following the strategy of expansion we opened 2 franchised restaurants (Pans and Ribs) and 10 equity restaurants, one at Barajas airport in Madrid, three provisional points of sale, in the concession of Gran Canaria airport and one in the Barcelona airport. In addition, the opening of 4 new restaurants in Portugal (PH and KFC) and a Pans in Spain.

At the end of the semester, the total number of restaurants was 630 (493 equity and 137 franchises), as shown below:

Nº of Restaurants	2017 31-Dec	Openings	Transfer	Closings	2018 30-Jun
PORTUGAL	**316**	**4**		**4**	**316**
Equity Restaurants	**315**	**4**		**4**	**315**
Pizza Hut	91	1			92
Okilo+MIIT+Ribs	4				4
Pans+Roulotte	46				46
Burger King	77				77
KFC	22	3		1	24
Pasta Caffé	9			2	7
Quiosques	8				8
Coffee Shops	27				27
Catering	7				7
Concessions & Other	24			1	23
Franchise Restaurants	**1**				**1**
SPAIN	**312**	**8**		**23**	**297**
Equity Restaurants	**177**	**6**	**0**	**15**	**168**
Pizza Móvil	31		-1		30
Pizza Hut	3		1		4
Burger King	33				33
Pans	35	1		1	35
Ribs	9				9
FrescCo	3				3
Concessions	63	5		14	54
Franchise Restaurants	**135**	**2**		**8**	**129**
Pizza Móvil	16				16
Pans	58	1		2	57
Ribs	28	1		1	28
Fresco	8			1	7
SantaMaria	25			4	21
ANGOLA	**10**				**10**
KFC	9				9
Pizza Hut	1				1
Other Locations - Franchise Restaurants	**8**			**1**	**7**
Pans Italy	8			1	7
Total Equity Restaurants	**502**	**10**	**0**	**19**	**493**
Total Franchise Restaurants	**144**	**2**	**0**	**9**	**137**
TOTAL	**646**	**12**	**0**	**28**	**630**

Results

The consolidated net income of 1H amounted to Eur 10.9 million euros. Excluding the effect of the application of IAS29, the net result would be 10 million euros, 0.3 million euros higher than the same period of 2017, which represents a growth of 3.1%.

Gross margin was 75.8% of turnover, 1.2p.p lower than the previous year. This reduction results from a higher weight of merchandise sales. Without this effect the gross margin was 76.9% (1H17: 77.0%) influenced by a reduction of 4p.p in Angola.

Including the effect of the increase in the minimum wage**, Staff costs** increased 2.1%, representing 31.3% of the turnover (1H17: 31.7%). There were no increases resulting from the updating of the salary scales applicable to the sector in Portugal, which could be applied retroactively.

External Supplies and services: increase of 1.7%, representing 33.5% of turnover,0.6 pp less than in 1H 2017, despite the rents increase in new airport concessions.

Other operating income amounted to 4.5 million euros, which represents a reduction of around 0.4 million, resulting from the non-recurring income generated by the loss of a restaurant in the same period of the previous year.

Other operating costs amounted to 1 million euros, of which 0.5 million in fees and taxes.

Therefore **EBITDA** amounted to 26.5 million euros, an increase of 3.3% over 1H17, strongly influenced by the activity in Angola, deeply affected by the devaluation of AKZ, about 53%, only reflected in 15% in sales price.

Consolidated **EBITDA** margin stood at 12.5% of turnover at the same level as the first half of 2017 (12.6%).

Consolidated **EBIT** margin increased from 5.7% of turnover in 1H17 to 6.7% in the 1H18, corresponding to an operating result of 14.1 million euros. To this result contributed a reduction in the value of depreciation, which represents 5.9% of turnover (6.9% in the first half of 2017). This reduction mainly results from the extension of the operation at the Barcelona airport for a period after the final data of the concession agreement in December 2017.

Consolidated **Net Financing cost** were 2.2 million euros, around 0.2 million euros lower than 1H17. However it should be noted that in the first half of 2018 this item includes around 0.9 million euros corresponding to the account of the discounted value of the collateral provided in Spain, namely those required by the signed agreements into for the new concessions.

Average cost of loans, which stood at 2.2%, substantially lower than 1H17 (2.5%), due to the dilution of the weight of the debt in Angola.

The **income tax** for the period amounts to 1.5 million euros, which represents an effective rate of 12%, lower than the nominal rate, mainly due to the tax benefits of 1.6 million euros, under of the Investment Tax Code (CFI).

Financial Situation

Total Assets amounted to 432 million euros and equity stood at 192 million euros, representing 44% of assets.

CAPEX reached 12.4 million euros. About 8.7 million euros for the investment incurred in new restaurant openings and works in progress, the remainder for the refurbishment and reconversion of some restaurants.

Net debt at 30th June 2018 amounted to 78.5 million euros, 4.6 milion euros lower than at the end of 2017.

Treasury Stock

By resolution of the General Shareholders Meeting held on 14th May 2018, the share capital increased from 30,000,000 to 36,000,000 euros through the incorporation of reserves. This operation was registered at the Commercial Registry of Oporto at 15th June 2018 and the allocation of the new shares took place last July.

During the first half of 2018 there has not been registered transactions of own shares. As a result of the capital increase, the company held 3,599,926 own shares, representing 9.9998% of the share capital, acquired by 11.179.969 euros, corresponding to an average price per share of Euro 3.11.

Risks and Uncertainties

In Angola, the steps taken to improve payments abroad did not translate into an improvement in the economy, which could lead to a consumption and sales decrease.

Outlook

In Portugal, it is expected to slightly slow down the sales growth pace in line with what is has seen in recent months, while in Spain is expected to remain current but more moderate levels.

In Angola, the maintenance of AKZ's devaluation may lead to an increase in prices, which will probably result in a decrease in consumption with the inherent drop in transactions. The inability to increase prices at the pace of devaluation, will lead to a decrease in the profitability of our operations.

Following the contests won in the concessions in Spain, it is expected that the opening of 24 units will take place at the airports of Barcelona, Gran Canaria and Malaga until the end of 2018.

In terms of openings outside the concession areas, we will try to remain the rhythm of the expansion plans of recent years, with the opening of more than a dozen restaurants.

An agreement between Pizza Hut ans Telepizza was recently announced, under which Pizza Hut will assign the rights associated with a master franchise in the Iberian Peninsula and throughout Latin America and South America, exception Brazil. As result, Ibersol will become directly related to Telepizza and only indirectly to Pizza Hut.

Ibersol will manitain the operation of the existing restaurants on the contracted terms and will have to agree with Telepizza the future development of new locations and renewals of the contracts, when they occur.

As reported in the first quarter, the business is still dependent on approvals from different authorities. Despite this fact we are in negotiations with Telepizza to define the future relationship framework.

