IBERSOL – SGPS, SA

Publicly Listed Company

Head office: Praça do Bom Sucesso 105/159, 9º andar, Porto
Sahre Capital: Euro 24.000.000
Commercial Registry: Oporto under the number 501669477
Fisca l Number: 501 669 477

RESULTS -1st Half 2016

- **Consolidated Turnover of Eur 108.1 million**
  Increase of 11% over the 1st half of 2015

- **Consolidated EBITDA reached Eur 16.4 million.**
- **Adjusted EBITDA of Eur 14.0 million**
  YoY growth of 9,5%

- **Consolidated net profit of Eur 8.8 million**

- **Consolidated net profit adjusted from non-recurring facts of Eur 5.7 million**
  Increase of 37.2% over the same period in 2015

ACTIVITY REPORT

Activity

The consolidated turnover in the first half of 2016 amounted to Eur 108.1 million compared with Eur 97.6 million in the same period 2015.

With the market maintaining the ongoing recovery evidenced in the first quarter, Ibersol recorded a growth of 10.8% in turnover, with a remarkable performance in Portugal. However, this evolution was affected by the effect of exchange rate conversion of the sales in Angola, as a consequence of the local currency devaluation.

Turnover	euro million	% Ch. 16/15
Sales of Restaurants	106,76	11,0%
Sales of Merchandise	0,99	-6,9%
Services Rendered	0,39	15,5%
Net Sales & Services	108,14	10,8%

With a more favorable context, the segment of restaurants grew around 4% in Portugal and 2% in Spain, together with the effect of the opening of larger units and the closing of smaller and less profitable ones boosted Ibersol to a sales increase of 11%.

SALES IN RESTAURANTS	Million €	Ch.16/15
Restaurants	33,39	9,1%
Counters	62,85	15,9%
Concessions &Catering	10,52	-7,3%
Total Sales	106,76	11,0%

Benefiting from a more favorable context for the restaurants sector Ibersol grew more than the market, with particular emphasis on the performance of the Pizza Hut.

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

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

During the semester we closed five units located in Highways whose concession periods came to an end, namely five cafetarias and two Pan's. Going on with the adjustment of the offer in the restaurants located in Highways with less traffic we also closed two Pan's units, maintaining only the cafetaria service. The Group has also decided to discontinue Pizza Hut contract in CoimbraShopping as well as a Cafetaria concession contract .

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

In Spain we converted a franchised unit into an equity one.

At the end of the period the Group operated 372 own restaurants, as shown below:

Nº of Restaurants	**2015**	**2016**			**2016**
	31-Dec	**Openings**	**Transfer**	**Closings**	**30-Jun**
PORTUGAL	**304**	**5**		**11**	**298**
Own Stores	**303**	**5**		**11**	**297**
Pizza Hut	92	1		1	92
Okilo+MIIT	6				6
Pans+Roulotte	51			4	47
Burger King	54	2			56
KFC	18				18
Pasta Caffé	10				10
Quiosques	9				9
Flor d`Oliveira	0				0
Cafetarias	35			5	30
Catering	6	1			7
Concessions & Other	22	1		1	22
Franchise Stores	**1**				**1**
SPAIN	**83**	**0**		**0**	**83**
Own Stores	**66**	**0**		**0**	**67**
Pizza Móvil	33		1		34
Burger King	33				33
Franchise Stores	**17**		**-1**		**16**
ANGOLA	**8**	**0**			**8**
KFC	**7**				7
Pizza Hut	**1**				1
Total Own stores	**377**	**5**		**11**	**372**
Total Franchise stores	**18**	**0**		**0**	**17**
TOTAL	**395**	**5**		**11**	**389**

Results

The consolidated net income of the 1H16 amounted to Eur 8.8 million, Eur 4.7 million above the 1H15 period.

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

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

	30-06-2016	Non- recurring income	Adjusted 30-06-2016	30-06-2015
Operating Income				
Sales	107.750.310		107.750.310	97.249.875
Rendered services	389.995		389.995	337.575
Other operating income	4.628.060	-2.397.758	2.230.302	1.133.695
Total operating income	112.768.365	-2.397.758	110.370.607	98.721.145
Operating Costs				
Cost of sales	26.383.403		26.383.403	23.301.535
External supplies and services	34.261.692		34.261.692	31.094.280
Personnel costs	34.174.983		34.174.983	31.049.468
Amortisation, depreciation and impairment losses	5.442.350		5.442.350	5.101.346
Other operating costs	1.592.841		1.592.841	523.687
Total operating costs	101.855.269	0	101.855.269	91.070.316
Operating Income	10.913.096	-2.397.758	8.515.338	7.650.829
EBITDA	**16.355.446**	**-2.397.758**	**13.957.688**	**12.752.175**
Net financing cost	579.756	-1.570.323	-990.567	-2.361.245
Gaisn (losses) in joint controlled subsidiaries - Equity method	1.880		1.880	7.655
Profit before tax	**11.494.732**	**-3.968.081**	**7.526.651**	**5.297.239**
Income tax expense	2.707.545	-833.297	1.874.248	1.178.521
Net profit	**8.787.187**	**-3.134.784**	**5.652.403**	**4.118.718**

Thus the adjusted net income for the 1st half reached Eur 5.7 million that compares with Eur 4.1 million YoY.

The gross margin in the semester corresponds to 75.6% of turnover (1H15: 76.1%) reflecting a more agressive promotional activity and a strong increase of counters sales.

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

- **Staff costs**: increase of 10.1%, below sales evolution, representing 31.6% of turnover (1H15: 31.8%). Sales increase and the dilution of structure costs compensated the effect of the 5% increase of minimum wage in Portugal.

