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 Quarter 2019
(not audited)

- **Consolidated Turnover of 102.8 million euros**
  Increase of 2.5% over 1st quarter of 2018
- **Consolidated EBITDA (without IFRS16) reached 9.5 million euros**
  Ebitda decreased 14.5% over 1st quarter of 2018.
- **Consolidated net profit (without IFRS16) of 2.0 million euros**
  Decrease of 42.7% when compared to the 1st quarter of 2018.

Consolidated Management Report

Activity

As a result of applying the new accounting standard on leases (IFRS16) since 1st of January 2019, the group decided to adopt for the modified retrospective method in the consolidated accounts, according to which there is no restatement of historical data.
For better comparability and once there are no changes in the way Ibersol evaluates the operating performance of its business, the below analysis does not consider the application of IFRS16. The significant impact of this accounting standard on our financial statements, especially in the shortest activity quarters, is presented in a specific section of this report.

Consolidated turnover in the first quarter of 102.8 million euros, compared to 100.3 million euros in the first quarter of 2018.

Turnover	Q1 2019	
	euro million	% Ch. 19/18
Sales of Restaurants	98,9	0,4%
Sales of Merchandise	3,0	675,5%
Services Rendered	0,8	-40,9%
Net Sales & Services	102,8	2,5%

The positive evolution of the demand in the Iberian, coupled with the effects of the openings at the end of 2018, contributed to the maintenance of restaurant sales during this period and to minimize three relevant negative impacts on the Group's activity:

a) the reduction in turnover in Angola, as a result of the sharp decrease in consumption in parallel with a devaluation of AKZ against the EUR (around 35%);
b) the reduction in the number of operated restaurants at the Barcelona airport since May of 2018, still not compensated by the opening and conversion in the final restaurants of all the spaces in the new concessions;
c) negative calendar effect resulting from the fact that Easter has passed into the second quarter which is estimated at around -2%.

SALES IN RESTAURANTS	Q1 2019	
	euro million	% Ch. 19/18
Restaurants	24,0	-2,0%
Counters	51,3	8,7%
Concessions&Catering	23,6	-11,9%
Total Sales	98,9	0,4%

At the segment level, the restaurant segment most penalized by the calendar transfer effect from Easter to April, registered a sales decrease of 2.0% in the first quarter, especially at Spain operations.

In the counters segment, even including activity in Angola, this segment achieved a 8.7% growth sales, as a result of the performance of Burger King and KFC brands, that have been registering successive market share gains and growth rates influenced by a higher number of units operating.

The "Concessions and Catering" segment sales decreased compared to the same period of the previous year, due to the changes in the perimeter caused by the closure and opening of restaurants in 4 concessions (Barcelona, Málaga, Gran Canaria and Alicante). Eliminating this effect, the growth of the segment would be 6%.
During the first quarter the conversion of 6 new restaurants (4 at Barcelona and 2 at Málaga), was completed for the definitive concepts.

During the quarter, we closed 3 restaurants in Spain one of which franchisee.

Following the strategy of expansion in new concessions, we opened two new units in a provisional concept at Alicante airport at the end of March. In addition, the opening of a BK equity restaurant in Portugal and a franchised restaurant in Spain of Pans.

At the end of the quarter, the total number of restaurants was 642 (517 equity and 125 franchises), as shown below:

Nº of Restaurants	2018 31-Dec	Openings	Transfer	Closures	2019 31-Mar
PORTUGAL	332	1		0	333
Equity Restaurants	331	1		0	332
Pizza Hut	95				95
Okilo+MIIT+Ribs	4				4
Pans+Roulotte	46				46
Burger King	87	1			88
KFC	27				27
Pasta Caffé	7				7
Quiosques	8				8
Coffee Shops	27				27
Catering	7				7
Concessions & Other	23				23
Franchise Restaurants	1				1
SPAIN	292	3		3	292
Equity Restaurants	175	2		2	175
Pizza Móvil	28			2	26
Pizza Hut	5				5
Burger King	35				35
Pans	35				35
Ribs	10				10
FrescCo	3				3
Concessions	59	2			61
Franchise Restaurants	117	1		1	117
Pizza Móvil	15				15
Pans	52	1			53
Ribs	27				27
FrescCo	7				7
SantaMaria	16			1	15
ANGOLA	10				10
KFC	9				9
Pizza Hut	1				1
Other Locations - Franchise	7	0		0	7
Pans Italy	7				7
Total Equity Restaurants	516	3	0	2	517
Total Franchise Restaurants	125	1	0	1	125
TOTAL	641	4	0	3	642

Results

The consolidated net income (without IFRS16) of 1Q amounted to Eur 2.0 million euros compared to 3.5 million euros, in the same period of 2018, which represents a decrease of 42.7%.

(Million euros)	Q1 19 Excl./IFRS16	Q1 18
Operating income		
Sales	101,9	98,8
Rendered services	0,8	1,4
Other operating income	1,8	2,1
Total operating income	**104,6**	**102,4**
Custos Operacionais		
Cost of sales	24,9	22,8
External supplies and services	34,7	33,7
Personnel costs	34,3	33,3
Amortisation, depreciation and impairment losses	6,2	6,3
Other operating costs	1,3	1,5
Total operating costs	**101,4**	**97,6**
Operating Income	**3,2**	**4,8**
EBITDA	**9,5**	**11,1**
Net financing cost	1,1	0,8
Gains (losses) in joint controlled subsidiaries - Equity method	0,1	0,0
Gain (loss) on the net monetary position	0,4	0,6
Profit before tax	**2,6**	**4,5**
Income tax expense	0,6	1,0
Net profit	**2,0**	**3,5**

Gross margin was 75.8% of turnover, 1.5p.p lower than the previous year (1Q18: 77.2%). This reduction results from a higher weight of merchandise sales with reduced margins.
Without this effect the gross margin would be 77.3%, the same level of the previous year.

In terms of the remaining cost structure, it should be noted that there has been some pressure to increase it, resulting in slight increases in the weight of personal costs and external supplies and services.

