











# 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

## BOARD OF DIRECTORS

Chairman

Stanley Hung Sun Ho

Deputy Chairmen

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 Dias Urbano de Magalhães Queiroz

## AUDIT BOARD

Chairman

Manuel Maria Reis Boto

Deputy-Chairmen

Vitor Pratas Sevilhano Ribeiro  
Paulo Ferreira Alves

Alternate

Lisete Sofia Pinto Cardoso

## REMUNERATION COMMITTEE

Pansy Catilina Chiu King Ho  
Jorge Armindo de Carvalho Teixeira  
Calvin Ka Wing Chann

## ADVISORY BOARD

Chairman

Rui José da Cunha

## STATUTORY AUDITOR

Deloitte & Associados, SROC, S.A.  
Represented by Pedro Miguel Argente de  
Freitas e Matos Gomes

## COMPANY SECRETARY

Secretary

Carlos Alberto Francisco Farinha

Alternate

Artur Alexandre Conde  
de Magalhães Mateus



# 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 and sports betting through one of its subsidiaries.

During the first nine months 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 DIVIDENDS

At 30<sup>th</sup> September 2018, 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).

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 current year, the Company, did not sold or acquired own shares. The Company's shares are listed on the Lisbon Stock Exchange since February 14, 1986. In June 2018 the Company paid a dividend of € 0,385 per share related to the year 2017 ▶01.

The price and trading volume of Estoril-Sol, S.G.P.S., SA securities, on the dates of reporting to the market during the first nine months of 2018 were according table ▶02.

As at September 30<sup>th</sup>, 2018 the Company had two reference shareholders, which control 90,46% of the share capital, as infographics ▶03.

## 3. ESTORIL-SOL GROUP

On September 30<sup>th</sup>, 2018, 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.

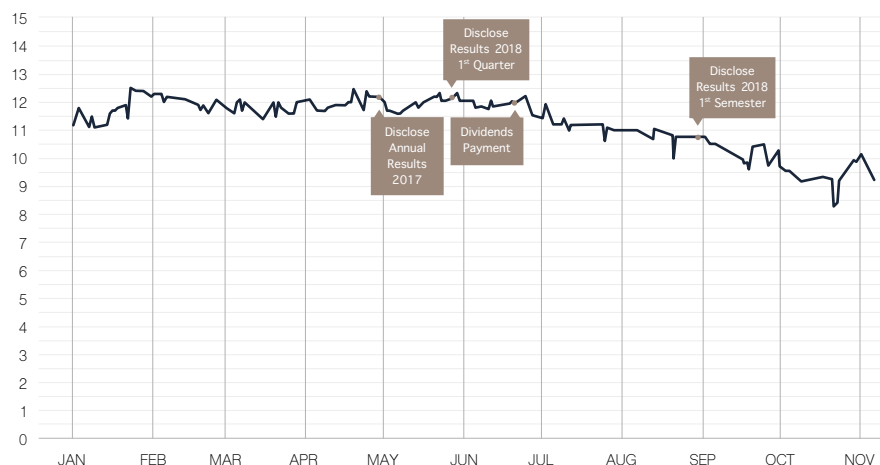
Its share capital of EUR 34,000,000 is 100% held by Estoril-Sol, S.G.P.S., S.A.

### 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

▶01 Estoril-Sol, S.G.P.S., S.A., Shares Price Evolution



▶02 Date for disclosing Estoril-Sol, S.G.P.S., S.A., information:

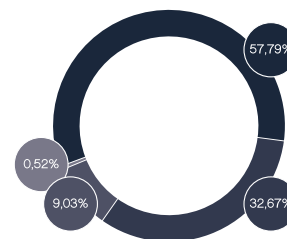
DISCLOSURE	DATA	QTD	PRICE (EUR)			
			Open	High	Low	Close
Annual Results 2017	04/30/18	2298	12,20	12,20	12,20	12,20
Disclose Results 1 <sup>st</sup> Quarter 2018	05/30/18	5	12,30	12,30	12,30	12,30
Dividends Payment	06/22/18	25	11,90	11,90	11,90	11,90
Disclose Results 1 <sup>st</sup> Semester 2018	08/30/18	215	10,80	10,80	10,80	10,80

## ► Estoril-Sol Group



\* Holds 10% of its Share Capital

## ► 03 Company Shareholders



▲ Finansol, Sociedade de Controlo, S.G.P.S., S.A.

▲ Amorim, Entertainment e Gaming International, S.G.P.S., S.A.

▲ Other Shareholders

▲ Treasury Shares

online gaming license. The license was issued during July 2016 and the Company immediately started exploring the online gambling activity. During the course of 2017, in August, the company also obtained a license for online sports betting, activity that began on August 6th, 2017.

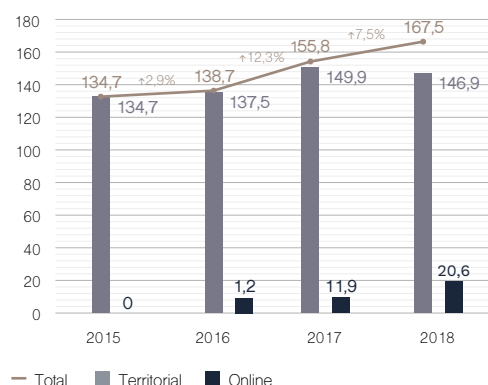
Within the online gaming activities, which is carried out through Estoril-Sol Digital, Online Gaming Products and Services, S.A, a subsidiary company of Estoril-Sol (III) – Turismo, Animação e Jogo, S.A., a company owned by the issuer (Estoril-Sol, S.G.P.S., S.A.), signed with Vision Gaming Holding Limited, 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.

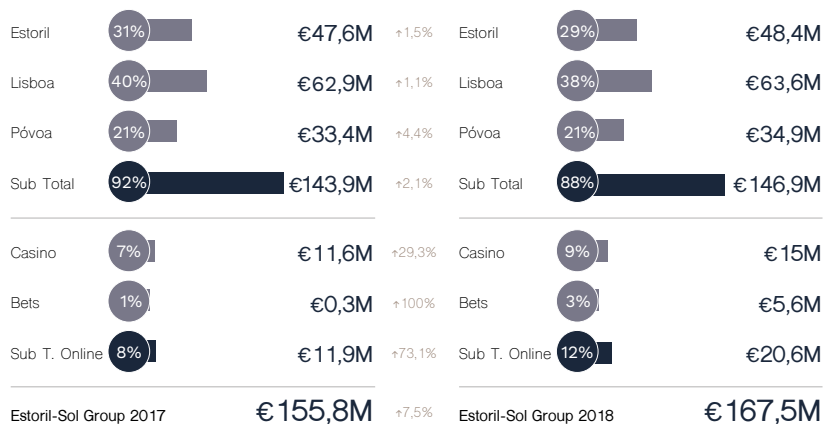
Headquartered in Póvoa de Varzim, has the social object, in particular, of operating the gambling concession of Póvoa de Varzim. This company operates the Póvoa de Varzim Casino. It has a share capital of EUR 33.650.000, 100% held by Estoril-Sol, S.G.P.S., S.A..