- **External Supplies and services**: increase of 10.2%, slightly below sales evolution, representing 31.7% of turnover, 0.2 pp less than 1H15. The increase of the maintenance around 18% was compensated by the dillution of other fixed costs.

Other operating income increased by about 1 million corresponding almost entirely to income from consulting services on the first half.

Furthermore other operating costs also increased by about 1.1 million, due to costs associated with closures (0.5 million euro) togehter with exchange rate differences amounting to 520 thousand euro recorded in the Angolan subsidiary, as as result of the AKZ depreciation against foreign currencies which affected some liabilities and assets denominated in external currency.

Therefore the adjusted EBITDA increased by 1.2 million euro and amounted to 14.0 milllion euro, ie 9.5% over the 1H15.

The adjusted consolidated EBITDA margin was 12.9% of turnover that compares with 13.1% YoY.

The consolidated EBIT margin increased from 5.4% of turnover to 7.0%, corresponding to an operating profit of 7.5 million euro.

Adjusted consolidated financial results were negative by 990 thousand euro, around 1.4 million euro less that the same period in 2015, and at the same level of 2014. It must be stressed that in the 1st half of 2015 exchange differences calculated in Angola of 1.4 million euro were recorded under net financing costs.

The average cost of the loans, which stood at 5.4%, was considerably higher than 1H15, Despite the reduction of the rates of the loans over the last twelve months in Europe, the increased weight of financing contracted in Angola (38% of total Group loans) at much higher interest rates than the Group average, originated a 1% increase of the average cost of borrowings.

Balance Sheet

Total Assets amounted to 249 million euro and equity stood at 137 million euro, representing 55% of assets.

During the period profits of 3.6 million euro were distributed to minority shareholders of Ibersande. On the other hand, the company distributed to its Shareholders 1.8 million euro, twice as much the amount of the previous years.

As a characteristic of this business, current assets are lower than current liabilities. Financial allowance stood at 32 million euro, in line with the same period of 2015.

CAPEX reached 8.3 million euro, 75% applied in the expansion programme and the remaining with the refurbishing of some units.

Net debt at 30th June 2016 amounted to 18 million euro, 4 milion euro less than by the end of 2015.

Own Shares

During the first half of 2016 no transactions of treasury stock were registered. Therefore at 30th June 2016 the company held 2,000,000 own shares, representing 10% of the share capital, acquired by Euro 11,179,644, corresponding to an average price per share of Euro 5.59.

The company registered a share capital increase from 20,000,000 to 24,000,000 euro through the incorporation of reserves into equity, as deliberated at the General Assembly. The process of the new shares to the listing and their allocation to Shareholders is underway.

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Risks and Uncertainties

The main risk to activity still is the evolution of private consumption in Portugal and Spain.

In Angola, the devaluation of AKZ associated with some delays in the payments in foreign currency, which are limited to the amount made available by the BNA, significantly increased the foreign exchange risk of the operation in that country.

Outlook

In the second semester we expect to maintain the sales trend that occurred in the first one with a pression over the margins, excluding the effect of the change of TVA rate.

In fact on the 1st July entered into force the legislation that applies the intermediate rate of VAT for catering services provided in relation to food, which should have an effect on sales of the second half between 5 and 6%.

The expanson plan for the second half includes the opening of 14 new units, 3 of them in Angola. We will also carry on our plan of modernazation and refurbishment of the existing ones, mainly Pizza Hut.

Given the current macroeconomic outlook for Angola we foresee to keep on facing the present difficulties to acced to foreign exchange for payments outside the country. Special attention will be given to the foreign exchange risk coverage.

Subsequent Events

This July we released to the market two agreements we achieved subordinated to a few conditions:

- with YUM to convert Pizza Movil in Spain into Pizza Hut;
- with Agrolimen to acquire the total shareholding in Eat-Out, for an amount of around 110 million euro (without net debt). This operation will be financed through bank borrowings. We expect to celebrate the final agreements until the end of 2016.

Porto, 29th August 2016

The Board of Directors,

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António Alberto Guerra Leal Teixeira

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António Carlos Vaz Pinto de Sousa

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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 we hereby declare that as far as is known:

(i) the consolidated financial statements of Ibersol SGPS, SA, referring to the first semester, 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, S.A., and the companies included in the consolidation perimeter; and

(ii) the interim management includes a fair review of the important events that have occurred in the first six months of this year and the impact on the financial statements, together with a description of the main risks and uncertainties for the remaining six months.

Porto, 29 August 2016

António Alberto Guerra Leal Teixeira	Chairman of Board Directors
António Carlos Vaz Pinto Sousa	Member of Board Directors
Juan Carlos Vásquez-Dodero	Member of Board 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	10.981.701	54,91%
António Alberto Guerra Leal Teixeira	1.400	0,01%
António Carlos Vaz Pinto Sousa	1.400	0,01%
Total attributable	**10.984.501**	**54,92%**
Banco BPI, S.A.		
Fundo Pensões Banco BPI	400.000	2,00%
Total attributable	**400.000**	**2,00%**
Magallanes Iberian Equity FI		
Funds	432.628	2,16%
Total attributable	**432.628**	**2,16%**
Bestinver Gestion GGIIC		
Funds	2.512.759	12,56%
Total attributable	**2.512.759**	**12,56%**
Norges Bank		
Directly	**743.147**	**3,72%**
FMR LLC		
Fidelity Managemment & Research Company	**400.000**	**2,00%**

(*)*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.*

The company registered a share capital increase from 20,000,000 to 24,000,000 euro through the incorporation of reserves into equity, as deliberated at the General Assembly. The process of the new shares to the listing and their allocation to Shareholders is underway

Corporate Governing Bodies Information

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

Board of Directors	Date	Acquisictions		Sales		Balance at
		shares	av pr	shares	av pr	30.06.2016
António Alberto Guerra Leal Teixeira						
DUNBAR- SERVIÇOS E GESTÃO SA (1)						9.996
Ibersol SGPS, SA						1.400
António Carlos Vaz Pinto Sousa						
CALUM- SERVIÇOS E GESTÃO SA (2)						9.996
Ibersol SGPS, SA						1.400

(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	10.981.701

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 2016.