Porto, 7th September 2018

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António Carlos Vaz Pinto de Sousa

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António Alberto Guerra Leal Teixeira

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Juan Carlos Vázquez-Dodero

Declaration of Conformity

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

(i) the consolidated financial statements of Ibersol SGPS SA, referring to the first semester of 2018 were drawn up in compliance with applicable accounting rules and provide a true and suitable picture of the assets and liabilities, financial situation and results of Ibersol SGPS, SA and the companies included in consolidation perimeter, and

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

Porto, 7th September 2018

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

Qualified Shareholdings

Complying with article 9 nº1 of the CMVM Regulation nº 05/2008

Shareholders	nº shares	% share capital
ATPS - SGPS, S.A. (*)		
Directly	16.472.549	68,64%
António Alberto Guerra Leal Teixeira	2.100	0,01%
António Carlos Vaz Pinto Sousa	2.100	0,01%
Total attributable	**16.476.749**	**68,65%**
Magallanes Iberian Equity FI		
Funds	1.036.349	4,32%
Total attributable	**1.036.349**	**4,32%**
Bestinver Gestion GGIIC		
Funds	3.204.302	13,35%
Total attributable	**3.204.302**	**13,35%**
Norges Bank		
Directly	**823.100**	3,43%
FMR LLC		
Fidelity Managemment & Research Company	**915.000**	3,81%

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

In the first semester, the company increased its capital from 30,000,000 to 36,000,000 shares by incorporation of reserves as per resolution of the General Meeting, and the process of admission to listing of the new shares and their attribution to Shareholders is in July. For this purpose, we consider only the shares that are in the stock market, or 30 million.

Corporate Governing Bodies Information

Complying with article 9 nº1 of the CMVM Regulation nº 05/2008

Board of Directors	Date	Acquisitions		Sales		Balance at
		shares	av pr	shares	av pr	30.06.2018
António Alberto Guerra Leal Teixeira						
DUNBAR- SERVIÇOS E GESTÃO SA (1)						9.996
Ibersol SGPS, SA						2.100
António Carlos Vaz Pinto Sousa						
CALUM- SERVIÇOS E GESTÃO SA (2)						9.996
Ibersol SGPS, SA						2.100

(1) DUNBAR- SERVIÇOS E GESTÃO SA		
ATPS- S.G.P.S., SA	(3)	2.840

(2) CALUM- SERVIÇOS E GESTÃO SA		
ATPS- S.G.P.S., SA	(3)	2.840

(3) ATPS- S.G.P.S ., SA	
Ibersol SGPS, SA	16.472.550

Transactions made by persons discharging managerial responsabilities

Complying with article 14 nº7 of the CMVM Regulation nº 05/2008

No transactions were reported by persons discharging managerial responsabilities and people closely connected with them during the first half of 2018.

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

Consolidated Interim Financial Statements

30th June 2018

IBERSOL S.G.P.S., S.A.
INTERIM STATEMENT OF CONSOLIDATED FINANCIAL POSITION ON 30th JUNE 2018 AND 31st DECEMBER 2017
(values in euros)

ASSETS	Notes	30/06/2018	31/12/2017
Non-current			
Tangible fixed assets	8	193 697 758	197 972 217
Goodwill	9	92 862 786	92 862 786
Intangible assets	9	34 490 600	35 115 966
Financial investments - joint controlled subsidiaries		2 443 951	2 420 386
Available-for-sale financial assets		179 708	233 108
Other financial assets	19	17 073 980	17 823 906
Other non-current assets	16	13 753 645	6 335 385
Total non-current assets		**354 502 428**	**352 763 754**
Current			
Stocks		10 826 847	12 089 907
Cash and bank deposits		37 281 236	34 902 883
Income tax receivable		2 983 985	5 046 070
Other financial assets	19	3 883 833	5 162 755
Other current assets	16	22 279 220	19 823 562
Total current assets		**77 255 121**	**77 025 177**
Total Assets		**431 757 549**	**429 788 931**
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	10	36 000 000	30 000 000
Own shares		-11 179 969	-11 179 969
Share prize		469 937	469 937
Legal reserves		755 581	263 001
Conversion Reserves		-5 775 153	-2 012 886
Other Reserves & Retained Results		160 461 722	139 507 205
Net profit in the year		10 740 667	30 849 460
Total Shareholders Equity		**191 472 785**	**187 896 748**
Non-controlling interest		404 459	723 445
Total Equity		**191 877 244**	**188 620 193**
LIABILITIES			
Non-current			
Loans		94 259 897	107 687 759
Deferred tax		8 369 472	9 132 498
Provisions		4 489 724	4 489 724
Derivative financial instrument		225 288	235 455
Other non-current liabilities		164 768	179 192
Total non-current liabilities		**107 509 149**	**121 724 628**
Current			
Loans		42 445 508	33 326 982
Accounts payable to suppliers and accrued costs		71 574 440	67 522 339
Income tax payable		1 758 941	324 744
Other current liabilities	16	16 592 267	18 270 045
Total current liabilities		**132 371 156**	**119 444 110**
Total Liabilities		**239 880 305**	**241 168 738**
Total Equity and Liabilities		**431 757 549**	**429 788 931**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
INTERIM CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2018 AND 2017
(values in euros)

	Notes	30/06/2018	30/06/2017
Operating Income			
Sales	6	208 895 636	201 971 411
Rendered services	6	2 429 104	2 379 694
Other operating income	7	4 494 747	4 935 446
Total operating income		215 819 487	209 286 551
Operating Costs			
Cost of sales		51 228 537	47 051 812
External supplies and services		70 852 960	69 683 075
Personnel costs		66 184 686	64 827 356
Amortisation, depreciation and impairment losses of TFA and IA	8 e 9	12 417 699	14 072 224
Other operating costs		1 047 640	2 060 093
Total operating costs		201 731 522	197 694 560
Operating Income		14 087 965	11 591 991
Net financing cost	17	2 272 471	2 454 568
Gains (losses) in joint controlled subsidiaries - Equity method		23 566	25 201
Gains (losses) in financial investments		-370 000	-
Gains (losses) on Net monetary position	8 e 9	880 835	-
Profit before tax		**12 349 895**	**9 162 624**
Income tax expense	18	1 483 567	-518 312
Net profit		**10 866 328**	**9 680 936**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-3 762 267	8 404
TOTAL COMPREHENSIVE INCOME		**7 104 061**	**9 689 340**
Net profit attributable to:			
Owners of the parent		10 740 667	9 500 549
Non-controlling interest		125 661	180 387
		10 866 328	9 680 936
Total comprehensive income attributable to:			
Owners of the parent		6 978 400	9 508 953
Non-controlling interest		125 661	180 387
		7 104 061	9 689 340
Earnings per share:	10		
Basic		**0,33**	**0,29**
Diluted		**0,33**	**0,29**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
INTERIM CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND TRIMESTER OF 2018 AND 2017
(values in euros)

