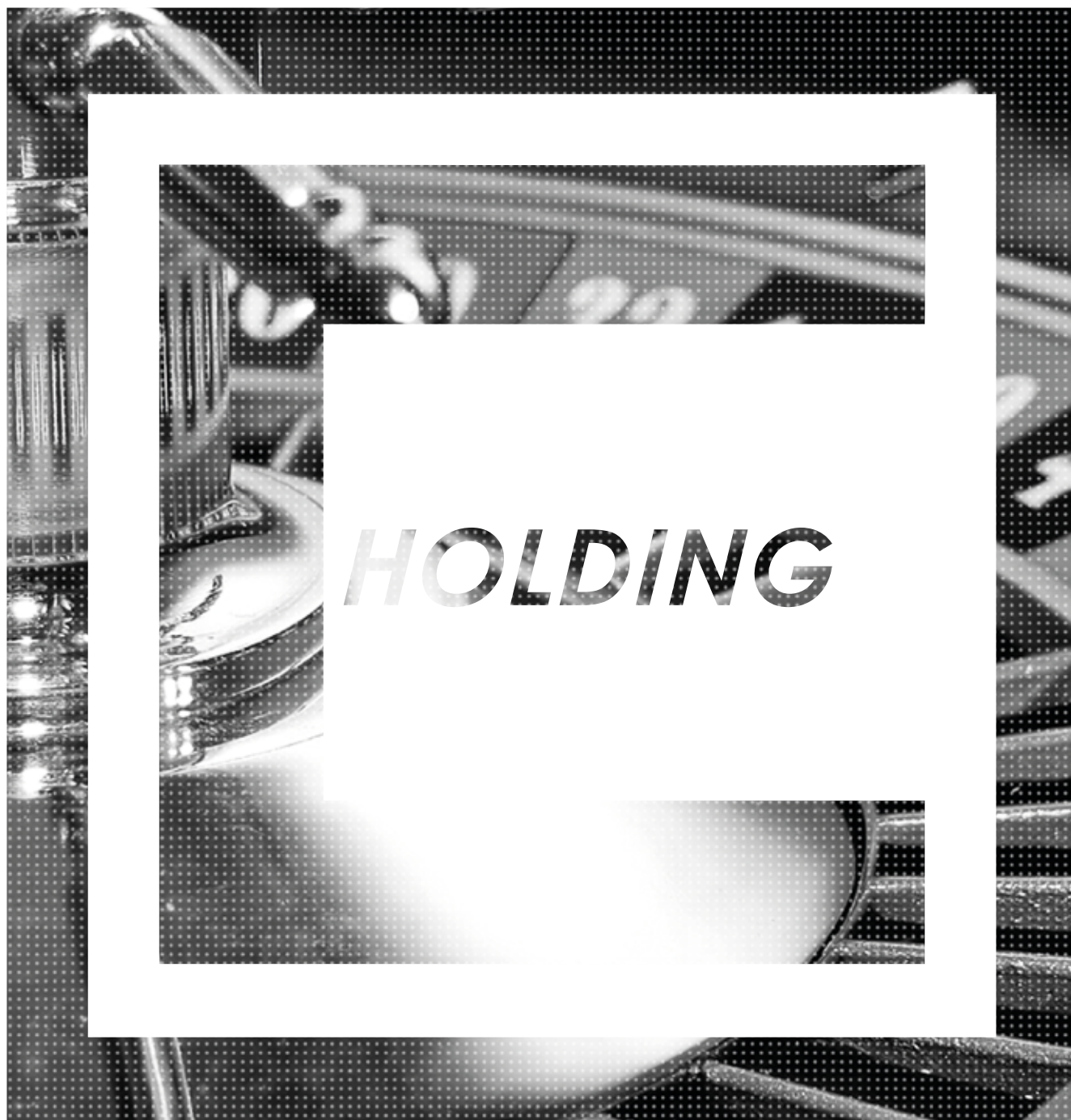






## MANAGEMENT REPORT AND ACCOUNTS



ESTORIL-SOL, S.G.P.S., S.A.

1<sup>ST</sup> QUARTER 2017







# INDEX



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# GOVERNING BODIES



## BOARD OF THE ANNUAL GENERAL MEETING

### Chairman

Pedro Canastra de Azevedo Maia

### Deputy Chairman

Tiago Antunes da Cunha Ferreira de Lemos

### Secretary

Marta Horta e Costa Leitão Pinto Barbosa

## ADVISORY BOARD

### Chairman

Rui José da Cunha

## REMUNERATION COMMITTEE

Pansy Catilina Chiu King Ho

Jorge Armindo de Carvalho Teixeira

Calvin Ka Wing Chann

## BOARD OF DIRECTORS

### Chairman

Stanley Hung Sun Ho

### Deputy Chairman

Mário Alberto Neves Assis Ferreira

Patrick Wing Ming Huen

### Members

Pansy Catilina Chiu King Ho

Ambrose Shu Fai So

Man Hin Choi

António José de Melo Vieira Coelho

Vasco Esteves Fraga

Jorge Armindo de Carvalho Teixeira

Calvin Ka Wing Chann

Miguel António Dias Urbano de Magalhães Queiroz

## EXECUTIVE COMMITTEE

### Chairman

Pansy Catilina Chiu King Ho

### Deputy Chairman

Jorge Armindo de Carvalho Teixeira

Vasco Esteves Fraga

Calvin Ka Wing Chann

## AUDIT BOARD

### Chairman

Mário Pereira Pinto

### Members

António José Alves da Silva

Manuel Martins Lourenço

### Alternate

Armando do Carmo Gonçalves

## COMPANY SECRETARY

### Secretary

Carlos Alberto Francisco Farinha

### Alternate

Artur Alexandre Conde de Magalhães Mateus

## STATUTORY AUDITOR

Lampreia, Viçoso & Associado, SROC, Lda.,  
representada por José Martins Lampreia







# INTERIM MANAGEMENT REPORT



## 1. THE COMPANY

Estoril Sol, S.A. was incorporated on 25 June 1958 and its company object is “the operation of the gambling concession, on an exclusive basis, in the Estoril permanent area, including other related trade and industries”.

On 18 March 2002, ESTORIL-SOL, S.A. modified its legal status to “Holding Company, S.G.P.S.”, Public Corporation, thereby no longer directly conducting any business activities, and such business is now to be conducted by various associated undertakings which have been incorporated for this purpose.

The Company held indirectly through subsidiaries interests in the tourism sector, in particular, in gaming activities at casinos. The Company owns the Game Concessions of Estoril (Casino do Estoril and Casino Lisboa) and Póvoa de Varzim. Since July 2016 the Company also began exploring the online gambling activity through one of its subsidiaries.

During the first quarter of the year we monitor regularly and in detail the current management of the subsidiaries, giving particular attention and support to streamline processes and control costs.

## 2. SHARE CAPITAL, SHARES AND DIVIDEND

At 31<sup>st</sup> March 2017, the share capital of ESTORIL-SOL, S.G.P.S., S.A. was 59.628.420 Euros, represented by 11.993.684 shares with a nominal unit value of 5 (five) Euros, of which 6.116.779 were registered shares and 5.876.905 bearer shares.

At the time this report was prepared, ESTORIL SOL, S.G.P.S., S.A. held 62.565 treasury shares, with no trading taking place during the financial year.

During the first quarter of 2017, the Company, did not sold or acquired own shares.

The Company's shares are listed on the Lisbon Stock Exchange since February 14, 1986 — **2.A.**

The price and trading volume of Estoril-Sol, S.G.P.S., S.A. securities, on the dates of reporting to the market during the year 2017 were according table **2.B.**

As at March 31<sup>st</sup>, 201 the Company had two reference shareholders, which control 90,46% of the share capital, as infographics **2.C.**

## 3. ESTORIL-SOL GROUP

On March 31<sup>st</sup>, 2017, ESTORIL-SOL, S.G.P.S., S.A. had the following stakes in the following subsidiaries:

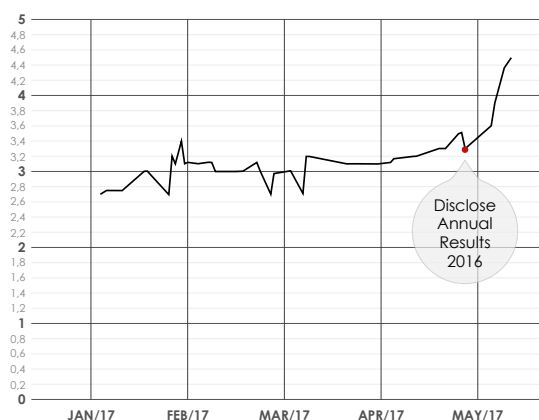
### ESTORIL-SOL (III) - TURISMO ANIMAÇÃO E JOGO, S.A.

Incorporated on 26 July 2001, headquartered in Estoril, the social object of which is the operation of games of chance in areas where this is permitted by law and, in addition, may also operate in the tourism, hotel, restaurant and entertainment industries, as well as providing consultancy services in those areas of activity. This company operates the Estoril and Lisbon Casinos. Its share capital of EUR 34.000.000 is 100% held by ESTORIL-SOL, S.G.P.S., S.A.

### ESTORIL-SOL DIGITAL – ONLINE GAMING PRODUCTS AND SERVICES, S.A.

With a Share Capital of EUR 500.000 is 50% held by ESTORIL-SOL (III) –TURISMO, ANIMAÇÃO E JOGO, S.A. The Company was founded in September 2015 in order to apply for an online gaming license. The license was issue during July 2016 and the Company immediately started exploring the online gambling activity.

