



## **IBERSOL – SGPS, SA**

**Publicly Listed Company**

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

Sahre Capital: Euro 20.000.000

Commercial Registry: Oporto under the number 501669477

Fiscal Number: 501 669 477

## **CONSOLIDATED RESULTS on 9M14**

### **Unaudited**

- **Turnover of 137.1 million euro**  
*Decrease of 8.3% over the first nine months of 2013.*
- **Consolidated EBITDA reached 18.0 million euro**  
*YoY EBITDA in 2014 increased by 41.7%*
- **Consolidated net profit of 7.0 million euro**  
*Increase of 137% over the same period of 2013*

# REPORT

## Activity

Consolidated turnover of the first nine months of 2014 amounted to 137.1 million euro which compares with 126.6 million euro in the same period of 2013.

For the 8.3% growth of turnover contributed the consumption growth, especially in Portugal, and the opening of the fourth unit in Angola.

In the third quarter, the turnover reached EUR 52 million which represents an increase of 12.7%, confirming the signs of recovery in private consumption, which was reinforced during the summer by unstable climatic conditions very favorable to increased traffic in the shopping malls.

The more favorable context in recent months has allowed an improvement in sales in most concepts, with less impact on the “dining” segment.

The highest increases were recorded in the concepts of “counter” and in the “catering” business this benefiting from a strong increase in the number of events occurred mainly in the city of Lisbon.

During the first nine months, in Portugal we closed six units by a decision not to renew their contracts with the malls, we held the opening of a Burger King in Matosinhos and we started exploring the concession of one more space at Lisbon Airport.

In Spain, we closed the last unit Caffé Pasta and Pizza Móvil unit. In Angola, we held the opening of the fourth KFC in Luanda.

By the end of the third quarter the number of units amounted to 369, as shown below:

Nº of Stores	2013	2014			2014
	31-Dez	Openings	Transfer	Closings	30-Sep
<b>PORTUGAL</b>	<b>302</b>	<b>2</b>		<b>6</b>	<b>298</b>
Own Stores	301	2		6	297
Pizza Hut	93			1	92
Okilo/MMIT	9			1	8
Pans	56			2	54
Burger King	39	1			40
KFC	18				18
Pasta Caffé	14			1	13
Quiosques	10			1	9
Flor d' Oliveira	1				1
Cafetarias	35				35
Catering (SeO,JSCCe Solinca)	6				6
Concessions & Other	20	1			21
Franchise Stores	1				1
<b>SPAIN</b>	<b>89</b>	<b>0</b>		<b>3</b>	<b>86</b>
Own Stores	70	0		2	68
Pizza Móvil	36			1	35
Pasta Caffé	1			1	0
Burger King	33				33
Franchise Stores	19			1	18
<b>ANGOLA</b>	<b>3</b>				<b>4</b>
KFC	3	1			4
<b>Total Own stores</b>	<b>374</b>	<b>2</b>		<b>8</b>	<b>369</b>
<b>Total Franchise stores</b>	<b>20</b>	<b>0</b>		<b>1</b>	<b>19</b>
<b>TOTAL</b>	<b>394</b>	<b>2</b>		<b>9</b>	<b>388</b>

## *Results*

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Consolidated net profit for the first nine months reached EUR 7.0 million, 4 million more than the same period of 2013.

The increase in consolidated net profit stems largely from the good performance of the sales registered in Q3.

The gross margin in the first nine months was 76.8% of turnover, higher than in the same period of 2013. Other operating income increased by 11% slightly above the turnover. Thus, gross profit increased by 9.3%, above the increase in activity.

The adjustment of costs to lower levels of activity performed in the last two years, results into a more flexible cost structure that ensures a significant leverage in profitability whenever a growth in turnover occurs. In fact, there has been a dilution of the different factors:

- An increase of 4.0% in personnel costs, lower than turnover evolution, now represents 31.0% of turnover and compares with 32.1% in the same period of 2013. Focus on the management of brigades, allowed to react efficiently to changes in sales;

- External Supplies and Services which increased by 4.8%, now representing 32.9% of turnover, 110 b.p. below than 2013. The increase in marketing costs by about 10% was offset by the dilution of fixed costs.

The effort to control costs associated with sales growth led to a substantial improvement in operating results. EBITDA increased by € 5.3 million and amounted to EUR 18.0 million, ie 42% more than in the same period of 2013

The EBITDA margin stood at 13.2% of turnover compared with 10.1% in the same period of 2013, reflecting the improvement in the level of activity.

Consolidated EBIT margin was 7.8% of turnover, corresponding to an operating profit of EUR 10.7 million.