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

Consolidated Financial Statements

30 June 2016

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

ASSETS	Notes	30-06-2016	31-12-2015
Non-current			
Tangible fixed assets	7	139.992.386	141.633.142
Goodwill	8	40.509.009	40.509.009
Intangible assets	8	11.531.792	11.431.871
Deferred tax assets		3.256.690	3.294.546
Financial investments - joint controlled subsidiaries		2.419.771	2.417.891
Other financial investments		425.153	402.591
Other financial assets	14	15.085.648	7.098.836
Other non-current assets		1.364.243	1.408.996
Total non-current assets		**214.584.692**	**208.196.882**
Current			
Stocks		8.211.020	7.711.071
Cash and bank deposits		15.101.397	14.471.082
Income tax receivable		561.053	144.108
Other current assets	15	10.569.378	10.793.400
Total current assets		**34.442.848**	**33.119.661**
Total Assets		**249.027.540**	**241.316.543**

EQUITY AND LIABILITIES	Notes	30-06-2016	31-12-2015
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	9	24.000.000	20.000.000
Own shares	9	-11.179.644	-11.179.644
Conversion Reserves		-1.977.064	-850.439
Legal Reserves		0	4.000.001
Other Reserves & Retained Results		116.414.921	107.372.132
Net profit in the year		8.872.365	10.582.266
		136.130.578	**129.924.316**
Non-controlling interest	10	977.718	5.121.687
Total Equity		**137.108.296**	**135.046.003**
LIABILITIES			
Non-current			
Loans	14	37.851.214	25.309.774
Deferred tax liabilities		10.079.744	10.046.125
Provisions		2.062.128	861.962
Derivative financial instrument		176.437	181.602
Other non-current liabilities		225.289	239.713
Total non-current liabilities		**50.394.812**	**36.639.176**
Current			
Loans	14	10.509.891	18.125.529
Accounts payable to suppl. and accrued costs		39.958.398	41.398.168
Income tax payable		2.457.990	1.390.543
Other current liabilities	15	8.598.153	8.717.124
Total current liabilities		**61.524.432**	**69.631.364**
Total Liabilities		**111.919.244**	**106.270.540**
Total Equity and Liabilities		**249.027.540**	**241.316.543**

The Board of Directors,

IBERSOL S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2016 AND 2015

(values in euros)

	Notes	30-06-2016	30-06-2015
Operating Income			
Sales	5	107.750.310	97.249.875
Rendered services	5	389.995	337.575
Other operating income	6	4.628.060	1.133.695
Total operating income		112.768.365	98.721.145
Operating Costs			
Cost of sales		26.383.403	23.301.535
External supplies and services		34.261.692	31.094.280
Personnel costs		34.174.983	31.049.468
Amortisation, depreciation and impairment losses	7 e 8	5.442.350	5.101.346
Other operating costs		1.592.841	523.687
Total operating costs		101.855.269	91.070.316
Operating Income		10.913.096	7.650.829
Net financing cost	16	579.756	-2.361.245
Gaisn (losses) in joint controlled subsidiaries - Equity method		1.880	7.655
Profit before tax		**11.494.732**	**5.297.239**
Income tax expense		2.707.545	1.178.521
Net profit		**8.787.187**	**4.118.718**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-1.126.625	-523.477
TOTAL COMPREHENSIVE INCOME		**7.660.562**	**3.595.241**
Net profit attributable to:			
Owners of the parent		8.872.365	4.185.261
Non-controlling interest		-85.177	-66.543
		8.787.187	4.118.718
Total comprehensive income attributable to:			
Owners of the parent		7.745.740	3.661.784
Non-controlling interest		-85.177	-66.543
		7.660.562	3.595.241
Earnings per share:	9		
Basic		**0,46**	**0,23**
Diluted		**0,46**	**0,23**

The Board of Directors,

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

	Notes	2nd TRIMESTER (unaudited) 2016	2015
Operating Income			
Sales	5	54.942.956	50.128.062
Rendered services	5	240.025	188.632
Other operating income	6	658.495	592.517
Total operating income		55.841.476	50.909.211
Operating Costs			
Cost of sales		13.452.716	12.079.822
External supplies and services		17.540.655	15.803.086
Personnel costs		17.364.915	15.842.086
Amortisation, depreciation and impairment losses	7 e 8	2.724.675	2.617.207
Other operating costs		407.556	241.769
Total operating costs		51.490.517	46.583.970
Operating Income		4.350.959	4.325.241
Net financing cost	16	-471.270	-2.212.595
Gaisn (losses) in joint controlled subsidiaries - Equity method		10.189	3.093
Profit before tax		**3.889.878**	**2.115.739**
Income tax expense		966.312	328.990
Net profit		**2.923.566**	**1.786.749**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-167.575	-623.413
TOTAL COMPREHENSIVE INCOME		**2.755.991**	**1.163.336**
Net profit attributable to:			
Owners of the parent		2.959.206	1.814.081
Non-controlling interest		-35.639	-27.332
		2.923.566	1.786.749
Total comprehensive income attributable to:			
Owners of the parent		2.791.631	1.190.668
Non-controlling interest		-35.639	-27.332
		2.755.991	1.163.336
Earnings per share:	9		
Basic		**0,14**	**0,10**
Diluted		**0,14**	**0,10**