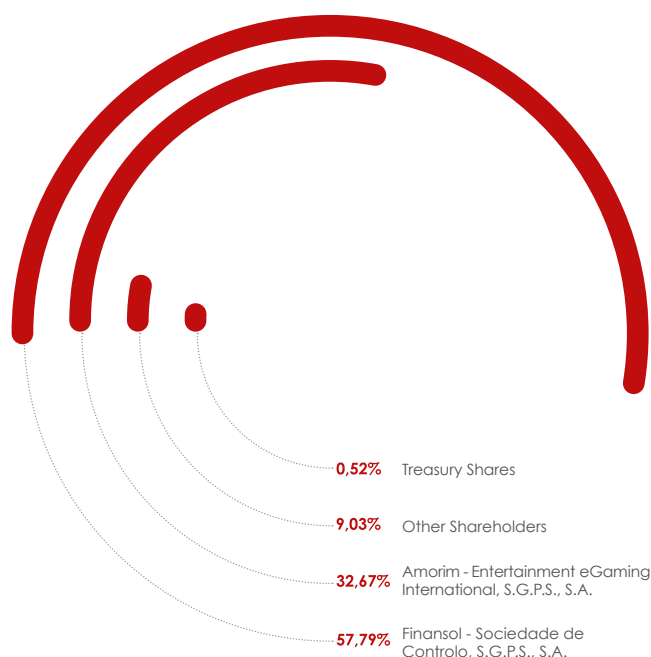
## 2.A Estoril-Sol, S.G.P.S., S.A. Shares Price - Evolution



## 2.B Date for disclosing Estoril-Sol, S.G.P.S., S.A., information

Disclosure	Date	Qtd	Price (Euros)			
			Open	High	Low	Close
Annual Results for 2016	28-04-2017	42	3,30	3,30	3,30	1,35

## 2.C Company Shareholders



Within the online gaming activities, which is carried out through Estoril Sol Digital, Online Gaming Products and Services, S.A, a subsidiary company of Estoril Sol (III) – Turismo, Animação e Jogo, S.A., a company owned by the issuer (Estoril-Sol, S.G.P.S., S.A.), signed with Vision Gaming Holding Limited, a company based in Malta, an association agreement, through which it holds a minority interest, corresponding to 49.9998% of the share capital of Estoril Sol Digital, keeping the Estoril Sol (III) S.A. most of the capital and votes in that company (Estoril Sol Digital, Online Gaming Products and Services, S.A.).

### VARZIM SOL - ANIMAÇÃO, TURISMO E JOGO, S.A.

Headquartered in Póvoa de Varzim, has the social object, in particular, of operating the gambling concession of Póvoa de Varzim. This company operates the Póvoa de Varzim Casino. It has a share capital of EUR 33.650.000, 100% held by ESTORIL SOL, S.G.P.S., S.A..

### ESTORIL-SOL (V) - Investimentos Imobiliários, S.A.

Its share capital of EUR 50.000 is fully paid up by ESTORIL-SOL, S.G.P.S., S.A.. The Company is now idle, but owns a site located on maritime land in the parish of Ericeira.

### DTH - DESENVOLVIMENTO TURÍSTICO E HOTELEIRO, S.A.

With a share capital of EUR 2.429.146 is 100% held by ESTORIL-SOL, S.G.P.S., S.A.. It owns a plot of land in Monte Estoril, where the former Miramar Hotel stood.

### ESTORIL-SOL IMOBILIÁRIA, S.A.

With a share capital of EUR 7.232.570, it is 100% owned by ESTORIL SOL, S.G.P.S., S.A.. Its social object is the construction, promotion, management and sale of tourist complexes and real estate.

### ESTORIL-SOL - INVESTIMENTOS HOTELEIROS, S.A.

With a share capital of EUR

10.835.000 is 90% held by ESTORIL SOL, S.G.P.S., S.A., with the remaining 10% being held by the company itself.

### ESTORIL SOL E MAR - Investimentos Imobiliários, S.A.

With a share capital of EUR 1.286.000, is fully paid up by ESTORIL-SOL, S.G.P.S., S.A..

## 4. ESTORIL-SOL FINANCIAL ANALYSIS – 1<sup>ST</sup> QUARTER SUMMARY

### GAME REVENUES

The growth cycle of gaming revenues remained during the first quarter of 2017. The total gross game revenues of the Estoril Sol Group (territorial and online) amounted to 49,9 million Euros, with an overall growth of 7,5% (0% territorial game), to which contributed the online revenues nonexistent in the first quarter of 2016 (game revenues detailed by casino in graphics 2.A and 4.B).



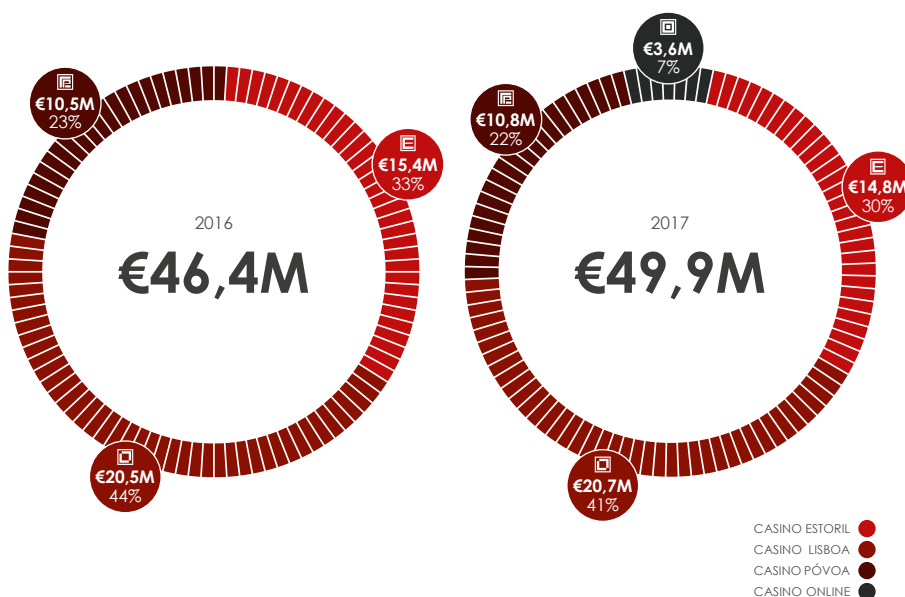


\* Holds 10% of its Share Capital

4.A Game Revenues - 1<sup>st</sup> Quarter  
(Million Euros)



4.B Game Revenues Detailed by Casino - 1<sup>st</sup> quarter 2016 and 2017



## GROUP CONSOLIDATED RESULTS

In the first quarter of 2017 the Group's Consolidated EBITDA increased by 26% and amounted to Euro 9,9 million Euros.

As at 31<sup>st</sup> March 2017 the Group reported positive consolidated net results of 4,5 million Euros — 4.C.

## PERFORMANCE BY SEGMENT/CASINO

With the exception of Casino do Estoril, all other casinos in the Group improve their performance in the first quarter of 2017 compared to last year.

In the first quarter of 2017, Casino do Estoril and Casino da Póvoa still have net negative results. To be remarked the fact that all casinos, without exception, achieved a positive EBITDA (operational results).

Casino Online started its activity in July 2016, and for this same reason there were no comparable data compared to the previous year — 4.D.

## CAPEX

Pursuing a very careful selection of the investments, the Group made investments (CAPEX) during the first three months of 2017 in the total amount of approximately 0,3 million Euros — 4.E.

## FINANCIAL DEBT

In a concerted effort to financial stability and less dependence on third parties, the Group has consistently reduced its bank debt, this reduction resulted in a significant decrease in financial costs incurred by the Group.

By the end of March 2017 the Group bank debt was 35,2 million Euros — 4.F.

## 5. FINANCIAL ANALYSIS – CONSOLIDATED ACCOUNTS

### TERRITORIAL

In Portugal, the gambling activity in land based casinos is developed by four business groups that exploit, under a public concession, the eleven casinos existing in the national territory.

The Estoril-Sol Group, through its subsidiaries, operates three of the four biggest casinos in Portugal, accounting for 64% of net income and taxes paid and generated by the activity in Portugal.

Revenues from gambling in Portugal during the first quarter of 2017 amounted to approximately 71,7 million Euros, almost the same (0% growth rate) as last year first quarter.