The net financing costs reached EUR 1.2 million – a decrease of 210 thousand euro over the first nine months of 2013. The average cost of funds, which stood at 4.2%, although affected by the increased weight of loans contracted in Angola with interest rates much higher than the Group average, shows a downward trend this year following the rates trajectory in Europe.

## *Balance Sheet*

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Total Assets amounted to about EUR 217 million and shareholders' equity stood at EUR 125 million, representing around 58% of the Assets.

As is characteristic of this business, the Current Assets is less than the Current Liabilities. The financial allowance stands at 30 million euros, same as the amount recorded at year end.

Capex amounted to 12 million euro. The expansion has absorbed about 9 million euro and the remainder was allocated to the refurbishment of units.

Net debt reached to 22.8 million euro, 1.6 million lower than the year end.

The cash flow from operations amounted to EUR 18 million allowed the funding all the CAPEX and reduce debt.

## *Own Shares*

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During the first nine months the company not acquired or sold company shares. On 30th September the company held 2,000,000 shares (10% of the capital), with a face value of 1€ each, for an overall acquisition value of 11,179,644 euros, corresponding an average price per share 5.59 euro.

## *Outlook*

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Positive signs for the first nine months should stay at least until the end of the year.

Keeping the costs adjusted to sales will remain as one of the Group's priorities throughout the year.

Already this quarter, there were openings of two units "drive-in" of Burger King - Azores and Braga - and still expected the opening of a unit at the end of the year.

In Angola, we building a unit whose opening is expected in early 2015.

Porto, 17th de November 2014

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*

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

- (i) the consolidated financial statements of Ibersol SGPS, SA, referring to the first nine months, 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 report includes a fair review of the important events that have occurred in the first nine months of this year and the evolution of business performance and the position of all the companies included in consolidation.

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

Chairman of Board Directors  
Member of Board Directors  
Member of Board Directors

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

**Consolidated Financial Statements**

**30th September 2014**

**IBERSOL S.G.P.S., S.A.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION ON 30th SEPTEMBER 2014 AND 31st DECEMBER 2013**  
(values in euros)

<b>ASSETS</b>	<b>Notes</b>	<b>30-09-2014</b>	<b>31-12-2013 restated</b>
<b>Non-current</b>			
Tangible fixed assets	7	126.868.232	121.119.638
Goodwill	8	40.509.009	40.509.009
Intangible assets	8	14.705.826	15.253.659
Deferred tax assets		840.513	951.668
Financial assets - joint controlled entities		2.470.659	2.497.788
Other financial assets		364.876	354.700
Other non-current assets		1.653.164	1.632.344
<b>Total non-current assets</b>		<b>187.412.279</b>	<b>182.318.806</b>
<b>Current</b>			
Stocks		4.942.174	5.031.702
Cash and bank deposits		15.271.435	22.138.608
Income tax receivable		247.291	528.104
Other current assets		8.948.712	8.088.260
<b>Total current assets</b>		<b>29.409.612</b>	<b>35.786.674</b>
<b>Total Assets</b>		<b>216.821.891</b>	<b>218.105.480</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders</b>			
Share capital		20.000.000	20.000.000
Own shares		-11.179.644	-11.179.644
Goodwill		156.296	156.296
Reserves and retained results		104.581.876	101.929.821
Net profit in the year		6.968.528	3.576.462
		<b>120.527.056</b>	<b>114.482.935</b>
Non-controlling interest		4.911.896	4.957.161
<b>Total Equity</b>		<b>125.438.952</b>	<b>119.440.096</b>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Loans		21.344.539	23.417.821
Deferred tax liabilities		9.861.033	9.763.656
Provisions		33.257	98.690
Other non-current liabilities		387.662	413.298
<b>Total non-current liabilities</b>		<b>31.626.491</b>	<b>33.693.465</b>
<b>Current</b>			
Loans		16.743.111	23.108.351
Accounts payable to suppl. and accrued costs		30.180.481	30.399.313
Income tax payable		1.519.876	620.492
Other current liabilities		11.312.980	10.843.763
<b>Total current liabilities</b>		<b>59.756.448</b>	<b>64.971.919</b>
<b>Total Liabilities</b>		<b>91.382.939</b>	<b>98.665.384</b>
<b>Total Equity and Liabilities</b>		<b>216.821.891</b>	<b>218.105.480</b>