The Board of Directors,

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

		Assigned to shareholders								
	Note	**Share Capital**	**Own Shares**	**Conversion Reserves**	**Legal Reserves**	**Other Reserves & Retained Results**	**Net Profit**	**Total parent equity**	**Non-controlling interest**	**Total Equity**
Balance on 1 January 2015		20.000.000	-11.179.644	68.631	4.000.001	100.691.623	7.756.088	121.336.699	4.976.886	126.313.585
Changes in the period:										
Application of the consolidated profit from 2014:										
Transfer to reserves and retained results						6.766.088	-6.766.088	-		-
Conversion reserves - Angola				-523.477				-523.477		-523.477
Net consolidated income in the six month period ended on 30 June 2015							4.185.261	4.185.261	-66.543	4.118.718
Total changes in the period		-	-	-523.477	-	6.766.088	-2.580.827	3.661.784	-66.543	3.595.241
Net profit							**4.185.261**	**4.185.261**	**-66.543**	**4.118.718**
Total comprehensive income								3.661.784	-66.543	3.595.241
Transactions with capital owners in the period										
Application of the consolidated profit from 2014:										
Paid dividends							-990.000	-990.000		-990.000
		-	-	-	-	-	-990.000	-990.000	-	-990.000
Balance on 30 June 2015		**20.000.000**	**-11.179.644**	**-454.846**	**4.000.001**	**107.457.711**	**4.185.261**	**124.008.483**	**4.910.343**	**128.918.826**
Balance on 1 January 2016		20.000.000	-11.179.644	-850.439	4.000.001	107.372.132	10.582.266	129.924.316	5.121.687	135.046.003
Changes in the period:										
Application of the consolidated profit from 2015:										
Transfer to reserves and retained results						10.582.266	-10.582.266	-		-
Share capital increase		4.000.000			-4.000.001			-		-
Non-controlling interest change	4					260.522		260.522	-260.522	-
Conversion reserves - Angola				-1.126.625				-1.126.625		-1.126.625
Net consolidated income in the six month period ended on 30 June 2016							8.872.365	8.872.365	-85.177	8.787.187
Total changes in the period		4.000.000	-	-1.126.625	-4.000.001	10.842.788	-1.709.901	8.006.262	-345.699	7.660.562
Net profit							**8.872.365**	**8.872.365**	**-85.177**	**8.787.187**
Total comprehensive income								7.745.740	-85.177	7.660.562
Transactions with capital owners in the period										
Application of the consolidated profit from 2015:										
Paid dividends	10					-1.800.000		-1.800.000	-3.798.270	-5.598.270
		-	-	-	-	-1.800.000	-	-1.800.000	-3.798.270	-5.598.270
Balance on 30 June 2016		**24.000.000**	**-11.179.644**	**-1.977.064**	**-**	**116.414.920**	**8.872.365**	**136.130.578**	**977.718**	**137.108.296**

The Board of Directors,

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

	Note	Six months period ending on June 30	
		2016	**2015**
Cash Flows from Operating Activities			
Receipts from clients		107.467.096	97.362.793
Payments to supliers		-65.764.614	-58.844.835
Staff payments		-25.184.310	-21.902.459
Payments/receipt of income tax		-705.510	-233.843
Other paym./receipts related with operating activities		1.100.551	-3.264.454
Flows from operating activities (1)		**16.913.213**	**13.117.202**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments			
Tangible fixed assets		2.770	18.978
Intangible assets			
Investment benefits		4.608	82.738
Interest received	16	1.943.062	91.000
Payments for:			
Financial Investments		22.562	17.450
Other financial assets	14	6.451.791	
Tangible fixed assets		10.983.947	8.224.865
Intangible assests		974.326	758.062
Other			
Flows from investment activities (2)		-16.482.186	-8.807.661
Cash flows from financing activities			
Receipts from:			
Loans obtained	14	9.970.128	2.355.871
Payments for:			
Loans obtained		2.326.945	3.403.633
Amortisation of financial leasing contracts		75.773	
Interest and similar costs		1.316.293	942.327
Dividends paid	10	5.598.270	990.000
Flows from financing activities (3)		652.847	-2.980.089
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**1.083.874**	**1.329.452**
Perimeter changes effect			
Exchange rate differences effect		-540.267	78.458
Cash & cash equivalents at the start of the period		14.425.207	13.471.613
Cash & cash equivalents at end of the period		**14.968.814**	**14.879.523**

The Board of Directors,

IBERSOL SGPS, S.A.

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA ("Company" or "Ibersol") has its head office at Praça do Bom Sucesso, Edifício Península n.º 105 a 159 – 9º, 4150-146 Porto, Portugal. Ibersol's subsidiaries (jointly called the Group), operate a network of 389 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Kentucky Fried Chicken, Burger King, O' Kilo, Roulotte, Café Sô, Quiosques, Pizza Móvil, Miit, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffee counters and other concessions. The group has 372 units which it operates and 17 units under a franchise contract. Of this universe, 83 are headquartered in Spain, of which 67 are own establishments and 16 are franchised establishments, and 8 in Angola.

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

2. MAIN ACCOUNTING POLICIES

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

2.1 Presentation basis

These consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS), as applied in the European Union and in force on 01 January 2016, mainly with the international standard nº. 34 – Interim Financial Report.

3. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

	Company	Head Office	% Shareholding		
			Jun-16	Jun-15	Dec-15
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	80%	80%	80%
	Ibersol Madeira e Açores Restauração, S.A.	Funchal	100%	100%	100%
	Ibersol - Hotelaria e Turismo, S.A.	Porto	100%	100%	100%
	Iberking Restauração, S.A.	Porto	100%	100%	100%
	Iberaki Restauração, S.A.	Porto	100%	100%	100%
	Restmon Portugal, Lda	Porto	61%	61%	61%
	Vidisco, S.L.	Vigo - Espanha	100%	100%	100%
	Inverpeninsular, S.L.	Vigo - Espanha	100%	100%	100%
	Ibergourmet Produtos Alimentares, S.A.	Porto	100%	100%	100%
	Ferro & Ferro, Lda.	Porto	100%	100%	100%
	Asurebi SGPS, S.A.	Porto	100%	100%	100%
	Charlotte Develops, SL	Madrid-Espanha	100%	100%	100%
	Firmoven Restauração, S.A.	Porto	100%	100%	100%
(c)	IBR - Sociedade Imobiliária, S.A.	Porto	100%	98%	98%
	Eggon SGPS, S.A.	Porto	100%	100%	100%
	Anatir SGPS, S.A.	Porto	100%	100%	100%
	Lurca, SA	Madrid-Espanha	100%	100%	100%
	Q.R.M.- Projectos Turísticos, S.A	Porto	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%
(c)	Gravos 2012, S.A.	Porto	100%	98%	98%
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) Changes resulting from intra-group sale of 10% of the subsidiary IBR by Ibersande subsidiary to subsidiary Asurebi.

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

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

4.2. Alterations to the consolidation perimeter

4.2.1. Acquisition of new companies

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

4.2.2. Disposals

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

4.2.3. Change in % shareholding

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

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

5. INFORMATION PER SEGMENT

Ibersol monitors the business based on following segmentation:

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

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

30 June 2016	**Restaurants**	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Total Group**
Inter-segment client	-	-	-	-	-
External client	34.417.524	62.862.493	10.699.674	160.614	108.140.305
Total sales and services	**34.417.524**	**62.862.493**	**10.699.674**	**160.614**	**108.140.305**
Royalties	1.535.736	2.924.655	112.932	-	4.573.323
Rent and condominiums	3.967.773	5.421.698	1.756.200	-	11.145.671
Cost of sales	6.866.224	16.835.302	2.681.877	-	26.383.403
Operating cash-flow (EBITDA)	**3.516.049**	**8.676.077**	**4.163.320**	**-**	**16.355.446**
Amortisation, depreciation and impairment losses	1.290.106	3.169.299	863.294	119.651	5.442.350
Operating income (EBIT)	**2.225.943**	**5.506.778**	**3.300.026**	**-119.651**	**10.913.096**

30 June 2015	**Restaurants**	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Total Group**
Inter-segment client	-	-	-	-	-
External client	31.870.566	54.227.173	11.327.984	161.727	97.587.450
Total sales and services	**31.870.566**	**54.227.173**	**11.327.984**	**161.727**	**97.587.450**
Royalties	1.356.865	2.447.788	90.325	-	3.894.978
Rent and condominiums	3.825.142	4.915.392	1.694.848	-	10.435.382
Cost of sales	6.608.635	13.851.341	2.841.560	-	23.301.535
Operating cash-flow (EBITDA)	**2.726.433**	**8.706.309**	**1.319.641**	**-207**	**12.752.175**
Amortisation, depreciation and impairment losses	1.454.825	2.647.185	872.133	127.203	5.101.346
Operating income (EBIT)	**1.271.608**	**6.059.124**	**447.508**	**-127.411**	**7.650.829**

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

30 JUNE 2016	Portugal (1)	Espanha	Grupo
Restaurants	82.382.153	24.374.890	106.757.043
Merchandise	234.000	759.267	993.267
Rendered services	118.687	271.308	389.995
Total sales and services	**82.734.840**	**25.405.465**	**108.140.305**
Tangible fixed and intangible assets	133.368.913	18.155.265	151.524.178
Goodwill	7.605.482	32.903.527	40.509.009
Deferred tax assets	2.869.377	387.313	3.256.690
Financial investments - joint controlled subsidiaries	2.419.771	-	2.419.771
Other financial investments	425.153	-	425.153
Other financial assets	15.085.648	-	15.085.648
Other non-current assets	-	1.364.243	1.364.243
Total non-current assets	**161.774.344**	**52.810.348**	**214.584.692**

30 JUNE 2015	Portugal (1)	Espanha	Grupo
Restaurants	73.691.769	22.491.326	96.183.095
Merchandise	263.079	803.701	1.066.780
Rendered services	158.643	178.932	337.575
Total sales and services	**74.113.491**	**23.473.959**	**97.587.450**
Tangible fixed and intangible assets	127.254.200	19.156.435	146.410.635
Goodwill	7.691.061	32.903.527	40.594.588
Deferred tax assets	216.499	377.389	593.888
Financial investments - joint controlled subsidiaries	2.456.508	-	2.456.508
Other financial investments	387.508	-	387.508
Other financial assets	-	-	-
Other non-current assets	-	1.441.907	1.441.907
Total non-current assets	**138.005.776**	**53.879.258**	**191.885.034**

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

6. UNUSUAL AND NON-RECURRING FACTS AND SEASON ACTIVITY

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

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

In the restaurant segment season activity is characterized by 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.

7. TANGIBLE FIXED ASSETS

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

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

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress (1)	Total
30 June 2016						
Initial net amount	11.963.649	104.743.084	18.657.418	5.857.177	411.815	141.633.142
Changes in consolidat perimeter	-	-	-	-	-	-
Currency conversion	-766.994	-1.746.464	-766.671	-227.865	-19.700	-3.527.694
Additions	75.880	2.685.579	1.397.615	447.920	2.767.216	7.374.210
Decreases	-	448.312	130.966	8.360	64.023	651.661
Transfers	-	38.143	6.509	5.228	-96.501	-46.621
Depreciation in the year	-	2.111.444	2.174.989	502.555	-	4.788.988
Deprec. by changes in the perim.	-	-	-	-	-	-
Impairment in the year	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Final net amount	**11.272.535**	**103.160.586**	**16.988.916**	**5.571.545**	**2.998.807**	**139.992.386**
30 June 2016						
Cost	11.272.535	148.198.403	74.603.581	19.234.282	2.998.807	256.307.610
Accumulated depreciation	-	37.338.844	57.261.043	13.627.380	-	108.227.266
Accumulated impairment	-	7.698.973	353.623	35.358	-	8.087.954
Net amount	**11.272.535**	**103.160.586**	**16.988.916**	**5.571.545**	**2.998.807**	**139.992.386**

(1) changes in the six months period ended on 30 June 2016 are due, mainly, to KFC and PH restaurants in Angola.