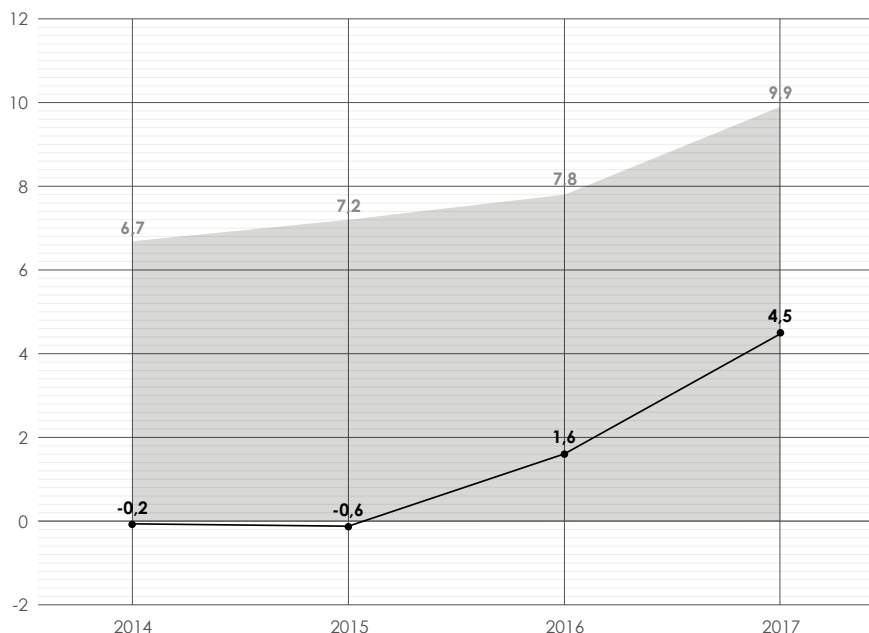
In the same period the Group territorial game revenues achieved 46,4 million Euros, an non-relevant increase of 0,1% — 5.A.



#### 4.C EBITDA/Consolidated Net Income

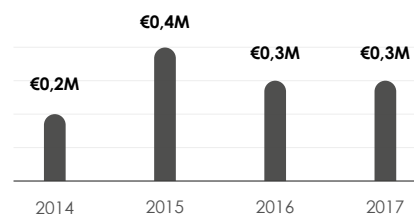
(Million Euros)

■ EBITDA — Consolidated Net Income



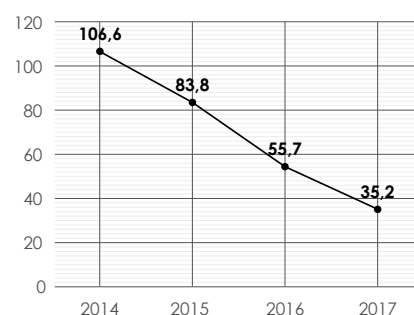
#### 4.E Capex

(Million Euros)

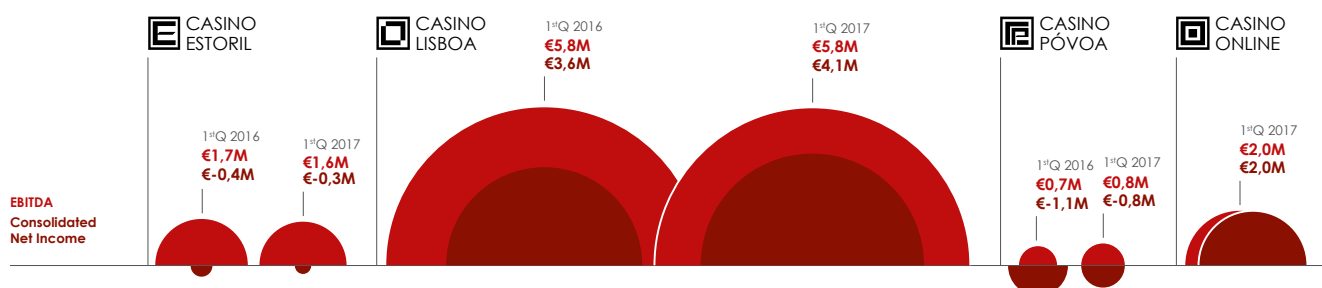


#### 4.F Bank Debt - March

(Million Euros)



#### 4.D EBITDA/Consolidated Net Income (Million Euros)



## ONLINE

On the 28<sup>th</sup> June 2015 the online gambling regulation approved by decree-law 66/2015 entered into force.

The issue of the first license occurred one year later, in May 2016, it was a sports betting license.

The second license issued by the Turismo de Portugal took place in July 2016 and also for sports betting.

In July 2016 the first online casino license was issued. This license was granted to the Estoril-Sol Group on July 25<sup>th</sup>, 2016, and the Group started operations on the same day. Since then two more licenses have been issued, totaling to this date three online casino licenses allotted — 5.B.

Estoril-Sol Group recorded online gaming revenues during the first quarter of 2017 in the amount of 3,6 million Euros.

During the first quarter of 2017, the Group recorded combined gross game revenues, territorial and online, of 49,9 million Euros, with an overall growth of 7,5%, which was contributed by the online gaming revenues, nonexistent in the first quarter of 2016. Net from gaming taxes, the Group's total game revenues amounted to 24,9 million Euros, an increase of 12,2% over the 22,1 million Euros achieved in the first quarter of the previous year.

The effective tax rate borne by the Group in the first quarter of 2017 was 50% compared to 52% in 2016, and this was offset by the fact that online gaming revenues are taxed at a rate ranging from 15% to 30% depending on the volume of the revenues achieved.

The other operating revenues of Estoril-Sol, restaurant and entertainment, increased by 12% to 2,1 million Euros. The Group's 5,8% increase in operating costs reflects the Group's investment in streamlining and increasing the entertainment, leisure and restaurant offer in the casinos, but mainly reflects the strong investment in marketing and advertising carried out by the Group in the first quarter of 2017 related with the online casino operation. This strong commitment and investment during the first quarter of 2017 and second half of 2016 from the Group, proved to be essential to obtain the good results of this new operation, the online casino.

Estoril-Sol Group improve its operating results in almost 27%, and reached for the first quarter of 2017 a positive EBITDA of 9,9 million Euros.

In a concerted effort to financial stability and less dependence on third parties, the Group has been successively reducing its bank debt. This reduction resulted in a significant decrease in financial costs incurred by the Group Estoril-Sol, a decrease of 51% over the first three months of 2017 compared to same period last year. Estoril-Sol supported almost 0,4 million Euros with loan interests during the first quarter of 2017.

The Consolidated Net Profit in the first quarter of 2017 was positive by 4,5 million Euros compared

with earnings of 1,6 million Euros in the previous year. Of these 4,5 million Euros, 3,5 million Euros belong to the shareholders of Estoril-Sol, S.G.P.S., S.A., and the remainder held by minority and non-controlling interests — **5.C.**

## 6. RELEVANT FACTS

During the first quarter of 2013, after a unanimous vote taken at the headquarters of the Portuguese Association of Casinos as well as within the Board of Estoril-Sol, the operating companies from the Group Estoril-Sol, have filed lawsuits against the State in which they seek to be restored the financial balance of Gaming Concessions. Such a claim is founded, among other reasons, because the State, through its actions and omissions has given rise to changes in circumstances that were the basis for the negotiation of the gaming concessions.

Of them highlights the fact that it was assumed for tax basis a continuing and significant increase of gaming revenue throughout the concession period. Despite not having checked this proposition due to the economic climate and as a result of the State attitude in relation to online gambling and illegal gambling, among others, it continued to require them to pay very high taxes, calculated on revenue that the Concessionaires did not obtain. Thus, remained no alternative to the Concessionaires that was not to challenge with the competent Administrative and Fiscal Courts the settlements of tax to which they were presented, and for that purpose submit the necessary judicial guarantees.

However by the time of approval of this report, and despite the fact that all tax settlements were contested by the Group, all taxes are without

exception, or paid or its payment was legally postponed under Decree-Law 1/2015, and for this reason the Group Estoril-Sol does not have any overdue debt related with game taxes (note 16 and 17 to the consolidated accounts).

## 7. SUBSEQUENT FACTS

Between the 31<sup>st</sup> of March 2017 and the date of this report, no relevant facts occurred that could materially affect the financial position and the future results of Estoril-Sol, S.G.P.S., S.A. and the other Companies of the Group.

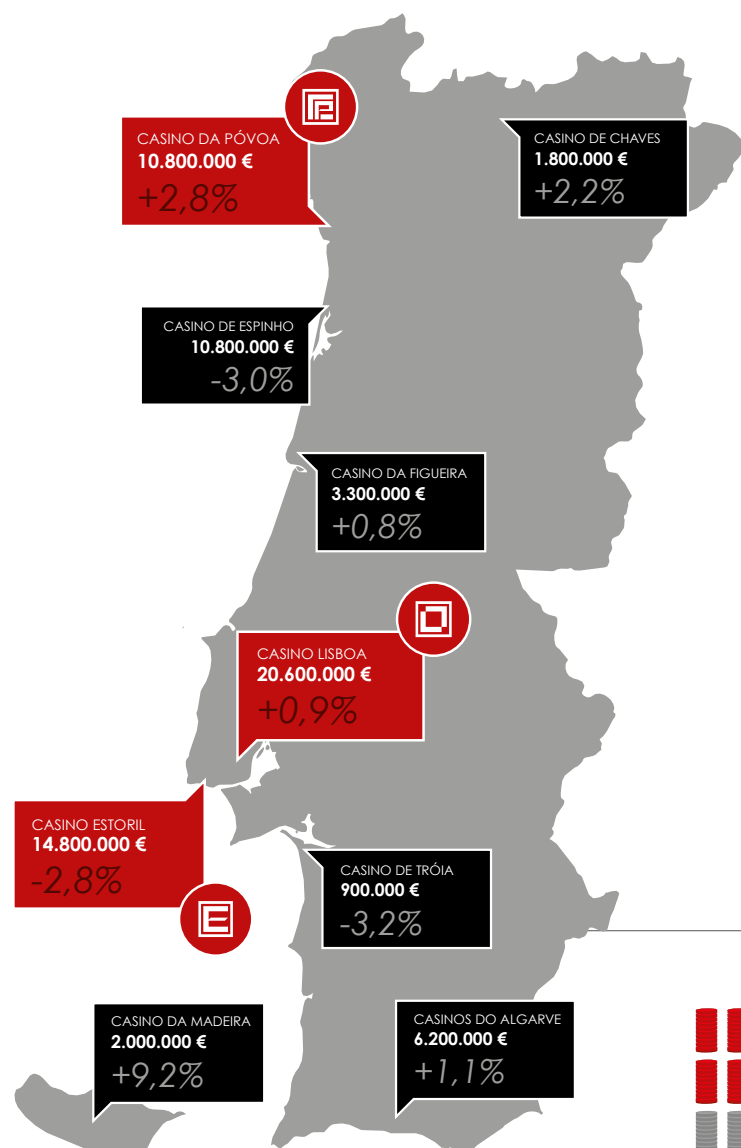
## 8. STATEMENT OF THE BOARD OF DIRECTORS