The Board of Directors,

**IBERSOL S.G.P.S., S.A.**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER, 2014 AND 2013**  
(values in euros)

	<u>Notes</u>	<u>30-09-2014</u>	<u>30-09-2013</u> <u>restated</u>
<b>Operating Income</b>			
Sales	5	136.617.922	126.165.509
Rendered services	5	436.426	439.707
Other operating income		1.355.030	1.213.051
<b>Total operating income</b>		<u>138.409.378</u>	<u>127.818.267</u>
<b>Operating Costs</b>			
Cost of sales		31.765.035	30.222.256
External supplies and services		45.072.324	43.017.613
Personnel costs		42.428.362	40.675.718
Amortisation, depreciation and impairment losses	7 e 8	7.386.052	7.233.048
Other operating costs		1.105.649	1.170.632
<b>Total operating costs</b>		<u>127.757.422</u>	<u>122.319.267</u>
<b>Operating Income</b>		<u>10.651.956</u>	<u>5.499.000</u>
Net financing cost		-1.219.446	-1.428.762
Income on joint controlled entities - Equity method		-27.132	11.697
<b>Profit before tax</b>		<u>9.405.378</u>	<u>4.081.935</u>
Income tax expense		2.482.115	1.123.552
<b>Net profit</b>		<u>6.923.263</u>	<u>2.958.383</u>
Other comprehensive income		65.594	-3.111
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>6.988.857</u>	<u>2.955.272</u>
<b>Net profit attributable to:</b>			
Owners of the parent		6.968.528	2.954.180
Non-controlling interest		-45.265	4.203
		<u>6.923.263</u>	<u>2.958.383</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		7.034.122	2.951.069
Non-controlling interest		-45.265	4.203
		<u>6.988.857</u>	<u>2.955.272</u>
<b>Earnings per share:</b>			
Basic		<u>0,39</u>	<u>0,16</u>
Diluted		<u>0,39</u>	<u>0,16</u>

The Board of Directors,



**IBERSOL S.G.P.S., S.A.**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THIRD TRIMESTER OF 2014 AND 2013**  
(values in euros)

		<b>3rd TRIMESTER (unaudited)</b>	
		<b>2014</b>	<b>2013 restated</b>
	<b>Notes</b>		
<b>Operating Income</b>			
Sales	5	51.846.665	46.109.229
Rendered services	5	134.796	147.139
Other operating income		450.292	282.663
<b>Total operating income</b>		<b>52.431.753</b>	<b>46.539.031</b>
<b>Operating Costs</b>			
Cost of sales		11.361.954	11.154.749
External supplies and services		16.735.082	14.844.075
Personnel costs		14.773.539	13.855.643
Amortisation, depreciation and impairment losses	7 e 8	2.368.054	2.420.585
Other operating costs		406.559	541.182
<b>Total operating costs</b>		<b>45.645.188</b>	<b>42.816.234</b>
<b>Operating Income</b>		<b>6.786.565</b>	<b>3.722.797</b>
Net financing cost		-149.870	-683.766
Income on joint controlled entities - Equity method		-10.353	10.219
<b>Profit before tax</b>		<b>6.626.342</b>	<b>3.049.250</b>
Income tax expense	5	1.731.499	781.503
<b>Net profit</b>		<b>4.894.843</b>	<b>2.267.747</b>
Other comprehensive income		65.743	-5.217
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>4.960.586</b>	<b>2.262.530</b>
<b>Net profit attributable to:</b>			
Owners of the parent		4.890.766	2.241.383
Non-controlling interest		4.077	26.364
		<b>4.894.843</b>	<b>2.267.747</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		4.956.509	2.236.166
Non-controlling interest		4.077	26.364
		<b>4.960.586</b>	<b>2.262.530</b>
<b>Earnings per share:</b>	9		
Basic		<b>0,27</b>	<b>0,12</b>
Diluted		<b>0,27</b>	<b>0,12</b>

The Board of Directors,

**IBERSOL S.G.P.S., S.A.**  
**Statement of Alterations to the Consolidated Equity**  
**for the nine months period ended 30 September, 2014 and 2013**  
(value in euros)