## ►04 Game Revenue, Jan/Sep 2018

(Million Euros)



## ►05 Game Revenue per Casino

**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> SEMESTER SUMMARY****GAME REVENUES**

During the first nine months of 2018 the total gross game revenues of the Estoril-Sol Group (territorial and online) amounted to 167,5 million Euros, with an overall growth of 7,5%.

The territorial game showed a growth rate of 2,1% and online gaming revenues grew 73,1% driven by sports bets non-existent in the first semester of 2017. Game revenues detailed by casino in the graphics ►04 and ►05.

**GROUP CONSOLIDATED RESULTS**

In the first nine months of 2018 the Group's Consolidated EBITDA increased 0,01% (residual) and amounted to Euro 31,4 million Euros.

As at 30<sup>th</sup> September 2018 the Group reported positive consolidated net results of 16,1 million Euros, an overall grow of 3% compared to same period last year ►06.

**PERFORMANCE BY  
SEGMENT/CASINO**

In the first nine months of 2018 all casinos achieved positive operational results (EBITDA), being Casino da Póvoa the only one to present negative net income.

Despite revenue growth, Online Casino has worsened its performance compared to the previous year due to strong marketing investments related to the operation of sports betting ►07.

**CAPEX**

The Group's investment remains in line with previous years, with the exception of the year 2017, when investments for the renewal of gaming equipment were anticipated for the first half of the year.

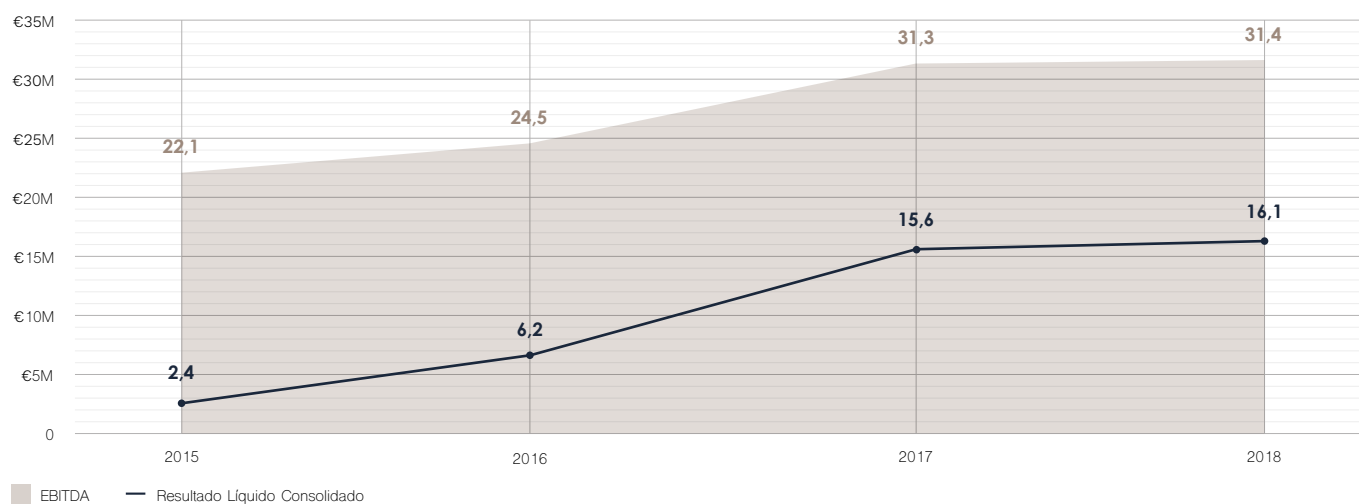
In the first nine months of 2018, the Group made investments totaling 2,9 million Euros – see ►08.

**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

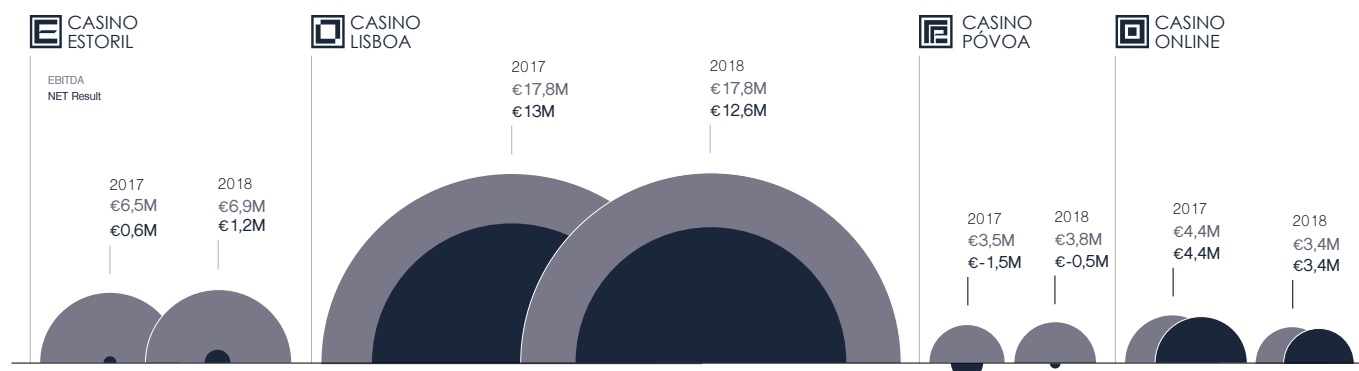
## ►06 EBITDA/Consolidated NET Result

(Million Euros)



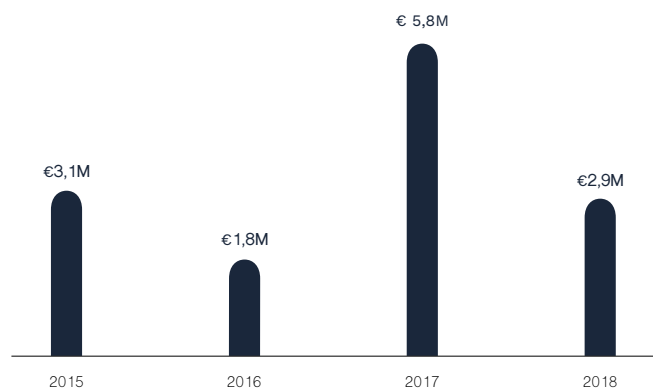
## ►07 EBITDA/Net Result

(Million Euros)