	Notes	2nd TRIMESTER (unaudited)	
Operating Income			
Sales		110 058 235	108 966 974
Rendered services		980 728	1 061 071
Other operating income		2 374 546	2 894 105
Total operating income		113 413 509	112 922 150
Operating Costs			
Cost of sales		28 395 489	25 363 527
External supplies and services		37 183 416	37 724 851
Personnel costs		32 901 835	33 295 846
Amortisation, depreciation and impairment losses of TFA and IA		6 128 866	7 392 378
Other operating costs		-483 466	1 339 631
Total operating costs		104 126 140	105 116 233
Operating Income		9 287 369	7 805 917
Net financing cost		1 433 509	1 160 639
Gains (losses) in joint controlled subsidiaries - Equity method		32 505	19 836
Gains (losses) in financial investments		-370 000	-
Gains (losses) on Net monetary position		305 176	-
Profit before tax		**7 821 541**	**6 665 114**
Income tax expense		448 853	-964 558
Net profit		**7 372 688**	**7 629 672**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-716 198	54 106
TOTAL COMPREHENSIVE INCOME		**6 656 490**	**7 683 778**
Net profit attributable to:			
Owners of the parent		7 262 852	7 503 303
Non-controlling interest		109 836	126 369
		7 372 688	7 629 672
Total comprehensive income attributable to:			
Owners of the parent		6 546 654	7 557 409
Non-controlling interest		109 836	126 369
		6 656 490	7 683 778
Earnings per share:			
Basic		**0,20**	**0,26**
Diluted		**0,20**	**0,26**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Interim Statement of Alterations to the Consolidated Equity
for the six months period ended 30th June, 2018 and 2017
(value in euros)

	Note	Assigned to shareholders									
		Share Capital	**Own Shares**	**Share prize**	**Legal Reserves**	**Conversion Reserves**	**Other Reserves & Retained Results**	**Net Profit**	**Total parent equity**	**Interests that do not control**	**Total Equity**
Balance on 1 January 2017		24 000 000	-11 179 348	469 937	1	-2 002 180	117 052 548	23 387 471	151 728 429	333 399	152 061 828
Changes in the period:											
Application of the consolidated profit from 2016:											
Transfer to reserves and retained results					263 000		23 124 471	-23 387 471	-		-
Share capital increase		6 000 000					-6 000 000		-		-
Conversion reserves - Angola						8 404			8 404		8 404
Net consolidated income in the six month period ended on 30 June 2017								9 500 549	9 500 549	180 387	9 680 936
Total changes in the period		6 000 000	-	-	263 000	8 404	17 124 471	-13 886 922	9 508 953	180 387	9 689 341
Net profit								**9 500 549**	**9 500 549**	**180 387**	**9 680 936**
Total comprehensive income									9 508 953	180 387	9 689 340
Transactions with capital owners in the period											
Application of the consolidated profit from 2016:											
Paid dividends							-2 160 010		-2 160 010		-2 160 010
		-	-	-	-	-	-2 160 010	-	-2 160 010	-	-2 160 010
Balance on 30 June 2017		**30 000 000**	**-11 179 348**	**469 937**	**263 001**	**-1 993 776**	**132 017 009**	**9 500 549**	**159 077 372**	**513 786**	**159 591 158**
Balance on 1 January 2018		30 000 000	-11 179 969	469 937	263 001	-2 012 886	139 507 205	30 849 460	187 896 747	723 445	188 620 192
IFRS 9 change							-702 358		-702 358		-702 358
IFRS 15 change							-		-		-
Changes in the period:											
Application of the consolidated profit from 2017:											
Transfer to reserves and retained results					492 580		30 356 880	-30 849 460	-		-
Share capital increase		6 000 000					-6 000 000		-		-
Conversion reserves - Angola						-3 762 267			-3 762 267		-3 762 267
Net consolidated income in the six month period ended on 30 June 2018								10 740 667	10 740 667	125 661	10 866 328
Total changes in the period		6 000 000	-	-	492 580	-3 762 267	24 356 880	-20 108 793	6 978 400	125 661	7 104 061
Net profit								**10 740 667**	**10 740 667**	**125 661**	**10 866 328**
Total comprehensive income									6 978 400	125 661	7 104 061
Transactions with capital owners in the period											
Application of the consolidated profit from 2017:											
Paid dividends							-2 700 006		-2 700 006	-444 647	-3 144 653
		-	-	-	-	-	-2 700 006	-	-2 700 006	-444 647	-3 144 653
Balance on 30 June 2018		**36 000 000**	**-11 179 969**	**469 937**	**755 581**	**-5 775 153**	**160 461 720**	**10 740 667**	**191 472 782**	**404 458**	**191 877 241**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Interim Consolidated Cash Flow Statements
for the six months period ended 30 June, 2018 and 2017
(value in euros)

	Note	Six months period ending on June 30	
		2018	**2017**
Cash Flows from Operating Activities			
Receipts from clients		209 265 542	205 276 364
Payments to supliers		-110 652 995	-120 116 066
Staff payments		-65 735 201	-51 921 410
Payments/receipt of income tax		1 507 330	250 158
Other paym./receipts related with operating activities		-14 123 221	-3 568 360
Flows from operating activities (1)		**20 261 455**	**29 920 686**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		112 737	10 320
Tangible fixed assets		34 161	5 028
Intangible assets			
Investment benefits			
Interest received		849 779	646 803
Dividends received			
Other		3 341 650	
Payments for:			
Financial Investments		1 004 955	40 348
Other financial assets		2 269 365	1 518 108
Tangible fixed assets		9 317 266	17 712 071
Intangible assests		1 320 791	659 301
Loans to shareholders			500 000
Other		4 000 000	
Flows from investment activities (2)		-13 574 050	-19 767 677
Cash flows from financing activities			
Receipts from:			
Loans obtained		7 381 210	1 000 000
Sale of own shares			
Payments for:			
Loans obtained		6 282 097	5 101 588
Amortisation of financial leasing contracts			927 293
Interest and similar costs		2 324 848	3 068 645
Dividends paid		3 144 647	2 160 010
Acquisition of own shares			
Flows from financing activities (3)		-4 370 382	-10 257 536
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**2 317 023**	**-104 527**
Perimeter changes effect			
Exchange rate differences effect			-1 424
Cash & cash equivalents at the start of the period		34 882 539	37 782 889
Cash & cash equivalents at end of the period		**37 199 562**	**37 676 938**

The Board of Directors,

IBERSOL SGPS, S.A.

ANNEX TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2018

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA ("Company" or "Ibersol") has its head office at Praça do Bom Sucesso, Edifício Península n.º 105 a 159 – 9º, 4150-146 Porto, Portugal. Ibersol's subsidiaries (jointly called the Group), operate a network of 630 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Ribs, FresCo, SantaMaria, Kentucky Fried Chicken, Burger King, O' Kilo, Roulotte, Quiosques, Pizza Móvil, Miit, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffe counters and other concessions. The group has 493 units which it operates and 137 units under a franchise contract. Of this universe, 297 are headquartered in Spain, of which 168 are own establishments and 129 are franchised establishments, and 10 in Angola.

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

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

2. MAIN ACCOUNTING POLICIES

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

2.1 Presentation basis

These consolidated financial statements were prepared according to the international standard nº. 34 – Interim Financial Report, and therefore do not include all the information required by the annual financial statements, and should be read together with the company's financial statements for the period ended 31 December 2017.