	Note	Assigned to shareholders							Non-controlling interest	Total Equity
		Share Capital	Own Shares	Conversion Reserves	Legal Reserves	Other Reserves & Retained Results	Net Profit	Total parent equity		
Balance on 1 January 2013		20.000.000	-11.179.644	3.268	4.000.001	96.581.582	2.513.579	111.918.786	4.680.545	116.599.331
Changes in the period:										
Application of the consolidated profit from 2012:										
Transfer to reserves and retained results						1.523.579	-1.523.579	-		-
Conversion reserves - Angola				-3.111				-3.111		-3.111
Net consolidated income in the nine month period ended on 30 September 2013							2.954.180	2.954.180	4.203	2.958.383
Total changes in the period		-	-	-3.111	-	1.523.579	1.430.601	2.951.069	4.203	2.955.272
Net profit							2.954.180	2.954.180	4.203	2.958.383
Total comprehensive income								2.951.069	4.203	2.955.272
Transactions with capital owners in the period										
Application of the consolidated profit from 2012:										
Paid dividends							-990.000	-990.000		-990.000
Balance on 30 September 2013		20.000.000	-11.179.644	157	4.000.001	98.105.161	2.954.180	113.879.855	4.684.748	118.564.603
Balance on 1 January 2014		20.000.000	-11.179.644	-19.045	4.000.001	98.105.161	3.576.462	114.482.935	4.957.161	119.440.096
Changes in the period:										
Application of the consolidated profit from 2013:										
Transfer to reserves and retained results						2.586.462	-2.586.462	-		-
Conversion reserves - Angola				65.594				65.594		65.594
Net consolidated income in the nine month period ended on 30 September 2014							6.968.528	6.968.528	-45.265	6.923.263
Total changes in the period		-	-	65.594	-	2.586.462	4.382.066	7.034.122	-45.265	6.988.857
Net profit							6.968.528	6.968.528	-45.265	6.923.263
Total comprehensive income								7.034.122	-45.265	6.988.857
Transactions with capital owners in the period										
Application of the consolidated profit from 2013:										
Paid dividends							-990.000	-990.000		-990.000
Balance on 30 September 2014		20.000.000	-11.179.644	46.549	4.000.001	100.691.623	6.968.528	120.527.057	4.911.896	125.438.953

The Board of Directors,

**IBERSOL S.G.P.S., S.A.**  
**Consolidated Cash Flow Statements**  
**for the nine months period ended 30 September, 2014 and 2013**  
(value in euros)

	Note	Nine months period ending on	
		September 30	
		2014	2013
			restated
<b>Cash Flows from Operating Activities</b>			
Flows from operating activities (1)		<b>18.581.134</b>	<b>16.032.753</b>
<b>Cash Flows from Investment Activities</b>			
Receipts from:			
Financial investments		5.640	11.260
Tangible fixed assets		37.975	35.131
Intangible assets			
Investment benefits		97.954	
Interest received		128.374	825.916
Payments for:			
Financial Investments		65.816	0
Tangible fixed assets		12.948.444	5.060.282
Intangible assests		650.867	390.813
Flows from investment activities (2)		<b>-13.395.184</b>	<b>-4.578.788</b>
<b>Cash flows from financing activities</b>			
Receipts from:			
Loans obtained		890.520	3.632.050
Payments for:			
Loans obtained		9.422.288	8.463.036
Amortisation of financial leasing contracts		61.483	179.521
Interest and similar costs		1.585.070	2.044.836
Dividends paid		990.000	990.000
Flows from financing activities (3)		<b>-11.168.321</b>	<b>-8.045.343</b>
<b>Change in cash &amp; cash equivalents (4)=(1)+(2)+(3)</b>		<b>-5.982.372</b>	<b>3.408.622</b>
Perimeter changes effect			
Exchange rate differences effect		552.218	
Cash & cash equivalents at the start of the period		21.404.814	26.095.250
<b>Cash &amp; cash equivalents at end of the period</b>		<b>14.870.224</b>	<b>29.503.872</b>

The Board of Directors,

IBERSOL SGPS, S.A.  
ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014

(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 388 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Kentucky Fried Chicken, Burguer King, O’ Kilo, Bocatta, Coffee Counter, Pizza Móvil, Flor d’Oliveira, Miit, Sol, Sugestões e Opções, José Silva Carvalho, Catering and SEC Eventos e Catering. The group has 369 units which it operates and 19 units under a franchise contract.

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 described below.

**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 30 September 2014, mainly with the international standard n.º 34 –Interim Financial Report.

The accounting policies applied on 30 September 2014 are identical to those applied for preparing the financial statements of 30 September and of 31 December 2013, except under the adoption of IFRS 11, jointly controlled entity UQ Consult S.A. ceases to be included by the proportional consolidation method, and the interest on that entity to be accounted for by the equity method. Because of this change the comparative figures have been restated in the consolidated statement of financial position, of comprehensive income and of cash-flows and in Notes 7, 8 and 13.

The main impacts can be summarized as follows:

**Balance sheet**

	<u>31-12-2013</u>	<u>31-12-2013 restated</u>
Financial assets - joint controlled entities	-	2.497.788
Goodwill	42.677.991	40.509.009
Other assets	175.644.750	175.098.683
Equity	119.440.096	119.440.096
Liabilities	98.882.645	98.665.384

#### Income statement

	<u>30-09-2013</u>	<u>30-09-2013 restated</u>
Operating income	127.835.757	127.818.267
Operating costs	-122.303.088	-122.319.267
Net financing cost	-1.446.500	-1.428.762
Income on joint controlled entities - Equity method	-	11.697
Income tax expense	-1.127.786	-1.123.552
Net profit	2.958.383	2.958.383

In the consolidated statements of financial position, of comprehensive income and of cash-flows Ibersol chose to not include a third column with the values of 2013 un-restated due to the small size of the restated differences on the statements of accounts.