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

8. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	Jun-16	Dec-15
Goodwill	40.509.009	40.509.009
Intangible assets	11.531.792	11.431.871
	52.040.801	**51.940.880**

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

	Goodwill	Industrial property	Other intangible Assets	Intangible Assets in progress	Total
1 January 2015					
Cost	42.456.266	21.231.044	5.969.250	2.487.970	72.144.530
Accumulated amortization	-	8.322.510	5.290.418	-	13.612.928
Accumulated impairment	1.861.678	2.511.522	70.110	-	4.443.310
Net amount	**40.594.588**	**10.397.012**	**608.722**	**2.487.970**	**54.088.293**
31 December 2015					
Initial net amount	40.594.588	10.397.012	608.722	2.487.970	54.088.293
Changes in consolidat. perimeter	-	-	-	-	-
Currency conversion	-	-77.506	-	-37.454	-114.960
Additions	-	2.242.182	109.736	442.757	2.794.675
Decreases	-	7.075	71.086	-	78.161
Transfers	-85.579	66.401	-	-2.134.239	-2.153.417
Amortization in the year	-	1.141.796	302.608	-	1.444.404
Amortiz. by changes in the perimeter	-	-	-	-	-
Impairment in the year	-	1.151.148	-	-	1.151.148
Impairment reversion	-	-	-	-	-
Final net amount	**40.509.009**	**10.328.070**	**344.764**	**759.034**	**51.940.880**
31 December 2015					
Cost	42.370.687	23.375.701	5.918.825	759.034	72.424.247
Accumulated amortization	-	9.386.529	5.534.246	-	14.920.775
Accumulated impairment	1.861.678	3.661.102	39.815	-	5.562.594
Net amount	**40.509.009**	**10.328.070**	**344.764**	**759.034**	**51.940.880**

	Goodwill	Industrial property	Other intangible Assets	Intangible Assets in progress (1)	Total
30 June 2016					
Initial net amount	40.509.009	10.328.070	344.764	759.034	51.940.880
Changes in consolidat. Perimeter	-	-	-	-	-
Currency conversion	-	-95.984	-	-129.664	-225.648
Additions	-	733.568	-	303.159	1.036.727
Decreases	-	501	-	66.661	67.162
Transfers	-	3.150	-	-3.150	-
Amortization in the year	-	568.086	75.910	-	643.996
Amortiz. by changes in the perimeter	-	-	-	-	-
Impairment in the year	-	-	-	-	-
Impairment reversion	-	-	-	-	-
Final net amount	**40.509.009**	**10.400.217**	**268.854**	**862.718**	**52.040.801**
30 June 2016					
Cost	42.370.687	23.831.144	5.687.177	862.718	72.751.726
Accumulated amortization	-	9.769.825	5.409.722	-	15.179.547
Accumulated impairment	1.861.678	3.661.102	8.601	-	5.531.380
Net amount	**40.509.009**	**10.400.217**	**268.854**	**862.718**	**52.040.801**

(1) balance on 30 June 2016 concerns, mainly, to the 3 restaurants in Angola to open.

Industrial property includes group's concessions and territorial rights.

Goodwill is broken down as shown bellow:

	Jun-16	Dec-15
Restaurants	11.104.988	11.104.988
Counters	25.349.831	25.349.831
Concessions and Catering	3.874.469	3.874.469
Other, write off and adjustments	179.721	179.721
	40.509.009	**40.509.009**

9. INCOME PER SHARE

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

	Jun-16	Jun-15
Profit payable to shareholders	8.872.365	4.185.261
Mean weighted number of ordinary shares issued	21.355.556	20.000.000
Mean weighted number of own shares	-2.135.556	-2.000.000
	19.220.000	18.000.000
Basic earnings per share (€ per share)	0,46	0,23
Earnings diluted per share (€ per share)	0,46	0,23
Number of own shares at the end of the year	2.400.000	2.000.000

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

10. DIVIDENDS

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

In the first semester of the year there were also paid 3.798.270 euros dividend to a minority shareholder of the subsidiary Ibersande.

11. CONTINGENT ASSETS AND LIABILITIES

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

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

	Jun-16	**Dec-15**
Bank guarantees	2.032.978	1.875.027

Bank guarantees are related mainly to concessions and rents.

12. COMMITMENTS

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

13. IMPAIRMENT

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

	Jun-16					
	Starting balance	**Transfer**	**Impairment assets disposals**	**Losses in the Year**	**Impairment reversion**	**Closing balance**
Tangible fixed assets	9.633.672	-	-1.545.717	-	-	8.087.955
Goodwill	1.861.678	-	-	-	-	1.861.678
Intangible assets	3.700.917	-	-31.214	-	-	3.669.703
Stocks	74.981	-	-	-	-	74.981
Other current assets	1.442.527	2.045	-	-15.358	-33.951	1.395.263
Other non current assets	134.342	-2.045	-	-	-	132.297
	16.848.116	-	-1.576.931	-15.358	-33.951	15.221.876

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

14. FINANCIAL RISK MANAGEMENT

14.1 Financial risk factors

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

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

a) Market risk

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

The main source of the Group's exposure arises from the investment outside the euro area of operation that develops in Angola, although it is still small is growing and consequently 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 $ 1.750.000, 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. The difficulty in paying the imports have been increasing and the liabilities of the Angolan subsidiary in foreign currency has increased. The adopted policy is liability coverage in foreign currency assets indexed to USD (Angolan State Treasury Bonds, presented under Other financial assets of the Consolidated Statement of Financial Position). In the first semester has been invested 6.451.791 euros in this type of obligations, and to this end was the same amount financing contracted (which largely justifies the increased loans face line by December 31, 2015).