Including the effect of the increase in the minimum wage**, Staff costs** increased 3.2%, slightly higher than the 2.5% activity increase, representing 33.4% of the turnover (1Q18: 33.2%).

External Supplies and services (without IFRS16): increase of 2.9%, representing 33.7% of turnover, which represents an increase of 0.1p.p than in 1Q 2018.

Other operating income decreased 12.7%, due to the transfer of the merchandise margin sales from this item to the gross margin, since the second quarter of 2018.

Other operating costs decreased 0.3 million, mainly due to the high exchange differences registered in the Angolan subsidiary at the 1Q18.

Therefore **EBITDA** (without IFRS16) amounted to 9.5 million euros, a decrease of 14.5% over 1Q18. Activity in Spain was deeply affected by the reduction of share at Barcelona Airport and the opening period of definitive new concessions with an important impact on Ebitda.

Consolidated **EBITDA** margin (without IFRS16) stood at 9.2% of turnover which compares with 11.1% in the same period of the previous year.

Consolidated **EBIT** margin (without IFRS16) was 3.2% of turnover compared to 4.8% in the 1Q18.

Consolidated **Financial Results** (without IFRS16) were negative by 1.1 million euros, around 0.3 million euros higher than 1Q18.

Average cost of loans, which stood at 2.6%, slightly higher than 1Q18, due to the greater weight of the debt in Angola in the local currency.

Financial Situation

Total Assets (without IFRS16) amounted to 437 million euros and Equity (without IFRS16) stood at 205 million euros, representing 47% of assets.

CAPEX reached 6.9 million euros. About 5.0 million corresponds to the investment incurred in to complete the expansion plan and the remaining for the refurbishment and modernization of some restaurants.

Net debt at 31th March 2019 amounted to 85.5 million euros, 10.9 milion euros higher than at the end of 2018.

Outlook

In Portugal, sales growth is expected to stabilize in line with the last quarter, while growth in Spain will be more moderate.

In Spain, we expect to complete all the restaurants won in 2018 at the Barcelona, Gran Canaria, Malaga and Alicante airports, with the definitive concepts.

In Angola it is estimated that the decline in consumption will continue, with the inherent drop in transactions. The inability to increase prices at the pace of devaluation, will also lead to a decline in the profitability of our operations.

As far as expansion is concerned, we will try to remain the openings pace of the last years in Portugal, and in Spain selective openings of Pans and Ribs.

During the next quarter, negotiations will be concluded with the main of home delivery operators, for distribution of our products in Portugal and Spain.

Porto, 31 May 2019

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero

Appendix - IFRS16 impact on the Financial Statements

The applying of the new standard on leases - IFRS16 - from 1st January 2019, has a relevant impact on the results for the first quarter of the year.

Taking in consider that the Group's operation is carried out mainly in leased restaurants, under lease or concession agreements with maturities over 12 months, is recognized the value of Assets ("Right of Use") and Liabilities ("Lease Liability") in the Balance Sheet and consequent amortization and financial expenses in the Income Statement.

Income Statement

From the application of IFRS16, on 31 March, EBITDA amounted to EUR 20.5 million (EUR 9.5 million without IFRS 16) and a Net Result of EUR -2.0 million (EUR 2.0 million excluding IFRS16).

(Million euros)	Q1 19 IFRS 16	Q1 19 Excl./IFRS16	Q1 18
Operating income			
Sales	101,9	101,9	98,8
Rendered services	0,8	0,8	1,4
Other operating income	1,8	1,8	2,1
Total operating income	**104,6**	**104,6**	**102,4**
Custos Operacionais			
Cost of sales	24,9	24,9	22,8
External supplies and services	23,6	34,7	33,7
Personnel costs	34,3	34,3	33,3
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	18,7	6,2	6,3
Other operating costs	1,3	1,3	1,5
Total operating costs	**102,8**	**101,4**	**97,6**
Operating Income	**1,8**	**3,2**	**4,8**
EBITDA	**20,5**	**9,5**	**11,1**
Net financing cost	4,9	1,1	0,8
Gains (losses) in joint controlled subsidiaries - Equity method	0,1	0,1	0,0
Gain (loss) on the net monetary position	0,4	0,4	0,6
Profit before tax	**-2,6**	**2,6**	**4,5**
Income tax expense	-0,7	0,6	1,0
Net profit	**-2,0**	**2,0**	**3,5**

With the new standard, the variability of rents according to turnover is largely replaced by the registration of fixed costs, whereby the impact on Profit before taxes is much higher in periods of lower activity, such as the first quarter. This impact will be attenuated in quarters with higher sales and with the normal sales seasonality, it is estimated that in the total next 3 quarters the impact will be the same as in the first one.

In addition, the annual effect on the 2019 results is amplified by the fact that most of the concession contracts in Spanish airports are in initial stages, with terms that are lower than the average of the Group's lease contracts.

Balance Sheet

On 31 March, the new IFRS16 standard implies the recognition of the Right of Use (RoU) in the Asset and the corresponding Lease Liability, with a total impact of 321 million euros.

Balance Sheet (million euros)	31-03-2019	31-03-2019 Excl./IFRS16	31-12-2018
Non-current			
Net Fixed Assets	195,9	201,6	201,3
Rights of Use (RoU)	327,6	0,0	
Total non-current assets	**681,7**	**359,9**	**359,6**
Current			
Other current assets	24,7	25,7	27,6
Total current assets	**76,7**	**77,7**	**84,6**
Total Assets	**758,4**	**437,5**	**444,2**
EQUITY AND LIABILITIES			
EQUITY			
Net profit in the year	-2,0	2,0	25,0
Total Equity	**201,1**	**205,1**	**203,2**
Non-current			
Loans	75,0	78,8	79,2
Liability for rentals	294,5		
Deferred tax	9,4	10,5	10,6
Total non-current liabilities	**382,4**	**92,9**	**93,3**
Current			
Liability for rentals	37,8		
Accounts payable to suppliers and accrued costs	61,7	64,0	81,4
Total current liabilities	**174,9**	**139,5**	**147,8**
Total Liabilities	**557,3**	**232,4**	**241,1**
Total Equity and Liabilities	**758,4**	**437,5**	**444,2**