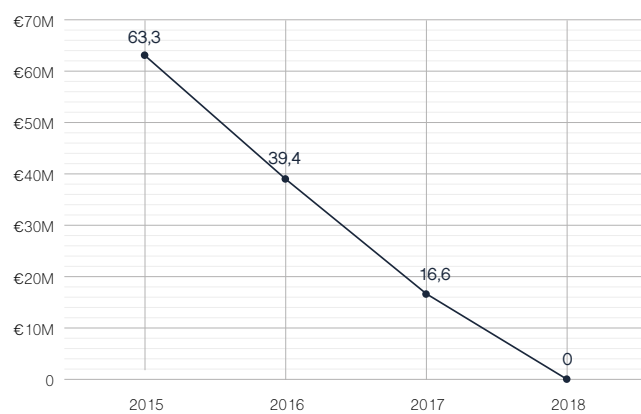
## ►08 Capex

(Million Euros)



## ►09 Financial Debt, September

(Million Euros)



resulted in a significant decrease in financial costs incurred by the Group.

During the 2018 financial year, the Group settled its remaining bank liabilities and did not have any bank liabilities to this date ►09.

## 5.

### FINANCIAL ANALYSIS CONSOLIDATED ACCOUNTS

During the first nine months of 2018, the Group recorded combined gross game revenues, territorial and online, of 167,5 million Euros, with an overall growth of 7,5%. Net from gaming taxes, the Group's total game revenues amounted to 80,3 million Euros, an increase of 4,8% over the 76,6 million Euros achieved in the same period from the previous year — see ►10.

The other operating revenues of Estoril-Sol, restaurant and entertainment, increased by 5,1% to 6,8 million Euros. The Group's 7,6% 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 semester of 2018 related with the online casino operation. This strong commitment and investment during the year 2018, in line with the investment policy also adopted during the last year, proved essential to obtain the revenue growth of this new operation, the online casino.

Estoril-Sol Group slightly improved its operating results and reached for the nine months of 2018 a positive EBITDA of 31,4 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 53% over the first nine months of 2018 compared to same period last year. Estoril-Sol supported almost 0,5 million Euros with loan interests during the first nine months of 2018. It should be noted that Estoril-Sol Group amortized all its bank liabilities during the current year (2018), in accordance with the strategy and business plan defined by the Group's Corporate Governing Bodies.

The Consolidated Net Profit in the first nine months of 2018 was positive by 16,1 million Euros compared with earnings of 15,6 million Euros in the previous year. Of these 16,1 million Euros, 14,4 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. The results attributable to the shareholders of the "Parent Company" (Estoril-Sol S.G.P.S.) show a 7% improvement mainly influenced by the good performance evidenced by the territorial base operations when compared to the previous year.

## 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 15 and 16 to the consolidated accounts).

## 7.

### SUBSEQUENT FACTS

Between the 30<sup>th</sup> of September 2018 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

## ► 10 Consolidated Income Statement

	Sep 2018	Sep 2017	Var. %
Gaming Revenue	167 562 635	155 885 791	7,7%
Gaming Tax	(87 219 096)	(79 241 337)	a)
Effective Tax Rate	52%	51%	
<b>Game Revenue - Net</b>	<b>80 343 539</b>	<b>76 644 453</b>	<b>4,8%</b>
Other Revenue (F&B/Entertainment)	6 871 693	6 538 052	5,1%
Operating Costs	(55 794 782)	(51 866 852)	7,6%
<b>EBITDA</b>	<b>31 420 450</b>	<b>31 315 653</b>	<b>0,3%</b>
Amortization and Depreciation	(14 724 953)	(14 484 716)	1,7%
Financial Costs	(532 981)	(1 145 991)	-53%
Income Tax (IRC)	(45 500)	(58 614)	-22%
<b>Consolidated Net Result Revenue</b>	<b>16 117 016</b>	<b>15 626 333</b>	<b>3%</b>
Equity Holders of the Parent Company	14 410 849	13 456 421	7%
Non-controlling interests	1 706 167	2 169 912	-21%
	<b>16 117 016</b>	<b>15 626 333</b>	

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

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, 28<sup>th</sup> of November 2018