Within the terms of paragraph c) nº1 of article 246 of Portuguese Securities Code, we hereby inform you that to the best of our knowledge:

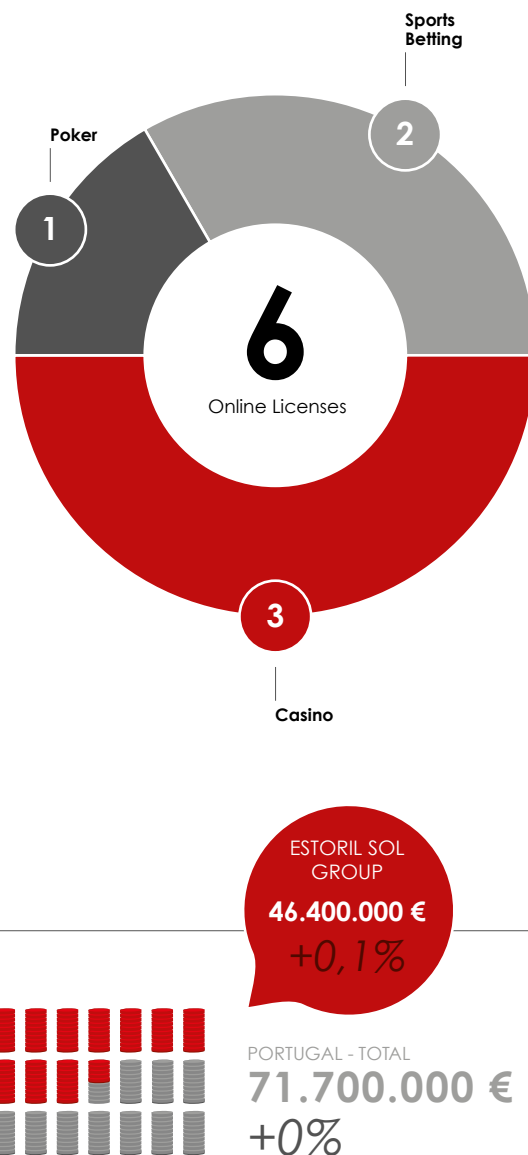
- The information contained in the interim management report is a faithful statement of the evolution of the business, of the performance and of the position of Estoril-Sol, S.G.P.S., S.A., and the companies included within the consolidation perimeter, and contains a description of the main risks and uncertainties which they face;
- The information contained in the consolidated financial statements, as well as their annexes, was produced in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial situation and the results of Estoril-Sol, S.G.P.S., S.A. and the companies included in the consolidation perimeter.

Estoril, 26<sup>th</sup> May, 2017

## 5.A Game Revenues (territorial)



## 5.B Online Licenses



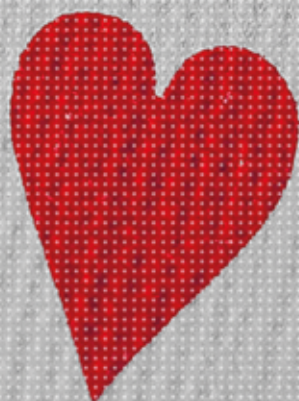
## 5.C Consolidated Income Statement

	March 2017	March 2016	Var. %
Game Revenue	49.896.203	46.420.209	7,5%
Special Gaming Tax	-24.938.950	-24.285.854	a)
Effective Tax Rate	50%	52%	
<b>Game Revenue - Net</b>	<b>24.957.253</b>	<b>22.134.354</b>	<b>12,8%</b>
Other revenue (F&B/Entertainment)	2.179.131	1.945.849	12,0%
Operating costs	-17.209.667	-16.262.052	5,8%
<b>EBITDA</b>	<b>9.926.717</b>	<b>7.818.151</b>	<b>27,0%</b>
Amortization and Depreciation	-4.979.809	-5.360.992	-7,1
Financial Costs	-398.552	-811.048	-51%
Income Tax (IRC)	0	-7.000	-100%
<b>Consolidated Net Result</b>	<b>4.548.357</b>	<b>1.639.112</b>	<b>177%</b>
Equity holders of the Parent Company	3.526.687	1.639.112	
Non-controlling interests	1.021.670	-	
	<b>4.548.357</b>	<b>1.639.112</b>	

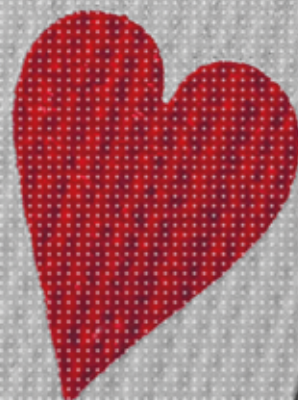
a) Includes the amounts recorded in "Gaming taxes" as "Special Gaming Tax (current)" and "Annual Gaming Tax (difference to minimum grant)".



A



K





## THE BOARD OF DIRECTORS

### **Chairman**

Stanley Hung Sun Ho

### **Vice-Chairman**

Mário Alberto Neves Assis Ferreira

Patrick Wing Ming Huen

### **Directors**

Pansy Catilina Chiu King Ho

Ambrose Shu Fai So

Man Hin Choi

António José de Melo Vieira Coelho

Vasco Esteves Fraga

Jorge Armino de Carvalho Teixeira

Calvin Ka Wing Chann

Miguel António Dias Urbano de Magalhães Queiroz







# HOLDERS OF QUALIFIED SHAREHOLDINGS



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## **FINANSOL, SOCIEDADE DE CONTROLO, S.G.P.S., S.A.**

On 31<sup>st</sup> March 2017, ESTORIL SOL, S.G.P.S., S.A. held 62.565 treasury shares, and as FINANSOL - SOCIEDADE DE CONTROLO, S.G.P.S., S.A., on 31<sup>st</sup> March 2017, held 6.930.604 shares of ESTORIL-SOL, S.G.P.S., S.A., it was a direct holder of 57,79% of the share capital and 58,09% of the voting rights.

The members of the Board of Directors and of the Advisory Board of the Companies which are controlled by or grouped under ESTORIL-SOL, held 255,698 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 2,1% of the share capital and voting rights.

Therefore, in overall terms, the direct and indirect stake of FINANSOL in the capital of ESTORIL-SOL is 57,79%, and 60,23% to the voting rights.

## **AMORIM - ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., S.A.**

On 31<sup>st</sup> March 2017, ESTORIL-SOL, S.G.P.S., S.A. held 62.565 treasury shares, and, as AMORIM – ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., S.A. held 3.917.793 shares, this company was a direct holder of 32,67% of the share capital and 32,84% of the voting rights of ESTORIL SOL, S.G.P.S., S.A..

Mr. José Américo Amorim Coelho, held 34,915 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 0,29% of the share capital and voting rights. Therefore, in overall terms, the direct and indirect stake of AMORIM - ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., S.A. in the share capital of ESTORIL-SOL, S.G.P.S., S.A. was, on 31<sup>st</sup> March 2017, 32,67% and 33,13% of the voting rights.



# CONSOLIDATED FINANCIAL STATEMENTS

**ESTORIL-SOL, S.G.P.S., S.A.**

## CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION ON MARCH 31<sup>ST</sup>, 2017 AND DECEMBER 31<sup>ST</sup>, 2016

(Amounts in Euros)

	Notes	Mar 2017	Dec 2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Tangible fixed assets:</b>			
Reversible to the State	10	40 356 517	42 654 547
Not reversible to the State	10	55 361 857	55 839 165
Tax deductions on investments		(14 493 888)	(15 399 000)
		<b>81 224 486</b>	<b>83 094 712</b>
<b>Intangible assets:</b>			
	11	<b>52 764 176</b>	<b>55 639 395</b>
Investment properties		197 407	198 795
Other non current assets		44 980	41 907
<b>TOTAL NON-CURRENT ASSETS</b>		<b>134 231 049</b>	<b>138 974 809</b>
<b>CURRENT ASSETS:</b>			
Inventories		6 780 178	6 775 646
Accounts receivable - trade		387 119	327 017
Other accounts receivable		1 682 288	1 500 547
Cash and cash equivalents	12	15 418 436	13 573 389
<b>TOTAL CURRENT ASSETS</b>		<b>24 268 021</b>	<b>22 176 599</b>
<b>TOTAL ASSETS</b>		<b>158 499 070</b>	<b>161 151 407</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Capital	13	59 968 420	59 968 420
Treasury shares	13	(708 306)	(708 306)
Share issue premiums	13	960 009	960 009
Legal Reserves		7 154 428	6 821 678
Other Reserves and Retained earnings		9 210 008	2 987 819
Consolidated net profit		3 526 687	6 554 939
Equity attributable to the holders of the Parent Company		80 111 247	76 584 558
Equity attributable to non-controlling interests	14	2 169 831	1 148 165
<b>TOTAL EQUITY</b>		<b>82 281 078</b>	<b>77 732 723</b>
<b>LIABILITIES:</b>			
<b>Non-current liabilities</b>			
Financial debt	15	1 250 000	1 250 000
Other accounts payable	16	4 310 638	4 310 638
Provisions		8 840 749	8 851 972
<b>Total non-current liabilities</b>		<b>14 401 387</b>	<b>14 412 610</b>
<b>Current liabilities</b>			
Financial debt	15	34 047 600	29 100 739
Other accounts payable	16	27 769 005	39 905 336
<b>Total current liabilities</b>		<b>61 816 605</b>	<b>69 006 074</b>
<b>TOTAL LIABILITIES</b>		<b>76 217 992</b>	<b>83 418 684</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>158 499 070</b>	<b>161 151 407</b>

The notes form an integral part of these financial statements.