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

Consolidated Interim Financial Statements

31st March 2019

IBERSOL S.G.P.S., S.A.
INTERIM STATEMENT OF CONSOLIDATED FINANCIAL POSITION ON 31st March 2019 AND 31st DECEMBER 2018
(values in euros)

ASSETS	Notes	31/03/2019	31/12/2018
Non-current			
Tangible fixed assets	8	195 877 315	201 310 291
Rights of use	3.1 e 9	327 572 644	-
Goodwill	9	90 846 327	90 846 327
Intangible assets	9	35 885 614	36 146 157
Financial investments - joint controlled subsidiaries		2 542 354	2 459 842
Non-current financial assets		235 733	211 430
Other financial assets	19	15 296 599	15 753 485
Other non-current assets	16	13 477 537	12 921 343
Total non-current assets		**681 734 123**	**359 648 875**
Current			
Stocks		10 715 864	11 622 326
Cash and bank deposits		34 269 671	37 931 124
Income tax receivable		3 969 472	3 574 662
Other financial assets	19	3 062 468	3 855 375
Other current assets	16	24 689 742	27 617 179
Total current assets		**76 707 217**	**84 600 666**
Total Assets		**758 441 341**	**444 249 541**

EQUITY AND LIABILITIES	Notes	31/03/2019	31/12/2018
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	10	36 000 000	36 000 000
Own shares		-11 180 516	-11 180 516
Share prize		469 937	469 937
Legal reserves		755 581	755 581
Conversion Reserves		-7 192 017	-7 140 907
Other Reserves & Retained Results		183 936 794	158 974 733
Net profit in the year		-1 970 754	24 962 061
		200 819 025	**202 840 889**
Interests that do not control		308 973	329 204
Total Equity		**201 127 998**	**203 170 093**
LIABILITIES			
Non-current			
Loans		74 955 343	79 182 324
Liability for rentals	3.1	294 500 220	-
Deferred tax liabilities		9 367 734	10 556 031
Provisions		3 244 724	3 244 724
Derivative financial instrument		177 570	177 570
Other non-current liabilities		132 691	150 344
Total non-current liabilities		**382 378 282**	**93 310 993**
Current			
Loans		59 312 662	52 961 448
Liability for rentals	3.1	37 810 103	
Accounts payable to suppliers and accrued costs		61 739 663	81 387 772
Income tax payable		1 065 458	162 901
Other current liabilities	16	15 007 175	13 256 334
Total current liabilities		**174 935 061**	**147 768 455**
Total Liabilities		**557 313 343**	**241 079 448**
Total Equity and Liabilities		**758 441 341**	**444 249 541**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
INTERIM CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH, 2019 AND 2018
(values in euros)

	Notes	31/03/2019	31/03/2018
Operating Income			
Sales	6	101 939 105	98 837 401
Rendered services	6	841 451	1 448 376
Other operating income		1 849 921	2 120 201
Total operating income		104 630 477	102 405 978
Operating Costs			
Cost of sales		24 898 937	22 833 048
External supplies and services		23 625 452	33 669 544
Personnel costs		34 331 802	33 282 851
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	8 e 9	18 679 599	6 288 833
Other operating costs		1 255 849	1 531 106
Total operating costs		102 791 639	97 605 382
Operating Income		1 838 838	4 800 596
Net financing cost	17	4 927 609	838 962
Gains (losses) in joint controlled subsidiaries - Equity method		82 513	-8 939
Gains (losses) on Net monetary position	8 e 9	360 879	575 659
Profit before tax		**-2 645 379**	**4 528 354**
Income tax expense	18	-654 394	1 034 714
Net profit		**-1 990 985**	**3 493 640**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-51 110	-3 046 069
TOTAL COMPREHENSIVE INCOME		**-2 042 095**	**447 571**
Net profit attributable to:			
Owners of the parent		-1 970 754	3 477 815
Non-controlling interest		-20 231	15 825
		-1 990 985	3 493 640
Total comprehensive income attributable to:			
Owners of the parent		-2 021 864	431 746
Non-controlling interest		-20 231	15 825
		-2 042 095	447 571
Earnings per share:	10		
Basic		**-0,06**	**0,13**
Diluted		**-0,06**	**0,13**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Interim Statement of Alterations to the Consolidated Equity
for the three months period ended 31st March, 2019 and 2018 (unaudited)
(value in euros)

	Note	Assigned to shareholders									
	Note	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 2018		30 000 000	-11 179 969	469 937	263 001	-2 012 886	139 507 205	30 849 460	187 896 748	723 445	188 620 193
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	-		-
Conversion reserves - Angola						-3 046 069			-3 046 069		-3 046 069
Net consolidated income for the three months period ended on 31 March, 2018								3 477 815	3 477 815	15 825	3 493 640
Total changes in the period		-	-	-	492 580	-3 046 069	30 356 880	-27 371 645	431 746	15 825	447 571
Net profit								**3 477 815**	**3 477 815**	**15 825**	**3 493 640**
Total comprehensive income									431 746	15 825	447 571
Transactions with capital owners in the period											
Application of the consolidated profit from 2017:											
Paid dividends									-	-444 647	-444 647
		-	-		-	-	-	-	-	-444 647	-444 647
Balance on 31 March 2018		**30 000 000**	**-11 179 969**	**469 937**	**755 581**	**-5 058 955**	**169 864 085**	**3 477 815**	**188 328 494**	**294 623**	**188 623 117**
Balance on 1 January 2019		36 000 000	-11 180 516	469 937	755 581	-7 140 907	158 974 733	24 962 061	202 840 889	329 204	203 170 093
Changes in the period:											
Application of the consolidated profit from 2018:											
Transfer to reserves and retained results							24 962 061	-24 962 061	-		-
Conversion reserves - Angola						-51 110			-51 110		-51 110
Net consolidated income for the three months period ended on 31 March, 2019								-1 970 754	-1 970 754	-20 231	-1 990 985
Total changes in the period		-	-	-	-	-51 110	24 962 061	-26 932 815	-2 021 864	-20 231	-2 042 095
Net profit								**-1 970 754**	**-1 970 754**	**-20 231**	**-1 990 985**
Total comprehensive income									-2 021 864	-20 231	-2 042 095
Transactions with capital owners in the period											
Application of the consolidated profit from 2018:											
Paid dividends									-		-
		-	-	-	-	-	-	-	-	-	-
Balance on 31 March 2019		**36 000 000**	**-11 180 516**	**469 937**	**755 581**	**-7 192 017**	**183 936 794**	**-1 970 754**	**200 819 025**	**308 973**	**201 127 998**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Interim Consolidated Cash Flow Statements
for the three months period ended 31 March, 2019 and 2018
(value in euros)