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

The accounting policies applied on 30 June 2018 are identical to those applied for preparing the financial statements of 30 June and 31 December 2017, except for the exchange currency differences included in other income / other operating costs and excluded from net financing cost.

3. CHANGE OF ACCOUNTING POLICIES, ERRORS AND ESTIMATES

The Group adopted for the first time, on January 1, 2018, the new IFRS 15 - Revenue contracts and IFRS 9 - Financial Instruments, without restatement of the comparative financial statements.

3.1. IFRS 15 - Revenue contracts with clients

IFRS 15 applies to all revenue arising from contracts with customers (except for contracts covered by other standards), implying amendments to several IAS / IFRS / IFRIC / SIC and the repeal of IAS 11 and 18, IFRIC 13, 15 and 18 and SIC 31.

The main principle of the new standard is that an entity must recognize the revenue to represent the transfer to customers of promised goods or services in an amount that reflects the consideration that the entity expects to receive in exchange for such goods or services, establishing a five-step methodology for the recognition of revenue:

Step 1 - Identify the contract with the client;
Step 2 - Identify performance obligations;
Step 3 - Determine the price of the transaction;
Step 4 - Allocate the price of the transaction to its performance obligations;
Step 5 - Recognition of revenue (when a performance obligation is met).

Ibersol applied this new standard as of January 1, 2018, using the modified retrospective method, which establishes that the cumulative effect of the adoption of the standard is recognized in the results carried over to that date. The adoption of IFRS 15 did not result in any effect on the retained earnings of the Group.

The application of the methodology to contracts with clients concluded the following:

Sales

In restaurant and merchandise sales there is only one performance obligation, so revenue is recognized immediately, with the delivery of the goods to the customer.
In accordance with IFRIC 13, in sales situations in restaurants where customer discounts are promised to the customer through the customer loyalty program, the fair value of the benefits attributed to customers was estimated, with the recognition of the revenue being deferred until when the obligation is satisfied or expire.

Franchise Agreements

In franchise contracts, the Group has the obligation to grant the customer the right to use the brand and its operating know-how, in a certain place and for an agreed period of time, and the customer is obliged to pay a counterpart, usually translated into:

- initial entry value, corresponding to opening rights;
- monthly operating royalties, the method of calculation of which is previously defined in the contract (fixed amount previously established or amount determined periodically by applying a percentage to the value of sales made by the client);
- monthly quota for advertising purposes.

If there is an initial value of entry, it is accounted as a deferred income, so that the recognition of the respective revenue is effected throughout the life of the contract.

The recognition of the revenue corresponding to the monthly operating royalties and the monthly advertising quotas is carried out immediately, matching the fulfillment of performance obligations.

3.2 IFRS 9 - Financial instruments

IFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities and for some contracts for the purchase or sale of non-financial assets. This standard replaces the requirements of IAS 39.

IFRS 9 replaces the model of losses incurred in IAS 39 with an expected loss model.

The Group adopted IFRS 9 assuming the option at the time of transition by the modified retrospective approach, without restatement of comparative information.

The group applied IFRS 9 on the Angolan State Treasury Bonds (TB's), financial assets of the group.

The impact at the time of transition and in the period are shown in Note 19.

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

There where no substantial differences between accounting estimates and judgments applied on 31 December 2017 and the accounting values considered in the six months period ended on the 30 June 2018.

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

5.1. The following group companies were included in the consolidation on 30th June 2018 and 2017 and 31 December 2017:

Company	Head Office	% Shareholding		
		Jun/18	Jun/17	Dec/17
Parent company				
Ibersol SGPS, S.A.	Porto	parent	parent	parent
Subsidiary companies				
Iberusa Hotelaria e Restauração, S.A.	Porto	100%	100%	100%
Ibersol Restauração, S.A.	Porto	100%	100%	100%
Ibersande Restauração, S.A.	Porto	100%	100%	100%
Ibersol Madeira e Açores Restauração, S.A.	Funchal	100%	100%	100%
Ibersol - Hotelaria e Turismo, S.A.	Porto	100%	100%	100%
Iberking Restauração, S.A.	Porto	100%	100%	100%
Iberaki Restauração, S.A.	Porto	100%	100%	100%
Restmon Portugal, Lda	Porto	61%	61%	61%
Vidisco, S.L.	Vigo - Espanha	100%	100%	100%
Inverpeninsular, S.L.	Vigo - Espanha	100%	100%	100%
(d) Ibergourmet Produtos Alimentares, S.A.	Porto	-	-	100%
Ferro & Ferro, Lda.	Porto	100%	100%	100%
Asurebi SGPS, S.A.	Porto	100%	100%	100%
Charlotte Develops, SL	Madrid-Espanha	100%	100%	100%
Firmoven Restauração, S.A.	Porto	100%	100%	100%
IBR - Sociedade Imobiliária, S.A.	Porto	100%	100%	100%
Eggon SGPS, S.A.	Porto	100%	100%	100%
Anatir SGPS, S.A.	Porto	100%	100%	100%
Lurca, SA	Madrid-Espanha	100%	100%	100%
Sugestões e Opções-Actividades Turísticas, S.A	Porto	100%	100%	100%
Resboavista- Restauração Internacional, Lda	Porto	100%	100%	100%
José Silva Carvalho Catering, S.A	Porto	100%	100%	100%
(a) Iberusa Central de Compras para Restauração ACE	Porto	100%	100%	100%
(b) Vidisco, Pasta Café Union Temporal de Empresas	Vigo - Espanha	100%	100%	100%
Maestro - Serviços de Gestão Hoteleira, S.A.	Porto	100%	100%	100%
SEC - Eventos e Catering, S.A.	Porto	100%	100%	100%
IBERSOL - Angola, S.A.	Luanda - Angola	100%	100%	100%
HCI - Imobiliária, S.A.	Luanda - Angola	100%	100%	100%
(d) Ibergourmet Produtos Alimentares (ex-Gravos 2012, S.A.)	Porto	100%	100%	100%
Lusinver Restauracion, S.A.	Vigo - Espanha	100%	100%	100%
The Eat Out Group S.L.U.	Barcelona - Espanha	100%	100%	100%
Pansfood, S.A.U.	Barcelona - Espanha	100%	100%	100%
Foodstation, S.L.U	Barcelona - Espanha	100%	100%	100%
(c) Dehesa de Santa Maria Franquicias, S.L.	Barcelona - Espanha	50%	50%	50%
(e) Pansfood Italia, S.R.L.	Barcelona - Espanha	-	100%	100%
Companies controlled jointly				
UQ Consult - Serviços de Apoio à Gestão, S.A.	Porto	50%	50%	50%

(a) Company consortium agreement that acts as the Purchasing and Logistics Centre and provides the respective restaurants with raw materials and maintenance services.
(b) Union Temporal de Empresas which was founded in 2005 and that during the year functioned as the Purchasing Centre in Spain by providing raw materials to the respective restaurants.
(c) Although the parent company owns 50% of the voting rights, there is control of the subsidiary Dehesa.
(d) As a result of the merger of the subsidiary Ibergourmet into Gravos, that adopts the corporate name of the merged subsidiary.
(e) Dissolution of the company occurred in the first three months of 2018.