**THE BOARD OF DIRECTORS**

Chairman

Stanley Hung Sun Ho

Vice-Chairmen

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

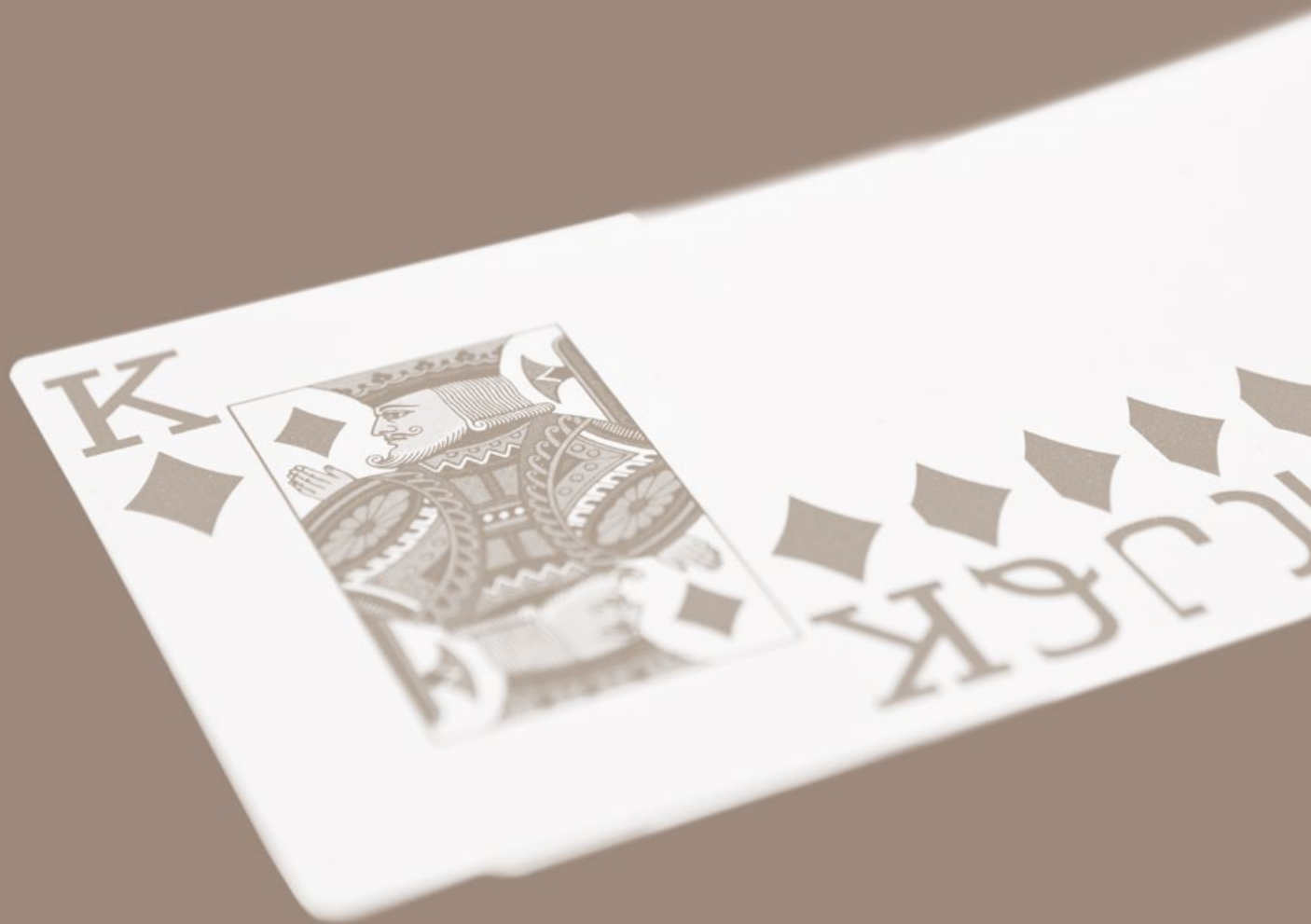
Vasco Esteves Fraga

Jorge Armindo de Carvalho Teixeira

Calvin Ka Wing Chann

Miguel António Dias Urbano de

Magalhães Queiroz







# APPENDIX TO THE MANAGEMENT REPORT

Information regarding the securities issued by Estoril-Sol, S.G.P.S., S.A., and by companies with which the Company is in controlling or group relationship, which are owned by the members of the Corporate Offices of the Company on 30<sup>th</sup> September 2018.

	Nr. shares 31 Dec 2017	Date	Value (€/share)	Nr. shares purchased	Nr. shares sold	Nr. shares 30 Sep 2018
<b>Board of Directors</b>						
Stanley Hung Sun Ho	135 662	-	-	-	-	135 662
Mário Alberto Neves Assis Ferreira	601	-	-	-	-	601
Patrick Wing Ming Huen	55 000	-	-	-	-	55 000
Pansy Catilina Chiu King Ho	0	-	-	-	-	0
Ambrose Shu Fai So	50 000	-	-	-	-	50 000
Man Hin Choi	527	-	-	-	-	527
António José de Melo Vieira Coelho	0	-	-	-	-	0
Vasco Esteves Fraga	608	-	-	-	-	608
Jorge Armindo de Carvalho Teixeira	0	-	-	-	-	0
Calvin Ka Wing Chann	1 000	-	-	-	-	1 000
Miguel António Dias Urbano de Magalhães Queiroz	0	-	-	-	-	0
<b>Advisory Board</b>						
Rui José da Cunha	12 300	-	-	-	-	12 300
<b>Audit Board</b>						
Manuel Maria Reis Boto	0	-	-	-	-	0
Vitor Pratas Sevilhano Ribeiro	0	-	-	-	-	0
Paulo Ferreira Alves	0	-	-	-	-	0
Lisete Sofia Pinto Cardoso	0	-	-	-	-	0
<b>Statutory Auditor</b>						
Pedro Miguel Argente de Freitas e Matos Gomes	0	-	-	-	-	0



# HOLDERS OF QUALIFIED SHAREHOLDINGS

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

On 30<sup>th</sup> September 2018, 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 30<sup>th</sup> September 2018, 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 30<sup>th</sup> September 2018, 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 30<sup>th</sup> September 2018, 32,67% and 33,13% of the voting rights.





# FINANCIAL STATEMENTS

**CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION ON SEPTEMBER 30<sup>TH</sup>, 2018 AND DECEMBER 31<sup>ST</sup>, 2017**

Amounts in Euros

	Notes	Sep 2018	Dec 2017
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Tangible fixed assets:			
Reversible to the State		31 935 483	38 750 376
Not reversible to the State		53 710 693	54 433 315
Tax deductions on investments		(12 934 388)	(15 630 596)
		<b>72 711 788</b>	<b>77 553 095</b>
Intangible assets	10	30 485 926	38 465 150
Investment properties		189 080	193 244
Other non current assets		42 755	30 515
<b>TOTAL NON-CURRENT ASSETS</b>		<b>103 429 549</b>	<b>116 242 004</b>
<b>CURRENT ASSETS</b>			
Inventories		6 946 135	6 916 994
Accounts receivable – trade		237 909	404 291
Current tax assets		31 650	29 100
Other current assets		2 204 377	1 451 600
Cash and cash equivalents	11	40 591 126	24 998 841
<b>TOTAL CURRENT ASSETS</b>		<b>50 011 196</b>	<b>33 800 826</b>
<b>TOTAL ASSETS</b>		<b>153 440 745</b>	<b>150 042 830</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital		59 968 420	59 968 420
Treasury shares		(708 306)	(708 306)
Share issue premiums		960 009	960 009
Legal Reserves	12	7 688 178	7 154 428
Other Reserves and Retained earnings	12	10 760 302	5 209 045
Consolidated net profit	17	14 410 849	10 675 008
Equity attributable to the holders of the Parent Company		93 079 453	83 258 604
Equity attributable to non-controlling interests	13	2 904 847	3 268 850
<b>TOTAL EQUITY</b>		<b>95 984 300</b>	<b>86 527 454</b>
<b>LIABILITIES</b>			
Non-current Liabilities			
Other non-current liabilities	15	3 734 424	3 734 424
Provisions		7 766 587	8 364 036
<b>Total Non-current Liabilities</b>		<b>11 501 011</b>	<b>12 098 460</b>
Current Liabilities			
Financial debt	14	–	6 009 432
Current tax liabilities		–	114 496
Other current liabilities	15	45 955 434	45 292 988
<b>Total Current Liabilities</b>		<b>45 955 434</b>	<b>51 416 916</b>
<b>TOTAL LIABILITIES</b>		<b>57 456 445</b>	<b>63 515 376</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>153 440 745</b>	<b>150 042 830</b>