### 3. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

There were no substantial differences between accounting estimates and judgments applied on 31 December 2013 and the accounting values considered in the nine months period ended on the 30 September 2014.

### 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 September 2014 and 30th September and 31<sup>st</sup> December 2013:

Company	Head Office	% Shareholding		
		Sep-14	Dec-13	Sep-13
<b><u>parent company</u></b>				
Ibersol SGPS, S.A.	Porto	parent	parent	parent
<b><u>subsidiary companies</u></b>				
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%
IBR - Sociedade Imobiliária, S.A.	Porto	98%	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%
RESTOH- Restauração e Catering, 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) Parque Central Maia - Activ.Hoteleiras, Lda	Porto	-	100%	100%
Gravos 2012, S.A.	Porto	80%	80%	-
<b><u>companies controlled jointly</u></b>				
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 functions as the Purchasing Centre in Spain by providing raw materials to the respective restaurants.  
(c) Company merged into subsidiary Iberusa in September 2014, effective January 1, 2014.

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 (Note 2.1).

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 nine months period ended on 30 September 2014.

#### 4.2.2. Disposals

The group did not sell any of its subsidiaries in the nine months period ended on 30 September 2014.

#### 5. INFORMATION PER SEGMENT

In 2014, the Administration of IBERSOL began to monitor the business based on following segmentation:

SEGMENT	BRANDS					
Restaurants	Pizza Hut	Pasta Caffè	Flor d'Oliveira	Pizza Movil		
Counters	KFC	O'Kilo	Mit	Burguer King	Pans/Bocatta	Coffee Counter
Concessions and Catering	Sol (SA)	Concessions	Catering	Convenience stores		

Until 2013, the Administration monitorized the business according to geographic segmentation:

- Portugal
- Spain
- Angola (included in segment Portugal, due to the small size of its operations)

As a result, the segment information for the period ended September 30, 2013 is restated.

The results per segment for the nine month period ended 30 September 2014 were as follows:

30th September 2013	Restaurants	Counters	Concessions and Catering	Other, elimination and adjustments	Total Group
Sales	49.208.367	61.476.364	14.861.753	1.058.731	126.605.216
<b>Operating Cash-flow (EBITDA)</b>	<b>4.182.065</b>	<b>7.891.522</b>	<b>682.096</b>	<b>-23.634</b>	<b>12.732.048</b>
Amortisation, depreciation and impairment losses	2.098.633	2.979.543	1.674.416	480.457	7.233.048
<b>Operating income (EBIT)</b>	<b>2.083.432</b>	<b>4.911.979</b>	<b>-992.320</b>	<b>-504.091</b>	<b>5.499.000</b>

The results per segment for the nine month period ended 30 September 2013 were as follows:

30th June 2013	Restaurants	Counters	Other Business	Other, elimination and adjustments	Total Group
Sales	31.122.011	39.165.642	9.095.622	673.005	80.056.280
<b>Operating Cash-flow (EBITDA)</b>	<b>2.102.536</b>	<b>4.405.038</b>	<b>63.714</b>	<b>17.378</b>	<b>6.588.666</b>
Amortisation, depreciation and impairment losses	1.395.448	1.930.553	1.165.526	320.936	4.812.463
<b>Operating income (EBIT)</b>	<b>707.089</b>	<b>2.474.485</b>	<b>-1.101.812</b>	<b>-303.558</b>	<b>1.776.204</b>

Transfers or transactions between segments are performed according to normal commercial terms and in the conditions applicable to independent third parties.

#### 6. UNUSUAL AND NON-RECURRING FACTS AND SEASON ACTIVITY

No unusual facts took place during the nine months period ended 30 September 2014.

In the restaurant segment season activity is characterized by an increase of sales in the months of July, August and December, which leads to a greater activity on the third trimester of the year compared with the first semester. The previous years have evidenced that, in comparable perimeter and with an equal distribution of openings and closings, in the period that understands the nine first months of the year, sales are about 75% of annual volume

and, with the dilution effect of the fixed costs with the increase of the activity, the operating income represents about 80%.