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

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

5.2. Alterations to the consolidation perimeter

5.2.1. Acquisition of new companies

In the six months period ended on 30 June 2018 there was no acquisition of subsidiaries.

5.2.2. Disposals

In the six months period ended on 30 June 2018 there was no disposals of subsidiaries.

6. <u>INFORMATION PER SEGMENT</u>

Ibersol Administration monitors the business based on the following segmentation:

SEGMENT	BRANDS					
Restaurants	Pizza Hut	Pasta Caffe	Pizza Movil	FresCo	Ribs	StaMaria
Counters	KFC	O'Kilo	Miit	Burguer King	Pans & C.ª	Coffee Counters
Concessions and catering	Sol (SA)	Concessions	Catering	Convenience stores		Travel

The results per segment in the six months period ended 30 June 2018 and 2017 were as follows:

30 June 2018	**Restaurants**	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Total Group**
Inter-segment client	-	-	-	-	-
External client	52 014 634	98 779 488	60 268 583	262 036	211 324 740
Turnover	**52 014 634**	**98 779 488**	**60 268 583**	**262 036**	**211 324 740**
Royalties	1 908 505	3 906 592	699 929	-	6 515 026
Rents and Condominium	5 476 164	9 791 709	18 238 431	-	33 506 304
Coste of sales	11 920 187	27 952 297	11 356 053	-	51 228 537
Operating cash-flow (EBITDA)	**6 612 526**	**13 446 258**	**6 446 879**	**-**	**26 505 664**
Amortization, depreciation and impairment losses	3 030 377	6 922 082	1 902 615	562 626	12 417 699
Operating income (EBIT)	**3 582 149**	**6 524 176**	**4 544 265**	**-562 626**	**14 087 965**

30 June 2017	**Restaurants**	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Total Group**
Inter-segment client	-	-	-	-	-
External client	48 008 555	93 702 996	62 024 567	614 986	204 351 105
Turnover	**48 008 555**	**93 702 996**	**62 024 567**	**614 986**	**204 351 105**
Royalties	1 709 603	3 675 667	793 139	-	6 178 409
Rents and Condominium	5 430 584	9 618 877	18 288 646	-	33 338 108
Coste of sales	9 875 236	24 838 930	12 337 646	-	47 051 812
Operating cash-flow (EBITDA)	**6 097 540**	**13 164 757**	**6 401 918**	-	**25 664 215**
Amortization, depreciation and impairment losses	3 034 657	6 112 361	4 867 297	57 908	14 072 224
Operating income (EBIT)	**3 062 883**	**7 052 395**	**1 534 621**	**-57 908**	**11 591 991**

On June 30, 2018 and 2017 income and non-current assets by geography is presented as follows:

30 JUNE 2018	Portugal (1)	Spain	Grupo
Restaurants	111 927 242	91 983 038	203 910 280
Merchandise	3 531 935	1 453 421	4 985 356
Rendered services	1 036 130	1 392 974	2 429 104
Total sales and services	**116 495 307**	**94 829 433**	**211 324 740**
Tangible fixed and intangible assets	170 270 178	57 918 180	228 188 358
Goodwill	7 605 482	85 257 304	92 862 786
Financial investments - joint controlled subsidiaries	2 443 951	-	2 443 951
Available-for-sale financial assets	179 708	-	179 708
Other financial assets	17 073 980	-	17 073 980
Other non-current assets	-	13 753 645	13 753 645
Total non-current assets	**197 573 299**	**156 929 129**	**354 502 428**

30 DE JUNHO 2017	Portugal (1)	Espanha	Grupo
Restauração	101 753 703	98 926 023	200 679 726
Mercadorias	602 796	688 889	1 291 685
Prestação de Serviços	103 185	2 276 509	2 379 694
Volume de Negócio	**102 459 684**	**101 891 421**	**204 351 105**
Activos Fixos Tangíveis e Intangíveis	147 045 704	45 724 206	192 769 910
Goodwill	7 605 482	103 551 176	111 156 658
Investimentos financeiros - Entidades conjuntamente controladas	2 442 832	-	2 442 832
Activos financeiros disponíveis para venda	470 568	-	470 568
Outros activos financeiros	9 110 746	-	9 110 746
Outros activos não correntes	-	6 531 413	6 531 413
Total de activos não correntes	**166 675 332**	**155 806 795**	**322 482 127**

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

7. UNUSUAL AND NON-RECURRING FACTS AND SEASON ACTIVITY

No unusual facts took place during the six months period ended 30 June 2018.

In the restaurant segment season activity is characterized by lower sales in the first two quarters of the year. In addition sales for the first six months of the year are influenced by the Easter calendar as well as the pace of openings or closures of the group restaurants. The previous years have evidenced that, in comparable perimeter and with an equal distribution of openings and closings, in the period that understands the first semester of the year, sales are about 46% of annual volume.

8. TANGIBLE FIXED ASSETS

In the six months period ended 30 June 2018 and in the year ending on 31 December 2017, entries in the value of tangible fixed assets, depreciation and accumulated impairment losses were as follows:

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress	Total
1 January 2017						
Cost	11 342 041	220 212 458	117 019 630	22 193 978	1 500 446	372 268 553
Accumulated depreciation	74 637	80 298 255	87 254 431	15 115 597	-	182 742 920
Accumulated impairment	-	10 319 953	1 082 628	64 515	-	11 467 096
Net amount	**11 267 404**	**129 594 249**	**28 682 571**	**7 013 867**	**1 500 446**	**178 058 537**
31 December 2017						
Initial net amount	11 267 404	129 594 249	28 682 571	7 013 867	1 500 446	178 058 537
Changes in consolidat perimeter	-	-	-	-	-	-
Hyperinflationary Economies (IAS 29) (1)	4 080 348	8 651 564	3 298 994	847 509	128 459	17 006 874
Currency conversion	-15 473	-39 843	-21 568	-4 851	-184	-81 919
Additions	56 250	19 394 715	9 055 620	2 376 456	1 293 809	32 176 850
Decreases	-	917 791	61 047	-4 228	159 773	1 134 383
Transfers	-	1 041 722	45 576	7 795	-1 086 883	8 210
Depreciation in the year	63 815	16 988 782	9 279 936	1 559 785	-	27 892 318
Deprec. by changes in the perimeter	-	-	-	-	-	-
Impairment in the year	-	169 635	-	-	-	169 635
Impairment reversion	-	-	-	-	-	-
Final net amount	**15 324 714**	**140 566 200**	**31 720 210**	**8 685 219**	**1 675 874**	**197 972 217**
31 December 2017						
Cost	15 551 381	243 311 373	127 906 062	25 621 216	1 675 874	414 065 908
Accumulated depreciation	226 667	92 908 055	95 172 615	16 877 084	-	205 184 420
Accumulated impairment	-	9 837 119	1 013 238	58 914	-	10 909 271
Net amount	**15 324 714**	**140 566 200**	**31 720 210**	**8 685 219**	**1 675 874**	**197 972 217**