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

Jun-16

Euro exchange rates (x foreign currency per 1 Euro)	Rate on June, 30 2016	Average interest rate June 2016
Kwanza de Angola (AOA)	185,083	182,113

Dec-15

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2015	Average interest rate year 2015
Kwanza de Angola (AOA)	147,842	134,409

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

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

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

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

The unpaid debt bears variable interest rate, part of which has been the object of an interest rate swap. The interest rate swap to hedge the risk of a 8,75 million euros (commercial paper programmes) loan has the maturity of the underlying interest and the repayment plan identical to the terms of the loan.

Based on simulations performed on 30 June 2016, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 112 thousand euros.

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

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

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

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

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

At the end of June 2016 current liabilities reached 62 million euros, compared with 34 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 2016 the renewal of the commercial paper programmes (3.750.000 euros). However, in case of need, cash and cash equivalents and cash flows from operations are sufficient to settle current loans.

On June 30, 2016, the use of short term liquidity cash flow support was less than 2%. Investments in term deposits and other application of 15.1 million euros, match 31% of liabilities paid.

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

	to June 2017	from June 2017 to 2028
Bank loans and overdrafts	6.604.122	19.678.378
Commercial paper	3.750.000	17.750.000
Suppliers of fixed assets c/ a	7.275.020	-
Suppliers c/ a	21.580.673	-
Leasing suppliers	155.769	422.836
Other creditors	10.087.355	225.289
Accrued costs	11.102.705	-
Total	60.555.644	38.076.503

d) Capital risk

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

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

	Jun-16	Dec-15
Bank loans	48.361.105	43.435.303
Other financial assets	-15.085.648	-7.098.836
Cash and bank deposits	-15.101.397	-14.471.082
Net indebtedness	18.174.060	21.865.385
Equity	137.108.296	135.046.003
Total capital	155.282.356	156.911.388
Gearing ratio	12%	14%

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

14.2 Estimated fair value

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

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

15. <u>OTHER CURRENT ASSETS AND LIABILITIES</u>

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

Other current assets

	Jun-16	Dec-15
Clients	4.418.693	3.688.266
State and other public entities	93.268	203.710
Other debtors	2.805.883	4.876.466
Advances to suplliers	1.174.498	94.089
Accruals and income	1.740.984	1.591.708
Deferred costs	1.731.315	1.781.688
Other current assets	**11.964.641**	**12.235.927**
Accumulated impairment losses	1.395.263	1.442.527
	10.569.378	**10.793.400**

Other current liabilities

	Jun-16	Dec-15
Other creditors	2.012.099	1.986.777
State and other public entities	5.617.266	6.020.854
Deferred income	968.788	709.493
	8.598.153	8.717.124

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

16. NET FINANCING COST

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

	2016	2015
Interest paid	1.093.656	571.393
Interest earned (1)	-1.952.083	-21.446
Currency exchange differences (2)	-14.544	1.416.572
Payment discounts obtained	-4.447	-4.944
Other financial costs and income	297.662	399.670
	-579.756	2.361.245

(1) 2016 balance is essentially the compensatory interest of Aenor (Note 6).
(2) in 2015, the devaluation of Kwanza (AOA) against major currencies, with particular emphasis to the USD, gave potential unfavorable exchange differences in Angola for updating of assets and liabilities in foreign currency. In 2016, this exchange rate adjustment was recognized in other operating costs (about EUR 0.5 million).

17. TRANSACTIONS WITH RELATED PARTIES

The related parties of Ibersol group are:

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

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

- Joint controlled entities – UQ Consult

With respect to the balances and transactions with related entities, the overall value of the balances and transactions of the Group with the joint controlled UQ Consult relates mainly to support services and management information systems, and was, respectively, 730.968 and 1.213.830 euros.

- Administrators

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

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

1. The impact of the adoption of the standards and interpretations that became effective as of 1 January 2016 is as follows:

Standards:

a) Annual Improvements 2010 – 2012. The 2010-2012 annual improvements affects: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and 38, and IAS 24. The adoption of this amendment had no impact on the financial statements of the Entity.

b) IAS 19 (amendment), 'Defined benefit plans – Employee contributions'. This amendment applies to contributions from employees or third parties to defined benefit plans and aims to simplify the accounting when contributions are not associated to the number of years of service. This standard is not applicable to the entity, which has no defined benefit plans.

c) IAS 1 (amendment), 'Disclosure initiative'. This amendment provides guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements, the disclosure of accounting policies and OCI items presentation when arising from investments measured at equity method. The adoption of this amendment had no impact on the financial statements of the Entity.

d) IAS 16 and IAS 38 (amendment), 'Acceptable methods of depreciation and amortisation calculation'. This amendment clarifies that the use of revenue-based methods to calculate the depreciation / amortization of an asset is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an asset. It shall be applied prospectively. The adoption of this amendment had no impact on the financial statements of the Entity.

e) IAS 16 and IAS 41 (amendment), 'Agriculture: bearer plants'. This amendment defines the concept of a bearer plant and removes it from the scope of IAS 41 – Agriculture, to the scope of IAS 16 – Property, plant and equipment, with the consequential impact on measurement. However, the produce growing on bearer plants will remain within the scope of IAS 41 - Agriculture. This standard is not applicable to the entity.

f) IAS 27 (amendment), 'Equity method in separate financial statements'. This amendment allows entities to use equity method to measure investments in subsidiaries, joint ventures and associates in separate financial statements. This amendment applies retrospectively. The adoption of this amendment had no impact on the financial statements of the Entity.

g) IFRS 11 (amendment), 'Accounting for the acquisition of interests in joint operations. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business, through the application of IFRS 3's principles. The adoption of this amendment had no impact on the financial statements of the Entity.

h) Annual Improvements 2012 - 2014. The 2012-2014 annual improvements affects: IFRS 5, IFRS 7, IAS 19 and IAS 34. The adoption of this amendment had no impact on the financial statements of the Entity.