## CONSOLIDATED INCOME STATEMENT OF THE PERIODS ENDED ON MARCH 31<sup>ST</sup>, 2017 AND 2016

(Amounts in Euros)

	Notes	31 <sup>st</sup> Mar 2017	31 <sup>st</sup> Mar 2016
<b>REVENUE</b>			
Gaming revenues	6	49 896 203	46 420 209
Gaming taxes	6	(24 938 950)	(24 285 855)
		24 957 253	22 134 354
Other operating revenue	6	2 179 131	1 945 850
		27 136 384	24 080 204
<b>OPERATING EXPENSES</b>			
Cost of sales		(704 046)	(635 300)
Supplies and external services	7	(7 987 523)	(7 083 539)
Wages and salaries	8	(7 851 020)	(7 784 271)
Depreciation and amortization		(4 979 809)	(5 360 992)
Impairments - accounts receivable ((increases)/reversals)		-	450
Impairment of non-depreciable/amortizable investments		(45)	(3 344)
Other operating expenses		(667 033)	(756 048)
Total operating expenses		(22 189 476)	(21 623 044)
Income before financial results and taxes		4 946 908	2 457 160
<b>FINANCIAL (LOSSES) AND GAINS</b>			
Financial losses	9	(410 203)	(818 774)
Financial gains	9	11 651	7 726
		(398 552)	(811 048)
Income before taxes		4 548 357	1 646 112
Income taxes		-	(7 000)
Consolidated Net Income	5	4 548 357	1 639 112
<b>Attributable to:</b>			
Equity holders of the Parent Company		3 526 687	1 639 112
Non-controlling interests	14	1 021 670	-
		4 548 357	1 639 112
Net result per share	18	0,30	0,14

The notes form an integral part of these financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31<sup>ST</sup> MARCH 2017 AND 2016

(Amounts in Euros)

	Share Capital	Treasury Shares	Issue Premiums	Legal Reserve	Other Reserves and Retained Earnings	Consol. Net Result of the Year	Total	Non Controlling Interests (Note 14)	Total Equity
Balance at 1 <sup>st</sup> January 2016	59 968 420	(708 306)	7 820 769	6 614 782	(7 271 176)	4 196 063	70 620 552	-	70 620 552
Application of the consolidated net profit of the year ended 31 <sup>st</sup> December 2015	-	-	-	-	4 196 063	(4 196 063)	-	-	-
Consolidated Other Comprehensive Income (OCI) of the period ended 31 <sup>st</sup> March 2016	-	-	-	-	-	1 639 112	1 639 112	-	1 639 112
<b>Balance at 31<sup>st</sup> March 2016</b>	<b>59 968 420</b>	<b>(708 306)</b>	<b>7 820 769</b>	<b>6 614 782</b>	<b>(3 075 115)</b>	<b>1 639 112</b>	<b>72 259 664</b>	<b>-</b>	<b>72 259 664</b>
Balance at 1 <sup>st</sup> January 2017	59 968 420	(708 306)	960 009	6 821 678	2 987 819	6 554 939	76 584 558	1 148 165	77 732 723
Application of the consolidated net profit of the year ended 31 <sup>st</sup> December 2016	-	-	-	332 750	6 222 189	(6 554 939)	-	-	-
Consolidated Other Comprehensive Income (OCI) of the period ended 31 <sup>st</sup> March 2017	-	-	-	-	-	3 526 687	3 526 687	1 021 670	4 548 357
<b>Balance at 31<sup>st</sup> March 2017</b>	<b>59 968 420</b>	<b>(708 306)</b>	<b>960 009</b>	<b>7 154 428</b>	<b>9 210 008</b>	<b>3 526 687</b>	<b>80 111 247</b>	<b>2 169 831</b>	<b>82 281 078</b>

The notes form an  
integral part of these  
financial statements.

## CONSOLIDATED CASH FLOW STATEMENTS FOR PERIODS ENDED 31<sup>ST</sup> MARCH 2017 AND 2016

(Amounts in Euros)

	Notes	31 <sup>st</sup> Mar 2017	31 <sup>st</sup> Mar 2016
<b>OPERATING ACTIVITIES</b>			
Receipts from clients		51 172 781	47 414 198
Payments to suppliers		(10 116 960)	(8 480 049)
Payments to staff		(6 875 384)	(6 987 896)
Cash flow generated by operations		34 180 437	31 946 254
Payment of income tax		(2 904)	(11 700)
Payment of Special Gaming tax		(33 810 706)	(31 554 846)
Other payments relating to the operating activity		(1 761 399)	(1 741 685)
Cash flow from operating activities (1)		(1 394 572)	(1 361 977)
<b>INVESTING ACTIVITIES</b>			
Receipts from:			
Interest and similar income		11 439	7 726
		11 439	7 726
Payments in respect of:			
Tangible fixed assets		(1 312 916)	(349 857)
		(1 312 916)	(349 857)
Cash flow from investment activities (2)		(1 301 477)	(342 131)
<b>FINANCING ACTIVITIES</b>			
Receipts from:			
Bank loans obtained		91 817 784	93 813 607
		91 817 784	93 813 607
Payments in respect of:			
Bank loans repaid		(86 835 074)	(93 559 765)
Interest and similar costs		(441 615)	(1 075 136)
		(87 276 688)	(94 634 902)
Cash flow from financing activities (3)		4 541 096	(821 295)
Variation in cash and cash equivalents (4) = (1)+(2)+(3)		1 845 047	(2 525 403)
Cash and cash equivalents at the start of the period	12	13 573 389	10 839 350
Cash and cash equivalents at the end of the period		15 418 436	8 313 947

The notes form an integral part of these financial statements.







# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



## 1. INTRODUCTION

The Estoril Sol Group, through its subsidiary and associated companies (Note 4), conducts business in gaming, the restaurant sector, entertainment and also real estate.

Estoril Sol, S.G.P.S, S.A. is the Holding Company of the Estoril Sol Group (“Group”) and the shares representing its share capital are admitted for trading on a regulated market - the Euronext – as such, on 1 January 2005 it was obliged to prepare Consolidated Accounts pursuant to article 3 of Regulation (EC) no. 1606/2002, of the European Parliament and of the Council, of 19 July, following the Portuguese government’s publication of Decree Law no. 35/2005, article 11.

## 2. MAIN ACCOUNTING POLICIES

### 2.1. Bases of presentation

The attached financial statements were prepared on the assumption of the continuity of operations, based on the books and accounting records of the companies included in the consolidation (Note 4), adjusted to comply with the provisions of the IAS 34 as adopted in the European Union and should be read together with the consolidated financial statements for the year ended 31<sup>st</sup> December 2016. The interim financial information now disclose was not subjected to an external audit or limited review

## 3. JUDGMENTS OF VALUE, CRITICAL ASSUMPTIONS AND MAIN SOURCES OF UNCERTAINTY ASSOCIATED TO ESTIMATES

During the period ended on 31<sup>st</sup> March 2017, there were no changes in accounting policies in relation to those used in the preparation and presentation of the financial statements of the year ended on 31<sup>st</sup> December 2016, nor were any material errors recognised relating to previous periods.

## 4. COMPANIES INCLUDED IN THE CONSOLIDATION AND ASSOCIATE COMPANIES

### 4.1 Companies included in the consolidation

The companies included in the consolidation, their registered offices, the method of consolidation adopted and the proportion of the capital effectively held on 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016 are the following:

Name	Head Office	Method of Consolidation	Effective percentage of the capital held	
			Mar 2017	Dec 2016
Estoril-Sol, S.G.P.S., S.A.	Estoril	Integral	Holding Co.	Holding Co.
Estoril-Sol (III) - Turismo, Animação e Jogo, S.A.	Estoril	Integral	100	100
Varzim Sol - Turismo, Jogo e Animação, S.A.	Póvoa de Varzim	Integral	100	100
Estoril-Sol V - Investimentos Imobiliários, S.A.	Estoril	Integral	100	100
DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	Estoril	Integral	100	100
Estoril-Sol Imobiliária, S.A.	Estoril	Integral	100	100
Estoril-Sol - Investimentos Hoteleiros, S.A.	Estoril	Integral	100	100
Estoril-Sol e Mar - Investimentos Imobiliários, S.A.	Estoril	Integral	100	100
Estoril-Sol Digital, Online Gaming Products and Services, S.A.	Estoril	Integral	50	50

Within the online gaming activities, which is carried out through Estoril Sol Digital, Online Gaming Products and Services, S.A., a subsidiary company of Estoril Sol (III) – Turismo, Animação e Jogo, S.A., a company owned by the issuer (Estoril-Sol, S.G.P.S., S.A.), signed with Vision Gaming Holding Limited, a company based in Malta, an association agreement, through which it holds a minority interest, corresponding to 49.9998% of the share capital of Estoril Sol Digital, keeping the Estoril Sol (III) S.A. most of the capital and votes in that company (Estoril Sol Digital, Online Gaming Products and Services, S.A.).