The notes form an integral part of these financial statements

**CONSOLIDATED INCOME STATEMENT OF THE YEARS PERIODS ENDED ON 30<sup>TH</sup> SEPTEMBER, 2018 AND 2017**

Amounts in Euros

	Notes	30 <sup>th</sup> Sep 2018	30 <sup>th</sup> Sep 2017	3 <sup>rd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2017
<b>REVENUE</b>					
Gaming revenues	6	167 562 635	155 885 791	59 113 034	55 197 385
Gaming taxes	6	(87 219 096)	(79 241 337)	(31 018 667)	(28 420 223)
		80 343 539	76 644 454	28 094 367	26 777 162
Other operating revenue	6	6 871 693	6 538 052	2 370 112	2 181 251
		87 215 232	83 182 506	30 464 479	28 958 413
<b>OPERATING EXPENSES</b>					
Cost of sales		(2 135 756)	(2 122 007)	(744 583)	(727 535)
Supplies and external services	7	(26 337 655)	(23 854 256)	(9 126 338)	(8 285 716)
Wages and salaries	8	(25 525 956)	(24 259 698)	(8 859 149)	(8 383 287)
Depreciation and amortization		(14 683 544)	(14 927 141)	(4 923 346)	(4 988 741)
Impairments - accounts receivable ((increases)/reversals)		450	600	-	450
Provisions ((increases)/reversals)		(41 409)	442 425	-	-
Impairment of non-depreciable/amortizable investments		-	26 165	-	23 408
Other operating expenses		(1 795 866)	(1 657 656)	(645 248)	(400 853)
<b>Total operating expenses</b>		<b>(70 519 735)</b>	<b>(66 351 568)</b>	<b>(24 298 664)</b>	<b>(22 762 274)</b>
<b>INCOME BEFORE FINANCIAL RESULTS AND TAXES</b>		<b>16 695 497</b>	<b>16 830 938</b>	<b>6 165 815</b>	<b>6 196 139</b>
<b>FINANCIAL (LOSSES) AND GAINS</b>					
Financial losses	9	(574 708)	(1 179 020)	(137 772)	(380 305)
Financial gains	9	41 727	33 029	11 518	10 610
		(532 981)	(1 145 991)	(126 254)	(369 695)
<b>Income before taxes</b>		<b>16 162 516</b>	<b>15 684 947</b>	<b>6 039 561</b>	<b>5 826 444</b>
Income taxes		(45 500)	(58 614)	(42 000)	-
<b>CONSOLIDATED NET INCOME</b>	17	<b>16 117 016</b>	<b>15 626 333</b>	<b>5 997 561</b>	<b>5 826 444</b>
Attributable to:					
Equity holders of the Parent Company		14 410 849	13 456 421	5 691 595	5 593 628
Non-controlling interests	13	1 706 167	2 169 912	305 967	232 815
		16 117 016	15 626 333	5 997 561	5 826 443
Net result per share					
<b>Basic and diluted</b>	17	<b>1,21</b>	<b>1,13</b>	<b>0,48</b>	<b>0,47</b>

The notes form an integral part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 30<sup>TH</sup> SEPTEMBER 2018 AND 2017**

Amounts Euros

	Share Capital	Treasury Shares	Issue Premiums	Legal Reserve	Other Reserves and Retained Earnings	Consolidated Net Result of the Year	Total	Non Controlling Interests (Note 13)	Total Equity
<b>Balance at 1<sup>st</sup> January 2017</b>	59 968 420	(708 306)	960 009	6 821 678	2 987 819	6 554 939	76 584 559	1 148 165	77 732 724
Application of the consolidated net profit of the year ended 31 <sup>st</sup> December 2016	-	-	-	332 750	2 229 226	(6 554 939)	(3 992 963)	-	(3 992 963)
Consolidated Other Comprehensive Income (OCI) of the period ended 30 <sup>th</sup> September 2017	-	-	-	-	-	13 456 421	13 456 421	2 169 912	15 626 333
<b>Balance at 30<sup>th</sup> September 2017</b>	59 968 420	(708 306)	960 009	7 154 428	5 217 045	13 456 421	86 048 017	3 318 082	89 366 099
<b>Balance at 1<sup>st</sup> January 2018</b>	59 968 420	(708 306)	960 009	7 154 428	5 209 045	10 675 008	83 258 604	3 268 850	86 527 454
Application of the consolidated net profit of the year ended 31 <sup>st</sup> December 2017	-	-	-	533 750,00	5 551 258	(10 675 008)	(4 590 000)	-	(4 590 000)
Dividends paid to Non-controlling interests	-	-	-	-	-	-	-	(2 070 170)	(2 070 170)
Consolidated Other Comprehensive Income (OCI) of the period ended 30 <sup>th</sup> September 2018	-	-	-	-	-	14 410 849	14 410 849	1 706 167	16 117 016
<b>Balance at 30<sup>th</sup> September 2018</b>	59 968 420	(708 306)	960 009	7 688 178	10 760 302	14 410 849	93 079 453	2 904 847	95 984 300

The notes form an integral part of these financial statements



**CONSOLIDATED CASH FLOW STATEMENTS FOR PERIODS ENDED 30<sup>TH</sup> SEPTEMBER 2018 AND 2017**

Amounts in Euros

	Notes	30 Sep 2018	30 Sep 2017	3 <sup>rd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2017
<b>OPERATING ACTIVITIES:</b>					
Receipts from clients		172 407 993	161 071 520	60 778 584	57 558 106
Payments to suppliers		(30 234 678)	(27 502 497)	(10 846 110)	(8 958 043)
Payments to staff		(22 583 261)	(20 765 567)	(7 294 025)	(6 753 545)
<b>Cash flow generated by operations</b>		<b>119 590 055</b>	<b>112 803 457</b>	<b>42 638 449</b>	<b>41 846 518</b>
Payment of income tax		(119 282)	(118 163)	(305)	(305)
Payment of Special Gaming tax		(83 823 296)	(73 801 185)	(24 748 436)	(19 877 615)
Other payments relating to the operating activity		(3 872 908)	(4 323 187)	(1 502 031)	(1 874 574)
<b>Cash flow from operating activities (1)</b>		<b>31 774 570</b>	<b>34 560 922</b>	<b>16 387 676</b>	<b>20 094 024</b>
<b>INVESTING ACTIVITIES</b>					
Receipts from:					
Interest and similar income		31 606	32 173	11 518	10 194
		<b>31 606</b>	<b>32 173</b>	<b>11 518</b>	<b>10 194</b>
Payments in respect of:					
Tangible fixed assets		(1 540 556)	(5 389 000)	(120 450)	(1 698 229)
Intangible assets		-	(14 000)	-	(14 000)
		<b>(1 540 556)</b>	<b>(5 403 000)</b>	<b>(120 450)</b>	<b>(1 712 229)</b>
<b>Cash flow from investment activities (2)</b>		<b>(1 508 950)</b>	<b>(5 370 827)</b>	<b>(108 932)</b>	<b>(1 702 035)</b>
<b>FINANCING ACTIVITIES</b>					
Receipts from:					
Bank loans obtained		322 389 337	362 573 355	1 646 315	180 770 763
		<b>322 389 337</b>	<b>362 573 355</b>	<b>1 646 315</b>	<b>180 770 763</b>
Payments in respect of:					
Bank loans repaid		(328 243 436)	(376 375 503)	(4 227 114)	(194 184 527)
Loans from related parties		(1 700 000)	-	-	-
Interest and similar costs		(464 806)	(1 135 257)	(69 743)	(377 506)
Dividends		(6 654 430)	(3 988 812)	-	-
		<b>(337 062 671)</b>	<b>(381 499 572)</b>	<b>(4 296 857)</b>	<b>(194 562 033)</b>
<b>Cash flow from financing activities (3)</b>		<b>(14 673 334)</b>	<b>(18 926 217)</b>	<b>(2 650 542)</b>	<b>(13 791 270)</b>
Variation in cash and cash equivalents (4)=(1)+(2)+(3)		15 592 285	10 263 878	13 628 202	4 600 719
Cash and cash equivalents at the start of the period	11	24 998 841	13 573 389	26 962 924	19 236 548
Cash and cash equivalents at the end of the period	11	40 591 126	23 837 267	40 591 126	23 837 267