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress	Total
30 June 2018						
Initial net amount	15 324 714	140 566 200	31 720 210	8 685 219	1 675 874	197 972 217
Changes in consolidat perimeter	-	-	-	-	-	-
Hyperinflationary Economies (IAS 29) (1)	335 229	435 150	90 191	15 407	-56 761	819 216
Currency conversion	-1 095 133	-2 630 931	-1 307 234	-288 088	-26 412	-5 347 798
Additions	-	4 506 162	1 970 482	429 660	4 395 862	11 302 166
Decreases	-	83 627	9 901	7 807	19	101 354
Transfers	-	375 753	591 695	77 543	-1 044 991	-
Depreciation in the year	10 788	6 662 822	3 500 344	772 734	-	10 946 688
Deprec. by changes in the perim.	-	-	-	-	-	-
Impairment in the year	-	-	-	-	-	-
Impairment by changes in the perim.	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Final net amount	**14 554 022**	**136 505 885**	**29 555 099**	**8 139 200**	**4 943 553**	**193 697 759**
30 June 2018						
Cost	14 777 571	236 777 279	125 485 310	25 486 138	4 943 553	407 469 851
Accumulated depreciation	223 551	90 764 485	94 989 690	17 288 488	-	203 266 214
Accumulated impairment	-	9 507 094	940 338	58 448	-	10 505 880
Net amount	**14 554 020**	**136 505 700**	**29 555 282**	**8 139 202**	**4 943 553**	**193 697 757**

(1) changes resulting from the application of IAS 29, hyperinflationary economy, on tangible fixed assets of the subsidiaries in Angola are presented as follows

Restatement of Tangible Fixed Assets (TFA) 31/12/2017		17 006 874
Restatement of TFA for the six months period ended on 30/06/2018		
Cost		1 918 974
Accumulated depreciation		-1 099 758
	Sub-total	819 216
	Total	17 826 090

In 2017, an investment of approximately 2.7 million euros was made in the central kitchen in Portugal. The remaining investment mainly concerns the opening of 11 Burger King units, 4 KFC units, the opening of the concession at Santa Maria Airport (Azores) and a concession in the group Eat Out.

In 2018, the investment relates mainly to the opening of 3 KFC units, 1 Pans and 10 Burguer King units to be opened during the year.

9. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	Jun/18	Dec/17
Goodwill	92 862 786	92 862 786
Intangible assets	34 490 600	35 115 966
	127 353 386	**127 978 752**

In the six months period ended 30 June 2018 and in the year ending on 31 December 2017, entries in the value of intangible assets, amortization and accumulated impairment losses were as follows:

	Goodwill	**Brands**	**Industrial property**	**Other intangible Assets**	**Intangible Assets in progress**	**Total**
1 January 2017						
Cost	92 862 786	22 000 000	37 973 000	14 875 727	693 528	168 405 041
Accumulated amortization	-	183 333	22 597 027	12 252 079	-	35 032 440
Accumulated impairment	-	-	3 668 664	41 875	-	3 710 538
Net amount	**92 862 786**	**21 816 667**	**11 707 309**	**2 581 773**	**693 528**	**129 662 064**
31 December 2017						
Initial net amount	92 862 786	21 816 667	11 707 309	2 581 773	693 528	129 662 064
Hyperinflationary Economies (IAS 29) (1)	-	-	368 432	-	538 852	907 284
Currency conversion	-	-	-2 792	-	-2 808	-5 600
Additions	-	-	1 221 296	-	96 547	1 317 843
Decreases	-	-	-178	22 024	-	21 845
Transfers	-	-	13 664	-	-13 664	-
Amortization in the year	-	1 100 000	1 916 576	864 416	-	3 880 994
Amortiz. by changes in the perimeter	-	-	-	-	-	-
Impairment in the year	-	-	-	-	-	-
Impairment by changes in the perimeter	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Final net amount	**92 862 786**	**20 716 667**	**11 391 511**	**1 695 333**	**1 312 455**	**127 978 752**
31 December 2017						
Cost	92 862 786	22 000 000	40 254 584	13 873 100	1 312 455	170 302 926
Accumulated amortization	-	1 283 333	25 197 741	12 135 892	-	38 616 967
Accumulated impairment	-	-	3 665 332	41 875	-	3 707 207
Net amount	**92 862 786**	**20 716 667**	**11 391 511**	**1 695 333**	**1 312 455**	**127 978 752**

	Goodwill	Brands	Industrial property	Other intangible Assets	Assets in progress	Total
30 June 2018						
Initial net amount	92 862 786	20 716 667	11 391 511	1 695 333	1 312 455	127 978 752
Changes in consolidat. perimeter	-	-	-	-	-	-
Hyperinflationary Economies (IAS 29) (1)	-	-	21 889	-	39 729	61 618
Currency conversion	-	-	-170 676	-	-200 947	-371 623
Additions	-	-	446 495	10 000	683 032	1 139 527
Decreases	-	-	36 462	-	3 670	40 132
Transfers	-	-	-	-	-	-
Amortization in the year	-	550 000	678 301	186 458	-	1 414 759
Amortiz. by changes in the perimeter	-	-	-	-	-	-
Impairment in the year	-	-	-	-	-	-
Impairm. by changes in the perimeter	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Final net amount	**92 862 786**	**20 166 667**	**10 974 456**	**1 518 875**	**1 830 599**	**127 353 388**
30 June 2018						
Cost	92 862 786	22 000 000	40 222 327	13 223 660	1 830 599	170 139 373
Accumulated amortization	-	1 833 333	25 582 538	11 662 907	-	39 078 780
Accumulated impairment	-	-	3 665 332	41 875	-	3 707 207
Net amount	**92 862 786**	**20 166 667**	**10 974 457**	**1 518 878**	**1 830 599**	**127 353 386**

(1) changes resulting from the application of IAS 29, the hyperinflationary economy, on intangible assets of the subsidiaries in Angola are as follows:

Restatement of Intangible Assets (IA) 31/12/2017		907 284
Restatement of IA for the six months period ended on 30/06/2018		
Cost		150 497
Accumulated amortization		-88 879
	Sub-total	61 618
	Total	968 902

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

	Jun/18	**Dec/17**
Restaurants	16 635 390	16 635 390
Counters	37 199 991	37 199 991
Concessions and Catering	38 847 684	38 847 684
Other, write off and adjustments	179 721	179 721
	92 862 786	**92 862 786**

10. INCOME PER SHARE

Income per share in the six months period ended 30 June 2018 and 2017 was calculated as follows:

	Jun/18	Jun/17
Profit payable to shareholders	10 740 667	9 500 549
Mean weighted number of ordinary shares issued (1)	36 000 000	36 000 000
Mean weighted number of own shares	-3 599 926	-3 599 926
	32 400 074	32 400 074
Basic earnings per share (€ per share)	0,33	0,29
Earnings diluted per share (€ per share)	0,33	0,29
Number of own shares at the end of the year	3 599 926	3 599 926

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

At the Annual General Meeting of May 14, 2018, an increase in the share capital to 36 million euros was approved by the incorporation of free reserves amounting to 6 million euros. This increase in share capital results in an increase of 599.988 own shares

11. DIVIDENDS

At the General Meeting of 14th May 2018, the company decided to pay a gross dividend of 0,10 euro per share (0,10 euro in 2017), representing a total value of 2.700.006 euro for outstanding shares (2.160.010 euro in 2017), settled on June 2018.