## 7. TANGIBLE FIXED ASSETS

In the nine months period ended 30 September 2014 and in the year ending on 31 December 2013, the following movements took place in the value of tangible fixed assets, depreciation and accumulated impairment losses:

	Land and buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress	Total
<b>1 January 2013</b>					
Cost	133.921.515	70.420.661	14.770.055	357.468	219.469.700
Accumulated depreciation	29.331.240	52.221.588	12.542.229	-	94.095.056
Accumulated impairment	4.922.744	562.633	62.515	-	5.547.892
<b>Net amount</b>	<b>99.667.532</b>	<b>17.636.440</b>	<b>2.165.312</b>	<b>357.468</b>	<b>119.826.752</b>
<b>31 December 2013</b>					
Initial net amount	99.667.532	17.636.440	2.165.312	357.468	119.826.752
Changes in consolidat perimeter	764.885	-345.430	-	-	419.456
Currency conversion	-307.853	-58.140	-11.242	-114	-377.349
Additions	5.634.407	3.145.697	1.416.810	2.082.655	12.279.569
Decreases	407.090	214.952	6.472	98.700	727.214
Transfers	95.168	-1.438	-	-95.168	-1.438
Depreciation in the year	3.099.556	4.153.487	821.199	-	8.074.242
Deprec. by changes in the perim.	-	-	-	-	-
Impairment in the year	2.172.715	53.179	-	-	2.225.894
Impairment reversion	-	-	-	-	-
<b>Final net amount</b>	<b>100.174.778</b>	<b>15.955.512</b>	<b>2.743.209</b>	<b>2.246.141</b>	<b>121.119.640</b>
<b>31 December 2013</b>					
Cost	137.645.431	69.148.910	15.714.983	2.246.141	224.755.467
Accumulated depreciation	31.624.056	52.577.587	12.909.260	-	97.110.902
Accumulated impairment	5.846.597	615.812	62.515	-	6.524.924
<b>Net amount</b>	<b>100.174.778</b>	<b>15.955.512</b>	<b>2.743.209</b>	<b>2.246.141</b>	<b>121.119.640</b>
	Land and buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress	Total
<b>30 September 2014</b>					
Initial net amount	100.174.778	15.955.512	2.743.209	2.246.141	121.119.640
Changes in consolidat perimeter	-	-	-	-	-
Currency conversion	472.031	116.622	20.624	166.925	776.202
Additions	4.955.824	2.104.989	1.081.344	3.268.298	11.410.455
Decreases	82.399	98.438	2.110	25	182.972
Transfers	2.074.455	-	574	-2.079.619	-4.590
Depreciation in the year	2.521.990	2.960.650	603.449	-	6.086.089
Deprec. by changes in the perim.	-	-	-	-	-
Impairment in the year	164.411	-	-	-	164.411
Impairment reversion	-	-	-	-	-
<b>Final net amount</b>	<b>104.908.288</b>	<b>15.118.035</b>	<b>3.240.192</b>	<b>3.601.720</b>	<b>126.868.235</b>
<b>30 September 2014</b>					
Cost	143.336.378	69.994.165	16.583.298	3.601.720	233.515.563
Accumulated depreciation	33.684.882	54.313.499	13.280.592	-	101.278.972
Accumulated impairment	4.743.208	562.632	62.515	-	5.368.355
<b>Net amount</b>	<b>104.908.288</b>	<b>15.118.035</b>	<b>3.240.192</b>	<b>3.601.720</b>	<b>126.868.235</b>



Investments for the year 2014 on fixed assets in the amount of 11 million are related to the opening of new units, in Portugal and Angola, and the renovation of the existing ones, in Portugal and Spain.

#### 8. INTANGIBLE ASSETS and GOODWILL

Intangible assets are broken down as follows:

	<u>Sep-14</u>	<u>Dec-13</u>
Goodwill	40.509.009	40.509.009
Intangible assets	<u>14.705.826</u>	<u>15.253.659</u>
	<b><u>55.214.835</u></b>	<b><u>55.762.668</u></b>

In the nine months period ended 30 September 2014 and in the year ending on 31 December 2013, the movement in the value of intangible assets, amortization and accumulated impairment losses were as follows:

	<b>Goodwill</b>	<b>Industrial property</b>	<b>Other intangible Assets</b>	<b>Intangible Assets in progress (1)</b>	<b>Total</b>
<b>1 January 2013</b>					
Cost	42.190.958	20.788.413	5.394.349	2.445.801	70.819.521
Accumulated amortization	-	6.572.385	4.485.694	-	11.058.079
Accumulated impairment	1.861.678	967.650	70.110	-	2.899.438
<b>Net amount</b>	<b>40.329.280</b>	<b>13.248.378</b>	<b>838.545</b>	<b>2.445.801</b>	<b>56.862.005</b>
<b>31 December 2013</b>					
Initial net amount	40.329.280	13.248.378	838.545	2.445.801	56.862.005
Changes in consolidat. perimeter	-	-20.246	-9.000	-26.630	-55.876
Currency conversion	-	-47.390	-114	-14.151	-61.655
Additions	179.729	818.821	19.952	5.900	1.024.402
Decreases	-	96.679	11.896	-	108.575
Transfers	-	1.438	-	-	1.438
Amortization in the year	-	1.111.648	544.676	-	1.656.324
Amortiz. by changes in the perimeter	-	-	-	-	-
Impairment in the year	-	242.747	-	-	242.747
Impairment reversion	-	-	-	-	-
<b>Final net amount</b>	<b>40.509.009</b>	<b>12.549.927</b>	<b>292.811</b>	<b>2.410.920</b>	<b>55.762.668</b>
<b>31 December 2013</b>					
Cost	42.370.687	21.249.053	5.296.349	2.410.920	71.327.009
Accumulated amortization	-	7.488.729	4.933.428	-	12.422.157
Accumulated impairment	1.861.678	1.210.397	70.110	-	3.142.185
<b>Net amount</b>	<b>40.509.009</b>	<b>12.549.927</b>	<b>292.811</b>	<b>2.410.920</b>	<b>55.762.668</b>

	Goodwill	Industrial property	Other intangible Assets	Intangible Assets in progress (1)	Total
<b>30 September 2014</b>					
Initial net amount	40.509.009	12.549.927	292.811	2.410.920	55.762.668
Changes in consolidat. Perimeter	-	-	-	-	-
Currency conversion	-	53.609	22	20.074	73.705
Additions	-	532.404	2	-	532.406
Decreases	-	652	1.106	3.608	5.366
Transfers	-	-699.941	699.941	-	-
Amortization in the year	-	823.577	325.001	-	1.148.578
Amortiz. by changes in the perimeter	-	-	-	-	-
Impairment in the year	-	-	-	-	-
Impairment reversion	-	-	-	-	-
<b>Final net amount</b>	<b>40.509.009</b>	<b>11.611.770</b>	<b>666.669</b>	<b>2.427.386</b>	<b>55.214.835</b>
<b>30 September 2014</b>					
Cost	42.370.687	20.851.700	5.939.367	2.427.386	71.589.140
Accumulated amortization	-	8.029.608	5.202.588	-	13.232.196
Accumulated impairment	1.861.678	1.210.322	70.110	-	3.142.110
<b>Net amount</b>	<b>40.509.009</b>	<b>11.611.770</b>	<b>666.669</b>	<b>2.427.386</b>	<b>55.214.835</b>

(1) intangible assets in progress balance refers mainly to the 3 new concessions yet to be open, in service areas of the following motorways: Guimarães, Fafe and Paredes. These service areas are still in the design stage and waiting for platforms delivery. It is expected that the platforms will not be delivered and their contracts cancel, with the consequent repayment of invested capital.

## 9. INCOME PER SHARE

Income per share in the nine months period ended 30 September 2014 and 2013 was calculated as follows:

	Sep-14	Sep-13
Profit payable to shareholders	6.968.528	2.954.180
Mean weighted number of ordinary shares issued	20.000.000	20.000.000
Mean weighted number of own shares	-2.000.000	-2.000.000
	<u>18.000.000</u>	<u>18.000.000</u>
Basic earnings per share (€ per share)	<u>0,39</u>	<u>0,16</u>
Earnings diluted per share (€ per share)	<u>0,39</u>	<u>0,16</u>
Number of own shares at the end of the year	<u>2.000.000</u>	<u>2.000.000</u>

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

## 10. DIVIDENDS

At the General Meeting of 30th April 2014, the company decided to pay a gross dividend of 0,055 euros per share (0,055 euros in 2013), which was paid on 30th May 2014, representing a total value of 990.000 euros for outstanding shares (990.000 euros in 2013).

## 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 30 September 2014, responsibilities not recorded by the Group subsidiaries in their financial statements consist mainly of bank guarantees given on their behalf, as shown below:

	<u>Sep-14</u>	<u>Dec-13</u>
Guarantees given	116.788	118.348
Bank guarantees	1.773.975	1.470.992

On early October 2013, a joint administrative action against the Portuguese State, was brought by the subsidiary Iberusa Hotelaria e Restauração, S.A., whose cause of action falls in extensive property damage caused by the current and future implementation of Iberusa signed contracts under the Public-Private Partnerships, concerning several highway concessions where Iberusa explores, in different service areas, several establishments, under the various sub-conceded contracts.

## 12. COMMITMENTS

No investments had been signed on the Balance Sheet date which had not taken place yet.