2. The following amendments to existing standards have been published and are mandatory for the accounting periods beginning on or after 1 January 2016, but that are not yet endorsed by the EU:

Standards:

a) Amendment to IFRS 10, 12 and IAS 28, 'Investment entities: applying consolidation exception'' (effective for annual periods beginning on or after 1 January 2016). This amendment is still subject to endorsement by the European Union. This amendment clarifies that the exemption from the obligation to prepare consolidated financial statements by investment entities applies to an intermediate parent which is a subsidiary of an investment entity. The policy choice to apply the equity method, under IAS 28, is extended to an entity which is not an investment entity, but has an interest in an associate, or joint venture, which is an investment entity. The adoption of this amendment had no impact on the financial statements of the Entity.

3. The following standards and amendments to existing standards have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, but that are not yet endorsed by the EU:
Standards:

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

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

c) IFRS 2, '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 on the consolidated financial statements of future periods.

d) IFRS 9 (new), 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). This standard is still subject to endorsement by the European Union. IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and recognition. It is not expected that its application has significant impacts on the consolidated financial statements of future periods.

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

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

g) IFRS 16 (new), 'Leases' (effective for annual periods beginning on or after 1 January 2019). This standard is still subject to endorsement by European Union. This new standard replaces the IAS 17 with a significant impact on the accounting by lessees that are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". It is not expected that its application has significant impacts on the consolidated financial statements of future periods.

19. <u>SUBSEQUENT EVENTS</u>

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

a) by agreement with YUM! Restaurants International, owner of the brand Pizza Hut, the operation developed in Spain by its subsidiary company Vidisco, SL will be developed under the brand "Pizza Hut". The conversion process of the brands from "Pizza Movil" to "Pizza Hut" will be extended throughout the next year.

b) by contract signed on July 29, 2016 with the Restaurant Group AGROLIMEN, based in Barcelona, Ibersol promises to acquire the entire share capital of Eat-Out Group, that holds a major position in the Spanish food market through different brands: Pans & Co, Ribs, FresCo and Dehesa Santa Maria, and a significant presence in the Travel segment, operating in several Airports in Spain. Total amount about 110 million euros.

20. <u>APPROVAL OF THE FINANCIAL STATEMENTS</u>

The financial statements were approved by the Board of Directors and authorised for emission on 29th August 2016.

Limited Review Report on Consolidated Financial Statements

(Free Translation from the original in Portuguese)

Introduction

1 In accordance with the Portuguese Securities Market legislation ("Código dos Valores Mobiliários") we present the limited review report on the consolidated financial information for the period of six months ended 30 June 2016 of Ibersol, SGPS, SA, comprising the consolidated Management Report, the consolidated statement of financial position (which shows total assets of Euros 249,027,540 and total shareholder's equity of Euros 137,108,296, which includes Non-Controlling Interests of 977,718 euros and a net profit of Euros 8,872,365), the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended and the corresponding notes to the accounts.

2 The amounts included in the financial statements, as well other additional information, are derived from accounting registers.

Responsibilities

3 It is the responsibility of the Company's Management: (a) to prepare consolidated financial statements which present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations the changes in consolidated equity and the consolidated cash-flows; (b) to prepare historic financial information in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, in particular the International Accounting Standard nº 34 – Interim Financial Information, and which is complete, true, timely, clear, objective and lawful as required by the Portuguese Securities Market Code; (c) to adopt appropriate accounting policies and criteria; (d) to maintain adequate systems of internal control; and (e) to disclose any relevant fact that has influenced the activity, financial position or results of the company and its subsidiaries.

4 Our responsibility is to verify the consolidated financial information presented in the financial statements referred to above, namely as to whether it is complete, true, timely, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report on this information based on our review.

Scope

5 We conducted our limited review in accordance with International Standard on Review Engagements (ISRE 2410), which require that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial statements are free of material misstatement. Our limited review consisted, principally, in inquiries and analytical procedures designed to evaluate: (i) the faithfulness of the assertions in the financial information; (ii) the adequacy and consistency of the accounting principles adopted, taking into account the circumstances; (iii) the applicability, or not, of the going concern basis; (iv) the overall presentation of the financial statements; and (v) verification of the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

6 Our review also covered the verification that the information included in the consolidated Management Report is consistent with the information contained in the consolidated financial statements.

7 We believe that our review provides a reasonable basis for our limited review report.

Opinion

8 Based in our limited review, which was performed in order to provide a moderate level of assurance, nothing has come to our attention that cause us to conclude that the consolidated financial statements of the period of six months ended 30 June 2016 contain material errors that affect their conformity with the International Financial Reporting Standards (IFRS), as adopted in the European Union, in particular the International Accounting Standard nr. 34 – Interim Financial Information, and the information there included is not complete, true, timely, clear, objective and lawful.

Report on other requirements

9 Based in our limited review, nothing has come to our attention that cause us to conclude that the information included in the Consolidated Management Report is not in accordance with the information contained in the consolidated financial statements.

29 August 2016

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

Hermínio António Paulos Afonso, R.O.C.