### 4.2 Associate companies

Estoril-Sol, S.G.P.S., S.A. indirectly held on the 1<sup>st</sup> January 2016, 33.33% of the company Parques do Tamariz, S.A., through Estoril Sol Imobiliária, S.A.

These holdings are presented at the value resulting from the equity pick-up method. Using this method, the financial statements include the part attributable to the Estoril Sol Group of the results recognised from the date on which the significant influence starts up to the date on which it effectively ends. Associate companies are entities in which the Estoril Sol Group has between 20% and 50% of the voting rights, or in which the Group has significant influence.

During the first quarter of 2016 the subsidiary company Parques do Tamariz, was dissolved, as it had no longer any assets and did not engage any economic activity. No additional losses resulted from this operation to the Group Estoril-Sol.

## 5. REPORTING BY SEGMENTS

The segments reportable by the Group are based on the identification of segments in line with the financial information that is reported internally to the Board of Directors and which supports the Board in its evaluation of the performance of the businesses and in taking decisions with regard to the allocation of the resources to be used. The segments identified by the Group for reporting by segments, are therefore consistent with the way in which the Board of Directors analyses its business, corresponding to:

- the Estoril Gaming Concession the Estoril Casino and Lisbon Casino;
- the Póvoa de Varzim Gaming Concession the Póvoa Casino;
- the Online gambling license to Casino Online;
- and “Others”, essentially including the effect of the holding companies and of the other operating activities of the Group.

On 31<sup>st</sup> March 2017 and 2016, the information by business segment, is as follows:

#### 31<sup>st</sup> March 2017

	Estoril Game Concession		Sub-Total	Póvoa Game Concession	License for Online Gambling	Other	Total
	Estoril Casino	Lisboa Casino		Póvoa Casino	Casino Online		
Net assets	33 054 865	77 251 150	110 306 016	38 345 863	5 505 918	4 341 273	158 499 070
Net liabilities	18 403 309	24 724 978	43 128 287	26 873 284	1 166 237	5 050 184	76 217 992
Result of the segment	(392 119)	4 097 082	3 704 963	(842 521)	2 043 341	(357 426)	4 548 357
<b>Investment assets:</b>							
Tangible fixed	243 107	-	243 107	783	-	-	243 890

#### 31<sup>st</sup> March 2016

	Estoril Game Concession		Sub-Total	Póvoa Game Concession	License for Online Gambling	Other	Total
	Estoril Casino	Lisboa Casino		Póvoa Casino	Casino Online		
Net assets	38 635 399	80 378 394	119 013 793	49 271 312	-	(803 699)	167 481 406
Net liabilities	27 350 310	33 660 040	61 010 350	29 956 268	-	4 255 127	95 221 745
Result of the segment	(439 966)	3 644 084	3 204 118	(1 066 093)	-	(498 914)	1 639 112
<b>Investment assets:</b>							
Tangible fixed	176 327	70 310	246 637	5 141	-	16 900	268 678

## 6. OPERATING INCOME BY NATURE

The consolidated operating income, in the periods ended on 31<sup>st</sup> March 2017 and 2016, is split in the following manner:

#### 31<sup>st</sup> March 2017

Nature	Estoril Game Concession		Sub-Total	Póvoa Game Concession	License for Online Gambling	Total
	Estoril Casino	Lisboa Casino		Póvoa Casino	Casino Online	
Gaming revenues:						
Slot Machines	11 631 293	16 396 002	28 027 295	8 905 693	3 052 619	39 985 607
Table based gaming	3 211 546	4 303 063	7 514 609	1 941 371	1 036 494	10 492 474
Bonuses and other fair value adjustments	(71 335)	(50 632)	(121 967)	(23 497)	(436 414)	(581 878)
	14 771 504	20 648 433	35 419 937	10 823 567	3 652 699	49 896 203
Gaming taxes:						
Special Gaming Tax (current)	(7 421 420)	(10 349 533)	(17 770 953)	(5 423 532)	(614 247)	(23 808 732)
Annual Gaming Tax (difference to minimum grant)	-	-	-	(1 130 218)	-	(1 130 218)
	(7 421 420)	(10 349 533)	(17 770 953)	(6 553 750)	(614 247)	(24 938 950)
Other operating revenues:						
F&B and Entertainment	965 170	160 479	1 125 649	275 360	-	1 401 009
Tax deductions - Entertainment	275 928	206 991	482 919	184 493	-	667 412
Supplementary income	67 007	9 215	76 222	33 874	-	110 096
Other	512	-	512	102	-	614
	1 308 617	376 684	1 685 302	493 829	-	2 179 131
	8 658 702	10 675 585	19 334 286	4 763 646	3 038 452	27 136 384



31<sup>st</sup> March 2016

31 March 2014

Nature	Estoril Game Concession		Sub-Total	Póvoa Game Concession	License for Online Gambling	Total
	Estoril Casino	Lisboa Casino		Póvoa Casino	Casino Online	
Gaming revenues:						
Slot Machines	11 370 468	16 496 485	27 866 953	8 737 836	-	36 604 789
Table based gaming	3 900 456	4 014 300	7 914 756	1 805 138	-	9 719 894
Bonuses and other fair value adjustments	107 703	(7 230)	100 473	(4 947)	-	95 526
	15 378 627	20 503 555	35 882 182	10 538 027	-	46 420 209
Gaming taxes:						
Special Gaming Tax (current)	(7 635 462)	(10 255 393)	(17 890 855)	(5 271 487)	-	(23 162 341)
Annual Gaming Tax (difference to minimum grant)	-	-	-	(1 123 513)	-	(1 123 513)
	(7 635 462)	(10 255 393)	(17 890 855)	(6 395 000)	-	(24 285 854)
Other operating revenues:						
F&B and Entertainment	728 272	153 676	881 948	235 349	-	1 117 297
Tax deductions - Entertainment	280 209	205 108	485 317	256 194	-	741 511
Supplementary income	72 836	9 238	82 074	2 932	-	85 006
Other	1 587	-	1 587	448	-	2 035
	1 082 904	368 022	1 450 926	494 923	-	1 945 849
	8 826 069	10 616 184	19 442 254	4 637 950	-	24 080 204

Income from the segments comes from transactions with external customers. There are no transactions between segments. The accounting policies of each segment are the same as those of the Group.

## 7. EXTERNAL SUPPLIES AND SERVICES

In the periods ended on 31<sup>st</sup> March 2017 and 2016, external supplies and services were as follows:

	Mar 2017	Mar 2016
Advertising	1 074 080	604 212
Gifts to customers	1 060 528	1 058 708
Subcontracts	1 049 298	977 399
Energy and other fluids	695 640	714 582
Conservation and repairs	624 791	618 027
Cleaning and laundry	612 086	597 904
Rents	530 152	438 131
Royalties	463 204	508 761
Surveillance and security	412 975	374 563
Fees	317 188	180 784
Rents	280 209	277 313
Financial services (comissions)	276 360	146 695
Insurance	269 334	271 373
Communication	130 587	114 805
Travel and hotels	49 840	55 538
Other	141 250	144 744
	<b>7 987 523</b>	<b>7 083 539</b>

## 8. STAFF COSTS

In the periods ended on 31<sup>st</sup> March 2017 and 2016, staff costs were as follows:

	Mar 2017	Mar 2016
Remuneration of governing bodies	748 417	722 324
Remuneration of staff	5 336 793	5 185 528
Indemnities	286	35 438
Charges on remuneration	1 387 220	1 363 298
Insurance	50 067	44 710
Social charges	284 008	267 864
Other	44 229	165 110
	<b>7 851 020</b>	<b>7 784 271</b>

## 9. NET FINANCIAL COSTS

Financial costs and income for the periods ended on 31<sup>st</sup> March 2017 and 2016 is broken down as follows:

	Mar 2017	Mar 2016
<b>FINANCIAL COSTS</b>		
<b>Interest borne</b>		
Financing from banks	(223 537)	(540 347)
Finance and operating leasing	(44 746)	(18 031)
	<b>(268 282)</b>	<b>(558 378)</b>
<b>Other financing costs</b>		
Comissions and similar charges	(141 921)	(260 396)
	<b>(410 203)</b>	<b>(818 774)</b>
<b>FINANCIAL INCOME</b>		
<b>Exchange gains</b>	<b>5 624</b>	<b>4 039</b>
<b>Other</b>	<b>6 027</b>	<b>3 687</b>
	<b>11 651</b>	<b>7 726</b>
<b>NET FINANCIAL COSTS</b>	<b>(398 552)</b>	<b>(811 048)</b>

## 10. TANGIBLE FIXED ASSETS

During the periods ended on 31<sup>st</sup> March 2017 and 2016, the movement in tangible assets, as well as in the respective depreciation and accumulated impairment losses, was as follows:

### January to March 2017

	Land	Buildings and other constructions	Basic Equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
<b>Gross amount:</b>								
Opening balance	16 513 836	197 483 576	120 255 229	66 744	4 386 179	82 292	1 780 940	340 568 796
Acquisitions	-	319	464	-	-	-	243 107	243 890
Adjustments / Transfers	-	-	26 225	-	-	-	-	26 225
Write-off	-	-	(27 214)	(46 000)	(14 659)	-	-	(87 873)
<b>Closing balance</b>	<b>16 513 836</b>	<b>197 483 895</b>	<b>120 254 704</b>	<b>20 744</b>	<b>4 371 520</b>	<b>82 292</b>	<b>2 024 047</b>	<b>340 751 038</b>
<b>Depreciation and accumulated impairment losses:</b>								
Opening balance	-	136 741 249	101 349 388	54 615	3 874 707	81 359	-	242 101 318
Depreciation of the year	-	1 718 282	1 245 150	1 473	43 405	-	-	3 008 310
Write-off	-	-	(26 951)	(35 344)	(14 667)	-	-	(76 962)
<b>Closing balance</b>	<b>-</b>	<b>138 459 531</b>	<b>102 567 587</b>	<b>20 744</b>	<b>3 903 445</b>	<b>81 359</b>	<b>-</b>	<b>245 032 666</b>
<b>Net Amount</b>	<b>16 513 836</b>	<b>59 024 364</b>	<b>17 687 117</b>	<b>-</b>	<b>468 075</b>	<b>933</b>	<b>2 024 047</b>	<b>95 718 374</b>



January to March 2016

	Land	Buildings and other constructions	Basic Equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
<b>Gross amount:</b>								
Opening balance	16 513 836	197 253 396	119 447 590	66 744	4 330 748	82 292	131 617	337 826 223
Acquisitions	-	-	260 616	-	8 058	-	4	268 678
Adjustments / Transfers	-	-	-	-	-	-	(60 938)	(60 938)
Write-off	-	-	(182 383)	-	-	-	-	(182 383)
<b>Closing balance</b>	<b>16 513 836</b>	<b>197 253 396</b>	<b>119 525 823</b>	<b>66 744</b>	<b>4 338 806</b>	<b>82 292</b>	<b>70 683</b>	<b>337 851 580</b>
<b>Depreciation and accumulated impairment losses:</b>								
Opening balance	-	129 470 334	97 760 983	45 412	3 682 050	80 995	-	231 039 774
Depreciation of the year	-	1 926 659	1 464 708	2 484	52 114	180	-	3 446 145
Write-off	-	-	(182 383)	-	-	-	-	(182 383)
<b>Closing balance</b>	<b>-</b>	<b>131 396 993</b>	<b>99 043 308</b>	<b>47 896</b>	<b>3 734 164</b>	<b>81 175</b>	<b>-</b>	<b>234 303 536</b>
<b>Net Amount</b>	<b>16 513 836</b>	<b>65 856 403</b>	<b>20 482 515</b>	<b>18 848</b>	<b>604 642</b>	<b>1 117</b>	<b>70 683</b>	<b>103 548 044</b>

## 11. INTANGIBLE ASSETS

The breakdown of intangible assets on 31<sup>st</sup> March 2017 and 31<sup>st</sup> December 2016 is as follows:

Gaming Concession	March 2017		
	Gross Assets	Accumulated Amortization	Net Assets
<b>Estoril Gaming Concession</b>			
Casino Estoril	153 576 455	(131 323 021)	22 253 434
Casino Lisboa	30 000 000	(22 155 664)	7 844 336
<b>Póvoa Gaming Concession - Casino da Póvoa</b>	<b>77 034 109</b>	<b>(54 395 503)</b>	<b>22 638 606</b>
	<b>260 610 564</b>	<b>(207 874 188)</b>	<b>52 736 376</b>
<b>Intangible assets - Online gaming license (a)</b>	<b>36 000</b>	<b>(8 200)</b>	<b>27 800</b>
	<b>260 646 564</b>	<b>(207 882 388)</b>	<b>52 764 176</b>

Gaming Concession	December 2016		
	Gross Assets	Accumulated Amortization	Net Assets
<b>Prémio da Concessão Jogo do Estoril</b>			
Casino do Estoril	153 576 455	(129 776 774)	23 799 681
Casino de Lisboa	30 000 000	(21 641 378)	8 358 622
<b>Póvoa Gaming Concession - Casino da Póvoa</b>	<b>77 034 109</b>	<b>(53 583 817)</b>	<b>23 450 292</b>
	<b>260 610 564</b>	<b>(205 001 969)</b>	<b>55 608 595</b>
<b>Intangible assets - Online gaming license (a)</b>	<b>36 000</b>	<b>(5 200)</b>	<b>30 800</b>
	<b>260 646 564</b>	<b>(205 007 169)</b>	<b>55 639 395</b>

(a) The Board of Directors of Turismo de Portugal, IP, at a meeting held on 25<sup>th</sup> July 2016, decided under the Legal Framework for Games and Online Betting (RJO), approved by Decree-Law No. 66/2015 of 29 April, assign to Estoril Sol Digital, Online Gaming Products and Services, S.A., a license for online gambling exploration, which will operate under the internet domain [www.estorilsolcasinos.pt](http://www.estorilsolcasinos.pt). This license shall be valid for an initial period of three years from the date of issue, expiring on July 24<sup>th</sup>, 2019, if not renewed, under the terms and conditions set out in RJO. Estoril Sol Digital, began exploring the online gambling activity in the website mentioned above on the same day the license was issued, i.e. 25<sup>th</sup> July 2016.

## 12. CASH AND CASH EQUIVALENTS

On 31<sup>st</sup> March 2017 and 31<sup>st</sup> December 2016, this caption was broken down as follows:

	Mar 2017	Dec 2016
<b>CASH</b>	<b>8 184 258</b>	<b>8 696 631</b>
<b>Bank Deposits:</b>		
Immediately available bank deposits	4 314 386	3 657 733
Long term deposits (a)	2 900 811	1 200 000
<b>Other treasury applications</b>	<b>18 980</b>	<b>19 025</b>
<b>Cash and cash equivalents</b>	<b>15 418 436</b>	<b>13 573 389</b>

## 13. CAPITAL

On 31<sup>st</sup> March 2017 and 31<sup>st</sup> December 2016, the share capital of the Company is represented by 11.993.684 shares, of which 6.116.779 are registered shares and 5.876.905 bearer shares, of a nominal unit value of 5 Euros, which confer the right to a dividend.

The share capital issued by the Company on 31<sup>st</sup> March 2017 and on 31<sup>st</sup> December 2016 is broken down as follows:

	Mar 2017	Dec 2016
Share capital	59 968 420	59 968 420
Treasury shares	(708 306)	(708 306)
Issue premiums	960 009	960 009
	<b>60 220 123</b>	<b>60 220 123</b>

The share capital is represented by the following categories of shares:

Date	Nominal Value	No. of Shares
<b>31<sup>st</sup> of March 2017</b>		
Registered	5€	6 116 779
Bearer	5€	5 876 905
		<b>11 993 684</b>
<b>31<sup>st</sup> of December 2016</b>		
Registered	5€	6 116 779
Bearer	5€	5 876 905
		<b>11 993 684</b>

Treasury shares were acquired by the Company as follows:

Year of Acquisition	No. of Shares	Nominal Value	Total Nominal	Total Premiums	Total
2001	34 900	5	174 500	280 945	455 445
2002	43	5	215	184	399
2007	22	5	110	88	198
2008	27 600	5	138 000	114 264	252 264
<b>Total</b>	<b>62 565</b>		<b>312 825</b>	<b>395 481</b>	<b>708 306</b>

Legal persons with more than a 20% holding in the share capital:

- Finansol, Sociedade de Controlo, S.G.P.S, S.A., with 57,79%
- Amorim – Entertainment e Gaming International, S.G.P.S., S.A., with 32,67%.

## 14. NON-CONTROLLING INTERESTS

On 31<sup>st</sup> March 2017 and 31<sup>st</sup> December 2016, this caption was broken down as follows:

Company	Mar 2017			
	Equity	Profit/(Loss) of the Period	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests
Estoril-Sol Digital, Online Gaming Products and Services, S.A.	4 339 680	2 043 341	2 169 831	1 021 670

Company	Dec 2016			
	Equity	Profit/(Loss) of the Period	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests
Estoril-Sol Digital, Online Gaming Products and Services, S.A.	2 296 340	1 813 718	1 148 165	906 859

Within the online gaming activities, which is carried out through Estoril Sol Digital, Online Gaming Products and Services, S.A., a subsidiary company of Estoril Sol (III) – Turismo, Animação e Jogo, S.A., a company owned by the issuer (Estoril-Sol, S.G.P.S., S.A.), signed with Vision Gaming Holding Limited, a company based in Malta, an association agreement, through which it holds a minority interest, corresponding to 49.9998% of the share capital of Estoril Sol Digital, keeping the Estoril Sol (III) S.A. most of the capital and votes in that company (Estoril Sol Digital, Online Gaming Products and Services, S.A.).