## 13. IMPAIRMENT

In the nine months period ended 30 September 2014 and 31 December 2013, under the heading of asset impairment losses were as follows:

	<u>Sep-14</u>					
	<b>Starting balance</b>	<b>Transfers</b>	<b>Impairment assets disposals</b>	<b>Losses in the Year</b>	<b>Impairment reversion</b>	<b>Closing balance</b>
<b>Tangible fixed assets</b>	6.524.924	-	-1.320.980	164.411	-	5.368.355
<b>Consolidation differences</b>	1.861.678	-	-	-	-	1.861.678
<b>Intangible assets</b>	1.280.506	-	-75	-	-	1.280.431
<b>Stocks</b>	74.981	-	-	-	-	74.981
<b>Other current assets</b>	1.167.468	-2.574	-	105.295	-17.104	1.253.084
	<b>10.909.557</b>	<b>-2.574</b>	<b>-1.321.055</b>	<b>269.706</b>	<b>-17.104</b>	<b>9.838.530</b>

	<u>Dec-13</u>					
	<b>Starting balance</b>	<b>Cancellation</b>	<b>Impairment assets disposals</b>	<b>Losses in the Year</b>	<b>Impairment reversion</b>	<b>Closing balance</b>
<b>Tangible fixed assets</b>	5.547.892	-	-1.248.861	2.225.894	-	6.524.924
<b>Consolidation differences</b>	1.861.678	-	-	-	-	1.861.678
<b>Intangible assets</b>	1.037.760	-	-	242.746	-	1.280.506
<b>Stocks</b>	74.981	-	-	-	-	74.981
<b>Other current assets</b>	1.057.247	-17.850	-	184.039	-55.968	1.167.468
	<b>9.579.558</b>	<b>-17.850</b>	<b>-1.248.861</b>	<b>2.652.679</b>	<b>-55.968</b>	<b>10.909.558</b>

## 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**

The currency exchange risk is very low, since the group operates mainly in the Iberian market. Bank loans are mainly in euros and acquisitions outside the Euro zone are of irrelevant proportions.

Although the Group holds investments outside the euro-zone in external operations, due to the reduced size of the investment, there is no significant exposure to currency exchange risk. The only outside loan in the amount of 3.125.000 USD does not provide high exposure to currency exchange rate due to its reduced amount and to the strong correlation between USA dollar and local currency.

##### **ii) Price risk**

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

##### **iii) Interest rate risk (cash flow and fair value)**

Since the group does not have remunerated assets earning significant interest, the profit and cash flow from investment activities are substantially independent from interest rate fluctuations.

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 10 million euros (commercial paper programmes) loan has the maturity of the underlying interest and the repayment plan identical to the terms of the loan. Moreover, the Group has cash and cash equivalents covering about 13% of the loans in which the remuneration covers interest rate changes on the debt.

Based on simulations performed on 30 September 2014, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 120.000 euros.

#### **b) Credit risk**

The group's main activity covers sales paid in cash or by debit/credit cards. As such, the group does not have relevant credit risk concentrations. It has policies ensuring that sales on credit are performed to customers with a suitable credit history. The group has policies that limit the amount of credit to which these customers have access.

#### **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 30<sup>th</sup> September 2014, current liabilities reached 60 million euros, compared with 29 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 which the Group considers the maturity date as the renewal date, regardless of its initial stated periods. It is expected in the year 2014 the renewal of the short term commercial paper programmes (9.500.000 eur). However, in case of need, cash and cash equivalents and cash flows from operations are sufficient to settle current loans.

Under the current financial markets developments and for higher bank loans availability, the Group chose to use part of their application to reduce the amount of its loans, while maintaining short term treasury lines. On September 30, 2014, the use of short term liquidity cash flow support was of 5%. Investments in term deposits of 5 million match 13% of liabilities paid.

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

	<u>until September 2015</u>	<u>from September 2015 to 2021</u>
Bank loans and overdrafts	7.243.111	11.344.539
Commercial paper	9.500.000	10.000.000
Suppliers of fixed assets c/ a	2.633.156	-
Suppliers c/ a	17.767.451	-
Other creditors	9.660.408	387.662
<b>Total</b>	<u>46.804.126</u>	<u>21.732.201</u>

#### 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 September 2014 the gearing ratio was of 15% and on 31st December 2013 of 17%, as follows:

	<u>Set-14</u>	<u>Dec-13</u>
Bank loans	38.087.650	46.526.172
Cash and bank deposits	-15.271.435	-22.138.608
Net indebtedness	22.816.215	24.387.564
Equity	125.438.952	119.440.096
Total capital	148.255.167	143.827.660
<b>Gearing ratio</b>	15%	17%

Given the current constraints of the financial markets and despite the goal of placing the gearing ratio in the range 35% -70%, prudently, in September 2014 we have a 15% ratio.

#### 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. SUBSEQUENT EVENTS

There were no subsequent events as of 30 September 2014 that may have a material impact on these financial statements.

#### 16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on November 17th, 2014.