The notes form an integral part of these financial statements



# NOTES TO THE 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 2017.

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 30<sup>th</sup> September 2018, 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 2017, nor were any material errors recognised relating to previous periods, with the exception of the following:

### IFRS 9 – Financial Instruments

In the context of the implementation of IFRS 9 – Financial Instruments by the Group, which replaced IAS 39, the impacts of adopting this standard were evaluated as of January 1, 2018, with effects reported as following:

#### Classification and measurement

All financial assets and liabilities will continue to be measured on the same basis as currently under IAS 39. In this way, the accounts receivable and payable from and to third parties and the financing/bank loans obtained will continue to be subsequently measured at amortized cost in scope of IFRS 9.

#### Impairment

Financial assets measured at amortized cost will be subject to impairment under IFRS 9.

With regard to other accounts receivable, the Board of Directors considers that these have a low credit risk considering the credit risk profile of those entities.

The application of the expected credit loss model did not have a significant impact on the amounts of impairment losses recognized in the Group's consolidated financial statements.

**IFRS 15 – Revenues from contracts with costumers**

The Group recognizes revenues from different businesses.

The Board of Directors made the following preliminary assessments:

Provision of services associated with the operation of casino gambling: With regard to services associated with the operation of casino gambling, the Group understands that the obligation to perform the service delivery, according to its nature, occurs at the moment in which the respective service is provided. It is expected that the timing of recognition of the single performance obligation of each of those services occurs at a specific point in time, also consistent with current practice, when control of the services provided is transferred to the customer.

Sales associated with the operation of casino games (namely entertainment and catering): As regards sales associated with the operation of casino games, in particular catering, the Group envisages that the performance obligation is fulfilled at the time when it transfers control of the goods at the time of delivery, and there are no other significant performance obligations to be fulfilled from that moment on. In this way, it is expected that the recognition of the respective revenue will occur at a moment in time, after the delivery of the services, similar to what the Group currently performs under IAS 18.

The Board of Directors believes that the application of IFRS 15 has no significant impact on the Group's consolidated financial position or consolidated financial performance.

**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 30<sup>th</sup> September 2018 and 31<sup>st</sup> December 2017 are the following:

Name	Head Office	Method of Consolidation	Effective percentage of the capital held	
			September 2018	December 2017
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. (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.).

## 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 Sports Betting;
- and “Others”, essentially including the effect of the holding companies and of the other operating activities of the Group.

On 30<sup>th</sup> September 2018 and 2017, the information by business segment, is as follows:

30 September 2018							
	Estoril Game Concession		Sub-Total	Póvoa Game Concession	License for Online Gambling	Other	Total
	Estoril Casino	Lisboa Casino		Póvoa Casino	Casino Online		
Net Assets	33 914 012	72 015 831	105 929 843	22 983 972	15 874 486	8 652 444	153 440 745
Net Liabilities	8 006 457	18 292 838	26 299 295	17 371 314	10 064 798	3 721 038	57 456 445
Result of the segment	1 248 551	12 664 351	13 912 901	(543 291)	3 412 348	(664 942)	16 117 016
Investment assets:							
Tangible fixed	770 910	345 295	1 116 204	1 796 536	13 571	-	2 926 311

30 September 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	29 619 879	78 197 515	107 817 394	38 840 265	11 428 937	3 672 360	161 758 956
Net Liabilities	13 052 114	21 006 691	34 058 807	28 086 617	4 792 757	5 454 677	72 392 858
Result of the segment	630 232	13 036 816	13 667 047	(1 561 452)	4 423 916	(903 178)	15 626 333
Investment assets:							
Tangible fixed	1 539 554	2 620 046	4 159 600	1 692 973	23 842	-	5 876 415

## 6. OPERATING INCOME BY NATURE

The consolidated operating income, in the periods ended on 30<sup>th</sup> September 2018 and 2017, is split in the following manner:

September 2018						
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	36 292 400	51 681 490	87 973 890	29 336 140	14 990 431	132 300 461
Table based gaming	12 200 539	12 128 942	24 329 481	5 603 321	3 052 733	32 985 535
Sports betting	-	-	-	-	8 299 083	8 299 083
Bonuses and other fair value adjustments	(68 362)	(175 143)	(243 505)	(54 970)	(5 723 969)	(6 022 444)
	48 424 577	63 635 289	112 059 866	34 884 491	20 618 278	167 562 635
Gaming taxes:						
Special Gaming Tax (current)	(24 246 470)	(31 905 216)	(56 151 687)	(17 469 731)	(10 637 419)	(84 258 836)
Annual Gaming Tax (difference to minimum grant)	-	-	-	(2 960 260)	-	(2 960 260)
	(24 246 470)	(31 905 216)	(56 151 687)	(20 429 990)	(10 637 419)	(87 219 096)
Other operating revenues:						
F&B and Entertainment	3 016 480	520 739	3 537 219	793 189	-	4 330 408
Tax deductions – Entertainment	867 456	638 104	1 505 561	718 951	-	2 224 512
Supplementary income	191 358	25 351	216 709	12 832	-	229 541
Other	53 569	33 663	87 232	-	-	87 232
	4 128 864	1 217 856	5 346 720	1 524 972	-	6 871 693
	28 306 972	32 947 929	61 254 900	15 979 473	9 980 859	87 215 232