12. CONTINGENT ASSETS AND LIABILITIES

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

On 30th June 2018 and 31st December 2017, responsibilities not recorded by the companies and included in the consolidation consist mainly of bank guarantees given on their behalf, as shown below:

	Jun/18	Dec/17
Bank guarantees	32 493 885	25 753 064

13. COMMITMENTS

On June 30th, 2018 there are no significant commitments for contracted investments not included in these financial statements.

14. IMPAIRMENT

Changes during the six months period ended on 30 June 2018 and in the year 2017, under the heading of asset impairment losses were as follows:

	Jun/18						
	Starting balance	Currency conversion	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	10 909 271	-	-	-403 392	-	-	10 505 879
Intangible assets	3 707 206	-	-	-	-	-	3 707 206
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 159 669	-21 810	-38 615	-	267 400	-	2 366 644
Other financial assets (current and non-current)	-	-	-	-	956 563	-	956 563
	16 851 128	-21 810	-38 615	-403 392	1 223 963	-	17 611 274

	Dec/17						
	Starting balance	Currency conversion	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	11 467 097	-	-	-727 460	169 635	-	10 909 271
Intangible assets	3 710 538	-	-	-3 332	-	-	3 707 206
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 753 877	305	-1 176 843	-	702 271	-119 940	2 159 669
	18 006 493	305	-1 176 843	-730 792	871 905	-119 940	16 851 128

15. FINANCIAL RISK MANAGEMENT

15.1 Financial risk factors

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

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

a) Market risk

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

The main source of the Group's exposure arises from the investment outside the euro area of operation that develops in Angola, although it is still small is growing and consequently to gain weight in the group activity. The reduction of oil prices is to lead to a shortage of foreign currency in Angola by the devaluation of the kwanza is a risk to consider. The financing of the Angolan subsidiary in foreign currency in the amount of $ 750.000, does not have large exposure due to the reduced amount. The remaining financing concerning Angolan subsidiaries are denominated in the local currency, the same in which the income is generated. Given the current limitations of payments abroad, the group adopted a monthly monitoring policy of credit balances in foreign currency and its full coverage with the acquisition of treasury bonds of the Republic of Angola, indexed to USD.

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

Jun/18

Euro exchange rates (x foreign currency per 1 Euro)	Rate on June, 30 2018	Average interest rate June 2018
Kwanza de Angola (AOA)	288,850	262,467

Dec/17

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2017	Average interest rate year 2017
Kwanza de Angola (AOA)	185,391	187,441

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

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

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

The unpaid debt bears variable interest rate, part of which has been the object of an interest rate swap. Interest rate swap contracts to hedge the interest rate risk of part of the loans (commercial paper) of EUR 32,55 million are subject to interest maturities and repayment plans identical to the terms of the loans.

Based on simulations performed on 30 June 2018, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 375.000 euros (949.000 euros in December 2017).

b) Credit risk
The main activity of the Group is carried out with sales paid in cash, or debit or credit card, so the Group has no significant credit risk concentrations. Regarding the customers, the risk is limited to the Catering business and sales of merchandise to franchisees representing less than 5% of the consolidated turnover. The Group has policies to ensure that credit sales are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit that customers have access to.

The Group's cash and cash equivalents include mainly deposits resulting from cash provided by sales and its deposits in current accounts. These amounts excluded, the value of financial investments at June 30, 2018, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 21 million euro, subject to country risk.

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

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

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

At the end of the period, current liabilities reached 132 million euros, compared with 77 million euros in current assets. This disequilibrium is, on one hand, a financial characteristic of this business and, on the other hand, due to the use of commercial paper programmes in witch the Group considers the maturity date as the renewal date, regardless of its initial stated periods. In order to ensure liquidity of the short term debt it is expected in the year 2018 the renewal of the commercial paper programmes (10.000.000 euros). However, the expected operating cash flows and, if necessary, contracted credit lines, on the amounts of which have not yet been used, are sufficient to settle current liabilities.

Even with reduced use of the group has contracted a significant amount of short-term lines. On June 30, 2018, the use of short term liquidity cash flow support was about 0,7%. Investments in term deposits and other application of 47 million euros, match 34% of liabilities paid.

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

	to June 2019	from June 2019 to 2028
Bank loans and overdrafts	42 445 508	94 259 897
Other non-current liabilities	-	164 768
Accounts payable to suppliers and accrued costs	60 845 890	408 340
Other current liabilities	5 537 639	-
Total	108 829 037	94 833 005

15.2 Capital risk

a) Gearing ratio

The company aims to maintain an equity level suitable to the characteristics of its main business (cash sales and credit from suppliers) and to ensure continuity and expansion.

The capital structure balance is monitored based on the gearing ratio (defined as: net remunerated debt / net remunerated debt + equity) in order to place the ratio within a 35%-70% interval.

On 30th June 2018 and 31st December 2017 the gearing ratio was of 29% and 31%, respectively, as follows:

	jun/18	Dec-17
Bank loans	136 705 405	141 014 741
Other financial assets	-20 957 813	-22 986 661
Cash and bank deposits	-37 281 236	-34 902 883
Net indebtedness	78 466 356	83 125 197
Equity	191 877 244	188 620 193
Total capital	270 343 600	271 745 390
Gearing ratio	29%	31%

b) Risk of franchise agreements

In restaurants where it operates with international brands, the group enters into long-term franchise agreements: 20 years in the case of Burger King and 10 years in the case of Pizza Hut and KFC, which are renewable for another 10 years at the franchise's option, provided certain obligations have been fulfilled.

It has become practical for these contracts to be renewed. However, nothing obliges the franchisees to do so, so the risk of non-renewal may be verified.

In these contracts it is normal to contract the payment of an "Initial Fee" at the beginning of each contract and a "Renewall Fee" at the end of the initial period, in addition to a royalty of marketing operations on the sales made.

Periodically, development contracts are negotiated which guarantee the right to open new restaurants.

At the moment a contract has been signed for the implementation of 40 KFC restaurants in the period between May 2017 and May 2022.