## 15. FINANCIAL DEBT

On 31<sup>st</sup> March 2017 and 31<sup>st</sup> December 2016, this caption was broken down as follows:

Nature of the Financing	Mar 2017		Dec 2016	
	Nominal Value	Balance Sheet Value	Nominal Value	Balance Sheet Value
<b>Non-current financing:</b>				
Bank loans	1 250 000	1 250 000	1 250 000	1 250 000
	1 250 000	1 250 000	1 250 000	1 250 000
<b>Current financing</b>				
Bank loans	7 047 259	6 908 818	7 688 648	7 710 499
Commercial paper	5 750 000	5 834 382	2 500 000	2 449 228
Current accounts	21 304 400	21 304 400	18 930 300	18 930 300
Financial leasing	-	-	10 712	10 712
	<b>34 101 659</b>	<b>34 047 600</b>	<b>29 129 660</b>	<b>29 100 739</b>
	<b>35 351 659</b>	<b>35 297 600</b>	<b>30 379 660</b>	<b>30 350 739</b>

The average interest rates for financing, borne by the Group, including commissions and other charges, come within an interval of between 2% and 4,1%.



Some of the financing operations, mainly bank loans, include commitments to maintain certain financial ratios based on contractually negotiated limits (financial covenants).

These ratios are:

- Net Debt/Ebitda;
- Financial autonomy.

On the 31<sup>st</sup> March 2017 and 31<sup>st</sup> December 2016, these ratios were according the contractually negotiated limits.

The amount classified as non-current bank loans, for a total amount of 1.250.000 Euros, falls due in accordance with the following schedule:

- 1.250.000 Euros in 2018.

Depending on the operating funds that are freed up, we feel the financial risk to which the associated undertakings are exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that assets guarantees are dispensed with for operations under contract.

The amount included in the column “Nominal value” corresponds to the contracted value that is still owing. The column “Balance sheet value” is added to the nominal value of financial charges already incurred but still not due, less interest and or commissions paid in advance.

## 16. OTHER ACCOUNTS PAYABLE

On 31<sup>st</sup> March 2017 and 31<sup>st</sup> December 2016, this caption was broken down as follows:

	Mar 2017	Dec 2016
<b>OTHER ACCOUNTS PAYABLE - NON-CURRENT</b>		
<b>Annual payment - Difference to minimum grant</b>		
Installments payment schedule - approved for 2014	3 734 424	3 734 424
Installments payment schedule - approved for 2015	576 214	576 214
	<b>4 310 638</b>	<b>4 310 638</b>
<b>OTHER ACCOUNTS PAYABLE - CURRENT</b>		
<b>Current suppliers</b>	<b>3 777 564</b>	<b>5 382 419</b>
<b>Suppliers of investments</b>	<b>29 839</b>	<b>1 100 635</b>
<b>State and Public Sector</b>		
Annual gaming payment	4 183 223	11 606 867
Annual payment - Difference to minimum grant		
Decree 1/2015 - 10% over 50% rate of the annual gaming payment	1 130 217	3 241 292
Installments payment schedule - approved for 2015	576 215	576 215
Special Gaming Tax (to be paid next month)	6 329 334	6 541 148
Social Security contributions	653 988	611 667
Other in favour of the State	600 798	1 112 534
<b>Clients advance payments</b>	<b>338 882</b>	<b>338 736</b>
<b>Charges with holidays payable</b>	<b>4 727 950</b>	<b>4 540 311</b>
<b>Responsibilities for accumulated gaming premiums</b>	<b>1 929 394</b>	<b>1 872 791</b>
<b>Other</b>	<b>3 491 601</b>	<b>2 980 721</b>
	<b>27 769 005</b>	<b>39 905 336</b>
	<b>27 769 005</b>	<b>39 905 336</b>

***Clients advance payments:***

The value of “Clients advance payments” relate entirely to the online casino and refer to the balance of the internet website of the online casino, available for playing or withdraw at 23:59; 31<sup>st</sup> March and 31<sup>st</sup> December 2016.

***Annual Gaming Tax (difference to minimum grant):***

The Decree Law n.º 29/88 of 3 August, down in paragraph 1 of Article 3, the concessionaire is obliged to pay an annual payment amounting to 50% of the gross gaming revenues. This payment cannot be, under any circumstances, lower than the values in the table attached to that Decree Law.

The minimum annual contributions were established (prices of the year 2000) by Decree-Law No. 275/2001 of 14 December 2001, by the time the Concessions Contracts were extended by fifteen years more.

At the beginning of the year 2015 the Regulatory-Decree n.º1/2015 of 21<sup>st</sup> January came to approve the split payment in installments of the annual minimum contributions calculated based on Decree-Law 275/2001, subject to prior approval from “Turismo de Portugal” of the payments schedule proposed by the Game Concessionaire Companies.

The Regulatory-Decree n.º1/2015 was applied for the first the time to the amounts related to the year ended December 2014, which initially payment deadline was on January 31<sup>st</sup>, 2015.

The value 4.310.638 Euros registered in the caption “Other accounts payable – non-current”, as “Annual payment – difference to minimum grant” is related to the following instalment payment schedules in accordance with a prior authorization from Turismo de Portugal:

- Instalments payment schedule - approved for 2014, that will be paid in three equal annual instalments of 1.244.808 Euros, on December 31<sup>st</sup>, 2019, 2020 and 2021.
- Instalments payment schedule - approved for 2015, that will be paid in three equal annual instalments of 576.215 Euros, on December 31<sup>st</sup>, 2016, 2017 and 2018. The instalment due in 2017 is recorded as “Other accounts payable – current”.

**17. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS*****Contingent liabilities***

In the normal course of its activity, the Group is involved in diverse legal proceedings. Given the nature of these and the provisions set up, in accordance with studies and opinions of legal consultants, the current expectation is that the respective outcome will not lead to any material effects in terms of the activity undertaken, the asset position and the result of the operations.

The main situations are the following:

- Differences in understanding between the Group and the Tax Authorities over Corporation Tax (IRC), relating to the years 2007, 2008, 2009 and 2010, with regard to the taxation of undocumented expenses in-curred in the course of the gaming activity of subsidiaries that form part of the Group and which operate games of fortune as their main activity. During the year 2013 occurred the 1<sup>st</sup> instance verdict contrary to the allegations and convictions of the Group relating to the process for the years 2007 to 2009. It is the Company’s belief, grounded in favourable opinions from legal

advisers, that a final decision should be favourable, which is why the Group appealed to higher courts. On the date of these financial statements there are also previous legal decisions that are in the Group's favour, as well as judicial jurisprudence which is favourable to the Group on this matter. Even so, on this date the Group has bank guarantees provided in favour of the Finance Office of Cascais amounting to 7.197.635 Euros.

- One of the subsidiaries of the Group made a collective dismissal in 2010 within the terms established in the Law, which affected 112 employees. Some of these contested this procedure and filed a lawsuit in Court trying to have this overturned and for their reintegration as Company staff. The Company and the legal consultants responsible for the case consider that there is a high probability of the Company winning and, therefore, it has set up a provision corresponding only to the legal obligations allowed for in labour legislation in cases of collective dismissal which it will have to pay to the former employees by way of indemnity even if it wins the case. As at 31<sup>st</sup> March 2017 there are 25 former employees with pending litigation related with this dismissal. The provision accrued within the accounts amounts to 733.545 Euros.

- One of the subsidiaries of the Group made a collective dismissal in 2013 within the terms established in the Law, which affected 21 employees. Some of these contested this procedure and filed a lawsuit in Court trying to have this overturned and for their reintegration as Company staff. The Company and the legal consultants responsible for the case consider that there is a high probability of the Company winning and, therefore, it has set up a provision corresponding only to the legal obligations allowed for in labour legislation in cases of collective dismissal which it will have to pay to the former employees by way of indemnity even if it wins the case. As at 31<sup>st</sup> March 2017 there are 14 former employees with pending litigation related with this dismissal. The provision accrued within the accounts amounts to 360.000 Euros.

The Group also sets up diverse technical provisions related with the normal functioning of its main activity, the operation of games of fortune. Among the more significant ones we should highlight:

- The existence of an account payable for a total amount of 1.929.394 Euros in respect of liabilities for accumulated gaming premiums. These liabilities are revised on a monthly basis, according to the accumulated premiums announced in the diverse gaming rooms of the Casinos run by the Group (Note 16).

### ***Guarantees provided***

On 31<sup>st</sup> March 2017 and 31<sup>st</sup> December 2016 the guarantees provided by the Group were as follows:

	Mar 2017	Dec 2016
Obligations related with the Special Gaming Tax	7 250 000	24 494 052
Tax lawsuits in hand / litigation	7 414 888	7 414 888
Current suppliers	39 250	39 250
	<b>14 704 138</b>	<b>31 948 190</b>

During the first quarter of 2017 the Group saw its responsibilities with bank guarantees reduced by 17,2 million Euros, as they were related with the Special Game Tax from the year ended 31<sup>st</sup> December 2016 paid during January 2017 (Note 16).



## 18. CONSOLIDATED RESULTS PER SHARE

The consolidated result per basic share of the years ended on 31<sup>st</sup> March 2017 and 2016 was determined as follows:

	Mar 2017	Mar 2016
Net profit of the Equity holders of the Parent Company	3 526 687	1 639 112
Average weighted number of shares in circulation	11 931 119	11 931 119
<b>Result per basic share</b>	<b>0,30</b>	<b>0,14</b>

Due to the fact that there are no situations that cause dilution, the net result per diluted share is the same as the net result per basic share.





**ESTORIL-SOL, S.G.P.S., S.A.**

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