September 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	36 651 660	50 500 673	87 152 333	28 036 079	10 761 921	125 950 333
Table based gaming	11 217 414	12 581 661	23 799 075	5 425 155	2 679 508	31 903 738
Sports betting	-	-	-	-	1 283 304	1 283 304
Bonuses and other fair value adjustments	(183 966)	(183 534)	(367 500)	(63 916)	(2 820 168)	(3 251 584)
	47 685 108	62 898 800	110 583 908	33 397 318	11 904 565	155 885 791
Gaming taxes:						
Special Gaming Tax (current)	(23 934 537)	(31 541 167)	(55 475 705)	(16 730 617)	(4 104 382)	(76 310 703)
Annual Gaming Tax (difference to minimum grant)	-	-	-	(2 930 633)	-	(2 930 633)
	(23 934 537)	(31 541 167)	(55 475 705)	(19 661 250)	(4 104 382)	(79 241 337)
Other operating revenues:						
F&B and Entertainment	3 069 123	491 289	3 560 412	737 632	-	4 298 044
Tax deductions – Entertainment	861 191	630 823	1 492 014	499 105	-	1 991 119
Supplementary income	169 303	27 053	196 357	48 948	-	245 306
Other	0	0	0	3 584	-	3 584
	4 099 617	1 149 165	5 248 783	1 289 269	-	6 538 052
	27 850 188	32 506 798	60 356 986	15 025 337	7 800 183	83 182 506

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 30<sup>th</sup> September 2018 and 2017, external supplies and services were as follows:

	September 2018	September 2017
Advertising	4 174 928	3 415 845
Gifts to customers	3 346 149	3 292 716
Subcontracts	2 943 136	2 773 979
Fees	2 321 560	977 915
Energy and other fluids	2 107 411	2 172 943
Cleaning and laundry	1 903 999	1 841 057
Conservation and repairs	1 776 014	1 769 061
Specialized work	1 609 105	1 564 947
Royalties	1 361 634	1 519 478
Surveillance and security	1 329 310	1 270 376
Financial services (commissions)	1 275 568	850 005
Rents	972 047	856 885
Insurance	304 313	484 745
Communication	256 421	400 350
Travel and hotels	179 671	194 169
Other	476 387	469 785
	<b>26 337 655</b>	<b>23 854 256</b>

## 8. STAFF COSTS

In the periods ended on 30<sup>th</sup> September 2018 and 2017, staff costs were as follows:

	September 2018	September 2017
Remuneration of governing bodies	2 207 275	2 192 320
Remuneration of staff	17 007 878	16 467 814
Indemnities	483 141	66 888
Charges on remuneration	4 381 986	4 233 060
Insurance	165 136	150 988
Social charges	995 005	870 682
Other	285 535	277 947
	<b>25 525 956</b>	<b>24 259 698</b>



## 9. NET FINANCIAL COSTS

Financial costs and income for the periods ended on 30<sup>th</sup> September 2018 and 2017 is broken down as follows:

	September 2018	September 2017
<b>FINANCIAL COSTS</b>		
Interest borne:		
Financing from banks	(453 066)	(1 055 567)
Finance and operating leasing	(121 643)	(123 453)
	<b>(574 708)</b>	<b>(1 179 020)</b>
<b>FINANCIAL INCOME</b>		
Interests from bank deposits	10 121	-
Exchange gains	11 570	13 920
Other	20 036	19 109
	<b>41 727</b>	<b>33 029</b>
<b>NET FINANCIAL COSTS</b>	<b>(532 981)</b>	<b>(1 145 991)</b>

## 10. INTANGIBLE ASSETS

The breakdown of intangible assets on 30<sup>th</sup> September 2018 and 31<sup>st</sup> December 2017 is as follows:

Game Concession	September 2018		
	Gross Assets	Accumulated Amortization	Net Assets
<b>Estoril Gaming Concession</b>			
Casino Estoril	153 576 455	(140 365 435)	13 211 020
Casino Lisboa	30 000 000	(25 241 378)	4 758 622
Póvoa Gaming Concession - Casino da Póvoa	77 034 109	(64 538 221)	12 495 889
	<b>260 610 564</b>	<b>(230 145 034)</b>	<b>30 465 531</b>
Intangible assets - Online gaming license	38 000	(26 200)	11 800
Intangible assets - Online sports betting	14 000	(5 405)	8 596
	<b>260 662 564</b>	<b>(230 176 638)</b>	<b>30 485 926</b>

Game Concession	December 2017		
	Gross Assets	Accumulated Amortization	Net Assets
<b>Estoril Gaming Concession</b>			
Casino Estoril	153 576 455	(135 726 693)	17 849 762
Casino Lisboa	30 000 000	(23 698 521)	6 301 479
Póvoa Gaming Concession - Casino da Póvoa	77 034 109	(62 753 095)	14 281 014
	<b>260 610 564</b>	<b>(222 178 309)</b>	<b>38 432 255</b>
Intangible assets - Online gaming license	38 000	(17 200)	20 800
Intangible assets - Online sports betting	14 000	(1 905)	12 095
	<b>260 662 564</b>	<b>(222 197 414)</b>	<b>38 465 150</b>

## 11. CASH AND CASH EQUIVALENTS

On 30<sup>th</sup> September 2018 and 31<sup>st</sup> December 2017, this caption was broken down as follows:

	September 2018	December 2017
CASH	8 309 416	9 544 457
Bank Deposits:		
Immediately available bank deposits	29 781 710	8 454 383
Long term deposits	2 500 000	7 000 000
Outras aplicações de tesouraria	-	-
CAIXA E SEUS EQUIVALENTES	40 591 126	24 998 841

## 12. OTHER RESERVES AND RETAINED EARNINGS

The balance of this caption at 30<sup>th</sup> September 2018, corresponds to the value of the caption as at 31<sup>st</sup> December 2017 plus the net profit attributable to the parent company for the year 2017 applied in accordance with the Proposal for the Application of Profits for the year 2017.

## 13. NON-CONTROLLING INTERESTS

On 30<sup>th</sup> September 2018 and 31<sup>st</sup> December 2017, this caption was broken down as follows:

	September 2018			
	Opening Balance	Profit/(Loss) of the period	Dividends	Closing Balance
Estoril-Sol Digital	3 268 850	1 706 167	(2 070 170)	2 904 847

	December 2017			
	Opening Balance	Profit/(Loss) of the period	Dividends	Closing Balance
Estoril-Sol Digital	1 148 165	3 213 181	(1 092 496)	3 268 850

## 14. FINANCIAL DEBT

On 30<sup>th</sup> September 2018 and 31<sup>st</sup> December 2017, this caption was broken down as follows:

Nature of the financing	September 2018		December 2017	
	Nominal Value	Balance sheet value	Nominal Value	Balance sheet value
Current financing:				
Commercial paper	-	-	2 500 000	2 645 332
Current accounts	-	-	3 364 100	3 364 100
	-	-	5 864 100	6 009 432
	-	-	5 864 100	6 009 432

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:

- NetDebt/Ebitda;
- Financial autonomy.