	Note	Three months period ending on March 31 (unaudited)	
		2019	**2018**
Cash Flows from Operating Activities			
Receipts from clients		105 251 619	98 605 782
Payments to supliers		-54 451 916	-57 474 706
Staff payments		-32 049 567	-30 138 479
Payments/receipt of income tax		-23 861	2 114 429
Other paym./receipts related with operating activities		-3 217 386	-80 770
Flows from operating activities (1)		**15 508 889**	**13 026 256**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		25 192	204 944
Tangible fixed assets		2 863	
Investment benefits			
Interest received		302 745	295 175
Other financial assets		1 975 623	
Payments for:			
Financial Investments		49 496	36 229
Other financial assets		0	777 417
Tangible fixed assets		12 789 270	5 242 980
Intangible assests		503 628	307 177
Other investments			
Flows from investment activities (2)		-11 035 971	-5 863 684
Cash flows from financing activities			
Receipts from:			
Loans obtained		7 202 722	2 496 815
Payments for:			
Loans obtained		1 539 679	3 179 065
Amortisation of liability for rentals		7 455 110	
Interest and similar costs		5 037 862	980 205
Dividends paid			444 647
Acquisition of own shares			
Flows from financing activities (3)		-6 829 929	-2 107 102
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**-2 357 011**	**5 055 470**
Cash & cash equivalents at the start of the period		32 048 560	34 882 539
Cash & cash equivalents at end of the period		**29 691 549**	**39 938 009**

The Board of Directors,

IBERSOL SGPS, S.A.

ANNEX TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2019

(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 642 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 517 units which it operates and 125 units under a franchise contract. Of this universe, 292 are headquartered in Spain, of which 175 are own establishments and 117 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 interim 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 2018.

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

The accounting policies applied on 31 March 2019 are identical to those applied for preparing the financial statements of 31 March and 31 December 2018, 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

3.1. New standards, amendments and interpretations adopted by the Group

The Group adopted for the first time the new standard IFRS 16 Leases, and there was no restatement of the comparative Financial Statements. As required by IAS 34, the nature and effects of these changes are as follows:

IFRS 16 Locations
The new IFRS 16 eliminated the classification of leases between operating or financial leases for tenant entities as provided for in IAS 17. Instead, it introduced a single accounting model, very similar to the treatment of leases in renters.

This unique model establishes, for the lessee, the recognition of: i. assets and liabilities for all leases with a term greater than 12 months (low value assets are excluded, regardless of the term of the lease) in the Balance Sheet; and ii. depreciation of leased assets and interest separately in the Income Statement.

The Group adopted this new standard as from 1 January 2019, applying the modified retrospective method, with assets equal to liabilities, in the consolidated accounts, and therefore did not restate the comparative accounts for the year 2018, and there was no impact in the Group's equity at the time of transition.

The Group's operating leases relate mainly to leases of stores and warehouses. With respect to previous commitments with operating leases, in the transition, the Group recognized in its Consolidated Balance Sheet as of January 1, 2019, rights to use in the amount of 291.085.260 euros, lease liabilities of 293.970.178 euros and an adjustment in additions and deferrals of 4.987.328 euros.

As regards previous commitments with financial leases, at the time of transition, the book values of assets and liabilities per lease at 31 December 2018 (€ 4.282.410 and € 2.180.000, respectively) were assumed as rental rights and lease liabilities in accordance with IFRS 16 to 1 January 2019.

In measuring leasing liabilities, the Group discounted lease payments using its incremental financing rate on 1 January 2019. The weighted average rate applied is in the range of 3.5% - 6%, taking into account the characteristics contracts (underlying assets and guarantees, currency and term). In applying IFRS 16 for the first time, the Group used the following practice records permitted by the standard:

i) the use of only a discount rate for a portfolio of leases with fairly similar characteristics;

(ii) exemption from recognition of operating leases with a maturity of less than 12 months on the date of transition and non-recognition of leases in which the underlying asset has little value;

iii) exclusion of initial direct costs in the measurement of the right-of-use asset at the date of initial application;

iv) the use of retrospective analysis in determining the term of the lease when the contract includes options for extension or termination of the lease;

(v) The Group has applied this standard to contracts that were previously identified as leases under IAS 17 - Leases and IFRIC 4 - Determine whether an Agreement contains a Lease and has not applied this rule to contracts that were not previously identified as containing a lease under those rules.

The impact of the adoption of the new IFRS 16 standard on opening balances at 1 January 2019 was as follows:

		Trans.Adjustments	
	31/12/2018	IFRS 16	01/01/2019
Assets			
Tangible fixed assets	201 310 291	-4 282 410	197 027 881
Rights of use	-	291 085 260	291 085 260
Goodwill	90 846 327	-	90 846 327
Intangible assets	36 146 157	-	36 146 157
Financial investments - joint controlled subsidiaries	2 459 842	-	2 459 842
Non-current financial assets	211 430	-	211 430
Other financial assets	15 753 485	-	15 753 485
Other non-current assets	12 921 343	-	12 921 343
Total non-current assets	**359 648 875**	**286 802 850**	**646 451 725**
Stocks	11 622 326	-	11 622 326
Cash and bank deposits	37 931 124	-	37 931 124
Income tax receivable	3 574 662	-	3 574 662
Other financial assets	3 855 375	-	3 855 375
Other current assets	27 617 179	-872 860	26 744 319
Total current assets	**84 600 666**	**-872 860**	**83 727 806**
Capital and reserves attributable to shareholders			
Share capital	36 000 000	-	36 000 000
Own shares	-11 180 516	-	-11 180 516
Share prize	469 937	-	469 937
Legal reserves	755 581	-	755 581
Conversion Reserves	-7 140 907	-	-7 140 907
Other Reserves & Retained Results	158 974 733	-	158 974 733
Net profit in the year	24 962 061	-	24 962 061
	202 840 889	-	**202 840 889**
Interests that do not control	329 204	-	329 204
Total Equity	**203 170 093**		**203 170 093**
Loans	79 182 324	-2 180 000	77 002 324
Liability for rentals	-	260 041 533	260 041 533
Deferred tax liabilities	10 556 031	-	10 556 031
Provisions	3 244 724	-	3 244 724
Derivative financial instrument	177 570	-	177 570
Other non-current liabilities	150 344	-	150 344
Total non-current liabilities	**93 310 993**	**257 861 533**	**351 172 526**
Loans	52 961 448	-	52 961 448
Liability for rentals	-	33 928 645	33 928 645
Accounts payable to suppliers and accrued costs	81 387 772	-5 860 188	75 527 584
Income tax payable	162 901	-	162 901
Other current liabilities	13 256 334	-	13 256 334
Total current liabilities	**147 768 455**	**28 068 457**	**175 836 912**
Total Equity and Liabilities	**444 249 541**	**285 929 990**	**730 179 531**

The impact of the adoption of the new standard IFRS16 in the consolidated interim financial statement and in the consolidated interim statement of income and other comprehensive income as at 31 March 2019 is as follows:

	31/03/2019 (s/ IFRS 16)	IFRS 16	31/03/2019
Assets			
Tangible fixed assets	201 567 665	-5 690 350	195 877 315
Rights of use	-	327 572 644	327 572 644
Other current assets	25 659 575	-969 833	24 689 742
Liabilities			
Non-current loans	78 821 343	-3 866 000	74 955 343
Non-current liability for rentals	-	294 500 220	294 500 220
Deferred tax	10 531 188	-1 163 454	9 367 734
Current liability for rentals	-	37 810 103	37 810 103
Accounts payable to suppliers and accrued costs	64 019 075	-2 279 412	61 739 663
Income tax payable	1 162 592	-97 134	1 065 458

	31/03/2019 (s/ IFRS 16)	IFRS 16	31/03/2019
External supplies and services	34 657 193	-11 031 741	23 625 452
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	6 240 625	12 438 974	18 679 599
Net financing cost	1 082 392	3 845 217	4 927 609
Income tax expense	606 194	-1 260 588	-654 394

3.2. New standards, amendments and interpretations adopted by the EU but without effective application for years beginning on 1 January 2019 and not applied in advance

In the first three months of 2019, the EU did not publish any Regulation on the adoption of new standards, amendments or interpretations that have not yet been implemented by the Group.

3.3. New standards, amendments and interpretations issued by the IASB and IFRIC but not yet adopted by the EU

In the first three months of 2019, the IASB / IFRIC has not issued any new standards, changes or interpretations.

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

There where no substantial differences between accounting estimates and judgments applied on 31 December 2018 and the accounting values considered in the three months period ended on the 31 March 2019.

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

5.1. The following group companies were included in the consolidation on 31st March 2019 and 2018 and 31 December 2018:

Company	Head Office	% Shareholding		
		Mar/19	Dec/18	Mar/18
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) Ferro & Ferro, Lda.	Porto	-	-	100%
Asurebi SGPS, S.A.	Porto	100%	100%	100%
Charlotte Develops, SL	Vigo - 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%
(e) Resboavista- Restauração Internacional, Lda	Porto	-	-	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%
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	100%	100%	50%
(c) Cortsfood, S.L.	Barcelona - Espanha	50%	50%	-
Companies controlled jointly				
UQ Consult - Serviços de Apoio à Gestão, S.A.	Porto		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) Participation acquired to interests that do not control (50%), with constitution by splitt of the subsidiary Cortsfood in the year 2018. Although the parent company holds 50% of the voting rights, there is control of the subsidiary Cortsfood.
(d) merge of the subsidiary Ferro & Ferrro into Iberusa Hotelaria e Restauração, S.A.
(e) merge of the subsidiary Resboavista into José Silva Carvalho Catering, S.A..

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 three months period ended on 31 March 2019 there was no acquisition of subsidiaries.

5.2.2. Disposals

In the three months period ended on 31 March 2019 there was no disposals of subsidiaries.

6. INFORMATION PER SEGMENT

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 three months period ended 31 March 2019 and 2018 were as follows:

31 March 2019	**Restaurants**	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Total Group**
Turnover	**26 047 338**	**52 869 142**	**23 776 074**	**88 003**	**102 780 556**
Royalties	990 587	2 092 664	153 226	-	3 236 476
Rents and Condominium	1 442 788	170 950	2 413 640	-	4 027 379
Coste of sales	5 899 205	14 678 672	4 321 060	-	24 898 937
Operating income net of Amortization, deprec. and impairment losses	**4 156 963**	**11 198 331**	**5 163 143**	-	**20 518 437**
Amortization, depreciation and impairment losses	2 731 074	9 169 119	6 524 484	254 921	18 679 599
Operating income	**1 425 889**	**2 029 212**	**-1 361 341**	**-254 921**	**1 838 838**

31 March 2018	**Restaurants**	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Total Group**
Turnover	**25 204 099**	**47 851 052**	**26 838 387**	**392 239**	**100 285 777**
Royalties	949 216	1 923 777	327 347	-	3 200 340
Rents and Condominium	2 745 819	4 958 186	8 478 356	-	16 182 361
Coste of sales	5 058 269	12 664 421	5 110 358	-	22 833 048
Operating income net of Amortization, deprec. and impairment losses	**3 536 144**	**6 108 650**	**1 444 635**	**-**	**11 089 429**
Amortization, depreciation and impairment losses	1 541 576	3 488 902	1 081 046	177 310	6 288 833
Operating income	**1 994 568**	**2 619 748**	**363 589**	**-177 310**	**4 800 596**

On March 31, 2019 and 2018 income and non-current assets by geography is presented as follows:

31 MARCH 2019	Portugal	Angola	Spain	Grupo
Restaurants	55 540 444	3 311 178	40 039 532	98 891 154
Merchandise	155 767	-	2 892 184	3 047 951
Rendered services	54 353	-	787 098	841 451
Total sales and services	**55 750 564**	**3 311 178**	**43 718 814**	**102 780 556**
Tangible fixed and intangible assets	149 341 723	25 982 845	56 438 361	231 762 929
Rights of use	68 524 491	2 964 640	256 083 513	327 572 644
Goodwill	7 605 482	-	83 240 845	90 846 327
Financial investments - joint controlled subsidiaries	2 542 354	-	-	2 542 354
Non-current financial assets	235 733	-	-	235 733
Other financial assets	-	15 296 599	-	15 296 599
Other non-current assets	-	-	13 477 537	13 477 537
Total non-current assets	**228 249 783**	**44 244 084**	**409 240 256**	**681 734 123**

31 MARCH 2018	Portugal	Angola	Spain	Grupo
Restaurants	48 795 665	4 883 072	44 337 539	98 016 276
Merchandise	175 202	-	645 923	821 125
Rendered services	55 402	-	1 392 974	1 448 376
Total sales and services	**49 026 269**	**4 883 072**	**46 376 436**	**100 285 777**
Tangible fixed and intangible assets	139 801 512	27 868 981	60 211 858	227 882 351
Goodwill	7 605 482	-	83 240 845	90 846 327
Financial investments - joint controlled subsidiaries	2 411 447	-	-	2 411 447
Non-current financial assets	238 133	-	-	238 133
Other financial assets	-	15 475 314	-	15 475 314
Other non-current assets	-	-	6 573 977	6 573 977
Total non-current assets	**150 056 574**	**43 344 295**	**150 026 680**	**343 427 549**

7. UNUSUAL AND NON-RECURRING FACTS AND SEASON ACTIVITY

No unusual facts took place during the three months period ended 31 March 2019.

8. TANGIBLE FIXED ASSETS

In the three months period ended 31 March 2019 and in the year ending on 31 December 2018, 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 2018						
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**
1 January 2018						
Initial net amount	15 324 714	140 566 200	31 720 210	8 685 219	1 675 874	197 972 217
Hyperinflationary Economies (IAS 29) (1)	636 821	866 426	204 363	39 617	-48 172	1 699 055
Currency conversion	-1 451 675	-3 487 482	-1 732 828	-381 881	-35 010	-7 088 876
Additions	-	22 459 004	9 916 886	2 755 073	560 641	35 691 604
Decreases	-	599 668	38 421	24 260	538 056	1 200 405
Transfers	-	47 057	487 068	84 340	-618 465	-
Depreciation in the year	18 973	15 774 618	7 088 709	1 605 514	-	24 487 815
Impairment	-	1 385 106	-	-	-	1 385 106
Impairment reversion	-	-109 615	-	-	-	-109 615
Final net amount	**14 490 886**	**142 801 429**	**33 468 569**	**9 552 595**	**996 812**	**201 310 291**
31 December 2018						
Cost	14 731 098	260 017 140	134 098 549	27 727 867	996 812	437 571 466
Accumulated depreciation	240 212	106 579 970	99 691 547	18 116 824	-	224 628 553
Accumulated impairment	-	10 635 741	938 433	58 448	-	11 632 622
Net amount	**14 490 886**	**142 801 429**	**33 468 569**	**9 552 595**	**996 812**	**201 310 291**

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress	Total
1 January 2019						
Initial net amount	14 490 886	142 801 429	33 468 569	9 552 595	996 812	201 310 291
Change in accounting policy (IFRS 16)	-	-3 335 985	-899 062	-47 363	-	-4 282 410
Hyperinflationary Economies (IAS 29) (1)	157 100	162 203	8 680	-1 270	1 830	328 543
Currency conversion	-11 212	-24 981	-11 167	-2 425	-402	-50 187
Additions	-	2 823 218	1 056 589	211 941	284 906	4 376 654
Decreases	-	585 793	156 962	12 887	11 939	767 581
Transfers	-	33 386	246 636	34 644	-458 625	-143 959
Depreciation in the year	4 383	2 584 101	1 855 148	450 413	-	4 894 045
Impairment in the year	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Final net amount	**14 632 390**	**139 289 379**	**31 858 140**	**9 284 823**	**812 584**	**195 877 315**
31 March 2019						
Cost	14 890 257	250 988 380	131 068 524	27 817 734	812 584	425 577 479
Accumulated depreciation	257 867	101 063 261	98 271 951	18 474 463	-	218 067 543
Accumulated impairment	-	10 635 741	938 433	58 448	-	11 632 622
Net amount	**14 632 390**	**139 289 379**	**31 858 140**	**9 284 823**	**812 584**	**195 877 315**

(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) 31/12/2018	1 699 055
Restatement of TFA in the three months period ended on 31/03/2019:	
Cost	947 249
Accumulated depreciation	-618 706
sub-total	328 543

In 2019, an investment of approximately 3 million euros was made in the travel segment in Spain. The remaining investment mainly concerns the opening of 3 Burger King and the improvement of KFC Norteshoping.

In 2018, the investment relates mainly to the opening of 3 KFC units, 2 Pizza Hut, 1 Burguer King and 1 Ribs units and 9 Burguer King units to be opened during the year.