15.3 Estimated fair value

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

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

16. <u>OTHER ASSETS AND LIABILITIES</u>

16.1 Other current assets and liabilities

Other current assets and liabilities on 30th June 2018 and 31st December 2017 are broken down as follows:

Other current assets

	Jun/18	**Dec/17**
Clients	8 947 653	7 045 044
State and other public entities	2 816 653	1 821 312
Other debtors	4 690 186	4 797 968
Advances to suplliers	293 297	443 940
Advances to financial investments debt	-	320 781
Accruals and income	5 656 470	5 060 103
Deferred costs	2 241 605	2 494 073
Other current assets	**24 645 864**	**21 983 221**
Accumulated impairment losses	2 366 644	2 159 659
	22 279 220	**19 823 562**

Other current liabilities

	Jun/18	**Dec/17**
Other creditors	5 537 639	9 900 301
State and other public entities	8 599 470	7 677 912
Deferred income	2 455 158	691 832
	16 592 267	18 270 045

16.1 Other non-current assets and liabilities

The breakdown of other non-current assets as at 30 June 2018 and 31 December 2017 is presented as follows:

	Jun/18	Dec/17
Advance for financial investment	1 511 000	-
Other loans	4 000 000	-
Other debtors:		
Deposits (1)	8 624 833	5 853 001
Credits granted	521 800	641 326
Other non-current assets	**14 657 633**	**6 494 327**
Discounted value (1)	903 988	-
	13 753 645	**6 494 327**

(1) balance of long term deposits and securities from Spain subsidiaries, resulting from lease agreements.

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

In the period, a discount rate of 2% was applied, recognizing a loss in the amount of 903.988 eur (Note 17).

17. NET FINANCING COST

Net financing cost on 30th June 2018 and 2017 are broken down as follows:

	2018	2017
Interest paid	1 515 169	2 244 447
Interest earned	-855 782	-557 408
Currency exchange differences	-12 918	-43 701
Payment discounts obtained	-6 294	-5 150
Other financial costs and income	1 632 296	816 380
	2 272 471	2 454 568

The detail of other financial costs and income, is presented as follows:

	2017	2016
Bank services (1)	446 783	504 586
Financial instruments - cash flow hedge	-44 239	-40 873
Commercial paper programmes charges	345 933	309 984
Discounted value (Nota 16)	903 988	-
Impairment adjustments reversion TB's (IFRS 9)	-46 805	-
Other commissions (1)	24 993	16 672
Other financial cost and gains	1 643	26 011
	1 632 296	816 380

(1) amount referring essentially to bank commissions on guarantees and commissions on treasury bonds transactions in Angola.

18. INCOME TAX

Income taxes recognized as of June 30, 2018 and 2017 are detailed as follows:

	Jun/18	Jun/17
Current taxes	2 996 128	2 755 757
Insufficiency (excess) of income tax	-32 560	-2 767 138
Deferred taxes	-1 480 001	-506 931
	1 483 567	-518 312

The effective tax rate on profits was 12% on June 30, 2018 and 25% in the same period of 2017, as follows:

	Jun/18	Jun/17
Profit before tax	12 349 895	9 162 624
Income tax expense	1 516 127	2 248 826
Effective tax rate	12%	25%

The estimated effective tax rate in the period was of 12%, lower than the nominal rate, mainly due to the tax benefits obtained under the terms of the Investment Tax Code (CFI), as in the "Decreto –Lei" no. 162/2014, of 31st October.

19. OTHER FINANCIAL ASSETS

The amount of financial assets refers to the acquisition of Angola treasury bonds, resettable in accordance with the variation of the National Bank of Angola (BNA) exchange rate for the purchase of United States dollars, with rates interest coupon of default by maturity, as follows:

	jun/18			dec/17		
	Current	Non Current	Total	Current	Non Current	Total
Treasury bonds	3 982 347	17 932 029	21 914 376	5 162 755	17 823 906	22 986 661
Sub-total	3 982 347	17 932 029	21 914 376	5 162 755	17 823 906	22 986 661
Accumulated impairment (1)	98 514	858 049	956 563	-	-	-
TOTAL	3 883 833	17 073 980	20 957 813	5 162 755	17 823 906	22 986 661

(1) As a result of the implementation of mandatory IFRS 9 as of January 1, 2018 (Note 3), considering the type of TB's that Ibersol holds, and since they are indexed to the USD, impairment was calculated assuming the option at the time of transition by the modified retrospective approach, as follows:

Impact on the Interim Consolidated Statement of Financial Position:

Impact on Other Reserves and Retained Earnings	(2018, 01 January)	1 003 369
Deferred tax		286 969

Impact on the Interim Consolidated Statement of Income and Other Comprehensive Income:

Net financing cost	-46 805
Income tax expense	14 041

The Probability of Default and Loss Given Default indices are in line with the publication of Moody's and S & P.

20. TRANSACTIONS WITH RELATED PARTIES

The related parties of Ibersol group are:

- António Carlos Vaz Pinto de Sousa – 2.100 shares (*) (**)
- António Alberto Guerra Leal Teixeira – 2.100 shares (*) (**)
- ATPS, SGPS, SA – 16.472.549 shares (**)

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

(**) does not include shares of capital increase by incorporation of reserves whose attribution to shareholders only ran in July 2018.

- Joint controlled entities – UQ Consult

With respect to the balances and transactions with related entities, the overall value of the balances and transactions of the Group with the joint controlled UQ Consult relates mainly to support services and management information systems, and was, respectively, 1.024.554 and 1.453.538 euros.

- Administrators

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

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

1) 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 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 estimated that its application has relevant impacts, Ibersol will determine the respective amounts.

b) 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.

c) 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) 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:

Standards

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.

22. SUBSEQUENT EVENTS

There are no subsequent events to 30th June 2018 that may have a material impact on the financial statements presented.

23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 07th September 2018.

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LIMITED REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(This report is a free translation to English from the original Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail.)

Introduction

We have performed a limited review of the accompanying interim consolidated financial statements of **Ibersol SGPS, S.A.**, (**the Entity**), which comprise the interim consolidated statement of financial position as of 30 June 2018 (that presents a total of 431,757,549 euros and total equity attributable to the shareholders of 191,472,785 euros, including a consolidated net profit attributable to the shareholders of 10,740,667 euros), the interim consolidated statements of income and other comprehensive income, changes in equity and cash flows for the six month period then ended, and the accompanying condensed explanatory notes to these interim consolidated financial statements.

Management' responsibilities

The management is responsible for the preparation of this interim consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the accompanying interim consolidated financial statements. Our work was performed in accordance with the international standards on review engagements and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared in all material respects in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

A limited review of interim consolidated financial statements is a limited assurance engagement. The procedures that we have performed consist mainly of making inquiries and applying analytical procedures and subsequent assessment of the evidence obtained. The procedures performed in a limited review are substantially less that those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the interim accompanying consolidated financial statements of **Ibersol SGPS, S.A.**, on 30 June 2018, are not prepared, in all material respects, in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

Other matter

The interim consolidated financial statements of the Entity, for the six month period ended 30 June 2017 and for the year ended 31 December 2017 have been reviewed and audited by another statutory auditor that has issued a review report and a statutory audit report, respectively, without qualifications or emphasis of matters on the corresponding consolidated financial statements on 31 August 2017 and 9 April 2018, respectively. Our nomination as statutory auditors has taken place on 30 May 2018 to perform the statutory audit for the year ended 31 December 2018.

Porto, 7 September 2018

SIGNED IN THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(registered at CMVM under the nr. 20161489 and at OROC under the nr. 189)
represented by
Adelaide Maria Viegas Clare Neves (ROC nr 862)