On the 30<sup>th</sup> September 2018 and 31<sup>st</sup> December 2017, these ratios were according the contractually negotiated limits.

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.

## 15. OTHER CURRENT AND NON-CURRENT LIABILITIES

On 30<sup>th</sup> September 2018 and 31<sup>st</sup> December 2017, this caption was broken down as follows:

	September 2018	December 2017
Other accounts payable - non-current:		
Annual payment - Difference to minimum grant		
Installments payment schedule - approved for 2014 (a)	3 734 424	3 734 424
	<b>3 734 424</b>	<b>3 734 424</b>
Other accounts payable - current:		
Current suppliers	7 210 638	6 999 707
Suppliers of investments	1 511 491	617 715
State and Public Sector		
Annual gaming payment	14 390 149	14 076 910
Annual payment - Difference to minimum grant		
Related to 2018	2 960 261	4 004 696
Installments payment schedule - approved for 2015 (a)	576 214	576 214
Special Gaming Tax (to be paid next month)	7 234 019	6 892 798
Social Security contributions	630 307	639 401
Other in favour of the State	569 593	776 983
Clients advance payments (b)	1 562 449	1 048 080
Charges with holidays payable	5 124 027	5 088 294
Responsibilities for accumulated gaming premiums (c)	2 027 422	1 965 104
Other	2 158 864	2 607 086
	<b>45 955 434</b>	<b>45 292 988</b>

(a) These amounts are defined in payment plans approved by the Regulation and Inspection Service of Turismo de Portugal (SRIJ), which were being complied with, as follows:

- 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 2018 is recorded as “Other accounts payable - current”.

## (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 30<sup>th</sup> September 2018.

(c) This amount is related with liabilities for accumulated gaming prizes. These liabilities are revised on a monthly basis, according to the accumulated prizes announced in the diverse gaming rooms of the Casinos run by the Group.

## 16. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS

### Contingent liabilities

In the normal course of its business, the Group is involved in several legal proceedings. In result of their nature and provisions and according to the opinion of legal advisors, the expectation is that, from the respective outcome, there will be no material effects that are not yet recognized in the financial statements as of September 30<sup>th</sup>, 2018 and December 31<sup>st</sup>, 2017. The most relevant processes are as follows:

- 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 incurred 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.
- The Group carried out a collective dismissal in 2010 and 2013 in the Casinos of Lisbon, Estoril and Póvoa de Varzim in the terms established in the Law, which included 133 employees. Some of these employees brought up an action to the Court for annulment of the dismissal and reinstatement within the Group. The Group and the legal counsel responsible for the proceeding consider that there is a high probability to obtain a favourable outcome and, in result, the provision recorded corresponds only to the legal obligations the Group would have incurred with be paid ex-employees as compensation. The total amount claimed by these former employees amounts to approximately 3,492,000 Euros and at 30<sup>th</sup> September 2018 and 31<sup>st</sup> December 2017 the Group's financial statements present provisions to cover only the minimum required by law, in the amounts of, approximately 1,125,000 Euros and 1,817,000 Euros, respectively.
- In 2011 Gastronomic Evolution – Gestão de Restaurantes, Lda., a former concessionaire of three restaurants in Casino de Lisboa, filed a lawsuit against the Group requiring compensation for loss of customers in relation to expectations that would have been previously generated. The total amount claimed amounts to 906,630 Euros, which is provisioned in the financial statements as of September 30<sup>th</sup>, 2018 and December 31<sup>st</sup>, 2017
- On 30<sup>th</sup> September 2018 and 31<sup>st</sup> December 2017, the Group has been involved in various cases associated with interdicted players, alleging that the concessionaires have not

complied with the prohibition order, at the entrance of the various Casinos operated, to which the same customers were subject, demanding a claim for compensation for the alleged non-compliance. The total amount claimed for the main proceedings of this nature at 31 March 2018 amounts to approximately 186,000 Euros. The Board of Directors, based on the opinion of its legal advisors and in view of the historic resolution of such cases, recognized in the financial statements as of September 30<sup>th</sup> and December 31<sup>st</sup>, 2018 and 2017, liabilities estimated at 147,000 Euros and 493,000 Euros, respectively.

- In January 2009, a machine from Casino de Lisboa announced a fake Jackpot on a gaming machine of 4,232,774 Euros, and the customer involved, despite being informed about the machine error, filed a lawsuit against the Group to demand amount. The Board of Directors, supported by its legal advisors and the expert evidence prepared by the suppliers of those machines and by the Gaming Regulation and Inspection Service, where it is concluded that there has been a malfunction of the computer system which presented the prize, considers it is probable to obtain a favourable outcome for the Group, for which a provision of approximately 200,000 Euros was recorded.

### Contingent Assets

In January 2013, the Group, together with other gambling concessionaires with gambling in Portugal, filed a lawsuit against the Portuguese State in order to restore the economic and financial rebalancing of the concession. This process includes the challenges of monthly special income taxes and the annual liquidations of 2012 to 2013, and the liquidations of the annual counterparts from 2014 to 2016, all settled in accordance with Decree-Law - n° 275/2001, so that, in the opinion of the legal and tax advisors of the Group, in the case of favourable decision on the referred objections, the liquidations will be refunded plus interest. In September 2016, the Administrative and Fiscal Court of Sintra ruled in favour of the Group on the unlawfulness of the clearance of the income tax payment of October 2013 on automatic machines and charged the Group with its share of responsibility for the value of court expenses, which for the actions involved in this proceeding were estimated as of approximately, 2,501,000 Euros. The Board of Directors, supported by the opinion of its legal and tax advisors, recognized the corresponding liability, considering the complaint presented on the amount of these court expenses, in the amount of 1,250,000 Euros.

### Guarantees provided

On 30<sup>th</sup> September 2018 and 31<sup>st</sup> December 2017 the guarantees provided by the Group were as follows:

	September 2018	December 2017
Obligations related with the Special Gaming Tax	7 567 703	21 774 166
Tax lawsuits in hand/litigation	7 414 888	7 414 888
Current suppliers	39 250	39 250
	15 021 841	29 228 304

**17. CONSOLIDATED RESULTS PER SHARE**

The consolidated result per basic share of the years ended on 30<sup>th</sup> September 2018 and 2017 was determined as follows:

	September 2018	September 2017
<b>Results:</b>		
Net profit of the Equity holders of the Parent Company	14 410 849	13 456 421
<b>Number of shares:</b>		
Average weighted number of shares in circulation (Note 24)	11 931 119	11 931 119
<b>Result per basic share, basic and diluted</b>	<b>1,21</b>	<b>1,13</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.

Capital social integralmente realizado 59.968.420 Euros

Sociedade Anónima com sede na Av. Dr. Stanley Ho, Edifício do Casino Estoril, 2765-190 Estoril - Cascais