9. INTANGIBLE ASSETS, GOODWILL AND RIGHTS OF USE

Goodwill, rights of use and intangible assets are broken down as follows:

	Mar/19	Dec/18
Rigths of use	327 572 644	-
Goodwill	90 846 327	90 846 327
Intangible assets	35 885 614	36 146 157
	454 304 585	**126 992 484**

In the three months period ended 31 MArch 2019 and in the year ending on 31 December 2018, entries in the value of intangible assets, amortization and accumulated impairment losses were as follows:

	Rights of use	Goodwill	Brands	Industrial property	Other intangible Assets	Intangible Assets in progress	Total
1 January 2018							
Cost	-	92 862 786	22 000 000	40 254 584	13 873 100	1 312 455	170 302 925
Accumulated amortization	-	-	1 283 333	25 197 741	12 135 892	-	38 616 967
Accumulated impairment	-	-	-	3 665 332	41 875	-	3 707 206
Net amount	-	**92 862 786**	**20 716 667**	**11 391 511**	**1 695 333**	**1 312 455**	**127 978 752**
1 January 2018							
Initial net amount	-	92 862 786	20 716 667	11 391 511	1 695 333	1 312 455	127 978 752
Hyperinflationary Economies (IAS 29) (1)	-	-	-	43 435	-	89 612	133 047
Currency conversion	-	-	-	-226 244	-	-266 369	-492 613
Additions	-	-	-	1 854 935	217 503	1 244 006	3 316 444
Decreases	-	-	-	54 932	-	3 670	58 602
Transfers	-	-	-	5 552	-	-5 552	-
Amortization in the year	-	-	1 100 000	547 555	204 805	-	1 852 361
Impairment in the year	-	2 016 459	-	15 723	-	-	2 032 182
Final net amount	-	**90 846 327**	**19 616 667**	**12 450 980**	**1 708 028**	**2 370 483**	**126 992 484**
31 December 2018							
Cost	-	92 862 786	22 000 000	42 232 722	12 960 943	2 370 483	172 426 934
Accumulated amortization	-	-	2 383 333	26 100 687	11 211 040	-	39 695 060
Accumulated impairment	-	2 016 459	-	3 681 055	41 875	-	5 739 389
Net amount	-	**90 846 327**	**19 616 667**	**12 450 980**	**1 708 028**	**2 370 483**	**126 992 484**

	Rights of use	Goodwill	Brands (1)	Industrial property	Other intangible Assets	Assets in progress	Total
1 January 2019							
Initial net amount	-	90 846 327	19 616 667	12 450 980	1 708 028	2 370 483	126 992 484
Change in accounting policy (IFRS 16)		-	-	-	-	-	-
Hyperinflationary Economies (IAS 29) (1)	291 085 260	-	-	7 188	-	25 147	291 117 595
Currency conversion	-	-	-	-1 538	-	-2 080	-3 618
Additions	49 527 728	-	-	382 227	172 563	4 539	50 087 057
Decreases	-	-	-	22 313	80 000	813	103 126
Transfers	-	-	-	17 949	-	-17 949	-
Amortization in the year	13 040 344	-	275 000	377 009	93 455	-	13 785 808
Impairment in the year	-	-	-	-	-	-	-
Final net amount	**327 572 644**	**90 846 327**	**19 341 667**	**12 457 485**	**1 707 136**	**2 379 327**	**454 304 585**
31 March 2019							
Cost	340 612 988	92 862 786	22 000 000	42 595 317	13 038 440	2 379 327	513 488 858
Accumulated amortization	13 040 344	-	2 658 333	26 456 777	11 289 429	-	53 444 883
Accumulated impairment	-	2 016 459	-	3 681 055	41 875	-	5 739 389
Net amount	**327 572 644**	**90 846 327**	**19 341 667**	**12 457 485**	**1 707 136**	**2 379 327**	**454 304 585**

(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) 31/12/2018		133 047
Restatement of IA in the three months period ended on 31/03/2019:		
Cost		77 735
Accumulated depreciation		-45 400
	sub-total	32 335

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

	Mar/19	**Dec/18**
Restaurants	14 618 931	14 618 931
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
	90 846 327	**90 846 327**

10. INCOME PER SHARE

Income per share in the three months period ended 31 March 2019 and 2018 was calculated as follows:

	Mar/19	**Mar/18**
Profit payable to shareholders	-1 970 754	3 477 815
Mean weighted number of ordinary shares issued (1)	36 000 000	36 000 000
Mean weighted number of own shares	-3 599 981	-3 599 981
	32 400 019	32 400 019
Basic earnings per share (€ per share)	-0,06	0,11
Earnings diluted per share (€ per share)	-0,06	0,11
Number of own shares at the end of the year	3 599 981	3 599 981

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

11. DIVIDENDS

At the General Meeting of 8th May 2019, the group decided to pay a gross dividend of 0,10 euro per share (0,10 euro in 2018), representing a total value of 3.600.000 euros which corresponds to 3.240.002 euros outstanding shares (2.700.006 euro in 2018), to be settled on June 4, 2019.

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 3st March 2019 and 31st December 2018, responsibilities not recorded by the companies and included in the consolidation consist mainly of bank guarantees given on their behalf, as shown below:

	Mar/19	Dec/18
Bank guarantees	34 781 150	33 568 604

13. COMMITMENTS

On March 31st, 2019 there are no significant commitments for contracted investments not included in these financial statements.

14. IMPAIRMENT

Changes during the three months period ended on 31 March 2019 and in the year 2018, under the heading of asset impairment losses were as follows:

Mar/19	Starting balance	Perimeter variation	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	11 632 624	-	-	-	-	-	11 632 624
Goodwill	2 016 459	-	-	-	-	-	2 016 459
Intangible assets	3 722 929	-	-	-	-	-	3 722 929
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 931 131	-226	73 833	-	46 500	-	3 051 238
Other financial assets (current and non-current)	940 762	-	-	-	-	-59 961	880 801
	21 318 886	-226	73 833	-	46 500	-59 961	21 379 032

Dec/18	Starting balance	Perimeter variation	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	10 909 271	-	-	-552 138	1 385 106	-109 615	11 632 624
Goodwill	-	-	-	-	2 016 459	-	2 016 459
Intangible assets	3 707 206	-	-	-	15 723	-	3 722 929
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 159 669	-28 899	141 347	-	843 800	-184 787	2 931 131
Other financial assets (current and non-current)	-	-	-	-	940 762	-	940 762
	16 851 128	-28 899	141 347	-552 138	5 201 850	-294 402	21 318 886

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 $ 375.000, does not have large exposure due to the reduced amount. The remaining financing concerning Angolan subsidiaries are denominated in the local currency, the same in which the income is generated. 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:

Mar/19			
Euro exchange rates foreign currency per 1 Euro)	(x	Rate on March, 31 2019	Average interest 1st Trimester 2019
Kwanza de Angola (AOA)		355,492	355,872
Dec/18			
Euro exchange rates foreign currency per 1 Euro)	(x	Rate on December, 31 2018	Average interest rate year 2018
Kwanza de Angola (AOA)		352,983	305,810

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 29,1 million are subject to interest maturities and repayment plans identical to the terms of the loans.

Based on simulations performed on 31 March 2019, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 192.000 euros (730.000 euros in December 2018).

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 6% 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 March 31, 2019, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 19 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, net of liability for rentals, reached 137 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 2019 the renewal of part of the commercial paper programmes (22.500.000 euros). However, the expected operating cash flows and, if necessary, contracted credit lines, on the amounts of which have not yet been used, are sufficient to settle current liabilities.

Even with reduced use of the group has contracted a significant amount of short-term lines. On March 31, 2019, the use of short term liquidity cash flow support was about 10%. Investments in term deposits and other application of 43 million euros, match 31% of liabilities paid.

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

	to March 2020	from March 2020 to 2028
Bank loans and overdrafts	59 312 662	74 955 343
Other non-current liabilities	-	132 691
Accounts payable to suppliers and accrued costs	49 474 182	-
Other current liabilities	6 513 181	-
Total	115 300 025	75 088 034

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 31st March 2019 and 31st December 2018 the gearing ratio was of 29% and 27%, respectively, as follows:

	mar/19	Dec-18
Bank loans	134 268 005	132 143 772
Other financial assets	-18 359 068	-19 608 860
Cash and bank deposits	-34 269 671	-37 931 124
Net indebtedness	81 639 266	74 603 788
Equity	201 127 998	203 170 093
Total capital	282 767 264	277 773 881
Gearing ratio	29%	27%

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 and marketing operations fee on the sales amount.

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 80 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. OTHER ASSETS AND LIABILITIES

16.1 Other current assets and liabilities

Other current assets and liabilities on 31st March 2019 and 31st December 2018 are broken down as follows:

	Mar/19	**Dec/18**
Clients	8 705 176	9 546 044
State and other public entities	3 954 838	4 364 242
Other debtors	8 766 269	6 721 003
Advances to suplliers	574 640	425 158
Advances to fixed suppliers	7 556	-
Accruals and income	3 670 256	6 929 484
Deferred costs	2 062 235	2 562 368
Other current assets	**27 740 970**	**30 548 299**
Accumulated impairment losses	3 051 228	2 931 120
	24 689 742	**27 617 179**

	Mar/19	**Dec/18**
Other creditors	6 513 181	4 696 932
State and other public entities	8 004 953	8 025 248
Deferred income	489 041	534 154
	15 007 175	13 256 334

16.1 Other non-current assets and liabilities

The breakdown of other non-current assets as at 31 March 2019 and 31 December 2018 is presented as follows:

	Mar/19	Dec/18
Other non-current assets (1)	9 263 960	8 781 933
Credits granted to third parties	4 457 713	4 479 410
Impairment balances	-244 136	-340 000
	13 477 537	**12 921 343**

(1) balance of other non-current debtors is mainly comprised of deposits and securities in Spain resulting from lease agreements. Trade accounts receivable from other debtors are initially recognized at fair value and, in the case of medium and long-term debt, are subsequently measured at amortized cost using the effective interest method, less impairment.

A discount rate of 2% was applied, recognizing the current deferral in the amount of € 151.231 (€ 151.372 in 2018) and noncurrent in the amount of € 923.559 (€ 972.263 in 2018.

An impairment loss of € 244.136 (€ 340.000 in 2018) was recorded on a balance receivable from a Vidisco franchisee.

17. NET FINANCING COST

Net financing cost on 31st March 2019 and 2018 are broken down as follows:

	2019	2018
Interest on rentals liabilities (IFRS16)	3 845 217	-
Interest paid	1 037 405	844 081
Interest earned (1)	-326 401	-378 706
Currency exchange differences	-	-35 397
Other financial costs and income	371 388	408 984
	4 927 609	838 962

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

	2019	2018
Commercial paper programmes charges	140 394	174 567
Impairment reversal TB's (IFRS9)	-59 961	-
Other commissions	52 926	8 748
Other financial cost and gains	238 029	225 670
	371 388	408 984

(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 March 31, 2019 and 2018 are detailed as follows:

	Mar/19	Mar/18
Current taxes	532 105	948 360
Insufficiency (excess) of income tax	35 000	-
Deferred taxes	-1 221 499	86 354
	-654 394	1 034 714

The effective tax rate on profits was 25% on March 31, 2019 and 23% in the same period of 2018, as follows:

	mar/19	mar/18
Profit before tax	-2 645 379	4 528 354
Income tax expense	-654 394	1 034 714
Effective tax rate	25%	23%

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:

	mar/19			dez/18		
	Current	Non current	Total	Current	Non current	Total
Treasury bonds	3 209 394	16 030 474	19 239 869	4 040 342	16 509 280	20 549 622
Sub-total	3 209 394	16 030 474	19 239 869	4 040 342	16 509 280	20 549 622
Accumulated impairment losses (1)	146 926	733 875	880 801	184 967	755 795	940 762
TOTAL	3 062 468	15 296 599	18 359 068	3 855 375	15 753 485	19 608 860

(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, as follows:

Impact on the consolidated statement of comprehensive income:

Net financing cost	-59 961
Income tax	17 988

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 – 2.520 shares (*)
- António Alberto Guerra Leal Teixeira – 2.520 shares (*)
- ATPS, SGPS, SA – 19.767.058 shares

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

- Joint controlled entities – UQ Consult

With respect to the balances and transactions with related entities, the overall value of the balances and transactions of the Group with the joint controlled UQ Consult relates mainly to support services and management information systems, and was, respectively, 1.204.294 and 934.363 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.

22. SUBSEQUENT EVENTS

There are no subsequent events to 31st March 2019 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 31st May 2019.

Edifício Península Praça do Bom Sucesso,105 a 159 – 9º 4150-146 Porto
Portugal
Tel.: +351 226 089 700
www.ibersol.pt